

Name of meeting: Cabinet

Date: 18th November 2020

Title of report: Corporate Financial Monitoring Report, Quarter 2, 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 2 (month 6), 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 <u>Council's Forward Plan (key decisions and private reports)</u>?	Key decision - Yes
The Decision - Is it eligible for “call in” by Scrutiny?	Yes
Date signed off by Strategic Director & name	Rachel Spencer Henshall – 9/11/2020
Is it also signed off by the Service Director for Finance?	Eamonn Croston – 09/11/2020
Is it also signed off by the Service Director – Legal, Governance & Commissioning?	Julie Muscroft – 09/11/2020
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

£306.0m. 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, £0.8m from the Strategic Investment Support reserve and £0.4m from the Rollover reserve.
- 1.1.3 There is a forecast overspend of £5.5m against the £306.0m revised budget at Quarter 1; equivalent to 1.8%. This represents the following:
- i) forecast £3.7m unfunded pressures relating to COVID-19;
 - ii) forecast £1.8m net pressures elsewhere.
- 1.1.4 There has been a net £2.2m reduction in the forecast overspend position since Quarter 1. This is made up of both decreased net unfunded COVID-19 pressures; due in part to a higher estimated income compensation payment, and a net decrease in pressures elsewhere from a range of incremental changes across service activity headings.
- 1.1.5 It is acknowledged that at Quarter 2, 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.
- 1.1.6 The forecast revenue outturn as at Quarter 2, 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 2

	Revised Budget	Outturn Forecast	Variance	Variance made up of:		
				COVID Costs	COVID Income Losses	Other
	£000	£000	£000	£000	£000	£000
Children & Families	77,734	80,729	2,995	2,656	375	(36)
Adults & Health	110,121	122,866	12,745	12,329	326	90
Economy & Infrastructure	45,484	59,590	14,106	3,313	10,870	(77)
Corporate Strategy, Commissioning & Public Health	32,576	40,550	7,974	6,266	1,264	444
Central Budgets	40,050	41,618	1,568	-	168	1,400
General Fund Total	305,965	345,353	39,388	24,564	13,003	1,821
COVID Support Grant Offset		(27,090)	(27,090)	(24,564)	(2,526)	-
COVID Income Loss Compensation		(6,820)	(6,820)		(6,820)	-
Revised General Fund Total	305,965	311,443	5,478	-	3,657	1,821

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 2 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 £37.6m, before funding offsets, as at Quarter 2; £24.6m additional spend and £13.0m of lost income. There are also impacts on the collection fund, with significant income losses in-year 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 By the end of June this year, Government had allocated some £3.7 billion un-ringfenced COVID-19 funding to date to the local government sector nationally in response to the national emergency. The Council's share of this was £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, have been transferred to reserves in-year to give a revised balance of £27.1m on the COVID Response Reserve. At Quarter 2, this is assumed to be fully drawn down in 2020/21 to offset the £24.6m estimated COVID spend; with the residual £2.5m of funding allocated towards reducing the balance of uncompensated income losses.

1.2.7 In October 2020, a fourth tranche of unringfenced COVID-19 Support funding was announced, at £900m nationally. Kirklees share of this funding is £7.6m. Due to the timing of this announcement, Quarter 2 forecasts do not include the receipt and drawdown of this funding. It is intended that this funding will be released in future monitoring projections to offset the emerging financial impacts of national and local

measures to manage the spread of COVID-19 infection over the coming months.

- 1.2.8 Following the move to Local COVID Alert Levels, and as of 12 October 2020, Local Authorities will be eligible for a series of payments from the Contain Outbreak Management Fund to support proactive containment and intervention measures. Kirklees is currently in Tier 2. Tier 2 Status authorities will receive £3 per head; equating to approximately £1.3m for Kirklees. Tier 3 Status authorities will receive £8 per head; or approximately £3.5m for Kirklees. Additional support to local businesses is also included and is dependent upon the relevant Tier classification. Subsequent to this, the recently announced second national lockdown from the 4th November 2020 for 28 days has been accompanied by a package of funding and financial support. This includes confirmation that Kirklees will receive the aforementioned £8 per head (approximately £3.5m) along with further support to local businesses. Due to the timing of these announcements Quarter 2 forecasts do not include the receipt of this funding. It is intended that this funding will be released in future monitoring projections to offset the emerging financial impacts of national and local measures to manage the spread of COVID-19 infection over the coming months.
- 1.2.9 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”. Councils will receive funding for 75% of these income losses but only where they exceed 5% of the overall SFCs budgeted by the authority. SFC income losses must be irrecoverable and unavoidable and satisfy certain criteria set out in the scheme in order to be deemed eligible. Councils have been asked to submit claims to Government for such losses periodically throughout the course of 2020/21, with a reconciliation exercise also expected to take place at year-end.
- 1.2.10 As at Quarter 2, there are forecast income losses of £13.0m due to COVID 19. Based on the published guidance regarding eligible income losses, and following the logic outlined above, officers have estimated that Kirklees are due to receive £6.8m compensation in-year from Government. This leaves £6.2m of income losses effectively unfunded in 2020/21, with the exception of the application of £2.5m unringfenced COVID-19 grant funding as described earlier.
- 1.2.11 The income compensation figure of £6.8m is a prudent estimate based on the most up to date scheme guidance. However, it is recognised that projections and underlying assumptions are volatile at this stage. Emerging intelligence will be factored into subsequent income loss and compensation projections throughout the remainder of the financial year.
- 1.2.12 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 two tranches of the Infection Control Fund to support adult social care providers to reduce the rate of COVID 19 transmission; Kirklees allocation £8.4m in total, 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 2, all spend relating to such funding streams is assumed to be fully funded in-year and as such, is not included within the £24.6m COVID 19 costs described above. A full list of Government funding allocations for COVID 19 are listed at Appendix 10 together with Kirklees’ allocation where known.
- 1.2.13 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, with approximately 8,600 grant payments to businesses, totalling £96.6m, and a further 842 discretionary grant payments at a sum of £5.2m having been paid across to businesses.

- 1.2.14 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.
- 1.2.15 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. As approved in the Quarter 1 Financial Monitoring Report to Cabinet and Council in September 2020, this funding will be 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:

- 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 The recent Budget Strategy Update Report to Cabinet and Council in October, noted 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 £0.4m 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 was undertaken as part of the Council's Budget Update to Cabinet and Council in October 2020, with an additional £0.3m added into Children's base budget, and £1.2m added into Environment, from 2021/22 onwards.
- 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.
- 1.3.13 The above pressures are offset in part by savings of £0.5m on employee budgets due to vacant posts over the period April to September. The underspends are earmarked to fund new posts in Family Support Hubs and are consequently one-year savings only.

Child Protection and Family Support

- 1.3.14 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 2, LAC numbers were 687; an increase of 61, 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 £1.1m on employee budgets across the service.

Resources, Improvements and Partnerships

- 1.3.15 Within Resources, Improvements and Partnerships there is an underspend of £0.8m. 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. £0.5m of the underspend relates to demand led budgets and this should be looked at in conjunction with the overspend highlighted above in Child Protection and Family Support of £1.5m.

COVID-19 Impacts – Children and Families

- 1.3.16 Within Children and Families there is forecast additional spend of £2.7m due to COVID-19; £1.8m of which relates to Child Protection and Family Support. In the main this is made up of £0.1m 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, £0.1m 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, and £0.2m increased costs in the Youth Offending Team due to the deferral of trial dates.
- 1.3.17 There are forecast COVID-19 spend pressures of £0.8m within Learning and Early Support; largely £0.5m payments to schools, third party providers and voluntary groups to ensure vulnerable children have access to healthy food and activities during the holidays.
- 1.3.18 There are forecast losses within Learning and Early Support of £0.4m; £0.2m of which reflects the impact of school closures on budgeted Attendance Penalty Notice income. The remainder relates to reduced income from the Duke of Edinburgh scheme.

1.4 Adults and Health

- 1.4.1 The overall projected position for Adults is an overspend of £0.1m. Within this, there are notable variances across key demand-led headings, with some elements offsetting others. Within Independent Sector Home Care there is a £3.3m 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 £0.7m, mainly in relation to Learning Disability clients.
- 1.4.2 There is an underspend projected on Independent Sector Residential & Nursing placements of £4.3m, 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 1.4.1 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.
- 1.4.3 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).
- 1.4.4 The recent Budget Strategy Update Report to Cabinet and Council, included further incremental increases in social care funding of £11.0m per annum over the duration of the MTFP to offset continuing and growing pressures in Adult Social Care. Any uplift in Adult Social Care is expected to be announced as part of SR2020, however the

assumption is considered a reasonable estimate based on similar prior year allocations received through both specific grant funding and Adult Social Care precept mechanisms.
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.
- 1.4.7 A support package was put in place to cover a 6 month period to 30 September. Key elements of the support were a 5% premium paid to care home providers (estimated cost £1.9m) in addition to the business as usual % uplifts that were applied for the new financial year. The package of support also included 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.
- 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. A further review of this baseline was undertaken as part of the Council's Budget Update to Cabinet and Council in October 20, adding a further £1.2m into Environment base budgets for Schools Transport from 2021/22 onwards. 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 2, the most significant variances within Economy and Infrastructure relate to the projected impacts of COVID-19, with a total full year estimated pressure of £14.2m across both spend and income budgets.
- 1.5.3 COVID-19 related spend pressures are estimated to be £3.3m; £2.6m 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, £0.5m for cremator works and temporary mortuary facilities, £0.4m on School Catering, including the provision of 'grab bags' for pupils during school closures, and £0.3m on Personal Protective Equipment (PPE). 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 1.3.11 and 1.5.1 above, linked to special educational needs demand. Within Growth and Housing there is also a forecast additional spend of £0.6m for temporary accommodation facilities provided during the pandemic.

- 1.5.4 There are substantial projected income losses of £10.9m across Economy and Infrastructure; the most significant being £4.1m 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 and £2.4m on Catering due to school closures. Other losses include £1.3m on Markets, £0.7m on Trade Waste and £0.5m on Planning Fees. Detail of further projected income losses as at Quarter 1 can be found at Appendix 2b.
- 1.5.5 The Budget Strategy Update Report included additional base budget of £3.0m for 2021/22 to reflect the likelihood of continued income loss from sales, fees and charges and commercial rents as a result of COVID-19, over the medium term. This budget reduces to £2.0m and £1.0m in 2022/23 and 2023/24 respectively, in anticipation of the recovery of the local economy. These assumptions will continue to be reviewed and updated accordingly throughout the remainder of the budget round.

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 £6.3m within Corporate Strategy, Commissioning and Public Health relating to COVID-19; £4.2m of which sits within Public Health and People. 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 1.2.8 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 2 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 On 22 October 2020, Government announced a £100m funding package aimed at outsourced local authority leisure centres. The package will support the recovery going forwards of those services deemed to be most in need; however retrospective funding deficits will not be eligible. It is understood that allocations will be bid-based, with submissions put forwards by local authorities with joint sign off with the leisure service provider. Officers will monitor future announcements around this funding and appropriate action will be taken once full details surrounding eligibility and the bidding process emerge.
- 1.6.4 Within Finance, there is a forecast £1.2m 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 approved 2020/21 employer pay offer of 2.75%. Original Central Budgets for 2020/21 included pay inflation at 2%. Central budgets have been uplifted by £1.4m in the recent Budget Strategy Update report to account for this unfunded element of the 2020/21 pay award.

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 £27.9m; from £115.7m at the start of the year to £87.8m as at 31 March 2021. The movement includes the Quarter 2 forecast overspend of £5.5m and the estimated High Needs overspend of £7.6m, together with planned drawdowns in the year of £3.7m; £1.3m from the revenue grants reserve, £0.8m from the Public Health reserve, £0.8m from the Strategic Investment Support reserve and £0.4m from the Rollover reserve. The remaining £11.1m reduction reflects the net movement on the COVID-19 Risk 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 £77.5m; equivalent to 25.6% 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 £97.3m, or 32.2%. For comparator purposes, the median percentage across the 36 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 £31.7m, net of the forecast Quarter 2 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 As set out in the recent Budget Strategy Update report to Cabinet and Council, the adverse weather reserve has been drawn down at Quarter 2 and the balance transferred to the COVID-19 Risk reserve, to support the Councils response to COVID-19. This includes the funding of free school meals over the October half term and Christmas holidays for vulnerable families; as confirmed by the Council on 23rd October 2020. This decision means that more than 14,000 children in Kirklees will not have to go hungry during the holidays.

1.8.7 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.

1.9 Collection Fund

1.9.1 The Collection Fund accounts separately for council tax and business rates income and payments. At Quarter 2, there is a projected in year deficit of £34.4m; £6.4m with respect to Council Tax and £28.0m 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 1.2.13. As at Quarter 2, there have been in the region of 10,500 such recipients; or 40% 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 2. It is estimated that in the region of £5.8m 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 £28.0m equates to a forecast achievement of 45.6% against planned income (local share) of £51.5m. £24.0m 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 £4.0m 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 £27.6m for business rates. Technically, £24.0m 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	28,000	34,400
(Surplus)/Deficit at 31st March 2021	7,638	27,577	35,215
s31 grant for expanded retail discount	-	(24,000)	(24,000)
Remaining unfunded deficit (notional)	7,638	3,577	11,215

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 1.2.8 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. This treatment of collection fund deficits is reflected in the recent Budget Strategy Update Report to Cabinet and Council.
- 1.9.8 No direct financial support has yet been announced to fund council tax or business rates losses, however consideration may be given to the apportionment of irrecoverable losses between Central and Local Government as part of the Spending Review in November. The outcome of this will be incorporated into the finalised budget plans where applicable, alongside any updated Collection Fund deficit projections.

North and West Yorkshire Business Rates Pool

- 1.9.9 Kirklees is part of the North and West Yorkshire Business Rates Pool in 2020-21. The levy gain to the Pool in 2020/21 is 50%; the remaining 50% is returned to Government. The financial model underpinning the Pool estimated a potential overall gain to the Pool in the region of £10.7m in-year. This has subsequently been adjusted downwards to £9.7m and will continue to be reviewed in light of ongoing COVID impacts on local economies impacting on member authority levy payments into the Pool.
- 1.9.10 Pool members agreed at the time of the application that any levy income would be allocated to member authorities using the approach previously used for the two predecessor pools (The Leeds City Region Pool and the North Yorkshire Pool). Kirklees share would therefore be in the region of £660k but as noted above, overall Pool levy projections remain fluid for the remainder of 2020/21.
- 1.9.11 The wider economic effects on the regional economies of the pool members presents a risk to pool funding. Government's pooling prospectus notes that the nature of the pooling arrangement is to provide a safety net at 92.5% for authorities who see significant reductions in their income from the rates reduction scheme. The Memorandum of Understanding for the Pool therefore reflects that if an authority falls into safety net the loss of income should be met by the retained levies from the other authorities.
- 1.9.12 If there is not enough in retained levies, the net loss will be shared amongst all members of the Pool (including those in safety net). Whilst monitoring will be ongoing throughout the year, the final unaudited position for the Pool will not be known until Spring 2021, when authorities will be able to finalise their own positions for the year. Current monitoring shows that all members are above their safety net positions but, given the prevailing uncertainty, the position will be closely monitored.
- 1.9.13 Government confirmed that Pool arrangements for 2021/22 will have the same benefits and risks as the current 2020/21 Pools, and set a deadline of 23rd October 2020 for any applications for pooling. Following consideration of options by all current pool members, Leeds City Council (as the pool lead) submitted an application on behalf of a proposed new Leeds City Region (LCR) Pool for 2021/22, to include the five West Yorkshire Councils plus City of York Council and Harrogate Borough Council.
- 1.9.14 Results of the bidding process are expected to be released as part of the Provisional Settlement announcement, expected late 2020. Authorities will have 28 days after the announcement to pull out of the pool should the risks be considered to outweigh the benefits, however the remaining authorities would not be able to form a new pool at that

stage. Given the uncertainty regarding the sustainability of businesses in the current climate, the estimated 2021/22 position for the proposed LCR Pool will be closely monitored to ensure members can make an informed decision on whether to continue with the proposed LCR Pool, should the bid be accepted by Government.

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 £1.6m against an annual turnover budget of £91.5m in 2020/21; equivalent to 1.7%.

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 variations totalling £0.7m on income; £0.4m of which relates to the COVID-19 emergency. This reflects a projected £0.3m under collection of rent income due to increased void levels and £0.1m under collection of service charges.

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 2 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 £57.1m. A summary of the HRA outturn and reserves position can be found at Appendix 4.

1.11 Capital

1.11.1 As part of the Council's Budget Update to Cabinet and Council in October 2020 the capital plan budget for 2020-21 was updated to £134.3m (£116.9m General Fund; £17.4m HRA). Under Financial Procedure Rules 3.10-3.15, capital budgets have been reviewed 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 £1.2m (-£3.7m General Fund slippage; £2.5m HRA forward profile) has been re-profiled into subsequent financial years as shown in Appendix 6.

1.11.2 There are a number of current external funding opportunities which have now been built into the plan. In total £1.6m (£1.1m Dewsbury, £0.5m Huddersfield) has been added to the town centre action plans for this financial year. £134k has been received from The Waste and Resources Action Programme (WRAP) for school recycling and £133k for White Rose Forest tree planting.

1.11.3 The Council's revised capital budget for 2020/21 is £134.9m. The forecast capital outturn at Quarter 2 is £133m; forecast £1.9m variance.

1.11.4 The quarter 2 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 2

By Category	Revised Budget £000	Actuals to Date £000	Annual Forecast £000	Variance £000
Achieve & Aspire	13,678	3,774	13,879	201
Best Start	957	10	957	0
Independent	2,370	3	2,370	0
Sustainable Economy	80,633	18,276	79,799	(834)
Well	11,116	1,799	10,601	(515)
Safe & Cohesive	10	5	10	0
Clean & Green	3,711	287	3,811	100
Efficient & Effective	2,440	219	2,012	(428)
General Fund	114,915	24,373	113,439	(1,476)
Independent –Strategic Priorities	6,162	1,001	6,162	0
Independent - Baseline	13,776	4,891	13,400	(376)
Housing Revenue Account	19,938	5,892	19,562	(376)
Total Capital Plan	134,853	30,265	133,001	(1,852)

- 1.11.5 A summary breakdown of the capital outturn position is provided at Appendix 5, along with key variances highlighted.
- 1.11.6 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.
- 1.11.7 Future capital plan updates will continue to be presented to Council via the annual budget approval reports to Cabinet and Council as a matter of course, as part of the annual planning cycle.
- 1.11.8 This also includes the review of the existing multi-year plan to enable the existing plan to be re-phased over a longer financial planning cycle. The review will also take into consideration the Council's Economic Recovery Plan. Depending on the timing of any new capital proposals, these may feature as emerging budget proposals through the remainder of this budget round. Progress against this review will be presented as part of the Budget Report to Cabinet/Council in the new year.

2020/21 Budget Proposals

- 1.11.9 This report also includes a number of specific capital scheme proposals for Cabinet approval in line with Council Financial Procedure Rules. These proposals will be met from the existing borrowing capacity within the overall plan and are thus built into the figures above. Schemes requiring approval are outlined below:

Batley Cemetery

- 1.11.10 Batley Cemetery, in particular muslim sections, were identified as having the greatest need to consider future expansion options, given that the current (phase 1) extension is likely to be full within the next 3 years. Due to Covid-19, there will always be a risk of deaths increasing, thereby accelerating the timeline towards running out of burial capacity in the muslim sections.

- 1.11.11 There is now a need as well as an opportunity to extend the life of the cemetery. The Council already owns a parcel of land to the lower side of the current extension which could be developed for future burials. Initial estimates would indicate a potential for around 600 burial plots which would extend the life of the cemetery by over 10 years once operational and would be specific for muslim burials.
- 1.11.12 It is therefore imperative that if Batley Cemetery is to have its burial capacity increased by way of a further extension, works need to be commencing on site by Spring 2021. Expanding the capacity of the cemetery will have a positive impact on the people of Batley, in particular the Muslim communities by providing some level of certainty for the next 10 plus years. Cabinet are therefore requested to approve £255k (profiled £10k 20/21; £245k 21/22) towards the cost of this new scheme. The scheme is to be funded from existing redirected slippage identified from elsewhere within the Capital Plan. Further detail can be found in Appendix 7.

Batley Sports & Tennis Centre

- 1.11.13 Members are requested to approve a new Gym/Spin Studio development scheme at the Batley Sports and Tennis Centre. The project seeks to re-develop a heavily underutilised space (the existing bar/ former kitchen area) to increase both the capacity and flexibility of the fitness provision at the site, which is limited in size, impacted by a less than ideal layout and contains some of KAL's oldest equipment stock. The area vacated by the existing gym would be developed into a spin studio which would be a brand new provision for the site.
- 1.11.14 In the short to medium term, additional capacity would be provided as the increased footprint/improved layout would allow additional socially distanced workout stations to be provided. Longer term, the modernisation of the gym facilities and provision of a new group cycling studio, including a required upgrade to the equipment, would appeal to a broader customer base and sustain/increase membership and provide additional opportunities for the community to become active.
- 1.11.15 Cabinet are requested to approve £502k towards this new scheme. The scheme is to be funded from existing underspends identified from within the Capital Plan. Further detail can be found in Appendix 8.

Batley Baths

- 1.11.16 For KAL to be able to reopen the fitness suite, sports hall and other activity areas at Batley Baths and Recreation Centre requires the installation of new ventilation systems in order to meet current Government and Industry specific Covid ventilation standards. As these modifications will consequently result in additional running costs and carbon production it is also proposed that energy efficient LED lighting is installed to offset this. A secondary phase following reopening is also proposed to bring the swimming pool operation up to current industry standards by introducing a UV disinfection system. The sum of these Capital works is up to £50k and Cabinet are requested to approve these works.

Huddersfield Leisure Centre

- 1.11.17 The current capital plan includes budget for works for the balustrading and the pool surround, which were collated prior to Covid restrictions. There are now additional costs attributed to the difficulties faced in undertaking the remedial works in an open facility with the additional issues of maintaining social distancing in a construction environment whilst possibly being open to the public. Since then repairs to the changing rooms and replacement tiling has become an issue and require funding circa £215k.

- 1.11.18 There has been considerable work undertaken by Aspect over a period of months with a number of visits to site with suppliers and subcontractors in an attempt to reduce the risk regarding the works. Nevertheless, there are considerable difficulties expected with the safe removal and storage of existing fixtures and fittings, preparation and installation of the works with specific routes through the site due to being open.
- 1.11.19 Cabinet are asked to approve an additional £300k towards the costs of remedial repairs at the Huddersfield Leisure Centre. The budget towards this will be met from redirected slippage from elsewhere within the capital plan.

Dewsbury Learning Quarter

- 1.11.20 Pioneer House is an iconic building in Dewsbury town centre. The redevelopment of Pioneer House is a clear symbol and a clear indication of the Council's commitment to the transformation of Dewsbury as part of the North Kirklees Growth Zone (NKGZ) initiative. The scheme is due to complete imminently, however it is currently overspending by £947k and budget is required to meet this gap. 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.' Members are asked to approve £547k to cover part of the current overspend from existing slippage from within the plan. The remaining overspend will be absorbed within existing resources within the plan, throughout the financial year, subject to Chief Finance Officer approval.

Town Hall External Lighting

- 1.11.21 The condition of the existing external lighting systems at Huddersfield Town hall and Cleckheaton Town Hall are at the end of their useful lives. It is proposed that a new LED centrally controlled external lighting system is installed at both town halls to enable better functionality as well as improve security. The new system will incorporate multi-coloured option display functionality to illuminate and light up buildings to support various national initiatives/events/charities. This not only raises public awareness of events but is regarded as a significant benefit from a tourism or promotional perspective.
- 1.11.22 Members are therefore requested to approve £40k each towards Huddersfield Town Hall to be funded from the existing Huddersfield town centre action plan resources and £40k for Cleckheaton Town Hall to be funded from the existing Sustainability of Town Hall, service development line.

Climate Emergency – Green Travel

- 1.11.21 The capital plan currently includes proposals which reflect key investment priorities with regard to tackling climate change and support the Council's transition to next generation electric vehicles, as part of a package of 'Green Travel' measures. Transport and Procurement services have analysed the Council's fleet profile considering the mileage, use, type of vehicles and where current vehicles are in terms of life. Around 35 additional small commercial vehicles have been identified which could be replaced with electric alternatives. Further detail can be found in Appendix 9.

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 Batley Cemetery;
- viii) Appendix 8 shows the detailed business case for Batley Sports and Tennis Centre;
- ix) Appendix 9 shows the detailed business case for Climate Emergency, Green Travel measures;
- x) Appendix 10 lists the funding streams received by the Council to tackle the COVID 19 emergency;
- xi) Appendix 11 is the Corporate Risk Register, updated as at September 2020.

2.2 The corporate risk register at Appendix 11 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 2, pressures arising from COVID-19 are estimated to total £48.0m across both general fund and collection fund after the application of s31 grants to offset increased business rates reliefs (see paragraph 1.9.5). 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 Further unringfenced COVID-19 grant funding of £7.6m, allocated to Kirklees in October 2020, and from the Contain Outbreak Management Fund (£8 per head) will be released as appropriate in future monitoring reports to offset the growing impacts of national and local measures to manage the spread of COVID-19 infection and to support local communities over the winter months.
- 3.6.7 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. At Quarter 2, it is estimated that Kirklees will receive approximately £6.8m income compensation through this scheme.
- 3.6.8 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 2 forecasts indicate a potential overall year-end deficit of £35.2m, prior to the offset of additional s31 business rates grants.
- 3.6.9 It is acknowledged that at Quarter 2, 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.

- 3.6.10 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.
- 3.6.11 Forecast financial resilience reserves as at 31st March 2021 are £31.7m, net of the forecast Quarter 2 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.
- 3.6.12 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. It has since been confirmed that, in order to prioritise the response to COVID-19 and focus on supporting jobs, the spending review will now be for one year only for both revenue and capital. It is expected to conclude in late November.
- 3.6.13 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. Deadlines for responses to both elements have now passed.
- 3.6.14 The recent annual budget strategy report to Cabinet and Council in early autumn incorporated 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 also incorporated a further review of COVID-19 financial impacts anticipated to affect the Council's budget beyond 2020/21. In the report, the current MTFP duration of 3 years was extended to 5 years, and thus the refreshed MTFP strategy for revenue spans the period from 2021/22 to 2025/26.
- 3.6.15 A fundamental review of the 5 year plan was undertaken in the summer to re-phase and reprioritise capital plan priorities in line with the Councils Economic Recovery Plan. The re-phased plan was presented as part of the budget strategy update report and will continue to be reviewed and refreshed on an ongoing basis through the remainder of the corporate annual reporting cycle. This will include consideration of further re-phasing and prioritisation of schemes within existing plans and any emerging new capital proposals, affordability considerations and external funding opportunities.

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 £5.5m as at Quarter 2;
- 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 note the forecast year-end position on corporate reserves and balances;

Collection Fund

- 7.5 note the forecast position on the Collection Fund as at Quarter 2;

HRA

- 7.6 note the Quarter 2 forecast HRA position and forecast year-end reserves position;

Capital

- 7.7 note the Quarter 2 forecast capital monitoring position for 2020/21;
- 7.8 approve the re-profiling across years of the capital plan as set out in this report and at Appendix 6;
- 7.9 approve £255k capital proposal to increase burial capacity by way of a further extension at Batley Cemetery as set out in this report and at Appendix 7;
- 7.10 approve a £502k Gym/Spin Studio development scheme at Batley Sports and Tennis Centre, as set out in this report and at Appendix 8;
- 7.11 approve capital works to Batley Baths and Recreation Centre at £50k as set out in this report;
- 7.12 approve further capital remedial works at £300k required at Huddersfield Leisure Centre as set out in this report;
- 7.13 approve £463k to cover part of the Pioneer House overspend, with the remainder to be covered by future slippage to be identified within the plan, in agreement with the Chief Finance Officer;

- 7.14 approve the release of funding from Huddersfield Town Centres Action Plan for Huddersfield Town Hall and the release of Sustainability of Major Town Halls – Service Development capital programme line funding for Cleckheaton Town Hall for external lighting systems, as set out in this report;
- 7.15 approve the replacement of the Council’s current fleet vans with fully electric equivalent vehicles, as part of the Climate Emergency Green Travel measures, as set out in this report and at Appendix 9

8 Contact Officer

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9 Background papers and History of Decisions

2020/21 Budget Strategy Update Report, Cabinet 20 October 2020
Quarter 1 Financial Monitoring Report, Cabinet 1 September 2020
COVID-19 Impact on Council Finances Report, 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

Strategic Director portfolio responsibilities	Annual					Variance made up of:		
	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	33	39,072	41,321	2,249	1,821	-	428
Resources, Improvements & Partnership	20,913	-	20,913	20,102	(811)	-	-	(811)
Learning & Early Support & Schools	17,724	25	17,749	19,306	1,557	835	375	347
Sub Total (Children & Families)	77,676	58	77,734	80,729	2,995	2,656	375	(36)
Customers and Communities	12,423	148	12,571	13,181	610	1,340	326	(1,056)
ASC - Older People and Physical Disabilities	19,661	60	19,721	32,304	12,583	10,989	-	1,594
ASC - Learning Disabilities and Mental Health	64,454	-	64,454	63,981	(473)	-	-	(473)
Adults Sufficiency	13,375	-	13,375	13,400	25	-	-	25
Sub Total (Adults & Health)	109,913	208	110,121	122,866	12,745	12,329	326	90
Growth & Housing	5,535	1,547	7,082	9,653	2,571	720	2,272	(421)
Economy & Skills	8,337	176	8,513	8,398	(115)	-	277	(392)
Environment	26,710	258	26,968	38,577	11,609	2,593	8,321	695
E&I Management	2,921	-	2,921	2,962	41	-	-	41
Sub Total (Economy & Infrastructure)	43,503	1,981	45,484	59,590	14,106	3,313	10,870	(77)
Strategy, Innovation & Planning	14,768	21	14,789	15,689	900	695	9	196
Public Health & People	(2,011)	827	(1,184)	3,281	4,465	4,270	35	160
Governance & Commissioning	10,081	252	10,333	11,167	834	721	27	86
Finance	8,319	319	8,638	10,413	1,775	580	1,193	2
Sub Total (Corporate Strategy, Commissioning & Public Health)	31,157	1,419	32,576	40,550	7,974	6,266	1,264	444
Central	40,050	-	40,050	41,618	1,568	-	168	1,400
General Fund Total	302,299	3,666	305,965	345,353	39,388	24,564	13,003	1,821
COVID Support Grant Offset				(27,090)	(27,090)	(24,564)	(2,526)	-
Estimated COVID Income Loss Compensation				(6,820)	(6,820)		(6,820)	-
Revised General Fund Total				311,443	5,478	-	3,657	1,821

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

£k

Children and Families	2,656
Child Protection and Family Support	1,821
Learning, Early Support and Schools	835
Adults and Health	12,329
Adults Social Care Operation	10,989
Customers and Communities	1,340
Economy and Infrastructure	3,313
Environment	2,593
Growth and Housing	720
Corporate Strategy, Commissioning and Public Health	6,266
Finance	580
Governance and Commissioning	721
Public Health and People	4,270
Strategy Innovation and Planning	695
Grand Total	24,564

Full Year Projected External Income Losses related to COVID

	£k
Catering	2353
Parking - Off Street Parking	2106
Parking - On Street Parking	1662
Markets	1259
Welfare and Exchequer	1193
Trade Waste	728
Planning Fees	484
Registrars	413
Parking - Traffic Management (Bus Lanes)	350
Bereavement Services (Reduced Cremation Fee & Free Webcasting)	343
Other	2,112
Total Income Losses	13,003
Full Year Budgeted Income	56,460
Estimated Proportion of Annual Income Lost	23%

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)	Budget Update Report Approved transfers	Forecasted Reserves position as at 31st March 2021
	£'000	£'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)		-	5,478		(31,668)
Earmarked (Other)								-
Rollover	(656)		(656)		355	-		(301)
Revenue Grants (various)	(9,095)		(9,095)		1,337	-		(7,758)
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)		34	-		(1,165)
Social Care Reserve	(2,195)		(2,195)		157	-		(2,038)
Property and Other Loans	(3,000)		(3,000)		-	-		(3,000)
Adverse Weather	(2,432)		(2,432)		45	-	2,387	-
Strategic Investment support	(4,229)		(4,229)		809	-		(3,420)
Waste Management	(5,684)		(5,684)		-	-		(5,684)
Mental Health	(1,400)		(1,400)		15	-		(1,385)
Business Rates	(2,000)		(2,000)		-	-		(2,000)
Covid-19 Risk	(11,099)	(15,991)	(27,090)	27,090	-	-	(2,387)	(2,387)
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)		87	-		(5,950)
Total - Earmarked Other	(72,977)	(15,991)	(88,968)	27,090	5,850	-		(56,028)
Sub Total Earmarked Reserves	(110,123)	(15,991)	(126,114)	27,090	5,850	5,478	-	(87,696)
GENERAL BALANCES	(9,998)		(9,998)	-	-	-	-	(9,998)
Grand Total	(115,692)	(15,991)	(131,683)	27,090	3,666	13,078	-	(87,849)
<i>Usable reserves (excl. schools balances and public health)</i>	<i>(104,575)</i>	<i>(15,991)</i>	<i>(120,566)</i>	<i>27,090</i>	<i>2,839</i>	<i>13,078</i>	<i>-</i>	<i>(77,559)</i>

* £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 6

	Year to Date			Annual		
	Controllable Budget (Net)	Actuals	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Repairs & Maintenance	14,313	14,353	40	26,992	26,992	(0)
Housing Management	19,290	19,221	(69)	35,152	35,723	571
Other Expenditure	152	355	203	25,699	26,001	302
Total Expenditure	33,755	33,929	174	87,843	88,716	873
Rent & Other Income	(43,632)	(43,359)	273	(91,480)	(90,777)	703
Revenue Contribution to Capital Funding	0	0	0	3,637	3,637	0
Planned transfer to HRA Reserves	0	0	0	0	0	0
Total	(9,877)	(9,430)	447	0	1,576	1,576

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		1,576	1,576
To support the Capital Investment Programme		2,341	2,341
Set aside to meet investment needs (as per HRA Business Plan)	(55,518)		(55,518)
Working balance	(1,500)		(1,500)
Total	(61,018)	3,917	(57,101)

	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	12,839	839	13,678	3,774	13,879	201	1%
Best Start	748	209	957	10	957	0	0%
Independent	2,370	0	2,370	3	2,370	0	0%
Sustainable Economy	83,780	(3,147)	80,633	18,276	79,799	(834)	(1%)
Well	10,648	468	11,116	1,799	10,601	(515)	(5%)
Safe & Cohesive	185	(175)	10	5	10	0	0%
Clean and Green	3,937	(226)	3,711	287	3,811	100	3%
Efficient & Effective	2,440	0	2,440	219	2,012	(428)	(18%)
GENERAL FUND TOTAL	116,947	(2,032)	114,915	24,373	113,439	(1,476)	(1%)
Housing Revenue Account							
Strategic Priorities	3,735	2,427	6,162	1,001	6,162	0	0%
Baseline	13,654	122	13,776	4,891	13,400	(376)	(3%)
HOUSING REVENUE TOTAL	17,389	2,549	19,938	5,892	19,562	(376)	(2%)
CAPITAL PLAN TOTAL	134,336	517	134,853	30,265	133,001	(1,852)	(1%)

Capital Monitoring Key Highlights – General Fund

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
Aspire & Achieve			
Strategic Priorities – Pioneer House	1,210	400	Additional unforeseen expenditure. The overspend will be managed by any slippage identified as part of future monitoring.
Sustainable Economy			
Baseline - Highways	23,919	(660)	The majority of the underspend relates to two schemes funded by LTP. The Bus Hot Spots programme £223k and the Streets for People project £360k.
Well			
Baseline - KAL	948	(419)	The self-financed section of the capital plan is underspending since there are no schemes worked up and approval for KAL projects are instead to be met from slipped corporate borrowing identified from elsewhere in the plan.
Efficient & Effective			
One Venues - Sustainability of Town Halls, Service Development	535	(335)	Dewsbury Town Hall scheme part complete by March 2021
Total	26,612	(1,014)	

Capital Monitoring Key Highlights – Housing Revenue Account

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
HRA Baseline			
Fuel Poverty	826	(376)	Expected to spend approx £400k on Retrofit (redesign 10 properties) but accepted it may run over. Also LAD delivery will target E&F properties with a suite of energy measures but it is anticipated there may be resistance to the work from tenants who have previously refused these measures.
HRA TOTAL	826	(376)	

	2020/21 £'000	2021/22 to 2024/25 £'000
General Fund		
Achieve & Aspire		
<i>One Off Projects:</i>		
SEND Provision	292	(292)
Achieve & Aspire Total	292	(292)
Best Start		
<i>Strategic Priorities:</i>		
Residential Children's Units	208	(208)
Best Start Total	208	(208)
Sustainable Economy		
<i>Strategic Priorities:</i>		
Aspirational Regeneration of Major Town Centres	(50)	50
Huddersfield Town Centre Action Plans	(274)	415
Dewsbury Town Centre Action Plans	(739)	739
WYT+F - Cross Church Street	(141)	0
<i>Baseline:</i>		
Highways	(1,313)	1,313
Housing Private	(1,000)	1,000
Sustainable Economy Total	(3,658)	3,658
Safe & Cohesive		
<i>Strategic Priorities:</i>		
Youth Offending Team	(175)	175
Safe & Cohesive Total	(175)	175
Clean and Green		
<i>Strategic Priorities:</i>		
Depot Works	(360)	360
Clean & Green Total	(360)	360
GENERAL FUND RE-PROFILE	(3,693)	3,693
Housing Revenue Account:		
<i>Strategic Priorities:</i>		
Housing Growth	1,402	(1,402)
Remodelling / High Rise	-25	25
Council House Building	1,050	(1,050)
<i>Baseline:</i>		
Housing Capital Plan	196	(196)
Compliance	-500	500
Fuel Poverty	426	(426)
HOUSING REVENUE ACCOUNT RE-PROFILE	2,549	(2,549)
TOTAL CAPITAL PLAN RE-PROFILED	(1,144)	1,144
Funding:		
Borrowing (General Fund)	(1,722)	1,722
Grants (General Fund)	(1,871)	1,871
Receipts, ring-fenced (General Fund)	(100)	100
HRA funding	2,549	(2,549)
TOTAL FUNDING RE-PROFILED	(1,144)	1,144

CAPITAL BUSINESS CASE

Project Title: Batley Cemetery Extension (phase 2)

Client Service: Bereavement Services

KMC Capital Cost: £255,436

DESCRIPTION**Description of the project and its purpose including key objectives:**

During 2019 an exercise was undertaken to look at all the current active cemeteries to get a clearer strategic insight on capacity and to identify potential future expansion needs.

Colleagues within planning policy and strategy provided information on land owned by the Council in particular land which was within the footprint or proximity to the existing active cemeteries.

The outcome of this work identified that the Council does have potential to expand some rather than all its cemeteries in the coming years should it choose to.

Batley Cemetery in particular the muslim sections were identified as having the greatest need to consider future expansion options, given that the current (phase 1) extension is likely to be full within the next 3 years.

With around 160 remaining plots and average muslim deaths over the past three years averaging at around 52 per year, there is now a need as well as opportunity to extend the life of the cemetery.

The Council already owns a parcel of land to the lower side of the current extension which could be developed for future burials. Initial estimates would indicate a potential for around 600 burial plots which would extend the life of the cemetery by over 10 years once operational and would be specific for muslim burials.

Therefore, colleagues within the Landscape team were commissioned to prepare a design for a second phase along with cost estimates (see Appendix 7 a) - Background Information and Site Plan) by colleagues within the landscape team.

Planning approval to extend the cemetery (for Muslim burials) was secured on 5th August 2020.

Planning was progressed in response to the Covid 19 pandemic as part of a wider excess death management plan, on the back of Government forecasts which were showing a significant increase in the number of deaths early into the first wave of the pandemic during April, May and June.

Whilst Covid 19 remains, there will always be a risk of deaths increasing, thereby accelerating the timeline towards running out of burial capacity in the muslim sections.

It is therefore imperative that if Batley Cemetery is to have its curial capacity increased by way of a further extension, then works need to be commencing on site by Spring 2021.

Expanding the capacity of the cemetery will have a positive impact on the people of Batley, in particular the Muslim communities by providing some level of certainty for the next 10 plus years.

What are the benefits / critical success factors?

(include cost/benefit analysis, quantified & unquantified)

Creating or retaining cultural facilities and opportunities, such as a cemetery does help people who live within the locality to develop a sense of belonging and to value the cultural diversity and heritage of that locality.

Once a Muslim funeral has taken place, there is a religious requirement for the remaining family members to visit the grave frequently to keep it clean and also, recite prayers for the deceased at the

graveside. Traditionally, this is done every Friday, after Friday prayers, and on every major religious festival such as Eid and Ramadan. Against this backdrop, the location and distance of the cemetery from the community plays a significant part in where the body is laid to rest.

Whilst recognising the social benefits there does also need to be recognition that to create or extend a cemetery comes at a cost. A simple cost/benefit exercise would show that the approach proposed to extend the cemetery albeit one final time, is the most cost-effective route to adopt, particularly given the Councils ownership of the land/site.

- The aim would be to fund this project from Capital
- The purchase of an initial 200 pre-cast vaults would be required to establish the site once the main capital infrastructure works have been undertaken.
 - This would cost £150,000 approx.
 - Note the purchase of pre-cast vaults are procured from revenue and accounted for as “stock items”
 - Once these precast vaults are in the ground, the site would then be left for a minimum of 12 months prior to any burials taking place as it is important that the site is left to settle and become established with the planting that is part of this project.
- The current tariff for a single burial plot is £2,683.
- With the site’s potential for up to 600 plots, the return on income would be around £1.6m (based on 2020 tariffs).

FINANCE

KMC **Gross** Total (including external/grant funding if applicable): £255,436

Profile	Year:	2020/21	2021/22
	Sum:	£10,000	£245,436

Revenue Implications:

Note: Capital investment is only required to fund the works necessary. It is funded wholly from prudential borrowing and as a result the Council will incur financing charges of £17k p.a. for 20 years. Once complete any future requirements, predominantly precast vaults would be funded from revenue.

Lifespan of completed asset: _

Once the construction works are complete and the site is available to burials, it would become an active cemetery until such time that the extended area becomes full. At that point, the cemetery would remain a Council asset for the benefit of communities/families long into the future. It would become a closed to burials cemetery, transferring into Corporate Landlords portfolio along with any future maintenance needs in much the same way as the other closed cemeteries are which the Council has responsibility for.

Lifecycle capital costs (during the life of the asset) There are no ongoing lifecycle capital costs beyond this initial investment in creating the site the burials. Once the land has been fully utilised as a burial site, it moves to become a closed cemetery and therefore subject to ongoing maintenance in terms of grounds maintenance and any other areas of maintenance in relation to keeping the cemetery safe to families/visitors.

DELIVERY & MANAGEMENT

How will the project be delivered and managed? This project will be delivered and managed by colleagues in Parks and Open Spaces who have been involved in previous work in extending this cemetery to ensure consistency of approach.

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

Batley Cemetery has been part of the Batley landscape since the 1860’s, with the first burial taking place in 1866.

There will be minimal impact in respect of hard to reach groups, as Batley is a well-established cemetery

within the heart of the ward, additionally there are strong working relationship between local burial committees and Funeral Directors who represent local families at the time of bereavement. Many of which have been involved and engaged in this proposal through the Councils Bereavement Forum.

The Councils leader has also supported officers, attending community meetings highlighting the options around future burial capacity.

By extending the cemetery all be it for one final time, would support local communities by giving some certainty that loved ones will be able to be buried within the community. By knowing that the Council has a local facility which meets a cultural and local needs is very important within the Batley community (as indeed in all communities).

Is this subject to OJEU Regs? No (confirmed by procurement)

How will this be procured? The design has been completed, as has the planning process. A specification for tender has also being prepared by colleagues within Parks and Open Spaces and is ready to go pending approval of this investment request.

Construction will be undertaken by an external contractor following a tender exercise, with the contract management being undertaken by colleagues within the Landscape team.

Timescales:

- Tender for works (Nov/Dec 2020)
- Award (Feb 2021)
- Mobilise and Construction from April 2021
- Complete July/August 2021
- Open to Burials 2023 (once current site is full)

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

The risks would be greater in not extending the cemetery as opposed to doing it.

- Batley Cemetery would be effectively full to Muslim burials in approximately 3 years' time, by extending it preserves the cemeteries burial capacity by an additional 10+ years (13+ years approx.as of 2020).
- The Council would need to look at other alternatives which could have more cost implications if it were to have to procure and develop land elsewhere.
- To not extend could lead to some community tensions and concerns and would need intervention to prepare the community to start and look at other options within other cemeteries in Kirklees. By extending now gives the Council a bigger window to prepare the community for the day when Batley Cemetery does become full or to pursue other options.

How will these risks be managed / mitigated?

- Any project related risks (financial, physical or resource) will be managed through regular project/site meetings held between all partners with management by the project manager.

Appendix 7 a) – Batley Cemetery Background Information and Site Plan

Capital Cost Estimate - £255,436

Estimate and guide only

Description	Rate £	Approximate works £
Full scientific survey/risk assessment Phase 2 to determine: 1. Depth to the former tip and possible collapses of any excavations. 2. Groundwater profile across the former tip. 3. Contamination risk for grave diggers and general public.		
A site investigation coupled with a topographical survey with cross-sections showing depth to fill material will be useful in determining where the concrete chambers will sit.		£10,000
Site preparation; vegetation clearance and removal to tip		£ 6,713.00
Excavation, regrading of soil; fill all holes, excavate trenches for drainage; grade and re-level. Excavation of dry swale.		£ 7,500.00
Extend existing land drains and install additional 3x soakaway (provisonal sum), mark all drain runs with line and stakes/path lines		£ 9,964.00
Install macadam access paths adjacent to drainage lines incl of excavation, sub-base and edging		£ 7,600.00
Install macadam access roads with full sub-base and maintenance edge		£145,000.00
Install new timber picket fence to match existing		£ 2,280.00
Plant native hedgerow sections; incl of whips, guards and stakes	130 lin m	£ 936.00
Shrub areas mix of native/plants for biodiversity	102m ²	£ 3,570.00
Plant heavy standard trees-mixture of species	31	£ 5,348.00
Grass seed to whole site		£ 2,142.00
	Sub total	£ 201,053.00
<hr/>		
Preliminaries to works		£ 20,105.00
Contingency @ 5%		£ 11,057.00
Design Fee and project management		£ 23,221.00
Budget requirement		<u>£ 255,436.00</u>

BATLEY CEMETERY EXTENSION

Fencing and planted screen around compound.
Hedgerow and trees

Retain edge planting

NORTH BANK ROAD

Cemetery compound
Burial Services Dept

Allot Gdns

Plant and stabilise bank

Position for tap

Manage hedgerow and verge

Blowwale

Existing cemetery
Muslim burial

Blowwale

Repair fence along this edge

Existing tap

Existing filter drains already installed discharging into soakways

Proposed filter drain to be discharged into new soakway

Drainage swale

Area previously excavated for bottle digging and subsequently backfilled

Approximate burial plots

New tree planting

Native shrub areas and new native hedgerow

New timber fence
Existing fence to repair

New access paths

Wildflower Area

Access road

Existing cemetery
Christian burial

Existing cemetery
Muslim burial

Existing cemetery
Christian burial

Existing cemetery
Christian burial

Existing cemetery
Christian burial

Notes

Post

Post

Post

PHASE 2

DATE	BY	REVISION
12/01/14	AK	1
12/01/14	AK	2
12/01/14	AK	3
12/01/14	AK	4
12/01/14	AK	5
12/01/14	AK	6
12/01/14	AK	7
12/01/14	AK	8
12/01/14	AK	9
12/01/14	AK	10

UNIVERSITY OF SHEFFIELD
BURIAL SERVICES
BATLEY CEMETERY EXTENSION
LANDSCAPE DESIGN

CAPITAL BUSINESS CASE

Project Title: Batley Sports and Tennis Centre – Gym / Spin Studio Development

Client Service: Kirklees Active Leisure

KMC Capital total (Gross): £418,000

DESCRIPTION**Description of the project and its purpose including key objectives:**

The project seeks to re-develop a heavily underutilised space (the existing bar/ former kitchen area) to increase both the capacity and flexibility of the fitness provision at the site – which is limited in size, impacted by a less than ideal layout and contains some of KAL's oldest equipment stock.

The area vacated by the existing gym would be developing into a spin studio which would be a brand new provision for the site.

In the short – medium term additional capacity would be provided as the increased footprint /improved layout would allow additional socially distanced workout stations to be provided.

Longer term, the modernisation of the gym facilities and provision of a new group cycling studio would, including a required upgrade to the equipment, would appeal to a broader customer base and sustain / increase membership and provide additional opportunities for the community to become active.

What are the benefits / critical success factors?

(include cost/benefit analysis, quantified & unquantified)

A larger facility with a more flexible layout would allow for the provision of an improved service and cater for a wider range of people. As well as being more accessible to users with mobility issues, the increased capacity would allow for the development of specialist sessions aimed at younger people as well as enhancing the provisions for the current OWLS group (over 50's) at site among other groups. The increased flexibility of provision would help address physical activity inequalities experienced by some group through the ability to provide specific and targeted activity.

This is proposed against a backdrop of Kirklees having a higher than national and regional average number of people who are physically inactive, and a lower than national and regional average number of people who are meeting CMO guidelines to be physically active.

Improved facilities will allow KAL to cater for the needs of a wider range of the local community, helping to achieve the wider 'Well' outcome in the Kirklees Outcomes. Furthermore, the wards most directly served by this centre include Batley West, where 29.2% of the population lives in the 10% most multiply deprived areas.

Given the impact of COVID-19, the enhanced gym facility will also allow for additional user capacity, due to the increased footprint and improved layout, whilst effectively maintaining social distancing, providing customers and staff with a greater opportunity to remain active.

The enhanced gym facility will also help to cater for customers from the Spenborough Fitness Complex, which is unable to reopen due to the very limited capacity available at the site under social distancing requirements.

From a financial perspective, the breakeven point for the development is extremely modest, at an increase in membership status of 50 being required. Reasonable projections however would suggest that an increase in status of around 300 could be seen with expected uplift in new membership sign ups. A larger increase would improve the financial position of the facility overall and have a positive impact on KAL's overall financial position.

The ability to retain an increased number of the members displaced by the temporary closure of Spenborough Fitness Complex would have both a short term positive financial impact as well as being a benefit to the business plan for the new Spen Valley Leisure Centre due to an increased starting point.

Although membership levels have dipped due to Covid-19 and associated facility closures – the membership increases required to offset the investment remain relative and valid. The development may in fact allow the facility to recover quicker in terms of membership status.

FINANCE

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

£418,000

Profile	Year:	2020/21
	Sum:	£418,000

Revenue Implications:

As noted, the project breaks even at an increased status of approx. 50 members. Business plan projections show a still modest (in the context of the improved offering and footprint) increase of 300 members yielding a £50-£60k per annum surplus from the project which would improve the facility and KAL's financial performance accordingly.

The size and layout of the gym make it difficult to make any further improvements without the development, with the exception of a straightforward equipment replacement. It is reasonable to assume that the facility would therefore become less attractive within the market over time leading to a reduction in customer base and therefore revenue.

The additional revenue benefit of being able to retain some of the members displaced by the temporary closure of Spenborough's fitness provision will have both a positive short term impact on the business case but also a positive revenue impact to the new Spen Valley Leisure Centre due to an increased starting point.

Lifespan of completed asset: _

The completed asset will form part of the larger facility and is not expected to have a lifespan shorter than that of the centre itself.

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

Lifecycle costs for the development are not expected to be materially different to those currently contained within KAL's MTFP with the exception of some relatively minor potential expenditure with regard to the maintenance of the increased air handling / air conditioning system. Fitness equipment replacement and servicing is already included in KAL's MTFP.

DELIVERY & MANAGEMENT

How will the project be delivered/Managed.

Alliance Leisure will project manage the scheme supported by KAL from a client perspective. The council will provide QS support and be required to review and agree the framework documentation and development management agreement from a legal perspective.

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

A larger facility with a more flexible layout would allow for the provision of an improved service and cater for a wider range of people. As well as being more accessible to users with mobility issues, the increased capacity would allow for the development of specialist sessions aimed at younger people as well as enhancing the provisions for the current OWLS group (over 50's) at site. The increased flexibility of provision would help address physical activity inequalities experienced by some group through the ability to provide specific and targeted activity.

Improved facilities will allow KAL to cater for the needs of a wider range of the local community, helping to achieve the wider 'Well' outcome in the Kirklees Outcomes. Furthermore, the wards most directly served by this centre include Batley West, where 29.2% of the population lives in the 10% most multiply deprived areas.

Is this subject to OJEU Regs?**How will this be procured**

Alliance Leisure will be appointed via the UK Leisure framework. This framework has previously been used at Batley Sports and Tennis centre successfully for the TAGX development.

Timescales

The project is estimated at a 12-14 week build.

Key risks in undertaking / not undertaking this project:

- The key risk of the project is not achieving the required income and usage levels for it to be successful.
- The key risk of not undertaking the project would be not improving the facility and equipment stock leading to a decline in usage and associated income levels.

How will these risks be managed / mitigated?

- The project has been designed to have a very modest break even point to ensure the risk of not achieving this target remains low.

CAPITAL BUSINESS CASE

Project Title: **Climate Emergency – Green Travel**

Client Service: Fleet & Transport Services

KMC Capital Cost: £906,028

DESCRIPTION**Description of the project and its purpose including key objectives:**

During the process for the November 2019 Cabinet report on the climate emergency, Cabinet members indicated that they wanted a more ambitious ‘quick win’ response to add to the package of measures. Officers subsequently developed and agreed a package of ‘Green travel’ measures based around the two project areas:

- £1m for ‘up to 50’ EVs for the Fleet (based on best guess in-relation to current market price at the time) along with associated infrastructure requirements.
- £1m for a step-change in public EV charging infrastructure.

These two interventions were agreed by senior officers at Exec Team in consultation with Service Director Finance and subsequently with portfolio holders at LMT.

These x 2 schemes then received Cabinet approval on the 20th Jan 2020 and were subsequently taken forward in the Council budget setting process and agreed at the Full Council meeting on 12th Feb 2020:

- **Climate Emergency and Air Quality (next steps) Electric Vehicles: Section 6.11.** *Cabinet notes the contents of the report and recommends to full council to prioritise the consideration of allocating spending in the capital bids in relation to Electric Vehicles and infrastructure in its budget setting.*
- **Council Budget Report 2020-23 Section 2.14 ‘Tackling Climate Change’.** *£2m added to the capital plan under the ‘Clean and Green’ strategic priority (referred to in the plan as ‘Climate Emergency – Green Travel’).*

What are the benefits / critical success factors?

This proposal is for a significant announcement on increased capital investment on measures to support the transition to Electric Vehicles (EVs) and associated infrastructure and work regarding Climate Emergency and reduce the Council’s carbon emissions.

Transport and Procurement have analysed the fleet profile, considering the mileage, use, type of vehicles and where current vehicles are in terms of life. Around **35** additional small commercial vehicles have been identified which could be replaced with electric alternatives.

Based on an anticipated 8,000 miles annual usage (average for a council vehicle), the anticipated difference in emission is as follows:

	EV	Diesel
Annual Tonnes CO2e (per vehicle)	1.08	3.58
Total for 50 vehicles (tCO2e)	37.80	125.40

FINANCE

The following current fleet vans will be replaced with fully electric equivalents via the Peugeot-Citroen (PSA Group), Crown Commercial Services framework procurement process. These vehicles provide the best value for money on the market that meet our operational performance requirements. Business case being submitted to the Head of Procurement to outline the reasoning behind the chosen procurement route:

- Vehicle specification:
 - Make/model Citroen Dispatch EV
 - Base model costs £ 23,453.52
 - Ancillaries £ 2,433.00 (Ancillary equipment prices based on recent purchases and could be subject to change)
 - Total vehicle cost £ 25,886.52
 - **x 35 vehicles £906,028.00**

Serial Number	Fleet number	Make/Model	User
1	109	Citroën / Dispatch - 2	B42 (7211) Electric Public Buildings West
2	110	Citroën / Dispatch - 2	B24 Heating East
3	111	Citroën / Dispatch - 2	B08 Batley Gas
4	112	Citroën / Dispatch - 2	B09 Boiler Heating
5	122	Citroën / Dispatch - 2	B08 Batley Gas
6	123	Citroën / Dispatch - 2	B24 Heating East
7	124	Citroën / Dispatch - 2	B28 Huddersfield Gas
8	125	Citroën / Dispatch - 2	B24 Heating East
9	126	Citroën / Dispatch - 2	B08 Batley Gas
10	127	Citroën / Dispatch - 2	B04 Agbrigg Gas
11	128	Citroën / Dispatch - 2	B08 Batley Gas
12	129	Citroën / Dispatch - 2	B08 Batley Gas
13	130	Citroën / Dispatch - 2	B24 Heating East
14	131	Citroën / Dispatch - 2	B08 Batley Gas
15	132	Citroën / Dispatch - 2	B04 Agbrigg Gas
16	133	Citroën / Dispatch - 2	B28 Huddersfield Gas
17	0139	Citroën / Dispatch - 2	B05(3136) Empty Homes South
18	0141	Citroën / Dispatch - 2	B42 (7211) Electric Public Buildings West
19	0145	Citroën / Dispatch - 2	B42 (7211) Electric Public Buildings West
20	0146	Citroën / Dispatch - 2	B31(5000) Planned Works North
21	0148	Citroën / Dispatch - 2	B31(5000) Planned Works North
22	0150	Citroën / Dispatch - 2	B25 (2126) Empty Homes North
23	0151	Citroën / Dispatch - 2	B25 (2126) Empty Homes North
24	0153	Citroën / Dispatch - 2	B25 (2126) Empty Homes North
25	0154	Citroën / Dispatch - 2	B25 (2126) Empty Homes North
26	673	VV Caddy	Highway Network 2
27	764	Ford Transit Connect	Highway Network 2
28	767	Ford Transit Connect	Building Control
29	776	Ford Transit Connect	Highway Network 1
30	784	Ford Transit Connect	Building Control
21	787	Ford Transit Connect	Highway Network 2
32	797	Ford Transit Connect	Highway Network 2
33	1303	Ford Transit Connect	Building Control
34	1309	Ford Transit Connect	Building Control
35	1315	Ford Transit Connect	Highway Network 2

PLEASE NOTE – The above vehicle replacement list isn't definitive, some minor alterations maybe made (alternative vehicles selected), upon after consultation with service users and operational requirements.

DELIVERY & MANAGEMENT

How will the project be delivered and managed? This project will be delivered and managed by colleagues in Fleet & Transport.

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

Delivery on the Council commitments to Climate Emergency will improve Air quality that affects all residents including those in hard to reach groups.

Is this subject to OJEU Regs? No (confirmed by procurement)

How will this be procured?

The following current fleet vans will be replaced with fully electric equivalents via the Peugeot-Citroen (PSA Group), Crown Commercial Services framework procurement process.

Timescales:

It is anticipated the initial delivery of vehicles will within 16 weeks, but is dependent on manufacturer order book.

Key risks in undertaking / not undertaking this project:

- Assessments above made on current prices (there is a lot change within the market) and assuming that current government grants will be maintained.
- Revenue costs associated with procurement and project management have not been included and assumed that can be managed within current work processes
- Revenue costs associated with maintenance have not been assigned.

How will these risks be managed / mitigated?

- Vehicle maintenance costs of EVs is less than combustion vehicles - therefore there is flexibility to absorb some level of risk.
- Removal of older fleet vehicles will reduce maintenance burden at present.

COVID 19 Funding Streams




Funding Stream	National Total	Kirklees Allocation	Description (as per the relevant Gov.uk website)
COVID Support Grant (Tranche 1 and 2)	£3,194m	£24.325m	Un-ringfenced grant to help offset Government directed additional Council spend
COVID Support Grant (Tranche 3)	£500m	£3.894m	Supplementary un-ringfenced grant to help offset Government directed additional Council spend
COVID Support Grant (Tranche 4)	£900m	£7.638m	Further allocation in October 2020 to ensure Councils have the resources required to respond to the pandemic.
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	<p>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.</p> <p>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.</p>
Adult Social Care Infection Control Fund	£600m	£4.553m	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-



Funding Stream	National Total	Kirklees Allocation	Description (as per the relevant Gov.uk website)
			19 transmission in and between care homes and support wider workforce resilience.
Adult Social Care Infection Control Fund (round 2)	£546m	£3.805m	The Adult Social Care Infection Control Fund has been extended until March 2021, with an extra £546 million of funding. This is a new grant, with revised conditions from the original Infection Control Fund. It brings the total ringfenced funding for infection prevention and control to £1.146 billion. The grant should be fully spent by 31 st March 2021 on infection control measures.
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	<p>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.</p> <p>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</p>
Interim housing for thousands of rough sleepers taken off the streets	£105m (£85m new and £20m re-directed from existing)	£321.3k	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


Funding Stream	National Total	Kirklees Allocation	Description (as per the relevant Gov.uk website)
further Gov't funding allocation	homelessness/rough sleeping budgets)		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.
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.
Compliance and Enforcement	£30m	£239.4k	There is flexibility over how the funding is used, provided it is for the purposes of compliance and enforcement of measures to control the spread of COVID-19.
Self Isolation Support	Not Specified	£500 for those on lower incomes who cannot work from home and have lost income as a result	this new Test and Trace Support payment of £500 will ensure that those on low incomes are able to self-isolate without worry about their finances. Just under 4 million people who are in receipt of benefits in England will be eligible for this payment, which will be available to those who are required to self-isolate from 28 September.
Leisure Centre Support	£100m	Unknown at this stage	Understood to be a bidding process with funds prioritised to those outsourced leisure services deemed most in need. Further details on the scheme will be set out in due course by the Department for Digital, Culture, Media and Sport.
Contain Outbreak Management Fund	Up to £465m	Max of £8/head (tier 3)	Financial support for Local Authorities tailored to Local COVID alert levels. Funding to support specific activities dependent on alert level. Further to the




Funding Stream	National Total	Kirklees Allocation	Description (as per the relevant Gov.uk website)
			announcement of the second national lockdown, all authorities will receive the maximum £8/head.
Additional Business support (Additional Restrictions and Local Restrictions Grants)	Unknown	Unknown at this stage	Additional Gov't support to businesses in tier 2 and 3 areas and encompassing the second national lockdown.




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 particular 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	<ul style="list-style-type: none"> • 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	↑


		<ul style="list-style-type: none"> • Childrens Improvement Board to assist governance and quality improvement • Ensure effective record keeping <p><i>Responsible for this risk – R Parry and M Meggs</i></p>		
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.	<ul style="list-style-type: none"> • 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 <p><i>Responsible for this risk –M Meggs</i></p>	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).	<ul style="list-style-type: none"> • 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. <p><i>Responsible for this risk – R Parry and M Meggs</i></p>	M	 4x5=20
4	Significant environmental events such as severe weather impact on the Council’s ability to continue to deliver services.	<ul style="list-style-type: none"> • 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.) <p><i>Responsible for this risk – K Battersby (now C Parr)</i></p>	M	 3x5=15


5	<p>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.</p> <p>International transmission of HCIDs issues can also affect supply chains with the consequence of availability of products</p>	<ul style="list-style-type: none"> • 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 <p><i>Responsible for this risk –Rachel Spencer Henshall & all of ET</i></p>	L	 5x5=25
The UK exiting the EU				
6	<p>The process of the UK exiting the EU lead to the following consequences and impact:</p> <ul style="list-style-type: none"> • 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. 	<p>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.</p> <ul style="list-style-type: none"> • 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	



	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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. <p><i>Responsible for this risk –all ET</i></p>		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	<ul style="list-style-type: none"> • 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 <p><i>Responsible for this risk - E Croston & ET</i></p>	H	 4x5=20

8	<p>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.</p> <p>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;</p> <ul style="list-style-type: none"> • Complex Adult Care services • Childrens Care Services • Educational high needs <p>& Rent Collection impact of Universal Credit rollout (H R A)</p> <p>And in the longer term, the costs of waste disposal.</p>	<ul style="list-style-type: none"> • 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 <p style="text-align: center;"><i>Responsible for this risk - E Croston & ET</i></p>	H	 5x5=25
9	<p>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.</p>	<ul style="list-style-type: none"> • 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 <p style="text-align: center;"><i>Responsible for this risk - E Croston & R Parry</i></p>	M	 4x4=16
10	<p>Making inappropriate choices in relation to lending or and borrowing decisions, leads to financial losses.</p>	<ul style="list-style-type: none"> • 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 <p style="text-align: center;"><i>Responsible for this risk - E Croston</i></p>	MH	 2x5=10

11	<p>Exposure to uninsured losses or significant unforeseen costs, leads to the necessity for unintended savings to balance the councils finances.</p>	<ul style="list-style-type: none"> • 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) <p><i>Responsible for this risk - E Croston & J Muscroft</i></p>	H	 4x4=16
12	<p>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.</p> <p>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.</p>	<p>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.</p> <ul style="list-style-type: none"> • 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. <p><i>Responsible for this risk - E Croston & ET</i></p>	L	 5x5=25
	<p>Other Resource & Partnership Risks</p>	<p>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</p>		
13	<p>Council supplier and market relationships, including contractor failure leads to;</p> <ul style="list-style-type: none"> • loss of service, • poor quality service • an inability to attract new suppliers (affecting competition, and to replace any incumbent contractors who have failed) 	<ul style="list-style-type: none"> • 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	




	<ul style="list-style-type: none"> complexities and difficulties in making arrangements in respect of significant and long running major outsource contracts, and their extension and renewal. 	<ul style="list-style-type: none"> 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 <p><i>Responsible for this risk – J Muscroft</i></p>		5x4=20
14	<p>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. (Volume of working from home may increase risks or change their perspective)</p>	<ul style="list-style-type: none"> 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), and whether there is a need for additional security, training or other matters 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 	<p>H (INFO) M (CYBER)</p> 	4x5=20

		<ul style="list-style-type: none"> Proactive management of cyber issues, including additional web controls <p><i>Responsible for this risk – J Muscroft</i></p>		
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,)	<ul style="list-style-type: none"> 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. <p><i>Responsible for this risk – R Spencer Henshall</i></p>	H	 3x5=15
16	Exposure to increased liabilities arising from property ownership and management, including dangerous structures and asbestos, with reputational and financial implications.	<ul style="list-style-type: none"> 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 <p><i>Responsible for this risk – K Battersby (now C Parr/D Shepherd)</i></p>	H	 4x4=16
17	A funding shortfall in partner agencies) leads to increased pressure on community services with unforeseen costs.	<ul style="list-style-type: none"> 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. <p><i>Responsible for this risk – R Parry & all ET</i></p>	L	 4x4=16
18	The risk of retaining a sustainable, diverse, workforce, including	<ul style="list-style-type: none"> Effective Workforce Planning (including recruitment and retention issues) Modernise Human Resources policies and processes 	H	

	<ul style="list-style-type: none"> aging and age profile 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. 	<ul style="list-style-type: none"> Increased accessibility to online training managers/ employees. 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 <p><i>Responsible for this risk – R Spencer Henshall</i></p>		4x4=16
19	National legislative or policy changes have unforeseen consequences with the consequence of affecting resource utilisation or budgets.	<ul style="list-style-type: none"> Reprioritise activities Deploy additional resources Use of agency staff or contractors where necessary Development of horizon scanning service <p><i>Responsible for this risk – all ET</i></p>	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	<ul style="list-style-type: none"> 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 <p><i>Responsible for this risk – K Battersby (now D Shepherd)</i></p>	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
20200923

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