

Public Document Pack



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

Julie Muscroft

Governance and Commissioning

PO Box 1720

Huddersfield

HD1 9EL

Tel: 01484 221000

Please ask for: Jenny Bryce-Chan

Email: jenny.bryce-chan@kirklees.gov.uk

Monday 27 June 2022

Notice of Meeting

Dear Member

Corporate Scrutiny Panel

The **Corporate Scrutiny Panel** will meet in the **Council Chamber - Town Hall, Huddersfield** at **10:00 am** on **Tuesday 5 July 2022**.

This meeting will be live webcast. To access the webcast please go to the Council's website at the time of the meeting and follow the instructions on the page

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", on a light-colored background.

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 John Taylor (Chair)

Councillor Steve Hall

Councillor Tyler Hawkins

Councillor Harry McCarthy

Councillor Andrew Cooper

Councillor John Lawson

Garry Kitchin (Co-Optee)

Kristina Parkes (Co-Optee)

James Ryan (Co-Optee)

Agenda

Reports or Explanatory Notes Attached

Pages

1: Membership of the Committee

To receive apologies for absence from those Members who are unable to attend the meeting.

2: Minutes of the Previous Meeting

1 - 8

To approve the minutes of the meeting of the Panel held on 21 March 2022.

3: Interests

9 - 10

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: Public Question Time

The meeting will hear any questions from the general public.

7: The role of scrutiny and the Corporate functions of the council

The Panel will receive a presentation on the role of scrutiny and the Corporate functions of the Council.

Contact: Rachel Spencer-Henshall, Strategic Director, Corporate Strategy, Commissioning and Public Health

8: Finance Update

11 - 18

To update Corporate Scrutiny Panel on current financial issues impacting on the Council.

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

Contact Officer: Jenny Bryce-Chan

KIRKLEES COUNCIL

CORPORATE SCRUTINY PANEL

Monday 21st March 2022

- Present: Councillor Andrew Cooper (Chair)
Councillor James Homewood
Councillor Charles Greaves
- Co-optees Philip Chaloner
- In attendance: Cllr Paul Davies, Cabinet Member Corporate Services
Andy Simcox, Service Director, Strategy and Innovation
Terence Hudson, Head of Technology
Deborah Lucas, Head of People Services
Michelle Moss, HR Manager
Eamonn Croston, Service Director, Finance
Phil Deighton, Head of Commercial Services
- Observers: Kristina Parkes
- Apologies: Councillor John Taylor
Councillor Alison Munro

1 Membership of the Committee

Apologies were received from Cllr John Taylor and Cllr Alison Munro.

The Lead Member and Panel thanked Philip Chaloner, Voluntary Co-optee for his years of service as a co-optee on the Panel as he would be standing down at the end of the 2021/22 municipal year.

2 Minutes of the Previous Meeting

That the minutes of the meeting held on the 7th February 2022, be approved as a correct record.

3 Interests

No interests were declared.

4 Admission of the Public

All agenda items were considered in public session.

5 Deputations/Petitions

No deputations or petitions were received.

6 Public Question Time

No public questions were asked.

7 Technology Strategy

Terence Hudson, Head of Technology provided an update on the technology strategy. In summary, the Panel was informed that the strategy is split into seven key component parts.

- 1) Getting the basics right - which is about the way services are delivered day-to-day, making sure that everyone is able work. Two years ago, as a result of the first lockdown it was fundamental that the workforce was helped to be able to work from home very quickly
- 2) Enabling resilient and available infrastructure - developing an internet first approach for partnership working built on highly available, ultrafast connectivity with resilient services in key locations across Kirklees. It will require a big shift on core infrastructures such as network and servers
- 3) Commissioning applications fit for the future – this is largely internally facing focusing on the IT systems that that makes the council work
- 4) Using data intelligently and securely – this is to ensure the accurate, secure, and timely collection of data to derive intelligence and value for the council and partners and empower people to make informed decisions, with an emphasis on cyber security and resilience
- 5) Developing inclusive technology and skills - working with partners across sectors, with an aim to invest in new technology and skills to develop a digitally capable workforce and improve skills and opportunities for residents to support them in the internet age
- 6) Connecting people, business and technology – by facilitating significant infrastructure investment across Kirklees to support business growth, inclusive connectivity for people and wide-ranging capabilities via internet connected devices
- 7) Delivering class leading internet services - creating and delivering class leading services designed around the people that use them, in ways that meet the needs and expectations of the internet age.

The Panel was provided with information which reflected on highlights from 2021/22 under the seven key components as follows:

Getting the basics right

- Delivered over 1000 laptops and associated technology to support working at home and to refresh office spaces
- Supported Councillors to return to the chamber, concert hall and remotely for hybrid and in person decision meetings

Corporate Scrutiny Panel - 21 March 2022

- Delivered the first iteration of a digital post room to reduce the impact of handling traditional mail

Enabling resilient and available infrastructure

- Engaged with network consultants to design the core services needed across Kirklees
- Continued the development of assets in Dewsbury to build further high-speed services and resilient services out to Huddersfield

Commissioning applications fit for the future

- Continued the delivery of a new housing system
- Procured a new adult social care system
- Started the delivery of a hospital to home system

Using data intelligently and securely

- Diligently covered off many zero-day threats and have protected the council from many cyber related attacks
- Investment is in place to further secure our information assets
- Maintained our accreditation and access to the public sector network (PSN)

Developing inclusive technology and skills

- Delivered the 'Let's Talk Digital' survey is live and now being promote across Kirklees
- Two digital hubs have been created and over 200 devices have been deployed to support people across Kirklees
- Around 10,000 devices have now been provided to children across Kirklees

Connecting people, business and technology

- Delivered an immersive experience at Cherry Trees and updated nurse call systems in two residential homes
- Openreach announced 10 more digital exchange upgrades, Virgin Media have upgraded their network and City Fibre continue building
- Delivered EDURoam across all council sites supporting University and College students across Kirklees

Delivering class leading internet services

- Continued to rapidly deliver services in response to the needs of the pandemic
- Delivered direct debit payments for Garden Waste
- Delivered new internet services for our dispersed workforce

In response to the information presented the Panel made comment and asked the following number questions:

- Setting up the direct debit system for garden waste is good and the technology solution is fine, however will there be help for residents do it online particularly who are unable to do it themselves and don't have anyone to help them?
- There are some households who are struggling financial and probably can't afford access to the Internet how might they be catered for?

Corporate Scrutiny Panel - 21 March 2022

- With the phasing out of the traditional telephones, people will become more dependent on internet connection which requires power how will the elderly with no telephone or access to the internet for example seek help?
- How will all the different kind of applications and services speak to one another for example if an individual rings up with a complaint or query there is currently no option but them to pass queries and issues to different teams and everything being done by email. Will the strategy find a technological solution to allow the matter to be dealt with by the first colleague who identifies the issue?

The Panel welcomed the update acknowledging that this is a five-year strategy and agreed that this should be added to the future work programme.

RESOLVED

That Terence Hudson and Andy Simcox be thanked for providing an update on the Technology Strategy

8 Update on the People Strategy and Recruitment Challenges

Deborah Lucas, Head of People Services provided an update on the People Strategy programme of work and the ongoing recruitment and retention challenges facing the council.

In summary, the Panel was informed that the refreshed people strategy was recently launched. The original plan was to relaunch it in 2021, however the pandemic push back some of the work being undertaken. Much of the learning from the pandemic has helped to inform the refresh of the People Strategy because the world of workers has completely transformed.

The vision is that:

“We will achieve our shared outcomes through people with the right skills, values and behaviours working in partnership in our places”

And our four key outcomes are:

- To have highly skilled, flexible, and engaged people
- To have effective and compassionate leadership
- To be an inclusive employer of choice
- To have healthy and well people

The Panel was informed that values and behaviours are at the heart of the people strategy. The aim is to keep the strategy alive, and pledges have been developed to support the outcomes and these will continuously be brought to life through storytelling, case studies and videos and regularly keep communicating these outwardly to the workforce.

Over the life of the people strategy other areas will be developed for example a careers site has already been launched, a gender identity pledge has been

Corporate Scrutiny Panel - 21 March 2022

developed and work is being undertaken with the carers network to develop a pledge around how to support working carers.

Sitting behind the people strategy is a hugely ambitious program of work and during the pandemic, the programme of work kept growing. In September 2021, a programme assurance review was undertaken. The purpose of this review was to understand if the programme would deliver appropriate outcomes, on time and within budget.

Key findings of the assurance review were as follows:

- 19 individual concurrent pieces of work were in flight (a combination of business-as-usual activity, work packages and projects) without clear prioritisation
- People Services capacity to deliver project activity was a significant risk and there was the potential to miss opportunities to realise economies of scale
- Programme scope was not stable

As a result, the People Strategy Programme Board approved the recommendation to rationalise the volume of concurrent activity by prioritising strategic projects that deliver outputs that will inform and provide the foundations for concurrent activity, merge activity working towards the same high-level objective, remove business-as-usual activity from the scope and baseline the programme scope.

One of the biggest programmes of work being undertaken is workforce planning as would be expected. This project aims to ensure that workforce planning is truly embedded across the Council going forward. Workshops are currently being piloted in critical service areas where there are difficulties in recruitment, retention and succession planning. Those areas are being priorities with a suite of support documents, very much intelligence led, using manager intelligence dashboards that help managers understand what their workforce currently looks like and then identify where the gaps might be in terms of the plan going forward.

Another critical piece of work is the 'My Space' project and this links into the Technology Strategy. The aim is to digitally enable the frontline workforce because it has been recognised that it has always been hard to engage with frontline workforce and this really came to the fore during the pandemic. The My Space portal project is focused on the development and delivery of a secure Employment Engagement Portal for the frontline workforce (approximately 3500 employees) to allow for enhanced connectivity with the organisation utilising their own personal device such as a computer, smart phone, or tablet.

Using any digital device, frontline workers will be able to look at things like their pay, the benefits, well-being support packages, development opportunities, jobs, Council messages, and the range of information that is on the intranet.

There is the 'Timewise' project that aims at putting flexibility into roles particular front line roles and that should help with workforce retention and recruitment issues. The pandemic has changed the world of work and whereas previously flexibility might

Corporate Scrutiny Panel - 21 March 2022

have been seen as a benefit, it is now seen as essential, and candidates are looking automatically to see flexibility in jobs.

One project that is important to mention is 'Project Search'. This has been a successful project with the council working partnership with the college, and Real Employment supporting young people with learning disabilities and autism in work placements in service areas. Working with them to find a pathway into employment.

The Panel was informed that coming out of the pandemic, there are pay challenges which are also at a national level. Whilst also reflecting on the workforce there is an increase in labour turnover, and an increase in the number of people retiring probably earlier than they may well have retired. There are, however, positives such as the number of vacancies are, reducing partly because a lot of recruitment is being undertaken and the workforce appears to be moving to a younger cohort.

While there are some positives the challenges are not insignificant and they continue however there are plans in place to address hard to fill roles in areas in particular highways, engineering adults, social care adults and social work. The aim is to develop pathways into employment and to create a talent pool for the future. In addition, to also look at reviewing levels of remuneration and doing some work with local communities to target recruitment and as well targeting doing some recruitment events.

In response to the information presented the following questions were asked:

- The current workforce turnover approximately 9.1% what was it prior to the pandemic?
- The hard to fill roles such as highways, engineering, adult social care and social work do they require a degree or masters level qualification, and if so, is there a way that support can be given to existing colleagues, to retrain as a social worker for example?
- highways seems to be a difficult area to recruit and wonder whether it could be addressed at a regional level maybe in collaboration with other councils to build up the sector?

RESOLVED

That Deborah Lucas be thanked for providing an update on the People Strategy.

9 Financial Management Update - Council Capital Plan

Phil Deighton, Head of Commercial Services provided a high-level financial management update on the Council's Capital Plan incorporating the financial position 2021/22, the multi-year Capital Plan and an overview of governance arrangements supporting the development, prioritisation, and delivery of the Capital Investment Programme.

The Panel was informed that the Council Budget Report was presented to Cabinet on the 1 February 2022 and approved at Budget Council on the 16 February 2022 updated the capital budget for 2021/22 to £161.7m. The budget has since been

Corporate Scrutiny Panel - 21 March 2022

updated with a further £3.2m re-profiled into subsequent financial years mainly due to slippage of schemes.

It is Council that is responsible for approving the capital investment plan and the prudential indicators. It is then Cabinet's responsible for implementing that plan and then service directors manage those programs and projects and make sure that they control them and avoid overspending. While capital can be a seemingly bureaucratic process there is quite a lot of flexibility built into those processes allowing them to be reviewed throughout the year. As there is a lot of risk of material variations in spend profiles that is reviewed and already in 2021/22, £74m of capital has been moved and reprofiled into future years. There is also a procedure which allows the Service Director for Finance under delegate authority to optimise the funding.

The Panel was informed that quarterly reports are taken through Cabinet to report on programmes and projects and as a method of taking amended capital proposals. Business cases are an integral element of the whole process of planning, governance, and approval and then there is the Capital Governance Board that will appraise new proposals for recommendation into the investment plan. The level of detail within a business case is proportionate to the risk and complexity of the project and there are two real main approval processes.

- 1) inclusion in the multi-year plan which is an in-principal approval
- 2) when a formal Cabinet approval is sought to commence and spend the scheme

Business cases are more likely to be much more comprehensive and detailed by the time they go for formal approval because in the life cycle of the projects' development, work will be much more advanced. Whilst the capital planning exercise undertaken is part of the budget process it is also looked at it as part of the year end exercise as it offers the opportunity to review project allocations, funding assumptions and any other emerging priorities.

RESOLVED

That Phil Deighton be thanked for providing a financial management update on the Council's Capital Plan

10 Update on Corporate Portfolio Holder Priorities

Cllr Paul Davies, Cabinet Member for Corporate Services provided a progress update on the priorities he outlined at a meeting at the start of the municipal year advising that he would be updating on the completed deliverables.

In summary, the following information was provided:

Procurement Strategy - the first draft has been developed and will go through various stages of discussions before it is finalised. The first draft has been delivered in line with the timescales that was originally set out. One of the crucial elements is how to ensure that the strategy is achieving real social value and there has been a

Corporate Scrutiny Panel - 21 March 2022

lot of discussion around this with officers in terms of what it should that look like and how to make it happen particularly with a very significant investments being planned

Access to Service Strategy – this is now in place and the challenge will be delivering on the strategy. Work is being undertaken within the council's own assets such as libraries and other assets, is in terms of creating engagement to bring the Council back into the communities

Communication Strategy - is currently being developed and will be discussed in more detail during the informal session. A key objective that links to the comms strategy and the Access Strategy is demonstrating evidence of increased reach and engagement with citizens

Libraries - continuing with the capital development program and there is a project team in place which is looking at this monthly. There is a focus on the number of libraries and planning a new a significant development in Heckmondwike and investments in Holmfirth and Mirfield and ensuring that the rest of the estate is properly maintained. In addition, the library estate is very much about supporting communities and a focus on creating safe inclusive spaces

Financial Management – while there have been regular updates to the panel on the council financial position, it is important to mention the excellent work that has been undertaken by the Service Director, Finance, and the team in respect of the DSG deficit. They have been working with government agencies to develop an agreement which will help manage the deficit going forward. Without this work the DSG deficit will continue to grow and will be a major risk going forward. This is now in the final stages of being pulled together.

In response to the information presented the Panel commented that an important and often overlooked part of the Council's operations, is the management of the council land and buildings in that there is not enough visibility on the service in terms of the work they do. The Panel agreed that this should be added to the forward work programme.

RESOLVED

That Cllr Davies be thanked for providing a progress update on his portfolio priorities

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: 5 July 2022

Title of report: Council financial update

Purpose of the report

To update Corporate Scrutiny Panel on current financial issues impacting on the Council

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 <u>Council's Forward Plan (key decisions and private reports)</u>?	Key decision - Yes
The Decision - Is it eligible for “call in” by <u>Scrutiny</u>?	No
Date signed off by Strategic Director & name	Rachel Spencer-Henshall, 27 June 2022
Is it also signed off by the Service Director for Finance	Eamonn Croston, 27 June 2022 Julie Muscroft, 27 June 2022
Is it also signed off by the Service Director – Legal, Governance & Commissioning ?	
Cabinet member <u>portfolio - Corporate</u>	Cllr Paul Davies

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.

1. Summary

- 1.1 This report sets out a high level international, national and local context impacting on the Council, in particular in relation to unprecedented cost of living crisis, resident support, and any emerging considerations for the annual re-refresh of the Council's Medium Term Financial Strategy (MTFS) through the forthcoming budget round.

2. Information required to take a decision

International/National context

- 2.1 The approved budget plans were signed off on 16 February 2022 and reflected the Administration's priorities and Council ambition in the Council Plan, including acknowledgement of the impact of the global pandemic and emerging global recovery, global supply issues, pent up consumer demand pressures on cost inflation, and labor supply recruitment and retention issues across all sectors of the economy.
- 2.2 Based on prevailing national and international macro-economic forecasts, it was anticipated that a number of these pressures would be transitory rather than structural in nature, and was factored accordingly into Council forward budget plans.
- 2.3 However, the Russian invasion in Ukraine on 24 February 2022 has delivered a further global shockwave with significant and potentially more structural global & national macro-economic and societal impacts. Some of the key current societal & macro-economic impacts are summarised below ;
- i) 14 million Ukrainians displaced, with over 6 million seeking refuge in other countries (United Nations - June 2022) ; the worst refugee crisis in Europe since the second world war;
 - ii) Unprecedented and volatile gas, electricity, commodity, fuel and food price uplifts and prospect of continued volatility through the remainder of 2022 and 2023;
 - iii) UK CPI inflation predicted to be 10%+ by current year end - currently 9.1% as at May 2022;
 - iv) Wage inflation nationally circa 5%;
 - v) Average UK Standard of living forecast to reduce by 2.2% over 2022 period (largest on record) ;
 - vi) Five BoE base rate uplifts since December 2021; from 0.1% to 1.25% as at June 2022; prospect of future uplifts through the remainder of 2022 and 2023;
 - vii) Organisation for Economic Co-operation & Development (OECD, June 2022) forecasts potential zero economic growth for UK through 2023 ; 2nd lowest of the G20 countries ahead of Russia;
 - viii) Unemployment back to pre-pandemic rates at 3.8% ; labour supply shortages / vacancy rates still high at about 1.3 million;
 - ix) A range of targeted and universal Government support measures announced on 23 March and 26 May 2022 respectively to support households to manage unprecedented cost of living pressures (see also Local Context further below)

Local Context

- 2.4 The cost of living crisis is impacting extensively on residents, households communities and the local economy.

Residents & Businesses

2.5 There is a range of 'hardship' support currently available to Kirklees residents either provided by the Council locally and/or with partners, or administered by the Council on Government's behalf, including measures summarised below :

- Local Welfare Provision annual Council revenue budget provision £1.1m;
- Discretionary Housing payment support annual fund £500k;
- Council Tax Reduction (CTR) main scheme; up to 80% annual means tested support for about 35,600 eligible households; worth £34m;
- Additional CTR support on top of up to £150 for 2022/23 (funded by one-off earmarked funds); for approximately 18,000 households; worth £2.6m;
- Holiday activities annual revenue budget Children £250k;
- Money advice team £312k; 900+ council tenant referrals annually; income gain £1m;
- Benefit/Money management advice, guidance, support (both direct & through 3rd party organisations) £1m annual revenue budget provision; average; 40,000 annual resident referrals; estimated income gain £15m; debts managed - £9m;
- Government 50% business rates relief 2022/23 to retail, hospitality & leisure businesses capped at £110k & 100% relief if business rates bill under £15k; worth about £19m;
- Government business rates inflationary 'freeze' for all businesses for 2022/23 worth about £7m; compensating govt grant for both the above

2.6 The following were also part of the Chancellor's spring budget announcement on 23 March 2022 :

- Additional Household Support Funding (£500m across UK); £3.7m - April to September;
- Gov't £150 energy rebate to 164,000 eligible Households (Band A to D); estimated value £25m

2.7 And further Government support measures announced on 26 May 2022:

- £650 for each household in receipt of welfare benefit
- £300 for each pensioner eligible for winter fuel payment
- £150 to those receiving non-means tested disability benefits
- £400 for every individual domestic electricity account
- further household support funding allocation of £3.7m for the period October 2022 to March 2023; more detailed Gov't guidance for its use to follow in due course

2.8 A report to Cabinet also 5 July 2022, 'Proposals for additional Household Support in 2022/23' sets out in more detail, proposals for the distribution of the April to September 2022 £3.7m Household Support Fund allocation to the Council, along with a summary of the types of support to date to Kirklees residents, and modelled impact of further recent announcements, which is replicated in the Summary Table in the Appendix attached to this report.

2.9 Further cost of Living support measures may be forthcoming nationally, such as the recent Government muted re-instatement of the triple lock for state pension uplifts,

and also benefit uplifts for 2023/24 to be tied to the September 2022 CPI uplift (expected to be minimum 9.1%).

Council Impacts

Context

- 2.10 Approved budget plans delivered a balanced budget position for the general fund for 2022/23, and a forecast general fund budget gap i.e. forecast (net) spend in excess of funding of £16.4m (equivalent to 4.9%) in 2023/24; said budget gap increasing to £30.4m in 2024/25.
- 2.11 The budget plans also set out a balanced Housing Revenue Account position for 2022/23 and future years in relation to ring-fenced expenditure and income for the Council's 22,000 social housing tenants and leaseholders; modelled on a viable long term, self-financed HRA business plan.
- 2.12 School budget approvals for 2022/23 have been supplemented by a subsequent successful Council participation in the Government's Round 2 Dedicated Schools Grant (DSG) deficit reduction programme. This aims to bring the growing deficit of schools related spend in excess of existing Government funding (primarily special educational needs and disabilities funding related), into an in-year balanced budget position over the next 5 years through a Council transformation and management plan; with associated Government funding over the period to address the historic schools budget (DSG) deficit with £33.5m support over the period.
- 2.13 Budget plans also set out ambitious 6 year capital plans of just over £1 billion to deliver the Council's ambition; funded by a combination of Government and other grants, Council borrowing and capital receipts.
- 2.14 A number of key assumptions incorporated into the budget plans for 2022/23 and key spend and funding future years are likely to be impacted on by current volatile global and national economic conditions highlighted earlier in this report. Key assumptions currently under review include the following:
- i) Budgeted salary inflation in 2022/23 assumed at 2%; current national negotiations underway but potential for negotiated settlement nationally to be in excess of 2%;
 - ii) National Living wage currently £9.50 (23yrs and above); budgeted uplift of 6.6% assumed in 23/24 but could be higher – could impact both on Council pay scale differentials and contracted out services e.g care sector provision;
 - iii) Energy cost uplifts in 2022/23; unprecedented 100%+ relative to budgeted assumptions; remain very volatile; fuel, food, materials, inflation also currently volatile - impacts on both revenue and capital spend;
 - iv) Public Works Loan Board (PWLB) borrowing costs - current volatility in borrowing costs – noting the extent of current ambition in the Council's multi-year plans supported by future Council borrowing;
 - v) Other budget pressures under review include Council discretionary service income across a range of Council activity; still recovering from the pandemic but may be further impacted on by pressures on household disposable income;

- vi) Cost of living impacts on residents, households, local businesses/economy and consequential impact on local tax income; both council tax and business rates;
- vii) Cost of living impacts across partner organisations including Health, Kirklees Active Leisure, other 3rd party suppliers, PFI contractors, adult care independent providers, children's residential;
- viii) Various pre-existing national policy developments including social care reforms and modelled cost impacts, social housing regulatory reforms and others; and
- ix) Any indication of additional Government funding to Councils and partner organisations to mitigate both in-year cost of living pressures and predicted 2023/24 pressures not expected before Autumn budget statement at the earliest (October/November)

2.15 The above factors are currently under review and being sensitivity modelled, albeit in a rapidly changing economic and national policy context. The intention is to re-fresh existing multi-year budget assumptions on best available information to help inform the forthcoming Medium Term Financial Strategy (MTFS) refresh report to Council on 7 September 2022. This will then provide the financial planning framework for the development of subsequent budget proposals to inform 2023/24.

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) Working with People
- ii) Place Based Working
- iii) Climate Change and Air Quality
- iv) Improving Outcomes for Children
- v) Cost of living impact on residents

Other (e.g Financial, Legal or Human Resources)

3.2 A robust Medium Term Financial Plan and budget strategy is a key element of financial and service planning. The Cost of living crisis as set out in this report presents a number of emerging and potentially significant pressures in 2022/23 and will require in-year management actions to address.

3.3 It is intended that officers consider appropriate in-year management actions to address emerging unfunded pressures, and report to Cabinet on 9 August as part of Quarter 1 financial monitoring, early forecast in-year financial impacts and consideration of mitigations.

3.4 As noted at paragraph 2.15 earlier, it is also proposed that the Council Medium Term Financial Strategy (MTFS) re-fresh report and financial planning framework to feed into the 2023/24 budget round, be brought to Cabinet and Council in early September 2022, to be informed by the emerging issues set out in this report

RISK ASSESSMENT

3.5 The financial update presented in this report is based on a range of local, national and international 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.

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 The Council's Chief Finance Officer (& Service Director, Finance) will co-ordinate the development of draft management actions and mitigation proposals for further Cabinet consideration to address the emerging in-year pressures, alongside consideration of emerging spend and funding assumptions to inform the forthcoming MTFS re-refresh.

6. Cabinet portfolio-holders recommendations

That the contents of this report be noted and discussed.

7. Officer recommendations and reasons

To note and consider the content of this report.

8. Contact Officer

Eamonn Croston, Service Director, Finance
eamonn.croston@kirklees.gov.uk

James Anderson, Head of Service, Accountancy
james.anderson@kirklees.gov.uk

Sarah Hill, Finance Manager, Finance
sarahm.hill@kirklees.gov.uk

Julian Hobson, Acting Head of Welfare & Exchequer
Julian.hobson@kirklees.gov.uk

SarahS.brown, Acting Head of Welfare & Exchequer
Sarahs.brown@kirklees.gov.uk

9. Background papers and History of Decisions

Annual budget report 2022/23 & future years – Budget Council 16 February 2022
Proposals for additional Household Support in 2022/23 – Cabinet 5 July 2022

10. Service Director responsible

Eamonn Croston, Service Director, Finance
eamonn.croston@kirklees.gov.uk

1/ Cost of Living Support provided directly or indirectly by the Council

2022/23 to date :	Kirklees Citizens	Total	Funding Source
Additional local council tax support	18,000	£2.6m	Council
Energy Rebate payments already made	116,620	£17.493m	Government
Local Welfare Provision support already provided	600	£106,452	Council
Existing support to households through the Kirklees local council tax reduction scheme	35,561	£34.2m	Council
Equivalent Free School Meal support at Easter holidays 2022	18,000	£540,000	Government
mainstream Local Welfare provision support through partners in the form food and clothing	c3500 food packs per month	£164,000	Council
Total		£55m	

2/ Modelled impact of £650 Gov't payment targeted to the following benefit recipients :

	Kirklees Citizens	Total	Funding Source
Universal Credit	34,658	£11,298,508	Government
income-based Jobseeker's Allowance (JSA)	778	£253,628	Government
income-related Employment and Support Allowance (ESA)	12,115	£3,949,490	Government
Income Support	1,375	£448,250	Government
Pension Credit	9,043	£2,948,018	Government
Total	57,268	£18,669,368	

3/ Modelled impact of £150 Gov't payment targeted to the following benefit recipients :

	Kirklees Citizens	Total	Funding Source
Personal Independence Payment	22,072	£3,310,800	Government
Attendance Allowance	7,830	£1,174,500	Government
Disability Living Allowance	7,557	£1,133,550	Government
Total	37,459	£5,618,850	

4/ Modelled impact of Gov't £400 payment to all domestic electricity account holders in October 2022:

	Kirklees Citizens	Total	Funding Source
Domestic properties	c190,000	£76m	Government

This page is intentionally left blank