

Name of meeting: Cabinet

Date: 14 March 2023

Title of report: Corporate Financial Monitoring Report, Quarter 3, 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 3 (month 9), 2022/23.

Key decision – is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes
Key decision - is it in the <u>Council's Forward Plan (key decisions and private reports)</u>?	Key decision – Yes
The Decision - Is it eligible for “call in” by Scrutiny?	Yes
Date signed off by Strategic Director & name	Rachel Spencer Henshall –6/3/23
Is it also signed off by the Service Director for Finance?	Eamonn Croston – 6/3/23
Is it also signed off by the Service Director – Legal, Governance & Commissioning?	Julie Muscroft – 6/3/23
Cabinet member portfolio - Corporate	Portfolio Holder - Cllr Paul Davies

Electoral wards affected: All
Councillors Consulted: None

Public or private: Public

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

1.1 Summary

- 1.1.1 Quarter 3 Corporate Financial Monitoring Report sets out the Council's current budget position. It summarises the significant Cost of Living pressures at £17.1m and an overall forecast overspend of £29.4m in this financial year, compared to £34.3m at Quarter 2; an overall reduction in the overspend of £4.9m since Quarter 2.
- 1.1.2 The most significant cause of the overspend is Cost of Living impacted costs totalling £17.1m including energy, and other inflationary costs that affect households, businesses, and organisations across the country, and the 2022/23 pay award in excess of what had been budgeted. Other budget pressures totalling £12.3m 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 service income.
- 1.1.3 The Council is well placed to offset unprecedented Cost of Living impacted unprecedented cost pressures through the re-direct of existing earmarked reserves over the very short-term. However the scale of the shocks to the British economy are significant and, as reported previously at Quarter 2, the Council continues to take further action to reduce the in-year deficit which has contributed to the overall net £4.9m reduction in overspend since Quarter 2.
- 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 overspend.
- 1.1.5 The national economic outlook means that the council must be prepared for budget pressures to persist and intensify in future years. This is also reflected in the 2023/24 Annual Budget report to Cabinet on 21 February 2022 and Budget Council on 8 March 2023, and as referenced at paragraphs 3.7.12 to 3.7.16 of this report.

Quarter 3 Headlines

- 1.1.6 The Council's revised General Fund controllable (net) revenue budget for 2022/23 is £343.6m. 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 £6.4m from Revenue Grants reserve, £1.3m from Development Funding reserves and £1.2m from COVID reserves.
- 1.1.8 There is a forecast overspend of £29.4m against the £343.6m revised budget at Quarter 3; equivalent to 8.6%. 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 There has been a reduction of £4.9m in the forecast overspend position since Quarter 2. This is made up of decreases of £3.7m on Cost of Living pressures, and £1.2m in business as usual pressures across directorates.
- 1.1.10 Headline variances and key changes from Quarter 2 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 3

	Revised Budget	Outturn	Total variance	Variance split:	
				Cost of Living	Other
	£000	£000	£000	£000	£000
Children & Families	83,134	90,649	7,515	3,100	4,415
Adults & Health	120,585	122,453	1,868	-	1,868
Environment & Climate Change	44,805	53,245	8,440	1,474	6,966
Growth & Regeneration	17,911	20,093	2,182	-	2,182
Corporate Services	44,325	45,695	1,370	-	1,370
Central Budgets	32,864	40,873	8,009	12,500	(4,491)
General Fund Sub-Total	343,624	373,008	29,384	17,074	12,310

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 December 2022, Consumer Price Index (CPI) inflation was 10.5%; by far in excess of the Government's 2% target. The Bank of England base rate also increased by 0.5 percentage points to 4% on 2 February 2022; the tenth rise recorded since December 2021. This has pushed the rate to its highest since 2008. There is potential for further rises in the remainder of 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 and Quarter 2 Financial Monitoring reports to Cabinet in August and November 2022 respectively, 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 3, and amount to a total of £18.1m as per Table 1. The pressures are considered in more detail below.

Pay award +£8.6m (no change from Q2)

- 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%.

Energy inflation +£7.0m (-£3.0m change from Q2)

- 1.2.9 Unprecedented inflationary increases in energy prices have resulted in an in-year pressure of £3.9m for Council direct costs, shown within Central Budgets. This has been reduced by £3m from Quarter 2 estimates, reflecting the relative stabilisation of the energy market over the last few months, the impact of the Government's Energy Bill Relief Scheme on estimated bills, and a review of energy consumption estimates including in-year management actions to reduce energy consumption across a number of Council buildings.
- 1.2.10 There is a further estimated pressure of £3.1m within Children & Families (Learning Services) due to costs borne by the Council in excess of annual RPI, in relation to energy charges for PPP 1 and 2 contracts with 19 schools. This is consistent with Quarter 2 figures. While there is a base budget available, the unprecedented energy price uplift in 2022/23 has significantly increased these costs.

Fuel/Food inflation +£1.5m (-£0.7m change from Q2)

- 1.2.11 Within Environment & Climate change, there is a projected catering pressure of £0.8m due to increasing food costs, and a projected further £0.7m pressure on Transport services due to high fuel prices; albeit reduced by £0.8m compared to earlier year inflation forecasts.
- 1.2.12 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 +£4.4m (+£1.0m change from Q2)

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 There is a forecast in-year spend on High Needs spend in excess of the Dedicated Schools Grant (DSG) funding allocation of £12.8m (equivalent in-year deficit in 2021/22 was £12.8m). The overall DSG Deficit is forecast to be £27.1m by 31 March 2023. This is off track with Safety Valve modelled projections by £3.6m. The updated 5 year management plan projection still reflects an overall in-year balanced budget position by 2026-27, but a projected remaining balance of DSG deficit now at £8.5m; albeit still significantly reduced from the baseline starting point £35m deficit projection at year end 2021-22 prior to the Council's participation in the Safety Valve Round 2 Programme in February 2022.
- 1.3.4 Quarterly reports are submitted to the ESFA Safety Valve team to highlight the progress towards the safety valve planned position. The management plan also allows for some flexibility to review spend and funding profiles over the lifetime of the Plan, with appropriate DfE Safety Valve agreement where circumstances permit.
- 1.3.5 Following the Quarter 3 submission that highlighted the slippage against the plan, an initial dialogue between the ESFA and Council Senior officers took place. Discussions will continue with the DfE Safety Valve team to review plans further to address the current issues being faced with rising High Needs Costs, alongside future opportunities to bring the Plan back into alignment over the 5 year period.
- 1.3.6 Costs continue to increase in relation to High Needs expenditure. The two main areas where there are additional cost pressures are Mainstream Top-Ups and Independent School Places. Mainstream top ups have increased by £1.5m due to increases in complexity and top up rates to reflect pay awards. The vast majority of Education, Health & Care Plans awarded are now at Band A or Band A exceptional which is the highest level of funding provided. Independent School Places costs are increasing by approximately £0.5m due to rising numbers and placement costs; including an element of placement costs that relates to cost of living impacted inflationary increases.
- 1.3.7 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 (No change from Q2)

- 1.3.8 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 developing a new Challenge and Support approach with the Education and Learning Partnership Board and exploring ways to maximise income generation.
- 1.3.9 Traded Service income has reduced since the pandemic. The service is looking to redesign its offer.
- 1.3.10 Post 16 Transport continues to be a pressure. Additional budget of £0.6m was invested for 2022/23 but the Quarter 3 projection is still an overspend of £0.8m. This is consistent with Quarter 2 projections. Increases in fuel costs have been factored into this figure but the full impact will become clearer later in the year. Currently, 341 children use the service; an increase of 66 since the end of September 2022. The increase in Post 16 Transport costs has been netted off from vacancy management across the service.
- 1.3.11 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 is consistent with Quarter 2 projections. It should be noted that agency usage is now at a minimum and will end in March 2023 as the majority of substantive posts have now been successfully recruited to.

- 1.3.12 At Quarter 3 there is a projected overspend of £1.2m on Special Educational Needs and Disability Inclusion Fund (SENDIF). As above, this is consistent with Quarter 2 projections. 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 redesign the approach to SENDIF which will be co-produced with partners.

Family Support and Child Protection +£0.5m (+£0.6m change from Q2)

- 1.3.13 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. Costs have also increased as a result of Orchard View being unavailable at the moment and alternative placements needing to be utilised.

- 1.3.14 Whilst the service continues to manage LAC (Looked After Children) numbers well, it should be noted that these have increased from 609 to 629 during the previous quarter; 61.6 per 10,000. It is important to note that LAC numbers have been maintained at the same position as they were 12 months ago at 63.3 per 10,000 which has to be seen in context of significant demand increases being experienced in many local authorities currently. Kirklees performance remains strong as highlighted in our 12-month average rate which is 62.9 per 10,000 compared to Statistical Neighbours (SN) rate of 92 and England 70.0.

- 1.3.15 It is also important to note that decision making about children entering care continues to be overseen by senior managers. In addition, there is robust oversight of children's permanence plans which avoids children remaining in care unnecessarily. Over the previous 12 months we continue to see a large number of children living with carers through special guardian ship orders and Kirklees performance when compared to SN and England is very impressive.

- 1.3.16 The service is also on track through pro-active in-year management actions to achieve a planned in-year vacancy management saving of £1.1m which will help mitigate the looked after children in-year pressure.

Resources, Improvements and Partnerships +£0.6m (+£0.4m change from Q2)

- 1.3.17 There is a projected overspend of £0.6m 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. In addition to these increases in costs the uplift to foster carer payments is now factored in.

1.4 Adults and Health +£1.9m (+£0.1m change from Q2)

- 1.4.1 The overall position for Adults is a projected overspend of £1.9m. This is an increase from Quarter 2 of £0.1m. There is some volatility across key demand-led headings, with

variances being seen on a number of activities, and movements from Quarter 2 on Independent Sector Home Care, on Independent Sector Residential & Nursing Placements, and on Self Directed Support.

- 1.4.2 One of the main headline demand led variances at Quarter 2 is around Self-Directed Support, with a projected underspend of £2.9m. 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 £1.9m, up from £1.5m at Quarter 2). This is predominantly on the Learning Disability cohort at £1.5m (due to higher prices) and on Older People at £0.2m (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 £0.4m, down from £0.6m at Quarter 2). Within this variance Learning Disability is £0.3m over (due to activity levels and on unit costs) and Older People is £0.1m over (higher unit costs).
- 1.4.5 Other headline variances are around employees (with an overspend of £1.1m). 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 £0.7m 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 work being undertaken to understand the timing and impact of the national Charging Policy Reforms, and to ensure best use of the 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 +£7.0m (-£0.4m change from Q2)

Environmental Strategy and Climate Change +£2.8m (+£0.1m change from Q2)

- 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 +£2.4m (-£0.5m change from Q2)

- 1.5.2 At Quarter 3, 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 £0.5m 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 £0.4m in Highways due to overspends on general maintenance reactive works.

Culture and Visitor Economy +£1.7m (-£0.1m change from Q2)

- 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 £0.7m 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 £0.4m underspend as a result of additional ad hoc and specialist cleaning.

1.6 Growth and Regeneration +£2.2m (+£0.4m change from Q2)

Development +£1.5m (no change from Q2)

- 1.6.1 Within Development, there is a projected overspend of £1.8m on Property. Approximately £0.5m relates to Corporate Landlord including cleaning of council buildings (£0.2m) and compliance inspections of buildings where work is pending/ongoing (£0.1m). There are also some residual costs related to COVID, including the PPE store (£0.3m).
- 1.6.2 A further £0.9m of the overspend relates to Commercial Properties. This includes rents that are unachievable (£0.7m), repairs (£0.1m) and greater than expected NNDR charges (£0.1m).

Skills & Regeneration +£0.6m (+£0.4m change from Q2)

- 1.6.3 There is a projected £1.0m overspend in Planning and Building control due to lower than expected demand for planning and inspections. This is offset by smaller underspends elsewhere within Skills & Regeneration including Major Projects (£0.1m) and Employment and Skills (£0.2m).

1.7 Corporate Strategy, Commissioning and Public Health +£1.4m (-£1.8m change from Q2)

Strategy and Innovation -£0.7m (-£0.2m change from Q2)

- 1.7.1 At Quarter 3, IT has a projected pressure of £0.5m. 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 £0.8m within Intelligence and Performance relating to staffing costs in excess of budgets and pressures from consultancy spend which will be addressed through a current service change process.
- 1.7.3 The annual budget report presented to Budget Council on 8 March 2023 includes proposals to implement a Council flexible capital receipts policy from 2022/23 onwards. This includes the anticipated use of up to £2.0m in-year capital receipts against 2022/23 transformation related base budget costs, thereby releasing equivalent revenue resource. This assumption is reflected in the Quarter 3 figures within Strategy & Innovation.

Public Health & People +£1.9m (-£0.9m change from Q2)

- 1.7.4 At Quarter 3 there is a projected pressure of £0.9m within People Service. This includes staffing overspends within both HR, with regards to succession planning, and HD-One, for specific projects.
- 1.7.5 The Council's support to Kirklees Active Leisure (KAL) is aligned to Sports and Physical Activity budget line under Public Health. Council support to KAL as at Quarter 2 was just under £6m in 2022/23; including the annual grant contribution at £2.0m, a further tranche of post-pandemic recovery funding of £2.0m from Council earmarked reserves, and a contingency underwrite for Cost of Living impacted inflationary pressures (mainly energy) of up to £2.0m. As at Quarter 3, this contingency underwrite has reduced to £1.0m, as a result of updated KAL in-year forecast position including the impact of a range of further in-year cost reduction measures.

Governance & Commissioning -£0.6m (-£0.9m change from Q2)

- 1.7.6 There is an estimated underspend of £0.4m in relation to increased charges to capital and reduced external costs.

Finance +£0.8m (+£0.1m change from Q2)

- 1.7.7 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 -£4.5m (-£0.5m change from Q2)

- 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 3 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.
- 1.8.3 As part of the Final Local Government Finance Settlement on 6 February 2023, it was announced that £100m would be distributed across councils from the 2022/23 business rates levy account. Kirklees' allocation is in the region of £0.7m and this income is assumed in central budgets at Quarter 3.

1.9 General Fund Reserves

- 1.9.1 The reserves position at Appendix 2 reflects the Council's reserves strategy and approach included in the 2023/24 Annual Budget report to Cabinet on 21 February, and Budget Council on 8 March 2023.
- 1.9.2 At Quarter 3, General Fund reserves and balances are estimated to decrease through 2022/23 by £67.1m; from £166.8m at the start of the year to £99.7m 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 £39.4m balance of movement on reserves is broken down as follows:

- i) Forecast £8.6m net planned drawdowns into directorates from reserves during the year, with the most significant being £6.4m from Revenue Grants reserve, £1.3m from Development Funding reserves and £1.2m from COVID reserves.
- ii) Drawdown of £1.4m from the demand reserve 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 1.3.7).
- iii) Transfer of the Quarter 3 projected overspend of £29.4m against unallocated reserves at year end.

1.9.4 The reserves summary, as set out in Appendix 2, also reflects the re-direct in year from existing earmarked reserves into unallocated reserves to offset the in-year projected overspend. This is currently estimated to be £29.4m as at Quarter 3.

1.9.5 A further assessment of reserves requirements will be undertaken as part of the 2022/23 final accounts process and will be reported as part of the financial outturn and rollover report later in 2023. Also attached at Appendix 7 is the current version of the Council's Corporate Risk Register, which 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 3.

Table 2 – Collection Fund Summary

Collection Fund forecast (Council Share)	Council Tax	Business Rates	Total
	£000	£000	£000
(Surplus)/Deficit at 1 April 2022	744	13,398	14,142
Re-payments to/(from) General Fund 22/23	(1,026)	(15,135)	(16,161)
Estimated In year Financial Position	-	-	-
(Surplus)/Deficit at 31 March 2023	(282)	(1,737)	(2,019)

1.10.2 At Quarter 3, 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 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.

1.10.4 At the end of December 2022 the working age CTR claimant numbers were 23,200; a reduction of 1,300 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.

- 1.10.5 As at Quarter 3, the in-year Council tax collection performance is forecast to be in line with budgetary assumptions at 98.5%. Likewise, it is estimated that Business Rates collection will be on target against the budgeted position. The Business Rates budget assumes a collection rate of 97.4% compared to a pre-pandemic rate of 98.6%.
- 1.10.6 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.
- 1.10.7 It is acknowledged that the Collection Fund forecasts remain subject to a significant degree of volatility that may impact on the year end position. In particular, the impact on residents and business of the Cost of Living crisis and the potential effect this may have on the final 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 3 is a £1.8m deficit against an annual turnover budget of £94.8m in 2022/23. This has increased from Quarter 2 where there was a projected surplus of £0.5m.
- 1.11.2 The projected deficit follows a review of inflationary pressures, where there was an increase in the contribution from HRA reserves by £1.8m and a commitment to in-year efficiency savings of £3m. The forecast now includes additional pressures relating to void works and decorating costs of £0.5m, void rent loss and under recovery of service charges of £0.3m, legal costs of £0.2m, communal costs of £0.2m and an additional cost for depreciation of £1.1m, which is due to the increase in valuation of properties and the replacement cost of components. The deficit is also net of a range of temporary vacancy measures at just under £0.4m.
- 1.11.3 Forecast HRA reserves at 31 March 2023, which includes providing for business risks and investment needs are £35.7m. 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 Report 2023/24 at £185m, updated to £184.2m at Quarter 3. The change results from a further £0.8m being re-profiled into subsequent financial years (see also Appendix 5).
- 1.12.2 The Council's revised capital budget for 2022/23 is £184.2m. The forecast capital outturn at Quarter 3 is £182.7; forecast £1.5m variance.
- 1.12.3 The Quarter 3 position is summarised in Table 3 below, categorised by Council primary outcomes as set out in the Corporate Plan, which illustrates how the Council's investment proposals align with the Council's ambitions for its residents. Each primary outcome is further structured between strategic priorities, baseline work programmes and one-off projects.

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

By Category	Revised Budget £000	Actuals to Date £000	Annual Forecast £000	Variance £000
Achieve & Aspire	15,435	8,793	15,435	0
Best Start	1,504	559	1,517	13
Independent	5,992	1,239	5,837	(155)
Sustainable Economy	118,507	60,537	117,780	(727)
Well	3,703	1,794	3,365	(338)
Safe & Cohesive	0	4	0	0
Clean & Green	5,683	2,767	5,393	(290)
Efficient & Effective	4,646	1,490	4,646	0
General Fund	155,470	77,183	153,973	(1,497)
Independent –Strategic Priorities	9,395	4,919	9,395	0
Independent - Baseline	19,320	13,327	19,320	0
Housing Revenue Account	28,715	18,246	28,715	0
Total Capital Plan	184,185	95,429	182,688	(1,497)

1.12.4 A breakdown of the capital outturn position including the change since the Budget Report is provided at Appendix 4. The largest variance shown in Sustainable Economy is due to slippage on Vehicle Replacement (£707k) due to lead times of receiving vehicles and some underspend on Housing Private schemes. Slippage of some Play strategy schemes (£431k) accounts for the majority of the Well underspend.

1.12.5 Officers will continue to review capital budget profiles for the remaining year, including any more detailed recommendations for potential re-profiling of scheme budgets between years (allowable under Financial Procedure Rules 3.10-3.15), as part of future financial monitoring. Any such recommendations would reflect the growing complexities and challenges over the next 5 years in delivering to this scale of ambition.

1.12.6 Future capital plan updates will continue to be presented to Cabinet and Council as a matter of course; the next key milestone being the Financial Outturn Report to Cabinet and Council in July 2023.

2022/23 Budget Proposals

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

Childrens Home, Healds Road

1.12.8 Healds Road Childrens Home has been designated for the delivery of MST-FIT (Multisystemic Therapy: Family Integrated Transitions). The model combines services delivered in the residential treatment setting, an approach called the Integrated Treatment Model (ITM), with MST-based aftercare to provide a smooth transition out of placement and back into the home. Following an OFSTED inspection last year, a detailed action plan was developed to address the areas of concern, which required a significant investment on building and repair works.

1.12.9 Cabinet is requested for retrospective approval of £250k (profiled £200k 2022/23, £50k 2023/24) towards essential repair works at Healds Road. The funds have been allocated out of the Children with Disabilities programme, since the programme needs to be worked up in more detail allowing budget to be released for Healds Road instead. The budget was transferred within the updated Capital Plan reported in the Council Budget Report.

Magdale House, Traffic Calming Measures

- 1.12.10 Children's Service will shortly be opening a new children's home, Magdale House. To ensure the safety of the children who will be living at Magdale House, road safety improvement measures have been developed. This involves construction of 2 sets of road cushions and the fitting of a traffic mirror to enable safer egress from the property with an estimated cost up to £40,000.
- 1.12.11 Highways do not have funding to implement the road safety measures. Cabinet approval is requested to transfer up to £40,000 from the Best Start capital allocation to the Highways Capital Plan towards funding the proposed road safety measures. Councillor Ward Members fully support this proposal.

Playable Spaces, Storthes Hall

- 1.12.12 Huddersfield Dragons, a long established and major community hockey club in Kirklees have played for many years at Lockwood Park. The pitch there had been deteriorating for a number of years, and the storms early in 2022 damaged the pitch to the extent that it is now no longer playable. The sites owners plan to convert it to a 3G pitch going forward, so it can no longer accommodate hockey as a sport. The pitch also hosted matches for the University and Greenhead College hockey teams.
- 1.12.13 The Council does not have pitches of the type required by Hockey (sand-based artificial surface) to be able to accommodate this club in the Huddersfield area and the capital cost for a new artificial pitch is in the region of £865,000 (Sport England Facility Cost guidance 2022), so unlike football, rugby league, rugby union or cricket, the Council cannot accommodate these clubs/teams on our existing stock of pitches, nor realistically would we be likely to build and manage a new sand-based pitch. These extenuating circumstances made it justifiable and economical to work with an external facility owner to secure current and future hockey provision in Kirklees.
- 1.12.14 The Council was approached by the Leslie Sports Foundation for a contribution to cover the shortfall in repairing an existing sand-based pitch at Storthes Hall, having had talks with Huddersfield Dragons and England Hockey, which will secure future access for Hockey in the Huddersfield area for the aforementioned teams and others, as well as being able to support junior training for local grassroots football and rugby teams. This project has local Ward Councillor support.
- 1.12.15 The projected capital costs are in the region of £268,000 and an agreement was made to provide up to £80,000 capital to cover any shortfall in the project costs, with the balance of funding coming from existing sinking funds, the Leslie Sports Foundation, and the National Hockey Foundation.
- 1.12.16 Cabinet is asked to approve the proposal to award a grant for a sum up to £80,000 to cover the shortfall in repairing an existing sand-based pitch at Storthes Hall. The Executive Member responsible for the funds to be offered as a grant (in accordance with FPR 22.12(d)) has been consulted and is in agreement. The Service Director of Development is also in agreement and has confirmed that the funding will come from the Playable Spaces programme.

Trans-Pennine Route Upgrade

- 1.12.17 Transpennine Route Upgrade (TRU) has secured approvals for the Transport and Works Act Order (TWAo) that allows the commencement and delivery of key activity between Huddersfield and Dewsbury. Discharging the requirements of the order that allow works to proceed requires Local Authority support of a magnitude that could not be reasonably

expected from usual Council staffing levels. Network Rail funding has been secured to support the additional roles that will support the programme to de-risk the design and delivery schedules.

1.12.18 The Network Rail grant totals £1.265m and the Capital plan approved as part of the Council Budget Report includes a distinct programme line for the grant provision. Spend is profiled £155k 2022/23, £635k 2023/24, £475k 2024/25, and funding will be reclaimed from Network Rail on a monthly basis in arrears. The agreement is set to expire on 31/12/2022.

1.12.19 In accordance with FPR 22.4, the Chief Finance Officer in consultation with the Service Director Legal Governance & Commissioning and the appropriate Strategic Director is authorised to approve the acceptance of grants above £500k.

1.12.20 Cabinet is requested to note the decision to accept grant funding from Network Rail.

Kenmore Drive

1.12.21 To deliver the Kenmore Drive scheme the Council is working in partnership with Housing 21, a leading registered provider (Housing Association) of Retirement Living and Extra Care properties for older people, to deliver an 80-unit Extra Care development on a site at Kenmore Drive, Cleckheaton. The development consists entirely of affordable homes for rent. The benefit to the Council is providing much needed, affordable accommodation specifically for older people. The council will have 100% nomination rights on first lets, and 75% on subsequent lets.

1.12.22 The scheme supports the corporate priorities of Well – People in Kirklees are as well as possible for as long as possible; and Independent – People in Kirklees live independently and have control over their lives. The site is challenging topographically, which significantly impacts the cost of development. The Council is supporting the scheme with £500k of S106 funding, alongside significant investment from Housing 21 and Homes England.

1.12.23 Cabinet is requested to approve the use of £500k S106 funding towards delivery of the Kenmore Drive scheme.

Local Authority Housing Fund

1.12.24 In December 2022 the Department for Levelling Up, Housing and Communities invited the Council to submit an Expression of Interest to access grant funding that is being made available to acquire/build new affordable housing that initially will provide settled temporary accommodation for Afghan and Ukrainian refugees but will subsequently be widely available to let as part of the Council's affordable housing stock.

1.12.25 DLUHC has accepted the Council's plan to provide 28 homes under LAHF based on the following assumptions, utilising a grant of £2,345,587:

- 23 one-, two- and three-bedroom households
- 5 Four+ bed properties to be allocated to households currently in bridging accommodation

1.12.26 The funding provided by DLUHC is profiled in the table below. The Q4 2022/23 ('the Year 1 allocation') is 30% of the total allocation. The funding provided by DLUHC in 2023/24 ('the Year 2 allocation') is 70% of the total allocation. Both are set out in Table 1

	Year 1 allocation 2022/3	Year 2 allocation 2023/24	Total allocation
Properties for households that meet the eligibility criteria for this Programme	£483,000	£1,127,000	£1,610,000
4+ bed properties for households currently in bridging accommodation	£220,676	£514,911	£735,587
Total funding	£703,676	£1,641,911	£2,345,587

1.12.27 The Council's match investment of £2,360,385 will be funded by the 2023/24 HRA Capital Programme. The match-funding will be incorporated into the 2023/23 Capital Outturn and Rollover Plan as part of the Financial Outturn Report 2022/23. A Business Case is appended as Appendix 6.

1.12.28 Cabinet is requested to approve the £2.3m Local Authority Housing Fund to provide accommodation for families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement/relocations schemes. Cabinet are also requested to approve £2.4m match-funding from the 2023/24 HRA Capital Plan Council House Building programme, to be incorporated into the next iteration of the Capital Plan at Outturn.

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 is a Business Case for the Local Authority Housing Fund to provide accommodation for families with housing needs for Afghan and Ukrainian refugees

Appendix 7 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 The external crises of 2022/23 have also compounded long-running structural challenges for the council. This includes historic central government underfunding, when compared to local authorities with similar characteristics and challenges to Kirklees. The 2023/24 Local Government Financial Settlement, finalised in February 2023, continues to leave Kirklees at a relative disadvantage and failed to mitigate many of the Cost of Living cost increases faced by the Council. Government expectation is that Councils use their reserves to mitigate these pressures.

3.7.4 While the Council has identified up to £30m from existing earmarked reserves into unallocated reserves to offset the in-year projected overspend, 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 As at Quarter 3, the General Fund revenue forecast overspend is £29.4m. This overspend would then be transferred i.e. offset against available Council usable reserves as at 31 March 2023.

3.7.6 In light of the significant and increasing financial pressures highlighted in the Table 1 summary in this report, the Council’s Executive Management Team proposed a further range of other management actions as noted in the Quarter 2 Financial Monitoring report to Cabinet in November; 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.

3.7.7 The updated projections included in this report also highlights the impact of a number of further management actions set out in Quarter 2 monitoring report, including energy consumption reduction measures included within the overall energy £3m cost estimate reduction and some headline vacancy management impacts, including Children’s at £1.1m, and £0.4m within HRA, and across other Directorates, about £500k to date, but likely to increase by year end. In addition, management actions have also been undertaken by KAL, a key partner organisation, which has resulted in a reduced support requirement overall in-year by £0.7m. KAL are also significantly impacted on by unprecedented Cost of Living inflationary pressures, and that the Council will continue to work collaboratively with KAL to support KAL’s financial sustainability over the medium

term.

Annual Budget report 2023/24

- 3.7.8 The recent Annual Budget report presented to Cabinet on 21 February 2023, and Budget Council on 8 March 2023 largely factors in the roll forward of the unprecedented Cost of Living pressures informing the in-year £29.4m overspend position, alongside other Directorate pressures that also roll forward into 2023/24, and as also set out in this report.
- 3.7.9 Achieving financial sustainability is essential to allowing the Council to continue to deliver services for residents. In achieving this aim, the 2023/24 budget includes sustainable savings of £18.6m, and alongside this will utilise £24.6m in unallocated reserves as a short-term stability measure largely to address unprecedented Cost of Living pressures. In recent years, the council has maintained a prudent level of reserves to be deployed in the event of major economic and/or fiscal shocks that could not have been forecast. Those unforeseeable circumstances have now materialised. By using its reserves in this way, the council acknowledges that it will be operating with a minimum prudent level of reserves in 2023/24.
- 3.7.10 The additional savings in the revenue budget, totalling £18.6m, are included across every council directorate to address the remaining budget gap. This includes delivering existing services in a more efficient way while working hard to minimise the impact on residents. Other savings plans will result in higher levels of income for chargeable services where those fees and charges are in line with other local authorities or represent a more realistic reflection of the cost of providing that service. In some cases, savings proposals will mean working differently with partner organisations, sharing costs or seeking alternative sources of funding.
- 3.7.11 In its totality, the budget provides a degree of financial stability for the Council in 2023/24, but short-term, at a compromised level of financial resilience in view of the level of both in-year reserves drawdown and 2023/24 reserves drawdown. Beyond 2023/24, the Council's financial situation years look even less certain. Without fundamental changes in economic conditions alongside government solutions to long-running issues such as fair council funding, social care reform and cost-of-living support for key sectors like leisure, the council will be faced with further, and even more difficult choices.
- 3.7.12 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 and take early steps to build up unallocated reserves where the opportunity arises.

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 3;
- 7.2 note the forecast year end position on corporate reserves and balances at Quarter 3;
- 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 paragraph 3.7.7 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 3.7.10 of this report, that such a decision will have the effect of changing any previous decision;
- 7.6 note that the Council will continue to work collaboratively with KAL to support KAL's financial sustainability over the medium term.

Collection Fund

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

HRA

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

Capital

- 7.9 note the Quarter 3 forecast capital monitoring position for 2022/23;
- 7.10 approve the re-profiling of the 2022/23 capital plan as set out in this report and at Appendix 5;
- 7.11 approve £250k retrospectively for urgent building and repair works at Healds Road Childrens Homes;
- 7.12 Approve £40k traffic calming measures outside Magdale House Childrens Home and for funding to be transferred from the Best Start Capital Plan into the Highways Capital Plan for implementation;
- 7.13 Approve £80k from the Play Strategy playable spaces programme line towards funding the shortfall in repairing an existing sand-based pitch at Storthes Hall;
- 7.14 Approve £1.265m grant funding from Network Rail allocated towards funding Council staff to cover the Trans-Pennine Route Upgrade;
- 7.15 Approve £500k section 106 funding towards the delivery of affordable homes at Kenmore

Drive.

7.16 Approve £2.3m Local Authority Housing Fund as set out in this report and at Appendix 6, to provide accommodation for families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement/relocations schemes, with £2.4m match-funding funded from the 2023/24 HRA Capital Plan, to be incorporated into the next iteration of the Capital Plan at Outturn.

8 Contact Officer

James Anderson, Head of Accountancy

james.anderson@kirklees.gov.uk

Sarah Hill, Finance Manager

sarahm.hill@kirklees.gov.uk

Safaira Majid, Senior Finance Officer

safaira.majid@kirklees.gov.uk

9 Background papers and History of Decisions

Annual Budget Report 2023-28 to Budget Council, March 2023

Corporate Financial Monitoring Report, Quarter 2 2022/23 to Cabinet, November 2022

MTFS Update Report to Council, September 2022

Corporate Financial Monitoring Report, Quarter 1 2022/23 to Cabinet, 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.

eamonn.croston@kirklees.gov.uk

Corporate Revenue Budget monitoring 2022/23 – Month 9

Appendix 1

	Annual					Variance breakdown		Change from Q2	
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 Q2	Business as Usual change from Q2
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Child Protection & Family Support	43,426	-	43,426	43,922	496		496	-	586
Resources, Improvements & Partnership	18,535	-	18,535	19,149	614		614	-	419
Learning & Early Support & Schools	21,075	98	21,173	27,578	6,405	3,100	3,305	-	14
Sub Total (Children & Families)	83,036	98	83,134	90,649	7,515	3,100	4,415	-	1,019
Customers and Communities	12,416	74	12,490	12,568	78		78	-	208
ASC - Older People and Physical Disabilities	12,090	-	12,090	11,732	(358)		(358)	-	(389)
ASC - Learning Disabilities and Mental Health	81,146	-	81,146	84,449	3,303		3,303	-	270
Adults Sufficiency	14,859	-	14,859	13,704	(1,155)		(1,155)	-	4
Sub Total (Adults & Health)	120,511	74	120,585	122,453	1,868	-	1,868	-	93
Environmental Strategy & Climate Change	8,507	732	9,239	12,043	2,804		2,804	-	111
Highways & Streetscene	32,209	699	32,908	35,975	3,067	674	2,393	(54)	(451)
Culture & Visitor Economy	1,805	581	2,386	4,916	2,530	800	1,730	(700)	(99)
E&CC Management & Support	272	-	272	311	39		39	-	11
Sub Total (Environment & Climate Change)	42,793	2012	44,805	53,245	8,440	1,474	6,966	(754)	(428)
Skills & Regeneration	2,404	2,104	4,508	5,147	639		639	-	357
Homes & Neighbourhoods	60	-	60	60	-		-	-	-

	Annual					Variance breakdown		Change from Q2	
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 Q2	Business as Usual change from Q2
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Development	10,984	677	11,661	13,196	1,535		1,535	-	22
Management & Support	1,682	-	1,682	1,690	8		8	-	25
Sub Total (Regeneration & Growth)	15,130	2781	17,911	20,093	2,182	-	2,182	-	404
Strategy & Innovation	17,230	237	17,467	16,782	(685)		(685)	-	(159)
Public Health & People	1,109	54	1,163	3,025	1,862		1,862	-	(812)
Governance & Commissioning	14,376	377	14,753	14,159	(594)		(594)	-	(884)
Finance	9,221	1,721	10,942	11,729	787		787	-	87
Sub Total (Corporate Strategy, Commissioning & Public Health)	41,936	2389	44,325	45,695	1,370	-	1,370	-	(1,768)
Central	31,593	1,271	32,864	40,873	8,009	12,500	(4,491)	(3,000)	(499)
General Fund Total	334,999	8625	343,624	373,008	29,384	17,074	12,310	(3,754)	(1,179)

Appendix 2a

General Fund Earmarked Reserves

	Reserves position as at 1st April 2022	Budget report Approved Movements	Revised reserves position at 1st April 2022	MTFS Approved Transfers	Estimated Drawdown in-year	Unplanned use of Reserves (Forecast Variance)	Transfer to Unallocated Reserves	Forecasted Reserves position as at 31st March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
STATUTORY RING-FENCED								
Schools Balances	(15,503)	-	(15,503)	-	-	-	-	(15,503)
Public Health	(1,442)	-	(1,442)	-	-	-	-	(1,442)
	(16,945)	-	(16,945)	-	-	-	-	(16,945)
EARMARKED RESERVES								
Ward Based activity	(1,286)	-	(1,286)	-	(131)	-	-	(1,417)
Active Travel	(2,000)	-	(2,000)	-	15	-	1,900	(85)
Mental health	(639)	-	(639)	-	203	-	-	(436)
Place Standard	(1,000)	-	(1,000)	-	27	-	-	(973)
Sub-Total (member led)	(4,925)	-	(4,925)	-	114	-	1,900	(2,911)
Apprenticeship levy	(2,915)	-	(2,915)	-	-	-	-	(2,915)
Transformation	(4,166)	-	(4,166)	-	(809)	-	2,000	(2,975)
Demand Reserve	(17,352)	-	(17,352)	-	1,400	-	7,352	(8,600)
Development Funding	(12,186)	4,641	(7,545)	(1,500)	1,267	-	6,300	(1,478)
Revenue Grants	(18,821)	-	(18,821)	-	6,410	-	7,914	(4,497)
Stronger Families Grant	(1,524)	-	(1,524)	-	-	-	-	(1,524)
Social Care Reserve	(1,285)	-	(1,285)	-	-	-	-	(1,285)
Other	(3,645)	-	(3,645)	-	465	-	2,000	(1,180)
Specific Risk Reserves	(5,860)	1,000	(4,860)	-	-	-	1,860	(3,000)
COVID Reserves	(30,062)	22,033	(8,029)	1,500	1,178	-	674	(4,677)
	-	-	-	-	-	-	-	-
Earmarked Reserves sub-total	(102,741)	27,674	(75,067)	-	10,025	-	30,000	(35,042)
Unallocated Reserves	(47,108)	-	(47,108)	-	-	29,384	(30,000)	(47,724)
Total Usable Reserves	(149,849)	27,674	(122,175)	-	10,025	29,384	-	(82,766)
Grand Total All Reserves	(166,794)	27,674	(139,120)	-	10,025	29,384	-	(99,711)

RESERVE	DESCRIPTION
School Balances	Statutory reserves relating to both individual schools' balances/deficits carried forwards.
Public Health	Timing issues on Public Health grant spend commitments (Public health grant is statutorily ring-fenced)
Ward Based Activity	Set aside reflecting timing issues on ward-based activity spend commitments
Place Partnership	To encourage Place specific local initiatives
Mental Health (including Domestic abuse)	To support a number of local area based mental health initiatives.
Place Standard	Set aside to support the resourcing of emerging Place Standard action plans.
Apprenticeship Levy	Set aside to fund future payments into the Apprenticeship levy
Transformation	Set aside for strategic transformation developments over the next 12 to 24 months.
Demand Reserve	Set aside to mitigate the impact/volatility of a range of potential demand risks on statutorily provided service activity
Development Funding	To address the scale of development costs required to support targeted development and the upscaling of capital investment activity and major project activity over the MTFP.
Revenue Grants	Represents grants and contributions recognised in the Comprehensive Income and Expenditure Statement before expenditure has been incurred.
Stronger Families	Set aside reflecting timing issues on expenditure commitments supporting a range of Stronger Families activity, funded from external grant.
Social Care	Set aside to cover phased rollout of a range of social care expenditure commitments as agreed at Cabinet, August 2018.
Specific Risk Reserves	Set aside to manage specific risks, including the potential risk of future loan defaults and managing the volatility surrounding treasury management budgets with respect to both potential changes in interest rates and the level of delivery of the capital plan.
COVID Reserves	Specific reserve set aside to cover the costs of the Council's COVID response including specific COVID grants recognised in the Comprehensive Income and Expenditure Statement before expenditure was incurred.
Other	A range of smaller reserves earmarked for specific purposes.
Unallocated Reserves	General reserve to support Council working capital and cashflow requirements, and unbudgeted/financial resilience risks highlighted in the Council's corporate risk register.

Appendix 3

HOUSING REVENUE ACCOUNT 2022/23 - MONTH 9

	Year to Date			Annual		
	Controllable Budget (Net)	Actuals	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Repairs & Maintenance	21,222	23,032	1,810	28,458	30,434	1,976
Housing Management	14,333	14,696	363	42,355	42,049	(306)
Other Expenditure	18,197	19,005	808	26,692	27,774	1,082
Total Expenditure	53,752	56,733	2,981	97,505	100,257	2,752
Rent & Other Income	(68,942)	(68,505)	437	(94,804)	(93,885)	919
Revenue Contribution to Capital Funding	0	0	0	0	0	0
Planned transfer from HRA Reserves	0	0	0	(2,701)	(4,571)	(1,870)
Total	(15,190)	(11,772)	3,418	0	1,801	1,801

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		1,802	1,802
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)
Total	(50,334)	14,604	(35,730)

Corporate Capital Budget Monitoring 2022/23 – Month 9

Appendix 4

	Budget Report	Budget Adjustment incl Re-profiling	Qtr 3 Revised Budget	Actuals to Date	Forecast	Variance	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	%
<u>General Fund</u>							
Aspire & Achieve	15,810	(375)	15,435	8,793	15,435	0	0%
Best Start	1,504	0	1,504	559	1,517	13	1%
Independent	5,992	0	5,992	1,239	5,837	(155)	(3%)
Sustainable Economy	118,506	1	118,507	60,537	117,780	(727)	(1%)
Well	3,702	1	3,703	1,794	3,365	(338)	(9%)
Safe & Cohesive	0	0	0	4	0	0	0%
Clean and Green	5,683	0	5,683	2,767	5,393	(290)	(5%)
Efficient & Effective	4,647	(1)	4,646	1,490	4,646	0	0%
GENERAL FUND TOTAL	155,844	(374)	155,470	77,183	153,973	(1,497)	(1%)
<u>Housing Revenue Account</u>							
Strategic Priorities	9,795	(400)	9,395	4,919	9,395	0	0%
Baseline	19,320	0	19,320	13,327	19,320	0	0%
HOUSING REVENUE TOTAL	29,115	(400)	28,715	18,246	28,715	0	0%
CAPITAL PLAN TOTAL	184,959	(774)	184,185	95,429	182,688	(1,497)	(1%)

Breakdown of Capital Budget Changes

Appendix 5

	£'000	£'000	£'000
Budget Update Strategy Report Capital Budget			184,959
Re-profiling / Virements between Years			
General Fund:			
Aspire & Achieve			
New Pupil Places (SP)	(152)		
Basic Need (BL)	(40)		
Capital Maintenance (BL)	(150)		
SEND Provision (OP)	(32)		
Housing Revenue Account:			
Housing Growth (SP)	100		
Council House Building (SP)	(500)		
Total Re-profiling			(774)
Q3 REVISED BUDGET			184,185
Change in Budget - Funding Breakdown:			
Borrowing		(452)	
Grant (Grants & contributions)		(222)	
Capital Receipts		(160)	
HRA Reserves		60	
Change in Budget			(774)

Key:

SP = Strategic Priorities

BL = Baseline

OP = One Off Projects

Project Title: Provision of additional affordable homes as part of the Government's Local Authority Housing Fund

Project Manager: Chris Kwasniewski

Client Service: Homes and neighbourhoods

Date of this BC: 24th March 2023

KMC Capital total (Gross): £4,705,972

DESCRIPTION

Background.

Proposed expenditure of £4,705,972 in the 2023/24 financial year to acquire/develop 28 affordable homes as part of the Government's Local Authority Housing Fund (LAHF).

This is comprised of £2,345,587 grant funding from the Department of Levelling Up, Communities and Housing and £2,360,385 investment from the HRA Capital Programme.

The LAHF Prospectus was launched in December 2022, pre-allocating the grant funding to selected Local authorities and inviting them to submit expressions of interest by the 25th January 2023.

Following E.T. and Portfolio Holder approval the Council submitted this Expression of Interest, which was approved by the Department, subject to the completion of a Memorandum of Understanding by the 15th March.

The grant funding is to be paid in two tranches as outlined in the table below

	Year 1 allocation 2022/3	Year 2 allocation 2023/24	Total allocation
1, 2 and three bedroom homes, based on a 40% grant intervention and an additional allowance of £20,000 per property	£483,000	£1,127,000	£1,610,000
4+ bed properties for households currently in bridging accommodation. Based on a 50% grant intervention and an additional allowance of £20,000 per property.	£220,676	£514,911	£735,587
Total funding	£703,676	£1,641,911	£2,345,587

What are the benefits / critical success factors?

Participation in the Programme will enable the Council to increase its stock of Council Housing at a subsidised rate.

The housing will initially be used to provide temporary settled accommodation for Afghan and Ukrainian refugees but will subsequently become widely available for letting as part of the Council's housing stock.

The funding will enable a minimum of 5 Council owned vacant buildings to be re-purposed and brought back into use.

The majority of new homes will be acquired on the open market.

FINANCE

KMC **Gross** Total (including external/grant funding if applicable) (£000):

£4.706m

Profile:Year	22/23	23/24	24/25	25/26
Sum	£704	£4,002	£0	£0

KMC **Net** Total (excluding external/grant funding i.e. cost to KMC) (£000):

£2.36m

Profile:Year	22/23	23/24	24/25	25/26
Sum	£	£2,360	£	£

Revenue Implications:

Additional rental income resulting from the letting of the properties will be added to the HRA
The properties will be managed and maintained as part of the Council's housing stock.

The revenue costs for management/maintenance etc are covered by existing HRA revenue budgets, as we lose properties each year through the right to buy (RTB) and consideration is given to stock numbers when setting and agreeing future revenue budgets.

Lifespan of completed asset:

30 years plus

Lifecycle capital costs (during the lifetime of the asset):

£25,000 per property over 30 years

DELIVERY & MANAGEMENT

How will the project be delivered/Managed.

The properties will be managed and maintained by the Homes and Neighbourhoods Assets team as part of

the Council's housing stock.

How will the Programme/Project impact on hard to reach groups?

The project is specifically focused on providing temporary settled accommodation for Afghan and Ukrainian refugees, many of whom are currently living in Bridging accommodation.

Once this temporary requirement has ceased the properties will be available for residents on the Council House waiting list

Is this subject to OJEU Regs?

No

How will this be procured

Some of the homes will be provided by repurposing existing vacant Council owned properties, but the majority of homes will be purchased on the open market.

Timescales

The homes have to be purchased, or contracted by the 31st October 2023.

Key risks in undertaking / not undertaking this project:

The risks are minimal. The target of acquiring/developing 28 homes by the end of October is challenging, but there is no grant clawback clause in the MoU.

How will these risks be managed / mitigated?

The project is being resourced from the Homes and Neighbourhoods Development Team who have experience of developing new affordable housing and acquiring former Council owned homes as part of the 'buy-back' Programme.

The grant will be provided on a pro-rata basis as homes are acquired/provided and progress will be monitored at bi-monthly meetings with representatives from DLUHC

KEY CORPORATE RISK MATRIX

FEBRUARY 2023

KCR 1	Financial Sustainability		Previous	Current
Risk Owner: CEO		Risk Type: Financial		➔
<p>Risk of failing to maintain a sustainable financial position due to the Council facing ongoing financial pressures with multiple causes; Government funding cuts, the impact and subsequent recovery from Covid-19, and the macroeconomic situation which is driving increases in both demand for services and costs to deliver services, as well as increasing borrowing costs across the financial plan period.</p> <p>Q4 update: Whilst the Local Government Finance Settlement was in line with expectations external economic factors remain challenging. Focus remains on reducing the in year budget gap and delivering balanced 2023-24 budget through robust oversight of all uncommitted spend including recruitment, premises and procurement activity. Corporate capital plan review is underway considering where revised phasing can support required outcomes. Consideration given to the risks associated with budget reductions and the wider impacts of external economic factors on citizens, suppliers and partner organisations.</p>				
Sources of risk		Responsible Officer	Previous	Current
Mitigating controls / actions				
1.1	Failure to maintain sufficient level of priority and focus that could lead to in year savings not being achieved, resulting in budget overspend and / or next years budget not being delivered to timetable	Director of Finance	4x5=20	4x5 = 20
1.1.1	Established governance arrangements are in place to achieve planned outcomes at Cabinet and officer level including quarterly reporting to Cabinet / ET and escalation processes as required			
1.1.2	Forecasts reviewed and updated on a monthly basis with updated year end position			
1.1.3	Ongoing budget monitoring takes place in conjunction with budget holders, responsibility for budgetary control is aligned to Strategic and Service Directors there are dedicated finance managers for each service area and dedicated income management teams			
1.1.3	Regular meetings and ongoing engagement as required between Service Directors and Finance, there are regular links to performance meetings, monitoring KPIs and contract compliance			
1.1.5	Internal Finance business meetings to share knowledge and best practice take place fortnightly			
1.1.6	Virements are used where appropriate to ensure budgets and spend are aligned accurately			
1.1.7	Separate process for HRA business plan setting, monitoring and updating however subject to same robust controls			
1.1.8	Awareness and planning to mitigate changes in volume / demand / contribution levels, including changes in funding from NHS			
1.2	Risk of medium-long term financial instability caused by failure to develop or adhere to robust financial planning processes and procedures leading to reductions in service provision, possible government intervention and reputational damage	Director of Finance	4x5 = 20	4x5 = 20
1.2.1	Agreed 5 year plan including both capital and revenue spend	Agreed Q1 2022		
1.2.2	Documented governance process for determining adequacy of reserves and the utilisation of reserves, if required, to balance the budget			

1.2.3	Corporate capital plan review	In progress		
1.3	Inflationary pressures are resulting in cost increases, which impact on the council directly, and on the ability of contractors to deliver activities of the specified quality at the agreed price	Head of Finance / Procurement / Contract Managers	5x4=20	5x4 = 20
1.3.1	Ongoing and 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)			
1.3.2	Contract procedure rules followed, investigate where opportunity exists to renegotiate or retender contracts			
1.3.3	Ensure that budgets anticipate likely cost impacts with allowances built into budget to cover inflation risk. Recognise that even where inflation linked cost impact are permitted contractually, they may not be acceptable politically / reputationally			
1.3.4	Regular review of priorities and available resources, informed by ongoing monitoring of expenditure and updated forecast position			
1.3.5	Ongoing review of project business cases to consider how changes to assumed costs (borrowing / raw materials / contractor) impact overall viability. Similarly, to revisit benefits case where project outcomes deliver reduced energy consumption.	Head of Commercial Services		
1.4	The risk of a reduction in expected income as tenants, residents and businesses are unable to meet financial commitments resulting in a failure to meet budgeted income targets for Council Tax, Business Rates and other payments.	Head of Welfare and Exchequer	4x4=16	4x4 = 16
1.4.1	Continue to migrate customers to cheaper, more effective methods of payment (e.g. Direct Debit).			
1.4.2	Process work in timely manner ensuring that correct bills are issued to customers as soon as possible and benefits are paid in line with expectations			
1.4.3	Adhere to the recovery timetable for issuing reminders and summonses.			
1.4.4	Continue to drive 'digital by design' improvement of business processes to reduce waste and deliver improved processing times			
1.5	Making inappropriate choices in relation to lending or and borrowing decisions, leads to financial losses.	Head of Accountancy	2x4= 8	2x4 = 8
1.5.1	Treasury management (TM) policy which sets out the policies and objectives of its TM activities and treasury management practices, how those policies and objectives will be achieved and how TM will be managed and controlled.			
1.5.2	TM strategy and plan recommended to and approved by the Corporate Governance & Audit Committee and Cabinet			
1.5.3	Report to Council (via the Corporate Governance & Audit Committee and Cabinet) at least once in relation to treasury management activity during the year			
1.5.4	Keeping updated in relation to rate changes			
1.6	Exposure to uninsured losses or significant unforeseen costs, leads to the necessity for unintended savings to balance the councils finances.	Head of Accountancy / Insurance Manager	2x4=8	2x4 = 8
1.6.1	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.			
1.6.2	Actively consider the appropriate treatment for known risks, accepting that insurance provided by 3 rd party may not always be the optimum solution.	Note that we are experiencing increases to insurance premiums in line with inflation		
1.6.3	Maintain awareness of risk activity that the insurance market is unwilling to cover and developments of offerings in this area. Eg: Combustible composite panelling (cladding), Cyber attacks			

KCR 2		Effective Governance	Previous	Current	
Risk Owner: SD Corporate Strategy, Commissioning & Public Health		Risk Type: Compliance / Legal / Reputational		➡	
<p>Failure to effectively design, implement and maintain fit for purpose governance frameworks could lead to statutory breaches, poor allocation of resources and reputational damage for the Council. Given the breadth of activity and speed of delivery it is crucial that decision making and service delivery activity is well controlled to demonstrate value for money and be sufficiently agile to respond to resetting of priorities at a strategic or operational level.</p> <p>Q4 Update: Focus remains on governance of decision making across the budget setting process, ensuring effective stakeholder management and member engagement, and transparent assessment of the expected and potential impacts of decisions on council services and more broadly on residents, communities and businesses. Implementation of previous actions require time to embed and demonstrate effectiveness. Opportunity for further improvements to be explored.</p>					
Sources of risk and Mitigating controls / actions			Responsible Officer	Previous	Current
2.1	Failure to ensure that effective processes, frameworks and training are in place and adhered to, by officers and members, in order to facilitate ethical, compliant and legally sound decision making, to avoid subsequent challenge and reputational damage.		Head of Governance	2x4 = 8	2x4 = 8
2.1.1	Agenda planning process is embedded with regular reminders issued				
2.1.2	Scheme of delegations has been approved				ET to comment on extent to which they can provide assurance that agreed processes are adhered to.
2.1.3	General online and bespoke training available on CPRs, FPRs, Working in a Political Environment and Decision Making				
2.1.4	Effective stakeholder engagement and appropriate 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) is required				
2.1.5	Carefully following all rules and requirements, particularly those related to Financial Procedures Rules and Contract Procedure Rules				
2.1.6	Clear processes for recording officer decisions are in place, with an increase in the number of decisions that are being recorded				
2.1.7	Series of SLT briefings have taken place to ensure requirements are understood				Complete
2.1.8	Review of decision-making templates to ensure the requirement to identify and document the associated risks is included. This could be existing risks that will be mitigated, the introduction of new risks, or a combination of both.				NEW ACTION
2.2	Management of information from loss or inappropriate destruction or retention and the risk of failure to comply with the Council's obligations in relation to Data Protection, Freedom of Information legislation and the General Data Protection Regulations (GDPR) leading to reputational damage, rectification costs and fines.		Head of Governance	3x4 = 12	3x4 = 12
2.2.1	Thorough, understandable information governance policy and supporting procedures that are clearly communicated to workforce and councillors				
2.2.2	IG Guides have been developed and are published on the Intranet. These cover topics such as DPIAs, privacy notices and information security				
2.2.3	Sharepoint site developed to host templates and provide additional guidance				

2.2.4	Development and maintenance of data retention schedules within operational areas			
2.2.5	Established process for recording and assessing potential data breaches, including process for reporting to ICO if required			
2.2.6	Council has a Senior Information Risk Owner (SIRO) officer and a Data Protection Officer (DPO) supported by an Information Governance Board			
2.2.7	GDPR training is included as part of induction training for all relevant roles			
2.2.8	Ongoing development and implementation of training programme(s) to meet the needs of officers and members to continue to embed processes and maintain awareness			
2.3	Failure to administer elections (parish / local / parliamentary) in line with required legislation / guidance (eg. Elections Act 2022).	Head of Governance	3x4=12	3x4 =12
2.3.1	Established elections team in place to assess requirements and implement necessary changes			
2.3.2	Working collaboratively with other LAs to understand likely implications and to share approach			
2.3.2	Attending weekly Cabinet Office briefings			
2.3.4	Awaiting final legislation detailing changes that must be enacted prior to May 2023 election period. Draft legislation reviewed and planning underway. Will require communications strategy, changes to operational processes and has financial implications.			
2.3.5	Initiating working groups to address specific strands of changes (eg IT working group for development of voter registration portal)			
2.4	Failure to implement effective controls to prevent and identify fraudulent activity resulting in potential misuse of council resources leading to unfair outcomes for service users, poor value for money and reputational damage	Head of IA and Risk	3x4 = 12	3x4 = 12
2.4.1	Development and approval of revised Fraud Strategy			Approved Dec 2022
2.4.2	Relaunch Fraud Risk Panel to provide cross service oversight of fraud risks and mitigants			First meeting Q1 2023
2.5	Insufficient visibility of the council-wide change delivery programme incorporating both transformation and project activity, concerns that the organisational capacity to deliver is insufficient to cope with the ambitious change agenda, coupled with challenging 'steady state' conditions.	SD Strategy & Innovation	3x3 = 9	3x3 = 9
2.5.1	Corporate Transformation priorities are required to follow agreed project methodology			
2.5.2.	Clear and effective governance models and reporting routes in place, for Corporate Transformation Priorities, to include <ul style="list-style-type: none"> • Individual Programme Board meetings, as appropriate • Corporate Transformation Priorities are considered at Monthly Modern Organisation Board and/or Bi-Monthly TPB meetings. Programme risks reviewed with opportunity to escalate specific high risks for consideration and discussion • Programme Assurance Sessions for corporate transformation led priorities, enabling opportunity for challenge and support on risk management • Corporate PMO to have oversight of Corporate Transformation Priorities performance and progress tracking 			
2.5.3	Implementation of robust benefits realisation planning to ensure that both financial and non-financial outcomes are delivered in line with expectations, across all in-view programmes			

KCR 3	Statutory Obligations	Previous	Current		
Risk Owner: Chief Executive		Risk Type: Legal / Compliance			
<p>The risk that the Council, or their delivery partners, are unable to meet statutory obligations due to changes in funding models and / or changes external market conditions (difficulty in recruiting, increasing costs inc NMW) or the emergence of new, unfunded government burdens. Where statutory obligations are delivered by external bodies (eg. West Yorkshire Joint Services) the process for obtaining ongoing assurance must be agreed and monitored through robust governance frameworks.</p> <p>Q4 update: The sustainability of the social care market is documented here as a standalone risk, having previously been highlighted as an Emerging Risk. Demand across the health and social care sector with capacity constraints, resourcing challenges and funding uncertainty is increasing the risk profile. Additionally, the failure to maintain policies where there is a statutory requirement is documented as a risk. Continued uncertainty on the legislative agenda across the short to medium term (Elections Act, Social Care, Protect Duty).</p>					
Sources of risk and Mitigating controls / actions		Responsible Officer	<table border="1"> <thead> <tr> <th data-bbox="1906 571 2056 635">Previous</th> <th data-bbox="2056 571 2197 635">Current</th> </tr> </thead> </table>	Previous	Current
Previous	Current				
3.1	Risk that new statutory obligations create additional resource requirements that are not covered by existing government / other funding allocations and impact on the councils current policies and strategies.	CEO / ET	<table border="1"> <tbody> <tr> <td data-bbox="1906 635 2056 699">4x3=12</td> <td data-bbox="2056 635 2197 699">4x3 = 12</td> </tr> </tbody> </table>	4x3=12	4x3 = 12
4x3=12	4x3 = 12				
3.1.1	Horizon scanning and work to ensure that the local impacts of national legislation, or other changes are fully understood as soon as practical				
3.1.2	Strategic Leaders participate in regional and national forums. Joint responses to emerging issues are coordinated through these forums				
3.1.3	Continue to lobby, through appropriate mechanisms, for additional resources e.g., Local Government Association (LGA)				
3.1.4	Be aware of underlying issues through effective communication with citizens, partners, service providers and suppliers about likely impact on resources				
3.1.5	Understand, scenario plan and monitor financial implications so that budgets can anticipate likely impacts				
3.1.6	Lobby for appropriate shares of NI levies for local authorities- or similar funding.				
3.2	Failure to complete adequate assurance where responsibility to deliver statutory obligation has been [transferred] to external organisations	CEO / ET	<table border="1"> <tbody> <tr> <td data-bbox="1906 1110 2056 1179">3x3=9</td> <td data-bbox="2056 1110 2197 1179">3x3 = 9</td> </tr> </tbody> </table>	3x3=9	3x3 = 9
3x3=9	3x3 = 9				
3.2.1	Robust governance framework in place to monitor adherence to obligations that have been transferred eg. WYJS				
3.3	Sustainability of the Social Care Market: Service provider failures and \ or market exits resulting from increasingly difficult operating circumstances including, increasing costs, challenges with recruitment and retention and maintaining service quality	SD Adults & Health	<table border="1"> <tbody> <tr> <td data-bbox="1906 1248 2056 1332">NEW</td> <td data-bbox="2056 1248 2197 1332">4x5 = 20</td> </tr> </tbody> </table>	NEW	4x5 = 20
NEW	4x5 = 20				
3.3.1	Continue to engage with Kirklees Care Association ensuring issues for the sector are picked up and jointly owned.				
3.3.2	Where quality issues exist/emerge with the sector, steps are taken with system partners and CQC to ensure safety of residents.				

3.3.3	Escalation of issues where necessary to senior leaders and portfolio holder where provider failure is an issue.			
3.3.4	Sharing intelligence across the system through ourselves partner agencies allowing us to look for early signs of possible failure so we can intervene early and address issues at the earliest opportunity			
3.3.5	Continue to develop understanding and focus on performance measures to maximise grant income (where practical)			
3.4	The Council does not have in place adequate and up to date statutory or other policies, creating a risk of statutory intervention, or the use of the absence of such policies to challenge decisions or actions (through the courts)	Director of Strategy & Innovation	NEW	3x3 = 9
3.4.1	Ensure all statutory policies are in place, have been reviewed within required timescales, and align with current practices, budget etc			
3.4.2	Ensure where appropriate, non-statutory policies are in place and regularly reviewed to inform and support consistent development of service provision and can be relied upon in instances of challenge (eg. complaints)			

KCR 4		Third Party Relationship Management	Previous	Current	
Risk Owner: Chief Executive		Risk Type: Operational / Reputational / Financial		↓	
<p>Failure to develop and manage relationships with third parties (including grant awarding bodies and government agencies) to ensure council priorities are considered and outcomes delivered. Provision of services to residents and communities is no longer the sole preserve of 'the council', from the allocation of funding to end user delivery it is to be expected that there will be a multitude of third parties involved. These range from other public sector bodies, private suppliers / contractors, commercial partners to voluntary organisations. It is imperative that the Council nurture and maintain effective and influential working relationships with these third parties demonstrating robust governance and oversight.</p> <p>Q4 Update: To support the organisation wide focus on financial controls a Contract Assurance & Resilience Board has been established to provide scrutiny of all new expenditure, beyond existing commitments and services. It is anticipated that we will continue to experience increased competition for available funding and it is important that we remain agile to respond to differing requirements. We remain aware of the operational challenges that third party organisations are facing. The risks (inc financial, reputational) associated with the failure of associated parties is noted.</p>					
Sources of risk and Mitigating controls / actions			Responsible Officer	Previous	Current
4.1	Risk of low levels of interest from suppliers in renewing contracts / tendering for contracts resulting in reduced competition and potentially poor-quality service. Risk of contractor failure resulting in impacts on service		Head of Procurement	5x4=20	5x4 = 20
4.1.1	Proactively encourage and stimulate interest in tendering for council contracts by developing and publishing market position statements and procurement pipeline opportunities, undertake regular dialogue with market.				
4.1.3	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				
4.1.4	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				
4.1.5	Commission effectively; ensuring specifications are fit for purpose				
4.1.6	Instigate early consultation with existing suppliers about arrangements to be followed at the end of existing contractual arrangements				
4.1.7	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				
4.1.8	Adhere to payment terms to maintain adequate cash flow for smaller contractors				
4.1.9	The new Kirklees Procurement Strategy 2022-2026 and Action Plan details how KC will become an attractive partner to do business with, whilst maximising the economic, social and environmental benefits through our approach to social value		In progress		
4.1.10	Adherence to procurement processes, including the agreed governance framework, to ensure the risks associated with approvals are documented and escalated appropriately		Contract Assurance Board now forms part of the agreed governance framework		
4.2	Risk that external agencies become increasingly influential and impose additional governance arrangements / policy and processes on to KC leading to protracted decision / delivery timelines, conflicting priorities, extra costs and political pressure, including but not limited to:		CEO / ET	4x3=12	4x3 = 12

	<ul style="list-style-type: none"> • West Yorkshire Combined Authority (WYCA)/Leeds City Region Local Enterprise Partnership (LEP) • West Yorkshire Police and Crime Commissioner • WYJS • Government departments e.g. DLUHC, BEIS • NHS West Yorkshire Integrated Care Board / Kirklees Integrated Care Board 			
4.2.1	Maintain senior officer engagement eg, Strategic Director currently Chair of 'Directors of Development' group,			
4.2.2	Ensure that Kirklees are represented on all relevant boards and relevant officer groups with appropriate briefing			
4.2.3	Ensure effective use of WY Chief Executives and WY Leaders groups to escalate issues / concerns			
4.2.4	Work with partners to co-design governance processes / funding agreements etc.. to reduce the risk of additional and unnecessary provisions which add cost or delays			
4.2.5	WY ICB Monthly meeting attended by senior officers (CEO, SD Adults & Health and Director of PH)			
4.3	A failure by an associated party creates financial or reputational issues for the council	CEO / SD Governance & Commissioning	NEW	3x3 = 9
4.3.1	Adequate monitoring of activities of associated parties			
4.3.2	Robust and task-based approach to selection of appropriate persons to act in governance roles within those organisations			
4.3.3	Proactive negotiation of risk and reward relationship			

KCR 5	Workforce Development	Previous	Current	
Risk Owner: SD Corporate Strategy, Commissioning and Public Health		Risk Type: Colleague / Operational		
<p>Risk that delivery of services is negatively impacted through a reduction in number and / or capability of council workforce. We are reliant on maintaining a suitably qualified, capable and motivated workforce in order to meet the expectations of our partners and communities.</p> <p>Q4 update: We continue to experience challenging operating conditions in line with other public and private sector organisations. Whilst recruitment is limited to essential roles only, these remain subject to significant market pressures. The impact of operating with high levels of vacancies / temporary staff continues to negatively impact on existing employees. Sickness levels have peaked in line with seasonal flu and a new strain of Covid which places an additional strain on resources. The risk of industrial action remains elevated, as the Council enter another round of pay negotiations with trade unions where expectations on salary increase will be high.</p>				
Sources of risk and Mitigating controls / actions		Responsible Officer	Previous	Current
5.1	Failure to deliver the recruitment requirements to resource council roles, primarily due to market conditions including salary expectations or role specifications, leading to increasing numbers of agency / contracted staff with resulting financial and operational implications.	Head of People Services	5x4 = 20	5x4 = 20
5.1.1	Recruitment strategy to promote the range of employee benefits and emphasise the job satisfaction factors, specifically from service employment	Refocussed to target essential roles only		
5.1.2	Recruitment initiatives include working with the job centre, launch of careers site, working with employment and skills and social media campaigns. Marketing / Comms activity focussing on essential roles only	Successful recruitment events held in Q3		
5.1.3	Embedding flexibility into the recruitment process where possible and responding to changing candidate expectations. Eg. Application form has been further simplified.			
5.1.4	Engage and encourage younger people through targeted apprenticeships, training and career development opportunities as well as support into employment programmes (Project Search, Kickstart and work experience)			
5.2	The risk of failing to retain a motivated, sustainable and diverse workforce, appropriately skilled to meet the demands of the council / government agenda.	Head of People Services	5x4 = 20	5x4 = 20
5.2.1	Refreshed People Strategy now in place, with regular monitoring of workforce data at ET and SLTs	Ongoing – monthly reporting in place		
5.2.2	Appropriate oversight and scrutiny in place through updates provided to Personnel Committee and Corporate Scrutiny Panel, specifically on recruitment and retention challenges	Ad hoc		
5.2.3	Dedicated resource is in place to support services with the most acute need, utilising more creative approaches such as talent banks, alternative advertising approaches and bespoke events.			
5.2.4	Workforce planning is developing and work being undertaken across more council services, initial focus is on succession planning			
5.2.5	My Learning (MiPod Xtra replacement) has now launched making learning easier to access for everyone. My Space, new employee portal launched, making accessing employee content easier from personal devices	Monitoring of completion rates for mandatory / role specific training to be reviewed		
5.2.6	Development of a workforce planning approach to consider long term plans as well as short term solutions; fully utilise the Timewise accreditation in promoting the council as a Flexible Employer.			

5.2.7	Focus on Mental Health Awareness, including stress, with promotion of Wellbeing surveys, Wellbeing network and dedicated support service	
5.2.8	Revitalising exit interviews and developing 'stay' interviews to drive understanding	Pilot activity underway

KCR 6	Safeguarding	Previous	Current
Risk Owner: SD Children & Families and SD Adults & Health		Risk Type: Reputational	
<p>Failure to keep vulnerable people in our communities safe from harm is a key priority for the Council. The consequence of a safeguarding failure are serious and long-lasting at both an individual and organisational level.</p>			
<p>Q4 update: Although robust processes and procedures and effective working with strategic partners ensures appropriate escalation and intervention as required, it should be recognised that nationwide issues relating to sustained funding / staffing issues across the social care sector may increase the likelihood of a safeguarding incident occurring, either within local authority settings or through commissioned services.</p>			
Sources of risk and Mitigating controls / actions	Responsible Officer	Previous	Current
6.1	The council does not adequately safeguard children because of increased complexity, referral volumes and a lack of service capacity to respond to the assessed need.	SD Children & Families	2x4 = 8
6.1.1	Disclosure & Barring Service (DBS) checking, staff training, supervision, protection policies kept up to date and communicated		
6.1.2	Robust Safeguarding board partnership is in place, shared accountability across key strategic partners ensures oversight and management of safeguarding risks		
6.1.3	Effective management of social work (and related services); rapid response to any issues identified and from any Safeguarding Practice Reviews (Children), Ofsted focus visits have evidenced practice is improved with no children considered at risk of significant harm. LADO procedures, process and training issues have been addressed as a result of the 2019 Ofsted inspection.		
6.1.4	16+ Unregistered/unregulated provision procedure in place and communicated to staff mitigates against inappropriate use of the above provision.		
6.1.5	Continued focus on strengthening practice - Recording Assessment and Planning with regular, high quality supervisions in place.		
6.1.6	Recruitment practices and a focus on developing staff has stabilised the social care workforce and addressed capacity issues.		
6.1.7	Monthly directorate wide QA meetings focusing on key areas, giving assurance of grip, management oversight, quality of practice and performance.		
6.1.8	Service Practice learning days and auditing in place contributing to children's services objective of being a learning organisation		
6.1.9	Caseloads are monitored as part of the embedded performance culture; action is taken promptly to allocate and balance workloads.		
6.2	The council does not adequately safeguard vulnerable adults, and those subject to elder abuse, because of increased complexity, referral volumes and a lack of service capacity to respond to the assessed need.	SD Adults & Health	4x4 = 16
6.2.1	Staff training, supervision, safeguarding and Self Neglect Policies kept up to date and communicated.		
6.2.2	Active management of cases with media interest, Adults have an Escalation pathway monitored by Safeguarding Service manager.		
6.2.3	Completion of the development of the Corporate Safeguarding Policy (approved by Cabinet March 2022)		
6.2.4	Self-neglect policy and pathway		

6.2.5	Ongoing awareness raising through functions such as Safeguarding Week, training and briefings			
6.2.6	Adults Survivors team in place to work with adult survivors of CSE.			
6.2.7	Adults continue to review and prioritise risk and actively work with staff in monitoring workloads during workload management conversations.			
6.2.8	Continue to explore recruitment and retention issues through recruitment drives, rolling adverts, jobs fairs and offering certain roles a retention payment			
6.2.9	Ensure competence of the Safeguarding Boards and that they are adequately resourced to challenge and improve outcomes			
6.2.10	Adults Safeguarding Board has its own risk register.			
6.2.11	Risk Escalation Conference for Self-Neglect cases which is multi-agency focused.			
6.2.12	Additional work to ensure that corporate safeguarding activities include appropriate control arrangements. Comprehensive audit programmes ensure quality oversight (such as effective record keeping, risk management and decision making)			
6.2.13	Adult's representation on all strategic and operational groups related to safeguarding (such as Prevent, Domestic Abuse and Modern Day Slavery)			
6.2.14	Person in Position of Trust (PIPOT) Process in Place			
6.3	Legacy issues of historical childcare management practices, and particularly, the heightened national attention to Child Sexual Exploitation and historical abuse cases leads to reputational issues, and resource demands to address consequential matters.	SD Children & Families	2x4 = 8	2x4 = 8
6.3.1	Additional resources and expertise allocated to new and historical Child Sex Exploitation (CSE) and other legacy work, as required.			
6.3.2	Two exploitation subgroups that focus on strategic and operational matters relating to the exploitation of children are in place which has mitigated resource demands to address consequential matters.			
6.3.3	Risk matrix and risk management approach implemented with the police and partners			
6.3.4	Provision of support pathways to assist victims			
6.3.5	Understand relationship with the Prevent strategy, and issues linked to counter terrorism			
6.3.6	Continue to monitor external developments and engage with other LA's / relevant bodies			
6.3.7	Develop and embed an approved multi-agency model to address CSE	Target date of January 2023 was not met. Programme Board overseeing revised delivery plan.		

KCR 7	Resilient Operational Processes	Previous	Current
Risk Owner: SD Corporate Strategy, Commissioning & Public Health		Risk Type: Operational	
Failure to develop and maintain resilient operational processes and controls resulting in an inability to keep our communities and colleagues safe. Statutory obligations include, but are not limited to, the Civil Contingencies Act and Health & Safety at Work Act.			
Q4 update: Existing governance arrangements (eg. Health & Safety Oversight Board and Kirklees Health Protection Board) continue to ensure risks are identified, assessed and appropriate actions progressed. Activity underway to assess the challenges that enduring hybrid working could present to established operational compliance procedures (eg. first aid cover, building evacuation procedures). In the face of a constantly evolving cyber threat environment, we continue to operate an ongoing review cycle to update existing controls / introduce new controls to ensure they remain appropriately focussed on both established and emerging risk areas.			
Sources of risk and Mitigating controls / actions		Responsible Officer Target Date	Previous Current
7.1	The risk of a data breach and / or impaired system functionality caused by a malicious cyber-attack leading to inability to deliver council services, costs to recover / compensate and associated reputational damage	Head of Technology	5x5=25 5x5 = 25
7.1.1	Cyber Strategy approved by ET and IG Board being implemented by IT Service		
7.1.2	Comprehensive training plan in place to cover new starters and refresher training on an annual basis		
7.1.3	Business continuity procedures (in various scenarios) including recognising that some solutions may involve a return to paper-based solutions and records		
7.1.4	Proactive management of cyber issues, including additional web controls		
7.1.5	Adherence to NCSC guidance		
7.1.6	Undertake a review of current process for completing due diligence of third parties cyber security controls when entering into data sharing agreements (eg. commissioned services)	NEW ACTION	
7.2	The risk that the Council's incident management / emergency planning 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. Potential risk causes include, but are not limited to: Weather related events; Industrial accident; Infectious disease outbreak; Terrorist attack	Head of Health Protection	4x4=16 4x4 = 16
7.2.1	The Council has an embedded emergency management system that aligns to the NHS Emergency Preparedness, Resilience and Response. Readiness and competencies are monitored through completion annually of a self assessment audit	2022 self assessment outcome: 'Substantial assurance'	
7.2.2	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		
7.2.3	Governance is provided via Kirklees Health Protection Board		
7.2.4	Debriefing following incidents so that lessons can be identified, and plans modified where necessary		
7.3	Health and safety measures are inadequate leading to harm to employees or customers and possible litigious action from them personally and/or the Health and Safety Executive with the potential for prosecution and reputational damage.	Head of Public Health	2x4=8 2x4 = 8
7.3.1	Regular monitoring through Health and Safety Oversight Board	Board met Nov 22	
7.3.2	Completion of Bi-annual corporate performance reports		

7.3.3	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))	
7.3.4	Management review and inspection of high risk premises at 3 yearly intervals and medium risk premises at 5 year intervals.	
7.3.5	Online accident and incident reporting system (Claim Control) has recently been launched to provide statistical information to managers at agreed intervals. Accident reports monitored and followed up and or investigated as necessary.	
7.3.6	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	

KCR 8	Climate Change	Previous	Current	
Risk Owner: SD Environment Strategy & Climate Change		Risk Type: Operational / Reputational		
<p>Failure to consider and adequately respond to Climate Change both at an immediate operational level and as longer-term strategic risk resulting in insufficient resilience to the climate change risks outlined within Kirklees' district-wide Climate Change Risk and Vulnerability Assessment (CCRVA), which portrays consequential local, physical environmental / social impacts (eg. Flood risk, overheating) financial impacts (predominantly restrictions on funding and cost of recovery) and reputational damage.</p> <p>Q4 Update: The Climate Change Action Plan has been approved by Cabinet and Council, outlining the next steps the Council need to take. Initial engagement on the Environmental Sustainability Strategy has been completed (December 2022) with further engagement planned. Active participation at a national / regional level including the kick-off of the Yorkshire & Humber Climate Commission Climate Adaptation Programme and the continued involvement in the West Yorkshire Flood Innovation Programme. It should be recognised that budget reductions and current capacity limitations will impact on our ability to implement adaptation measures across operational services.</p>				
Sources of risk and Mitigating controls / actions		Responsible Officer Target Date	Previous	Current
8.1	Failure to identify, prioritise and implement adaptation measures resulting in low levels of climate change resilience	SD Environment Strategy & CC	4x5=20	4x5 = 20
8.1.1	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..)			
8.1.2	Awareness of local consequences such as ensuring appropriate levels of energy efficiency in residential and commercial property, and the financial consequences			
8.1.3	Consultant-led work, due to be completed by August 22, to understand Kirklees' climate change risks and vulnerabilities and identifying possible adaptation measures.	Complete		
8.1.4	Development of the Council wide Environmental Sustainability Strategy			
8.2	Risk that net zero net zero climate commitments are not achieved due to scope and scale of programme exceeding the funding and delivery capability that is currently allocated. Grants increasingly require demonstration of climate commitments, impacting on funding and statutory obligations relating to climate change are becoming more stringent.	SD Environment Strategy & CC	3x4=12	3x4 = 12
8.2.1	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.	Complete		
8.2.2	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.	Complete		
8.2.3	Phase 2 Climate Change Action Plan published in December 2022, detailing how we will become carbon neutral and climate ready by 2038	Complete – approved by Council December 22		
8.2.4	Establish Climate Change Board to track progress against the CCAP	Established in 2022		
8.2.5	Council participating in Yorkshire and Humber Climate Commission Adaptation Framework, which has the objective of developing a framework for consistently integrating the climate change risks outlined in Kirklees' CCRVA into Corporate and Service Area risk assessments with associated mitigations.	January to December 2023		
8.2.6	Place based prioritisation of actions outlined in the climate change action plan through stakeholder engagement	Summer 2023		

8.2.7	Development of business cases for the priority actions identified by the place-based prioritisation process	End of 2023
8.2.8	Delivery and implementation of the businesses cases that require Council ownership	Early 2024
8.2.9	Ongoing Monitoring & Evaluation, with formal reporting on a 3 yearly basis	

KCR 9	Community Wellbeing & Resilience	Previous	Current
Risk Owner: SD Adults & Health		Risk Type: Operational / Reputational	
Risk of declining community wellbeing and resilience caused by lack of engagement with communities directly and partner organisations, insufficient understanding of community needs and wants, poorly targeted interventions / service developments, persistent reduction in funding.			
Q4 update: The cost of living (CoL) crisis continues to impact our communities, with the poorest communities disproportionately affected. Robust governance arrangements have been put in place to support the CoL work internally and ensure resources are allocated to individuals and families who need it the most. However, despite local efforts to pull together and co-ordinate support, the impact of CoL on communities continues to be significant and is expected to continue. Confirmation of the Household Support Fund for 2023-24 provides certainty on funding available to support required interventions.			
Sources of risk and Mitigating controls / actions		Responsible Officer Target Date	Previous Current
9.1	Failure to address matters of violent extremism and related safer stronger community factors, including criminal exploitation, or national or international incidents (e.g., terrorism), create significant community tension, with the risk of public disorder, and threats to councillors going about their duties.	Service Director Communities & Access Services	3x5=15 3x5 = 15
9.1.1	Dedicated community tensions monitoring process and a clear procedure to process intelligence related to protests and tensions. Procedure includes Police and Emergency planning colleagues.		
9.1.2	Weekly tensions monitoring meetings are held with all relevant partners, would move to daily if required		
9.1.3	Prevent Action Plan addresses community engagement, critical thinking and ideological issues and seeks to mitigate risk		
9.1.4	The implementation of the Inclusive Communities Framework to build resilience to extremist narratives		
9.1.5	The Cohesion Team engage with communities and enable opportunities for communities to build relationships and mix to counter extremist narratives		
9.1.6	Protect and Prepare obligations to mitigate terrorism risk on publicly accessible locations (PAL). The Protect Duty will introduce additional responsibilities with a short implementation date anticipated.	Protect & Prepare group have been established to oversee implementation	
9.1.7	Assurance processes re ensuring appropriate understanding associated with the use of public and client access to the internet (terrorism and extremism related)		
9.1.8	Channel Panel process is subject to ongoing self-assessment, internal audit review and external assurance by the Home Office		
9.2	The impact of the “cost of living crisis” (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. Impact on the voluntary sectors may reduce their ability to support communities, with a consequent impact on the council.	Head of Policy, Partnerships & Corporate Planning, Head of Improving Population Health	4x4=16 4x4 = 16
9.2.1	Interventions and support put in place to mitigate some of the effects of the Cost of Living crisis are being coordinated and monitored through the Cost of Living Programme Board. Recognising the urgency of the need, the action plan is primarily focussed on accelerating and scaling up existing work rather than establishing completely new projects. There is Representation from all relevant services with weekly reporting to Cllr Davies (as portfolio lead).	Programme Board meets fortnightly, currently 7/9 workstreams are reporting ‘green’	

9.2.2	<p>Priority 1: Emergency response with focus on direct support for people already in crisis</p> <ul style="list-style-type: none"> - Warm Spaces - Communications - Funding for the VSCE sector - Access to Support for residents - Support for businesses - Working with the third sector to understand place based and community impact of COL. 	<p>All 24 libraries operating as Warm Spaces within normal working hours</p> <p>1st round of funding has now closed. 56 applications were received.</p> <p>UK Shared Prosperity Fund commissioning commenced Decemeber 2022</p>
9.2.3	<p>Priority 2: Building resilience within and across our communities</p> <ul style="list-style-type: none"> - Community Response - Community Power 	
9.2.4	<p>Priority 3: Preventative action to address medium-long term challenges</p> <ul style="list-style-type: none"> - Working, Volunteering, Participating, Aspiring - National & Regional Lobbying 	

KCR 10	Physical Assets and Infrastructure	Previous	Current	
Risk Owner: SD Growth & Regeneration		Risk Type: Compliance / Reputational		
<p>The exposure to increased liabilities arising from property ownership and management, including both the councils residential portfolio and corporate portfolio (inc schools, community buildings) with reputational and financial implications.</p>				
<p>Q4 Update: Progress continues to be made to validate the condition of our housing stock to ensure it meets the Decent Home Standard. Budget reductions will have an impact on the extent to which asset maintenance and replacement schedules can be delivered. A new Emerging Risk has been raised addressing the development of the Damp & Mould Strategy</p>				
Sources of risk and Mitigating controls / actions		Responsible Officer Target Date	Previous	Current
10.1	Exposure to increased liabilities arising from the Council's ownership and management of corporate assets, including dangerous structures and asbestos, cladding and fire controls with reputational and financial implications	Head of Property	3x4 = 12	3x4 = 12
10.1.1	Building Safety Assurance Board - Corporate established, with escalation to the Health & Safety Oversight Board			
10.1.2	Compliance testing matrix in place identifying sources of risk, test requirement as detailed in legislation and test frequency	Dependency with 10.1.6		
10.1.3	Asbestos and Legionella currently reported as AMBER within H&S Risk Report			
10.1.4	Embedded programme of fire risk assessments, inspections and audits in place, as documented in Corporate Fire Safety Policy. New fire log has been produced for site trial before full roll out.			
10.1.5	Procurement and integration of new asset management database to monitor and report our asset management activity	Ongoing into 2023		
10.1.6	Development and implementation of processes and procedures to support delivery of prioritised actions based on condition surveys and defects reported during servicing & maintenance	In progress		
10.2	Exposure to increased liabilities arising from residential property ownership and management, including dangerous structures and asbestos, cladding and fire controls with reputational and financial implications.	Head of Assurance	3x5 = 15	3x4 = 12
10.2.1	Building Safety Assurance Board (Housing) established to provide oversight of controls and governance in place, reporting into the Housing Advisory Board and the Health & Safety Oversight Board			
10.2.2	Regular onsite audits, detailed training programme and dedicated HSE team ensure robust H&S culture with officers clear on duties related to H&S compliance			
10.2.3	For Fire Risk Assessment (FRAs) remedial actions, we track the completion of every high priority action and those to high rise blocks notified to the Regulator. Of the outstanding 1164 high risk remediation actions at the time of the review, 1127 have been completed with the balance in procurement or in contract. The low and medium rise FRA actions are currently at the early stages of contract negotiation. The outcome of these will determine the programme.	March 2024 overall completion date		
10.2.4	Programme of activity to ensure housing stock meets the Decent Homes Standard. Stock condition validation and data cleansing activity is underway, focus now on development of a long term asset management strategy, including benchmarking of cost data	In progress, supported by external consultants		