

**Name of meeting:** Cabinet  
**Date:** 21st August 2018  
**Title of report:** Corporate Financial Monitoring Report, Quarter 1, 2018-19

### Purpose of the Report

To receive information on financial monitoring for general fund revenue, Housing Revenue Account (HRA) and Capital Plan, as at Quarter 1 (month 3), 2018-19.

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 <a href="#">Council's Forward Plan (key decisions and private reports)</a> ?	Key decision - Yes
The Decision - Is it eligible for “call in” by <a href="#">Scrutiny</a> ?	Yes
Date signed off by Strategic Director & name	Rachel Spencer Henshall – 13/08/2018
Is it also signed off by the Service Director for Finance, IT & Transactional Services ?	Eamonn Croston – 31/07/2018
Is it also signed off by the Service Director – Legal, Governance & Commissioning ?	Julie Muscroft – 13/08/2018
Cabinet member portfolio - Corporate	Give name of Portfolio Holders Cllr Graham Turner

**Electoral wards affected:** None  
**Ward councillors consulted:** None

**Public or private:** Public

## 1. Summary

### General Fund

- 1.1 The Council's General Fund controllable (net) revenue budget for 2018-19 was set at **£291.2m**. The budget includes planned (net) revenue savings of £16.4m in 2018-19.
- 1.2 A further £5.1m '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 includes £1.5m from the revenue grants reserve, £1.1m from the revenue rollover reserve (previous year approvals) and £2.5m from the Transformation reserve. There is also an assumed contribution to Financial Resilience Reserves of £4.1m, released out of Central budgets from the overprovision of MRP (Minimum Revenue Provision). See also paragraph 1.11. This results in net transfer from reserves of £1.0m and a revised budget of **£292.2m** at Quarter 1.

1.3 There is a forecast overspend of £4.4m against the £292.2m revised budget at Quarter 1; equivalent to 1.5% variance against revised budget. This represents the following:

- i) £2.2m overspend against £16.4m planned savings. This translates to a forecast headline delivery of £14.2m savings; equivalent to 86%,
- ii) £2.2m net unplanned pressures elsewhere.

1.4 The forecast revenue outturn as at Quarter 1 is summarised by Strategic Director Portfolios in Table 1 below.

**Table 1 - Overview of 2018-19 general fund forecast revenue outturn position at Quarter 1**

Strategic Director Portfolios	Annual forecast		
	Revised Budget	Forecast	Variance
	£000	£000	£000
Children & Families	76,225	83,728	7,503
Adults & Health	104,829	104,825	(4)
Economy & Infrastructure	41,600	43,696	2,096
Corporate Services	31,441	31,215	(226)
Central Budgets	38,146	33,146	(5,000)
<b>Grand Total</b>	<b>292,241</b>	<b>296,610</b>	<b>4,369</b>

1.5 There is currently a £6.4m pressure identified within the High Needs funding block of the Dedicated Schools Grant, shown within Children and Families in Table 1 above. This includes a projected overspend figure of £3.7m in respect of placements of Kirklees children in independent and other local authority specialist provisions; compared to a £2.7m overspend in 2017-18. The average annual number of active placements in independent specialist provision has significantly increased over the last few years moving from an average of 88 active placements in 2016-17 to a current average of 126 as at June 2018, an increase of 43%. An increase of similar proportions is also evident over the same period in the annual average number of children placed in other local authority specialist provision, moving from an average of 20 children in 2016-17 to a current average of 28 children.

1.6 The balance of the £6.4m High Needs pressure is made up of £1.6m for support funding payments for high needs students in the local further education sector (predominantly at Kirklees College) and £1.1m in respect of top-up funding to support rising numbers of increasingly complex need children within the mainstream schools sector.

- 1.7 The Government's new National Funding Formula (NFF) for High Needs acknowledges that Kirklees requires more funding to support high needs issues from birth through to age 25. The initial outcome of the new formula indicated a near 21% increase in funding is merited, however maximum annual increases are capped at 3%, which translates to around £1.0m per year for Kirklees.
- 1.8 The projected NFF allocations from 2020-21 onwards will be dependent on the outcome of the next comprehensive spending review. Currently, around 50% of the High Needs NFF references historic funding levels. Kirklees would stand to gain should the balance within the NFF move away from these funding arrangements.
- 1.9 Following a recent Kirklees-wide High Needs Strategic Review (reported to Cabinet in February 2018) the Council, working with key education partners across the district, is working on a comprehensive action plan to deliver a more effective, whole systems approach which will begin to be implemented during 2018-19. This implementation plan will also inform the Council budget strategy update later in the year.
- 1.10 There is an option to mitigate the High Needs pressure in-year through the Government DSG grant mechanism that allows funding pressures to be rolled into future years as a 'deficit', provided they can be mitigated through planned cost reductions over a reasonable time-frame. However, as reported in the 2017-18 Financial Outturn and Rollover Report to Cabinet on 29<sup>th</sup> June 2018, this approach is considered by officers to be unrealisable, given both the scale and recurrent nature of these pressures and the timeline and measures to be put in place to deal with this. Instead it is proposed that the overspend is managed within the overall general fund in-year.
- 1.11 In line with the Council's reserves strategy set out in the budget report to Council on 14th February 2018, ring-fenced resources released from the proposed MRP (Minimum Revenue Provision) revision will be transferred from central budgets to reserves at each year end and their proposed use to take account of medium to longer term organisational flexibility and financial resilience requirements reviewed periodically. In light of the high needs issues highlighted in paragraphs 1.5 to 1.10 above, it is proposed that £5.0m of the £9.1m unallocated MRP budget will be used at this stage as an application of organisational flexibility to mitigate unfunded pressures in-year, with the balance of £4.1m transferring to financial resilience reserves. The service will consider any options for reducing costs through the remainder of the year and a strategic review of high needs will be factored into the forthcoming budget strategy update report.
- 1.12 There is a pressure of £1.2m within Child Protection and Family Support relating to External Residential Placements. Reviews of each placement have taken place within the service and there are plans to bring some children back into Kirklees when appropriate arrangements are in place. The service has also engaged with CCG (Clinical Commissioning Group) to ensure the health contribution is at the appropriate level. Work is underway to develop Early Intervention and Edge of Care processes which will hopefully impact on the future number of children and young people that need to be placed externally. However, this will be influenced by the availability of suitable in-house capacity and the wider development of a sufficiency strategy.
- 1.13 Within Adults and Health there is a forecast underspend of £1.9m owing to a lack of capacity in the Independent Sector Home Care market resulting in lower spend. In turn, this is anticipated to cause significant alternate spend on placements and short term packages.

- 1.14 There is an overspend on schools transport of £1.6m due volume pressures and the delayed implementation of savings rolled forwards from 2017-18. These savings are currently under review in terms of deliverability and timing. Also within Commercial Regulatory and Operational Services there is a £0.4m pressure relating to the loss of the West Yorkshire Driver Training Contract.
- 1.15 The Quarter 1 position does not include £2.8m additional resource and committed spend for Social Care Investment and Transformation. The funding is made up of £1.6m additional resource from the 100% business rates pilot plus £1.2m additional Adult Social Care (ASC) grant from government. There is a separate Social Care Funding Paper to Cabinet alongside this report setting out specific resource allocation recommendations for this additional funding. It is proposed that the £2.8m is placed into a reserve and drawn down over a two year period to match actual spend. These recommendations will be reflected in future corporate monitoring reports. It should be noted that whilst the ASC grant must be spent fully on Adult Social Care, there are no additional specific reporting requirements in year.
- 1.16 There has been further additional in-year investment including £542k restorative practice in Children's Services offset by grant (plus a further £180k rolled forward from 2017-18), £200k investment in the SENACT team (Special Educational Needs Assessment and Commissioning Team) in-year from Special Educational Needs Reform grant, and £200k for the GDPR (General Data Protection Regulations) team to be met from transformation reserves in-year. The required base budget adjustments for this investment will be picked up as part of the re-fresh for the 2019-20 budget round.

### **General Fund Reserves**

- 1.17 General fund reserves and balances are forecast to reduce through 2018-19 by £2.6m, from £88.8m at the start of the year, to £86.2m as at 31 March 2019. The forecast reduction consists of the net £1.0m earmarked reserves drawdown referred to at paragraph 1.2 above and the forecast overspend in year of £4.4m, partly offset by the creation of a new £2.8m social care reserve. The expectation is that the social care reserve will be drawn down over the 2018-20 period as appropriate to meet the expenditure commitments set out in the accompanying Social Care Funding paper to this Cabinet (paragraph 1.15).
- 1.18 The forecast £86.2m general fund reserves and balances at year end includes £9.8m relating to statutory schools reserves (which cannot be re-directed for non-school uses), leaving £7.2m general balances and £69.2m usable reserves. The forecast usable reserves level at 31<sup>st</sup> March 2019 is equivalent to 23.8% of the current year £291.2m (net) controllable revenue budget. Within usable reserves, £32.3m relate to earmarked reserves commitments with £36.9m financial resilience reserves remaining to mitigate against future budget and other unfunded risks.
- 1.19 The forecast general balances of £7.2m at year end includes an assumed £5.0m minimum balances requirement. The revenue rollover approved at Council on 11<sup>th</sup> July is reflected in the transfer of £1.6m from general balances to the rollover reserve in-year. This will be subject to a future report to Cabinet in due course with specific proposals for its use on place based public realm activity.

## Collection Fund

- 1.20 The Collection Fund accounts separately for council tax and business rates income and payments. At Quarter 1, both elements of the collection fund are projecting an in-year performance in line with budget for 2018-19.
- 1.21 Taking into account the opening balance and repayments to the general fund in year, this results in a forecast deficit of £1.2m at 31<sup>st</sup> March 2019 for council tax; equivalent to 0.7% of Kirklees annual council tax requirement, and a nil balance on business rates. See also the collection fund summary at Table 2 below. Note that forecasts tend to be relatively prudent at this point in the financial year and it is therefore anticipated that the collection fund may be brought back in balance overall by year end.

**Table 2 – Collection Fund Summary**

	<b>Council Tax £'000</b>	<b>Business Rates £'000</b>
(Surplus)/Deficit as at 1st April 2018	(2,321)	(4)
Re-payments to/(from) General fund in 18-19	3,500	-
In Year financial performance	-	-
(Surplus)/Deficit at 31st March 2019	1,179	(4)

- 1.22 The £1.6m additional resource from the 100% business rates pilot described at paragraph 1.15 does not feature in the table above as it is not accounted for through the collection fund. The £1.6m relates to business rates grants due to the Council over and above the amount budgeted for and will be reported through central budgets as additional income, subsequently realigned to the new social care reserve.

## Housing Revenue Account

- 1.23 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 deficit of £293k against an annual turnover of £91.2m in 2018-19; equivalent to just 0.3%. Estimated HRA reserves at 31 March 2018, net of set aside for business risks and a minimum working balance, is £47.8m.

## Capital

- 1.24 The Council's revised capital budget for 2018-19 is £123.9m. This includes the re-profiling of the existing plan over the 2018-23 period and the addition of 2017-18 rollover; both of which were approved through the 2017-18 Financial Outturn and Rollover report to Cabinet and Council in June and July respectively.
- 1.25 The forecast capital outturn at Quarter 1 is £105.3m. There is a projected underspend of £18.6m; equivalent to 15% of budget. This is summarised in Table 3 below and further details of the underspends shown in Appendix 6.

**Table 3 – Forecast Capital Outturn 2018-19 at Quarter 1**

<b>By Category</b>	<b>Revised Budget £000</b>	<b>Actuals to date £000</b>	<b>Annual forecast £000</b>	<b>Variance £000</b>
Strategic Priorities	31,202	2,453	22,867	(8,335)
Baseline	59,801	5,608	54,994	(4,807)
Risks & Pressures	1,000	0	0	(1,000)
<b>General Fund</b>	<b>92,003</b>	<b>8,061</b>	<b>77,861</b>	<b>(14,142)</b>
Strategic Priorities	13,459	53	9,208	(4,251)
Baseline	18,478	(131)	18,249	(229)
<b>Housing Revenue Account</b>	<b>31,937</b>	<b>(78)</b>	<b>27,457</b>	<b>(4,480)</b>
<b>Total</b>	<b>123,940</b>	<b>7,983</b>	<b>105,318</b>	<b>(18,622)</b>
Funding Slippage – Borrowing*	(14,822)	-	-	14,822
Funding Slippage – Grants*	(7,447)	-	-	7,447
<b>Overall Funding Requirement</b>	<b>101,671</b>	<b>7,983</b>	<b>105,318</b>	<b>3,647</b>

\* Relates to General Fund only

1.26 The 2018-19 budgeted funding requirement underpinning the Capital Plan includes a 'slippage' assumption of £22.2m (£7.4m Grants & £14.8m Corporate Borrowing), resulting in an assumed total funding requirement for the Capital Plan of £101.7m. Based on forecasted expenditure of £105.3m, this produces an adjusted variance at year end of +£3.6m against budgeted funding assumptions for the year as at Quarter 1.

1.27 Treasury management budgets are based on the overall budgeted funding requirement level of £101.6m and, as such, a pressure would be created on these budgets if the current forecast of £105.3m materialised at year end. It is anticipated that forecasts will adjust further in light of emerging intelligence during the year on the timing of external funding allocations being agreed and other possible slippage factors. The potential treasury management pressures would therefore be negated. Officers are continuing to work on reviewing the profiling and forecasts throughout the remainder of the year to produce a more realistic match and the outcome will be reflected in subsequent quarterly financial monitoring reports.

## **2. Information required to take a decision**

2.1 The Appendices accompanying this report provide a more detailed breakdown of the Quarter 1 financial monitoring position, as follows:

- i) Appendix 1 sets out by service area, the forecast general fund revenue outturn position in 2018-19;
- ii) Appendix 2 summarises the forecast general fund reserves and balances movements in-year,
- iii) Appendix 3 summarises the forecast HRA financial position including movements in HRA reserves in-year;
- iv) Appendix 4 highlights the more significant general fund and HRA forecast variances across service areas;

- v) Appendix 5 sets out in more detail the Quarter 1 capital monitoring forecast summary;
- vi) Appendix 6 sets out in more detail, reasons for the more significant forecast capital variances across strategic priority and baseline capital schemes.

### **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 1, 2018-19. 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 Current approved budget plans include a planned (net) saving requirement of £16.4m in 2018-19. Quarter 1 monitoring forecasts indicate the delivery in year of £14.2m net savings compared to planned savings; equivalent to 86% against target savings. There are also additional net forecasted unplanned pressures of £2.2m elsewhere; resulting in a total £4.4m projected overspend.
- 3.4 As noted at paragraph 1.11, it is proposed that £5.0m of the MRP (Minimum Revenue Provision) revision will be used to part offset the forecast high needs pressure at Quarter 1. The service will consider any options for reducing costs through the remainder of the year and strategic review of high needs will be factored into the forthcoming budget strategy update report
- 3.5 The remaining £4.4m overspend at Quarter 1 largely reflects timing/non-deliverability issues in relation to a number of in-year and 2017-18 planned savings. It is expected that a review of current savings deliverability and alternative options will be incorporated into the forthcoming 2019-23 budget strategy update report.
- 3.6 Notwithstanding the above, it is expected that Strategic Directors work to identify opportunities for spending plans to be collectively brought back in line within the Council's overall budget by year end.
- 3.7 The Council is continuing to work with its Transformation Business Partner to ensure robust financial governance, programme management, monitoring and review across a range of key activities. This includes deferred savings rolled forwards from 2017-18.
- 3.8 Overall, the general fund revenue Quarter 1 monitoring forecast suggests good progress is being made 'in-year' to manage spend within available budgets. However current budget plans include further target (net) savings proposals of £13m in 2019-20 which means that the Council needs to ensure that any underlying pressures potentially rolling forwards into 2019-20 will require corrective action in the current year, or early consideration of alternative proposals.

- 3.9 The financial resilience reserve forecast at £36.9m at year end, is directly impacted on by the Council's forecast position. The purpose of this reserve is in part 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 it is not a sustainable resource available to offset ongoing budget pressures. The upcoming budget strategy update report will set out proposals within the Council's reserves strategy to build and maintain financial resilience reserve levels in view of the uncertainty surrounding the national funding landscape post 2019-20.
- 3.10 The overall neutral Collection Fund financial performance reflected at Quarter 1 suggests robust budgetary assumptions in the 2018-19 budget at this stage and this will be noted as part of the 2019-23 budget update. There does, however, remain 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 £14.8m in 2018-19 against the approved capital plan.
- 3.12 Given the anticipated adjustments to capital forecasts over the remainder of the financial year, it is expected that outturn borrowing commitments will be in line with treasury management budget forecasts for the year (paragraph 1.27). Similarly, it is predicted that the outturn affordability indicator will be in line with the budget forecast at 5%.

#### **4. Consultees and their opinions**

This report has been prepared by the Acting 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 continuing 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 offset of the High Needs Pressure in-year with £5.0m MRP saving released back into the general fund;
- 7.2 note the Quarter 1 forecast £4.4m revenue monitoring overspend;
- 7.3 note the expectation that Strategic Directors work to identify opportunities for spending plans to be collectively brought back in line within the Council's overall budget by year end.



- 7.4 approve the proposal to place the additional £2.8m adult Social Care resources into a reserve and draw down against spend over a two year period;
- 7.5 note the forecast reduction in general fund reserves and balances in-year at £2.6m and year end position at £86.2m;
- 7.6 note the overall neutral in-year financial performance on the Collection Fund;
- 7.7 note the Quarter 1 forecast HRA deficit at £293k and forecast reserves position at year end at £47.8m;

**8. Contact Officer**

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**9. Background papers and History of Decisions**

Annual budget report 2018-20  
Annual outturn and rollover report 2017-18

**10. Service Director responsible**

Eamonn Croston, Acting Service Director for Finance, IT and Transactional Services  
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## Appendix 1

Corporate Revenue Budget Monitoring 2018/19 – Month 3								
	Year To Date			Annual				
Strategic Director portfolio responsibilities	Controllable Budget (Net)	Actuals	Variance	Controllable Budget (Net)	Planned use of reserves	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Child Protection & Family Support	15,245	14,428	(817)	58,569	-	58,569	59,607	1,038
Learning , Early Support & Schools	7,872	10,274	2,402	17,656	-	17,656	24,121	6,465
<b>Sub Total (Children &amp; families)</b>	23,117	24,702	1,585	76,225	-	76,225	83,728	7,503
Adults Social Care Operations	11,241	14,253	3,012	41,282	-	41,282	41,251	(31)
Policy, Intelligence & Public Health	5,742	6,108	366	(2,591)	898	(1,693)	(1,695)	(2)
Commissioning, Quality & Performance	12,468	15,154	2,686	56,490		56,490	56,734	244
Integration, Access & Community Plus	1,702	2,013	311	8,515	235	8,750	8,535	(215)
<b>Sub Total (Adults &amp; health)</b>	31,153	37,528	6,375	103,696	1,133	104,829	104,825	(4)
Economy, Regeneration & Culture	1,554	1,483	(71)	9,118	1,354	10,472	10,401	(71)
Commercial, Regulatory & Operational Services	1,946	2,816	870	31,165	(37)	31,128	33,295	2,167
<b>Sub Total (Economy &amp; Infrastructure)</b>	3,500	4,299	799	40,283	1,317	41,600	43,696	2,096
Finance & Transactional Services	21,057	20,931	(126)	19,353		19,353	19,229	(124)
Governance & Commissioning	519	595	76	1,930		1,930	2,007	77
Corporate Services	818	1,519	701	7,494	2,664	10,158	9,979	(179)
<b>Sub-Total (Corporate Services)</b>	22,394	23,045	651	28,777	2,664	31,441	31,215	(226)
Central Budgets	7,217	7,174	(43)	42,246	(4,100)	38,146	33,146	(5,000)
<b>General Fund Total</b>	87,381	96,748	9,367	291,227	1,014	292,241	296,610	4,369

## Appendix 2

General Fund Earmarked Reserves							
	As at 1st April 2018	Reserves supporting 2018-19 MTFP	Planned drawdown in-year	Planned contribution in-year	Unplanned use of Reserves (forecast overspend)	Earmarked Reserves Review	Forecasted Reserves Position as at 31st March 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Statutory (School Reserves)</b>	<b>(9,827)</b>	-	-	-	-	-	<b>(9,827)</b>
<b>Earmarked</b>							
Financial Resilience Reserves	<b>(37,146)</b>			<b>(4,100)</b>	<b>4,380</b>		<b>(36,866)</b>
<b>Earmarked (Other)</b>							
Workforce Restructure	(5,091)	-	-	-	-	-	(5,091)
Transformation	(4,944)	-	2,476	-	-	-	(2,468)
Rollover	(1,925)	-	1,088	-	-	(1,574)	(2,411)
Revenue Grants (various)	(10,615)	-	1,526	-	-	-	(9,089)
Trouble Families	(1,924)	-	-	-	-	-	(1,924)
Prepayment Reserve (PFI)	(3,055)	-	-	-	-	-	(3,055)
Insurance	(1,900)	-	-	-	-	-	(1,900)
Other	(2,905)	-	24	-	-	-	(2,881)
Ward Based Activity	(644)			-			(644)
Social Care Reserve	-					(2,800)	(2,800)
<b>Total - Other</b>	<b>(33,003)</b>	-	<b>5,114</b>	-	-	<b>(4,374)</b>	<b>(32,263)</b>
<b>Sub-total Earmarked/Usable Reserves</b>	<b>(70,149)</b>	-	<b>5,114</b>	<b>(4,100)</b>	<b>4,380</b>	<b>(4,374)</b>	<b>(69,129)</b>
<b>General Balances</b>	(8,807)					1,574	(7,233)
<b>Grand Total</b>	<b>(88,783)</b>	<b>0</b>	<b>5,114</b>	<b>(4,100)</b>	<b>4,380</b>	<b>(2,800)</b>	<b>(86,189)</b>

*\*minimum balances requirement of £5m*

## Housing Revenue Account 2018/19 – MONTH 3

	Year to Date			Annual		
	Controllable Budget (Net)	Actuals	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Repairs & Maintenance	7,601	6,516	(1,085)	22,800	22,806	6
Housing Management	11,107	11,192	85	34,344	33,942	(402)
Other Expenditure	466	591	125	28,289	28,384	95
<b>Total Expenditure</b>	<b>19,174</b>	<b>18,299</b>	<b>(875)</b>	<b>85,433</b>	<b>85,132</b>	<b>(301)</b>
<b>Rent &amp; Other Income</b>	<b>(22,937)</b>	<b>(20,943)</b>	<b>1,994</b>	<b>(91,747)</b>	<b>(91,153)</b>	<b>594</b>
Revenue Contribution to Capital Funding	0	0	0	6,314	6,314	0
Planned transfer to HRA Reserves	0	0	0	0	0	0
<b>Total</b>	<b>(3,763)</b>	<b>(2,644)</b>	<b>1,119</b>	<b>0</b>	<b>293</b>	<b>293</b>

## HRA RESERVES

	Balance as at 31 March 2018	Planned Transfers to Reserves	Other Approved Movements in Reserves	Balance at 31 March 2019
	£'000	£'000	£'000	£'000
Set aside for business risks	(4,000)	-	-	(4,000)
Forecast in Year Surplus/Deficit		-	293	293
Set aside to meet Investment needs (as per HRA Business Plan)	(54,858)	-	12,266	(42,592)
Workforce Restructure	-	-	-	-
Working balance	(1,500)	-	-	(1,500)
Planned transfer from HRA	-	-	-	-
<b>Total</b>	<b>(60,358)</b>	<b>0</b>	<b>12,559</b>	<b>(47,799)</b>

## Key Highlights – Child Protection & Family Support

## Appendix 4

Activity Level	Progress Against Planned Savings	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
External Residential Placements	% of Children placed outside Kirklees	6,134	136	1,173	Pressure on volume led External placements.
Various	Accelerated Progression/Turnover Savings	18,669	(591)	(378)	Slippage savings to date on substantive vacant posts /Turnover.
Various	Net volume placement savings/pressures linked to Outturn 17/18	18,828	(468)	196	Pressure on volume led placements including External / Internal Fostering, Leaving Care Supported Accommodation, Supported Lodgings, Special Guardianship, Child Arrangement, Adoption Orders. Pressure on volume led Internal Fostering placements.

## Key Highlights – Learning & Early Support & Schools

## Appendix 4 (continued)

Activity Level	Progress Against Planned Savings	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
High Needs	Independent Schools Fees	2,513	1,356	3,700	Service pressure on placement costs
High Needs	FE High Needs	800	659	1,600	Payments to Kirklees College
High Needs	Schools High Needs Top-Up funding	20,600	350	1,400	Top up funding to Schools
High Needs	<u>Less anticipated increase to High Needs DSG Funding</u>			(300)	

## Key Highlights – Adults Social Care Operation

## Appendix 4 (continued)

Activity Level	Progress Against Planned Savings	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Self-Directed Support - OP	Reduced spend on independent sector home care & Apply proportional spend on direct payments & Review taskforce.	3,028	432	(1,266)	Lack of capacity in the independent Sector Home Care market is resulting in lower spend, and is anticipated to result in alternate spend on placements/short term packages and direct payments.
Self-Directed Support - PD	Reduced spend on independent sector home care & Apply proportional spend on direct payments	7,555	1,481	(672)	Lack of capacity in the Independent Sector Home Care market is resulting in lower spend, and is anticipated to result in alternate spend on placements/short-term packages, and direct payments. Spend on Physical Disabilities direct payments below budgeted level.
Independent Sector – OP	Reduction of OP Placements	17,392	784	2,082	Lack of capacity in the Independent Sector Home Care market is resulting in alternate spend on placements/short-term packages. Nursing costs are higher than anticipated.

## Key Highlights – Commissioning, Quality &amp; Performance

Activity Level	Progress Against Planned Savings	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Supporting People		4,130	4,011	545	Workstream in progress – overspend due to timing delay/slippage. Expected to reach required level for the following year.
Self-Directed Support - LD	Apply proportional spend on direct payments	14,277	2,162	(1,399)	Lower activity and costs than anticipated. Higher contribution levels than anticipated.
Self-Directed Support – MH	Apply proportional spend on direct payments	1,137	11	(327)	Lower activity and costs than anticipated.
Independent Sector Residential & Nursing- LD	Reduction of LD Placements	18,641	(747)	774	Higher residential activity and higher nursing costs than anticipated.
Independent Sector Residential & Nursing- MH	Reduction of MH Placements	4,054	390	697	Higher residential costs than anticipated.

## Key Highlights – Commercial, Regulatory &amp; Operational Services

Activity Level	Progress Against Planned Savings	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Schools Transport	Combined Authority working	2,528	279	1,582	Slippage in planned saving and higher than budgeted volumes
Driver Training		(583)	400	400	Kirklees no longer have the contract to deliver the driver training courses on behalf of West Yorkshire Police.



	Revised Budget	Forecast	Variance	Variance
	£'000	£'000	£'000	%
<b>General Fund</b>				
Strategic Priorities				
Learning & Early Support	11,126	10,141	(985)	(9)
Economy Regeneration & Culture	19,076	11,726	(7,350)	(39)
Adults	1,000	1,000	0	0
<b>Strategic Priorities Total</b>	<b>31,202</b>	<b>22,867</b>	<b>(8,335)</b>	<b>(27)</b>
Baseline				
Learning & Early Support	10,343	8,086	(2,257)	(22)
Adults Social Care Operation	300	300	(0)	(0)
Economy Regeneration & Culture	17,961	15,659	(2,302)	(13)
Commercial Regulatory & Operational	28,123	27,918	(205)	(0)
Office of the Chief Executive	282	239	(43)	(15)
Finance & Transactional Service	2,792	2,792	(0)	(0)
<b>Baseline Total</b>	<b>59,801</b>	<b>54,995</b>	<b>(4,807)</b>	<b>(8)</b>
<b>Risks &amp; Pressures</b>	<b>1,000</b>	<b>0</b>	<b>(1,000)</b>	<b>(100)</b>
<b>GENERAL FUND TOTAL</b>	<b>92,003</b>	<b>77,861</b>	<b>(14,142)</b>	<b>(15)</b>
<b>Housing Revenue Account</b>				
Strategic Priorities	13,459	9,208	(4,251)	(32)
Baseline	18,478	18,249	(229)	(1)
<b>HOUSING REVENUE ACCOUNT TOTAL</b>	<b>31,937</b>	<b>27,457</b>	<b>(4,480)</b>	<b>(14)</b>
<b>OVERALL COUNCIL TOTAL</b>	<b>123,940</b>	<b>105,318</b>	<b>(18,622)</b>	<b>(15)</b>
Financing Slippage – Borrowing*	(14,822)	-	14,822	
Financing Slippage – Grants*	(7,447)	-	7,447	
<b>TOTAL FUNDING REQUIREMENT</b>	<b>101,671</b>	<b>105,318</b>	<b>3,647</b>	<b>4</b>

\*relates to General Fund only

## Capital Monitoring Key Highlights – Strategic Priorities

## Appendix 6

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
<b>Kirklees College Loan</b>	6,000	(6,000)	No further utilisation of the revolving credit facility anticipated.
<b>Learning &amp; Support (New Pupil Places)</b>	11,125	(984)	The build for Brambles Primary Academy (the New North primary school) will not start until late 2018/19 due to complex site issues.
<b>HD One</b>	1,000	(750)	The HD One Development start date for the John Smith's Stadium site, has been put back and is now not due on site until May 2019. 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.
<b>Local Growth Fund</b>	550	(450)	Monies provided by West Yorkshire Combined Authority (WYCA) to cover works at three agreed sites. Anticipated to spend only £100k this year on existing agreed sites.
<b>Strategic Priorities Total</b>	<b>18,675</b>	<b>(8,184)</b>	

## Capital Monitoring Key Highlights – Baseline

## Appendix 6 (continued)

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
<b>Learning &amp; Early Support</b>			
Basic Need	835	(504)	The projected underspend in the Basic Need 18/19 programme will be required to fund the rolling programme of Basic Need future pressures including secondary places for the Year 7 peak in 2019/20.
One-Off Initiatives	3,769	(1,159)	Mainly due to underspend on Section 106 contributions at-£595k. Also, underspend of -£302k for Special Educational Needs (SEN). This funding is the first year of a three year grant, construction works will not start until 2019/20, only professional fees will be incurred this financial year
<b>Learning &amp; Early Support Total</b>	<b>4,604</b>	<b>(1,663)</b>	
<b>Economy &amp; Regeneration</b>			
Housing Private Sector	6,082	(1,960)	Due to underspend on Section 106 contributions of £969k and slippage on capital allowances budget for Large Housing Sites Scheme £991k.
KAL Self-financed	3,456	(342)	Minor slippage due to timing of refurbishment of changing facilities at Dewsbury sports centre.
<b>Economy &amp; Regeneration Total</b>	<b>9,538</b>	<b>(2,302)</b>	

## Capital Monitoring Key Highlights – Baseline

## Appendix 6 (continued)

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
<b>Commercial Regulatory &amp; Operational</b>			
Corporate Landlord	5,665	(205)	Minor variations across Corporate Landlord capital activity.
<b>Commercial Regulatory &amp; Op Total</b>	<b>5,665</b>	<b>(205)</b>	

## Capital Monitoring Key Highlights – Risks & Pressures

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
<b>Risks &amp; Pressures</b>	1,000	(1,000)	No anticipated commitment at this stage against these resources.

## Capital Monitoring Key Highlights – Housing Revenue Account

Appendix 6 (continued)

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
<b>HRA Strategic Priorities</b>			
New Build – Phase 4	4,111	(4,111)	Underspend reflects re-phase of anticipated timing of delivery of scheme.
Remodelling / High Rise	2,000	(140)	Reflects anticipated spend profile
<b>HRA Strategic Priorities Total</b>	<b>6,111</b>	<b>(4,251)</b>	
<b>HRA Baseline</b>			
Adaptations	2,739	(229)	This is a demand driven budget and variance reflects anticipated expenditure for 18/19
<b>HRA Baseline Total</b>	<b>2,739</b>	<b>(229)</b>	