

Name of meeting: Cabinet

Date: 8 March 2021

Title of report: Corporate Financial Monitoring Report, Quarter 3, 2021/22

Purpose of the Report

To receive information on financial monitoring for General Fund Revenue, Housing Revenue Account (HRA) and Capital Plan, as at Quarter 3 (month 9), 2021/22.

Key decision – is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes
Key decision - is it in the <u>Council's Forward Plan (key decisions and private reports)</u>?	Key decision – Yes
The Decision - Is it eligible for “call in” by Scrutiny?	Yes
Date signed off by Strategic Director & name	Rachel Spencer Henshall – 25/2/22
Is it also signed off by the Service Director for Finance?	Eamonn Croston – 25/2/2022
Is it also signed off by the Service Director – Legal, Governance & Commissioning?	Julie Muscroft – 25/2/2022
Cabinet member portfolio - Corporate	Give name of Portfolio Holders Cllr Paul Davies

Electoral wards affected: All
Councillors Consulted: None

Public or private: Public

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

1. Summary

1.1 General Fund

- 1.1.1 The Council's revised General Fund controllable (net) revenue budget for 2021/22 is £325.0m. The budget includes planned (net) revenue savings in-year of £1.8m.
- 1.1.2 The revised budget is net of a number of planned transfers from reserves during the year, with the most significant being £1.8m from the Revenue Grants reserve, £1.7m from the Waste Management reserve, £1.0m from the Strategic Investment reserve, £0.5m from the Rollover reserve, and £0.5m from the Transformation reserve.
- 1.1.3 There is a forecast overspend of £0.9m against the £325.0m revised budget at Quarter 3; equivalent to 0.3%.
- 1.1.4 There has been a net reduction of £0.3m in the forecast overspend position since Quarter 2.
- 1.1.5 The forecast revenue outturn as at Quarter 3 is summarised at Appendix 1 and in Table 1 below. Headline variances, including COVID impacts, are described in more detail in sections 1.3 to 1.8 of this report.

Table 1 - Overview of 2021/22 forecast revenue outturn position at Quarter 3

	Revised Budget	Outturn	Variance
	£000	£000	£000
Children & Families	77,393	81,503	4,110
Adults & Health	114,743	114,584	(159)
Environment & Climate Change	37,810	44,149	6,339
Growth & Regeneration	13,848	14,824	976
Corporate Services	36,668	43,184	4,516
Central Budgets	42,526	37,567	(4,959)
General Fund Sub Total	324,988	335,811	10,823
COVID Reserves/Funding Offset	-	(9,886)	(9,886)
Revised General Fund Total	324,988	325,925	937

1.2 COVID Impacts

- 1.2.1 Full year forecasts as at Quarter 3 include £37.4m additional COVID related spend. This is an increase of £10.9m from Quarter 2 estimates which largely reflects additional costs associated with funding streams introduced since the end of September. There are also projected service income losses of £5.4m; compared to £5.8m at Quarter 2. The COVID impacts are shown in more detail at Appendix 2a and summarised in Table 2 below.

Table 2 - Overview of 2021/22 Forecast COVID Pressures at Quarter 3

	COVID spend	COVID Income Loss	Total COVID Pressures
	£000	£000	£000
Children & Families	3,361	395	3,756
Adults & Health	15,439	546	15,985
Environment & Climate Change	2,344	3,621	5,965
Growth & Regeneration	1,749	703	2,452
Corporate Services	14,501	134	14,635
Central Budgets	38	0	38
General Fund Total	37,432	5,399	42,831

- 1.2.2 Of the forecast £37.4m COVID related additional spend at Quarter 3, £28.8m will be funded through a combination of specific COVID grant funding from Government in 2021/22, allocated to councils to cover particular aspects of the response to the pandemic, including specific COVID related grant funding received in 2020/21, rolled forward into 2021/22 through reserves. As such, this does not affect the overall Directorate variances. The balance of £8.6m COVID spend is not funded by specific COVID grant funding and is offset by the drawdown of the COVID Response reserve, as illustrated at Appendix 2b, and described in more detail at paragraph 1.9.3.
- 1.2.3 As confirmed in the Financial Settlement in February 2021, the Sales, Fees and Charges (SFC) income compensation scheme continued to apply for the first 3 months of 2021/22; April to June. The principles remain the same as in 2020/21, whereby Councils absorb losses up to 5% of planned sales, fees and charges against baseline, with Government providing compensation of 75p in every pound thereafter. Officers have submitted a claim, based on the outlined criteria, for £1.3m compensation for Quarter 1 income losses. This is factored into the overall Quarter 3 position.
- 1.2.4 An additional base budget provision of £5m was included in the approved 2021/22 budget to reflect the likelihood of continued income loss from sales, fees and charges and commercial rents as a result of COVID, over the medium term. This budget reduces by £1m per annum over the duration of the MTFP, in anticipation of the medium-term recovery of the local economy. The £5m base budget adjustment reflects the estimated net position for 2021/22 after the application of any SFC income compensation due to the Council for the first three months of the new financial year.
- 1.2.5 At Quarter 3, the full £5m base budget provision has been released. This covers the £4.1m balance of projected income losses unfunded by the income compensation scheme with the remaining £0.9m contributing towards the bottom-line position. This is illustrated as an underspend within Central Budgets at Appendix 1 and at Table 1 above.
- 1.2.6 At the end of September 2021, Government launched a £500m fund for councils to support poorer families through the winter amid the energy supply crisis and the withdrawal of other forms of financial assistance; Kirklees allocation £3.7m. This new Hardship Support Fund is intended to support millions nationally, via small grants for food, clothing and utilities, with money being made available for disbursement by local authorities from October 2021.

- 1.2.7 Various other funding announcements have been made by Government for 2021/22, covering specific aspects of the continued national response to the pandemic. This includes funding for Adult Social Care through extensions of both the Infection Control Fund and the Rapid Testing Fund (Kirklees total allocation of £4.2m for the first half of the year). A further extension of the Infection Control and Testing Fund (Round 3) was announced by Government on 30 September 2021. The fund now extends to the end of March 2022, with an extra £388m of funding nationally to support the care sector to put in place crucial measures over the winter period. Kirklees' allocation of the Round 3 funding is £2.9m.
- 1.2.8 Further announcements to aid Adult Social Care were also announced for the second half of the year. These include two tranches of the Workforce Recruitment and Retention Fund (£3.6m in total combined), and an Omicron Support Fund (Kirklees allocation of £0.5m). These are to assist the care sector in addressing the key pressures being seen.
- 1.2.9 In addition, a further £3.1m income is estimated to be received through Clinical Commissioning Group funding, targeted to cover COVID associated costs related to aspects such as hospital discharge and follow-on care.
- 1.2.10 There has also been further funding through the Contain Outbreak Management Fund (COMF) in 2021/22; Kirklees allocation £3.1m.
- 1.2.11 The ongoing financial impact of the pandemic continues to be monitored sector wide on a monthly basis through 2021/22 by DLUHC, the successor Department to MHCLG, as it was through 2020/21. This Council, working with the Local Government Association (LGA), Special Interest Group of Metropolitan Authorities (SIGOMA) and other sectoral and stakeholder lobbying, will continue to work with Government to ensure Kirklees is appropriately compensated for COVID related impacts not just through in 2021/22, but also over the medium term.

1.3 Children & Families

Learning – High Needs

- 1.3.1 At Quarter 3, the forecast in-year spend on High Needs in excess of the DSG funding allocation is £9.9m (equivalent in-year deficit in 2020/21 was £10.7m). This will be transferred to Kirklees' balance sheet at year end, and the overall DSG Deficit is forecast to be at least £35m by 31 March 2022. This forecast does not yet reflect the outcome of current Council discussions with DfE on a potential Safety Valve funding agreement (see also para 1.3.4 below).
- 1.3.2 High Needs is an area of significant and growing pressure on Council budgets nationally and locally. It is anticipated that medium term, growth pressures will be mitigated at least in part through other measures, with the Council currently working on the implementation of transformational action plan with key educational partners across the borough. The approved budget plans included in the Annual Budget Report to Council on 16 February 2022, affirm the Council's commitment to SEND investment (both revenue and capital) over the medium term.
- 1.3.3 The approved budget plans include 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 was agreed by School's Forum in November 2021 and the 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.

- 1.3.4 The Council has been 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.
- 1.3.5 At the time of writing this report, discussions with DfE were ongoing, and we wont receive official confirmation whether or not we have been successful and the level of funding, before week commencing 21 March which is the intended date for secretary state sign-off of all Round 2 funding agreements.
- 1.3.6 The intention is for officers to take an updated report to Cabinet subsequent to confirmation from the Secretary of State which Councils have been successful in securing a Safety Valve funding agreement. The updated report will set out management plan proposals and extent of any Government funding support; the broader organisational financial implications of which will also be highlighted in subsequent corporate member reports.

Learning and Early Support

- 1.3.7 Currently there are 219 children with Education Health and Care Plans (EHCP's) using Post-16 Home to School Transport. The additional complexity of need and the increase in placements outside of Kirklees is reflected in a projected overspend of £0.6m on Post-16 Home to School Transport at Quarter 3. This is in-line with Quarter 2 projections and relates also to other school transport pressures noted later in the report.
- 1.3.8 The Council is currently exploring a range of alternate approaches, working with pupils, parents, schools sector and providers, to deliver more innovative and tailored transport options while reducing overall cost pressures. An additional £0.6m was built into Post 16 base budgets going forwards as part of the 2022/23 Annual Budget report to address the residual ongoing pressure in this area. This was in addition to the £0.3m previously allocated to the service in the 2021/22 budget round.
- 1.3.9 The increased number of approved applications for funding support from Special Educational Needs and Disability Inclusion Fund (SENDIF) has resulted in the requirement for additional investment. The fund primarily supports 2-4 year olds with special educational needs who attend a Private Voluntary and Independent (PVI) or mainstream school nursery setting. Numbers of children accessing the fund increased from 471 to 548 during 2021/22 and estimates are that this growth will continue in 2021/22. There is also a growth in complexity of need, with average support costs rising from £1,839 to £2,240 per placement during 2021/22.
- 1.3.10 The service has strengthened the resources in the Early Years SEN Inclusion Team and are providing training to nursery settings to upskill their workforce so that they can meet the needs of the children rather than having to access SENDIF. This is intended to help mitigate pressures on this budget going forward. The 2021/22 annual budget report factored this ongoing investment need into approved budget plans, however forecasts at Quarter 3 indicate a further pressure in the region of £0.6m in-year; an increase of £0.3m since Quarter 2 projections.
- 1.3.11 There is also a projected overspend in the SENDACT Team of £1.2m; an increase of £0.5m since Quarter 2. This is as a result of a high volume of Agency staff being

employed to cover vacancies, sickness and maternity leave. Additionally, a temporary team has been employed (through agency) to address the backlog of assessments that has built up. It is anticipated that by March 2022 the majority of these issues will be resolved and substantive employees will be in post.

COVID Impacts – Children and Families

- 1.3.12 Within Children and Families there is forecast additional spend of £3.4m due to COVID; an increase of £0.4m from Quarter 2. The spend includes a £1.5m pressure within External Residential Placements and Independent Fostering Placement budgets related to the deferred placement target for Looked After Children (LAC) resulting from a number of COVID impacted issues affecting the timing of targeted savings. Work is ongoing within the service to address these pressures by looking to safely move children to less costly placements and also to increase local fostering capacity and reduce the reliance of more expensive external provision whilst continuing to maintain successful outcomes.
- 1.3.13 There are also estimated additional costs of £1.9m across Child Protection and Resources, Improvement and Partnership Services. In the main, these costs relate to additional staffing capacity and Covid related sickness absence cover.
- 1.3.14 At Quarter 3, income losses within Learning and Early Support are projected to be £0.4m; reflecting the continued impact of school closures on budgeted Attendance Penalty Notice income and reduced income from the Duke of Edinburgh scheme.

1.4 Adults and Health

- 1.4.1 The overall projected position for Adults is an underspend of £0.2m; a reduction of £0.9m since Quarter 2. Within this, there are some variances across key demand-led headings, with some elements offsetting others.
- 1.4.2 Within Independent Sector Home Care there is £2.0m additional spend (a decrease of £0.6m since Quarter 2); due primarily to continuing increased delivery of home care to the public, a pre-pandemic trend that has accelerated because of a shift in market patterns as a result of COVID.
- 1.4.3 There is a projected underspend on Independent Sector Residential & Nursing placements of £1.3m, compared to an underspend of £2.5m at Quarter 2. This is due to shifting patterns in the market, and the evolving impact of the pandemic. Measures have been taken to assist providers. Similarly, there is underspend on Self Directed Support. Note that these underspends are offset by the homecare overspend outlined above.
- 1.4.4 Other headline variances are around employees (with a projected overspend of £0.1m). Pressures are being seen in relation to recruitment and retention in the workforce, resulting in the use of agency staff where necessary.

COVID Impacts – Adults and Health

- 1.4.5 The pandemic has had a significant impact on the Social Care market. Adult social care providers have seen significant operational and financial pressures, including additional vacancies arising in care homes, additional costs of providing services in the context of COVID impacts on cash flow, and uncertainty within the market. Such challenges have been well documented locally, regionally and nationally.
- 1.4.9 Officers have been working closely with partners to ensure there is stability and

consistency of approach in the market. Work is also ongoing as to the consideration of key pressures being seen by providers and where support may be required (targeted if necessary) – a report has recently gone to Cabinet around options for this. A programme has also been undertaken with the Clinical Commissioning Group (CCG) to support hospital discharge. This continues in the wake of the recent Government announcement around national NHS/Care funding (extending the programme into the remainder of the financial year).

- 1.4.10 The Council also continues to utilise additional funding allocated for Social Care. This includes continuing phases of the Infection Control Funding and Rapid Testing Funding. At Quarter 3, projected COVID spend for Adults is £15.4m; an increase of £6.5m since Quarter 2. This relates to additional costs identified within the service, and for those supporting the provider market, utilising available and prescribed funding streams.
- 1.4.11 Work is also being undertaken with providers in the Care home market to review recent falls in demand, how much of this has been caused by the pandemic, and how much is due to changes in longer term shifts. There is the question of what the new 'normal' will be both in the short and long term, and in terms of the type of support required (with the possibility of it being driven more by people with complex needs). Continued working with partners is key, as is the utilisation of market research. One such example of this is the recent work with providers towards the creation of a Kirklees Care Association.

1.5 Growth and Regeneration

COVID Impacts – Growth and Regeneration

- 1.5.1 Across Growth and Regeneration there are estimated spend pressures totalling £1.7m with respect to COVID; £1.0m of which sit within Development and largely represent costs related to safe recovery of our high streets and town centres. Across the wider directorate, there are also estimated costs of £0.5m related to Housing Temporary Accommodation; consistent with Quarter 2 projections.
- 1.5.2 Of the estimated spend pressures across the directorate, £1.3m is assumed to be offset by specific COVID funding streams. This includes £0.6m from the Welcome Back Fund (formerly the Re-opening High Streets Safely Fund) and £0.3m from Contain Outbreak Management Funding (COMF).
- 1.5.3 There are also estimated income losses of £0.7m within Growth and Regeneration in relation to COVID. These include £0.6m on Commercial Properties largely due to strategic acquisitions for the Cultural Heart and £0.1m on Building Control fees.

1.6 Environment and Climate Change

Environmental Strategy and Climate Change

- 1.6.1 Within Environmental Strategy and Climate Change there is a projected overspend of £0.7m on Schools Transport; in the main linked to an increase in the number of routes to out of area schools. This has increased from £0.4m at Quarter 2. An additional £0.3m was built into the School Transport base budget as part of the 2022/23 Annual Budget report to address some of the ongoing pressures in this area. This was in addition to the £1.2m uplift previously included in the 2021/22 budget round.

Highways and Streetscene

- 1.6.2 At Quarter 3, a pressure of £1.1m has been identified within parking; largely due to

multi storey and other site closures and lower than budgeted parking fees income. This reflects an increase of £0.4m since Quarter 2. There is also a projected £0.4m overspend on Transport services as a result of increased maintenance costs on an ageing fleet and rising fuel prices.

Culture and Visitor Economy

- 1.6.3 There is an estimated temporary income shortfall of £0.4m in Bereavement Services linked to the Cremator Replacement project and resultant short-term capacity reduction. In addition, there is a projected income shortfall of £0.3m for Cliffe House, due to the continued closure of the main house.

COVID Impacts – Environment and Climate Change

- 1.6.4 At Quarter 3 there is an estimated full year pressure of £6.0m across both spend and income budgets within Environment and Climate Change in relation to COVID. This has increased by £0.4m from the Quarter 2 forecasted position.
- 1.6.5 Estimated spend pressures equate to £2.3m across the directorate, with £1.5m of this assumed to be offset in full by a range of specific COVID funding streams. The pressures include projected costs of £0.5m for COVID Community Support Officers and £0.4m additional spend on Waste Services; largely associated with vehicles and hired staff required for additional duties related to COVID. Costs of £0.1m within in Museums and Galleries are also included at Quarter 3; to be offset in full by Cultural Recovery Fund income.
- 1.6.6 The remaining £0.8m balance of spend relates to a range of backlog and recovery issues proposed to be funded from the COVID Response Recovery Fund. This includes £0.5m for Parks for works such as contracting out of the backlog of Forestry work, re-development of Gateway routes and additional litter clearance and bin emptying and £0.2m for Waste. Overall, within Environment and Climate Change, there are estimated spend pressures of £1.5m for this backlog and recovery work. At Quarter 3, it is assumed that £0.7m of the spend will occur in 2022/23.
- 1.6.7 There are projected income losses of £3.6m across the directorate; the most significant being £1.7m on Catering due to under recovery of income from school meals as a result of reduced pupil numbers. Other forecast losses include £0.7m on Markets, £0.4m on Licensing and £0.3m on Parking Fees; the latter due to increased home working and local measures to encourage high street footfall through free parking for key workers in the borough's major towns.

1.7 Corporate Strategy, Commissioning and Public Health

- 1.7.1 Within Legal Services there is an estimated pressure of £1.4m; an increase of £0.5m since Quarter 2. The service is currently reviewing all aspects of service delivery taking into account pre-existing savings targets and the increased demands on Legal Services as the requirement for legal intervention rises; in particular relating to childcare. An additional £1.5m has been included in the Legal services base budget from 2022/23 onwards, as per the 2022/23 Annual Budget report, to address both the increasing caseload and inflationary pressures that the profession now faces.

COVID Impacts – Corporate Strategy, Commissioning & Public Health

- 1.7.2 At Quarter 3 there are projected additional spend pressures of £14.5m within Corporate Strategy, Commissioning and Public Health relating to COVID. This represents an increase of £2.9m from the Quarter 2 position that is largely due to

additional costs within Finance relating to the Household Support Fund. This £500m national fund was made available to councils in October 2021, to support vulnerable households with the cost of essentials as the country continues its recovery from the pandemic. At Quarter 3, there are projected costs of £3.7m against this funding stream.

- 1.7.3 Another £7.2m of the identified costs within the directorate will be funded by a range of specific COVID grant streams. This includes a further £3.5m within Finance, with the most significant spend being £1.8m of welfare provision costs to support for our most vulnerable residents with the cost of food, energy, water bills and other essentials; offset by the Local Support Grant and £1.0m costs for administrating support payments to those on low incomes who had to self-isolate; offset by Self Isolation Grant funding.
- 1.7.4 There is also £3.0m projected spend within Public Health, largely comprised of £1.6m of testing mobilisation costs; offset by Community Testing Funding and £1.1m of test and trace programme costs; offset by the Test and Trace Service Support Grant. In addition, COMF is assumed to be applied across the directorate at £0.6m; largely to fund estimated costs of £0.4m for relevant Ward Activity spend and £0.2m IT and remote working costs.
- 1.7.5 The balance of additional COVID spend within the Directorate, not funded by specific grant, is £3.6m. This mostly reflects continued Council 'underwrite' to Kirklees Active Leisure (KAL) of £3.5m in 2021/22 to address forecast net revenue losses as a result of enforced closure of leisure centres during the pandemic, and gradual recovery of the leisure industry both nationally and locally. This underwrite was part of the Council and KAL Partnership Framework report approved by Cabinet on 27 July 2021. The payments to KAL will be funded through drawdown of the COVID Response reserve. See also paragraph 1.9.3.
- 1.7.6 The income compensation scheme outlined in paragraph 1.2.3 compensates for COVID related losses from Council owned leisure services, or through a planned management fee, where there is an arms-length relationship. However, the income compensation scheme does not cover other 3rd party provider arrangements such as Kirklees Active Leisure (KAL) Trust.

1.8 Central Budgets

- 1.8.1 The 2021/22 Annual Budget Report included provision within central budgets to reflect the likelihood of continued income loss from sales, fees and charges and commercial rents as a result of COVID, over the medium term. There is a £5.0m service income loss provision in 2021/22, reducing by £1.0m per annum, through to 2025/26, in anticipation of the recovery of the local economy. At Quarter 3, the full £5.0m contingency has been released to offset the £4.1m balance of projected income losses unfunded by the Sales Fees and Charges compensation scheme; with the remaining £0.9m contributing to the bottom-line position.

1.9 General Fund Reserves

- 1.9.1 The reserves position at Appendix 3 reflects the Council's reserves strategy and approach reported and approved at Budget Council on 16 February 2022.
- 1.9.2 At Quarter 3, General Fund reserves and balances are estimated to decrease through 2021/22 by £53.4m; from £197.4m at the start of the year to £144.0m as at 31 March 2022. Of this, £21.3m relates to transfers approved in the 2021-26 Annual Budget report; largely the drawdown of £23.5m from the Expanded Business Rates Relief

reserve to offset the carried forward Collection Fund deficit, as outlined in the 2020/21 Financial Outturn Report to Cabinet in July 2021.

1.9.3 The remaining £32.1m balance of movement on reserves is broken down as follows:

- i) Forecast £7.1m net planned drawdowns from reserves during the year, with the most significant being £1.8m from the Revenue Grants reserve, £1.7m from the Waste Management reserve, £1.0m from the Strategic Investment reserve, £0.5m from the Rollover reserve, and £0.5m from the Transformation reserve.
- ii) Transfer of the Quarter 3 projected overspend of £0.9m against earmarked financial resilience reserves at year-end.
- iii) Estimated drawdown of £24.1m from COVID related reserves. This comprises:
 - £8.6m from the COVID Response reserve to offset projected COVID related costs unfunded by specific funding streams. This includes £3.5m for estimated payments to Kirklees Active Leisure (KAL) (paragraph 1.7.4) and £0.8m for backlog and recovery spend (paragraph 1.6.6). The remaining balance of £4.3m relates to COVID impacted spend that is not funded by specific COVID grant streams.
 - £13.6m from the COVID Grants and Business Grants reserves to fund specific eligible COVID related spend.
 - £1.9m from the Tax Income Loss Compensation reserve to support the Council's bottom line as per the 2021-26 Annual Budget report.

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

1.10 Collection Fund

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

Table 3 – Collection Fund Summary

Collection Fund forecast (Council Share)	Council Tax	Business Rates	Total
	£000	£000	£000
(Surplus)/Deficit at 1 April 2021	4,554	30,933	35,487
Re-payments to/(from) General Fund 21/22	(2,117)	(24,613)	(26,730)
Technical impact of expanded reliefs		11,500	11,500
In year Financial Position	(1,500)	(1,406)	(2,906)
(Surplus)/Deficit at 31 March 2022	937	16,414	17,351
Offset of expanded reliefs by s31 grant		(11,500)	(11,500)
Other Repayments from General Fund 2022-24	(1,904)	(4,914)	(6,818)
Adjusted (Surplus)/Deficit	(967)	-	(967)

1.10.2 The 2021/22 Council Tax Base (CTB), approved as part of the 2021-26 Annual Budget Report, incorporated a series of negative adjustments reflecting the forecast wider economic impact of COVID on Council Tax income, as described further in paragraphs

1.10.3 to 1.10.5 below. In total, the adjustments amounted to a £4.4m reduction in budgeted Council Tax income compared to previous forecasts included in the 2020-23 MTFP. As at Quarter 3, there is projected to be an in-year surplus of £1.5m against the approved 2021/22 budgeted position for Council Tax.

- 1.10.3 The £4.4m adjustment noted above included an increase in the number of working age Council Tax Reduction claimants in 2021/22; reflecting a rise to approximately 27,000 claimants, from a pre-COVID level of 23,000. This amounted to a £2.0m reduction in budgeted Council Tax income.
- 1.10.4 The local Council Tax Reduction (CTR) scheme supports some of the borough's households on low incomes, is means tested and eligible claimants receive up to 80% discount from their full council tax liability. The local scheme only applies to those of working age. The national pension age scheme means there is no such minimum payment and eligible pensioners can receive up to 100% discount.
- 1.10.5 At 30 December 2021 the working age CTR claimant numbers were 24,550; a reduction of 1,450 over the last 12 months. This is resulting in lower than budgeted spend through the Council Tax Reduction scheme in the region of £0.5m, thereby contributing to the overall in year surplus position for council tax. These figures still remain volatile, with the potential of a further rise over time as Government support for businesses tapers.
- 1.10.6 A further £0.9m adjustment was made to reflect the scaling back of housing growth projections from previous assumptions which had largely mirrored the Local Plan over recent years. In addition, the collection rate was projected to decrease, resulting in a £1.4m uplift in the bad debt provision requirement. At Quarter 3, it is projected that the bad debt provision requirement will be lower than budgeted and making up the remaining balance of the estimated in-year surplus.
- 1.10.7 As at Quarter 3, there is an estimated £10.1m deficit within Business Rates. This includes £11.5m that is 'technical' in nature, as it relates to a downward income adjustment as a result of the continuation of the expanded retail discount scheme, announced by Government after the 2021/22 budgets had already been set. The additional reliefs awarded to businesses are funded in full by Central Government through section 31 grant payments. The payments will be transferred into earmarked reserves at year-end and will be drawn down in 2022/23 against the carried forward Collection Fund deficit.
- 1.10.8 The approved 2021/22 budget for Business Rates income included an estimated reduction in local share of 5%, equating to a £3m loss in income. There was also a further assumed impact of £1.5m due to a projected reduction in the Business Rates collection rate. As at Quarter 3, the in-year collection rate is slightly above target. When combined with the work being undertaken by the service with regards to recovery action on outstanding arrears, this is resulting in a projected in year surplus of £1.4m (excluding the technical adjustment described at 1.10.7 above), compared to the approved budget for 2021/22.
- 1.10.9 Charges to the General Fund each year from the Council (the billing authority) for Council Tax and Business Rates, and to the major precepting authorities (Fire & Rescue Authority, Office of Police & Crime Commissioner) are based on estimates. Actual income collected year on year will vary. These timing differences result in actual surpluses or deficits which are rolled forward year on year through the Collection Fund, and 'settled' over following years, through relevant payment adjustments to the General Fund/major precepting authorities.

1.10.10 The net effect of the above adjustments leaves an estimated residual Collection Fund deficit of £5.9m at year end (after adjusting for the technical impact of the expanded business rate reliefs at £11.5m). This compares to £7.1m at Quarter 2. The estimated overall in-year surplus of £2.9m (£1.7m at Quarter 2) represents an improved in-year performance relative to both Quarter 2 and the original 21/22 budget; and is consistent with the 2022/23 budget assumptions.

1.10.11 The 2020/21 Financial Outturn report outlined approval for a sum of the COVID Response reserve to be earmarked to offset the balance of mainly COVID impacted Collection fund deficit rolled forward from 2020/21. Drawdown of £2.3m against this reserve was included in the recent 2022/23 Annual Budget Report to contribute towards the repayment due to the Collection Fund; addressing the projected year-end deficit noted above.

1.11 Housing Revenue Account

1.11.1 The Council's Housing Revenue Account (HRA) accounts for all Council housing related revenue expenditure and income in a separate statutory (ring-fenced) account. The forecast revenue outturn at Quarter 2 is a £3.2m deficit against an annual turnover budget of £92.1m in 2021/22. This has increased since Quarter 2, where the projected deficit was £2.3m.

1.11.2 The main variance is £1.7m on repairs and maintenance relating to forward programmed investment for revenue compliance due to additional costs associated with compressing the 4 year asbestos programme into 2 years, and also for the additional costs for the patrolling watch for the high rise blocks.

1.11.3 Forecast HRA reserves at 31 March 2022, including set asides for business risks and investment needs is £47.0m. A summary of the HRA outturn and reserves position can be found at Appendix 4.

1.12 Capital

1.12.1 The Council Budget Report presented to Cabinet on 1 February 2022 updated the capital plan budget for 2021/22 at £161.7m. The budget has since been updated with a further £3.2m re-profiled into subsequent financial years mainly due to slippage of schemes (see Appendix 6).

1.12.2 The Council's revised capital budget for 2021/22 is £158.5m. The forecast capital outturn at Quarter 3 is £153.4m; forecast £5.1m variance.

1.12.3 The Quarter 3 position is summarised in Table 4 below, categorised by Council primary outcomes as set out in the Corporate Plan, which illustrates how the Council's investment proposals align with the Council's ambitions for its residents. Each primary outcome is further structured between strategic priorities, baseline work programmes and one-off projects.

Table 4 – Forecast Capital Outturn 2021/22 at Quarter 3

By Category	Revised Budget £000	Actuals to Date £000	Annual Forecast £000	Variance £000
Aspire & Achieve	19,805	11,605	19,666	(139)
Best Start	611	81	611	0
Independent	2,884	1,117	2,131	(753)
Sustainable Economy	88,767	43,172	84,935	(3,832)
Well	11,949	10,403	11,744	(205)
Safe & Cohesive	0	(3)	0	0
Clean & Green	5,756	4,033	5,756	0
Efficient & Effective	3,815	681	3,668	(147)
General Fund	133,587	71,089	128,511	(5,076)
Independent –Strategic Priorities	6,082	3,400	6,082	0
Independent - Baseline	18,851	12,421	18,782	(69)
Housing Revenue Account	24,933	15,821	24,864	(69)
Total Capital Plan	158,520	86,910	153,375	(5,145)

- 1.12.4 Of the forecast £5.1m variance, £3.6m relates to Highways due to reduced staffing and availability of both contractors and materials in relation to Covid. The variance within Independent is mainly due to a reprofiling of expenditure for the Knowl Park House scheme.
- 1.12.5 Officers will continue to review capital budget profiles in year, including any more detailed recommendations for potential re-profiling of scheme budgets between years (allowable under Financial Procedure Rules 3.10-3.15), as part of future financial monitoring. Any such recommendations would reflect the growing complexities and challenges over the next 5 years in delivering to this scale of ambition.
- 1.12.6 Future capital plan updates will continue to be presented to Cabinet and Council as a matter of course; the next key milestone being the Financial Outturn Report to Cabinet and Council in July 2022.

2021/22 Budget Proposals

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

Adults, Red Laithes Court and Havelock Street, Ravensthorpe

- 1.12.8 An emerging pressure has been identified with the number of children coming through transitions from Childrens Services, and consequential demand on adult day services. The Red Laithes Court and Havelock Street buildings in Ravensthorpe have been identified to meet this demand with interim changes to both buildings. Although both buildings are at maximum capacity, an opportunity has arisen to create additional space at Red Laithes Court with the conversion of the former main kitchen and at Havelock Street by adapting and changing a number of existing rooms to create more open plan space, plus associated improvements to toilet and changing areas at both sites. These changes will be able to meet increased needs over the interim pending longer term options for service re-provision.
- 1.12.9 Cabinet are asked to endorse £250k for the schemes at Red Laithes Court and Havelock Street. The funding will be drawn down from the Day Services Support for Vulnerable Adults programme line within the Independent Capital Plan.

Adult Care Homes, Infection Prevention Control

- 1.12.10 In response to urgent service delivery requirements as a result of the pandemic and Infection prevention and control measures to ensure spaces are meeting service need, remodelling and refurbishment works have been identified in key Care Homes, namely Moorlands, Ings Grove, Castle Grange and Claremont as a one-off project.
- 1.12.11 Cabinet is requested to approve £35k from budget within the current approved Adults capital plan to deliver the works. This will be met from budget identified from within the Day Services Support for Vulnerable Adults Strategic Priorities programme line.

Property Investment Fund (103 New Street)

- 1.12.12 The original scheme approval approved at Cabinet on 21 August 2018 was for £10m loan funding from the Property Investment Fund (PIF). The scheme is now progressing towards completion but the development has been impacted by a particularly challenging environment through the COVID pandemic period.
- 1.12.13 As a consequence, working practices have had to adapt accordingly, and more recently substantial increases in the costs of materials and sub-contracting, alongside managing additional risks that come with refurbishing an old building. The consequence of the above has resulted in an overall increase in cost by upto £2.5m, and Cabinet is requested to approve a corresponding increase of upto £2.5m, to the existing PIF loan to meet the revised costs of this project.
- 1.12.14 As the funding for this project is a proposed variation to an existing loan to the scheme developer, HD1 Living Limited. Officers will, assess the due diligence factors appropriate to offering the additional finance, which will be determined in accordance with the loan practices set out in Council Financial Procedure Rules (FPR) 22.12.
- 1.12.15 Due diligence includes an updated appraisal of the project to which the loan relates including consideration of risk and cost mitigation, and similar updated financial appraisal the organisation to which the loan extension is to be granted, that the terms of the loan extension terms continue to comply with relevant state aid requirements which remain applicable. The above due diligence factors will be considered under delegated authority conferred in FPR 22.12 through the relevant Strategic Director, in conjunction with the relevant portfolio-holder, the Chief Finance Officer and Head of Risk & Insurance.
- 1.12.16 There is sufficient provision within the overall Property Investment Fund allocation within the approved capital plan, to accommodate the increase.

2 Information required to take a decision

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

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

Appendix 1b summarises, by service area, the forecast General Fund revenue outturn position in 2021/22 split into gross expenditure and income;

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

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

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

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

Appendix 5 sets out by Outcome area the forecast capital outturn position in 2021/22.

Appendix 6 shows capital budget changes and re-profiling of spending plans into future years of the capital plan.

Appendix 7 is the Corporate Risk Register, updated as at February 2022;

- 2.2 The corporate risk register at Appendix 7 summarises the key strategic risks or barriers to achieving the corporate objectives. It also provides visibility about the management actions which are either in place or brought into action to mitigate the impact of these risks. Many of these are of a financial nature and provide contextual information when setting the council's budget. There isn't a direct link but they do help to inform the level of reserve held by the council.
- 2.3 Individual risks vary over time, and the need to set aside reserves changes depending on the underlying budget provisions. The risk assessment reflects the approved budget plans updated for emerging and changing medium and significant risk, including COVID impact.

3 Implications for the Council

3.1 Working with People

3.2 Working with Partners

3.3 Place Based working

3.4 Climate Change & Air Quality

3.5 Improving Outcomes for Children

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

- 3.6.1 The Council has a statutory duty to balance its budget under section 31A of the Local Government and Finance Act 1992 and to take any necessary steps in-year to ensure this. Section 151 of the Local Government Act 1972 requires the Council to make proper arrangements for the administration of its financial affairs including budgetary control.
- 3.6.2 The Council's 2021-26 budget plans, approved at Budget Council on 10 February 2021, set out proposals for the delivery of an overall Council balanced budget for 2021/22, and indicative budget spending plans and funding forecasts over the following 4 years. This was against a backdrop of COVID which brought an unprecedented level of challenge and uncertainty to the budget round.
- 3.6.3 The financial planning framework underpinning the budget proposals was pragmatic

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

- 3.6.4 The 2021-26 Annual Budget Report also made extensive reference to the continuing impact of COVID over the course of the medium-term financial plan, with impacts forecasted on a range of funding assumptions going forward, including service income and local tax income and business rates losses. As at Quarter 3, the Collection Fund is projected to achieve an in-year surplus against these budgets for both council tax and business rates.
- 3.6.5 The COVID response is ongoing, with impacts of the pandemic continuing to be a draw on existing Council, Partner and community capacity, however it is recognised that over the next 12 months there is expected to be a transition from pandemic to endemic or 'living with'.
- 3.6.6 The expected pandemic transition to 'living with' is also reflected in emerging earlier global and national economic recovery forecasts from those previously predicted. This was reflected in the budget proposals set out in the recent 2022/23 Annual Budget report, with regard to more optimistic assumptions on council tax base and business rates funding projections for 2022/23, relative to 12 months ago.
- 3.6.7 It should be noted, however, that the OBR forecasts also acknowledge 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.
- 3.6.8 The 2022/23 Local Government Finance Settlement, finalised in February 2022, included additional core grant of £1.6bn per annum over the next 3 years, in order to provide Council's 'stability'; acknowledging the significant cost of living pressures on Council and bought-in services. However, the settlement was for one year only and, as such, funding for Kirklees post-2022/23 remains uncertain.
- 3.6.9 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.
- 3.6.10 Given the above context, 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. Over-reliance on "one-off" revenue reserves to support annual balanced budgets over the medium term would not be financially sustainable and any significant depletion in reserves over time would leave the Council very exposed to financial risks. It is therefore imperative that the Council should 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.
- 3.6.11 The Council's refreshed reserves strategy recently approved in the 2022-27 budget plans reflects the above position and includes the s151 Officer recommendation 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. 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 Consultees and their opinions

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

4 Next Steps

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

5 Cabinet portfolio holder's recommendations

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

6 Officer recommendations and reasons

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

General Fund

- 6.1 note the forecast revenue outturn position at Quarter 3;
- 6.2 note the forecast year end position on corporate reserves and balances at Quarter 3;
- 6.3 note the regular monitoring and review of corporate reserves in 2021/22 reported to Cabinet as part of the Quarterly financial monitoring cycle;

Collection Fund

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

HRA

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

Capital

- 6.6 note the Quarter 3 forecast capital monitoring position for 2021/22;
- 6.7 approve the re-profiling across future years of the capital plan as set out in this report and at Appendix 6;
- 6.8 approve the capital scheme amendments as noted in paragraphs 1.12.7 to 1.12.13 of this report;
- 6.9 That Cabinet agrees to offer to HD1 Living Ltd an additional loan from the Property Investment Fund (PIF) up to £2.5 Million to support the redevelopment of 103 New Street, Huddersfield subject to due diligence being carried out.
- 6.10 That the Strategic Director, Growth and Regeneration in consultation with the Portfolio Holder for Corporate, having sought appropriate advice from the Service Director Legal, Governance and Commissioning, and the Service Director Finance be authorised to carry out appropriate due diligence on the proposal to offer an additional loan from the PIF.

- 6.11 That the Service Director Legal, Governance and Commissioning in consultation with the Service Director Finance be authorised to enter into any documentation required to agree the additional Property Investment Fund loan and to protect the Council's position as lender.

7 Contact Officer

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8 Background papers and History of Decisions

Annual budget report 2022-27 to Budget Council, February 2022
Corporate Financial Monitoring Report, Quarter 2, November 2021
Budget Update Report to Council, October 2021
Corporate Financial Monitoring Report, Quarter 1, August 2021
Financial Outturn and Rollover Report to Cabinet, July 2021
Annual budget report 2021-26 to Budget Council, February 2021
Budget Update Report to Council, October 2020
Cabinet report 21 August 2018 - Request for funding from the Property Investment Fund in respect of 103 new Street

9 Service Director responsible

Eamonn Croston, Service Director Finance.
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Appendix 1a

Corporate Revenue Budget Monitoring 2021/22 – Quarter 3

	Annual						Q3 Variance made up of:		
Strategic Director portfolio responsibilities	Controllable Budget (Net)	Planned use of reserves	Revised Budget	Forecast	Variance	Change from Q2	General Covid Spend	Covid Income Losses	Other
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Child Protection & Family Support	40,033	350	40,383	42,260	1,877	(199)	2,860	-	(983)
Resources, Improvements & Partnership	18,045	-	18,045	17,099	(946)	(499)	-	-	(946)
Learning & Early Support & Schools	18,875	90	18,965	22,144	3,179	1,043	310	395	2,474
Sub Total (Children & Families)	76,953	440	77,393	81,503	4,110	345	3,170	395	545
Customers and Communities	11,803	288	12,091	11,880	(211)	(113)	177	89	(477)
ASC - Older People and Physical Disabilities	20,368	14	20,382	19,063	(1,319)	(503)	289	-	(1,608)
ASC - Learning Disabilities and Mental Health	68,210	-	68,210	70,220	2,010	(3)	-	457	1,553
Adults Sufficiency	14,060	-	14,060	13,421	(639)	(249)	-	-	(639)
Sub Total (Adults & Health)	114,441	302	114,743	114,584	(159)	(868)	466	546	(1,171)
Environmental Strategy & Climate Change	9,148	222	9,370	10,484	1,114	304	26	427	661
Highways & Streetscene	26,923	1,829	28,752	31,359	2,607	1,074	773	512	1,322
Culture & Visitor Economy	(1,019)	299	(720)	1,810	2,530	(938)	55	2,682	(207)
E&CC Management & Support	408	-	408	496	88	88	-	-	88
Sub Total (Environment & Climate Change)	35,460	2,350	37,810	44,149	6,339	528	854	3,621	1,864
Skills & Regeneration	2,336	81	2,417	2,207	(210)	182	10	92	(312)
Homes & Neighbourhoods	3	-	3	3	-	618	-	-	-
Development	10,063	970	11,033	12,184	1,151	(70)	425	611	115

	Annual						Q3 Variance made up of:		
Strategic Director portfolio responsibilities	Controllable Budget (Net)	Planned use of reserves	Revised Budget	Forecast	Variance	Change from Q2	General COVID Spend	COVID Income Losses	Other
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Management & Support	395		395	430	35	35	-	-	35
Sub Total (Regeneration & Growth)	12,797	1,051	13,848	14,824	976	765	435	703	(162)
Strategy & Innovation	15,051	665	15,716	15,538	(178)	(69)	-	-	(178)
Public Health & People	118	1,107	1,225	4,957	3,732	73	3,602	11	119
Governance & Commissioning	12,188	878	13,066	14,465	1,399	687	25	-	1,374
Finance	8,391	270	8,661	8,717	56	98	-	123	(67)
Former KNH Resources	-	-	-	(493)	(493)	(131)	-	-	(493)
Sub Total (Corporate Strategy, Commissioning & Public Health)	35,748	2,920	38,668	43,184	4,516	658	3,627	134	755
Central	42,526	-	42,526	37,567	(4,959)	(495)	38	-	(4,997)
General Fund Total	317,925	7,063	324,988	335,811	10,823	933	8,590	5,399	(3,166)
COVID Response Reserve - Unfunded Risks				(4,302)	(4,302)	(367)	(4,302)		-
COVID Response Reserve - Recovery Fund				(788)	(788)	(788)	(788)		
COVID Response Reserve - Leisure Support (KAL)				(3,500)	(3,500)	-	(3,500)		
COVID Income Loss Compensation				(1,296)	(1,296)	-		(1,296)	-
Revised General Fund Total				325,925	937	(222)	-	4,103	(3,166)

Controllable Expenditure - Month 9

Strategic Director portfolio responsibilities	Annual				
	Controllable Budget (Net) £'000	Planned use of reserves £'000	Revised Budget £'000	Forecast £'000	Variance £'000
Child Protection & Family Support	43,236	350	43,586	45,667	2,081
Resources, Improvements & Partnerships	18,787	-	18,787	17,852	(935)
Learning & Early Support	54,165	90	54,255	56,224	1,969
Controllable Expenditure (Children & Families)	116,188	440	116,628	119,743	3,115
Customers and Communities	16,928	288	17,216	18,041	825
ASC - Older People and Physical Disabili	85,419	14	85,433	86,954	1,521
ASC - Learning Disabilities and Mental H	90,676	-	90,676	94,404	3,728
Adults Sufficiency	22,323	-	22,323	21,829	(494)
Controllable Expenditure (Adult & Health)	215,346	302	215,648	221,228	5,580
Environmental Strategy & Climate Change	11,661	222	11,883	12,545	662
Highways & Streetscene	73,865	1,829	75,694	81,405	5,711
Culture & Visitor Economy	31,989	299	32,288	31,359	(929)
E&CC Management & Support	408		408	496	88
Controllable Expenditure (Environment & Climate Change)	117,923	2,350	120,273	125,805	5,532
Skills & Regeneration	8,813	81	8,894	11,798	2,904
Homes & Neighbourhoods	65,364	-	65,364	65,364	-
Development	25,629	970	26,599	28,437	1,838
Management & Support	395		395	430	35
Controllable Expenditure (Regeneration & Growth)	100,201	1,051	101,252	106,029	4,777
Strategy & Innovation	18,919	665	19,584	20,001	417
Public Health & People	29,836	1,107	30,943	35,209	4,266
Governance & Commissioning	13,493	878	14,371	16,641	2,270
Finance	77,711	270	77,981	77,915	(66)
Former KNH Resources	2,705		2,705	2,205	(500)
Controllable Expenditure (Corporate Strategy, Commissioning & Public Health)	142,664	2,920	145,584	151,971	6,387
Central	46,118	-	46,118	45,542	(576)
Controllable Expenditure (General Fund)	738,440	7,063	745,503	770,318	24,815

Appendix 1b (continued)

Controllable Income - Month 9

Strategic Director portfolio responsibilities	Annual				
	Controllable Budget (Net) £'000	Planned use of reserves £'000	Revised Budget £'000	Forecast £'000	Variance £'000
Child Protection & Family Support	(3,203)		(3,203)	(3,407)	(204)
Resources, Improvements & Partnerships	(742)	-	(742)	(753)	(11)
Learning & Early Support	(35,290)	-	(35,290)	(34,080)	1,210
Controllable Income (Children & Families)	(39,235)	-	(39,235)	(38,240)	995
Customers and Communities	(5,125)	-	(5,125)	(6,161)	(1,036)
ASC - Older People and Physical Disability	(65,051)	-	(65,051)	(67,891)	(2,840)
ASC - Learning Disabilities and Mental Health	(22,466)	-	(22,466)	(24,184)	(1,718)
Adults Sufficiency	(8,263)	-	(8,263)	(8,408)	(145)
Controllable Income (Adult & Health)	(100,905)	-	(100,905)	(106,644)	(5,739)
Environmental Strategy & Climate Change	(2,513)	-	(2,513)	(2,061)	452
Highways & Streetscene	(46,942)	-	(46,942)	(50,046)	(3,104)
Culture & Visitor Economy	(33,008)	-	(33,008)	(29,549)	3,459
E&CC Management & Support					
Controllable Income (Environment & Climate Change)	(82,463)	-	(82,463)	(81,656)	807
Skills & Regeneration	(6,477)	-	(6,477)	(9,591)	(3,114)
Homes & Neighbourhoods	(65,361)	-	(65,361)	(65,361)	-
Development	(15,566)	-	(15,566)	(16,253)	(687)
Management & Support	-	-	-	-	-
Controllable Income (Regeneration & Growth)	(87,404)	-	(87,404)	(91,205)	(3,801)
Strategy & Innovation	(3,868)	-	(3,868)	(4,463)	(595)
Public Health & People	(29,718)	-	(29,718)	(30,252)	(534)
Governance & Commissioning	(1,305)	-	(1,305)	(2,176)	(871)
Finance	(69,320)	-	(69,320)	(69,198)	122
Former KNH Resources	(2,705)	-	(2,705)	(2,698)	7
Controllable Income (Corporate Strategy, Commissioning & Public Health)	(106,916)	-	(106,916)	(108,787)	(1,871)
Central	(3,592)	-	(3,592)	(7,975)	(4,383)
Controllable Income (General Fund)	(420,515)	-	(420,515)	(434,507)	(13,992)

COVID Spend and Income Losses Summary

Strategic Director portfolio responsibilities	COVID-19 spend	COVID-19 Income Losses	Total COVID-19 Pressures
	£k	£k	£k
Child Protection and Family Support Resources, Improvements & Partnership	2,860	0	2,860
Learning, Early Support and Schools	0	0	0
	501	395	896
Sub Total (Children & Families)	3,361	395	3,756
Customers and Communities	1,204	89	1,293
ASC - Older People & Physical Disabilities	14,235	0	14,235
ASC - Learning Disabilities and Mental H	0	457	457
Adults Sufficiency	0	0	0
Sub Total (Adults & Health)	15,439	546	15,985
Environmental Strategy & Climate Change	935	427	1,362
Highways & Streetscene	1,207	512	1,719
Culture & Visitor Economy	202	2,682	2,884
Sub Total (Environment & Climate Change)	2,344	3,621	5,965
Skills & Regeneration	159	92	251
Homes & Neighbourhoods	598	0	598
Development	992	611	1,603
Sub Total (Regeneration & Growth)	1,749	703	2,452
Strategy Innovation and Planning	314	0	314
Public Health and People	6,590	11	6,601
Governance and Commissioning	416	0	416
Finance	7,181	123	7,304
Former KNH Resources	0	0	0
Sub Total (Corporate Strategy, Commissioning & Public Health)	14,501	134	14,635
Central	38	0	38
General Fund Total	37,432	5,399	42,831

COVID Spend and Funding Sources

Strategic Director portfolio responsibilities	COVID-19 spend	COVID-19 Spend Funded By:	
		COVID-19 Specific Grant Funding	COVID -19 Response Reserve
	£k	£k	£k
Child Protection and Family Support Resources, Improvements & Partnership	2,860	0	2,860
Learning, Early Support and Schools	0	0	0
	501	191	310
Sub Total (Children & Families)	3,361	191	3,170
Customers and Communities	1,204	1,027	177
ASC - Older People & Physical Disabilities	14,235	13,946	289
ASC - Learning Disabilities and Mental Health	0	0	0
Adults Sufficiency	0	0	0
Sub Total (Adults & Health)	15,439	14,973	466
Environmental Strategy & Climate Change	935	909	26
Highways & Streetscene	1,207	434	773
Culture & Visitor Economy	202	147	55
Sub Total (Environment & Climate Change)	2,344	1,490	854
Skills & Regeneration	159	149	10
Homes & Neighbourhoods	598	598	0
Development	992	567	425
Sub Total (Regeneration & Growth)	1,749	1,314	435
Strategy Innovation and Planning	314	314	0
Public Health and People	6,590	2,988	3,602
Governance and Commissioning	416	391	25
Finance	7,181	7,181	0
Former KNH Resources	0	0	0
Sub Total (Corporate Strategy, Commissioning & Public Health)	14,501	10,874	3,627
Central	38	0	38
General Fund Total	37,432	28,842	8,590

Appendix 3a

General Fund Reserves

	Reserves position as at 1st April 2021	2021-26 Budget report Approved Transfers	Revised reserves position at 1st April 2021	Planned Net Drawdown in-year - COVID Reserves	Planned Net Drawdown in-year - other	Unplanned use of Reserves (Forecast Variance)	Forecasted Reserves position as at 31st March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Statutory (School Reserves)							
Schools Balances	(13,562)	-	(13,562)	-	-	-	(13,562)
Public Health	(1,539)	-	(1,539)	-	-	-	(1,539)
Total Statutory (School Reserves)	(15,101)	-	(15,101)	-	-	-	(15,101)
Earmarked							-
Transformation/Development Funding							
Ward Based Activity	(1,400)	-	(1,400)	-	438	-	(962)
Strategic Investment support	(4,954)	-	(4,954)	-	1,004	-	(3,950)
Waste Management	(5,684)	2,000	(3,684)	-	1,684	-	(2,000)
Mental Health	(1,202)	-	(1,202)	-	315	-	(887)
Inclusive Investment	(3,000)	-	(3,000)	-	327	-	(2,673)
Place Partnership Theme	(2,000)	-	(2,000)	-	-	-	(2,000)
Transformation	(2,348)	(2,000)	(4,348)	-	520	-	(3,828)
Place Standard	(500)	-	(500)	-	-	-	(500)
Local Welfare provision initiatives	-	(2,237)	(2,237)	-	-	-	(2,237)
Apprenticeship Levy	(3,191)		(3,191)	-	-	-	(3,191)
Total Transformation/Development Funding	(24,279)	(2,237)	(26,516)	-	4,288	-	(22,228)
Revenue Grants/Other							
Revenue Grants (various)	(13,319)	-	(13,319)	-	1,796	-	(11,523)
Rollover	(604)	-	(604)	-	548	-	(56)
Stronger Families Grant	(1,531)	-	(1,531)	-	350	-	(1,181)
Social Care Reserve	(2,099)	-	(2,099)	-	-	-	(2,099)
School PFI	(1,282)	-	(1,282)	-	-	-	(1,282)
Other	(4,315)	-	(4,315)	-	81	-	(4,234)

	Reserves position as at 1st April 2021	2021-26 Budget report Approved Transfers	Revised reserves position at 1st April 2021	Planned Net Drawdown in-year - COVID Reserves	Planned Net Drawdown in-year - other	Unplanned use of Reserves (Forecast Variance)	Forecasted Reserves position as at 31st March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total Revenue Grants/Other	(23,150)	-	(23,150)	-	2,775	-	(20,375)
Risk Reserves - Specific Purposes							
Insurance	(1,900)	-	(1,900)	-	-	-	(1,900)
Property and Other Loans	(3,000)	-	(3,000)	-	-	-	(3,000)
Treasury Smoothing	(960)	-	(960)	-	-	-	(960)
Total Risk Reserves - Specific Purposes	(5,860)	-	(5,860)	-	-	-	(5,860)
Risk Reserves - Budget Risks							
Financial Resilience Reserves	(37,146)	-	(37,146)	-	-	937	(36,209)
Demand Reserve	(19,306)	-	(19,306)	-	-	-	(19,306)
Total Risk Reserves - Budget Risks	(56,452)	-	(56,452)	-	-	937	(55,515)
Earmarked (COVID) Reserves							
COVID Response - Unfunded Risks	(8,094)	-	(8,094)	4,302	-	-	(3,792)
COVID Response - Recovery Fund	(2,000)	-	(2,000)	788	-	-	(1,212)
COVID Response - Collection Fund (Risk)	(6,400)	-	(6,400)	-	-	-	(6,400)
COVID Response - Leisure Support (KAL)	(3,500)	-	(3,500)	3,500	-	-	-
COVID Grants (various)	(5,604)	-	(5,604)	5,604	-	-	-
COVID Business Grants Reserve	(7,953)	-	(7,953)	7,953	-	-	-
Extended Business Rate Relief Compensation	(23,955)	23,520	(435)	-	-	-	(435)
Tax Income Loss Compensation	(5,002)	-	(5,002)	1,900	-	-	(3,102)
Sub Total Earmarked (Collection Fund)	(62,508)	23,520	(38,988)	24,047	-	-	(14,941)
Total Earmarked	(172,249)	21,283	(150,966)	24,047	7,063	937	(118,919)
GENERAL BALANCES	(10,003)	-	(10,003)	-	-	-	(10,003)
Grand Total	(197,353)	21,283	(176,070)	24,047	7,063	937	(144,023)
Total usable reserves (excluding schools and public health)	(182,252)	21,283	(160,969)	24,047	7,063	937	(128,922)

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
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	Represents specific COVID grants recognised in the Comprehensive Income and

RESERVE	DESCRIPTION
(various)	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 4

HOUSING REVENUE ACCOUNT 2021/22 - MONTH 9

	Year to			Annual		
	Date					
	Controllable Budget (Net)	Actuals	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Repairs & Maintenance	20,140	21,424	1,284	27,016	28,760	1,744
Housing Management	14,183	13,626	(557)	39,111	39,330	219
Other Expenditure	390	18,667	18,277	25,602	27,425	1,823
Total Expenditure	34,713	53,717	19,004	91,729	95,515	3,786
Rent & Other Income	(66,845)	(66,670)	175	(92,147)	(91,547)	600
Revenue Contribution to Capital Funding	0	0	0	1,168	0	(1,168)
Planned transfer to HRA Reserves	0	0	0	(750)	(750)	0
Total	(32,132)	(12,953)	19,179	0	3,218	3,218

HRA RESERVES

	Balance at 31 March 2021	Approved Movement in Reserves	Balance at 31 March 2022
	£'000	£'000	£'000
Set aside for business risks	(4,000)	0	(4,000)
Forecast in Year Surplus/Deficit	0	3,218	3,218
Net Transfer of HRA Reserves	0	(2,600)	(2,600)
Set aside to meet investment needs (as per HRA Business Plan)	(52,918)	10,771	(42,147)
Working balance	(1,500)		(1,500)
Total	(58,418)	11,389	(47,029)
* Planned in year transfer from HRA			

Corporate Capital Budget Monitoring 2021/22 – Month 9

Appendix 5

	Budget Report	Budget Adjustment incl Re-profiling	Qtr 3 Revised Budget	Actuals to Date	Forecast	Variance	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	%
General Fund							
Aspire & Achieve	19,895	(90)	19,805	11,605	19,666	(139)	(1%)
Best Start	611	0	611	81	611	0	0%
Independent	3,163	(279)	2,884	1,117	2,131	(753)	(26%)
Sustainable Economy	88,867	(100)	88,767	43,172	84,935	(3,832)	(4%)
Well	11,950	(1)	11,949	10,403	11,744	(205)	(2%)
Safe & Cohesive	0	0	0	(3)	0	0	0%
Clean and Green	5,755	1	5,756	4,033	5,756	0	0%
Efficient & Effective	3,815	0	3,815	681	3,668	(147)	(4%)
GENERAL FUND TOTAL	134,056	(469)	133,587	71,089	128,511	(5,076)	(4%)
Housing Revenue Account							
Strategic Priorities	7,309	(1,227)	6,082	3,400	6,082	0	0%
Baseline	20,326	(1,475)	18,851	12,421	18,782	(69)	0%
HOUSING REVENUE TOTAL	27,635	(2,702)	24,933	15,821	24,864	(69)	0%
CAPITAL PLAN TOTAL	161,691	(3,170)	158,520	86,910	153,375	(5,145)	(3%)

Corporate Capital Budget Monitoring 2021/22

Breakdown of Budget Changes since Budget Report

Appendix 6




	£'000	£'000	£'000
BUDGET REPORT			161,691
Re-profiling into Later Years			
General Fund:			
Aspire & Achieve			
Libraries (SP)	(90)		
Independent			
Adults Social Care Operation (OP)	(280)		
Sustainable Economy			
Housing Private (BL)	(100)		
General Fund Re-profile		(470)	
Housing Revenue Account			
Housing Growth (SP)	(300)		
New Build Phase 1 - Ashbrow Extra Care (SP)	(615)		
Council House Building (SP)	(312)		
Compliance (BL)	(756)		
Fuel Poverty (BL)	(211)		
Adaptations (BL)	(507)		
HRA Re-profile		(2,701)	
Total Re-profiling			(3,171)
REVISED OUTTURN BUDGET			158,520
Change in Budget - Funding Breakdown:			
Borrowing		(277)	
Grant (Grants & contributions)		(407)	
Capital Receipts		(590)	
HRA Reserves		(1,897)	
Change in Budget			(3,171)



Key:



SP = Strategic Priorities







BL = Baseline



OP = One Off Projects




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. 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, 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 if there are vaccination obligations on certain employee groups <p><i>Responsible for this risk –R. Spencer-Henshall and all strategic directors</i></p>		 5X4=20	






<p>A2</p>	<p>The council does not adequately safeguard children and vulnerable adults, and those subject to elder abuse, because of increased complexity, referral volumes and a lack of service capacity to respond to the assessed need.</p>	<ul style="list-style-type: none"> • Disclosure & Barring Service (DBS) checking, staff training, supervision, protection policies kept up to date and communicated. • Effective management of social work (and related services); rapid response to any issues identified and from any Safeguarding Practice Reviews (Children), Safeguarding adults reviews and Domestic Homicide Reviews • Active management of cases with media interest • Completion of the development of the Corporate Safeguarding Policy (scrutiny Jan'22, then Cabinet Mar'22) • Review of current practices following the child sexual exploitation in other authorities and the emerging requirements. • Ensure that workloads are balanced to resources, and that this worked is prioritised when there are staff resource availability issues • Staff and skill development to minimise dependence on key individuals. • Use of agency staff and or contractors when necessary • Ideal manager training • Development of market sufficiency strategy; consider approaches to support the development of the available service offer both locally and regionally. • Ensure competence of the Safeguarding Boards and that they are adequately resourced to challenge and improve outcomes • Adults Safeguarding Board has own specific risk register • Effective listening to messages about threats from other parts of the council and partner agencies • Proactive recognition of Members role as “corporate parent” • Childrens Ambition Board to assist governance and quality improvement • Additional work to ensure that corporate safeguarding activities include appropriate control arrangements. • Ensure effective record keeping • Ensure routine internal quality assessment • Training to ensure that there is a proportionate reaction, • Recognise that referrals may have been suppressed because of lockdown and other coronavirus related concerns <p style="text-align: right;"><i>Responsible for this risk – R Parry and M Meggs</i></p>	<p>H</p>	<p style="text-align: center;">4X5=20</p>	<p style="text-align: center;">   </p>
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
<p>A3</p>	<p>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.</p>	<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 • Learning from external reports on CSE issues re Oxford, Rotherham etc <p><i>Responsible for this risk –M Meggs</i></p>	<p>LM</p>	<p>↔</p> <p>4x4=16</p>	
<p>A4</p>	<p>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. Concerns about Ukraine and Russia</p>	<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. • Protect and Prepare obligations to mitigate terrorism risk on publicly accessible locations (PAL) <p><i>Responsible for this risk – R Parry and M Meggs (& J Greenfield)</i></p>	<p>LM</p>	<p>↑</p> <p>4x5=20</p>	

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 • Actions to address global warming consequences of higher summer temperature and more volatile weather conditions, such as different road surfacing materials, tree planting for water runoff retention, work practice changes in hot weather (<i>see also A21</i>) <p style="text-align: right;"><i>Responsible for this risk – C Parr</i></p>	M	As a long-term environmental trend  4x5=20	
A6	Reconsidered individual and community and partner and business sector priorities. 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. Understand the impact that other entities have on e.g., demands for council service	<ul style="list-style-type: none"> • Understand the impacts including those of rising prices/ changed customer demand for paid for activity • 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. Understand if changes in the availability of council facilities is affecting VOs • 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 style="text-align: right;"><i>Responsible for this risk – R Parry and M Meggs * all strategic directors</i></p>	H	 4x4=16	
	The finances of the Council	Keeping the Council solvent			
A7	A failure to achieve the Council's savings plan impacts more generally on the council's finances with the necessity for unintended	<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. 	MH		



	savings (from elsewhere) to ensure financial stability	<ul style="list-style-type: none"> 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 Understand impacts of inflation(sse A8) (and make adjustments within funds allocated) <p style="text-align: center;"><i>Responsible for this risk - E Croston & ET</i></p>		4x5=20	
A8	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)	<ul style="list-style-type: none"> 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 (but with severe shorter term impacts) 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 style="text-align: center;"><i>Responsible for this risk - E Croston & all strategic directors</i></p>	LM	<p style="text-align: center;">↑</p> <p style="text-align: center;">↑</p> <p style="text-align: center;">5x4=20</p>	
A9	The council has significant financial risks related to # Volumes (more than budget) of. <ul style="list-style-type: none"> Complex Adult Care services Childrens Care Services Educational high needs # Coronavirus income impacts on commercial rents and other fees and charges. # HRA Rent collection. (UC roll-out) # Waste disposal and waste	<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 Scenario plan for changed level of demand, or customer tastes. 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. 	M	<p style="text-align: center;">↔</p>	







	<p>strategy</p> <p>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"> 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	
A10	<p>Making inappropriate choices in relation to lending or and borrowing decisions, leads to financial losses.</p>	<ul style="list-style-type: none"> Effective due diligence prior to granting loans and careful monitoring of investment decisions. Effective challenge to treasury management proposals by both officers and members (Corporate Governance & Audit Committee) taking account of external advice <p><i>Responsible for this risk - E Croston</i></p>	MH	↔	
A11	<p>Exposure to uninsured losses or significant unforeseen costs, leads to the necessity for unintended savings to balance the councils finances.</p> <p>Insurance market unwilling to cover certain risks. -such a clad building.</p>	<ul style="list-style-type: none"> Ensure adequacy of financial revenue reserves to protect the council financial exposure and managed effectively not to impact on the council essential services. Consider risks and most cost-effective appropriate approach to responding to these (internal or external insurance provision). Awareness of risk activity that is not insured or uninsurable. <p><i>Responsible for this risk - E Croston & J Muscroft</i></p>	H	↔	
A12	<p>The future national budget position and allocation of funding to local authorities causes a loss of resources or increased and under-funded obligations (e.g., in relation to social care), with impact on the strategic plans, Although the government has provided resource to meet coronavirus consequence, but it is unclear the how long this</p>	<ul style="list-style-type: none"> Monitor government proposals and legislation, and their impact on council and partner services. Continue to lobby, through appropriate mechanisms, for additional resources e.g., Local Government Association (LGA) Be aware of underlying issues through effective communication with citizens, partners, service providers and suppliers about likely impact on resources Ensure that budgets anticipate likely impacts Ensure adequacy of financial revenue reserves to protect the council financial exposure and managed effectively not to impact on the council essential services. 	L	↑	


	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"> • Lobby for appropriate shares of NI levies for local authorities- or similar funding. • Ensuring efficacy of social care levy if ever shared <p style="text-align: center;"><i>Responsible for this risk - E Croston & all strategic director</i></p>			
	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 style="text-align: center;"><i>Responsible for this risk – chief executive and all strategic directors</i></p>	H		
	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 style="text-align: center;"><i>Responsible for this risk – chief executive and all strategic directors</i></p>			
A14	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 style="text-align: center;"><i>Responsible for this risk – chief executive and all strategic directors</i></p>	L		 

	Resource Utilisation	Operating successfully and effectively			
A15	<p>Council supplier and market relationships, including contractor failure leads to.</p> <ul style="list-style-type: none"> • loss of service, • poor quality service • an inability to attract new suppliers (affecting competition, and to replace any incumbent contractors who have failed) • complexities and difficulties in making decisions and arrangements in respect of significant and long running major outsource contracts, and their extension and renewal. • Inability to secure contractors at all, or to achieve a clear open competition 	<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. • 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 style="text-align: right;"><i>Responsible for this risk – J Muscroft</i></p>	MH		

5x4=20

<p>A16</p>	<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 style="text-align: right;"><i>Responsible for this risk – J Muscroft & Rachel Spencer Henshall</i></p>	<p>H</p>	<p style="text-align: center;">↑</p> <p style="text-align: center;">4x5=20</p>	
<p>A17</p>	<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 • Immutable back up equipment to at least preserve data • 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 	<p>M</p>	<p style="text-align: center;">↑</p> <p style="text-align: center;">5x5=25</p>	

		<ul style="list-style-type: none"> Business continuity procedures.(in various scenarios) including recognising that some solutions may involve a return to paper based solutions and records Proactive management of cyber issues, including additional web controls <p><i>Responsible for this risk – T Hudson, A Simcox & Rachel Spencer Henshall</i></p>			
A18	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	
A19	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	
A20	The risk of retaining a sustainable, diverse, workforce, including <ul style="list-style-type: none"> aging and age profile 	<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. 	H		

	<ul style="list-style-type: none"> encouraging people to enter hard to recruit roles (which often have low pay, or challenging hours or tasks) recognising that labour shortage affect a large part of economic activity. and ensuring that the workforce is broadly content, <p>without whom the council is unable to deliver its service obligations.</p>	<ul style="list-style-type: none"> Selective use of interim managers and others to ensure continuity of progress regarding complex issues Ensure robust change processes including Equality Impact Assessments (EIA's) and consultation. Understanding difficult to recruit areas Understand market pay challenges and considering changes to grading/je structure 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	
A21	<p>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.</p>	<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