Name of meeting: **Cabinet**

Date: **1st September 2020**

Title of report: **Corporate Financial Monitoring Report, Quarter 1, 2020/21**

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), 2020/21.

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 **Is it also signed off by the Service Director for Finance?** **Is it also signed off by the Service Director – Legal, Governance & Commissioning?**	**Rachel Spencer-Henshall – 20 August 2020** **Eamonn Croston – 17 August 2020** **Julie Muscroft – 21 August 2020**
Cabinet member portfolio - Corporate	**Give name of Portfolio Holders** **Cllr Graham Turner**

Electoral wards affected: None Ward
Councillors Consulted: None

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

1. Summary

1.1 General Fund

1.1.1 The Council's revised General Fund controllable (net) revenue budget for 2020/21 is **£305.4m**. The budget includes planned (net) revenue savings in-year of £2.8m.

1.1.2 The revised budget includes a number of planned transfers from reserves during the year, with the most significant being £1.3m from the revenue grants reserve, £0.8m from the Public Health reserve and £0.6m from the Strategic Investment Support reserve.

1.1.3 There is a forecast overspend of £7.7m against the £305.4m revised budget at Quarter 1; equivalent to 2.5%. This represents the following:

i) forecast £4.64m unfunded pressures relating to COVID 19;

ii) forecast £3.04m net pressures elsewhere.

1.1.4 It is acknowledged that at Quarter 1, the 2020/21 financial forecasts and underlying assumptions are subject to some degree of volatility. National and local measures to manage the spread of COVID infection in parallel to the national and local recovery plan are under constant review, and emerging intelligence will be factored into subsequent monitoring projections. In conjunction with continuing Government support, the Council's Executive Team will continue to enact a range of management actions as appropriate to support the local recovery effort within the parameters of public health protection and guidance and aim to deliver a break even position as far as possible by year end.

1.1.5 The forecast revenue outturn as at Quarter 1, including estimated COVID 19 impacts, is shown at Appendix 1 and summarised in Table 1 below. Headline variances are described in more detail in sections 1.3 to 1.7 of this report.

Table 1 - Overview of 2020/21 general fund forecast revenue outturn position as at Quarter 1

	Revised Budget	Outturn Forecast	Variance	Variance made up of:		
				COVID Costs	COVID Income Losses	Other
	£000	£000	£000	£000	£000	£000
Children & Families	77,644	82,057	4,413	2,655	220	1,528
Adults & Health	109,879	126,149	16,270	16,047	487	(264)
Economy & Infrastructure	45,290	58,221	12,931	2,709	9,752	470
Corporate Strategy, Commissioning & Public Health	32,376	38,404	6,028	5,133	992	(97)
Central Budgets	40,194	41,594	1,400	-	-	1,400
General Fund Total	**305,383**	**346,425**	**41,042**	**26,554**	**11,451**	**3,037**
COVID Support Grant Offset		**(27,090)**	**(27,090)**	**(26,554)**	**(536)**	**-**
COVID Income Loss Compensation		**(6,280)**	**(6,280)**		**(6,280)**	**-**
Revised General Fund Total	**305,383**	**313,055**	**7,672**	**-**	**4,635**	**3,037**

1.2 COVID 19

1.2.1 The Council has responded rapidly and effectively to the COVID 19 crisis. It has put in place an organisational wide range of measures in collaboration with key partners, taking on board Government direction to spend 'whatever it takes' in priority areas to support and protect the borough's most vulnerable residents, and support the national effort to protect the NHS and businesses. A report was taken to Cabinet on 21 May 2020 outlining Kirklees' response to the pandemic in more detail, alongside an early review of the financial impacts of COVID 19. The report can be found on the link below:

Agenda COVID 19 Impact on Council Finances

1.2.2 The actions set out in the above report, alongside other financial implications from Government social distancing measures, are having a significant and ongoing impact on the Council's finances and Government funding contributions to date acknowledge this. This Council, working with the Local Government Association (LGA), Special Interest Group of Metropolitan Authorities (SIGOMA) and other sectoral and stakeholder lobbying will continue to work with Government to ensure the Council is appropriately compensated for COVID related pressures.

1.2.3 The financial forecast at Quarter 1 includes officers' best estimates of future spend and income losses likely to materialise from the ongoing COVID emergency in 2020/21. It is acknowledged that the forecasts are somewhat fluid at this time and will remain thus over the coming months; informed short term by transitional arrangements from Government on the emerging national recovery plan, and medium term in light of more structural impacts and subsequent national Government policy informing the 2020 Spending Review in Autumn, which will set out public expenditure intent for 2021/22.

1.2.4 Full year forecasts include estimated general fund COVID impacts of £38.0m, before funding offsets, as at Quarter 1; £26.6m additional spend and £11.4m of lost income. There are also significant impacts on the collection fund, with projected income losses in-year in excess of £16m across Council Tax and Business Rates as described in section 1.9 below. Further details of assumed additional spend and lost income attributable to COVID 19 are outlined in sections 1.3 to 1.6 below and also summarised in Appendices 1 and 2 to this report.

1.2.5 Government has allocated some £3.7 billion un-ringfenced COVID-19 funding to date to the local government sector nationally. The Council's share of this is £28.2m, allocated in three tranches of £12.2m, £12.1m and £3.9m respectively. As reported in the 2019/20 Financial Outturn and Rollover report to Cabinet on 28th July 2020, tranche 1 of the un-ringfenced grant funding was received in March 2020 and was used to cover £1.1m of COVID pressures in the 2019/20 financial year. The remaining £11.1m was transferred to a COVID Response Reserve at year end to be drawn down against pressures in 2020/21.

1.2.6 The funding from tranches 2 and 3, totalling £16.0m, will be transferred to reserves in-year to give a revised balance of £27.1m on the COVID Response Reserve. At Quarter 1, this is assumed to be fully drawn down in 2020/21 to offset the £26.6m estimated COVID spend; with the residual £0.5m of funding allocated towards reducing the balance of uncompensated income losses.

1.2.7 In July 2020, the Government announced a support package for income losses from sales, fees and charges (SFCs) "as part of a comprehensive plan to ensure councils' financial sustainability for the future". Council's will receive funding for 75% of these income losses but only where they exceed 5% of the overall SFCs budgeted by the authority. It is unclear at this stage as to whether the budgeted figure relates only to those income streams affected by COVID 19, or whether it includes all SFCs. For the purposes of monitoring, and until further clarification is received, the calculation of income compensation will be based on the more prudent baseline of total budgeted SFCs, excluding Adult Social Care (ASC) fees and charges. If Government confirm that ASC fees and charges budgets should be included in the baseline 5% calculation, a further £1.2m pressure would be added to the Council's overall bottom line position. The appropriate treatment needs clarifying when further detail of the scheme is released.

1.2.8 As at Quarter 1, there are forecast income losses of £11.4m due to COVID 19; £11.0m of which relate to SFCs and £0.4m to commercial income (Commercial Property rents). It is estimated that, based on the methodology outlined above, approximately £2.6m of the SFC losses will be below the 5% threshold for compensation. This leaves £8.4m of SFC losses to be compensated at the rate of 75p in the £1; equivalent to £6.3m. The remaining income losses of £5.1m (£4.7m relating to SFC and £0.4m commercial income losses) are therefore effectively unfunded in 2020/21, with the exception of the application of £0.5m un-ringfenced grant funding as described in paragraph 1.2.6 above. These assumptions are included in the overall forecast financial position at Quarter 1, as illustrated in Appendix 1.

1.2.9 Alongside the funding measures outlined above, there have been various further funding announcements made by Government, covering specific aspects of the national response to the pandemic. These include grant streams to local authorities such as the Infection Control Fund to support adult social care providers to reduce the rate of COVID 19 transmission; Kirklees allocation £3.5m, and Test and Trace funding to enable councils to develop and action plans to reduce the spread of the virus in their area; Kirklees allocation £2.4m. It should be noted that at Quarter 1, all spend relating to such funding streams is assumed to be fully funded in-year and as such, is not included within the £28.3m COVID 19 costs described above. A full list of Government funding allocations for COVID 19 are listed at Appendix 11 together with Kirklees' allocation where known.

1.2.10 There have also been numerous financial support measures put in place by Government to support businesses through the COVID 19 crisis. Kirklees has implemented a number of national measures locally for 2020/21 including an extension of 100% business rate reliefs for all businesses with a rateable value of up to £51k, and for specific businesses in retail, hospitality and leisure above £51k rateable value. The Council has also administered the Government grant schemes put in place to support eligible businesses with their business costs during the pandemic; processing grant payments to businesses on the Government's behalf. To date there have been approximately 8,400 grant payments to businesses; totalling £94.1m, and a further 138 discretionary grant payments at a sum of £550k.

1.2.11 Similar measures have been taken for individuals, with the introduction of additional council tax reliefs provided to recipients of working age Local Council Tax Support (LCTS) schemes during the COVID 19 emergency; see also paragraph 1.9.2. Funding for this is through a national £500m Hardship Fund; of which Kirklees' allocation is £5.0m. This funding can also be used to support economically vulnerable households through local welfare provision.

1.2.12 On 1st May 2020 Cabinet noted and endorsed the decisions taken by the Chief Executive under Emergency Powers for the period from 16 March 2020, including the decision to allocate £1m of the Council's £5.0m Hardship Funding to Local welfare provision. On 10th July, Government announced Supplementary Hardship Funding of £551k for Kirklees (£63m nationally) to support people who are struggling to afford food and other essentials due to COVID 19. It is proposed that this funding is used alongside the £1m allocated from the initial Hardship Fund allocation to deliver appropriate interventions to those in greatest need, through the existing Kirklees Local Welfare Provision Scheme. Officers are working in conjunction with partners to explore the most appropriate mechanisms of delivering this support to the Council's most economically vulnerable residents.

1.3 Children & Families

Learning – High Needs

1.3.1 The National Fair Funding (NFF) regime was implemented by Government from 2018/19. The High Needs block under the new NFF acknowledges the level of previous under-funding, and Government intention was to increase Kirklees' annual allocation by £7m in comparison to the 2017/18 baseline. Due to transitional arrangements, this was to be phased over a 7 year period, at about £1m per annum. This phasing was reflected in existing budget plans.

1.3.2 The Council has reported extensively on the fact that since the 2014 Children and Families Act was implemented, there has been a significant rise in the number of Education Health & Care Plans (EHCPs) within Kirklees. The total number of EHCPs within Kirklees now stands at over 3,300; an increase of over 50% from comparable figures in 2015. The rising demand and cost pressures show no sign of slowing down, both locally and nationally, with continued growth of EHCP numbers expected in future years.

1.3.3 For Kirklees, there is a significant and increasing funding pressure against the High Needs block of the Dedicated Schools Grant; to the extent that the Council's general fund has supported unfunded DSG pressures at £4.4m in 2017/18 and £8m in 2018/19. There was a further overspend of £12.9m in 2019/20 (equivalent to 34.85% of the High Needs funding allocation) which was transferred to the balance sheet in full at year-end, as a funding deficit against DSG. This reflected updated Government guidance for the treatment of High Needs overspends from 2019/20 onwards. A link to the guidance is included below:

Pre-16 schools funding: local authority guidance for 2021 to 2022 - GOV.UK

1.3.4 Government has acknowledged the extent of current and growing spend pressures on high needs through the 2019/20 Spending Round (SR2019) announcement in September 2019, which included £700m additional funding for high needs in 2020/21. This was subsequently confirmed through the Local Government Finance Settlement with the Council's share at £6.1m for 2020/21. This includes the minimum £1m annual uplift for Kirklees as part of transitional arrangements to mitigate the £7m baseline 2018/19 under-funding (see also paragraph 1.3.1 above).

1.3.5 The 2020/21 Dedicated Schools Grant (DSG) High Needs funding allocation for Kirklees is £43.1m, inclusive of the £6.1m additional funding noted above. At Quarter 1, the forecast in-year pressure on High Needs spend in excess of the DSG funding allocation is £7.6m (equivalent to 17.63%). As per the updated Government guidance referenced in paragraph 1.3.3 above, this spending pressure will be transferred to Kirklees' balance sheet at year end, thereby increasing the DSG Deficit to an estimated £19.8m by 31 March 2021. This is illustrated in Appendix 3.

1.3.6 In anticipation of Government confirmation of its consultation on treatment of DSG deficits, the 2020-23 Annual Budget Report included proposals to create a demand reserve to mitigate the impact and volatility of a range of potential demand risks on statutorily provided service activity going forwards. As reported in the Financial Outturn and Rollover report to Cabinet on 28 July 2020, the Demand Reserve had a balance of £11.7m as at 31 March 2020. A further transfer of £4m into this reserve was approved as part of the 2020-23 Budget Report to Cabinet and Council in January and February 2020 respectively, giving a revised opening balance of £15.7m on 1 April 2020.

1.3.7 Indicative Dedicated Schools Grant allocations for 2021/22 were released by the Government in July 2020. The published figures suggest that Kirklees will see a significant increase in High Needs Block funding for 2021/22, with an indicative allocation of £48.7m; an increase of £5.6m on the 2020/21 figure. This represents the maximum increase of 12% per head of population. Final allocations will be confirmed in December and will include any relevant adjustments for pupil numbers. The indicative allocation figures also include a revised High Needs Block National Funding Formula outcome for Kirklees of £55.2m; indicating a further potential gain of £6.5m. It is assumed that the £6.5m increase will apply to 2022/23 (year 3 of the original CSR2019 three year settlement announcement for schools), although this has not yet been confirmed by Government.

1.3.8 High Needs remains an area of significant and growing pressure on Council budgets nationally and locally, and officers will continue to review and update current and future year forecasts informed by national and local intelligence. It is anticipated that medium term, growth pressures may be mitigated at least in part through other measures, with the Council currently working on the implementation of a ten point action plan with key educational partners across the district. The approved capital budget plans for 2019-25 also include £25m to support increased District high needs specialist placement sufficiency.

1.3.9 It is the Council's intention to engage early with the DfE, Schools Forum and other key stakeholders, using the framework of the updated operational guidance on schools funding 2020/21, to consider options to manage down the accumulated DSG deficit over time.

Learning and Early Support

1.3.10 Currently there are 311 children with Education Health and Care Plans (EHCP's) using Post 16 Home to School Transport; a significant increase of 114 from the previous year. The increase in the number of pupils with requiring transport is reflected in a forecast pressure of £0.5m on Post -16 Home to School Transport.

1.3.11 This pressure also links in to other school transport pressures highlighted in paragraph 1.5.1 further below, and the Council is currently exploring a range of alternate approaches, working with pupils, parents, schools sector and providers, to deliver more innovative and tailored transport options while reducing overall cost pressures. An additional £1.1m was built into base budgets going forwards as part of the 2020-23 Annual Budget Report to address the estimated residual ongoing pressure in this area, with £550k allocated to Post-16 budgets and the remaining £550k allocated to Schools Transport budgets within Environment. A further review of the baseline will be undertaken as part of the Council's Budget Update in Autumn 2020.

1.3.12 The increased number of approved applications for funding support from Special Educational Needs and Disability Inclusion Fund (SENDIF) has resulted in a forecast overspend of £0.5m. The fund primarily supports 2-4 year olds with special educational needs who attend a Private Voluntary and Independent (PVI) or mainstream school nursery setting. Numbers of children accessing the fund increased from 299 to 406 during 2019/20 and estimates are that this growth will continue in the current year alongside a growth in complexity of need. The service has strengthened the resources in the Early Years SEN Inclusion Team and are providing training to nursery settings to upskill their workforce so that they can meet the needs of the children rather than having to access SENDIF. This is intended to help mitigate pressures on this budget going forward.

Child Protection and Family Support

1.3.13 Within the External Residential Placements and Independent Fostering Placement budgets there is a pressure of £1.5m relating to increased numbers of Looked after Children (LAC). As at Quarter 1, LAC numbers were 689; an increase of 63, or 10%, since March 2019. Work is ongoing within the service to address these pressures by looking to safely move children to less costly placements whilst continuing to achieve successful outcomes. This pressure is offset by savings of £0.4m on employee budgets across the service.

Resources, Improvement and Partnerships

1.3.14 Within Resources, Improvement and Partnerships there is an underspend of £0.4m. This has arisen due to a combination of savings on supplies and services, underspends on demand led budgets (Internal Foster Carers) and employee savings across the service.

COVID 19 Impacts – Children and Families

1.3.15 Within Children and Families there is forecast additional spend of £2.7m due to COVID 19; £2.2m of which relates to Child Protection and Family Support. In the main this is made up of £0.5m external residential costs, including delayed moves for children who have turned 18 and have been unable to move out, £0.4m for similar delayed moves in supported accommodation/supported lodgings, £0.3m costs for extended and emergency foster placements and £0.3m for the development of a new out of hours service to deal with placement issues during the pandemic. There is also a £0.4m cost pressure associated with Crescent Dale, which has been used as an additional Children's residential home to cope with additional demands due to COVID 19.

1.3.16 There are also forecast COVID 19 spend pressures of £0.5m within Learning and Early Support; largely £0.2m increased costs in the Youth Offending Team due to the deferral of trial dates and £0.2m payments to schools, third party providers and voluntary groups to ensure vulnerable children have access to healthy food and activities during the holidays.

1.3.17 There are forecast losses within Learning and Early Support of £0.2m on Attendance Penalty Notice income. No income has been received to date, primarily due to schools being closed, and this forecast will remain fluid pending subsequent plans for schools re-opening.

1.4 Adults and Health

1.4.1 The overall projected position for Adults is an underspend of £0.3m. Within this, there are notable variances across key demand-led headings, with some elements offsetting others. Within Independent Sector Home Care there is a £2.5m overspend; due to capacity measures implemented last year to support providers, and also a shift in market patterns as a result of COVID 19. The level of weekly hours provision of home care (and therefore cost) has risen significantly since October (when the measures were put in place), and also since March of this year as the pandemic took hold. There is also a projected overspend seen on Self Directed Support of £0.3m, mainly in relation to Learning Disability clients.

1.4.2 There is an underspend projected on Independent Sector Residential & Nursing placements of £3.2m, predominantly around the Older People cohort. Again, this is due to shifting patterns in the market, and the impact of the pandemic. Note that this underspend is offset by the homecare overspend (see paragraph above), with the latter including the funding of individuals who would otherwise have moved into residential care. Note also that these figures do not reflect the costs of other provider support measures implemented in response to COVID 19. The Council is currently engaging with Care Providers on the response to the current issues being seen.

1.4.3 There is also a projected overspend seen on employee costs of £0.1m. This is markedly lower than the variance seen last year, and is a result of continuing programme work around understanding demand and growth predictions, levels of productivity and the workforce shape required to best deliver pathways.

1.4.4 In the 2019 Spending review, Government announced an overall national increase in social care funding of £1.5bn in 2020/21. Of this, £1bn funding was been allocated to Councils as a specific Social Care grant in 2020/21, with Kirklees' share at £7.8m. This funding was factored into baseline budgets in the 2020-23 Annual budget Report to Cabinet and Council alongside other specific adult social care grants such as Winter Pressures and the Improved Better Care Fund (iBCF).

COVID 19 Impacts – Adults and Health

1.4.5 The pandemic has had a significant impact on the Social Care market, as evidenced by some of the variances listed above. Adult social care providers have seen significant operational and financial pressures, including additional vacancies arising in care homes, additional costs of providing services in the context of COVID 19, impacts on cash flow, and uncertainty within the market. Such challenges have been well documented locally, regionally and nationally.

1.4.6 Officers have been working closely with the 2 Kirklees CCGs to establish a programme of practical support to social care providers, particularly care home providers. This is detailed further in Appendix 10.

1.4.7 Key elements of the support are a 5% premium paid to care home providers (estimated cost £1.7m) in addition to the business as usual % uplifts that were applied for the new financial year. The package of support also includes a partial payment for vacancies arising in care homes from 19th March, and support for costs beyond the care home beds purchased by the Council. The latter two elements have an estimated combined cost of up to c£3.7m. Payments have also been made to care homes to cover the 3 days after death of a resident. A programme has also been undertaken with the 2 CCG's to support hospital avoidance and early hospital discharge. Based on funding arrangements, this could potentially see significant spend for the support arrangements required.

1.4.8 Arrangements have also been made to support domiciliary care/Extra Care/Supported Living providers. This has involved payment on planned rather than actuals, with the first 6 months of the year estimated at £0.5m. Alongside this there has also been specific, targeted support for providers.

1.5 Economy and Infrastructure

Environment

1.5.1 Within Environment there is a projected overspend of £1.2m on Schools Transport; in the main linked to special educational needs demand (links also to the Learning - High Needs Section 1.2 of the report earlier). An additional £550k was built into Environment base budgets going forwards as part of the 2020-23 Annual Budget report, as noted in paragraph 1.3.11, and a further review of this baseline will be undertaken as part of the Council's Budget Update in the Autumn. There is also a £0.3m short-term pressure in Bereavement due to an income shortfall projection relating to the Cremator Replacement project.

COVID 19 Impacts – Economy and Infrastructure

1.5.2 At Quarter 1, the most significant variances within Economy and Infrastructure relate to the projected impacts of COVID 19, with a total full year estimated pressure of £12.5m across both spend and income budgets.

1.5.3 COVID 19 related spend pressures are estimated to be £2.7m; £2.2m of which are sat within Environment. These include additional spends of £0.5m on Waste services associated with traffic management at household waste sites and additional vehicles and hired staff for collections, £0.4m for cremator works and temporary mortuary facilities, £0.3m on Personal Protective Equipment (PPE) and £0.3m on School Catering, including the provision of 'grab bags' for pupils during school closures. There is also a further £0.3m pressure estimated within Schools Transport, linked in the main to the potential impact of social distancing measures going forwards. This is in addition to the overspends already noted in paragraphs 1.3.9 and 1.5.1 above, linked to special educational needs demand. Within Growth and Housing there is also a forecast additional spend of £0.5m for temporary accommodation facilities provided during the pandemic.

1.5.4 There are substantial projected income losses of £9.8m across Economy and Infrastructure; the most significant being £3.5m on Catering due to school closures and £2.4m on Parking Fees and Fines, largely as a result of national lockdown measures on non-essential businesses and home working as a result of social distancing. Other losses include an estimated £1m on Trade Waste and £0.4m on Commercial Properties. Detail of further projected income losses as at Quarter 1 can be found at Appendix 2b.

1.6 Corporate Strategy, Commissioning and Public Health

COVID 19 Impacts – Corporate Strategy, Commissioning & Public Health

1.6.1 There is forecast additional spend of £5.1m within Corporate Strategy, Commissioning and Public Health relating to COVID 19. This largely reflects an estimated £4m payment to Kirklees Active Leisure (KAL) to address the net revenue losses incurred as a result of enforced closure of leisure centres during the pandemic.

1.6.2 It should be noted that the income compensation scheme outlined in paragraph 1.2.7 will compensate for COVID related losses from leisure services whereby a council has budgeted to collect income from leisure centres either through direct customer charges, where they are council owned, or through a planned management fee, where there is an arms-length relationship. However, the income compensation scheme does not cover other Council/provider arrangements such as KAL Leisure Trust. At Quarter 1 it is assumed that the full £4m estimated payment to KAL will be covered instead by the un-ringfenced COVID Support grant.

1.6.3 Within Finance, there is a forecast £0.9m income loss on Welfare and Exchequer due to temporary suspension of recovery action for non-payment and the suspense of court hearings during the pandemic.

1.7 Central Budgets

1.7.1 There is a forecast overspend of £1.4m in Central Budgets relating to the current 2020/21 employer pay offer of 2.75%. This is subject to confirmation. Approved Central Budgets for 2020/21 include pay inflation at 2%.

1.8 General Fund Reserves

1.8.1 The reserves position at Appendix 3 reflects the Council's reserves strategy and approach reported and approved at Budget Council on 12 February 2020 and since reaffirmed in the Financial Outturn and Rollover report to Cabinet on 28th July.

1.8.2 General fund reserves and balances are estimated to reduce through 2020/21 by £29.5m; from £115.7m at the start of the year to £86.2m as at 31 March 2021. The movement includes the Quarter 1 forecast overspend of £7.7m and the estimated High Needs overspend of £7.6m, together with planned drawdowns in the year of £3.1m; the most significant being £1.3m from the revenue grants reserve, £0.8m from the Public Health reserve and £0.6m from the Strategic Investment Support reserve. The remaining £11.1m reduction reflects the net movement on the COVID 19 Response reserve; namely the addition of tranche 2 and 3 COVID Support funding totalling £16.0m, and the drawdown of the full £27.1m to offset the additional pressures attributable to the pandemic, as noted in section 1.2 earlier.

1.8.3 The forecast reserves level as at 31st March 2021 includes £10.0m relating to statutory schools reserves (which cannot be re-directed for non-school uses) and £0.3m ringfenced Public Health reserves. This leaves forecast usable reserves of £75.9m; equivalent to 25.1% of the original 2020/21 net revenue budget of £302.3m. If the estimated £19.8m DSG deficit referred to in paragraph 1.3.5 is removed from this calculation, then the useable reserves level is adjusted to £95.7m, or 31.7%. For comparator purposes, the median percentage across the 26 metropolitan Councils on this particular indicator was 35% as at 31 March 2019.

1.8.4 The significance of this indicator is that it features as part of CIPFA's suite of 'financial resilience' performance indicators being developed to support officers, members and other stakeholders as an independent and objective suite of indicators that measure the relative financial sustainability and resilience of Councils, given extensive and ongoing national coverage and concern about financial sustainability across the local government sector.

1.8.5 Forecast financial resilience reserves as at 31st March 2021 are £29.5m, net of the forecast Quarter 1 overspend. This is currently below the minimum £37m requirement recommendation by the Chief Financial Officer at least to the start of 2021/22, as set out in the 2020-23 Annual Budget Report. It is expected however, that the Council's Executive Team will continue to enact a range of management actions as appropriate to support the local recovery effort within the parameters of public health protection and guidance and, with continuing Government support, will aim to deliver a break even position as far as possible by year end. This would enable financial resilience reserves to be maintained at the 2020/21 opening balance of £37.1m.

1.8.6 Regular monitoring and review of corporate reserves will continue to be undertaken as part of the standard monitoring cycle through the remainder of the financial year. The broader MTFP review will also include a more fundamental re-assessment of reserves transfers previously approved as part of the 2020-23 budget, in light of the forecast ongoing impact of COVID related pressures into 2021/22.

1.9 Collection Fund

1.9.1 The Collection Fund accounts separately for council tax and business rates income and payments. At Quarter 1, there is a projected in year deficit of £16.1m; £6.4m with respect to Council Tax and £9.7m from Business Rates.

1.9.2 The projected £6.4m in-year deficit from council tax reflects a forecast 96.6% achievement against planned income of £190.0m. This assumes the application of Kirklees' share of £4.0m Hardship Funding to offset additional discounts applied to current working age recipients of Local Council Tax Support (LCTS); see also paragraph 1.2.12. As at Quarter 1, there have been in the region of 2,500 such recipients; or 10% of the total current working age LCTS caseload. The in-year deficit also includes a forecasted slowdown of housing growth compared to budgeted assumptions, as a result of national lockdown measures.

1.9.3 The 2020/21 budget calculations, pre-COVID 19, assumed approximately 23,000 working age LCTS recipients. Revised figures show a significant increase in claimants to 26,000, equivalent to a 13% rise, as at Quarter 1. It is estimated that in the region of £4.7m income will be lost in-year, prior to offsets from the Hardship Fund, as a result of the increased working age LCTS claimants and additional hardship discounts.

1.9.4 The projected in-year Business Rates deficit of £9.7m equates to a forecast achievement of 81.2% against planned income (local share) of £51.5m. £6.7m of the deficit relates to lost income as a result of the expanded retail discount scheme, first announced by Government in March 2020 in response to the pandemic after 2020/21 budgets had already been set. The additional reliefs awarded to businesses will be funded in full by Central Government through section 31 grant payments to the general fund in-year. The balance of forecast deficit relates to the impact of the COVID 19 emergency on business activity.

1.9.5 Taking into account the opening balance and repayments to the general fund in year, the above in-year projections result in forecast deficits at 31st March 2020 of £7.6m for council tax and £9.3m for business rates. Technically, £6.7m of the year end projected deficit on Business Rates will be funded through additional s31 grant payments to the general fund; albeit accounting rules dictate that the grant cannot be applied directly to the collection fund.

Table 2 – Collection Fund Summary

Collection Fund forecast (Council Share)	Council Tax	Business Rates	Total
	£000	£000	£000
(Surplus)/Deficit at 1st April 2020	**1,180**	**(3,800)**	**(2,620)**
Re-payments to/(from) General Fund 20/21	58	3,377	3,435
In year Financial Performance	6,400	9,700	16,100
(Surplus)/Deficit at 31st March 2021	**7,638**	**9,277**	**16,915**
s31 grant for expanded retail discount	-	(6,713)	(6,713)
Remaining unfunded deficit (notional)	**7,638**	**2,564**	**10,202**

1.9.6 Any in-year deficit or surplus on council tax income and business rates income is carried forward into the following financial year through the Collection Fund. This means there is a timing delay when the financial impact of COVID-19 on the Collection Fund would hit Council finances; effectively 2021/22.

1.9.7 As part of the financial support package to councils announced in July, as referred to in paragraph 1.2.6 earlier, Government indicated that Local Authorities would be able to spread collection fund deficits as at 31st March 2021 over the following three years to 2023/24. No direct financial support has yet been announced to fund council tax or business rates losses, however consideration will be given to the apportionment of irrecoverable losses between Central and Local Government as part of the Spending Review later this year.

North and West Yorkshire Business Rates Pool

1.9.8 Kirklees is part of the Joint North and West Yorkshire Business Rates 50% Pool in 2020/21. The financial model underpinning the pool estimates a potential overall gain to the combined pool in the region of £9m in-year, however this is based on projections made in a pre-COVID 19 environment. The final figures may therefore be significantly lower. Specific proposals for the allocation of retained levies will be considered through the Business Rate Joint Committee.

1.9.9 The impact of COVID 19 on the local economy could likely result in substantial Business Rates income losses for member authorities of the pool. Authorities that suffer a reduction in retained rates income to 92.5% of their baseline funding level would ordinarily receive a safety net payment from Central Government to restore income back to this 92.5% threshold. However, in the case of pool members, all losses and gains are pooled. This means that the safety net payment could be lost where the retained rates income loss across the pool does not exceed the 7.5% threshold. The pool agreement dictates that any loss in income to the pool from safety nets foregone will be met from income generated from other authorities within the pool not having to pay levies in the year. If this is insufficient, as is likely for 2020/21, then any residual loss will be shared amongst all members of the pool.

1.10 Housing Revenue Account

1.10.1 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 at Quarter 1 is a deficit of £0.6m against an annual turnover budget of £91.5m in 2020/21; equivalent to 0.6%.

1.10.2 The deficit includes an increase on the KNH fee of £0.2m, projected additional grounds maintenance costs of £0.1m and an estimated overspend of £0.1m on Right to Buy Administration. There are also projected minor variations totalling £0.2m on income; £0.1m of which relates to an under collection of rent income due to increased void levels resulting from the COVID 19 emergency.

1.10.3 Further pressures linked to COVID 19 include increased material costs due to demand over lockdown, and additional workforce pressures relating to salary costs for operatives that work on planned/capital schemes. Forecasts as at Quarter 1 assume such costs will be covered by existing KNH reserves. This position will be reviewed and updated regularly through subsequent monitoring rounds.

1.10.4 Forecast HRA reserves at 31 March 2021, net of set asides for business risks and investment needs and a minimum working balance, is £60.5m. A summary of the HRA outturn and reserves position can be found at Appendix 4.

1.11 Capital

1.11.1 The budget for the Capital Plan including rollover was set at £205.5m within the Financial Outturn & Rollover Report 2019/20. Since then, capital budgets have been further reviewed under Financial Procedure Rules 3.10-3.15, in terms of re-profiling slippage into future years, with the aim of narrowing of the gap between the reported in-year capital budget and forecast outturn for 2020/21. In total £9m (£7.6m borrowing slippage, £1.4m grant slippage) has been re-profiled into subsequent financial years as shown in Appendix 6. A further £80k grant has been removed in relation to the Huddersfield Heat Network which will no longer be received.

1.11.2 The Council's revised capital budget for 2020/21 is £196.4m. The forecast capital outturn at Quarter 1 is £186.3m; forecast £10.1m variance.

1.11.3 The quarter 1 position is summarised in Table 3 below, categorised by Council primary outcomes as set out in the Corporate Plan, which illustrates how the Council's investment proposals align with the Council's ambitions for its residents. Each primary outcome is further structured between strategic priorities, baseline work programmes and one-off projects.

Table 3 – Forecast Capital Outturn 2020/21 at Quarter 1

By Category	Revised Budget £000	Actuals to Date £000	Annual Forecast £000	Variance £000
Achieve & Aspire	17,506	514	17,463	(43)
Best Start	748	7	748	0
Independent	1,790	0	1,790	0
Sustainable Economy	123,252	5,771	122,508	(744)
Well	10,777	65	9,880	(897)
Safe & Cohesive	185	5	185	0
Clean & Green	4,706	106	4,721	15
Efficient & Effective	2,955	184	2,350	(605)
General Fund	**161,919**	**6,652**	**159,645**	**(2,274)**
Independent –Strategic Priorities	13,448	355	9,737	(3,711)
Independent - Baseline	21,084	1,509	16,938	(4,146)
Housing Revenue Account	**34,532**	**1,864**	**26,675**	**(7,857)**
Total Capital Plan	**196,451**	**8,516**	**186,320**	**(10,131)**

1.11.4 A more summary breakdown of the capital outturn position is provided at Appendix 5, along with key variances highlighted.

1.11.5 Officers will continue to review capital budget profiles in year, including any more detailed recommendations for potential re-profiling of scheme budgets between years (allowable under Financial Procedure Rules 3.10-3.15), as part of future financial monitoring.

1.11.6 Future capital plan updates will continue to be presented to Council via the annual budget strategy update and annual budget approval reports to Cabinet and Council as a matter of course, as part of the annual planning cycle.

1.11.7 This also includes an early review of the existing multi-year plan to enable the existing plan to be re-phased over a longer financial planning cycle, of upto 10 years. The review will also take into consideration the Council's Economic Recovery Plan. Progress against this review will be presented as part of the Budget Strategy update report to Cabinet/Council on 20th and 21st October 2020, respectively.

2020/21 Budget Proposals

1.11.8 This report also includes a number of specific capital scheme proposals for Cabinet approval in line with Council Financial Procedure Rules. Once approved, these will be built into quarter 2 and upcoming capital plan updates and are outlined below:

Brambles Primary Academy

1.11.9 Cabinet on 22 January 2019 approved a capital allocation of £9.7m for the construction of the new 420 place Brambles Primary Academy on land at Clare Hill being purchased by the Council for the provision of the new school. The budget was based on a successful tender exercise carried out in autumn 2018, with the school expected to open by Easter 2020. Uncertainties created by a subsequent legal challenge around the allotments issue and a number of proposed Public Right of Way (PROW) applications meant that the construction contract could not be let, and a start on site was not achieved.

1.11.10 Following the court decision earlier this year relating to the allotments and the Planning Inspectorate decision in relation to the proposed PROW's, the Council is now in a position to start work on the construction of the new build school. A new tender exercise was undertaken during spring 2020 and a successful contractor has been identified with a start on site for the new school anticipated for late September 2020, with a potential opening, subject to final negotiations, for the start of the new term in September 2021.

1.11.11 The 18-month delay to the project has led to an increased budget requirement to £10.925m, which is an increase of £1.225m in comparison to the budget approved in January 2019. This is primarily due to a combination of the following; building inflation, the introduction of Building Regulation Part L 25b which has tightened the requirements around carbon emissions, the provision of a temporary car park that has been created on site during spring 2020 to accommodate advance works for the new school, and additional professional fees created by the 18-month delay.

1.11.12 It is proposed the Chief Finance Officer uses existing delegations under FPR 3.23 to 'make variations to capital funding as necessary to ensure the capital funding position is optimised, subject to reporting such actions to Cabinet and Council.' Cabinet is asked to approve the additional £1.225m funding to be added to the capital plan in 2021/22 for the above existing scheme. The updated funding requirement will be reported to Council as part of the overall revised Capital Plan within the Medium-Term Financial Strategy Review report in autumn.

Children's Residential Homes

1.11.13 This proposal is for £2m and is part of the overall £9.992m Specialist Accommodation headline capital allocation within Best Start, Strategic Priorities. The Care Quality Commission and Children's service have identified a preferred bed model for residential units which is more closely associated with normal family life. The 2019 Sufficiency Strategy also sets out Children's Service's approach to improve the availability of local placements to ensure that children and young people are not placed at a distance from their communities and the proposal is to acquire properties to develop small children's homes within the borough.

1.11.14 Work is being undertaken to identify appropriate preferred houses for purchase from private landlords, for conversion into Children's homes. On 28th July 2020, Cabinet approved via the Council Financial Outturn and Rollover Report 2019/20, authority to the

Strategic Director for Children' Services, in consultation with the Portfolio Member for Children's Services, along with the Head of Corporate Landlord and Head of Legal Services, to negotiate and to procure identified properties to meet service needs within the programme total. Further detail can be found at Appendix 7.

Adults, Wellbeing Pods (Castle Grange and Claremont in-house residential homes)

1.11.15 Providing safe visiting arrangements to care homes has been challenging. It is proposed to use some of the Council's own allocation from the Infection, Control & Prevention (IPC) funding from Government purpose build modular and fully furnished Wellbeing pods to be placed in the garden areas of Castle Grange and Claremont in-house residential homes. These will enable families and care home residents and families to meet safely over the coming months and years and do so in a controlled, safe manner that minimises infection risk, and prevents the spread of Covid-19. Their long life expectancy means that they can be used to support a range of activities even when COVID 19 represents less of a risk. Each of these homes has been allocated £45,782 as part of tranche 1 and tranche 2 of the national IPC funding streams.

1.11.16 Alongside this, the Council's other internal care homes have been allocated funding from the IPC funding (ranging from £9,156 to £45,782 per site). Current options are being shaped for these to best utilise the funding for the purposes of Infection Control. Such options may involve smaller scale capital related building works, and Cabinet is asked to delegate authority to Strategic Director of Adults Housing and Health, to progress works on other internal care homes, as appropriate.

Adult Social Care Case Management System – Care First

1.11.17 Adult Social Care uses a case management system called Care First, which is a number of years old, and requires replacement. OLM the system provider has stated that due to the system being deemed 'end of life' there will be no further enhancements carried out unless it is a bug fix, a new statutory requirement or a change requested by a number of customers to be deemed sufficient priority. A system which supports a personalised, integrated delivery of care and enables electronic transfers of care across the system is now required. Additionally, we need to support practitioners to operate in a mobile and agile way.

1.11.18 Procurement is due to start later this year on the replacement system and, in advance of this, Cabinet is asked to approve a revised programme cost of £2.387m to support the purchase and implementation of a new system. Within this, the Capital related elements total £2.04m, with £0.347m of associated revenue costs (to be covered by utilisation of existing revenue budgets held by the Service). The Capital amount of £2.04m supersedes the £600k previously allocated for system replacement, therefore under FPR 3.23 Cabinet is asked for additional funding of £1.44m, whereby 'the Chief Finance Officer is permitted to make variations to capital funding as necessary to ensure the capital funding position is optimised, subject to reporting such actions to Cabinet and Council.' Note that this request is in addition to the wider existing Adults Capital funding seen under the 'Independent' Programme. The updated funding requirement will be reported to Council as part of the Budget Strategy Update report to Cabinet/Council in October. Further detail can be found in Appendix 8.

Civic Centre 1 Refurbishment

1.11.19 The pandemic has highlighted radical changes in the way office based staff work, bringing normal work practices under the microscope. With office health, mental wellbeing, and connectivity emerging as areas that are recognised as vital to productivity, motivation and morale, this capital proposal is timely and relevant to the Council's early prioritisation and investment to a post-Covid-19 office ‘offer’. As the Council begins a return to site strategy with more flexible workplace conditions and social distancing to support health and productivity, the civic quarters will be refurbished to address these revised needs.

1.11.20 Members approved £300k towards Civic Centre 1 refurbishment as part of baseline programme allocations from within the Corporate Landlord Asset Investment on 2nd June 2020. Cabinet is now requested to approve a revised refurbishment scheme of £2.5m at Civic Centre 1 to adapt offices to a post Covid-19 working environment; £2.35m in 2020/21 and £150k in 2021/22. To enable this, it is proposed to forward programme £2.2m from the later years of the corporate landlord current multi-year plan to accommodate this priority scheme. Further detail can be found at Appendix 9.

Dewsbury Town Hall

1.11.21 Due to Covid-19 restrictions, Dewsbury Town Hall is currently out of public use. It is proposed to take advantage of this window of opportunity over the next 6 months and forward programme intended decorative works from later years of the current plan. Essential re-decoration and refurbishment works recognise the importance in being able to optimise the commercial use of Dewsbury Town Hall, helping the building to sustain itself through hires and income, contribute to town centre vibrancy, and attract community groups delivering outcomes. Cabinet are asked to approve £315k for the works which are to be funded from the Sustainability of Town Halls £450k capital programme line.

Town Centre Footfall Count Cameras

1.11.22 The changing nature of town centres means that across the Council there is need to better understand town centre activity, to inform and monitor area action plans, town centre funding bids and investment decisions, using data that allows comparison and benchmarking with regional and national trends.

1.11.23 The council are looking to procure a footfall monitoring system to understand in real time how pedestrian activity changes throughout the town centres over the course of a day and throughout the year, not just a snapshot at a point in time. The approach involves fixed count points located around the town centres, providing data that can be analysed and reported hourly, daily, weekly, monthly showing detailed trends of the town centre activity. This can then be used to inform decision making across the centres, measure the success of the implementation of schemes and the impact and recovery of the town centres to Covid19. Alongside the council using the data to inform decision making, external parties regularly use footfall data as an indicator to make investment decisions.

1.11.24 Cabinet are requested to approve the headline indicative cost of £125k for a 5 year period to monitor both Huddersfield (£70k) and Dewsbury (£45k) town centres. This is to be funded from the existing town centre action plan budgets and would be paid annually at approximately £25k for a 5 year period.

Transforming Cities Fund

1.11.25 The updated capital plan presented to Cabinet on 28th July 2020, includes the Transforming Cities Fund (TCF) programme which is a national sustainable transport fund administered by the Department for Transport (DfT) for delivery of transformational projects in the period 2020/21 to 2022/23. Kirklees Council alongside West Yorkshire Combined Authority (WYCA) submitted bids for three funding scenarios – Low, Core and High. The specific funding for the Kirklees TCF currently shown as the working assumption within the plan is £39.5m TCF and £6m local match funds from within the Town Centre Action Plan (TCAP) budget. This represented the Low scenario.

1.11.26 Kirklees Council are working towards the delivery of the High scenario. The West Yorkshire Combined Authority (WYCA) Committee has made a decision to underwrite the costs of progressing the TCF High scenario using West Yorkshire devolution funding. Revised funding allocation to be delivered over a longer timeframe, although Kirklees would still need to spend on projects or project phases that enable their TCF-funded components to be spent by March 2023, is £72m; £66m TCF/WYCA Devolution top-up, £6m TCAP. The expectation is that WYCA and District promoters will identify alternative funding streams for the gap between Low and High.

1.11.27 Cabinet are asked to note the revised funding position based on the High scenario and a longer programme timeline to be determined and managed by WYCA. Further detail of the full programme to be adopted into the Capital Plan is also due at Cabinet on 1st September.

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 2020/21

ii) Appendix 2 summarises the forecast full year impact on general fund of COVID 19, for both additional costs and lost income.

iii) Appendix 3 summarises the forecast reserves and balances movements in-year,

iv) Appendix 4 summarises the forecast HRA financial position including movements in HRA reserves in-year;

v) Appendix 5 sets out by Outcome area the forecast capital outturn position in 2020/21 and the reasons for the more significant forecast capital variances across strategic priority and baseline capital schemes.

vi) Appendix 6 shows capital budget re-profiled into future years of the capital plan.

vii) Appendix 7 shows the detailed business case for the purchase and conversion of Children's homes.

viii) Appendix 8 shows the detailed business case for the replacement of the Adults Social Care case management system, CareFirst.

ix) Appendix 9 shows the detailed business case for Civic Centre 1 refurbishment scheme.

x) Appendix 10 details the financial support given to social care providers in response to the COVID 19 emergency;

xi) Appendix 11 lists the funding streams received by the Council to tackle the COVID 19 emergency;

xii) Appendix 12 is the Corporate Risk Register, updated as at July 2020.

2.2 The corporate risk register at Appendix 12 summarises the key strategic risks or barriers to achieving the corporate objectives. It also provides visibility about the management actions which are either in place or brought into action to mitigate the impact of these risks. Many of these are of a financial nature and provide contextual information when setting the council's budget. There isn't a direct link but they do help to inform the level of reserve held by the council.

2.3 Individual risks vary over time, and the need to set aside reserves changes depending on the underlying budget provisions. The risk assessment reflects the approved budget plans updated for emerging and changing medium and significant risk, including COVID 19 impact.

3 Implications for the Council

3.1 Working with People

3.2 Working with Partners

3.3 Place Based working

3.4 Climate Change & Air Quality

3.5 Improving Outcomes for Children

3.6 Other (eg Legal/Financial or Human Resources)

3.6.1 The Council's 2020-23 budget plans, approved at Budget Council on 12 February 2020, included further target revenue savings proposals of £5.4m over the 2020-23 period. The plans also incorporated a number of actions as part of the Council's refreshed reserves strategy. This included the Chief Finance Officer (Service Director Finance) recommendation that existing financial resilience reserves be maintained at £37.1m at the start of 2020/21.

3.6.2 The rationale for the above reflected continued uncertainty on the post 2020 national funding landscape for Councils, further uncertainty at UK's intended negotiated withdrawal from the EU, whilst at the same time the Council is facing continuing and significant challenges and service pressures over the medium term. It also took into consideration a range of risks recorded in the Council's updated corporate risk register, which was appended to the annual budget report. Since this time there has been heightened uncertainty caused by the ongoing COVID-19 pandemic and the resulting financial effects on the Council.

3.6.3 Council officers have implemented processes to capture COVID-19 related costs across the totality of Council activity. In addition, Government has requested monthly returns on the financial impact of COVID-19, starting from April 2020, to help inform Government intelligence on the scale of financial impact on Councils. The financial impact on Council finances is also significant across a range of Council income streams, with national lockdown measures having a material short-term impact on fees and charges across Council service activity. There are also significant pressures on council tax and business rates income.

3.6.4 This Council, together with the Local Government Association (LGA), Special Interest Group of Metropolitan Authorities (SIGOMA) and other sectoral and stakeholder lobbying will continue to work with Government to ensure the Council is appropriately compensated for COVID related pressures.

3.6.5 As at Quarter 1, pressures arising from COVID 19 are estimated to total £53.1m across both general fund and collection fund. This is adjusted down by the Council's share of Government funding; £27.1m to date in 2020/21 (net of £1.1m used to offset 2019/20 COVID financial impacts).

3.6.6 Compensation will also be received for lost income through the national funding package for local government, announced in early July as part of a “comprehensive plan to ensure councils’ financial sustainability for the future”. The funding package compensates councils for 75% of income losses from sales, fees and charges, where the losses are greater than 5% of the council’s planned income receivable. Further details of the scheme are yet to emerge and thus, for the purposes of Quarter 1 financial monitoring, a prudent estimate of £6.3m compensation has been included, based on total sales fees and charges budgets and the current forecasted level of income losses.

3.6.7 Government have also announced that Councils may spread Collection Fund deficits arising in 2020/21 over three years to 2023/24. Under usual circumstances, any in-year deficit or surplus on council tax and business rates income is carried forward through the Collection Fund to the following year. Quarter 1 forecasts indicate a potential overall year-end deficit of £16.9m.

3.6.8 It is acknowledged that at Quarter 1, the 2020/21 financial forecasts and underlying assumptions are subject to some degree of volatility. National and local measures to manage the spread of COVID infection in parallel to the national and local recovery plan are under constant review, and emerging intelligence will be factored into subsequent monitoring projections.

3.6.9 The Council’s refreshed reserves strategy approved in the 2020-23 budget plans is directed at strengthening organisational flexibility and financial resilience over the medium to longer term in account of the continued funding uncertainty for Councils post 2021. Any projected overspend would in the first instance effectively be transferred to reserves at year end and offset by financial resilience reserves, as indicated at Appendix 3.

3.6.10 Forecast financial resilience reserves as at 31st March 2021 are £29.4m, net of the forecast Quarter 1 overspend. This is currently below the minimum £37m requirement recommendation by the Chief Financial Officer at least to the start of 2021/22, as set out in the 2020-23 Annual Budget Report. It is expected however, that the Council’s Executive Team will continue to enact a range of management actions as appropriate to support the local recovery effort within the parameters of public health protection and guidance and, with continuing Government support, will aim to deliver a break even position as far as possible by year end. This would enable financial resilience reserves to be maintained at the 2020/21 opening balance of £37.1m.

3.6.11 On the 21st July 2020, the Chancellor announced that the 2020 Spending review will be finalised in the autumn, covering years 2021/22 to 2023/24 for revenue, and 2021/22 to 2024/25 for capital spending. There is also a planned fundamental review of the business rates system, first announced in the March 2020 Budget, for which Government have now released a consultation document. The consultation is split into two distinct parts, with the first tackling the more technical aspects of the current business rates system and the second covering wider ranging, more fundamental reforms in the medium to longer term. Government have asked for responses to both elements, with deadlines of 18th September and 31st October respectively.

3.6.12 It is intended that the forthcoming annual budget strategy report to Cabinet and Council in early autumn will incorporate a more detailed review, quantification and sensitivity analysis on a range of emerging budget and other risks to help inform the Council’s financial planning framework and overall reserves requirement as part of the refreshed Medium Term financial Plan (MTFP). This will also incorporate updated future funding projections from the CSR, if timings allow, and a further review of any COVID-19 financial impacts anticipated to affect the Council’s budget beyond 2020/21. It is intended that the current MTFP duration of 3 years is extended to 5 years, and thus the refreshed MTFP strategy for revenue will span the period from 2021/22 to 2025/26.

3.6.13 A fundamental review of the 5 year plan will be undertaken in the summer to re-phase and reprioritise capital plan priorities over a 10 year period. The plan will be revamped in line with the Councils Economic Recovery Plan permitting strong financial management which will underpin sustainable decision making, deliverability of services/schemes, the financial risk and achievement of outcomes. The outcome will also be presented as part of the annual budget strategy report.

4 Consultees and their opinions

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

5 Next Steps and timelines

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

6 Cabinet portfolio holders recommendations

The portfolio holder agrees with the recommendations set out in this report.

7 Officer recommendations and reasons

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

General Fund

7.1 note the 2020/21 forecast revenue overspend of £7.7m as at quarter 1;

7.2 note the 2020/21 forecast £7.6m High Needs overspend which as per current DfE guidance will roll forward into 2021/22 on the Council balance sheet as a negative reserve;

7.3 note that in conjunction with the assumed continued support of Central Government to adequately compensate the Council for COVID 19 pressures, the Council's Executive Team continue 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 proposed use of Kirklees allocation of £551k supplementary hardship funding through the existing Local Welfare Provision Scheme, as outlined in paragraph 1.2.12.

7.5 note the forecast year-end position on corporate reserves and balances;

7.6 note the details of the financial support to package to Adult Social Care providers as outlined in Appendix 10, further to the agreed delegation of approval to the Strategic Director with responsibility for Adult Social Care in consultation with the S151 officer and Cabinet Members with responsibility for Adult Social Care and for Resources;

Collection Fund

7.7 note the forecast position on the Collection Fund as at Quarter 1;

HRA

7.7 note the Quarter 1 forecast HRA position and forecast year-end reserves position;

Capital

7.8 note the Quarter 1 forecast capital monitoring position for 2020/21;

7.9 approve the re-profiling across years of the capital plan as set out in this report and at Appendix 6;

7.10 approve £1.225m additional funds required for Brambles Primary Academy as set out in this report;

7.11 approve £2m capital proposals for Children's homes, as set out in this report and at Appendix 7;

7.12 approve capital proposals relating to Infection, Prevention and Control measures on in-house residential homes as set out in this report;

7.13 delegate authority to the Strategic Director for Adults, Housing & Health to use IPC funding towards building works on other internal care homes as set out in this report ;

7.14 approve an additional £1.44m capital funds to replace the existing outdated Adults Social Care case management system CareFirst (revised overall programme cost of £2.49m including £347k revenue costs) as set out in this report and at Appendix 8;

7.15 approve a £2.5m refurbishment scheme at Civic Centre 1 to adapt to a post Covid-19 working environment, as set out in this report and at Appendix 9;

7.16 approve the release of funding from the Sustainability of Major Town Halls – Service Development capital programme line for redecoration and refurbishment works at Dewsbury Town Hall as set out in this report;

7.17 approve the release of funding from existing Town Centre Action Plan capital budgets to fund expenditure on Town Centre Footfall Count Cameras, as set out in this report; and

7.18 note the increase in funding for Transforming Cities Fund from the Low scenario to the High scenario and a longer programme timeline to be determined and managed by WYCA, as set out in this report.

8 Contact Officer

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9 Background papers and History of Decisions

COVID 19 Impact on Council Finances Report to Cabinet 21 May 2020
Annual budget report 2020-23, Budget Council, 12 February 2020
Financial Outturn and Rollover Report 2019/20, Cabinet 28 July 2020

10 Service Director responsible

Eamonn Croston, Service Director Finance.

Appendix 1

Corporate Revenue Budget Monitoring 2020/21 – Month 3

	Annual					Variance made up of:		
Strategic Director portfolio responsibilities	Controllable Budget (Net)	Planned use of reserves	Revised Budget	Forecast	Variance	General COVID Spend	COVID Income Losses	Other
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Child Protection & Family Support	39,039	-	39,039	42,249	3,210	2,184	-	1,026
Resources, Improvements & Partnership	20,913	-	20,913	20,500	(413)	-	-	(413)
Learning & Early Support & Schools	17,667	25	17,692	19,308	1,616	481	220	915
Sub Total (Children & Families)	**77,619**	**25**	**77,644**	**82,057**	**4,413**	**2,665**	**220**	**1,528**
Customers and Communities	12,390	-	12,390	13,171	781	442	487	(148)
ASC - Older People and Physical Disability	19,410	-	19,410	34,134	14,724	15,605	-	(881)
ASC - Learning Disabilities and Mental Health	64,454	-	64,454	65,083	629	-	-	629
Adults Sufficiency	13,625	-	13,625	13,761	136	-	-	136
Sub Total (Adults & Health)	**109,879**	**-**	**109,879**	**126,149**	**16,270**	**16,047**	**487**	**(264)**
Growth & Housing	5,593	1,398	6,991	8,312	1,321	493	1,229	(401)
Economy & Skills	8,348	136	8,484	9,107	623	-	745	(122)
Environment	26,674	295	26,969	37,936	10,967	2,216	7,778	973
E&I Management	2,846	-	2,846	2,866	20	-	-	20
Sub Total (Economy & Infrastructure)	**43,461**	**1,829**	**45,290**	**58,221**	**12,931**	**2,709**	**9,752**	**470**
Strategy, Innovation & Planning	14,734	14	14,748	14,973	225	167	4	54
Public Health & People	(2,061)	827	(1,234)	3,100	4,334	4,203	47	84
Governance & Commissioning	10,113	70	10,183	10,687	504	663	44	(203)
Finance	8,360	319	8,679	9,644	965	100	897	(32)
Sub Total (Corporate Strategy, Commissioning & Public Health)	**31,146**	**1,230**	**32,376**	**38,404**	**6,028**	**5,133**	**992**	**(97)**
Central	40,194	-	40,194	41,594	1,400	-	-	1,400
General Fund Total	**302,299**	**3,084**	**305,383**	**346,425**	**41,042**	**26,554**	**11,451**	**3,037**
COVID Support Grant Offset				(27,090)	(27,090)	(26,554)	(536)	-
Estimated COVID Income Loss Compensation				(6,280)	(6,280)		(6,280)	-
Revised General Fund Total	**302,299**	**3,084**	**305,383**	**313,055**	**7,672**	**-**	**4,635**	**3,037**

Appendix 2a

Forecast Full Year COVID Costs to be Funded from COVID Support Grant

	£k
Children and Families	**2,665**
Child Protection and Family Support	2,184
Learning, Early Support and Schools	481
Adults and Health	**16,047**
ASC - Older People and Physical Disability	15,605
Customers and Communities	442
Economy and Infrastructure	**2,709**
Environment	2,216
Growth and Housing	493
Corporate Strategy, Commissioning and Public Health	**5,133**
Finance	100
Governance and Commissioning	663
Public Health and People	4,203
Strategy Innovation and Planning	167
Grand Total	**26,554**

Appendix 2b

Full Year Projected External Income Losses related to COVID 19

	£k
Catering	3,515
Parking - Fees	1,574
Trade Waste	1,009
Welfare and Exchequer	896
Parking - Fines	826
Markets	535
Registrars	470
Bereavement Services	426
Commercial Properties	423
Business & Enterprise Centres	322
Other	1,455
Total Income Losses	**11,451**
Full Year Budgeted Income	**56,000**
Estimated Proportion of Annual Income Lost	**20%**

Appendix 3

General Fund Earmarked Reserves

	Reserves position at 1st April 2020 Incl. Budget Report approved movements	Other in-year transfers to reserves	Revised Balance on reserves	Planned Drawdown in-year (COVID 19)	Planned Net Drawdown in-year (Other)	Unplanned use of Reserves (forecast variance and High Needs overspend)	Forecasted Reserves position as at 31st March 2021
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Schools Balances	(9,967)		(9,967)		-	-	(9,967)
DSG Deficit	14,396		14,396		(2,184)	7,600	19,812
Total Statutory (School Reserves)	**4,429**	**-**	**4,429**		**(2,184)**	**7,600**	**9,845**
Earmarked							-
Financial Resilience Reserves	(37,146)		(37,146)		-	7,672	(29,474)
Earmarked (Other)							-
Rollover	(656)		(656)		329	-	(327)
Revenue Grants (various)	(9,095)		(9,095)		1,327	-	(7,768)
Public Health	(1,150)		(1,150)		827	-	(323)
Stronger Families Grant	(1,011)		(1,011)		-	-	(1,011)
Insurance	(1,900)		(1,900)		-	-	(1,900)
Ward Based Activity	(1,199)		(1,199)		14	-	(1,185)
Social Care Reserve	(2,195)		(2,195)		-	-	(2,195)
Property and Other Loans	(3,000)		(3,000)		-	-	(3,000)
Adverse Weather	(2,432)		(2,432)		40	-	(2,392)
Strategic Investment support	(4,229)		(4,229)		600	-	(3,629)
Waste Management	(5,684)		(5,684)		-	-	(5,684)
Mental Health	(1,400)		(1,400)		-	-	(1,400)
Business Rates	(2,000)		(2,000)		-	-	(2,000)
Covid-19 Response	(11,099)	(15,991)	(27,090)	27,090	-	-	-
School PFI	(2,184)		(2,184)		*2,184	-	-
Demand Reserve	(15,706)		(15,706)		-	-	(15,706)
Place Partnership Theme	(2,000)		(2,000)		-	-	(2,000)
Other	(6,037)		(6,037)		(53)	-	(6,090)
Total - Earmarked Other	**(72,977)**	**(15,991)**	**(88,968)**	**27,090**	**5,268**	**-**	**(56,610)**
Sub Total Earmarked Reserves	**(110,123)**	**(15,991)**	**(126,114)**	**27,090**	**5,268**	**7,672**	**(86,084)**
GENERAL BALANCES	(9,998)		(9,998)	-	-	-	(9,998)
Grand Total	**(115,692)**	**(15,991)**	**(131,683)**	**27,090**	**3,084**	**15,272**	**(86,237)**
Usable reserves (excl. schools balances and public health)	***(104,575)***	***(15,991)***	***(120,566)***	***27,090***	***2,257***	***15,272***	***(75,947)***

* £2.2m School PFI reserve assumed to part offset High Needs DSG deficit for element relating to general fund contribution to schools PFI.

HOUSING REVENUE ACCOUNT 2020/21 - MONTH 3

	Annual		
	Revised Budget	Forecast	Variance
	£'000	£'000	£'000
Repairs & Maintenance	26,992	26,992	**0**
Housing Management	34,732	35,512	**780**
Other Expenditure	26,119	25,742	**(377)**
Total Expenditure	**87,843**	**88,246**	**403**
Rent & Other Income	**(91,480)**	**(91,327)**	**153**
Revenue Contribution to Capital Funding	3,637	3,637	**0**
Planned transfer to HRA Reserves	0	0	**0**
Total	**0**	**556**	**556**

HRA RESERVES

	Balance at 31 March 2020	Approved Movement in Reserves	Balance at 31 March 2021
	£'000	£'000	£'000
Set aside for business risks	(4,000)		(4,000)
Forecast in Year Surplus/Deficit		556	556
To support the Capital Investment Programme		0	0
Set aside to meet investment needs (as per HRA Business Plan)	(55,518)		(55,518)
Working balance	(1,500)		(1,500)
Total	**(61,018)**	**556**	**(60,462)**

Corporate Capital Budget Monitoring 2020/21 – Month 3

Appendix 5

	Annual Budget Report Plan £'000	Budget Adjustment incl Re-profiling £'000	Qtr 1 Revised Budget £'000	Actuals to Date £'000	Forecast £'000	Variance £'000	Variance %
General Fund							
Aspire & Achieve	18,408	-902	17,506	514	17,463	-43	0%
Best Start	748	0	748	7	748	0	0%
Independent	1,855	-65	1,790	0	1,790	0	0%
Sustainable Economy	123,481	-229	123,252	5,771	122,508	-744	-1%
Well	14,617	-3,840	10,777	65	9,880	-897	-8%
Safe & Cohesive	185	0	185	5	185	0	0%
Clean and Green	8,706	-4,000	4,706	106	4,721	15	0%
Efficient & Effective	2,955	0	2,955	184	2,350	-605	-20%
GENERAL FUND TOTAL	**170,955**	**-9,036**	**161,919**	**6,652**	**159,645**	**-2,274**	**-1%**
Housing Revenue Account							
Strategic Priorities	13,448	0	13,448	355	9,737	-3,711	-28%
Baseline	21,084	0	21,084	1,509	16,938	-4,146	-20%
HOUSING REVENUE TOTAL	**34,532**	**0**	**34,532**	**1,864**	**26,675**	**-7,857**	**-23%**
CAPITAL PLAN TOTAL	**205,487**	**-9,036**	**196,451**	**8,516**	**186,320**	**-10,131**	**-5%**

Appendix 5

Capital Monitoring Key Highlights – General Fund

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
Sustainable Economy			
Baseline - Housing Private	3,621	(555)	Reduced number of schemes carried out to date due to COVID19.
Well			
Baseline - KAL Self-financed	661	(600)	Slippage on schemes
Efficient & Effective			
One Off Projects - One Venues	732	(605)	Slippage on schemes
Total	**5,014**	**(1,760)**	

Capital Monitoring Key Highlights – Housing Revenue Account

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
HRA Strategic Priorities			
Housing Growth	5,948	(2,148)	Projections based on completion of 40 Right To Buy purchases for year plus conversion and refurbishment of former TRA and other Council premises, and purchase of open market properties for temporary homeless use.
New Build - Phase 1 - Ashbrow Extra Care	1,500	(1,000)	Contract date start revised to September start
Council House Building	4,000	(563)	Progress on new build impacted by Covid ; Fernside Avenue, Corfe Close and Howley Walk are all expected to start on site by the end of December.

Capital Monitoring Key Highlights – Housing Revenue Account

Appendix 5

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
HRA Baseline			
Compliance	5,790	(3,840)	Significant delay on Fire door replacements following two unsuccessful procurements, but currently in discussion to agree an exception and make a direct award to the most suitable supplier and expect installations early September. Also lead consultant (AHR) has been appointed for Fire engineering surveys, therefore awaiting outcome of surveys.
Fuel Poverty	826	(306)	Expected to spend approximately £400k on Retrofit (redesign 10 properties). Also looking at targeting E & F energy efficiency rated rated properties (95) with boiler replacements and other measures. Value of this approximately £120k.
HRA TOTAL	**18,064**	**(7,857)**	

Appendix 6

Corporate Capital Budget Monitoring 2019/20 – Quarter 1 Re-profiling

	2020/21 £'000	2021/22 to 2024/25 £'000
<u>**General Fund**</u>		
Achieve & Aspire		
Strategic Priorities:		
New Pupil Places	(902)	902
Achieve & Aspire Total	**(902)**	**902**
Independent		
Strategic Priorities:		
Commissioning Option Appraisals to facilitate outcomes of Specialist Accommodation Strategy	(40)	40
One Off Projects:		
Adults Social Care Operation	(25)	25
Independent Total	**(65)**	**65**
Sustainable Economy		
Baseline:		
Bereavement	(150)	150
Sustainable Economy Total	**(150)**	**150**
Well		
Strategic Priorities:		
Spenborough Valley Leisure Centre	1,593	(1,593)
Baseline:		
Play Strategy	(5,433)	5,433
Well Total	**(3,840)**	**3,840**
Clean and Green		
Strategic Priorities:		
Garden Waste Containers and Vehicles	(4,000)	4,000
Clean & Green Total	**(4,000)**	**4,000**
TOTAL CAPITAL PLAN RE-PROFILED	**(8,957)**	**8,957**
<u>**Funding:**</u>		
Borrowing	(7,603)	7,603
Grants & Contributions	(1,354)	1,354
TOTAL FUNDING RE-PROFILED	**(8,957)**	**8,957**

CAPITAL BUSINESS CASE

Project Title: Acquisition of properties for use as Children's Services Residential Homes

Client Service: Children's Services

KMC Capital total (Gross): £1,992M

DESCRIPTION

Background.

The Council has a statutory duty under the Children's Act 1989 (Section 22g) to secure enough accommodation to meet the needs of all Children Looked After. Our aspirations as Corporate Parents are no different to what any parent wants for their children, we believe our children and young people should have not just a place to live in because they need to be looked after, but a place to call home that they are proud of, feel safe in and thrive in.

Children's Services has 3 mainstream in-house Residential Homes. Our children and young people in residential care have told us they feel safer and enjoy home more when they are in smaller residential homes. They highlighted how larger homes have more children and young people with more complex needs placed together and that this can create complications that are difficult for our children and young people to manage and can impact on their mental health and wellbeing.

We have listened to and acted on what our children and young people have told us and over recent years, the capacity of each home has been reduced to 4 beds. This is in line with the Care Quality Commission and Children's service preferred model for residential homes which is more closely associated with feeling like a normal family home and is a clear shift away from larger institutional type buildings. This means there is a total 12 residential places for our children and young people in the Kirklees borough.

The 2019 Sufficiency Strategy set's out Children's Service's approach to improve the availability of local placements to ensure that children and young people are not placed at a distance from their communities. By investing in early intervention support to help keep children and young people living at home with their families, the Strategy aims for residential placements to be used only for those who need them most.

The Strategy commits to acquiring properties to develop small children's homes within the borough.

There has been an 8% increase (53 children) in the number of Children Looked After since the 12-month low seen in August 2019. (635 children). There has been a steady upward trend over the last 12 months. At the end of July 2020, the number of Children Looked After stands at 688.

In all instances where a child needs to become Looked After, the first preference, providing this best meets the child's needs, is to try find a placement in a family type setting, for instance, foster care, special guardianships or with a connected carer.

Covid 19 has brought additional pressures and demands to the system. During this period there has been a small number of placement breakdowns and Foster Carers deregistering alongside a reduction in the availability of Independent Fostering Agency placements. During the lockdown period, children turning 18 living in Residential or Foster Care placements were unable able to move on.

We need to accelerate progress to create a sustainable model for improved residential placement capacity in the short term and further develop Multi Systemic Therapy (MST) Services to support the aims of keeping children and young people living at home with their families and new models of care in our residential homes; reducing the need for longer term residential placements.

Children's Service's intend to meet this need through the purchase of properties from the private market which are ready to move in to (subject to completion of essential Health and Safety works to meet regulatory standards for Children's Residential Homes.)

In the short – medium term, the properties will create additional placement capacity in the system to meet need as a result of the ongoing Covid situation. Longer term, the intention is to use the property for MST Family Integrated Transitions (MST FIT); working with young people, their carers and families to try reduce the need for long term residential care and decommission older residential properties which do not meet the vision of a modern children's residential home.

On 28th July 2020, Cabinet approved via the Council Financial Outturn and Rollover Report 2019/20 authority to be delegated to the Strategic Director (Children's Services) in consultation with the Cabinet Member (Children's Services) and the Head of Corporate Landlord and the Head of Legal Services, to negotiate and to procure identified properties to meet service needs.

What are the benefits / critical success factors?

The project anticipates delivery of both quantitative and qualitative benefits which will contribute to the Council's priorities of Children have the Best Start, Well – specifically in relation to mental health and wellbeing and Safe and Cohesive – children and young people will have the opportunity to live in a home that feel like a normal home, is safe and in an area that allows them to engage, contribute and be part of an inclusive community.

In the short – medium term, additional placements will be created as a result of the property purchases. This will result in less children and young people needing to be placed outside of Kirklees.
Success will be measured by a number of factors including – the number of children placed more than 20 miles outside Kirklees, placement stability (number of placement moves) for Looked after Children and achievement of service spend within budget. Savings and efficiencies achieved through cost avoidance will be re-invested into prevention activities with the aim of reducing flow through the system which results in higher cost professional social care interventions.

Longer term, MST FIT will provide short residential interventions with families and carers to prevent placement breakdown and reduce the need for children and young people to enter into longer term residential placements. There is an expectation this will result in some cost avoidance. At this point we are unable to forecast what this will be. MST FIT will be providing a detailed business case in relation to outcome and cost avoidance in the near future.

Our children and young people living in residential care have told us they feel safer and enjoy home more when they are in smaller residential homes. They highlighted how larger homes can have more children and young people with more complex needs living together and that this impacts on their mental health and wellbeing. By creating smaller homes there is opportunity to improve health and wellbeing outcomes for this vulnerable cohort.

FINANCE

KMC Gross Total (including external/grant funding if applicable) (£000):

Profile:	Year	20/21	21/22	22/23	23/24
	Sum	£692	£500	£600	£2006

KMC Net Total (excluding external/grant funding i.e. cost to KMC) (£000): **£1.192m**

Profile:	Year	20/21	21/22	22/23	23/24
	Sum	£692	£500	£600	£200

Revenue Implications:
The current annual cost for an Internal Residential Home is approximately £668K, the staffing element of this is approximately £585K supporting 15.3 FTE's. Based on the home being at full capacity, the average placement cost per week is £3.2k.

It is expected there will be dual running of the new property alongside existing residential homes until such a time where it is considered safe and the need for additional placements due to Covid demand spikes has passed. Additional revenue costs will be as set out above.

The revenue implications will be met by an appropriate combination of Covid related costs for the dual running (estimated 12 month period) re-direct of service budgets where appropriate, and drawdown from the demand reserve to support transitional arrangements.
Overall impact of demand pressures on service will continue to be monitored and reviewed in-year including specific COVID impacts, and as part of the forthcoming MTFS review.

A decision will be made on the future of existing homes that do not meet the vision for a modern Children's Residential Home. It is likely homes will be decommissioned which will reduce revenue pressures.

Lifespan of completed asset:_
The purchase of properties will be a long term acquisition. It is estimated the lifespan of the property will exceed 100+ years.

Within the property - New boilers fitted should have a life of 15-20 years, whilst new heating distribution systems should last 40-50 years. New flat roofs will have a lifespan of 15-30 years depending on the materials used (e.g. felt, asphalt, EPDM) whilst pitched slate roofs can have a life expectancy of 50-100 years+. Rewired electrical systems are expected to have a life of 25-40 years.

Lifecycle capital costs (during the lifetime of the asset):
It is recognised that there are life cycle capital costs associated with the purchase of properties. Roofs, boilers, electrical systems etc. installed will require ongoing maintenance and eventual replacement. These costs may be higher depending on the age and condition of the properties. We will not know what these costs are until a full condition survey has been undertaken. At this time a suitable property has not been identified.

DELIVERY & MANAGEMENT

How will the project be delivered/Managed.
This project will be jointly managed by Children's Services and Corporate Landlord Facilities Management Team. Progress and decision making authority will sit across Children's Service SLT and the Capital Board. The Service Director for Resources, Improvement and Partnerships will act as overall Project Executive.

How will the Programme/Project impact on hard to reach groups? No impact on hard to reach groups, however there will be positive impact on the outcomes for children and young people who considered vulnerable by virtue of being looked after.

Is this subject to OJEU Regs? No – not applicable.

How will this be procured
This project will be delivered through the Capital Delivery and Facilities Management Service. Management of the purchase process will be through the Capital Delivery and Asset Maintenance team and Legal Services.

Timescales
Purchase of property is intended to be completed by the end of October 2020

Key risks in undertaking / not undertaking this project:

Lack of placement sufficiency and the number of children placed in accommodation more than 20 miles away was an issue identified in the 2016 Ofsted inspection of Children's Services. There is still a need to improve placements within the district to satisfactorily address this action. If we do not improve the placement offer in the district, children and young people who need to be looked after will continue to be placed away from their communities and support networks, and as an authority means we cannot effectively meet their needs locally and may still be considered to be lacking in this area by Ofsted in future inspections.

Conversion of purchased properties into Residential Homes may result in objections from local residents and subsequently from Councillors representing their Ward.

How will these risks be managed / mitigated?
The Sufficiency Strategy has a number of strands to increasing placement capacity, purchasing additional properties is just one area that will contribute to a sustainable model. There is ongoing work to increase availability of family type settings through Foster Carers, Special Guardianship Orders and Connected Persons as well as reunification work to help children and young people return safely to their families and intervention work to prevent children coming into care through Multi Systemic Therapy and Family Group Conferencing.

Mitigations to minimise impact on local communities are in place. Consideration of proximity to neighbours is a key factor taken into account when identifying potential suitable properties.

Appendix 8

CAPITAL BUSINESS CASE

Project Title: **Adult Social Care; Replacement of Case Management Systems**

Client Service: Adults
Date of this BC: 12th August 2020
KMC Capital total £2,040,334 Capital, with associated revenue costs of £346,667

DESCRIPTION

Description of the project and its purpose including key objectives:

The need to purchase a replacement Social Care Case Management System has been identified as business critical and there are several key drivers supporting the case for change, which are detailed below.

Currently Adult Social Care uses a case management system called Care First. Children's Services used the same system but replaced it in 2018. The Adult's system is now obsolete and requires replacement. OLM the system provider has stated that due to the system been deemed 'end of life' there will be no further enhancements carried out unless it is a bug fix, a new statutory requirement or a change requested by a number of customers to be deemed sufficient priority. Given the supplier is no longer supporting developments there is an increased risk to the service that should the system 'fail' in any way rectifying the issues could be more problematic.

The system is now considered more difficult to use and is less flexible than other solutions now available on the market. It is less able to meet the changing needs and aspirations of the service as well as our ability to meet our integration requirements as it requires information to be entered on to multiple different systems

New system tools and effective workflow functionality is urgently needed to replace a system that is no longer fit for purpose, is inefficient and unable to support a modernised social care service. This functionality will remove the significant number of manual interventions, rekeying and "work arounds" that are currently taking place.

In 2019 an outline business case, including an options appraisal, was submitted to the Adults Senior Leadership team and it was agreed that we would tender for a new system via the Corporate Procurement Framework.

Considerable learning has been taken from the implementation of the replacement system in Children's Services and in other councils to enable an accurate scoping of the resource requirements to support implementation

Learning and insights from the current COVID-19 pandemic has highlighted the need for a system that supports new and changing ways of working both within the council and with partner agencies. We need a system to support personalised, integrated delivery of care and enable electronic transfers of care across the system. Additionally, we need to support practitioners to operate in a mobile and agile way, ensuring effective productivity and use of resources through improved intelligence and data.

Having an effective internal case management system that is 'fit for purpose' and for future use and by utilising Digital by Design opportunities will enable us to achieve our vision and values including better partnership working and improvements in the quality of services delivered, thus improving outcomes for users, their families and carers.

In addition to replacing CareFirst the aspiration would be to procure a system which would enable replacement of other systems within Adults social care provision and other departments, for example Officebase and several bespoke databases.

What are the benefits / critical success factors?
(include cost/benefit analysis, quantified & unquantified)

1. **Key Benefits**
    - More effective support provision through improved interoperability between IT systems and better integration where appropriate across services, council wide and with partners. For example; enabling an interface with SAP, Client Financial Affairs, Accessible Homes Teams, Children's' Services etc will remove the need for citizens having to 'tell their story' more than once, thereby improving experience and providing a more seamless flow through services.
    - Building on the work undertaken around business process improvement will continue to make processes more efficient and the recording of data more consistent.
    - Appropriate access for trusted 3rd Party Partners and the ability to directly add intelligence and make online referrals
    - Supporting mobile and agile working through the ability to access, update information and undertake assessments away from traditional office bases. Additional improved mobile functionality will enable real-time access and the ability to capture electronic signatures where needed, thereby reducing the risk of data loss on paper forms.
    - Improved business intelligence and performance reporting from the system to support business decisions relating to how the service is managed through a performance culture as well as intelligence to support future planning and service modelling.
    - Integration with the developing 'Care Account' on the Firmstep platform will enable citizens to view their care and support documents on-line and offer a greater level of self-serve ability for updating information, assessments and reviews, therefore offering more choice and control.
    - Reduced revenue spend on ongoing maintenance costs.

2. **Critical Success Factors**

2.1 Implications for the Council

Capital Investment from the Council is required to support the procurement and implementation of a new case management system. This investment will in turn support the overall delivery of the following Council objectives and priorities:
i) Well
ii) Independent
iii) Safe and Cohesive
iv) Clean and Green
v) Efficient and Effective

2.2 Working with People

There will be a positive impact and benefit to people who use Adult Services, their families and carers who will benefit from more timely and coordinated care. Staff will be enabled to work more effectively and efficiently through a reduction in duplication of data entry, information sharing with partners and more streamlined record keeping. Technology is a great enabler to support us in achieving our vision for improved digital access by citizens and providers.

Cashable savings are difficult to quantify at this time due to the interdependency with other work streams however ongoing monitoring and evaluation will support the identification of potential savings moving forwards.

2.3 Working with Partners

The new system will promote efficiency and enable Adult Services to interact digitally with it partners and providers to further streamline processes and implement improved ways of working.

The new system will offer the functionality to allow integration and interoperability with other Systems in partner organisations and will support the implementation of the Adult Services Transformation Programme of work.

The new system will offer the opportunity to share information with partner organisations (subject to appropriate security and consent) which will improve services to people who use Adult Services as
all partner agencies will have access to relevant information about an individual's situation.

2.4 Place Based Working

Implementing a new case management system with the ability to integrate and interface wit partners and other systems will support more locality-based working.

2.5 Climate Change and Air Quality

The new system will support staff to work in a mobile and agile way, enabling flexibility to access care records and work from any location thus reducing the need to travel to and from a central office base.

2.6 Improving outcomes for children

The All Age Disability/Transitions team will need to be involved in this project as the new Case Management system will need to integrate with Liquid Logic, the system in Children services' to ensure we can appropriately support young people transitioning into adulthood.

2.7 Other (e.g legal, financial or human resources)

- There will be a requirement for initial capital spend to cover the following;
  - Purchase of the new system
  - Time limited project/implementation team
  - Training costs
- On 28 January 2020, Cabinet approved the corporate Capital Plan. This includes Capital funding relating to Adult Social Care under the 'Independent' Programme of £24.2m from 2020-21 to 2024-25. Within this, £600k was conditionally agreed for the purchase of a replacement system, (£550k for 20/21 and £50k for 2021-22).
- Following our research, supplier market testing and discovery days, this has enabled more detailed financial analysis to take place and the level of investment required is as outlined below to both purchase the system and successfully implement it. The £600k to purchase the system is in the capital budget and conditionally approved and therefore this new bid is in addition to it.
- The expected ongoing maintenance cost is anticipated to be £50,000 per annum which is less than the current ongoing annual cost of CareFirst which is £168,233 in 2020/21. This gives an estimated annual saving of £118,233. This amount is subject to RPI/inflation so can increase each year per annum.

- It is expected that the service will be able to realise efficiency benefits through implementation of the new system which will release capacity to accommodate demographic growth along with other measures in the transformation programme to improve outcomes.

FINANCE

The total cost of the project is estimated to be £2.387m. This is broken down in the table below. Note that the amount to be capitalised within this is £2.04m, with £0.347m of associated revenue costs.

Formal procurement activity is due to start later this year on the replacement system and, in advance of this, Cabinet is asked to approve the revised programme cost of £2.387m. The Capital amount of £2.04m supercedes the £600k previously allocated in the Capital Plan for system replacement, and so Cabinet is asked for additional funding of £1.44m. This is commitment of funding that will support purchase and implementation of the system. Note that this request is in addition to the wider existing Adults Capital Programme/portfolio.

The associated revenue costs of £0.347m can be covered by utilisation of existing budgets held by the Service.

	Total Amt	yr 1 (2020-21)	yr 2 (2021-22)
Case Management System replacement			
Project staff cost (Capital)	£ 797,550	£ 170,625	£ 626,925
Associated staff cost (revenue)	£ 346,667	£ 121,333	£ 225,334
Training costs	£ 171,938	£ -	£ 171,938
System Purchase	£ 500,000	£ 550,000	£ 50,000
Integration costs	£ 100,000	£ -	£ -
Contingency on capital spend	£ 470,846	£ 216,188	£ 254,659
	£ 2,387,001	£ 1,058,146	£ 1,328,856
Funded by			
Capital (funding requested)	£ 1,440,334	£ 386,813	£ 1,053,522
Capital (funding already in place)	£ 600,000	£ 550,000	£ 50,000
Revenue (already in place)	£ 346,667	£ 121,333	£ 225,334
	£ 2,387,001	£ 1,058,146	£ 1,328,856

Revenue Implications:

Research into other systems, market engagement and discovery days has highlighted that the current annual maintenance costs for the Carefirst system would be reduced, creating a revenue saving in the region of £625,282 over the seven year period as set out in the table below.

Ongoing Operations- Revenue spend	**Year 2,3,4&5**	Year 6&7
Estimated maintenance/contract costs (zero cost in year 1)	+£200,000 (estimated £50K pa)	+£100,000
Current expected CareFirst maintenance/contract – no longer required.	-£588,816 (£168,233 p.a.)	-£336,466 (£168,233 p.a.)

Grand Total Revenue saving	-£388,816	-£236,466

Lifespan of completed asset:_

The limitations under the Crown Commercial Services (CCS) Framework RM3821 Lot 3c term of the contract is 5 years +1 +1 giving a maximum of 7 years

Lifecycle capital costs (during the lifetime of the asset):

This would be covered by the ongoing maintenance contract (detailed above).

DELIVERY & MANAGEMENT

How will the project be delivered/managed.

A project team has been established and it is managed through the Adults Transformation governance structure.

How will the Programme/Project impact on hard to reach groups?
Equality Impact Assessment underway.

Is this subject to OJEU Regs?

The framework detailed below was set up in full compliance with OJEU regulations.

How will this be procured

It will be procured via the Crown Commercial Services (CCS) Framework RM3821 Lot 3c. This government framework for Data and Application Solutions (DAS) (start date 25/01/19 – end date 24/01/021) compromises a list of suppliers and standardised contract terms. The applicable lot relating to Social Care Case Management on this framework is lot 3c.

Timescales

Following approval, it is proposed work progresses as outlined on the project plan/timeline below:

	Projected Start Date	Projected End Date
Develop specification, statement of requirements and tender		25 August 2020
Compile tender document and scrutiny by Legal	29 June 2020	30 August 2020
Tender published		31 August 2020
Tender return	01 September 2020	30 September 2020
Tender evaluation	01 October 2020	30 October 2020
Standstill period	31 October 2020	13 November 2020
Contract signed (award)		01 December 2020
Negotiate implementation plan with supplier	01 December 2020	31 January 2021
Work on: • System build • Data migration • Configuration and testing • End user training	01 December 2020	31 January 2022
End user training	01 December 2021	30 January 2022
System “go live “		31 January 2022

Key risks in undertaking / not undertaking this project:
(risk and sensitivity analysis)

CareFirst is no longer fit for purpose and has been considered an “end of life” system for several years. As outlined above, the system is considered difficult to use and is less flexible than other solutions available on the market. The current system is less able to meet the changing needs and aspirations of the service as well as our ability to meet our integration requirements as it requires information to be entered on to multiple different systems.

New system tools and effective workflow functionality is urgently needed to replace a system that was designed many years ago and is now outdated and unable to support a modernised social care service. This will remove the significant number of manual interventions and “work arounds” that are currently taking place.

Given the system is end of life and the supplier is no longer supporting developments there is an increased risk that should the system ‘fail’ in any way rectifying the issues could be more problematic. There is a risk that the system has now extended beyond a reliable lifetime. Continuing with the current system is therefore not deemed a viable option.

As we move forward with the project and complete the detailed specification, we need to consider the changing landscape and strategic direction of travel, in particular the integration agenda and move to place based, outcome based approaches and digital by design developments.

Learning and insights from the current COVID-19 pandemic has highlighted the need for a system that supports new and changing ways of working both within the council and with partner agencies. We need a system to support personalised, integrated delivery of care and enable electronic transfers of care across the system. Additionally, we need to support practitioners to operate in a mobile and agile way, ensuring effective productivity and use of resources through improved intelligence and data.

How will these risks be managed / mitigated?

The potential impact of all risks will be assessed when they are identified, and mitigation planned to minimise or eliminate the risks that will have a potential negative impact on the project. The risks will be managed through the Adults Transformation Board governance structure.

Appendix 9

CAPITAL BUSINESS CASE

Project Title:	**Civic Centre I – Conditions works and refurbishment to create 21st Century Office Space**
Client Service:	Corporate Landlord and Capital
Date of this OBC:	August 2020
KMC Capital total :	£2.5M

DESCRIPTION

Background:

Civic Centre I is located in the centre of Huddersfield forming an essential part of the Civic campus. The building is primarily used for the Council's office accommodation. Although the building has benefitted from some refurbishment in recent years with toilet refurbishments, replacement UPVC windows and the refurbishment of the 4th floor office accommodation to post COVID-19 working standards completed earlier this year, it has various mechanical and electrical condition, fire safety and compartmentation and general wear and tear issues, that need to be addressed to bring the entire building up to 21st Century standards in line with the works already undertaken on the 4th floor.

The Council are committed to the Civic campus with a 125-year lease on Civic Centre I and its ownership of Civic Centre III. As part of the Council's Occupational Estate there is a need to bring the office accommodation in Civic Centre I up to meet modern day standards and extend the lifespan of the building.

The Council is moving towards a more modern way of working within an office by removing the standardised rows and rows of tightly packed desks and providing staff with more space between work areas to feel comfortable, also where possible desks may be laid out differently to suit the needs of the teams within the space.

Within the office space at Civic Centre I, areas will be created to form more flexible and innovative ways of working and these include – large pods for meetings or individual pods for private working spaces, soft seated meeting areas for informal meetings and touch down tables in a social area for staff who only need to dock down for a short time. The space will also be much more open with low level storage and lockers allowing for a more conducive feel on the floor. Post covid-19, this layout is still a possibility as increased space for people to work in was always a key part of the modern workspace.

The Coronavirus pandemic has highlighted the need for radical changes in the way we work, bringing our normal work practices under the microscope. With office health, mental wellbeing, and connectivity emerging as areas that we now recognise as vital to productivity, motivation and morale, our post covid-19 offices need to adapt. As staff begin to return to the workplace with more flexible environment and social distancing, it is proposed that the civic quarters will be refurbished to address these revised needs. It is estimated that the refurbishment of Civic Centre I will be in the region of £2.5M. This initial estimate is based on pro-rata costs of the 4th floor already completed, as designs are worked up and a tender exercise undertaken this estimate will be firmed up into a robust cost plan.

The budget provision of £300K for some of the condition improvements has already been approved at the 2nd June Cabinet in the Corporate Landlord 2-year baseline programme from 2020/21. It is proposed to fund the rest of the £2.5M for year 3 (2022/23) of the Corporate Landlord baseline, re-profiling it forward to 2020/21.

What are the benefits / critical success factors?

- The refurbishment of Civic Centre I will contribute to addressing a key priority for Capital Delivery and FM Service which is to ensure that all buildings are warm, dry, safe and secure.
- The scheme will ensure that the office accommodation is adapted to post covid-19 working standards enabling staff to return to a safe and healthy working environment.
- The project is linked to the Council Asset Strategy, improving strategically important assets in order to improve building environments and enhance service delivery as well as make revenue savings.
- Reducing the Kirklees carbon footprint –energy efficient equipment with the latest TREND controls

FINANCE

Revenue Implications

The Capital expenditure covered by this business case of £2.5M is funded wholly from prudential borrowing and as a result the Council will incur financing charges of £162.5k p.a. for 20 years.
This project aims to have a positive impact on energy running costs by reducing energy usage and therefore bills. These works will also reduce maintenance costs by providing new assets, though there is a need to ensure that appropriate revenue budgets are set in the medium and long term in order to maintain the new assets properly.

Lifecycle capital costs (during the lifetime of the asset):

It is recognised that there are life cycle capital costs associated with this programme of works. The systems installed will require ongoing maintenance and eventual replacement. All elements of a Council building are covered by a rolling programme of condition surveys co-ordinated by the Head of Corporate Landlord and Capital in conjunction with Asset Maintenance condition surveyors. These surveys ensure that priority buildings receive a fabric, electrical and mechanical survey. All condition related data is stored on the Council's Asset Management system and is used to prioritise works for future capital replacement projects.
Responsibility for the lifecycle costs of this programme rests with the Head of Corporate Landlord and Capital.

DELIVERY & MANAGEMENT

How will the project be delivered/ managed?

Design and delivery of the Corporate Landlord Capital programme is the responsibility of the Corporate Landlord and Capital Service. Overall management of the Corporate Landlord Capital Plan resides with the Capital Delivery team. Within the Corporate Landlord Facilitates Management Team, the Strategic Manager of Corporate Landlord will act as the Client, agreeing design brief etc. The Head of Corporate Landlord and Capital will act as the overall Project Executive.

How will the Programme/Project impact on hard to reach groups?

All works undertaken as part of this programme will comply with Part M of the Building Regulations and British Standard 8300.

Is this subject to OJEU Regs? No

Where projects are delivered via Framework Agreements, these agreements will have already been subject to the full OJEU process.

How will this be procured?

This programme of works will be delivered through the Corporate Landlord and Capital Service.

Management of the procurement process will be through the Capital Delivery and Asset Maintenance team.

Key risks in undertaking / not undertaking this project:
This project contains condition items that could, if not tackled, lead to legislative breaches and the potential partial or full closure which could impact on delivery of services to the public.

Leaving office accommodation that is not suitable for a post covid-19 working environment. Staff not being able to return to work which could have an impact on their health & wellbeing and in turn could impact of service delivery.

Tenders can be volatile for projects undertaken during specific periods. Schemes coming in over tender can jeopardise start on site dates whilst measures are taken to either bring schemes back within budget or find additional funds.

There are general risks associated with procuring capital projects in relation to scope creep, site conditions, unforeseen delays which could have an impact on deliverability and the ability to provide the required services on time and within the approved budget.

How will these risks be managed / mitigated?

Allowance has been made in the Capital Plan to cover the discovery of unknowns, to provide flexibility in the case of high tenders being received and to enable emergency works that arise to be added to the project.

Regular Project Boards will be held to oversee the project, taking key decisions in relation to procurement routes; timings; budgets etc. within the powers delegated by Cabinet. A risk register will be formulated and measures to mitigate risks to either eliminate or manage accordingly.

Appendix 10

Financial support to social care providers

Adult social care providers have seen significant operational and financial pressures as a result of COVID 19.

Cabinet on 26th May 2020 received a report on money received from government specifically to support care providers with Infection Prevention and Control (IPC) measures.

Cabinet agreed to proposals around the use of this money, accepted the likely need for further financial support for providers, agreed delegations to the Strategic Director with responsibility for Adult Social Care in consultation with the S151 officer and Cabinet Members with responsibility for Adult Social Care and for Resources and to receive a report on decisions taken through this route.

Officers have been working closely with the 2 Kirklees CCGs to establish a programme of practical support to social care providers, particularly care home providers. Alongside this, good partnership working has enabled the Council to access funding via the NHS to fund some elements of the financial support package for providers.

In relation to the IPC funding, the delegated decision reached was:

An IPC fund for the care sector be established and 75% of the funding allocated to care homes on a per bed basis and 25% allocated to care providers generally on a separate allocation approach which

- Apportioned between care homes, and dom care/Extra care/Specialist framework on the basis of number of providers. This gave a 57% care homes and 43% dom care etc split.
- This gave a unit rate applied of £351.51 for each dom care/extra care/specialist framework/res care user.

This methodology weighted funding towards the non-care home sector which had not already received IPC funding.

An additional financial support package was agreed in June 2020 to support providers with the additional costs of providing services in the context of the pandemic and to enable changes in operational practice that supported safer working practices. This extended until 31st July 2020 the provisions of the existing support package that was established in April 2020 and previously reported to Cabinet.

It was clear that support for a further period of time was required. Engagement with providers identified some specific issues that the next package sought to address.

This further package extended the existing package from 31st July to 30th September, introduced a partial payment for vacancies arising in care homes from 19th March, extended some support for additional running costs beyond the care home beds purchased by the Council and, in order to support provider cashflow, moved to paying 2 weeks in advance and 2 weeks in arrears on a temporary basis (to 31st March 2021) with defined review points. Risk to the Council is mitigated by the fact that any care home provider needs to give the Council more than 2 weeks notice to cease providing a service and so, in these circumstances, the Council can cease payment in advance to minimise the risk of financial loss.

Work has commenced with providers to establish the likely longer term nature of the care home market with a recognition by providers that it is likely to change and that the number of residential care beds required in the longer term is likely to be static despite an ageing population or will decrease.

The budgeted cost of support to providers is set out below. It is anticipated that this will be funded through a number of routes, including specific IPC money provided by government, additional financial support provided to the Council by government to support front line services and through the NHS.

Financial support to providers across a range of measures (March to September 2020): £6.7m.
IPC funding: £4.553m.

Note – dates quoted above are indicative in terms of months. Where applicable, the effective dates may need to be synchronised with the typical payment cycle dates. This may result in the figures shown above being marginally different.

COVID 19 Funding Streams

Funding Stream	National Total	Kirklees Allocation	Description (as per the relevant Gov.uk website)
COVID Support Grant	£3,194m	£24.325m	Un-ringfenced grant to help offset Government directed additional Council spend
COVID Support Grant	£500m	£3.8m	Supplementary un-ringfenced grant to help offset Government directed additional Council spend
Hardship Fund	£500m	£4.956m	The Government has provided billing authorities in England with a £500 million hardship fund to enable them to support economically vulnerable people and households in their local area by providing them with a further reduction in their council tax.
Hardship Fund supplementary funding	£63m	£550k	Councils have responded quickly and effectively to the complex challenges faced by local communities and this funding will help them continue to provide much needed crisis support to households who are struggling to afford food, fuel and other essentials."
Re-open High Streets Safely fund	£49.964m	£389k	To prepare for the reopening of non-essential retail when the scientific advice allows, to help councils in England introduce a range of safety measures in a move to kick-start local economies, get people back to work and customers back to the shops. It will also support a range of practical safety measures including new signs, street markings and temporary barriers. This will help get businesses get ready for when they can begin trading safely, not only in high streets and town and city centres, but also in other public spaces like beachfronts and promenades.
Adult Social Care Infection Control Fund	£600m	£3.546m	The Adult Social Care Infection Control Fund was announced in May and is worth £600 million. The primary purpose of this fund is to support adult social care providers, including those with whom the local authority does not have a contract, to reduce the rate of COVID-19 transmission in and between care homes and support wider workforce resilience.

Funding Stream	National Total	Kirklees Allocation	Description (as per the relevant Gov.uk website)
Small Business Grant Fund & Retail, Hospitality & Leisure Grant Fund	£12,333m	£113.65m	The Small Business Grant Fund (SBGF) supports small and rural businesses in England with their business costs during coronavirus. The Retail, Hospitality and Leisure Grant Fund (RHLGF) supports businesses in the retail, hospitality and leisure sectors with their business costs during coronavirus.
Local Authority Discretionary Fund	£616.65m	£5.244m	Aimed at small or micro businesses who were not eligible for the small business grant fund or the retail, leisure and hospitality fund
Test and Trace Service	£300m	£2.381m	Local authorities will be central to supporting the new test and trace service across England. Recognising this, the Government announced that £300 million will be provided to all local authorities in England to develop and action their plans to reduce the spread of the virus in their area
Rough Sleeping contingency fund	£3.196m	£12k	Rough sleepers, or those at risk of rough sleeping have been supported by £3.2 million of initial emergency funding if they need to self-isolate to prevent the spread of COVID-19. This funding was announced in March and has been made available to all local authorities in England and reimburses them for the cost of providing accommodation and services to those sleeping on the streets to help them successfully self-isolate. Funding covers period to 30 June 2020
Interim housing for thousands of rough sleepers taken off the streets further Gov't funding allocation	£105m (£85m new and £20m re-directed from existing homelessness/rough sleeping budgets)	Awaiting confirmation on individual LA funding allocations	The £105 million will be used to provide interim support for 15,000 vulnerable people accommodated during the pandemic. It'll be used to support rough sleepers and those at risk of homelessness into tenancies of their own, including through help with deposits for accommodation, and securing thousands of alternative rooms already available and ready for use, such as student accommodation.
COVID funding for schools	Not specified	Max funding allowance per school	Schools can claim for specified COVID related costs upto a maximum of the following funding allowances : £25k per school with 250 or less pupils; £30k if 251-500 pupils; £50k if 501 to 1000 pupils; £75k if over 1000 pupils; special schools and alternative provision – all schools £50k. Funding allowance available covers the period March to July 2020.

Funding Stream	National Total	Kirklees Allocation	Description (as per the relevant Gov.uk website)
Business Improvement Districts	£6.1m	£10.7k	The money will go to Business Improvement Districts (BIDs), local business partnerships that bring local authorities, developers and communities together to provide local leadership, drive regeneration and deliver projects and additional local services. These monies will be distributed via a grant to local authorities to be passed on to BIDs, and will cover funding for 3 months and contribute to their operational costs over a 3 month period.

Risk No	Risk – Description of the risk	Management actions already in place to mitigate the risk	Control Opptnty	Trend
	Emergency & Immediate Risk			
0	The current national emergency as result of the Covid 19 coronavirus has huge implications on the Kirklees community, and the Council.	There are additional risks and impacts on the council (and community) in the short and medium term, which relate to community, operational and financial impact This is an ever-changing position, which requires regular reconsideration until the current crisis is declared under control/has passed, with a substantial number of areas of uncertainty.	**L**	⬆
	Community Impacts & Risks	The current national emergency has a serious and significant risk to the community citizens and services users, with particulalr concerns about the impact on specific user groups.		
1	The council does not adequately safeguard children and vulnerable adults, as a result of increased complexity, referral volumes and a lack of service capacity to respond to the assessed need. This risk may have worsened as a result of the full and partial coronavirus lockdown, with reduced referrals, an unwillingness of third parties to make referrals and a reduced ability to investigate. the basic controls described above remain valid	• Disclosure & Barring Service (DBS) checking, staff training, supervision, protection policies kept up to date and communicated. • Effective management of social work (and related services); rapid response to any issues identified and from any serious case review work. • Active management of cases reaching serious case review stage, and any media interest • Review of current practices following the child sexual exploitation in Rotherham and the emerging requirements. • Ensure that workloads are balanced to resources. • Staff and skill development to minimise dependence on key individuals. • Use of agency staff and or contractors when necessary • Ideal manager training • Development of market sufficiency strategy; consider approaches to support the development of the available service offer both locally and regionally. • Ensure competence of the Safeguarding Boards and that they are adequately resourced to challenge and improve outcomes • Ensure routine internal quality assessment • Take effective action after Serious Case Reviews • Effective listening to messages about threats from other parts of the council and partner agencies • Proactive recognition of Members role as “corporate parent”	**H**	⬆ 4X5=20

		• Children's Improvement Board to assist governance and quality improvement • Ensure effective record keeping ***Responsible for this risk – R Parry and M Meggs (owners several)***		
2	Legacy issues of historical childcare management practices, and particularly, the heightened national attention to Child Sexual Exploitation and historical abuse cases leads to reputational issues, and resource demands to address consequential matters.	• Additional resources and expertise allocated to new and historical Child Sex Exploitation (CSE) and other legacy work, as required. • Risk matrix and risk management approach implemented with the police and partners. • Understand relationship with the Prevent strategy, and issues linked to counter terrorism • Take steps per risk 7 to seek to avoid ongoing issues • Ensure effective record keeping ***Responsible for this risk –M Meggs***	**LM**	4x4=16
3	Failure to address matters of violent extremism and related safer stronger community factors, including criminal exploitation, create significant community tension, (and with the potential of safeguarding consequences for vulnerable individuals).	• Prevent Partnership Action Plan. • Community cohesion work programme • Local intelligence sharing and networks. • Status as a Prevent Priority Area provides funding for a Prevent Coordinator Post and enables the development of bids for additional funding. • Counter terrorism local profile. • Awareness that campaigns such as black lives matter may give cause to action and reaction. ***Responsible for this risk – R Parry and M Meggs(owners C Gilchrist)***	**M**	4x5=20
4	Significant environmental events such as severe weather impact on the Council's ability to continue to deliver services.	• Effective business continuity and emergency planning (including mutual aid) investment in flood management, gritting deployment plans. • Winter maintenance budgets are supported by a bad weather contingency. • Operational plans and response plans designed to minimise impacts (e.g. gully cleansing for those areas which are prone to flooding.) ***Responsible for this risk – K Battersby (owners S Procter, W Acornley)***	**M**	3x5=15

5	Risk of infection with a high consequence infectious disease (HCIDs airborne) with the consequent impacts of pressure on services through demand, and a reduced ability to deliver services resultant from staff absences and similar. International transmission of HCIDs issues can also affect supply chains with the consequence of availability of products	• National mitigation actions controlled through UK Government and devolved administrations. • Advice/instruction to/from, Chief Medical Officer, PHE, Health and Social care system. and schools (from DfE). • More local mitigations controlled through Public Health, Health protection. • Local lockdown processes in line with statutory positions • Business continuity planning and arrangements invoked. • Preparations for risk of recurrence • Understanding supply change and alternatives, and mitigations to retain essential existing suppliers where appropriate • Appropriate advice and Information cascaded to Kirklees citizens and staff ***Responsible for this risk –Rachel Spencer Henshall & all of ET***	**L**	↑ 5x5=25
	The UK exiting the EU			
6	The process of the UK exiting the EU lead to the following consequences and impact: • Economic uncertainty impact on business rates and housing growth, with knock-ons to council tax, new homes bonus and business rate income. • The potential for increased cuts in core government funding (as a result of economic pressures) in the context of ongoing increases in demand for council services. • Rising inflation could lead to increased costs (e.g. the cost of raw materials). Interest rate volatility impacting on the cost of financing the council's debt. • The general uncertainty affecting the financial markets could lead to another recession.	These risks are largely addressed elsewhere in the Matrix, but there is a shortening timescale, and local businesses may consider that coronavirus related risk is a more severe threat now. • Monitor government proposals and legislation, and their impact on council, partner services and local businesses • Working with the WY Combined Authority, and other WY local authorities and partners • Continue to lobby, through appropriate mechanisms, for additional resources and flexibilities in the use of existing funding streams to e.g. Local Government Association (LGA) • Be aware of underlying issues through effective communication with partners, service providers and suppliers and other businesses about likely impact on prices and resources. • Ensure that budgets anticipate likely cost impacts • Utilise supplementary resources to cushion impact of any cuts and invest to save. • Ensure adequacy of financial revenue reserves to protect the council financial exposure and that they are managed effectively not to impact on the council essential services • Local intelligence sharing and networks. • Prevent partnership action plan. • Community cohesion work programme	**LM**	↑

	• An uncertain economic outlook potentially impacting on levels of trade and investment. • Uncertainty about migration impacting on labour markets, particularly in key sectors like health and social care • Potential impact on community cohesion, with increased community tensions and reported hate crimes	• Continue to work with local employer representative bodies e.g. FSB, MYCCI to make best use of existing resources and lobby for additional resources to support businesses pre/post EU Exit • Service and financial strategies kept under review to keep track of developments related to the UK exiting the EU. • Working Group established to consider and monitor implications. ***Responsible for this risk –all ET (owner D Bundy, N Parkar)***		4x4=16
	The finances of the Council	The current national emergency has a serious and significant risk to the councils financial position-		
7	A failure to achieve the Councils savings plan impacts more generally on the councils finances with the necessity for unintended savings (from elsewhere) to ensure financial stability	• Established governance arrangements are in place to achieve planned outcomes at Cabinet and officer level • Escalation processes are in place and working effectively. • Alignment of service, transformation and financial monitoring. • Tracker developed which allows all change plans to be in view and monitored on a monthly basis • Programme management office established and resourced • Monthly (and quarterly) financial reporting ***Responsible for this risk - E Croston & ET (owner J Anderson)***	**H**	 4x5=20

8	Coronavirus has added significant income risks and imposed additional costs (some of which have been met by government funding) which have a current year and likely medium-term continuing impact. The whole horizon risks also remain in relation to a failure to control expenditure and income within the overall annual council approved budget leads to the necessity for unintended savings (from elsewhere)). The most significant of these risks are related to volumes (in excess of budget) of; • Complex Adult Care services • Children's Care Services • Educational high needs & Rent Collection impact of Universal Credit rollout (H R A) And in the longer term, the costs of waste disposal.	• Monitor short term loss of income • Monitor additional costs (& be sure they are all captured) • Recognise in budget plans • Scenario plan for reduced level of demand, post current crisis • Scenario plan for recurrences of coronavirus or similar • Scenario plan for default by debtors- council tax and rents (individual citizens), business rates and commercial rents (businesses), sundry debtors (both) • Consider impacts from rent deferrals • Seek to recover additional costs where budgets held by other parties or partners • Significant service pressures recognised as part of resource allocation • Responsibility for budgetary control aligned to Strategic and Service Directors. • Examine alternative strategies or amend policies where possible to mitigate growth in demand or reduce costs • Utilise supplementary resources to cushion impact of cuts and invest to save. • Continue to lobby, through appropriate mechanisms, for additional resources • Proactive monitoring as Universal Credit is introduced ***Responsible for this risk - E Croston & ET(owner J Anderson)***	**H**	5x5=25
9	Above inflation cost increases, particularly in the care sector, impact on the ability of providers to deliver activities of the specified quality, and or impacting on the prices charged and impacting on the budgets of the Council.	• Monitor quality and performance of contracts. • Be aware of underlying issues through effective communication with service providers and suppliers about likely impact on prices • Renegotiate or retender contracts as appropriate. • Ensure that budgets anticipate likely cost impacts • Seek additional funding as a consequence of government-imposed costs ***Responsible for this risk - E Croston & R Parry (owner several)***	**M**	4x4=16
10	Making inappropriate choices in relation to lending or and borrowing decisions, leads to financial losses.	• Effective due diligence prior to granting loans and careful monitoring of investment decisions. • Effective challenge to treasury management proposals by both officers and members (Corporate Governance & Audit Committee) taking account of external advice ***Responsible for this risk - E Croston (owner R Firth)***	**MH**	2x5=10

11	Exposure to uninsured losses or significant unforeseen costs, leads to the necessity for unintended savings to balance the councils finances.	• Ensure adequacy of financial revenue reserves to protect the council financial exposure and managed effectively not to impact on the council essential services. • Consider risks and most cost-effective appropriate approach to responding to these (internal or external insurance provision) ***Responsible for this risk - E Croston & J Muscroft(owner K Turner)***	**H**	↔ 4x4=16
12	The financial regime set by government causes a further loss of resources or increased and under-funded obligations (e.g. in relation to social care), with impact on the strategic plans. This relates to the essential dependence on initial and medium-term financial support from government as a consequence of impact on the councils finances from coronavirus.	The current crisis has resulted in some changes to national finance proposals- but major and fundamental changes to national government funding of crisis costs and implications (e.g. loss of tax and trading revenues) impact more heavily. The government has promised continuing resource to meet coronavirus consequence, but it is unclear if this will be adequate, if the government will seek to risk share, and the financial consequence in the medium term. In the longer- term risks remain. • Monitor government proposals and legislation, and their impact on council and partner services. • Continue to lobby, through appropriate mechanisms, for additional resources e.g. Local Government Association (LGA) • Be aware of underlying issues through effective communication with citizens, partners, service providers and suppliers about likely impact on resources • Ensure that budgets anticipate likely impacts • Ensure adequacy of financial revenue reserves to protect the council financial exposure and managed effectively not to impact on the council essential services. . ***Responsible for this risk - E Croston & ET (owner J Anderson)***	**L**	↑ 5x5=25
	Other Resource & Partnership Risks	The current national emergency has a serious and significant risk to the councils position with regard to commercial and community suppliers, information management /technology/cyber, health and safety- addressed in more detail in the special report		
13	Council supplier and market relationships, including contractor failure leads to; • loss of service, • poor quality service • an inability to attract new suppliers (affecting competition, and to replace any incumbent contractors who have failed)	• Avoid, where possible, over dependence on single suppliers • More thorough financial assessment when a potential supplier failure could have a wide impact on the council's operations but take a more open approach where risks are few or have only limited impact. • Recognise that supplier failure is always a potential risk; those firms that derive large proportions of their business from the public sector are a particular risk. • Need to balance between only using suppliers who are financially sound but may be expensive and enabling lower cost or new entrants to the supplier market.	**MH**	↑

	• complexities and difficulties in making arrangements in respect of significant and long running major outsource contracts, and their extension and renewal.	• Consideration of social value, local markets and funds recirculating within the borough • Understanding supply chains and how this might impact on the availability of goods and services • Be realistic about expectation about what the market can deliver, taking into account matter such as national living wage, recruitment and retention issues etc. • Develop and publish in place market position statement and undertake regular dialogue with market. • Effective consultation with suppliers about proposals to deal with significant major external changes • Early consultation with existing suppliers about arrangements to be followed at the end of existing contractual arrangements • Realign budgets to reflect real costs • Commission effectively • Ensuring adequate cash flow for smaller contractors ***Responsible for this risk – J Muscroft (owner J Lockwood)***		5x4=20
14	Management of information from loss or inappropriate destruction or retention and the risk of failure to comply with the Council's obligations in relation to Data Protection, Freedom of Information legislation and the General Data Protection Regulations (GDPR) leading to reputational damage, rectification costs and fines. Cyber related threats affecting data integrity and system functionality.	• Thorough, understandable information security policies and practices that are clearly communicated to workforce and councillors • Effective management of data, retention and recording. • Raised awareness and staff and councillor training • Compliance with IT security policy. • Compliance with retention schedules. • Compliance with information governance policy. • Business continuity procedures. • Recognition of increased risk from homeworking (e.g. destruction of paper records) • Comply with new legislation around staff access to sensitive data. • Council has a Senior Information Risk Owner ("SIRO") officer and a Data Protection Officer (DPO) who are supported by an Information Governance Board • Development of action plan to respond to GDPR requirements and resourcing requirements as appropriate • Increased awareness of officers and members as to their obligations • Proactive management of cyber issues, including additional web controls	**H** **(INFO)** **M** **(CYBER)**	⬆ 4x5=20

		Responsible for this risk – J Muscroft (owner K Deacon) & A Simcox (owner T Hudson)		
15	Health and safety measures are inadequate leading to harm to employees or customers and possible litigious action from them personally and/or the Health and Safety Executive.(and the potential of prosecution and corporate /personal liability)(and in particular issues of fire safety,)	• Ensuring appropriate H&S responses re Coronavirus (appropriately balancing statutory obligations, desirable positions and commerciality/business risk) • New Fire Safety Policy approved and being implemented with improved monitoring of fire risk • Prioritised programme of remedial works to buildings to tackle fire safety and other issues • Review work practices to address H&S risks • Monitor safety equipment • Improved employee training as to their responsibilities, as employees and (where appropriate) as supervisors. Improved employee work practices • Approval of additional resources to improve corporate monitoring regime. ***Responsible for this risk – R Spencer Henshall (owner S Westerby)***	**H**	↔ 3x5=15
16	Exposure to increased liabilities arising from property ownership and management, including dangerous structures and asbestos, with reputational and financial implications.	• Active site management • Routine servicing and cleansing regimes (including coronavirus compliance in both operational and managed tenanted commercial property) • Work practices to address risks from noxious substances • Property disposal strategy linked to service and budget strategy • Review of fire risks Develop management actions, categorised over the short to medium term and resource accordingly. • Prioritisation of funding to support reduction of backlog maintenance • Clarity on roles and responsibilities particularly where property management is outsourced ***Responsible for this risk – K Battersby (owner D Martin)***	**H**	↔ 4x4=16
17	A funding shortfall in partner agencies) leads to increased pressure on community services with unforeseen costs.	• Engagement in resilience discussions with NHS partners • Secure funding as appropriate • Consider extension of pooled funds • Accept that this may lead to an increase in waiting times • Strengthen partnership arrangements to ascertain whether other funding or cost reduction solutions can be introduced. • Assess dependency on voluntary organising, and impacts that coronavirus has on their sustainability, and consider actions. ***Responsible for this risk – R Parry & all ET (owner Various)***	**L**	↔ 4x4=16
18	The risk of retaining a sustainable, diverse, workforce, including • aging and age profile	• Effective Workforce Planning (including recruitment and retention issues) • Modernise Human Resources policies and processes • Increased accessibility to online training managers/ employees.	**H**	↔

	• encouraging people to enter hard to recruit roles (which often have low pay, or challenging hours or tasks) • encouraging entrants to professional roles where pay is often below market levels. • and ensuring that the workforce is broadly content, without whom the council is unable to deliver its service obligations.	• Selective use of interim managers and others to ensure continuity of progress regarding complex issues • Ensure robust change processes including Equality Impact Assessments (EIA's) and consultation. • Understand market pay challenges • Promote the advantages of LG employment • Emphasise the satisfaction factors from service employment • Engage and encourage younger people through targeted apprenticeships, training, and career development • Ensuring awareness to ensure employees safety and health (including stress) • Consider issues about a workforce reflective of the community, inclusion, diversity and coronavirus issues ***Responsible for this risk – R Spencer Henshall (owner D Lucas)***		4x4=16
19	National legislative or policy changes have unforeseen consequences with the consequence of affecting resource utilisation or budgets.	• Reprioritise activities • Deploy additional resources • Use of agency staff or contractors where necessary • Development of horizon scanning service ***Responsible for this risk – all ET (owner Various)***	**L**	↔ 5x4=20
20	Compliance with the councils own climate change commitments, and or statutory climate change obligations fails to achieve objectives and ambitions, and or causes unanticipated costs or operational consequences	• Reconsideration of priorities and potential achievability within timescales • Monitoring of achievements • Effective project planning and costing • Awareness of local consequences • Awareness of local consequences of national commitments and obligations • Lobbying for financial and other government support in relation to the costs of meeting obligations ***Responsible for this risk – K Battersby (owner Various)***	**M**	⬆ 4x4=16

All risks shown on this corporate matrix are considered to have a potentially high probability, or impact, which may be in the short or medium horizon
20200714

Risk Factor
Probability Likelihood, where 5 is very likely and 1 is very unlikely
Impact The consequence in financial or reputational terms
Risk Probability x Impact

TREND ARROWS

Worsening	↑
Broadly unchanged	↔
Improving	↓

CONTROL OPPORTUNITIES

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

Risk Factor

Probability	Likelihood, where 5 is very likely and 1 is very unlikely
Impact	The consequence in financial or reputational terms
Risk	Probability x Impact