

Name of meeting: Cabinet
Date: 1 February 2022

Title of report: Council Budget Report 2022/23 and future years; incorporating Capital, Treasury Management, General Fund Revenue and Housing Revenue Account

Purpose of the report

The purpose of this report is for Cabinet to receive information to enable them to recommend a budget to Council for Capital, General Fund revenue and Housing Revenue Account (HRA) and approve the Council Treasury Management strategy.

Key decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes
Key decision - Is it in the Council's Forward Plan (key decisions and forward reports) ?	Yes
Is it eligible for "call in" by Scrutiny?	No
Date signed off by Strategic Director and name	Jacqui Gedman – 21 January 2022
Is it also signed off by the Service Director for Finance?	Eamonn Croston – 21 January 2022
Is it also signed off by the Service Director – Legal, Governance & Commissioning?	Julie Muscroft – 21 January 2022
Cabinet member portfolio - Corporate	Cllr Paul Davies

Electoral [wards](#) affected: All

Ward Councillors consulted: All

Public or private: Public

Have you considered GDPR: Yes – there is no personal data within the budget details and calculations set out in this report and accompanying Appendices

RESTRICTIONS ON VOTING

Members should be aware of the provisions of Section 106 of the Local Government Finance Act 1992, which applies to members where –

- (a) they are present at a meeting of the Council, the Cabinet or a Committee and at the time of the meeting an amount of Council Tax is payable by them and has remained unpaid for at least two months, and
- (b) any budget or Council Tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

In these circumstances, any such members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter in (b) above. It should be noted that such members are not debarred from speaking on these matters.

Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

1. Summary

- 1.1 The structure of this report begins with an executive summary, followed by a range of Appendices. The reader will need to review these collectively in order to be informed of the overall consequences and implications.

The Appendices are as follows:

A	General Fund & HRA Medium Term Financial Plan 2022/23 and future years - Revenue and Capital Budget Book
B	Revenue Tables
C	General Fund Revenue Sensitivity Analysis
D	Corporate Risk Register Summary
E	Capital Strategy
Fi) & ii)	Council Tax Base/Motion to Council
G	Budget Consultation exercise – summary
H	Treasury Management Strategy 2022/23 (appended report)

Integrated Impact Assessments

- 1.2 Members' attention is drawn to the information and advice in paragraph 3.3.21 of this report which makes reference to the Council's Public Sector Equality Duty.
- 1.3 The report will:-
 - (i) review the General Fund revenue budget strategies over the medium term financial plan (MTFP), and budget proposals to achieve a balanced General Fund revenue budget in 2022/23, and indicative revenue budget forecasts for the following four years;

- (ii) incorporate the Government's announcement on the Local Government Finance Settlement for 2022/23, and consider the level of General Fund revenue budget needed for Treasury Management and Central Contingencies;
- (iii) review the current levels of General Fund revenue reserves and balances and make recommendations on the level of reserves;
- (iv) incorporate Housing Revenue Account (HRA) budget proposals to achieve a balanced HRA in 2022/23, and indicative revenue budget plan for the following four years, informed by the HRA 30 year business plan;
- (v) review the current levels of Housing Revenue Account reserves, and make recommendations on the level of reserves;
- (vi) review the multi-year plan for Capital Investment. The Cabinet is required under Financial Procedure Rules to recommend to the Council a multi-year Plan for Capital Investment;
- (vii) review and approve the 2022/23 Treasury Management Strategy, Investment Strategy and Capital Strategy, which the Council must consider before the start of the financial year to comply both with the Chartered Institute of Public Finance & Accountancy (CIPFA) Prudential Code and Treasury Management Code and with the Ministry of Housing & Local Government (MHCLG) statutory guidance;
- (viii) make recommendations on the Council Tax Base and Council Tax requirement for 2022/23; and
- (ix) incorporate a statement of assurance from the Council's statutory s151 officer in relation to the robustness of budget estimates and adequacy of General Fund and HRA reserves.

2. Information required to make a decision

2.1 SUMMARY GENERAL FUND BUDGET PLANS

Financial Planning context – October 2021 Budget strategy Update report

- 2.1.1 The approved Budget Strategy Update report presented to Council on 12 October 2021 provided the overarching financial planning framework for the subsequent budget proposals set out in this annual budget report; namely a starting point £14.6m general fund revenue budget gap in 2022/23, increasing to £17.1m in 2023/24, £24.3m in 2024/25 and £21.0m in 2025/26. The relevant link to the October 2021 report is referenced at Section 8.
- 2.1.2 The October 2021 Budget Update report also made reference to 'Our Council Plan' which was on the same Council agenda and updated the 2020 Corporate Plan to March 2023 (see also Section 8 for report link).
- 2.1.3 The Corporate Plan set out how the Council will deliver against its shared outcomes over the period. The Council Plan also provided relevant context regarding COVID impact and the Council's focus on recovery.

- 2.1.4 The above budget gaps were also acknowledged to be particularly volatile, and the inclusion of high level sensitivity analysis in the report reflected the potential extent of this volatility and the uncertainty surrounding the residual effects of COVID on the Council's bottom line, both in terms of Council Tax and Business Rates income and also the potential ongoing cost and income pressures within the General Fund, relative to baseline assumptions.

Spending Review 2021

- 2.1.5 The 3 year Spending Review 2021 (SR21) was announced on 27 October 2021. For reference, the key Government link to the SR21 announcement is included in Section 8.
- 2.1.6 SR21 announcement on 27 October 2021 was accompanied by an updated economic forecast for the UK from the Office of Budget Responsibility (OBR). The OBR noted that output in 2021 was recovering faster than predicted in March 2021, boosting tax revenues in the process. This stronger economic recovery helped to reduce the fiscal cost of pandemic-related support to below the March forecast. The economy was now expected to grow by 6.5 per cent in 2021 (2.4 percentage points faster than predicted in March), and unemployment to rise only modestly to 5¼ per cent which helped the estimated budget deficit to almost halve to £183 billion in 2021-22 (£51 billion lower than March).
- 2.1.7 It was also noted that the strength of the rebound in demand in the UK and internationally had led it to bump up against supply constraints in several markets. OBR also noted that in the UK, these supply bottlenecks had also been affected by changes in the migration and trading regimes following the UK's changed relationship with the EU. Energy prices were increasing significantly, labour shortages had emerged in some occupations, and there had been blockages in some supply chains. These were expected to hold back output growth in the coming quarters, while raising prices and putting pressure on wages. Consumer Price Index (CPI) inflation was expected to reach close to 5 per cent next year. It was expected to hit the highest rate seen in the UK for three decades.
- 2.1.8 In conjunction with the above, over the medium term, the OBR revised estimates of the post-pandemic scarring of potential output to be 2 per cent – rather than the 3 per cent assumed in March 2021. Uncertainty around this judgement remained large. In terms of the outlook for public finances, OBR predicted Government borrowing would fall back below £100 billion next year, declining more slowly thereafter to stabilise at around £44 billion (1.5 per cent of GDP) in the medium term.

Provisional financial settlement 2022/23

- 2.1.9 Following on from the 3 year spending review, Government subsequently released the detail of what was essentially a one year provisional local government financial settlement for 2022/23, on 16 December 2021, with a consultation period that ran to 13 January 2022 (see Section 8 for consultation link). In broad terms, the headline provisional settlement figures for 2022/23 mirrored the headlines for local government set out in SR21. The final settlement is expected late January 2022.
- 2.1.10 The Government provisional financial settlement release included the following introduction setting out the rationale for a largely one-year settlement only:

“...On 27 October 2021, the government announced the outcome of Spending Review 2021. This Spending Review will provide local government with a strong foundation for the next three years, with around £1.6 billion of additional grant in each year of the Spending Review period.

To prioritise certainty for 2022/23, we propose delivering a one-year local government finance settlement. At the national level, our proposals result in an increase in Core Spending Power for local authorities in England of up to £3.5 billion; a real terms increase of over 4%. Within this, councils will have access to an additional £700 million of new grant specifically for social care. Including the flexibility available through the Adult Social Care precept, we are making available over an additional £1 billion of resource for social care. In addition, the increase in core spending power includes £162 million for Adult Social Care reform.

This additional funding also includes a one off ‘2022/23 Services Grant’ worth £822 million. This grant is for 2022/23 only and we will work with the sector on how we distribute this funding from 2023/24 onwards. The funding will go to all tiers of local government in recognition of the range of vital services delivered by councils across the country. This grant will be un-ringfenced with local authorities best placed to understand local priorities. Authorities with social care responsibilities can use this funding for adults and children’s social care.

The proposals relate to 2022/23 and are focused on stability. The government is committed to ensuring that funding allocations for councils (from 2023/24 onwards) are based on an up-to-date assessment of their needs and resources. The data used to assess this has not been updated in a number of years”.

- 2.1.11 As noted above, Government’s headline Core Spending Power (CSP) increase in real terms between 2021/22 and 2022/23 is 4%; 6.9% in cash terms. The calculation is based on a weighted average increase across a range of Government funding sources, plus council tax (CT) requirement. For the purposes of the year-on-year comparison, Government assumes Councils will uplift their council tax (including adult social care precepts) by the maximum allowable increase. The Council’s specific CSP uplift is 6.7% in cash terms (3.7% in real terms).
- 2.1.12 The Council’s detailed funding allocations included in the provisional financial settlement 2022/23 are incorporated as appropriate into relevant subsequent sections of this report.

Local Context

- 2.1.13 This Council remains one of the lowest funded Councils; third lowest of the 36 metropolitan authorities and in the lower quartile nationally in 2021/22. This statistic takes the Government’s own spending power benchmark calculation and expresses it as spend per head of the population.
- 2.1.14 Kirklees has recently become a member of a newly established campaign group called F20. The group is made up of some of the lowest funded councils in the country and is lobbying ministers to level up local government funding, with the belief that without change, those at the bottom end of the funding tables will be the hardest hit as a result of delayed funding reforms.

Updated budget plans 2022/23 and future years

- 2.1.15 The Council's updated revenue budget plans for 2022/23 and future years, and updated capital plans 2021-27 roll forward existing approved commitments; namely the delivery of outstanding children's services, tackling climate change and investing in our Places, effective and efficient corporate capacity and capability to support the overall approach and Council ambition for the borough's residents. They also reflect opportunities for prioritisation of existing budgets to support the Administration's inclusive investment ambition through the COVID recovery plan.
- 2.1.16 At the same time, this continues to be balanced against medium term budget risks as set out in the Council's updated corporate risk register at Appendix D and ensuring the Council can continue to deliver within its means for the foreseeable future.
- 2.1.17 Table 1 below summarises the updated General Fund revenue budget plans for 2022/23 to deliver a balanced budget, incorporating key funding and spending changes and existing savings proposals rolled forward. The table also reflects headline updated spend and funding projections for the following 4 years:

Table 1 – Summary General Fund budget plans 2022-27:

	22/23	23/24	24/25	25/26	26/27
	£m	£m	£m	£m	£m
Budget Gap (MTFP 21-26)	14.6	17.1	24.3	21.0	21.0
Funding Changes	(16.0)	(19.1)	(19.3)	(23.4)	(34.8)
Spending Changes	6.9	18.4	26.4	35.9	52.0
Updated Budget Gap before use of reserves	5.5	16.4	31.4	33.5	38.2
Earmarked reserves applied to support the MTFP	(5.5)	-	-	-	-
Updated Budget Gap (MTFP 22-27)	-	16.4	31.4	33.5	38.2

- 2.1.18 Appendix A sets out overall proposed revenue resource allocations in 2022/23 to deliver a balanced General Fund revenue budget, plus indicative resource allocations over the following 4 years across Strategic Director Portfolios and Central Budgets. A detailed reconciliation of funding and spend adjustments, as summarised in Table 1 above, is also included at Appendix B for information.
- 2.1.19 Updated budget forecasts for the following 4 years indicate a forecast budget gap of **£16.4m in 2023/24** increasing to **£31.4m in 2024/25, £33.5m in 2025/26 and £38.2m in 2026/27**. This position would need addressing in order to deliver a balanced budget in these years.
- 2.1.20 The budget sensitivity analysis included in Section 2.14 later in this report also highlights a range of potential budget forecast sensitivities relative to Council baseline forecast assumptions over the medium term.
- 2.1.21 Key baseline funding and spend assumptions underpinning Council 2022/23 budget proposals to deliver a balanced budget, and indicative budget forecasts for the following 4 years, are described in more detail in the following sections in this report.

FUNDING ASSUMPTIONS

2.2 Business Rates

- 2.2.1 Existing budget plans assumed a gradual recovery in local share of Business Rates income to pre-COVID levels by 2024/25. The period of recovery has been reduced in updated plans with local share now anticipated to return to pre-pandemic levels by 2023/24. This releases an additional £1.6m income in 2023/24 compared to existing plans.
- 2.2.2 Government has continued providing expanded Business Rate reliefs in 2021/22, due to the economic and national and local lockdown impacts of COVID on specific business sectors. This includes 100% business rates relief from 1 April 2021 to 30 June 2021 for eligible retail, hospitality and leisure properties; followed by 66% business rates relief for the period from 1 July 2021 to 31 March 2022. Reliefs for the latter period are capped at £2 million per business for properties that were required to be closed on 5 January 2021, or £105,000 per business for other eligible properties.
- 2.2.3 For Kirklees, this equates to approximately £23m of eligible reliefs compared to only £2.5m under the original retail relief scheme. The Council's 50% share of these reliefs will be funded via s31 grant payments. Government has committed to further expanded reliefs in 2022/23, providing eligible, occupied, retail, hospitality and leisure properties with a 50% relief, up to a cash cap limit of £110,000 per business. This has been factored into updated budget plan assumptions regarding business rates local share and collection rates.
- 2.2.4 Updated budget plans include an assumed Business Rates collection rate of 97.4% for 2022/23, recovering to pre-COVID levels of 98.6% by 2023/24; one year earlier than in the existing MTFP. The budgetary impact of this is £0.5m additional income in 2022/23 and 2023/24.
- 2.2.5 The SR21 announcement included confirmation of 0.5% uplift in Settlement Funding Assessment (SFA) for 2022/23. This is a reduction of £0.5m revenue funding compared to existing plans, where a 1% uplift had been assumed.

2.3 Business Rates Pool

- 2.3.1 The existing pool will cease at current year end. Government invited new Pool applications for 2022/23 with a Government deadline of 8 October 2021. Subsequent to the Budget Strategy Update report in October 2021, the Chief Executive and Service Director – Finance, in consultation with the Leader and Corporate Portfolio holder endorsed the Council's preferred option, which was to be part of a Leeds City Region (LCR) Pool bid for 2022/23; which includes all West Yorkshire Councils plus Harrogate and York. If approved, the 2022/23 Pool would have the same benefits and risks as the 2021/22 Pool and would similarly be a 50% Pool as the current one.
- 2.3.2 Following the provisional 2022/23 financial settlement release on 16 December 2021, no LCR Pool member has indicated that they want to withdraw from the Pool. Had any individual Council member withdrawn, the Pool application itself would have been revoked.
- 2.3.3 It is anticipated that none of the Pool Members are likely to fall below their Business Rates safety net thresholds for 2022/23. The significance of this is that it is the

responsibility of the Pool to underwrite safety net thresholds, should a member go below theirs, rather than Government.

- 2.3.4 This is the risk element of being a Pool member; the reward element being the additional levy contributions that can be retained by the Pool that would otherwise be paid over to Government (the 50% share of additional levies). Specific proposals for the allocation of retained levies will be considered through the Business Rates Joint Committee for the start of the new financial year. A further report on the governance arrangements for the 2022/23 LCR Pool will be brought to Cabinet in March 2022 for member consideration.

2.4 Council Tax

- 2.4.1 Council budget plans incorporate the 2022/23 Council Tax Base (CTB) which was approved by Cabinet on 18 January 2022. This report has been appended to the annual budget report (see Appendix Fi) for Budget Council consideration and approval of the recommendations.
- 2.4.2 Existing multi-year budget plans assumed Council Tax Base (CTB) growth of 1,000 Band D equivalents per annum. This was marginally lower than the growth outlined in the Local Plan (2013-2031) which proposes an additional 31,000 properties over the 18 years of the plan, equating to an average of 1,100 Band D equivalent equivalents per annum (1,730 properties each year). Based on historical trends, 1,730 properties converts to a Band D equivalent of about 1,100 for tax base purposes, due to adjustments such as Single Person Discounts, Student Exemptions and the Council Tax Reduction Scheme, noting that 81% of Kirklees domestic properties (hereditaments) are actually banded at below Band D.
- 2.4.3 Given the wider economic climate at the time of the previous budget round, annual housing growth projections were dampened down from 1,100 Band D equivalents to 1,000, reflecting the longer term impact of COVID on housing supply growth. These growth assumptions have been uplifted to 1,300 Band D equivalents per annum from 2023/24. This gives additional Council Tax income of £0.5m per annum from year two onwards and mirrors the more optimistic outlook reported by economic commentators more widely in recent months.
- 2.4.4 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.
- 2.4.5 Existing budget plans assumed an increase in working age CTR claimants to 27,000 in the baseline calculations for 2021/22. This compared to 23,000 working age claimants pre-COVID and reflected the impact of the pandemic on the level of disposal income available to residents. This adjustment equated to an estimated £2m impact on Council Tax income and was anticipated to reduce by £0.5m per annum over the remainder of the MTFP.
- 2.4.6 In-year monitoring has indicated that CTR claimant numbers have now begun to level off following a surge over the past 18 months however there remains some uncertainty as to how quickly the numbers will decline given the ongoing status of the pandemic.

As such, the £2m baseline impact is now expected to reduce by only £0.3m in 2022/23, with the balance of the £0.2m included in existing plans reprofiled into 2023/24.

- 2.4.7 Future year CTB figures will be subject to regular review given the relative high level of volatility and sensitivity linked to the short to medium term impact of both COVID and other longer-term structural impacts on the UK and local economy. The assumed CTB bad debt requirement for 2022/23 is 1.5%, compared to 2.76% in 2021/22. This reduction is influenced by in year monitoring which indicates that Council Tax collection is holding up near to pre-pandemic rates. Adjusting the bad debt requirement to this level releases an additional £2.6m in 2022/23 compared to existing budget plans.

Council Tax Referendum Principles

- 2.4.8 Government Council Tax referendum principles are set out in the 2022/23 provisional finance settlement and allow Councils to apply up to a 2% Council Tax uplift without requiring a local referendum. Council updated budget plans reflect a proposed 1.99% Council Tax uplift in 2022/23 (excluding precepts); equivalent to £4.0m additional funding. It is assumed at this stage that Government Council Tax referendum principles will remain at 2% from 2023/24 onwards, and that the Council Tax uplift will be 1.99% per annum over the 2023-27 period.

Adult Social Care precept

- 2.4.9 In addition to allowable Council Tax uplifts within referendum principles, Government also granted Councils with Social Care responsibilities local discretion to uplift Council Tax in 2022/23 up to a maximum of a further 1%.
- 2.4.10 Council updated budget plans reflect the maximum allowable uplift of 1% for Adult Social Care (ASC) precept in 2022/23, equivalent to £2.0m and this will be entirely ring-fenced to support adult social care base budget spend requirements in 2022/23.
- 2.4.11 Taking into account both the basic Council Tax uplift and the ASC precept, the total Council Tax increase for 2022/23 will be 2.99%. To put the proposed 2022/23 2.99% overall Council Tax uplift into context, this equates to an equivalent £0.63 per week band A uplift, and £0.95 per week band D uplift.

Collection Fund deficits/surpluses

- 2.4.12 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, West Yorkshire Mayor Police and Crime Commissioner) are based on estimates of CTB. 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.
- 2.4.13 In response to the impacts of COVID on local tax income in 2020/21, Government announced in July 2020 that Local Authorities would be able to spread exceptional Collection Fund deficits as at 31 March 2021 over the following three years, to 2023/24. The estimated deficit for Kirklees as at 31 March 2021 was £7.5m; net of additional Government grant compensation for the additional retail reliefs awarded in 2020/21. Updated budget plans reflect the repayment of this over the remaining two year period from 2022/23 to 2023/24.

2.4.14 Spending Review 2020 had previously confirmed that Government would compensate Local Authorities for 75% of irrecoverable losses in Council Tax and Business Rates income in respect of 2020/21. As part of the Financial Outturn Report for 2020/21, £5.0m compensation for these tax losses was transferred to Earmarked reserves. Updated budget plans reflect the drawdown from reserves over the remaining two year period from 2022/23 to 2023/24, to part offset the spreading of the deficit as set out at paragraph 2.4.13 above.

2.5 Government Funding/Un-ringfenced grants

- 2.5.1 While these grants are separately identifiable, the Council can apply this funding flexibly to meet overall Council spend priorities. Budgets for 2022/23 include annual allocations set out in the provisional local government finance settlement, with those not yet announced reflecting existing budget plans. These are set out in more detail at Appendix B.
- 2.5.2 SR21 announced a one off 2022/23 Services Grant worth £822m. This new grant will be distributed through existing formula for assessed relative need, using 2013/14 shares of Settlement Funding Assessment, and the Council's allocation is £5.7m. This grant provides funding to all tiers of local government in recognition of the vital services, including social care, delivered at every level of local government. This grant includes funding for local government costs for the increase in employer National Insurance Contributions from April 2023 (Health & Social Care levy). This is so local authorities can provide support across the entire sector in recognition of the vital services delivered at every level of local government. This grant is a one off for 2022/23 and Government has announced its intention to work closely with local government on how to distribute this funding from 2023/24 onwards, in conjunction with a national fair funding implementation from 2023/24 as part of its national levelling up agenda.
- 2.5.3 The New Homes Bonus (NHB) Grant allocation for 2022/23 has been confirmed, rolling forward last years' policy; based on updated national net housing growth data used by Government to calculate individual Council grant allocations. The allocations for 2022/23 will be funded through a £554 million top slice of the Revenue Support Grant. For Kirklees, the £1.9m 2022/23 NHB grant allocation is about £0.9m lower than anticipated in existing plans.
- 2.5.4 The Lower Tier Services Grant (LTSG) announced as part of the Spending Review 2020 has been continued for SR21. This funding stream is £111m nationally, with the Council's allocation of LTSG at £0.6m. This is included in the updated budget plans for 2022/23 only, as it is anticipated that this funding stream is unlikely to continue if reform of the funding system is implemented in 2023/24.
- 2.5.5 Elsewhere, Housing and Council Tax Administration Grant allocations are forecast to reduce year on year by about £150k. This reflects the assumed pace of Universal Credit rollout in the District over the next three years, and consequential impact on reduced grant required due to decreasing volumes of Housing Benefit directly administered by the Council over the period.

2.6 Schools Funding (Dedicated Schools Grant or DSG)

This section summarises the detailed report on schools funding for 2022/23 approved at Cabinet on 18 January 2022.

- 2.6.1 School funding is increasing by 3.2% overall, and by 2.8% per pupil, compared with 2021/22, with the funding floor allocating at least 2% more in pupil-led funding per pupil, and a 2% increase in minimum per pupil funding levels directing further increases to the lowest funded schools.
- 2.6.2 Local authorities will continue to set a pre-16 Minimum Funding Guarantee (MFG) in their local formulae, to protect schools from excessive year-on-year changes and to allow changes in pupil characteristics (for example, reducing levels of deprivation in a school) to flow through. Local authorities will be able to set an MFG between +0.5% and +2% per pupil.
- 2.6.3 Kirklees' Schools Block funding allocation for 2022/23 is £332.2m (£326.1m in 2021/22), the High Needs Block is £53.8m (was £48.8m in 2021/22), the indicative Early Years Block figure is £28.3m (was £29.3m in 2021/22) and the Central Schools Services Block £2.36m (was £2.27m in 2021/22).
- 2.6.4 In the 2022/2023 financial year, schools will also be allocated a further £1.2 billion additional funding, to provide support for the costs of the Health and Social Care Levy and wider costs. This funding will be allocated through the schools supplementary grant 2022/2023. Indicative allocations are that the Schools Block will receive an additional £9.7m (increasing the overall to £341.9m) and the High Needs Block will receive £2.4m (increasing the overall allocation to £56.2m).

High Needs Funding Pressures

- 2.6.5 The extent of the accumulated DSG deficit has been reported extensively in the corporate member arena over recent years, and at year end 2020/21 was £25.1m. The 2021/22 Dedicated Schools Grant (DSG) High Needs funding allocation for Kirklees is £48.8m. As reported in the Quarter 2 Corporate Financial Monitoring Report to Cabinet on 16 November 2021, the forecast in-year pressure on High Needs spend in excess of the DSG funding allocation is £9.9m (equivalent to 20%). As per revised Government statutory guidance in November 2020, this spending pressure will transfer to the Council's balance sheet at year end as an 'unusable reserve' (see also paragraph 2.13.7), thereby increasing the DSG Deficit to at least £35m by 31 March 2022.
- 2.6.6 The DSG High Needs Block funding allocation for 2022/23 is £53.8m; an increase of £5m on the 2021/22 figure and includes relevant adjustments for pupil numbers. In addition to this, a further £2.4m has been allocated as part of the additional funding provided by central Government in relation to Schools and High Needs Funding (Overall national funding allocation £1.6bn)
- 2.6.7 High Needs remains an area of significant and growing pressure on Council budgets nationally and locally. 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 transformational action plan with key educational partners across the borough. Budget proposals set out elsewhere in this report reflect the

Council's commitment to continued SEND investment (both revenue and capital) over the medium term.

- 2.6.8 Schools Forum on 19 November 2021 agreed the transfer of £1.6m; the maximum allowable within schools forum delegated authority (up to 5% of Schools Block funding), from the DSG Schools Block to the High Needs Block from 2022/23. This funding will ensure more children receive additional support to remain in, or return to, mainstream school and supports the DSG deficit reduction plans; reflecting the collaborative partner approach to addressing the growing pressures relating to High Needs.
- 2.6.9 The Council is currently engaging with DfE to be part of Government's Round 2 Safety Valve Intervention Programme. The purpose of the Programme is for Government to work with a growing number of Councils with significant DSG deficits, with the aim of coming up with a realistic medium-term plan to reduce the in-year DSG deficit, with a view to Government supporting Councils with their accumulated deficit. Funding support is not guaranteed and the deadline for whether DfE intends to support on the Council's submission, and the extent of any such Government support, is 24 February 2022. Sign off by the Secretary of State must then be received by the end of the current financial year.
- 2.6.10 Subsequent to 24 February 2022, the intention is for officers to take an update report to Cabinet setting out the management plan proposals and extent of any Government funding support; the broader organisational consequential financial implications of which will also be highlighted in subsequent corporate member reports.

2.7 Adult Social Care Funding

- 2.7.1 Existing budget plans assumed that a number of current Adult social care grants would roll into the 2022/23 baseline. These include the existing Social Care grant at £13.5m and the Improved Better Care Fund (iBCF) totalling £17.3m. There is also funding allocated through the Better Care Fund (BCF) pooled with Health, with the Council share about £19.9m. This (along with the iBCF) has national reporting conditions and joint health sign off agreements.
- 2.7.2 The Provisional Local Government Finance Settlement has confirmed the above, and also a further national increase in Social Care funding by £699m in 2022/23. The Council's share of this additional funding is £5.5m; consisting of £5.0m additional Social Care grant and £0.5m iBCF inflation.
- 2.7.3 As noted earlier in this report at paragraph 2.4.9, the Provisional Finance Settlement also includes provision for Councils with Social Care responsibilities to raise a proportion of their Adult Social Care (ASC) funding requirement through an Adult Social Care precept by up to 1%. Budget proposals reflect the 1% uplift for 2022/23 to meet forecast adult social care spending needs over the coming financial year.
- 2.7.4 Existing budget plans had anticipated additional Adult Social Care grant funding from 2022/23, with no further increases in ASC precept. However, the 1% ASC uplift provision reflects Government intention to continue to part fund future year pressures through a combination of grant and precept; at least in 2022/23.
- 2.7.5 The care provider market continues to be impacted on by significant local and national pressures. SR21 contained announcements about £3.6bn national funding

from the health and social care levy over the next 3 years to allow Local Authorities to move towards paying a fair cost of care and preparing provider markets for forthcoming social care reforms, and this will be important in moving toward a more sustainable market. This brings some clarity, but uncertainty still remains around the means and nature of longer-term funding.

2.8 Key General Fund revenue spending assumptions 2022-27

Current year financial performance - 2021/22

- 2.8.1 Organisational intelligence informing 2022/23 budget plans includes consideration of current year financial performance. The most recent quarter 2 financial monitoring report was presented to Cabinet on 16 November 2021. The link to this report is included at Section 8.
- 2.8.2 Quarter 2 monitoring indicated a forecast General Fund revenue bottom line pressure for 2021/22 of £1.2m, or 0.4% against the revised budget. Within the £1.2m there are estimated COVID spend pressures of £26.5m and COVID income loss pressures of £5.1m. This has been 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, along with specific COVID related grant funding received in 2020/21, rolled forward into 2021/22 through reserves and applied against COVID pressures over and above specific COVID funding received in 2021/22.
- 2.8.3 Within the overall forecast position, there are some underlying pressures and risks subsequently considered in formulating updated budget plans for 2022-27; in particular in relation to Legal Services where there is an estimated pressure of £1.5m as the requirement for, and complexity of, legal intervention rises; particularly relating to childcare and a total pressure of £0.9m across both Learning and Environment with respect to Schools Transport.
- 2.8.4 Updated Council Collection Fund forecasts since Quarter 2 monitoring indicate a forecast in-year surplus of £1.9m (net of the £11.5m of additional section 31 grants due to the Council to fund expanded reliefs given to businesses in response to the COVID pandemic). This is equivalent to 0.8% against target overall income of £245m and reflects improved overall performance.
- 2.8.5 The overall Collection Fund forecast year end position due to be repaid by the General Fund in 2022/23 is a net deficit of £16.2m. This includes the impact of the expanded business rate reliefs scheme at £11.5m, which will be fully funded by Central Government section 31 grant, and a £2.2m adjustment for the final year of the three-year 2020/21 deficit spreading exercise. Updated budget plans reflect the re-payment of this forecast deficit to the collection fund, together with the drawdown of the related Local Tax Income Loss Compensation Earmarked reserve. The updated Collection Fund forecast for 2022/23 is summarised at Appendix Biv).
- 2.8.6 It is acknowledged that the 2021/22 financial forecasts and underlying assumptions are subject to some degree of volatility. National and local measures to manage the spread of COVID infection in parallel to the national and local recovery plan are under constant review, and emerging intelligence will be factored into subsequent monitoring projections.

2.8.7 The following sections set out in more detail, updated spend assumptions across Strategic Director Portfolios which have informed updated budget plans.

2.9 Strategic Director Portfolios

Children's Services

- 2.9.1 Updated budget plans include an additional £550k per annum for continued social care inflationary pressures in years 3 to 5. This reflects a continuation of the levels of uplift built into existing budgets as part of the 2020-23 MTFP.
- 2.9.2 An additional £600k is included for Post 16 Home to School Transport in light of continuing pressures highlighted in the current year financial monitoring with regard to increased demand. The SEND transformation plan will address this issue going forwards.
- 2.9.3 In 2021/22 Children's Services purchased a new internal residential provision which will become operational in 2022/23. Funding for the revenue costs in 2022/23 at £0.8m are reflected in updated plans. The corresponding funding from existing budget will be achieved through a combination of placement management and ongoing sufficiency capacity review. The latter timing has been impacted by COVID, and is now anticipated to take effect from 2023/24 onwards
- 2.9.4 As part of the current MTFP it was anticipated that funding for two projects within Children's Services (MST and Mockingbird) would be removed in 2022/23. Again, due to COVID the implementation and development of these projects has been delayed and so current funding arrangements will remain until 2024/25 when it is expected that the full benefit of the projects will be realised.

Adults & Health

- 2.9.5 Existing budget plans include additional resources of about £11m per annum over the 2022 to 2026 period for volume/complexity of need pressures, and provider cost pressures; the latter relating to social care external provider costs impacted on by an assumed continuation of annual national living wage uplifts in the region of 4.6% over the period.
- 2.9.6 A review of these resources has been undertaken using updated National Living Wage (NLW) rates for 2022/23, incorporating a higher uplift from £8.91 to £9.50 (6.6%), alongside an assessment of wider structural and system changes at both the national and regional levels around the care system and linkages with the Health sector.
- 2.9.7 Existing budgets have been increased accordingly to reflect the above changes, adding a further £3.7m into Adults in 2022/23. This increases to £5.3m in 2023/24 and reflects an expectation of further medium term system pressures and measures required going forward.
- 2.9.8 The updated budget plans assume annual inflationary uplifts on Better Care Fund (BCF), consistent with levels seen in previous years and, where applicable, uplifts in prices/rates paid to external providers to cover inflationary pressures.

2.9.9 Adults Social Care has seen significant pressures in recent years, and this has been heightened by the impact of the pandemic. Levels of demand and growth continue to be challenging, together with increases in levels of complexity. In addition, issues are seen in the care provider market around recruitment and retention. Moving forward, available funding will be used to ensure that outcomes are fulfilled for the residents of Kirklees against this challenging backdrop.

Environment & Climate Change

2.9.10 Current year monitoring continues to show pressure on School Transport, mainly linked to High Needs demand. An additional £1.45m had previously been built into existing budgets in the 2021-26 MTFP to address the ongoing pressure. This included £250k to establish a permanent team to support families and create travel solutions for the longer term. However, as these pressures continue to rise, updated plans include a further £300k budget uplift for 2022/23.

2.9.11 There is also continued development of effective partnership working with key stakeholders including West Yorkshire Combined Authority and Leeds City Region and this includes maximising all available funding routes to ensure service delivery; complemented by development of place-based working opportunities, embracing new ways of working and reviewing value for money.

2.9.12 Kirklees Resources and Waste Strategy was approved by Council in September 2021 and this sets out the future ambition of the Council up to 2030. The Council are in year 24 of a 25-year waste PFI contract and during 2021/22 interim contract arrangements were agreed with Suez to align aspects of the current contract with the Council's waste strategy, introduce a new incentive scheme that guarantees a 85% minimum diversion rate, and invest additional capital resources in the Energy for Waste plant to support contract performance and maintain the standard of the facility. The interim contract is for two years to provide more time to reprocure a value for money solution from 2025. The revenue investment required to support the contract extension at £3.1m is reflected in updated budget plans; including £1.5m base budget growth for Environment for 2022/23 earmarked within in existing plans.

Growth & Regeneration

2.9.13 The Directorate is forecasting a period of medium to longer term macro-economic growth; the Directorate's role to seize the opportunity whilst ensuring inclusion at the core and seeking to meet expanding ambition and Council priorities (e.g. planning, housing delivery, compliance, employment and skills, town centres). There is substantial momentum across a wide range of agendas, with the intention to moving into a sustained period of delivery (e.g. transport, blueprints, estate, housing). while ensuring the Council maximise the impact of every pound spent (e.g. compliance and maintenance programmes) to unlock a virtuous circle.

2.9.14 Updated budget plans reflect additional revenue investment in Council resources to meet delivery challenges (e.g. planning, compliance) and secure available external funding (e.g. Gainshare, Levelling Up Fund, UK Shared Prosperity Fund); offset by external income opportunities and capitalisation where possible, as well as other future funding opportunities. The additional capacity will also support further income opportunities and operational efficiencies through appropriate asset management plans and strategy development.

Corporate Strategy, Commissioning & Public Health

- 2.9.15 Governance & Commissioning updated budget plans for 2022/23 cover investment of £1.5 million in Legal Services to support both the increasing caseload and external inflationary pressures this profession now faces. An additional £250k for Risk Service has also been included in the budget to support the additional costs resulting from the recent re-tendering exercise of the Insurance provision.
- 2.9.16 Strategy and Innovation, IT services are to invest £250k in system network protection that will be funded by an additional £125k budget allocation plus an external cyber grant of £125k. This is essential investment to protect the network infrastructure operated by the Council.

2.10 Administration Priorities

- 2.10.1 The roll forward of existing revenue & capital investment in updated multi-year revenue and capital plans also re-affirm the Administration's commitment to climate change emergency, Place Based Working (developing services and approaches which differ according to the things that matter to people in their individual Kirklees communities) and improving outcomes for children. The plans also acknowledged the impact of COVID which sharpened the need for the Council to look at early opportunities within existing plans to promote recovery, in a way that gives everyone an opportunity to benefit from Council investment and will save in the long term.
- 2.10.2 There is also provision for shorter term COVID recovery funding earmarked through £4.0m reserves, to improve environments district wide. This includes Homes & Neighbourhoods estate and environmental works, Streetscene backlogs and additional on the ground staff to deal with COVID impact.
- 2.10.3 There is also £4.4m earmarked through reserves prioritised for moving forward with Place based working developments; working with Councillors and communities to improve our places based on what matters to residents. This includes delivery of outcomes from place standard informed action plans in wards, including a £0.5m increase on current funding. There is a commitment to delivering sustainable environment initiatives within local places so there is funding available to tackle this. Alongside the existing annual budget provision for ward based working, there is also a further £1.4m fund in earmarked reserves.
- 2.10.4 The Council's updated capital plans which will help recovery, include significant strategic investment to deliver a more inclusive and vibrant town centre offer, alongside existing investment in smaller towns and village centres. To further support the delivery of the Masterplans for the district's towns and villages and making the blueprints a reality, there are revenue funds also earmarked through reserves at £4.9m.
- 2.10.5 Funds have also been set aside within earmarked reserves for tackling inequalities and harnessing the diversity of the borough within places and communities through culture as well as funding the commitment to tackle inequalities through an Inclusive Investment fund at £3m; this includes funding support for the Inclusion and diversity strategy and realising the ambition for Year of Music.
- 2.10.6 Updated budget plans also include £2.85m funding through earmarked reserves for continued measures for preventing people from getting into poverty and supporting

the borough's most vulnerable, including continued support for Council Tax reduction claimants in 2022/23, and tackling partnership priorities.

- 2.10.7 In recognition of the workforce challenges facing the sector, in many cases exacerbated by COVID, administration priorities for 2022/23 also include £4.7m funding set aside within earmarked reserves for investment in key roles to safeguard frontline services and tackle an ageing Council workforce, and developing the workforce's young people through apprenticeship schemes, steered through the Personnel Committee.
- 2.10.8 The budget builds on the existing administration priority to tackle the climate emergency. As our climate change response is embedded within the work of directorates, many initiatives and projects supporting our climate emergency and net zero commitments are contained within aspects of this report. This includes an allocation of £13m to deliver the Cultural Heart Sustainability Vision as part of the wider Cultural Heart project and the development of the Passivhaus housing pilot.
- 2.10.9 The administration have further committed to a climate youth festival during 2022 and it is anticipated that the place based budgets will have a focus on tackling green issues at place level. The budget also allows for the Council to continue to provide appropriate match funding for climate initiatives where funding is funnelled through WYMCA. Currently, bids which support our wider climate emergency commitments are being considered in relation to both the City Region Sustainable Transport funding and Gainshare.
- 2.10.10 Additionally, Cabinet agreed the expenditure of existing capital plan allocations of £6.25m in December 2021 to commence the vehicle replacement programme, with a focus on greening the fleet. A business case will be developed in 2022/23 to further accelerate greening of the fleet as part of the vehicle replacement programme.

2.11 Central budgets

- 2.11.1 Government announced its plans for Social Care reform in September 2021, including the introduction of a new Health and Social care levy from April 2022 which will apply to both employees and employers. This levy will take the form of a 1.25% increase in national insurance (NI) contributions. Updated budget plans include additional base budget provision of £1.6m from 2022/23 to fund the cost of these increased employer contributions.
- 2.11.2 The assumed pay award for 2022/23 in existing budget plans is 2%. It is proposed that this assumption remains as is, given that it will likely be well into 2022/23 before national pay negotiations are concluded. Likewise, pay awards from 2023/24 onwards remain at the current 2% assumption.
- 2.11.3 Updated budget plans also include provision for the 2022/23 National Living Wage (NLW) increase of 6.6%, announced as part of SR21, together with future estimated NLW uplifts derived from the latest OBR forecasts. The forecast NLW increase for 2023/24, at 6.7%, is higher than that estimated in existing budget plans and, as such, a further £1.5m pay contingency has been added into Central Budgets from 2023/24, reflecting the consequential financial impact of NLW increases on the overall Council pay spine to maintain pay differentials across Council pay scales.

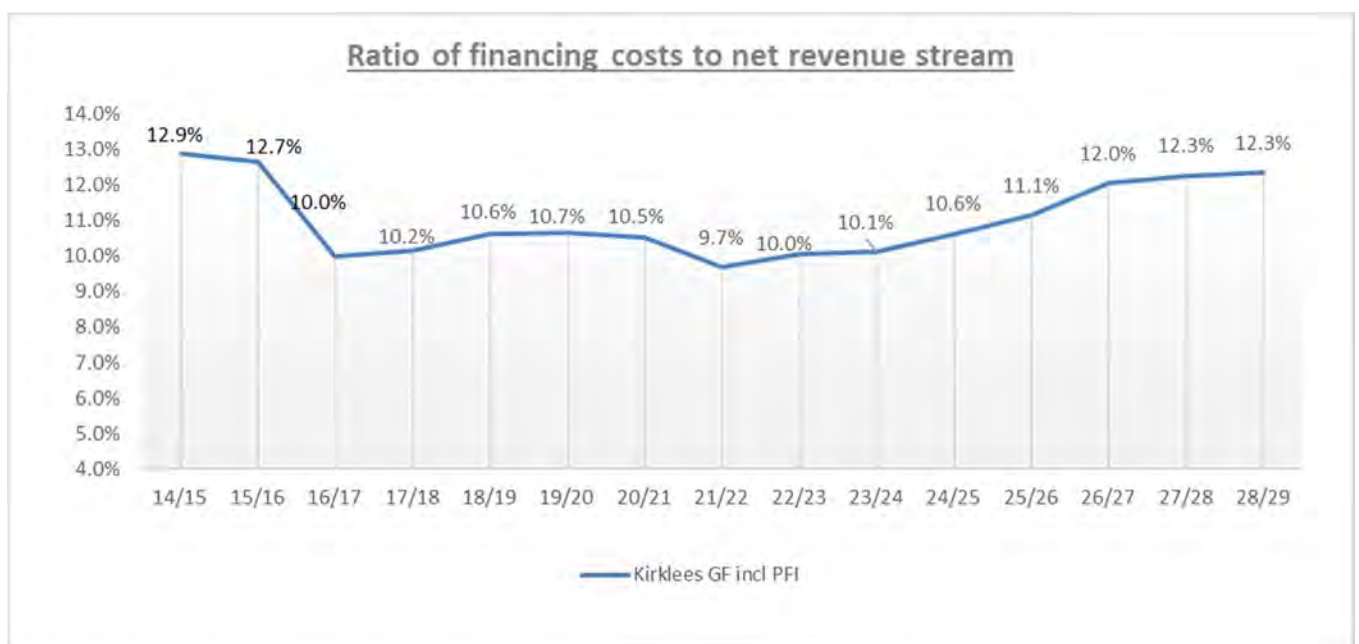
- 2.11.4 As a result of a lower than anticipated NLW increase in 2021/22 , this has enabled the re-direct of £0.7m existing pay inflation to cover anticipated 2022/23 energy inflation increases in updated budget plans, acknowledging predicted heightened energy market volatility; certainly over the next 12 months.
- 2.11.5 Elsewhere, cash limited budgets remain for non-pay inflation, with the expectation that services manage efficiently and effectively within these inflationary constraints; in particular with regard to procurement activity.
- 2.11.6 Updated budget plans assume income inflation across fees and charges at 1.5% in 2022/23, other than car parking and markets income, which assume zero uplift, and Adult Social Care, where income budgets reflect the range of underlying spend assumptions built into the MTFP alongside wider sectoral factors impacting on forecast client income.
- 2.11.7 Updated budget plans also reflect the Administration's proposal for the continuation of additional targeted support to the borough's lowest income households eligible for the Council's Council Tax Reduction (CTR) scheme, for 2022/23. Provision of £2.6m has been included in Central budgets for this; to be funded from the existing Local Welfare Provision Fund. This will reduce individual CTR bills by up to £150 for 2022/23 only.
- 2.11.8 Existing budget plans include a provision of £4m for 2022/23 reducing by £1m per annum over the subsequent 2 years; reflecting the protracted recovery of service income from sales, fees and charges and commercial rents as a result of COVID over the medium term. This contingency requirement has been reviewed and maintained in the updated budget plans.
- 2.11.9 Updated budget plans also include an estimated 1% increase in employer contributions, equivalent to £1.6m, to the West Yorkshire Pension Fund for the next tri-ennial review period 2023-2026, and overall increases for Joint Committee uplifts of £400k from 2023/24; mainly an assumed 2% uplift against the WYMCA levy contribution from member Councils. Existing budget plans had assumed a similar uplift in 2022/23 but this has now been reversed out in light of WYMCA's budget proposals to freeze Council levy contributions at existing 2021/22 rates.

2.12 Treasury Management

- 2.12.1 Updated Treasury management budgets assume that the current Bank of England base rate of 0.25% is likely to rise gradually to 0.5% by March 2023. As such, the budget reflects assumed combined borrowing rates of 1.5% across all years. This is based on the continuation of current borrowing strategy, which combines the use of both short and long term borrowing as set out in the attached 2022/23 Treasury Management Strategy report, included at Appendix H.
- 2.12.2 Treasury management budgets also take account of updated capital plan borrowing requirements and associated annual revenue resources to be set aside to service Council debt. A 40% slippage factor has also been applied to borrowing across all schemes over the updated multi-year capital plan, with the exception of the Cultural Heart scheme which is assumed to be delivered in line with projected cashflows. This is considered a reasonable assumption, given the nature and scale of strategic priority investment, and potential range of factors that can cause such programmes/schemes to slip over such a protracted timeline.

- 2.12.3 As noted above, treasury management budgets incorporate the Cultural Heart scheme. Costs are based on the projected value and delivery timeframe and interest rate assumptions (paragraph 2.16.11). They also reflect the updated MRP policy (paragraph 2.12.8) which will re-align the timing of future MRP charges for new assets to the point that the asset is operational. Once completed, the ongoing treasury management costs, based on current estimates, will be circa £7m per year.
- 2.12.4 A key prudential indicator set out in the Capital Strategy attached at Appendix E shows the Council's forecast annual debt costs as a proportion of annual net revenue funding over the 2022-27 period. The forecast indicator is anticipated to be 12.0% by 2027 (including PFI which is paid for by Government grant).
- 2.12.5 To put this into context, the equivalent Council indicator in 2014 was 12.9% and by 2029, the forecast indicator would be 12.3% (see Graph 1 below). The 2022-27 Treasury Management budget set out in this report indicates an initial increase in revenue resource requirement of £2.3m, followed by substantial annual increases (£3.9m in 23/24, £16.0m in 24/25, £2.7m in 25/26 and £4.6m in 26/27) to support the additional borrowing over the period. Longer term, this is expected to increase further by about £1m per year, to 2029.

Graph 1–Ratio of Financing Costs to Net Revenue Stream over the period 2014-29



Minimum Revenue Provision (MRP)

- 2.12.6 Council treasury management policy relating to minimum revenue provision (annual revenue resources set aside for repayment of debt, also known as MRP), was revised from 2017/18 onwards. This resulted in a reduced ongoing MRP requirement over the 2017 to 2027 period, effectively 'releasing' £9.1m annual base budget, intended to support organisational flexibility and financial resilience over the medium to longer term.
- 2.12.7 A revision to this re-profiling was approved at Budget Council on 10 February 2021 (following a previous revision covering the years 2018/19 and 2019/20) that

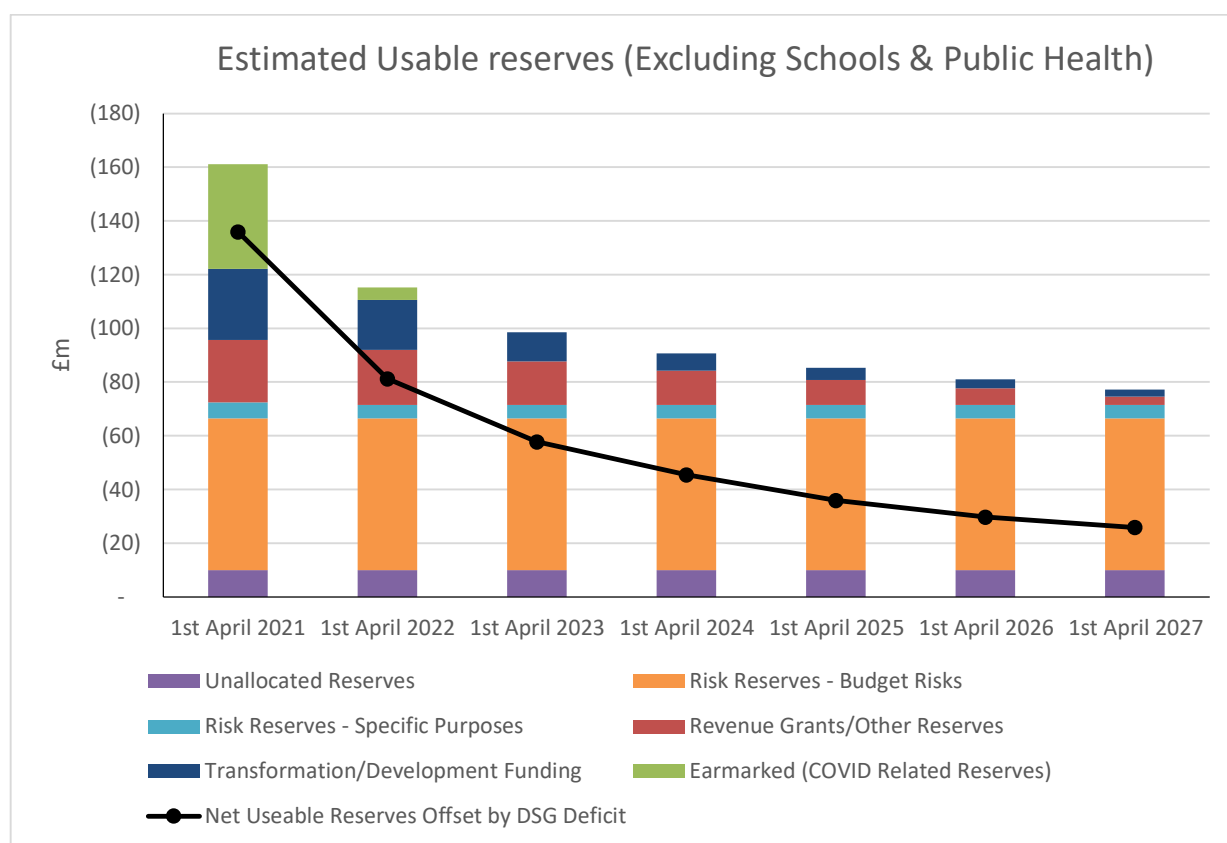
increased the unwinding to the maximum allowable level of £13.7m in 2020/21, 2021/22 and 2022/23, and £13.6m in 2023/24. Updated budget plans continue to reflect the above unwind.

- 2.12.8 The Treasury Management Strategy (Appendix H) details a change in accounting policy for the calculation of MRP, which will be implemented from 1 April 2022 which now stipulates that the Council will only charge MRP once an asset is operational i.e. new assets (previously MRP was chargeable based on the date of the associated borrowing). This ensures that there is a clear link between the charge for MRP and the life of the asset created.

2.13 General Fund Reserves

- 2.13.1 A high level updated forecast of General Fund revenue reserves over the 2021-27 period is shown in Graph 2 below. These reserves are set out in more detail at Appendix B ii) together with a summary explanation of each reserve held:

Graph 2 - Forecast usable reserves (including general balances) over the 2021-27 period



- 2.13.2 Usable reserves (excluding Schools and Public Health) on 1 April 2021, are £161.0m, equating to 50.6% of the 2021/22 net annual general revenue budget of £317.9m; equivalent to just over 26 weeks in-year net spend.

- 2.13.3 The reserves summarised above, and in more detail at Appendix Bii), reflect planned drawdowns over time, including proposals set out in this report. This includes proposed drawdown of £5.5m from the COVID Response Reserve to balance the overall 2022/23 budget position (see also paragraph 2.1.17 - Table 1).

2.13.4 The updated reserves position also includes the following:

- i) drawdown of £2.0m previously set aside Waste reserves to fund the transition to a modernised Waste service offer for Kirklees residents;
- ii) drawdown of £2.6m Local Welfare Provision reserve to fund the continuation of additional targeted support to Council Tax Reduction (CTR) claimants (see also paragraph 2.11.7);
- iii) contribution of £3.5m from earmarked COVID reserves to Kirklees Active Leisure (KAL) 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;
- iv) drawdown of £15.5m from earmarked COVID reserves to part offset the Collection Fund repayment from General Fund. This is largely technical and is funded from reserves created specifically for this purpose as a result of timing differences between income received and the estimated 2021/22 carried forward COVID impacted collection fund deficit (see also paragraph 2.8.5).

2.13.5 The updated plans assume several transfers between reserves to enable the funds to be utilised as outlined above. The proposed movements are separately identified at Appendix Bii).

2.13.6 Useable Reserves are forecast to reduce to £77.1m by year end 2026/27, which equates to 24% or 12.6 weeks spend, based on current budgets. The reduction in reserves reflects the full utilisation of COVID related reserves against unfunded COVID pressures over the 2021-23 period. There is also planned drawdown over the MTFP of funds set aside within earmarked reserves to support the delivery of key strategic priorities, including transformation and capital plan and broader regeneration delivery. The balance of remaining reserves largely consists of budget risk and unallocated reserves over the period.

2.13.7 As noted earlier (paragraph 2.6.5) there was a change in the accounting treatment of the Council's DSG deficit in November 2020, which moved the balance from being a 'negative' usable reserve to an unusable reserve. This Statutory Instrument only covers the period up to 31 March 2023. As such, the advice of the Council's statutory s151 Officer (Service Director – Finance) is that the Council's DSG deficit has to be in view in consideration of Council net available reserves, regardless of the 'temporary' technical accounting treatment as an unusable reserve.

2.13.8 The line superimposed on the graph above reflects adjusted overall levels of reserves, net of the expected cumulative DSG deficit (£50m) by the end of 2026/27. This is based on the Council's current draft management plan (10 point SEND transformation action plan) to bring the in-year DSG deficit into balance, over a 4 year period. Because this will take time, the cumulative DSG deficit will continue to grow over the same period, albeit at decreasing rates annually.

2.13.9 The line indicates that the adjusted available reserves by the end of 2026/27, netting off the DSG deficit, is nearer 8% of General Fund net revenue budget. As noted elsewhere in this report, it is anticipated that one of the key outcomes of the Council's inclusion in the current round 2 Government's Safety Valve Participation Programme, will be additional Government funding to significantly reduce the projected £50m DSG deficit by 2026/27.

2.13.10 Under Section 25 of the Local Government Act (2003), in setting annual budgets the statutory s151 officer is required to give positive assurance statements in relation to the robustness of budget estimates and the adequacy of reserves and balances. There is no prescriptive guidance on the latter. Most recent sectoral guidance comes from a joint CIPFA/Local Authority Accounting Panel paper in 2014, which states:

- i) when reviewing their medium term financial plans and preparing their annual budgets, local authorities should consider the establishment and maintenance of reserves;*
- ii) authorities should make their own judgements on such matters taking into account all the relevant local circumstances; and*
- iii) in assessing the appropriate level of reserves, a well-managed authority will ensure that the reserves are not only adequate but are also necessary. There is a broad range within which authorities might reasonably operate depending on their particular circumstances.*

2.13.11 The updated reserves position set out in this section of the report considers the above guidance but also acknowledges the heightened volatility and unpredictability in the budget risk environment within which the Council is operating both currently and over the medium term. A further assessment of reserves requirements will be undertaken as part of the 2021/22 final accounts process and will be reported as part of the financial outturn and rollover report later in 2022.

2.13.12 The Council has also set out its ambition to invest, transform and change. Financial resilience reserves are a key element of the Council's budget strategy in terms of Council financial resilience to manage unbudgeted risks and pressures over the 2022 to 2027 period, as summarised in the Council's updated corporate risk register at Appendix D.

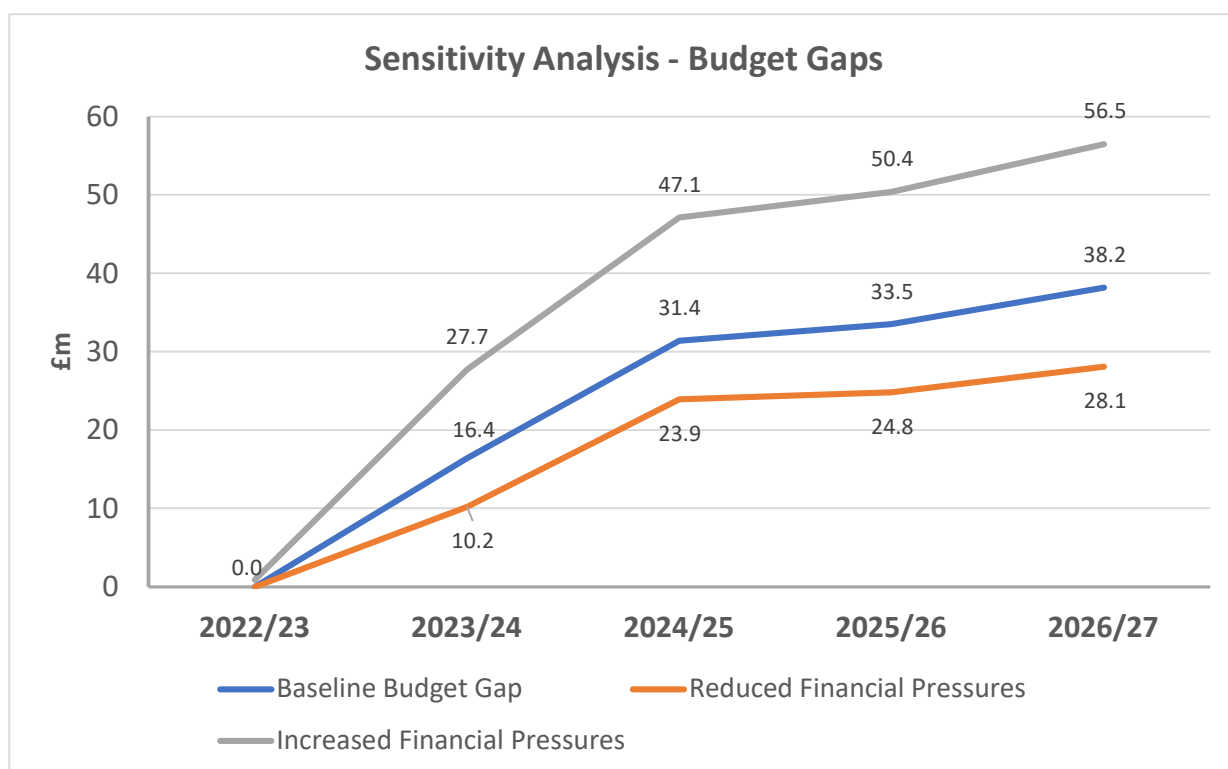
2.13.13 The s151 officer recommends that the existing £37m financial resilience reserves are maintained as a minimum at their current level, at least for the next financial year, pending further analysis and clarification of the broader national and local funding, policy and economic landscape. Financial resilience reserves are also referenced at paragraphs 3.3.2-3.3.15 alongside other reserves in the context of the s151 Officer's positive assurance statement and minimum reserves requirement.

2.14 BUDGET FORECASTS – SENSITIVITY ANALYSIS

2.14.1 Included at Appendix C are a range of potential sensitivities on baseline budget assumptions as set out in this report. While these sensitivities are illustrative, and there can be different combinations, in broad terms they represent relatively minor changes to a number of key baseline budget forecast assumptions, and the cumulative impact of these over time.

2.14.2 The impact of these budget forecast sensitivities are summarised in Graph 3 below.

Graph 3 – Budget Forecast Sensitivities (see next page)



2.14.3 Illustratively here, whilst the budget sensitivities show little variance for 2022/23, the forecast budget gap for 2023/24 and future years could span a more significant range. Based on the analysis above, by 2026/27 the scale of the budget gap could be between £28.1m and £56.5m. To a large extent, this reflects both the potential impact on council funding of the Fair Funding review post 2023, and the continued uncertainty surrounding the short-term effects of COVID on the Council's bottom line, in terms of Council Tax and Business Rates income, relative to baseline assumptions.

2.15 Housing Revenue Account (HRA)

2.15.1 The overarching context for the existing multi-year HRA budget plans rolled forward into 2022 to 2027 MTFP update is a sustainable, self-financed 30 year HRA business plan, which delivers the following key objectives:

- i) annual servicing of HRA debt
- ii) capital improvements and maintenance of all Council housing stock to a decency standard taking account of warmth and energy efficiency requirements
- iii) delivery of high quality and cost effective housing management and repair service, and
- iv) inclusion of funding for new build and other strategic capital priorities

The main driver for the financial sustainability of the HRA is housing rents.

2.15.2 The Government social housing White Paper; 'The Charter for social housing residents' published in November 2020 sets out proposals that are intended to deliver transformational change for social housing residents, with clear expectations what every social housing resident should be able to expect, from safety to engagement,

and which, once enshrined in future legislation will underpin the key objectives set out in section 2.15.1 above.

- 2.15.3 Updated HRA budget proposals are summarised at Appendix A. They reflect a Cabinet approved uplift to social housing rents by CPI+1%; effectively 4.1% as per Government guidelines, from 5 April 2022, and similar indicative uplifts for the following 3 years. The link to the annual HRA rent and service setting report for 2022/23 is shown below for reference:

[Housing Revenue Account \(HRA\) rent and service charge setting report and key housing challenges: Cabinet \(Item 10\)](#)

- 2.15.4 Other assumptions include Right to Buys over the 2022 to 2027 period continuing at about 200 per annum based on current trends, void level targets of 1.2%, and the continuation of the transfer into a bad debt provision to provide for bad and doubtful debts.
- 2.15.5 The uplift takes account of the ongoing rollout of universal credit, those transitioning from housing benefit and provides for support to an increasing number of tenants in terms of their ability to pay, as their household income will be reduced. The uplift also supports the HRA bad debt provision requirement.
- 2.15.6 HRA revenue reserves commitments include £4m set aside for business risks; in particular, with regard to proposed welfare reform changes and ongoing compliance requirements. The balance of commitments includes £1.5m working balance, and the planned build up (sinking fund) of reserves to support longer term HRA business plan capital investment requirements.
- 2.15.7 The Council regularly reviews and updates the HRA business plan with the aim to produce a self-financed and balanced budget position over the 30 year plan that delivers the key objectives set out in paragraph 2.15.1 above.

2.16 CAPITAL STRATEGY

- 2.16.1 Under CIPFA's Code of Practice on Treasury Management (2017 Edition), the accompanying Prudential Code 2017 and DLUHC issued guidance, the Council must approve a Treasury Management Strategy, an Investment Strategy and a Capital Strategy at the start of each financial year. They are designed to increase transparency and are a response to the number and variety of ways Local Authorities are becoming involved in commercial activities and making commercial investments.
- 2.16.2 The Treasury Management Strategy focuses on the Council's borrowings and investments. It recommends a borrowing and a (treasury) investment strategy and a policy for calculating Minimum Revenue Provision (MRP).
- 2.16.3 The Investment Strategy focuses on and provides a detailed breakdown of all investments that the Council has. This includes both treasury investments, whereby the Council invests surplus cash as a result of its day-to-day activities; along with non-treasury investments incorporating investments to support local public services (via loans or purchases of shares) and commercial investments (to earn investment income). The Investment Strategy forms a part of the Treasury Management Strategy which is shown in the appended report at Appendix H.

2.16.4 The Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services. It also provides an overview of how associated risk is managed and the implications for future financial sustainability. It incorporates summary information from both the Investment Strategy and the Treasury Management Strategy and also includes Prudential Indicators. The detailed Capital Strategy is set out at Appendix E.

UPDATED MULTI-YEAR CAPITAL PLAN PROPOSALS

2.16.5 For capital purposes, longer term planning horizons are required to undertake feasibility work, design, plan and build. The Council's multi-year capital investment plan has been reviewed extensively to reflect the scale of the Council's ambition. The updated multi-year plan will deliver capital investment of £1.259bn (£964.5m General Fund, £294.9m Housing Revenue Account). The plan is summarised in the table below, and shown in more detail at Appendix A.

Table 2 – Overall Multi-Year Capital Expenditure Summary

Council Plan – Primary Outcomes	21/22 £m	22/23 £m	23/24 £m	24/25 £m	25/26 £m	26/27 £m	Total £m
Aspire & Achieve	19.9	14.5	14.7	28.1	6.2	3.0	86.4
Best Start	0.6	3.6	4.8	0.2	0.0	0.0	9.2
Independent	3.2	12.0	2.5	8.9	0.2	0.0	26.8
Sustainable Economy	88.9	155.5	175.4	159.8	133.0	35.8	748.4
Well	12.0	6.9	4.0	2.4	1.7	0.3	27.3
Safe & Cohesive	0.0	0.2	0.0	0.0	0.0	0.0	0.2
Clean & Green	5.7	6.1	18.2	6.2	15.0	1.6	52.8
Efficient & Effective	3.8	2.9	1.5	1.6	2.0	1.6	13.4
General Fund	134.1	201.7	221.1	207.2	158.1	42.3	964.5
HRA - Independent	27.6	53.5	66.4	51.3	37.7	58.4	294.9
Council Total	161.7	255.2	287.5	258.5	195.8	100.7	1,259.4

2.16.6 The overall capital plan is presented by primary outcome headings, reflecting 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 programmes and one-off projects. The term primary outcome reflects the fact that a number of schemes will in reality contribute to a number of Council outcomes, not just the primary outcomes.

2.16.7 As part of the Budget Update, the overall Council Capital Plan funding has been assessed and is summarised in Table 3 below:

Table 3 – Overall Multi-Year Capital Funding Summary

	21/22 £m	22/23 £m	23/24 £m	24/25 £m	25/26 £m	26/27 £m	Total £m
Capital Grants / Contributions	58.3	83.0	93.2	50.3	61.5	39.0	385.3
Earmarked Capital Receipts	6.5	11.4	15.8	16.2	54.4	4.8	109.1
Housing Revenue Contributions/ Reserves	7.7	16.7	18.9	4.9	9.0	26.1	83.3
Reserves (HRA MRR)	14.8	17.7	13.5	17.8	17.7	17.8	99.3
Revenue Contributions (General Fund)	0.3	0.3	0.2	0.2	0.0	0.0	1.0
Non-Earmarked Capital Receipts	3.1	3.4	3.5	3.5	3.5	3.5	20.5
Corporate Prudential Borrowing	71.0	122.7	142.4	165.6	49.7	9.5	560.9
TOTAL	161.7	255.2	287.5	258.5	195.8	100.7	1,259.4

2.16.8 Corporate prudential borrowing requirements set out in Table 3 above have been assessed to be 'affordable' over the medium term. The Section 151 officer's positive assurance statement further sets out the broad assumptions underpinning current borrowing affordability, at paragraph 3.3.12 later in this report.

Multi-Year Capital Plan Update

2.16.9 The updated multi-year capital plan is included at Appendix A. Updated multi-year capital plans will continue to be reviewed and revised in line with emerging Council priorities, costed proposals, delivery timescales, ongoing funding opportunities and reported back to Cabinet/Council as appropriate through the year.

2.16.10 Additional investment of £198m is included in the multi-year General Fund capital plan. The main elements of additional investment are:

Cultural Heart	+£166m	(total programme allocation £210m)
Locality Based U Roads	+£10m	(total programme allocation £22.3m)
SEND District Sufficiency	+£8m	(total programme allocation £36.9m)

2.16.11 The existing capital plan includes a £34m allocation to the Cultural Heart programme of which £6.55m was approved to support Gateway 1 and 2 feasibility work. Gateway 2 (Outline Business Case) is scheduled for July 2022 with the current costed project plan and timeline being estimated at £210m with peak development work profiled to fall in 2024/25 and 2025/26 (paragraph 2.12.2).

2.16.12 The February 2020 Budget Council approved an investment of £15m across 3 years to reduce the backlog of repairs on Unclassified Roads. This funding ends in 2022/23 and the proposal is to allocate an additional £10m to the programme which will fund capital works until 2024/25.

2.16.13 As part of the plan to deliver the long-term sufficiency of special school places, proposals have been developed to rebuild/replace two of our existing special schools. The initial plan estimated the required investment at £28m but further development work now estimates the costs for the Deighton site to be £15m and the Almondbury

site to be £21m, a revised allocation of £36m. The additional £8m required has been added to the capital plan as a grant assumption based on potential external funding options being explored, as reported to Cabinet on 5 October 2021. Should the external funding bid not come to fruition, the funding assumption will be switched to borrowing.

2.16.14 The updated Capital budget plan includes significant investment in the Sustainable Economy (£748m) primary outcome, representing 78% of the overall General Fund capital plan. The plan strongly links to the Council Plan setting out a vision for “*a district which combines a strong, sustainable economy with a great quality of life*”.

2.16.15 The £125m West Yorkshire plus Transport Fund (WY+TF) programme includes a £9.1m Council borrowing underwrite (added as part of 2020/21 Financial Outturn & Rollover Report) for schemes where fund cost increases cannot be contained within the grant allocated by West Yorkshire Mayoral Combined Authority. Cost pressures are currently being felt due to a combination of factors including COVID, design development, inflationary pressures (15-30%) etc. and this will need to be kept under close review.

2.16.16 A number of revisions have been made to projects and/or grant allocations relating to WY+TF with the main change being the removal of Huddersfield Station Gateway project (£9.8m) from the plan.

2.16.17 Within the Huddersfield Town Centre Action Plan, the Northumberland Street Regeneration Project budget has been increased by £236k to cover additional decant costs and to allow for the continuation of feasibility studies. The project now totals £2.2m overall with a separate report due at Cabinet.

2.16.18 The plan includes investment on a number of IT systems:

Carephones	+£1.4m	Replace analogue telecare devices to enable Carephone users to continue to receive a service when Openreach upgrade from analogue Public Switched Telephone Networks (PTSN) to Voice over Internet Protocol (VoIP) digital networks
OSAMS	+£1.8m	Replacement of old, legacy non-compliant IT systems with a new Highways Operational Services Asset Management System (OSAMS)
Property	+£0.3m	Replacement of old K2 software with a new cloud-based asset management database for gathering, recording and analysing data from all areas of Kirklees with interests or responsibility for building maintenance, development, design, demolition, regeneration, capital investment or facilities management.

2.16.19 An opportunity has been taken to analyse Highways revenue maintenance budgets in order to assess what recurrent works meet capitalisation principles in terms of cost, asset life, batched planned repairs etc. Patching, potholing, and surface dressing budgets are considered to fulfil the required definition of capital expenditure and the proposal is to capitalise £1m of revenue maintenance budgets p.a.

- 2.16.20 A number of 'pipeline' strategic priority schemes are currently under review, but these need further development and require detailed business cases before they can be brought forward for future Cabinet consideration. These schemes include the Way We Work programme (linking to an overall Asset Strategy), Greening the Fleet, and Waste Strategy proposals e.g. depots.
- 2.16.21 Baseline General Fund capital provision supports continuing capital investment requirements across the Council's existing asset base, including Schools, Highways, and transport infrastructure. All baseline capital plans include a new financial year 5 allocation, assuming a constant level of funds.
- 2.16.22 The Housing Revenue Account (HRA) multi-year capital plan stands at £294.9m, split £169.7m strategic priorities and £125.2m baseline allocations. Additional investment of £97m is included in the multi-year HRA capital plan. The main elements of additional investment are:
- | | | |
|------------------------|---------|-------------------------------------|
| High Rise | +£45.0m | (total programme allocation £57m) |
| Council House Building | +£39.4m | (total programme allocation £81.4m) |
| Housing Capital Plan | +£9.5m | (total programme allocation £75m) |
| Ashbrow Extra Care | +£1.9m | (total programme allocation £8.6m) |
| IT System Replacement | +£1.5m | (total programme allocation £1.5m) |
- 2.16.23 A report was taken to Cabinet on 27 July 2021 seeking approval to refurbish or regenerate three high rise blocks at Berry Brow and New St, Huddersfield. The outline proposals and remodelling costs are now built into the capital plan, totalling £57m, and are funded through provisions within the 30-year HRA business plan.
- 2.16.24 To help address growing demand for affordable housing needs in Kirklees, the capital plan supports a Council House Building programme (£81.4m). An additional £39.4m has been added to meet increased demand over upcoming years.
- 2.16.25 Kirklees Homes and Neighbourhood Service currently uses Asprey as its asset management system and Total as its repairs and maintenance system which are old legacy systems. A new replacement assets and maintenance system for £1.5m will increase its efficiency and effectiveness of its service delivery in several areas as well as improving the quality and methods of service delivery to our customers. This supports the Councils objectives around being a modern organisation that responds efficiently and effectively to citizens needs and in particular ensures the safety of the tenants living in Council homes.
- 2.16.26 Due to unforeseen delays, supply chain issues and a review of construction price inflation at the Ashbrow housing site, a precautionary £1.6m has been added to the HRA capital plan until the matter is resolved with a further £250k for initial fit out costs.
- 2.16.27 The capital baseline includes compliance investment at £19.6m, reflecting the Councils commitment to safe and compliant housing stock delivered in accordance with regulatory requirements within HRA.
- 2.16.28 The HRA plan also includes Adaptations at £18.6m; to give disabled people better freedom of movement into and around their homes and to give access to essential facilities within the home. It enables people to live safely and independently and

prevents or delays the need for residential care. The balance of baseline funding supports a range of life cycle investment in existing housing stock in line with longer term HRA business plan requirements.

2.17 Corporate Risk Assessment

- 2.17.1 The corporate risk register at Appendix D summarises the key strategic risks or barriers to achieving the organisation objectives, including the continued impacts from COVID and emerging inflationary pressures. 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.
- 2.17.2 Individual risks vary over time, and the need to set aside reserves changes depending on the underlying budget provisions. The risk assessment reflects the provisional budget proposals put forward by officers. Subsequent changes to these proposals may affect the risk assessment.

3. Implications for the Council

3.1 Formal Resolution

- 3.1.1 It is necessary for the motion to Budget Council on 16 February 2022, set out at Appendix Fii), and for the final resolution to include certain statutory declarations. The motion to be put forward will be incomplete, because the precepts for the Fire and Rescue Authority and West Yorkshire Mayor Police and Crime Commissioner and Parish Councils may not be determined until after Council. The Council motion will include estimated precepts based on best available information at the time.
- 3.1.2 It may be necessary therefore for an amended motion to be moved, as in previous years, to correct the motion where there is any change between the estimated and actual precepts. This assumes that the precepting bodies will have determined their precepts before 16 February 2022.
- 3.1.3 It is requested that the Council's statutory s151 Officer (Service Director – Finance) be given delegated authority to amend how the finally approved precepts are recorded in the Council's revenue budget in line with the final notifications received following decisions by the West Yorkshire Mayor Police and Crime Commissioner, the Fire & Rescue Authority and Parish Councils, should these be received after 16 February 2022.
- 3.1.4 The West Yorkshire Mayor Police and Crime Commissioner, Fire & Rescue Authority and Parish Council precepts included in the Council motion do not affect the Council budget, and neither will any subsequent amendment to the precept figures, delegated to the Council's statutory s151 Officer.

3.2 Special Expenses

- 3.2.1 The expenditure of Parish and Town Councils is funded by way of a precept which is levied only on the area of the individual Parish Councils. There are, however, occasions when individual Parish and/or Town Councils provide services which

would otherwise be provided by District Councils if there were no Parish Council in existence. The result is that residents of a parish Council can pay twice for some services. This is known as "double taxation".

- 3.2.2 The Local Government Finance Act 1992 provides for expenditure incurred by District Councils which ranks as double taxation to be treated as special expenses, which are not charged to the residents of the Parish and/or Town Councils concerned unless the District Council resolves otherwise. There are no special expense arrangements in place at the current time.

3.3 Positive Assurance Statement

- 3.3.1 Under Section 25 of the Local Government Act (2003) the statutory s151 Officer is required to give positive assurance statements in relation to the adequacy of reserves and balances and the robustness of budget estimates.

Statement from the Council's Section 151 Officer (Service Director - Finance)

- 3.3.2 This report sets out proposals for the delivery of an overall Council balanced budget for 2022/23, and indicative budget spending plans and funding forecasts over the following 4 years. This is against a continuing global COVID pandemic backdrop that is expected to accelerate its transition over the next 12 months from pandemic to endemic or 'living with'.
- 3.3.3 The expected pandemic transition to 'living with' is also reflected in emerging earlier global and national economic recovery forecasts from those predicted just 12 months ago; including the Office of Budget Responsibility (OBR) Report setting out the national economic and fiscal outlook over the medium term, which accompanied the Government's 3 year Public Spending Review 2021 announcement on 27 October 2021. This has been reflected in the budget proposals set out in this report, with regard to more optimistic assumptions on Council Tax base and business rates funding projections for 2022/23, relative to 12 months ago.
- 3.3.4 However, the OBR forecast also acknowledged that there remain some significant bumps in the road; in particular global supply chain and labour shortages in specific sectors, and consequential inflationary cost of living and workforce capacity pressures over the next 12 months at least.
- 3.3.5 The one-year provisional local government financial settlement for 2022/23 included an additional core grant of £1.6 billion per annum over the next 3 years. The purpose of this additional grant is to provide Council's 'stability' in 2022/23 in conjunction with allowable Council tax and ASC precept uplifts; acknowledging cost of living pressures on Council and bought-in services, including the impact of the 6.6% national living wage uplift, and also to compensate Councils for the additional 1.25% employer national insurance costs to fund the Government health & social care levy, from April 2022. These additional spend pressures and compensating core grant, are also reflected in the budget proposals set out in this report.
- 3.3.6 The Settlement also included a commitment from Government, as part of its national levelling up agenda, to bring forward proposals for implementing the National Fair Funding Review for 2023/24 onwards. However, this is in the context of re-distributing existing national funding allocations between Councils and no additional funding.

- 3.3.7 The report also makes reference to current Safety Valve funding negotiations between the Council and the Department for Education (DfE) to manage down the Council's Dedicated Schools Grant accumulated deficit (forecast to be at least £35m by current year end) to a balanced in-year funding position over the medium term. This would also involve a funding contribution from DfE. The formal date for the finalised Council management plan and funding agreement to be considered by DfE and then submitted to the relevant Minister for sign-off, is 24 February 2022.
- 3.3.8 With regard to the Council's General Fund reserves strategy set out in this report, in order to give assurance on the adequacy of reserves, the s151 Officer recommends that the Council's financial resilience reserves at £37.1m, demand reserves at £19.3m, and £10m minimum working capital balances requirement, remain 'non-negotiable' for potential re-direction for any other purpose.
- 3.3.9 This also extends to the £4.3m Transformation Fund earmarked within reserves, which is critical to the development of the Council's SEND and Waste Strategy Transformation agendas over the medium term.
- 3.3.10 The statutorily ring-fenced HRA business plan remains in balance over the short and longer term and will continue to provide opportunities for key service investment in targeted sustainable tenancy measures for vulnerable tenants and service excellence, and compliance investment to meet more stringent social housing regulator requirements, alongside proposals for new build social housing over the longer term.
- 3.3.11 The Capital Strategy set out at Appendix E reflects the scale of longer term Council capital and regeneration ambition. It sets out forecast prudential indicators (PI's) 'proportion of financing costs to net revenue stream' over the 2021-27 period, and for the General Fund these are forecast to increase overall from 9.7% to 12.0% over the 6-year period. To put this into historical context, 'Graph 1–Ratio of Financing Costs to Net Revenue Stream over the period 2014-29' (Section 2.12 Treasury Management) shows the equivalent PI in 2014/15 was 12.9%, reducing to 9.7% in 2021/22 and increasing back to 12.3% by 2028/29.
- 3.3.12 The borrowing requirements to support Council capital investment over the 2021-27 period are considered 'affordable', to the extent that interest rates are forecast to remain 'relatively' low over the period, and the Council can meet its annual debt servicing commitments through sustainable budget plans over the medium to longer term.
- 3.3.13 Notwithstanding, Councils cannot solely rely on a Government funding solution to accommodate any forecast future year budget gaps, which in themselves remain sensitive in the current environment, as illustrated by the sensitivity analysis in Section 2.14.
- 3.3.14 Over-reliance on "one-off" revenue reserves to support annual balanced budgets over the medium term is not a financially sustainable strategy either and any significant depletion in reserves over time leaves the Council very exposed to financial risks.
- 3.3.15 In light of the above, the Council should also continue to ensure that it has robust and sustainable plans to deliver its ambitions and priorities over the foreseeable future within sustainable and available means. Consequently, in light of these factors:

I can give you positive assurance on the reliability and robustness of the forecasts and estimates in the budget proposals as far as I can in the context of current local and national intelligence.

If members approve the recommendations in this report, I can give the Council positive assurance on the adequacy of reserves and balances.

3.3.16 Working with people

3.3.17 Working with partners

3.3.18 Place based working

3.3.19 Climate Change & Air Quality

3.3.20 Improving outcomes for children

The budget proposals contained within this report have been developed to ensure that funding is made available in the areas that will allow the Council to further improve the outcomes for individuals and communities as a whole. To facilitate this, resources have been allocated in areas that will allow the Council to maximise contributions to the Councils strategic priorities as listed above in 3.3.16 to 3.3.20.

3.3.21 Other Legal, Financial or other implications (not covered elsewhere in this report)

Budget and Policy Framework at Part 4.3 of the Constitution, sets out the process that must be followed when the Council sets the budget. It is for the Cabinet to approve the proposals and submit them to full Council for adoption.

Paragraph 1.2 of this report refers to Integrated Impact Assessments. The Equality Act 2010 creates the Public Sector Equality Duty (PSED).

Under section 149 of the Act:

- (1) A public authority must, in the exercise of its functions, have due regard to the need to:
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic ; and persons who do not share it.

The relevant protected characteristics are:

age;
disability;
gender reassignment;
pregnancy and maternity;
race;
religion or belief;
sex; and sexual orientation

In order to fulfil the PSED the Council is required to assess the impact of any proposed action on the equality objectives set out above. The way in which the Council has approached this task previously was to conduct Equality Impact Assessments (EIA's) as appropriate.

The current EIA process has been updated to an Integrated Impact Assessment (IIA) process, as part of the Council's developing approach to Inclusion & Diversity; to go beyond just PSED compliance, and to incorporate additional diversity characteristics, such as low income/poverty and unpaid carers.

The Climate Emergency Motion passed on 16 January 2019 also committed the Council to consider Environmental Impact as part of any new IIA policy. The proposed approach also seeks to assess impact across the range of environmental and sustainability impacts.

As in previous years, any specific savings proposals, where appropriate, still make reference to Impact Assessments. These are available for member reference on the following website link ([Integrated Impact Assessments](#)) and members should read the assessments in full in order to inform them in coming to their decision, as in previous years; cross referenced as appropriate to the savings templates.

There is also a clear expectation that the IIA process is not limited to consideration of savings proposals, but in the context of the totality of resource allocation proposals set out in this report, and other emerging policy changes and developments, any subsequent detailed proposals that result from these, will be informed by the IIA process to help inform key decision making in the future.

4. Consultees and their opinions

The summary of the Budget Consultation is included at Appendix G of this report.

The budget engagement exercise with the public and partners ran from 27 October 2021 to 13 December 2021.

The overall aim of the consultation was to provide a resident and stakeholder perspective on the way the Council should spend its money, considering the short, medium and long term. This is particularly important given the impact of COVID and the need to focus on short term place based issues as well as investing in priorities that will develop the future of Kirklees, whilst leaving no one behind.

The budget consultation consisted of an online survey which summarised the council's priorities and actions for 2022/2023 asking respondents whether they agreed with them or not, and what they thought should also be added to the short-term recovery plan and outcomes.

The website link to the engagement exercise is below:

[Budget Consultation](#)

There were 664 responses in total (compared to 216 in 2021/22).

For our shorter term recovery, the areas respondents felt needed most prioritisation were improvements to public transport, road conditions and infrastructures, improvements to parking in town centres and village locations, increased access to and availability of health and care services; in particular mental health support, maintenance and cleanliness of public rights of way, paths, and drainage systems. Responses also included development and ongoing maintenance to outdoor greenspaces, parks, and playgrounds, green issues including improved recycling and supporting biodiversity, financial support and joined up working with local businesses, keeping Kirklees safe with suggestions such as increased police presence and tackling road speeding, increase in training and development opportunities across Kirklees. Some of these areas reflect where Kirklees can influence across the system rather than where the Council can directly control.

In relation to the delivery of the Council's strategic outcomes, the proportion of people agreeing with each priority action varied across the 9 Kirklees outcomes. Specific responses included: support for increasing opportunities for children to spend time outside of school, improve adaptations to residents' homes to enable people to live independent lives, producing an employment and skills strategy that supports residents into work and helps them to progress, delivering a rolling programme of transport improvements through West Yorkshire Transport Fund, developing a framework to ensure the council and its partners work even more effectively in our communities to make them safer and more cohesive, new actions on fly-tipping, more council services, staff, and policies located in local communities and shaped by them, as well as improving response times to council enquiries and contacts.

Summary feedback from the above public budget engagement exercise is included at Appendix G to this report and will be considered by members in coming to their decision at Cabinet and then their final decisions made on the revenue budget proposals at Budget Council on 16 February 2022.

The Capital Investment Plan proposals have been considered by Cabinet and Strategic Directors in conjunction with the Service Director - Finance, following initial assessment through the Capital Governance Board.

The 2022/23 Treasury Management Strategy Report included at Appendix H, has been prepared by the Council's s151 Officer (Service Director - Finance), and in consultation with the Council's external treasury management advisors, Arlingclose Limited Treasury Management Consultants. The Treasury Management report has also been considered at the Council's Corporate Governance and Audit Committee (CGAC), on 21 January 2022.

5. Next Steps

- 5.1 This report and the draft Budget form the background and the proposed formal motion. The Cabinet will need to decide if they are to accept this or propose amendments to the draft budget which will be proposed to Council on 16 February 2022 (Cabinet draft budget). Members will need to decide if they are to accept this or propose amendments to the draft Budget which will be proposed to Council. Any such amendments will be published on 9 February 2022.
- 5.2 Proposed amendments shall be submitted to the Chief Executive on or before 10.00am on Monday 7 February 2022 to ensure that, in conjunction with the Service Director-Finance, they can be reviewed to ensure they are financially sound and sustainable

prior to the final submission deadline of 9 February 2022. The Notice of any such amendment must specify the terms of the proposed amendment and the effect which it will have on the draft Revenue Budget.

- 5.3 Members should note that once a budget is agreed by Council there may be a number of further steps and/or actions which would need to be taken in order to implement budget decisions for example – consultation, further detail of the steps needed or final proposals for making the planned changes. This is to ensure that the Council complies with legal and other requirements.
- 5.4 Following Council approval of the Capital Investment Plan, schemes will be released subject to Financial Procedure Rules.
- 5.5 Any material Government changes to the provisional 2022/23 finance settlement figures will be reported to the meeting of full Council, depending on the timing of Government confirmation of the final settlement, which is expected late January/ early February 2022.

6. Cabinet recommendations and reasons

Having read this report and the accompanying appendices, and having regard to the consultation process and integrated impact assessments, Cabinet recommend the following for approval by Council:

General Fund Revenue

- 6.1 That the draft Revenue Budget for 2022/23 to deliver a balanced budget, be approved (Appendix A);
- 6.2 That the forecast spending and funding plans for the 2023-27 period be noted (Appendix A);
- 6.3 That the forecast levels of statutory and other Council reserves as set out at Appendix Bii), be noted;
- 6.4 That the strategy for the use of balances and reserves, is approved; (section 2.13);
- 6.5 To note the Council's participation in the Leeds City Region Business Rates Pool for 2022/23 and to note that a further report will be brought to Cabinet in March 2022 to formally agree the new arrangements.
- 6.6 That members approve the 2022/23 Council Tax base for the whole of the Kirklees area, and the Council Tax bases for the five Parish and Town Councils for 2022/23 (Appendix Fi);
- 6.7 That members approve the Council Tax requirement for 2022/23 (Appendix Fii, budget motion);
- 6.8 That members note the Council's Statutory s151 Officer's positive assurance statement as to the robustness of the forecasts and estimates and adequacy of financial reserves; (paragraphs 3.3.1 – 3.3.15);

- 6.9 That the Council's Statutory s151 Officer be given delegated authority to amend how the finally approved precepts are recorded in the Council's revenue budget in line with the final notifications received following decisions by the West Yorkshire Mayor Police and Crime Commissioner, the Fire & Rescue Authority and Parish Councils should these be received after 16 February 2022 (paragraph 3.1.3);

Treasury Management

- 6.10 That members approve the following recommendations set out in the 2022/23 Treasury Management report at Appendix H:
- 6.11 The borrowing strategy outlined in paragraphs 2.15-2.25 of the appended report;
- 6.12 The investment strategy outlined in paragraphs 2.26 - 2.34 of the appended report, including Appendices A and B of said report;
- 6.13 The policy for provision of repayment of debt (minimum revenue provision or MRP) outlined in the appended report outlined in paragraphs 2.35 - 2.39 of the appended report including Appendix C of said report;
- 6.14 The treasury management indicators in the appended report, Appendix D of said report;
- 6.15 The Investment Strategy (Non-Treasury Investments) in the appended report, at Appendix E of said report;

Capital

- 6.16 That the updated Capital Plan for 2021-27, be approved; (Appendix A)
- 6.17 That the Capital Strategy (including Prudential Indicators), set out at Appendix E, be approved;

Housing Revenue Account (HRA)

- 6.18 That the draft HRA Budget for 2022/23 be approved; (Appendix A)
- 6.19 That the strategy for the use of HRA reserves, as set out at paragraph 2.15.6, be approved;

Reasons

The Council has a statutory duty to set a balanced budget each year.

The section 151 Officer has a duty under section 25 of the Local Government Act 2003 to report to full Council on the robustness of the forecasts and estimates and adequacy of the financial reserves.

7. Cabinet Portfolio Holder Recommendation

The Leader recommends that the attached General Fund revenue budget, Treasury Management Strategy, Investment Strategy, Capital Strategy, Capital Investment Plan, and HRA budget, should be presented to the Council meeting on 16 February 2022.

In presenting the draft Budget to the above full Council meeting, Cabinet members have taken due regard to the Council's public sector equalities duties in consideration of a range of key budget proposals, their impacts, and mitigating actions.

Comments from the Leader:

Leader foreword

I am proud to present the council's budget for 2022/23. It sets out how we will fund vital services for every resident, neighbourhood and community in Kirklees in the next financial year. It also sets our direction for the new municipal year and captures our priorities for investment and recovery.

This budget offers investment both in frontline services and in the infrastructure of our borough for the long-term. Crucially, the budget also reflects the priorities of the people who live in Kirklees. Through our consultation, residents told us they wanted to see us invest in local environmental services, to tackle fly-tipping, increase resources for street cleaning and maintain our precious green spaces. We know how important these services are for residents' quality of life so we will make an extra £4 million available to support those services in the coming year as we recover from the disruption of the pandemic. Local people also told us they wanted to see us focus on improving local roads. We will invest an additional £10 million in road maintenance and repairs over the next five years to improve transport in every part of Kirklees.

Once again, our budget is as much about values and vision as it is about finance. It reflects our ambition to build a local economy that offers opportunity for everyone. That is why our plans not only maintain the unprecedented investment in the infrastructure of our towns, but they accelerate the process of transformation with an additional £4.9 million. Our budget will allow us to speed up work on our £210 million Cultural Heart programme in Huddersfield as well as supporting vital regeneration work in Dewsbury, Batley, Cleckheaton, Heckmondwike and Holmfirth. Kirklees has a prosperous future but we need an infrastructure that matches our potential. Our budget will help us to deliver that vision.

Economic growth in Kirklees is only fully worth it if everyone can enjoy the opportunities it will bring. That is why our budget remains true to our inclusive philosophy. Many residents face a cost-of-living crisis this year. Although the solutions to the crisis lie with central government, we will invest nearly £3 million in financial support for residents who really need it through our welfare provision. We will also continue our investment in transforming services for young people who are most at risk of being excluded. At the same time, the budget recognises that our places are as diverse as our people. We will accelerate our place-based working and invest over £4 million in the programme so that services reflect the unique circumstances of communities across the borough. Councillors in every ward will have a stake in making sure our decisions and our investment include everyone in our communities.

This year's budget will fund local services but it has a global dimension that affects us all. The climate crisis continues to present the single greatest risk to the planet and it is our responsibility to set an example as an organisation and support residents to play their part. We will invest in new homes that are truly sustainable, more tree planting, continue our work to make our fleet even greener and support a thread of

sustainable development in our infrastructure work. This budget will build momentum behind our climate agenda and add to the work we are already doing to promote sustainable transport, reducing and recycling our waste and supporting the work of the Kirklees Climate Commission.

We have set this budget against a series of major challenges. Every council of our kind continues to await a national solution to the funding of adult social care. Like many authorities, we will use the government's Adult Social Care precept to raise funds for these vital services but this will not address the increasing cost and demand over the coming years. On top of that, the council and our schools, remain under-funded compared to similar authorities. Again, we await a solution to an under-funding problem that is recognised across the political spectrum. In the meantime, the council will be severely constrained in its budget setting process.

Many years of prudent financial management mean we will be able to invest in the things that really matter to residents across Kirklees in the coming year. At the same time, we need to balance those demands with our principle to be an organisation that is efficient and spends taxpayers' money wisely. I believe this budget strikes the right balance.

8. Contact Officer and Relevant Papers

Eamonn Croston	Service Director – Finance
James Anderson	Head of Accountancy
Sarah Hill	Finance Manager
Rachel Firth	Finance Manager

Background Papers

- Council approved annual budget report 2021-2026, 10 February 2021
- Council financial outturn report 2020/21 to full Council, 9 September 2021
- [Spending Review 2021 - GOV.UK](#)
- [Council Budget Strategy Update report; 2022/23 and future years; 12th October 2021, \(ITEM 12\)](#)
- [Our Council Plan; 12th October 2021 \(ITEM 9\)](#)
- [Corporate Financial Monitoring Report Quarter 2, 2021-2022 to Cabinet November 2021 \(Item 12\)](#)
- [Provisional local government finance settlement 2022 to 2023 - GOV.UK](#)
- Council Tax Base Report to Cabinet 18 January 2022
- Housing Revenue Account annual rent setting and service charge report 2021/22, to Cabinet on 14 December 2021
- Annual Schools funding settlement 2022/23, report to Cabinet on 18 January 2022
- Integrated Impact Assessments on key budget proposals and impacts
- Budget Consultation exercise 2022/23

KIRKLEES COUNCIL

General Fund and HRA Medium Term Financial Plan 2022-27

Revenue & Capital Budget Book

INTRODUCTION

How did we develop this documentation?

- The budget plans take account of existing year 2 to 5 Directorate budget plans, which have rolled forward into years 1 to 4 of the updated 2022-27 MTFP and incorporate new investment and savings proposals as appropriate.
- While revenue budgets are set annually before the start of each financial year, there is some limited flexibility for revenue budgets to be transferred between service activities in-year.
- The document refers to “controllable budgets”: These are budgets that the budget holder can directly influence. Controllable expenditure includes direct operational costs including overheads which are specific to that department.
- Examples of controllable expenditure are staff costs, premises, supplies & services, and payments to contractors. Controllable income includes schools income, other traded income, fees & charges, and specific government grants.
- For a small number of services all the controllable expenditure is entirely funded by income. These services have £0 in the net controllable expenditure column.
- The column labelled “2021-22 net controllable budget” provides the baseline or starting point for savings or increases proposed in the following three years to the financial year 2026-27.
- Inflation provision for all years is held within Central Budgets. Inflation for 2022-23 will subsequently be allocated out to relevant services at the start of the financial year.
- The Columns labelled “Changes” contains both proposed reductions in net expenditure “Minuses” and proposed increases in net expenditure “Pluses”.
- Proposed reductions in net expenditure “minuses” can be because of:
 - planned savings
 - reduced demand for that service, or
 - a planned increase in associated income.
- Proposed increases in net expenditure “Pluses” can be because of:
 - proposed increased spending, or
 - a planned reduction in associated income.
- The reductions in net expenditure “Minuses” that relate specifically to planned savings cross-reference to specific budget savings templates outlining the specific proposal. The budget saving template sets out:
 - the savings amount profiled across years

- a service description of what the proposal is (including inter-dependencies and risk)
 - potential impact of the proposal on service outcomes and any mitigating actions proposed
 - does the proposal require an integrated impact assessment
 - will the proposal require a specific service consultation
 - accountable head of service
- To support the budget process, we have published integrated impact assessments.
 - Current Full Time Equivalent (FTE) numbers for the Council are approximately 6,900, excluding schools.

GLOSSARY

Controllable budgets: Budgets that the budget holder can directly influence. Controllable expenditure includes direct operational costs including departmental specific management overheads (e.g. staff, premises, supplies & services, payments to contractors). Controllable income includes schools income, other traded income, fees & charges, specific government grants.

2021-22 net controllable budgets provide the baseline or starting point for savings or increases proposed in subsequent years.

Minuses: are reductions in spending, because of planned savings or a reduced demand for that service, or because of a planned increase in associated income. At this stage, the profiling of the minuses is indicative.

Pluses: are increased spending or reduced income. At this stage the profiling of the pluses is indicative.

BUDGET DOCUMENTATION 2022-27

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Overall General Fund Summary By Strategic Director Portfolio

STRATEGIC DIRECTOR PORTFOLIOS	21-22 CONTROLLABLE GROSS EXPENDITURE £000	21-22 CONTROLLABLE INCOME £000	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES £000	25-26 BUDGET PROPOSAL £000	CHANGES £000	26-27 BUDGET PROPOSAL £000
Children & Families													
Child Protection & Family Support	43,377	(2,915)	40,462	1,827	42,289	420	42,709	(127)	42,582	466	43,048		43,048
Learning & Early Support	309,062	(290,313)	18,749	431	19,180		19,180		19,180		19,180		19,180
Resources, Improvements & Partnerships	18,449	(886)	17,563	697	18,260	(768)	17,492	84	17,576	84	17,660		17,660
Total Children & Families	370,888	(294,114)	76,774	2,955	79,729	(348)	79,381	(43)	79,338	550	79,888	0	79,888
Adults & Health													
Customers & Communities	17,012	(5,152)	11,860		11,860		11,860		11,860		11,860		11,860
Disabilities	74,854	(60,219)	14,635	(3,406)	11,229	1,057	12,286	5,750	18,036	6,450	24,486	6,800	31,286
Adult Social Care - Learning Disabilities & Mental Health	105,533	(32,501)	73,032	5,433	78,465	4,539	83,004		83,004		83,004		83,004
Adults Sufficiency	23,862	(8,905)	14,957		14,957		14,957		14,957		14,957		14,957
Total Adults & Health	221,261	(106,777)	114,484	2,027	116,511	5,596	122,107	5,750	127,857	6,450	134,307	6,800	141,107
Environment & Climate Change													
Environmental Strategy & Climate Change	12,491	(2,541)	9,950	(100)	9,850		9,850		9,850		9,850		9,850
Highways & Streetscene	73,706	(46,784)	26,922	2,370	29,292	3,200	32,492		32,492		32,492		32,492
Culture & Visitor Economy	31,884	(32,901)	(1,017)		(1,017)		(1,017)		(1,017)		(1,017)		(1,017)
Total Environment & Climate Change	118,081	(82,226)	35,855	2,270	38,125	3,200	41,325	0	41,325	0	41,325	0	41,325
Growth & Regeneration													
Skills & Regeneration	7,406	(5,586)	1,820	234	2,054	269	2,323		2,323		2,323		2,323
Development	26,170	(15,591)	10,579	(334)	10,245	552	10,797		10,797		10,797		10,797
Total Growth & Regeneration	33,576	(21,177)	12,399	(100)	12,299	821	13,120	0	13,120	0	13,120	0	13,120
Corporate Strategy, Commissioning & Public Health	140,854	(105,040)	35,814	2,045	37,859	200	38,059	200	38,259	200	38,459	200	38,659
Sub Total Strategic Director Portfolio	884,660	(609,334)	275,326	9,197	284,523	9,469	293,992	5,907	299,899	7,200	307,099	7,000	314,099
Central Budgets	46,101	(3,502)	42,599	7,877	50,476	10,978	61,454	19,936	81,390	6,600	87,990	9,108	97,098
Total Budgets	930,761	(612,836)	317,925	17,074	334,999	20,447	355,446	25,843	381,289	13,800	395,089	16,108	411,197

Funding Available				
Business Rates Income	(52,380)	(54,245)	(54,245)	(54,245)
Government Funding	(68,823)	(68,823)	(70,188)	(74,031)
Council Tax	(183,148)	(190,141)	(196,832)	(211,175)
Adult Social Care Precept	(23,776)	(26,254)	(28,651)	(33,501)
Net Collection Fund transfer from general fund	628	389		
Planned transfer from Waste Strategy reserve	(2,000)			
Total Funding Available	(329,499)	(339,074)	(349,916)	(372,952)
Transfer from Reserves - MTFP Support	(5,500)	0	0	0
Balanced 2022-23 Budget	0	16,372	31,373	38,245

CHILD PROTECTION & FAMILY SUPPORT

SERVICE ACTIVITY	21-22 CONTROLLABLE GROSS EXPENDITURE £000	21-22 CONTROLLABLE INCOME £000	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES	25-26 BUDGET PROPOSAL	CHANGES £000	26-27 BUDGET PROPOSAL £000
<u>Front of Door, Emergency Duty, Assessment & Intervention</u>													
Front of Door	1,333	0	1,333	(103)	1,230	103	1,333		1,333		1,333		1,333
Emergency Duty Service	404	(28)	376		376		376		376		376		376
Assessment & Intervention	3,052	0	3,052	(204)	2,848	204	3,052		3,052		3,052		3,052
Total	4,789	(28)	4,761	(307)	4,454	307	4,761	0	4,761	0	4,761	0	4,761
<u>Assessment & Intervention/Disabled Childrens Services</u>													
Assessment & Intervention	2,832	0	2,832	(191)	2,641	191	2,832		2,832		2,832		2,832
Disabled Children's Services	3,541	(91)	3,450	(46)	3,404	116	3,520	35	3,555	35	3,590		3,590
Family Time	782	0	782	(53)	729	53	782		782		782		782
Persons from Abroad	415	0	415		415		415		415		415		415
Total	7,570	(91)	7,479	(290)	7,189	360	7,549	35	7,584	35	7,619	0	7,619
<u>Corporate Parenting Service</u>													
Looked After Children(0-17)	3,573	(43)	3,530	(221)	3,309	221	3,530		3,530		3,530		3,530
Leaving Care 18-21 (25)	1,193	(122)	1,071	(69)	1,002	69	1,071		1,071		1,071		1,071
External Residential Placements	1,970	(402)	1,568	2,021	3,589	(1,016)	2,573	130	2,703	130	2,833		2,833
Fostering (Placements)	9,754	(245)	9,509	167	9,676	167	9,843	167	10,010	167	10,177		10,177
Adoption	1,128	0	1,128	25	1,153	25	1,178	25	1,203	25	1,228		1,228
Guardianship and Child Arrangement	4,734	0	4,734	74	4,808	74	4,882	74	4,956	74	5,030		5,030
Leaving Care Supported Accommodation /Supported Lodgings	2,145	0	2,145	35	2,180	35	2,215	35	2,250	35	2,285		2,285
Unaccompanied Asylum Seeker Children	155	(149)	6		6		6		6		6		6
Service Specialist Training (Children)	379	(371)	8		8		8		8		8		8
IT Safeguarding & Project Team	246	0	246		246		246		246		246		246
Total	25,277	(1,332)	23,945	2,032	25,977	(425)	25,552	431	25,983	431	26,414	0	26,414
<u>Psychosocial Support Service</u>													
Multi Systemic Therapy & Formulation	1,024	(333)	691	341	1,032	59	1,091	(423)	668		668		668
Placement Support	877	0	877	136	1,013	34	1,047	(170)	877		877		877
Total	1,901	(333)	1,568	477	2,045	93	2,138	(593)	1,545	0	1,545	0	1,545
<u>Contextual Safeguarding & Youth Engagement Service</u>													
Youth Justice Service	1,883	(941)	942		942		942		942		942		942
Youth Engagement Service Risk & Vulnerabilites	811	(190)	621	(47)	574	47	621		621		621		621
Total	2,694	(1,131)	1,563	(47)	1,516	47	1,563	0	1,563	0	1,563	0	1,563
Management & Regulatory	1,146	0	1,146	(38)	1,108	38	1,146	0	1,146	0	1,146	0	1,146
TOTAL CHILD PROTECTION & FAMILY SUPPORT	43,377	(2,915)	40,462	1,827	42,289	420	42,709	(127)	42,582	466	43,048	0	43,048

CHILD PROTECTION & FAMILY SUPPORT - CHANGES

Service Activity	Proposed Change	Savings Template Reference					
			2022-23 £k	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k
Front of Door, Emergency Duty, Assess & Intervention	Demand Led Pressures - adjustments	CW1	(307)	307			
Assessment & Intervention/Disabled Childrens Services	Demand Led Pressures - adjustments		(325)	325			
	Childrens social care - inflationary pressures/Re-alignment of additional Government social care funding		35	35	35	35	
Corporate Parenting Service	Demand Led Pressures		1,100	(1,100)			
	Demand Led Pressures - adjustments		(290)	290			
	Childrens social care - inflationary pressures/Re-alignment of additional Government social care funding		791	385	431	431	
	Planned reduction in percentage of children placed outside Kirklees district - reinvestment projects		593				
	New Directorate Savings		(162)				
Psychosocial Support Service	Multi Systemic Therapy - grant funding				(423)		
	Multi Systemic Therapy base budget		400				
	Demand Led Pressures - adjustments		(93)	93			
	Developing Foster Carer Support (Mockingbird)		170		(170)		
Contextual Safeguarding & YES	Demand Led Pressures - adjustments		(47)	47			
Management & Support	Demand Led Pressures - adjustments		(38)	38			
TOTAL FOR CHILD PROTECTION & FAMILY SUPPORT CHANGES			1,827	420	(127)	466	0

LEARNING & EARLY SUPPORT

SERVICE ACTIVITY	21-22 CONTROLLABLE GROSS EXPENDITURE £000	21-22 CONTROLLABLE INCOME £000	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES £000	25-26 BUDGET PROPOSAL £000	CHANGES £000	26-27 BUDGET PROPOSAL £000
<u>Strategic Leadership</u>													
Statutory Responsibility for the Education System	994	(528)	466	(169)	297		297		297		297		297
Music Service	24	0	24		24		24		24		24		24
School Forum allocations	215	(216)	(1)		(1)		(1)		(1)		(1)		(1)
Total	1,233	(744)	489	(169)	320	0	320	0	320	0	320	0	320
<u>Schools Organisation, Planning and Admissions</u>													
Schools Organisation & Planning	199	(131)	68		68		68		68		68		68
School Admissions	538	(406)	132		132		132		132		132		132
Total	737	(537)	200	0	200	0	200	0	200	0	200	0	200
<u>Education for Vulnerable Children Services incl Special Educational Needs</u>													
Kirklees Special Educational Needs (SEN) pupils in Other Local Authorities (OLA) Mainstream	370	(230)	140		140		140		140		140		140
Specialist Provision Co-ordination	809	(808)	1		1		1		1		1		1
SEN Assessment & Commissioning team	1,515	(165)	1,350		1,350		1,350		1,350		1,350		1,350
Education of Looked After Children	569	(26)	543		543		543		543		543		543
Attendance & Pupil Support	1,425	(784)	641		641		641		641		641		641
Education Services for Vulnerable Children	1,022	(210)	812		812		812		812		812		812
International new arrivals	63	(62)	1		1		1		1		1		1
Early Years SEN Support Portex	136	(140)	(4)		(4)		(4)		(4)		(4)		(4)
Early Years SEN Support inc Portage service	1,600	(6)	1,594		1,594		1,594		1,594		1,594		1,594
Total	7,509	(2,431)	5,078	0	5,078	0	5,078	0	5,078	0	5,078	0	5,078
<u>Early Learning</u>													
Private Voluntary & Independent Formula Funding	17,944	(17,954)	(10)		(10)		(10)		(10)		(10)		(10)
Two year old funding	4,974	(4,974)	0		0		0		0		0		0
Early Years Quality Improvement, Workforce & Sufficiency	388	(585)	(197)		(197)		(197)		(197)		(197)		(197)
Total	23,306	(23,513)	(207)	0	(207)	0	(207)	0	(207)	0	(207)	0	(207)
Post 16 services	1,382	(21)	1,361	600	1,961		1,961		1,961		1,961		1,961
Learning Services Trading	1,818	(1,714)	104		104		104		104		104		104
<u>Early Support</u>													
Early Support Service Wide	978	0	978		978		978		978		978		978
Early Support Service	3,814	0	3,814		3,814		3,814		3,814		3,814		3,814
Children's Hubs	271	0	271		271		271		271		271		271
Former Grants	982	0	982		982		982		982		982		982

LEARNING & EARLY SUPPORT

SERVICE ACTIVITY	21-22 CONTROLLABLE GROSS EXPENDITURE £000	21-22 CONTROLLABLE INCOME £000	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES £000	25-26 BUDGET PROPOSAL £000	CHANGES £000	26-27 BUDGET PROPOSAL £000
Detached Youth Service	355	(237)	118		118		118		118		118		118
Total	6,400	(237)	6,163	0	6,163	0	6,163	0	6,163	0	6,163	0	6,163
Commissioning													
Stronger Families	1,810	(1,810)	0		0		0		0		0		0
Careers Service Partnership	1,720	0	1,720		1,720		1,720		1,720		1,720		1,720
Total	3,530	(1,810)	1,720	0	1,720	0	1,720	0	1,720	0	1,720	0	1,720
DSG Schools													
Specialist Education Placements	6,213	(6,213)	0		0		0		0		0		0
Behavioural, Emotional & Exclusions	1,464	(1,461)	3		3		3		3		3		3
Further Education High Needs	2,405	(2,405)	0		0		0		0		0		0
Delegated Schools Budgets	215,149	(213,098)	2,051	0	2,051	0	2,051	0	2,051	0	2,051	0	2,051
SEN support including Further Education Post 16	9,835	(9,835)	0		0		0		0		0		0
Centrally Managed School Budgets	4,010	(6,964)	(2,954)		(2,954)		(2,954)		(2,954)		(2,954)		(2,954)
Childrens Pensions	3,831	(614)	3,217		3,217		3,217		3,217		3,217		3,217
Childrens Contingencies	19,547	(18,108)	1,439		1,439		1,439		1,439		1,439		1,439
Total	262,454	(258,698)	3,756	0	3,756	0	3,756	0	3,756	0	3,756	0	3,756
Management & Regulatory	693	(608)	85	0	85	0	85	0	85	0	85	0	85
TOTAL LEARNING & FAMILY SUPPORT	309,062	(290,313)	18,749	431	19,180	0	19,180	0	19,180	0	19,180	0	19,180

LEARNING & EARLY SUPPORT CHANGES

Service Activity	Proposed Change	Savings Template Reference					
			2022-23 £k	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k
Strategic Leadership Statutory Responsibility for the Education System	New Directorate Savings	CW1	(169)				
Post 16 Services	School Transport Post 16		600				
DSG Schools Delegated Schools Budgets	Schools Block transfer to High Needs		(1,600)				
	SEND investment to support DSG deficit reduction		1600				
TOTAL FOR LEARNING & EARLY SUPPORT CHANGES			431	0	0	0	0

RESOURCES, IMPROVEMENTS & PARTNERSHIPS

SERVICE ACTIVITY	21-22 CONTROLLABLE GROSS EXPENDITURE £000	21-22 CONTROLLABLE INCOME £000	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES £000	25-26 BUDGET PROPOSAL £000	CHANGES £000	26-27 BUDGET PROPOSAL £000
<u>Sustainability, Capacity & Resourcing</u>													
Family Placement Unit (inc Help Desk)	1,311	0	1,311		1,311		1,311		1,311		1,311		1,311
Fostering Service	6,008	0	6,008	(155)	5,853	84	5,937	84	6,021	84	6,105		6,105
Internal Residential	2,189	0	2,189	852	3,041	(852)	2,189		2,189		2,189		2,189
Disabled Children Service - Young People Activity Team	527	(20)	507		507		507		507		507		507
Disabled Children Service - Internal Residential	1,979	(126)	1,853		1,853		1,853		1,853		1,853		1,853
Commissioned Services	0	0	0		0		0		0		0		0
Total	12,014	(146)	11,868	697	12,565	(768)	11,797	84	11,881	84	11,965	0	11,965
<u>Safeguarding & Quality Assurance</u>													
Service Specialist Training	68	0	68		68		68		68		68		68
Safeguarding & Quality Assurance	2,239	0	2,239		2,239		2,239		2,239		2,239		2,239
Kirklees Safeguarding Children Board	278	(120)	158		158		158		158		158		158
Total	2,585	(120)	2,465	0	2,465	0	2,465	0	2,465	0	2,465	0	2,465
<u>Other Commissioned Services</u>													
Other Commissioned Services	2,958	(566)	2,392		2,392		2,392		2,392		2,392		2,392
Targeted Mental Health Service Contracts	360	0	360		360		360		360		360		360
Total	3,318	(566)	2,752	0	2,752	0	2,752	0	2,752	0	2,752	0	2,752
Management & Regulatory Functions	532	(54)	478	0	478	0	478	0	478	0	478	0	478
TOTAL RESOURCES, IMPROVEMENTS & PARTNERSHIPS	18,449	(886)	17,563	697	18,260	(768)	17,492	84	17,576	84	17,660	0	17,660

RESOURCES, IMPROVEMENTS & PARTNERSHIPS CHANGES

Service Activity	Proposed Change	Savings Template Reference					
			2022-23 £k	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k
Sustainability, Capacity & Resourcing Fostering Service (Placements) Internal Residential	Children's Social Care - Inflationary Pressures New Directorate Savings Developing Foster Carer Support (Mockingbird) Residential Sufficiency		84 (69) (170) 852	84 (852)	84	84	
TOTAL FOR RESOURCES, IMPROVEMENTS & PARTNERSHIPS CHANGES			697	(768)	84	84	0

CUSTOMER & COMMUNITIES

SERVICE ACTIVITY	21-22 CONTROLLABLE GROSS EXPENDITURE £000	21-22 CONTROLLABLE INCOME £000	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES £000	25-26 BUDGET PROPOSAL £000	CHANGES £000	26-27 BUDGET PROPOSAL £000
<u>Customer & Communities - Adults</u>													
Access, Strategy & Delivery													
Registrars	772	(767)	5		5		5		5		5		5
Access to Services - Customer Service Centres	1,425	(238)	1,187		1,187		1,187		1,187		1,187		1,187
Kirklees Direct	3,447	(690)	2,757		2,757		2,757		2,757		2,757		2,757
Total	5,644	(1,695)	3,949	0	3,949	0	3,949	0	3,949	0	3,949	0	3,949
<u>Local Integrated Partnerships</u>													
Library & Information Centres	3,658	(57)	3,601		3,601		3,601		3,601		3,601		3,601
Community Languages	598	(746)	(148)		(148)		(148)		(148)		(148)		(148)
Community Plus	2,206	(285)	1,921		1,921		1,921		1,921		1,921		1,921
Integrated Wellness Model	1,790	(1,684)	106		106		106		106		106		106
Total	8,252	(2,772)	5,480	0	5,480	0	5,480	0	5,480	0	5,480	0	5,480
<u>Customer & Communities - Childrens Communities</u>													
Cohesion	458	(41)	417		417		417		417		417		417
Voluntary Sector Support	244	0	244		244		244		244		244		244
Total	702	(41)	661	0	661	0	661	0	661	0	661	0	661
<u>Community Safety Hub</u>													
Safer Kirklees	1,145	(517)	628		628		628		628		628		628
Vulnerable Persons Scheme	34	0	34		34		34		34		34		34
Total	1,179	(517)	662	0	662	0	662	0	662	0	662	0	662
Prevent	291	(127)	164		164		164		164		164		164
Domestic Abuse	500	0	500		500		500		500		500		500
Inprovement & Relationships	295	0	295		295		295		295		295		295
Management & Regulatory Functions	149	0	149		149		149		149		149		149
TOTAL CUSTOMER & COMMUNITIES	17,012	(5,152)	11,860	0	11,860	0	11,860	0	11,860	0	11,860	0	11,860

ADULTS SOCIAL CARE - OLDER PEOPLE & PHYSICAL DISABILITIES

SERVICE ACTIVITY	21-22 CONTROLLABLE GROSS EXPENDITURE £000	21-22 CONTROLLABLE INCOME £000	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES £000	25-26 BUDGET PROPOSAL £000	CHANGES £000	26-27 BUDGET PROPOSAL £000
Assessment and Care Management	5,773	(820)	4,953		4,953		4,953		4,953		4,953		4,953
Care Navigation	1,451	(64)	1,387		1,387		1,387		1,387		1,387		1,387
Self Directed Support	21,333	(11,567)	9,766	9,291	19,057	8,111	27,168	11,350	38,518	11,350	49,868	11,000	60,868
Independent Sector Residential and Nursing													
Independent Sector Residential and Nursing Placements - Older People	36,778	(16,742)	20,036		20,036		20,036		20,036		20,036		20,036
Independent Sector Residential and Nursing Placements - Physical Disabilities	4,444	(767)	3,677		3,677		3,677		3,677		3,677		3,677
Total	41,222	(17,509)	23,713	0	23,713	0	23,713	0	23,713	0	23,713	0	23,713
Demand Led													
Emergency Support	795	0	795		795		795		795		795		795
Other Demand Led	503	296	799	(1,056)	(257)	(600)	(857)	(600)	(1,457)	(600)	(2,057)		(2,057)
Adult Social Care Grant & Better Care Funding	0	(30,282)	(30,282)	(10,841)	(41,123)	(6,454)	(47,577)	(5,000)	(52,577)	(4,300)	(56,877)	(4,200)	(61,077)
Total	1,298	(29,986)	(28,688)	(11,897)	(40,585)	(7,054)	(47,639)	(5,600)	(53,239)	(4,900)	(58,139)	(4,200)	(62,339)
Total	71,077	(59,946)	11,131	(2,606)	8,525	1,057	9,582	5,750	15,332	6,450	21,782	6,800	28,582
Management & Regulatory	3,777	(273)	3,504	(800)	2,704		2,704		2,704		2,704		2,704
TOTAL ADULTS SOCIAL CARE - OLDER PEOPLE & PHYSICAL DISABILITIES	74,854	(60,219)	14,635	(3,406)	11,229	1,057	12,286	5,750	18,036	6,450	24,486	6,800	31,286

ADULT SOCIAL CARE - OLDER PEOPLE & PHYSICAL DISABILITIES CHANGES

Service Activity	Proposed Change	Savings Template Reference					
			2022-23 £k	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k
Demand Led Activity							
Self Directed Support (SDS)	Adult Social Care - Cost & Demand Pressures		9291	8111	11350	11350	11000
Adult Social Care Grant & Better Care Funding	Realignment and Baselining of Existing Social Care Grants		(360)	46			
	Adult Social Care Funding Uplift - Core Grant		(4,981)				
	Market Sustainability and Fair Cost of Care Grant		(1,255)				
	Share of Department of Health & Social Care £1.7bn funding		(1,700)	(1,600)	(1,600)		
	Expected Other Funding In-Year		(2,545)	(4,900)	(3,400)	(4,300)	(4,200)
Other Demand Led	Better Care Fund Government Inflation Uplift & Other Adjustments		(1,056)	(600)	(600)	(600)	
Management & Regulatory	New Directorate Savings	CW1	(800)				
TOTAL ADULT SOCIAL CARE - OLDER PEOPLE & PHYSICAL DISABILITIES CHANGES			(3,406)	1,057	5,750	6,450	6,800

ADULT SOCIAL CARE - LEARNING DISABILITIES & MENTAL HEALTH

SERVICE ACTIVITY	21-22 CONTROLLABLE GROSS EXPENDITURE £000	21-22 CONTROLLABLE INCOME £000	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES £000	25-26 BUDGET PROPOSAL £000	CHANGES £000	26-27 BUDGET PROPOSAL £000
Assessment and Care Management	3,967	(625)	3,342		3,342		3,342		3,342		3,342		3,342
Demand Led Activity													
Self Directed Support	34,435	(4,773)	29,662		29,662	4,164	33,826		33,826		33,826		33,826
Independent Sector Residential and Nursing													
Independent Sector Residential and Nursing Placements - Learning Disabilities	34,913	(9,801)	25,112		25,112		25,112		25,112		25,112		25,112
Independent Sector Residential and Nursing Placements - Mental Health	7,851	(4,824)	3,027	5,433	8,460	375	8,835		8,835		8,835		8,835
Total	42,764	(14,625)	28,139	5,433	33,572	375	33,947	0	33,947	0	33,947	0	33,947
In-House Residential - Older People	6,925	(2,625)	4,300		4,300		4,300		4,300		4,300		4,300
In-House Residential - Learning Disabilities	2,698	(795)	1,903		1,903		1,903		1,903		1,903		1,903
In-House Day Care													
In-House Day Care - Older People	890	221	1,111		1,111		1,111		1,111		1,111		1,111
In-House Day Care - Learning Disabilites	3,035	(396)	2,639		2,639		2,639		2,639		2,639		2,639
Total	3,925	(175)	3,750	0	3,750	0	3,750	0	3,750	0	3,750	0	3,750
Other Demand-Led Services													
Emergency Support	45	0	45		45		45		45		45		45
Learning Disability Shared Lives	1,140	0	1,140		1,140		1,140		1,140		1,140		1,140
Reablement	7,704	(7,715)	(11)		(11)		(11)		(11)		(11)		(11)
Care Phones & Assistive Technology	1,267	(1,168)	99		99		99		99		99		99
Total	10,156	(8,883)	1,273	0	1,273	0	1,273	0	1,273	0	1,273	0	1,273
Total Demand Led	100,903	(31,876)	69,027	5,433	74,460	4,539	78,999	0	78,999	0	78,999	0	78,999
Management & Regulatory	663	0	663		663		663		663		663		663
TOTAL ADULTS SOCIAL CARE - LEARNING DISABILITIES & MENTAL HEALTH	105,533	(32,501)	73,032	5,433	78,465	4,539	83,004	0	83,004	0	83,004	0	83,004

ADULT SOCIAL CARE - LEARNING DISABILITIES & MENTAL HEALTH CHANGES

Service Activity	Proposed Change	Savings Template Reference					
			2022-23 £k	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k
Demand Led Activity Independent Sector Residential & Nursing Placements - Mental Health	Adult Social Care - Demand Led Pressures		5,433	375			
Self Directed Support	Adult Social Care - Demand Led Pressures			4,164			
TOTAL ADULT SOCIAL CARE - LEARNING DISABILITES & MENTAL HEALTH CHANGES			5,433	4,539	0	0	0

ADULTS SUFFICIENCY

SERVICE ACTIVITY	21-22 CONTROLLABLE GROSS EXPENDITURE £000	21-22 CONTROLLABLE INCOME £000	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES £000	25-26 BUDGET PROPOSAL £000	CHANGES £000	26-27 BUDGET PROPOSAL £000
<u>Demand Led Activity</u>													
Contracted service (indep sec daycare) Older People/Physical Disabilities	2,591	(751)	1,840		1,840		1,840		1,840		1,840		1,840
Contracted services Learning Disabilities/Mental Health	4,058	(79)	3,979		3,979		3,979		3,979		3,979		3,979
Contracted Services	6,649	(830)	5,819	0	5,819	0	5,819	0	5,819	0	5,819	0	5,819
<u>Other Demand-Led Services</u>													
Excellent Homes for Life (supported living)	1,871	(535)	1,336		1,336		1,336		1,336		1,336		1,336
Provision of Community Equipment	4,968	(4,276)	692		692		692		692		692		692
Total	6,839	(4,811)	2,028	0	2,028	0	2,028	0	2,028	0	2,028	0	2,028
Total Demand Led	13,488	(5,641)	7,847	0	7,847	0	7,847	0	7,847	0	7,847	0	7,847
<u>Early Intervention & Prevention</u>													
Supporting People	7,368	(2,761)	4,607		4,607		4,607		4,607		4,607		4,607
Support for Carers	425	0	425		425		425		425		425		425
Total	7,793	(2,761)	5,032	0	5,032	0	5,032	0	5,032	0	5,032	0	5,032
<u>Commissioning</u>													
Contracts Management	776	(339)	437		437		437		437		437		437
Other Commissioning Infrastructure	1,675	(164)	1,511		1,511		1,511		1,511		1,511		1,511
Total	2,451	(503)	1,948	0	1,948	0	1,948	0	1,948	0	1,948	0	1,948
Management & Regulatory	130	0	130		130		130		130		130		130
TOTAL ADULTS SUFFICIENCY	23,862	(8,905)	14,957	0	14,957	0	14,957	0	14,957	0	14,957	0	14,957

ENVIRONMENTAL STRATEGY & CLIMATE CHANGE

SERVICE ACTIVITY	21-22 CONTROLLABLE GROSS EXPENDITURE £000	21-22 CONTROLLABLE INCOME £000	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES £000	25-26 BUDGET PROPOSAL £000	CHANGES £000	26-27 BUDGET PROPOSAL £000
Directorate Programme Office	292	0	292		292		292		292		292		292
Climate Change Programme	279	(192)	87		87		87		87		87		87
Environmental Health	1,796	(745)	1,051		1,051		1,051		1,051		1,051		1,051
Licensing	525	(1,279)	(754)		(754)		(754)		(754)		(754)		(754)
Schools Transport	6,334	(325)	6,009	300	6,309		6,309		6,309		6,309		6,309
Corporate Enforcement Unit	54	0	54		54		54		54		54		54
Management & Support	273	0	273		273		273		273		273		273
Management & Regulatory	2,938	0	2,938	(400)	2,538		2,538		2,538		2,538		2,538
TOTAL ENVIRONMENTAL & CLIMATE CHANGE	12,491	(2,541)	9,950	(100)	9,850	0	9,850	0	9,850	0	9,850	0	9,850

ENVIRONMENTAL STRATEGY & CLIMATE CHANGE CHANGES

Service Activity	Proposed Change	Savings Template Reference					
			2022-23 £k	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k
Schools Transport	School Transport Pressures	CW1	300				
Management & Support	New Directorate Savings		(400)				
TOTAL ENVIRONMENTAL STRATEGY & CLIMATE CHANGE CHANGES			(100)	0	0	0	0

HIGHWAYS & STREETSCENE

SERVICE ACTIVITY	21-22 CONTROLLABLE GROSS EXPENDITURE £000	21-22 CONTROLLABLE INCOME £000	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES £000	25-26 BUDGET PROPOSAL £000	CHANGES £000	26-27 BUDGET PROPOSAL £000
Highways	27,846	(23,806)	4,040	(980)	3,060		3,060		3,060		3,060		3,060
Seasonal Weather	1,822	(32)	1,790		1,790		1,790		1,790		1,790		1,790
Organisation Development	200	(89)	111		111		111		111		111		111
Parking	1,831	(5,635)	(3,804)		(3,804)		(3,804)		(3,804)		(3,804)		(3,804)
Waste Services	28,555	(8,831)	19,724	3,350	23,074	3,200	26,274		26,274		26,274		26,274
Transport Services	6,874	(4,441)	2,433		2,433		2,433		2,433		2,433		2,433
Parks & Greenspaces	6,578	(3,950)	2,628		2,628		2,628		2,628		2,628		2,628
TOTAL HIGHWAYS & STREETSCENE	73,706	(46,784)	26,922	2,370	29,292	3,200	32,492	0	32,492	0	32,492	0	32,492

HIGHWAYS & STREETSCENE CHANGES

Service Activity	Proposed Change	Savings Template Reference					
			2022-23 £k	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k
Waste Services	Regeneration Capacity (baseline)		250				
	Waste PFI credit fall out			3,200			
	Interim Waste Contract		3,100				
Highways	Capitalisation		(980)				
TOTAL HIGHWAYS & STREETSCENE CHANGES			2,370	3,200	0	0	0

CULTURE & VISITOR ECONOMY

SERVICE ACTIVITY	21-22 CONTROLLABLE GROSS EXPENDITURE £000	21-22 CONTROLLABLE INCOME £000	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES £000	25-26 BUDGET PROPOSAL £000	CHANGES £000	26-27 BUDGET PROPOSAL £000
Culture & Tourism													
Markets	1,552	(1,606)	(54)		(54)		(54)		(54)		(54)		(54)
Arts & Creative Development	992	(11)	981		981		981		981		981		981
Museums & Galleries	930	(300)	630		630		630		630		630		630
Culture & Tourism Management	82	0	82		82		82		82		82		82
Total	3,556	(1,917)	1,639	0	1,639	0	1,639	0	1,639	0	1,639	0	1,639
Venues													
Cliffe House	391	(467)	(76)		(76)		(76)		(76)		(76)		(76)
DRAM Centre	78	(49)	29		29		29		29		29		29
Town Halls & Public Halls	1,028	(987)	41		41		41		41		41		41
Catering	17,341	(19,147)	(1,806)		(1,806)		(1,806)		(1,806)		(1,806)		(1,806)
Caretaking & Cleaning	7,646	(6,739)	907		907		907		907		907		907
Bereavement	1,629	(3,595)	(1,966)		(1,966)		(1,966)		(1,966)		(1,966)		(1,966)
Management & Support	215	0	215		215		215		215		215		215
Total	28,328	(30,984)	(2,656)	0	(2,656)	0	(2,656)	0	(2,656)	0	(2,656)	0	(2,656)
TOTAL CULTURE & VISITOR ECONOMY	31,884	(32,901)	(1,017)	0	(1,017)	0	(1,017)	0	(1,017)	0	(1,017)	0	(1,017)

SKILLS & REGENERATION

SERVICE ACTIVITY	21-22 CONTROLLABLE GROSS EXPENDITURE £000	21-22 CONTROLLABLE INCOME £000	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES £000	25-26 BUDGET PROPOSAL £000	CHANGES £000	26-27 BUDGET PROPOSAL £000
<u>Business & Economy</u>													
Business & Enterprise Centres	744	(1,336)	(592)		(592)		(592)		(592)		(592)		(592)
Business & Skills	720	0	720	64	784	32	816		816		816		816
Total	1,464	(1,336)	128	64	192	32	224	0	224	0	224	0	224
Employment & Skills	864	(54)	810	52	862	52	914		914		914		914
<u>Planning & Building Control</u>													
Planning Development Management	1,957	(2,372)	(415)		(415)		(415)		(415)		(415)		(415)
Planning Policy & Strategy	940	0	940	118	1,058	185	1,243		1,243		1,243		1,243
Building Control	616	(1,027)	(411)		(411)		(411)		(411)		(411)		(411)
Flood Management	527	(163)	364		364		364		364		364		364
Total	4,040	(3,562)	478	118	596	185	781	0	781	0	781	0	781
<u>Major Projects</u>													
Major Projects	747	(343)	404		404		404		404		404		404
Project Management Office	291	(291)	0		0		0		0		0		0
Total	1,038	(634)	404	0	404	0	404	0	404	0	404	0	404
TOTAL SKILLS & REGENERATION	7,406	(5,586)	1,820	234	2,054	269	2,323	0	2,323	0	2,323	0	2,323

SKILLS & REGENERATION CHANGES

Service Activity	Proposed Change	Savings Template Reference					
			2022-23 £k	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k
Business & Economy Business & Skills	Business Advisors		128	128			
	Growth and Regeneration Mitigations		(64)	(96)			
Employment & Skills	Senior Officers		104	103			
	Growth and Regeneration Mitigations		(52)	(51)			
Planning & Building Control Planning Policy & Strategy	Staffing		225	222			
	Growth and Regeneration Mitigations		(107)	(37)			
TOTAL SKILLS & REGENERATION CHANGES			234	269	0	0	0

DEVELOPMENT

SERVICE ACTIVITY	21-22 CONTROLLABLE GROSS EXPENDITURE £000	21-22 CONTROLLABLE INCOME £000	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES £000	25-26 BUDGET PROPOSAL £000	CHANGES £000	26-27 BUDGET PROPOSAL £000
Housing Growth	1,184	(136)	1,048		1,048		1,048		1,048		1,048		1,048
<u>Property</u>													
Corporate Landlord & Capital	473	(877)	(404)	88	(316)	87	(229)		(229)		(229)		(229)
Corporate Landlord	13,740	(3,181)	10,559	(422)	10,137	465	10,602		10,602		10,602		10,602
Commercial Properties	891	(2,864)	(1,973)		(1,973)		(1,973)		(1,973)		(1,973)		(1,973)
Landbank	356	(56)	300		300		300		300		300		300
Capital Delivery,Technical & Asset Management	2,266	(3,531)	(1,265)		(1,265)		(1,265)		(1,265)		(1,265)		(1,265)
Total	17,726	(10,509)	7,217	(334)	6,883	552	7,435	0	7,435	0	7,435	0	7,435
Town Centres	342	0	342		342		342		342		342		342
<u>Housing Services</u>													
Accessible Homes Team	1,408	(1,081)	327		327		327		327		327		327
Housing Management	208	(154)	54		54		54		54		54		54
Housing Solutions	5,168	(3,571)	1,597		1,597		1,597		1,597		1,597		1,597
Managed Properties	4	(5)	(1)		(1)		(1)		(1)		(1)		(1)
Regeneration	130	(135)	(5)		(5)		(5)		(5)		(5)		(5)
Total	6,918	(4,946)	1,972	0	1,972	0	1,972	0	1,972	0	1,972	0	1,972
TOTAL DEVELOPMENT	26,170	(15,591)	10,579	(334)	10,245	552	10,797	0	10,797	0	10,797	0	10,797

DEVELOPMENT CHANGES

Service Activity	Proposed Change	Savings Template Reference					
			2022-23 £k	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k
Property							
Corporate Landlord & Capital	Restructure of Disposals/Acquisitions & Commercial Team		88	87			
Corporate Landlord	Improve compliance/facilitate Asset Transformation programme		266	265			
	Asset Strategy - Staffing		82	81			
	Growth and Regeneration Mitigations		(670)	119			
	New Directorate Savings	CW1	(100)				
Housing Services	Housing Services - Compliance - Increased budget to meet regulatory requirements		50				
	Growth and Regeneration Mitigations		(50)				
TOTAL DEVELOPMENT CHANGES			(334)	552	0	0	0

CORPORATE STRATEGY, COMMISSIONING & PUBLIC HEALTH

SERVICE ACTIVITY	21-22 CONTROLLABLE GROSS EXPENDITURE £000	21-22 CONTROLLABLE INCOME £000	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES £000	25-26 BUDGET PROPOSAL £000	CHANGES £000	26-27 BUDGET PROPOSAL £000
<u>STRATEGY & INNOVATION</u>													
IT	12,958	(2,394)	10,564	125	10,689		10,689		10,689		10,689		10,689
<u>Policy, Partnerships & Corporate Planning</u>													
Policy	834	(97)	737		737		737		737		737		737
Chief Executive & Corporate Support	1,483	(289)	1,194	(300)	894		894		894		894		894
Total	2,317	(386)	1,931	(300)	1,631	0	1,631	0	1,631	0	1,631	0	1,631
Strategic Communications	1,206	(177)	1,029		1,029		1,029		1,029		1,029		1,029
Intelligence & Performance	2,212	(673)	1,539		1,539		1,539		1,539		1,539		1,539
Transformation	129	(85)	44		44		44		44		44		44
TOTAL STRATEGY, INNOVATION & PLANNING	18,822	(3,715)	15,107	(175)	14,932	0	14,932	0	14,932	0	14,932	0	14,932
<u>PUBLIC HEALTH & PEOPLE</u>													
Peoples Service	6,744	(2,911)	3,833		3,833		3,833		3,833		3,833		3,833
<u>Public Health</u>													
Sexual Health	3,996		3,996		3,996		3,996		3,996		3,996		3,996
Health Checks	279		279		279		279		279		279		279
Health Protection	694	(38)	656		656		656		656		656		656
Child Measurement	9		9		9		9		9		9		9
Substance Misuse	5,936	(273)	5,663		5,663		5,663		5,663		5,663		5,663
Obesity	151		151		151		151		151		151		151
Physical Activity	332		332		332		332		332		332		332
Smoking & Tobacco	565		565		565		565		565		565		565
5-19 Public Health	1,425		1,425		1,425		1,425		1,425		1,425		1,425
Health at Work	4		4		4		4		4		4		4
Public Mental Health	6		6		6		6		6		6		6
Public Health - Miscellaneous	1,119		1,119		1,119		1,119		1,119		1,119		1,119
Emergency Planning Team	322	(107)	215		215		215		215		215		215
Corporate Health & Safety	426	(41)	385		385		385		385		385		385
Public Health - Management & Regulatory	1,361	(53)	1,308		1,308	(10)	1,298	54	1,352		1,352		1,352

CORPORATE STRATEGY, COMMISSIONING & PUBLIC HEALTH

SERVICE ACTIVITY	21-22 CONTROLLABLE GROSS EXPENDITURE £000	21-22 CONTROLLABLE INCOME £000	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES £000	25-26 BUDGET PROPOSAL £000	CHANGES £000	26-27 BUDGET PROPOSAL £000
Public Health Grant		(26,816)	(26,816)		(26,816)	10	(26,806)	(54)	(26,860)		(26,860)		(26,860)
0-5 Public Health (Mandated)	4,903		4,903		4,903		4,903		4,903		4,903		4,903
0-5 Public Health (other)	430		430		430		430		430		430		430
Total	21,958	(27,328)	(5,370)	0	(5,370)	0	(5,370)	0	(5,370)	0	(5,370)	0	(5,370)
<u>Sport & Physical Activity</u>													
Leisure Management	41	(29)	12		12		12		12		12		12
Sport & Physical Activity	51	0	51		51		51		51		51		51
Grant to KAL	1,570	0	1,570	470	2,040	200	2,240	200	2,440	200	2,640	200	2,840
Total	1,662	(29)	1,633	470	2,103	200	2,303	200	2,503	200	2,703	200	2,903
Healthwatch	185	(160)	25		25		25		25		25		25
TOTAL PUBLIC HEALTH & PEOPLE	30,549	(30,428)	121	470	591	200	791	200	991	200	1,191	200	1,391
<u>GOVERNANCE & COMMISSIONING</u>													
Legal	3,695	(357)	3,338	1,500	4,838		4,838		4,838		4,838		4,838
Procurement	1,000	(197)	803		803		803		803		803		803
Risk	2,962	(187)	2,775	250	3,025		3,025		3,025		3,025		3,025
<u>Place Based Working</u>													
District Committees	460	0	460		460		460		460		460		460
Placed Based Working Services	1,200	(278)	922		922		922		922		922		922
Total	1,660	(278)	1,382	0	1,382	0	1,382	0	1,382	0	1,382	0	1,382
<u>Governance</u>													
Governance	1,718	(63)	1,655		1,655		1,655		1,655		1,655		1,655
Electoral Services	844	(6)	838		838		838		838		838		838
Councillors Allowances	1,450	(210)	1,240		1,240		1,240		1,240		1,240		1,240
Civic Office	39	(6)	33		33		33		33		33		33
Total	4,051	(285)	3,766	0	3,766	0	3,766	0	3,766	0	3,766	0	3,766
Management & Regulatory	133	0	133		133		133		133		133		133

CORPORATE STRATEGY, COMMISSIONING & PUBLIC HEALTH

SERVICE ACTIVITY	21-22 CONTROLLABLE GROSS EXPENDITURE £000	21-22 CONTROLLABLE INCOME £000	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES £000	25-26 BUDGET PROPOSAL £000	CHANGES £000	26-27 BUDGET PROPOSAL £000
TOTAL GOVERNANCE & COMMISSIONING	13,501	(1,304)	12,197	1,750	13,947	0	13,947	0	13,947	0	13,947	0	13,947
FINANCE													
Accountancy	2,176	(529)	1,647		1,647		1,647		1,647		1,647		1,647
Commercial Services	138	(26)	112		112		112		112		112		112
Welfare & Exchequer	9,930	(3,352)	6,578		6,578		6,578		6,578		6,578		6,578
Management & Regulatory	133	0	133		133		133		133		133		133
Benefit Payments	65,605	(65,686)	(81)		(81)		(81)		(81)		(81)		(81)
TOTAL FINANCE	77,982	(69,593)	8,389	0	8,389	0	8,389	0	8,389	0	8,389	0	8,389
TOTAL CORPORATE STRATEGY, COMMISSIONING & PUBLIC HEALTH	140,854	(105,040)	35,814	2,045	37,859	200	38,059	200	38,259	200	38,459	200	38,659

CORPORATE STRATEGY, COMMISSIONING & PUBLIC HEALTH CHANGES

Service Activity	Proposed Change	Savings Template Reference					
			2022-23 £k	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k
STRATEGY & INNOVATION Information Technology Policy, Partnerships & Corporate Planning Chief Executive & Corporate Support PUBLIC HEALTH & PEOPLE Grant to Kirklees Active Leisure (KAL) GOVERNANCE & COMMISSIONING Legal Services Risk FINANCE Welfare & Exchequer	System Network Protection (outsource) & internal manager	CW1	250				
	Government Funding Offset - Cyber security		(125)				
	New Directorate Savings		(300)				
	Leisure Commissioning review		100				
	KAL Funding Contribution - National Living Wage		370	200	200	200	200
	Payment to KAL - COVID impacted income loss temporary support		2,000	(500)	(1,500)		
	KAL payment - COVID response reserve drawdown		(2,000)	500	1500		
	Legal Services demand pressure		1,500				
	Insurance Retendering		250				
	Client Financial Affairs Direct Payments, Appointeeship, Debtors		277				
	Client Financial Affairs Direct Payments, Appointeeship, Debtors - Government Income Offset		(277)				
TOTAL CORPORATE STRATEGY, COMMISSIONING & PUBLIC HEALTH CHANGES			2,045	200	200	200	200

CENTRAL BUDGETS

SERVICE ACTIVITY	21-22 CONTROLLABLE GROSS EXPENDITURE £000	21-22 CONTROLLABLE INCOME £000	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES £000	25-26 BUDGET PROPOSAL £000	CHANGES £000	26-27 BUDGET PROPOSAL £000
Treasury Management	12,085	(1,403)	10,682	2,277	12,959	3,928	16,887	15,986	32,873	2,650	35,523	4,558	40,081
Contingencies	11,223	(1,765)	9,458	5,600	15,058	6,650	21,708	3,550	25,258	3,550	28,808	4,550	33,358
Central Pension & Related Costs	2,124	(319)	1,805		1,805		1,805		1,805		1,805		1,805
Joint Committees	19,965	0	19,965		19,965	400	20,365	400	20,765	400	21,165		21,165
Corporate Management	704	(15)	689		689		689		689		689		689
TOTAL CENTRAL BUDGETS	46,101	(3,502)	42,599	7,877	50,476	10,978	61,454	19,936	81,390	6,600	87,990	9,108	97,098

CENTRAL BUDGETS CHANGES

Service Activity	Proposed Change	Savings Template Reference					
			2022-23 £k	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k
Contingencies	Review of employers superannuation rate	EX CE1		1600			
	Efficiency savings		(500)				
	Reduction in Fees and Charges, Sales and Commercial Rents Contingency		(1,000)	(1,000)	(1,000)	(1,000)	
	Targetted support to Council Tax Reduction (CTR) claimants		1,141	(2,641)			
	CTR support funding from Local Welfare Provision reserve		(2,641)	2,641			
	Reversal of capitalisation of Transformation Activity		2,000				
	National Insurance 1.25% Uplift (Government Health & Social Care Levy)		1,600				
	Future years inflation requirement		5,000	6,050	4,550	4,550	4,550
Treasury Management	Review of Treasury Management Budget		2,035	3,175	1,043	1,256	1,366
	Release of Minimum Revenue Provision (MRP) Flexibility			100	13,600		
	Additional borrowing costs for Capital - Cultural Heart		242	653	1,343	1,394	3,192
Joint Committees	Joint Committees Levy Uplifts			400	400	400	
TOTAL FOR CENTRAL BUDGETS CHANGES			7,877	10,978	19,936	6,600	9,108

HOUSING REVENUE ACCOUNT/HOMES & NEIGHBOURHOODS

SERVICE ACTIVITY	21-22 NET CONTROLLABLE BUDGET £000	CHANGES £000	22-23 BUDGET PROPOSAL £000	CHANGES £000	23-24 BUDGET PROPOSAL £000	CHANGES £000	24-25 BUDGET PROPOSAL £000	CHANGES £000	25-26 BUDGET PROPOSAL £000	CHANGES £000	26-27 BUDGET PROPOSAL £000
Repairs & Maintenance	27,016	1,479	28,495	275	28,770	(575)	28,195		28,195		28,195
<u>Housing Management</u>											
Policy & Management	13,921	459	14,380	124	14,504	152	14,656	154	14,810	156	14,966
Council Services bought in	2,945	509	3,454		3,454		3,454		3,454		3,454
Homes & Neighbourhoods Management Costs	19,892	2,431	22,323	(242)	22,081	319	22,400	454	22,854	(2,122)	20,732
Special Services (Communal facilities)	1,603	58	1,661		1,661		1,661		1,661		1,661
sub-total	38,361	3,457	41,818	(118)	41,700	471	42,171	608	42,779	(1,966)	40,813
<u>Other Expenditure</u>											
Depreciation charge on HRA Assets	16,500	1,300	17,800	500	18,300	500	18,800	500	19,300	500	19,800
Interest payable on capital debt	7,587	(220)	7,367	56	7,423	179	7,602	260	7,862	260	8,122
Bad debt provision	1,000		1,000		1,000		1,000		1,000		1,000
HRA share of corporate & democratic core	0		0		0		0		0		0
Rents, Rates , Taxes & other charges	515	10	525		525		525		525		525
Inflation Provision	0		0		0		0		0		0
Sub total	25,602	1,090	26,692	556	27,248	679	27,927	760	28,687	760	29,447
Total Expenditure	90,979	6,026	97,005	713	97,718	575	98,293	1,368	99,661	(1,206)	98,455
Dwelling Rent income	(80,483)	(2,768)	(83,251)	(2,378)	(85,629)	(4,285)	(89,913)	(870)	(90,783)	(2,369)	(93,152)
Non-Dwelling Rent Income	(669)	(3)	(672)	(13)	(685)	(12)	(698)	(13)	(711)	(13)	(724)
Tenant & Leaseholder charges for services & facilities	(2,813)	(35)	(2,848)	(94)	(2,942)	(99)	(3,041)	(103)	(3,144)	(107)	(3,251)
HRA Interest income on cashflow	(270)	150	(120)		(120)		(120)		(120)		(120)
Excellent Homes for Life (PFI) Government Grant	(7,912)		(7,912)		(7,912)		(7,912)		(7,912)		(7,912)
Total Income	(92,147)	(2,656)	(94,803)	(2,485)	(97,288)	(4,396)	(101,684)	(986)	(102,670)	(2,489)	(105,159)
Net Operating Expenditure	(1,168)	3,370	2,202	(1,772)	430	(3,821)	(3,391)	382	(3,009)	(3,695)	(6,704)
Revenue contribution to capital expenditure	1,168	(1,168)	0		0	3,391	3,391	(382)	3,009	3,695	6,704
Appropriation (from)/to HRA Reserves	0	(2,202)	(2,202)	1,772	(430)	430	0		0		0
Net Surplus/deficit	0	0	0	0	0	0	0	0	0	0	0

HOUSING REVENUE ACCOUNT/HOMES & NEIGHBOURHOODS CHANGES

Service Activity	Proposed Change	Savings Template Reference					
			2022-23 £k	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k
Expenditure							
Repairs & Maintenance	Additional compliance costs		1,479	275	(575)		
Policy & Management	PFI Scheme and Abortive costs		459	124	152	154	156
Council Services Bought In	Increase in Corporate Charges		509				
Homes & Neighbourhoods Management Costs	Additional resources for front line services		2,431	(242)	319	454	(2,122)
Special Services (Communal Facilities)	Concierge costs increased		58				
Depreciation Charge on HRA Assets	Linked to the increased investment and cost of assets		1,300	500	500	500	500
Interest payable on capital debt	Additional borrowing		(220)	56	179	260	260
Rents, Rates , Taxes & other charges	Increased costs associated with empty properties		10				
Income							
Dwelling Rent income	4.1% rent increase higher than anticipated		(2,768)	(2,378)	(4,285)	(870)	(2,369)
Non-Dwelling Rent Income	Inflationary increases for shops and other domestic properties		(3)	(13)	(12)	(13)	(13)
Tenant & Leaseholder charges for services & facilities	CPI increases on Service Charges higher than anticipated		(35)	(94)	(99)	(103)	(107)
Interest Income on Cashflow	Interest rates reduced		150				
Revenue contribution to capital expenditure	No contribution available in 2022/23 but is in subsequent years		(1,168)		3,391	(382)	3,695
Appropriation (from)/to HRA Reserves	Contribution from balances required to fund		(2,202)	1,772	430		
TOTAL Housing Revenue Account			0	0	0	0	0

Directorate	All
Service Area	Various
Headline Proposal	Efficiency Targets
Reference	NEW CW1

Forecast Savings	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Incremental Savings	(2,000)				
Cumulative Savings	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)

Description of Savings Proposal (Including interdependencies and risk)
<p>During 2022/23, the Council will target a total £2m of additional savings across all of the Directorates. These targets are split:</p> <p>Childrens: £0.4m Adults: £0.8m Growth and Regeneration: £0.1m Environment and Climate Change: £0.4m Corporate Strategy, Commissioning and Public Health: £0.3m</p> <p>As part of the Council's continued focus on achieving value for money, these savings targets have been set, which in the context of the overall net budget, are considered deliverable. The targets will cover cost efficiencies along with opportunities for additional income and will be specific to the relevant directorate. The development and implementation of proposals will be monitored and reviewed through the Council's senior leadership team and progress against them reported quarterly to Cabinet through established financial reporting processes in-year.</p>

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes	
This saving is based on improving value for money, so that work is completed with a reduced resource requirement. This should reduce the risk of a negative impact on service outcomes, which can be a consequence where staffing levels reduce, but working practices do not change.	
Does this proposal require an Equality Impact Assessment?	NO
Will this proposal require a Specific Service Consultation	NO

Accountable Head of Service	All Strategic Directors
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Service Director	Central
Service Area	General Contingencies
Headline Proposal	New efficiency savings
Reference	EX CE1

Forecast Savings	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Incremental Savings	(500)				
Cumulative Savings*	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)

*Cumulative savings include 2020-22 savings

Description of Savings Proposal (Including interdependencies and risk)
<p>As part of the Council's continuous improvement approach to being an 'efficient and effective' organisation, future year efficiency targets have been set, which in the context of the overall net budget, are considered deliverable. As well as potential cost efficiencies, this will also include opportunities for additional income opportunities. The development and implementation of proposals will be monitored and reviewed through the Council's senior leadership team and progress against them reported quarterly to Cabinet through established financial reporting processes in-year.</p>

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes	
Does this proposal require an Integrated Impact Assessment?	NO
Will this proposal require a Specific Service Consultation	NO
Accountable Head of Service	Rachel Spencer-Henshall

Multi-Year Capital Plan

Appendix A

Capital Plan Expenditure Summary

Capital Plan Expenditure Summary	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
General Fund:							
Aspire & Achieve	19,895	14,538	14,650	28,150	6,150	3,000	86,383
Best Start	611	3,608	4,750	250	0	0	9,219
Independent	3,163	11,996	2,496	8,863	250	0	26,768
Sustainable Economy	88,867	155,503	175,362	159,767	133,000	35,852	748,351
Well	11,950	6,908	4,048	2,433	1,688	300	27,327
Safe & Cohesive	0	172	0	0	0	0	172
Clean & Green	5,755	6,147	18,166	6,200	14,994	1,584	52,846
Efficient & Effective	3,815	2,870	1,555	1,550	2,000	1,582	13,372
General Fund Capital Plan	134,056	201,742	221,027	207,213	158,082	42,318	964,438
Housing Revenue Account:							
Independent - Strategic Priorities	7,309	28,471	45,660	35,493	20,801	31,986	169,720
Independent - Baseline	20,326	25,034	20,753	15,759	16,936	26,414	125,222
HRA Capital Plan	27,635	53,505	66,413	51,252	37,737	58,400	294,942
TOTAL EXPENDITURE	161,691	255,247	287,440	258,465	195,819	100,718	1,259,380

Capital Plan Funding Summary

Appendix A

General Fund Funding Summary	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
<i>Direct / Earmarked Contributions to Schemes</i>							
Capital Grants/Contributions	58,005	79,650	89,754	48,023	58,050	32,484	365,966
Earmarked Capital Receipts	3,786	3,038	2,165	4,915	50,482	532	64,918
Service Funded Prudential Borrowing	4,028	4,071	931	3,950	4,350	400	17,730
Revenue Contributions	250	250	250	225	0	0	975
<i>Pooled Resources</i>							
Non-Earmarked Capital Receipts	3,100	3,352	3,500	3,500	3,500	3,500	20,452
Corporate Prudential Borrowing	64,887	111,381	124,427	146,600	41,700	5,402	494,397
GENERAL FUND FUNDING	134,056	201,742	221,027	207,213	158,082	42,318	964,438


Housing Revenue Account Funding Summary	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
<i>Direct / Earmarked Contributions to Schemes</i>							
Capital Grants/Contributions	330	3,309	3,399	2,302	3,465	6,502	19,307
Earmarked Capital Receipts	2,684	8,406	13,599	11,296	3,868	4,293	44,146
Reserves / Revenue Contributions	7,659	16,690	18,856	4,897	9,107	26,139	83,348
Reserves - MRR	14,836	17,757	13,459	17,757	17,757	17,757	99,323
Corporate Prudential Borrowing	2,126	7,343	17,100	15,000	3,540	3,709	48,818
HRA FUNDING	27,635	53,505	66,413	51,252	37,737	58,400	294,942



GENERAL FUND CAPITAL PLAN		Funding	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
ASPIRE & ACHIEVE									
	Strategic Priorities								
	New Special School for Woodley @ Almondbury	B	50	249	900	9,300	2,400	0	12,899
*	District Sufficiency SEND (Almondbury)	G	0	0	0	8,000	0	0	8,000
	New Special School for Woodley @ Almondbury	T	50	249	900	17,300	2,400	0	20,899
	New Special School for J.Norton @ Deighton	B	75	575	7,000	6,850	500	0	15,000
	<i>District Sufficiency – SEND</i>	B	125	824	7,900	24,150	2,900	0	35,899
	Brambles Primary Academy	G /S106 /B	5,977	422	0	0	0	0	6,399
	King James High School	B	4,568	164	0	0	0	0	4,732
	Almondbury Community School	B	19	0	0	0	0	0	19
	Scissett Middle School	S106	10	198	0	0	0	0	208
	Birkby Junior Expansion	G	30	0	0	0	0	0	30
	Beaumont Academy	G	101	0	0	0	0	0	101
	North Huddersfield Trust School	B	50	0	0	0	0	0	50
	Manor Croft Academy	B	200	2,500	0	0	0	0	2,700
	Thornhill Community Academy	B	0	600	0	0	0	0	600
	Reprovision of Special School - Lydgate	B	37	0	0	0	0	0	37
	Secondary School Places Basic Need	B	0	163	2,500	0	0	0	2,663
	<i>New Pupil Places in Primary/Secondary Schools</i>	T	10,992	4,047	2,500	0	0	0	17,539
	Dewsbury Learning Quarter	B	6	0	0	0	0	0	6



GENERAL FUND CAPITAL PLAN		Funding	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
ASPIRE & ACHIEVE (Cont'd)									
	Strategic Priorities								
	Libraries & Public Buildings	B	410	2,621	0	0	0	0	3,031
	Almondbury Library	B	20	35	0	0	0	0	55
	Birkby Library	B	325	36	0	0	0	0	361
	<i>Libraries & Public Buildings</i>		755	2,692	0	0	0	0	3,447
	Strategic Priorities Total		11,878	7,563	10,400	24,150	2,900	0	56,891
	Baseline								
	Basic Need	G/B	604	500	500	500	0	0	2,104
	Capital Maintenance	G	4,299	5,000	3,000	2,800	2,600	2,400	20,099
	Capital Maintenance (Newsome High)	B	387	0	0	0	0	0	387
	Devolved Formula Capital	G	763	800	750	700	650	600	4,263
	Baseline Total		6,053	6,300	4,250	4,000	3,250	3,000	26,853
	One Off Projects								
	SEND Provision	G/B	1,864	675	0	0	0	0	2,539
	Commissioning option appraisals to facilitate the delivery of the outcomes of the SEN High Level review of future needs	B	100	0	0	0	0	0	100
	One Off Projects Total		1,964	675	0	0	0	0	2,639
	ASPIRE & ACHIEVE TOTAL		19,895	14,538	14,650	28,150	6,150	3,000	86,383



GENERAL FUND CAPITAL PLAN		Funding	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
BEST START									
	Strategic Priorities								
	Residential Children's Units – Magdale House	B	400	728	0	0	0	0	1,128
	Youth Places to Go Capital Grant Scheme	B	0	1,000	0	0	0	0	1,000
	Specialist Accommodation / Youth Services	B/G	102	1,880	4,750	250	0	0	6,982
	Strategic Priorities Total		502	3,608	4,750	250	0	0	9,110
	One Off Projects								
	Liquid Logic Portal	B*	109	0	0	0	0	0	109
	One Off Projects Total		109	0	0	0	0	0	109
	BEST START TOTAL		611	3,608	4,750	250	0	0	9,219

Multi-Year Capital Plan

Appendix A



GENERAL FUND CAPITAL PLAN		Funding	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
INDEPENDENT									
	Strategic Priorities								
	Commissioning Option Appraisals to facilitate outcomes of Specialist Accommodation Strategy	B	14	10	10	10	0	0	44
	Cherry Trees	B	584	0	0	0	0	0	584
	Knowl Park House	B/G	1,095	4,591	767	0	0	0	6,453
	Homestead Dementia Services	B	256	4,334	350	0	0	0	4,940
	Day Services Support for Vulnerable Adults	B	185	507	909	8,853	250	0	10,704
	Strategic Priorities Total		2,134	9,442	2,036	8,863	250	0	22,725
	One Off Projects								
	Adults Social Care Operation	G	291	250	0	0	0	0	541
	Assistive Technology IT Consultant	G	75	45	0	0	0	0	120
	Highfields	B	13	0	0	0	0	0	13
	Carefirst System Replacement	B/R	650	1,338	0	0	0	0	1,988
*	Carephones - Digital Switchover	B	0	921	460	0	0	0	1,381
	One Off Projects Total		1,029	2,554	460	0	0	0	4,043
	INDEPENDENT TOTAL		3,163	11,996	2,496	8,863	250	0	26,768



GENERAL FUND CAPITAL PLAN		Funding	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
SUSTAINABLE ECONOMY									
	Strategic Priorities								
	<i>West Yorkshire plus Transport Schemes:</i>								
	A62 to Cooper Bridge Corridor Improvements	G	982	1,582	5,075	12,533	38,313	9,502	67,987
	A653 Leeds to Dewsbury Corridor (M2D2L)	G	902	1,810	6,824	2,448	0	0	11,984
	A629 Halifax Road Phase 5	G	882	3,846	1,556	4,630	0	0	10,914
	UTMC Urban Traffic Management	G	314	0	0	0	0	0	314
	Huddersfield Southern Corridors	G/B	1,843	4,259	4,725	0	0	66	10,893
	North Kirklees Orbital Route (NKOR)	G	18	46	0	0	0	0	64
	Corridor Improvement Programme								
	Corridor Improvement Programme – A62 Smart Corridor	G	3,105	3,826	0	0	0	0	6,931
	Corridor Improvement Programme - Holmfirth Town Centre Access Plan	G	567	1,249	1,628	0	0	0	3,444
	CityConnect								
	CityConnect Phase 3 Cooper Bridge	G	543	1,102	0	0	0	0	1,645
	CityConnect Phase 3 Huddersfield Town Centre	G/B	75	1,410	63	0	0	0	1,548
	WYTF Rolling Fund	B	625	0	0	0	0	0	625
	Council Underwrite	B	0	4,704	0	941	3,446	0	9,091
	<i>West Yorkshire plus Transport Schemes</i>	T	9,856	23,834	19,871	20,552	41,759	9,568	125,440
	Emergency Active Travel	G	1,576	0	0	0	0	0	1,576



GENERAL FUND CAPITAL PLAN		Funding	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
SUSTAINABLE ECONOMY									
	Strategic Priorities								
	<i>Transforming Cities Fund:</i>								
	<u>Rail-Bus Better Connected Stations</u>								
	Huddersfield Rail Station Access	G	704	0	0	0	0	0	704
	Dewsbury Rail Station Access	G	199	0	0	0	0	0	199
	<i>Rail-Bus Better Connected Stations</i>	T	903	0	0	0	0	0	903
	<u>TCF Main scheme</u>								
	Heckmondwike Bus Station	G	550	2,500	1,799	0	0	0	4,849
	Dews/Cleck Sustainable Travel Corridor	G/B	750	5,700	5,975	0	0	0	12,425
	Dews TC Walking & Cycling Improvements	G/B	850	4,550	5,317	0	0	0	10,717
	Huddersfield Rail Station Access	G/B	700	3,200	6,588	0	0	0	10,488
	A629 Wakefield Rd Sustainable Travel Corridor	G	700	650	4,061	500	0	0	5,911
	Huddersfield Bus Station	G/B	500	1,550	4,426	0	0	0	6,476
	Dews/Bat/Tingley Sustainable Travel Corridor	G/B	550	1,000	6,174	0	0	0	7,724
	Trinity Street Foot/Cycle Bridge	G	450	2,450	2,600	0	0	0	5,500
	<i>TCF Main scheme</i>	T	5,050	21,600	36,940	500	0	0	64,090
	<i>Transforming Cities Fund</i>	T	5,953	21,600	36,940	500	0	0	64,993



GENERAL FUND CAPITAL PLAN		Funding	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
SUSTAINABLE ECONOMY									
	Strategic Priorities								
	Aspirational Regeneration of Major Town Centres - Feasibility	B	211	0	0	0	0	0	211
	<i>Regeneration of Strategic Town Centres - Huddersfield:</i>								
	<u>Huddersfield Town Centre Schemes</u>								
	Huddersfield TC - Shop Front Grants	B	71	285	430	207	202	0	1,195
	The Northumberland Street Regeneration Project	B	306	1,606	52	0	0	0	1,964
*	The Northumberland Street Regeneration Project	B	0	236	0	0	0	0	236
	Huddersfield TC Design Framework	B	1,277	0	0	0	0	0	1,277
	Cultural Interventions - Growing Seeds	B	10	0	0	0	0	0	10
		T	1,664	2,127	482	207	202	0	4,682
	<u>Heritage Action Zone</u>								
	The George Hotel HAZ Scheme	B/G	1,078	5,170	1,253	0	0	0	7,501
	Estate Buildings HAZ Scheme	B/G	463	2,437	944	0	0	0	3,844
	HAZ Complementary Initiatives	B/G	58	67	0	0	0	0	125
		T	1,599	7,674	2,197	0	0	0	11,470
	<u>Huddersfield Public Realm Works</u>								
	New Street Public Realm Development	B	1,000	1,000	0	2,822	0	0	4,822
	Huddersfield Town Hall Lighting	B	2	0	0	0	0	0	2
	Huddersfield Town Centre Cameras	B	74	25	25	25	0	0	149
	Refurb of 2 New Street, Huddersfield	B	45	0	0	0	0	0	45
		T	1,121	1,025	25	2,847	0	0	5,018
	Public Realm - Golden Route	B	600	400	0	0	0	0	1,000



GENERAL FUND CAPITAL PLAN			2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
SUSTAINABLE ECONOMY									
	Strategic Priorities								
	<i>Regeneration of Strategic Town Centres - Huddersfield</i>	T	4,984	11,226	2,704	3,054	202	0	22,170
	<i>Regeneration of Strategic Town Centres - Dewsbury:</i>								
	<u>Better Spaces Strategy</u>								
	Better Spaces Phase 1	B	48	0	0	0	0	0	48
	Better Spaces - Spring Upgrade	B	66	0	0	0	0	0	66
	BS Phase 2 - Library Frontage	B	374	0	0	0	0	0	374
	BS Phase 2 - Town Park	B	60	0	0	0	0	0	60
	Town Park	R/G	100	950	2,450	6,950	3,300	0	13,750
	BS Phase 2 - Pocket Park, Northgate	B	20	0	272	200	0	0	492
	BS Phase 2 - Bond Street Public Realm	B	40	0	0	0	0	0	40
	BS Phase 2 - Public Art	B	129	50	0	0	0	0	179
	Cultural Interventions - Growing Seeds	B	26	0	0	0	0	0	26
	Dewsbury Streetlighting	B	83	0	0	0	0	0	83
	Dewsbury Town Hall Lighting	B	65	0	0	0	0	0	65
		T	1,011	1,000	2,722	7,150	3,300	0	15,183
	Dewsbury Revival Grant Scheme - Shop	B	83	377	700	87	0	0	1,247
	Building Revival Scheme - Town Fund Grant	G	0	460	700	1,314	676	0	3,150
	Heritage Action Zone	B/R/G	422	3,813	1,572	1,220	1,780	0	8,807
	Dewsbury Market Upgrade	B/R/G	1,450	7,190	5,511	650	0	0	14,801
	The Arcade, Dewsbury	B/G	582	2,248	2,442	207	0	0	5,479
	Wellington Street Cycleway	B	21	0	0	0	0	0	21



GENERAL FUND CAPITAL PLAN		Funding	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
SUSTAINABLE ECONOMY									
	Strategic Priorities								
	Footpath, Cycle Routes & Facilities	B	49	0	0	0	0	0	49
	Lighting For Royal Arcades	B	74	0	0	0	0	0	74
	Creative Hub	B	16	0	0	0	0	0	16
	Digital Hubs	B	5	0	0	0	0	0	5
	Land to rear of Pioneer House	B	7	0	0	0	0	0	7
	Dewsbury Town Centre Action Plan	B	396	320	0	0	0	0	716
	Fibre Capability	G/R	200	200	50	50	0	0	500
	Construction Skills Village	G/R	0	1,100	1,150	0	0	0	2,250
	Creative Culture	G	0	50	400	412	459	309	1,630
	Sustainable Transport	G	275	1,050	0	0	0	0	1,325
	<i>Regeneration of Strategic Town Centres - Dewsbury</i>	T	4,591	17,808	15,247	11,090	6,215	309	55,260
	Town Centre Action Plans	T	9,786	29,034	17,951	14,144	6,417	309	77,641
	Smaller Towns & Villages	B	0	400	1,000	1,000	1,000	600	4,000
	Batley Smaller Towns & Villages	B	50	750	700	0	0	0	1,500
	Cleckheaton Smaller Towns & Villages	B	10	440	800	250	0	0	1,500
	Holmfirth Smaller Towns & Villages	B	10	440	800	250	0	0	1,500
	Heckmondwike Smaller Towns & Villages	B	10	600	700	190	0	0	1,500
	<i>Regeneration and Greening of Smaller Towns and Villages</i>	T	80	2,630	4,000	1,690	1,000	600	10,000
	Dewsbury Staff Move & Regeneration	B	0	100	500	750	3,000	4,150	8,500



GENERAL FUND CAPITAL PLAN		Funding	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
SUSTAINABLE ECONOMY									
	Strategic Priorities								
	Market Hall Multi-Storey Car Park	B	600	30	475	5,500	3,000	0	9,605
	Queensgate Underpass	B	10	35	25	0	0	0	70
	Cultural Heart	B	4,064	368	1,500	1,500	26,800	0	34,232
*	Cultural Heart	B	0	7,882	47,115	81,231	29,865	0	166,093
	<i>Additional Investment into Strategic Town Centres</i>	T	4,674	8,415	49,615	88,981	62,665	4,150	218,500
	Strategic Acquisition Fund	B	2,017	4,000	0	0	0	0	6,017
	Property Investment Fund:								
	Economic Recovery Fund	B**	0	0	2,500	2,500	0	0	5,000
	Stadium Development	B**	4,100	4,900	4,000	0	0	0	13,000
	103 New Street	B**	5,018	0	0	0	0	0	5,018
	Kingsgate Phase 2	B**	515	3,000	4,000	0	0	0	7,515
	<i>Property Investment Fund</i>	T	9,633	7,900	10,500	2,500	0	0	30,533
	Start Up and Retention Policy Capital Grants	Res	250	250	250	225	0	0	975
	Dewsbury Riverside	B/G	500	6,000	10,000	5,716		0	22,216
	Site Development	G/ S106	4,561	59	48	0		0	4,668
	Public Realm Improvements	B	172	0	0	0		0	172
	Strategic Priorities Total		49,058	103,722	149,175	134,308	111,841	14,627	562,731
	Baseline								
	Housing Private	G/R	3,643	3,890	4,151	4,150	4,150	4,292	24,276



GENERAL FUND CAPITAL PLAN		Funding	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
SUSTAINABLE ECONOMY									
	Baseline								
	Highways:								
	<u>Maintenance</u>								
	Principal Roads	G	3,847	3,261	2,068	2,068	2,068	2,068	15,380
	Roads Connecting Communities	G	1,219	1,391	926	926	926	926	6,314
	Local Community Roads	B/G	7,652	5,555	1,742	1,742	1,742	1,742	20,175
	Structures	G	888	2,220	1,037	1,037	1,037	1,037	7,256
	Unadopted Roads	B	100	50	50	50	50	50	350
	Streetlighting	B*/G	3,725	1,000	0	0	0	0	4,725
	Locality Based U Roads Improvements	B	5,009	7,340	0	0	0	0	12,349
	<i>Maintenance</i>	T	22,440	20,817	5,823	5,823	5,823	5,823	66,549
	<u>Integrated Transport</u>								
	Integrated Public Transport	G	725	168	168	168	168	168	1,565
	Network Management	B/G	449	271	100	100	100	100	1,120
	Cycling and Walking	B/G/ S278	238	120	120	120	120	120	838
	Safer Roads	B/G	1,244	2,240	1,011	1,011	1,011	1,011	7,528
	Flood Management and Drainage Improvements	B/G/ S278	755	680	450	450	450	450	3,235
	Developer Funded Schemes	S278	422	0	0	0	0	0	422
	<i>Integrated Transport</i>	T	3,833	3,479	1,849	1,849	1,849	1,849	14,708
*	Locality Based U Roads Improvement	B	0	0	5,000	5,000	0	0	10,000
*	Landslip Holme Moss & Bradley Mills	B	0	5,000	0	0	0	0	5,000
*	Patching/Potholing (Capitalisation)	B	0	1,000	1,000	1,000	1,000	1,000	5,000
	<i>Highways Total</i>	T	26,273	30,296	13,672	13,672	8,672	8,672	101,257



GENERAL FUND CAPITAL PLAN		Funding	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
SUSTAINABLE ECONOMY									
	Baseline								
	Corporate Landlord Asset Investment	B	5,743	10,286	2,133	2,800	2,800	4,300	28,062
	Corporate Landlord Compliance	B	1,165	1,000	1,250	1,250	1,000	1,000	6,665
	<i>Corporate Landlord</i>		6,908	11,286	3,383	4,050	3,800	5,300	34,727
	Corporate Landlord Suitability Programme	B	100	1,500	1,400	1,000	1,000	1,000	6,000
	Sustainability of Huddersfield Town Hall - Conditions	B	0	200	1,000	500	1,500	300	3,500
	<i>Corporate Landlord Asset Strategy Review</i>	T	100	1,700	2,400	1,500	2,500	1,300	9,500
	Bereavement	B	543	325	200	150	150	150	1,518
	Vehicle Replacement Programme	B	1,011	1,594	1,250	1,250	1,250	1,250	7,605
	School Catering	B	343	200	200	200	200	200	1,343
	Baseline Total		38,821	49,291	25,256	24,972	20,722	21,164	180,226
	One-Off Projects								
	Housing (Regeneration)	G/R	44	0	0	0	0	0	44
	Strategic Asset Utilisation	B	100	600	444	0	0	0	1,144
	Leeds City Region Revolving Fund	B	611	600	0	0	0	0	1,211
	School Catering - Compliance Essential Works	B*	187	150	150	150	100	0	737
	Ward Based Activity	B	41	53	0	0	0	0	94
*	Operational Services Asset Management System	B	0	1,008	276	276	276	0	1,836
*	Asset Management Property Database	B	5	79	61	61	61	61	328
	One-Off Projects Total		988	2,490	931	487	437	61	5,394
	SUSTAINABLE ECONOMY TOTAL		88,867	155,503	175,362	159,767	133,000	35,852	748,351

GENERAL FUND CAPITAL PLAN		Funding	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
WELL									
	Strategic Priorities								
	Spenborough Valley Leisure Centre	B	9,726	536	0	0	0	0	10,262
	Huddersfield Leisure Centre	B	156	0	0	0	0	0	156
	Dewsbury Sports Centre Priorities	B	236	300	1,150	200	0	0	1,886
	Strategic Priorities Total		10,118	836	1,150	200	0	0	12,304
	Baseline								
	KAL Programme	B/B*	619	1,901	676	200	300	300	3,996
	Play Strategy	B/G/ S106	1,213	4,171	2,222	2,033	1,388	0	11,027
	Baseline Total		1,832	6,072	2,898	2,233	1,688	300	15,023
	WELL TOTAL		11,950	6,908	4,048	2,433	1,688	300	27,327
	SAFE AND COHESIVE								
	Strategic Priorities								
	Youth Offending Team	B	0	172	0	0	0	0	172
	Strategic Priorities Total		0	172	0	0	0	0	172
	SAFE AND COHESIVE TOTAL		0	172	0	0	0	0	172



GENERAL FUND CAPITAL PLAN		Funding	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
CLEAN AND GREEN									
	Strategic Priorities								
	Depot Works	B	392	25	0	0	0	0	417
	Waste Strategy	B/G	386	1,809	1,800	0	0	0	3,995
	Waste Management Plant/ Infrastructure	B/B*/ G	1,600	2,600	2,600	6,100	14,100	0	27,000
	Climate Emergency - Green Travel	B	1,000	1,000	0	0	0	0	2,000
	Air Quality	B	40	305	0	0	0	0	345
	Huddersfield Heat Network	G/B	436	200	13,666	0	794	0	15,096
	Trees for Climate Programme	G	1,498	108	0	0	0	1,484	3,090
	Strategic Priorities Total		5,352	6,047	18,066	6,100	14,894	1,484	51,943
	Baseline								
	Environment & Strategic Waste	B	100	100	100	100	100	100	600
	Baseline Total		100	100	100	100	100	100	600
	One Off Projects								
	Electric Vehicle Charge Points	G	303	0	0	0	0	0	303
	One Off Projects Total		303	0	0	0	0	0	303
	CLEAN AND GREEN TOTAL		5,755	6,147	18,166	6,200	14,994	1,584	52,846



GENERAL FUND CAPITAL PLAN		Funding	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
EFFICIENT AND EFFECTIVE									
	Baseline								
	Information Technology	B	900	900	900	900	900	900	5,400
	Information Technology – Cyber Security & Resilience	G	350	0	0	0	0	0	350
	One Venue Development	B	227	500	100	100	200	200	1,327
	Sustainability of Major Town Halls - Service Development	B*	61	1,020	105	100	450	100	1,836
	Baseline Total		1,538	2,420	1,105	1,100	1,550	1,200	8,913
	One Off Projects								
	Transformation Capitalisation	R	2,000	0	0	0	0	0	2,000
	Information Technology (Digital)	B	96	450	450	450	450	382	2,278
	Information Technology	B	74	0	0	0	0	0	74
	Internal Renovation works	B	107	0	0	0	0	0	107
	One Off Projects Total		2,277	450	450	450	450	382	4,459
	EFFICIENT AND EFFECTIVE TOTAL		3,815	2,870	1,555	1,550	2,000	1,582	13,372
GENERAL FUND CAPITAL PLAN TOTAL			134,056	201,742	221,027	207,213	158,082	42,318	964,438

FUNDING KEY:

B = Borrowing

B* = Service funded Borrowing

B** = Borrowing for provision of loans for development projects, covered by repayments

G = Grant

R = Capital receipts

S106/S275 = developer contributions

T = Total

* = Addition



HOUSING REVENUE ACCOUNT CAPITAL PLAN	Funding	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
INDEPENDENT								
Strategic Priorities								
Housing Growth	H/R	2,300	3,662	2,880	3,240	3,770	4,552	20,404
New Build Phase 1 - Ashbrow Extra Care	H/R	865	5,116	769	0	0	0	6,750
*New Build Phase 1 - Ashbrow Extra Care	H/R	0	0	1,850	0	0	0	1,850
	T	865	5,116	2,619	0	0	0	8,600
Remodelling / High Rise	H	200	4,376	7,424	0	0	0	12,000
*Remodelling / High Rise	H/G	0	1,876	3,487	7,253	11,131	21,253	45,000
	T	200	6,252	10,911	7,253	11,131	21,253	57,000
IT System (Universal Housing Replacement)	H	400	453	0	0	0	0	853
*Property System Replacement	H	0	750	750	0	0	0	1,500
Council House Building	B/R	3,544	12,238	9,800	10,500	5,900	0	41,982
*Council House Building	B/R	0	0	18,700	14,500	0	6,181	39,381
	T	3,544	12,238	28,500	25,000	5,900	6,181	81,363
Strategic Priorities Total		7,309	28,471	45,660	35,493	20,801	31,986	169,720



HOUSING REVENUE ACCOUNT CAPITAL PLAN	Funding	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
INDEPENDENT								
Baseline								
Housing Capital Plan	H	11,848	9,153	10,606	10,606	11,647	11,647	65,507
*Housing Capital Plan	H	0	0	0	0	0	9,478	9,478
	T	11,848	9,153	10,606	10,606	11,647	21,125	74,985
Estate Improvements (Neighbourhood Investment)	H	100	1,151	800	900	1,000	1,000	4,951
Compliance	H	3,830	8,700	5,558	500	500	500	19,588
Fuel poverty	H/ G	1,041	2,730	825	825	825	825	7,071
Adaptations	H	3,507	3,300	2,964	2,928	2,964	2,964	18,627
Baseline Total		20,326	25,034	20,753	15,759	16,936	26,414	125,222
HRA CAPITAL PLAN TOTAL		27,635	53,505	66,413	51,252	37,737	58,400	294,942

FUNDING KEY:

H = HRA revenue contribution/major repairs reserve

R = Capital receipts

G = Grant

B = Borrowing

FUNDING AND SPEND CHANGES

	2022-23 £k	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k
FUNDING					
STARTING POINT - 2021-26 MTFP	(313,519)	(319,910)	(330,622)	(338,113)	(338,113)
CHANGES					
<i>Council Tax</i>					
Basic Council Tax Increase	-	-	-	-	(4,588)
Adult Social Care Precept Increase	(1,983)	(4,144)	(6,471)	(8,956)	(11,527)
Taxbase Changes	(2,426)	(2,679)	(2,164)	(2,743)	(5,063)
	(4,409)	(6,823)	(8,635)	(11,699)	(21,178)
<i>Business Rates Income</i>					
Business Rates Local Share	(2,390)	(4,025)	(2,034)	(2,034)	(2,034)
	(2,390)	(4,025)	(2,034)	(2,034)	(2,034)
<i>Government Funding</i>					
Business Rates Retention Scheme	(3,771)	(8,316)	(8,625)	(9,695)	(11,627)
Services Grant - new for 2022/23	(5,700)	-	-	-	-
New Homes Bonus Reduction	853	-	-	-	-
Lower Tier Services Grant	(563)	-	-	-	-
	(9,181)	(8,316)	(8,625)	(9,695)	(11,627)
TOTAL FUNDING CHANGES	(15,980)	(19,164)	(19,294)	(23,428)	(34,839)
REVISED FUNDING BASELINE 2022-27	(329,499)	(339,074)	(349,916)	(361,541)	(372,952)
SPENDING					
NET BUDGET - 2021-26 MTFP	328,083	337,033	354,883	359,133	359,133
CHANGES					
<u>Children</u>					
Residential Sufficiency	852	852	852	852	852
Sufficiency Review Offset	-	(852)	(852)	(852)	(852)
Demand Led Pressures	1,100	-	-	-	-
Demand Led Pressures - Adjustments	(1,100)	-	-	-	-
Deferral of 2022/23 Savings	593	593	-	-	-
School transport Post 16	600	600	600	600	600
Schools Block transfer to High Needs (DSG)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)
SEND investment to support DSG deficit reduction (DSG)	1,600	1,600	1,600	1,600	1,600
New Directorate Savings	(400)	(400)	(400)	(400)	(400)
	1,645	793	200	200	200
<u>Adults</u>					
Adult Social Care – Cost & Demand pressures	3,683	5,183	5,183	5,183	16,183
Net Better Care Fund adjustment	(456)	(456)	(456)	(456)	(456)
Social Care Core Grant adjustment	6,019	17,019	28,019	39,019	39,019
Market Sustainability and Fair Cost of Care Grant	(1,255)	(1,255)	(1,255)	(1,255)	(1,255)

	2022-23 £k	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k
Share of Department of Health & Social Care £1.7bn funding	(1,700)	(3,300)	(4,900)	(4,900)	(4,900)
Expected Other Funding In-Year	(2,545)	(7,445)	(10,845)	(15,145)	(19,345)
New Directorate Savings	(800)	(800)	(800)	(800)	(800)
	2,946	8,946	14,946	21,646	28,446
<u>Growth and Regeneration</u>					
Corporate Landlord - Improve compliance/facilitate Asset Transformation programme	266	531	531	531	531
Restructure of Disposals/Acquisitions & Commercial Team	88	175	175	175	175
Asset Strategy - Staffing	82	163	163	163	163
Planning & Building Control - Staffing	225	447	447	447	447
Employment and Skills - Senior Officers	104	207	207	207	207
Business & Skills - Business Advisors	128	256	256	256	256
Housing Services - Compliance - Increased budget to meet regulatory requirements	50	50	50	50	50
Growth and Regeneration Mitigations	(943)	(1,009)	(1,009)	(1,009)	(1,009)
New Directorate Savings	(100)	(100)	(100)	(100)	(100)
	(100)	720	720	720	720
<u>Environment & Climate Change</u>					
Interim Waste Contract	3,100	3,100	3,100	3,100	3,100
Waste Management - recycling investment	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Place infrastructure capacity	(500)	(500)	(500)	(500)	(500)
Capitalisation	(900)	(800)	(700)	(600)	(500)
School transport	300	300	300	300	300
New Directorate Savings	(400)	(400)	(400)	(400)	(400)
	600	700	800	900	1,000
<u>Corporate</u>					
IT System Network Protection (outsource) & internal manager	250	250	250	250	250
Government Funding Offset - Cyber security	(125)	(125)	(125)	(125)	(125)
Legal Services Demand Pressure	1,500	1,500	1,500	1,500	1,500
Client Financial Affairs - Direct Payments, Appointeeship, Debtors	277	277	277	277	277
Client Financial Affairs - Direct Payments, Appointeeship, Debtors - Government Income Offset	(277)	(277)	(277)	(277)	(277)
Insurance Retendering	250	250	250	250	250
KAL Funding Contribution – National Living Wage	370	570	770	970	1,170
Payment to KAL – COVID impacted income loss temporary support	2,000	1,500	-	-	-
KAL payment - COVID response reserve drawdown	(2,000)	(1,500)	-	-	-
New Directorate Savings	(300)	(300)	(300)	(300)	(300)
	1,945	2,145	2,345	2,545	2,745
<u>Central Budgets</u>					
National Insurance 1.25% Uplift	1,600	1,600	1,600	1,600	1,600
Pay Inflation Differentials	-	1,500	1,500	1,500	1,500
Redirect Pay Inflation to Energy Inflation	(740)	(740)	(740)	(740)	(740)
Increased Energy Inflation Requirement	740	740	740	740	740
New Year 5 inflation	-	-	-	-	4,550
Targeted support to Council Tax Reduction (CTR) claimants	2,641	-	-	-	-
CTR support - from Local Welfare Provision reserve	(2,641)	-	-	-	-

	2022-23 £k	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k
Additional borrowing costs for Capital - Cultural Heart	242	896	2,239	3,633	6,825
Additional borrowing costs for Capital - Other	(1,962)	1,113	2,056	3,212	4,478
	(120)	5,109	7,395	9,945	18,953
TOTAL NET BUDGET CHANGES	6,916	18,413	26,406	35,956	52,064
UPDATED NET BUDGET	334,999	355,446	381,289	395,089	411,197
BUDGET GAP	5,500	16,372	31,373	33,548	38,245
<u>Reserves Movements:</u>					
Earmarked Reserves Drawdown – MTFP Support	(5,500)				
UPDATED BUDGET GAP	-	16,372	31,373	33,548	38,245

GENERAL FUND EARMARKED RESERVES

APPENDIX Bii)

	Reserves at 1st April 2021 incl. 2021-26 Bud Report Approved Transfers	Estimated reserves position at 1st April 2022	2022-27 Budget Report Approved Transfers 22/23	2022-27 Budget Report Approved Drawdowns 22/23	Estimated reserves position at 1st April 2022 (revised)	Estimated reserves position at 1st April 2023	Estimated reserves position at 1st April 2024	Estimated reserves position at 1st April 2025	Estimated reserves position at 1st April 2026	Estimated reserves position at 1st April 2027
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
STATUTORY										
Schools Balances	(13,562)	(13,562)	-	-	(13,562)	(13,562)	(13,562)	(13,562)	(13,562)	(13,562)
Public Health	(1,539)	(1,539)	-	-	(1,539)	(1,539)	(1,539)	(1,539)	(1,539)	(1,539)
Total Statutory	(15,101)	(15,101)	-	-	(15,101)	(15,101)	(15,101)	(15,101)	(15,101)	(15,101)
EARMARKED								-		
Transformation/Development Funding										
Ward Based Activity	(1,400)	(1,071)	-	-	(1,071)	(821)	(571)	(321)	(90)	-
Strategic Investment support	(4,954)	(4,066)	-	-	(4,066)	(2,066)	-	-	-	-
Waste Management	(3,684)	(3,684)	-	2,000	(1,684)	-	-	-	-	-
Mental Health	(1,202)	(1,202)	-	-	(1,202)	(802)	(402)	-	-	-
Inclusive Investment	(3,000)	(2,093)	-	-	(2,093)	(418)	-	-	-	-
Place Partnership Theme	(2,000)	(1,756)	-	-	(1,756)	(1,256)	(756)	(256)	-	-
Transformation	(4,348)	(3,198)	-	-	(3,198)	(2,698)	(2,198)	(1,698)	(1,198)	(698)
Place Standard	(500)	(500)	-	-	(500)	-	-	-	-	-
Local Welfare provision initiatives	(2,237)	(2,237)	(404)	2,641	-	-	-	-	-	-
Apprenticeship Levy	(3,191)	(2,941)	-	-	(2,941)	(2,741)	(2,541)	(2,341)	(2,141)	(1,941)
Total Transformation/Development Funding	(26,516)	(22,748)	(404)	4,641	(18,511)	(10,802)	(6,468)	(4,616)	(3,429)	(2,639)
Revenue Grants/Other										
Revenue Grants	(13,319)	(12,727)	-	-	(12,727)	(9,977)	(7,977)	(5,977)	(3,977)	(1,477)
Rollover	(604)	(56)	-	-	(56)	-	-	-	-	-
Stronger Families Grant	(1,531)	(1,531)	-	-	(1,531)	(1,031)	(531)	-	-	-
Social Care Reserve	(2,099)	(2,099)	-	-	(2,099)	(1,599)	(1,099)	(599)	-	-

	Reserves at 1st April 2021 incl. 2021-26 Bud Report Approved Transfers	Estimated reserves position at 1st April 2022	2022-27 Budget Report Approved Transfers 22/23	2022-27 Budget Report Approved Drawdowns 22/23	Estimated reserves position at 1st April 2022 (revised)	Estimated reserves position at 1st April 2023	Estimated reserves position at 1st April 2024	Estimated reserves position at 1st April 2025	Estimated reserves position at 1st April 2026	Estimated reserves position at 1st April 2027
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
School PFI	(1,282)	-	-	-	-	-	-	-	-	-
Other	(4,315)	(4,188)	-	-	(4,188)	(3,688)	(3,188)	(2,688)	(2,188)	(1,688)
Total revenue Grants/Other	(23,150)	(20,601)	-	-	(20,601)	(16,295)	(12,795)	(9,264)	(6,165)	(3,165)
Risk Reserves - Specific Purposes										
Insurance	(1,900)	(1,900)	-	-	(1,900)	(1,900)	(1,900)	(1,900)	(1,900)	(1,900)
Property and Other Loans	(3,000)	(3,000)	1,000	-	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Treasury Smoothing	(960)	(960)	-	-	(960)	(960)	(960)	(960)	(960)	(960)
Total Risk Reserves - Specific Purposes	(5,860)	(5,860)	1,000	-	(4,860)	(4,860)	(4,860)	(4,860)	(4,860)	(4,860)
Risk reserves - Budget Risks										
Financial Resilience Reserves	(37,146)	(37,146)	-	-	(37,146)	(37,146)	(37,146)	(37,146)	(37,146)	(37,146)
Demand Reserve	(19,306)	(19,306)	-	-	(19,306)	(19,306)	(19,306)	(19,306)	(19,306)	(19,306)
Total Risk Reserves - Budget Risks	(56,452)	(56,452)	-	-	(56,452)	(56,452)	(56,452)	(56,452)	(56,452)	(56,452)
Earmarked (COVID Reserves)										
COVID Response - Unfunded Risks	(8,094)	(4,098)	(1,616)	5,500	(214)	-	-	-	-	-
COVID Response - Recovery Fund	(2,000)	(1,200)	-	-	(1,200)	-	-	-	-	-
COVID Response - Collection Fund (Risk)	(6,400)	(6,400)	4,116	2,284	-	-	-	-	-	-
COVID Response - Leisure Support (KAL)	(3,500)	-	(3,500)	2,000	(1,500)	-	-	-	-	-
COVID Grants (various)	(5,604)	(404)	404	-	-	-	-	-	-	-
COVID Business Grants Reserve	(7,953)	-	-	-	-	-	-	-	-	-
Extended Business Rate Relief Compensation	(435)	(11,915)	-	11,915	-	-	-	-	-	-
Tax Income Loss Compensation	(5,002)	(3,102)	-	1,334	(1,768)	-	-	-	-	-
Sub Total Earmarked (COVID Reserves)	(38,988)	(27,119)	(596)	23,033	(4,682)	-	-	-	-	-
TOTAL EARMARKED	(150,966)	(132,780)	-	27,674	(105,106)	(88,409)	(80,575)	(75,192)	(70,906)	(67,116)

	Reserves at 1st April 2021 incl. 2021-26 Bud Report Approved Transfers	Estimated reserves position at 1st April 2022	2022-27 Budget Report Approved Transfers 22/23	2022-27 Budget Report Approved Drawdowns 22/23	Estimated reserves position at 1st April 2022 (revised)	Estimated reserves position at 1st April 2023	Estimated reserves position at 1st April 2024	Estimated reserves position at 1st April 2025	Estimated reserves position at 1st April 2026	Estimated reserves position at 1st April 2027
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GENERAL BALANCES	(10,003)	(10,003)	-	-	(10,003)	(10,003)	(10,003)	(10,003)	(10,003)	(10,003)
GRAND TOTAL	(176,070)	(157,884)	-	27,674	(130,210)	(113,513)	(105,679)	(100,296)	(96,010)	(92,220)
Total usable reserves (excluding schools and public health)	(160,969)	(142,783)	-	27,674	(115,109)	(98,412)	(90,578)	(85,195)	(80,909)	(77,119)

Memo - Breakdown of Revenue Grants and Other Reserves

	Estimated reserves position at 1 April 2022 £000
Revenue Grants	
Homelessness Support	(1,428)
Life Chances Fund	(1,405)
Refugees	(1,334)
Sport England	(1,102)
WYMCA - Single Investment Fund Gainshare Contribution	(943)
Planning S106 Developer Contributions	(640)
Supporting People	(443)
Police and Crime Commissioner	(398)
Business Rates Pool - Employment Hub	(373)
Asylum Seekers (16/17 year olds)	(330)
Migration Fund	(301)
Preventing Homelessness Grant	(288)
Premium Pupil Looked After Children	(258)
Revenue Grants - other (<£250k)	(3,484)
	(12,727)
Other	
Community Investment Fund	(732)
Kirklees Integrated Community Equipment Service (KICES)	(761)
Elections	(653)
Commercialisation	(500)
Repairs and Maintenance	(463)
Foster Fees	(322)
Other (<£250k)	(757)
	(4,188)

Glossary of Reserves

RESERVE	DESCRIPTION
School Balances	Statutory reserves relating to both individual schools balances/deficits carried forwards.
Public Health	Timing issues on Public Health grant spend commitments (Public health grant is statutorily ring-fenced)
Ward Based Activity	Set aside reflecting timing issues on ward based activity spend commitments
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.
Place Partnership Theme	To encourage Place specific local initiatives
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 for a range of existing Local Welfare Provision measures to support some of the borough's vulnerable families and individuals in financial hardship
Apprenticeship Levy	Set aside to fund future payments into the Apprenticeship levy
Revenue Grants	Represents grants and contributions recognised in the Comprehensive Income and Expenditure Statement before expenditure has been occurred.
Rollover	To fund deferred spend commitments against approved rollover
Stronger Families	Set aside reflecting timing issues on expenditure commitments supporting a range of Stronger Families activity, funded from external grant.
Social Care	Set aside to cover phased rollout of a range of social care expenditure commitments as agreed at Cabinet, August 2018.
Schools PFI Reserve	Will be utilised to cover reduced DSG budget contributions to council services in 2020/21 and 2021/22

RESERVE	DESCRIPTION
Other Earmarked	A range of smaller reserves earmarked for specific purposes.
Insurance	Mitigates against risk from increased liabilities and insurance claims.
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.
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.
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.
Demand Reserve	Set aside to mitigate the impact/volatility of a range of potential demand risks on statutorily provided service activity
COVID Response Reserve	Specific reserve set aside to cover the costs of the Council's COVID-19 response.
COVID Grants (various)	Represents specific COVID grants recognised in the Comprehensive Income and Expenditure Statement in 2020/21 before expenditure was occurred.
COVID Business Grants reserve	Reflects the balance of COVID-19 Business Grants received and recognised in 2020/21 before expenditure was incurred.
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 has therefore been 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 are being compensated for the loss of local tax income in 2020/21 as a result of COVID-19. The compensation amount has been transferred into the Tax Income Loss Compensation Reserve to be drawn down in future years against the rolled forwards collection fund deficit.
General Fund Balances	General reserve set at £10m to support general working capital and cashflow requirements.

APPENDIX Biii)

GOVERNMENT FUNDING – 2022/23 BREAKDOWN

Funding Stream	2022/23 £m
Revenue Support Grant	13.5
Business Rates Top Up	28.8
Business Rates Cap Compensation	8.4
Business Rates s31 Grants – Other	7.7
New Homes Bonus	1.9
Housing Admin Grant	0.7
Council Tax Admin Grant	0.6
Independent Living Fund	0.8
Extended Rights to Free Travel	0.1
Lower Tier Services Grant	0.6
Services Grant	5.7
Total Government Funding	68.8

Collection Fund Forecast (Council Share)

	Council Tax	Business Rates	Total
	£000	£000	£000
(Surplus)/Deficit at 1st April 2021	4,554	30,933	35,487
Re-payments to/(from) General Fund	(2,117)	(24,613)	(26,730)
In year Financial Performance	(533)	(1,406)	(1,939)
Impact of Expanded Reliefs		11,500	11,500
(Surplus)/Deficit at 31st March 2022	1,904	16,414	18,318
Adjustment for 3 year spread	(878)	(1,279)	(2,157)
Revised (Surplus)/Deficit at 31st March 2022	1,026	15,135	16,161
Planned Repayments to/(from) general fund in 2022/23	(1,026)	(15,135)	(16,161)
Adjusted (Surplus)/Deficit	-	-	-

HRA Reserves Forecast

	22/23	23/24	24/25	25/26	26/27
	£000	£000	£000	£000	£000
As at 1 April	44,668	31,682	13,899	18,436	18,881
In-year reserve funded	(2,202)	(430)			
In-year capital funding	(16,284)	(17,353)	(463)	(4,555)	(8,833)
Transfer into reserves to support long term investment	-	-	5,000	5,000	5,000
Earmarked - business risk	4,000	-	-	-	-
Earmarked - working balance	1,500	-	-	-	-
As at 31 March (capital sinking fund rolled forward)	31,682	13,899	18,436	18,881	15,048

APPENDIX C

SENSITIVITY ANALYSIS




INCREASED FINANCIAL PRESSURES	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Baseline Scenario – Budget Gap	0.0	16.4	31.4	33.5	38.2
Council Share of Business Rates - reduce baseline growth assumptions by 1% per annum from 2023/24	-	0.7	1.4	2.1	2.8
Council Tax Base - reduce baseline growth assumptions by 300 Band D equivalents per annum from 2023/24	-	0.5	1.1	1.6	2.3
Adult Social Care Funding - reduction from baseline assumption in 2023/24 and 2024/25	-	3.0	6.0	6.0	6.0
Fair Funding Review - net negative impact	-	5.0	5.0	5.0	5.0
Pay Inflation - increase baseline inflation assumptions by 0.5% in 2022/23 and 2023/24	0.6	1.3	1.3	1.3	1.3
Interest Rates on Borrowing - increase baseline interest rate assumptions by 1% in 2022/23 and 2023/24	0.3	0.8	0.9	0.9	0.9
Total Changes from Baseline	0.9	11.3	15.7	16.9	18.3
Updated Budget Gap	0.9	27.7	47.1	50.4	56.5

REDUCED FINANCIAL PRESSURES	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Baseline Scenario – Budget Gap	-	16.4	31.4	33.5	38.2
Council Share of Business Rates - increase baseline growth assumptions by 1% per annum from 2023/24	-	(0.7)	(1.4)	(2.1)	(2.8)
Council Tax Base - increase baseline growth assumptions by 300 Band D equivalents per annum from 2023/24	-	(0.5)	(1.1)	(1.6)	(2.3)
Fair Funding Review - net positive impact	-	(5.0)	(5.0)	(5.0)	(5.0)
Total Changes from Baseline	-	(6.2)	(7.5)	(8.7)	(10.1)
Updated Budget Gap	-	10.2	23.9	24.8	28.1

CORPORATE RISK REGISTER & RISK MANAGEMENT ACTION PLAN







JANUARY 2022 (5 public-21/22)







1.

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	Responding to crises and events, and the implications on the Kirklees community, and the Council. in the short and medium term, which relate to community, operational and financial matters	<p>This position requires specific event related understanding, coordination and action and is often about dealing with areas of uncertainty.</p> <p>Mitigations need to relate to and consider:</p> <ul style="list-style-type: none"> • Social and economic consequences (including appropriate council interventions therein). • Management of financial consequences • Recognition of longer-term impacts • Ensuring appropriate communication (to community and staff) • For service delivery, business continuity planning <p><i>Responsible for this chief executive and all strategic directors</i></p>	M	 5X4=20	
	Covid 19 coronavirus(mutations) and or seasonal flu has further implications on the Kirklees community, and the Council.	<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 • Management of financial consequences including seeking to spend national grants effectively, and controls against the risk of fraud • Social and economic consequences (including appropriate council interventions therein) • Recognise potential infection and self-isolation issues, on front line service delivery, directly and by contractors. • Recognition of long covid and other consequent diseases • Ensuring staffing compliance where specific rules apply for example re vaccination (in direct and contracted facilities) <p><i>Responsible for this risk –R. Spencer-Henshall and all strategic directors</i></p>		 5X4=20	

$$4 \times 5 = 20$$







APPENDIX D








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. • Provision of support pathways to assist victims • Understand relationship with the Prevent strategy, and issues linked to counter terrorism • Ensure effective record keeping <p><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, (and with the potential of safeguarding consequences for vulnerable individuals), or national or international incidents (e.g., terrorism), out with the councils control, create significant community tension, with the risk of public disorder, and threats to councillors going about their duties. National terrorism threat level raised.	<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 some campaigns may give cause to action and reaction. (e.g. black lives matter, LGBTQ) • 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 • Local measures to ensure councillors are/feel protected (and staff and others) including access to relevant information. <p><i>Responsible for this risk – R Parry and M Meggs (& J Greenfield)</i></p>	LM	 4x5=20	
A5	Significant environmental events, because of climate change, or otherwise, 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 	M	As a long-term environmental trend  4x5=20	

		<ul style="list-style-type: none"> Consultancy study advice on how the council might address global warming consequences of higher summer temperature (affecting road surfaces), and more volatile weather conditions, (e.g., rainstorms) and heating and ventilation in new and refurbished property (<i>see also A20</i>) <p><i>Responsible for this risk – C Parr</i></p>			
A6	<p>Reconsidered individual and community and partner and business sector priorities.</p> <p>Understanding the financial and other on-going impact on partner agencies, including the voluntary sectors –in way that reduces their ability to support communities, with an impact on the council.</p> <p>Understand the impact that other entities have on e.g., demands for council service</p>	<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. Understand the impact on demand and resources from the broader economic microsystem Determine which of these are really adverse <p><i>Responsible for this risk – R Parry and M Meggs * all strategic directors</i></p>	H	 <p>4x4=16</p>	
	The finances of the Council	Keeping the Council solvent			
A7	<p>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</p>	<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. Tracker developed which allows all change plans to be in view and monitored monthly Monthly (and quarterly) financial reporting <p><i>Responsible for this risk - E Croston & ET</i></p>	MH	 <p>4x5=20</p>	
A8	<p>The council has significant financial risks related to # Volumes (more than budget) of.</p>	<ul style="list-style-type: none"> Monitor short term loss of income and additional costs (& be sure they are all captured) and recognise these in budget plans 	M		

	<ul style="list-style-type: none"> • Complex Adult Care services • Childrens Care Services • Educational high needs <p># Coronavirus additional costs # Coronavirus income impacts on commercial rents and other fees and charges. # HRA Rent collection. (UC roll-out) # Waste disposal and waste strategy And potential risks in relation to grant schemes, especially where the council takes on cost or outcome risk</p>	<ul style="list-style-type: none"> • Scenario plan for reduced level of demand, post current crisis (e.g., changed customer tastes and priorities, currently shortfall in car park income) • Scenario plan for recurrences of coronavirus or similar • Scenario plan for default by debtors- although income collection on council tax, business rates, rents and sundry debtors is in line with expected levels. • 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. • Assess grant related risks and seek to mitigate (with the grant regime) • Proactive monitoring as Universal Credit is introduced • Possible financial implications from Heath & Social Care legislation being prompted by government <p><i>Responsible for this risk - E Croston & ET</i></p>		5x5=25	
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. (Noting inflation in costs of energy, food and construction, the latter likely to be ongoing)</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 (e.g., 5-year expectation of cost increases by one quarter on construction projects) • Renegotiate or retender contracts as appropriate. • Ensure that budgets anticipate likely cost impacts • Reduce extent or number of capital projects • Be willing to amend service or activity prices reflecting cost changes • Recognise that some changes such as the costs of energy are longer term • Seek additional funding because of government-imposed cost • Determine if increased costs such as energy make efficiency projects more financially attractive or reduce consumption by less use of heating. <p><i>Responsible for this risk - E Croston & all strategic directors</i></p>	LM	<p>↑ ↑</p> <p>5x4=20</p>	





APPENDIX D







A10	Making inappropriate choices in relation to lending or and borrowing decisions, leads to financial losses.	<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><i>Responsible for this risk - E Croston</i></p>	MH	 2x5=10	
A11	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 building.	<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><i>Responsible for this risk - E Croston & J Muscroft</i></p>	H	 4x4=16	
A12	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 how long this will continue. Medium term risks remain, as the need to address recent high level of national debt, and inflation/ interest, with other spending areas deemed of greater priority. NHS given all social care additional tax revenues initially.	<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. Lobby for appropriate shares of NI levies for local authorities- or similar funding. <p><i>Responsible for this risk - E Croston & all strategic director</i></p>	L	 5x5=25	



	Governance	Operating legally and ethically			
A13	The councils arrangements to effectively determine policies, are inadequate, leading to the potential for failure or delay	<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), with sufficient time for adequate consideration (e.g., Key Decision Notices) Proper recording of all decisions Clarity of responsibility and understanding <p><i>Responsible for this risk – chief executive and all strategic directors</i></p>	H	 4x5=20	
	The councils arrangements to effectively implement policies and practices, are inadequate, leading to the potential for failure, error, illegality or delay	<ul style="list-style-type: none"> Open decision making, including full consultation 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>			
A13 A	National legislation, especially that which is not fully funded, impacts on the councils current policies and strategies (Examples Waste Strategy, Social care reforms)	<ul style="list-style-type: none"> Horizon scanning and work to ensure that the local impacts of national legislation, or other changes are fully understood as soon as practical Open consideration of options and how these may impact across communities, and impact on current activities Financial assessments <p><i>Responsible for this risk – chief executive and all strategic directors</i></p>	L	 5x4=20	 
	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 	<ul style="list-style-type: none"> Avoid, where possible, over dependence on single suppliers Seek to build a panel of suppliers who are available and interested in delivering work to council 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. 	MH		

	<p>any incumbent contractors who have failed)</p> <ul style="list-style-type: none"> complexities and difficulties in making decisions and arrangements in respect of significant and long running major outsource contracts, and their extension and renewal. 	<ul style="list-style-type: none"> 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, considering matter such as national living wage, recruitment and retention issues etc. Develop and publish in place market position statement and undertake regular dialogue with market. Effective consultation with suppliers about proposals to deal with significant major external changes Early consultation with existing suppliers about arrangements to be followed at the end of existing contractual arrangements Realign budgets to reflect real costs Commission effectively Ensuring adequate cash flow for smaller contractors <p><i>Responsible for this risk – J Muscroft</i></p>		5x4=20	
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APPENDIX D




A15	<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.</p>	<ul style="list-style-type: none"> • Thorough, understandable information governance policies and practices that are clearly communicated to workforce and councillors • Effective management of data, retention and recording. • Compliance with retention schedules. • 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) supported by an Information Governance Board • Development of action plan to respond to GDPR requirements and resourcing requirements as appropriate • Recognition of increased risk from homeworking may increase risks or change their perspective (e.g., destruction of paper records, extra training) • Compliance with IT security policy. • Increased awareness of officers and members as to their obligations, responsibilities etc, through training • Recognising and understanding “cloud” based products and the advantages and risks that they provide • Business continuity procedures. <p><i>Responsible for this risk – J Muscroft & Rachel Spencer Henshall</i></p>	H	 <p>4x5=20</p>	
A16	<p>Cyber related threats affecting data integrity and system functionality/security</p>	<ul style="list-style-type: none"> • Organised crime and state actors are predominant causes. • Impact mitigation important • Thorough, understandable security policies and practices that are clearly communicated to workforce and councillors • Recognition of increased risk from homeworking which may increase or Change mitigations required (e.g., additional training) • Compliance with IT security policy. • Increased awareness of officers and members as to their obligations, responsibilities etc, through training • Recognising and understanding “cloud” based products and the advantages and risks that they provide • Business continuity procedures. • Proactive management of cyber issues, including additional web controls <p><i>Responsible for this risk – T Hudson, A Simcox & Rachel Spencer Henshall</i></p>	M	 <p>5x5=25</p>	

A17	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 particularly issues of fire safety)	<ul style="list-style-type: none"> Ensuring appropriate H&S responses re Coronavirus (appropriately balancing statutory obligations, desirable positions and commerciality/business risk) New Fire Safety Policy approved and being implemented with improved monitoring of fire risk Prioritised programme of remedial works to buildings to tackle fire safety and other issues Review work practices to address H&S risks Monitor safety equipment Improved employee training as to their responsibilities, as employees and (where appropriate) as supervisors. Improved employee work practices Approval of additional resources to improve corporate monitoring regime. <p><i>Responsible for this risk – R Spencer Henshall</i></p>	H	 3x5=15	
A18	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 Housing Building Safety Assurance Board established Develop management actions, categorised over the short to medium term and resource accordingly. Prioritisation of funding to support reduction of backlog maintenance Clarity on roles and responsibilities particularly where property management is outsourced <p><i>Responsible for this risk – C Parr/ D Shepherd</i></p>	H	 5x4=16	
A19	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) 	<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. 	H		

	<ul style="list-style-type: none"> recognising that labour shortage affect a large part of economic activity. 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"> 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 people's skills, knowledge, and expectations may be impacted by coronavirus) encouraging entrants to professional roles where pay is often below market levels. Ensuring awareness to ensure employees safety and health (including stress) Consider issues about a workforce reflective of the community, inclusion, diversity and coronavirus issues <p><i>Responsible for this risk – R Spencer Henshall</i></p>		4x4=16	
A20	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. Certain government grants require demonstration of climate commitments, impacting on funding available. Council needs to address impacts of climate change on assets and operations.	<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 Lobbying for financial and other government support in relation to the costs of meeting obligations WYMCA related projects will require assessment of carbon impacts Consultancy study advice on how the council might address global warming consequences of higher summer temperature (affecting road surfaces), and more volatile weather conditions, (e.g., rainstorms) and heating and ventilation in new and refurbished property (<i>see also A5</i>) <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

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

Introduction

This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.

Decisions made on capital and treasury management can have financial consequences many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

In 2022/23, the Council is planning capital expenditure of £255.2 million as summarised below:

Prudential Indicator: Estimates of Capital Expenditure across years

	2021/22 forecast £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m	2026/27 budget £m
General Fund services	124.5	193.8	210.6	204.7	158.1	42.3
Council housing (HRA)	27.6	53.5	66.4	51.3	37.7	58.4
Capital Investments	9.6	7.9	10.5	2.5	0.0	0.0
TOTAL	161.7	255.2	287.5	258.5	195.8	100.7

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that Council housing does not subsidise, or is itself subsidised, by other local services paid for from the general fund. HRA capital expenditure is therefore recorded separately.

Capital investments include loans and shares made for service purposes in line with the definition in the CIPFA Treasury Management Code.

Governance: The Council's annual planning cycle fully integrates the timetabling and consideration of revenue and capital resource requirements over the Council's medium term financial plan. This includes provision for Strategic Directors to submit outline bids for inclusion in the Council's capital plan. Bids are collated by corporate finance, who advise Strategic Directors on both the financing costs (which can be nil if the project is fully externally financed) and service revenue implications.

The Capital Governance Board appraises bids based on an assessment of Council priority outcomes, funding availability and affordability, and makes recommendations to Executive Team. There are a number of sub-officer groups with relevant specialist expertise that are also involved in shaping capital proposals for submission to the Capital Governance Board. These include the children's services capital board, the adult's services capital board, the major projects board, the town centre management board and the housing growth board.

The final multi-year capital plan is then considered in the corporate member arena to Cabinet in January and to Council in February each year.

Council Financial Procedure Rules also set out the specific financial governance requirements for consideration with regards the Council's capital investment. This includes the requirement for any schemes approved by Council at Programme level, to be considered subsequently for Cabinet approval through submission of a more detailed business case as required. Full details of the Council's multi-year capital plan is set out in the Council's annual 2022-27 budget report.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue contributions including reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Capital financing

	2021/22 forecast £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m	2026/27 budget £m
External sources	58.3	83.0	93.2	50.3	61.5	39.0
Capital resources	9.6	14.8	19.3	19.7	57.9	8.3
Revenue resources	22.8	34.7	32.6	22.9	26.7	43.9
Debt	71.0	122.7	142.4	165.6	49.7	9.5
TOTAL	161.7	255.2	287.5	258.5	195.8	100.7

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). The Council's minimum revenue provision (MRP) policy is set out in the Council's Treasury Management Strategy which is appended at Appendix H to the Council's 2022-27 Annual budget report.

Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

Replacement of debt finance

	2021/22 forecast £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m
Revenue resource MRP (underlying cost)	15.6	16.6	18.4	19.9
Revenue resources MRP (unwind of over-provision)	(13.7)	(13.7)	(13.6)	(0.0)
TOTAL	1.9	2.9	4.8	19.9

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP repayments and capital receipts used to replace debt. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Prudential Indicator: Estimates of Capital Financing Requirement

	2021/22 forecast £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m
General Fund CFR- Non PFI	539.9	610.7	689.8	770.9
General Fund CFR- PFI	39.4	35.5	33.6	31.3
HRA CFR- Non PFI	170.5	177.3	190.3	205.6
HRA CFR- PFI	45.2	42.7	40.6	38.0
TOTAL CFR	795.0	866.2	954.3	1,045.8
Less: PFI debt liabilities	84.6	78.2	74.2	69.3
TOTAL Borrowing CFR	710.4	788.0	880.1	976.5

Asset management: To ensure that capital assets continue to be of long-term use, the Council utilises an electronic database, the 'Council Corporate Asset Management Plan (K2)' which contains detailed information about all of its assets. The Council also has in place a Disposals and Acquisition Policy, which sets out the principals, internal procedures and legal framework for asset disposals, please see the link below:

[Disposals & Acquisitions Policy](#)

Assets which are surplus to requirements are highlighted for potential disposal. These are reviewed at the Asset Governance Board to consider potential alternative corporate use prior to disposal.

Asset disposals: When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £3.5 million each year over the period of the Capital Plan (2022-27) from the sale of assets.

Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Borrowing strategy: The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.10%) and long-term fixed rate loans where the future cost is known but higher (currently 1.5 to 2.5%).

Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases and transferred debt) are shown below, compared with the capital financing requirement (see above). The estimated debt cost in 2021/22 is £18.9 million.

Prudential Indicator: Gross Debt and the Capital Financing Requirement

	2021/22 forecast £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m
Debt (incl. PFI & leases)	572.1	668.4	776.0	872.1
Capital Financing Requirement	795.0	866.2	954.3	1,045.8

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from the table above, the Council expects to comply with this in the medium term.

Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £30 million at each year-end. This benchmark is currently forecast at £513.8 million and is projected to rise to £829.3 million over the next three years.

Prudential Indicator: Borrowing and the Liability Benchmark

	2021/22 forecast £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m
Current outstanding borrowing	406.4	404.0	391.7	389.3

Liability benchmark	513.8	616.6	728.2	829.3
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The table shows that the Council's current borrowing remains below its liability benchmark. The liability benchmark takes into account reduction in reserves which is not offset with borrowing.

Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit

The Operational Boundary is based on the probable external debt during the course of the year. It is not a limit and actual borrowing could vary around this boundary for short times during this year.

Prudential Indicators: Authorised limit and operational boundary for external debt

	2021/22 limit	2022/23 limit	2023/24 limit	2024/25 limit
<i>Authorised limit – borrowing</i>	726.7	804.4	896.5	993.0
<i>Authorised limit – other long term liabilities</i>	93.3	86.8	82.8	77.8
<i>Authorised limit – Total</i>	820.0	891.2	979.3	1,070.8
<i>Operational boundary – borrowing</i>	706.7	784.4	876.5	973.0
<i>Operational boundary – other long term liabilities</i>	88.3	81.8	77.8	72.8
<i>Operational boundary – Total</i>	795.0	866.2	954.3	1,045.8

As part of HRA self-financing reform, the Council is now required to report the limit on HRA indebtedness. The limit was set by the Ministry of Housing, Communities and Local Government (MHCLG) at £247.6 million. It is the HRA CFR excluding PFI liabilities which is compared to this limit and the HRA is over £70 million below the limit.

Further details on borrowing are highlighted in the Treasury Management Strategy appended at Appendix H to the Council's annual 2022-27 budget report.

Treasury investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Council's policy on treasury investments is to prioritise security and liquidity over yield that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Treasury management investments

	2021/22 forecast £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m
Near-term investments	20.0	20.0	20.0	20.0
Longer-term investments	10.0	10.0	10.0	10.0
TOTAL	30.0	30.0	30.0	30.0

Further details on treasury investments are highlighted in the Treasury Management Strategy appended at Appendix H to the Council's annual 2022-27 budget report.

Risk management: The effective management and control of risk are prime objectives of the Council's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details to which financial derivatives may be used to manage treasury risks.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Service Director Finance and staff, who must act in line with the treasury management strategy approved by Council/Corporate Governance and Audit Committee. Reports on treasury management activity are presented every 6 months to Council/ Corporate Governance and Audit Committee. The Corporate Governance and Audit Committee is responsible for scrutinising treasury management decisions.

Investments for Service Purposes

The Council makes investments to assist local public services, including making loans to a variety of organisations, mainly local businesses, the local education college and local residents to support local public services and stimulate local economic growth.

In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to break even after all costs.

Governance: Decisions on service investments are made by the Strategic Director - Growth and Regeneration, in consultation with the Service Director Finance, and must meet the criteria and limits laid down in the Investment Strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

Further details on service investments are shown in the Investment Strategy appended to the Treasury Management Strategy (Appendix H in the Council's annual 2022-27 budget report).

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP repayments are charged to revenue, offset by any investment income

receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Prudential Indicator: Proportion of financing costs to net revenue stream

	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget	2025/26 budget	2026/27 budget
Financing costs (£m)	31.9	34.1	34.9	38.6	40.9	45.2
Proportion of net revenue stream	9.7%	10.0%	10.1%	10.6%	11.1%	12.0%
General Fund (excl PFI)	8.0%	8.3%	9.0%	9.5%	10.1%	11.1%
HRA	30.0%	30.1%	29.7%	28.9%	29.2%	29.0%
HRA (excl PFI)	30.5%	29.0%	28.8%	28.2%	28.7%	28.7%

Further details on the revenue implications of capital expenditure are detailed in the Council's annual 2022-27 budget report.

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Service Director Finance and Council s151 Officer is satisfied that the proposed multi-year capital plan and borrowing affordability remains prudent, affordable and sustainable. The context for this current judgement is also reflected in the s151 Officer's statutory Positive Assurance statement as part of the 2022-27 annual budget report.

Liabilities

In addition to debt detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £999 million) and its PFI finance lease obligation (total liability of all schemes £91 million, offset by a net book value of assets of £94 million). It has also set aside provisions of £14 million to cover risks associated with Business Rates Appeals and the Council's Insurance Fund. The Council is also at risk of having to pay for a number of contingent liabilities (which are separately disclosed each year in the Statement of Accounts) and is satisfied that any potential future liabilities are covered as part of its overall financial resilience reserves.

Governance: Decisions on incurring new discretionary liabilities are taken by Strategic Directors in consultation with the Service Director Finance and in conjunction with the Council's Financial Procedure Rules. The risk of liabilities crystallising and requiring payment is monitored by central finance and any new liabilities would be reported appropriately.

Knowledge and Skills

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Service Director – Finance is a qualified accountant with extensive local government experience, the Strategic Director – Growth and Regeneration has experience of major Council regeneration schemes and partnerships with major business and third party partners, as do key Service Directors. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA and AAT.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.



Name of meeting: Cabinet 18th January 2022

Title of report: Calculation of Council Tax Base 2022/23

Purpose of report: To seek approval of the Council for the various tax bases, this will apply to the Kirklees area for the financial year 2022/23 in connection with the Council Tax.

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: The calculation of the Council Tax base affects all wards in the Kirklees area.
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports?)</u>	Yes May 2021
The Decision - Is it eligible for call in by Scrutiny?	No – Full Council decision
Date signed off by <u>Strategic Director</u> & name Is it also signed off by the Service Director for Finance IT and Transactional Services? Is it also signed off by the Service Director for Legal Governance and Commissioning Support?	Rachel Spencer-Henshall , Strategic Director, Corporate Strategy, Commissioning and Public Health – 10 January 2022 Eamonn Croston Service Director, Finance – 10 January 2022 Julie Muscroft , Service Director – Legal, Governance and Commissioning – 10 January 2022
Cabinet member <u>portfolio</u>	Cllr Paul Davies

Electoral wards affected: All

Ward councillors consulted: N/A

Public or private: Public

Have you considered GDPR: Yes - there is no personal data within the Council Tax base report or calculation.

1. Summary

Section 67(2) of the Local Government Finance Act 1992 requires that the tax base for Council Tax should be approved by the Authority. The regulations covering setting the tax base are covered and updated under Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (as amended).

In accordance with s67 (2A) (za) of the Local Government Finance Act 1992 the Value of T (the taxbase) is not a function that can only be discharged by the Authority (Council) and therefore can be determined by reference to the Cabinet for ratification in order that the process for the calculation of the basic amount of Council Tax in accordance with s 31B of that Act can commence. The regulations covering setting the tax base are covered and updated under Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (as amended).

A number of Councils take the decision at Cabinet or have delegated it to the section 151 officer and the calculation forms part of the Budget papers.

It has been the practice in Kirklees to take a report to both cabinet and to Council.

1.1 **Members should be aware of the provisions of Section 106 of the Local Government Finance Act 1992**, which applies to members where –

- (a) they are present at a meeting of the Council, the Cabinet or a Committee and at the time of the meeting an amount of Council Tax is payable by them and has remained unpaid for at least two months; and
- (b) any budget or Council Tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

In these circumstances, any such members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter in (b) above. It should be noted that such members are not debarred from speaking on these matters.

Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

2. Information required to take a decision

- 2.1 In determining the level of local taxation, each local authority calculates a tax base annually so that, once the level of expenditure has been approved, the determinations of the level of location taxation becomes an arithmetical exercise.
- 2.2 The Council Tax base for an authority is the amount of income which would be received by levying a Council Tax of £1.00 on band D properties and taking into account the differential rates which would be applied to properties in the other bands.

In view of the fact that there are Parish and Town precepts, it is necessary to calculate a tax base for:

- a) the whole of Kirklees; and

- b) each parish and town council area

The valuation listing received from the Inland Revenue (valuation office) places each domestic property in Kirklees into one of eight valuation bands.

- 2.3 In order to calculate the tax base, the following factors must be taken into account and applied to the valuation bandings:

- a) Fixed ratios between valuation banding.
- b) Number of exempt properties.
- c) Number of properties eligible for a discount.
- d) Properties subject to the Empty Homes premiums (long term empty properties, empty over 2 years, over 5 years and over 10 years) subject to premium charge(s). For the purposes of this report it is assumed there is no change to empty property premium.
- e) Number of appeals against bandings which will be successful.
- f) Number of new properties which will be added to the list during the year; and
- g) Council Tax Reduction Scheme (CTR) – continuing the local scheme as in 2020/21 at 20%.
- h) An allowance for losses on collection.

- 2.4 The current tax base figure based on 30th November 2021 figures is 123,029.21. A collective adjustment has been made to the current Council Tax base (CTB) as at 30th November 2021 to reflect the calculated tax base for 2022/23.

- 2.5 Allowing for the factors set out in paragraphs 2.3 to 2.5 above, an overall collective adjustment for 2022/23 has been calculated at 0.91% (equivalent overall adjustment for 2021/22 was 2.76%). The CTB as set out in the report will be used to inform the demand on the collection fund amount to be considered at full Budget Council on 16th February 2022.

- 2.6 The difference in the collective adjustment applied in 2022/23 compared to 2021/22 largely reflects a review of previous prudent projections built into council tax forecasts for 2022/23 in existing medium term financial plans. In spite of the global COVID pandemic impact on the economy, current Council Tax collection rates are holding up better than anticipated, to near pre-COVID 98.5% rates. Council Tax reduction claimants have also now levelled off following a 2,000 increase over the past 18 months, and net housing supply growth is also expected to return to about 1,000 per annum in 2022/23 (Band D equivalents).

- 2.7 It is recommended that the 2022/23 tax base for the whole of Kirklees area, and the tax bases for the five Parish and Town Council areas be approved as follows:

Whole of Kirklees	121,906.00
Denby Dale	5,993.84
Holme Valley	10,400.79
Kirkburton	9,187.00
Meltham	2,960.91
Mirfield	6,818.29

In order to demonstrate the methodology used in the calculation, the Appendices show the current number of properties in each band, the current effect of discounts, exemptions and the collective adjustment referred to earlier in the report. This is broken down into the whole of Kirklees and the five Parish and Town council areas above.

Council Tax Reduction Parish Grant

- 2.8 A Council grant had been distributed to Parish Councils to supplement the Parish precept, so as to provide top-up funding to mitigate the effect of the Localisation legislation introduced in 2013/14. The effect of Localisation was to reduce individual Parish Tax bases, resulting in a consequential loss in their income. This grant had been maintained at the 2013/14 level, over successive years. However, over this period, Parish (CTB's) had grown to the extent where the original purpose of the grant was no longer justified.

As part of previous year's approved CTB, Council approved the phasing out of the grant, the phasing dependent on the extent of individual Parish CTB growth over the intervening period. Based on the tax bases recommended in this report, the only parish grant payable in 2022/23 will be for Mirfield £696.50 (£3,873.60 in 2021/22)

3 Implications for the Council

3.1 Working with People

The setting of the tax base is related to all domestic properties in Kirklees and is not based on individual circumstances. It applies to every property.

The Local Government Finance Act 1992 requires each authority to devise a Local Council Tax Reduction Scheme it does not specify the extent of any such reduction.

By providing a scheme that reduces liability to an affordable level, it prevents the need to take unnecessary and costly recovery action that would inevitably result in courts finding the customer did not have the means to pay. The current Council CTR Scheme reduces liability to eligible claimants by up to 20%.

3.2 Working with Partners

N/A

3.2 Placed based working

N/A

3.3 Climate Change & Air Quality

N/A

3.4 Improving Outcomes for Children

N/A

3.5 Reducing demand of services

N/A

3.6 Other (e.g. Legal/Financial or Human Resources)

The setting of the taxbase is related to the annual budget process. Setting a budget specifically to meet Council Tax liability of those that would otherwise be unable to pay, means we have greater clarity as to the amount of Council Tax we might collect. That in turn allows the Council to plan more accurately based on anticipated revenue from the collection of Council Tax.

The decision to agree the tax base determines the levels of income received by the Council through the levy of Council Tax for residents of Kirklees.

The Council must consider any legislative changes as part of the CTB setting process, as any changes will materially affect the CTB. Any legislative changes (if any) have been considered and incorporated in the CTB setting process.

The parish grants payable in 2022/23 will be funded from the general fund, central budget contingencies.

4. Consultees and their opinions

Councillor Paul Davies - supports the calculations and judgments made in determining the proposed Council Tax base.

5. Next steps

- Cabinet to agree Council Tax base for subsequent recommendation to Council
- The Council Tax Base forms part of agreeing the level of Council Tax for 2022/23- Budget Council on 16th February 2022.

6. Officer recommendations and reasons

To meet the requirements of Section 67(2) of the Local Government Finance Act 1992 , which requires that the tax base for Council Tax should be approved by the Authority, it is recommended that :

Cabinet approve the 2022/23 Council Tax base for the whole of the Kirklees area, at 121,906.00, and the Council Tax bases for the five Parish and Town council areas as set out in this report and accompanying Appendices.

7. Cabinet portfolio holder's recommendations

The Cabinet Portfolio Holder recommends that Cabinet approve the Council Tax base for the whole of the Kirklees area, and the Council Tax bases for the five Parish and Town Councils for 2022/23 as set out in this report.

8. Contact officer

Steve Bird – Head of Welfare and Exchequer Services
 Mark Stanley – Senior Manager Welfare and Exchequer Services
 Victoria Brook - Senior Manager, Welfare & Exchequer Services

9. Background Papers and History of Decisions

N/A

10. Service Director responsible

Eamonn Croston – Service Director, Finance

Council Tax Base Calculation for whole of Kirklees 2022/2023 - APPENDIX A

Tax Band (1)	Number of Properties (2)	Number of Exempt Properties (3)	Number of Taxable Properties (4)	Number of Properties with Discounts Equated to 25% Discount (5)	Reduction in Tax Base due to Council Tax Reduction (6)	Number of Properties with Empty premium Equated to 100% 200% 300% extra charge (7)	Family Annex (8)	Effect of Discounts & Empty premium on Number of Taxable Properties (9)	Fixed Ratio (9ths) (10)	Less : collective adjustment Band 'D' Equivalent (11)
A Disabled	122	0	122	10.00	33.17	0.00	0.00	78.83	5	43.79
A	85,555	2,804	82,751	10,506.00	18,985.67	578.00	4.60	53,832.73	6	35,888.49
B	35,056	652	34,404	3,158.75	3,432.57	192.00	0.50	28,004.18	7	21,781.03
C	32,352	626	31,726	2,270.00	1,702.14	103.00	0.50	27,856.36	8	24,761.21
D	17,309	349	16,960	949.50	541.79	32.00	0.00	15,500.71	9	15,500.71
E	12,163	92	12,071	525.50	227.27	24.00	0.00	11,342.23	11	13,862.73
F	5,493	41	5,452	219.25	64.14	13.00	0.00	5,181.61	13	7,484.55
G	2,213	18	2,195	92.25	22.83	7.00	0.00	2,086.92	15	3,478.20
H	125	1	124	10.75	0.00	1.00	0.00	114.25	18	228.50
	190,388	4,583	185,805	17,742.00	25,009.58	950.00	5.60	143,997.82		123,029.21
Less : collective adjustment									0.91296%	1,123.21
Council Tax Base for KMC - Chargeable Dwellings Band 'D' Equivalent										121,906.00

Council Tax Base Calculation for area of Denby Dale Parish Council 2022/2023 - APPENDIX B

Tax Band (1)	Number of Properties (2)	Number of Exempt Properties (3)	Number of Taxable Properties (4)	Number of Properties with Discounts Equated to 25% Discount (5)	Reduction in Tax Base due to Council Tax Reduction (6)	Number of Properties with Empty premium Equated to 100% 200% 300% extra charge (7)	Family Annex (8)	Effect of Discounts & Empty premium on Number of Taxable Properties (9)	Fixed Ratio (9ths) (10)	Less : collective adjustment Band 'D' Equivalent (11)
A Disabled	6	0	6	0.00	1.97	0.00	0.00	4.03	5	2.24
A	1,944	36	1,908	232.50	343.73	10.00	0.00	1,341.77	6	894.51
B	1,254	17	1,237	127.50	93.33	9.00	0.00	1,025.17	7	797.35
C	1,232	11	1,221	92.00	44.49	3.00	0.00	1,087.51	8	966.68
D	1,454	14	1,440	81.50	29.34	3.00	0.00	1,332.16	9	1,332.16
E	994	6	988	42.00	9.16	2.00	0.00	938.84	11	1,147.47
F	444	4	440	19.75	2.75	2.00	0.00	419.50	13	605.94
G	175	1	174	7.00	1.87	0.00	0.00	165.13	15	275.22
H	14	0	14	0.25	0.00	0.00	0.00	13.75	18	27.50
	7,517	89	7,428	602.50	526.64	29.00	0.00	6,327.86		6,049.07
Less : collective adjustment									0.91296%	55.23
Council Tax Base for Denby Dale Parish Council - Chargeable Dwellings Band 'D' Equivalent										5,993.84

[illegible]

[illegible]

Council Tax Base Calculation for area of Meltham Parish Council 2022/2023 - APPENDIX E

Tax Band (1)	Number of Properties (2)	Number of Exempt Properties (3)	Number of Taxable Properties (4)	Number of Properties with Discounts Equated to 25% Discount (5)	Reduction in Tax Base due to Council Tax Reduction (6)	Number of Properties with Empty premium Equated to 100% 200% 300% extra charge (7)	Family Annex (8)	Effect of Discounts & Empty premium on Number of Taxable Properties (9)	Fixed Ratio (9ths) (10)	Less : collective adjustment Band 'D' Equivalent (11)
A Disabled	2	0	2	0.00	0.82	0.00	0.00	1.18	5	0.66
A	1,260	26	1,234	161.00	271.14	9.00	0.00	810.86	6	540.57
B	529	4	525	55.00	30.56	3.00	0.00	442.44	7	344.12
C	1,000	6	994	81.00	25.17	2.00	0.50	889.33	8	790.52
D	458	3	455	24.50	7.49	1.00	0.00	424.01	9	424.01
E	491	2	489	19.50	7.15	0.00	0.00	462.35	11	565.09
F	159	0	159	5.75	1.19	0.00	0.00	152.06	13	219.64
G	58	0	58	1.25	0.00	0.00	0.00	56.75	15	94.58
H	5	0	5	0.50	0.00	0.00	0.00	4.50	18	9.00
	3,962	41	3,921	348.50	343.52	15.00	0.50	3,243.48		2,988.19
									Less : collective adjustment	0.91296%
									Council Tax Base for Meltham Parish Council - Chargeable Dwellings Band 'D' Equivalent	
									2,960.91	

[illegible]

**Including estimated precepts from the West Yorkshire Fire & Police Authorities
and Parish Councils**

KIRKLEES METROPOLITAN COUNCIL
COUNCIL MEETING - 16 FEBRUARY 2022
COUNCIL TAX

1. That the Revenue Budget for the year 2022-2023, as submitted, be approved.
2. That it be noted that Cabinet at its meeting on 18 January 2022 and Council earlier on this agenda, at Appendix F(i) calculated the following amounts for the year 2022-2023 in accordance with regulations made under Section 31B of the Local Government Finance Act 1992, as amended (the "Act") and subject to the calculation of any consequential changes to the Council Tax Base delegated to the Service Director - Finance:-

(a) 121,906.00 being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its council tax base for the year

(b) Part of the Council's area

Parish of Denby Dale	5,993.84
Parish of Holme Valley	10,400.79
Parish of Kirkburton	9,187.00
Parish of Meltham	2,960.91
Parish of Mirfield	6,818.29

being the amounts calculated by the Council, in accordance with regulation 6 of the Regulations, as the amounts of its council tax base for the year for dwellings in those parts of its area to which one or more special items relate.

3. Calculate that the Council Tax Requirement for the Council's own purposes for 2022-23 (excluding parish precepts) is £206,924,000
4. That the following amounts be now calculated by the Council for the year 2022-2023 in accordance with Sections 31 to 36 of the Act:-

(a) £ 905,277,482 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.

(b) £ 697,650,116 being the aggregate of the amounts which

Including estimated precepts from the West Yorkshire Fire & Police Authorities and Parish Councils

the Council estimates for the items set out in Section 31A(3) of the Act

- (c) £ 207,627,366 being the amount by which the aggregate at 4(a) exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act)
- (d) £ 1,703.18 being the amount at 4(c) above (Item R), all divided by Item T (2(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (e) £ 703,366 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
- (f) £ 1,697.41 being the amount at 4(d) above, less the result given by dividing the amount at 4(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no Parish precept relates.

g)

<u>Part of the Council's area</u>	Base Council Tax £	Parish Precept £	Resultant Council Tax £
Parish of Denby Dale	1697.41	26.02	1723.43
Parish of Holme Valley	1697.41	27.18	1724.59
Parish of Kirkburton	1697.41	15.73	1713.14
Parish of Meltham	1697.41	48.68	1746.09
Parish of Mirfield	1697.41	0.00	1697.41
Other Kirklees areas	1697.41	0.00	1697.41

being the amounts to be added to the amount at 4(g) (and the resultant council tax amounts), as the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 2(b), calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate.

**Including estimated precepts from the West Yorkshire Fire & Police Authorities
and Parish Councils**

(h) **Kirklees** **Valuation Bands**

Part of the Council's area	<u>A</u> £	<u>B</u> £	<u>C</u> £	<u>D</u> £	<u>E</u> £	<u>F</u> £	<u>G</u> £	<u>H</u> £
Denby Dale	1,148.96	1,340.45	1,531.94	1,723.43	2,106.41	2,489.39	2,872.39	3,446.86
Holme Valley	1,149.73	1,341.35	1,532.97	1,724.59	2,107.83	2,491.07	2,874.32	3,449.18
Kirkburton	1,142.10	1,332.44	1,522.79	1,713.14	2,093.84	2,474.53	2,855.24	3,426.28
Meltham	1,164.06	1,358.07	1,552.08	1,746.09	2,134.11	2,522.13	2,910.15	3,492.18
Mirfield	1,131.61	1,320.21	1,508.81	1,697.41	2,074.61	2,451.81	2,829.02	3,394.82
All other parts	1,131.61	1,320.21	1,508.81	1,697.41	2,074.61	2,451.81	2,829.02	3,394.82

Being the amounts given by multiplying the amounts at 4(g) by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

5. That it be noted that for the year 2022-2023 the major precepting authorities have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings in the Council's area as shown below:-

Precepting Authority	<u>A</u> £	<u>B</u> £	<u>C</u> £	<u>D</u> £	<u>E</u> £	<u>F</u> £	<u>G</u> £	<u>H</u> £
West Yorkshire Fire & Civil Defence Authority	44.79	52.25	59.72	67.18	82.11	97.04	111.97	134.36
West Yorkshire Police Authority	140.85	164.33	187.80	211.28	258.23	305.18	352.13	422.56

**Including estimated precepts from the West Yorkshire Fire & Police Authorities
and Parish Councils**

6. That, having calculated the aggregate in each case of the amounts at 4(g) and 5, the Council, in accordance with Sections 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2022-2023 for each of the categories of dwelling shown below:-

Part of the Council's area	<u>Valuation Bands</u>							
	<u>A</u> £	<u>B</u> £	<u>C</u> £	<u>D</u> £	<u>E</u> £	<u>F</u> £	<u>G</u> £	<u>H</u> £
Denby Dale	1,334.60	1,557.03	1,779.46	2,001.89	2,446.75	2,891.61	3,336.49	4,003.78
Holme Valley	1,335.37	1,557.93	1,780.49	2,003.05	2,448.17	2,893.29	3,338.42	4,006.10
Kirkburton	1,327.74	1,549.02	1,770.31	1,991.60	2,434.18	2,876.75	3,319.34	3,983.20
Meltham	1,349.70	1,574.65	1,799.60	2,024.55	2,474.45	2,924.35	3,374.25	4,049.10
Mirfield	1,317.25	1,536.79	1,756.33	1,975.87	2,414.95	2,854.03	3,293.12	3,951.74
All other parts	1,317.25	1,536.79	1,756.33	1,975.87	2,414.95	2,854.03	3,293.12	3,951.74

7. The Council has determined that its relevant basic amount of Council Tax for 2022-2023 is **not** excessive in accordance with principles approved under section 52ZB Local Government Finance Act 1992.

As the billing authority, the Council has **not** been notified by a major precepting authority that its relevant basic amount of Council Tax for 2022-2023 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK Local Government Finance Act 1992.

8. That notice of the amounts set by the Council in accordance with Section 30 of the Local Government Finance Act 1992 be published in at least one newspaper circulating in the Council's area, in accordance with Section 38(2) of the Act.

Motion to be presented by Cllr Shabir Pandor (Leader) and Cllr Cathy Scott (Deputy Leader)



Cllr Shabir Pandor



Cllr Cathy Scott

Headline Results

APPENDIX G



**Your budget
Your say**

**Budget Consultation
2022/2023**



Summary

The budget consultation consisted of an online survey which summarised the council's priorities and actions for 2022/2023 asking respondents whether they agreed with them or not, and what they thought should also be added to the short-term recovery plan and outcomes.

The survey ran for a period of just over 6 weeks with 664 responses received from a variety of age bands and ethnic backgrounds.

Overall, 236 individual comments were received on what people would like to see added to our short-term recovery plan.

The proportion of people agreeing with each priority action varied across the 9 Kirklees outcomes.

In total 1,241 individual comments were given on the 9 Kirklees outcomes in response to what priority actions they felt were missing and should be considered.

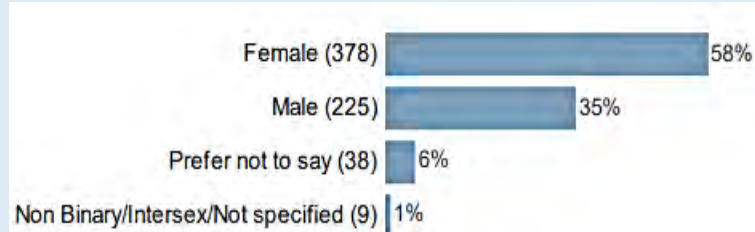
These slides summarise the key findings of the consultation.



Who took part?

These charts show the demographic breakdown of people who took part in the survey

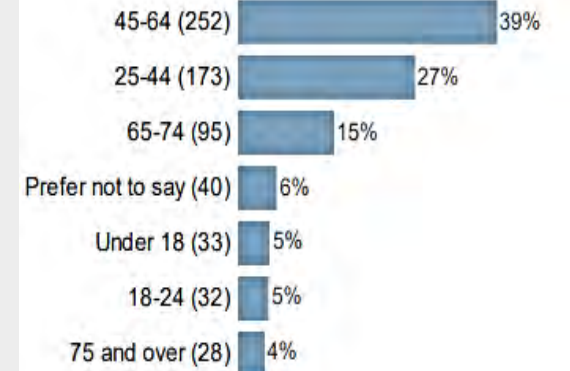
Gender



Do you consider yourself to have a disability?



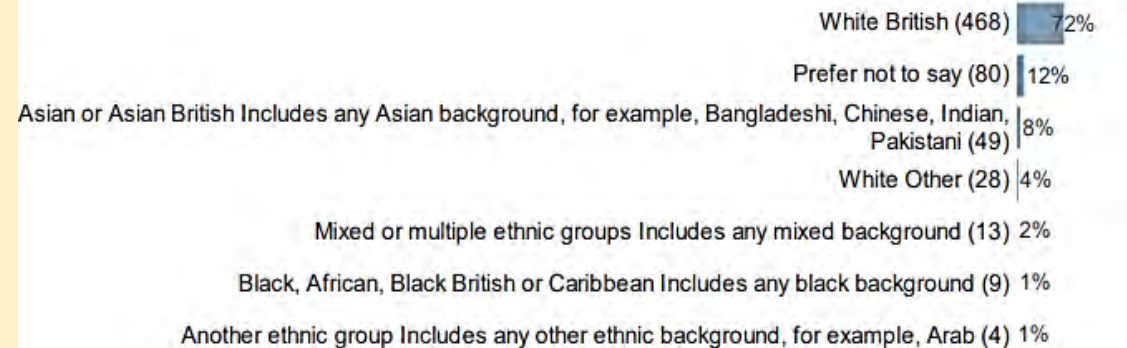
Age



Are you completing this questionnaire:



Ethnicity



Headlines - What people feel is missing from the short-term recovery plan?

Overall, 236 individual comments were received on what people would like to see added to our short-term recovery plan

*Key themes emerging from comments given on what people felt was missing from the short-term recovery plan include:

- Improvements to public transport, road conditions and infrastructures
- Improvements to parking in town centres and village locations
- Increased access to and availability of health and care services, in particular mental health support
- Maintenance and cleanliness of public rights of way, paths, and drainage systems
- Development and ongoing maintenance to outdoor greenspaces, parks, and playgrounds
- Green issues including improved recycling and supporting biodiversity
- Financial support and joined up working with local businesses
- Keeping Kirklees safe with suggestions such as increased police presence and tackling road speeding.
- Increase in training and development opportunities across Kirklees



Headlines - What people think of the priority actions within the Kirklees outcomes

The proportion of people agreeing with each priority action varied across the 9 Kirklees outcomes.

In total 1,241 individual comments were given on the 9 Kirklees outcomes in response to what priority actions they felt was missing and should be considered.



Outcome 1 – Best start – At least 65% of respondents agreed/strongly agreed with each of the priority actions set within the best start outcome. The priority action that received the most support was ‘Increasing the number of suitable places for children to spend time at outside of school’. There were 174 comments received on this outcome.



Outcome 2 – Well – Over two thirds (77%) of respondents agreed/strongly agreed with each of the priority actions set within the well outcome. There were 166 comments received on this outcome.



Outcome 3 – Independent - The responses shows that at least 3 out of 4 respondents agreed/strongly agreed with each of the priority actions set within the independent outcome. The priority that received the most support was ‘Improve adaptations to residents’ homes to enable people to live independent lives’ There were 135 comments received on this outcome.



Headlines - What people think of the priority actions within the Kirklees outcomes



Outcome 4 – Aspire and achieve - The responses shows that at least 84% of respondents agreed/strongly agreed with each of the priority actions set within the aspire and achieve outcome. The action with the most agreement reported is 'Produce an 'Employment and Skills Strategy' that supports residents into work and helps them to progress'. There were 114 comments received on this outcome.



Outcome 5 – Sustainable economy - The responses show that at least 42% of respondents agreed/strongly agreed with each of the priority actions set within the sustainable economy outcome. The action with the most agreement recorded is 'Deliver a rolling programme of transport improvements through West Yorkshire Transport Fund'. There were 157 comments received on this outcome.



Outcome 6 – Safe and cohesive - The responses show that at least 73% of respondents agreed/strongly agreed with each of the priority actions set within the safe and cohesive outcome. The action with the most agreement recorded is 'Develop a framework to ensure the council and its partners work even more effectively in our communities to make them safer and more cohesive.' There were 116 comments received on this outcome.



Headlines - What people think of the priority actions within the Kirklees outcomes



Outcome 7 – Clean and green - The responses show that at least 61% of respondents agree/strongly agree with each of the priority actions set within the clean and green outcome. The action with the most agreement recorded is 'New actions on fly-tipping' There were 186 comments received on this outcome.



Outcome 8 – Shaped by people - The responses show that at least 60% of respondents agree/strongly agree with each of the priority actions set within the shaped by people outcome. The action with the most agreement recorded is 'More council services, staff, and policies located in local communities and shaped by them' There were 79 comments received on this outcome.



Outcome 9 – Efficient and effective - The responses show that at least 59% of respondents agree/strongly agree with each of the priority actions set within the efficient and effective outcome. The action with the most agreement recorded is 'Improve response times to council enquiries and contacts' There were 114 comments received on this outcome.



Outcome 1 - Best start - Children in Kirklees have the best start in life



How much do you agree or disagree with the following priority actions proposed for achieving this outcome...

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
More places in Kirklees special schools.	15 (4%)	13 (3%)	113 (28%)	141 (35%)	120 (30%)
Increase the number of suitable places for children to spend time at outside of school.	13 (3%)	19 (5%)	63 (16%)	160 (40%)	150 (37%)
Improve support for families through our 'Families Together' hubs.	15 (4%)	21 (5%)	115 (28%)	142 (35%)	111 (27%)
Better financial support for young people leaving care.	15 (4%)	13 (3%)	84 (21%)	148 (37%)	142 (35%)

The responses show that at least 65% of respondents agree/strongly agree with each of the priority actions set within the best start outcome.

The action with the most agreement recorded is *'Increasing the number of suitable places for children to spend time at outside of school'*

Please use this box to tell us anything you think is missing and should be considered as a priority action within this outcome.

*174 comments were received with a number of key themes discussed:

- Improvements in engagement, activities, and facilities for children
- Increased support for parents
- Focus on better mental health support
- Addressing additional support needs more widely
- More holistic support for care leavers
- Increased support for schools

* Themes discussed in more detail in full report



Outcome 2 - Well - People in Kirklees are as well as possible for as long as possible



How much do you agree or disagree with the following priority actions proposed for achieving this outcome...

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
Increase residents' access to green space.	9 (1%)	22 (3%)	112 (18%)	246 (39%)	241 (38%)
Improve the way health checks are delivered for residents.	9 (1%)	14 (2%)	119 (19%)	261 (41%)	228 (36%)
Increase access to mental health services through networks of volunteers and Community Champions.	22 (3%)	42 (7%)	76 (12%)	206 (32%)	288 (45%)
Promote more physical activity through Exercise on Referral for residents who want to improve their health.	14 (2%)	27 (4%)	110 (17%)	262 (42%)	218 (35%)

The responses show that 77% of respondents agree/strongly agree with each of the priority actions set within the well outcome.

Please use this box to tell us anything you think is missing and should be considered as a priority action within this outcome.

* 166 comments were received with a number of key themes discussed:

- Easier and more inclusive access to health services
- Ongoing maintenance and Improvements to greenspaces and outdoor facilities
- Improving mental health support
- Promoting healthier lifestyle choices

* Themes discussed in more detail in full report



Outcome 3 – Independent - People in Kirklees are independent and have control over their lives



How much do you agree or disagree with the following priority actions proposed for achieving this outcome...

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
Improve choice and control for people who use social care services.	13 (2%)	19 (3%)	127 (20%)	273 (43%)	197 (31%)
Build more specialist housing for older people and residents with disabilities, enabling them to live independently for longer.	12 (2%)	9 (1%)	77 (12%)	260 (41%)	274 (43%)
Improve adaptations to residents' homes to enable people to live independent lives.	10 (2%)	11 (2%)	63 (10%)	261 (41%)	288 (45%)
Invest in library buildings as hubs for services that support independence and reduce social isolation.	19 (3%)	26 (4%)	102 (16%)	229 (36%)	252 (40%)

The responses shows that at least 74% of respondents agree/strongly agree with each of the priority actions set within the independent outcome.

The action with the most agreement recorded is 'Improve adaptations to residents' homes to enable people to live independent lives' in which 86% agree/strongly agree.

Please use this box to tell us anything you think is missing and should be considered as a priority action within this outcome.

*135 comments were received with a number of key themes discussed:

- Support for libraries
- More funding for carers
- Improvements in housing accommodation
- More inclusive and easier access to support for all

* Themes discussed in more detail in full report



Outcome 4 – Aspire and achieve - People in Kirklees have aspiration to achieve their ambitions through education, training employment and lifelong learning



Aspire and achieve

How much do you agree or disagree with the following priority actions proposed for achieving this outcome...

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
Support to young people affected by the pandemic and those most at risk of missing out on achieving their ambitions.	18 (3%)	25 (4%)	86 (14%)	250 (40%)	252 (40%)
Produce an 'Employment and Skills Strategy' that supports residents into work and helps them to progress.	12 (2%)	24 (4%)	69 (11%)	257 (41%)	272 (43%)

The responses shows that at least 84% of respondents agree/strongly agree with each of the priority actions set within the aspire and achieve outcome.

The action with the most agreement recorded is 'Produce an 'Employment and Skills Strategy' that supports residents into work and helps them to progress' in which 84% agree/strongly agree.

Please use this box to tell us anything you think is missing and should be considered as a priority action within this outcome.

*114 comments were received with a number of key themes discussed:

- More inclusive opportunities for development and catching up for all
- More collaborative ways of working
- Increase and improvement of apprenticeships opportunities
- More practical guidance for children

* Themes discussed in more detail in full report



Outcome 5 – Sustainable economy - Kirklees has sustainable economic growth and provides good employment for and with communities and businesses



How much do you agree or disagree with the following priority actions proposed for achieving this outcome...

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
Bring forward plans for major regeneration works for the cultural heart of Huddersfield town centre.	80 (13%)	83 (13%)	139 (22%)	145 (23%)	187 (29%)
Progress £25m economy and infrastructure improvements in Dewsbury.	91 (14%)	93 (15%)	182 (29%)	156 (25%)	108 (17%)
Identify and agree local improvements for town centres in Batley, Holmfirth, Heckmondwike and Cleckheaton.	47 (7%)	51 (8%)	163 (26%)	215 (34%)	152 (24%)
Deliver a rolling programme of transport improvements through West Yorkshire Transport Fund.	25 (4%)	23 (4%)	93 (15%)	237 (38%)	251 (40%)
Extra support for arts, culture and tourism through a new 'Tourism Strategy', a website to promote local creative arts, and preparation for Kirklees Year of Music 2023.	64 (10%)	87 (14%)	171 (27%)	189 (30%)	118 (19%)

The responses show that at least 42% of respondents agree/strongly agree with each of the priority actions set within the sustainable economy outcome.

The action with the most agreement recorded is '*Deliver a rolling programme of transport improvements through West Yorkshire Transport Fund*' in which 78% agree/strongly agree.

Please use this box to tell us anything you think is missing and should be considered as a priority action within this outcome.

*157 comments were received with a number of key themes discussed:

- Improvements to road and travel infrastructure
- More support for green issues
- Support for local businesses

* Themes discussed in more detail in full report



Outcome 6 – Safe and Cohesive - People in Kirklees live in cohesive communities, feel safe and are protected from harm



How much do you agree or disagree with the following priority actions proposed for achieving this outcome...

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
Refurbish and redevelop high-rise housing blocks to ensure fire safety for residents.	16 (4%)	25 (6%)	67 (16%)	144 (35%)	155 (38%)
Develop a framework to ensure the council and its partners work even more effectively in our communities to make them safer and more cohesive.	11 (3%)	14 (3%)	71 (17%)	177 (43%)	134 (33%)
Work better with Kirklees' voluntary and community sector and promote their contribution to our society.	11 (3%)	12 (3%)	75 (18%)	160 (39%)	148 (36%)

The responses show that at least 73% of respondents agree/strongly agree with each of the priority actions set within the safe and cohesive outcome.

The action with the most agreement recorded is ‘*Develop a framework to ensure the council and its partners work even more effectively in our communities to make them safer and more cohesive.*’ in which 76% agree/strongly agree.

Please use this box to tell us anything you think is missing and should be considered as a priority action within this outcome.

*116 comments were received with a number of key themes discussed:

- Improve Policing in Kirklees
- Criticism of the Council’s Approach to the budget
- Supporting the Community and Voluntary Sector

* Themes discussed in more detail in full report



Outcome 7 – Clean and green - People in Kirklees experience a high quality, clean, sustainable and green environment



How much do you agree or disagree with the following priority actions proposed for achieving this outcome...

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
Build more affordable homes in Kirklees.	43 (7%)	56 (9%)	94 (15%)	188 (30%)	246 (39%)
Install more electric vehicle charging points.	29 (5%)	41 (7%)	141 (22%)	224 (36%)	192 (31%)
Plant over 70,000 trees and introduce wildflower meadows.	11 (2%)	18 (3%)	51 (8%)	199 (31%)	354 (56%)
Develop our roadmap to achieving net zero carbon emissions by 2038.	39 (6%)	33 (5%)	111 (18%)	203 (32%)	239 (38%)
Improve waste and recycling services by introducing a reuse shop, a new bulky waste service, trialling a glass kerbside collection service.	11 (2%)	12 (2%)	38 (6%)	177 (28%)	396 (62%)
New actions on fly-tipping.	3 (0%)	4 (1%)	47 (7%)	152 (24%)	428 (68%)
Deliver over 160 local road improvements over two years, including resurfacing and maintenance works.	10 (2%)	20 (3%)	58 (9%)	198 (31%)	344 (55%)
Deliver more road safety schemes.	32 (5%)	40 (6%)	169 (27%)	184 (29%)	201 (32%)

The responses show that at least 61% of respondents agree/strongly agree with each of the priority actions set within the clean and green outcome.

The action with the most agreement recorded is ‘New actions on fly-tipping’ in which 92% agree/strongly agree.

Please use this box to tell us anything you think is missing and should be considered as a priority action within this outcome.

*186 comments were received with a number of key themes discussed:

- Issues with Recycling and Waste
- Preserving the Green Belt
- Improved Housing Solutions
- Improving Roads and Pavements
- Alternative Transport Solutions

* Themes discussed in more detail in full report



Outcome 8 – Shaped by people – We make our places what they are



How much do you agree or disagree with the following priority actions proposed for achieving this outcome...

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
More council services, staff, and policies located in local communities and shaped by them	29 (5%)	35 (6%)	127 (20%)	252 (40%)	182 (29%)
Increase young people's interest and participation in democracy.	23 (4%)	23 (4%)	159 (25%)	247 (40%)	173 (28%)
Recruit and train tenants to be part of the 'Housing Advisory Board' to influence our new Homes and Neighbourhoods service.	27 (4%)	32 (5%)	190 (30%)	220 (35%)	154 (25%)

The responses show that at least 60% of respondents agree/strongly agree with each of the priority actions set within the shaped by people outcome.

The action with the most agreement recorded is *'More council services, staff, and policies located in local communities and shaped by them'* in which 69% agree/strongly agree.

Please use this box to tell us anything you think is missing and should be considered as a priority action within this outcome.

*79 comments were received with a number of key themes discussed:

- More Face-to-Face Interaction
- Improved Communication
- Criticism of the Council's Approach to the budget engagement
- Ensuring Inclusivity for all

* Themes discussed in more detail in full report



Outcome 9 – Efficient and effective - Kirklees Council works smart and delivers efficiently and effectively



How much do you agree or disagree with the following priority actions proposed for achieving this outcome...

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
Publish a new Communications Strategy to improve the way the council engages with residents.	33 (5%)	45 (7%)	179 (29%)	228 (37%)	136 (22%)
Use the council's digital infrastructure to help residents, businesses and community groups get connected online.	24 (4%)	33 (5%)	171 (28%)	252 (41%)	140 (23%)
Make it easier for local people to come and work for the council through new online recruitment resources.	21 (3%)	36 (6%)	164 (26%)	247 (40%)	152 (25%)
Improve response times to council enquiries and contacts.	4 (1%)	5 (1%)	77 (12%)	233 (38%)	302 (49%)

The responses show that at least 59% of respondents agree/strongly agree with each of the priority actions set within the efficient and effective outcome.

The action with the most agreement recorded is 'Improve response times to council enquiries and contacts' in which 87% agree/strongly agree.

Please use this box to tell us anything you think is missing and should be considered as a priority action within this outcome.

*114 comments were received with a number of key themes discussed:

- Digital Exclusion
- Improve Response Rates & the Website
- Improve Communications
- Criticism of the Council's Approach
- Improving Kirklees as an Employer

* Themes discussed in more detail in full report



Headline Results



**Your budget
Your say**

**Budget Consultation
2022/2023**



Summary

The budget consultation consisted of an online survey which summarised the council's priorities and actions for 2022/2023 asking respondents whether they agreed with them or not, and what they thought should also be added to the short-term recovery plan and outcomes.

The survey ran for a period of just over 6 weeks with 664 responses received from a variety of age bands and ethnic backgrounds.

Overall, 236 individual comments were received on what people would like to see added to our short-term recovery plan.

The proportion of people agreeing with each priority action varied across the 9 Kirklees outcomes.

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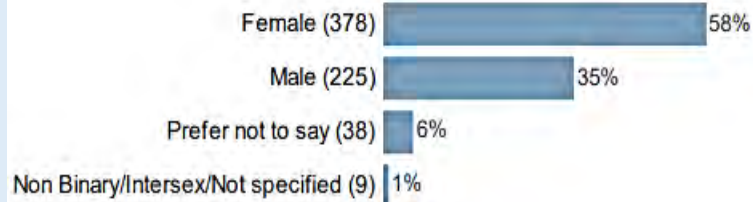
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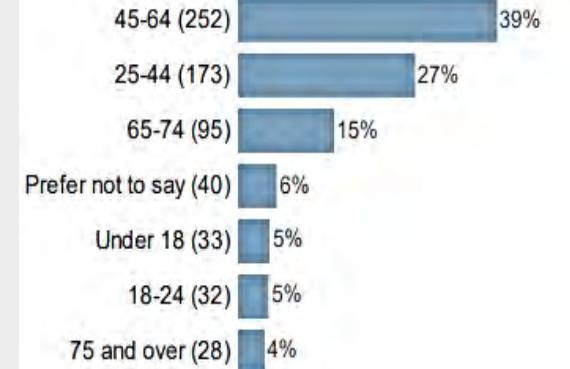
Gender



Do you consider yourself to have a disability?



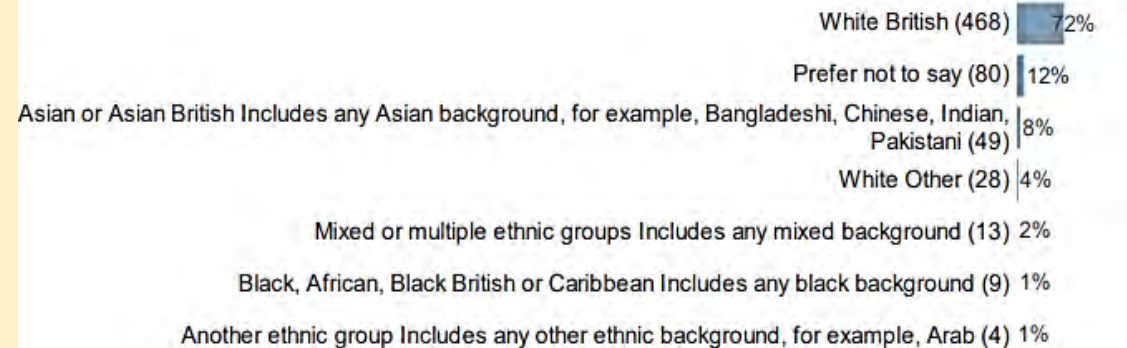
Age



Are you completing this questionnaire:



Ethnicity



Headlines - What people feel is missing from the short-term recovery plan?

Overall, 236 individual comments were received on what people would like to see added to our short-term recovery plan

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- Increase in training and development opportunities across Kirklees



Headlines - What people think of the priority actions within the Kirklees outcomes

The proportion of people agreeing with each priority action varied across the 9 Kirklees outcomes.

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Outcome 1 – Best start – At least 65% of respondents agreed/strongly agreed with each of the priority actions set within the best start outcome. The priority action that received the most support was ‘Increasing the number of suitable places for children to spend time at outside of school’. There were 174 comments received on this outcome.



Outcome 2 – Well – Over two thirds (77%) of respondents agreed/strongly agreed with each of the priority actions set within the well outcome. There were 166 comments received on this outcome.



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Headlines - What people think of the priority actions within the Kirklees outcomes



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Headlines - What people think of the priority actions within the Kirklees outcomes



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Outcome 1 - Best start - Children in Kirklees have the best start in life



How much do you agree or disagree with the following priority actions proposed for achieving this outcome...

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
More places in Kirklees special schools.	15 (4%)	13 (3%)	113 (28%)	141 (35%)	120 (30%)
Increase the number of suitable places for children to spend time at outside of school.	13 (3%)	19 (5%)	63 (16%)	160 (40%)	150 (37%)
Improve support for families through our 'Families Together' hubs.	15 (4%)	21 (5%)	115 (28%)	142 (35%)	111 (27%)
Better financial support for young people leaving care.	15 (4%)	13 (3%)	84 (21%)	148 (37%)	142 (35%)

The responses show that at least 65% of respondents agree/strongly agree with each of the priority actions set within the best start outcome.

The action with the most agreement recorded is *'Increasing the number of suitable places for children to spend time at outside of school'*

Please use this box to tell us anything you think is missing and should be considered as a priority action within this outcome.

*174 comments were received with a number of key themes discussed:

- Improvements in engagement, activities, and facilities for children
- Increased support for parents
- Focus on better mental health support
- Addressing additional support needs more widely
- More holistic support for care leavers
- Increased support for schools

* Themes discussed in more detail in full report



Outcome 2 - Well - People in Kirklees are as well as possible for as long as possible



Well



How much do you agree or disagree with the following priority actions proposed for achieving this outcome...

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
Increase residents' access to green space.	9 (1%)	22 (3%)	112 (18%)	246 (39%)	241 (38%)
Improve the way health checks are delivered for residents.	9 (1%)	14 (2%)	119 (19%)	261 (41%)	228 (36%)
Increase access to mental health services through networks of volunteers and Community Champions.	22 (3%)	42 (7%)	76 (12%)	206 (32%)	288 (45%)
Promote more physical activity through Exercise on Referral for residents who want to improve their health.	14 (2%)	27 (4%)	110 (17%)	262 (42%)	218 (35%)

The responses show that 77% of respondents agree/strongly agree with each of the priority actions set within the well outcome.

Please use this box to tell us anything you think is missing and should be considered as a priority action within this outcome.

* 166 comments were received with a number of key themes discussed:

- Easier and more inclusive access to health services
- Ongoing maintenance and Improvements to greenspaces and outdoor facilities
- Improving mental health support
- Promoting healthier lifestyle choices

* Themes discussed in more detail in full report



Outcome 3 – Independent - People in Kirklees are independent and have control over their lives



How much do you agree or disagree with the following priority actions proposed for achieving this outcome...

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
Improve choice and control for people who use social care services.	13 (2%)	19 (3%)	127 (20%)	273 (43%)	197 (31%)
Build more specialist housing for older people and residents with disabilities, enabling them to live independently for longer.	12 (2%)	9 (1%)	77 (12%)	260 (41%)	274 (43%)
Improve adaptations to residents' homes to enable people to live independent lives.	10 (2%)	11 (2%)	63 (10%)	261 (41%)	288 (45%)
Invest in library buildings as hubs for services that support independence and reduce social isolation.	19 (3%)	26 (4%)	102 (16%)	229 (36%)	252 (40%)

The responses shows that at least 74% of respondents agree/strongly agree with each of the priority actions set within the independent outcome.

The action with the most agreement recorded is 'Improve adaptations to residents' homes to enable people to live independent lives' in which 86% agree/strongly agree.

Please use this box to tell us anything you think is missing and should be considered as a priority action within this outcome.

*135 comments were received with a number of key themes discussed:

- Support for libraries
- More funding for carers
- Improvements in housing accommodation
- More inclusive and easier access to support for all

* Themes discussed in more detail in full report



Outcome 4 – Aspire and achieve - People in Kirklees have aspiration to achieve their ambitions through education, training employment and lifelong learning



Aspire and achieve

How much do you agree or disagree with the following priority actions proposed for achieving this outcome...

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
Support to young people affected by the pandemic and those most at risk of missing out on achieving their ambitions.	18 (3%)	25 (4%)	86 (14%)	250 (40%)	252 (40%)
Produce an 'Employment and Skills Strategy' that supports residents into work and helps them to progress.	12 (2%)	24 (4%)	69 (11%)	257 (41%)	272 (43%)

The responses shows that at least 84% of respondents agree/strongly agree with each of the priority actions set within the aspire and achieve outcome.

The action with the most agreement recorded is 'Produce an 'Employment and Skills Strategy' that supports residents into work and helps them to progress' in which 84% agree/strongly agree.

Please use this box to tell us anything you think is missing and should be considered as a priority action within this outcome.

*114 comments were received with a number of key themes discussed:

- More inclusive opportunities for development and catching up for all
- More collaborative ways of working
- Increase and improvement of apprenticeships opportunities
- More practical guidance for children

* Themes discussed in more detail in full report



Outcome 5 – Sustainable economy - Kirklees has sustainable economic growth and provides good employment for and with communities and businesses



How much do you agree or disagree with the following priority actions proposed for achieving this outcome...

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
Bring forward plans for major regeneration works for the cultural heart of Huddersfield town centre.	80 (13%)	83 (13%)	139 (22%)	145 (23%)	187 (29%)
Progress £25m economy and infrastructure improvements in Dewsbury.	91 (14%)	93 (15%)	182 (29%)	156 (25%)	108 (17%)
Identify and agree local improvements for town centres in Batley, Holmfirth, Heckmondwike and Cleckheaton.	47 (7%)	51 (8%)	163 (26%)	215 (34%)	152 (24%)
Deliver a rolling programme of transport improvements through West Yorkshire Transport Fund.	25 (4%)	23 (4%)	93 (15%)	237 (38%)	251 (40%)
Extra support for arts, culture and tourism through a new 'Tourism Strategy', a website to promote local creative arts, and preparation for Kirklees Year of Music 2023.	64 (10%)	87 (14%)	171 (27%)	189 (30%)	118 (19%)

The responses show that at least 42% of respondents agree/strongly agree with each of the priority actions set within the sustainable economy outcome.

The action with the most agreement recorded is '*Deliver a rolling programme of transport improvements through West Yorkshire Transport Fund*' in which 78% agree/strongly agree.

Please use this box to tell us anything you think is missing and should be considered as a priority action within this outcome.

*157 comments were received with a number of key themes discussed:

- Improvements to road and travel infrastructure
- More support for green issues
- Support for local businesses

* Themes discussed in more detail in full report



Outcome 6 – Safe and Cohesive - People in Kirklees live in cohesive communities, feel safe and are protected from harm



How much do you agree or disagree with the following priority actions proposed for achieving this outcome...

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
Refurbish and redevelop high-rise housing blocks to ensure fire safety for residents.	16 (4%)	25 (6%)	67 (16%)	144 (35%)	155 (38%)
Develop a framework to ensure the council and its partners work even more effectively in our communities to make them safer and more cohesive.	11 (3%)	14 (3%)	71 (17%)	177 (43%)	134 (33%)
Work better with Kirklees' voluntary and community sector and promote their contribution to our society.	11 (3%)	12 (3%)	75 (18%)	160 (39%)	148 (36%)

The responses show that at least 73% of respondents agree/strongly agree with each of the priority actions set within the safe and cohesive outcome.

The action with the most agreement recorded is ‘*Develop a framework to ensure the council and its partners work even more effectively in our communities to make them safer and more cohesive.*’ in which 76% agree/strongly agree.

Please use this box to tell us anything you think is missing and should be considered as a priority action within this outcome.

*116 comments were received with a number of key themes discussed:

- Improve Policing in Kirklees
- Criticism of the Council’s Approach to the budget
- Supporting the Community and Voluntary Sector

* Themes discussed in more detail in full report



Outcome 7 – Clean and green - People in Kirklees experience a high quality, clean, sustainable and green environment



How much do you agree or disagree with the following priority actions proposed for achieving this outcome...

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
Build more affordable homes in Kirklees.	43 (7%)	56 (9%)	94 (15%)	188 (30%)	246 (39%)
Install more electric vehicle charging points.	29 (5%)	41 (7%)	141 (22%)	224 (36%)	192 (31%)
Plant over 70,000 trees and introduce wildflower meadows.	11 (2%)	18 (3%)	51 (8%)	199 (31%)	354 (56%)
Develop our roadmap to achieving net zero carbon emissions by 2038.	39 (6%)	33 (5%)	111 (18%)	203 (32%)	239 (38%)
Improve waste and recycling services by introducing a reuse shop, a new bulky waste service, trialling a glass kerbside collection service.	11 (2%)	12 (2%)	38 (6%)	177 (28%)	396 (62%)
New actions on fly-tipping.	3 (0%)	4 (1%)	47 (7%)	152 (24%)	428 (68%)
Deliver over 160 local road improvements over two years, including resurfacing and maintenance works.	10 (2%)	20 (3%)	58 (9%)	198 (31%)	344 (55%)
Deliver more road safety schemes.	32 (5%)	40 (6%)	169 (27%)	184 (29%)	201 (32%)

The responses show that at least 61% of respondents agree/strongly agree with each of the priority actions set within the clean and green outcome.

The action with the most agreement recorded is ‘New actions on fly-tipping’ in which 92% agree/strongly agree.

Please use this box to tell us anything you think is missing and should be considered as a priority action within this outcome.

*186 comments were received with a number of key themes discussed:

- Issues with Recycling and Waste
- Preserving the Green Belt
- Improved Housing Solutions
- Improving Roads and Pavements
- Alternative Transport Solutions

* Themes discussed in more detail in full report



Outcome 8 – Shaped by people – We make our places what they are



How much do you agree or disagree with the following priority actions proposed for achieving this outcome...

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
More council services, staff, and policies located in local communities and shaped by them	29 (5%)	35 (6%)	127 (20%)	252 (40%)	182 (29%)
Increase young people's interest and participation in democracy.	23 (4%)	23 (4%)	159 (25%)	247 (40%)	173 (28%)
Recruit and train tenants to be part of the 'Housing Advisory Board' to influence our new Homes and Neighbourhoods service.	27 (4%)	32 (5%)	190 (30%)	220 (35%)	154 (25%)

The responses show that at least 60% of respondents agree/strongly agree with each of the priority actions set within the shaped by people outcome.

The action with the most agreement recorded is *'More council services, staff, and policies located in local communities and shaped by them'* in which 69% agree/strongly agree.

Please use this box to tell us anything you think is missing and should be considered as a priority action within this outcome.

*79 comments were received with a number of key themes discussed:

- More Face-to-Face Interaction
- Improved Communication
- Criticism of the Council's Approach to the budget engagement
- Ensuring Inclusivity for all

* Themes discussed in more detail in full report



Outcome 9 – Efficient and effective - Kirklees Council works smart and delivers efficiently and effectively



How much do you agree or disagree with the following priority actions proposed for achieving this outcome...

	strongly disagree	disagree	neither agree nor disagree	agree	strongly agree
Publish a new Communications Strategy to improve the way the council engages with residents.	33 (5%)	45 (7%)	179 (29%)	228 (37%)	136 (22%)
Use the council's digital infrastructure to help residents, businesses and community groups get connected online.	24 (4%)	33 (5%)	171 (28%)	252 (41%)	140 (23%)
Make it easier for local people to come and work for the council through new online recruitment resources.	21 (3%)	36 (6%)	164 (26%)	247 (40%)	152 (25%)
Improve response times to council enquiries and contacts.	4 (1%)	5 (1%)	77 (12%)	233 (38%)	302 (49%)

The responses show that at least 59% of respondents agree/strongly agree with each of the priority actions set within the efficient and effective outcome.

The action with the most agreement recorded is '*Improve response times to council enquiries and contacts*' in which 87% agree/strongly agree.

Please use this box to tell us anything you think is missing and should be considered as a priority action within this outcome.

*114 comments were received with a number of key themes discussed:

- Digital Exclusion
- Improve Response Rates & the Website
- Improve Communications
- Criticism of the Council's Approach
- Improving Kirklees as an Employer

* Themes discussed in more detail in full report





**Name and date of meeting: Corporate Governance and Audit Committee
21 January 2022**

**Cabinet
1 February 2022**

**Council
16 February 2022**

Title of report: Treasury Management Strategy and Investment Strategy 2022/23

Purpose of report

Under the CIPFA Code of Practice on Treasury Management (2017) and accompanying Prudential Code 2017 the Council must present a Treasury Management Strategy at the start of each financial year. Alongside the Treasury Management Strategy, the Annual Investment Strategy must also be approved by Council.

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 (for Cabinet)
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	Key Decision: Yes Private Report/Private Appendix: N/A
The Decision - Is it eligible for call in by Scrutiny?	No
Date signed off by Strategic Director and name Is it also signed off by Service Director Is it also signed off by the Service Director Legal, Governance and Commissioning	N/A Eamonn Croston – 13 January 2022 Julie Muscroft – 13 January 2022
Cabinet member portfolio	Corporate Paul Davies

Electoral wards affected: All
Ward councillors consulted: N/A
Public or Private: Public

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

1 Summary

- 1.1 The Council has adopted CIPFA's Code of Practice on Treasury Management (2017 Edition), and accompanying Prudential Code 2017, and is thereby required to approve a treasury management strategy before the start of each financial year. In addition, the Ministry for Housing, Communities and Local Government (MHCLG) issued guidance on local authority investments in February 2018, which requires the Council to approve an annual Investment Strategy before the start of each financial year.
- 1.2 This report meets the requirements of the aforementioned CIPFA Codes and MHCLG Guidance.
- 1.3 Cabinet is responsible for the implementation and monitoring of the treasury management policies. The Corporate Governance and Audit Committee undertake a scrutiny role with regard to treasury management. The last training for members of this Committee was provided in November 2021 by the Council's treasury management advisors/consultants, Arlingclose.
- 1.4 This report will:
 - (i) outline the outlook for interest rates and credit risk, and in light of this, recommend an investment strategy (Treasury Management Investments) for the Council to follow in 2022/23;
 - (ii) outline the current and estimated future levels of Council borrowing (internal and external) and recommend a borrowing strategy for 2022/23;
 - (iii) review the methodologies adopted for providing for the repayment of debt and recommend a policy for calculating the Minimum Revenue Provision (MRP);
 - (iv) review other treasury management matters including the policy on the use of financial derivatives, prudential indicators, the use of consultants, and the policy on charging interest to the Housing Revenue Account;
 - (v) recommend an annual Investment Strategy (Non-Treasury Investments) for the Council in 2022/23 in line with MHCLG (2017) guidance.

2 Information required to take a decision

The following paragraphs 2.1 to 2.5 have been provided by our Treasury Management external advisors, Arlingclose:

Economic Background

- 2.1 The ongoing impact on the UK from coronavirus, together with higher inflation, higher interest rates, and the country's trade position post-Brexit, will be major influences on the Council's treasury management strategy for 2022/23.

- 2.2 The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates and unanimously to maintain the asset purchase programme. Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations, however the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4% compared to 4.5% forecast previously but notes that Omicron could weaken the demand for labour.
- 2.3 UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% y/y from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% while the employment rate rose to 75.5%. In October 2021, the headline 3-month average annual growth rate for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs.
- 2.4 Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% q/q in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. The Q3 gain was modestly below the consensus forecast of a 1.5% q/q rise. During the quarter activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat. Looking ahead, while monthly GDP readings suggest there had been some increase in momentum in the latter part of Q3, Q4 growth is expected to be soft.

Interest Rate Forecast

- 2.5 The Authority's treasury management adviser Arlingclose is forecasting that Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates. Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced. Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.

Borrowing and Investment – General Strategy for 2022/23

2.6 The Capital Financing Requirement (CFR) represents the Council's underlying need to finance capital expenditure by borrowing or other long-term liability arrangements. A Council can choose to borrow externally to fund its CFR. If it does this, it is likely that it would be investing externally an amount equivalent to its total reserves, balances and net creditors. Alternatively, a Council can choose not to invest externally but instead use these balances to effectively "borrow internally" and minimise external borrowing. In between these two extremes, a Council may have a mixture of external and internal investments / external and internal borrowing.

Table 1 below sets out the forecast CFR position for the Council as at 31 March 2022 and forecast CFR and borrowing requirements over the following 5 years. CIPFA's Prudential Code recommends that the Council's total debt should be lower than its highest forecast CFR. Table 1 shows that the Authority expects to comply with this recommendation.

Table 1: Balance Sheet Forecast

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
General Fund CFR						
- Non PFI	539.9	610.7	689.8	770.9	826.5	820.7
- PFI	39.4	35.5	33.6	31.3	28.8	26.4
HRA CFR - Non PFI	170.5	177.3	190.3	205.6	209.2	213.1
- PFI	45.2	42.7	40.6	38.0	35.3	32.4
Total CFR	795.0	866.2	954.3	1,045.8	1,099.8	1,092.6
Less: PFI debt liabilities*	84.6	78.2	74.2	69.3	64.1	58.8
Borrowing CFR	710.4	788.0	880.1	976.5	1,035.7	1,033.8
Financed by:						
Deferred Liabilities *	3.7	3.6	3.6	3.5	3.5	3.5
Internal Borrowing	222.9	197.8	178.3	173.7	170.6	169.2
External Borrowing	483.8	586.6	698.2	799.3	861.6	861.1
Total	710.4	788.0	880.1	976.5	1,035.7	1,033.8
Treasury investments	30.0	30.0	30.0	30.0	30.0	30.0

* £84.6m other debt liabilities, incl leases and PFI (£6.4m falling due in 2022/23)

2.7 Prior to 2009/10 the Council's policy had been to borrow up to its CFR, investing externally the majority of its balances. With the onset of instabilities in the financial markets and the economic downturn, the policy changed to one of ensuring the security of the Council's balances. This coincided with significant falls in investment returns, making the budgetary benefit of maximising external borrowing more marginal. Thus, the Council has chosen to steadily reduce monies invested externally and instead has used internal balances to offset new borrowing requirements.

- 2.8 There is a marked increase in the CFR compared with previous years due to increases in the capital programme, in particular the proposed Cultural Heart regeneration programme as part of the Huddersfield Blueprint, which has added a further £166m of borrowing requirement (on top of the £44m in the existing plan) compared to last year's 5 year capital plan. The external borrowing necessary to fund the projected rise in CFR will be a mixture of long and short-term borrowing.
- 2.9 Table 1 above shows the level of internal borrowing forecast over the next 5 years. As Council usable reserves are forecast to reduce over the 5 years in line with planned commitments, the internal borrowing will also reduce resulting in further external borrowing that will need to be required to fund the CFR.
- 2.10 The relative mix of future internal and external borrowing will be considered in conjunction with advice from the Council's external treasury management advisor, noting that provision has been made in the updated Council budget plan revenue resource assumptions to accommodate a continued future mix of internal and external borrowing.
- 2.11 The Service Director - Finance, supports the approach that the borrowing and investment strategy for 2022/23 continues to place emphasis on the security of the Council's balances. The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Although credit conditions generally on banks and building societies have tended to be relatively benign despite the impact of the pandemic, the global economy is fragile. Looking forward credit will remain a risk suggesting the Council needs to take a cautious approach to bank deposits in 2022/23.
- 2.12 It is recommended that balances should continue to be invested to a level which is perceived to be reasonably secure and which is needed to meet the day-to-day cash flow requirements of the Council (around £20 million). The remainder of the balances will be effectively invested internally, that is used to offset borrowing requirements.
- 2.13 In order to increase investment returns, the Council has invested £10 million in the Local Authorities Pooled Investment Fund (LAPF) as per the approved Council 2019/20 Treasury Management Strategy. The Council will not make any further investment in the property fund or similar investments.
- 2.14 Average current Council cashflow balances remain consistent at about £30 million (including the LAPF), with the investment in the LAPF leaving about £20 million for day-to-day cashflow requirement as noted above.

Borrowing Strategy

- 2.15 The Council is forecast to hold around £554.4 million of external borrowing and other long-term liabilities as at 31 March 2022. This is analysed at Table 3 below:

Table 3 – year end estimate – 31 March 2022

	£m	%
PWLB loans (fixed rate)	301.3	54
LOBOs	60.0	11
Loan stock (fixed rate)	7.0	1
Other long term loans (fixed rate)	43.4	8
Temporary borrowing	58.1	11
Total external borrowing	469.8	
Other Long Term Liabilities (mainly PFI)	84.6	15
Total external debt liabilities	554.4	

2.16 The approved sources of borrowing are:

- HM Treasury's PWLB lending facility
- Any bank or building society authorised to operate in the UK
- Other local authorities
- Capital market bond investors
- Local Capital Finance Company and other special purpose companies created to enable local authority bond issues
- UK public and private sector pension funds
- Salix Finance Limited

2.17 The Council has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, in order to lower interest payments. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield. The Council intends to avoid this activity in order to retain its access to PWLB loans.

2.18 The Council also has LOBO (Lender's Option, Borrower's Option) loans, where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. The Council will take the option to repay at no cost, if it has the opportunity to do so. The Council's current limit on LOBO borrowing is set at 11% of long term debt.

2.19 The Council's approach over a number of years has been to borrow short term and take advantage of historically low interest rates, however the recent shift in approach is to increase long term borrowing gradually to ensure a more balanced risk approach. Over the past year, the Council has taken on £40m long term PWLB borrowing. This emerging strategy is intended to provide more certainty and hedge against future interest rate volatility if the Council otherwise continued to rely heavily on short term borrowing over the medium term.

2.20 Borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2022/23 with a view to keeping future

interest costs low, even if this causes additional cost in the short-term. This will be subject to ongoing review, in consultation with Arlingclose, as to when it will be appropriate to borrow longer term with the PWLB or via an alternative source

- 2.21 One example of an alternative source of funding is the Local Capital Finance Company established in 2014 by the Local Government Association. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantees over the very small risk that other local authority borrowers default on their loans; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable.
- 2.22 Alternatively, the Council may arrange forward starting loans, with alternative lenders as these are not available through the PWLB, where the interest rate is fixed in advance but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 2.23 The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. At the present time, the Council is not in a position to undertake early repayments due to the current prohibitive early repayment rates.
- 2.24 Salix Finance Limited provides interest free Government funding to the public sector to improve their energy efficiency, reduce carbon emissions and lower energy bills. The Council to date has taken the opportunity to secure £6.8 million interest free loans to part fund the £12.0 million approved street lighting replacement scheme in the Council's approved capital plan.
- 2.25 Borrowing policy and performance are monitored throughout the year and are reported to Members via a Half Yearly Report and also an Outturn Report in line with approved guidance.

Treasury Investment Strategy

- 2.26 Investment guidance issued by MHCLG requires that an investment strategy, outlining the Council's policies for managing investments in terms of risk, liquidity and yield, should be approved by full Council or equivalent level, before the start of the financial year. This strategy can then only be varied during the year by full Council.
- 2.27 The Council will not place direct investments in companies as defined by the Carbon Underground 200 on 1 February each year.
- 2.28 A new regulatory update came into force from 3rd January 2018; the second Markets in Financial Instruments Directive (MiFID II), which meant that the Council had to formally apply to renew its status as a 'professional client' (also referred to as the 'opt up' option), but subject to certain criteria being met.
- 2.29 Following full Council approval on 13th December 2017, officers have now successfully 'opted up' the Council to professional client status, effective from 3rd January 2018. Given the size and range of the Council's treasury management

activities, the Service Director Finance believes this to continue to be the most appropriate status.

- 2.30 The Council's investment criteria are detailed in Appendix A. The Council will continue to maintain a relatively low risk strategy giving priority to security and liquidity, and as such invest an average of around £20 million externally in relatively short-term, liquid investments through the money markets, for the purpose of managing day-to-day cash flow requirements. Any remaining balances, net of investment in the local authority property fund, will be used internally, offsetting borrowing requirements.
- 2.31 The Council uses credit ratings from the three main rating agencies - Fitch, Moody's and Standard & Poor's to assess the risk of investment defaults (Appendix B). The lowest credit rating of an organisation will be used to help determine credit quality. Long term ratings are expressed on a scale from AAA (the highest quality) through to D (indicating default). Ratings of BBB- and above are described as investment grade, while ratings of BB+ and below are described as speculative grade.
- 2.32 Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria:
- No new investments will be made;
 - Any existing investments that can be recalled at no cost will be recalled;
 - Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a rating is on review for possible downgrade ("negative watch") so that it is likely to fall below the required criteria, then no further investments will be made in that organisation until the outcome is announced. This policy will not apply to negative outlooks.

- 2.33 Full regard will be given to other available information on the credit quality of banks and building societies, including credit default swap prices, financial statements and rating agency reports. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the approved criteria.
- 2.34 Annual cash flow forecasts are prepared which are continuously updated. Investment policy and performance will be monitored continuously and will be reported to Members during the year and as part of the annual report on Treasury Management.

Statement of Policy on the Minimum Revenue Provision (MRP)

- 2.35 MRP is the statutory requirement for local authorities to set aside some of their revenue resources as provision for reducing the underlying need to borrow (Capital Financing Requirement – CFR), ie the borrowing taken out in order to finance capital expenditure.
- 2.36 Prior to the Local Authorities (Capital Finance and Accounting) (England) Regulations 2008, which came into force on 31 March 2008, the set aside was

specified as a percentage of a Council's CFR (2% for HRA debt, 4% for General Fund). The current Regulations are less prescriptive with a requirement to ensure the amount set aside is deemed to be **prudent**, although there is accompanying current DLUHC guidance which sets out possible methods a Council might wish to follow.

- 2.37 Current MHCLG guidance recommends that Council's prepare a statement of policy on making MRP in respect of the forthcoming year, with approval by full Council before the start of the financial year. If these proposals subsequently need to be varied, a revised statement should be put to full Council. Appendix C details the Council's policy for the provision of MRP.
- 2.38 Appendix C details a change in accounting policy for the calculation of MRP to be implemented from 1 April 2022, which now stipulates that the Council will only charge MRP once an asset is operational (previously MRP was chargeable based on the date of the associated borrowing). This ensures that there is a clear link between the charge for MRP and the life of the asset created.
- 2.39 Existing budget plans approved the MRP unwind in later years be brought forward and increased to the maximum allowable level of £13.7m in 2022/23, and £13.6m in 2023/24 at which point the unwind will be fully utilised. Updated budget plans for 2022/23 and future years maintain this approach.

Policy on the Use of Financial Derivatives

- 2.40 Local authorities (including this Council) have in the past made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans). The Localism Act 2011 includes a general power of competence that appears to remove the uncertain legal position over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The latest CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.
- 2.41 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where it is confident it has the powers to enter into such transactions. They will only be used for the prudent management of its financial affairs and never for speculative purposes and where it can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to.
- 2.42 Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Non-Treasury Investments

- 2.43 The Council may also purchase property for investment purposes and may also make loans and investments for service purposes, for example in shared

ownership housing, loans to local businesses and landlords, or as equity investments and loans to the Council's subsidiaries. Such loans and investments will be subject to the Council's normal approval processes for revenue and capital expenditure and need not comply with this treasury management strategy. They are however covered by the Council's Investment Strategy (see Appendix E).

Treasury Management Indicators

- 2.44 The Council is asked to approve certain treasury management indicators, the purpose of which is to contain the activity of the treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decision impacting negatively on the Council's overall financial position. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs. The proposed indicators are set out in Appendix D.

Other Matters

- 2.45 After a long consultation, an updated CIPFA Prudential Code has been published in December 2021, with a soft launch of the Code to be adopted for strategies in 2022/23 and full implementation in 2023/24.
- 2.46 The new Code stipulates restrictions on borrowing primarily for financial return, including commercial property. The Council's current and proposed capital plans do not include any capital investment funded by borrowing primarily for commercial return, that may otherwise have restricted access to PWLB borrowing going forward. The new Code does not introduce restrictions on councils borrowing for purposes essential to their core aims, such as for housing and regeneration projects, or for treasury management purposes.
- 2.47 The CIPFA Code also requires the Council to note the following matters each year as part of the treasury management strategy:

(i) Investment Consultants

The Council's adviser is Arlingclose Limited. The services received include:

- Advice and guidance on relevant policies, strategies and reports;
- Advice on investment and debt management;
- Notification of credit ratings and other information on credit quality;
- Reports on treasury performance;
- Forecasts of interest rates and economic activity; and
- Training courses.

The quality of the service is monitored on a continuous basis by the Council's treasury management team.

(ii) Investment Training

As part of the MiFID II requirements, the needs of the Council's treasury management staff for training in investment management are assessed on a continuous basis, and formally on a 6-monthly basis as part of the staff appraisal process. Additionally training requirements are assessed when the responsibilities

of individual members of staff change. Staff attend training courses and seminars as appropriate.

(iii) *Investment of money borrowed in advance of need*

The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. However, as this would involve externally investing such sums until required and thus increasing exposures to both interest rate and principal risks, it is not believed appropriate to undertake such a policy at this time.

(iv) *Policy on charging interest to the Housing Revenue Account (HRA)*

Following the reform of housing finance, the Council is free to adopt its own policy on sharing interest costs and income between General Fund and the HRA. The CIPFA code recommends that authorities state their policy each year in the strategy report.

On 1 April 2012, the Council notionally split each of its existing long term loans into General Fund and HRA pools. New long term loans borrowed will be assigned in their entirety to one pool or the other. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. Interest will be applied to this balance using the Council's average investment rate.

3 **Implications for the Council**

3.1 Working with People
N/A

3.2 Working with Partners
N/A

3.3 Placed based working
N/A

3.4 Climate Change and Air Quality
N/A

3.5 Improving Outcomes for Children
N/A

3.6 Other (e.g. Legal/Financial or Human Resources)

The revenue implications of the strategies outlined have been reflected in the Council's annual budget report 2022-27.

The Council must have regard to the CIPFA Code of Practice on Treasury Management; the Prudential Code for Capital Finance in Local Authorities (the Prudential Code) 2017 and the DLUHC statutory guidance on Local Government Investments when performing its duties under Part 1 of the Local

Government Act 2003 and the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended).

The council has the power to borrow under section 1 of the Local Government Act 2003 and the Council has powers to invest under section 12 of the Local Government Act 2003.

4 Consultees and their opinions

Arlingclose, the treasury management advisors to the Council, have provided the economic context commentary contained in this report.

5 Next steps

Treasury management performance will be monitored and reported to members during the year.

Following consideration at Corporate Governance & Audit Committee, this report will be presented to Cabinet on 1 February 2022 and then full Council on 16 February 2022 for approval.

6 Officer recommendations and reasons

That Corporate Governance & Audit Committee recommend the following for consideration by Cabinet and then approval by full Council:

- (i) the treasury management strategy incorporating: the borrowing strategy outlined in paragraphs 2.15 to 2.25;
- (ii) the investment strategy (treasury management investments) outlined in paragraphs 2.26 to 2.34 and Appendices A and B;
- (iii) the policy for provision of repayment of debt (Minimum Revenue Provision) outlined in paragraphs 2.35 to 2.39 and at Appendix C;
- (iv) the treasury management indicators in Appendix D and
- (v) the Investment Strategy (Non-Treasury Investments) at Appendix E.

Reasons:

1. Section 151 of the Local Government Act 1972 requires the Council to make arrangements for the proper administration of its financial affairs .
2. The Council must have regard to the CIPFA Treasury Management Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities (the Prudential Code) 2017 and the DLUHC Statutory guidance on Local government Investments (2018) when performing its duties under Part 1 of the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended).

7 Cabinet Portfolio Holder recommendation

The report and recommendations be submitted to Cabinet on 1 February 2022 and Council on 16 February 2022.

8 **Contact officer**

James Anderson	Head of Accountancy	01484 221000
Rachel Firth	Finance Manager	01484 221000

9 **Background Papers and History of Decisions**

CIPFA's Code of Practice on Treasury Management in the Public Services; CIPFA's Prudential Code for Capital Finance in Local Authorities; Guidance on Local Government Investments (MHCLG 2018); The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (Amended 2008); Localism Act 2011. CIPFA Treasury Management Code and Prudential Code 2017.

10 **Service Director responsible**

Eamonn Croston	01484 221000
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APPENDIX A

Investment Policy for 2022/23

Investment Limits:

- The Council is able to invest an unlimited amount with the UK Government for up to 6 months.
- The Council is able to invest up to £10 million and up to three months with UK banks and building societies with a “high to upper medium grade” credit rating.
- The Council is able to invest up to £10 million and up to two months with foreign banks with a “high to upper medium grade” credit rating.
- The Council is able to invest up to £10 million and up to three months with individual local authorities.
- The Council is able to invest up to £10 million in individual MMFs (instant access or up to 2 day notice). There will be an overall limit of £40 million for MMFs (non-government funds), plus up to £10 million invested in a fund backed by government securities.
- The Council is able to invest up to £10 million in Local Authority Pooled Investment Funds.

The maximum limits apply to any one counter-party and to a banking group rather than each individual bank within a group.

Note:

The limits set out above exclude any amounts held on the Council’s behalf by the Yorkshire Purchasing Organisation (YPO). The YPO (a consortium in which the Council has an interest) invest funds as part of their treasury management processes. For the avoidance of doubt, this element does not form part of the limits set above. For context, the Council’s proportion of YPO’s maximum investment with any given counterparty is approximately £155k.

The Council will not place direct investments in companies as defined by the Carbon Underground 200 on 1 February each year.

Liquidity management:

The Council uses purpose-built cash flow forecasting models to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council’s medium-term financial plan and cash flow forecast.

	Short-term Credit Ratings / Long-term Credit Ratings			Investment Limits per Counterparty		Counterparties falling into category as at Nov 2021	
	Fitch	Moody's	S & P	£m	Period (2)		
UK Banks / Building Societies (Deposit accounts, fixed term deposits and REPOs)	F1	P-1	A-1	10	<3mth	HSBC	Bank of Scotland
	AAA,AA+,AA,AA-,A+,A,A-	Aaa,Aa1,Aa2,Aa3,A1,A2,A3	AAA,AA+,AA,AA-,A+,A,A-			Lloyds Group	Handelsbanken
						Santander UK	Nationwide BS
						Barclays	
						Coventry BS	
Foreign Banks (Deposit accounts, fixed term deposits and REPOs)	F1	P-1	A-1	10	<2mth	Various	
	AAA,AA+,AA,AA-,A+,A,A-	Aaa,Aa1,Aa2,Aa3,A1,A2,A3	AAA,AA+,AA,AA-,A+,A,A-				
MMF (1)	-	-	-	10	Instant access/ up to 2 day notice	Aberdeen	Aviva
						Deutsche Bank	Goldman Sachs
UK Government (Fixed term deposits)	-	-	-	Unlimited	<6mth		
UK local authorities (Fixed term deposits)	-	-	-	10	<3mth		
Local Authority Pooled Investment Funds	-	-	-	10	>6mth		

(1) Overall limit for investments in MMFs of £50 million – the assets the funds invest in are securities and structures secured on government securities

(2) The investment period begins from the commitment to invest, rather than the date on which funds are paid over.

APPENDIX B

Credit ratings

Moody's		S&P		Fitch			
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term		
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime	
Aa1		AA+		AA+		High grade	
Aa2		AA		AA			
Aa3		AA-		AA-			
A1		P-2	A+	A-1	A+	F1	Upper medium grade
A2	A		A				
A3	A-		A-				
Baa1	P-3		BBB+	A-2	BBB+	F2	Lower medium grade
Baa2			A-3	BBB	F3		
Baa3		BBB-		BBB-			
Ba1	Not prime	BB+	B	BB+	B	Non-investment grade speculative	
Ba2		BB		BB			
Ba3		BB-		BB-		Highly speculative	
B1		B+		B+			
B2		B		B			
B3		B-		B-			
Caa1		CCC+	C	CCC	C	Substantial risks	
Caa2		CCC				Extremely speculative	
Caa3		CCC-				In default with little prospect for recovery	
Ca		CC					
		C					
C		D	/	DDD	/	In default	
/				DD			
/							

APPENDIX C**CURRENT MINIMUM REVENUE PROVISION POLICY****1. Background**

- 1.1 The Local Authorities (Capital Finance and Accounting) (England) Regulations 2008 requires authorities to make an amount of MRP which the authority considers “prudent”.
- 1.2 The regulation does not itself define “prudent provision”. However, guidance issued alongside the regulations makes recommendations on the interpretation of that term.

2 Policy for 2022/23 onwards

- 2.1 The Service Director Finance recommends the following policy for making prudent provision for MRP:
 - (i) General Fund Borrowing (pre 1st April 2008) - Provision to be made over the estimated average life of the asset (as at 1 April 2008) for which borrowing was taken - deemed to be 50 years (annuity calculation).
 - (ii) Calculations to compare this to the previous MRP charge indicated that between 2007/08 and 2015/16 the Council provided an additional £91.2 million with which it will “un-wind” over 7 years from 2017/18.
 - (iii) General Fund Prudential Borrowing – Provision to be made over the estimated life of the asset for which borrowing is undertaken. Provision to commence in the year following when the asset is operational. Where large loans are made to other bodies for their capital expenditure, no MRP will be charged. However, the capital receipts generated by the annual repayments on those loans will be put aside to repay debt instead.
 - (iv) HRA Borrowing - Provision to be made for debt repayments equal to its share of any scheduled external debt repayments.
 - (v) PFI schemes - Provision to equal the part of the unitary payment that writes down the balance sheet liability, together with amounts relating to lifecycle costs incurred in the year.

APPENDIX D

TREASURY MANAGEMENT INDICATORS

Gross Debt and the Capital Financing Requirement (CFR)

The Code requires that where gross debt is greater than the CFR, the reasons for this should be clearly stated in the annual strategy. This does not apply to this Council as its gross debt will not exceed the CFR over the forecast period (see the 'Gross Debt and the Capital Financing Requirement table within the Capital Strategy).

Interest Rate Exposures

While fixed rate borrowing can contribute significantly to reducing the uncertainty surrounding future interest rate scenarios, the pursuit of optimum performance justifies retaining a degree of flexibility through the use of variable interest rates on at least part of the treasury management portfolio.

It is recommended that the Council sets an upper limit on its fixed interest rate exposures for 2022/23, 2023/24 and 2024/25 of £891 million, £979 million, £1,071 million of its net principal. It is further recommended that the Council sets an upper limit on its variable interest rate exposures for 2021/22, 2022/23 and 2023/24 of £200 million of its net principal.

Maturity Structure of Borrowing

This indicator is designed to prevent the Council having large concentrations of fixed rate debt* needing to be replaced at times of uncertainty over interest rates. It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowings as follows:

Amount of projected borrowing that is fixed rate maturing in each period as percentage of total projected borrowing that is fixed rate		
	Upper Limit (%)	Lower Limit (%)
Under 12 months	20	0
Between 1 and 2 years	20	0
Between 2 and 5 years	60	0
Between 5 and 10 years	80	0
More than 10 years	100	20

*LOBOs are classed as fixed rate debt unless it is considered probable that the loan option will be exercised.

Total principal sums invested for periods longer than 364 days

The Council is not intending to invest sums for periods longer than 364 days.

Appendix E

Investment Strategy 2022/23

Introduction

The Council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

Treasury Management Investments

The Council typically receives its income in cash (eg. from taxes and grants) before it pays for its expenditure in cash (eg. through payroll and invoices). It also holds reserves for future expenditure. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to average £30 million with fluctuations between £20 million and £50 million during the 2022/23 financial year.

Contribution: The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

Further details: Full details of the Council's policies and its plan for 2022/23 for treasury management investments are covered in the treasury management strategy report 2022/23 to which this Investment Strategy is appended.

Service Investments: Loans

Contribution: The Council makes investments to assist local public services, including making loans to a variety of organisations, mainly local businesses, the local education college and local residents to support local public services and stimulate local economic growth.

The Council provided a significant loan to Kirklees College to help facilitate a new campus in Huddersfield and the delivery of a successful further education provision for post 16 students and adults across the district.

Smaller loans have also been provided to local residents to be able to provide energy efficient heating within their own homes. The Council is part of the Leeds City Region Investment Fund where all local authorities contribute to the fund which provides individual loans to support infrastructure and construction projects which help deliver economic growth and job creation.

Existing capital plans provide for development finance loans to support major town centre regeneration and economic growth, up to a Council approved £31 million (per the 5 year Capital Plan 2022/23 to 2026/27) through the Property Investment Fund. Amounts have been set aside in the capital plan for this type of investment.

The Council will continue to roll forward from last year's Investment Strategy, the earmarking (up to £1 million) to provide financial loans to support 3rd sector partners and anchor organisations. A further element (up to £1 million) will be provided for loans and/or match funding in support of community asset transfers. The Council is underwriting this provision from within the existing earmarked property and other loan reserve.

Security: The main risk when making loans is that the borrower will be unable to repay the principal lent and/or the interest due. Investment Strategy guidance states that in order to limit this risk and ensure that total Council exposure to loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have to be set and approved annually by Council. The proposed upper limits for Council loans are set out at Table 1 below:

Table 1: Loans for service purposes in £ millions

Category of borrower	31.03.2021 actual			2022/23
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Further education college	14.5	-0.8	13.7	13.7
Leeds City Region revolving investment fund	3.0	0.0	3.0	4.3
Local businesses and charities	5.7*	-0.1	5.6*	23.6
Local residents	2.3	0.0	2.3	2.3
TOTAL	25.5	-0.9	24.6	43.9

* This is made up of numerous small investments, the largest of which is £5.2 million towards 103 New Street.

Accounting standards require the Council to set aside a loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment:

The Council assesses the risk of loss before entering into and whilst holding service loans. This will include the nature of the market/sector to which the loan relates, and loan security against business/sector assets. The single largest current loan relates to Kirklees College which is a public sector entity and considered to be a viable going concern. The strength of the Council's partnership with key anchor organisations in the district like the College, and ability to influence, support and monitor the College's ongoing financial position, are also key factors, including Council senior finance representation on the College's finance committee.

Development finance loans such as Property Investment Fund (PIF) and HD-One will allow the Council to offer loans to development projects which offer significant economic benefits to the Council and the wider Kirklees district.

Any funding offers made will be on the basis that the loan repayments made by the recipient will cover the Council's financing costs and allow for an appropriate margin on cost of funds reflecting the level of risk involved and consistent with State Aid principles. All funding offers made will be subject to appropriate due diligence, including external specialist advice where appropriate, availability of credit ratings in respect of any potential loanee where appropriate, and loan security arrangements. Each individual loan offer will be the subject of a further Cabinet report.

It would not be the intention for the Council to directly compete with existing providers of investment funding. The Council would only look to invest, at its discretion, when there was a clear and demonstrable added value case to be made in terms of local economic benefits for development finance involvement. In many instances the Council investment would be short term to cover the construction phase of development which is the most critical period for schemes to locate finance that is timely and on reasonable terms.

Once out of the development phase there is sufficient liquidity at an appropriate risk margin in the existing investment markets for schemes to be refinanced at which point the Council investment would be repaid. Any investment from the PIF would be on terms that allowed the Council to fully cover its costs, including the costs of borrowing to fund any advance, and creation of an appropriate risk contingency.

Service Investments: Shares

Contribution: The Council invests in the shares of local businesses to support local public services and stimulate local economic growth. The main share investment (£1.0 million) is a 9.9% holding in Kirklees School Services Ltd which operates 20 schools on our behalf on a 32 year contract under PFI. The Council also has a 40% shareholding in Kirklees Stadium Development Ltd, a 14% holding in QED KMC Holdings Ltd (£0.2 million) and a 50% shareholding in Kirklees Henry Boot Partnership Ltd (£0.1 million).

Security: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares held for service purposes in £ millions

Category of company	31.03.2021 actual			2022/23
	Amounts invested	Gains or losses (-)	Value in accounts	Approved Limit
Local businesses	1.3	0.1	1.4	3.8

Risk assessment: The Council entered into these shareholdings for the purposes of participating in the governance and control of organisations that it considered to be important for the purposes of securing economic benefits to the borough. The Council is also the sole client in respect of one of these investments. The Council assessed the risk of participation taking account of the financial and public benefits, including the opportunity to make a potential gain in the event of the business being successful, although this was not the core

purpose for initial participation. The Council assesses the risk of loss before entering into and whilst holding shares by continued oversight and involvement in the strategic and operational aspects of the business, and participation in decision making, although the financial risk of the investment is perhaps lower than the operational and or reputational impacts of any failure by the companies in which the Council holds share based investments.

Liquidity: The Council has entered into these shareholdings for the purposes of delivery of its public service and community leadership obligations and the investments are considered to be long term. Viability of the investments in the long term is an important part of the strategy, but as the Councils share ownership and participation is strategic rather than financial the daily or periodic value is of less concern than the overall long-term health of the organisation in which the investment is held.

Non-specified Investments: Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Council's upper limits on non-specified investments. The Council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

Commercial Investments: Property

Contribution: The Council invests in local commercial property such as retail town centre shops and buildings with the intention of making a profit that will be spent on local public services.

These assets fall under the definition of Investment Properties in the CIPFA Accounting Code and are valued at fair value in the accounts in accordance with IFRS13. Fair value is when an asset is valued at its highest and best use.

Table 3: Property held for investment purposes in £ millions

Property type	Actual	31.03.2021 actual		31.03.2022 expected	
	Purchase cost	Gains or losses (-)	Value in accounts	Gains or losses (-)	Value in accounts
Commercial Property	*See below	0.4	19.8	0.0	19.8

*The purchase cost cannot be ascertained as the majority of these assets have been owned by Kirklees for many years and purchased by Huddersfield Corporation during the 1920's from Ramsdens Estate. There is a signed legal document and a 'book of acquisition' which is a hard-backed ledger held in legal services.

Security: In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2021/22 year end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full

Council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

Risk assessment: The Council's current commercial asset portfolio held for investment purposes is largely a historical portfolio. It is monitored and reviewed annually as part of the Council's wider asset strategy including potential future appreciation and potential receipt value.

It is not the Council's intention to invest in any new commercial portfolio investments at this time. If any new investments are identified a risk assessment would be performed.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to which are necessary for the achievement of its business/service objectives. Cash flow projections are prepared on a regular and timely basis.

Loan Commitments and Financial Guarantees

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness. The Council does not have any loan commitments, however there are some guarantees that the Council holds including a guarantee on outstanding contributions to the Pension Fund in the event of a default by certain bodies and a guarantee to the Homes & Communities Agency (HCA) in the event of a default by Kirklees Community Association (KCA) on the redevelopment of the Fieldhead Estate. The Council also act as a guarantor to a loan of £0.9 million that KSDL hold in the event of default.

Capacity, Skills and Culture

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Service Director Finance is a qualified accountant with extensive local government experience, the Strategic Director – Growth and Regeneration has extensive experience of major Council regeneration schemes and partnerships with major business and third-party partners, as do key Service Directors. The Council pays for staff to study towards relevant professional qualifications including CIPFA and AAT.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

Cabinet is responsible for the implementation and monitoring of any Investment policy. The Corporate Governance and Audit Committee undertake a scrutiny role with regard to investment. Regular training for members of the Committee is provided by our treasury advisors to enable them to make decisions to ensure accountability and responsibility on investment decisions within the context of the Council's corporate values. Any new investment decisions are also approved at full Council.

Investment Indicators

The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third-party loans.

Table 4: Total investment exposure in £ millions

Total investment exposure	31.03.2021 Actual	31.03.2022 Forecast	31.03.2023 Forecast
Treasury management investments	27.2	30.0	30.0
Service investments: Loans	24.6	35.1	43.9
Service investments: Shares	1.4	1.4	1.4
Commercial investments: Property	19.8	19.8	19.8
TOTAL INVESTMENTS	73.0	86.3	95.2
Commitments to lend	0.0	0.0	0.0
Guarantees issued on loans	0.9	0.9	0.9
TOTAL EXPOSURE	73.9	87.2	96.1

How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

Table 5: Investments funded by borrowing in £ millions

Investments funded by borrowing	31.03.2021 Actual	31.03.2022 Forecast	31.03.2023 Forecast
Service investments: Loans	17.3	27.0	24.5

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 6: Investment rate of return (net of all costs)

Investments net rate of return	2020/21 Actual	2021/22 Forecast	2022/23 Forecast
Treasury management investments	0.7%	0.9%	1.2%
Service investments: Loans	1.4%	1.4%	1.4%
Service investments: Shares	None	None	None
Commercial investments: Property	5.6%	5.0%	5.0%