

Public Document Pack



**Service Director – Legal, Governance and
Commissioning**

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Thursday 7 November 2019

Notice of Meeting

Dear Member

Corporate Scrutiny Panel

The **Corporate Scrutiny Panel** will meet in the **Council Chamber - Town Hall, Huddersfield** at **2.00 pm** on **Friday 15 November 2019**.

The items which will be discussed are described in the agenda and there are reports attached which give more details.

A handwritten signature in black ink, appearing to read "Julie Muscroft".

Julie Muscroft

Service Director – Legal, Governance and Commissioning

Kirklees Council advocates openness and transparency as part of its democratic processes. Anyone wishing to record (film or audio) the public parts of the meeting should inform the Chair/Clerk of their intentions prior to the meeting.

The Corporate Scrutiny Panel members are:-

Member

Councillor Andrew Cooper (Chair)

Councillor Mahmood Akhtar

Councillor James Homewood

Councillor John Lawson

Councillor Will Simpson

Councillor John Taylor

Philip Chaloner (Co-Optee)

Nathan Paul (Co-Optee)

Agenda

Reports or Explanatory Notes Attached

Pages

1: Membership of the Committee

This is where Councillors who are attending as substitutes will say for whom they are attending.

2: Minutes of the Previous Meeting

1 - 4

To approve the minutes of the meeting of the Panel held on 18th October 2019.

3: Interests

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The Councillors will be asked to say if there are any items on the Agenda in which they have disclosable pecuniary interests, which would prevent them from participating in any discussion of the items or participating in any vote upon the items, or any other interests.

4: Admission of the Public

Most debates take place in public. This only changes when there is a need to consider certain issues, for instance, commercially sensitive information or details concerning an individual. You will be told at this point whether there are any items on the Agenda which are to be discussed in private.

5: Deputations/Petitions

The Committee will receive any petitions and hear any deputations from members of the public. A deputation is where up to five people can attend the meeting and make a presentation on some particular issue of concern. A member of the public can also hand in a petition at the meeting but that petition should relate to something on which the body has powers and responsibilities.

In accordance with Council Procedure Rule 10 (2), members of the public should provide at least 24 hours' notice of presenting a deputation.

6: Financial Monitoring and Budget Preparation

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The report provides a high level overview of the Council's financial monitoring, incorporating the current position in 2019-20 and an update on current budget round preparation.

Contact Officer: Eamonn Croston –
Service Director, Finance
Tel: 01484 221000

7: Work Programme 2019/20

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The Panel will review its Work Programme for 2019/20.

Contact Officer: Sheila Dykes –
Principal Governance and Democratic Engagement Officer
Tel: 01484 221000

Contact Officer: Helen Kilroy

KIRKLEES COUNCIL

CORPORATE SCRUTINY PANEL

Friday 18th October 2019

Present: Councillor Andrew Cooper (Chair)
Councillor Mahmood Akhtar
Councillor James Homewood
Councillor John Lawson
Councillor Will Simpson
Councillor John Taylor

Co-optees Philip Chaloner

In attendance: Andy Simcox, Service Director (Strategy and Innovation)
Nick McMillan, Directorate Performance Lead

Observers: Councillor Graham Turner
Eamonn Croston, Service Director for Finance and
Section 151 Officer

Apologies: Julie Muscroft

1 Minutes of the Previous Meeting

RESOLVED -

That the minutes of the meeting held on the 20 September 2019 be agreed as a correct record.

2 Interests

No interests were declared.

3 Admission of the Public

That all items be considered in public session.

4 Deputations/Petitions

No deputations or petitions were received.

5 Public Question Time

No questions from the public were received.

6 Quarter 1 Corporate Performance Report

The Panel considered a report giving an overview of the Council's corporate performance at the end of Quarter 1 2019/20 in respect of those aspects that related to the Corporate Plan aspiration to 'work smart and deliver effectively and efficiently' presented by Andy Simcox, Service Director (Strategy and Innovation) and Nick McMillan, Directorate Performance Lead.

Corporate Scrutiny Panel - 18 October 2019

Andy Simcox advised the Panel that the Council was moving towards more outcome focussed performance monitoring which would be intelligence led in how decisions were made and data would be monitored to help set future priorities. The Panel was informed that a monthly business critical report was considered by the Executive Team, which outlined risks and actions that needed to be addressed as a priority.

Nick McMillan advised the Panel that sickness absence was reducing and that a lot of work was being undertaken in conjunction with Employee Healthcare. The Council was looking overall at spend on agency staff, which was currently in a state of influx within the organisation.

The Panel raised questions and requested further information on the following key areas:-

- Council's future ambition on sickness absence, benchmarking with other West Yorkshire Local Authorities and good news stories – officers agreed to explore whether this information could be included in future performance reports;
- Transformation within the organisation which has had an impact on the reduction in agency spend should be explained in future reports;
- Improvements on the Local Wealth Creation, the Council's future ambition and benchmarking with other West Yorkshire Local Authorities – officers agreed to explore whether this could be included in future reports;
- Mental health and whether it was effectively represented in the performance data and was it having an impact in terms of staff absences;
- Launch of Volunteering Scheme and whether a link was being made to staff in Kirklees who could help with volunteering opportunities. The Panel agreed to consider a report to a future meeting on the Volunteering offer, including details of the prospectus and volunteering opportunities and how this could be further promoted by the Council;
- Carers were being missed as part of Inclusion and Diversity and that some staff had individual caring responsibilities and were these being tracked and the appropriate support provided by the Council.

In response to a question from the Panel regarding Procurement, whether any improvements had been made over the last few months and could the Council develop its own methodology internally to compare and obtain monthly reports, Nick McMillan advised that resources were being built into the Performance Team to analyse this data more effectively. The Panel was informed that an Analyst had recently been appointed who would look at this data and methodology and prepare regular reports.

In response to a question from the Panel about whether Panel Members could be given the opportunity to explore data in more detail, Nick McMillan advised that intelligence software had recently been purchased with a view to developing dashboards to enable self-service to access data sets. The Panel requested that they be consulted on the early development and testing of these dashboards for self-service access to data.

Corporate Scrutiny Panel - 18 October 2019

In response to a question from the Panel regarding working environments for staff and whether there were issues that could be impacting on sickness absence, Andy Simcox advised that better use needed to be made of mobile and agile working, but that issues with working environments in some buildings were being picked up as part of the Council's Asset Management Strategy.

In response to a question from the Panel regarding local businesses and whether information was being fed back to influence our strategies and priorities, Andy Simcox agreed to further explore this and report back to the Panel at a later date.

RESOLVED -

- (1) The Panel noted the overview of the Council's Corporate Performance at the end of Quarter 1 2019/20 and thanked Andy Simcox and Nick McMillan for their contributions.
- (2) That information on the Council's future ambition on sickness absence, benchmarking with other West Yorkshire Local Authorities and good news stories be explored for future inclusion in performance reports.
- (3) That Transformation within the organisation which has had an impact on the reduction in agency spend be explained in future reports.
- (4) That information on improvements on the Local Wealth Creation, the Council's future ambition and benchmarking with other West Yorkshire Local Authorities be explored for inclusion in future reports.
- (5) That the Panel be consulted on the early development and testing of dashboards for self-service access to data.
- (6) That Officers explore whether mental health was effectively represented in the performance data and whether it was having an impact in terms of staff absences.
- (7) That officers explore whether consultation and engagement with local businesses on performance data was a possibility and whether this could then influence the Council's Strategies and priorities.
- (8) That the Panel consider a report to a future meeting on the Volunteering offer, including details of the prospectus and volunteering opportunities and how this could be further promoted by the Council.

7 Work Programme 2019/20

The Panel reviewed its Work Programme for 2019/20 and agreed items for inclusion.

The Panel agreed to consider a report to the November meeting outlining contingency plans for Kirklees residents who would no longer be able to vote at an election without photograph ID, as announced recently in the Queen's Speech.

The Panel agreed to consider an update report to the November meeting on the preparation and impact of leaving the European Union and the implications for Kirklees.

RESOLVED -

- (1) That the 2019/20 Agenda Plan for the Corporate Scrutiny Panel be noted and updated as agreed.

Corporate Scrutiny Panel - 18 October 2019

- (2) That the Electoral Services Manager be invited to a future meeting of the Panel to report on the contingency plans for Kirklees residents who will no longer be able to vote at an election without photograph ID, as announced recently in the recent Queen's Speech.
- (3) That the Panel consider a report in November 2019 giving an update on the preparation and impact of leaving the European Union and the implications for Kirklees.
- (4) That the Governance Officer be authorised to liaise with officers on agreed actions.

KIRKLEES COUNCIL					
COUNCIL/CABINET/COMMITTEE MEETINGS ETC					
DECLARATION OF INTERESTS					
Corporate Scrutiny Panel					
Name of Councillor					
Item in which you have an interest	Type of interest (eg a disclosable pecuniary interest or an "Other Interest")	Does the nature of the interest require you to withdraw from the meeting while the item in which you have an interest is under consideration? [Y/N]	Brief description of your interest		

Signed: Dated:

NOTES

Disclosable Pecuniary Interests

If you have any of the following pecuniary interests, they are your disclosable pecuniary interests under the new national rules. Any reference to spouse or civil partner includes any person with whom you are living as husband or wife, or as if they were your civil partner.

Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner, undertakes.

Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses.

Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority -

- under which goods or services are to be provided or works are to be executed; and
- which has not been fully discharged.

Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.

Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.

Any tenancy where (to your knowledge) - the landlord is your council or authority; and the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.

Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -

- (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
- (b) either -

the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or

if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.



**Name of meeting: Corporate Scrutiny Panel Date:
15 November 2019**

Title of report: Financial Management Update 2019-20

Purpose of report

High level overview of the Council's financial monitoring, incorporating the current position in 2019-20, and update on current budget round preparation.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	No
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)</u>?	No
The Decision - Is it eligible for call in by Scrutiny?	No
Date signed off by <u>Strategic Director</u> & name	Rachel Spencer-Henshall : 5 November 2019
Is it also signed off by the Service Director for Finance IT	Eamonn Croston : 5 November 2019
Is it also signed off by the Service Director for Legal Governance and Commissioning	N/A
Cabinet member portfolio	Cllr Graham Turner

Electoral [wards](#) affected: All

Ward Councillors consulted: N/A

Public or private: Public

Has GDPR been considered? Yes

1. Summary

Current year financial monitoring position

General fund revenue

- 1.1 Quarter 1 financial monitoring was reported to Cabinet on 13 August 2019, and reported an overall general fund revenue forecast overspend of £2.0m against £287m revised budget; equivalent to 0.7%. This included :

- i) a forecast delivery of £7.8m planned savings against target £10.9m, equivalent to 72%;
 - ii) transfer of forecast high needs (net) overspend of £4.2m through the Dedicated Schools Grant (DSG) funding account, which is within allowable Gov't rules; and
 - iii) forecast £1.1m 'net' underspends elsewhere
- 1.2 Quarter two financial monitoring will be presented to Cabinet on 3 December. The report is currently being finalised. It is anticipated that the forecast overspend will reduce further, and officers remain confident that this positive trajectory will continue for the remainder of the current year.
- 1.3 Elsewhere it is anticipated that Quarter 2 Collection Fund performance will reflect an overall surplus position in-year, based on firmed up half-yearly data; a combination of further reduction in bad debt requirement against business rates appeals (largely a one-off gain for 2019/20) and a net positive movement on the overall council tax base position.

Housing Revenue Account

- 1.4 The Housing Revenue Account is expected to come in on line with budget; annual revenue turnover of **£91m**.

Capital

- 1.5 Overall Capital Plan allocation of £115m; anticipated spend £113m. It is anticipated that some of this year's plan may slip into later years, and any recommendations to re-profile spend into later years of the existing plan will be considered later in the year. Council financial procedure rules now allows Cabinet delegation to re-profile the Plan in this way.

Revenue Reserves

- 1.6 The Table below summarises the Council's general fund revenue reserves position as at Quarter 1 monitoring :

	As at 1 April 2019	Planned movement in-year	Unplanned movement in-year	Forecast reserves 31 March 2020
	£m	£m	£m	£m
Statutory (schools)	(9.8)	-	-	(9.8)
Earmarked :				
<i>Financial resilience</i>	(37.2)	-	2.0	(35.2)
<i>Other</i>	(55.4)	3.3	-	(52.1)
Total earmarked	(92.6)	3.3	2.0	(87.3)
General Balances	(10.2)	0.2	-	(10.0)
Grand Total	(112.6)	3.5	2.0	(107.1)

- 1.7 The Council's approved reserves strategy is directed at strengthening organisational flexibility and financial resilience over the medium to longer term, especially in light of the current national political, economic and funding context and potential range of impacts on public services, including local government sector and at an individual Council level.

- 1.8 The above Table reflects the forecast reserves position as at 31 March 2020, as presented in the 2020-23 budget strategy update report to Council on 16 October 2019. Quarter 2 financial monitoring is anticipated to reflect a largely similar reserves forecast at current year end.

Current Budget Round Preparation

Budget Strategy Update report 2020-23

- 1.9 The annual re-refresh of the medium term financial plan or MTFP sets out the financial planning framework or forecast resources available over the Council's forward plans. This in turn informs consideration of budget proposals through the remainder of the budget round, to deliver a 'balanced budget' requirement in 2020/21 and updated spend and funding forecasts for following years.
- 1.10 The budget strategy update report 2020-23 was approved at Council on 16 October 2019. The Appendix attached includes the report plus report Appendices, for reference.
- 1.11 The budget strategy update report took as its starting point, existing multi-year budget plans rolled forward to a 2020/21. While the approved budget plan for 2019/20 reflected a balanced budget, over the following 2 years there was a forecast gap between spending plans and corresponding funding available, of £14m in 2020/21, increasing to £20.6m by 2021/22. Using the same assumption base, this increased to £30.9m in 2022/23.
- 1.12 The budget strategy update report updated a number of existing baseline spend and funding assumptions as appropriate, based on emerging local and national intelligence. The overall impact of the baseline changes is reflected in the summary Table below :

Table 1 – Summary General Fund - Baseline funding & spend adjustments 2020 to 2023

	2020/21 £m	2021/22 £m	2022/23 £m
Original 2019 to 2022 Budget Gap	14.0	20.5	30.9
Funding adjustments	(9.0)	(10.7)	(11.0)
Spend Plan adjustments	0.3	1.6	2.6
Baseline Budget Gap 2020 to 2023	5.3	11.4	22.5

- 1.13 Overall, the net impact of the baseline adjustments in 2020/21 has reduced the budget gap forecast from £14m to just over £5m, and this has had a similar knock on effect for the following 2 years.
- 1.14 The single biggest factor for the reduction is the officer assessment of the impact of Government's 4th September Spending Review announcement for 2020/21 (SR2019).

Appendix A to the budget strategy update report 2020-23 summarises the baseline adjustments, including those that relate specifically to the SR2019 announcement.

- 1.15 Baseline adjustments were also factored in where appropriate to reflect structural budget issues previously highlighted by in-year financial monitoring (e.g. Quarter 1 2019/20); including schools transport pressures, parking and markets income.
- 1.16 SR2019 also confirmed that the Council tax referendum threshold for 2020/21 would be 2%, which was the existing budget plan assumption as well, plus a further Council flexibility to raise a social care precept of upto 2% in 2020/21.

2. Information required to make a decision

Updated National and Local Intelligence

- 2.1 The budget strategy update report 2020-23 approved at Council on 16 October set out a financial planning framework for consideration of forthcoming budget proposals through the remainder of the current budget round.
- 2.2 The financial planning framework approved by Council on 16 October continues to be reviewed by officers, informed by further emerging local and national intelligence. Some illustrative examples of emerging intelligence are highlighted in the following paragraphs.
- 2.3 In-year financial monitoring (Quarter 2) is anticipating some positive movement in the in-year position for Council tax and business rates, and officers will consider the extent to which this can reasonably be reflected in any further forecast funding adjustments to inform the overall funding position for 2020/21.
- 2.4 The Chancellor announced on 30 September, a commitment to a higher rate National Living Wage (NLW) uplift (reviewing the current basis for the calculation from 60% of median earnings to 66%) over the next 5 years; from the current £8.21 to £10.50 over the period.

While existing spending plans factor in assumed NLW uplifts over the next 3 years in the region of 4.6% per annum, the Chancellor's announcement takes the annual uplift nearer 5% per annum, and this will need to be considered in relation to current forecast spending plans; in particular the potential additional cost impact on contracted social care services over the 2020-23 period.

- 2.5 The General Election announcement for 12 December means a further delay in the provisional financial settlement for 2020/21. However, as indicated in the 2020-23 budget strategy update report appended, officers still anticipate that the headline announcements set out as part of SR2019 will largely hold post-general election; albeit the timing of the financial settlement for 2020/21 may now be sometime January 2020.
- 2.6 Government increased the PwLB interest rate by 1% overnight from 9.30am, 10 October 2019, to an average 2.8%, which effectively re-sets it at the rate it was 12 months ago. This was an unannounced and sudden increase. Existing Council treasury management budget plans had budgeted at this rate anyway at the time budgets were approved for 2019-22 period. The implications of this reset will be considered in due course, and as part of the forthcoming half-yearly treasury management report to Corporate Governance & Audit Committee on 15 November.

- 2.7 A Joint North Yorkshire (NY)/Leeds City Region (LCR) Business Rates Pool application has been submitted to Government for 2020/21. The SR2019 announcement included the dissolution of a number of existing 2019/20 Business Rates Pools, including the pre-existing Joint NY/LCR Pool. The outcome of the application is expected as part of the provisional financial settlement announcement for 2020/21.

The expected business rates levy gains will be less than the pre-existing Pool because the 2020/21 scheme is a 50% scheme, compared to 75% current year. This means that half of any levy gain will be given up to government in 2020/21, compared to just 25% in 2019/20.

3. Implications for the Council

- (i) Working with people
- (ii) Working with partners
- (iii) Place based working
- (iv) Improving outcomes for children

- (v) Other (eg Legal/Financial or Human Resources)

- 3.1 The current national scrutiny and concern on the general state of Council finances, sectoral financial sustainability and financial resilience over the medium term; in particular with regard to Councils with statutory responsibilities for children and adult services, has been taken into consideration in the headline Spending Review 2019 (SR19) announcement on 4 September, albeit acknowledging this is a one year settlement for 2020/21, and that a further 3 year Spending Review would follow the following year.
- 3.2 However, there remains continued uncertainty on the national funding landscape for local government beyond 2020/21, against a current backdrop of continued Brexit uncertainty, what this means politically and economically, post general-election.
- 3.3 Financial planning framework assumptions will continued to be worked in light of further emerging intelligence to inform forthcoming budget proposals, over the remainder of the current budget round.

4. Consultees and the opinions

Portfolio holder

5. Next steps and timelines

Budget proposals to come forward in due course as per corporate budget timetable

6. Officer recommendations and reasons

For Corporate Scrutiny panel to note and discuss the contents of this report.

7. Cabinet Portfolio holder's recommendations

As above

- 8. Contact Officer**
Eamonn Croston, Service Director - Finance
eamonn.croston@kirklees.gov.uk
Tel: 01484 221000
- 9. Background Papers and History of Decisions**
Appendix attached
- 10. Service Director responsible**
Eamonn Croston, Service Director for Finance



Name of meeting: Cabinet / Council
Date: 8 October 2019 /16 October 2019

Title of report: Council budget strategy update; 2020 to 2023 Revenue & 2020 to 2025 Capital.

Purpose of the report

To determine the Cabinet’s approach to the annual update of the Council’s Medium Term Financial Plan (MTFP). This is reported to full Council each year, and sets a framework for the development of draft spending plans for future years by officers and Cabinet.

Key decision – is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes
Key decision - is it in the Council’s Forward Plan (key decisions and private reports)?	Key decision - Yes
The Decision - Is it eligible for “call in” by Scrutiny?	No
Date signed off by Strategic Director & name	Rachel Spencer-Henshall, 27 September 2019
Is it also signed off by the Service Director for Finance	Eamonn Croston, 26 September 2019
Is it also signed off by the Service Director – Legal, Governance & Commissioning	Julie Muscroft, 27 September 2019
Cabinet member portfolio - Corporate	Cllr Graham Turner

Electoral [wards](#) affected: All

Ward Councillors consulted: All

Public or private: Public

GDPR: This report contains no information that falls within the scope of General Data Protection Regulations.

RESTRICTIONS ON VOTING

Members should be aware of the provisions of Section 106 of the Local Government Finance Act 1992, which applies to members where –

- (a) they are present at a meeting of the Council, the Cabinet or a Committee and at the time of the meeting an amount of council tax is payable by them and has remained unpaid for at least two months, and
- (b) any budget or council tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

In these circumstances, any such members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter in (b) above. It should be noted that such members are not debarred from speaking on these matters.

Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

1. Summary

INTRODUCTION

- 1.1 The Cabinet is required under Financial Procedure Rules to submit to Council a provisional budget strategy update no later than October, each year. The provisional budget strategy in this report provides a budget planning framework to consider subsequent budget proposals that will deliver a balanced revenue budget for the following financial year 2020/21 and indicative funding and spending forecasts for the following 2 years; 2021 to 2023. This report also provides a framework for an updated multi-year capital plan, 2020 to 2025.
- 1.2 As reported as part of the Quarter 1 financial monitoring report to Cabinet on 13 August 2019, Cabinet has already commenced work with the Executive Team to develop the budget for 2020/21 and beyond. After an initial review of the implementation of this year's agreed budget, the Cabinet will be looking to develop proposals that continue to build on their ambition for investment that supports the Council's priorities

NATIONAL CONTEXT

- 1.3 At the time of writing this report, the national timetable for the UK's exit from the European Union is still 31 October 2019, and depending on the terms and timeline of that exit, will have short, medium and longer term implications that could significantly impact on a range of updated spending plan and associated funding assumptions set out in this budget update report.
- 1.4 Prior to the Spending Review 2019 (SR2019) announcement, the Local Government Association (LGA) had predicted that the scale of the annual funding gap across English Councils will be about £8 billion by 2025 across general fund services, and an emerging further gap of at least £1.5 billion across High Needs provision by 2021. The latter is funded through the Dedicated Schools Grant funding allocation.

- 1.5 A one-year Spending Round (SR2019) was announced on 4th September 2019, setting out proposals for Government departmental spend over the 2020/21 financial year. Government noted that the announcement was '*fast tracked*' ahead of official Office of Budget Responsibility (OBR) independent fiscal forecasts which inform the Autumn Budget statement "...so Departments can focus on delivering Brexit".
- 1.6 The Chancellor outlined £13.8bn of investment in areas including Health and Education in what he described as the fastest increase for 15 years. Key headlines from SR2019 are attached at Appendix H for information and a link to the relevant Government website which sets out details of the spending round is shown below :

[Spending Round 2019](#)
- 1.7 Government intends to release more detail behind the headline SR2019 announcements over the coming weeks and months. Officers, where appropriate, have updated funding assumptions based on SR2019 headline announcements, estimating local impacts using funding allocation methodologies applied by Government previously.
- 1.8 Advice issued from the Special Interest Group of Municipal Authorities (SIGOMA) to its members on 25 September 2019 suggests that SR2019..." is still the best available funding information at the moment and, as a spending increase, less likely to be opposed by opposition MP's".
- 1.9 Notwithstanding the prospect of a general election and what the outcome of that may bring, officers are confident that the short term fiscal provisions set out in SR2019 can nevertheless be reasonably factored into this report's updated baseline funding assumptions.
- 1.10 Government also confirmed through SR2019, a delay in the implementation of a national Council 75% Business Rates Retention Scheme, incorporating a re-basing of Council funding through a National Fair Funding Review, to April 2021 (see also Section 2.3 of this report).
- 1.11 Government intends to deliver a multi-year Spending Review in 2020 which "...will take into account the nature of Brexit and set out further plans for long-term reform" (HM Treasury Spending Round 2019). HM Treasury commentary here re-affirms the unpredictability regarding the outcome of the next spending review beyond SR2019, and in light of this, national funding forecast implications for this Council beyond 2020/21, remain relatively prudent at this stage.

LOCAL CONTEXT

BACKGROUND

- 1.12 National Government policy from 2010 to 2020 over successive Parliaments included a significant reduction in funding across a range of public services, including local government (which accounts for about a quarter of annual public expenditure), as part of its austerity agenda to reduce the national public deficit position following the global financial crisis of 2008. Over the last 10 years, these measures resulted in significant overall reductions in national Government funding to local Government.

- 1.13 For Kirklees, these have been in the region of £150m; (equivalent to about 60% national funding reduction over the period), compared with average national funding reductions over the period nearer 50%.
- 1.14 Over the same period, Councils, in particular those with statutory social services and education responsibilities like Kirklees, had to plan for significant and growing demand on services; in particular in Children's Services and Adult Social Care Services, Homelessness, and more recently, High Needs. Demand on services are expected to continue to rise over future years.
- 1.15 This Council is currently the 7th lowest funded Council in the country, as measured by the Government's own spending power benchmark calculation, when expressed as spend per head of the population, and in the lowest quartile of the 152 comparator authorities with similar statutory responsibilities.
- 1.16 The combined impact of national funding reductions and demand on services on this Council resulted in a cumulative revenue savings requirement of £199m over the 2010-19 period, further planned savings of £17.1m identified over the 2019 to 22 period, and a forecast remaining budget gap of £14m in 2020/21, increasing to £20.5m in 2021/22 and £30.9m in 2022/23.

LOOKING AHEAD

- 1.17 The starting point for the Council's updated Medium Term Financial Plan (MTFP) are the existing revenue budget plans 2019 to 2022, approved at budget Council on 13 February 2019, and updated 5 year capital plans 2019 to 2024, approved by Council on 13 July 2019 as part of the 2018/19 Financial Outturn & Rollover report.

The links to both these reports are included below:

[Annual budget report 2019 to 2022 \(Agenda Item 5\)](#)

[Financial Outturn & Rollover report 2018/19 \(Agenda Item 17\)](#)

REVENUE

- 1.18 Existing approved Spending Plans included the delivery of a balanced general fund revenue budget for 2019/20 without any requirement to drawdown one-off revenue reserves. They also included general fund planned savings of £17.1m over the 2019 to 2022 period, and Housing Revenue Account planned savings of £3.1m over the same period. Capital plans included significant additional investment over the 2019 to 2024 period, to £660m overall (an increase of £270m from pre-existing multi-year plans).
- 1.19 These plans also set out a remaining forecast budget gap of £14m in 2020/21, increasing to £20.5m by 2021/22. Officers had estimated that this would rise to a £30.9m budget gap by 2022/23 (cumulative).
- 1.20 The Council's Corporate Plan informs current and emerging Council spending plans. The existing 2018 to 2020 plan was recently updated and approved at Council on 17 July 2019. The link to the Council's Corporate Plan 2019 Re-fresh is shown below:

[Council Meeting Agenda 17 July 2019 \(Item 11 reference\)](#)

- 1.21 The Corporate Plan sets out a vision; *“a district which combines a strong, sustainable economy with a great quality of life – leading to thriving communities, growing businesses, high prosperity and low inequality where people enjoy better health throughout their lives.”*
- 1.22 To deliver this vision, the Council is developing into one that focuses on achieving outcomes by working with people rather than doing to them, working with Partners, and recognising the importance of local identity and how needs differ in different places. Existing budget plans for 2019 to 2022, whilst acknowledging the continuing financial challenges facing the Council, also include significant new investment; in particular in children services, adults, regeneration activity, housing growth agenda, transformation capability and corporate capacity to support this approach.
- 1.23 The Corporate Plan also makes reference to Councillors’ changing roles, and that in representing and serving the people and places of Kirklees, Councillors’ roles are growing – they are community leaders and at the heart of democratically elected local government.
- 1.24 Existing budget plans have been reviewed, including a high level review of funding and spend assumptions. This has then been factored into re-freshed multi-year baseline funding and spend assumptions, compared to current. They provide the basis of updated baseline target spending control totals for Cabinet to then formulate and recommend draft budget proposals for 2020/21 to deliver a balanced budget, and consideration of budget forecasts for the following 2 years. Cabinet recommendations will be considered at Budget Council on 12 February 2020, in accordance with the corporate budget timetable.
- 1.25 Subsequent to this report, funding and spend assumptions informing spending control totals will continue to be reviewed through the remainder of this budget round, in light of any further emerging local and national intelligence, and incorporated into finalised budget plans as appropriate.
- 1.26 This report, in setting out current assumptions underpinning the updated MTFP, also includes acknowledgement of potentially significant unbudgeted risks, as set out in the Council’s current Corporate Risk Register attached at Appendix E.
- 1.27 Updated baseline general fund revenue budget spending plans are summarised at Table 1 below;

Table 1 – Summary General Fund - Baseline funding & spend adjustments 2020 to 2023

	2020/21 £m	2021/22 £m	2022/23 £m
Original 2019 to 2022 Budget Gap	14.0	20.5	30.9
Funding adjustments	(9.0)	(10.7)	(11.0)
Spend Plan adjustments	0.3	1.6	2.6
Baseline Budget Gap 2020 to 2023	5.3	11.4	22.5

- 1.28 A detailed breakdown of Funding and Spending Plan adjustments to inform re-freshed spending control totals is set out at Appendix A attached.

- 1.29 The net effect of the changes set out at Table 1 above indicate a re-freshed budget gap across years of **£5.3m** in 2020/21, rising to **£11.4m** in 2021/22 (cumulative) and **£22.5m** in 2022/23 (cumulative) to deliver a balanced budget.
- 1.30 Updated baseline spend control figures include £5.8m existing planned savings rolled forward from the 2019 to 2022 MTFP.
- 1.31 The potential range of short, medium and longer term Brexit impacts, and one year only Spending Review for 2020/21, exemplify the significant challenges Councils face in order to forward plan effectively and efficiently to deliver robust and 'balanced' multi-year spending plans and financial strategies in line with local residents and Government expectations.
- 1.32 The inclusion of sensitivity analysis in this report (see also Section 2.16) reflects illustratively, the current challenges in medium term budget forecasting, in light of the issues set out in para 1.31 above. While our baseline budget gap for 2022/23 is £22.5m is considered reasonable at this stage, it could potentially be within a range between £1.1m and £37.5m.
- 1.33 The current national context is also reflected in the approach to general fund revenue reserves set out in this report, in particular the s151 Officer recommendation, to maintain financial resilience reserves at their current £37m level, as a minimum, at the start of 2020/21.
- 1.34 The above recommendation also anticipates appropriate management actions will be taken to ensure that the revenue monitoring overspend of £2m against £287m net budget (equivalent to 0.7%), as at Quarter 1 2019/20, will be contained within budget by year end. The consequence of not doing so would be that any overspend would have to be mitigated by unplanned use of financial resilience reserves in-year.

Housing Revenue Account (HRA)

- 1.35 HRA budget plans support the delivery of a high quality landlord service to 22,000 Council tenancies and 1,030 leaseholders alongside supporting the Council's strategic HRA capital investment ambitions, within a self-financed 30 year HRA business plan. The Council works closely with Kirklees Neighbourhood Housing (KNH), its partner arms length management organisation, to regularly review and update the HRA business plan.
- 1.36 Updated HRA budget plans assume the delivery of savings in view within existing budget plans which total £0.8m over the 2020 to 2023 period.

CAPITAL INVESTMENT

- 1.37 The starting point for updating multi-year Council capital investment plans is summarised at Table 2 below:

Table 2 – Updated Capital Plan Summary 2019 to 2024

By Primary Outcome *	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Aspire & Achieve	16.0	19.9	22.8	13.0	5.0
Best Start	0.2	1.3	3.6	4.2	0.8
Independent	2.7	5.1	5.0	3.5	11.4
Sustainable Economy	59.7	106.4	77.6	68.5	16.3
Well	4.0	15.0	9.3	2.3	0.8
Safe & Cohesive	0.2	0.0	0.0	0.0	0.0
Clean & Green	1.8	5.5	0.1	6.6	20.6
Efficient & Effective	4.5	3.9	3.9	3.9	3.9
Total General Fund	89.1	157.1	122.3	102.0	58.8
HRA strategic priorities	6.8	9.8	9.0	7.3	8.9
HRA baseline	18.9	18.7	19.6	19.3	18.9
Total HRA	25.7	28.5	28.6	26.6	27.8
Total Council Capital	114.8	185.6	150.9	128.6	86.6

**categorisation here by primary outcome for illustrative purposes, acknowledging that in many instances capital investment delivers multiple outcomes.*

- 1.38 The above plans are rolled forward from the existing 5 year capital plan (2019 to 2024), approved at Council on 17 July 2019, as part of the 2018/19 Financial Outturn & Rollover Report. Current year budgets (2019/20) were further updated and reported as part of the Quarter 1 Financial Monitoring Report to Cabinet on 13 August 2019.
- 1.39 Existing capital budget plans include significant strategic priority spend on West Yorkshire plus Transport Schemes, investment in regeneration activity in Town Centres, Waste Management Plant and Infrastructure, Day Services Support for Vulnerable Adults and investment in Special Education Needs Schools.
- 1.40 These plans, including consideration of a new year 5, 2024/25, will be re-freshed through the remainder of the current budget round. This includes officer proposals for any re-profiling of the existing plan across years, and consideration of any emerging new investment requirements and capital resource affordability.

2. Information required to take a decision

- 2.1 This report includes a range of supporting information set out in the following appendices:

Appendices

A	Summary general fund funding and spend control total changes 2020 to 2023
B	General Fund Reserves
C	Summary Housing Revenue Account (including reserves) 2020 to 2023
D	Summary Updated Capital Investment Plan 2019 to 2024
E	Corporate Risk Register
F	Corporate Budget Timetable
G	Sensitivity analysis – key assumptions
H	Headline SR2019 announcements

2.2 General Fund

- 2.2.1 Appendix A represents a high level re-fresh of funding and spend control totals over the 2020 to 2023 period, informed by a range of current national, regional and local intelligence.
- 2.2.2 The following sections of this report set out in more detail the underpinning assumptions informing the updated forecasts.

FUNDING ASSUMPTIONS

2.3 BUSINESS RATES

National 75% Business Rates Retention Scheme

- 2.3.1 Government's original intention was to implement a 100% scheme nationally from 2020/21 onwards, to be enacted through a Finance Bill. However, following the General Election on 8 June 2017, the Bill was not progressed. Government however remains committed to promoting greater financial self-sufficiency in Local Government, and is instead intending to implement a 75% national Scheme which it can do within existing legislation. It was initially anticipated that this scheme would be adopted from 2020/21, however this has now been deferred to 2021/22. The associated 're-set' of baseline Business Rates Retention funding at an individual Council level, through a National fair Funding Review, has similarly been delayed to April 2021.
- 2.3.2 The Business Rates 75% Scheme, is intended to be 'fiscally neutral' at a national level, which means that the 'technical implementation' in itself would not leave any individual Council any better or worse-off. To compensate for the additional business rates income to be retained locally, it is anticipated that this will also involve a transfer of current Government funding responsibilities for Public Health at the same time.
- 2.3.3 This means that Council spending plans will increase by about £25m from 2021/22 onwards, because the Public Health specific grant contribution from Government will cease at this point. There will instead be a corresponding increase in business rates funding to compensate; 'net nil' overall budget impact. The starting point (MTFP 2019-22) 2020/21 funding and spending figures at Appendix A, incorporate this assumed 'budget neutral' adjustment.
- 2.3.4 At this stage, it is not known if current Public Health specific grant conditions setting out eligible spend against the grant, and monitored by Public Health England, will continue in some guise, from 2021/22 onwards.
- 2.3.5 At this stage, it is not clear what the likely national funding position will be for the local government sector, or individual Councils from 2021/22 onwards, not least due to the unpredictable impact that Brexit may have on the UK economy. Existing budget plans had assumed the continuation of Government austerity funding reductions on local government from 2020/21 onwards, in the region of 2% per annum against baseline funding. In light of national funding uncertainties beyond 2020/21, existing plan assumptions of further 2% national funding reductions in 2021/22 and 2022/23, remain unchanged at this stage.

- 2.3.6 SR2019 also includes proposals for business rate baselines inflation uplifts in 2020/21. The estimated impact for Kirklees is an extra £1.8m factored into budget plans in 2020/21.
- 2.3.7 However, in light of national funding and economic uncertainty from 2021/22, at this stage no further business rates baseline inflation has been assumed beyond 2020/21.

2.4 Leeds City Region & North Yorkshire Joint Business Rates Pilot

- 2.4.1 Kirklees is part of the Leeds City Region (LCR) and North Yorkshire Joint Business Rates 75% Pool in 2019-20. The financial model underpinning the pool estimates a potential overall gain to the combined pool in the region of £24m in-year.
- 2.4.2 Pool income is shared out so that member authorities receive two thirds of the additional income generated through the 75% pilot, with the remaining third of additional income being retained by the pool. This retained funding is redistributed to projects that meet the Pool's strategic aims; Reducing Digital Isolation, Inclusive Growth, Culture, Sport and Major Events, Business Support, Trade and Investment and Enabling Housing Growth. A one-off gain of £2m was built into the 2019/20 budget in the current MTFP to reflect our individual share of the growth.
- 2.4.3 It has been confirmed that existing 75% pilots will cease at current year end, but Councils can apply to Government to be part of a 50% pool in 2020/21. Existing 'Devo Deal' 100% Pool arrangements will however roll forward into 2020/21. Councils have been asked to inform Government about their plans for applying to be a part of a 50% pool in 2020/21, by 25th October 2019. Designations for business rate pools must be made by the time of the 2020/21 provisional local government finance settlement, which is expected later in 2019..
- 2.4.4 The assumed impact of reverting to a 50% Business Rates Retention arrangement means a £1.5m adverse funding adjustment in 2020/21, compared to existing plans which had assumed the continuation of 75% business rates scheme in 2020/21.

Appeals/Other

- 2.4.5 Government introduced a new, more stringent, appeals system implemented from April 2017 onwards. Based on 2018/19 revenue outturn and current in-year forecast to date, £1.6m has been added back to baseline funding assumptions from 2020/21 onwards; in part resulting from an ongoing reduced bad debt provision requirement in light of reduced number of new appeals. The previous appeals process had resulted in significant volatility in estimating business rates income, and a set aside Council bad debt provision of £4.8m.
- 2.4.6 The £1.6m adjustment is considered reasonable at this stage, and officers will continue to review and update appeals provision assumptions through the remainder of the financial year as further intelligence emerges from the new system.
- 2.4.7 In light of the current economic climate, no net growth assumptions have been built in over the 2020 to 2023 period, over and above inflation set out in para 2.3.7 earlier, at least at this stage. This is also consistent with previous budget round assumptions on net business rates growth. However, it is acknowledged that the Council's multi-year capital plans include £329m planned investment in Sustainable Economy over the current 2019 to 2024 period, and it is anticipated that there is

potential for business rates growth over the longer term, notwithstanding current national economic uncertainty and future outlook.

2.5 Council Tax

Referendum Principles 2020-21/Adult Social Care Precept

- 2.5.1 Existing budget plans assumed an annual Council Tax uplift of 1.99% per annum over the 2020 to 2022 period. SR2019 has confirmed the council tax referendum limit for Councils at 2% in 2020/21. It is at the discretion of Councils to decide whether or not to uplift Council Tax in 2020/21 up to 2%, without triggering a referendum. Updated budget plan assumptions, in light of SR2019, continue to reflect an annual Council Tax uplift of 1.99% in 2020/21, equivalent to £3.6m, and similar 1.99% Council Tax uplifts over the following 2 years.
- 2.5.2 Referendum principles do not currently apply to Parish Councils, but this area is being kept under active review by Government.
- 2.5.3 SR2019 also allows Councils with adult social care responsibilities an option to raise up to a further 2% through the Adult Social Care (ASC) Precept. Officers have incorporated this into updated baseline funding assumptions; equivalent to £3.6m additional funding in 2020/21.
- 2.5.4 At Band 'A' level, an overall 3.99% uplift in 2020/21 incorporating the adult social care precept, is equivalent to an annual uplift of £40.15; (equivalent to £0.77 per week) from £1,006.40 in 2019/20 to £1,046.55 in 2020/21 (before fire, police and parish council precepts).
- 2.5.5 At Band 'D' level, a 3.99% uplift in 2020/21 is equivalent to an annual uplift of £60.23; (equivalent to £1.16 per week) from £1,509.59 in 2019/20 to £1,569.82 in 2020/21.

Council Tax Base

- 2.5.6 Council tax base projections assume Council Tax Base (CTB) growth over the next 3 years at an average increase in properties of about 1,500 per annum over the next 3 years. Converted to a Band 'D' equivalent, this equates to 1,100 per annum CTB growth over the next 3 years. This is an additional 100 Band D equivalents per annum compared to existing budget plans, and brings assumptions in line with the local plan.
- 2.5.7 Based on historical trends, approximately 63% of properties convert to Band D equivalents for tax base purposes, due to adjustments such as Single Person Discounts, Student Exemptions and the council tax reduction scheme. This conversion rate is also impacted by the actual banding of properties that are then converted to a Band D equivalent. Historically, 81% of Kirklees domestic properties (hereditaments) are actually banded at below Band D.
- 2.5.8 The local plan (2013 to 2031) proposes an additional 31,000 properties over the 18 years of the plan, equating to an average of 1730 properties each year. This also links to the Council's Housing Strategy 2018 to 2023, reported to Council on 12 September 2018. The link to this report is shown below:

[Housing strategy report 2018-23 \(Item 9\)](#)

- 2.5.9 Over the much longer term, it is anticipated that Council Tax growth will be higher than the updated 3 year forecast here, reflecting the relative skewed profile of anticipated new build over the next 10 years.
- 2.5.10 Current updated assumptions on council tax growth will continue to be reviewed through the remainder of the current budget round, and any further revisions factored in as appropriate.

2.6 Un-ringfenced Grants

- 2.6.1 While these grants are separately identifiable, the Council can apply this funding flexibly to meet overall Council spend priorities. Future year budget forecasts largely reflect existing budget plan allocations for 2020/21.
- 2.6.2 Housing & Council Tax Administration Grant allocations are forecast to reduce year on year by about £150k. This reflects the assumed pace of Universal Credit rollout in the District over the next 3 years, and consequential impact on reduced grant required due to reduced volumes of Housing Benefit directly administered by the Council over the period.
- 2.6.3 The New Homes Bonus (NHB) assumption is that it will remain at the current level of £4m for 2020/21. There is uncertainty about what will happen to this grant from 2021/22 onwards, however it is anticipated that any reduction in NHB may be added back into the national funding pot and redistributed back to local authorities based on need as per the refreshed formulae derived out of the Fair Funding Review. In the absence of any further intelligence, the current assumption is that the net impact of this will be neutral for Kirklees and so the 2020/21 NHB estimate has similarly been applied over future years. This is assumed to be a prudent forecast.

2.7 Schools Funding (Dedicated Schools Grant or DSG)

- 2.7.1 SR2019 announced that for 2020/21, the funding floor will be set at a minimum increase of 1.84% per pupil in comparison to 2019/20 individual school funding levels per pupil, to protect per pupil allocations for all schools in real terms. For a significant majority of Kirklees mainstream schools the expected increase is 1.84% relative to individual school 2019/20 per pupil funding levels. This compares with a 0.5% uplift in funding per pupil in 2018/19 for Kirklees schools and a second uplift of 0.5% in 2019-20 (both using 2017-18 as the baseline year).
- 2.7.2 Kirklees' Schools Block funding allocation for 2019/20 is £295m, the High Needs block is £37m, the Early Years block £28m and the Central School Services block £2.3m. The Government will publish provisional National Fair Funding (NFF) allocations for 2020/21 at local authority and school level in October 2019, with final allocations published in December 2019.
- 2.7.3 SR2019 also announced headline national funding allocations for schools for the following 2 years, which, subject to future clarification through SR2020, are similar to proposals as set out for 2020/21.
- 2.7.4 SR2019 headline schools funding announcement also included a national £400m uplift for Further Education Colleges in 2020/21, acknowledging considerable current funding pressures across this part of the education sector.

2.8 High Needs Funding Pressures

- 2.8.1 The NFF funding regime was implemented by Government from 2018/19. The High Needs block under the new NFF acknowledges the level of previous under-funding, and Government intention is to increase Kirklees' annual allocation by £7m in comparison to the 2017/18 baseline.
- 2.8.2 Due to transitional arrangements, this is phased over a 7 year period, at about £1m per annum. This phasing is reflected in existing budget plans.
- 2.8.3 The Council has reported extensively on the fact that since the 2014 Children and Families Act was implemented, there has already been a 44% rise in the number of Education Health & Care Plans (EHCP's) within Kirklees in the last four years (2015 to 2019; 47% nationally). The rising demand and cost pressures show no sign of slowing down, with continued growth of EHCP numbers expected in future years (over 10% in each of the last three years nationally).
- 2.8.4 For Kirklees, this has resulted in an increasing funding pressure against the High Needs block of the Dedicated Schools Grant; to the extent that the Council's general fund has supported unfunded DSG pressures at £4.2m in 2017/18 and £8m in 2018/19. However, this is considered unsustainable going forward, with further volume growth expected in future years, adding between £1.5m to £2m spend growth pressures per annum.
- 2.8.5 There is a forecast unfunded high needs pressure of over £4m in 2019/20. As reported in the Quarter 1 Financial Monitoring report to Cabinet on 13 August 2019, the projected unfunded High Needs pressure will be carried forward on the balance sheet as a funding deficit against Dedicated School Grant (DSG).
- 2.8.6 This is allowable under current Department for Education (DfE) DSG grant conditions. Should the deficit rolled forward comprise greater than 1% of the Council's total DSG allocation, the DfE will require the Council to agree a plan to return the DSG account to a balanced position within a specified time period (up to a maximum of three financial years). Kirklees received an overall DSG allocation of £362.65m for financial year 2019/20 so a deficit of £4m equates to just over 1%.
- 2.8.7 To put the above into context, The Association of Local Authority Treasurers wrote to the Secretary of State for Education on 28th June 2019 outlining the issues facing the 152 Councils with statutory education responsibilities, in managing this additional demand, and asking Government for a further injection of funding into the system alongside a review of the Children and Families Act.
- 2.8.8 Government has acknowledged the extensive sectoral lobbying on this issue through SR2019 with a significant uplift in High Needs funding for 2020/21 of over £700m nationally. Details of Kirklees' share of the High Needs funding increase will be released sometime in October 2019.
- 2.8.9 For 2020/21 there is still some flexibility to move funds from the Schools Block to the High Needs block, for example, to address financial pressure in the High Needs account. Up to 0.5% of the total Schools Block can be moved with the agreement of the Schools Forum; equivalent to £1.4m. If agreement was not reached, the Council would need the approval of the Secretary of State.

- 2.8.10 Any proposed movements above 0.5%, even with Schools Forum consent, would still require Secretary of State approval.
- 2.8.11 The Council is working with key partners across the education system District wide, on a comprehensive action plan to deliver a more effective, whole systems approach. This also includes a current review of District sufficiency requirements going forward supported by additional capital investment of £25m already factored into last year's approved budget plans.
- 2.8.12 The Council will keep under review the significant and growing high needs block funding pressures through the remainder of the current budget round, and will take a view on the potential flexibility as described in para 2.8.9 above, taking account as well of the confirmed schools funding allocations for 2020/21. Any further High Needs funding announcements beyond 2020/21 are anticipated to be incorporated into SR2020.

SPENDING PLAN ASSUMPTIONS

2.9 Current year financial performance – general fund revenue

- 2.9.1 Current organisational and national intelligence informing the budget strategy update includes current financial monitoring, as at Quarter 1, 2019/20, which was presented to Cabinet 13 August 2019 (see report link below):

[Quarter 1 Financial Monitoring Report - 2019/20](#)

- 2.9.2 There is a forecast overspend of £2.0m against £287.1m budget at Quarter 1 financial monitoring; equivalent to just an overall 0.7% variance. There is good progress towards the delivery of £10.9m planned savings requirement in-year. Forecast savings are projected to be £7.8m; equivalent to 72% delivery.
- 2.9.3 Elsewhere, there are forecast unbudgeted structural pressures on schools transport and parking income, one-off in-year pressures mitigated by release of in-year central budget contingencies (unallocated Minimum Revenue over-provision), and other net underspends. As noted at para 2.8.5 earlier, the unfunded High Needs pressure at over £4m will be carried forward separately through the DSG grant account.
- 2.9.4 The following sections set out in more detail, updated baseline spend assumptions across Strategic Director portfolios, highlighting as appropriate, key issues raised through current financial monitoring intelligence.

Updated spend assumptions – Strategic Director Portfolios

2.10 Children's Services

- 2.10.1 The latest OFSTED judgement for Kirklees Council Children's Services was published on 5 August 2019, and represented a significant milestone for the Council's ongoing Children's Improvement Journey, following the previous 2016 Inspection that had rated the service inadequate.

- 2.10.2 The OFSTED judgement notes that there have been significant and sustainable improvements made across the Service, and gives much greater assurance that our most vulnerable Children in the District are appropriately safeguarded, with much greater prospects for improved life chances. The judgement also sets out a number of further improvements that if the service can sustainably deliver, could further develop the service offer from Requires Improvement, to Good and Outstanding.
- 2.10.3 The above progress also acknowledges the level of sustained revenue investment into the service through successive recent budget rounds.
- 2.10.4 Alongside the above, there is continued acknowledgement of growing pressures on High Needs as reported extensively earlier in this report at Section 2.8, as well as raised corporate parent expectations for support for Care Leavers upto the age of 25, and managing potential future demand pressures and associated increased costs of care.
- 2.10.5 There are also emerging challenges and risks which the service, wider Council and Partner organisations must continue to respond to in a timely and effective manner, such as gangs, knife crime, Child Sex Exploitation, and youth service sufficiency.
- 2.10.6 Given the above challenges and risks faced by the service, as well as further service improvements identified from the latest OFSTED inspection, officers have undertaken a high level review of current spending plans on a risk based approach, and have identified a number of key areas where existing planned savings over the 2020 to 2022 period are no longer appropriate.
- 2.10.7 Updated spending control totals have identified a number of planned saving reversals in light of the above. This includes reversing further Assessment and Care management savings of £260k in 2020/21, and a further £260 savings in 2021/22 (cumulative £520k savings reversal over 2 years)..
- 2.10.8 Across Early Learning Support and Education Support to Vulnerable Children, part savings totalling £250k in 2020/21 have also been reversed, as have further planned savings across Schools Organisation at £151k and Statutory Responsibilities at £250k in 2020/21.
- 2.10.9 A review has also been undertaken with regard to current and forecast spending requirement across Schools Transport relative to current budgetary provision. This was also reported as part of Quarter 1 financial monitoring 2019/20. In total, current spend in excess of budget is just over £1m. This represents a structural budget shortfall which has also been addressed as part of this baseline spending update.

2.11 Adults

- 2.11.1 Existing budget plans include additional base budget resources of about £9m per annum over the 2020 to 2023 period for volume/complexity of need pressures, and provider cost pressures; the latter relating to social care external provider costs impacted on by an assumed continuation of annual national living wage uplifts in the region of 4.6% over the period.
- 2.11.2 The above assumptions will continue to be subject to detailed service review and challenge through the remainder of the budget round; in particular with regard to updated business intelligence informing modelled service demand scenarios, and

potential mitigating service actions. These include the impact of significant ongoing organisational investment in social service transformation and change, and the future shape, direction and impact of social care and health integration locally.

- 2.11.3 Alongside the above, the service is continuing to work with local providers, in acknowledgement of the increasingly fragile adult social care provider market. This includes immediate in-year measures to increase the homecare rate to secure supply in the local market; forthcoming proposals and financial impacts to be reported to Cabinet for consideration in due course. The full year impact of these measures are estimated to be about £0.9m, and this has been factored into updated baseline spend controls totals.
- 2.11.4 There has also been a review of existing staffing levels in the Council's four older people's homes, acknowledging the increasing complexity of client care needs in these establishments. Alongside this, there has been a risk assessment of the sustainability of further social work staff planned savings, in light of emerging service demands and the requirement to ensure standards remain fully compliant with strengthened Care & Quality Commission regulatory standards.
- 2.11.5 The outcome of the above review has been to reverse further planned assessment and care management savings of £500k from 2020/21, and a further re-basing of existing in-house provision budgets (residential) by a further £1.4m.

Social Care Specific Grant Funding

- 2.11.6 Existing budget plans assumed that a number of current specific adult social care grants would roll into 2020/21 baseline. These include existing specific grants for winter pressures at £1.9m and the Improved Better Care Fund (iBCF) totalling £15.4m. There is also funding allocated through the Better Care Fund (BCF) pooled with Health, with the Council share about £17.2m. This (along with the iBCF, and Winter Pressures grant) has national reporting conditions and joint health sign off agreements
- 2.11.7 SR2019 announcement has confirmed that all existing Social Care specific grants, including BCF, will roll into 2020/21 baselines. One of the specific adult social care grant allocations, at £1.2m, had been announced last in 2018/19, and had not been anticipated in existing budget plans. Updated baseline spending plans also now reflect continuation of the £1.2m into 2020/21, alongside other pre-existing specific grants as per para 2.11.6 above.
- 2.11.8 SR2019 also announced an overall national increase in social care funding by £1.5bn in 2020/21 in order to 'stabilise the system'; described by the Chancellor as a down payment for more extensive reforms to 'fix' adult social care in the autumn through the much delayed release of the Adult funding green paper.
- 2.11.9 Of this, £1bn funding will be allocated to Councils as a specific Social Care grant in 2020/21, which Councils have discretion to allocate either to Children's or Adults Social Care. The distribution of this funding is yet to be confirmed, but based on historical allocation methods, Kirklees' share would be in the region of £8m.
- 2.11.10 Existing budget plans already assume £3.6m additional Adult Social Care grant in 2020/21. Therefore of the anticipated £8m above, about £4.4m represents

unbudgeted funding growth, which has been factored into updated baseline funding assumptions for 2020/21.

- 2.11.11 Existing budget plans also assumed further additional Adult Social Care grant funding of £3.6m in both 2021/22 and 2022/23. At this stage, this assumption remains unchanged, pending future clarification from SR2020 and the pending adult social care funding green paper.
- 2.11.12 As noted earlier in this report at paragraph 2.5.3, SR2019 includes provision for Councils with Social Care responsibilities to raise up to £500m further Adult Social Care funding through an Adult Social Care precept upto 2%. As also previously noted, the additional 2% has been assumed in updated baseline funding forecasts for 2020/21 compared to existing budget plans; estimated funding impact £3.6m.
- 2.11.13 The significance of the additional SR2019 Social Care funding announcements for 2020/21 is that they effectively reduce the predicted gap for Councils like Kirklees, between multi-year spending plans which already factor in significant Social Care demand pressures over the medium term, and overall Council funding availability to support these spending plans.

2.12 Economy & Infrastructure

- 2.12.1 The Economy & Infrastructure Portfolio supports a number of key Council ambitions and priorities around Town Centre regeneration and vibrancy, Waste and Highways modernisation, capital programme and delivery, Major Scheme delivery, Business Support and Inward investment, and Housing priorities.
- 2.12.2 Existing budget plans approved last year included a range of additional and sustainable revenue investment of just over £1m, including additional ward funding for Place based activity, organisational compliance capacity requirements, and additional technical and officer project capacity.
- 2.12.3 Alongside this, £5.4m has also been made available within existing earmarked revenue reserves to address the likely scale of development costs required to support the scale of regeneration, capital investment and other major project activity over the 2019 to 2024 period.
- 2.12.4 The Council's current Private Finance Initiative (PFI) Waste Contract ends in 2022/23, and work is ongoing to review options for 2023/24 onwards. It is anticipated that there will be an overall increase in costs from current as well as significant future capital investment in waste management of up to £33m; the latter already reflected in existing Council capital plans.
- 2.12.5 To support the Council's medium term spending plans and transformation to a modern Waste Service, £11m has been set aside within existing earmarked revenue reserves to support both short and longer term investment requirements and Council base budget transition to a modernised service offer for Kirklees residents.
- 2.12.6 At this stage, updated baseline spending control totals include a planned uplift of £2m in 2020/21, matched by an equivalent drawdown in Waste reserves to support a number of early investment initiatives, including re-cycling investment. Updated year 2 and 3 modelled assumptions reflect further phased investment of £1m per

annum; partly offset by further Waste reserve drawdowns of £2m each year in 2021/22 and 2022/23.

- 2.12.7 Officers will continue to work with members on emerging service investment requirements over the medium term, acknowledging that there are likely to be further baseline adjustments from those set out at this stage.
- 2.12.8 Existing budget plans acknowledge the infrastructure impact of increased housing supply over time across the District, with an initial £350k uplift in 2019/20, and further incremental uplifts of £250k over following years. Updated baseline spending control totals continue to reflect this level of additionality over future years.
- 2.12.9 There has also been a review of current budgeted income targets for parking and markets. These have been re-based to income levels that more realistically reflect current levels of actual income. Alongside this is the cumulative short to medium term impact of ongoing Town Centre Regeneration. This has resulted in a baseline budgeted income adjustment of £600k for Parking and £500k for Markets.

2.13 Corporate Services (including Public Health)

- 2.13.1 Existing budget plans reflect £330k additional investment in corporate capacity from 2019/20, and the planned drawdown of Public Health Reserves of £1.6m over the 2019 to 2021 period to support the continuation of sexual health and substance misuse commissioned activity at current levels. Future corporate capacity requirements, including IT investment, will continue to be risk assessed and any further investment requirement factored into subsequent budget proposals as appropriate.

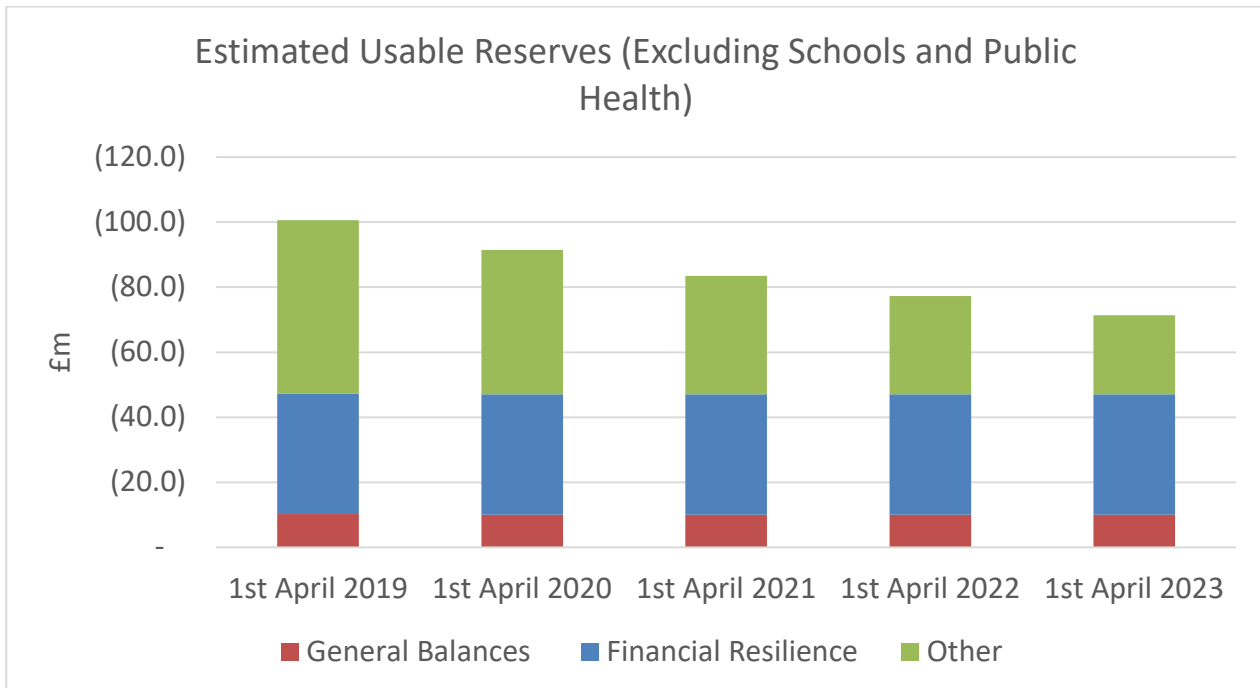
2.14 Central budgets

- 2.14.1 Existing budget plan pay inflation assumptions remain unchanged, with provision for assumed pay awards of 2% each year over the 2020 to 2023 period, alongside National Living Wage influenced annual price inflation uplifts across social care provider contracted services, and contingency inflation for energy and waste contract inflation. Elsewhere cash limited budgets continue to be assumed for non-pay inflation, with the expectation that services manage efficiently and effectively within these inflationary constraints; in particular with regard to procurement activity.
- 2.14.2 Existing budget plans assume income inflation across fees and charges at 2% per annum, other than car parking and markets income, which assume zero uplift. Baseline income inflation assumptions remain unchanged at this stage.
- 2.14.3 A tri-ennial actuarial review of employer contributions to the West Yorkshire Pension Fund (WYPF) will be undertaken in preparation for the 2020 2023 period. Existing plans include an estimated 1% increase in employer contributions from 2020/21 onwards; equivalent to £1.6m per annum. This will be reviewed in due course, in light of the actuarial assessment of WYPF employer contribution requirements and Council discussions with WYPF, later this year.
- 2.14.4 Existing Treasury Management budgets align to approved multi-year capital plan prudential borrowing requirements over the MTFP period. They also assume an uplift in bank of England base rate to 1.25%, in 2020/21. Updated baseline assumptions remain unchanged.

- 2.14.5 In conjunction with the forthcoming review of current capital investment requirements (see also section 2.19), it is intended to further review borrowing affordability over the 2020 to 2025 period, and bring forward any revised borrowing proposals for member consideration. This will also take into consideration, current CIPFA Prudential Borrowing Code and Government Treasury Management guidance.
- 2.14.6 Existing Treasury Management budgets also reflect changes to the Council's treasury management policy relating to minimum revenue provision (annual revenue resources set aside for repayment of debt, also known as MRP), implemented from 2017/18 onwards. This reduced ongoing MRP over the 2017 to 2027 period, effectively 'releasing' £9.1m annual base budget, intended to support organisational flexibility and financial resilience over the medium to longer term.
- 2.14.7 A revision to this re-profiling was approved at Budget Council on 13 February 2019 that increased the unwinding for 2018/19 and 2019/20 to the maximum allowable level of £13.5m. The impact of the additional unwind was transferred to financial resilience reserves in both years.
- 2.14.8 Existing budget plans reflect the release of £5m MRP 'flexibility' to help offset service spend relating to Special Educational Needs & Disabilities activity. As noted in Section 2.7 earlier in this report, the unfunded element of High Needs spend at over £4m will be rolled forward within DSG as a deficit, into 2020/21. Existing budget plans also assume a further £4m of the MRP flexibility has also been set aside to support High Needs pressures but at a lower level of £4m in 2020/21; reducing by £1m each year thereafter; with an equivalent Government uplift in Dedicated Schools Grant funding (High Needs block) to offset this.
- 2.14.9 The balance of £5.1m MRP flexibility not applied in 2020/21 remains in Treasury Management base budget at this stage, available to support organisational flexibility and financial resilience requirements going forward.
- 2.14.10 In light of current uncertainties in terms of potential short, medium and longer term Brexit impacts, the uncertain national funding climate for public services and local government beyond 2020/21, assumptions regarding MRP flexibility will continue to be reviewed through the remainder of the current budget round.

2.15 General Fund Revenue Reserves

- 2.15.1 Updated forecast general fund revenue reserves over the 2019 to 2023 period are shown graphically below. These reserves are set out in more detail at Appendix B together with a summary explanation of each reserve held.



2.15.2 Usable reserves (excluding Schools and Public Health) on 1 April 2019 at £100.6m, equates to 35% of the 2019/20 net annual revenue budget of £287.1m; equivalent to just over 18 weeks in-year spend. Useable Reserves are forecast to reduce to £71.4m by year end 2022/23, which equates to 25% or 13 weeks spend, based on current budgets. This is largely due to set aside earmarked reserves to support key strategic Council developments, including capital plan and broader regeneration delivery, and emerging Waste Management Strategy and transformation.

2.15.3 For context, at the end of 2017/18, comparable analysis through the Chartered Institute of Public Finance & Accountancy (CIPFA) Financial resilience benchmarking data (pre-release), which indicated that of the 36 metropolitan authorities, the equivalent range of usable reserves to net revenue budget for most of the metropolitan authorities was between 25% and 40%. Comparable CIPFA 2018/19 data was not available at the time of writing this report.

2.15.4 General balances are effectively unallocated reserves set aside to support day to day working capital requirements. The minimum level of balances was uplifted last year from £5m to £10m which was deemed more appropriate for a Council with an annual net revenue budget requirement of just under £300m.

2.15.5 Under Section 25 of the Local Government act (2003), in setting annual budgets the statutory s151 officer is required to give positive assurance statements in relation to the robustness of budget estimates and the adequacy of reserves and balances. There is no prescriptive guidance on the latter. Most recent sectoral guidance comes from a joint CIPFA/Local Authority Accounting Panel paper in 2014, which states:

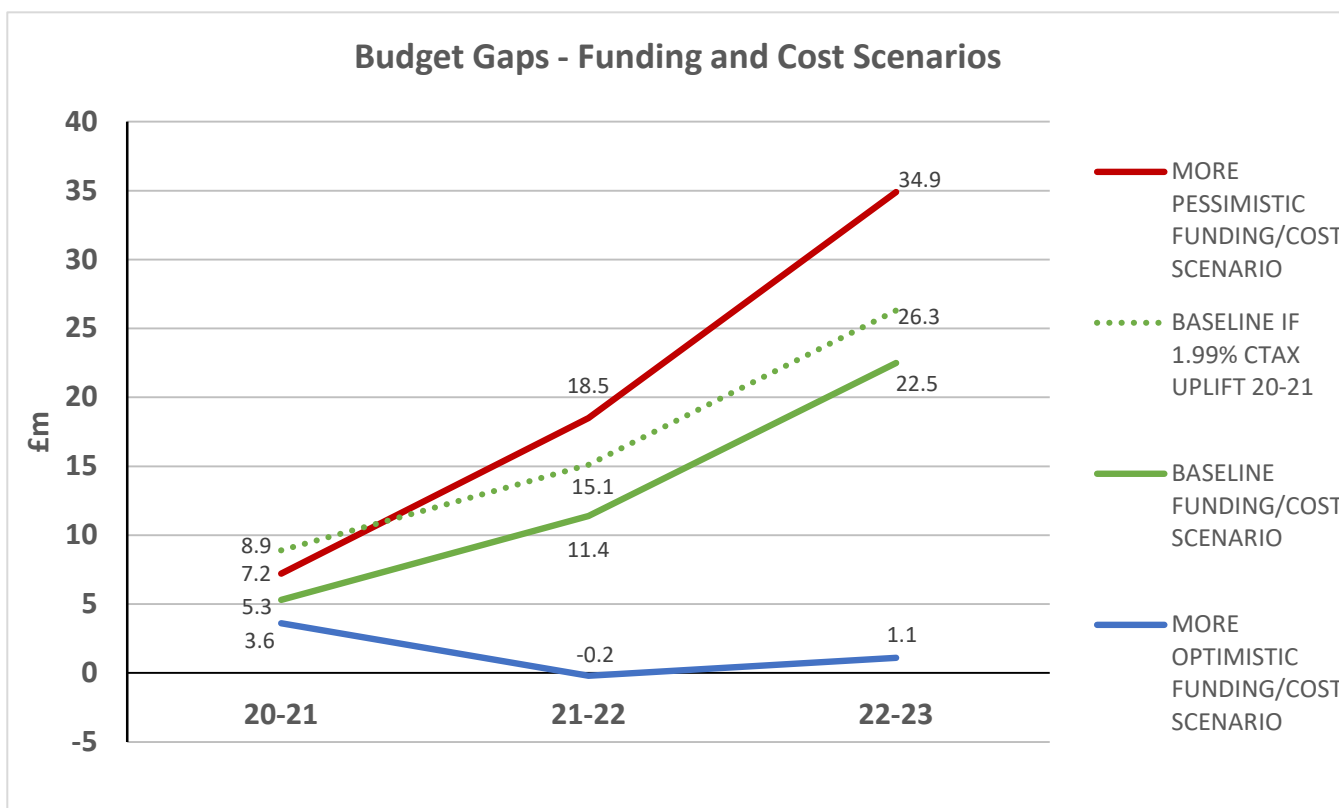
- i) *when reviewing their medium term financial plans and preparing their annual budgets, local authorities should consider the establishment and maintenance of reserves;*
- ii) *authorities should make their own judgements on such matters taking into account all the relevant local circumstances; and*

iii) *in assessing the appropriate level of reserves, a well-managed authority will ensure that the reserves are not only adequate but are also necessary. There is a broad range within which authorities might reasonably operate depending on their particular circumstances.*

- 2.15.6 The updated reserves position set out in this section of the report takes into account the above guidance.
- 2.15.7 This Council faces continuing and significant financial challenges and service pressures over the medium term. The national funding landscape beyond 2020/21 is uncertain, and there is potentially increased volatility in terms of impact from a range of risks recorded on the Council's updated corporate risk register (see Appendix E), including the potential impact from the United Kingdom's withdrawal from the European Union.
- 2.15.8 The extent of this concern has also extended to the sector's professional accounting body, CIPFA, who last year consulted Councils on proposals on a benchmark measure of Councils relative financial resilience (see also para 2.15.3 above). This is alongside a proposed financial management code of practice to guide officers and members in understanding and considering all relevant factors in assessing Council financial resilience, including local as well as national factors. CIPFA will update Councils later in the year on emerging new guidance.
- 2.15.9 The Council has also set out its ambition to invest, transform and change. Financial resilience reserves are a key element of the Council's budget strategy in terms of Council financial resilience to manage unbudgeted risks and pressures over the 2020 to 2023 period.
- 2.15.10 The s151 officer recommends that the existing £37m financial resilience reserves are maintained as a minimum at their current level, at least for the next financial year, pending further analysis and clarification of the broader national and local funding, policy and economic landscape.
- 2.15.11 The following section includes some sensitivity analysis regarding updated baseline budget forecasts included in this report. The range of sensitivities reflect marginal changes to a number of key assumptions but show the extent of potential volatility of medium term budget forecasts, in a climate of significant national funding uncertainty beyond 2020/21, and short, medium and longer term economic uncertainty in light of UK's intended withdrawal from the UK on 31 October 2019.

2.16 BUDGET FORECASTS – SENSITIVITY ANALYSIS

- 2.16.1 Included at Appendix G are a range of potential sensitivities on baseline budget forecast assumptions as set out in this report. While these sensitivities are illustrative, and there can be different combinations, in broad terms they represent relatively minor changes to a number of key baseline budget forecast assumptions, and the cumulative impact of these over time.
- 2.16.2 The impact of these budget forecast sensitivities are summarised in the graph below.



2.16.3 Illustratively here, the forecast budget gap by 2022/23 could be in the actual range £1.1m to £34.9m, and to a large extent this reflects the extent of both Council funding uncertainty post 2021, and the potential impact of the highlighted headline corporate risks, compared to baseline budget forecast assumptions.

2.16.4 Also included in the sensitivity analysis for illustrative purposes is the cumulative impact on current baseline budget gap assumptions over the 2020 to 2023 period, if the Council decided to maintain council tax at 2019/20 levels i.e. 1.99%, over the next 3 years. The cumulative impact would be a further £15m budget pressure by 2022/23.

2.16.5 If the Council decided not to uplift Council tax by the additional 2% Adult social Care precept in 2020/21 and stick with a 1.99% increase, this would result in an additional pressure above baseline of £3.8m by 2022/23. This impact is also illustrated on the above chart.

2.17 Flexible Capital Receipts Strategy

2.17.1 The current flexible capital receipts strategy which covers the period 2016 to 2022, was approved as part of last year's Council Budget Strategy Update report to Council on 10 October 2018. This strategy allows for the annual capitalisation of transformation related revenue costs over the 2016 to 2022 period, which can instead be funded from available in-year capital receipts.

2.17.2 Proposals for the Council's continued application of this flexibility are reflected in the Council's existing Capital plans, which provide for an annual capitalisation of up to £2.8m per annum from 2020/21 onwards in relation to a range of Council Transformation activity.

2.18 Housing Revenue Account (HRA)

- 2.18.1 The overarching context for the existing multi-year HRA budget plans rolled forward into 2020 to 2023 MTFP update is a sustainable, self-financed 30 year HRA business plan, which delivers the following key objectives:
- i) annual servicing of HRA debt
 - ii) capital improvements and maintenance of all Council housing stock to a minimum decency standard ,
 - iii) delivery of high quality and cost effective housing management and repair service, and
 - iv) inclusion of funding for a number of HRA strategic capital priorities and scope to consider further investment opportunities
- 2.18.2 The main driver for the financial sustainability of the HRA is housing rents. Since 2001, these have been calculated based on national Government rent restructuring guidelines, applied locally. As part of Government austerity measures, over the 2016-20 period, housing rents were subject to annual reductions of 1% to alleviate pressures on the national housing benefit bill (about 60% of social housing rents are funded from housing benefit).
- 2.18.3 Government published a 'Rents for Social Housing from 2020/21' paper in February 2019 which confirmed its intent to allow Councils with HRA's to uplift annual rents over the 2020 to 2025 period by upto CPI+1% per annum. Previous Government announcements also included the lifting of HRA borrowing caps set by Government for individual Councils with HRA's under self-financing; effective from 29 October 2018.
- 2.18.4 Updated baseline HRA spending control totals are summarised at Appendix C. They reflect Government intention to uplift social housing rents by CPI + 1% over the 2020 to 2023 period.
- 2.18.5 Other assumptions include Right to Buys over the 2020 to 2023 period continuing at about 170 per annum based on current trends, void level targets of 1.1%, and gradual annual uplifts in rent and service charge bad debt provision requirement from 2.1% current year, to 2.5% by 2022/23.
- 2.18.6 The gradual uplift takes account of predicted rollout of universal credit, which includes housing benefit, and the adverse impact of direct payments to an increasing number of tenants in terms of timing of payments, consequential impact on household income and ability to pay backdated rents, and HRA bad debt provision requirement.
- 2.18.7 HRA revenue reserves commitments include a set aside of £4m for business risks; in particular, with regard to proposed welfare reform changes. The balance of commitments includes £1.5m working balance, and the planned build up (sinking fund) of reserves to support longer term HRA business plan capital investment requirements.
- 2.18.8 The Council, working in partnership with KNH, jointly and regularly reviews and updates the HRA 30 year business plan with the aim to produce a self-financed and balanced budget position over the 30 year plan that delivers the key objectives set out in paragraph 2.18.1 above.

2.18.9 It is anticipated that existing, mainly efficiency budget savings totalling £800k over the 2020 to 2022 period will still be delivered, following on from the £2.3m in 2019/20. The overall resourcing potential for the HRA and any associated further proposals will continue to be reviewed through the remainder of this budget round.

2.19 Capital

2.19.1 The current capital plan 2019 to 2024 is detailed at Appendix D.

2.19.2 Council officers are currently undertaking a review of the capital plan, including consideration of emerging new capital proposals not currently in view, to support the delivery of Council priority outcomes over the medium and longer term. The outcome of this review, including a re-working of capital plan affordability and re-prioritisation, will be factored into further updated capital plan proposals for member consideration through the remainder of the current budget round.

3. Implications for the Council

3.1 The Council's budget plans support the overall delivery of the following Council objectives and Priorities within available resources:

- i) Early Intervention and Prevention (EIP)
- ii) Economic Resilience (ER)
- iii) Improving Outcomes for Children
- iv) Reducing demand of services

Financial, Legal & Other Implications

3.2 A robust Medium Term Financial Plan and budget strategy is a key element of financial and service planning. This will be updated in detail by full Council in February 2020. This report sets a framework for development of draft plans by officers and Cabinet, for consideration by all Members in due course.

3.3 Key funding and spend assumptions factored into the MTFP update will be subject to further review, informed by most current local and national intelligence, including the outcome of the Chancellor's Autumn Budget and the provisional government 2020/21 financial settlement.

3.4 Any further material changes to funding and spend assumptions will be considered for incorporation into the finalised annual budget report for Cabinet and Council approval in January/February 2020.

RISK ASSESSMENT

3.5 The MTFP update is based on a range of local and national intelligence, and risk assessments underpinning current and future funding and spend assumptions, acknowledging that the extent of these are all potential risk factors to the delivery of balanced budget plans over the medium term. This is summarised at Appendix E, alongside identified management actions to mitigate the risks.

Budget Planning Framework

3.6 The updated budget plans set out in this report provide the budget planning framework for officers to bring forward proposals to Cabinet and members through

the remainder of the current budget round, in order to deliver a sustainable and balanced overall multi-year budget over the 2020 to 2023 period (revenue) and 2019 to 2025 period (capital).

- 3.7 The key budget timetable milestones for the remainder of this budget round are set out at Appendix F.

Budget Consultation

- 3.8 The Council's overall budget planning framework includes consideration of wider engagement and timetabling on stakeholder views on high level priorities in resource allocation. This will be timetabled for a 6 week period between November-December. Stakeholder views on emerging HRA budget proposals will be considered through the relevant Council Tenant stakeholder forums.
- 3.9 In addition, there may be a requirement for more detailed service consultations, led by the relevant services, on specific service budget proposals. These will engage service users as early as possible, and target the groups most likely to be affected.
- 3.10 There is also on-going engagement with the business and voluntary and community sectors.
- 3.11 The Council has a duty, under section 149 of the Equalities Act 2010, to comply with the Public Sector Equality duty when developing budget proposals. Key budget proposals include accompanying evidence available to members; namely officer led equalities impact assessments, which are undertaken annually and reviewed and updated as appropriate, on a range of budget proposals. These are also made available on the Council's website, in a timely manner. This purpose of the assessments is to ensure that decision makers have due regard to the Council's equalities duties on key decisions.
- 3.12 This Cabinet agenda includes an item proposing changes to the equalities impact assessment process in its current form to move to an integrated Impact Assessment, incorporating additional diversity characteristics, such as low income and Environmental Impact. Any such changes will be reflected in updated Impact Assessments to support forthcoming budget proposals.

4. Consultees and their opinions

- 4.1 This report is based on consultation with the Council's Executive Team and Cabinet Members in assessing the current issues, risks and factors to be addressed.

5. Next Steps

- 5.1 Resultant budget proposals will be submitted to Cabinet and full Council. The Council's Chief Finance Officer (& Service Director, Finance) will co-ordinate the development of draft budget proposals and options, and supporting budget documentation within the budget framework and planning totals.
- 5.2 Cabinet will bring forward detailed budget proposals in the new year, for consideration at Budget Council on 12 February 2020.

6. Cabinet portfolio-holders recommendations

The portfolio holder supports the recommendations in this report, and welcomes the changes to the way the budget update has been prepared.

In a time of great uncertainty around the funding of the Council in future years, and also national and international events having the potential to impact on the Council's costs, this budget update takes a pragmatic view in light of all these uncertainties.

It's important that we have a flexibility within the budget to allow us to react to these uncertainties, and this update allows the degree of flexibility that we need at this time.

The review of the capital plan will allow us to invest in our places, and with the help of partners will help to stimulate the wider Kirklees economy. We will also invest in our children's services, to ensure that those children that are most in need have the best facilities we can provide. I believe that the current level of capital investment is affordable and is without excessive risk.

As with all budget updates there has to be a certain amount of assumptions made, and I believe the assumptions we have made are reasonable and the correct ones for the position we and the nation finds itself in at this moment in time. Of course things can and will change, but I believe we have the ability and skills to be able to react in a manner that will enable us to ensure our finances are sound and the we can continue to deliver the Council's outcomes.

7. Officer recommendations and reasons

Having read this report and the accompanying Appendices, Cabinet are asked to:

- 7.1 approve the updated baseline general fund revenue & HRA budget spending control totals over the 2020 to 2023 period set out at Appendix A (general fund) and Appendix C (HRA);
- 7.2 note the funding and spend assumptions informing the updated budget forecasts as set out in section 2 of this report;
- 7.3 note current and forecast earmarked reserves and general balances as set out at Appendix B;
- 7.4 note the existing 2019-24 capital budget plans rolled forward as set out at Appendix D;
- 7.5 approve the budget planning framework set out in this report,
- 7.6 note the corporate budget timetable and approach set out at Appendix F; and
- 7.7 approve the budget consultation approach and timetable set out in this report

The above approach allows the updated budget plans to be adjusted subsequently for major factors identified and sets the basis for officers to update draft service plans within a clear Council budget framework.

8. Contact Officer

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Sarah Hill, Finance Manager, Finance

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9. Background papers and History of Decisions

Government Spending round 2019

Annual budget report 2019 to 2022

Government Financial Settlement 2019/20

Technical Consultation ; 2019/20 Local Government Finance Settlement

Annual financial outturn and rollover report 2018/19

Financial monitoring report 2019/20; Quarter 1

Council Corporate Plan 2019 re-fresh

Housing Strategy 2018 to 2023

Government Paper; rents for social housing from 2020/21

10. Service Director responsible

Eamonn Croston, Service Director, Finance

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	2020/21 £000	2021/22 £000	2022/23 £000
FUNDING			
STARTING POINT (MTFP 2019-2022)	(288,634)	(316,080)	(318,426)
CHANGES			
Adult Social Care Precept 2% ; 2020/21 only (SR2019)	(3,616)	(3,722)	(3,830)
Additional 100 CTB growth per annum to 1,100	(162)	(329)	(503)
Baseline/Bad Debt Review	(1,617)	(1,587)	(1,556)
Reverse Austerity Funding Reductions ; 2020/21 (SR2019)	(3,233)	(3,233)	(3,233)
Business Rates Baseline Inflation ; 2020/21 (SR2019)	(1,803)	(1,803)	(1,803)
No 75% Pilot in 2020/21 - 50% retention (SR2019)	1,476	-	-
Total Changes	(8,955)	(10,674)	(10,925)
BASELINE 2020-23	(297,589)	(326,754)	(329,351)
SPENDING			
STARTING POINT (MTFP 2019-2022)	302,596	336,572	349,265
CHANGES			
CHILDREN'S SERVICES			
Assessment and Care Management	260	520	520
Schools Organisation / Statutory responsibilities	401	401	401
Early Learning Support	220	220	220
Education to Vulnerable Children	30	30	30
Schools Transport	1,100	1,100	1,100
	2,011	2,271	2,271
ADULTS			
Assessment and Care Management	500	500	500
Care Provider Market - Stability Measures	900	900	900
In-House Residential provision	1,400	1,400	1,400
Existing Adult Social Care grant adjustment	(1,200)	(1,200)	(1,200)
Additional social care grant (SR2019)	(4,423)	(4,423)	(4,423)
	(2,823)	(2,823)	(2,823)
ECONOMY AND INFRASTRUCTURE			
Markets - Income	500	500	500
Parking - Income	600	600	600
Waste Management Service Investment	2,000	3,000	4,000
Planned use of Waste Management Reserves	(2,000)	(2,000)	(2,000)
	1,100	2,100	3,100
Total Changes	288	1,548	2,548
BASELINE SPEND 2020-23	302,884	338,120	351,813
BASELINE BUDGET GAP 2020-23 (Cumulative)	5,295	11,366	22,462
MEMO – ORIGINAL BUDGET GAP (MTFP 2019-22)	13,962	20,492	30,839

GENERAL FUND RESERVES

General Fund Reserves	Reserves at 1st April 2019	Estimated Balance 1st April 2020	Estimated Balance 1st April 2021	Estimated Balance 1st April 2022	Estimated Balance 1st April 2023
<i>Schools Reserves</i>	(9,745)	(9,477)	(9,477)	(9,477)	(9,477)
<u><i>Earmarked Reserves</i></u>					
Financial Resilience	(37,146)	(37,146)	(37,146)	(37,146)	(37,146)
Rollover	(2,161)	(1,161)	(161)	-	-
Revenue Grants	(12,923)	(10,633)	(8,633)	(6,633)	(4,633)
Public Health	(2,069)	(1,246)	(423)	(423)	(423)
Stronger Families	(1,818)	(1,318)	(818)	(318)	-
Insurance	(1,900)	(1,900)	(1,900)	(1,900)	(1,900)
Ward Based Activity	(1,227)	(937)	(687)	(437)	(187)
Property and Other Loans	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Adverse Weather	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Strategic Investment Support	(5,400)	(4,400)	(3,400)	(2,400)	(1,400)
Social Care	(2,496)	-	-	-	-
Mental Health	(1,400)	(700)	-	-	-
Business Rates	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Elections	(500)	(450)	(450)	(450)	(450)
Waste Management	(11,000)	(11,000)	(9,000)	(7,000)	(5,000)
Commercialisation	(500)	(250)	-	-	-
Other	(4,032)	(3,641)	(3,341)	(3,041)	(2,741)
	(92,572)	(82,782)	(73,959)	(67,748)	(61,880)
General Balances	(10,214)	(10,025)	(10,025)	(10,025)	(10,025)
Grand Total	(112,531)	(102,284)	(93,461)	(87,250)	(81,382)

Reserves as % of 1920 net revenue budget *

35% 32% 29% 27% 25%

* Excludes Schools and Public Health

GLOSSARY OF RESERVES

RESERVE	DESCRIPTION
School Reserves	Statutory reserves relating to both individual schools balances/deficits carried forwards, and Dedicated Schools Grant (ring-fenced for schools related expenditure).
Financial Resilience	Covers a range of potential costs highlighted in the Council's corporate risk assessment, including budget risks as set out in the sensitivity analysis within this report.
Rollover	To fund deferred spend commitments against approved rollover.
Revenue Grants	Represents grants and contributions recognised in the Comprehensive Income and Expenditure Statement before expenditure has been occurred.
Public Health	Public Health grant recognised in the Comprehensive Income and Expenditure Statement before expenditure has been occurred (ring-fenced for Public health expenditure).
Stronger Families	Represents deferred expenditure commitments supporting a range of Stronger Families activity.
Insurance	Mitigates against risk from increased liabilities and insurance claims.
Ward Based Activity	To fund deferred ward based activity commitments.
Property and Other Loans	Set aside against the potential risk of future loan default. Arising from the introduction of a new local government accounting code intended to strengthen balance sheet transparency.
Adverse Weather	Mitigates against budget risk arising from severe weather events in the District.
Strategic Investment Support	To address the likely scale of one off costs required to support the scale of regeneration capital investment over the 2018-24 period.
Social Care	Set aside to cover a range of social care expenditure commitments as agreed at Cabinet, August 2018.
Mental Health	To support a number of local area based mental health initiatives over 2019-21.
Business Rates	Set aside against potential backdated payment with respect to national ATM business rates appeal and also to resource the Council's approved business start-up and retention policy.
Elections	Set aside to accommodate potential local and national elections costs in excess of current base budget.
Waste Management	To support the development of the Council's waste management strategy, in light of the known financial implications of the current Council PFI Waste Contract ending in 2022-23.
Commercialisation	To support Commercialisation opportunities including the One Venue Development Plan, to help drive investment in public and community buildings
Other	A range of smaller reserves earmarked for specific purposes, each less than £0.6m.
General Balances	General reserve available for Council use, excluding Housing Revenue Account purposes. Minimum level proposed to be £10m going forwards.

Housing Revenue Account (HRA) SUMMARY MTFP 2020-23

	20-21	21-22	22-23
	£000	£000	£000
<u>Repair & Maintenance</u>			
KNH Fee	21,900	21,900	21,900
<u>Housing Management</u>			
KNH Fee	15,957	15,957	15,957
Other	18,102	18,102	18,102
Sub-total	34,059	34,059	34,059
<u>Other Expenditure</u>			
Depreciation charge	16,500	16,500	16,500
Interest on capital debt	7,903	7,587	7,587
Bad Debt Provision	2,852	2,952	2,952
Other	3,057	4,010	4,010
Sub-total	30,312	31,049	31,049
Total Expenditure	86,271	87,008	87,008
<u>Dwelling rent income</u>			
Dwelling rent income	(80,392)	(82,257)	(84,148)
Government Grant	(7,912)	(7,912)	(7,912)
Other	(4,478)	(4,595)	(4,595)
Total Income	(92,782)	(94,764)	(96,655)
Net Operating Expenditure	(6,511)	(7,756)	(9,647)
Planned funding support to Capital	6,511	7,756	9,647
Balanced Budget	0	0	0

HRA Reserves Forecast

	19-20	20-21	21-22	22-23
	£000	£000	£000	£000
As at April 1	(61,782)	(51,532)	(43,954)	(38,815)
Transfers to/from HRA	-	-	-	-
In-year capital funding	5,039	7,578	5,139	833
Earmarked - business risk	4,000	-	-	-
Earmarked – working balance	1,500	-	-	-
In-year forecast (HRA)	(289)	-	-	-
As at 31 March (capital sinking fund rolled forward)	(51,532)	(43,954)	(38,815)	(37,982)

Capital Plan Expenditure Summary

Appendix D

2019/20 – 2023/24 Capital Plan Expenditure Summary	Capital Plan Budget					
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
General Fund:						
Achievement	16,031	19,930	22,763	13,030	5,045	76,799
Children	200	1,250	3,600	4,200	750	10,000
Independent	2,673	5,100	5,050	3,450	11,400	27,673
Sustainable Economy	59,746	106,468	77,576	68,546	16,255	328,591
Well	4,029	14,968	9,260	2,249	867	31,373
Safe & Cohesive	180	20	0	0	0	200
Clean & Green	1,789	5,475	125	6,600	20,600	34,589
Efficiency & Effectiveness	4,456	3,937	3,900	3,900	3,900	20,093
General Fund Capital Plan	89,104	157,148	122,274	101,975	58,817	529,318
Housing Revenue Account:						
Independent - Strategic Priorities	6,790	9,825	9,014	7,364	8,864	41,857
Independent - Baseline	18,892	18,696	19,591	19,278	18,923	95,380
HRA Capital Plan	25,682	28,521	28,605	26,642	27,787	137,237
TOTAL EXPENDITURE	114,786	185,669	150,879	128,617	86,604	666,555

Capital Plan Funding Summary

Funding Summary	Capital Plan Funding					
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
<i>Direct / Earmarked Contributions to Schemes</i>						
Capital Grants / Contributions applied	29,200	78,643	67,025	47,919	15,005	237,792
Earmarked Capital Receipts	4,974	4,499	4,499	4,499	4,499	22,970
Revenue Contributions (HRA)	11,979	14,088	12,894	8,588	13,701	61,250
Reserves (HRA)	11,917	11,493	13,579	16,500	12,532	66,021
Revenue Contributions (General Fund)	1,279	0	0	0	0	1,279
<i>Pooled Resources</i>						
Non Earmarked Capital Receipts	700	700	700	700	700	3,500
Corporate Prudential Borrowing	54,737	76,246	52,182	50,411	40,167	273,743
FUNDING	114,786	185,669	150,879	128,617	86,604	666,555

Capital Plan 2019/20-2023/24

GENERAL FUND CAPITAL PLAN		Funding	Capital Plan					
			2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	5 Yr Total £'000
ACHIEVEMENT								
Strategic Priorities								
	Alternative Provision School	B	499	5,000	4,250	250	0	9,999
	Special School - SEMHD	B	500	1,000	5,500	7,500	500	15,000
	<i>District Sufficiency - SEND</i>		999	6,000	9,750	7,750	500	24,999
	New Pupil Places in Primary/Secondary Schools		2,979	4,680	6,063	780	545	15,047
	Delivery of an Autistic Spectrum Disorder (ASD) School to mitigate expenditure on out of area ASD placements	B	500	2,150	350	0	0	3,000
	Dewsbury Learning Quarter	B	2,086	0	0	0	0	2,086
	Libraries & Public Buildings	B	700	1,950	2,100	250	0	5,000
	Strategic Priorities Total		7,264	14,780	18,263	8,780	1,045	50,132
Baseline								
	Basic Need	G	577	500	500	500	500	2,577
	Capital Maintenance	G/B	4,408	3,400	3,200	3,000	2,800	16,808
	Devolved Formula Capital	G	1,500	850	800	750	700	4,600
	Baseline Total		6,485	4,750	4,500	4,250	4,000	23,985
One Off Projects								
	SEND Provision	G	1,360	400	0	0	0	1,760
	Healthy Pupils	G	358	0	0	0	0	358
	Completed Schemes	B	29	0	0	0	0	29
	Commissioning option appraisals to facilitate the delivery of the outcomes of the SEN High Level review of future needs	B	535	0	0	0	0	535
	One Off Projects Total		2,282	400	0	0	0	2,682
ACHIEVEMENT TOTAL			16,031	19,930	22,763	13,030	5,045	76,799

Capital Plan 2019/20-2023/24

GENERAL FUND CAPITAL PLAN		Funding	2019/20 £'000	Capital Plan				
				2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	5 Yr Total £'000
CHILDREN								
Strategic Priorities								
	Specialist Accommodation/Youth Services	B/G	200	1,250	3,600	4,200	750	10,000
	Strategic Priorities Total		200	1,250	3,600	4,200	750	10,000
	One Off Projects Total (Childrens IT System)	R/B	0	0	0	0	0	0
	CHILDREN TOTAL		200	1,250	3,600	4,200	750	10,000
INDEPENDENT								
Strategic Priorities								
	Pump Prime & Commissioning Specialist Accommodation	B	250	750	750	250	0	2,000
	Commissioning Option Appraisals to facilitate outcomes of Specialist Accommodation Strategy	B	310	250	150	0	0	710
	Day Services Support for Vulnerable Adults	B	699	2,800	3,500	2,600	11,400	20,999
	Strategic Priorities Total		1,259	3,800	4,400	2,850	11,400	23,709
One Off Projects								
	Adults Social Care Operation	G/R	164	700	50	0	0	914
	Information Technology (Digital)	B/R	600	600	600	600	0	2,400
	Information Technology (*Laptops/GDPR)	B/R	600	0	0	0	0	600
	Occupational Health Care (IT)	B	50	0	0	0	0	50
	One Off Projects Total		1,414	1,300	650	600	0	3,964
	INDEPENDENT TOTAL		2,673	5,100	5,050	3,450	11,400	27,673

Capital Plan 2019/20-2023/24

GENERAL FUND CAPITAL PLAN		Funding	2019/20 £'000	Capital Plan				
				2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	5 Yr Total £'000
SUSTAINABLE ECONOMY								
Strategic Priorities								
	A62 & A644 Corridors & Cooper Bridge	G	560	23,040	22,405	22,405	0	68,410
	Corridor Improvement Programme – A62 Smart Corridor	G	338	3,042	3,920	176	0	7,476
	Corridor Improvement Programme - Holmfirth Town Centre Access Plan	G	72	646	3,906	0	0	4,624
	Huddersfield Southern Gateways	G	300	2,700	4,000	842	0	7,842
	A653 Leeds to Dewsbury Corridor (M2D2L)	G	410	3,687	4,097	4,097	0	12,291
	A629 Ainley Top to Huddersfield (Phase 5)	G	317	2,850	3,781	3,909	0	10,857
	Huddersfield Station Gateway Phase 1	G	0	5,000	0	0	0	5,000
	Huddersfield Station gateway Phase 2	G	0	5,000	0	0	0	5,000
	Highways – Others Non-Core	G	0	0	0	0	0	0
	WYTF Land Acquisition	B	591	0	0	0	0	591
	<i>West Yorkshire plus Transport Schemes</i>		2,588	45,965	42,109	31,429	0	122,091
	Aspirational Regeneration of Major Town Centres - Feasibility	B	331	150	0	0	0	481
	Regeneration of Strategic Town Centres - Dewsbury	B	2,250	5,310	4,144	3,256	0	14,960
	Regeneration of Strategic Town Centres - Huddersfield	B	1,644	8,640	7,000	12,406	0	29,690
	<i>Town Centre Action Plans</i>		4,225	14,100	11,144	15,662	0	45,131
	KSDL (HD One)	B	0	4,100	4,900	4,000	0	13,000
	Property Investment Fund	B**	13,327	11,500	0	0	0	24,827
	Bridge Homes (Joint Venture)	B	0	1,250	1,250	0	0	2,500
	<i>Loans - Development Finance</i>		13,327	16,850	6,150	4,000	0	40,327
Page 47	Local Growth Fund	B	153	0	0	0	0	153
	Site Development	G	0	6,000	0	0	0	6,000
	Public Realm Improvements	RR	1,244	0	0	0	0	1,244
	Strategic Priorities Total		21,537	82,915	59,403	51,091	0	214,946

Capital Plan 2019/20-2023/24

GENERAL FUND CAPITAL PLAN		Funding	2019/20 £'000	Capital Plan					5 Yr Total £'000
				2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000		
SUSTAINABLE ECONOMY									
Baseline									
	Housing (Private)	G	3,600	4,650	3,350	3,350	3,350		18,300
	Highways	G/B	15,143	10,346	9,873	9,155	9,155		53,672
	Corporate Landlord Asset Investment	B	7,074	2,300	2,300	2,300	2,300		16,274
	Vehicle Replacement Programme	B	2,505	1,250	1,250	1,250	1,250		7,505
	School Catering	B	271	200	200	200	200		1,071
	Baseline Total		28,593	18,746	16,973	16,255	16,255		96,822
One-Off Projects									
	Housing (Private)	G/R	468	432	0	0	0		900
	Economic Resilience	G/B	981	0	0	0	0		981
	Strategic Asset Utilisation	B	947	150	0	0	0		1,097
	Leeds City Region Revolving Fund	B	1,211	0	0	0	0		1,211
	Highways	B/B*/ S278	4,198	3,000	1,000	1,000	0		9,198
	Corporate Landlord Compliance	B	1,295	1,000	0	0	0		2,295
	Bereavement	B	125	25	0	0	0		150
	School Catering - Compliance Essential Works	B*	280	200	200	200	0		880
	Ward Based Activity	B	111	0	0	0	0		111
	One-Off Projects Total		9,616	4,807	1,200	1,200	0		16,823
SUSTAINABLE ECONOMY TOTAL			59,746	106,468	77,576	68,546	16,255		328,591

Capital Plan 2019/20-2023/24

GENERAL FUND CAPITAL PLAN		Funding	Capital Plan					5 Yr Total £'000
			2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	
WELL								
Strategic Priorities								
	Spenborough Valley Leisure Centre	B	1,434	8,000	3,500	232	0	13,166
	Spenborough Valley Leisure Centre - KAL Contribution	B*	0	0	750	0	0	750
	Huddersfield Leisure Centre	B	220	0	0	0	0	220
	Dewsbury Sports Centre Priorities	B	300	250	300	1,400	250	2,500
	Strategic Priorities Total		1,954	8,250	4,550	1,632	250	16,636
Baseline								
	KAL Self Finance Programme	B*	362	2,959	617	617	617	5,172
	Play Strategy	B/G	1,713	3,759	4,093	0	0	9,565
	Baseline Total		2,075	6,718	4,710	617	617	14,737
	WELL TOTAL		4,029	14,968	9,260	2,249	867	31,373
SAFE AND COHESIVE								
Strategic Priorities								
	Youth Offending Team	B	180	20	0	0	0	200
	Strategic Priorities Total		180	20	0	0	0	200
	SAFE AND COHESIVE TOTAL		180	20	0	0	0	200
CLEAN AND GREEN								
Strategic Priorities								
	Depot Works	B	100	375	25	0	0	500
	Waste Management Plant/Infrastructure	B/B*	1,000	5,000	0	6,500	20,500	33,000
	Strategic Priorities Total		1,100	5,375	25	6,500	20,500	33,500

Capital Plan 2019/20-2023/24

			Capital Plan					
GENERAL FUND CAPITAL PLAN		Funding	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	5 Yr Total £'000
	Environment & Strategic Waste	B	144	100	100	100	100	544
	Baseline Total		144	100	100	100	100	544
	One Off Projects							
	Electric Vehicle Charge Points	G	545	0	0	0	0	545
	One Off Projects Total		545	0	0	0	0	545
	CLEAN AND GREEN TOTAL		1,789	5,475	125	6,600	20,600	34,589
	EFFICIENCY AND EFFECTIVENESS							
	Baseline							
	Information Technology	B*	905	900	900	900	900	4,505
	Flexible Capital Receipts Strategy	R	2,800	2,800	2,800	2,800	2,800	14,000
	One Venue Development	B	200	200	200	200	200	1,000
	Baseline Total		3,905	3,900	3,900	3,900	3,900	19,505
	One Off Projects							
	Internal Refurbishments	B	551	37	0	0	0	588
	One Off Projects Total		551	37	0	0	0	588
	EFFICIENCY AND EFFECTIVENESS TOTAL		4,456	3,937	3,900	3,900	3,900	20,093
	GENERAL FUND CAPITAL PLAN TOTAL		89,104	157,148	122,274	101,975	58,817	529,318

FUNDING KEY:

B = Borrowing

B* = Service funded Borrowing - Work is ongoing to remove this category and have one system of prudential borrowing.

G = Grant

R = Capital receipts

RR = Revenue Rollover

*Addition

Capital Plan 2019/20-2023/24


HOUSING REVENUE ACCOUNT CAPITAL PLAN	Fundin g	Capital Plan						5 Yr Total £'000
		2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000		
Strategic Priorities								
Housing Growth	H / R	4,800	4,364	4,364	4,364	4,363	22,255	
New Build Phase 1 - Ashbrow Extra Care	H / R/ G	990	3,961	1,650	0	0	6,601	
Remodelling / High Rise	H / R	500	1,000	3,000	3,000	4,500	12,000	
IT System (Universal Housing Replacement)	H / R	500	500	0	0	0	1,000	
Strategic Priorities Total		6,790	9,825	9,014	7,364	8,863	41,856	
Baseline								
Housing Capital Plan	H	11,006	10,522	11,346	10,960	10,605	54,439	
Estate Improvements (Neighbourhood Investment)	H	1,093	1,108	1,122	1,137	1,138	5,598	
Compliance	H	1,000	1,479	1,479	1,479	1,478	6,915	
Compliance – Fire Doors	H	3,000	1,913	1,913	1,912	1,912	10,650	
Fuel poverty	H / G	0	826	826	826	825	3,303	
Adaptations	H	2,793	2,849	2,906	2,964	2,964	14,476	
Baseline Total		18,892	18,697	19,592	19,278	18,922	95,381	
TOTAL HRA CAPITAL PLAN		25,682	28,522	28,606	26,642	27,785	137,237	





FUNDING KEY:

H = HRA revenue contribution/major repairs reserve


R = Capital receipts

G = Grant

Risk No	Risk – Description of the risk	Management actions already in place to mitigate the risk	Control Opptnty	Trend
	Community Impacts & Risks			
1	The council does not adequately safeguard children and vulnerable adults, as a result of increased complexity, referral volumes and a lack of service capacity to respond to the assessed need.	<ul style="list-style-type: none"> • Disclosure & Barring Service (DBS) checking, staff training, supervision, protection policies kept up to date and communicated. • Effective management of social work (and related services); rapid response to any issues identified and from any serious case review work. • Active management of cases reaching serious case review stage, and any media interest • Review of current practices following the child sexual exploitation in Rotherham and the emerging requirements. • Ensure that workloads are balanced to resources. • Staff and skill development to minimise dependence on key individuals. • Use of agency staff and or contractors when necessary • Ideal manager training • Development of market sufficiency strategy; consider approaches to support the development of the available service offer both locally and regionally. • Ensure competence of the Safeguarding Boards and that they are adequately resourced to challenge and improve outcomes • Ensure routine internal quality assessment • Take effective action after Serious Case Reviews • Effective listening to messages about threats from other parts of the council and partner agencies • Proactive recognition of Members role as “corporate parent” • Childrens Improvement Board to assist governance and quality improvement <i>Responsible for this risk – R Parry and M Meggs (owners several)</i> 	H	 4X5=20
2	Legacy issues of historical childcare management practices, and	<ul style="list-style-type: none"> • Additional resources and expertise allocated to new and historical Child Sex Exploitation (CSE) and other legacy work, as required. 	LM	

	particularly, the heightened national attention to Child Sexual Exploitation and historical abuse cases leads to reputational issues, and resource demands to address consequential matters.	<ul style="list-style-type: none"> • Risk matrix and risk management approach implemented with the police and partners. • Understand relationship with the Prevent strategy, and issues linked to counter terrorism • Take steps per risk 7 to seek to avoid ongoing issues <p><i>Responsible for this risk –M Meggs</i></p>		 4x4=16
3	Failure to address matters of violent extremism and related safer stronger community factors create significant community tension, (and with the potential of safeguarding consequences for vulnerable individuals).	<ul style="list-style-type: none"> • Prevent Partnership Action Plan. • Community cohesion work programme • Local intelligence sharing and networks. • New status as a Prevent Priority Area provides funding for a Prevent Coordinator Post and enables the development of bids for additional funding. • Counter terrorism local profile. • Home Office funded Counter Extremism Community Co-ordinator role <p><i>Responsible for this risk – R Parry and M Meggs(owners C Gilchrist)</i></p>	M	 4x5=20
4	Significant environmental events such as severe weather impact on the Council's ability to continue to deliver services.	<ul style="list-style-type: none"> • Effective business continuity and emergency planning (including mutual aid) investment in flood management, gritting deployment plans. • Winter maintenance budgets are supported by a bad weather contingency. • Operational plans and response plans designed to minimise impacts (e.g. gully cleansing for those areas which are prone to flooding.) <p><i>Responsible for this risk – K Battersby (owners L Haywood, W Acornley)</i></p>	M	 3x5=15
5	The policy presumption of communities taking more responsibility for service provision does not deliver the hoped for outcomes, with the consequence that some community services will no longer be sustainable from the resources available, with reputational and policy risks.	<ul style="list-style-type: none"> • Reduced demand for statutory services • If the reduction is not realised at the pace set out, (in change plans) then those services that are directly impacted will need to identify this early, and to help in doing so, ensure that appropriate demand management and monitoring is put in place to record the levels of service take up. Remedial action should also be identified by those services. • Successful implementation of new service models • Impact assessments for those services directly affected should be carried out to reflect the impact on citizens of losing a service as a consequence of the pace and scale of new service models not meeting demand. <p><i>Responsible for this risk – all strategic directors (owner C Gilchrist)</i></p>	M	 5x4=20


	The UK exiting the EU			
6	<p>The process of the UK exiting the EU lead to the following consequences and impact:</p> <ul style="list-style-type: none"> • Economic uncertainty impact on business rates and housing growth, with knock-ons to council tax, new homes bonus and business rate income. • The potential for increased cuts in core government funding (as a result of economic pressures) in the context of ongoing increases in demand for council services. • Rising inflation could lead to increased costs (e.g. the cost of raw materials). Interest rate volatility impacting on the cost of financing the council’s debt. • The general uncertainty affecting the financial markets could lead to another recession. 	<p>These risks are largely addressed elsewhere in the Matrix</p> <ul style="list-style-type: none"> • Monitor government proposals and legislation, and their impact on council, partner services and local businesses • Working with the WY Combined Authority, and other WY local authorities and partners • Continue to lobby, through appropriate mechanisms, for additional resources and flexibilities in the use of existing funding streams to e.g. Local Government Association (LGA) • Be aware of underlying issues through effective communication with partners, service providers and suppliers and other businesses about likely impact on prices and resources. • Ensure that budgets anticipate likely cost impacts • Utilise supplementary resources to cushion impact of any cuts and invest to save. • Ensure adequacy of financial revenue reserves to protect the council financial exposure and that they are managed effectively not to impact on the council essential services • Local intelligence sharing and networks. • Prevent partnership action plan. • Community cohesion work programme • Continue to work with local employer representative bodies e.g. FSB, MYCCI to make best use of existing resources and lobby for additional resources to support businesses pre/post EU Exit • Service and financial strategies kept under review to keep track of developments related to the UK exiting the EU. 	LM	↑



	<ul style="list-style-type: none"> An uncertain economic outlook potentially impacting on levels of trade and investment. Uncertainty about migration impacting on labour markets, particularly in key sectors like health and social care Potential impact on community cohesion, with increased community tensions and reported hate crimes 	<ul style="list-style-type: none"> Working Group established to consider and monitor implications. <p><i>Responsible for this risk –all ET (owner D Bundy)</i></p>		4x4=16
The finances of the Council				
7	A failure to achieve the Councils savings plan impacts more generally on the councils finances with the necessity for unintended savings (from elsewhere) to ensure financial stability	<ul style="list-style-type: none"> Established governance arrangements are in place to achieve planned outcomes at Cabinet and officer level Escalation processes are in place and working effectively. Alignment of service, transformation and financial monitoring. Tracker developed which allows all change plans to be in view and monitored on a monthly basis Programme management office established and resourced Monthly (and quarterly) financial reporting <p><i>Responsible for this risk - E Croston & ET (owner J Anderson)</i></p>	H	 4x5=20
8	Failure to control expenditure and income within the overall annual council approved budget leads to the necessity for unintended savings (from elsewhere)). The most significant of these risks are	<ul style="list-style-type: none"> Significant service pressures recognised as part of resource allocation in 2018/19 and 2019/20 Responsibility for budgetary control aligned to Strategic and Service Directors. Examine alternative strategies or amend policies where possible to mitigate growth in demand or reduce costs Utilise supplementary resources to cushion impact of cuts and invest to save. 	H	




	<p>related to volumes (in excess of budget) of;</p> <ul style="list-style-type: none"> • Complex Adult Care services • Childrens Care Services • Educational high needs <p>& Rent Collection impact of Universal Credit rollout (H R A) And in the longer term, the costs of waste disposal.</p>	<ul style="list-style-type: none"> • Continue to lobby, through appropriate mechanisms, for additional resources • Proactive monitoring as Universal Credit is introduced <p><i>Responsible for this risk - E Croston & ET(owner J Anderson)</i></p>		3x5=15
9	<p>Above inflation cost increases, particularly in the care sector, impact on the ability of providers to deliver activities of the specified quality, and or impacting on the prices charged and impacting on the budgets of the Council.</p>	<ul style="list-style-type: none"> • Monitor quality and performance of contracts. • Be aware of underlying issues through effective communication with service providers and suppliers about likely impact on prices • Renegotiate or retender contracts as appropriate. • Ensure that budgets anticipate likely cost impacts • Seek additional funding as a consequence of government imposed costs <p><i>Responsible for this risk - E Croston & R Parry (owner several)</i></p>	M	<p>↑</p> <p>4x4=16</p>
10	<p>Making inappropriate choices in relation to lending or and borrowing decisions, leads to financial losses.</p>	<ul style="list-style-type: none"> • Effective due diligence prior to granting loans and careful monitoring of investment decisions. • Effective challenge to treasury management proposals by both officers and members (Corporate Governance & Audit Committee) taking account of external advice <p><i>Responsible for this risk - E Croston (owner R Firth)</i></p>	MH	<p>↔</p> <p>2x5=10</p>
11	<p>Exposure to uninsured losses or significant unforeseen costs, leads to the necessity for unintended savings to balance the councils finances</p>	<ul style="list-style-type: none"> • Ensure adequacy of financial revenue reserves to protect the council financial exposure and managed effectively not to impact on the council essential services. • Consider risks and most cost effective appropriate approach to responding to these (internal or external insurance provision) <p><i>Responsible for this risk - E Croston & J Muscroft(owner K Turner)</i></p>	H	<p>↔</p> <p>4x4=16</p>
12	<p>A future financial regime set by government causes a further loss of resources or increased and</p>	<p>The prospective one year settlement for 2020/21 appears to be positive, but longer term risks remain;</p>	L	



	under-funded obligations (e.g. in relation to social care), with impact on the strategic plans.	<ul style="list-style-type: none"> • Monitor government proposals and legislation, and their impact on council and partner services. • Continue to lobby, through appropriate mechanisms, for additional resources e.g. Local Government Association (LGA) • Be aware of underlying issues through effective communication with citizens, partners, service providers and suppliers about likely impact on resources • Ensure that budgets anticipate likely impacts • Ensure adequacy of financial revenue reserves to protect the council financial exposure and managed effectively not to impact on the council essential services. <p style="text-align: right;"><i>Responsible for this risk - E Croston & ET (owner J Anderson)</i></p>		
	Other Resource & Partnership Risks			
13	<p>Council supplier and market relationships, including contractor failure leads to;</p> <ul style="list-style-type: none"> • loss of service, • poor quality service • an inability to attract new suppliers (affecting competition, and to replace any incumbent contractors who have failed) • complexities and difficulties in making arrangements in respect of significant and long running major outsource contracts, and their extension and renewal. 	<ul style="list-style-type: none"> • Avoid, where possible, over dependence on single suppliers; • More thorough financial assessment when a potential supplier failure could have a wide impact on the council's operations but take a more open approach where risks are few or have only limited impact. • Recognise that supplier failure is always a potential risk; those firms that derive large proportions of their business from the public sector are a particular risk. • Need to balance between only using suppliers who are financially sound but may be expensive and enabling lower cost or new entrants to the supplier market. • Consideration of social value, local markets and funds recirculating within the borough • Understanding supply chains and how this might impact on the availability of goods and services • Be realistic about expectation about what the market can deliver, taking into account matter such as national living wage, recruitment and retention issues etc. • Develop and publish in place market position statement and undertake regular dialogue with market. 	MH	

		<ul style="list-style-type: none"> • Effective consultation with suppliers about proposals to deal with significant major external changes • Early consultation with existing suppliers about arrangements to be followed at the end of existing contractual arrangements • Realign budgets to reflect real costs • Commission effectively • Ensuring adequate cash flow for smaller contractors <p style="text-align: center;"><i>Responsible for this risk – J Muscroft (owner J Lockwood)</i></p>		4x4=16	
14	Management of information from loss or inappropriate destruction or retention and the risk of failure to comply with the Council’s obligations in relation to Data Protection, Freedom of Information legislation and the General Data Protection Regulations (GDPR) leading to reputational damage, rectification costs and fines. Cyber related threats affecting data integrity and system functionality	<ul style="list-style-type: none"> • Thorough, understandable information security policies and practices that are clearly communicated to workforce. • Effective management of data, retention and recording. • Raised awareness and staff training • Compliance with IT security policy. • Compliance with retention schedules. • Compliance with information governance policy. • Business continuity procedures. • Comply with new legislation around staff access to sensitive data. • Council has a Senior Information Risk Owner (“SIRO”) officer and a Data Protection Officer (DPO) who are supported by an Information Governance Board • Development of action plan to respond to GDPR requirements and resourcing requirements as appropriate • Increased awareness of officers and members as to their obligations • Proactive management of cyber issues, including additional web controls <p style="text-align: center;"><i>Responsible for this risk – J Muscroft (owner K Deacon) & A Simcox (owner T Hudson)</i></p>	H (INFO) M (CYBER)		4x5=20
15	Health and safety measures are inadequate leading to harm to employees or customers and possible litigious action from them personally and/or the Health and Safety Executive.(and the potential	<ul style="list-style-type: none"> • New Fire Safety Policy approved and being implemented with improved monitoring of fire risk • Prioritised programme of remedial works to buildings to tackle fire safety and other issues • Review work practices to address H&S risks • Monitor safety equipment 	H		

	of prosecution and corporate /personal liability)(and in particular issues of fire safety,)	<ul style="list-style-type: none"> Improved employee training as to their responsibilities, as employees and (where appropriate) as supervisors Approval of additional resources to improve corporate monitoring regime. <p><i>Responsible for this risk – R Spencer Henshall (owner S Westerby)</i></p>		3x5=15
16	Exposure to increased liabilities arising from property ownership and management, including dangerous structures and asbestos, with reputational and financial implications.	<ul style="list-style-type: none"> Routine servicing and cleansing regimes Work practices to address risks from noxious substances Property disposal strategy linked to service and budget strategy Review of fire risks Develop management actions, categorised over the short to medium term and resource accordingly. Prioritisation of funding to support reduction of backlog maintenance Clarity on roles and responsibilities particularly where property management is outsourced. <p><i>Responsible for this risk – K Battersby (owner D Martin)</i></p>	H	 4x4=16
17	A funding shortfall in partner agencies) leads to increased pressure on community services with unforeseen costs.	<ul style="list-style-type: none"> Engagement in winter resilience discussions with NHS partners Secure funding as appropriate Consider extension of pooled funds Accept that this may lead to an increase in waiting times Strengthen partnership arrangements to ascertain whether other funding or cost reduction solutions can be introduced. <p><i>Responsible for this risk – R Parry & all ET (owner Various)</i></p>	L	 4x4=16
18	The risk of retaining a sustainable, diverse, workforce, including <ul style="list-style-type: none"> aging and age profile encouraging people to enter hard to recruit roles (which often have low pay, or challenging hours or tasks) encouraging entrants to professional roles where 	<ul style="list-style-type: none"> Effective Workforce Planning (including recruitment and retention issues) Modernise Human Resources policies and processes Increased accessibility to online training managers/ employees. Selective use of interim managers and others to ensure continuity of progress regarding complex issues Ensure robust change processes including Equality Impact Assessments (EIA's) and consultation.. Understand market pay challenges Promote the advantages of LG employment Emphasise the satisfaction factors from service employment 	H	

	<p>pay is often below market levels.</p> <ul style="list-style-type: none"> and ensuring that the workforce are broadly content, <p>without whom the council is unable to deliver its service obligations.</p>	<ul style="list-style-type: none"> Engage and encourage younger people through targeted apprenticeships, training, and career development <p style="text-align: center;"><i>Responsible for this risk – R Spencer Henshall (owner D Lucas)</i></p>		4x4=16
19	<p>National legislative or policy changes have unforeseen consequences with the consequence of affecting resource utilisation or budgets.</p>	<ul style="list-style-type: none"> Reprioritise activities Deploy additional resources Use of agency staff or contractors where necessary Development of horizon scanning service <p style="text-align: center;"><i>Responsible for this risk – all ET (owner Various)</i></p>	L	<p style="text-align: center;"></p> <p>5x4=20</p>

All risks shown on this corporate matrix are considered to have a potentially high probability, or impact, which may be in the short or medium horizon

20190917




Risk Factor

Probability; Likelihood, where 5 is very likely and 1 is very unlikely

Impact; The consequence in financial or reputational terms

Risk ; Probability x Impact

TREND ARROWS

Worsening	
Broadly unchanged	
Improving	

CONTROL OPPORTUNITIES

H	This risk is substantially in the control of the council
M	This risk has features that are controllable, although there are external influences
	This risk is largely uncontrollable by the council

Corporate Budget Timetable

Year	Date	Forum	Milestone activity
2019	8 Oct/ 16 Oct	Cabinet & Council	MTFP Update report
	Nov to Dec	General budget consultation	6 weeks consultation period
	Late Nov	Central Gov't	Autumn Budget
	Mid-Dec	Central Gov't	Provisional Financial Settlement 2020-21
2020	Mid Jan	Cabinet/Council	Update to members on the outcome of the provisional 2020-21 financial settlement Council Tax Base report 2020-21 HRA rent & service charge setting report Schools funding reports
	Mid to late Jan	Central Gov't	Finalised financial settlement 2020-21
	28 Jan / 12 Feb	Cabinet & Council	Council annual budget report

SENSITIVITY ANALYSIS

		20-21 £m	21-22 £m	22-23 £m
<u>BEST CASE SCENARIO</u>				
Baseline Scenario – Budget Gap		5.3	11.4	22.5
<u>Changes</u>				
Net Funding Changes	Mainly Social Care Funding		(8.0)	(16.0)
Council Tax	Further 100 properties p.a.		(0.2)	(0.3)
Pay Inflation	Inflation at 1%	(1.7)	(3.4)	(5.1)
		(1.7)	(11.6)	(21.4)
Best Case Scenario – Updated Budget Gap		3.6	(0.2)	1.1

		20-21 £m	21-22 £m	22-23 £m
<u>WORST CASE SCENARIO</u>				
Baseline Scenario – Budget Gap		5.3	11.4	22.5
<u>Changes</u>				
Net Funding Changes	Mainly Brexit Impact		3.0	6.0
Council Tax	Fewer 100 properties p.a.		0.2	0.3
Pay Inflation	Inflation at 3%	1.9	3.9	6.1
		1.9	7.1	12.4
Worst Case Scenario – Updated Budget Gap		7.2	18.5	34.9

Spending Review 2019

Chancellor Sajid Javid announces the “end of austerity,” on the grounds that no government department faces a budget cut next year.

The chancellor outlined £13.8bn of investment on areas including health and education in what he described as the fastest increase for 15 years.

The chancellor laid out the spending plans against the background of Brexit – it is fair to say that the spending review was overshadowed by the unfurling parliamentary crisis and the possibility of a general election.

At a glance:

Brexit

- Sajid Javid announces £2bn for Brexit delivery next year. There will be more support for business readiness and to prepare Britain’s ports for a no-deal Brexit.
- The Treasury will work with the Bank of England to coordinate a fiscal and monetary response for the UK economy.

Spending

- Mr. Javid says that day-to-day spending will increase by £13.8bn next year.
- The chancellor says £1.7bn will be added to capital spending.
- He says the increase in spending is the fastest accounting for inflation for 15 years.

Fiscal rules

- The chancellor says he will “review our fiscal framework to ensure it meets the economic priorities of today, not of a decade ago”.
- Mr. Javid says the rule change comes ahead of the budget.

Policing and criminal justice

- Mr. Javid says there will be a 6.3% increase in real terms Home Office spending – £750m - to fund the first year of the government’s plan to recruit 20,000 new police officers. There will also be an extra £45m provided so recruitment can start immediately getting 2,000 officers in place by end of March.

- He also announced a 5% real terms increase in resources budget for the Ministry of Justice as well as confirming the extra £80m for the Crown Prosecution Service (CPS).
- To protect religious and minority communities, the chancellor says he will double a fund to protect places of worship.

Local authorities

- Mr. Javid says local councils will get £1.5bn for social care next year “to help stabilise the system”. £500m will be raised through a 2% council tax precept. Mr. Javid said the increase was a “down payment” for more extensive reforms to “fix” adult social care in the autumn.
- He says the overall departmental spending on local authorities will be the largest increase in local government spending power since 2010.
- Mr. Javid promises £54m of new funding to address homelessness and rough sleeping.
- There will be £241m next year from the new towns fund to help regenerate town centres’ high streets.

Environment

- The chancellor says there will be £432m in additional funds for the Department for Environment, Food and Rural Affairs to tackle climate issues.
- Mr. Javid says there will be money earmarked for climate issues when the government publishes an infrastructure strategy review later this year.

Education

- Mr. Javid says school spending will increase over three years by £7.1bn.
- The chancellor says every secondary school will be allocated a minimum of £5,000 for every pupil next year. Every primary school will be allocated at least £3,750 per pupil, on track to reach £4,000 per pupil next year.
- The government will provide an additional £700m to support children with special educational needs next year.
- Teachers’ starting salaries will rise to £30,000 a year by 2022-23.
- There will be a £400m increase in further education funding next year.

Transport

- Mr. Javid promises to “put the wheels back on the Great British bus” with more than £200m to transform bus services across the country, funding low-emission buses and trialling on-demand services.

Health

- The chancellor says he will increase NHS spending by £6.2bn next year.
- He says there will be £210m for frontline NHS staff.

- The Treasury will invest more in training and professional development for doctors and nurses.
- Mr. Javid says there will be more than £2bn of new capital funding – starting with an upgrade to 20 hospitals this year, and £250m for new artificial intelligence technologies.

Defence

- Mr. Javid promises an extra £2.2bn for defence next year, a real-terms increase of 2.6%.
- This ensures that defence spending not only stays above the Nato target level of 2% of GDP but increases its share from the existing 2.1%.
- He also announces £7m of funding for the Normandy Memorial Trust and confirms funding for new Office for Veterans' Affairs, previously announced at £5m.

Next steps:

- More in depth briefing on the spending review and in particular implications for local authorities to follow.

Data sources and links:

<https://www.bbc.co.uk/news>

<https://www.local.gov.uk/parliament/briefings-and-responses/spending-round-2019-day-briefing>

<https://www.lgiu.org.uk/briefing/spending-round-2019-headlines-from-the-chancellors-speech/>

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Corporate Strategy
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CORPORATE SCRUTINY PANEL – WORK PROGRAMME 2019/20

MEMBERS: Councillors Andrew Cooper (Lead Member), Mahmood Akhtar, James Homewood, John Lawson, Will Simpson, John Taylor
Co-optees: Nathan Paul, Philip Chaloner

SUPPORT: Sheila Dykes, Principal Governance & Democratic Engagement Officer

FULL PANEL DISCUSSION		
ISSUE	APPROACH/AREAS OF FOCUS	OUTCOMES/NOTES
<p>Financial Monitoring (To include training)</p>	<p>Timeline for updates:</p> <p>September Further review of MTFP - headline assumptions / financial resilience / budget risk</p> <p>November Financial Management Update - current monitoring/ budget update</p> <p>January Provisional financial settlement / Autumn Budget/Story so far</p> <p>March Financial Management Update + end of year summary /start of next year monitoring plan; include link to corporate plans and service plans & budgets</p>	<p>Future report in respect of the management of the Capital Plan in terms of re-profiling and the availability of resources and capacity to deliver its ambitions.</p> <p><u>20th September 2019</u> Financial management update report noted and the Panel looks forward to considering a further progress report, including the budget strategy update, at the November meeting.</p>
<p>Corporate Plan</p>	<p>Corporate Plan refresh</p> <p>Embed and implementation</p>	<p>Living in Kirklees survey to be shared with the Panel before its next distribution and Panel to incorporate a discussion on citizen engagement as part of this item;</p>

FULL PANEL DISCUSSION

ISSUE	APPROACH/AREAS OF FOCUS	OUTCOMES/NOTES
<p>Corporate Performance</p>		<p><u>18th October 2019</u> Panel considered an overview of Q1 performance in relation to ‘work smart and deliver efficiently and effectively’.</p> <ul style="list-style-type: none"> • Following information to be included in future reports: Future ambition on sickness absence, benchmarking with other West Yorkshire Local Authorities good news stories be explored for future inclusion in performance reports explanation of Transformation within the organisation which has had an impact on the reduction in agency spend improvements on the Local Wealth Creation, the Council’s future ambition and benchmarking with other West Yorkshire Local Authorities • That the Panel be consulted on the early development and testing of dashboards for self-service access to data. • Officers explore whether mental health was effectively represented in the performance data and whether it was having an impact in terms of staff absences. • Officers explore whether consultation and engagement with local businesses on performance data was a possibility and whether this could then influence the Council’s Strategies and priorities. • That the Panel consider a report to a future meeting on the Volunteering offer, including details of the prospectus and volunteering opportunities and how this could be further promoted by the Council.

FULL PANEL DISCUSSION

ISSUE	APPROACH/AREAS OF FOCUS	OUTCOMES/NOTES
<p>Libraries Review (to include Access to Services)</p>		<ul style="list-style-type: none"> • Update on progress. • Briefing in relation to work with the University of Huddersfield on the development of an archiving plan.
<p>Procurement</p>	<p>Work streams to include:</p> <ul style="list-style-type: none"> - Procurement Strategy - To understand the changes being made to procurement and monitor the impacts of savings being made. 	
<p>Commercialisation Strategy</p>	<p>To scrutinise the development of a Commercialisation Strategy for the Council</p> <ul style="list-style-type: none"> - Informal introduction – 12.07.19 - Initial proposals for approach to future meeting, to include case studies 	<p>Informal discussion with Panel held on 12.07.19</p> <p><i>Training session by LGA on Commercialisation arranged.</i></p>
<p>People Strategy</p>	<p>Delivery of the People Strategy</p> <p>Work streams:</p> <ul style="list-style-type: none"> • Attraction and retention – to do prov • <i>Development (11 October 2018)</i> • <i>Health & Wellbeing (12 April 2019)</i> 	<ul style="list-style-type: none"> • Panel to regularly receive a copy of the organisation’s performance dashboard; • Noted that the work strand of the Kirklees People Strategy focussing on ‘Attraction and Retention’ will include a review of the induction process. • Future reports to include information on the development and progress of the ‘Workplace Wellbeing Champions’ initiative; the development of work to identify and address any areas of particular pressure within the organisation; and a breakdown of the sickness figures into long term and short term absence.

FULL PANEL DISCUSSION

ISSUE	APPROACH/AREAS OF FOCUS	OUTCOMES/NOTES
<p>IT Strategy Development</p>	<p>Maintain overview of development of the IT Strategy</p> <ul style="list-style-type: none"> • New approach to digital transformation • How residents interact with the Council/customer experience 	
<p>Leaving the EU preparations</p>	<p>To maintain an overview of the work of the Council to plan for the potential implications of leaving the EU</p> <p>- Introductory discussion – 12.7.19 - Further discussion – 20.9.19</p>	<p><u>12th July 2019</u></p> <ul style="list-style-type: none"> • Requested that future report(s) include financial risks as part of treasury management preparation; details of critical processes within the Council that are currently dependent on partners in the EU. • Recommended that the care leavers age range within the report be extended to 25. <p><u>20th September 2019</u></p> <p>Recommended that the following matters be included in the study to be commissioned in relation to the economic impact on Kirklees:</p> <ul style="list-style-type: none"> • Potential impact on business rates. • Potential impact/risks associated specifically with the social care sector around workforce and financial viability and any consequential risk for the Council. <p>Strategic Partnership Lead – Business to circulate;</p> <ul style="list-style-type: none"> • the document setting out the questions most frequently asked by businesses in relation to preparation for a no-deal exit from the EU, as compiled by the British Chambers of Commerce, and their assessment of the Government guidance available to business, and • the latest regional growth update.

FULL PANEL DISCUSSION

ISSUE	APPROACH/AREAS OF FOCUS	OUTCOMES/NOTES
Organisational Communications Strategy	To examine the principles of managing internal/external communications	
Cabinet Member – Priorities Councillor Graham Turner		<p><u>12th July 2019</u> Portfolio Holder provided brief update on priorities.</p> <p>Panel requested that the next update include some narrative to illustrate whether projects had achieved their aim, such as increased footfall or an increase in creative and digital start-up businesses, whether this was to the extent that had been anticipated and the wider impact of any achievements.</p>

LEAD MEMBER BRIEFING/MONITORING

ISSUE	APPROACH/AREAS OF FOCUS	NOTES
Land and Property Lettings Policy	To consider the policy and how it applies to community groups and the consistency of approach with other council strategies.	<p>Asset transfers and asset divestment Link with place based agenda (OSMC)</p> <p>Lead Member Briefing arranged</p>

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