

Name of meeting: Cabinet
Date: 21 November 2017
Title of report: Corporate Financial Monitoring Report, Quarter 2, 2017-18

Purpose of the Report

To receive information on financial monitoring on general fund revenue, Housing Revenue Account (HRA) and Capital Plan, as at Quarter 2 (month 6), 2017-18.

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?	Yes
Date signed off by Strategic Director & name	Richard Parry 13 November 2017
Is it also signed off by the Service Director for Finance, IT & Transactional Services ?	Debbie Hogg 9 November 2017
Is it also signed off by the Service Director – Legal, Governance & Commissioning ?	Julie Muscroft 13 November 2017
Cabinet member portfolio - Corporate	Give name of Portfolio Holders Cllr Graham Turner Cllr Musarrat Khan

Electoral wards affected: None
Ward councillors consulted: None

Public or private: Public

1. Summary

- 1.1 The Council's General Fund controllable (net) revenue budget for 2017-18 was set at **£294.7m**. The budget includes planned (net) revenue savings of £54m in 2017-18.
- 1.2 A further £10.3m 'temporary resources' has been added to this budget in-year, reflecting planned drawdown from “one-off” earmarked reserves to fund a number

of “one-off” deferred expenditure commitments/other developments. This results in a revised budget of **£305.0m** at Quarter 2.

- 1.3 The temporary resources of £10.3m included in the revised budget reflects planned drawdown from Council earmarked reserves in-year to fund a range of deferred expenditure commitments and developments. This includes £2.2m from grants reserve, £2.1m from schools reserve, £2.7m from the revenue rollover reserve (previous year approvals), £3.0m from the Transformation reserve and other net movements totalling £0.3m.
- 1.4 There is a forecast underspend of £1.0m against the £305.0m revised budget at Quarter 2; equivalent to minus 0.3% variance against revised budget. The forecast underspend indicates the extent to which the Council is likely to achieve its forecast savings against planned budgets in 2017-18.
- 1.5 Quarter 2 monitoring suggests that the Council is on track to manage its resources within its planned budget requirement; the latter which included a £54m planned savings target in-year. The forecast revenue outturn as at Quarter 2 is summarised in Table 1 below.

Table 1 - Overview of 2017-18 general fund forecast revenue outturn position at Quarter 2

Strategic Director Portfolios	Year to date			Annual forecast		
	Budget to date	Actuals to date	Variance	Revised Budget	Forecast	Variance
	£000	£000	£000	£000	£000	£000
Children & Families	48,648	51,081	2,433	71,222	77,021	5,799
Adults & Health	38,470	35,897	(2,573)	109,360	106,500	(2,860)
Economy & Infrastructure	66,695	62,515	(4,180)	87,234	84,619	(2,615)
Central Budgets	5,723	4,305	(1,418)	37,155	35,783	(1,372)
Grand Total	159,536	153,798	(5,738)	304,971	303,923	(1,048)

- 1.6 The forecast £1.0m underspend at Quarter 2 includes a number of overspends and offsetting underspends. The overspends in part reflect timing issues on the delivery of key service transformation, including Learning, Early Support & Schools; £908k relating to Early Intervention and Targeted Support and £601k relating to Special Educational Needs. There is also acknowledged to be some volatility with current forecasts in particular with regard to Children’s Services, which includes a forecast net overspend on agency costs at £3.5m, and pressures on external placements at £1.2m.
- 1.7 Elsewhere, planned savings with regard to Supporting People at £1.8m, Schools Transport at £1.3m and Older People’s residential strategy at £469k are currently under review both in terms of their deliverability, and timing.
- 1.8 The reported overspends are mitigated in part by underspends in other service areas, reflecting a combination of factors such as early delivery of 2018-19 savings, slippage in the implementation of service re-design “add back” budgets, and

additional income; underspending service areas include Early Intervention & Prevention add-back slippage at £1.1m (net of add-back applied to community liaison), Welfare & Exchequer Services at £638k, Corporate Landlord at £341k, West Yorkshire Driver Training at £329k and Central Budgets at £1.1m.

- 1.9 New monies for Adult Social Care (improved Better Care Fund or BCF), were announced by the Chancellor as part of the Spring Budget 2017. This additional funding allocation was considered at Council on 11 July 2017 and further as part of the 2018-22 Budget Strategy Update report presented to Council on 11 October 2017. The new BCF monies are a non-recurrent and reducing 3 year grant.
- 1.10 The additional 2017-18 BCF funding allocation totals £8.3m. When this resource was announced in February 2017 the government indicated that further guidance would be forthcoming in relation to the use and conditions. To date we have received some instructions in relation to the DCLG quarterly monitoring requirements and also correspondence in relation to meeting Delayed Transfers of Care as part of the target setting for Improved Better Care Fund. There is no indication at this stage that further guidance is forthcoming.
- 1.11 The MTFP already assumed that BCF funding would be received. The absence of guidance and national, prevailing narrative meant that there was a risk to this assumption and so the additional funding may have been needed to offset this risk. Despite some challenges in September and October, the Council received confirmation on 30th October 2017 that the BCF plan has been approved.
- 1.12 Consequently, given the time elapsed and no clarity about further guidance being issued, it is our recommendation to fully apply the £8.3m funding allocation in-year, with a corresponding release of £5.7m base budget revenue resources in-year. The difference of £2.6m reflects additional one-off targeted developments in-year, in conjunction with Clinical Commissioning Group Partners.
- 1.13 Members were previously advised that the Council is required to evidence additionality of spend in 2017-18. Appendix 2 provides assurance that this condition can still be met, in light of the impact of the recommendation set out in para 1.12 above.
- 1.14 Following the recent Council Senior Management restructure, approved revenue budgets have been re-aligned accordingly. While the budget alignment is largely complete, work continues to conclude this exercise, and any further changes will be reflected accordingly as part of the monthly financial monitoring reports to Executive Team and portfolio holders, and through Quarterly reporting to Cabinet.
- 1.15 Whilst not included in current monitoring projections, there are emerging pressures on the High Needs Block, which is part of the overall annual Dedicated Schools Grant (DSG) funding allocation from Government. This is in part due to additional allocations of funding to post 16 providers in order to meet Council statutory duties; in part the increasing costs and incidence of Out of Local Authority (OLA) placements.
- 1.16 Learning, Early Support & Schools senior officers are currently reviewing both the extent of the pressure and mitigating service actions in-year, and future years; key actions to be incorporated as well into a forthcoming Strategic Specialist Place Sufficiency Plan to be considered by Cabinet early in 2018. The financial implications of this current service review will similarly be considered as part of

updated budget plan proposals, including the extent to which financial pressures can be self-contained as part of a medium term strategy within existing DSG guidelines.

- 1.17 General fund reserves are forecast to reduce through 2017-18 by £21.5m, from £90.1m at the start of the year, to £68.6m as at 31 March 2018. The forecast reduction includes the £10.3m earmarked reserves drawdown referred to at paragraph 1.3 above, plus £11.2m set aside as part of annual budget approval at budget Council in February 2017 to help deliver an overall balanced budget in 2017-18.
- 1.18 The forecast £68.6m general fund reserves at year end, includes £23.6m relating to earmarked reserves commitments. A further £9.8m relates to statutory schools reserves (which cannot be re-directed for non-school uses). This leaves a balance of £35.3m 'financial resilience' reserves. Within this figure is an assumed £5m minimum balances requirement.
- 1.19 This would then leave £30.3m of available 'financial resilience' reserves to mitigate against future budget and other unfunded risks; equivalent to 10.3% of the current year £294.7m (net) controllable revenue budget.
- 1.20 The Collection Fund accounts separately for council tax and business rates income and payments. Council tax is projecting an in-year surplus of £1.5m; mainly due to improved performance in income collection. Business rates is projecting an in-year surplus of £700k; largely reflects a review of bad debt provision requirements for backdated appeals outstanding relating to the 2010 rates valuation.
- 1.21 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 forecast revenue outturn is a small surplus of £206k against an annual turnover of £93.3m in 2017-18; equivalent to just 0.2%. Estimated HRA reserves at 31 March 2018, net of set aside for business risks and a minimum working balance, is £49.7m.
- 1.22 The Council's revised capital budget for 2017-18 is £110.0m. The revised capital budget reflects proposals set out in the 2016-17 financial outturn and rollover report for the allocation of 2016-17 capital rollover to current 2017-18 approved budgets, and the re-profiling of the existing approved plan over the 2017-22 period.
- 1.23 The forecast capital outturn at Quarter 2 is £76.0m, resulting in an underspend of £34.0m; equivalent to 30.9%. This is summarised in Table 2 below.

Table 2 – Forecast Capital Outturn 2017-18 at Quarter 2

By Category	Revised Budget £000	Actuals to date £000	Annual forecast £000	Variance £000
Strategic Priorities	33,605	3,876	12,731	(20,874)
Baseline	53,929	13,390	46,256	(7,673)
Risks & Pressures	2,500	0	0	(2,500)
General Fund	90,034	17,266	58,987	(31,047)
Strategic Priorities	4,153	97	1,817	(2,336)
Baseline	15,869	1,531	15,243	(626)

Housing Revenue Account	20,022	1,628	17,060	(2,962)
Total	110,056	18,894	76,047	(34,009)

1.24 The projected underspend reflects in part, the timing in delivery of a number of strategic priority capital schemes, including £8.8m relating the HD-One development planned for John Smith's stadium, now due on site in Spring 2018. As well, the revolving credit facility to Kirklees College of £6m is not required in 2017-18.

1.25 There is a Cabinet recommendation to Council that a Property Investment Fund (PIF) be created which would allow the Council to support major development works which will produce wider economic benefits to the Council and wider economy. Subject to Council approval for the overall Programme, and timing of any subsequent scheme proposals being approved through Cabinet, these will be incorporated as appropriate into future Capital plan quarterly monitoring projections.

2. Information required to take a decision

2.1 The Appendices accompanying this report provide a more detailed breakdown of the Quarter 2 financial monitoring position, as follows:

- i) Appendix 1 sets out by service area, the forecast general fund revenue outturn position in 2017-18;
- ii) Appendix 2 sets out the impact of the use of the Better care Fund monies in 2017-18, in relation to 2016-17 base budget, and assurance with regard to the Government 'additionality' stipulation;
- iii) Appendix 3 summarises the forecast general fund reserves movements in-year, and the summary financial performance of the Collection Fund, including Collection Fund surpluses/deficits rolled forward from previous years;
- iv) Appendix 4 summarises the forecast HRA financial position including movements in HRA reserves in-year;
- v) Appendix 5 highlights the more significant general fund and HRA forecast variances across service areas; and
- vi) Appendix 6 sets out in more detail, reasons for the more significant forecast capital variances across strategic priority and baseline capital schemes.
- vii) Appendix 7 summarises forecast capital variances by funding source.

3. Implications for the Council

3.1 The report provides summary information on current and forecast financial performance against annual Council revenue and capital budgets, as at Quarter 2, 2017-18. These budgets 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 The Council continues to face significant financial challenges and must ensure it can achieve a sustainable balanced budget over the medium term and beyond.
- 3.3 Quarter 2 monitoring forecasts indicate overall resource delivery within planned budget requirement; the latter which includes £54m planned savings in 2017-18.
- 3.4 The forecast £1.0m underspend at Quarter 2 is net of the non-deliverability of a number of planned savings in-year, and these are currently under review (see also, paras 1.6 to 1.7 earlier). It is expected that a review of current savings deliverability and alternative options will be incorporated into updated 2018-22 budget plan proposals, over the remainder of the current budget round.
- 3.5 The Council is working closely with its Transformation Business Partner to ensure robust financial governance, programme management, monitoring and review across a range of key Transformation and Service level change activity across the Council.
- 3.6 This includes the identification of opportunities for 'new' savings (including the potential to stretch existing savings targets). Future proposals are anticipated will also be incorporated into updated 2018-22 budget plan proposals.
- 3.7 Overall, the general fund revenue Quarter 2 monitoring forecast suggests good progress continues to be made 'in-year' to manage spend within available budgets. However, current approved budget plans include further target (net) savings of £28.2m in 2018-19, which means that the Council needs to ensure that any underlying in-year pressures potentially rolling forward into 2018-19 will require corrective action in the current year, or early consideration of alternative proposals.
- 3.8 While the 2017-18 additional Better Care Funding allocation of £8.3m, applied in full in 2017-18, has effectively released £5.7m base budget resources, this is not a sustainable saving going forward, because the subsequent year 2 and 3 additional BCF funding allocations taper to £5.3m in 2018-19 and £2.6m in 2019-20. Government has not currently indicated that the 2019-20 would roll forward into future years.
- 3.9 The financial resilience reserves forecast at £30.3m at year end (net of £5m minimum balance requirement), is directly impacted on by the Council's forecast position. The purpose of this reserve is to mitigate against budget and other unfunded risks included in the corporate risk register. Because it is "one-off" in nature, it is short-term funding only and is not a sustainable resource available to offset ongoing budget pressures.
- 3.10 The overall Collection Fund financial performance reflected at Quarter 2, if sustainable, suggests increased resource potential in future years beyond current budgetary assumptions, and this will be considered as part of the 2018-22 budget strategy update. There remains some volatility in particular with regard to business rates appeals still outstanding.

- 3.11 The capital monitoring forecast includes timing issues in particular with regard to strategic priority capital schemes. Council treasury management financing cost requirements (new borrowing) already factor in assumed slippage in borrowing requirement of £14.9m in 2017-18 against the approved capital plan (see also, Appendix 6).
- 3.12 The impact of the forecast capital underspend is marginal on current year treasury management revenue budgets,
- 3.13 It is similarly marginal on the affordability prudential indicator (annual debt costs as a proportion of net revenue income stream), which is currently just over 8%.

4. Consultees and their opinions

This report has been prepared by the Service Director, Finance, IT and Transactional Services, in consultation with the Executive Team.

5. Next Steps

To present this report to Cabinet as part of the Quarterly financial monitoring reporting cycle.

6. Cabinet portfolio holders recommendations

The portfolio holders note the good progress being made in managing the in-year savings programme although recognising the underlying financial challenges facing the Council.

7. Officer recommendations and reasons

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

- 7.1 approve the proposed use of additional Better Care funding monies in 2017-18 as set out in this report;
- 7.2 resultant from 7.1 above, to note the Quarter 2 forecast £1.0m revenue monitoring underspend;
- 7.3 note the forecast reduction in general fund reserves in-year at £21.5m and year end position at £68.6m;
- 7.4 note the favourable in-year financial performance on the Collection Fund;
- 7.5 note the Quarter 2 forecast HRA surplus at £206k and forecast reserves position at year end at £49.7m;
- 7.6 note proposals to incorporate key intelligence from Quarter 2 monitoring, as appropriate, into the forthcoming updated 2018-22 budget plan proposals as appropriate; and

8. Contact Officer

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9. Background papers and History of Decisions

Annual budget report 2017-21

Annual outturn and rollover report 2016-17

Report on Proposals for the use of new monies for adult social care announced by the Chancellor in the Spring budget 2017

Budget strategy update report 2018-22

10. Service Director responsible

Debbie Hogg, Chief Financial Officer (&Service Director, Finance, IT & Transactional Services); debbie.hogg@kirklees.gov.uk

Appendix 1

Corporate Revenue Budget Monitoring 2017/18 – Month 6

	Year To Date			Annual					
Strategic Director portfolio responsibilities	Controllable Budget (Net)	Actuals	Variance	Controllable Budget (Net)	Planned use of reserves	Revised Budget	Forecast	Variance	Change in Variance from Quarter 1
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£000
Child Protection & Family Support	24,981	26,768	1,787	48,865	719	49,584	53,993	4,409	1,222
Learning , Early Support & Schools	23,177	23,857	680	18,266	2,486	20,752	22,087	1,335	665
Quality, Assurance, Standards & Safeguarding	490	456	(34)	819	67	886	941	55	85
Sub Total (Children & Families)	48,648	51,081	2,433	67,950	3,272	71,222	77,021	5,799	1,972
Adults Social Care Operations	14,233	11,545	(2,688)	47,763	382	48,145	42,257	(5,888)	(6,210)
Policy, Intelligence & Public Health	(2,556)	(2,720)	(164)	2,115	358	2,473	2,310	(163)	(354)
Quality, Assurance, Standards & Safeguarding	597	551	(46)	1,440		1,440	1,395	(45)	(45)
Service Integration	26,196	26,521	325	57,040	262	57,302	60,538	3,236	1,512
Sub Total (Adults & Health)	38,470	35,897	(2,573)	108,358	1,002	109,360	106,500	(2,860)	(5,097)
Economy, Regeneration & Culture	4,518	3,641	(877)	9,123	1,887	11,010	10,134	(876)	(273)
Commercial, Regulatory & Operational	9,750	8,065	(1,685)	33,186	103	33,289	33,051	(238)	(1,522)
Finance & Transactional Services	42,686	41,982	(704)	23,275	331	23,606	22,886	(720)	(105)
Governance & Commissioning	971	1,138	167	1,960	-	1,960	2,128	168	55
Office of the Chief Executive	8,770	7,689	(1,081)	13,680	3,689	17,369	16,420	(949)	(403)
Sub-Total (Economy & Infrastructure)	66,695	62,515	(4,180)	81,224	6,010	87,234	84,619	(2,615)	(2,248)
Central Budgets	5,723	4,305	(1,418)	37,155		37,155	35,783	(1,372)	(1,453)
General Fund Total	159,536	153,798	(5,738)	294,687	10,284	304,971	303,923	(1,048)	(6,826)

Government additionality test ; 2017-18 adult social care budget (as per the 17/18 <u>RA Return</u> **) compared to 2016-17 adult social care equivalent budget (as per the 16/17 <u>RA Return</u>)	2016-17 RA return adult social care budget	2017-18 Original RA return adult social care budget	2017-18 Adjusted RA return –reflects additional BCF announced in 2017 Spring Budget	17-18 Adjusted RA return compared to 16-17 RA return (Additionality test)
	COLUMN A	COLUMN B	COLUMN C	COLUMN C-A
	£'000	£'000	£'000	£'000
Adult Social Care spend as per <i>RA return</i> **	94,672	107,172	107,172	12,500
Additional budget allocation (funded from BCF)	-	-	8,259	8,259
Adjusted total	94,672	107,172	115,431	20,759
Spend funded from 17/18 Adult Social Care precept uplift	-	(4,559)	(4,559)	(4,559)
Adjusted total	94,672	102,613	110,872	16,200
Quarter 2 monitoring – Adult Social Care base budget resources now released	-	-	(5,700)	(5,700)
Adjusted total	94,672	102,613	105,172	<u>10,500*</u>

*Taking into account the 17/18 Quarter 2 monitoring forecast, there is still an overall net growth of £10.5m budget, comparing 2016-17 and adjusted 2017-18 RA Returns, which indicates that the Government's 'additionality test' will still be met.

**RA return is a statutory annual return to Government which allocates the Council approved annual revenue budget into standard categories of spend as defined by the RA return.

GENERAL FUND EARMARKED RESERVES

	As at 1st April 2017	Reserves supporting 2017-18 MTFP	Planned drawdown in-year	Unplanned use of Reserves (forecast overspend)	Earmarked Reserves Review	Forecasted Reserves Position as at 31st March 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory (School Reserves)	(11,852)		2,090			(9,762)
Earmarked (Other)	(39,494)	7,700	8,194	-	-**	(23,600)
Financial Resilience Reserves						
Risk	(28,046)	-	-	-	-	(28,046)
General Balances	(10,718)	3,485	-	-		(7,233)
Sub-Total	(38,764)	3,485	-	-	-	(35,279)*
Grand Total	(90,110)	11,185	10,284	-	-	(68,641)

*minimum balances requirement of £5m

** within Earmarked (Other), £644k re-directed from

Rollover/Grant reserves to District Committee deferred Spend reserve

Collection Fund Forecast (Council Share)

	Council Tax £'000	Business Rates £'000
(Surplus)/Deficit as at 1st April 2017	(3,000)	1,300
Re-payments to/(from) General fund in 17-18	2,000	(1,900)
In Year financial performance	(1,500)	(700)
(Surplus)/Deficit at 31st March 2018	(2,500)	(1,300)

HOUSING REVENUE ACCOUNT 2017/18 – MONTH 6

	Year to Date			Annual			
	Controllable Budget (Net)	Actuals	Variance	Revised Budget	Forecast	Variance	Change In Variance from Q1
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Repairs & Maintenance	13,059	13,095	36	22,384	22,455	71	94
Housing Management	19,301	20,370	1,069	35,104	34,715	(389)	(210)
Other Expenditure	540	561	21	27,471	27,488	17	11
Total Expenditure	32,900	34,026	1,126	84,959	84,658	(301)	105
Rent & Other Income	(43,389)	(39,450)	3,939	(93,351)	(93,256)	95	59
Revenue Contribution to Capital Funding	0	0	0	5,394	5,394	0	
Planned transfer to HRA Reserves	0	0	0	2,998	2,998	0	
Total	(10,489)	(5,424)	5,065	0	(206)	(206)	(46)

HRA RESERVES

	Balance at 31 March 2017	Approved Movement in Reserves (Inc. future years commitments)	Uncommitted Balance
	£'000	£'000	£'000
Opening Balance 1 April	(52,013)		
Planned transfer from HRA		(2,998)	(2,998)
Forecast in Year Surplus/Deficit		(207)	(207)
Set aside for business risks		4,000	4,000
Working balance		1,500	1,500
Total	(52,013)	2,295	(49,718)

Revenue Monitoring Key Highlights – Child Protection & Family Support

Appendix 5

Activity Level	Progress Against Planned Savings	T/SLC*	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Fostering Service(including Recruitment)	Increase of fostering placements	T	6,306	(330)	335	Pressure on volume led External Fostering placements.
External Residential Placements	Super foster carers / review high cost placements	T	5,989	361	1,162	Pressure on volume led External Residential placements.
Various	Further service pressures	SLC	18,289	1,709	3,291	Overspending on Agency amounting to £4.8m, offset in part by substantive vacancies at £1.3m. Overspending on external legal charges of £500k. Underspending on adoption allowances and leaving care supported accommodation.
Various	Business support	SLC	2,190	94	251	Pressure due to unachievable business support efficiency savings due to increase in overall service establishment and delays in implementing new social care system
Various	Review of Contact Team		891	(161)	(338)	Vacant substantive posts
Various	Skill mix (reduction in non-qualified staff)	SLC	262	(128)	(340)	Additional savings achieved relating to posts transferred over to Early Help.

* T=Transformation

SLC=Service Level

Key Highlights = specific service variances of £250k or more

Revenue Monitoring Key Highlights – Learning & Early Support & Schools

Appendix 5 (continued)

Activity Level	Progress Against Planned Savings	T/SLC	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Early Intervention & Targeted Support	Service redesign	T	5,793	727	908	Estimated slippage on savings based on a model that assumes completion of the review by the end of July, with new staffing structure in place by the end of November 2017.
Early Years Special Educational Needs Support	Service redesign	T	(7)	316	601	Delayed implementation of Service redesign.

Revenue Monitoring Key Highlights – Adults Social Care Operations

Appendix 5 (continued)

Activity Level	Progress Against Planned Savings	T/SLC	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
In-House residential services:	Partners to deliver Integrated Health/Social Care to those with specialist needs , including exploring new delivery models	T	(469)	469	469	Delayed implementation of older people residential strategy.
Self-Directed Support	Reduction in direct payments / independent sector home care	T	6,976	192	(1,150)	Timing of new contractual arrangements for Ind. Sector Homecare resulting in lower spend, partially offset by spend on Direct Payments.
Independent Sector Residential & Nursing	Reduction of Older People placements / adults future pressures (demographics)	T	15,681	1,680	893	Unit costs for Older People placements exceeding budgeted levels. See also comment re Self Directed Support (above).
Activity Level	Other Significant Variances		Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Additional Better Care Funding; following Spring 2017 budget announcement	Deployment of Better Care funding in-year to support Adult Social Care additional spend, enabling the release of base budget resources	Other	(8,300)	tbd	(5,600)	Three year, reducing grant announced as part of Gov't Spring budget 2017; year one allocation now applied in line with gov't guidance; consequential "one-off" release of base budget resources in-year.
Independent Sector Residential & Nursing	Reduction in high cost physical disability placements	SLC	3,293	(479)	(312)	Forecast placement numbers slightly below budgeted.
Self-Directed Support	Reduction in direct payments / independent sector home care	SLC	5,020	(142)	(551)	Spend on Physical Disabilities direct payments below budgeted level.
Assessment & Care Mgt	Service redesign	SLC	4,559	258	258	Achieved in part through vacancy management.

Revenue Monitoring Key Highlights – Service Integration

Appendix 5 (continued)

Activity Level	Progress Against Planned Savings	T/SLC	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Supporting People	Service redesign	T	4,130	1,329	1,805	Work stream in progress – overspend due to timing delays/slippage. Expected to reach required level for following year.
Children with a Disability	Service redesign	T	2	406	406	Savings opportunities have been identified and are in progress. Full saving unlikely to be achieved in 2017/18.
Independent Sector Residential & Nursing	Reduction in Placements	T	17,163	(284)	245	Unit cost higher than budgeted. (Learning Disabilities)
Independent Sector Residential & Nursing	Reduction in Placements.	T	3,287	(310)	572	Forecast placement numbers higher than below budgeted. (Mental Health)
Self-Directed Support	Reduction in direct payments/ independent sector home care	T	13,560	310	871	Relates to Learning Disabilities/Mental Health client groups. Variance mainly on Direct Payments.
Community Liaison (Including Grants)	Service redesign	SLC	176	(301)	1,204	Will form part of Community Plus model. Funded by utilisation of service re-design investment budget (see line below).
Community Liaison (Including Grants)	Adults Early Intervention & Prevention add back	SLC	2,313	(961)	(2,312)	Will fund the Community Plus model. Partly utilised by community liaison including grants (see line above).
Activity Level	Other Significant Variances		Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Children with a Disability	Direct Payments & Agency Home Care		3,203	218	437	A combination of volume and cost pressures.

Revenue Monitoring Key Highlights – Commercial, Regulatory & Operational

Appendix 5 (continued)

Activity Level	Progress Against Planned Savings	T/SLC	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Corporate Landlord	New ways of working	T	11,362	(341)	(341)	Early savings across premises costs on reduced buildings. This resource will be used to fund pressures associated with fire safety reviews.
Schools Transport	Combined Authority working	SLC	2,851	403	1,308	Volume of passengers significantly more than budget for Taxi routes. Price increase in Bus Passes from September 2017
Seasonal Weather	New methods of working	SLC	1,192	55	597	Delayed implementation of service saving.
Catering		SLC	(2,115)	(289)	(289)	There has been more income received for Universal Free School Meals than was budgeted for, a reduction in expenditure on the Equipment budget and the take up for the new Milk scheme has been greater than anticipated.
Activity Level	Other Significant Variances		Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Waste Services			18,054	(687)	(687)	Underspend of £412k on contract (April to August information tonnage 8% lower than budget).
West Yorkshire Driver Training			(426)	(329)	(329)	Increased volume of courses which include a new Motorways driver training course.

Key Highlights – Finance & Transactional Services

Appendix 5 (continued)

Activity Level	Other Significant Variances	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Welfare & Exchequer		8,321	(697)	(638)	£310k relates to welfare and complimentary benefits (vacant posts) and better off Project. £218k relates to Benefit Payments over-recovery.

Key Highlights – Central Budgets

Activity Level	Progress Against Planned Savings	T/SLC	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Contingencies			100	(408)	(1,054)	Expected year end Insurance fund surplus (£1m), Council apprenticeship levy payments less than budgeted provision (184); Actual 16/17 Yorkshire Purchasing Organisation dividend received was greater than had been accrued for in the year end accounts; part offset by Business Support savings still to be realised at £350k;

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
HD-One (KSDL)	8,750	(8,750)	The HD One Development planned for the John Smith's Stadium site is not due on site until spring 2018. The Council is providing a secured loan facility to Kirklees Stadium Development Ltd (KSDL) which would allow KSDL to take a majority equity stake in the complex.
Kirklees College Loan	6,000	(6,000)	This has recently been repaid in full and no further utilisation of the revolving credit facility anticipated.
European Grant Funding	1,750	(1,750)	This budget was created to provide match funding for opportunities to access funding from European Structural Funds. Given the outcome of the June 2016 referendum there is now a high level of uncertainty around the availability and timing of any funding available and therefore no expenditure is planned for 2017/18.
Learning & Support (New Pupil Places)	12,016	(2,649)	The build for the New North primary school will not start until 2018/19 due to complex site issues. Any underspend in funding on Strategic Priorities will be required to rollover to 2018/19 to enable the rolling programme on schools to be delivered as part of the Schools Investment Needs Strategy. Increase in underspend since Q1 (-£1,574k) due to more realistic spend profile for Beaumont Primary Academy. Rollover budget for Almondbury Through School (£95k), previously shown under One-Off Projects has been transferred to fund the re-provision of Lydgate School.
Strategic Priorities Total	28,516	(19,149)	

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
Learning & Early Support			
Basic Need	1,742	(1,061)	Any underspend in funding on the Basic Need 17/18 programme will be required to fund the rolling programme of Basic Need future pressures, including new Social, Emotional & Mental Health (SEMHD) place needs.
One-Off Initiatives	2,322	(1,474)	Mainly due to underspend on Section 106 contributions (-£941k). 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 Needs Strategy.
Learning & Early Support Total	4,064	(2,535)	
Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
Economy & Regeneration			
Housing Private Sector	5,521	(997)	Mainly capital allowances budget (£994k) not planned to spend this year, of which £766k is allocated for Large Housing Sites Scheme.
Economic Resilience	3,084	(1,409)	There is currently expenditure of £1.3m being forecast for West Yorkshire Transport Fund Purchases Pot and Dewsbury Railway Station project which support schemes in the Highways Capital plan and Strategic Priorities Capital plan. The Dews Town Hall Initiative project has been extended and the McKinnons Mill scheme has been delayed. £800k of the budget is uncommitted at this stage.
Economy & Regeneration Total	8,605	(2,406)	

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
Risks & Pressures	2,500	(2,500)	No commitment against these resources for the financial year.

Key Highlights – Housing Revenue Account

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
HRA Strategic Priorities			
New Build Phase 1 (Ashbrow)	500	(300)	This is currently reporting an underspend of £250k and has a forecast underspend to 31 st March 2018 of £300k. An amount of £200k spend has been forecast to year end. Completion of this scheme has now been put back until 2020.
New Build Phase 4	2,036	(2,036)	Environmentally Friendly Housing – There is an underspend to date of £1.018m and a forecast underspend of £2.036m to year end as there are no plans in place for this expenditure.
HRA Strategic Priorities Total	2,536	(2,336)	
HRA Baseline			
High Cost Voids	1,759	(586)	Underspend of £416k to date, forecast of £586k by year end, due to the reduction in the volume of empty properties where capital works are required.
HRA Baseline Total	1,759	(586)	

	Grants £'000	Ring-fenced Receipts £'000	Borrowing £'000	HRA RCCO / Reserves £'000	Total £'000
General Fund					
Strategic Priorities	(2,298)	0	(18,576)	N/A	(20,874)
Baseline	(2,781)	(1,319)	(3,573)	N/A	(7,673)
Risks & Pressures	0	0	(2,500)	N/A	(2,500)
TOTAL GENERAL FUND	(5,079)	(1,319)	(24,649)	N/A	(31,047)
HRA					
Strategic Priorities	0	(976)	0	(1,360)	(2,336)
Baseline	(145)	0	0	(481)	(626)
TOTAL HRA	(145)	(976)	0	(1,841)	(2,962)
OVERALL TOTAL	(5,224)	(2,295)	(24,649)	(1,841)	(34,009)

N/A=not applicable (HRA resources statutorily ring-fenced to HRA)