

Name of meeting: Cabinet

Date: 16 March 2021

Title of report: Corporate Financial Monitoring Report, Quarter 3, 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 3 (month 9), 2020/21. and to approve some expenditure as well as the mitigation of PFI affordability double count on schools.

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 – 08.03.21
Is it also signed off by the Service Director for Finance?	Eamonn Croston – 08.03.21
Is it also signed off by the Service Director – Legal, Governance & Commissioning?	Julie Muscroft – 08.03.21
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 £306.2m. 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 £1.5m from the Revenue Grants reserve, £0.9m from the Strategic Investment Support reserve, £0.8m from the Public Health reserve, and £0.4m from the Rollover reserve.
- 1.1.3 There is a forecast overspend of £1.9m against the £306.2m revised budget at Quarter 3; equivalent to 0.6%.
- 1.1.4 There has been a net £3.6m reduction in the forecast overspend position since Quarter 2. This is largely due to numerous further Government funding announcements allocated to Councils to cover specific aspects of the national response to the pandemic. These additional funding streams have been applied, where applicable, against eligible spend in the Quarter 3 projections.
- 1.1.5 It is acknowledged that at Quarter 3, the 2020/21 financial forecasts and underlying assumptions remain volatile with national and local measures to reduce the spread of COVID-19 infection under constant review. The Council's Executive Team will continue to enact 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 3, 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 1.8 of this report.

Table 1 - Overview of 2020/21 General Fund forecast revenue outturn position as at Quarter 3

	Revised Budget	Outturn Forecast	Variance	Variance made up of:		
				COVID-19 Costs	COVID-19 Income Losses	Other
	£000	£000	£000	£000	£000	£000
Children & Families	77,907	82,016	4,109	3,551	370	188
Adults & Health	108,747	117,367	8,620	7,413	758	449
Growth & Regeneration	17,419	19,270	1,851	671	2,419	(1,239)
Environment & Climate Change	28,802	41,970	13,168	2,848	9,626	694
Corporate Strategy, Commissioning & Public Health	33,923	42,163	8,240	5,940	1,821	479
Central Budgets	39,414	40,960	1,546	-	168	1,378
General Fund Total	306,212	343,746	37,534	20,423	15,162	1,949
COVID-19 Support Grant Offset		(27,090)	(27,090)	(20,423)	(6,667)	-
COVID-19 Income Loss Compensation		(8,495)	(8,495)		(8,495)	-
Revised General Fund Total	306,212	308,161	1,949	-	-	1,949

1.2 COVID-19

- 1.2.1 The Council continues to respond effectively to the COVID-19 crisis. It has 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.
- 1.2.2 As reported extensively through the year, the organisational measures in place 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-19 related pressures.
- 1.2.3 The financial forecast at Quarter 3 includes officers' best estimates of future spend and income losses likely to materialise from the ongoing COVID-19 emergency in 2020/21. It is acknowledged that the forecasts continue to be fluid at this time and will remain thus over the remaining months of the financial year; continually informed by emerging national measures from Government.
- 1.2.4 Full year forecasts as at Quarter 3 include estimated net COVID-19 impacts of £35.6m on the General Fund. This consists of £20.4m additional spend and £15.2m of lost income. It should be noted that the quantum reported here is net of spend that is eligible to be funded through specific grants allocated to councils to cover particular aspects of the response to the pandemic; £18.6m specific grant funding has already been applied against eligible costs in the Quarter 3 projections.
- 1.2.5 There are also impacts on the Collection Fund, with significant income losses in-year across Council Tax and Business Rates as described in section 1.10 below. Further details of forecast spend and lost income attributable to COVID-19 are outlined in sections 1.3 to 1.8 below and also summarised in Appendices 1 and 2 to this report.
- 1.2.6 Government has allocated £4.6 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 is £35.8m, allocated in four tranches of £12.2m, £12.1m, £3.9m and £7.6m respectively. Of this, £1.1m of tranche 1 funding was used to cover COVID 19 pressures in the 2019/20 financial year and the tranche 4 funding is currently held as a contingency.
- 1.2.7 At Quarter 3, £27.1m has been drawn down from the COVID-19 Risk Reserve to offset the £20.4m estimated net additional COVID-19 spend in 2020/21; with a further £6.7m allocated against the balance of uncompensated income losses.
- 1.2.8 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.

- 1.2.9 As at Quarter 3, there are forecast income losses of £15.2m 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 £8.5m compensation in-year from Government. This leaves £6.7m of income losses unfunded through the scheme, against which unringfenced COVID-19 grant funding has been applied.
- 1.2.10 The income compensation figure of £8.5m is a prudent estimate based on the most up to date scheme guidance. However, it is recognised that projections and underlying assumptions remain volatile. Emerging intelligence will be factored into subsequent income loss and compensation projections throughout the remainder of the financial year.
- 1.2.11 As noted earlier, 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.
- 1.2.12 Following the move to Local COVID-19 Alert Levels, and subsequent second national lockdown from the 5 November 2020 for 28 days, Local Authorities were also eligible for a payment from the Contain Outbreak Management Fund (COMF) to support proactive containment and intervention measures. Kirklees received £8 per head in November 2020; equating to £3.5m. An expansion of the COMF was later set out in the COVID-19 Winter Plan published on 23 November whereby regular payments, up to a maximum of £4 per head, will be paid to Local Authorities facing higher restrictions until the end of the financial year. This is in recognition of the ongoing public health and outbreak management costs of tacking COVID-19. Kirklees received the maximum funding allocation for the period 2 to 29 December 2020, equating to £1.8m, reflecting the Council's Tier 3 status during that time.
- 1.2.13 All spend relating to these additional funding streams is assumed to be fully funded in-year and as such, is not included within the £20.4m COVID-19 costs described above. As noted in paragraph 1.2.4, a total of £18.6m specific grant funding has been applied within the Quarter 3 monitoring projections. A further £7.8m funding has also been received through Clinical Commissioning Group funding, targeted to cover COVID-19 associated costs related to aspects such as hospital discharge and follow-on care. A full list of Government funding allocations for COVID-19 are listed at Appendix 7 together with Kirklees' allocations where known.
- 1.2.14 There have also been a range of financial support measures put in place by Government to support businesses through the COVID-19 crisis. The Council 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.
- 1.2.15 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. A further package of funding for eligible businesses was launched as part of the COVID-19 Winter Plan, once again to be administered on Government's behalf by Local Authorities. To date Kirklees have processed in the region of 11,500 of these additional grant payments,

totalling £26.6m.

- 1.2.16 Financial Support measures have also 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 1.10.2. Funding for this was through an initial national £500m Hardship Fund; of which Kirklees' allocation was £5.0m. This funding can also be used to support economically vulnerable households through local welfare provision.
- 1.2.17 On 1 May 2020 Cabinet noted and endorsed the decisions taken by the Chief Executive using her 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. 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.

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 3,000; an increase of approximately 44% from comparable figures in 2015. The rising demand and cost pressures show no sign of slowing down, both locally and nationally, with continued growth of EHCP numbers expected in future years.
- 1.3.3 For Kirklees, there is a significant and increasing funding pressure against the High Needs block of the Dedicated Schools Grant; to the extent that the Council's General Fund has supported unfunded DSG pressures at £4.4m in 2017/18 and £8m in 2018/19. There was a further overspend of £12.9m in 2019/20 (equivalent to 34.85% of the High Needs funding allocation) which was transferred to the balance sheet in full at year-end, as a funding deficit against DSG. This reflected updated Government guidance for the treatment of High Needs overspends from 2019/20 onwards. A link to the guidance is included below:

[Pre-16 schools funding: local authority guidance for 2021 to 2022 - GOV.UK](#)
- 1.3.4 Government has acknowledged the extent of current and growing spend pressures on high needs through the 2019/20 Spending Round (SR2019) announcement in September 2019, which included £700m additional funding for high needs in 2020/21. This was subsequently confirmed through the Local Government Finance Settlement with the Council's share at £6.1m for 2020/21. This includes the minimum £1m annual uplift for Kirklees as part of transitional arrangements to mitigate the £7m baseline 2018/19 under-funding (see also paragraph 1.3.1 above).

- 1.3.5 The 2020/21 Dedicated Schools Grant (DSG) High Needs funding allocation for Kirklees is £43.1m, inclusive of the £6.1m additional funding noted above. At Quarter 3, 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 A change to the school funding regulations in February 2020 has meant that Councils can no longer choose to add their own funds into the Dedicated Schools Grant account without permission being granted from the Secretary of State. During officer discussions with the Education & Skills Funding Agency about the implications of the regulation change, the ESFA clarified retrospectively that there had been a high level ESFA funding amendment in respect of Kirklees' 2019-20 DSG base schools block allocation.
- 1.3.7 This meant that from 2019-20 the Schools Block effectively factored in funding responsibility for the PFI affordability gap previously funded by the Council. ESFA guidance regarding the 2019-20 funding settlement at the time included no specific reference to an element of the overall funding calculation being adjusted to compensate for the PFI affordability gap. The above only recently come to light, in effect it means there has been an inadvertent double-count of the affordability gap funding by the local authority and the Department for Education (DfE) both in 2019-20 and in 2020-21, from which schools have benefitted.
- 1.3.8 As set out in more detail in the School funding arrangements 2021/22 report, approved at Cabinet on 26 January 2021, the double-count will be corrected from 2021-22 through a one-off adjustment to the overall level of funds to be distributed to the mainstream school sector.
- 1.3.9 It is proposed that the Council will effectively self-contain the accumulated 2019-21 double count through a combination of the following; utilising current year PFI affordability base budget resources within Learning Services, and drawdown for earmarked Council PFI affordability reserves; both measures allowable within DfE guidelines. Dedicated Schools Grant allocations for 2021/22 were released by the Government in December 2020. The published figures suggest that Kirklees will see a significant increase in High Needs Block funding for 2021/22, with an allocation of £48.8m; an increase of £5.6m on the 2020/21 figure. This represents the maximum increase of 12% per head of population. An eventual uncapped High Needs Block funding allocation of £55.2m has been illustrated for the Council under the High Needs NFF but, as yet, there is no firm indication when that level of funds will be made available.
- 1.3.10 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 budget plans, included in the recent Annual Budget Report to Council on 10 February 2021, reflect the Council's commitment to SEND investment (both revenue and capital) over the medium term. This is further reflected in a number of SEND proposals elsewhere on this Cabinet agenda as part of the overarching Council SEND transformation agenda.
- 1.3.11 The Council will also continue to engage with DfE, Schools Forum and other key

stakeholders, using the framework of the updated operational guidance on schools funding 2021/22, to consider options to manage down the accumulated DSG deficit over time.

Learning and Early Support

- 1.3.12 Currently there are 250 children with Education Health and Care Plans (EHCP's) using Post-16 Home to School Transport; an increase of 53 from the previous year. There are also a further 60 pupils assessed to use the service once COVID-19 restrictions have been lifted. Current arrangements allow for transport providers to continue to be paid for the overall quantum of eligible children, thereby ensuring that the service can resume in full once the restrictions are no longer in place. The increase in the number of pupils requiring transport is reflected in a forecast pressure of £0.6m on Post-16 Home to School Transport.
- 1.3.13 This pressure also links into other school transport pressures highlighted in paragraph 1.6.1 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 2020/21 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 recent 2021/22 Annual Budget report, with an additional £0.3m added into Children's base budget, and £1.2m added into Environment, from 2021/22 onwards.
- 1.3.14 The increased number of approved applications for funding support from Special Educational Needs and Disability Inclusion Fund (SENDIF) has resulted in a forecast additional investment requirement 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 have so far increased from 406 to 465 during 2020/21 and estimates are that this growth will continue in the current year alongside a growth in complexity of need.
- 1.3.15 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. The 2021/22 annual budget report factored this ongoing investment need into approved budget plans.
- 1.3.16 The above additional investment requirement has been managed in-year by savings of £0.5m on employee budgets due to vacant posts over the period April to December. The underspends are earmarked to fund new posts in Family Support Hubs and are consequently one-year savings only.

Child Protection and Family Support

- 1.3.17 Within the External Residential Placements and Independent Fostering Placement budgets there is a pressure of £2.0m relating to increased numbers of Looked after Children (LAC). As at Quarter 3, LAC numbers were 684; an increase of 58, or 9%, since July 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 £1.8m on employee budgets across the service.

Resources, Improvements and Partnerships

- 1.3.18 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 £2.0m.

COVID-19 Impacts – Children and Families

- 1.3.19 Within Children and Families there is forecast additional spend of £3.6m due to COVID-19; £2.7m 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, £0.6m 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 £0.7m staff cost pressure associated with Crescent Dale and other Children's residential homes used 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.
- 1.3.20 There are forecast COVID-19 spend pressures of £0.9m within Learning and Early Support; largely £0.6m payments to schools, third party providers and voluntary groups to ensure vulnerable children have access to healthy food and activities during the holidays.
- 1.3.21 There are forecast income 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 £0.4m. Within this, there are notable variances across key demand-led headings, with some elements offsetting others. Within Independent Sector Home Care there is a £3.1m 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 2020 as the pandemic took hold. There is also a projected additional demand 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 £3.4m, 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.

COVID-19 Impacts – Adults and Health

- 1.4.3 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.

- 1.4.4 Officers have been working closely with the two Kirklees Clinical Commissioning Groups (CCG's) to establish a programme of practical support to social care providers, particularly care home providers.
- 1.4.5 An in-year support package for providers was put in place in light of the pandemic. A number of measures were implemented, with support provided to care home providers and also to Domiciliary Care/Extra Care/Supported Living providers. Key elements within this were a 5% premium paid to care home providers in addition to the business as usual % uplifts that were applied for the new financial year, and also payments made to cover the 3 days after death of a resident. Alongside this there has been specific, targeted support where required. A programme has also been undertaken with the two CCG's to support hospital avoidance and early hospital discharge. Assistance was provided to Domiciliary Care by paying on planned hours rather than actuals. Alongside all of these there has also been specific, targeted support for all providers.
- 1.4.6 The Council also continues to utilise nationally announced Government funding allocated for Social Care. This includes Infection Control Funding, Rapid Testing Funding, and the Workforce Support funding. The utilisation of this has continued through the year and is ongoing.
- 1.4.7 Officers are continuing to liaise with social care providers as to the continuing impacts seen from COVID-19, and how this is affecting the market.

1.5 Growth and Regeneration

Economy and Skills

- 1.5.1 There is a projected underspend of £0.3m within Business and Skills as a result of pausing some non-essential workstreams to prioritise the COVID-19 response. It is anticipated that some of these activities will be commissioned during Quarter 4.

COVID-19 Impacts – Growth and Regeneration

- 1.5.2 Across Growth and Regeneration there are pressures totalling £3.1m with respect to COVID-19; £2.4m of which relate to income losses. £2.1m of the losses sit within Growth and Housing and these include £1.0m on Markets, £0.6m on Planning Fees and £0.2m on Building Control Fees. There is also projected additional spend of £0.7m on temporary accommodation facilities provided during the pandemic. Within Economy and Skills there is a projected £0.3m projected income loss relating to Commercial Properties.

1.6 Environment and Climate Change

Environment

- 1.6.1 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 1.3 of the report earlier). An additional £550k was built into Environment base budgets going forwards as part of the 2020/21 Annual Budget Report, as noted in paragraph 1.3.10. A further review of this baseline was undertaken as part of the recent 2021/22 Annual Budget Report, 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 – Environment

- 1.6.2 At Quarter 3, the most significant variances within Environment and Climate Change relate to the projected impacts of COVID-19, with a total full year estimated pressure of £12.5m across both spend and income budgets; the latter offset in part by the Government income loss compensation scheme.
- 1.6.3 COVID-19 related spend pressures are estimated to be £2.8m. These include additional spend of £1.2m on Waste services associated with traffic management at household waste sites and additional vehicles and hired staff for collections, £0.4m on School Catering, including the provision of 'grab bags' for pupils during school closures, £0.4m on Personal Protective Equipment (PPE) and £0.2m for cremator works and temporary mortuary facilities. There is also a further £0.1m 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.
- 1.6.4 Within Growth and Housing there is also a forecast additional spend of £0.6m for temporary accommodation facilities provided during the pandemic.
- 1.6.5 There are substantial projected income losses of £9.6m across Environment and Climate Change; the most significant being £4.6m on Parking Fees and Fines, largely as a result of national lockdown measures on non-essential businesses, home working due to social distancing and local measures to encourage high street footfall through extension of resident free parking in the borough's major towns; plus a further £2.5m on Catering due to school closures. Other forecast losses include £0.6m on Trade Waste, £0.5m on Town Halls and Public Halls and £0.5m on Public Protection. Details of further projected income losses as at Quarter 3 can be found at Appendix 2b.
- 1.6.6 The 2021/22 Annual Budget Report includes provision within central budgets 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 includes £5m service income loss provision in 2021/22, reducing by £1m per annum, through to 2025/26, in anticipation of the recovery of the local economy.

1.7 Corporate Strategy, Commissioning and Public Health

COVID-19 Impacts – Corporate Strategy, Commissioning & Public Health

- 1.7.1 There is forecast additional spend of £5.9m within Corporate Strategy, Commissioning and Public Health relating to COVID-19; £4.4m of which sits within Public Health and People. This largely reflects provision for up to £4m payment to Kirklees Active Leisure (KAL) in 2020/21 to address the net revenue losses incurred as a result of enforced closure of leisure centres during the pandemic, and ensure KAL's financial sustainability and future recovery post-COVID-19.
- 1.7.2 It should be noted that the income compensation scheme outlined in paragraph 1.2.9 compensates for COVID-19 related losses from Council owned leisure services, or through a planned management fee, where there is an arms-length relationship. However, the income compensation scheme does not cover other 3rd party provider arrangements such as Kirklees Active Leisure (KAL) Trust.

1.7.3 On 22 October 2020, Government announced a £100m funding package aimed at outsourced local authority leisure centres. The package will support the recovery going forward of those services deemed to be most in need; however retrospective funding deficits will not be eligible. Allocations are bid-based, and a submission was put forwards by the Council with joint sign off from KAL for funding of £1.1m. It is anticipated that authorities will be notified of the success of any bids by the end of February 2021.

1.7.4 Within Finance, there is a forecast COVID-19 related £1.8m income loss on Welfare and Exchequer due to temporary suspension of recovery action for non-payment and the suspension of court hearings during the pandemic.

1.8 Central Budgets

1.8.1 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 2021/22 annual Budget report to account for this unfunded element of the 2020/21 pay award.

1.9 General Fund Reserves

1.9.1 The forecast year end reserves position at Appendix 3 reflects the Council's reserves strategy and approach reported and approved at Budget Council on 10 February 2021.

1.9.2 General Fund reserves and balances are estimated to reduce through 2020/21 by £16.9m; from £115.7m at the start of the year to £98.8m as at 31 March 2021. The movement includes the Quarter 3 forecast overspend of £1.9m and the estimated High Needs overspend of £7.6m, together with planned drawdowns in the year of £3.9m; including £1.5m from the revenue grants reserve, £0.8m from the Public Health reserve, £0.9m from the Strategic Investment Support reserve and £0.4m from the Rollover reserve.

1.9.3 The remaining £3.5m reduction reflects the net movement on the COVID-19 Risk reserve; namely the addition of tranche 2 to 4 COVID-19 Support funding totalling £23.6m, and the drawdown of £27.1m to offset the additional pressures attributable to the pandemic, as noted in section 1.2 earlier.

1.9.4 As at Quarter 3 it is projected that £7.6m of the un-ringfenced COVID-19 Support funding will not be utilised in-year. This will remain in the COVID-19 risk reserve and will roll forwards into 2021/22 to fund ongoing pressures arising from the pandemic.

1.9.5 The forecast reserves level as at 31 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 £88.5m; equivalent to 29.3% 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 usable reserves level is adjusted to £108.3m, or 35.8%. For comparator purposes, based on the recently updated CIPFA resilience index using 2019/20 revenue outturn data, the median percentage across the 36 metropolitan Councils on this particular indicator was 35% as at 31 March 2020, accepting that this data is a snapshot in time from 9 months back.

1.9.6 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.

- 1.9.7 Forecast financial resilience reserves as at 31 March 2021 are £35.2m, net of the forecast Quarter 3 overspend. This is currently below the minimum £37m requirement recommendation by the Chief Financial Officer to carry forward into 2021/22, as set out in the approved 2021/22 Annual Budget Report to Council on 10 February 2021. 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.

1.10 Collection Fund

- 1.10.1 The Collection Fund accounts separately for council tax and business rates income and payments. At Quarter 3, there is a projected in year deficit of £30.1m; £2.6m with respect to Council Tax and £27.5m from Business Rates.
- 1.10.2 The projected £2.6m in-year deficit from council tax is based on a forecast 98.6% achievement against planned income of £190.0m. This assumes the application of Kirklees' share of the £4.9m Hardship Funding to offset additional discounts applied to current working age recipients of Local Council Tax Support (LCTS); see also paragraph 1.2.16. As at Quarter 3, there have been in the region of 12,700 such recipients; or 49% of the total current working age LCTS caseload. The in-year deficit also includes a forecasted increase in the bad debt provision as a direct result of the impact of COVID-19 on the ability of taxpayers to pay their council tax bills.
- 1.10.3 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 3. It is estimated that in the region of £5.4m 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. £1.7m of this loss relates to one-off £150 payments awarded to LCTS claimants.
- 1.10.4 The projected in-year Business Rates deficit of £27.5m equates to a forecast achievement of 46.6% against planned income (local share) of £51.5m. Of this, £23.6m of the deficit is 'technical' in nature, as it relates to a downward income adjustment 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 £3.9m balance of forecast deficit relates to the forecast impact of COVID-19 on business activity.
- 1.10.5 Taking into account the opening balance and repayments to the General Fund in year, the above in-year projections result in underlying forecast deficits at 31 March 2021 of £3.9m for council tax and £3.6m for business rates (excluding the extended reliefs income adjustment and corresponding s31 grant offset).

Table 2 – Collection Fund Summary

Collection Fund forecast (Council Share)	Council Tax	Business Rates	Total
	£000	£000	£000
(Surplus)/Deficit at 1 April 2020	1,180	(3,685)	(2,505)
Re-payments to/(from) General Fund 20/21	58	3,377	3,435
In year Financial Performance	2,635	27,480	30,115
(Surplus)/Deficit at 31 March 2021	3,873	27,172	31,045
s31 grant for expanded retail discount	-	(23,643)	(23,643)
Remaining unfunded deficit (notional)	3,873	3,529	7,402

- 1.10.6 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.
- 1.10.7 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 31 March 2021 over the following three years to 2023/24.
- 1.10.8 SR20 confirmed that the Government will compensate Local Authorities for 75% of irrecoverable losses in Council Tax and Business Rates income in respect of 2020/21. Updated budget plans in the 2020/21 Annual Budget Report to Council included an estimate of £5.7m compensation for these tax losses. This income is split equally across the first three years of the MTFP to mirror the spread of the collection fund deficit. Final tax loss compensation payments will only be known once the final collection fund position is agreed at the current year end.

North and West Yorkshire Business Rates Pool

- 1.10.9 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-19 impacts on local economies impacting on member authority levy payments into the Pool.
- 1.10.10 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.
- 1.10.11 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.
- 1.10.12 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 be confirmed in May 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 continue to be closely monitored.

1.11 Housing Revenue Account

- 1.11.1 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 3 is a deficit of £1.8m against an annual turnover budget of £91.5m in 2020/21; equivalent to 2.0%.
- 1.11.2 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 £0.8m on income; £0.4m of which relates to the COVID-19 emergency. This reflects a projected £0.3m under collection of rent income and £0.1m under collection of service charges.
- 1.11.3 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 3 assume such costs will be covered by existing KNH reserves. This position will be reviewed and updated regularly through subsequent monitoring rounds.
- 1.11.4 Forecast HRA reserves at 31 March 2021, net of set asides for business risks and investment needs and a minimum working balance, is £56.9m. A summary of the HRA outturn and reserves position can be found at Appendix 4.

1.12 Capital

- 1.12.1 The Council's Annual Budget to Budget Council on 10 February 2021 also revised the capital plan budget for 2020/21 to £134.2m (£114.3m General Fund; £19.9m HRA). Subsequent to this, capital budgets have been further reviewed and a further £8.7m (£8.1m General Fund slippage; £0.6m HRA slippage) re-profiled into later financial years; see also Appendix 6. Also £0.4m additional grant adjustments have been made.
- 1.12.2 The Council's revised capital budget for 2020/21 is £125.9m. The forecast capital outturn at Quarter 3 is £114m; forecast £11.9m variance.
- 1.12.3 The Quarter 3 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 3

By Category	Revised Budget £000	Actuals to Date £000	Annual Forecast £000	Variance £000
Achieve & Aspire	13,374	5,736	13,321	(53)
Best Start	956	15	956	0
Independent	1,587	249	1,455	(132)
Sustainable Economy	69,601	29,772	58,250	(11,351)
Well	10,813	3,911	10,747	(66)
Safe & Cohesive	10	5	10	0
Clean & Green	7,845	1,470	7,945	100
Efficient & Effective	2,440	467	1,927	(513)
General Fund	106,626	41,625	94,611	(12,015)
Independent –Strategic Priorities	4,949	2,120	4,982	33
Independent - Baseline	14,345	9,212	14,383	38
Housing Revenue Account	19,294	11,332	19,365	71
Total Capital Plan	125,920	52,957	113,976	(11,944)

- 1.12.4 A summary breakdown of the capital outturn position is provided at Appendix 5, along with key variances highlighted.
- 1.12.5 Officers will continue to review capital budget profiles in year, including any more detailed recommendations for potential re-profiling of scheme budgets between years (allowable under Financial Procedure Rules 3.10-3.15), as part of the regular financial reporting cycle; the next key milestone being the Financial Outturn Report to Cabinet and Council in July 2021.
- 1.12.6 This report also includes a number of specific capital scheme proposals for Cabinet approval in line with Council Financial Procedure Rules. The first three proposals will be met from the existing borrowing capacity within the overall plan and are thus already built into the figures above. Schemes requiring approval are outlined below:

Adults Social Care Intermediate Care Homes – Call System Replacement

- 1.12.7 The nurse call systems currently in use at Ings Grove House and Moorlands Grange were commissioned prior to the homes opening in 2006. There have not been any upgrades to the functionality of the systems since they were installed and as a result they have not kept pace as call technologies have developed. The limitations of the call systems have become more apparent as the usage of the homes has changed from purely residential to intermediate care offering rehabilitation and support.
- 1.12.8 Ings Grove House and Moorlands Grange play key roles in supporting local hospitals manage patient flow, accepting discharges from both CHFT and Mid Yorks. Accessing a fully functioning nurse call system that enables residents to call for assistance when they need it is key to keeping them safe due their stay, ensures residents have a means of contacting staff and reduces the risk of a re-admission to hospital as a consequence of a delayed response to a medical emergency.
- 1.12.9 Cabinet are requested to approve £120k towards the cost of the call system replacements to be funded from the existing Day Services Support for Vulnerable Adults programme line in the Capital Plan.

Emerald Street

1.12.10 Currently, enabling works linked to the approved scheme for Vine Street Depot have been identified at Emerald Street up to £300k, which includes the purchase of modular units. The funding is recommended to be met from existing resources identified within the Depot Works/Waste Management Plant/Infrastructure line.

Batley Town Hall

1.12.11 It is proposed to pull forward works planned for 2023/24 on improving technical equipment and changing rooms at Batley Town Hall (£75k) into the final quarter of this financial year. This is to take advantage not only of the building currently being closed due to COVID-19 restrictions, thereby removing the need to close the building and disrupt bookings in a future year; but also to take advantage of synergies with similar improvement works currently on site at Dewsbury Town Hall. The remaining works which form the bulk of the Sustainability of Major Town Halls (Service Development) capital plan will be brought forward in a Cabinet Report for formal approval in due course.

Liquidlogic Children's and Delegation Portal

1.12.12 A proposal for a self-funded investment in the Council's Children's Early Help Module and Social Care case management system is requested for Cabinet approval. The Liquid Logic system has a 'Children and Families Portal' which uses a platform to enable service users to interact with their record, social worker, lead professional or SEN Co-ordinator online. Key functionality of the Children's Portal includes the ability for parents and children to contribute towards for example Education Health Care Plans or CLA Care Planning processes and engage directly with the Council.

1.12.13 In addition to this, it allows prospective adopters and foster carers to submit expressions of interest and other recruitment related documentation online. The Liquidlogic Children's Portal can be embedded into the Councils' existing corporate website and configured to reflect the style and format accordingly. Aligning to the Corporate Digital Strategy, this technology will be one of the drivers for Children's Services to move to 'Outstanding', which is one of our Corporate priorities.

1.12.14 The 'Delegation Portal' enables multi-agency contribution to be made directly into the Liquidlogic systems in a manageable and secure way. Social Workers require contributions from external professionals in assessments and plans and this portal allows them to assign forms or part of forms to external professionals which are in turn updated automatically by external professionals without the need for manual intervention by Social Workers.

1.12.15 Cabinet is asked to approve the additional £109k self-funding to be added to the capital plan in 2021/22 for the above new scheme. Associated savings identified within the Children's Service revenue budget will be utilised to cover both the ongoing annual support costs of £16.2k and annual financing costs of £16k.

2 Information required to take a decision

2.1 The Appendices accompanying this report provide a more detailed breakdown of the Quarter 3 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 lists the funding streams received by the Council to tackle the COVID-19 emergency;
- viii) Appendix 8 is the Corporate Risk Register, updated as at January 2021.

2.2 The corporate risk register at Appendix 8 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 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.

3.6.2 Government has allocated significant additional COVID-19 funding to Councils through 2020/21. The local government sector continues to engage with Government to ensure Councils receive appropriate funding compensation, and at this stage it is anticipated that in spite of continuing COVID-19 challenges, the year-end general fund revenue position

will broadly be brought in line with budget.

- 3.6.3 As at Quarter 3, net pressures arising from COVID-19 are estimated to total £42.1m across both General Fund and Collection Fund; net of spend that is eligible to be funded through specific grants allocated to councils to cover particular aspects of the response to the pandemic. This is adjusted down by the Council's share of tranches 1 to 3 of un-ringfenced Government funding; (£27.1m net of £1.1m used to offset 2019/20 COVID-19 financial impacts).
- 3.6.4 Tranche 4 of further un-ringfenced COVID-19 grant funding was allocated to Kirklees in October 2020 at £7.6m. Going forward, this will be released where appropriate to offset the continued impacts of measures to manage the spread of COVID-19 infection and to support the national and local recovery plan thereafter.
- 3.6.5 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 3, it is estimated that Kirklees will receive approximately £8.1m income compensation through this scheme.
- 3.6.6 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 3 forecasts indicate a potential overall year-end deficit of £31.0m, prior to the offset of additional s31 business rates grants.
- 3.6.7 It is acknowledged that at Quarter 3, the 2020/21 financial forecasts and underlying assumptions remain somewhat volatile. National and local measures to manage the spread of COVID-19 infection in parallel to the national and local recovery plan continue to be under constant review.
- 3.6.8 The COVID-19 response is ongoing, with a further national lockdown enforced in January 2021, alongside the nationwide scaling up of the COVID-19 vaccination programme. The impact of COVID-19 continues to be a significant draw on existing Council, Partner and community capacity and is likely to continue to do so at least through the first half of 2021/22.
- 3.6.9 The financial settlement 2021/22, while largely being a one-year settlement only, included further "one-off" COVID-19 funding support to Councils in 2021/22. This will give the local government sector some additional breathing space at least over the next 12 months, and Government more time to consider its longer-term plans for public finance in response to the unprecedented current economic uncertainty. The longer term impacts of COVID-19 on individuals, communities and the most vulnerable are only likely to add to already increasing demand management pressures on essential Council services.
- 3.6.10 The Council's refreshed reserves strategy recently approved in the 2021-26 budget plans is directed at strengthening organisational flexibility and financial resilience over the medium to longer term in account of future funding uncertainty and the continued pressures facing Councils as outlined above. 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 31 March 2021 are £35.2m, net of the forecast Quarter 3 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 2021-26 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 The recent Annual Budget Report to Council in February incorporated a more detailed review, quantification and sensitivity analysis on a range of budget and other risks 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.
- 3.6.13 The COVID-19 risk reserve will provide additional short-term resilience for unfunded COVID-19 financial pressures, as well as targeted support to some of the borough's most financially vulnerable individuals and households.
- 3.6.14 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 recent Annual Budget 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 is asked to:

General Fund

- 7.1 note the 2020/21 forecast revenue overspend of £1.9m as at Quarter 3;
- 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 approve the proposed mitigation of the PFI affordability double count on schools funding over the 2019-20 as set out at paragraph 1.3.9;
- 7.4 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;

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

Collection Fund

7.6 note the forecast position on the Collection Fund as at Quarter 3;

HRA

7.7 note the Quarter 3 forecast HRA position and forecast year-end reserves position;

Capital

7.8 note the Quarter 3 forecast capital monitoring position for 2020/21;

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

7.10 approve £120k capital proposal for Call System Replacement in the Adults Social Care Intermediate Care Homes;

7.11 approve £300k enabling works at Emerald Street Depot;

7.12 approve the release of funding from the Sustainability of Major Town Halls – Service Development capital programme line for works at Batley Town Hall as set out in this report;

7.13 approve a £109k new self-funded capital proposal for Liquid logic Childrens and Delegation Portal, to be added to the plan, as set out in this report;

8 Contact Officer

James Anderson, Head of Service - Accountancy

james.anderson@kirklees.gov.uk

Sarah Hill, Finance Manager

sarahm.hill@kirklees.gov.uk

Safaira Majid, Senior Finance Officer

Safaira.majid@kirklees.gov.uk

9 Background papers and History of Decisions

Annual budget report 2021-26, Budget Council, 10 February 2021

Quarter 2 Financial Monitoring Report, Cabinet 18 November 2020

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

	Annual					Variance made up of:		
Strategic Director portfolio responsibilities	Controllable Budget (Net)	Planned use of reserves	Revised Budget	Forecast	Variance	General COVID-19 Spend	COVID-19 Income Losses	Other
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Child Protection & Family Support	39,388	33	39,421	42,248	2,827	2,681	-	146
Resources, Improvements & Partnership	20,591	-	20,591	19,777	(814)	-	-	(814)
Learning & Early Support & Schools	17,870	25	17,895	19,991	2,096	870	370	856
Sub Total (Children & Families)	77,849	58	77,907	82,016	4,109	3,551	370	188
Customers and Communities	11,449	148	11,597	11,983	386	883	462	(959)
ASC - Older People and Physical Disability	19,158	61	19,219	28,020	8,801	6,530	-	2,271
ASC - Learning Disabilities and Mental H	64,554	-	64,554	63,948	(606)	-	296	(902)
Adults Sufficiency	13,377	-	13,377	13,416	39	-	-	39
Sub Total (Adults & Health)	108,538	209	108,747	117,367	8,620	7,413	758	449
Growth & Housing	7,132	1,670	8,802	11,067	2,265	671	2,095	(501)
Economy & Skills	8,365	252	8,617	8,203	(414)	-	324	(738)
Sub Total (Growth & Regen)	15,497	1,922	17,419	19,270	1,851	671	2,419	(1,239)
Environment	28,420	382	28,802	41,970	13,168	2,848	9,626	694
Sub Total (Environment & Climate Change)	28,420	382	28,802	41,970	13,168	2,848	9,626	694
Strategy, Innovation & Planning	14,411	35	14,446	15,339	893	744	16	133
Public Health & People	(388)	827	439	5,185	4,746	4,448	35	263
Governance & Commissioning	10,164	(40)	10,124	11,003	879	698	13	168
Finance	8,394	520	8,914	10,636	1,722	50	1,757	(85)
Sub Total (Corporate Strategy, Commissioning & Public Health)	32,581	1,342	33,923	42,163	8,240	5,940	1,821	479
Central	39,414	-	39,414	40,960	1,546	-	168	1,378
General Fund Total	302,299	3,913	306,212	343,746	37,534	20,423	15,162	1,949
COVID-19 Support Grant Offset				(27,090)	(27,090)	(20,423)	(6,667)	-
Estimated COVID-19 Income Loss Compensation				(8,495)	(8,495)		(8,495)	-
Revised General Fund Total				308,161	1,949	-	-	1,949

Forecast Full Year COVID-19 Costs to be Funded from COVID-19 Support Grant

£k

Children and Families	3,551
Child Protection and Family Support	2,681
Learning, Early Support and Schools	870
Adults and Health	7,413
Adults Social Care Operation	6,530
Customers and Communities	883
Growth and Regeneration	671
Growth and Housing	671
Environment and Climate Change	2,848
Environment	2,848
Corporate Strategy, Commissioning and Public Health	5,940
Finance	50
Governance and Commissioning	698
Public Health and People	4,448
Strategy Innovation and Planning	744
Grand Total	20,423

Full Year Projected External Income Losses related to COVID-19

Row Labels	Sum of 2020/21 Full Year Projection £k
Catering	2543
Parking - Off Street Parking	2406
Parking - On Street Parking	1843
Welfare and Exchequer	1757
Markets	965
Planning Fees	636
Trade Waste	610
Town Halls & Public Halls	547
Public Protection	452
Registrars	366
Other	3,037
Total Income Losses	15,162
Full Year Budgeted Income	56,702
Estimated Proportion of Annual Income Lost	27%

Appendix 3

General Fund Earmarked Reserves

	Reserves position as at 1st April 2020 Incl. Budget Report approved reserve transfers	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 & 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)		-	1,949		(35,197)
Earmarked (Other)								-
Rollover	(656)		(656)		368	-		(288)
Revenue Grants (various)	(9,095)		(9,095)		1,518	-		(7,577)
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)		68	-	2,364	(0)
Strategic Investment support	(4,229)		(4,229)		920	-		(3,309)
Waste Management	(5,684)		(5,684)		-	-		(5,684)
Mental Health	(1,400)		(1,400)		25	-		(1,375)
Business Rates	(2,000)		(2,000)		-	-		(2,000)
Covid-19 Response	(11,099)	(23,629)	(34,728)	27,090	201	-	(2,364)	(9,801)
School PFI	(2,184)		(2,184)		2,184	-		0
Demand Reserve	(15,706)		(15,706)		-	-		(15,706)
Place Partnership Theme	(2,000)		(2,000)		-	-		(2,000)
Other	(6,037)		(6,037)		(205)	-		(6,242)
Total - Earmarked Other	(72,977)	(23,629)	(96,606)	27,090	6,097	-	-	(63,419)
Sub Total Earmarked Reserves	(110,123)	(23,629)	(133,752)	27,090	6,097	1,949	-	(98,616)
GENERAL BALANCES	(9,998)		(9,998)					(9,998)
Grand Total	(115,692)	(23,629)	(139,321)	27,090	3,913	9,549	-	(98,769)
Total usable reserves (excluding schools and public health)	(104,575)	(23,629)	(128,204)	27,090	3,086	9,549	-	(88,479)

* £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 9

	Year to Date			Annual			Variance from (Previous Month)	Change In Variance
	Controllable Budget (Net)	Actuals	Variance	Revised Budget	Forecast	Variance		
	£'000	£'000	£'000	£'000	£'000	£'000		
Repairs & Maintenance	20,653	20,712	59	26,992	26,992	(0)	0	(0)
Housing Management	26,259	26,400	141	35,152	35,819	667	632	35
Other Expenditure	225	655	430	25,699	25,983	284	279	5
Total Expenditure	47,137	47,767	630	87,843	88,794	951	911	40
Rent & Other Income	(66,338)	(65,858)	480	(91,480)	(90,670)	810	829	(19)
Revenue Contribution to Capital Funding	0	0	0	3,637	3,637	0	0	0
Planned transfer to HRA Reserves	0	0	0	0	0	0	0	0
Total	(19,201)	(18,091)	1,110	0	1,761	1,761	1,740	21

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		1,761	1,761
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)	4,102	(56,916)
* Planned in year transfer from HRA			

	Annual Budget Report Plan £'000	Budget Adjustment incl Re- profiling £'000	Qtr 3 Revised Budget £'000	Actuals to Date £'000	Forecast £'000	Variance £'000	Variance %
General Fund							
Aspire & Achieve	14,178	(804)	13,374	5,736	13,321	(53)	0%
Best Start	956	0	956	15	956	0	0%
Independent	2,370	(783)	1,587	249	1,455	(132)	(8%)
Sustainable Economy	75,749	(6,148)	69,601	29,772	58,250	(11,351)	(16%)
Well	11,116	(303)	10,813	3,911	10,747	(66)	(1%)
Safe & Cohesive	10	0	10	5	10	0	0%
Clean and Green	7,484	361	7,845	1,470	7,945	100	1%
Efficient & Effective	2,440	0	2,440	467	1,927	(513)	(21%)
GENERAL FUND TOTAL	114,303	(7,677)	106,626	41,625	94,611	(12,015)	(11%)
Housing Revenue Account		-					
Strategic Priorities	6,162	(1,213)	4,949	2,120	4,982	33	1%
Baseline	13,776	569	14,345	9,212	14,383	38	0%
HOUSING REVENUE TOTAL	19,938	(644)	19,294	11,332	19,365	71	0%
CAPITAL PLAN TOTAL	134,241	(8,321)	125,920	52,957	113,976	(11,944)	(9%)

Capital Monitoring Key Highlights – General Fund

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
Sustainable Economy			
<u>Strategic Priorities</u>			
Emergency Active Travel	2,194	(1,784)	Funding was confirmed towards the end of last year. Initial spend has been incurred on project management, design time and consultation. The majority of the grant will be spent in 2021-22 with a scheme completion date of March 2022.
Dewsbury Town Centre Action Plan	3,539	(1,736)	Slippage on schemes such as Heritage Action Zone (-£910k), Better Spaces Strategy (-£252k) and Town Fund Accelerated Grant (-£219k)
Huddersfield Town Centre Action Plan	2,808	(940)	Slippage on schemes. Funds are expected to be rolled forward into the following financial year.
<u>Baseline</u>			
Highways	26,020	(7,666)	Sizeable increase in the overall yearly budget by 30% relative to 2019-20. Logistical impacts of COVID on Council construction teams and other external contractors have affected the timing of scaled up delivery.
Total	34,561	(12,126)	

Corporate Capital Budget Monitoring 2020/21 – Q3 Re-profiling

	2020/21	2021/22 to 2024/25
	£'000	£'000
General Fund		
Achieve & Aspire		
<i>Strategic Priorities:</i>		
Reprovision of Special School	(37)	37
Libraries	(10)	10
<i>Baseline:</i>		
Capital Maintenance Grant	(585)	585
<i>One Off Projects:</i>		
SEND Provision	(332)	332
Commissioning option appraisals - SEN	161	(161)
Achieve & Aspire Total	(803)	803
Independent		
<i>One Off Projects:</i>		
Assistive Technology Consultant	(15)	15
Social Care Case Management System–Care First	(768)	768
Independent Total	(783)	783
Sustainable Economy		
<i>Strategic Priorities:</i>		
Property Investment Fund (103 New Street)	(1,550)	1550
Site Development - Soothill	(3,137)	3137
Homes England	(15)	15
Dewsbury Riverside	25	(25)
Huddersfield Town Centre Action Plans	542	(542)
Dewsbury Town Centre Action Plans	(446)	446
<i>Baseline:</i>		
Housing Private – Disabled Facilities Grant	(430)	430
Corporate Landlord	(1,335)	1335
Corporate Landlord Suitability	(80)	80
Play Strategy	(300)	300
Sustainable Economy Total	(6,726)	6,726
Clean and Green		
<i>Strategic Priorities:</i>		
Depot Works	200	(200)
Clean & Green Total	200	(200)
GENERAL FUND RE-PROFILE	(8,112)	8,112

Corporate Capital Budget Monitoring 2020/21 – Q3 Re-profiling (continued)

	2020/21	2021/22 to 2024/25
	£'000	£'000
Housing Revenue Account:		
Strategic Priorities:		
Housing Growth	(562)	562
IT System	(277)	277
Council House Building	(374)	374
Baseline:		
Housing Capital Plan	1,693	(1,693)
Compliance	(465)	465
Fuel Poverty	(659)	659
HOUSING REVENUE ACCOUNT RE-PROFILE	(644)	644
TOTAL CAPITAL PLAN RE-PROFILED	(8,756)	8,756
Overall Funding:		
Borrowing (General Fund)	(3,220)	3220
Grants (General Fund)	(4,511)	4511
Receipts, ring-fenced (General Fund)	(381)	381
HRA funding	(644)	644
TOTAL FUNDING RE-PROFILED	(8,756)	8,756

COVID-19 Funding Streams

Funding Stream	National Total	Kirklees Allocation	Description (as per the relevant Gov.uk website)
COVID-19 Support Grant (Tranche 1 & 2)	£3,194m	£24.325m	Un-ringfenced grant to help offset Government directed additional Council spend
COVID-19 Support Grant (Tranche 3)	£500m	£3.894m	Supplementary un-ringfenced grant to help offset Government directed additional Council spend
COVID-19 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-19 transmission




Funding Stream	National Total	Kirklees Allocation	Description (as per the relevant Gov.uk website)
			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	Rough sleepers, or those at risk of rough sleeping have been supported by £3.2 million of initial emergency funding if they need to self-isolate to prevent the spread of COVID-19. This funding was announced in March and has been made available to all local authorities in England and reimburses them for the cost of providing accommodation and services to those sleeping on the streets to help them successfully self-isolate. Funding covers period to 30 June 2020
Next Steps Accommodation Programme	£266m	£162k	There are two different aspects to this fund. One aspect is for long-term accommodation and support for rough sleepers and the remainder is for interim accommodation and support for the 15,000 vulnerable people accommodated during the pandemic.



Funding Stream	National Total	Kirklees Allocation	Description (as per the relevant Gov.uk website)
COVID-19 funding for schools	Not specified	Max funding allowance per school	Schools can claim for specified COVID-19 related costs up to 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	£3.5m	Financial support for Local Authorities tailored to Local COVID-19 alert levels. Funding to support specific activities dependent on alert level. Further to the announcement of the second national lockdown, all authorities will receive the maximum £8/head.
Contain Outbreak Management Fund - extended scheme	Not specified	Max of £4/head every 28 days from 2 nd Dec to the end of the financial year	As set out in the COVID-19 Winter Plan published on 23 November, the Contain Outbreak Management Fund will be increased so that it can provide regular payments to Local Authorities facing higher restrictions until the end of the financial


Funding Stream	National Total	Kirklees Allocation	Description (as per the relevant Gov.uk website)
			year. This further funding recognises the ongoing public health and outbreak management costs of tackling COVID-19.
Local Restrictions Support Grant (Closed)	£1.005bn	£7.166m	Funding for the period 5 Nov to 2 Dec paid across by Councils to local businesses. Allocations based on categories of businesses relevant to the closures imposed by Government.
Local Restrictions support Grant (Open)	£0.128bn	£3.970m	Offered as part of the wider set of measures to support the nation's economy and its businesses in response to Coronavirus (COVID-19) and specifically for businesses that were still open but have been severely impacted by Local COVID Alert Levels 'High' (LCAL 2) and 'Very High' (LCAL 3) restrictions since 1 August to 4 November 2020.
Additional Restrictions Grant (ARG)	£1.130bn	£8.796m	This grant is ringfenced for business support only, but Local Authorities can determine how much funding to provide to businesses from the ARG funding provided, and exactly which businesses to target.
Further Restrictions Grants to Businesses	Not specified	£36.149m	Extension of the grants above covering the period 5 th Jan 2021 onwards.
Funding for Clinically Extremely Vulnerable	£32m	£268k	Enable Councils to provide support to clinically extremely vulnerable people who need it.
Winter Grant	£170m	£1.488m	To enable LAs to provide support to families with children, other vulnerable households and individuals from early December 2020. Covers the period until the end of March 2021.
Rapid Testing Fund	£149m	£1.123m	Funding to support additional rapid testing of staff in care homes, and to support visiting professionals and enable indoors, close contact visiting where possible.
Workforce Capacity Fund	£120m	£930k	Funding to provide additional care staff where shortages arise, support administrative tasks so experienced and skilled staff can focus on providing care, and help existing staff to take on additional hours if they wish with overtime payments or by covering childcare costs.
Community Testing Funding Grant	Unknown	£4.9m to date	Funding allocated to support LA testing programme




Funding Stream	National Total	Kirklees Allocation	Description (as per the relevant Gov.uk website)
Community Champions Local Authority Fund	Up to £25m	£495k	To support work with residents impacted by the pandemic.

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 matters 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	<p>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.</p> <p>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</p>	<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 Safeguarding Practice Reviews (Children), Safeguarding adults reviews and Domestic Homicide Reviews • Active management of cases with media interest • Review of current practices following the child sexual exploitation in other authorities 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 Safeguarding Practice Reviews (Children), Safeguarding adults reviews and Domestic Homicide Reviews • Effective listening to messages about threats from other parts of the council and partner agencies 	H	↑ (Covid related- otherwise probably neutral)

		<ul style="list-style-type: none"> Proactive recognition of Members role as “corporate parent” 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>		4X5=20
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. Global events can create ongoing potential issues and tensions, (national risk status raised recently) which the council needs awareness and mitigations strategies West Yorkshire Violence Reduction Unit will assist Anti-Lockdown protest risks or may create social tensions <p><i>Responsible for this risk – R Parry and M Meggs (& J Greenfield)</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.) Emergency Planning risks for current year reflect risks of (e.g.) staff sickness for both services such as gritting and meeting home care commitments-. This is always difficult, but more fragility than normal due to covid. <p><i>Responsible for this risk – C Parr</i></p>	M	 4x5=20



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 UKs relationship with the EU				
6	<p>The process of establishing new relationships between the UK and the EU lead to the following consequences and impacts:</p> <ul style="list-style-type: none"> • Supply chain issues (probably only a short term risk) • The economic outlook (with a lack of clarity) impacting on levels of trade and investment. • Impacting on business rates and housing growth, • Imports attract tariffs, which leads to increased costs -and inflation • Uncertainty about migration impacting on labour markets, particularly in key sectors like health and social care • The general uncertainty affecting the financial markets could lead exacerbate recessionary tendencies. 	<p>These risks are largely addressed elsewhere in the Matrix. Local businesses may consider that coronavirus related risk is a more severe threat now and impacts from the revised trading arrangement are likely to emerge over time;</p> <ul style="list-style-type: none"> • Monitor government proposals and actions, 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 • Local intelligence sharing and networks. • 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 in the post EU period • Service and financial strategies kept under review to keep track of developments related to the UKs changed trading relationship with the EU. • Utilise supplementary resources to cushion impact of any cuts and invest to save. 	LM	



	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Ensure (to the extent possible) 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 Working Group continues to 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"> Significant impacts on incomes (as a result of coronavirus impacts and similar), and cost pressures on certain service areas 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>	M	 4x5=20

		Responsible for this risk - E Croston		2x5=10
11	Exposure to uninsured losses or significant unforeseen costs, leads to the necessity for unintended savings to balance the councils finances. Insurance market unwilling to cover certain risks.	<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). • Awareness of risk activity that is not insured or uninsurable. <p>Responsible for this risk - E Croston & J Muscroft</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 council's finances from coronavirus.</p> <p>Future national budget position and allocation of funding to local authorities.</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>Responsible for this risk - E Croston & ET</p>	L	 5x5=25
	Other Resource & Partnership Risks	The current national emergency has a serious and significant risk to the councils position with regard to commercial and community suppliers, information management /technology/cyber, health and safety- addressed in more detail in the special report		
13	<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, 	<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. 	MH	

	<p>and to replace any incumbent contractors who have failed)</p> <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"> • 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. • 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 style="text-align: right;"><i>Responsible for this risk – J Muscroft</i></p>		<p>5x4=20</p>
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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 • Proactive management of cyber issues, including additional web controls <p><i>Responsible for this risk – J Muscroft</i></p>	<p>H (INFO) M (CYBER)</p>	<p>↑</p> <p>4x5=20</p>
15	<p>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,)</p>	<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>	<p>H</p>	<p>↑</p> <p>3x5=15</p>

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 style="text-align: right;"><i>Responsible for this risk – C Parr</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 • Understanding potential impacts on demand for council services • 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 style="text-align: right;"><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"> • 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"> • Effective Workforce Planning (including recruitment and retention issues) • Modernise Human Resources policies and processes • 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 (and recognising that young peoples skills, knowledge, and expectations may be impacted by coronavirus) • Ensuring awareness to ensure employees safety and health (including stress) 	H	 4x4=16

		<ul style="list-style-type: none"> 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>		
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 WYCA related projects will require assessment of carbon impacts <p><i>Responsible for this risk – C Parr</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 20210111

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 Risk Probability x Impact