

Name of meeting: Cabinet
Date: 23 August 2016

Title of report: Corporate Revenue and Capital Financial Monitoring Report, Quarter 1, 2016-17

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 Private report/private appendix - no
The Decision - Is it eligible for "call in" by Scrutiny?	No
Date signed off by Director and name	David Smith, 2 Aug 2016
Is it signed off by Director of Resources?	Yes (see above)
Is it signed off by the Assistant Director (Legal, Governance & Monitoring)?	Julie Muscroft, 4 Aug 2016
Cabinet member portfolio	Cllrs Sheard & Pandor, Strategy and Strategic Resources

Electoral [wards](#) affected: All

Ward Councillors consulted: All

Public or private: Public

1. Purpose of the Report

The purpose of this report is for Council to receive information on the Council's 2016-17 forecast financial outturn position for General Fund revenue, Housing Revenue Account (HRA) and Capital Plan, as at Quarter 1 (month 3).

2. Summary

2.1 The Council's General Fund (net) revenue budget for 2016-17 was set at **£310.8m**. The Council's forecast net revenue spend is **£317.0m** in 2016-17, resulting in an overspend of **£6.2m**, equivalent to 2.0%, against budget. The forecast net revenue spend position is summarised in Table 1 below.

Table 1 – Overview of 2016-17 general fund forecast revenue outturn position, as at Quarter 1 (month 3) :

Description	Net Revenue Budget	Forecast Revenue Outturn	Variance
	£m	£m	£m
Directorates	264.6	277.0	12.4
Reserves Drawdown	-	(2.9)	(2.9)
Directorate Sub-total	264.6	274.1	9.5
Central Budgets	44.9	42.5	(2.4)
District Committee managed budgets	1.3	0.4	(0.9)
Grand Total	310.8	317.0	6.2

- 2.2 The forecast revenue outturn position set out in Table 1 above includes a proposed drawdown of “one-off” revenue funding (Corporate Reserves) in-year, totalling £2.9m, to offset Directorate budget pressures relating to Children’s service developments (see also, Section 3 below).
- 2.3 Estimated movements in general fund balances and earmarked reserves in-year, including those referred to in paragraph 2.2 above, are forecast to total £36m. This includes a budget approved drawdown of £17.5m to support the delivery of a balanced budget in 2016-17.
- 2.4 The balance of estimated in-year drawdowns total £18.5m. These relate to earmarked reserves previously set aside from previous years, to fund a number of specific “one-off” spend commitments materialising in the current year, including approved revenue rollover, staff severance costs (workforce restructure reserve) and specific projects funded from grants reserve, including Stronger Families Project. These are early year drawdown forecasts, and will continue to be reviewed and updated in subsequent quarterly monitoring reports to Cabinet.
- 2.5 Overall, general fund corporate reserves are forecast to reduce from about £93m as at April 2016, to about £57m as at 31 March 2017; equivalent to a 39% reduction over the year.
- 2.6 These figures exclude statutory reserves held by the Council on behalf of local authority controlled schools. These reserves cannot be used by the Council for other purposes, and as at 31 March 2016 totalled about £20m.
- 2.7 The £6.2m Quarter 1 projected overspend, if not corrected, will be a further call on available reserves.
- 2.8 Of the remaining £57m forecast reserves at year end, there are a number of significant future year commitments against these intended to support the level of service re-design and change required within current approved budget plans, working to a New Council. These include set asides for future severance costs and Transformation reserves, plus the balance of deferred spend commitments against approved revenue rollover. These also included a minimum balances requirement of £5m. In total these come to about £28m, and effectively leaves just

£29m corporate reserves available to support the Council's budget plans going forward; equivalent to just 9% of the current year net budget.

- 2.9 The Council's Housing Revenue Account (HRA) accounts for all Council housing related revenue expenditure and income in a separate statutory (ring-fenced) account. The HRA forecast revenue outturn is a small deficit of £57k against an annual turnover of £94.5m in 2016-17; equivalent to just 0.1%. HRA reserves at 31 March 2016 were £42.8m, and it is anticipated that this will roll forward into future years to resource future year HRA business plan requirements.
- 2.10 The Council's capital budget for 2016-17 is £82.1m, net of £20.2m assumed slippage and the forecast capital outturn position is £80.5m, resulting in a relatively small underspend of £1.6m (1.9% variance compared to budget). This is summarised in Table 2 below.

Table 2 – Forecast Capital Outturn 2016-17

Description	Budget	Outturn	Variance
	£m	£m	£m
Strategic Priorities	24.8	16.8	(8.0)
Baseline	52.9	46.6	(6.3)
Risks & Pressures	5.1	0.1	(5.0)
Assumed slippage	(20.2)	0.0	20.2
General Fund	62.6	63.5	0.9
Housing Revenue Account	19.5	17.0	(2.5)
Total	82.1	80.5	(1.6)

- 2.11 As per Quarter 1 monitoring, it is anticipated that the actual performance indicator for debt charges as a proportion of budget, will be on line with budgeted assumptions, at 10.7%.
- 2.12 The 2016-17 Capital Plan assumes that £5.5m of non-earmarked capital receipts will be generated through asset disposal. Actual receipts generated currently as the first quarter stand at £0.7m.

3. Information required to make a decision

- 3.1 Appendix A, Sections 1 & 2 attached, set out in more detail the forecast financial outturn position of the Council in 2016-17, as at Quarter 1 (month 3) in relation to the Council's general fund revenue, HRA revenue and Council capital budgets.
- 3.2 The forecast general fund revenue £6.2m overspend as at Quarter 1, is net of £2.9m proposed drawdown from corporate (risk) reserves to resource temporary additional staffing requirements in-year as part of the Children's Services Development Programme; follows on from in principle member approval as part of the early review of 2015-16 general fund outturn report to Cabinet on 24 May 2016, which at the time included early estimates of likely costs requiring reserves drawdown in 2016-17, of about £1.6m.

- 3.3 Appendix A, Section 1, sets out in more detail reasons for the more significant forecast Directorate overspends, along with an overall sensitivity analysis of potential variations from current outturn forecast, based on recent year trends.
- 3.4 The accelerated pace at which earmarked reserves are reducing overall is set out in paragraphs 2.3-2.5 above, and Appendix B. The estimated level of remaining reserves at the year end, at £59m, includes future year spend priority commitments totalling £28m, leaving remaining reserves available to support the MTFP from 2017 onwards, at about £29m.
- 3.5 The current year forecast net overspend position of £6.2m as at Quarter 1, would reduce this further to just £23m. In light of this, and the continuing extent of financial challenges facing the Council over the medium term (see also section 3 below) it is proposed that officers consider a range of management actions to ensure that in-year forecast overspend will at least be brought in line with budget, and other actions to build up available reserves to support the medium term financial plan from 2017 onwards.

4. Implications for the Council

- 4.1 The Council continues to face significant financial challenges and must ensure it can achieve a sustainable balanced budget over the medium term and beyond.
- 4.2 Current approved budget plans include a planned saving requirement of £31m over the 2016-19 period; of which about £10m falls in 2016-17.
- 4.3 Current approved budget plans already reflect an underlying 'unbalanced budget' i.e. budget gap, at £16m from 2017-18, increasing to £38m by 2019-20. The budgeted gap will be re-freshed through the forthcoming budget strategy update report to Cabinet/Council on 20 September/12 October 2016, and further savings options will need to be considered to balance the books over the 2017-21 period.
- 4.4 Quarter 1 monitoring forecasts reflect underlying budget pressures in particular against demand led activity, the financial implications of which will need to be considered as part of the forthcoming re-refresh of the resourcing and spend assumptions underpinning the Council's budget strategy update, and will add to the current budget gap assumptions set out in para 4.3 above.
- 4.5 The forecast overspend as at quarter 1, at £6.2m (net of proposed drawdown of risk reserves), if not addressed, will be a further draw on the forecast remaining £29m available reserves to support the medium term financial plan from 2017 onwards (see also para 2.3 earlier).
- 4.6 The Council's updated budget plans will include consideration of Government's offer for a multi-year (4 year) financial settlement, conditional on Councils publishing an efficiency plan, by 14 October 2016. The efficiency plan will be combined with Council updated budget plans and strategies. Councils who do not produce a plan may receive a lower grant settlement on an annual basis. A plan is also likely to require a balanced budget over 4 years.
- 4.7 Similar to the general fund, the majority of the HRA revenue surplus in 2015-16, at £6m, reverted to HRA general reserves, and is available to support the HRA business plan re-refresh in preparation for the forthcoming budget round.

- 4.8 When the Capital Plan was presented to Council in February 2016, the proportion of overall budget taken up with interest and debt repayment was estimated to reach 12.81% by 2020-21. At 2015-16 outturn the actual prudential indicator (PI) rate for 2015-16 was 10.6% and after taking account of rollover, the re-phasing of schemes and changes to grant assumptions, the PI was estimated at a lower figure of 11.86% by 2020-21.
- 4.9 As revenue resources are under considerable pressure, close scrutiny will need to continue to ensure borrowing fulfils the criteria of being affordable, prudent and sustainable. As part of the forthcoming budget strategy update a further review of existing 5 year capital baseline allocations will be undertaken to assess the scope of reducing overall borrowing levels.

5. Consultees and their opinions

This report has been prepared by the Director of Resources in consultation with the Executive Team.

6. Next Steps

Subject to member approval, revenue and capital rollover proposals, and the update of the 5 year capital plan, to be incorporated into in-year financial monitoring in 2016-17, and reported quarterly to Cabinet, from Quarter 1 onwards.

7. Officer recommendations and reasons

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

General Fund Revenue

- 7.1 approve proposals for £2.9m earmarked (risk) reserves drawdown to resource additional children's services development costs in 2016-17
- 7.2 note the forecast £6.2m forecast revenue overspend position for 2016-17 (Appendix A, Section 1), net of the proposed reserves drawdown in 7.1 above
- 7.3 note the forecast outturn position on collection fund and forecast movements in reserves and balances in -year
- 7.4 consider further officer proposals to bring the forecast £6.2m overspend at least in line with budgets by current year end, and other actions to build up available reserves to support the medium term financial plan from 2017 onwards.
- 7.5 instruct officers to report back to Cabinet as part of the Medium Term Financial Plan update, with in- year and long term mitigating actions to bring spend back in line with available resources.

Housing Revenue Account (HRA)

- 7.6 note the forecast revenue outturn position for 2016-17 (Appendix A, Section 1)
- 7.7 note the forecast HRA reserves position at year end (Appendix B)

Capital

7.8 note the Council forecast capital outturn position for 2016-17

8. Cabinet Portfolio Holder recommendation

Council members agreed the use of reserves of £17.5 million in 2016/17 to allow us to manage service change and develop services to be more efficient in the future or delivered differently.

We are currently experiencing significant financial pressures in Children, Adults and Public Health which without corrective action would overspend by £6.2 million.

Plans are being developed to reduce the predicted overspend in these areas and I have asked for detailed reports to be presented to Cabinet, on a quarterly basis, to monitor spend and progress against these plans. Without corrective action, managing this would mean using reserves at a much faster rate than planned.

9. Contact Officer

Eamonn Croston	Strategic Council Finance Manager	01484 221000
Philip Deighton	Strategic Council Finance Manager	01484 221000

10. Background papers and History of Decisions

Annual budget report 2016-19
Early revenue outturn review 2015-16
Annual outturn and rollover report 2015-16
Annual statement of accounts (draft) 2015-16

11. Assistant Director responsible

Debbie Hogg	Assistant Director	01484 221000
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APPENDIX A

REVENUE FORECAST MONITORING AS AT QUARTER 1 (MONTH 3), 2016-17

1. Key Points

GENERAL FUND

- 1.1 The Council's general fund net revenue budget for 2016-17 is **£310.8million (m)**. Approved budget plans for the current year include a planned saving requirement of £10m in 2016-17.
- 1.2 The forecast outturn spend is **£317.0m**, net of the proposed drawdown of risk reserves totalling £2.9m to fund additional (one-off) Children's Services Development costs. This results in an overall forecast **overspend of £6.2m**; equivalent to 2.0% against net revenue budget.
- 1.3 Headline Directorate pressures include demand led pressures regarding activity relating to vulnerable adults at £6.7m, looked after Children at £4.2m, and Waste Contract at £1.0m.
- 1.4 Directorate pressures also include £2.9m temporary additional staffing requirements in-year as part of the Children's Services Development Programme. The current temporary arrangements are presumed to run to the end of October 2016, and it is proposed that they are resourced from risk reserves, as per in principle member agreement as part of the early review of general fund outturn report 2015-16 to Cabinet on 24 May. Link to report below :

[Early closedown review report 2015-16 \(Item 7\)](#)

At the time, the reported additional spend estimate was £1.6m. This has increased since, in light of ongoing review of actual temporary staff requirements.

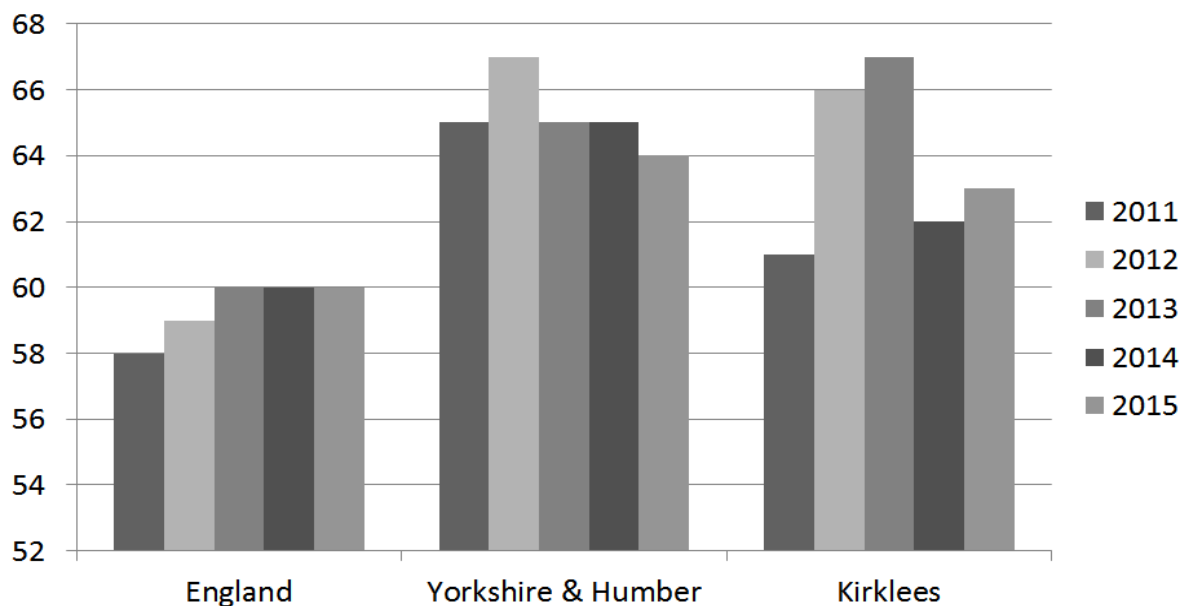
- 1.5 The overall forecast revenue outturn position is summarised by Directorate, at Appendix B attached, and the more significant variances against Directorate activity, also summarised at Appendix B.
- 1.6 More detailed narrative explanations for key highlight forecast variances and management actions are set out in the following paragraphs below:
- 1.7 **Commentary from Children & Young People £5.9m forecast overspend (net of proposed drawdown of £2.9m risk reserves)**
- 1.7.1 In 2015-16 there were recurrent underlying budget pressures of £3.5m within Safeguarding & Family Support alleviated by a drawdown of reserves. These were pressures arising from increases in the demand of children and young people meeting the threshold for intervention and child protection and the

rising numbers of children coming into care. These pressures are continuing in 2016-17 and as at Quarter 1, the forecast pressure has risen to £4.2m. The table below outlines Kirklees relative position of looked after children per 10,000 0-17 year olds in 2014-15:

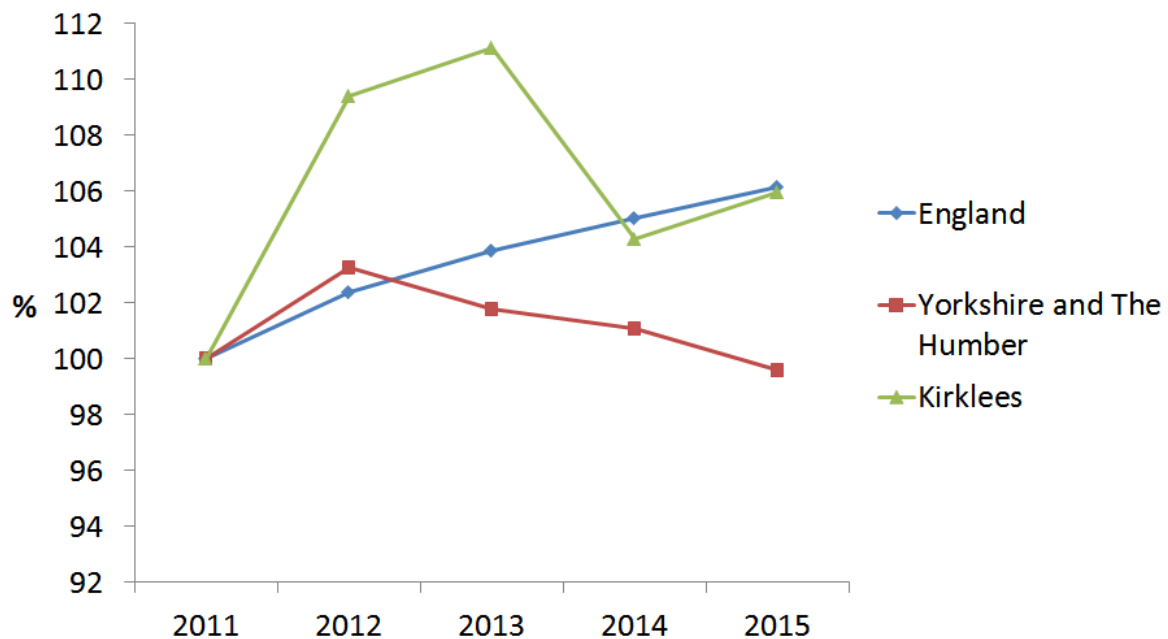
	Number of Looked After Children 2014-15
Kirklees	63
West Yorkshire	69.2
Yorkshire & Humberside	64
Statistical neighbours	80.9
Metropolitan authorities	83.4
England	60

The following graphs show the trends in numbers of looked after children in Kirklees, Yorkshire & Humber and England from 2011 to 2015.

Number of Looked after Children per 10,000 0-17 year olds 31st March each year – source DFE March 2016



Trends in Looked after Children from 2011 – 2015 absolute numbers.
(% relative to 2011 starting point)



- 1.7.2 Alongside this anticipated pressure, additional costs have arisen in Children's Services owing to some inconsistency of social care practice identified through an external review of Family Support and Child Protection commissioned by the Chief Executive in late 2015. The issues highlighted within this external review were supported by an extensive audit of casefiles and these were alerted to Cabinet in June 2016. A Development Board has been established since February 2016, chaired by the Chief Executive and a development plan has been created to address these issues so that children and young people are safe in Kirklees.
- 1.7.3 A significant area identified through the plan was the need for a new leadership team and the need to bring in additional social workers to bring caseloads down. Due to the immediate nature of these requirements, there has been a need to utilise agency staff to fill posts creating considerable pressure on the budget. There is currently a plan in place to replace the senior leadership team with a permanent structure by the end of September and an ongoing recruitment drive to recruit experienced social workers and team managers.
- 1.7.4 To address the costs associated with the increase in demand and the urgent need to accelerate and sustain improvement within the service, added to savings agreed within the Medium Term Financial Plan (MTFP), a robust business case is being developed to bring the budget back in line over the next three years. The proposed plans include:
- Stabilising and supporting the workforce to address the cultural change required to support and sustain improvement,
 - Embedding a performance culture,

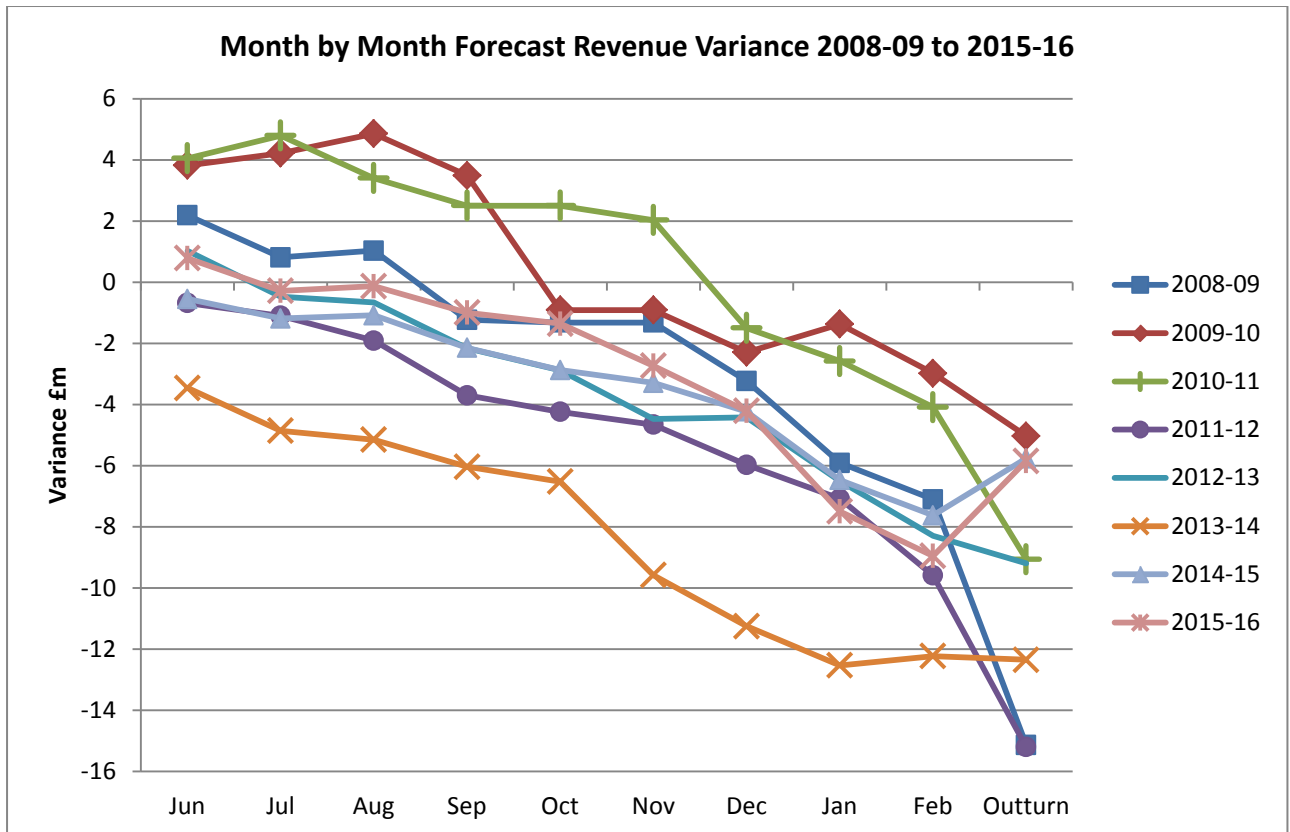
- Ensuring the 'front door' provides the best response and the quality and consistency of social care practice and management oversight of casefiles is robust. This includes making the Multi Agency Service Helpdesk (MASH) fit for purpose, and
- Reducing out of area placements and managing down demand.

1.8 Commentary from Adults, Commissioning & Public Health; forecast overspend £9.7m

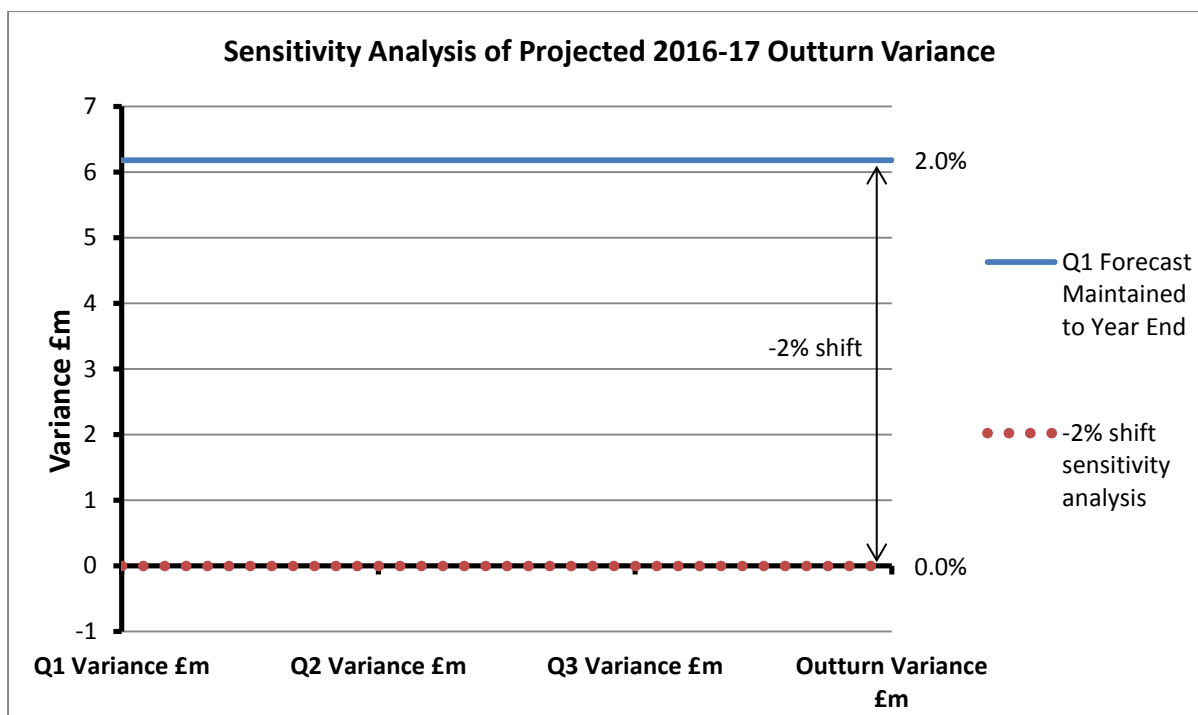
- 1.8.1 There are £6.7m of unfunded pressures that arise from a decreasing budget and increasing demand (both volume and complexity) as a result of demography (mainly an ageing population) and more people with a learning disability, particularly those with very complex needs. These pressures are most marked in the learning disability group which accounts for about £4m of the overspend.
- 1.8.2 There has been a 19% increase in learning disability numbers (170 people) since the end of 2014-15. This structural demand pressure has been compounded by review of continuing care cases, additional costs pressures brought about by the Transforming Care Partnership which means the transfer of existing health supported clients from a hospital setting into the community, and pressures from annual reductions in Independent Living Funding to support an existing client base. Annual funding reductions had assumed a reduction in client numbers supported over time, greater than actual current trends.
- 1.8.3 In addition, the implementation of National Living Wage has resulted in a forecast unfunded pressure of £0.8m which has contributed to the Directorate's reported overall forecast overspend. The impact of national case law changes relating to Deprivation Of Liberty Safeguards (DOLS) have been previously advised to Cabinet.
- 1.8.4 Some budget savings, particularly Best Partnering, will not release the anticipated level of savings as a result of changes in the external environment. Significant work is underway to further bear down on expenditure, reduce demand for care services and address the shortfall.
- 1.8.5 Public Health Services experienced a late announced in year reduction of £2.3m specific grant and the timing of this nationally imposed reduction has meant that it could not be properly factored into the 2016-17 budget planning. As the majority of public health expenditure is locked into contracts for services or is supporting a broader range of council services that have a public health outcome, there is a lag to reduce expenditure in line with the budget reduction. Action is being taken to redesign and re-procure contracts to deal with the reduced financial envelope.

SENSITIVITY ANALYSIS

- 1.9 The outturn underspend has ranged between £5.0m to £15.2m over the last 8 years and has consistently been more favourable (i.e. greater underspend) than Quarter 1 forecasts. See chart below for month by month forecasts from 2008-09 to 2015-16.



- 1.10 The last two financial years, 2014-15 and 2015-16, show a consistent outturn position of £5.8m underspend. For these years, Quarter 1 variance was reported near to nil variance from budget, yet the final outturn position reflected approximately -1.9% variance from budget. If this trend is applied to the current Quarter 1 forecast overspend of £6.2m, a -2% shift brings net spend more or less in line with budget (see chart below).



- 1.11 The above analysis is based on most recent year monitoring trends, and in part probably reflects the fact that earlier Quarter monitoring projections tend to be relatively prudent based on known factors/trends. However, unanticipated factors or the impact of known risks can also affect the financial position. In line with established monitoring practices, any material factors which come to light will be reported at the earliest opportunity into subsequent quarterly monitoring.
- 1.12 Monitoring projections are also impacted on by management actions in-year to ensure managed activity is contained within budgeted resources. In light of the accelerated drawdown of available reserves (see also paras 1.17 to 1.20 below and Section 1 Appendix A), a key action arising from Quarter 1 monitoring is urgent consideration of management actions and options in-year (see also para 1.6 above) to ensure spend is maintained at least in line with budgeted resources; also includes consideration of actions to build up reserves to support the medium term financial plan from 2017 onwards.

COLLECTION FUND

- 1.13 The Collection Fund forecasts here are based on Council shares of Collection Fund income due. There is a forecast in-year surplus of £1.0m on Council tax; equivalent to 0.6% against budget income of £149m; mainly due to council tax income collection performance in excess of targeted.
- 1.14 There is a current £1.8m in year forecast deficit against business rates income of £52m; equivalent to 3.4%. This is due to in year reduced rates income as a result of successful appeals and a review of outstanding backdated appeals currently with the Valuation Office. In addition there is an emerging risk in relation to appeals for Doctor's Surgeries and Virgin Media

which if successful could result in a one off cost to Kirklees of £1.5m for backdated payments plus reduced rates income of £280k per annum going forward. These backdated payments have been built into the provision for appeals in the 2015-16 accounts; of which, Kirklees share amounts to £4.3m.

HOUSING REVENUE ACCOUNT (HRA)

- 1.15 The HRA forecast as at Quarter 1 is largely break-even, with a marginal forecast deficit of just £57k against the ring-fenced HRA; equivalent to 0.1% against annual budgeted turnover (income) of £95.8m.
- 1.16 The HRA is a statutory ring-fenced account, and this means that this forecast deficit would automatically transfer to HRA general reserves at year end.
- 1.17 Appendix B attached summarises the HRA reserves position, which reflects a carry forward of £42.8m as at April 2016, and amounts set aside against this for specific purposes in future years, totalling £10m (£8.5m business risks, £1.5m working balance). This leaves remaining general reserves of about £32.8m, which will be used to support HRA business plan resourcing requirements over the medium term.

NEW COUNCIL DEVELOPMENT RESERVE

- 1.18 This reserve is currently £4m as at April 2016. As at Quarter 1, current commitments against this total an estimated £805k;
- £200k additional temporary senior management capacity within Commissioning, Adult & Public Health to backfill for existing senior management capacity supporting the cross-Directorate Early Intervention & Prevention theme work.
 - Up to £605k Programme Management Resources within New Council Programme Management Office; Immediate recruitment of a Programme Manager and a Project Officer and recruitment of up to three further Project Managers and four Project Officers for allocation to specific New Council programmes or projects – e.g. aspects of ‘Early Intervention and Prevention’ and ‘Economic Resilience’.

GENERAL FUND RESERVES AND BALANCES

- 1.19 Appendix B attached summarises the current and estimated available reserves position. Available reserves (i.e. excluding statutory schools related reserves which the Council cannot use for other purposes) are estimated at £57m by year end; compared with £93m available reserves as at April 2016; overall reduction of 39% over the year. The estimated reserves movements in 2016-17 at £36m equates to a current average weekly drawdown of approximately £800k, which is unsustainable.

- 1.20 Estimated in-year reserves movements includes the proposed £2.9m risk reserve drawdown in-year, £17.5m approved drawdown to support the 2016-17 MTFP, and other estimated reserves drawdowns totalling over £18.6m £16m in-year, previously set aside and earmarked for a number of one-off spend commitments including revenue rollover, severance costs, and grant reserves drawn down to support Stronger Families Programme (grant), European Regional Development Funded schemes.
- 1.21 Remaining reserves forecast at current year end at £58m includes the balance of New Council Transformation Reserve at over £3m, remaining workforce restructure reserve at £8m Private Finance Initiative (PFI) prepayment reserve (schools) at £3m, approved rollover commitments at just under £8m, joint health equipment store at £0.8m and minimum balances provision at £5m. These add up to about £28m, and are all assumed priority spend commitments against the £58m remaining reserves.
- 1.22 Adjusting for the above priority spend commitments, actual level of available Reserves to support MTFP requirements from April 2017 is forecast to be about £29m; equivalent to just 9% of current net revenue budget. Council Reserves at this point could be considered to be at critical levels. This forecast also assumes that while the current Quarter 1 forecast is a £6.2m overspend, that by year end the Council's bottom line net spend position will at least be brought back in line within overall budget, otherwise, any year end overspend would then be a further draw on available reserves.

**SECTION 2 – FORECAST CAPITAL OUTTURN 2016-17 AS AT QUARTER 1,
(MONTH 3)**

2. Key Points

- 2.1 The Council's capital budget for 2016-17 is £102.3m. However, this is before a budgetary assumption for slippage in-year, totalling £20.2m or 19.7%. Adjusted for slippage, the capital budget is funded to a level of £82.1m, also referred to as the budgeted funding requirement. There is a headline forecast outturn **underspend of £1.6m** (1.9% variance compared to the budgeted funding requirement).
- 2.2 There is a General Fund forecast overspend of just £0.9m, as at Quarter 1, and it is anticipated that, in line with previous year slippage trends, it will at least be in line with funding requirement by current year end.
- 2.3 The Housing Revenue Account (HRA) forecast underspend is £2.5m.
- 2.4 Appendix C attached shows a more detailed breakdown of the forecast, and commentary on highlight variances.
- 2.5 It should be noted that Assistant Director Strategic Investment Group is carrying out a review during summer 2016 of all capital baseline allocations. The review will challenge whether existing allocations represent the minimum capital investment levels needed to support each programme area. The conclusions of the Group will feed into the forthcoming budget round.

Directorate	Net		Variance £000s	%
	Controllable Budget £000s	Forecast Outturn £000s		
Children & Young People	60,781	69,349	8,568	14.1%
Adults Commissioning & Public Health	85,542	95,274	9,732	11.4%
Place	35,401	35,626	225	0.6%
Resources	36,995	36,099	(896)	-2.4%
Communities, Transformation & Change	6,327	6,307	(20)	-0.3%
Economic Resilience	14,152	11,661	(2,491)	-17.6%
Early Intervention & Prevention	25,445	22,705	(2,740)	-10.8%
Sub-total	264,643	277,021	12,378	4.7%
Reserves Drawdown		(2,916)	(2,916)	
Sub-total	264,643	274,105	9,462	3.6%
Central Budgets	44,900	42,495	(2,405)	-5.4%
Sub-Total	309,543	316,600	7,057	2.3%
District Committee managed budgets	1,293	416	(877)	-67.8%
General Fund Total	310,836	317,016	6,180	2.0%
Memo Item (HRA)	(19,719)	(19,662)	57	-0.3%

Collection Fund forecast (Council Share)	Council Tax £m	Business Rates £m	Total £m
(Surplus)/Deficit at 1st April 2016	(4.6)	5.0	0.4
Re-payments to/(from) General Fund	3.9	(4.2)	(0.3)
In year (Surplus)/Deficit	(1.0)	1.8	0.8
(Surplus)/Deficit at 31st March 2017	(1.7)	2.6	0.9

Appendix B (continued)

General Fund Reserves/Balances available to support MTFP	Balance at 31st March 2016	Forecast Movement in Reserves	Estimated Balance at 31 st March 2017
	£m	£m	£m
<i>Earmarked</i>			
<i>Approved Drawdown to Support MTFP</i>		1.3	
Journey to New Council		0.6	
Revenue Grants		4.8	
Stronger Families		1.7	
Workforce Restructure		3.2	
Rollover		2.9	
Business Rates		2.3	
Other		0.2	
sub-total	(57.4)	17.0	(40.4)
<i>Risk Based</i>			
drawdown to support childrens service developments		2.9	
sub-total	(10.0)	2.9	(7.1)
General Balances			
<i>Approved Drawdown to Support MTFP</i>		16.2	
sub-total	(25.9)	16.2	(9.7)
Grand Total	(93.3)	36.1	(57.2)
Assumed set aside for specific spend commitments rolled forward into 2017-18			
minimum balances required to support Council cashflow			5.0
Workforce Restructure (Severance costs)			7.8
New Council Transformation			3.4
PFI Prepayment Reserve			3.3
Integrated Community Equipment Store			0.8
Revenue Rollover			7.6
Remaining Reserves Available to Support MTFP 2017-21			(29.3)

HOUSING REVENUE ACCOUNT RESERVES

	Balance at 31st March 2016	Forecast Movement in Reserves	Estimated Balance at 31 st March 2017
	£m	£m	£m
General Reserves		-	-
Major Repairs Reserve (1)		-	-
total	(42.8)	0	(42.8)
Amounts set aside for specific purposes in future years:			
<i>Business Risks</i>			8.5
<i>Working balance</i>			1.5
Remaining reserves available to support HRA business plan requirements			(32.8)

(1) Opening balance of nil reflects the fact that there is an in-year contribution from HRA (annual depreciation charge - currently £15.6m) Which is then fully committed in-year to support HRA capital plan and pay down HRA debt. Statutorily this reserve cannot be used for any other purpose

Highlight Variances

APPENDIX B (CONTINUED)

Directorate	Activity	Highlight Variances (before BCF/reserves) £000	Additional comments on Highlight variances (before BCF/reserves applied)
Children & Young People	Safeguarding & family support; demand led activity	+4,174	+£4,174k Volumes, (Underlying overspend £3.5m 15-16)
	Safeguarding & family support	+2916	Additional agency staffing costs due to Interim Service Management arrangements; current arrangements presumed to end October 2016 +£2.9m.
	Safeguarding Assurance	+667	Due to Medium Term Financial Plan savings not achieved +154k and Agency costs +535k less misc. savings
	Learning and Skills	(444)	Income re SLA's on partnership services (£280k), surplus on Schools Mgmt Information system (£30k) Savings on employee budgets /Vacant posts (£189k), pressure on Daycare budget re income shortfall +£55k
	Disabled Children's Services	+390	Pressure on direct payments +£252k & +£138k commissioned activities
	Child Sexual Exploitation Team	+359	Additional costs arising from Child Sexual Exploitation unfunded to be met from reserves
	Safeguarding & family support; Legal Costs	+375	Pressure on legal disbursements
	Sub-total	+8,437	
Commissioning, Public Health & Adults	Placement equivalent demand	+6,673	Older people £1.2m, Physical disabilities £1.0m, Learning disabilities £4.1m and Mental health £0.4m, (Underlying overspend £1.7m 15-16))
	(Older People) In-house residential	+494	Net employee overspends
	Best Partnering	+953	Assumes that arrangements to make the savings will not commence this financial year
	Re-ablement	+233	Medium Term financial Plan Savings not made
	Deprivation of Liberty Safeguarding	+238	External Assessors to meet demand.
	Public health	+1,486	Contractual arrangements, Smoking and tobacco programme and Overheads; Additional expected grant cut £2.3m
	Sub-total	+10,077	

Directorate	Activity	Highlight Variances (before BCF/reserves) £000	Additional comments on Highlight variances (before BCF/reserves applied)
Place	Waste Services	+1491	Waste disposal £975k adverse. Delayed implementation of 2015/16 Medium term financial Plan savings £683k adverse. New savings not included in MTFP £167k favourable
	Driver Training	(500)	Referral numbers assumed to continue as per 15/16 levels
	Policy, Strategy & Commissioning	(472)	The Economic Resilience board are still considering which area this activity will support
	Parking	+200	Implementation of revised Residents permit Income £515k adverse, Expenditure £315k favourable
	Markets	+100	Income shortfall
	Schools Transport	+1,000	Volume pressures Home to School Transport
	Schools Facilities Management	(1,274)	Catering surplus due to increased efficiency on labour and food costs of supplying Universal Free School Meals
	Corporate Landlord	(430)	Capacity created to fund transformational type works e.g. asset transfers
	Sub-total	115	
Resources	Customer & Exchequer services	(1,067)	Assumption that benefit subsidy will continue to underspend as in previous years (£500k), Library & Information Centres savings in advance (£179k), Kirklees Direct Contact Centre (£250k) & Welfare Complimentary Benefits employee savings (£183k)
	Support for Council as Democratic Org	(284)	Governance & Councillor allowances
	Looking Local	+300	Review around long term viability and potential business models being undertaken
	Corporate & Democratic Core	(112)	Anticipated savings on subscriptions/external audit fees.
	Sub-total	(1,163)	
CTC	N/A	-	No key variances at Month 3
	Sub-total	-	
Cross-Directorate themes	Economic Resilience	(2,491)	(£2,564k) underspend on add backs partially offset by slippage in delivery of achieving 16-17 Medium Term Financial Plan savings in the Community Safety Hub model, overspends to date +73k
	Early Intervention & Prevention	(2,740)	EITS (£1,500k), Young Peoples Service +£75k, International New Arrivals (£46k), (£750k) Community grants budget & +£2,921k Supporting People MTFP savings not yet achieved, plus add back EIP £3.0m forecast not to be spent
	Sub-total	(4,569)	

Directorate	Activity	Variance (before reserves £000)	Additional comments on variances
Central Budgets	Treasury Management	(1,800)	Reduced borrowing costs, slippage in 15-16 Capital plan.
	Inflation	(600)	Contingency inflation not required.
	Sub-total	(2,400)	
Ringfenced Corporate Budgets	District Committee managed budgets	(877)	
	Grand total (highlight variances)	9,918	

HRA – Highlight Variances

Directorate	Activity	Variance (before reserves £000)	Additional comments on variances
HRA	Repairs & Maintenance	245	Responsive theme +485k, chargeable repairs (200k)
	Housing Management	(152)	Council Services bought in (97k), Increase in charges for Sheltered housing cleaning +25k and Concierge +15k, Policy & Management (96k)
	Sub-total	93	

Forecast capital plan monitoring 2016-17, as at Quarter 1

Capital Plan	Revised Budget	Actual to Date	Outturn	Variance	%
	£'000	£'000	£'000	£'000	
Strategic Priorities Total	24,846	1,393	16,807	(8,039)	-32%
Baseline					
Childrens & Young People	10,373	173	8,348	(2,025)	-20%
Adults	500	0	500	(0)	nil
Place	37,561	7,048	34,478	(3,083)	-8%
Communities, Transformation & Change	1,457	-19	255	(1,202)	-82%
Resources	1,133	-63	1,133	0	nil
Leeds City Region Revolving Fund	1,874	1,159	1,874	0	nil
Baseline Total	52,898	8,298	46,587	(6,310)	-12%
One-Off Initiatives	101	1	101	0	nil
Risks & Pressures	5,000	0	0	(5,000)	-100%
General Fund Total	82,845	9,692	63,495	(19,349)	-23%
Notional slippage	(20,264)	-	-	-	-
General Fund Total after Slippage	62,581	9,692	63,495	914	1%
Housing Revenue Account (HRA)	19,478	4,130	17,006	(2,472)	-13%
Total Funding Requirement	82,059	13,822	80,502	(1,557)	-2%

Comments on highlight variances, as at Quarter 1 ,2016-17

Strategic Priorities Capital Plan	Highlight Variance	Comments on Highlight Variances
	£'000	
New Pupil Places in Primary Schools	(6,200)	Slippage to the start on site date at Beaumont Academy has meant that only enabling works will go ahead this financial year. Any underspend in funding on Strategic Priorities will be required to rollover to 2017-18 to enable the rolling programme on schools to be delivered as part of the Schools Investment Needs Strategy.
Huddersfield Leisure Centre	(710)	Final retention payment less than previously estimated figure. Final fee payments to be processed, also anticipated to be less than previously estimated figure.
Spenborough Sports Facility	(814)	Delays to programme, expenditure on fees only in 2016/17
Strategic Priorities Total	(7,724)	

Baseline Capital Plan	Highlight Variance	Comments on Highlight Variances
	£'000	
Children & Young People		
One-off Initiatives	(1,867)	Mainly £1.5m S106 underspend. Some contributions not received from developers. Majority of funds remain unallocated either whilst discussions occur to identify schools to benefit or funds held pending emergence of new Investment Need Strategy
Children & YP Total	(1,867)	
Place		
Housing (Private)	(1,370)	Includes Section 106 budget of £889k not currently projected to spend but looking into possible schemes that could be funded from this pot and Demolition of property at Wakefield Road, Moldgreen of £205k which is not projected to spend this year due to needing to CPO one of the properties.
Economic Delivery	(1,601)	To date, there are no Cabinet Reports in the pipeline to approve £1.6m spend.
Place Total	(2,971)	
Communities, Transformation & Change		
KAL Self-Funded	(867)	KAL are currently in the early stages of developing a range of potential capital projects, with the likelihood that the more significant schemes will emerge within 2017/18.
CTC Total	(867)	
Baseline Total	(5,705)	
Risks & Pressures Total	(5,000)	No commitments against this programme area

HRA Capital Plan	Highlight Variance	Comments on Highlight Variances
	£'000	
Strategic Priorities	(1,800)	Capital Spend not due to commence until 2017-18 on Ashbrow Extra Care New Build (-£1m) and KNH/Building Service Pilot New Build (-£0.8m).
Baseline	(672)	Underspend expected on budgets managed via district committees (-£663k), and Maintaining Decency windows programme (-£501k) due to change in specification from replacement to refurbishment of windows. Projections at this stage also factor in an assumed commitment for additional roofing works on leasehold blocks to be resourced by the windows underspend, but subject to further officer consideration.
HRA Total	(2,472)	