

**Name of meeting:** Cabinet

**Date:** 16 November 2022

**Title of report:** Corporate Financial Monitoring Report, Quarter 2, 2022/23

**Purpose of the Report**

To receive information on financial monitoring for General Fund Revenue, Housing Revenue Account (HRA) and Capital Plan, as at Quarter 2 (month 6), 2022/23.

<b>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?</b>	<b>Yes</b>
<b>Key decision - is it in the <u>Council's Forward Plan (key decisions and private reports)</u>?</b>	<b>Key decision – Yes</b>
<b>The Decision - Is it eligible for “call in” by Scrutiny?</b>	<b>Yes</b>
<b>Date signed off by Strategic Director &amp; name</b>	<b>Rachel Spencer Henshall –8/11/22</b>
<b>Is it also signed off by the Service Director for Finance?</b>	<b>Eamonn Croston – 8/11/22</b>
<b>Is it also signed off by the Service Director – Legal, Governance &amp; Commissioning?</b>	<b>Julie Muscroft – 8/11/22</b>
<b>Cabinet member portfolio - Corporate</b>	<b>Give name of Portfolio Holders Cllr Paul Davies</b>

**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.

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## **1.1 Summary**

- 1.1.1 Quarter 2 Corporate Financial Monitoring Report sets out the Council's current budget position. It summarises the significant overall Cost of Living pressures at £22.5m, including a further £2.7m increase since Quarter 1, that leaves the Council with a forecast overspend of £34.3m in this financial year.
- 1.1.2 The most significant cause of the overspend is energy and inflationary costs that affect households, businesses, and organisations across the country. Other budget pressures (totalling £11.8m) include increased demand for vital services, particularly in social care services for older residents and young people as well as the impact of the wider economic environment on the council's income.
- 1.1.3 The Council is well placed to offset some of the increased costs through its use of reserves. However, the scale of the shocks to the British economy are now much clearer and even more severe than factored in at Quarter 1. That is why the Council is now taking further action to reduce the in-year deficit.
- 1.1.4 Management action to reduce the budget deficit includes a freeze on recruitment, increased scrutiny of additional expenditure beyond current commitments and a rationalisation of council buildings. These actions, alongside ongoing work to review the capital programme and explore alternative sources of funding, are necessary to reduce the deficit.
- 1.1.5 The national economic outlook means that the council must be prepared for budget pressures to persist and intensify in future years. The council also awaits the outcome of the government's Autumn Statement announcement on 17 November and subsequent local government funding settlement expected mid-December 2022 to fully understand the scale of the financial challenge to local authorities across the country in future years.

### **Quarter 2 Headlines**

- 1.1.6 The Council's revised General Fund controllable (net) revenue budget for 2022/23 is £339.1m. The budget includes planned (net) revenue savings in-year of £2.5m.
- 1.1.7 The revised budget is net of a number of planned transfers from reserves during the year, with the most significant being £2.1m from the Revenue Grants reserve and £0.7m from the COVID Grants reserve.
- 1.1.8 There is a forecast overspend of £34.3m against the £339.1m revised budget at Quarter 2 equivalent to 10.1%. This is attributable in part to specific Cost of Living pressures above budgeted assumptions that are set out in more detail in section 1.2 below.
- 1.1.9 Impacts of Cost of Living pressures are a broader sectoral local government issue, not just a Kirklees specific issue, but Government has not indicated that it will consider additional in-year funding to the sector. The in-year forecast presented in Table 1 below, and also at Appendix 1, includes provision for up to £10m earmarked reserves to part offset these Cost of Living pressures, reducing the bottom line overspend down to £24.3m.
- 1.1.10 There has been an increase of £9.7m in the forecast overspend position since Quarter 1. This is made up of a net increase in projected business as usual pressures of £7.0m across directorates, and also a net £2.7m rise in Cost of Living pressures.
- 1.1.11 Headline variances and key changes from Quarter 1 are described in more detail in sections 1.2 to 1.8 of this report.

**Table 1 - Overview of 2022/23 forecast revenue outturn position at Quarter 2**

	Revised Budget	Outturn	Total variance	Variance split:	
				Cost of Living	Other
	£000	£000	£000	£000	£000
Children & Families	80,740	87,236	6,496	3,100	3,396
Adults & Health	116,993	118,768	1,775	-	1,775
Environment & Climate Change	38,707	48,329	9,622	2,228	7,394
Growth & Regeneration	16,152	17,930	1,778	-	1,778
Corporate Services	40,572	43,710	3,138	1,700	1,438
Central Budgets	45,920	57,428	11,508	15,500	(3,992)
<b>General Fund Sub-Total</b>	<b>339,084</b>	<b>373,401</b>	<b>34,317</b>	<b>22,528</b>	<b>11,789</b>
Reserves Drawdown to Offset Cost of Living	-	(10,000)	(10,000)	(10,000)	-
<b>Revised General Fund Total</b>	<b>339,084</b>	<b>363,401</b>	<b>24,317</b>	<b>12,528</b>	<b>11,789</b>

## 1.2 Cost of Living pressures - context

- 1.2.1 The 2022/23 budget plans were approved on 16 February 2022 and reflected the Administration's priorities and Council ambition in the Council Plan, including acknowledgement of the impact of the global pandemic and emerging global recovery, global supply issues, pent up consumer demand pressures on cost inflation, and labour supply recruitment and retention issues across all sectors of the economy.
- 1.2.2 Based on prevailing national and international macro-economic forecasts, it was anticipated that a number of these pressures would be transitory rather than structural in nature and this was factored accordingly into Council forward budget plans.
- 1.2.3 However, the Russian invasion in Ukraine on 24 February 2022 delivered a further global shockwave with significant and potentially more structural global and national macro-economic and societal impacts.
- 1.2.4 As at September 2022, Consumer Price Index (CPI) inflation is 10.1%; by far in excess of the 2% target. The Bank of England base rate also increased by 0.75 percentage points to 3% on 3 November 2022; the eighth rise recorded since December 2021, and the largest single rise since 1989. There is potential for further rises in the remainder of 2022 and 2023 to attempt to counteract inflationary pressures in the economy.
- 1.2.5 A finance update report to Corporate Scrutiny Panel (CSP) on 5 July 2022 set out an early review of a number of key macro-economic factors that were likely to impact on the Council's in-year financial position, including significant price uplifts to gas and electricity, fuel and food.
- 1.2.6 The report presented to CSP also recognised the significant impact of Cost of Living pressures on residents, households, communities and businesses, and made reference to a range of current national government and Council 'hardship' support measures for the district's residents and businesses.

1.2.7 Subsequently, the Quarter 1 Financial Monitoring report to Cabinet in August 2022, and the MTFS Update report to Cabinet and Council in September 2022 have set out projected impacts from the range of Cost of Living pressures on the council's bottom line; whilst also recognising the ongoing volatility of forecasts in the current economic environment. These projections have now been updated for Quarter 2, and amount to a total of £22.5m as per Table 1. The pressures are considered in more detail below.

#### **Pay award +£8.6m (+£4.2m change from Q1)**

1.2.8 The local government sector national employer representatives have agreed a pay award for 2022/23 of a flat rate £1,925 to directly employed Council employees. This results in a pressure in central budgets of £8.6m when compared to the budgeted uplift level of 2%.

1.2.9 The pay award pressure has increased by £4.2m since the Quarter 1 projection which was made prior to the announcement of the national employer pay offer.

#### **Energy inflation +£11.7m (-£1.7m change from Q1)**

1.2.10 There have been unprecedented inflationary increases in both gas at 415% and electricity at 110% from April 2022, resulting in significant estimated pressures at Quarter 2. This includes pressures on council directly operated buildings of £6.9m; shown within central budgets.

1.2.11 There is also a £1.7m estimated pressure on Kirklees Active Leisure (KAL) budgets, aligned to Corporate Services (Sports and Physical Activity). This estimate has been revised downwards by £0.3m since Quarter 1. The Council has provided extensive support to KAL through the pandemic period 2020-22 and current financial year, with earmarked Government COVID funding totalling £9.5m to date, alongside a Sports England grant of around £1m.

1.2.12 There is a further estimated pressure of £3.1m within Children & Families (Learning Services) due to costs borne by the Council in relation to energy charges for PPP 1 and 2 contracts with 19 schools. While there is a base budget available, the unprecedented energy price uplift in 2022/23 has significantly increased these costs. This estimate has been revised downwards by £1.4m since Quarter 1

1.2.13 The Council is currently part of a broader Council consortium of 13 member Councils with a contract through Yorkshire Purchasing Organisation (YPO) who purchase energy on behalf of the consortium members. Electricity was forward purchased at the start of the year to 31 March 2023, and gas to 30 September 2022.

1.2.14 In September 2022, central government announced the Energy Bill relief scheme, providing support for non-domestic customers, including councils, between 1 October 2022 and 31 March 2023. Clarification is still being sought from YPO on the impact of the Government's Energy Bill Relief Scheme on the above pressures.

1.2.15 Based on very early officer intelligence, at this stage it is assumed that any relief would be marginal against the current rates and, as such, full year costs projected at Quarter 2 are based on a continuation of 110% uplifts for electricity and 415% uplifts for gas bills for the entirety of 2022/23. These assumptions will be updated in future monitoring projections as appropriate, once clarity has been received from YPO.

1.2.16 The gas element of the energy contract with YPO has a further two years to run after 2022/23, but the electricity contract runs only to 31 March 2023. The MTFS Update

Report, approved by cabinet and council in September 2022, included the recommendation that delegated authority be given to the Strategic Director for Environment and Climate Change, in consultation with the Director of Finance and Corporate Portfolio-holder, to expedite electricity contract options in a timely fashion for 2023/24. Following this process, the Crown Commercial Service (CCS) electricity contract will be with EDF Energy from 1 April 2023.

### **Fuel/Food inflation +£2.2m (+£0.2m change from Q1)**

- 1.2.17 Within Environment & Climate change, there is a projected catering pressure of £1.5m due to increasing food costs, and a projected further £0.7m pressure on Transport services due to high fuel prices. Both these inflationary impacts remain volatile and will be reviewed through the remainder of 2022/23.
- 1.2.18 In addition to the Cost of Living pressures noted above, there are other forecast pressures highlighted in this report across Directorates, and these are summarised in sections 1.3 to 1.8 below.

### **'Other' forecast pressures**

#### **1.3 Children & Families +£3.4m (+£1.3m change from Q1)**

##### **Learning Services – High Needs**

- 1.3.1 The Secretary of State for Education confirmed, on 24 March 2022, the Council's successful participation in the Round 2 Dedicated Schools Grant (DSG) deficit reduction (Safety Valve) Programme. This included an initial 2021/22 Government funding contribution of £13.5m made on 31 March 2022.
- 1.3.2 The balance of agreed £20m government funding contribution to the Council's DSG deficit over the next 5 years is dependent on delivery of in-year DSG High Needs savings target. An update report, setting out in more detail the Safety Valve funding agreement and management plan, was presented to Cabinet on 26 July 2022.
- 1.3.3 At Quarter 2, the forecast in-year spend on High Needs spend in excess of the Dedicated Schools Grant (DSG) funding allocation is £9.7m (equivalent in-year deficit in 2021/22 was £12.8m). The overall DSG Deficit is forecast to be £20.2m by 31 March 2023. This is consistent with Safety Valve modelled projections.
- 1.3.4 As part of the signed DSG deficit agreement, and the Council's continuing contribution towards the in-year DSG deficit savings target, £1.4m of costs that would otherwise have been recharged from Learning & Early Support to the High Needs block have instead been absorbed. Due to the timing of the management agreement, the 2022/23 costs are to be offset from demand reserves drawdown, and the intention is to build the additional cost absorption into subsequent service budget development for 2023/24 onwards.

##### **Learning and Early Support +£3.3m (+£1.8m change from Q1)**

- 1.3.5 The School Improvement Grant has reduced significantly in 2022/23 (£429k 21/22, estimated £175k 2022/23). To mitigate the impact of this the service are working on a new staffing structure and exploring ways to maximise income generation.
- 1.3.6 Traded Service income has reduced since the pandemic. The service is looking to redesign its offer to ensure that this is more in correlation with the expected income levels.

- 1.3.7 Post 16 Transport continues to be a pressure. Additional budget of £0.6m was invested for 2022/23 but the Quarter 2 projection is still an overspend of £0.8m. This represents an increase of £0.4m since Quarter 1. Increases in fuel costs have been factored into this figure but the full impact will become clearer later in the year. As at 30 September 2022, 275 children used the service.
- 1.3.8 The increase in Post 16 Transport costs has been netted off by the release of additional savings in the Early Support Service due to vacancy management. The overall position has also been mitigated further with the use of £0.5m Supporting Families Grant funding.
- 1.3.9 There is a projected year-end overspend of approximately £0.7m in the Special Educational Needs and Disability Assessment and Commissioning Team (SENDACT). This is primarily due to the use of agency staff to cover vacancies and sickness absence. This pressure was not in view at Quarter 1. It should be noted that agency usage is now at a minimum and will end Autumn 2022 as the majority of substantive posts have now been successfully recruited to.
- 1.3.10 At Quarter 2 there is a projected overspend of £1.2m on Special Educational Needs and Disability Inclusion Fund (SENDIF). As above, this was not in view at Quarter 1. The overspend is as a result of the continued increase in numbers of children accessing the system and a rising complexity of need in these cases. Work is ongoing within the service to review the service provision, identify statutory and non-statutory expenditure and ascertain the impact of the funding on future needs of the children when they reach school age.

Family Support and Child Protection -£0.1m (-£0.4m change from Q1)

- 1.3.11 This is largely a result of increased volumes and complexity of need on demand led CDS (Children with Disability Service) Agency Homecare Packages. The main area of this budget is on Demand Led Sufficiency. The service continues to manage LAC (Looked After Children) numbers very well and these have reduced to 609 (at August 2020 they were at 689). Whilst there are variances within these budgets, the net overall position is approximately balanced and therefore the main pressure areas are effectively managed.

Resources, Improvements and Partnerships +£0.2m (-£0.1m change from Q1)

- 1.3.12 There is a projected overspend of £0.2m within Resources, Improvements and Partnerships. This is a result of increased costs in Internal Residential Homes. There are acute capacity issues due to staff shortages, sickness and shielding along with placement demands and a lack of alternative local provision. The service is implementing measures to mitigate the issue through deployment of an additional casual bank of staff, overtime and agency cover, however this comes at a significant additional cost. The service is looking at ways to reduce the use of agency and overtime to control the overspend with a view to significantly reducing this in 2023/24.

**1.4 Adults and Health +£1.8m (+£1.4m change from Q1)**

- 1.4.1 The overall position for Adults is a projected overspend of £1.8m. This is an increase from Quarter 1 of £1.4m. There is some volatility across key demand-led headings, with variances being seen on a number of activities, and a swing from Quarter 1 on Independent Sector Home Care, and on Independent Sector Residential & Nursing Placements.

- 1.4.2 One of the main headline demand led variances at Quarter 2 is around Self-Directed Support, with a projected underspend of £1.6m. A significant element of this relates to Older People, predominantly on Direct Payments. Against this, the Mental Health client group is seeing pressure against its budget, on Commissioned Services due to higher unit costs.
- 1.4.3 An overspend is being seen on Independent Sector Residential & Nursing placements (now £1.5m, up from close to breakeven at Quarter 1). This is predominantly on the Learning Disability cohort at £1.0m (due to higher prices) and on Older People at £0.4m (caused by increased volumes). Work continues with providers in the care home market around key pressures, and trends in the short and long term (with the possibility of it being driven more by people with complex needs). Working with partners continues to be crucial.
- 1.4.4 Independent Sector Home Care is also overspending (now £0.6m, up from breakeven at Quarter 1). Within this variance Learning Disability is £0.2m over (due to activity levels) and Older People is £0.4m over (higher unit costs).
- 1.4.5 Other headline variances are around employees (with an overspend of £0.7m). Pressures are continuing in relation to recruitment and retention in the workforce, resulting in the use of agency staff where necessary. There are also smaller variances across a number of other headings, and a projected overspend of £0.3m due to the need to cover an increase in the level of bad debts being seen.
- 1.4.6 There has been significant work carried out recently as part of the Market Sustainability & Fair Cost of Care national programme, which is focused on the markets for Home Care and for Independent Sector Residential & Nursing Placements. Work is ongoing around this.
- 1.4.7 There is also uncertainty around the timing and impact of the national Charging Policy Reform, and around potential national funding allocations for Social Care. Alongside the increased Cost of Living impacts on providers there is a sustained impetus for working collaboratively in a strategic manner, ensuring that we continue to address the issues in the market, whilst bringing the best outcomes for the residents of Kirklees.

## **1.5 Environment and Climate Change +£7.4m (+£4.3m change from Q1)**

### Environmental Strategy and Climate Change +£2.7m (+£0.6m change from Q1)

- 1.5.1 Within Environmental Strategy and Climate Change there is an estimated overspend of £2.4m on Schools Transport; in the main linked to an increase in the number of routes to out of area schools. 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 +£2.8m (+£2.3m change from Q1)

- 1.5.2 At Quarter 2, a pressure of £1.2m has been identified within parking; largely due to multi storey and other site closures and lower than budgeted parking fees and fines income.
- 1.5.3 There are also pressures of £0.7m within Waste services with regards to hired staff and external hire vehicles for recycling and waste strategy initiatives; offset in part by an underspend in the waste contract due to reduced tonnage sent to landfill and £0.6m in Highways due to overspends on general maintenance reactive works.

### Culture and Visitor Economy +£1.8m (+£1.3m change from Q1)

- 1.5.4 Within Catering there is a projected pressure of £0.8m due to a shortfall in income. This is offset in part by an underspend of £0.2m relating to staff shortages.
- 1.5.5 There are also pressures of £0.5m in Markets and £0.4m in Town & Public Halls and £0.3m in Bereavement; largely due to reduced income.
- 1.5.6 Caretaking and Cleaning has a projected £0.3m underspend as a result of additional ad hoc and specialist cleaning.

## **1.6 Growth and Regeneration +£1.8m (+£1.2m change from Q1)**

### Development +£1.5m (+£1.0m change from Q1)

- 1.6.1 Within Development, there is a projected overspend of £1.6m on Property. Approximately £0.5m relates to Corporate Landlord due to greater than expected cost of repairs to date (£189k), cleaning of council buildings (£200k) and compliance inspections of buildings where work is pending/ongoing (£63k). There are also some residual costs related to COVID, including the PPE store (£177k).
- 1.6.2 A further £0.9m of the overspend relates to Commercial Properties. This includes rents that are unachievable (£667k) and greater than expected NNDR charges (£83k).

## **1.7 Corporate Strategy, Commissioning and Public Health +£1.4m (+£1.1m change from Q1)**

### Strategy and Innovation -£0.5m (-£0.9m change from Q1)

- 1.7.1 At Quarter 2, IT has a projected pressure of £0.6m. This relates to annual application and infrastructure contract inflation, plus inflation on other spend areas; offset in part by temporary underspending on staffing.
- 1.7.2 There is also a projected overspend of £0.4m within Intelligence and Performance relating to staffing costs in excess of budgets and pressures from consultancy spend. Further staffing pressures of £0.3m are projected within Transformation.
- 1.7.3 A review of the flexible capital receipts policy for 2022/23 onwards is currently underway, with proposals to be considered fully as part of subsequent budget development. At this stage, notwithstanding that the exercise is still in progress, it is anticipated that this would release a minimum £2.0m against 2022/23 transformation related costs. This assumption is reflected in the Quarter 2 figures within Strategy & Innovation.

### Public Health & People +£1.0m (+£1.0m change from Q1)

- 1.7.4 At Quarter 2 there is a projected pressure of £1.0m within People Service. This includes staffing overspends within both HR, with regards to succession planning, and HDOne, for specific projects.

### Governance & Commissioning +£0.3m (+£0.3m change from Q1)

- 1.7.5 There is an estimated pressure of £0.5m in relation to inflationary impact on the insurance retendering.

### Finance +£0.7m (+£0.7m change from Q1)



1.7.6 Within Finance there is a projected £0.6m overspend in subsidy benefit payments relating to homelessness. The underlying projected cost pressure of £2.0m has been offset by £1.4m of Homelessness Grant.

## **1.8 Central Budgets -£4.0m (-£2.3m change from Q1)**

1.8.1 The 2022/23 Annual Budget Report included a provision of £4.0m, reducing by £1.0m per annum over the subsequent 2 years, reflecting the protracted recovery of service income from sales fees and charges and commercial rents as a result of COVID over the medium term. At Quarter 2, the full £4.0m contingency has been released from central budgets to offset service losses held within Directorates.

1.8.2 At Quarter 2 there is also a pressure of £0.5m from a review of central budget income targets. This is offset in full by a projected £0.5m underspend resulting from the mini budget announcement in September of the reversal in the National Insurance 1.25% uplift from 6 November 2022.

## **1.9 General Fund Reserves**

1.9.1 The reserves position at Appendix 2 reflects the Council's reserves strategy and approach reported and approved at Budget Council on 16 February 2022 and since reaffirmed in the MTFs Update report to Cabinet and Council in September 2022.

1.9.2 At Quarter 2, General Fund reserves and balances are estimated to decrease through 2022/23 by £69.6m; from £166.8m at the start of the year to £97.2m as at 31 March 2023. Of this, £27.7m relates to transfers approved in the 2022-27 Annual Budget report.

1.9.3 The remaining £41.9m balance of movement on reserves is broken down as follows:

- i) Forecast £4.1m net planned drawdowns into directorates from reserves during the year, with the most significant being £2.1m from Revenue Grants reserve and £0.7m from COVID Grants reserve.
- ii) Drawdown of £3.5m from the demand reserve reflecting £2.1m contribution towards the DSG deficit as per the Safety Valve agreement referenced in paragraphs 1.3.1 and 1.3.2, and a further £1.4m to offset annual General Fund costs previously recharged to High Needs block, now absorbed by Learning Services as part of the Council contribution to the overall Safety Valve funding agreement (paragraph 1.3.4).
- iii) Projected drawdown of £10.0m to offset projected Cost of Living pressures in-year. It is proposed that £5.0m is drawdown from the demand reserve and the remaining £5.0m from revenue grants/other reserves. This is illustrated in Appendix 2.
- iv) Transfer of the Quarter 2 projected overspend of £24.3m against earmarked financial resilience reserves at year-end.

1.9.4 Regular monitoring and review of corporate reserves will continue to be undertaken as part of the standard monitoring cycle through the remainder of the financial year. Also attached at Appendix 6 is the current version of the Councils Corporate Risk Register, which also helps inform the Council overall reserves requirements in light of known budget risk issues set out in the register. This includes emerging Cost of Living risks.

## 1.10 Collection Fund

1.10.1 The Collection Fund accounts separately for council tax and business rates income and payments. Table 2 below summarises the projected financial performance of the Collection Fund at Quarter 2.

**Table 2 – Collection Fund Summary**

<b>Collection Fund forecast (Council Share)</b>	<b>Council Tax</b>	<b>Business Rates</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>(Surplus)/Deficit at 1 April 2022</b>	<b>744</b>	<b>13,398</b>	<b>14,142</b>
Re-payments to/(from) General Fund 21/22	(1,026)	(15,135)	(16,161)
Estimated In year Financial Position	-	-	-
<b>(Surplus)/Deficit at 31 March 2023</b>	<b>(282)</b>	<b>(1,737)</b>	<b>(2,019)</b>

- 1.10.2 At Quarter 2, overall, the in-year Council Tax performance is estimated to be in line with the budgeted position. This projection takes into account the various points outlined below, notwithstanding the volatility of income projections in the current economic climate.
- 1.10.3 The 2022/23 Council Tax Base (CTB), approved as part of the 2022-27 Annual Budget Report, incorporated a series of positive adjustments reflecting the impact of the forecasted economic recovery from COVID on Council Tax income. Adjustments included housing growth projections of 1,000 Band D equivalents and a reduction in the bad debt requirement from 2.76% in 2021/22 to 1.5% in 2022/23.
- 1.10.4 The 2022/23 Council Tax Base also assumed a decrease in the number of Council Tax Reduction scheme claimants by approximately 1,000, due to the projected local economic recovery post-pandemic.
- 1.10.5 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.
- 1.10.6 At the end of September 2022 the working age CTR claimant numbers were 23,700; a reduction of 800 since 31 March 2022. These figures still remain volatile, with the potential of a further rise over time as prevailing economic conditions are likely to mean increased unemployment rates and further growth in households eligible for CTR.
- 1.10.7 As at Quarter 2, the in-year Business Rates performance is estimated to be in line with the budgeted position. The budget assumes a collection rate of 97.4% compared to a pre-pandemic rate of 98.6%.
- 1.10.8 Government is continuing to provide further expanded reliefs in 2022/23 due to the economic impacts of COVID on specific business sectors. Eligible occupied retail, hospitality and leisure properties will receive a 50% relief, up to a cash limit of £100,000 per business. This was factored into the above collection rate assumption.
- 1.10.9 It is acknowledged that at Quarter 2, the Collection Fund forecasts are subject to a significant degree of volatility. Emerging intelligence will be factored into subsequent

monitoring projections, in particular the impact on residents and business of the Cost of Living crisis and the potential effect this may have on the target in-year collection rates and bad debt provision requirements.

## **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 £0.5m surplus against an annual turnover budget of £94.8m in 2022/23. This will be monitored closely due to the current pressures caused by inflationary increases.
- 1.11.2 The projected surplus follows a review of inflationary pressures, where there will be an increase in the contribution from HRA reserves by £1.8m and a commitment to in-year efficiency savings of £3m, including staffing costs where recruitment has taken longer, due to lack of suitable candidates. This will fund the approved pay award for Homes & Neighbourhoods staff for 2022/23; £0.7m, inflationary pressures for repairs, maintenance and utility costs; £2.6m, and for legislative changes for fitting CO2 detectors in all properties where costs were not originally budgeted; £0.7m, a pressure relating to damp works; £0.5m and increased works on empty properties; £0.4m. The above are offset in part by forecasts for other variances which relate to void rent loss and under recovery of service charges.
- 1.11.3 Forecast HRA reserves at 31 March 2023, which includes providing for business risks and investment needs are £38.0m. A summary of the HRA outturn and reserves position can be found at Appendix 3.

## **1.12 Capital**

- 1.12.1 The budget for the 2022/23 Capital Plan is based on the updated capital plan within the Council Budget Update Strategy Report 2023/24 at £261.3m, updated to £257.8m at Quarter 2. The majority of the change results from a further £3.8m being re-profiled into subsequent financial years (mainly HRA re-profiling) and an additional net £300k grant received in year. (see also Appendix 5).
- 1.12.2 The Council's revised capital budget for 2022/23 is £257.8m. The forecast capital outturn at Quarter 2 is £227.3; forecast £30.5m variance.
- 1.12.3 The Quarter 2 position is summarised in Table 3 below, categorised by Council primary outcomes as set out in the Corporate Plan, which illustrates how the Council's investment proposals align with the Council's ambitions for its residents. Each primary outcome is further structured between strategic priorities, baseline work programmes and one-off projects.

**Table 3 – Forecast Capital Outturn 2022/23 at Quarter 2**

<b>By Category</b>	<b>Revised Budget £000</b>	<b>Actuals to Date £000</b>	<b>Annual Forecast £000</b>	<b>Variance £000</b>
Achieve & Aspire	18,632	5,765	15,209	(3,423)
Best Start	3,341	445	2,212	(1,129)
Independent	8,708	289	6,757	(1,951)
Sustainable Economy	175,121	33,449	157,215	(17,906)
Well	7,228	1,058	4,848	(2,380)
Safe & Cohesive	175	4	0	(175)
Clean & Green	8,862	2,252	5,808	(3,054)
Efficient & Effective	2,294	1,299	1,821	(473)
<b>General Fund</b>	<b>224,361</b>	<b>44,561</b>	<b>193,870</b>	<b>(30,491)</b>
Independent –Strategic Priorities	14,095	2,198	14,095	0
Independent - Baseline	19,320	7,188	19,320	0
<b>Housing Revenue Account</b>	<b>33,415</b>	<b>9,386</b>	<b>33,415</b>	<b>0</b>
<b>Total Capital Plan</b>	<b>257,776</b>	<b>53,947</b>	<b>227,285</b>	<b>(30,491)</b>

- 1.12.4 A more detailed breakdown of the capital outturn position is provided at Appendix 4. The largest variance shown in Sustainable Economy is due to slippage on Property Investment Fund (£8.7m), Dewsbury Riverside (£3m), Town Centre Action Plans (£2.7m) and Regeneration of Our Local Centres (£2.2m).
- 1.12.5 The multi-year capital plan is currently subject to a more fundamental corporate review and affordability assessment, in light of the scale of financial challenges facing the Council; in particular relating to Cost of Living pressures. The review will cover prioritisation, phasing flexibility including impact and risk assessment, funding alternatives to prudential borrowing, stretching the plan over a longer time frame, and subsequent proposal brought forward through the remainder of the current budget round for member consideration.
- 1.12.6 The overall affordability of the plan will be assessed against two key aspects. The first is annual revenue service debt requirements built into the baseline spend forecasts. The second aspect is current significant inflationary pressures on capital costs, which impact across the totality of the plan.
- 1.12.7 It is acknowledged that whilst a large underspend is shown for General Fund, due to the nature of schemes, the majority of this is slippage and will be factored in as part of the corporate review, to be re-profiled into future years as part of the Council Budget Report. Based on provisional information, c.£21m is being proposed to be re-profiled resulting in a Quarter 2 variance of c.£9.5m.
- 1.12.8 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.
- 1.12.9 Future capital plan updates will continue to be presented to Council via the annual budget strategy update and annual budget approval reports to Cabinet and Council as a matter of course, as part of the annual planning cycle.

## **2 Information required to take a decision**

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

Appendix 1 summarises, by service area, the forecast General Fund revenue outturn position in 2022/23;

Appendix 2 summarises the forecast General Fund reserves and balances movements in-year;

Appendix 3 summarises the forecast HRA revenue outturn position including movements in HRA reserves in-year;

Appendix 4 sets out by Outcome area the forecast capital outturn position in 2022/23

Appendix 5 shows 2022/23 capital budget re-profile proposals into future years of the capital plan; and

Appendix 6 shows the current version of the Council's Corporate Risk Register plan.

### **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 Financial Implications for the people living or working in Kirklees**

#### **3.7 Other (e.g. Financial, Legal or Human Resources)**

3.7.1 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.

3.7.2 As outlined in section 1.2 of this report, a number of key assumptions incorporated into the budget plans for 2022/23 and key spend and funding assumptions for future years are being impacted by the current volatile global and national economic conditions. There are significant inflationary pressures affecting both revenue and capital budgets and income forecasts are increasingly volatile as a result of the Cost of Living crisis and its impacts on local residents.

3.7.3 It cannot be assumed that there will be a government funding solution to accommodate any forecast in-year budget pressures, which in themselves remain sensitive in the current environment.

3.7.4 While the Council has identified up to £10m to part mitigate in-year Cost of Living pressures, 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.

3.7.5 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.

3.7.6 The MTFs Update report to Cabinet and Council in September 2022, included the s151 Officer recommendation that minimum useable General Fund reserves should be set at £47m; a combination of pre-existing financial resilience reserves and £10m general balances, now rolled into a single unallocated reserves line (see also Appendix 2). This £47m remains 'non-negotiable' for potential re-direction for any other purpose.

### **Management actions**

3.7.7 As at Quarter 2, the General Fund revenue forecast overspend is £24.3m (net of up to £10m earmarked reserves offset). This overspend would then be transferred i.e. offset against available Council usable reserves as at 31 March 2023.

3.7.8 In light of the significant and increasing financial pressures highlighted in the Table 1 summary in this report, the Council's Executive Management Team are proposing a range of other management actions are taken at this stage; temporary in-year operational measures to narrow the gap against Cost of Living pressures, aside from continued sectoral lobbying to Government for additional funding support.

3.7.9 These include a temporary freeze on recruitment, reduction in agency staff, rationalising use of council buildings, increased scrutiny on all new expenditure and reductions in non-essential expenditure across services. This is in addition to ongoing work to review in-year demand forecasts across adults and children's services, continued exploration of all external funding opportunities, ongoing review of fees and charges, and a corporate led capital plan review.

3.7.10 The above proposed further management actions are intended to help reduce forecast Council costs from current headline Quarter 2 projections, and will be phased in as appropriate over the coming weeks. The scale of potential additional cost reductions to current year end will depend on the subsequent timing of the implementation of the above measures. Based on a range of current intelligence including staff numbers and turnover trends, agency cost trends and net energy costs (and consumption trends over the period in question), a high level overall estimate of further cost reduction in the region of £4 million is considered reasonable at this stage, noting the intended deliverability of this in a relatively short timescale to current year end.

3.7.11 To expedite the range of proposed management actions proposed above, at pace, Cabinet are requested to delegate approval for the temporary operational measures set out in paragraph 3.7.10 above, to the relevant strategic director in conjunction with the relevant portfolio-holder (s), to be taken at short notice as appropriate, having taken account of relevant powers duties and obligation to consult/ engage.

3.7.12 The ongoing review of fees and charges will take account of existing Cabinet/officer delegations as set out in Council Financial Procedure Rules (FPR 11.1). Cabinet are also asked to approve strategic director delegation, in consultation with the relevant portfolio-holder, to amend any existing in-year fees and charges, in accordance with the criteria set out in FPR 11.1 where an officer delegation is deemed appropriate, and which will have the effect of changing a previous Cabinet decision.

3.7.13 As highlighted at paragraph 1.2.11 earlier in this report, Cabinet are also asked to note that KAL are also significantly impacted on by unprecedented energy price pressures,

and that the Council will continue to work collaboratively with KAL to support KAL's financial sustainability over the medium term.

### **Medium Term Financial Strategy Refresh**

- 3.7.14 The recent MTFFS Update report to Cabinet and Council included an indicative budget gap of £41.3m in 2023/24; largely impacted on by Cost of Living pressures as set out in this report.
- 3.7.15 The updated baseline position will continue to be reviewed in light of emerging national and local intelligence and factored into subsequent budget development through the remainder of the 2023/24 budget round to enable a balanced budget to be delivered for 2023/24, alongside updated forecasts for future years. As noted at paragraph 1.1.5 earlier, national intelligence in particular will be informed by what is anticipated to be an especially challenging Government Autumn Statement announcement on 17 November and subsequent local government funding settlement expected mid-December 2022.
- 3.7.16 A number of the management actions set out above will inform the development of these budget proposals to be presented to Budget Council in February 2023.

## **4 Consultees and their opinions**

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

## **5 Next Steps**

That Cabinet endorse the recommendations set out in this report to enable officers to consider and expedite a range of temporary operational measures at pace to reduce the significant in-year financial pressures to current year end, and report back to members on progress against these and other management actions through the remainder of the financial year.

## **6 Cabinet portfolio holders recommendations**

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

## **7 Officer recommendations and reasons**

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

### **General Fund**

- 7.1 note the forecast revenue outturn position at Quarter 2;
- 7.2 note the forecast year end position on corporate reserves and balances at Quarter 2;
- 7.3 note the regular monitoring and review of corporate reserves in 2022/23 reported to Cabinet as part of the Quarterly financial monitoring cycle;
- 7.4 delegate approval for the proposed temporary operational measures set out in paragraphs 3.7.9 to 3.7.10 in this report, to the relevant strategic director in conjunction with the relevant portfolio-holder(s), having taken account of relevant powers duties and obligation to consult/ engage.
- 7.5 note and agree that if a decision is made in relation to fees and charges which amends a previous Cabinet decision as set out at paragraph 3.7.12 of this report, that such a

decision will have the effect of changing any previous decision;

- 7.6 note the award of a 4 year electricity contract to EDF Energy under the CCS Framework agreement to commence 1 April 2023 as set out at paragraph 1.2.16; and
- 7.7 note that the Council will continue to work collaboratively with KAL to support KAL's financial sustainability over the medium term.

#### Collection Fund

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

#### HRA

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

#### Capital

- 7.10 note the Quarter 2 forecast capital monitoring position for 2022/23;
- 7.11 approve the re-profiling of the 2022/23 capital plan as set out in this report and at Appendix 5;

## **8 Contact Officer**

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## **9 Background papers and History of Decisions**

MTFS Update Report to Council, September 2022  
Corporate Financial Monitoring Report, Quarter 1 2022/23 to Council, August 2022  
Annual budget report 2022-27 to Budget Council, February 2022  
Budget Update Report to Council, October 2021  
Finance Update report to Corporate Scrutiny Panel, 5 July 2022

## **10 Service Director responsible**

Eamonn Croston, Service Director Finance.  
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## Corporate Revenue Budget monitoring 2022/23 – Month 6

## Appendix 1

	Annual					Variance breakdown			
<b>Strategic Director portfolio responsibilities</b>	Controllable Budget (Net)	Planned use of reserves	Revised Budget	Adjusted Forecast	Variance	Cost of Living Pressures	Business as Usual	Cost of Living change from Q1	Business as Usual change from Q1
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Child Protection & Family Support	42,619	-	42,619	42,529	(90)		(90)	-	(412)
Resources, Improvements & Partnership	17,970	-	17,970	18,165	195		195	-	(79)
Learning & Early Support & Schools	20,151	-	20,151	26,542	6,391	3,100	3,291	(1,400)	1,763
<b>Sub Total (Children &amp; Families)</b>	<b>80,740</b>	<b>-</b>	<b>80,740</b>	<b>87,236</b>	<b>6,496</b>	<b>3,100</b>	<b>3,396</b>	<b>(1,400)</b>	<b>1,272</b>
Customers and Communities	11,419	54	11,473	11,343	(130)		(130)	-	(118)
ASC - Older People and Physical Disabili	11,466	-	11,466	11,497	31		31	-	1,025
ASC - Learning Disabilities and Mental H	79,271	-	79,271	82,304	3,033		3,033	-	1,493
Adults Sufficiency	14,783	-	14,783	13,624	(1,159)		(1,159)	-	(1,030)
<b>Sub Total (Adults &amp; Health)</b>	<b>116,939</b>	<b>54</b>	<b>116,993</b>	<b>118,768</b>	<b>1,775</b>	<b>-</b>	<b>1,775</b>	<b>-</b>	<b>1,370</b>
Environmental Strategy & Climate Change	7,995	732	8,727	11,420	2,693		2,693	-	614
Highways & Streetscene	30,011	183	30,194	33,766	3,572	728	2,844	(272)	2,282
Culture & Visitor Economy	(462)	129	(333)	2,996	3,329	1,500	1,829	500	1,349
E&CC Management & Support	119	-	119	147	28		28	-	70
<b>Sub Total (Environment &amp; Climate Change)</b>	<b>37,663</b>	<b>1044</b>	<b>38,707</b>	<b>48,329</b>	<b>9,622</b>	<b>2,228</b>	<b>7,394</b>	<b>228</b>	<b>4,315</b>
Skills & Regeneration	2,017	1,685	3,702	3,984	282		282	-	282
Homes & Neighbourhoods	-	-	-	-	-		-	-	-

	Annual					Variance breakdown			
Strategic Director portfolio responsibilities	Controllable Budget (Net)	Planned use of reserves	Revised Budget	Adjusted Forecast	Variance	Cost of Living Pressures	Business as Usual	Cost of Living change from Q1	Business as Usual change from Q1
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Development	10,410	433	10,843	12,356	1,513		1,513	-	960
Management & Support	1,607	-	1,607	1,590	(17)		(17)	-	(17)
<b>Sub Total (Regeneration &amp; Growth)</b>	<b>14,034</b>	<b>2118</b>	<b>16,152</b>	<b>17,930</b>	<b>1,778</b>	<b>-</b>	<b>1,778</b>	<b>-</b>	<b>1,225</b>
Strategy & Innovation	16,554	44	16,598	16,072	(526)		(526)	-	(920)
Public Health & People	650	-	650	3,324	2,674	1,700	974	(300)	974
Governance & Commissioning	14,069	427	14,496	14,786	290		290	-	344
Finance	8,428	400	8,828	9,528	700		700	-	700
<b>Sub Total (Corporate Strategy, Commissioning &amp; Public Health)</b>	<b>39,701</b>	<b>871</b>	<b>40,572</b>	<b>43,710</b>	<b>3,138</b>	<b>1,700</b>	<b>1,438</b>	<b>(300)</b>	<b>1,098</b>
Central	45,922	-2	45,920	57,428	11,508	15,500	(3,992)	4,200	(2,299)
<b>General Fund Total</b>	<b>334,999</b>	<b>4085</b>	<b>339,084</b>	<b>373,401</b>	<b>34,317</b>	<b>22,528</b>	<b>11,789</b>	<b>2,728</b>	<b>6,981</b>
Drawdown from Reserves	-	-	-	(10,000)	(10,000)	(10,000)	-	-	-
<b>Revised General Fund Total</b>	<b>334,999</b>	<b>4,085</b>	<b>339,084</b>	<b>363,401</b>	<b>24,317</b>	<b>12,528</b>	<b>11,789</b>	<b>2,728</b>	<b>6,981</b>

## Appendix 2a

### General Fund Earmarked Reserves

	Reserves position as at 1 April 2022	Budget report Approved Movements	Revised reserves position at 1 April 2022	MTFS Approved Transfers	Planned Net Drawdown in-year	Unplanned use of Reserves (Forecast Variance)	Forecasted Reserves position as at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Statutory (School Reserves)</b>							
Schools Balances	(15,503)	-	(15,503)		-	-	(15,503)
Public Health	(1,442)	-	(1,442)		-	-	(1,442)
<b>Total Statutory (School Reserves)</b>	<b>(16,945)</b>	<b>-</b>	<b>(16,945)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,945)</b>
<b>Earmarked</b>							-
<b>Transformation/Development Funding</b>							
Ward Based Activity	(1,286)	-	(1,286)		120	-	(1,166)
Strategic Investment support	(4,500)	-	(4,500)		276	-	(4,224)
Waste Management	(2,000)	2,000	-		-	-	-
Mental Health	(639)	-	(639)		32	-	(607)
Inclusive Investment	(3,045)	-	(3,045)		159	-	(2,886)
Place Partnership Theme	(2,000)	-	(2,000)		-	-	(2,000)
Transformation	(4,166)	-	(4,166)		-	-	(4,166)
Place Standard	(1,000)	-	(1,000)		19	-	(981)
Local Welfare provision initiatives	(2,641)	2,641	(0)		-	-	(0)
Apprenticeship Levy	(2,915)	-	(2,915)		-	-	(2,915)
Workforce Planning				(1,500)			(1,500)
<b>Total Transformation/Development Funding</b>	<b>(24,192)</b>	<b>4,641</b>	<b>(19,551)</b>	<b>(1,500)</b>	<b>606</b>	<b>-</b>	<b>(20,445)</b>
<b>Revenue Grants/Other</b>							
Revenue Grants (various)	(18,468)	-	(18,468)		2,059	-	(16,409)
Rollover	(353)	-	(353)		319	-	(34)
Stronger Families Grant	(1,524)	-	(1,524)		-	-	(1,524)
Social Care Reserve	(1,285)	-	(1,285)		-	-	(1,285)
School PFI	-	-	-		-	-	-
Other	(3,645)	-	(3,645)		302	-	(3,343)
Drawdown to offset 2022/23 cost of living pressures					5,000		5,000
<b>Total Revenue Grants/Other</b>	<b>(25,275)</b>	<b>-</b>	<b>(25,275)</b>	<b>-</b>	<b>7,680</b>	<b>-</b>	<b>(17,595)</b>
<b>Risk Reserves - Specific Purposes</b>							
Insurance	(1,900)	-	(1,900)		-	-	(1,900)
Property and Other Loans	(3,000)	1,000	(2,000)		-	-	(2,000)
Treasury Smoothing	(960)	-	(960)		-	-	(960)

	Reserves position as at 1 April 2022	Budget report Approved Movements	Revised reserves position at 1 April 2022	MTFS Approved Transfers	Planned Net Drawdown in-year	Unplanned use of Reserves (Forecast Variance)	Forecasted Reserves position as at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Total Risk Reserves - Specific Purposes</b>	<b>(5,860)</b>	<b>1,000</b>	<b>(4,860)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,860)</b>
<b>Risk Reserves - Budget Risks</b>							
Demand Reserve	(17,352)	-	(17,352)		8,550	-	(8,802)
<b>Total Risk Reserves - Budget Risks</b>	<b>(17,352)</b>	<b>-</b>	<b>(17,352)</b>	<b>-</b>	<b>8,550</b>	<b>-</b>	<b>(8,802)</b>
<b>Earmarked (COVID) Reserves</b>							
COVID Response - Unfunded Risks	(3,884)	3,884	-		-	-	-
COVID Response - Recovery Fund	(2,367)	-	(2,367)	1,500	105	-	(762)
COVID Response - Collection Fund (Risk)	(6,400)	6,400	-		-	-	-
COVID Response - Leisure Support (KAL)	-	(1,500)	(1,500)		-	-	(1,500)
COVID Grants (various)	(2,110)	-	(2,110)		694	-	(1,416)
COVID Business Grants Reserve	(284)	-	(284)		-	-	(284)
Extended Business Rate Relief Compensation	(11,915)	11,915	-		-	-	-
Tax Income Loss Compensation	(3,102)	1,334	(1,768)		-	-	(1,768)
<b>Sub Total Earmarked (Collection Fund)</b>	<b>(30,062)</b>	<b>22,033</b>	<b>(8,029)</b>	<b>1,500</b>	<b>799</b>	<b>-</b>	<b>(5,730)</b>
Q2 Overspend Position						<b>24,317</b>	<b>24,317</b>
<b>Total Earmarked</b>	<b>(102,741)</b>	<b>27,674</b>	<b>(75,067)</b>	<b>-</b>	<b>17,635</b>	<b>24,317</b>	<b>(33,115)</b>
<b>GENERAL BALANCES</b>	<b>(47,108)</b>	<b>-</b>	<b>(47,108)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(47,108)</b>
<b>Grand Total</b>	<b>(166,794)</b>	<b>27,674</b>	<b>(139,120)</b>	<b>-</b>	<b>17,635</b>	<b>24,317</b>	<b>(97,168)</b>
<b>Total usable reserves (excluding schools and public health)</b>	<b>(149,849)</b>	<b>27,674</b>	<b>(122,175)</b>	<b>-</b>	<b>17,635</b>	<b>24,317</b>	<b>(80,223)</b>

## Glossary of Reserves

RESERVE	DESCRIPTION
<b>School Balances</b>	Statutory reserves relating to both individual schools balances/deficits carried forwards.
<b>Public Health</b>	Timing issues on Public Health grant spend commitments (Public health grant is statutorily ring-fenced)
<b>Ward Based Activity</b>	Set aside reflecting timing issues on ward-based activity spend commitments
<b>Strategic Investment Support</b>	To address the scale of development costs required to support the upscaling of capital investment activity and major project activity over the MTFP.
<b>Waste Management</b>	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.
<b>Mental Health (including Domestic abuse)</b>	To support a number of local area based mental health initiatives.
<b>Inclusive Investment Reserve</b>	Set aside for a range of targeted development activity that supports the Council's inclusive investment ambition.
<b>Place Partnership Theme</b>	To encourage Place specific local initiatives
<b>Transformation Reserve</b>	Set aside for strategic transformation developments over the next 12 to 24 months.
<b>Place Standard Reserve</b>	Set aside to support the resourcing of emerging Place Standard action plans.
<b>Local Welfare Provision Initiatives</b>	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
<b>Apprenticeship Levy</b>	Set aside to fund future payments into the Apprenticeship levy
<b>Workforce Planning</b>	Set aside for investment in key roles to safeguard frontline services and tackle an ageing Council workforce
<b>Revenue Grants</b>	Represents grants and contributions recognised in the Comprehensive Income and Expenditure Statement before expenditure has been incurred.
<b>Rollover</b>	To fund deferred spend commitments against approved rollover
<b>Stronger Families</b>	Set aside reflecting timing issues on expenditure commitments supporting a range of Stronger Families activity, funded from external grant.
<b>Social Care</b>	Set aside to cover phased rollout of a range of social care expenditure commitments as agreed at Cabinet, August 2018.
<b>Schools PFI Reserve</b>	Utilised to cover reduced DSG budget contributions to council services in 2020/21 and 2021/22
<b>Other Earmarked</b>	A range of smaller reserves earmarked for specific purposes.
<b>Insurance</b>	Mitigates against risk from increased liabilities and insurance claims.
<b>Property and Other Loans</b>	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.
<b>Treasury Smoothing Reserve</b>	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.
<b>Financial Resilience</b>	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.
<b>Demand Reserve</b>	Set aside to mitigate the impact/volatility of a range of potential demand risks on statutorily provided service activity

RESERVE	DESCRIPTION
<b>COVID Response Reserve</b>	Specific reserve set aside to cover the costs of the Council's COVID response.
<b>COVID Grants (various)</b>	Represents specific COVID grants recognised in the Comprehensive Income and Expenditure Statement before expenditure was incurred.
<b>COVID Business Grants reserve</b>	Reflects the balance of COVID Business Grants received and recognised in 2020/21 and 2021/22 before expenditure was incurred.
<b>Extended Business Rate Relief Compensation</b>	During 2020/21 and 2021/22, local authorities received S31 grants to offset the reliefs given to businesses during COVID. Under current Collection Fund accounting rules, the S31 grants received cannot be discharged against the Collection Fund deficit in-year. The additional s31 grants were therefore transferred into the extended business rates relief reserve, to be drawn down the following year against the rolled forwards Collection Fund deficit.
<b>Local Tax Income Loss Compensation</b>	Local authorities were compensated for the loss of local tax income in 2020/21 as a result of COVID. The compensation amount was transferred into the Tax Income Loss Compensation Reserve to be drawn down in future years against the rolled forwards Collection Fund deficit.
<b>Unallocated Reserves</b>	General reserve set at £47m to support general working capital and cashflow requirements. Covers a range of potential costs highlighted in the Council's corporate risk register.

## Appendix 3

### HOUSING REVENUE ACCOUNT 2022/23 - MONTH 6

	Year to Date			Annual		
	Controllable Budget (Net)	Actuals	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Repairs & Maintenance	14,214	15,458	1,244	28,495	29,902	1,407
Housing Management	11,213	10,553	(660)	42,318	41,607	(711)
Other Expenditure	272	10	(262)	26,692	26,692	0
<b>Total Expenditure</b>	<b>25,699</b>	<b>26,021</b>	<b>322</b>	<b>97,505</b>	<b>98,201</b>	<b>696</b>
<b>Rent &amp; Other Income</b>	<b>(45,367)</b>	<b>(45,219)</b>	<b>148</b>	<b>(94,803)</b>	<b>(94,147)</b>	<b>656</b>
Revenue Contribution to Capital Funding	0	0	0	0	0	0
Planned transfer from HRA Reserves	0	0	0	(2,702)	(4,571)	(1,869)
<b>Total</b>	<b>(19,668)</b>	<b>(19,198)</b>	<b>470</b>	<b>0</b>	<b>(517)</b>	<b>(517)</b>

### HRA RESERVES

	Balance at 31 March 2022	Approved Movement in Reserves	Balance at 31 March 2023
	£'000	£'000	£'000
Set aside for business risks	(4,000)		(4,000)
Forecast in Year Surplus/Deficit		(516)	(516)
To support the Capital Investment Programme		8,231	8,231
Planned Drawdown from reserves		4,571	4,571
Set aside to meet investment needs (as per HRA Business Plan)	(44,834)		(44,834)
Working balance	(1,500)		(1,500)
<b>Total</b>	<b>(50,334)</b>	<b>12,286</b>	<b>(38,048)</b>

## Corporate Capital Budget Monitoring 2022/23 – Month 6

## Appendix 4

	Budget Strategy Update	Budget Adjustment incl Re- profiling	Qtr 2 Revised Budget	Actuals to Date	Forecast	Variance	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	%
<b>General Fund</b>							
Aspire & Achieve	18,610	22	18,632	5,765	15,209	(3,423)	(18%)
Best Start	3,341	0	3,341	445	2,212	(1,129)	(34%)
Independent	8,708	0	8,708	289	6,757	(1,951)	(22%)
Sustainable Economy	173,502	1,619	175,121	33,449	157,215	(17,906)	(10%)
Well	7,228	0	7,228	1,058	4,848	(2,380)	(33%)
Safe & Cohesive	175	0	175	4	0	(175)	(100%)
Clean and Green	8,862	0	8,862	2,252	5,808	(3,054)	(34%)
Efficient & Effective	2,821	(527)	2,294	1,299	1,821	(473)	(21%)
<b>GENERAL FUND TOTAL</b>	<b>223,247</b>	<b>1,114</b>	<b>224,361</b>	<b>44,561</b>	<b>193,870</b>	<b>(30,491)</b>	<b>(14%)</b>
<b>Housing Revenue Account</b>							
Strategic Priorities	18,828	(4,733)	14,095	2,198	14,095	0	0%
Baseline	19,284	36	19,320	7,188	19,320	0	0%
<b>HOUSING REVENUE TOTAL</b>	<b>38,112</b>	<b>(4,697)</b>	<b>33,415</b>	<b>9,386</b>	<b>33,415</b>	<b>0</b>	<b>0%</b>
<b>CAPITAL PLAN TOTAL</b>	<b>261,359</b>	<b>(3,583)</b>	<b>257,776</b>	<b>53,947</b>	<b>227,285</b>	<b>(30,491)</b>	<b>(12%)</b>



## Breakdown of Capital Budget Changes

## Appendix 5





	£'000	£'000	£'000
<b>Budget Update Strategy Report Capital Budget</b>			<b>261,359</b>
<b>Increase in Grants/Contributions/Other</b>			
<b>General Fund:</b>			
<b>Sustainable Economy</b>			
Emergency Active Travel (SP)	(41)		
West Yorkshire plus Transport Schemes (SP) - ERDF Funding for A62 Smart Corridor	341		
<b>Total Increase in Grant</b>		<b>300</b>	
<b>Re-profiling / Virements between Years</b>			
<b>General Fund:</b>			
<b>Aspire &amp; Achieve</b>			
New Pupil Places – King James virement reversal (SP)	22		
<b>Sustainable Economy</b>			
Highways – Safer Roads virement reversal (BL)	(22)		
Town Centre Action Plans (SP), New Street Public Realm Scheme	765		
Vehicle Replacement Programme (BL)	576		
<b>Efficient &amp; Effective</b>			
One Venues (BL)	(527)		
<b>Housing Revenue Account</b>			
Ashbrow Extra Care (SP)	(2,300)		
Council House Building (SP)	(1,800)		
Remodelling High Rise (SP)	189		
IT System (Universal Housing replacement) (SP)	(822)		
Housing Capital Plan (BL)	1,100		
Compliance (BL)	(914)		
Fuel Poverty (BL)	(150)		
<b>Total Re-profiling</b>		<b>(3,883)</b>	
<b>Total Change in Budget</b>			<b>(3,583)</b>
<b>Q2 REVISED BUDGET</b>			<b>257,776</b>
<b>Change in Budget - Funding Breakdown:</b>			
Borrowing		(266)	
Grant (Grants & contributions)		297	
Capital Receipts		(1,640)	
HRA Reserves		(1,974)	
<b>Change in Budget</b>			<b>(3,583)</b>


**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 and proposed actions with timeline	Residual Risk Rating (Pxl) & Trend	Risk Matrix Symbol
	<b>Community Impacts &amp; Risks</b>	<b>Delivering service that customers and citizens need</b>		
<b>A1</b>	<p>The risk that the Council's <b>incident management / emergency planning</b> is insufficient to manage a serious incident or series of related incidents leading to short term or prolonged impacts on the Kirklees community and Council employees and operations.</p> <p>Potential risk causes include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Weather related events</li> <li>• Industrial accident</li> <li>• Infectious disease outbreak</li> <li>• Terrorist attack</li> </ul>	<ul style="list-style-type: none"> <li>• The Council has an embedded emergency management system that aligns to National guidance, including annual assurance audit under EPRR core competencies assessment.</li> <li>• All our plans are subject to regular review as per work programme. We also regularly train people in their roles and test these via exercises.</li> <li>• Governance is provided via Kirklees Health Protection Board.</li> <li>• Debriefing following incidents so that lessons can be identified and plans modified where necessary.</li> </ul> <p style="text-align: center;"><b>Responsible for this chief executive and all strategic directors</b></p>	 Q2: 4x4=16	
<b>A2i</b>	<p>The council does not adequately <b>safeguard children</b> 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"> <li>• Disclosure &amp; Barring Service (DBS) checking, staff training, supervision, protection policies kept up to date and communicated.</li> <li>• Effective management of social work (and related services); rapid response to any issues identified and from any Safeguarding Practice Reviews (Children),</li> <li>• Ofsted – Ongoing preparation for ILACS inspection, collating evidence, understanding our narrative, refreshing service development plan. SEND transformation programme – workstream will address any issues arising from SEND inspection.</li> <li>• Monthly QA meetings focusing on key areas, giving assurance of grip, management oversight, quality of practice and performance.</li> <li>• Service Practice learning days in place contributing to children's services objective of being a learning organisation</li> </ul>	 Q2: 3x4 = 12	





		<ul style="list-style-type: none"> <li>Review of practice following the child sexual exploitation in other authorities and the emerging requirements.</li> <li>Ensure that workloads are balanced to resources, and that this worked is prioritised when there are staff resource availability issues</li> <li>Staff and skill development to minimise dependence on key individuals.</li> </ul> <p style="text-align: right;"><i>Responsible for this risk – M Meggs</i></p>		
<b>A2ii</b>	The council does not adequately <b>safeguard vulnerable adults</b> , and those subject to elder abuse, because of increased complexity, referral volumes and a lack of service capacity to respond to the assessed need.	<ul style="list-style-type: none"> <li>Disclosure &amp; Barring Service (DBS) checking, staff training, supervision, protection policies kept up to date and communicated.</li> <li>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</li> <li>Active management of cases with media interest, Adults have an Escalation pathway monitored by Safeguarding Service manager.</li> <li>Completion of the development of the Corporate Safeguarding Policy (approved by Cabinet March 2022)</li> <li>Joint development between Adults, Children’s, Mental Health and external agencies to develop the transitional exploitation pathways (16-18 year olds) of the non-recent and recent exploitation pathways</li> <li>Implementation of the self-neglect pathway</li> <li>Ongoing awareness raising through functions such as Safeguarding Week</li> <li>Review of current practices following the child sexual exploitation in other authorities and the emerging requirements. Adults have implemented a Survivors team to work with adult survivors of CSE.</li> <li>Ensure that workloads are balanced to resources, and that this worked is prioritised when there are staff resource availability issues, Adults continue to review and prioritise risk and actively work with staff in monitoring workloads during workload management conversations.</li> <li>Staff and skill development to minimise dependence on key individuals.</li> <li>Use of agency staff and or contractors when necessary. Also responded to recruitment and retention issues by a bespoke recruitment drive, jobs fairs and offering certain roles a retention payment</li> <li>Ideal manager training</li> </ul>	 <p>Q2: 4x5 = 20</p>	

		<ul style="list-style-type: none"> <li>• Development of market sufficiency strategy; consider approaches to support the development of the available service offer both locally and regionally.</li> <li>• 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.</li> <li>• Operational Systems pressures meeting allow for an operational discussion around wider pressures within the systems. Adult social care has a well-developed Risk Escalation Conference for Self-Neglect cases which is multi-agency focused.</li> <li>• Effective listening to messages about threats from other parts of the council and partner agencies</li> <li>• Proactive recognition of Members role as “corporate parent”</li> <li>• Additional work to ensure that corporate safeguarding activities include appropriate control arrangements.</li> <li>• Comprehensive audit programmes ensure quality oversight (such as effective record keeping, risk management and decision making)</li> <li>• Adult’s representation on all strategic and operational groups related to safeguarding (such as Prevent, Domestic Abuse and Modern Day Slavery)</li> </ul> <p style="text-align: right;"><b>Responsible for this risk – R Parry</b></p>		
<b>A3</b>	Legacy issues of <b>historical childcare management practices</b> , and particularly, the heightened national attention to Child Sexual Exploitation and historical abuse cases leads to reputational issues, and resource demands to address consequential matters.	<ul style="list-style-type: none"> <li>• Additional resources and expertise allocated to new and historical Child Sex Exploitation (CSE) and other legacy work, as required.</li> <li>• Risk matrix and risk management approach implemented with the police and partners.</li> <li>• Provision of support pathways to assist victims</li> <li>• Understand relationship with the Prevent strategy, and issues linked to counter terrorism</li> <li>• Ensure effective record keeping</li> <li>• Learning from external reports on CSE issues re Oxford, Rotherham etc</li> </ul> <p style="text-align: right;"><b>Responsible for this risk –M Meggs</b></p>	 Q2: 4x4 = 16	







<p><b>A4</b></p>	<p>Failure to address matters of <b>violent extremism and related safer stronger community factors</b>, 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 as a consequence of Ukraine and Russia</p>	<ul style="list-style-type: none"> <li>• Dedicated community tensions monitoring process and a clear procedure to process intelligence related to protests and tensions. Procedure includes Police and Emergency planning colleagues.</li> <li>• Weekly tensions monitoring meetings are held with all relevant partners – these can quickly switch to daily if required.</li> <li>• Prevent Partnership Action Plan.</li> <li>• Community cohesion work programme</li> <li>• Local intelligence sharing and networks.</li> <li>• Status as a Prevent Priority Area provides funding for a Prevent Coordinator Post and enables the development of bids for additional funding.</li> <li>• Counter terrorism local profile.</li> <li>• Global events can create ongoing potential issues and tensions, (national risk status raised recently) which the council needs awareness and mitigations strategies.</li> <li>• West Yorkshire Violence Reduction Unit will assist</li> <li>• Local measures to ensure councillors are/feel protected (and staff and others) including access to relevant information.</li> <li>• Protect and Prepare obligations to mitigate terrorism risk on publicly accessible locations (PAL)</li> <li>• Assurance processes re ensuring appropriate understanding associated with the use of public and client access to the internet (terrorism and extremism related)</li> </ul> <p style="text-align: right;"><i>Responsible for this risk – R Parry and M Meggs</i></p>	<p> Q2: 3x5=15</p>	<p></p>
<p><b>A5</b></p>	<p>Failure to adequately address the challenges of <b>climate change</b> is a risk both to operational processes, as a result of severe weather events and the Council’s ability to maintain services, and reputationally, to demonstrate compliance with the Council’s own climate change commitments. Certain government grants require demonstration of climate commitments, impacting on funding</p>	<p>Operational response:</p> <ul style="list-style-type: none"> <li>• Operational and response plans designed to minimise impacts (e.g. gully cleansing for those areas which are prone to flooding, winter maintenance budgets are supported by bad weather contingency, gritting deployment plans etc..)</li> <li>• Investment in flood management</li> <li>• Awareness of local consequences such as ensuring appropriate levels of energy efficiency in residential and commercial property, and the financial consequences</li> <li>• Lobbying for financial and other government support in relation to the costs of meeting obligations</li> </ul> <p>Strategic response:</p>	<p> Q2: 4x5=20</p>	<p> </p>







	<p>available and statutory obligations relating to climate change are becoming more stringent.</p>	<ul style="list-style-type: none"> <li>• Climate Emergency declared in 2019</li> <li>• Phase 1 climate emergency response, delivering immediate, ‘low hanging fruit’ action such as installing EV charge point infrastructure</li> <li>• Phase 2 will see a Climate Change Action Plan published in Autumn 2022, detailing how we will become carbon neutral and climate ready by 2038</li> <li>• Consultant-led work, due to be completed by August 22, to understand Kirklees’ climate change risks and vulnerabilities and identifying possible adaptation measures.</li> <li>• PCAN (Placed-Based Climate Action Network) and UoL led work, completed in Jan 22, outlining the pathways to Net Zero for Kirklees, in-line with the districts 2038 net zero target and UK’s 2050 net zero target.</li> <li>• Climate Change engagement underway to inform the Action Plan, including a resident survey alongside workshops with Council and non-Council stakeholders. The results for which will be published as part of the Autumn 22 Action Plan.</li> </ul> <p>Delivery capacity and funding</p> <ul style="list-style-type: none"> <li>• Level of expectation in Climate Change programme area exceeds the current staff resources in this area. Additional scope being added is likely to outstrip the current capacity further.</li> <li>• Lack of funding means the service operate beyond set budgets and are unable to take specific actions or do so at risk of service delivery, as no funding has been allocated.</li> </ul> <p style="text-align: right;"><b>Responsible for this risk – C Parr</b></p>		
<p><b>A6</b></p>	<p>The impact of the “<b>cost of living crisis</b>” (specifically inflationary pressure leading to increased prices for food and fuel) on individuals, the community, partners and the business sector, and on their priorities, and their consequent demands for council service</p> <p>Understanding that impact on the voluntary sectors may reduce their ability to support communities, with a</p>	<ul style="list-style-type: none"> <li>• Launched local campaign which has detailed the various national and local sources of support available to residents. This is available digitally, but we have also taken a place-based approach to this and worked with local community organisations, frontline services, healthcare providers etc to ensure that physical leaflets are also available in order to support and facilitate conversations. There will also be a social media campaign to raise awareness to targeted groups.</li> <li>• Local Area Co-ordinators working in communities will signpost residents to the appropriate services/agencies etc wherever possible.</li> <li>• Second £3.7m support package now approved for implementation</li> </ul>	 <p>Q2: 4x4=16</p>	



	consequent impact on the council.	<ul style="list-style-type: none"> <li>• Our Local Welfare team fund 3 foodbanks in Kirklees to ensure residents can access crisis food. We are also working in partnership with third parties to provide a place-based response to food access.</li> <li>• Staff will be provided with information/training to enable them to provide accurate information and advice. Exploration of upskilling front line workforce to have brief intervention conversations - in order to provide appropriate support and signposting.</li> <li>• Supervisions will include discussions in relation to staff resilience and action taken to address any issues identified. Identify any suitable training including Resilience Training</li> <li>• Local Welfare team are currently facilitating the allocation of the governments Household Support Fund to local residents;</li> <li>• The Suicide prevention action group have prioritised cost of living/economical adversity as a significant risk factor for suicide prevention.</li> <li>• Engagement in resilience discussions with NHS partners</li> <li>• Understanding potential impacts on demand for council services</li> <li>• Strengthen partnership arrangements to ascertain whether other funding or cost reduction solutions can be introduced.</li> <li>• Understand if changes in the availability of council and / or community facilities is affecting Voluntary Organisations</li> <li>• Assess dependency on voluntary organising, and impacts that coronavirus has on their sustainability, and consider actions.</li> </ul> <p style="text-align: center;"><b><i>Responsible for this risk – R Parry / M Meggs / R Spencer-Henshall / All</i></b></p>		
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	<b>The finances of the Council</b>	<b>Keeping the Council solvent</b>		
<b>A7</b>	A failure to achieve the <b>Councils Budget</b> impacts more generally on the councils finances with the necessity for unintended savings (from elsewhere) to ensure financial stability	<ul style="list-style-type: none"> <li>Established governance arrangements are in place to achieve planned outcomes at Cabinet and officer level including quarterly reporting to Cabinet / ET etc...</li> <li>Escalation processes are in place and working effectively.</li> <li>Agreed 5 year plan with forecast reviewed and updated regularly.</li> <li>Alignment of service, transformation and financial monitoring.</li> <li>Tracker developed which allows all change plans to be in view and monitored monthly</li> <li>Ongoing budget monitoring with monthly (and quarterly) financial reporting</li> <li>Regular meetings with Service Directors</li> <li>Regular finance business meetings to share knowledge and best practice</li> <li>Use of Virements where appropriate</li> <li>Availability of reserves</li> <li>Review of Business Plan - HRA</li> </ul> <p style="text-align: right;"><i>Responsible for this risk - E Croston &amp; ET</i></p>	 Q2: 4x5=20	
<b>A8</b>	<p><b>Inflationary pressures are resulting in cost increases</b>, which impact on the council directly, and on the ability of contractors to deliver activities of the specified quality at the agreed price.</p> <p><b>And a reduction in expected income</b> as both tenants, residents and businesses are struggling with the 'cost of living' and unable to meet financial commitments.</p>	<ul style="list-style-type: none"> <li>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)</li> <li>Regular review of priorities and available resources</li> <li>Regular monitoring of expenditure and updated forecasts</li> <li>Follow contract procedure rules and renegotiate or retender contracts as appropriate.</li> <li>Ensure that budgets anticipate likely cost impacts with reasonable allowances built into budget costings to cover inflation risk</li> <li>Determine if increased costs such as energy make efficiency projects more financially attractive or reduce consumption by less use of heating.</li> <li>Internal Board to ensure a corporate approach</li> <li>Understanding impact of interest rate changes</li> </ul> <p style="text-align: right;"><i>Responsible for this risk - E Croston &amp; all strategic directors</i></p>	 Q2: 4x4=16	











<p><b>A9</b></p>	<p>The council has significant financial risks related to <b>increasing (above budget) demand for services:</b></p> <ul style="list-style-type: none"> <li>• Complex Adult Care</li> <li>• Childrens Care</li> <li>• Educational high needs</li> <li>• HRA Rent collection</li> <li>• Waste disposal and waste strategy</li> <li>• Social care legislation impacts</li> <li>• Grant schemes, where the council takes on cost or outcome risk</li> </ul>	<ul style="list-style-type: none"> <li>• Dedicated Finance Managers for each service area</li> <li>• Maximisation of available income sources</li> <li>• Dedicated income management teams</li> <li>• There are regular links to performance meetings, monitoring KPIs and contract compliance.</li> <li>• Investment in technology or operational delivery arrangements also helps mitigate cost pressures or new legislative requirements.</li> <li>• Significant service pressures recognised as part of resource allocation</li> <li>• Responsibility for budgetary control aligned to Strategic and Service Directors.</li> <li>• Examine alternative strategies or amend policies where possible to mitigate growth in demand or reduce costs</li> <li>• Seek to recover additional costs where budgets held by other parties or partners</li> <li>• Utilise supplementary resources to cushion impact of cuts and invest to save.</li> <li>• Assess grant related risks and seek to mitigate (with the grant regime)</li> </ul> <p style="text-align: right;"><i>Responsible for this risk - E Croston &amp; ET</i></p>	 <p>Q2: 4x5 = 20</p>	
<p><b>A10</b></p>	<p>Making inappropriate choices in relation to <b>lending or and borrowing decisions</b>, leads to financial losses.</p>	<ul style="list-style-type: none"> <li>• Treasury management policy which sets out the policies and objectives of its treasury management activities and treasury management practices, how those policies and objectives will be achieved and how treasury management will be managed and controlled.</li> <li>• Treasury management strategy and plan recommended to and approved by the Corporate Governance &amp; Audit Committee and Cabinet</li> <li>• Report to Council (via the Corporate Governance &amp; Audit Committee and Cabinet) at least once in relation to treasury management activity during the year</li> <li>• Keeping updated in relation to rate changes</li> </ul> <p style="text-align: right;"><i>Responsible for this risk - E Croston</i></p>	 <p>Q2: 2x4 = 8</p>	
<p><b>A11</b></p>	<p>Exposure to <b>uninsured losses</b> or significant unforeseen costs, leads to the necessity for unintended savings to balance the council finances.</p>	<ul style="list-style-type: none"> <li>• Ensure adequacy of financial revenue reserves to protect the council's financial exposure and maintain effective management to minimise impact on the council essential services.</li> <li>• Actively consider the appropriate treatment for known risks, accepting that insurance provided by 3<sup>rd</sup> party may not always be the optimum solution.</li> </ul>	 <p>Q2: 2x4 = 8</p>	

		<ul style="list-style-type: none"> <li>Maintain awareness of risk activity that the insurance market is unwilling to cover and developments of offerings in this area. Eg: <ul style="list-style-type: none"> <li>Combustible composite panelling (cladding)</li> <li>Cyber attack</li> </ul> </li> </ul> <p style="text-align: right;"><i>Responsible for this risk - E Croston &amp; J Muscroft</i></p>		
	<b>Governance</b>	<b>Operating legally and ethically</b>		
<b>A12</b>	The councils arrangements to effectively <b>design, implement and monitor adherence to policies</b> , are inadequate, leading to the potential for failure, error, illegality or delay	<ul style="list-style-type: none"> <li>Open policy development</li> <li>Open decision making, including full consultation</li> <li>Effective challenge (between officers, officers and members, and between member), with sufficient time for adequate consideration and scrutiny (e.g. timely publication of Key Decision Notices)</li> <li>Doing the basics well eg. proper recording of all decisions. Strong training and effective assurance to ensure this happens</li> <li>Carefully following all rules and requirements, particularly those related to Financial Procedures Rules and Contract Procedure Rules</li> <li>Clarity of management responsibility and understanding</li> </ul> <p style="text-align: right;"><i>Responsible for this risk – chief executive and all strategic directors</i></p>	 Q2: 2x5 = 10	
<b>A13</b>	<b>Statutory obligations</b> create additional resource requirements that are not covered by existing government / other funding allocations and impact on the councils current policies and strategies.	<ul style="list-style-type: none"> <li>Horizon scanning and work to ensure that the local impacts of national legislation, or other changes are fully understood as soon as practical</li> <li>Open consideration of options and how these may impact across communities, and impact on current activities</li> <li>Continue to lobby, through appropriate mechanisms, for additional resources e.g., Local Government Association (LGA)</li> <li>Be aware of underlying issues through effective communication with citizens, partners, service providers and suppliers about likely impact on resources</li> <li>Ensure that budgets anticipate likely impacts</li> <li>Ensure adequacy of financial revenue reserves to protect the council financial exposure and managed effectively not to impact on the council essential services.</li> <li>Lobby for appropriate shares of NI levies for local authorities- or similar funding.</li> <li>Ensuring efficacy of social care levy if ever shared</li> </ul>	 Q2: 4x3 = 12	  

		<ul style="list-style-type: none"> <li>Understand, scenario plan and monitor financial implications from Health &amp; Social Care legislation being prompted by government</li> </ul> <p style="text-align: center;"><b>Responsible for this risk – chief executive and all strategic directors</b></p>		
	<b>Resource Utilisation</b>	<b>Operating successfully and effectively</b>		
<b>A14</b>	<p>Council <b>supplier and market relationships</b>, including contractor failure leads to.</p> <ul style="list-style-type: none"> <li>loss of service,</li> <li>poor quality service</li> <li>an inability to attract new suppliers (affecting competition, and to replace any incumbent contractors who have failed)</li> <li>complexities and difficulties in making decisions and arrangements in respect of significant and long running major outsource contracts, and their extension and renewal.</li> <li>Inability to secure contractors at all, or to achieve a clear open competition</li> </ul> <p>(Recognising higher risk at times of inflation, especially against fixed price contracts)</p>	<ul style="list-style-type: none"> <li>Proactively encourage and stimulate interest in tendering for council contracts</li> <li>Develop and publish market position statements and procurement pipeline opportunities and undertake regular dialogue with market.</li> <li>Ensure sufficient time is allocated to procurement activities to allow for pre-market engagement (where appropriate) and to allow time for potential suppliers to submit bids within timescales</li> <li>Ensure appropriate consideration of procurement and financial risks; e.g. 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.</li> <li>Recognise and mitigate for differing sources of risk such as reliance on single suppliers and contracting with firms that derive large proportions of their business from the public sector</li> <li>Commission effectively; ensuring specifications are fit for purpose</li> <li>Undertake robust contract management - ensuring suppliers are performing and delivering against any key performance indicators and plans in place to manage external pressures such as changes to NMW, recruitment / retention challenges, supply chain disruption</li> <li>Instigate early consultation with existing suppliers about arrangements to be followed at the end of existing contractual arrangements</li> <li>Adhere to payment terms to maintain adequate cash flow for smaller contractors</li> </ul> <p style="text-align: right;"><b>Responsible for this risk – J Muscroft</b></p>	 Q2: 5x4 = 20	

<p><b>A15</b></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 <b>Data Protection, Freedom of Information legislation and the General Data Protection Regulations (GDPR)</b> leading to reputational damage, rectification costs and fines.</p>	<ul style="list-style-type: none"> <li>• Thorough, understandable information governance policies and practices that are clearly communicated to workforce and councillors</li> <li>• Effective management of data, retention and recording.</li> <li>• Compliance with retention schedules.</li> <li>• Comply with new legislation around staff access to sensitive data.</li> <li>• Council has a Senior Information Risk Owner (“SIRO”) officer and a Data Protection Officer (DPO) supported by an Information Governance Board</li> <li>• Development of action plan to respond to GDPR requirements and resourcing requirements as appropriate</li> <li>• Recognition of increased risk from homeworking may increase risks or change their perspective (e.g., destruction of paper records, extra training)</li> <li>• Compliance with IT security policy.</li> <li>• Increased awareness of officers and members as to their obligations, responsibilities etc, through training</li> <li>• Recognising and understanding “cloud” based products and the advantages and risks that they provide</li> <li>• Business continuity procedures.</li> </ul> <p style="text-align: right;"><i>Responsible for this risk – J Muscroft &amp; R Spencer Henshall</i></p>	<p> Q2: 3x4 = 12</p>	<p></p>
<p><b>A16</b></p>	<p>The risk of a data breach and / or impaired system functionality caused by a malicious <b>cyber attack</b> leading to inability to deliver council services, costs to recover / compensate and associated reputational damage</p>	<ul style="list-style-type: none"> <li>• Cyber Strategy approved by ET and IG Board being implemented by IT Service</li> <li>• Penetration tests and PSN accreditation is maintained on an annual basis</li> <li>• Thorough, understandable security policies and practices that are clearly communicated to workforce and councillors and adherence monitored</li> <li>• Recognition of increased risk from homeworking which may increase or change mitigations required (e.g., additional training)</li> <li>• Increased awareness of officers and members as to their obligations, responsibilities etc, through training</li> <li>• Recognising and understanding “cloud” based products and the advantages and risks that they provide</li> <li>• Business continuity procedures (in various scenarios) including recognising that some solutions may involve a return to paper based solutions and records</li> <li>• Proactive management of cyber issues, including additional web controls</li> <li>• Continued adherence to NCSC guidance</li> </ul>	<p> Q2: 5x5 = 25</p>	<p></p>




		<b>Responsible for this risk – T Hudson, A Simcox &amp; Rachel Spencer Henshall</b>		
<b>A17</b>	<p><b>Health and safety</b> 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)</p>	<ul style="list-style-type: none"> <li>• Health and Safety Oversight Board</li> <li>• Bi-annual corporate performance reports.</li> <li>• Audit of the health and safety management systems of Services within the Council, carried out in accordance with HSE guidance Successful Health and Safety Management (HSG (65).</li> <li>• Management review and inspection of high risk premises at 3 yearly intervals and medium risk premises at 5 year intervals.</li> <li>• Accident reports monitored and followed up and or investigated as necessary.</li> <li>• The Council’s online accident and incident reporting system provides regular information to managers and now includes near miss reporting to enable Services to learn lessons before a serious incident occurs.</li> <li>• Mandatory health and safety training matrix developed to specify the minimum level of training dependent on role within the Council. A well-managed training programme will help to develop a positive health and safety culture as well as helping to ensure that the Council meets its legal duty to protect its employees.</li> <li>• Corporate Landlord inspects low risk premises.</li> </ul> <p style="text-align: right;"><b>Responsible for this risk – R Spencer Henshall</b></p>	 Q2: 2x4 = 8	
<b>A18i</b>	<p>Exposure to increased liabilities arising from <b>property ownership and management</b>, including dangerous structures and asbestos, cladding and fire controls with reputational and financial implications.</p> <p><b>Residential property</b></p>	<ul style="list-style-type: none"> <li>• Housing Building Safety Assurance Board established to provide assurance across this risk</li> <li>• Fire safety protocols established; fire door replacement programme is underway and waking watches implemented in high rise properties</li> <li>• Asbestos replacement programme ongoing with procedures in place to identify and remove in compliant manner</li> </ul> <p style="text-align: right;"><b>Responsible for this risk – D Shepherd</b></p>	 Q2 4x5 = 20	

<p><b>A18ii</b></p>	<p>Exposure to increased liabilities arising from <b>property ownership and management</b>, including dangerous structures and asbestos, cladding and fire controls with reputational and financial implications.</p> <p><b>Non-residential property</b></p>	<ul style="list-style-type: none"> <li>• Managed through Health &amp; Safety Oversight Board</li> <li>• Compliance testing matrix in place identifying sources of risk, test requirement as detailed in legislation and test frequency</li> <li>• Asbestos and Legionella currently reported as AMBER H&amp;S Risk Report</li> <li>• Embedded programme of fire risk assessments, inspections and audits in place, as documented in Corporate Fire Safety Policy</li> <li>• Active site management</li> <li>• Routine servicing and cleansing regimes in place with ongoing activity to improve data collection gaps</li> <li>• Work practices to address risks from noxious substances</li> <li>• Property disposal strategy linked to service and budget strategy</li> <li>• Corporate compliance guide being created to develop all servicing regimes and reasoning to allow areas that are more at risk to be addressed first</li> </ul> <p style="text-align: right;"><i>Responsible for this risk – C Parr/ D Shepherd</i></p>	 <p>Q2 4x3 = 12</p>	
<p><b>A19</b></p>	<p>The risk of failing to retain a <b>sustainable, diverse, workforce</b>, including</p> <ul style="list-style-type: none"> <li>• An appropriately skilled workforce to meet the demands of the council / government agenda</li> <li>• aging and age profile</li> <li>• encouraging people to enter hard to recruit roles (which often have low pay, or challenging hours or tasks)</li> <li>• recognising that labour shortage affects a large part of economic activity</li> <li>• and ensuring that the workforce is broadly content, without whom the council is unable</li> </ul>	<ul style="list-style-type: none"> <li>• Refreshed People Strategy now in place</li> <li>• Recruitment for dedicated resource to focus on workforce planning has been successful and is now in place</li> <li>• Regular monitoring of workforce data at ET and all SLTs</li> <li>• Ongoing pilot activity to trial workforce planning approaches and utilise benchmarking data across Adults, Growth &amp; Regeneration, Communities, Catering &amp; Cleaning</li> <li>• Support requirements for frontline services are being actively considered both within People Services and across services</li> <li>• My Learning (MiPod Xtra replacement) has now launched making learning easier to access for everyone</li> <li>• Continuing to support selective use of interim managers and others to ensure continuity of progress regarding complex issues</li> <li>• Recruitment strategy to promote the range of employee benefits and emphasise the job satisfaction factors, specifically from service employment</li> <li>• Engage and encourage younger people through targeted apprenticeships, training and career development opportunities</li> <li>• Focus on Mental Health Awareness, including stress, with promotion of Wellbeing surveys, Wellbeing network and dedicated support service</li> </ul>	 <p>Q2: 4x4 = 16</p>	

	to deliver its service obligations.	<b>Responsible for this risk – R Spencer Henshall</b>		
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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

**Code**

Community	Finance	Employees	Environmental/ Climate	Assets/ Property	Health & Safety	IT/Data	Goods/ supplies	Compliance/ Legal
