

Name of meeting: Cabinet

Date: 31 August 2021

Title of report: Corporate Financial Monitoring Report, Quarter 1, 2021/22

Purpose of the Report

To receive information on financial monitoring for General Fund Revenue, Housing Revenue Account (HRA) and Capital Plan, as at Quarter 1 (month 3), 2021/22.

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 – 19/08/21
Is it also signed off by the Service Director for Finance?	Eamonn Croston – 19/08/21
Is it also signed off by the Service Director – Legal, Governance & Commissioning?	Julie Muscroft – 19/08/21
Cabinet member portfolio - Corporate	Give name of Portfolio Holders Cllr Paul Davies

Electoral wards affected: All
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 2021/22 is £321.0m. The budget includes planned (net) revenue savings in-year of £1.8m.
- 1.1.2 The revised budget is net of a number of planned transfers from reserves during the year, with the most significant being £1.7m from the Revenue Grants reserve, £0.7m from the Strategic Investment reserve and £0.4m from the Rollover reserve.
- 1.1.3 There is a forecast overspend of £1.6m against the £321.0m revised budget at Quarter 1; equivalent to 0.5%.
- 1.1.4 The forecast revenue outturn as at Quarter 1 is summarised at Appendix 1 and in Table 1 below. Headline variances, including COVID impacts, are described in more detail in sections 1.3 to 1.8 of this report.

Table 1 - Overview of 2021/22 forecast revenue outturn position at Quarter 1

	Revised Budget	Outturn	Variance
	£000	£000	£000
Children & Families	76,858	80,128	3,270
Adults & Health	114,473	115,485	1,012
Environment & Climate Change	35,499	41,526	6,027
Growth & Regeneration	14,342	14,776	434
Corporate Services	36,150	38,817	2,667
Central Budgets	43,655	39,346	(4,309)
General Fund Sub Total	320,977	330,078	9,101
COVID Funding Offset	-	(7,465)	(7,465)
Revised General Fund Total	320,977	322,613	1,636

1.2 COVID

- 1.2.1 Full year forecasts as at Quarter 1 include £21.4m additional COVID related spend and £5.6m COVID impacted service income loss, as shown in Appendix 2a and summarised in Table 2 below.

Table 2 - Overview of 2021/22 Forecast COVID Pressures at Quarter 1

	COVID spend	COVID Income Loss	Total COVID Pressures
	£000	£000	£000
Children & Families	2,097	315	2,412
Adults & Health	5,370	386	5,756
Environment & Climate Change	1,010	3,893	4,903
Growth & Regeneration	1,281	913	2,194
Corporate Services	11,636	140	11,776
Central Budgets	53	0	53
General Fund Total	21,447	5,647	27,094

- 1.2.2 Of the forecast £21.4m COVID related additional spend at Quarter 1, £15.2m will be funded through a combination of specific COVID grant funding from Government in 2021/22, allocated to councils to cover particular aspects of the response to the pandemic, and COVID related funding streams received in 2020/21, rolled forward into 2021/22 through reserves. As such, this spend is projected to be completely offset by income and does not affect the Directorate variances. The balance of £6.2m spend is offset corporately by the drawdown of the COVID Response reserve. This is illustrated at Appendix 2b.
- 1.2.3 As confirmed in the Financial Settlement in February 2021, the Sales, Fees and Charges (SFC) income compensation scheme will continue to apply for the first 3 months of 2021/22; April to June. The principles remain the same as in 2020/21, whereby Councils absorb losses up to 5% of planned sales, fees and charges against baseline, with Government providing compensation of 75p in every pound thereafter. Based on the outlined criteria, it is estimated that Kirklees will receive in the region of £1.3m compensation in 2021/22. This is factored into the overall Quarter 1 position.
- 1.2.4 An additional base budget provision of £5m was included in the approved 2021/22 budget to reflect the likelihood of continued income loss from sales, fees and charges and commercial rents as a result of COVID, over the medium term. This budget reduces by £1m per annum over the duration of the MTFP, in anticipation of the medium-term recovery of the local economy. The £5m base budget adjustment reflects the estimated net position for 2021/22 after the application of any SFC income compensation due to the Council for the first three months of the new financial year.
- 1.2.5 At Quarter 1, it is assumed that £4.3m of the base budget provision will be released to offset the balance of projected income losses unfunded by the income compensation scheme. This is illustrated as an underspend within Central Budgets at Appendix 1 and also at Table 1 above.
- 1.2.6 As also approved in the 2021-26 Annual Budget Report, £2.2m has been transferred from the 2021/22 Government local council tax support grant to reserves, earmarked to support a potential increase in demand on existing Local Welfare Provision measures to support some of the borough's families and individuals in extreme financial hardship.
- 1.2.7 Various other funding announcements have been made by Government for 2021/22, covering specific aspects of the continued national response to the pandemic. This

includes funding for Adult Social Care through an extension of both the Infection Control Fund and the Rapid Testing Fund; Kirklees' total allocation £4.2m, and further funding through the Contain Outbreak Management Fund (COMF); Kirklees' allocation £3.2m. In addition, at Quarter 1, a further £1.6m income is estimated to be received through Clinical Commissioning Group funding, targeted to cover COVID associated costs related to aspects such as hospital discharge and follow-on care.

- 1.2.8 The ongoing financial impact of the pandemic continue to be monitored monthly to MHCLG sector wide through 2021/22 as it was through 2020/21 and 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 Kirklees is appropriately compensated for COVID related impacts not just through in 2021/22, but also over the medium term.

1.3 Children & Families

Learning – High Needs

- 1.3.1 At Quarter 1, the forecast in-year spend on High Needs spend in excess of the DSG funding allocation is £9.8m (equivalent in-year deficit in 2020/21 was £10.7m). This will be transferred to Kirklees' balance sheet at year end, and the overall DSG Deficit is forecast to be £34.9m by 31 March 2022.
- 1.3.2 High Needs is an area of significant and growing pressure on Council budgets nationally and locally. It is anticipated that medium term, growth pressures will 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. Officers are in current dialogue with the Education, Skills & Funding Agency (ESFA) regarding a medium-term management plan to reduce the in-year structural deficit over time, alongside potential for additional funding support from ESFA. The approved budget plans included in the Annual Budget Report to Council on 10 February 2021, affirm the Council's commitment to SEND investment (both revenue and capital) over the medium term.
- 1.3.3 The Council will continue to engage with Department for Education, 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

- 1.3.4 Currently there are 206 children with Education Health and Care Plans (EHCP's) using Post-16 Home to School Transport. The additional complexity of need and the increase in placements outside of Kirklees is reflected in a projected overspend of £0.6m on Post-16 Home to School Transport at Quarter 1. This is despite the additional £0.3m base budget uplift as part of approved 2021/22 budget plans as noted below.
- 1.3.5 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 £1.5m was built into base budgets going forwards as part of the 2021/22 Annual Budget Report to address the estimated residual ongoing pressure in this area, with £0.3m allocated to Post-16 budgets and £1.2m allocated to Schools Transport budgets within Environment.

- 1.3.6 The increased number of approved applications for funding support from Special Educational Needs and Disability Inclusion Fund (SENDIF) has resulted in the requirement for additional investment. The fund primarily supports 2-4 year olds with special educational needs who attend a Private Voluntary and Independent (PVI) or mainstream school nursery setting. Numbers of children accessing the fund increased from 406 to 486 during 2020/21 and estimates are that this growth will continue in 2021/22 alongside a growth in complexity of need.
- 1.3.7 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, however forecasts at Quarter 1 indicate a further pressure in the region of £300k in-year.

COVID Impacts – Children and Families

- 1.3.8 Within Children and Families there is projected additional spend of £2.1m; £1.9m of which relates to Child Protection and Family Support. This is primarily due to a £1.5m pressure within External Residential Placements and Independent Fostering Placement budgets related to the deferred placement target for Looked After Children (LAC) resulting from a number of COVID impacted issues affecting the timing of targeted savings. At 31 March 2021, LAC numbers were 650; an increase of 24, or 4%, since July 2019. Work is ongoing within the service to address these pressures by looking to safely move children to less costly placements and also to increase local fostering capacity and reduce the reliance of more expensive external provision whilst continuing to maintain successful outcomes.
- 1.3.9 There are also estimated additional staffing costs of £0.3m arising as a direct result of COVID related absences within Children's residential homes and also £100k of placement accommodation costs associated with young people aged 18 remaining in care due to delayed transfers.
- 1.3.10 At Quarter 1, income losses within Learning and Early Support are projected to be £0.3m; reflecting the continued impact of school closures on budgeted Attendance Penalty Notice income and 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 £1.0m. Within this, there are some variances across key demand-led headings, with some elements offsetting others. Within Independent Sector Home Care there is £0.9m additional spend; due primarily to continuing increased delivery of home care to the public, a pre-pandemic trend that has accelerated because of a shift in market patterns as a result of COVID. The level of weekly hours provision of home care (and therefore cost) has risen significantly since October 2019 (when the measures were put in place), and also since March 2020 as the pandemic took hold. Last year providers experienced additional pressures, and there was a need to secure additional capacity to support hospital pressures. This continues in this new financial year.
- 1.4.2 There is a projected underspend on Independent Sector Residential & Nursing placements of £0.8m. 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 outlined above, along with a £0.6m overspend on Self Directed Support. Both of which include the funding of individuals who would otherwise have moved into residential care.

COVID Impacts – Adults and Health

- 1.4.3 The pandemic has had a significant impact on the Social Care market. 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 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 partners to ensure there is stability and consistency of approach in the market. Work is also ongoing as to the consideration of key pressures being seen by providers and where support may be required (targeted if necessary). A programme has also been undertaken with the Clinical Commissioning Group (CCG) to support hospital avoidance and early hospital discharge.
- 1.4.5 The Council also continues to utilise nationally announced Government grants allocated for Social Care. This includes continuing phases of the Infection Control Funding and Rapid Testing Funding, with funding announced up to the end of September.
- 1.4.6 Work is also being undertaken with providers in the Care home market to review recent falls in demand, how much of this has been caused by the pandemic, and how much is due to changes in longer term shifts. There is the question of what the new 'normal' will be both in the short and long term, and in terms of type of support required (with the possibility of it being driven more by people with complex needs). Continued working with partners is key, as is the utilisation of market research.
- 1.4.7 A recent analysis by Age UK has found that the pandemic has “sharply accelerated the care needs of significant numbers of older people.” Recent figures from them show that 1.2 million older people aged 60+ in the UK who had difficulty walking up and down the stairs before the first lockdown report this activity has become even more difficult for them since then, while 1.45 million now have difficulty walking short distances when previously this did not pose problems for them at all.
- 1.4.8 The challenge continues for Social Care in managing the approach and matching resource to demand, all within the national funding envelope. Work is ongoing, alongside partners, to plan and work towards stability in the market, both in the short and long term.

1.5 Growth and Regeneration

COVID Impacts – Growth and Regeneration

- 1.5.1 Across Growth and Regeneration there are estimated spend pressures totalling £1.3m with respect to COVID; £1.0m of which sit within Development and largely represent costs related to re-opening high streets and town centres safely. £1.0m of the estimated spend pressures across the directorate are assumed to be offset by specific COVID funding streams, including £0.6m from the Welcome Back Fund (formerly the Re-opening High Streets Safely Fund).
- 1.5.2 There are also estimated income losses of £0.9m within Growth and Housing in relation to COVID. These include £0.8m on Commercial Properties and £0.1m on Building Control fees.
- 1.5.3 The Council has continued to administer funding on the Government's behalf to support eligible businesses impacted by COVID with their costs. To date, in the region

of 7,300 payments have been processed in 2021/22; totalling approximately £30.0m.

1.6 Environment and Climate Change

Culture and Visitor Economy

- 1.6.1 There is an estimated temporary income shortfall of £0.3m in Bereavement Services linked to the Cremator Replacement project and resultant short-term capacity reduction.

Highways and Streetscene

- 1.6.2 At Quarter 1 there is a projected overspend of £0.7m within Waste Services as a result of higher landfill tonnage between April and June 2021. This is due to a combination of an annual maintenance shutdown period of the Council's Waste Disposal Facility, increased overall tonnages and severe levels of contamination in green bins, displacing material from the facility into landfill.

COVID Impacts – Environment and Climate Change

- 1.6.3 At Quarter 1 there is an estimated full year pressure of £4.9m across both spend and income budgets within Environment and Climate Change in relation to COVID.
- 1.6.4 Estimated spend pressures equate to £1.0m across the directorate, with the majority assumed to be offset in full by a range of specific COVID funding sources. The pressures include £0.5m additional spend on Waste Services, largely associated with vehicles and hired staff required for additional duties related to COVID and also projected costs of £0.3m for COVID Community Support Officers. Costs of £0.1m within Museums and Galleries are also included at Quarter 1; to be offset in full by Cultural Recovery Fund income.
- 1.6.5 There are projected income losses of £3.9m across the directorate; the most significant being £2.2m on Catering due to under recovery of income from school meals as a result of reduced pupil numbers. Other forecast losses include £0.6m on Markets and £0.3m on Parking Fees and Fines; the latter due to increased home working and local measures to encourage high street footfall through free parking for key workers in the borough's major towns.

1.7 Corporate Strategy, Commissioning and Public Health

- 1.7.1 Within Legal Services there is an estimated pressure of £0.5m. The service is currently reviewing all aspects of service delivery taking into account pre-existing savings targets and the increased demands on Legal Services as the requirement for legal intervention rises; in particular relating to childcare.

COVID Impacts – Corporate Strategy, Commissioning & Public Health

- 1.7.2 At Quarter 1 there are projected additional spend pressures of £11.6m within Corporate Strategy, Commissioning and Public Health relating to COVID; £8.1m of which will be funded directly by specific COVID grant streams. This includes £4.6m within Public Health, largely comprised of £2.0m of test and trace programme costs; offset by the Test and Trace Service Support Grant, £1.3m of spend to support clinically vulnerable residents; offset by the Clinically Extremely Vulnerable (CEV) Fund and £1.1m of testing mobilisation costs; offset by Community Testing Funding.

- 1.7.3 Within Finance, there is projected spend of £1.7m on welfare provision costs to support for our most vulnerable residents with the cost of food, energy, water bills and other essentials; offset by the Local Support Grant and £0.4m costs for administering support payments to those on low incomes who had to self-isolate; offset by Self Isolation Grant funding. COMF is also assumed to be applied across the directorate at £0.6m; largely to fund estimated costs of £0.3m for additional Ward Activity spend and £0.2m IT and remote working costs.
- 1.7.4 The balance of additional COVID spend is £4.1m. This mostly reflects continued Council 'underwrite' to Kirklees Active Leisure (KAL) of £3.5m in 2021/22 to address forecast net revenue losses as a result of enforced closure of leisure centres during the pandemic, and gradual recovery of the leisure industry both nationally and locally. This underwrite was part of the Council and KAL Partnership Framework report approved by Cabinet on 27 July 2021. The payments to KAL will be funded through drawdown of the COVID Response reserve. See also paragraph 1.9.3.
- 1.7.5 The income compensation scheme outlined in paragraph 1.2.3 compensates for COVID 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.

1.8 Central Budgets

- 1.8.1 The 2021/22 Annual Budget Report included 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, over the medium term. There is a £5.0m service income loss provision in 2021/22, reducing by £1.0m per annum, through to 2025/26, in anticipation of the recovery of the local economy. At Quarter 1, £4.3m of the 2021/22 contingency has been released to offset the balance of projected income losses unfunded by the Sales Fees and Charges compensation scheme.

1.9 General Fund Reserves

- 1.9.1 The reserves position at Appendix 3 reflects the Council's reserves strategy and approach reported and approved at Budget Council on 10 February 2021 and subsequent re-refresh in the Financial Outturn report to Cabinet on 27 July 2021.
- 1.9.2 At Quarter 1, General Fund reserves and balances are estimated to decrease through 2021/22 by £32.1m; from £197.3m at the start of the year to £165.2m as at 31 March 2022. Of this, £21.3m relates to transfers approved in the 2021-26 Annual Budget report; largely the drawdown of £23.5m from the Expanded Business Rates Relief reserve to offset the carried forward Collection Fund deficit, as outlined in the 2020/21 Financial Outturn Report to Cabinet in July 2021.
- 1.9.3 The remaining £10.8m balance of movement on reserves is broken down as follows:
- i) Forecast £3.0m net planned drawdowns from reserves during the year, with the most significant being £1.7m from Revenue Grants reserve, £0.7m from Strategic Investment reserve and £0.4m from the Rollover reserve.
 - ii) Estimated drawdown of £6.2m COVID Response reserve to offset projected COVID related costs unfunded by specific funding streams. As noted in

paragraph 1.7.4, £3.5m of this drawdown relates to estimated payments to Kirklees Active Leisure (KAL) 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.

- iii) Transfer of the Quarter 1 projected overspend of £1.6m against earmarked financial resilience reserves at year-end.

1.9.4 The Financial Resilience reserve is informed by the Council's corporate risk register; current version attached at Appendix 7 for information.

1.9.5 Regular monitoring and review of corporate reserves will continue to be undertaken as part of the standard monitoring cycle through the remainder of the financial year.

1.10 Collection Fund

1.10.1 The Collection Fund accounts separately for council tax and business rates income and payments. Table 3 below summarises the projected financial performance of the Collection Fund at Quarter 1.

Table 3 – Collection Fund Summary

Collection Fund forecast (Council Share)	Council Tax	Business Rates	Total
	£000	£000	£000
(Surplus)/Deficit at 1 April 2021	4,554	30,933	35,487
Re-payments to/(from) General Fund 21/22	(2,117)	(24,613)	(26,730)
In year Financial Position	-	15,000	15,000
(Surplus)/Deficit at 31 March 2022	2,437	21,320	23,757
Offset of Expanded Reliefs by s31 Grant		(15,000)	(15,000)
Re-payments to/from General Fund 22-24	(1,756)	(3,304)	(5,060)
Residual Collection Fund Deficit	681	3,016	3,697

1.10.2 The 2021/22 Council Tax Base (CTB), approved as part of the 2021-26 Annual Budget Report, incorporated a series of negative adjustments reflecting the forecast wider economic impact of COVID on Council Tax income, as described further in paragraphs 1.10.3 to 1.10.5 below. In total, the adjustments amounted to a £4.4m reduction in budgeted Council Tax income compared to previous forecasts included in the 2020-23 MTFP. As at Quarter 1, the in-year performance for Council Tax is projected at this early stage to be in line with the approved 2021/22 budgeted position.

1.10.3 The £4.4m adjustment noted above included an increase in the number of working age Council Tax Reduction claimants in 2021/22; reflecting a rise to approximately 27,000 claimants, from a pre-COVID level of 23,000. This amounted to a £2.0m reduction in budgeted Council Tax income.

1.10.4 The local Council Tax Reduction (CTR) scheme supports some of the borough's households on low incomes, is means tested and eligible claimants receive up to 80% discount from their full council tax liability. The local scheme only applies to those of working age. The national pension age scheme means there is no such minimum payment and eligible pensioners can receive up to 100% discount. At 30 June 2021 the working age CTR claimant numbers were 26,666, and this figure is anticipated to rise further over time as Government support for businesses tapers. With prevailing economic conditions, at least over the short to medium term, it is likely to mean

increased unemployment rates and further growth in households eligible for CTR.

- 1.10.5 A further £0.9m adjustment was made to reflect the scaling back of housing growth projections from previous assumptions which had largely mirrored the Local Plan over recent years. In addition, the collection rate was projected to decrease, resulting in a £1.4m uplift in the bad debt provision requirement.
- 1.10.6 As at Quarter 1, there is an estimated £15.0m deficit within Business Rates. This is 'technical' in nature as it relates to a downward income adjustment as a result of the continuation of the expanded retail discount scheme, announced by Government after the 2021/22 budgets had already been set. The additional reliefs awarded to businesses are funded in full by Central Government through section 31 grant payments. The payments will be transferred into earmarked reserves at year-end and will be drawn down in 2022/23 against the carried forward Collection Fund deficit.
- 1.10.7 The approved 2021/22 budget for Business Rates income included an estimated reduction in local share of 5%, equating to a £3m loss in income. There was also a further assumed impact of £1.5m due to a projected reduction in the Business Rates collection rate. As at Quarter 1, the in-year Business Rates performance at this early stage is also projected to be in line with the approved budget for 2021/22.
- 1.10.8 Charges to the General Fund each year from the Council (the billing authority) for Council Tax and Business Rates, and to the major precepting authorities (Fire & Rescue Authority, Office of Police & Crime Commissioner) are based on estimates. Actual income collected year on year will vary. These timing differences result in actual surpluses or deficits which are rolled forward year on year through the Collection Fund, and 'settled' over following years, through relevant payment adjustments to the General Fund/major precepting authorities.
- 1.10.9 Taking into account the opening balance and repayments to the General Fund in year, the above in-year projections result in an overall forecast deficit at 31 March 2022 of £23.7m for Kirklees' share of the Collection Fund. As noted above, £15.0m of the year-end projected deficit on Business Rates will be funded through additional s31 grant payments to the General Fund; and, in addition, a further £5.1m repayment is built into the approved MTFP figures across 2022/23 and 2023/24. This leaves an estimated deficit balance of £3.7m.
- 1.10.10 The 2020/21 Financial outturn report included approval for up to £6.4m of the COVID Response reserve to be earmarked to offset the balance of mainly COVID impacted Collection fund deficit rolled forward from 2020/21. This will be addressed in the upcoming Budget Strategy Update report.

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 1 is a £0.3m deficit against an annual turnover budget of £92.1m in 2021/22.
- 1.11.2 The projected deficit largely relates to a £0.2m pressure on investment income linked to reduced interest on balances due to the current 0.1% Bank of England base rate.
- 1.11.3 Forecast HRA reserves at 31 March 2022, including set asides for business risks and investment needs is £46.3m. A summary of the HRA outturn and reserves position can be found at Appendix 4.

1.12 Capital

- 1.12.1 The budget for the 2021/22 Capital Plan is based on the updated capital plan within the Financial Outturn & Rollover Report 2020/21, updated since for a further £3.6m re-profiled into subsequent financial years (see also Appendix 6). A further net £22k grant has been removed from the plan. It is also acknowledged that the budget and forecasts included at this stage are however conditional on Council approval of the financial outturn report 2020/21, on 8 September 2021.
- 1.12.2 The Council's revised capital budget for 2021/22 is £226.6m. The forecast capital outturn at Quarter 1 is £223.4m; forecast £3.2m variance.
- 1.12.3 The Quarter 1 position is summarised in Table 3 below, categorised by Council primary outcomes as set out in the Corporate Plan, which illustrates how the Council's investment proposals align with the Council's ambitions for its residents. Each primary outcome is further structured between strategic priorities, baseline work programmes and one-off projects.

Table 3 – Forecast Capital Outturn 2021/22 at Quarter 1

By Category	Revised Budget £000	Actuals to Date £000	Annual Forecast £000	Variance £000
Achieve & Aspire	24,567	2,834	24,539	(28)
Best Start	3,369	65	3,369	0
Independent	6,133	613	6,120	(13)
Sustainable Economy	124,216	9,211	123,265	(951)
Well	13,547	3,317	13,179	(368)
Safe & Cohesive	172	0	172	0
Clean & Green	11,353	2,255	11,353	0
Efficient & Effective	4,519	34	4,519	0
General Fund	187,876	18,329	186,516	(1,360)
Independent –Strategic Priorities	12,700	902	12,701	1
Independent - Baseline	26,087	4,010	24,216	(1,871)
Housing Revenue Account	38,787	4,912	36,617	(1,870)
Total Capital Plan	226,663	23,241	223,433	(3,230)

- 1.12.4 A more detailed breakdown of the capital outturn position is provided at Appendix 5, along with key variances highlighted.
- 1.12.5 Noting that Quarter 1 is an early capital forecast, officers will continue to review capital budget profiles in year, including any more detailed recommendations for potential re-profiling of scheme budgets between years (allowable under Financial Procedure Rules 3.10-3.15), as part of future financial monitoring. Any such recommendations would reflect the growing complexities and challenges over the next 5 years in delivering to this scale of ambition.
- 1.12.6 Future capital plan updates will continue to be presented to Council via the annual budget strategy update and annual budget approval reports to Cabinet and Council as a matter of course, as part of the annual planning cycle.

2021/22 Budget Proposals

- 1.12.7 This report also includes a number of specific capital scheme proposals for Cabinet approval in line with Council Financial Procedure Rules:

Invest to Save, Street Lighting (Highways)

- 1.12.8 The current LED street lighting replacement programme is supported by an interest free loan from SALIX Finance Ltd and council match funding is financed through spend to save arrangements paid back from savings made in the Highways street lighting budget. At the time the original bid was submitted to SALIX Finance Ltd in 2018, a number of assumptions had to be made as to the number of units requiring updating and an undertaking submitted in the bid that the inventory quality would be improved. In order to fully complete the programme, a shortfall of £2.4m has been identified and the current financial year 2021/22 is the final year supported by SALIX funding.
- 1.12.9 Cabinet are requested to endorse the extension of the current street lighting LED replacement programme and approve an additional £2.4m towards funding the completion of the scheme in this financial year, funded from borrowing. The estimated annual revenue debt costs of £151k will be met, as with the existing scheme, through a spend to save arrangement, paid back from energy savings identified from the Highways revenue budget. Delegations to extend the scheme are requested under FPR 3.23 where the Chief Finance Officer is permitted to make variations to capital funding as necessary in order to ensure that the Council funding is optimised, subject to reporting such actions to Cabinet and Council.

Day Service Support for Vulnerable Adults

- 1.12.10 The Adults Day Care Support for Vulnerable Adults programme line (£21.8m) includes budget for Knowl Park House (including a centre of excellence facility) and Homestead. Outline estimates were £8m for both schemes at the time the outline bids were added into the programme. Detailed feasibilities have identified costs will now exceed their nominal original allocations. This is mainly due to significant rises in construction materials associated with current global supply chain shortages, and increased transport costs, an increase in the building footprints, the absorption of demolition costs, increases in Architecture fees due to the increased size of the buildings, and the cost of enabling works to premises required for temporary decant.
- 1.12.11 Although the contracts for new builds have yet to be tendered, detailed feasibility has anticipated costs will increase by approximately £1.3m for Knowl Park House and potentially £1.2m for the Homestead. This will give a total increase of £2.5m including enablement costs relating to the temporary decant of services from both existing buildings, resulting in a total revised budget for both schemes of £10.5m. Detailed proposals for both schemes are due to be reported to Cabinet on 17 September 2021.
- 1.12.12 It is proposed to also re-profile budgets and manage £600k of the increase from within the Adults Day Care Support for Vulnerable Adults programme line. The Service has identified a sum of £629k from One Off Projects budget to support the Knowl Park scheme in relation to new technology required as part of the Centre of Excellence. It is proposed that this also be re-profiled to support the scheme and Cabinet are requested to approve the transfer of resources from One Off Projects to Knowl Park House.

Batley Town Hall

- 1.12.13 As part of the building illuminations policy it is proposed that a new LED centrally controlled external lighting system is installed at Batley Town Hall. The new system will incorporate multi-coloured option display functionality to illuminate and light up buildings to support various national initiatives/events/charities. The Council has

received an increased number of requests to light up Town Halls at night to signal our support for these various events. This not only raises public awareness, supporting community cohesion and increasing faith literacy but is regarded as a significant benefit from a tourism or promotional perspective. As part of the building illuminations policy, a new lighting system has already been installed at Huddersfield Town Hall, a commission is in place to install a similar system at Cleckheaton Town Hall and funding for a lighting system at Dewsbury Town Hall has been identified within the Dewsbury Town Centre Action Plan. Cabinet are therefore requested to approve £65k for an external lighting system at Batley Town Hall, from the Regeneration and Greening of Smaller Towns and Villages capital programme line to fund this project.

Oakwell Hall

- 1.12.14 It is proposed to invest in the existing Oakwell Hall countryside centre located in the lower car park by creating a takeaway eatery that is appealing to all clientele that currently use Oakwell Hall and to attract new business. Due to the high annual footfall throughout the year there is a substantial opportunity here to generate a surplus for the commercial catering service after the initial investment. The investment would revamp facilities to create an ice-cream parlour operational throughout the summer months, an all-year round tea/coffee shop as well as having public toilets open throughout opening hours. Not only will the proposal attract new customers and users to the park but will also support mental and physical health of residents in the local area. Cabinet are therefore requested to approve £40k from the One Venue Development Programme towards the Oakwell Hall countryside centre proposal.

2 Information required to take a decision

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

Appendix 1 summarises, by service area, the forecast General Fund revenue outturn position in 2021/22;

Appendix 2a summarises, by service area, the forecast COVID additional spend and income losses in 2021/22;

Appendix 2b categorises the forecast 2021/22 COVID additional spend by funding source;

Appendix 3a summarises the forecast General Fund reserves and balances movements in-year;

Appendix 4 summarises the forecast HRA revenue outturn position including movements in HRA reserves in-year;

Appendix 5 sets out by Outcome area the forecast capital outturn position in 2021/22 and the reasons for the more significant forecast capital variances across strategic priority and baseline capital schemes.

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

Appendix 7 is the Corporate Risk Register, updated as at July 2021;

- 2.2 The corporate risk register at Appendix 7 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 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 (e.g. Financial, Legal or Human Resources)

3.6.1 The Council has a statutory duty to balance its budget under section 31A of the Local Government and Finance Act 1992 and to take any necessary steps in-year to ensure this. Section 151 of the Local Government Act 1972 requires the Council to make proper arrangements for the administration of its financial affairs including budgetary control.

3.6.2 The Council's 2021-26 budget plans, approved at Budget Council on 10 February 2021, set out proposals for the delivery of an overall Council balanced budget for 2021/22, and indicative budget spending plans and funding forecasts over the following 4 years. This was against a backdrop of COVID which brought an unprecedented level of challenge and uncertainty to the budget round.

3.6.3 The financial planning framework underpinning the budget proposals was pragmatic in nature, enabled by the relatively strong financial resilience of the Council which existed pre-COVID; in particular by earmarking some of the pre-COVID financial resilience (MRP flexibility) to underwrite the Council's financial stability in 2021/22 as far as possible given the extent of global, national and local volatility.

3.6.4 The 2021-26 Annual Budget Report also made extensive reference to the continuing impact of COVID over the course of the medium-term financial plan, with impacts forecasted on a range of funding assumptions going forward, including service income and local tax income and business rates losses. As at Quarter 1, income forecasts appear to be largely in line with these assumptions.

3.6.5 The COVID response is ongoing, with impacts of the pandemic continuing to be a draw on existing Council, Partner and community capacity.

3.6.6 The Council's refreshed reserves strategy approved in the 2021-26 budget plans acknowledges the heightened volatility and unpredictability in the COVID impacted budget risk environment within which the Council is operating both currently and over the medium term.

3.6.7 It is intended that the forthcoming annual budget strategy report to Cabinet and Council in October 2021 will incorporate a more detailed review, quantification and sensitivity analysis on a range of emerging budget and other risks to help inform the Council's financial planning framework and overall reserves requirement as part of the refreshed Medium Term financial Plan (MTFP). This will include a further review of any COVID financial impacts anticipated to affect the Council's budget beyond 2021/22.

4 Consultees and their opinions

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

5 Next Steps

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

6 Cabinet portfolio holders recommendations

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

7 Officer recommendations and reasons

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

General Fund

7.1 note the forecast revenue outturn position at Quarter 1;

7.2 note the forecast year end position on corporate reserves and balances at Quarter 1;

7.3 note the regular monitoring and review of corporate reserves in 2021/22 reported to Cabinet as part of the Quarterly financial monitoring cycle;

Collection Fund

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

HRA

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

Capital

7.6 note the Quarter 1 forecast capital monitoring position for 2021/22;

7.7 approve the re-profiling across years of the capital plan as set out in this report and at Appendix 6, and for Cabinet to recommend Council approves at its meeting on 8 September 2021;

7.8 approve £2.4m additional self-funding for 2021/22 within the Highways Capital Plan towards the extension of the existing Invest to Save Street Lighting scheme;

7.9 approve the re-profile of budgets within the Adults Day Care Support for Vulnerable

Adults programme line to manage the £600k increase required for Knowl Park House and Homestead and approve the reallocation of £629k from Adults Social Care One Off Projects line towards supporting the Knowl Park scheme within Day Services Support for Vulnerable Adults;

- 7.10 approve the release of £65k funding from Regeneration and Greening of Smaller Towns and Villages capital programme for Batley Town Hall illuminations as set out in this report; and
- 7.11 approve the release of £40k funding from One Venue Development Programme to fund expenditure on the existing Oakwell Hall cafe, as set out in this report;

8 Contact Officer

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Safaira Majid, Senior Finance Officer
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9 Background papers and History of Decisions

Financial Outturn and Rollover Report to Cabinet, July 2021
Annual budget report 2021-26 to Budget Council, February 2021
Budget Update Report to Council, October 2020

10 Service Director responsible

Eamonn Croston, Service Director Finance.
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Corporate Revenue Budget Monitoring 2021/22 – Month 3

Strategic Director portfolio responsibilities	Annual				
	Controllable Budget (Net)	Planned use of reserves	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000
Child Protection & Family Support	46,038	-	46,038	47,995	1,957
Resources, Improvements & Partnership	11,989	-	11,989	11,852	(137)
Learning & Early Support & Schools	18,831	-	18,831	20,281	1,450
Sub Total (Children & Families)	76,858	-	76,858	80,128	3,270
Customers and Communities	11,813	-	11,813	12,011	198
ASC - Older People and Physical Disabilities	21,030	-	21,030	20,943	(87)
ASC - Learning Disabilities and Mental Health	68,030	-	68,030	68,921	891
Adults Sufficiency	13,600	-	13,600	13,610	10
Sub Total (Adults & Health)	114,473	-	114,473	115,485	1,012
Environmental Strategy & Climate Change	10,011	203	10,214	10,802	588
Highways & Streetscene	26,194	-	26,194	28,191	1,997
Culture & Visitor Economy	(1,029)	120	(909)	2,533	3,442
Sub Total (Environment & Climate Change)	35,176	323	35,499	41,526	6,027
Skills & Regeneration	3,381	1,049	4,430	4,352	(78)
Homes & Neighbourhoods	-	-	-	(553)	(553)
Development	8,942	970	9,912	10,977	1,065
Sub Total (Regeneration & Growth)	12,323	2,019	14,342	14,776	434
Strategy & Innovation	14,784	6	14,790	14,816	26
Public Health & People	118	-	118	2,482	2,364
Governance & Commissioning	12,151	430	12,581	12,982	401
Finance	8,391	270	8,661	8,706	45
Former KNH Resources	-	-	-	(169)	(169)
Sub Total (Corporate Strategy, Commissioning & Public Health)	35,444	706	36,150	38,817	2,667
Central	43,655	-	43,655	39,346	(4,309)
General Fund Total	317,929	3,048	320,977	330,078	9,101
COVID Support Grant Offset (from reserves)				(6,180)	(6,180)
Estimated COVID Income Loss Compensation				(1,285)	(1,285)
Revised General Fund Total	317,929	3,048	320,977	322,613	1,636

COVID Spend and Income Losses Summary

Strategic Director portfolio responsibilities	COVID spend	COVID Income Losses	Total COVID Pressures
	£k	£k	£k
Child Protection and Family Support	1853	0	1853
Resources, Improvements & Partnership	0	0	0
Learning, Early Support and Schools	244	315	559
Sub Total (Children & Families)	2097	315	2412
Customers and Communities	430	265	695
ASC - Older People & Physical Disabilities	4940	0	4940
ASC - Learning Disabilities and Mental Health	0	121	121
Adults Sufficiency	0	0	0
Sub Total (Adults & Health)	5370	386	5756
Environmental Strategy & Climate Change	344	288	632
Highways & Streetscene	589	457	1046
Culture & Visitor Economy	77	3148	3225
Sub Total (Environment & Climate Change)	1010	3893	4903
Skills & Regeneration	132	163	295
Homes & Neighbourhoods	198	0	198
Development	951	750	1701
Sub Total (Regeneration & Growth)	1281	913	2194
Strategy Innovation and Planning	281	3	284
Public Health and People	8110	18	8128
Governance and Commissioning	346	0	346
Finance	2899	119	3018
Former KNH Resources	0	0	0
Sub Total (Corporate Strategy, Commissioning & Public Health)	11636	140	11776
Central	53	0	53
General Fund Total	21447	5647	27094

COVID Spend and Funding Sources

Appendix 2b

		COVID Spend Funded By:	
Strategic Director portfolio responsibilities	COVID spend	COVID Specific Grant Funding	COVID -19 Response Reserve
	£k	£k	£k
Child Protection and Family Support	1853	0	1853
Resources, Improvements & Partnership	0	0	0
Learning, Early Support and Schools	244	0	244
Sub Total (Children & Families)	2097	0	2097
Customers and Communities	430	320	110
ASC - Older People & Physical Disabilities	4940	4915	25
ASC - Learning Disabilities and Mental Health	0	0	0
Adults Sufficiency	0	0	0
Sub Total (Adults & Health)	5370	5235	135
Environmental Strategy & Climate Change	344	344	0
Highways & Streetscene	589	509	80
Culture & Visitor Economy	77	124	-47
Sub Total (Environment & Climate Change)	1010	977	33
Skills & Regeneration	132	114	18
Homes & Neighbourhoods	198	198	0
Development	951	648	303
Sub Total (Regeneration & Growth)	1281	960	321
Strategy Innovation and Planning	281	281	0
Public Health and People	8110	4570	3540
Governance and Commissioning	346	345	1
Finance	2899	2899	0
Former KNH Resources	0	0	0
Sub Total (Corporate Strategy, Commissioning & Public Health)	11636	8095	3541
Central	53	0	53
General Fund Total	21447	15267	6180

Appendix 3a

General Fund Earmarked Reserves

	Reserves position 1 April 2021	2021-26 Budget report Approved Transfers	Revised reserves position 1 April 2021	Planned Net Drawdown in-year – COVID Response Reserve	Planned Net Drawdown in-year - other	Unplanned use of Reserves (<i>Forecast Variance</i>)	Forecasted Reserves position 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Statutory (School Reserves)							
Schools Balances	(13,562)	-	(13,562)				(13,562)
Total Statutory (School Reserves)	(13,562)	-	(13,562)	-	-	-	(13,562)
Earmarked							-
Financial Resilience Reserves	(37,146)	-	(37,146)				(35,510)
Rollover	(604)	-	(604)		348		(256)
Revenue Grants (various)	(18,923)	-	(18,923)		1,681		(17,242)
Public Health	(1,539)	-	(1,539)				(1,539)
Stronger Families Grant	(1,531)	-	(1,531)				(1,531)
Insurance	(1,900)	-	(1,900)				(1,900)
Ward Based Activity	(1,400)	-	(1,400)		160		(1,240)
Social Care Reserve	(2,099)	-	(2,099)				(2,099)
Property and Other Loans	(3,000)	-	(3,000)				(3,000)
Strategic Investment support	(4,954)	-	(4,954)		697		(4,257)
Waste Management	(5,684)	2,000	(3,684)		-		(3,684)
Mental Health	(1,202)	-	(1,202)		62		(1,140)
Inclusive Investment	(3,000)	-	(3,000)				(3,000)
School PFI	(1,282)	-	(1,282)				(1,282)
Demand Reserve	(19,306)	-	(19,306)				(19,306)
Place Partnership Theme	(2,000)	-	(2,000)				(2,000)
Treasury Smoothing	(960)	-	(960)				(960)
Transformation	(2,348)	(2,000)	(4,348)				(4,348)
Place Standard	(500)	-	(500)				(500)
Local Welfare Provision initiatives	-	(2,237)	(2,237)				(2,237)
Other	(7,506)	-	(7,506)		100		(7,406)

General Fund Earmarked Reserves

	Reserves position 1 April 2021	2021-26 Budget report Approved Transfers	Revised reserves position 1 April 2021	Planned Net Drawdown in-year – COVID Response Reserve	Planned Net Drawdown in-year - other	Unplanned use of Reserves (<i>Forecast Variance</i>)	Forecasted Reserves position 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COVID Response	(19,994)	-	(19,994)	6,180			(13,814)
COVID Business Grants Reserve	(7,953)	-	(7,953)				(7,953)
<i>Sub Total Earmarked Reserves</i>	<i>(144,831)</i>	<i>(2,237)</i>	<i>(147,068)</i>	<i>6,180</i>	<i>3,048</i>	<i>1,636</i>	<i>(136,204)</i>
Earmarked (Collection Fund Technical Reserves)							
Extended Business Rate Relief Compensation	(23,955)	23,520	(435)				(435)
Tax Income Loss Compensation	(5,002)	-	(5,002)				(5,002)
<i>Sub Total Earmarked (Collection Fund)</i>	<i>(28,957)</i>	<i>23,520</i>	<i>(5,437)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(5,437)</i>
<i>Total Earmarked</i>	<i>(173,788)</i>	<i>21,283</i>	<i>(152,505)</i>	<i>6,180</i>	<i>3,048</i>	<i>1,636</i>	<i>(141,641)</i>
GENERAL BALANCES	(10,003)	-	(10,003)			-	(10,003)
<i>Grand Total</i>	<i>(197,353)</i>	<i>21,283</i>	<i>(176,070)</i>	<i>6,180</i>	<i>3,048</i>	<i>1,636</i>	<i>(165,206)</i>
<i>Total usable reserves (excluding Schools, Public Health and Collection Fund)</i>	<i>(153,295)</i>	<i>(2,237)</i>	<i>(155,532)</i>	<i>6,180</i>	<i>3,048</i>	<i>1,636</i>	<i>(144,668)</i>

Glossary of Reserves

RESERVE	DESCRIPTION
School Reserves	Statutory reserves relating to individual school balances/deficits carried forwards.
Financial Resilience	Covers a range of potential costs highlighted in the Council's corporate risk register, including budget risks as set out in the sensitivity analysis within the 2021-26 Annual Budget report.
Rollover	To fund deferred spend commitments against approved rollover
Revenue Grants	Represents grants and contributions recognised in the Comprehensive Income and Expenditure Statement before expenditure has been occurred. Includes £5.6m of COVID specific grants as at 31 March 2021.
Public Health	Timing issues on Public Health grant spend commitments (Public health grant is statutorily ring-fenced)
Stronger Families	Set aside reflecting timing issues on expenditure commitments supporting a range of Stronger Families activity, funded from external grant.
Insurance	Mitigates against risk from increased liabilities and insurance claims.
Ward Based Activity	Set aside reflecting timing issues on ward based activity spend commitments
Social Care	Set aside to cover phased rollout of a range of social care expenditure commitments as agreed at Cabinet, August 2018.
Property and Other Loans	Set aside in part against the potential risk of future loan defaults; in part to offset potential unfunded technical accounting entries on General Fund revenue arising purely arising from the introduction of a new local government accounting code intended to strengthen balance sheet transparency.
Strategic Investment & Support	To address the scale of development costs required to support the upscaling of capital investment activity and major project activity over the MTFP.
Waste Management	To support the implementation of the Council's waste management strategy, including phased release over the MTFP to manage current PFI contract transition in light of the current Council PFI Waste Contract ending in 2022/23.
Mental Health (including Domestic abuse)	To support a number of local area based mental health initiatives.
Inclusive Investment Reserve	Set aside for a range of targeted development activity that supports the Council's inclusive investment ambition.
Schools PFI Reserve	Will be utilised to cover reduced DSG budget contributions to council services in 2020/21 and 2021/22
Demand Reserve	Set aside to mitigate the impact/volatility of a range of potential demand risks on statutorily provided service activity
Place Partnership Theme	To encourage Place specific local initiatives
Treasury Smoothing Reserve	This reserve has been set aside to manage the volatility surrounding treasury management budgets with respect to both potential changes in interest rates and the level of delivery of the capital plan.
Transformation Reserve	Set aside for strategic transformation developments over the next 12 to 24 months.
Place Standard Reserve	Set aside to support the resourcing of emerging Place Standard action plans.
Local Welfare Provision Initiatives	Set aside to fund a range of existing Local Welfare Provision measures to support some of the borough's families and individuals in extreme financial hardship.
Other Earmarked	A range of smaller reserves earmarked for specific purposes.
COVID Response Reserve	Specific reserve set aside to cover the costs of the Council's COVID response.
COVID Business Grants reserve	Reflects the balance of COVID Business Grants received and recognised in 2020/21 before expenditure was incurred.

RESERVE	DESCRIPTION
Extended Business Rate Relief Compensation	During 2020/21, local authorities received approximately £10bn in S31 grants to offset the reliefs given to businesses during lockdown. Under current Collection Fund accounting rules, the S31 grants received this year will not be discharged against the Collection Fund deficit until 2021/22. The full amount of additional s31 grants received was therefore transferred into the extended business rates relief reserve, to be drawn down in 2021/22 against the rolled forwards Collection Fund deficit.
Local Tax Income Loss Compensation	Local authorities were compensated for the loss of local tax income in 2020/21 as a result of COVID. The compensation amount was transferred into the Tax Income Loss Compensation Reserve to be drawn down against the rolled forwards Collection Fund deficit.
General Fund Balances	General reserve set at £10m to support general working capital and cashflow requirements.

Appendix 4

HOUSING REVENUE ACCOUNT 2021/22 - MONTH 3						
	Year to Date			Annual		
	Controllable Budget (Net)	Actuals	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Repairs & Maintenance	6,984	6,832	(151)	27,016	27,016	(0)
Housing Management	6,022	5,911	(111)	38,611	38,678	67
Other Expenditure	133	68	(64)	25,602	25,602	(0)
Total Expenditure	13,138	12,812	(326)	91,229	91,296	67
Rent & Other Income	(21,099)	(21,102)	(3)	(92,147)	(91,924)	223
Revenue Contribution to Capital Funding	0	0	0	1,168	1,168	0
Planned transfer to HRA Reserves	0	0	0	(250)	(250)	0
Total	(7,961)	(8,290)	(329)	0	290	290

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	-	290	290
Set aside to meet investment needs (as per HRA Business Plan)	(52,918)	11,785	(41,133)
Working balance	(1,500)	-	(1,500)
Total	(58,418)	12,075	(46,343)

Corporate Capital Budget Monitoring 2021/22 – Month 3

Appendix 5

	Financial Outturn & Rollover Report Plan £'000	Budget Adjustment incl Re- profiling £'000	Qtr 1 Revised Budget £'000	Actuals to Date £'000	Forecast £'000	Variance £'000	Variance %
General Fund							
Aspire & Achieve	24,567	0	24,567	2,834	24,539	(28)	0%
Best Start	3,369	0	3,369	65	3,369	0	0%
Independent	6,133	0	6,133	613	6,120	(13)	0%
Sustainable Economy	125,238	(1,022)	124,216	9,211	123,265	(951)	(1%)
Well	13,544	3	13,547	3,317	13,179	(368)	(3%)
Safe & Cohesive	172	0	172	0	172	0	0%
Clean and Green	11,353	0	11,353	2,255	11,353	0	0%
Efficient & Effective	4,518	1	4,519	34	4,519	0	0%
GENERAL FUND TOTAL	188,894	(1,018)	187,876	18,329	186,516	(1,360)	(1%)
Housing Revenue Account							
Strategic Priorities	15,295	(2,595)	12,700	902	12,701	1	0%
Baseline	26,086	1	26,087	4,010	24,216	(1,871)	(7%)
HOUSING REVENUE TOTAL	41,381	(2,594)	38,787	4,912	36,917	(1,870)	(5%)
CAPITAL PLAN TOTAL	230,275	(3,612)	226,663	23,241	223,433	(3,230)	(1%)

Capital Monitoring Key Highlights





Appendix 5





Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
GENERAL FUND			
Sustainable Economy			
Town Centre Action Plans	26,875	(823)	£556k relates to re-profiled costs of the Huddersfield New Market scheme; £267k underspend on Dewsbury Town Centre Action Plan is for the Dewsbury Revival Grant Scheme to reflect revised timescales in the application process.
Play Strategy	2,424	(368)	First phase schemes due to be completed during 2021/22. Slippage on current year expenditure on second phase schemes to be confirmed. Budget may be re-profiled to next year, as part of next monitoring.
HOUSING REVENUE ACCOUNT			
Fuel Poverty	3,155	(1,870)	Revised spend profile







Corporate Capital Budget Monitoring 2021/22
Quarter 1 Re-profiling





Appendix 6







	2021/22	2022/23
	£'000	£'000
General Fund		
Sustainable Economy		
<i>Baseline:</i>		
Vehicle Replacement	(1,000)	1,000
General Fund Total	(1,000)	1,000
Housing Revenue Account		
Independent		
<i>Strategic Priorities:</i>		
Council House Building	(2,594)	2,594
Housing Revenue Account Total	(2,594)	2,594
TOTAL CAPITAL PLAN RE-PROFILED	(3,594)	3,594
Funding:		
Borrowing (GF/HRA)	(2,582)	2,582
Earmarked Capital Receipts (HRA)	(778)	778
Reserves (HRA)	(234)	234
TOTAL FUNDING RE-PROFILED	(3,594)	3,594




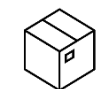
Risk No	Risk – Description of the risk	Management actions already in place to mitigate the risk	Control Opptnty	Trend	Risk Matrix Symbol
	Community Impacts & Risks	Delivering service that customers and citizens need			
A1	Covid 19 coronavirus has continuing implications on the Kirklees community, and 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	<p>This position requires regular reconsideration as the position can change quickly, and there remains a substantial number of areas of uncertainty.</p> <p>Mitigations need to relate to</p> <ul style="list-style-type: none"> • Infection control and management- as a council activity (see also risk 6) • Management of financial consequences including seeking to spend national grants effectively, and mitigation against the risk of fraud • Social and economic consequences (including appropriate council interventions therein) • Recognition of long covid and other consequent diseases <p><i>Responsible for this risk –R. Spencer-Henshall and all strategic directors</i></p>	M	 5X4=20	
A2	The council does not adequately safeguard children and vulnerable adults, and those subject to elder abuse, because of increased complexity, referral volumes and a lack of service capacity to respond to the assessed need.	<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. 	H		






		<ul style="list-style-type: none"> • Ensure competence of the Safeguarding Boards and that they are adequately resourced to challenge and improve outcomes • Adults Safeguarding Board has own specific risk register • Effective listening to messages about threats from other parts of the council and partner agencies • Proactive recognition of Members role as “corporate parent” • Childrens Improvement Board to assist governance and quality improvement • Additional work to ensure that corporate safeguarding activities include appropriate control arrangements. • Ensure effective record keeping • Ensure routine internal quality assessment • Training to ensure that there is a proportionate reaction, • Recognise that referrals may have been suppressed as a result of lockdown and other coronavirus related concerns <p style="text-align: right;"><i>Responsible for this risk – R Parry and M Meggs</i></p>		4x5=20	
A3	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 style="text-align: right;"><i>Responsible for this risk –M Meggs</i></p>	LM	 4x4=16	
A4	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. 	M	 4x5=20	





		<ul style="list-style-type: none"> 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 <p><i>Responsible for this risk – R Parry and M Meggs (& J Greenfield)</i></p>			
A5	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-. <p><i>Responsible for this risk – C Parr</i></p>	M	As a long-term environmental trend  4x5=20	
A6	Reconsidered individual and community priorities Understanding the financial and other on-going impact on partner agencies, including the voluntary sectors – such as by funding shortfall, or a redirection of their own resources- in way that reduces their ability to support communities, with an impact on the council.	<ul style="list-style-type: none"> Understand the impacts Consider what types of support the council might provide Engagement in resilience discussions with NHS partners Secure funding as appropriate (e.g consider extension of pooled funds Understanding potential impacts on demand for council services 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. Determine which of these are really adverse <p><i>Responsible for this risk – R Parry and M Meggs * all strategic directors</i></p>	H	 4x4=16	
	The finances of the Council	Keeping the Council solvent			
A7	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 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. 	MH	 	



		<ul style="list-style-type: none"> Tracker developed which allows all change plans to be in view and monitored on a monthly basis Monthly (and quarterly) financial reporting <p><i>Responsible for this risk - E Croston & ET</i></p>		4x5=20	
A8	<p>The council has significant financial risks related to</p> <p># Volumes (in excess of budget) of;</p> <ul style="list-style-type: none"> Complex Adult Care services Childrens Care Services Educational high needs <p># Coronavirus additional costs</p> <p># Coronavirus income impacts on commercial rents and other fees and charges.</p> <p># HRA Rent collection. (UC roll-out)</p> <p># Waste disposal and waste strategy</p>	<ul style="list-style-type: none"> Monitor short term loss of income Monitor additional costs (& be sure they are all captured) Recognise in budget plans Scenario plan for reduced level of demand, post current crisis (e.g. changed customer tastes and priorities) Scenario plan for recurrences of coronavirus or similar Scenario plan for default by debtors- council tax and rents (individual citizens), business rates and commercial rents (businesses), sundry debtors (both) Consider impacts from rent deferrals Seek to recover additional costs where budgets held by other parties or partners Significant service pressures recognised as part of resource allocation Responsibility for budgetary control aligned to Strategic and Service Directors. Examine alternative strategies or amend policies where possible to mitigate growth in demand or reduce costs Utilise supplementary resources to cushion impact of cuts and invest to save. Continue to lobby, through appropriate mechanisms, for additional resources Proactive monitoring as Universal Credit is introduced <p><i>Responsible for this risk - E Croston & ET</i></p>	M		
A9	<p>Above inflation cost increases, impact on the ability of providers to deliver activities of the specified quality, and or impacting on the prices charged and impacting on the budgets of the Council.</p>	<ul style="list-style-type: none"> Monitor quality and performance of contracts. Be aware of underlying issues through effective communication with service providers and suppliers about likely impact on prices Renegotiate or retender contracts as appropriate. Ensure that budgets anticipate likely cost impacts Seek additional funding as a consequence of government-imposed costs <p><i>Responsible for this risk - E Croston & all strategic directors</i></p>	LM		

A10	<p>Making inappropriate choices in relation to lending or and borrowing decisions, leads to financial losses.</p>	<ul style="list-style-type: none"> • Effective due diligence prior to granting loans and careful monitoring of investment decisions. • Effective challenge to treasury management proposals by both officers and members (Corporate Governance & Audit Committee) taking account of external advice <p style="text-align: center;"><i>Responsible for this risk - E Croston</i></p>	MH	 2x5=10	
A11	<p>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.-such a clad buildings.</p>	<ul style="list-style-type: none"> • Ensure adequacy of financial revenue reserves to protect the council financial exposure and managed effectively not to impact on the council essential services. • Consider risks and most cost-effective appropriate approach to responding to these (internal or external insurance provision). • Awareness of risk activity that is not insured or uninsurable. <p style="text-align: center;"><i>Responsible for this risk - E Croston & J Muscroft</i></p>	H	 4x4=16	
A12	<p>The future national budget position and allocation of funding to local authorities causes a loss of resources or increased and under-funded obligations (e.g. in relation to social care), with impact on the strategic plans, Although the government has provided resource to meet coronavirus consequence, but it is unclear the extent to which this will continue- and for how long. In the longer- term risks remain (and may be higher as the need to address recent high level of national debt, and inflation/ interest, and other spending areas deemed of greater priority).</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 style="text-align: center;"><i>Responsible for this risk - E Croston & all strategic directors</i></p>	L	 5x5=25	
	Governance	Operating legally and ethically			

A13	The councils arrangements to effectively determine and implement policies, and operational practices, are inadequate, leading to the potential for failure	<ul style="list-style-type: none"> • Open policy development • Open decision making, including full consultation • Effective challenge (between officers, officers and members, and between member) • Proper recording of all decisions • Carefully following all rules and requirements, particularly those related to Financial Procedures Rules and Contract Procedure Rules • Doing basis well- strong training and effective assurance • Clarity of management responsibility and understanding <p><i>Responsible for this risk – chief executive and all strategic directors</i></p>	H		
	Resource Utilisation	Operating successfully and effectively			
A14	Council supplier and market relationships, including contractor failure leads to; <ul style="list-style-type: none"> • loss of service, • poor quality service • an inability to attract new suppliers (affecting competition, and to replace any incumbent contractors who have failed) • 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"> • Avoid, where possible, over dependence on single suppliers • More thorough financial assessment when a potential supplier failure could have a wide impact on the council’s operations but take a more open approach where risks are few or have only limited impact. • Recognise that supplier failure is always a potential risk; those firms that derive large proportions of their business from the public sector are a particular risk. • Need to balance between only using suppliers who are financially sound but may be expensive and enabling lower cost or new entrants to the supplier market. • 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 	MH		




		<ul style="list-style-type: none"> • Early consultation with existing suppliers about arrangements to be followed at the end of existing contractual arrangements • Realign budgets to reflect real costs • Commission effectively • Ensuring adequate cash flow for smaller contractors <p><i>Responsible for this risk – J Muscroft</i></p>			
A15	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.	<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 may increase risks or change their perspective (e.g. destruction of paper records), and whether there is a need for additional security, training or other matters. 	H (INFO)	 4x5=20	
	Cyber related threats affecting data integrity and system functionality.	<ul style="list-style-type: none"> • 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>Responsible for this risk – J Muscroft</p>	M (CYBER)		
A16	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	<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 	H		

	/personal liability)(and in particular issues of fire safety,)	<ul style="list-style-type: none"> • 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 style="text-align: center;"><i>Responsible for this risk – R Spencer Henshall</i></p>		3x5=15	
A17	Exposure to increased liabilities arising from property ownership and management, including dangerous structures and asbestos, cladding and fire controls 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 • Establishment of Housing Building Safety Assurance Board • 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: center;"><i>Responsible for this risk – C Parr/ D Shepherd</i></p>	H	 4x4=16	
A18	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	<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. • Understanding difficult to recruit areas • 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	

	unable to deliver its service obligations.	<ul style="list-style-type: none"> Consider issues about a workforce reflective of the community, inclusion, diversity and coronavirus issues <p style="text-align: center;"><i>Responsible for this risk – R Spencer Henshall</i></p>			
E18	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 such as ensuring appropriate levels of energy efficiency in residential and commercial property, and the financial consequences Being climate aware in design- such as ensuring temperature appropriate road surfacing products, heating and ventilation in new and refurbished property 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 style="text-align: center;"><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

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