

Name of meeting: Overview and Scrutiny Management Committee

Date: 5th September 2023

Title of report: Corporate Financial Monitoring Report, Quarter 1, 2023/24

Purpose of the Report

To consider information on financial monitoring for the General Fund Revenue Budget, Housing Revenue Account (HRA) and Capital Plan as at Quarter 1 (month 3), 2023/24 (as set out in the Quarter 1 Corporate Financial Monitoring Report presented to Cabinet on 15th August 2023).

Key decision – is it likely to result in spending or saving £500k or more, or to have a significant effect on two or more electoral wards?	n/a
Key decision - is it in the <u>Council's Forward Plan (key decisions and private reports)</u>	n/a
The Decision - Is it eligible for “call in” by Scrutiny?	n/a
Date signed off by Strategic Director & name	Rachel Spencer Henshall – 2nd August 2023 (for Cabinet)
Is it also signed off by the Service Director for Finance?	Dean Langton – 28th July 2023 (for Cabinet)
Is it also signed off by the Service Director – Legal, Governance & Commissioning?	Julie Muscroft – 2nd August 2023 (for Cabinet)
Cabinet member portfolio - Corporate	Give name of Portfolio Holders Cllr Graham Turner

Electoral wards affected: All

Ward Councillors Consulted: None

Public or private: Public

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

Summary

1. The Council's Financial Procedure Rules require the Service Director Finance to report to the Cabinet on the overall management of the Council's General Fund Budget on a quarterly basis through the year. The report for Quarter 1 of the financial year 2023/24 was considered by the Cabinet on 15th August and is provided at **Appendix A**.

Information

General Fund Revenue Budget

2. As at the end of Quarter 1, there is a forecast overspend on the General Fund Revenue Budget of £20.3m. There are a range of variances across Services, a summary of which is provided at **Appendix B**.
3. If sustained until the year end, and including the planned use of reserves, this would require a drawdown from the Council's Unallocated Reserves of c£45.0m leaving the balance of the reserve at £2.1m. Following an assessment of what is considered to be an adequate balance, a reallocation of reserves has been undertaken so that a Minimum Working Balance of £15m can be maintained.
4. As part of the forecast outturn position for the year, of the agreed savings for the year which total £19.8m, it is forecast that £18.4m (or 93%) will be delivered by the year end.
5. In light of the forecast overspend, and the impact on the Council's reserves, a series of mitigations has been agreed to reduce the Council's projected expenditure and increase income. These are as set out in the recommendations in the report and include:-
 - No further expenditure on non-essential items to be permitted;
 - a recruitment freeze and a sustained reduction in the use of Agency Staff;
 - bringing forward the implementation of savings and income generation proposals already agreed;
 - increasing all discretionary fees and charges by at least the rate of inflation, where it is considered possible to do so;
 - accelerating the sale of assets;
 - continuing to explore external funding opportunities;
 - undertaking a review of the Council's Capital Programme with a view to taking action to reduce the cost of debt to the Council.

Housing Revenue Account (HRA)

6. As at the end of Quarter 1, the HRA is forecasting a surplus of £0.8m against its agreed budget for the year. This reflects primarily an underspend on Management Costs
7. Forecast HRA reserves at 31st March 2024 after investment needs are estimated to be £24m.

Capital Plan

8. The forecast outturn on the Council's Capital Plan for 2023/24 is an underspend of £6.5m. This is largely due to an underspend £5.6m on the Housing Capital Programme.

3 Implications for the Council

- 3.1 The implications are as given in the Quarter 1 Monitoring report to Cabinet.
- 3.2 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 28 of the Local Government Act 2003 requires the Council to review its budget from time to time during the year. Quarterly Budget Monitoring reports fulfil this obligation.

4 Consultees and their opinions

- 4.1 The Quarter 1 Monitoring report to Cabinet was prepared by the Service Director Finance, in consultation with the Executive Team.

5 Next Steps

- 5.1 Not applicable

6 Cabinet portfolio holders recommendations

- 6.1 Not applicable.

7 Officer recommendations and reasons

- 7.1 It is recommended that the Committee note the report.

8 Contact Officer

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9 Background papers and History of Decisions

Annual budget report 2022-27 to Budget Council, March 2023
Budget Update Report to Council, October 2022

10 Service Director responsible

Dean Langton, Service Director - Finance.
dean.langton@kirklees.gov.uk



Name of meeting: Cabinet

Date: 15 August 2023

Title of report: Corporate Financial Monitoring Report, Quarter 1, 2023/24

Purpose of the Report

To receive information on financial monitoring for General Fund Revenue, Housing Revenue Account (HRA) and Capital Plan, as at Quarter 1 (month 3), 2023/24.

Key decision – is it likely to result in spending or saving £500k 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 – 2nd August 2023
Is it also signed off by the Service Director for Finance?	Dean Langton – 28th July 2023
Is it also signed off by the Service Director – Legal, Governance & Commissioning?	Julie Muscroft – 2nd August 2023
Cabinet member portfolio - Corporate	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.

Summary

General Fund

1. The Council's revised General Fund controllable (net) revenue budget for 2023/24 is **£379.4m** and is partly funded by a contribution from unallocated reserves of **£24.6m**. The revised budget includes planned (net) revenue savings in-year of **£19.8m**. The revised budget is also net of a number of transfers from reserves during the year, totaling £6.4m, with the most significant being £4.0m from Revenue Grants reserve and £1.1m from the Stronger Families reserve.
2. **There is a forecast overspend of £20.3m against the revised revenue budget at Quarter 1.** This is equivalent to 5.3% of the revised budget. If sustained until the year end, this would increase the drawdown from unallocated reserves to £44.9m. In turn, this would reduce the balance of unallocated reserves to £2.1m, significantly below what is considered by the Service Director – Finance to be an adequate balance for the Council. Equally, any overspending not dealt with in 2023/24 would, potentially, carry over into 2024/25 thereby increasing the requirement for savings in that year whilst at the same time providing no scope to draw on the Council's reserves.
3. **The seriousness of the Council's financial position cannot be understated.** The scale of the financial challenge for 2023/24 and 2024/25 is such that, in addition to work currently underway to implement savings in 2023/24 and to identify savings and income generation proposals for 2024/25, those actions implemented by the Council in late 2022 to control expenditure in the last financial year must continue and be strengthened to address the underlying issue that the Council's net expenditure is significantly greater than available sources of funding, including reserves.
4. The actions recommended in this report are, in the view of the Service Director – Finance, necessary to avoid the need to issue a report under s114 of the Local Government Act 1988 at this point. The need to issue that report will, however, remain under review depending on the success or otherwise of the implementation of these recommendations.

Directorate Forecasts

5. Table 1 below shows the Quarter 1 forecast position broken down by Strategic Director portfolios.

Table 1 - Overview of 2023/24 forecast revenue outturn position at Quarter 1

	Revised Budget	Quarter 1 Forecast	Variance
	£000	£000	£000
Children & Families	79,388	86,756	7,368
Adults & Health	125,981	128,080	2,099
Environment & Climate Change	49,077	51,455	2,378
Growth & Regeneration	17,602	19,790	2,188
Corporate Strategy, Commissioning & Public Health	43,094	46,851	3,757
Central Budgets	64,300	66,845	2,545
General Fund Total	379,442	399,777	20,335
Drawdown from Unallocated Reserves	(24,648)	(44,983)	(20,335)
Revised Total	354,794	354,794	-

Delivery of Savings

6. Of the £20.3m estimated overspend outlined above, c£1.4m relates to variances against planned savings. There is a total of £19.8m planned savings within the 2023/24 budget and, at Quarter 1, £18.4m or 93% of these are forecast to be achieved.
7. Further details of these can be found at Appendix 1 with key Directorate variances described in paragraphs 14 to 57 of the report.

Impact on Unallocated Reserves

8. Any overspend in 2023/24 must be offset against Unallocated Reserves at year end. Based on the Quarter 1 projections, funding a forecast overspend of £20.335m would reduce the Unallocated Reserves balance to just £2.1m by 31 March 2024; equivalent to 0.6% of the 2023/24 net revenue budget. This is as shown in Table 2 below.

Table 2 – Unallocated Reserves Position

	£000
Opening Balance 1 April 2023	(47,108)
Budgeted Drawdown to support 2023/24 MTFP	24,648
Further Drawdown to Offset 2023/24 Overspend	20,335
Forecast Balance 31 March 2024	(2,125)

9. As the Cabinet will be aware, it is for the Service Director – Finance to provide advice to the Council on what is considered to be an adequate level of reserves and, in particular, the Minimum Working Balance/Contingency that should be held by the Council to both cushion the impact of uneven cashflows (and avoid unnecessary borrowing) and to manage the impact of unforeseen and unexpected events.
10. For the purposes of assessing what is considered to be an adequate level of Minimum Working Balance, the Chartered Institute of Public Finance and Accountancy has produced guidance, the latest of which was issued in March 2023 (CIPFA Bulletin 13 – Local Authority Reserves and Balances (Updated) and which is a supplementary document to various similar Bulletins issued by CIPFA's Local Authority Accounting Panel.
11. Rather than assessing the adequacy of the Minimum Working Balance/Contingency on a broad percentage of Net Revenue Expenditure, as has been previous practice at the Council, the guidance referred to above states that consideration should be given to the strategic, operational and financial risks faced by the Council. Taking this approach, the advice from the Service Director – Finance is that the Minimum Working Balance with the risk profile that Kirklees Council has should be at least £15m. More details of this assessment are provided at paragraph 68 in this report.
12. Whilst acknowledging that the position set out above is based on the Quarter 1 Monitoring position, as the forecast balance of Unallocated Reserves is below the Minimum Working Balance, a range of actions are necessary by the Service Director – Finance to ensure the Council has an adequate Minimum Working Balance. These are as set out at paragraph 69 in this report and summarised in Table 3 below:-

Table 3: Minimum Working Balance

	£000
Forecast Balance 31 March 2024	(2,125)
Transfer of Demand Reserve to Unallocated Reserves	(10,750)
Transfer of Collection Fund Reserve to Unallocated Reserves	(2,500)
Revised Forecast Balance 31 March 2024	(15,375)

13. Accepting that the assessment of the adequacy of the Minimum Working Balance/Contingency is based on the various risks faced by the Council and that its composition is based on the forecast outturn position for 2023/24, it will continue to remain under review as the financial year develops.

Directorate Variances

Children & Families +£7.4m

Learning Services – High Needs

14. The current projection for the High Needs Block is an in year overspend of £11.4m. As part of the Safety Valve agreement we are also anticipating £4m of funding during the year which will help to reduce the historic deficit. The Safety Valve target outturn position is £10.4m. However, £1.8m of savings are targeted in 2023/24 and it is anticipated that the achievement of these will help the Safety Valve target to be achieved.
15. Quarterly reports are submitted to the ESFA to highlight progress towards the safety valve planned position and the Council continues to have regular meetings with the ESFA Safety Valve Team to track progress. 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.
16. In line with this, a Quarter 1 Safety Valve return was provided to the DfE at the end of June 2023 as part of the enhanced monitoring arrangements Kirklees were placed in. This set out a 4-year plan to reduce the historic deficit on the Dedicated Schools Grant (DSG) to £4.1m and reflected a realistic approach to achieving this. This continues to assume a Council contribution of £10.750m towards the historic deficit with the expectation that this will be made in 2025/26 (£2.150m) and 2026/27 (£8.6m). The Council is currently awaiting a response from the DfE to indicate if they are satisfied with the plan.

Learning and Early Support +£0.7m

17. Education Psychology/SENDACT: There is a £300k potential staffing pressure due to the requirement to adhere to statutory timescales/capacity of these Teams. Locum Education Psychologists are likely to be needed to help manage workloads and cover vacancies.
18. Success Centres (Maths Mates/Speech Stars/Reading Friends): £100k continuing staffing pressure due to COVID funding ending in 21/22 for these teams. This service was set up during the pandemic and funded from COVID funding. The service is still in place and continues to deliver excellent service to children but there isn't a substantive budget in place.

19. There is a projected £600k overspend in relation to the Strategic Leadership of the Education system, partially caused by the removal of the School Improvement Grant. Work is ongoing within the service to ensure costs are reduced to meet with the remaining budget. Offsetting the areas of overspend highlighted above is an underspend in the Early Support Service due to a number of vacancies.

Family Support and Child Protection +£3.3m

20. Children's Disability Service: £678k placements pressure including 2023/24 inflation uplifts. The service provides respite support packages to families via domiciliary home care, day care, nurseries and direct payments. Demand, complexity, and significant cost of living increases have driven costs up and resulted in the projected overspend.
21. Looked after Children and Care Leaver Service: £1.4m (This includes a £300k inflation uplift agreed for off contract provision). The remaining £1.1m overspend is because of increased numbers and complexity of need and reflects an additional demand led pressure to those highlighted later in the report under Resources, Improvement and Partnerships.
22. Financial Support for Care Leavers (providing financial support, guidance and advice for Care Leavers to encourage improved outcomes aligned to the new Ofsted framework for Care Leavers published in January 2023): £323k demand led pressure.
23. There is an overspend of £900K on Special Guardianship Order payments due to increases in numbers and application of inflationary uplifts. The uplifts represented an increase in costs of approximately £550K.
24. Service Wide Vacancy Management/Turnover Target: £400k projected over achievement of existing £500k savings target (thereby resulting in a savings of £900k to offset against the overspends above).

Resources, Improvements and Partnerships +£3.4m

25. Demand Led Sufficiency - £2.7m pressure. There is currently a pressure on External Residential placements of £3.2m due to increased need and complexity. This is evidenced by the fact the budget is based on 11 placements at an average weekly cost of £4k, currently there are 25 placements at an average weekly cost of £5.6k. Additionally, there is a £477k pressure relating to External Foster Placements which is again due to demand and complexity although it should be noted that this is offset by an underspend on Internal Foster placements of £787k. The pressure reported assumes additional internal capacity with Heald's Road and Magdale Children's Homes open from August 2023.
26. Commissioning Service - £129k pressure relating to Kirklees contribution to One Adoption West Yorkshire (OAWY) contract. A VFM exercise has been commissioned to ensure Kirklees are receiving what they are paying for. The contribution to OAWY is formula based and it is anticipated that our contribution will reduce in 2024/25.
27. Commissioning Service – further £400k pressure on commissioned contracts (includes contracts with LGBT, CAMHS, KYA, Barnardo's). At Quarter 1, the pressure includes slippage of £180k against £400k savings target however the service plans to hold four vacancies in the MST (Multi Systemic Therapy) team which will generate savings to cover off the saving in 2023/24.

Adults and Health +£2.1m

28. The overall position for Adults is an overspend of £2.1m. There is some volatility across key demand-led headings, with variances being seen across key demand-led headings, notably on Independent Sector Home Care, on Independent Sector Residential & Nursing Placements, and on Self Directed Support.
29. One of the main headline demand led variances at Quarter 1 is around Independent Sector Home Care, an overspend of £1.1m. Within this variance Older People is £0.8m over (due to activity levels) and Learning Disability is £0.5m over (activity levels).
30. Self-Directed Support is also overspending (£0.8m). Significant elements of this relate to Learning Disability (£0.5m), on commissioned services, and also on Mental Health (£0.4m), on commissioned services. Against these, the Older People client group is underspending against its budget by £0.2m, achieving higher than anticipated client income.
31. An overspend is being seen on Independent Sector Residential & Nursing placements of £0.5m. This is mainly on the Learning Disability cohort at £0.6m (due to increased volumes and higher prices), and on the Older People cohort (£0.2m) around higher prices. Work continues with providers in the care home market around key pressures, and trends in the short and long term. Working with partners continues to be crucial.
32. Other headline variances are around employees (with an underspend of £0.4m). This is due to continuing programme work around understanding demand and growth predictions, levels of productivity and the workforce shape required to best deliver pathways. However, pressures have continued 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 £0.1m due to the need to cover an increase in the level of bad debts being seen.
33. There has been significant work carried out as part of the Market Sustainability & Fair Cost of Care national programme, which was focused on the markets for Home Care and for Independent Sector Residential & Nursing Placements. Work around this is continuing this year.
34. The Discharge to Assess programme is being undertaken with Health partners to enable more timely discharge from hospitals. There continues to be activity and spend around discharge funding.
35. 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. The 2023/24 budget assumes that £2.4m of national social care funding will be received in year which can be allocated to offset volume pressures. £600m nationally has been indicated but the detailed allocation and conditions have not been announced. 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.

Environment and Climate Change +£2.4m

Environmental Strategy and Climate Change +£0.4m

36. There is a projected variance of £0.2m on Licensing resulting from historic income budget issues and slow recovery of income. An additional £0.2m pressure is sat within Schools Transport due to cost and demand increases. Further investigations are underway within the service.

Highways and Streetscene +£1.1m

37. Within Highways there is an estimated £0.2m overspend due to anticipated slippage of general Maintenance savings.
38. Transport services has a forecast pressure of £0.4m. This is in relation to increased fuel prices and increased maintenance costs for vehicles operating beyond their optimal life due to the fleet age profile.
39. There is currently a forecast overspend of £0.3m on Tree Planting costs that were previously assumed to be funded from the Strategic Investment reserve. That facility is now exhausted hence the charge against the General Fund.

Culture and Visitor Economy +£0.9m

40. There are projected overspends of £0.4m on Town Halls & Public Halls, because of pressures on both internal and external income, and £0.3m on Markets, due to Dewsbury Market operating with fewer stalls, rent reductions and compensation on leases; linked to regeneration activity.
41. Catering also has a forecast pressure of £0.5m due to food price inflation and income shortfall in relation to reduced meal uptake and lost business. This is partly offset by employee savings.
42. Catering and Cleaning has an estimated underspend of £0.4m because of additional ad-hoc and specialist cleaning and a charging review.

Growth and Regeneration +£2.2m

Skills and Regeneration +£1.1m

43. Demand for Planning and Building Control continues to be suppressed, driven by external economic conditions. Work is underway to understand and control overspends but current forecasts point £1.0m overspend which is made of £0.8m on Planning Development Management (demand), £0.4m Building Control(demand) offset by £0.2m Planning Policy & Strategy (staffing &external advice), in line with previous assumptions.
44. Business & Economy forecast a £0.1m overspend related to a contribution to the LEP that was previously reserve funded. Elsewhere within Skill & Regeneration Business Centres forecasts a deficit of £0.1m related to current occupancy levels and running costs (NNDR, Cleaning). Employment and Skills (-£0.05m) and Major Projects (-£0.1m) both forecast underspends linked to staffing costs and external funding availability.
45. And, £0.05m of forecast costs on the Penistone Line were due to be funded from Strategic Investment reserve but that facility has been exhausted. Funding will be sought from elsewhere.

Development +£1.0m

46. Within Property, Corporate Landlord is forecasting an overspend of £0.6m. Of this, £0.3m relates to savings related to building closures that will now happen next year due to timing around closures. A further pressure of £0.3m net relates to building running and maintenance costs, most significantly around contract cleaning. This forecast is a significant improvement from the £1.5m outturn position from 2022/23 and includes delivery of £0.9m of savings.
47. Assets and Estates are forecasting an overspend of £0.163m that includes Asset Strategy £0.04m (staffing) – the plan is to reduce this overspend by use of a 4% capital receipts top slice. Property Management £0.05m (repairs) & Estates Management £0.08m (Salaries and Surveyor income).
48. The Piazza is currently forecasting a deficit of £0.125m, in line with last year. Previously this would have been funded corporately through the Strategic Investment reserve. Work is underway to fully understand and mitigate the likely deficit.
49. Likewise, there was a previous commitment to fund some of the void costs for Dewsbury Town Centre strategic purchases from the Strategic Investment reserve. As the reserve facility has now been exhausted, there is a further £0.05m pressure on the service.

Corporate Strategy, Commissioning and Public Health +£3.8m

Strategy and Innovation +£1.0m

50. Inflationary pressures continue on IT through increased costs of software and hardware, as well as pressure on volumes of IT kit used across the authority.

Public Health and People +£0.1m

51. Within Peoples service there are staffing overspends due to succession planning, and the continued costs of the learning management system, partly offset by the use of reserves.

Governance and Commissioning -£0.8m

52. At Quarter 1, Legal Services has increased income through charges against capital works, offset by external costs.

Finance +£1.0m

53. Within Finance, Accountancy staffing overspends due to succession planning are offset by increased grant funding within welfare and exchequer. The savings target for Corporate Strategy, Commissioning and Public Health (£0.9m) is temporarily held here whilst a savings strategy is pulled together.

Benefit Payments +£2.5m

54. Spend on Homelessness and Supported Accommodation which is not eligible for Housing Subsidy grant is resulting in a projected pressure of £2.5m.

Central Budgets +£2.5m

55. There is a £1.4m inflation contingency built into 2023/24 budgets. At Quarter 1, this is being used to offset the following:
- £0.375m pressure due to an unachievable savings target allocated to central budgets.
 - £0.450m pressure from inflation on the Waste Contract.
 - £0.100m pressure on the Audit Fee. This was offset by additional Redmond review Funding in 2022/23 but this is not expected to continue.
 - £0.280m shortfall in budgeted income from the YPO dividend.
56. At this stage, the £0.2m balance of the contingency budget continues to be held within central budgets for further in-year pressures.
57. At Quarter 1 there is a pressure of £2.5m on treasury management. This reflects increased borrowing costs as a result of the in-year overspend along with the depletion of reserves beyond the assumptions made in the budget, resulting in the requirement for extra borrowing (both long and short term) and the resulting interest charges. To consider what scope there is to reduce debt charges in the current and future years, a review of the Council's Treasury Strategy (and related debt charges) is currently underway in conjunction with the review of the Capital Programme.

Collection Fund

58. The Collection Fund accounts separately for council tax and business rates income and payments.
59. When setting the Council's Budget for 2023/24, it was estimated the Collection Fund would have combined surplus of £0.2m for the financial year 2022/23 (to be recovered from the General Fund). Following the closure of the Council's accounts for 2022/23, the Collection Fund has a combined actual deficit of £2.019m resulting in an additional cost to the General Fund in 2023/24 of £2.219m. Anticipating a variance, an amount of £2.5m was also included in the Council's budget as a contribution to reserves which would be drawn down to offset the additional cost to the General Fund.
60. As with the General Fund Budget, monitoring has been undertaken on the Collection Funds for 2023/24. This monitoring indicates that, taking into account the outturn position for 2022/23 and having reviewed collection rates, provisions for bad debts and appeals, there is forecast to be a combined surplus on the Collection Funds of £1.8m in 2023/24. The impact of this is twofold:-
- a) the forecast surplus can be used as contribution to the Council's General Fund Budget for 2024/25 (and will therefore be considered in the update to the Council's Medium Term Financial Plan);
 - b) the £2.5m contribution to reserves to cover the forecast deficit is no longer required and, as set out below, can be transferred to the Council's Unallocated Reserves to form part of the Minimum Working Balance.
61. In the context of the Collection Fund, elsewhere on the Agenda for this meeting is a report setting out a proposal to open up a consultation on options for changes to the Council's Council Tax Support Scheme. This is with a view to consulting on possible changes to the Scheme which, if approved, would form part of the Scheme with effect from April 2024.

62. The Cabinet should also note that it is proposed to undertake a review of the eligibility for the Single Persons Discount (SPD) for Council Tax. It is considered good practice to periodically review the eligibility of existing claimants of SPD given the onus remains on Council Taxpayers to inform the Council of changes to their entitlement. Past experience would suggest that between 5% and 10% of claims would be found to be ineligible thereby reducing the cost of the discount to the Council of c£1.0m.
63. As with the monitoring of other budgets, regular monitoring of the Council's Collection Funds will continue throughout the financial year so that any necessary adjustments to the assumptions made here can be considered.

General Fund Reserves

64. At Quarter 1, General Fund reserves and balances are estimated to decrease through 2023/24 by £52.2m, from £96.6m at the start of the year to £44.4m at 31 March 2024. Of this, £27.9m relates to net transfers approved in the 2023-28 Annual Budget report and includes the drawdown of £24.6m of unallocated balances as referred to in sections earlier in this report. As Cabinet will recognise, this is an unsustainable use of reserves.
65. There is also a transfer of £2.5m into Unallocated Reserves, as noted at paragraph 60 above, which was previously to be used to meet the projected deficit on the Collection Fund.
66. Further movement on reserves are broken down as follows:
- a) forecast £6.4m net planned drawdowns into directorates from reserves during the year, with the most significant being £4.0m from Revenue Grants reserve and £1.1m from the Stronger Families reserve;
 - b) transfer of the Quarter 1 projected overspend of £20.3m against unallocated balances at year-end.
67. Of the projected £44.4m year end balance of reserves, £42.3m relates to earmarked reserves and £2.1m is unallocated balances. A review of earmarked reserves is currently underway to determine what amounts can be freed up to as a contribution to the Council's Minimum Working Balance/Contingency. Subject to the outcome of this review, and in accordance with Financial Procedure Rules, no further drawdowns from reserves will be permitted without the approval of the Service Director - Finance.
68. As outlined earlier in this report, the forecast balance of Unallocated Reserves is significantly below what the Service Director – Finance would advise to be a Minimum Working Balance. Contrary to previous practice at the Council, a risk-based approach to the assessment of the Minimum Working Balance has now been taken to determine what is considered to be an adequate level. Details of this assessment are provided at Appendix 7 which highlights a requirement for a balance of £15m. It should be noted that this is at the lower end of the assessment and subject to the Council's financial capacity to do so in due course, consideration should be given to increasing this amount (and, in any event, should the risk profile of the Council change, this would necessitate a review of the assessment).
69. As the balance of Unallocated Reserves is forecast to be below what is considered to be adequate, the following actions have been taken to create the Minimum Working Balance/Contingency:
- a) £10.750m earmarked as the Demand Reserve, which is required from 2025/26 onwards to support the Safety Valve Programme Agreement, has been temporarily

transferred to Unallocated Reserves;

- b) that to ensure sufficient funding is available in 2025/26 and 2026/27 to make the contributions towards the Safety Valve Programme Agreement as planned, additional savings targets of £2.150m and £8.600m are included in the Medium Term Financial Plan for the 2025/26 and 2026/27 financial years respectively;
- c) the budgeted £2.5m contribution to earmarked reserves which was to be used to meet the Collection Fund deficit in 2024/25, and which is no longer required to do that, has been transferred to Unallocated Reserves.

- 70. Taken together, these changes result in a Minimum Working Balance of £15.375m. The Council should seek to maintain this balance.
- 71. Regular monitoring and review of corporate reserves will continue to be undertaken as part of the budget monitoring process through the remainder of the financial year. Also attached at Appendix 8 is the current version of the Councils Corporate Risk Register, which also helps informs the Council overall reserves requirements in light of known strategic, operational and financial risk issues set out in the Register.

Housing Revenue Account

- 72. The Council's Housing Revenue Account (HRA) accounts for all Council housing related revenue expenditure and income in a separate statutory (ring-fenced) account. The forecast revenue outturn at Quarter 1 is a £0.8m surplus against an annual turnover budget of £99.2m in 2023/24.
- 73. The surplus is made up of a forecast breakeven position for repairs and maintenance and a forecast underspend for Management costs of £0.972m. Included within management costs is a forecast breakeven position for Property Services, but early indications are reporting pressures of around £0.750m for the cost of repairs as the volume and cost of repairs is increasing. Property Services are undergoing an operational review, where the assumption is that the outcome will recommend an increased budget for responsive repairs which is currently managed through a price per property. Other cost pressures include legal costs associated with disrepair claims and void rent loss which are being closely monitored.
- 74. Forecast HRA reserves at 31 March 2024, which includes providing for business risks and investment needs is £24.0m. A summary of the HRA outturn and reserves position can be found at Appendix 3.

Capital

- 75. The budget for the 2023/24 Capital Plan is based on the updated capital plan within the Financial Outturn and Rollover Report 2022/23 at £259.9m, updated to £259.7m at Quarter 1 mainly as a result of £0.244m being re-profiled into subsequent financial years (see also Appendix 5) and other minor budget changes.
- 76. The Council's revised capital budget for 2023/24 is £259.7m. The forecast capital outturn at Quarter 1 is £253.2m, forecast underspend of £6.5m.
- 77. The Quarter 1 position is summarised in Table 3 below, categorised by Council primary outcomes as set out in the Council 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, operational work programmes and one-off projects.

Table 3 – Forecast Capital Outturn 2023/24 at Quarter 1

By Category	Revised Budget £000	Actuals to Date £000	Annual Forecast £000	Variance £000
Achieve & Aspire	20,970	1,324	20,970	0
Best Start	2,890	259	2,890	0
Independent	8,105	589	8,105	0
Sustainable Economy	154,548	21,560	154,532	(16)
Well	5,188	517	5,688	500
Clean & Green	12,502	1,281	11,193	(1,309)
Efficient & Effective	6,787	146	6,787	0
General Fund	210,990	25,676	210,165	(825)
Independent –Strategic Priorities	21,420	2,559	21,170	(250)
Independent - Operational	27,302	3,427	21,921	(5,381)
Housing Revenue Account	48,722	5,986	43,091	(5,631)
Total Capital Plan	259,712	31,662	253,256	(6,456)

78. A more detailed breakdown of the capital outturn position is provided at Appendix 4. The largest General Fund variance shown is Clean and Green where projects within the Waste Strategy have slipped and budgets will be re-profiled to match commitments now due in the next financial year. Within the Housing Revenue Account, there have been programme delays in major programme areas which are expected to slip. These are within Six-Storey Blocks (£3m) Building Safety (£2.1m).
79. Noting that Quarter 1 is an early capital forecast, in light of the significant financial challenges faced by the Council, Cabinet is asked to acknowledge that the current Capital Plan and the Plan for all future years are currently subject to a rigorous review with a view to reducing debt charges as a contribution to the Council's savings target both in 2023/24 and in subsequent years. This will mean some capital plans will be reprofiled, deferred or even stopped entirely. This will be set out in more detail as part of the forthcoming Medium Term Financial Strategy (MTFS) update report to Council in September.
80. Subject to the review referred to above, Officers will continue to review capital budget profiles in year, including any more detailed recommendations for potential re-profiling of scheme budgets between years (allowable under Financial Procedure Rules 3.10-3.15), as part of future financial monitoring. Any such recommendations would reflect the affordability, sustainability and prudence of the Capital Programme in the context of the Council's financial challenge as well as growing complexities and challenges over the next 5 years in delivering to this scale of ambition.
81. Future capital plan updates will continue to be presented to Council via the annual budget strategy update and annual budget approval reports to Cabinet and Council as a matter of course, as part of the annual planning cycle.

2023/24 Capital Scheme proposals

82. This report also includes the following capital scheme proposal for Cabinet approval in line with Council Financial Procedure Rules:

UK Shared Prosperity Fund – Grant for Pillar 1: Safety of Women and Girls (Policing & Crime)

83. The UK Shared Prosperity Fund (UKSPF) Scheme for Violence Against Women and Girls will be used to establish and deliver a grants programme open to the voluntary, community, faith, and education sectors explicitly to deliver outcomes against the four key priority themes in the Mayor of West Yorkshire's Safety of Women and Girls Strategy.
84. The Fund will allow the Council the flexibility to respond to locally identified gaps and support the sector to provide safe spaces within communities. In addition, evaluation of the impact of these programmes will feed into a district wide evidence-base of what works.
85. The fund of £0.09m, will offer one- and two-year grants for 2023/24 and 2024/25 in order to achieve a minimum of two voluntary and community sector amenities/facilities created or improved to support victims/reporting processes to provide one hundred more affected women and girls access the improved/created facilities/safe spaces.
86. Cabinet is requested to approve the addition of the £0.09m UKSPF grant to the Capital Plan (profiled as £0.047m in 2023/24 and £0.047m in 2024/25) and approve its distribution to the voluntary, community, faith, and education sectors as a capital grant for capital amenities and facilities to support the safety of Women and Girls.

Treasury Management

87. The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Authority to approve, as a minimum, treasury management semi-annual and annual outturn reports. This quarterly report provides an additional update and includes the new requirement in the 2021 Code, mandatory from 1 April 2023, of quarterly reporting of the treasury management prudential indicators. These are attached at Appendix 6. The non-treasury prudential indicators are incorporated in the Authority's normal quarterly revenue and capital monitoring report.
88. As indicated above, in light of the financial challenge faced by the Council and, specifically, the forecast overspend on the Council's debt charges, work is underway to review the debt charges budget. This is being undertaken in conjunction with the review of the Capital Programme, the crux of which is to determine to what extent the Council can reduce the amount of Prudential Borrowing.
89. At the same, given the change in interest rates over the last 12 months and the deterioration in the Council's reserves and with it the extent to which the Council can internally borrow, a review of the Treasury Management Strategy is underway with a view to ensuring the Council's Strategy focuses on optimising its debt portfolio in support of its Capital Programme.

Information required to take a decision

90. 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 2023/24;

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 2023/24

Appendix 5 shows 2023/24 capital budget re-profile proposals into future years of the capital plan; and

Appendix 6 shows the treasury management prudential indicators;

Appendix 7 shows the Assessment of the level of the Council's General Fund Working Balance;

Appendix 8 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 financial implications are as given in the report.

3.7.2 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 and shall require that one of its Officers has responsibility for the administration of those affairs. That Officer at this Council is the Service Director - Finance.

3.7.3 Section 114 of the Local Government Act 1988 requires the Service Director - Finance, as the Officer of the Council appointed under s151 of the Local Government Act 1972, to make a report (often referred to as a 's114 report') if it appears that the expenditure of the Council incurred, or likely to incur, in a financial year is likely to exceed the resources (including sums borrowed) available to meet that expenditure. As outlined in this report, whilst a s114 report is not considered necessary at this point, unless the actions outlined in this report and those that shall come forward as part of setting the budget for 2024/25 (see Medium Term Financial Strategy Update below), the issue of such a report remains a possibility.

3.7.4 Regulation 3 of the Accounts and Audit Regulations 2015 requires the Council to ensure it has a sound system of internal controls facilitating the effective exercise of functions and achievement of aims and objectives, ensuring effective financial and operational management including effective risk management. The Council must determine whether its capital plan is affordable in line with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 having regard to the Prudential Code for Capital Finance for Local Authorities. DLUHC have the power to make statutory directions under section 15(5) and (6) of the Local Government Act 1999 where it considers there has been a failure to comply with the duty of Best Value.

3.7.5 As outlined in this report, factoring in the estimated current year overspend of £20m along with the budgeted drawdown of £25m agreed in the March 2023 budget, results in an estimated balance of usable reserves of £31.8m. This use of reserves is not financially sustainable and leaves the Council very exposed to financial risks.

3.7.6 The Council's Executive Management Team must ensure that actions are taken to deliver services in line with agreed budgets and that savings targets are delivered as planned.

Medium Term Financial Strategy Update

3.7.7 The Council budget for 2023/24 approved at Budget Council on 8 March 2023 also included indicative spend and funding forecasts for 2024/25 and future years, including a £43.2m budget gap for 2023/24 funded by £18.6m of savings proposals combined with £24.6m use of unallocated reserves.

3.7.8 The Council's Medium Term Financial Strategy was also considered at Budget Council on March 2023. At that time, the funding gap for 2024/25 was estimated to be c£25m although, in view of a change in assumed pay inflation, this was updated to a gap of c£30m. This position combined with the forecast outturn for 2023/24 set out in this report, which if left unchecked, will require savings of £50m in 2024/25 has provided the backdrop for the development of savings and income generation proposals necessary to achieve a balanced and sustainable budget from 2024/25 onwards. In light of the significant pressure on Council budgets, and in line with the Council's Constitution, the opportunity will be taken to implement proposals as soon as possible.

3.7.9 At the same time, the Medium Term Financial Strategy is being updated based on the latest information available to the Council on expenditure pressures and potential income. This outcome of this work will be reported to the Cabinet and Council in September 2023.

4 Consultees and their opinions

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

5 Next Steps

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

6 Cabinet portfolio holders recommendations

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

- 6.2 The Council faces a significant financial challenge. By way of background, since 2011 the Council has delivered over £250m savings as a result of national austerity measures. During that period Kirklees has faced continuing funding reductions and increasing demand pressures far greater than more affluent areas with lower levels of relative need.
- 6.3 At the same time, Kirklees Band D Council Tax is lower than the average for Metropolitan Local Authorities and, in view of the number of properties in Council Tax Bands A to C, it has a significantly lower taxbase. As a consequence, the Council does not have the taxable capacity to increase its Council Tax to compensate for the loss of central government funding.
- 6.4 Aside from the quantum of funding available to the Council, both of these matters – funding allocations based on relative need and the equalisation of funding between Councils to reflect the different taxbases across the Country – were integral to the Fair Funding Reforms that were being considered by the Government prior to COVID and which, as announced by the Secretary of State towards the end of last year, have now been deferred for consideration after the next General Election. Given the nature of the proposed reforms, it is probable that Kirklees would have benefitted significantly if they had been implemented, thereby alleviating the pressures currently being experienced.
- 6.5 These structural issues with the Council's funding settlement combined with the impact of the cost of living, rising demand for services and the lack of investment funding from Government are all factors that have contributed to the Council's current financial position.

7 Officer recommendations and reasons

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

General Fund

- 7.1 note the forecast revenue outturn position at Quarter 1 for 2023/24 and the forecast year end position on the Council's reserves and balances as set out in the report;
- 7.2 in light of the forecast outturn set out in this report, the position with reserves and balances, and in accordance with the Council's Financial Procedure Rules and, in addition to the work being undertaken to develop savings options for 2024/25, endorse the continuation and strengthening of management actions implemented in the last financial year to contain actual income and expenditure within agreed budgets for 2023/24. These include, but are not limited to:-
- a) with immediate effect, that no further expenditure on non-essential items will be permitted. In this context, non-essential items will comprise all expenditure with the exception of that which relates to, for example:-
 - i) only to maintaining health and safety (of staff, residents, businesses etc);
 - ii) to meet a statutory service requirement;
 - iii) to fulfil a contractual obligation existing on the date of implementation of these controls (unless it is possible to renegotiate otherwise)
 - iv) to prevent further costs;
 - v) to help generate income (that more than outweighs the cost of doing so).
 - b) a recruitment freeze (including a review of posts which were previously deemed essential to the proper performance of the Council's statutory responsibilities and therefore excluded from the freeze) and a sustained reduction in the use of Agency Staff;

- c) where it is possible to do so in the current financial year, bringing forward the implementation of savings and income generation proposals already agreed by the Council for 2024/25 when setting the Budget and Medium Term Financial Strategy for 2023/24;
- d) increasing all discretionary fees and charges by at least the prevailing rate of inflation where it is considered possible to do so;
- e) accelerating the sale of assets that the Cabinet has already agreed to dispose of and bring forward further options for asset disposals (both to reduce the operating costs of the Council's Estate and to generate capital receipts);
- f) continuing to explore all external funding opportunities to bring additional income into the Council;
- g) undertaking a review of the Council's Capital Programme to determine to what extent schemes can be re-phased, deferred or stopped to reduce the cost of borrowing to the Council and to free-up capital receipts so that they can be allocated to essential spending commitments.

7.3 Endorse the actions taken to maintain a Minimum Working Balance of c£15m as set out in the report and note the requirement to update the Medium Term Financial Plan for the savings necessary to reimburse the Demand Reserve so that the funding required for the Safety Valve Programme Agreement is available when required.

7.4 Note that the use of reserves here onwards will be subject to the approval of the Service Director - Finance and that the adequacy of the Council's reserves will remain under review.

Collection Fund

7.5 note the forecast position on the Collection Fund as at Quarter 1 and the assumptions upon which it is based;

7.6 Endorse the intention to undertake a review of eligibility of the Single Person Discount for Council Tax at the earliest possible opportunity;

HRA

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

Capital

7.8 note the Quarter 1 forecast capital monitoring position for 2023/24;

7.9 note that, as set out above, a review of the Council's Capital Programme is currently being undertaken with a view to reducing debt charges as a contribution to the Council's savings target both in 2023/24 and in subsequent years;

7.10 approve the re-profiling of the 2023/24 capital plan as set out in this report and at Appendix 5;

- 7.11 approve the addition of the £0.09m UKSPF grant to the Capital Plan (profiled as £0.047m in 2023/24 and £0.047m in 2024/25) and its distribution to the voluntary, community, faith, and education sectors as a capital grant for capital amenities and facilities to support the safety of Women and Girls;

Treasury Management

- 7.12 note the Quarter 1 treasury management prudential indicators in Appendix 6.

8 Contact Officer

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9 Background papers and History of Decisions

Annual budget report 2022-27 to Budget Council, March 2023

Budget Update Report to Council, October 2022

10 Service Director responsible

Dean Langton, Service Director - Finance.

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Corporate Revenue Budget monitoring 2023/24 – Month 3

Appendix 1a

	Annual					Variance Made up of:	
Strategic Director portfolio responsibilities	Controllable Budget (Net)	Planned use of earmarked reserves	Revised Budget	Forecast	Variance	Net Pressures/ (Underspend)	Savings Shortfall/ (Surplus)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Child Protection & Family Support	29,413	326	29,739	33,027	3,288	3,338	(50)
Resources, Improvements & Partnership	28,922	-	28,922	32,298	3,376	2,205	1,171
Learning & Early Support & Schools	19,114	1,613	20,727	21,431	704	698	6
Sub Total (Children & Families)	77,449	1,939	79,388	86,756	7,368	6,241	1,127
Communities & Access Services	13,714	525	14,239	14,016	(223)	(197)	(26)
ASC - Older People and Physical Disabilities	9,930	1,181	11,111	12,481	1,370	1,605	(235)
ASC - Learning Disabilities and Mental Health	85,650	15	85,665	86,863	1,198	1,244	(46)
Adults Sufficiency	14,766	200	14,966	14,720	(246)	(246)	-
Sub Total (Adults & Health)	124,060	1,921	125,981	128,080	2,099	2,406	(307)
Environmental Strategy & Climate Change	13,334	-	13,334	13,727	393	209	184
Highways & Streetscene	33,940	-	33,940	35,000	1,060	894	166
Culture & Visitor Economy	1,791	660	2,451	3,376	925	930	(5)
E&CC Management & Support	(648)	-	(648)	(648)	-	-	-
Sub Total (Environment & Climate Change)	48,417	660	49,077	51,455	2,378	2,033	345
Skills & Regeneration	2,371	407	2,778	3,849	1,071	936	135
Development	12,363	852	13,215	14,259	1,044	660	384
Management & Support	1,609	-	1,609	1,682	73	73	-
Sub Total (Regeneration & Growth)	16,343	1,259	17,602	19,790	2,188	1,669	519
Strategy & Innovation	18,390	37	18,427	19,403	976	1,154	(178)
Public Health & People	1,560	52	1,612	1,716	104	169	(65)
Governance & Commissioning	14,965	272	15,237	14,418	(819)	(320)	(499)
Finance	7,458	304	7,762	8,718	956	488	468
Benefit Payments	56	-	56	2,596	2,540	2,540	-

	Annual					Variance Made up of:	
Strategic Director portfolio responsibilities	Controllable Budget (Net)	Planned use of earmarked reserves	Revised Budget	Forecast	Variance	Net Pressures/ (Underspend)	Savings Shortfall/ (Surplus)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sub Total (Corporate Strategy, Commissioning & Public Health)	42,429	665	43,094	46,851	3,757	4,031	(274)
Central	64,300		64,300	66,845	2,545	2,545	-
General Fund Total	372,998	6,444	379,442	399,777	20,335	18,925	1,410
Drawdown from Unallocated Balances	(24,648)		(24,648)	(44,983)	(20,335)		
Total	348,350	6,444	354,794	354,794	-		

Planned Savings 2023/24 – Month 3

Appendix 1b

Reference	Service Activity	Headline Proposal	Forecast Saving £000	Planned Saving £000	Variance for Year £000
NEW CH1	Various	Remodel Early Help and Children's Social Care in line with National Review	-1,180	-1,033	-147
Other New Savings	Service Management & Support	Efficiencies	5	-92	97
TOTAL CHILD PROTECTION AND FAMILY SUPPORT			-1,175	-1,125	-50
NEW CH3	Schools Organisation & Planning	Introduce fees & chgs to cover costs for Academy conversions	-24	-30	6
NEW CH5	Learning Services Trading	Redesign headteacher wellbeing service	-40	-40	0
NEW CH6	Early Support Service	Redesign our challenge and support offer to schools and settings	-124	-124	0
NEW CH7	Other Commissioned Services	Review & redesign C&K commission	-120	-120	0
Other New Savings	Early Support Service	Efficiencies	-92	-92	0
TOTAL LEARNING & EARLY SUPPORT			-400	-406	6
NEW CH2	External Residential Placements	Achieve sufficiency of homes for children in care	0	-850	850
NEW CH8	Various	Redesign capacity for improvement	-329	-433	104
NEW CH9	Various	Review Support for Partnerships	-185	-210	25
NEW CH10	Other Commissioned Services	Review of Investment in VCS and external contracted provision	-180	-363	183
Other New Savings	Service Management & Support	Efficiencies	-26	-35	9
TOTAL RESOURCES, IMPROVEMENTS & PARTNERSHIPS			-720	-1,891	1,171
NEW CH4	Education for vulnerable children inc. SEND	Remodel the approach to the SEND inclusion fund	-1,184	-1,184	0
TOTAL DSG SCHOOLS			-1,184	-1,184	0
NEW AD1	Local Integrated Partnerships	Integrated Community and Access model to maximise citizen and community outcomes	-125	-99	-26
TOTAL COMMUNITIES & ACCESS SERVICES			-125	-99	-26
NEW AD2	Other Demand Led	Work with an external change partner to model future demand and identify/deliver social care efficiencies	-267	-267	0
NEW AD3	Independent Sector Resid. & Nurs- OP	Work with the wider health and care system to properly reflect the cost and design of services provided to the wider health and care system	-127	479	-606
Other New Savings	Adult Social Care - OP & PD	Efficiencies	-718	-1,089	371
TOTAL ADULT SOCIAL CARE OPERATION - OP & PD			-1,112	-877	-235

Reference	Service Activity	Headline Proposal	Forecast Saving £000	Planned Saving £000	Variance for Year £000
NEW AD3	In House Residential - Older people	Work with the wider health and care system to properly reflect the cost and design of services provided to the wider health and care system	-866	-841	-25
NEW AD4	In House Residential - Learning Disabilities	Reviewing the respite offer for people with a learning disability and developing a new day service offer in North Kirklees.	-148	-127	-21
TOTAL ADULT SOCIAL CARE OPERATION - LD & MH			-1,014	-968	-46
NEW AD5	Contracted services Learning Disabilities/Mental Health	Mental Health Peer Support Service Pilot Review	-26	-26	0
NEW CH11	Contracted service (indep sec daycare) Older People/Physical Disabilities	Review of Stroke Support Services	-49	-49	0
TOTAL ADULTS' SUFFICIENCY			-75	-75	0
NEW EN3	Various	Highways Efficiencies	-1,372	-1,537	165
NEW EN4	Highways	Directorate Vacancy Management	-500	-500	0
NEW EN5	Parking	Parking	-96	-100	4
NEW EN6	Various	Waste Operational Efficiencies	-795	-792	-3
NEW EN7	Waste Services	Waste Strategy Efficiencies	-400	-400	0
TOTAL HIGHWAYS & STREETSCENE			-3,163	-3,329	166
NEW EN1	Climate Change Programme	Secure external grant funds and capitalise staff against them	-49	-50	1
NEW EN2	Schools Transport	Home to School Travel Transformation	8	-175	183
TOTAL ENVIRONMENTAL STRATEGY & CLIMATE CHANGE			-41	-225	184
NEW EN8	Catering	Catering Rationalisation	-95	-90	-5
TOTAL CULTURE & VISITOR ECONOMY			-95	-90	-5
Other New Savings	E&CC Management & Support	Efficiencies	-526	-526	0
TOTAL E&CC MANAGEMENT & SUPPORT			-526	-526	0
NEW GR1	Business & Enterprise Centres	Business centres - review portfolio and increase in rental charges	-111	-200	89
NEW GR2	Various	Reduction in Growth Services (Development, Employment & Skills Services)	-150	-150	0
NEW GR3	Planning Development Management	Increase in planning pre application fees and Building Control fees	-27	-88	61
NEW GR4	Major Projects	Capitalisation of Staff Costs	-82	-67	-15
TOTAL SKILLS & REGENERATION			-370	-505	135

Reference	Service Activity	Headline Proposal	Forecast Saving £000	Planned Saving £000	Variance for Year £000
NEW GR2	Corporate Landlord	Reduction in Growth Services (Development, Employment & Skills Services)	-151	-151	0
NEW GR4	Town Centres	Capitalisation of Staff Costs	-149	-208	59
NEW GR5	Corporate Landlord	Asset Rationalisation - Reduction in office/service delivery accommodation revenue budget	-900	-1,200	300
Other New Savings	Various	Efficiencies	-67	-92	25
TOTAL DEVELOPMENT			-1,267	-1,651	384
Other New Savings	Growth & Regen Senior Management	Efficiencies	-61	-61	0
TOTAL MANAGEMENT & SUPPORT			-61	-61	0
NEW CS1	Policy	General Efficiencies	-22	-42	20
NEW CS4	Management & Regulatory	Various Efficiency Targets	-1,061	-863	-198
TOTAL STRATEGY & INNOVATION			-1,083	-905	-178
NEW CS2	Peoples Service	Process Improvements across People Services	-96	-80	-16
NEW CS4	Management & Regulatory	Various Efficiency Targets	-452	-403	-49
TOTAL PUBLIC HEALTH & PEOPLE			-548	-483	-65
NEW CS3	Welfare & Exchequer	Funding Opportunities/Workforce Planning	-400	-400	0
NEW CS4	Finance & Accountancy	Various Efficiency Targets	-60	-190	130
NEW GR6	Benefit Payments	Temporary Accommodation Portfolio Expansion	-363	-363	0
Other New Savings	Management & Regulatory	Efficiencies	0	-338	338
TOTAL FINANCE			-823	-1,291	468
NEW CS4	Management & Regulatory	Various Efficiency Targets	-754	-255	-499
TOTAL GOVERNANCE & COMMISSIONING			-754	-255	-499
NEW CE1	General Contingencies	Efficiency Targets	-375	-375	0
NEW CE2	Treasury Management	Capital Plan Review	-3,481	-3,481	0
TOTAL CENTRAL			-3,856	-3,856	0
TOTAL GENERAL FUND PLANNED BUDGET SAVINGS			-18,392	-19,802	1,410

General Fund Earmarked Reserves

Appendix 2a

	Reserves position as at 1 April 2023	Budget report Approved Movements	Revised reserves position at 1 April 2023	Planned Net Drawdown in-year	Unplanned use of Reserves (Forecast Variance)	Transfer to Unallocated Reserves	Reserves position as at 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Statutory (School Reserves)							
Schools Balances	(11,667)	-	(11,667)	-	-	-	(11,667)
Public Health	(904)	-	(904)				(904)
Total Statutory (School Reserves)	(12,571)	-	(12,571)	-	-	-	(12,571)
Earmarked							-
							-
Ward Based Activity	(1,239)	-	(1,239)	-	-	-	(1,239)
Active Travel	(85)	-	(85)	-	-	-	(85)
Mental Health	(179)	-	(179)	31	-	-	(148)
Place Standard	(959)	-	(959)	16	-	-	(943)
Sub Total (member led)	(2,462)	-	(2,462)	47	-	-	(2,415)
Apprenticeship Levy	(3,131)	-	(3,131)	-	-	-	(3,131)
Transformation	(3,839)	-	(3,839)	172	-	-	(3,667)
Demand Reserve	(10,750)	-	(10,750)	-	-	10,750	-
Development Funding	(848)	-	(849)	487	-	-	(362)
Revenue Grants	(9,336)	-	(9,336)	3,995	-	-	(5,341)
Stronger Families Grant	(1,140)	-	(1,140)	1,140	-	-	-
Other	(1,696)	-	(1,696)	603	-	-	(1,093)
Specific Risk Reserves	-	(2,500)	(2,500)	-	-	2,500	-
COVID Reserves	(3,740)	3,268	(472)	-	-	-	(472)
Earmarked reserves sub-total	(36,942)	768	(36,175)	6,444	-	13,250	(16,481)
Unallocated reserves	(47,108)	24,648	(22,460)	-	20,335	(13,250)	(15,375)
Total usable reserves	(84,050)	25,416	(58,635)	6,444	20,335	-	(31,856)
Grand Total All Reserves	(96,621)	25,416	(71,206)	6,444	20,335	-	(44,427)

Glossary of Reserves

RESERVE	DESCRIPTION
School Balances	Statutory reserves relating to both individual schools' balances/deficits carried forwards.
Public Health	Timing issues on Public Health grant spend commitments (Public health grant is statutorily ring-fenced)
Ward Based Activity	Set aside reflecting timing issues on ward-based activity spend commitments
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.

	Year to Date			Annual		
	Controllable Budget (Net)	Actuals	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Repairs & Maintenance	7,677	6,908	(769)	30,295	30,295	0
Housing Management	11,496	10,616	(880)	44,481	43,509	(972)
Property Services	(0)	556	556	(0)	(0)	(0)
Other Expenditure	143	107	(36)	29,936	29,935	(1)
Total Expenditure	19,316	18,187	(1,129)	104,712	103,739	(973)
Rent & Other Income	(22,896)	(25,055)	(2,159)	(99,161)	(99,001)	160
Revenue Contribution to Capital Funding	0	0	0	0	0	0
Planned transfer from HRA Reserves	0	0	0	(5,551)	(5,551)	0
Total	(3,580)	(6,868)	(3,288)	(0)	(813)	(813)

HRA RESERVES

	Balance at 31 March 2023	Approved Movement in Reserves	Balance at 31 March 2024
	£'000	£'000	£'000
Set aside for business risks	(4,000)	(9,500)	(13,500)
Set aside to meet investment needs (as per HRA Business Plan)	(38,916)	29,947	(8,969)
Working balance	(1,500)	-	(1,500)
Total	(44,416)	20,447	(23,969)

Corporate Capital Budget Monitoring 2023/24 – Month 3

Appendix 4

	Outturn Report	Budget Adjustment incl Re- profiling	Qtr 1 Revised Budget	Actuals to Date	Forecast	Variance	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	%
General Fund							
Aspire & Achieve	20,970	0	20,970	1,324	20,970	0	0%
Best Start	2,890	0	2,890	259	2,890	0	0%
Independent	8,105	0	8,105	589	8,105	0	0%
Sustainable Economy	154,668	(120)	154,548	21,560	154,532	(16)	0%
Well	5,312	(124)	5,188	517	5,688	500	10%
Clean and Green	12,502	0	12,502	1,281	11,193	(1,309)	(10%)
Efficient & Effective	6,787	0	6,787	146	6,787	0	0%
GENERAL FUND TOTAL	211,234	(244)	210,990	25,676	210,165	(825)	0%
Housing Revenue Account							
Strategic Priorities	21,420	0	21,420	2,559	21,170	(250)	(1%)
Baseline	27,302	0	27,302	3,427	21,921	(5,381)	(20%)
HOUSING REVENUE TOTAL	48,722	0	48,722	5,986	43,091	(5,631)	(12%)
CAPITAL PLAN TOTAL	259,956	(244)	259,712	31,662	253,256	(6,456)	(2%)

Breakdown of Capital Budget Changes

Appendix 5

	£'000	£'000	£'000
Financial Outturn and Rollover Report Capital Budget			259,956
Increase in Grants/Contributions/Other			
Play Strategy S106 (BL)		9	
Re-profiling / Virements between Years			
General Fund:			
Sustainable Economy			
New Pupil Places (SP)	(120)		
Well			
Play Strategy (BL)	(133)		
Total Re-profiling		(253)	
Total Change in Budget			(244)
Q1 REVISED BUDGET			259,712
Change in Budget - Funding Breakdown:			
Borrowing		(120)	
Grant (Grants & contributions)		(124)	
Change in Budget			(244)

Key:

SP = Strategic Priorities

BL = Baseline

OP = One Off Projects

Prudential & Treasury Management Indicators Quarter 1 2023-24

The Council measures and manages its capital expenditure, borrowing and commercial and service investments with reference to the following indicators.

It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.

Capital Expenditure

The Council has undertaken and is planning capital expenditure as summarised below.

	2022/23 £m actual	2023/24 £m forecast	2024/25 £m budget	2025/26 £m budget
General Fund	116.9	204.5	176.3	151.5
Housing Revenue Account	27.1	43.1	56.5	54.1
Capital investments	2.2	5.7	1.8	0.0
Total Capital expenditure	146.2	253.3	234.6	205.6

The main General Fund capital projects to date have included spend on Highways baseline schemes, West Yorkshire plus Transport Schemes and Huddersfield Town Centre Action Plans. HRA capital expenditure is recorded separately and to date includes supporting a Council House Building programme and Housing Growth. The Council also incurred £2.2 million of capital expenditure on investment relating to service loans relating to town centre regeneration.

Capital Financing Requirement

The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP, loan repayments and capital receipts used to replace debt. The actual CFR is calculated on an annual basis.

	2022/23 £m actual	2023/24 £m forecast	2024/25 £m budget	2025/26 £m budget
General Fund	650.3	714.1	756.5	791.1
Housing Revenue Account	210.7	210.2	209.1	213.1
Capital investments	2.2	5.7	0.0	0.0
Total Capital Financing Requirement	863.2	930.0	965.6	1,004.2

The effect from the change in the accounting for leases has not yet been reflected in the CFR.

Gross Debt and the Capital Financing Requirement

Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Council has complied and expects to continue to comply with this requirement in the medium term as is shown below.

	2022/23 Actual £m	2023/24 forecast £m	2024/25 Budget £m	2025/26 Budget £m	Debt at 30.6.2023 £m
Debt (incl. PFI & leases)	695.5	738.4	748.0	788.4	698.0
Capital Financing Requirement	863.2	930.0	965.6	1,004.2	

Debt and the Authorised Limit and Operational Boundary

The Council is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year. In line with statutory guidance, a lower Operational Boundary is also set as a warning level should debt approach the limit.

	Maximum debt Q1 2023/24	Debt at 30.6.23	2023/24 Authorised Limit	2023/24 Operational Boundary	Complied
Borrowing	616.3	616.3	865.5	845.5	Yes
PFI and Finance Leases	81.7	81.7	82.8	77.8	Yes
Total debt	698.0	698.0	948.3	923.3	

Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. Total debt did not go above the operational boundary.

Net Income from Commercial and Service Investments to Net Revenue Stream

The Council's income from commercial and service investments as a proportion of its net revenue stream has been and is expected to be as indicated below.

	2022/23 actual £m	2023/24 forecast £m	2024/25 budget £m	2025/26 budget £m
Total net income from service and commercial investments	-1.3	-1.5	-1.8	-1.8
Proportion of net revenue stream	-0.4%	-0.4%	-0.5%	-0.5%

Proportion of Financing Costs to Net Revenue Stream

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue.

The net annual charge is known as financing costs; this is compared to the net revenue stream, ie the amount funded from Council tax, Business rates and general government grants.

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget
General Fund - Financing costs (£m)	21.4	25.3	44.9	49.3
General Fund – Proportion of net revenue stream (with reduced MRP)	6.6%	7.1%	13.1%	13.6%
General Fund – Proportion of net revenue stream	10.8%	10.9%	13.1%	13.6%
HRA – Financing costs (£m)	29.6	29.6	29.6	29.6
HRA - Proportion of net revenue stream	31.7%	29.8%	28.6%	28.5%

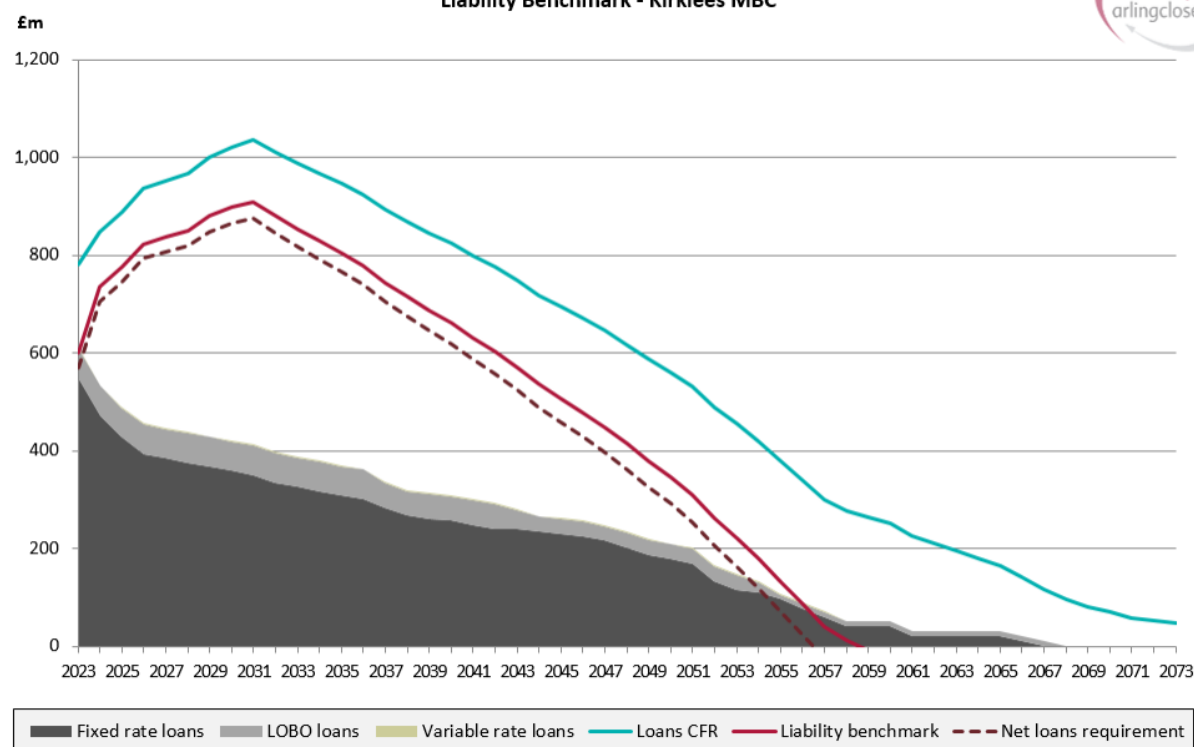
Liability Benchmark

This new indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £30.0m required to manage day-to-day cash flow.

	31.03.23 actual £m	31.03.24 forecast £m	31.03.25 forecast £m	31.03.26 forecast £m
Loans CFR	781.5	852.2	900.8	953.8
Less: Balance sheet resources	210.6	143.8	143.8	143.8
Net loans requirement	570.9	708.4	757.0	810.0
Plus: Liquidity allowance	30.0	30.0	30.0	30.0
Liability benchmark	600.9	738.4	787.0	840.0
Existing borrowing	613.8	534.4	489.9	455.6

Following on from the medium term forecast above, the long the long-term liability benchmark assumes capital expenditure funded by borrowing of £76 million in 2023-24, minimum revenue provision on new capital expenditure based on a 50 year asset life and reduction in balance sheet resources of £67 million.

Liability Benchmark - Kirklees MBC



The total liability benchmark is shown in the chart above together with the maturity profile of the Council's existing borrowing. The red line is the liability benchmark reaching a peak in 2032 highlighting the gap between current borrowing identified in grey, which is reducing over time with repayments, and the additional borrowing required to fund the capital plan.

Maturity Structure of Borrowing

This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	Upper limit	Lower limit	30.6.23 actual	Complied
Under 12 months	20%	0%	25%	No
12 months and within 24 months	20%	0%	6%	Yes
24 months and within 5 years	60%	0%	8%	Yes
5 years and within 10 years	80%	0%	6%	Yes
10 years and above	100%	20%	55%	Yes

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. LOBO options of £60 million have a potential repayment date during 2023-24 and have been included in the under 12 months line.

Long term Treasury Management Investments

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

	2023/24	2024/25	2025/26	No fixed date
Limit on principal invested beyond year end	n/a	n/a	n/a	n/a
Actual principal invested beyond year end	£10.0m	£10.0m	£10.0m	£10.0m
Complied	Yes	Yes	Yes	Yes

Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Interest Rate Exposures

Bank Rate rose by 0.75% during the quarter, from the prevailing rate of 4.25% on 1st April to 5% by 30th June.

For context, the changes in interest rates during the quarter were:

	31/3/23	30/6/23
Bank Rate	4.25%	5.00%
1-year PWLB certainty rate, maturity loans	4.78%	6.22%
5-year PWLB certainty rate, maturity loans	4.31%	5.71%
10-year PWLB certainty rate, maturity loans	4.33%	5.25%
20-year PWLB certainty rate, maturity loans	4.70%	5.36%
50-year PWLB certainty rate, maturity loans	4.41%	4.95%

Assessment of the level of the Council's General Fund Working Balance

1. Reserves are sums set aside to meet possible future costs where there is no certainty about whether or not the costs will actually be incurred. The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
2. When reviewing their medium term financial plans and preparing their annual budgets local authorities should consider the establishment and maintenance of reserves. These can be held for three main purposes:
 - a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
 - a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
 - a means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately but legally remain part of the General Fund.
3. Local authorities also hold other reserves that arise out of the interaction of legislation and proper accounting practice. These are reserves, which are not resource-backed and cannot be used for any other purpose. An example is the Revaluation Reserve which is a reserve that records unrealised gains in the value of fixed assets. The reserve increases when assets are revalued upwards, and decreases as assets are depreciated or when assets are revalued downwards or disposed of. Reserves of this type do not form part of the annual review of the adequacy of reserves.
4. Section 25(1)(b) of the Local Government Act 2003 requires the Director of Finance to report to the Council on the adequacy of the proposed financial reserves. Guidance is published by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the establishment and maintenance of local authority reserves and balances. The level and utilisation of reserves will be determined formally by the Council, informed by the advice and judgement of the Director of Finance.
5. In support of this requirement, and as part of the development of the budget for 2023/24, a risk assessment has been carried out to establish the minimum level of the General Fund Working Balance for Kirklees. Details of this assessment are provided below in **Table 1** which indicates that the minimum working balance should be **£15.0m**. At this level it represents c1.5% of the Council's gross revenue expenditure.

Table 1: Risk Assessment for General Fund Working Balance – 2023/24

Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
1,200	2,400	<p>Pay – the opening MTFP includes annual provision for a 2% pay award for 24/25 and 2% thereafter. 24/25 has been increased by 2% as part of the current MTFP update and the budget gap updated accordingly.</p> <p>As future pay awards within the MTFP period are not yet agreed, there is a risk of the current assumptions on pay being at variance to the budget as the pay claim received by the employees' side is often in excess of the budgeted provision. An increase of 1% in the annual pay award would result in an increased cost of £2.5m. The current pay offer is for another flat-rate in 2023/24 with a resulting pressure of £1.2m compared with budget.</p> <p>Assessment: Degree of risk / reserve needed: Low £0-1.2m Medium £1.2m High £1.2m-£2.4m</p> <p>Likelihood of risk occurring: Medium Minimum reserve needed: £1.2m</p>
1,000	2,000	<p>Prices – the budget assumes that, in the main, price inflation can be managed by Departments within a zero cash-limited increase or specific inflation allowances for designated expenditure (e.g. National Living Wage, Fuel, Utilities). During 2022/23, general inflation as measured by CPI increased significantly and remains at elevated levels. There is an expectation, according to the Bank of England, that it will start to fall during the second half of 2023 as the price of energy and imported goods are expected to fall. Equally, as a result of interest rate rises, demand for goods and services is expected to fall, which should mean prices of many things should not rise as quickly. Inflation contingency in central budgets only covers the waste contract and energy inflation.</p> <p>Assessment: Degree of risk / reserve needed: Low £750k Medium £1.0m High £2.0m</p> <p>Likelihood of risk occurring: Medium Minimum reserve needed: £1.0m</p>
1,000	2,000	<p>Litigation Claims – as the Council faces reductions in resources for future provision of services, there is an increased risk of litigation beyond that which would otherwise be covered by insurance arrangements.</p> <p>Assessment: Degree of risk / reserve needed: Low £1.0m Medium £2.0m High £3.0m</p> <p>Likelihood of risk occurring: Low Minimum reserve needed: £1m</p>

Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
1,000	2,000	<p>Income from Fees and Charges – With continuing impact of the cost of living crisis combined with a relatively benign outlook for economic growth, the Council's income streams may continue to be impacted. Whilst some budgets have been reduced to reflect more realistic income levels, it is the case that a number of services are also price sensitive and delivered in competition with other providers (e.g. trade waste / building control).</p> <p>Assessment: Degree of risk / reserve needed: Low £0.5m Medium £1.0m High £2.0m</p> <p>Likelihood of risk occurring: Medium Minimum reserve needed: £1.0m</p>
4,000	5,000	<p>Demand Led Pressures on Services – the most significant is likely to be the ongoing impact of the cost of living and how this could potentially create additional demand for Council services and/or place pressure on the Council's income.</p> <p>Both Adult and Children's Social Care can be subject to significant demand-led pressures. This can vary from one year to the next and both have been significantly impacted by post COVID 'bounce' and the continuing backlog of pressures in the Health Service, alongside recent increased costs for refugees (incl Ukraine).</p> <p>Both Housing and Council Tax Support may also come under pressure given the prevailing economy and associated risk of increasing unemployment due to both the cost of living crisis and the potential for a downturn in the economy. The Council spends c£60m on Housing Benefits whereas the cost of Council Tax Support (applied as a discount on council tax bills) is estimated at c£36m.</p> <p>Qualifying expenditure on Housing Benefit is <i>generally</i> matched by Government subsidy in full, however, an increase in, say, supported services (referred to below) at a lower rate of recovery, can increase the overall net cost to the Council.</p> <p>In recent years, the Council has experienced an increase in Supported Accommodation enquiries and applications. The rate of subsidy for this category of accommodation is 60% and not 100% if the landlord is not a Registered Social Provider. Notwithstanding, an estimate is provided in the budget, if this trend continues this additional provision will not be sufficient to cover the Council's financial risk exposure. Pressures over recent years and in current year are c £2m.</p> <p>Assessment: Degree of risk / reserve needed: Low £3.0m Medium £4.0m High £5.0m</p> <p>Likelihood of risk occurring: Medium Minimum reserve needed: £4.0m</p>
1,000	2,000	<p>Grant income – there is a risk that the MTFS is built on optimistic assumptions of income that may prove unsustainable over the life of the plan; especially assumptions on growth in Adults grant income.</p> <p>Assessment: Degree of risk / reserve needed: Low £0.5m Medium £1.0m High £2.0m</p> <p>Likelihood of risk occurring: Medium Minimum reserve needed: £1.0m</p>

Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
2,000	4,000	<p>Non-achievement of Savings – the scale of savings required by the Council to achieve a balanced budget in 2024/25 (and across the rest of the MTFS period) is such that it will require a fundamental shift in how the Council operates which may not be possible in the time available. Whilst arrangements are in place to manage the implementation of the savings it is recommended that additional cover be provided to mitigate the risk of some not being realised or implementation lead in times being longer. This recognises the amount of savings achieved since 2010 and the fact that decisions on budget savings may become increasingly difficult. It should be noted that this MTFP does not contain any future years where the core funding level of the Council is known, so increasing the degree of uncertainty within the budget assumptions made on high value budgets.</p> <p>Assessment: Degree of risk / reserve needed: Low £1.0m Medium £2.0m High £4.0m</p> <p>Likelihood of risk occurring: Medium Minimum reserve needed: £2.0m</p>
500	1,000	<p>Unforeseen / emergency expenditure – there is a risk that unexpected events may occur which require expenditure to be incurred or income to be foregone that has not been budgeted. Examples might include, adverse weather, flooding, business continuity linked to loss of key service/building (to the extent not covered by insurance)</p> <p>Assessment: Degree of risk / reserve needed: Low £500k Medium £1,000k High £1,500k</p> <p>Likelihood of risk occurring: Low (assuming Bellwin scheme would apply in certain cases) Minimum reserve needed: £500k</p>
1,000	2,000	<p>Unbudgeted borrowing costs – there is a risk that unbudgeted in-year financial losses are funded by a reduction in reserves. This may necessitate the Council having to undertake external borrowing at a time when interest rates are rising (as the Council cannot borrow internally). The interest cost of a £20m loan at 5% would be £1m per annum.</p> <p>Assessment: Degree of risk / reserve needed: Low £500k Medium £1m High £2m</p> <p>Likelihood of risk occurring: Medium Minimum reserve needed: £1m</p>
1,000	2,000	<p>Delay in repayment or default on loans made by the Council – there is a risk on loans made by the Council to third party organisations (including: 103 New Street £12.1m, KSDL £3.8m, Kirklees College £14m, all at 31.3.23) potentially resulting in the need to write off the loans, or to agree to extend loan repayment periods, with a resulting cashflow cost.</p> <p>Assessment: Degree of risk / reserve needed: Low £500k Medium £1m High £2m</p> <p>Likelihood of risk occurring: Medium Minimum reserve needed: £1m</p>

Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
0	1,000	<p>Changes in fair value of Council long-term investments – there is a risk that the deterioration in the capital value of the Council's investments (in the CCLA) that, without the statutory override, would otherwise have to be charged to the Council's revenue account. The cost on the initial investment was £10m.</p> <p>Assessment: Degree of risk / reserve needed: Low £0 Medium £1m High £2m</p> <p>Likelihood of risk occurring: Low Minimum reserve needed: £0m</p>
0	10,000	<p>Safety Valve Programme – there is a risk that if the savings on the High Needs Budget are not achieved in line with the requirements of the Safety Valve Agreement, it may be withdrawn and once the statutory override allowing Councils to carry the High Needs Budget deficit on the Balance Sheet (rather than charge it to revenue) expires, the Council will have to fund it. Depending on the scale of the deficit at the time, it would likely result in a s114 notice.</p> <p>Assessment: Degree of risk / reserve needed: Low £0m Medium £5m High £10m</p> <p>Likelihood of risk occurring: Low Minimum reserve needed: £0m</p>
0	1,000	<p>Receipt of Capital Resources/ Capital Plan Funding – the overall capital programme assumes a level of income from asset disposals / grants – as the timing of these can sometimes be uncertain it is sometimes considered prudent to set provision aside for additional revenue to help offset any shortfall if expenditure cannot be delayed.</p> <p>The current Capital Strategy reflects substantial levels of capital receipts each year to fund the capital programme (2023/24: £17.9m, 2024/25: £19.7m, 2025/26: £17.8m, 2026/27: £16m; 2027/28: £7.2m). Further borrowing or revenue contributions could be required in lieu of capital receipts being realised (unless other funding sources can be found or expenditure delayed), with the risk that further borrowing is not prudent, sustainable or affordable as required by the Prudential Code.</p> <p>Assessment: Degree of risk / reserve needed: Low £0k Medium £1.0m High £2.0m</p> <p>Likelihood of risk occurring: Low Minimum reserve needed: £0k</p>
0	3,000	<p>VAT- Partial Exemption (PE) – If the PE limits are breached there is a risk that c£3m could be potentially lost based on £60m input tax in 2022/23 (5% PE limit). Anything above that would depend on the VAT incurred on the project(s) that was the cause of the partial exemption breach. There is the possibility a breach could be managed through HMRC's averaging rules which looks at partial exemption over 7 years (which can be a combination of actual and forecast) – if the average over 7 years is less than 5%, repayment to HMRC is not required.</p> <p>Assessment: Degree of risk / reserve needed: Low £0m Medium £0m High £3m</p> <p>Likelihood of risk occurring: Low Minimum reserve needed: £0m</p>

Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
1,300	2,600	<p>Collection Fund –</p> <p>Business Rates: Given the volatility inherent in the current rates retention system and the regime's imminent overhaul, it is considered prudent to set aside a level of funding within the working balance to help manage the associated risks.</p> <p>Taking into account Collection Fund monitoring to date, the provisions made to cover the risk of appeals and bad debts and an amount held for the volatility in Business Rates, it is proposed to set aside a minimum amount for 2023/24. A 1% reduction in collection equates £0.5m for Business Rates.</p> <p>Council Tax: alongside potential shortfalls in new build projections in the Council Tax base there is an increased risk of bad debts as a consequence of the ongoing cost of living crisis. A 1% reduction in collection equates to £2.1m.</p> <p>Assessment: Degree of risk / reserve needed: Low £1.3m Medium £2.6m High £3.9m</p> <p>Likelihood of risk occurring: Low Minimum reserve needed: £1.3m</p>
15,000	42,000	Total

KEY CORPORATE RISK MATRIX

KCR 1	Financial Sustainability		Previous	Current
Risk Owner: CEO		Risk Type: Financial	20	20
<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>Q1 update: The continued criticality of delivery of the 2023/24 budget and identification of required savings for 2024/25 (and future years) remains an organisational priority. Whilst robust budget monitoring and governance regimes are in place, success will be measured through the delivery of the required outcomes. Budgetary challenges across future years are significant and the process to identify and realise the additional savings required is underway. The overall financial position remains vulnerable to uncontrollable variations to planning assumptions (e.g. interest rates, pay award, inflation). Note that those risks categorised as 'New' within this report have been included for the first time for visibility, and are not necessarily newly identified risks.</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 impact on the Council's ability to determine the 24-25 balanced budget	Director of Finance	3x5 = 15	3x5 = 15
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	Resilience tracking and an early start to the 24-25 budget process			
1.1.3	Forecasts reviewed and updated on a monthly basis with updated year end position			
1.1.4	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 income management teams			
1.1.5	Regular meetings and ongoing engagement as required between Service Directors and Finance, there are regular links to performance meetings, monitoring KPIs and contract compliance			
1.1.6	Internal Finance business meetings to share knowledge and best practice take place fortnightly			
1.1.7	Virements are used where appropriate to ensure budgets and spend are aligned accurately			
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	3x5 = 15	3x5 = 15
1.2.1	Agreed 5 year capital plan with 2 year savings plan and 3 year headline spend and income forecasts. HRA to deliver a balanced 30 year plan			

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			
1.2.4	Income assumption challenge and validation process in place with robust rationale for significant increase			
1.3	Risk of prolonged inflationary pressures 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	The risk of external intervention by DLUH (and subsequent required actions) which will impact on the Councils ability to deliver key services and investment priorities, increase borrowing costs and cause reputational damage	CEO	NEW	4x5 = 15
1.5.1	Delivery of identified savings, maximise income opportunities			
1.5.2	Deferral, reduction or removal of borrowing commitments to reduce capital requirements			
1.5.3	Prepare for DLUH intervention by engaging Members and Senior Officers, actively manage reputational impact			
1.5.4	Review of corporate objectives (Must do, Should do, Stop)			
1.6	The sustainability of the Housing Revenue Account (HRA) Business Plan in the context of a significant repair backlog, legislative obligations arising from Grenfell, remediation of DM&C issues and tightening regulatory framework	Director of Finance	NEW	3x5 = 15
1.6.1	Robust governance arrangements in place to ensure common understanding of and agreement to priority actions			
1.6.2	Review of the Business Plan and scenarios linked to asset data, stress testing of assumptions and participation in benchmarking activity			
1.6.3	Proposals for annual rent increase based on government formula and approved by Cabinet			
1.6.4	Annual rent return to regulator			

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1.6.5	Budget monitoring and review of the capital plan and savings requirements in line with the General Fund			
1.7	Demand pressures on key services such as Adults and Childrens Services result in unbudgeted additional costs that the Council does not have the financial capacity to meet	Director of Finance	NEW	3x5 = 15
1.7.1	Monthly budget monitoring to flag up any pressures and trends with services so that action can be taken			
1.7.2	Procurement of contract amounts to be linked to budgets, monitored and extensions / overspends to be reported through agreed governance			
1.7.3	Financial Procedure Rules, Contract Procedure Rules and Scheme of Delegation in place. Relevant training and briefings in place for appropriate staff.			
1.8	Risk that budget estimates are not considered robust	Director of Finance	NEW	3x5 = 15
1.8.1	2024-25 savings template proposals must detail assumptions and be supported by an achievable delivery plan			
1.8.2	Challenge sessions at relevant SLT and ET meetings to validate assumptions and estimates			
1.8.3	Budget proposals are validated by internal audit			
1.9	Risk that the Capital Programme is not sustainable due to either reliance on borrowing at a time of rising interest rates, or reliance on capital receipts from asset disposals that are not guaranteed	Head of Commercial Finance	NEW	4x5 = 20
1.9.1	Review of Capital Plan with Defer / Stop as potential outcomes			
1.9.2	Council Corporate Property Strategy has identified an initial register of surplus property, which is not required to support organizational delivery requirements			
1.9.3	Oversight of the Corporate Property Strategy is provided by the Corporate Property Board with assurance of progress and review of issues and risks	Corporate Property Board to be established		
1.10	Risk that Council reserves are utilised to such an extent that action is required to return them to adequate levels and / or that the Council is forced to seek funding externally with rising borrowing costs	Head of Commercial Finance	NEW	4x5 = 20
1.10.1	Review of Corporate Plan to identifying activity that can be stopped / reduced			
1.10.2	Review of Capital Plan with Defer / Stop as potential outcomes			
1.10.3	Proposals for budget savings in 2024-25 are currently being developed prior to review and agreement by ET	1 st submission of proposals due by 19 th July		
1.11	The risk of delay in repayment or default of loans that the Council has entered into with third party organisations due to poor lending decisions and / or deterioration in market conditions leading to write offs	Head of Accountancy	NEW	3x5 = 15
1.11.1	Annual review of the position relating to in scope loans and a provision made for any forecast loss			
1.12	The deterioration in the capital value of the Council's investments that, without the statutory override, would otherwise have to be charged to the Council's revenue account	Head of Accountancy	NEW	3x5 = 15
1.12.1	Regular monitoring of the investments in place and a provision set aside to provide for any potential loss			
1b ER	Safety Valve Commitments (Funding to support SEND transformation activity)	SD Children & Families	Raised: July 22	
1c ER	Identification of Budget Savings	CEO	Raised: Jan 23	
1d ER	Kirklees Apprenticeships for All	SD Growth & Regeneration	Raised: July 23	

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KCR 2		Effective Governance	Previous	Current	
Risk Owner: SD Corporate Strategy, Commissioning & Public Health		Risk Type: Compliance / Legal / Reputational	9	9	
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.					
Q1 Update: Effective stakeholder management and member engagement, as well as transparent and realistic assessment of the expected and potential impacts of decisions on council services and more broadly on residents, communities and businesses is required to ensure the optimum outcomes are delivered against the Councils 2023/24 and 2024/25 budget strategies. The external auditors are giving public indication of these issues, which are also reflected in the draft Annual Governance Statement. It is crucial that the control environment continues to operate effectively and focus on budget challenges does not weaken the assurance framework.					
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		Reminder email issued Feb 2023		
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.				
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	Information Governance Policy and Strategy in place and regularly reviewed through appropriate governance				
2.2.2	Information Governance Board in place to provide oversight of IG issues and risks				
2.2.3	Comprehensive mandatory training in place required to be completed by all members of staff. Completion rates monitored through Information Governance Board (IGB)				

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2.2.4	Reference material available via the Intranet (eg. Quick guides developed) and regular drop-in sessions to access expert guidance			
2.2.5	Online reporting functionality for information security incident.			
2.2.6	Procurement documentation (eg. Business Case, Contract Award Notification <£25k, IT Systems Assessment) requires assessment of IG risk to be considered.			
2.2.7	Undertake a review of current process for completing due diligence of third parties cyber security controls when entering into data sharing agreements	Transferred from 7.1.6 as action requires IGB oversight		
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	Anti-Fraud, Bribery & Corruption Policy in place and reviewed regularly through approved governance.	Approved Dec 2022		
2.4.2	Fraud Risk Forum meets quarterly to review risks and issues.	First meeting Q1 2023		
2.4.3	Introduction of organisation wide Fraud training			
2.4.4	Fraud team in place to advise on fraud risk areas and investigate where there is evidence of fraud			
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 SD Skills & Regen	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			
2c ER	Senior management transition	CEO	Raised: April 23	

KCR 3		Statutory Obligations		Previous	Current	
Risk Owner: Chief Executive			Risk Type: Legal / Compliance		16	16
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.						
Q1 update: Whilst the council’s statutory obligations are ringfenced and prioritised in the current review of corporate budgets and objectives, there is a requirement is to think differently about how these services are delivered. Special Educational Needs & Disability (SEND) provision and Adult Social Care services continue to experience high levels of demand with increasing complexity in the cases that are being managed. Whilst robust plans are in place and delivery is underway to increase capacity these are long term projects with limited ability to influence current pressures.						
Sources of risk and Mitigating controls / actions				Responsible Officer	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	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					
3.2	Failure to complete adequate assurance where responsibility to deliver statutory obligation has been [transferred] to external organisations			CEO / ET	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	4x5 = 20	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.					

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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)		
3.5	Inability to maintain sufficient SEND provision due to lack of capacity within services, lack of existing local provision, increases in demand led services, increasing costs and increasing complexity in clients' needs	SD Childrens & Families	4x4 = 16 4x4 = 16
3.5.1	SEND Transformation will address the lack of specialist education provision through: 1) the rebuild of two existing Special Schools 2) expanding Additionally Resourced Provision 3) creating special school Satellite Provision 4) Refreshing the Alternative Provision offer		
3.5.2	Safety Valve funding agreement planned to eliminate cumulative deficit in DSG by year end 26/27, enhanced monitoring and support now in place to ensure delivery	See Emerging Risk 1b	
3a	Market Sustainability and Fair Cost of Credit Fund	SD Adults & Health	Raised: April 22
3b	Revised CQC regulatory framework	SD Adults & Health	Raised: Jan 23
3d	Office for Local Government (OfLog)/ Government Grant & Inspection Regimes	Chief Executive	Raised: Jan 23

KCR 4		Third Party Relationship Management	Previous	Current	
Risk Owner: Chief Executive		Risk Type: Operational / Reputational / Financial	12	12	
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.					
Q1 Update: Widespread supplier failure anticipated due to the challenging economic environment has not materialised and focus is now shifting to ensuring robust contract management processes are in place and adhered to. Engagement with suppliers and partners will be critical as the council is required to reduce spend with third parties and ensure remaining spend delivers value for money and against the agreed outcomes. We continue to anticipate increased completion to secure funding from external funding pots due to widespread budgetary constraints amongst public authorities, locally and nationally.					
Sources of risk and Mitigating controls / actions			Responsible Officer	Previous	Current
4.1	Risk that the Council agrees contracts with suppliers / commissioned service providers that either do not meet the requirements of the council, or do not maximise the economic, social and environment benefits that procurement can bring		Head of Procurement	3x5=15	3x5 = 15
4.1.1	Procurement Strategy 2022-2026 and associated 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				
4.1.2	Contract Procedure Rules regularly reviewed, communicated and adhered to				
4.1.3	Adherence to procurement processes, including the agreed governance framework, to ensure the risks associated with approvals are documented and escalated appropriately				
4.1.4	Rules to prevent / limit reliance on single suppliers and contracting with firms that derive large proportions of their business from the public sector.				
4.1.5	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.				
4.1.6	Instigate early consultation with existing suppliers about arrangements to be followed at the end of existing contractual arrangements				
4.2	Risk that suppliers do not provide goods / service in line with contractual agreement due to lack of robust oversight and governance arrangements leading to delays, requirement to re-contract, possible legal costs and potential reputational damage		All contract managers	2x4 = 8	3x4 = 12
4.2.1	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				

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4.2.2	Ensure contractual documentation includes sufficient clarity on specifications.			
4.2.3	Ensure outcome measures / Key Performance Indicators to monitor performance are agreed pre contract completion			
4.3	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: <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 	CEO / ET	4x3=12	4x3 = 12
4.3.1	Maintain senior officer engagement eg, Strategic Director currently Chair of 'Directors of Development' group,			
4.3.2	Ensure that Kirklees are represented on all relevant boards and relevant officer groups with appropriate briefing			
4.3.3	Ensure effective use of WY Chief Executives and WY Leaders groups to escalate issues / concerns			
4.3.4	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			
4.3.5	WY ICB Monthly meeting attended by senior officers (CEO, SD Adults & Health and Director of PH)			
4.4	A failure by an associated party creates financial or reputational issues for the council	CEO / SD Governance & Commissioning	3x3 = 9	3x3 = 9
4.4.1	Adequate monitoring of activities of associated parties			
4.4.2	Robust and task-based approach to selection of appropriate persons to act in governance roles within those organisations			
4.4.3	Clear governance of decision making, including approval by Cabinet where agreements in principle on way forward has been reached			
4a ER	Associated Parties	SD Growth & Regeneration	Raised: July 22	
4b ER	Third Party data breach	SD Governance & Commissioning	Raised: April 23	

KCR 5		People Management	Previous	Current	
Risk Owner: SD Corporate Strategy, Commissioning and Public Health		Risk Type: Colleague / Operational	20	20	
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.					
Q1 Update: We continue to operate in a challenging labour market with pressure from external factors however procedures are in place to identify and unlock council wide opportunities and ensuring recruitment activity is aligned with budget requirements. Managing through a period of change presents additional challenges and will require strong and empathetic leadership in line with the Council values throughout the organisation. In addition, the work on Workforce Strategy is now well underway with central support being provided to teams across the Council to identify “Critical roles” and work on succession planning. People Services are also linked into the Budget Delivery Group (BDG) and there is routine HR involvement in risks associated with Council wide change. Staff retention remains an issue with factors such as uncertainty and senior management change having an unsettling affect.					
Sources of risk and Mitigating controls / actions			Responsible Officer	Previous	Current
5.1	Failure to attract / recruit / retain staff to meet the demands of the organisation due to significant broader labour market challenges, expectations relating to pay & reward and national / regional shortages in some specialist areas leading to increased costs if agency / contracted staff are required and implications for operational service delivery.		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 Other elements now BAU for essential roles		
5.1.3	Embedding flexibility into the recruitment process where possible and responding to changing candidate expectations. Eg. Application form has been further simplified.		In place and condiate experience excellence recognised through award shortlisting		
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)		BAU. People Panel commitment to champion support into emplyment intitatives		
5.1.5	Refreshed People Strategy now in place, with regular monitoring of workforce data at ET and SLTs, introduction of dashboards and lead and lag indicators across People Services		Ongoing – monthly reporting in place		
5.1.6	Appropriate oversight and scrutiny in place through updates provided to Personnel Committee and Corporate Scrutiny Panel, specifically on recruitment and retention challenges		Ad hoc. Report 26/6 on workforce challenges in Planning		
5.1.7	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.		Capacity and appetite more limited through current essential only recruitment		
5.1.8	Piloting workforce planning approaches and benchmarking. Development of a workforce planning approach to consider long term plans as well as short term solutions;		WFP team working with most council services		
5.1.9	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		12mth review of MyLearning to take place July/August		

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		Increase in take-up of My Space following F/F workshops for front-line staff as part of digital Upskilling project	
5.1.10	Review and monitor use of market rate/retention supplements	Full review to take place in October	
5.1.11	Focus on Mental Health Awareness, including stress, with promotion of Wellbeing surveys, Wellbeing network and dedicated support service	Pilots underway as part of People Strategy phase 2	
5.1.12	Revitalising exit interviews and developing 'stay' interviews to drive understanding	Pilot activity underway – anticipate summer launch	
5a ER	Potential for industrial action	SD Governance & Commissioning	Raised: July 22
5b ER	Organisational capability	SD Governance & Commissioning	Raised: Jan 23

KCR 6		Safeguarding	Previous	Current	
Risk Owner: SD Children & Families and SD Adults & Health		Risk Type: Reputational	12	12	
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.					
Q1 update: As previously noted whilst controls and embedded procedures continue to work effectively there remains an elevated risk to compliance with statutory safeguarding duties due to demand pressures, temporary capacity issues and complexity of casework (e.g. relating to self-neglect cases). Additional assurance is put in place where operations outside of standard internal procedures are approved on a temporary basis.					
Sources of risk and Mitigating controls / actions			Responsible Officer Target Date	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	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.		Insufficeint capacity to meet demand has resulted in use of unregulated provision. Volumes are decreasing and additional assurance operated throughout placement		
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	3x4 = 12	3x4 = 12

6.2.1	The Safeguarding front door and the social care hubs regularly review back logs, and the level of complexity, prioritising cases to ensure people are safe.			
6.2.2	Escalation process in place through the Safeguarding Service Manager where there may be unmitigated risk and/or media interest			
6.2.3	The teams are currently working on a risk basis and triaging/monitoring cases			
6.2.4	Staff access training appropriate to their role			
6.2.5	Regular supervision is in place where caseloads are discussed, and actions set.			
6.2.6	A peripatetic team has been developed to support with peaks in demand i.e. care home closures.			
6.2.7	Recruitment and retention issues are managed through recruitment drives, rolling adverts, and a review of social work grades.			
6.2.8	The self-neglect policy and pathway has been reviewed and is in use. Self-neglect cases are being managed through the multi-agency risk escalation conferences			
6.2.9	Adult's representation on all strategic and operational groups related to safeguarding (such as; Prevent, Domestic Abuse and Modern Day Slavery)			
6.2.10	Person in Position of Trust (PIPOT) process in place			
6.2.11	Completion of the development of the Corporate Safeguarding Policy (approved by Cabinet March 2022) has resulted in raised awareness			
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	The 2022 JTAI inspection observed there is a well embedded strategic partnership approach to CSE & CCE. This focus has enabled the historical childcare management practice issues to be addressed.			
6.3.3	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.			
6.3.4	Risk matrix and risk management approach implemented with the police and partners.			
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	Service users currently in receipt of support through temporary provision delivered by third party		

KCR 7	Resilient Operational Processes		Previous	Current	
Risk Owner: SD Corporate Strategy, Commissioning & Public Health		Risk Type: Operational	15	12	
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.					
Q1 Update: Work continues on an ongoing basis to ensure the Council’s defences are operating effectively to identify, prevent and recover from any hostile cyber activity. The external environment threat level remains high and we continue to review and take learnings from impacted organisations, updating our control framework as required. Note that reduction in score does not indicate a reduction in cyber security risk level, risk scoring has been moderated and adjusted to reflect most likely scenario, rather than worst case outcome. Management of Health & Safety continues to be well controlled.					
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	4x4 = 16
7.1.1	Documented and approved Cyber Strategy		Implementation of all actions complete		
7.1.2	Penetration tests and PSN accreditation is maintained 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	Access to core systems restricted through Privileged Access Management				
7.1.5	Adherence to NCSC guidance				
7.1.5	Controls validated on a regular basis through industry benchmarking and review by external auditors.		All actions identified through Grant Thornton review completed		
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)		Action transferred		
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	3x4=12	3x4 = 12
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 Health Protection	2x4=8	2x4 = 8
7.3.1	Regular monitoring through Health and Safety Oversight Board			
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	The Council's online accident and incident reporting system (Claim Control) is embedding will be able to provide statistical information to managers at agreed intervals.			
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 8Climate Change		Previous	Current	
Risk Owner: SD Environment Strategy & Climate Change		Risk Type: Operational / Reputational		
		12	12	
Failure to consider and adequately respond to Climate Change (emission reduction and resilience building) both at an immediate operational level and as longer-term strategic risk, resulting in not achieving our 2038 target of ‘Net Zero and Climate Ready” and 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.				
Q1 Update: Progress continues to be made on the Environmental Sustainability Strategy and the prioritisation of actions agreed as part of the Climate Change Action Plan. The need to identify further budget savings is expected to have an impact on the extent to which climate adaptations and mitigations can be prioritised in the short term. We continue to use external organisations to benchmark our activities.				
Sources of risk and Mitigating controls / actions		Responsible Officer Target Date	Previous	Current
8.1	Failure to become “climate ready by 2038” by identifying, prioritising and implementing adaptation measures resulting in low levels of climate change resilience.	SD Environment Strategy & CC	3x5=15	3x5 = 15
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 to integrate best-practice climate and environmental considerations into all council decision-making as business as usual.	Council approval due late 2023		
8.1.5	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	Risk that our ‘net zero by 2038’ climate commitment is 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		

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8.2.4	Establish Climate Change Board to track progress against the CCAP	Established in 2022
8.2.5	Place based prioritisation of actions outlined in the climate change action plan through stakeholder engagement	Summer 2023, engagement completed, and the findings are being written up.
8.2.6	Development of business cases for the priority actions identified by the place-based prioritisation process (dependent on obtaining necessary external funding)	Mid 2024 subject to financial support for developing the business cases.
8.2.7	Delivery and implementation of the businesses cases that require Council ownership	Mid 2024 subject to financial support for developing the business cases.
8.2.8	Ongoing Monitoring & Evaluation, with annual reporting of progress to CDP and implementing a 3-yearly reporting process for our CCAP once V2.0 is published.	Annual CDP Reporting – July 2023 CCAP reporting due to commence mid 2024
8.2.9	External funding bids continue to be submitted and alternative sources of funding are applied for where available.	Ongoing

KCR 9		Community Wellbeing & Resilience	Previous	Current	
Risk Owner: SD Adults & Health		Risk Type: Operational / Reputational	16	12	
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.					
Q1 update: Continued working with communities, shaped by the Inclusive Communities Framework, to build resilience and ensure early indicators of increasing tension (for various reasons) are recognised and responded to appropriately. Robust monitoring and oversight with partner organisations is in place with clear escalation processes if required. Cost of Living interventions are embedded and we are seeking to expand provision where opportunities arise.					
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	4x4=16	4x3=12
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.		Overall risk rating for risk 9.1 reduced based on the monitoring and oversight processes that are in place		
9.1.2	Weekly tensions monitoring (tactical threat) meetings are held with all relevant partners – these can quickly switch to daily if required. Escalations are reported into Police Silver and via Safer/EP internally dependent on issue. Silver/Gold groups in place for oversight.				
9.1.3	Prevent Action Plan addresses community engagement, critical thinking and ideological issues and seeks to mitigate risk		Results from Home Office evaluation of Prevent Duty performance indicates that all statutory duties are being met or exceeded		
9.1.4	Channel Panel process is subject to ongoing self-assessment, internal audit review and external assurance by the Home Office		Chanel Panel received maximum score in above HO evaluation		
9.1.5	Implementation of the Inclusive Communities Framework to build resilience to extremist narratives, ensuring people feel listened to and that they belong		Annual report on progress and summary recommendations submitted to the Communities Board		
9.1.6	The Cohesion Team engage with communities and enable opportunities for communities to build relationships and mix to counter extremist narratives				
9.1.7	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		
9.1.8	Assurance processes re ensuring appropriate understanding associated with the use of public and client access to the internet (terrorism and extremism related)				
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		Head of Policy, Partnerships &	4x4=16	4x3 = 12

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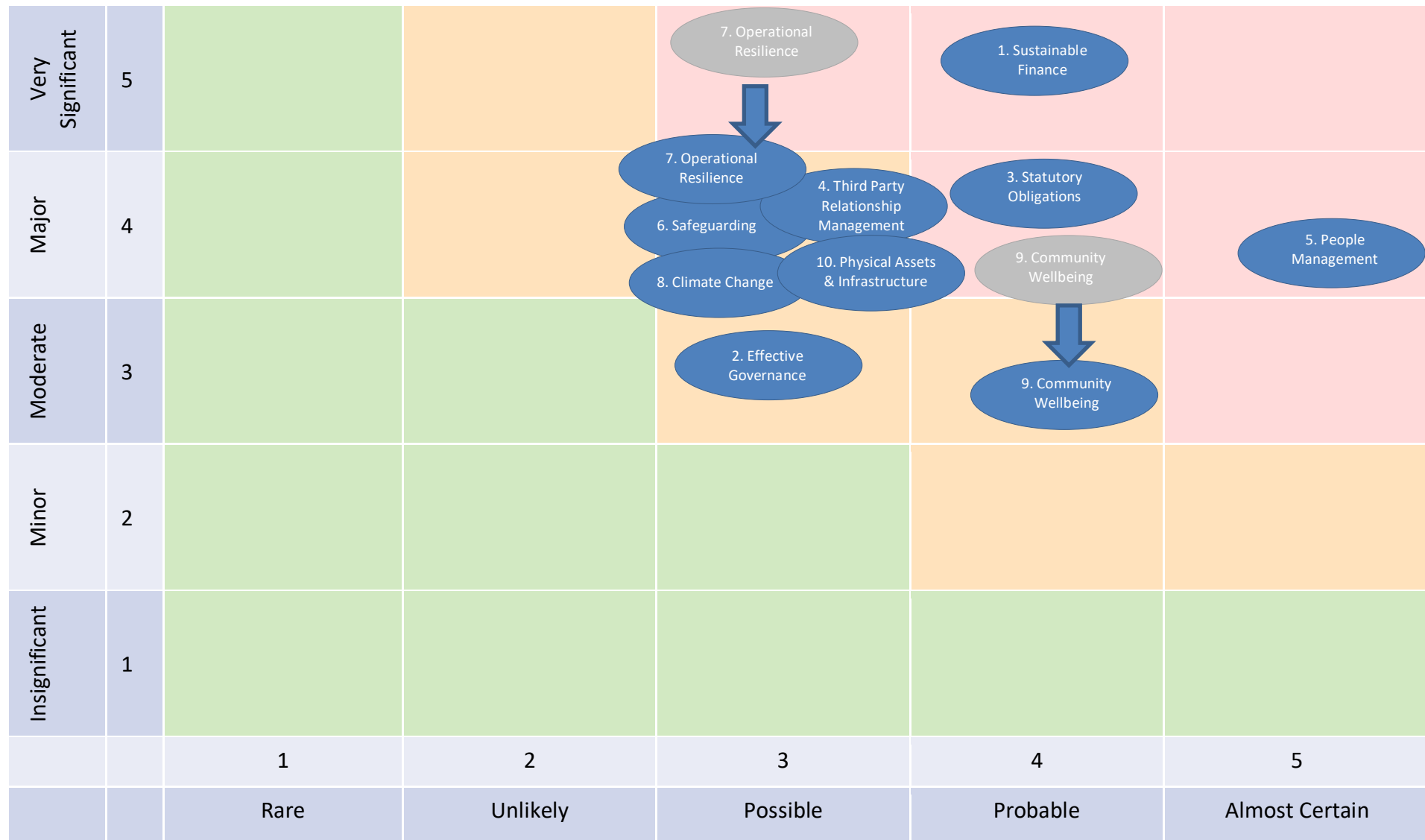
	council service. Impact on the voluntary sectors may reduce their ability to support communities, with a consequent impact on the council.	Corporate Planning, Head of Improving Population Health	 
9.2.1	Interventions and support put in place to mitigate some of the effects of the Cost of Living crisis 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 meeting reduced to monthly. Majority of workstreams reporting GREEN	
9.2.2	Priority 1: Emergency response with focus on direct support for people already in crisis <ul style="list-style-type: none"> - Communications - Access to Support for residents - Housing Services - Support for and from businesses - Working with the third sector to understand place based and community impact of COL. 	Ongoing administration of the Household Support Fund 4 to residents.	
9.2.3	Priority 2: Building resilience within and across our communities <ul style="list-style-type: none"> - Community Response - Community Power 	Continue to nurture new community groups and support established groups with funding applications, volunteer recruitment etc...	
9.2.4	Priority 3: Preventative action to address medium-long term challenges <ul style="list-style-type: none"> - Economic Strategy & Long term recovery - Working, Volunteering, Participating, Aspiring - National & Regional Lobbying 		
9b ER	Adult Social Care & hospital discharge procedures	SD Adults & Health	Raised: April 22
9e ER	Housing stock availability	SD Growth & Regeneration	Raised: Jan 23

KCR 10	Physical Assets and Infrastructure		Previous	Current
Risk Owner: SD Growth & Regeneration		Risk Type: Compliance / Reputational	12	12
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.				
Q1 Update: Review and revisions to Asset Strategies covering the Council’s Corporate and Residential property portfolios are progressing in line with planned deliverables. Focus will now move to effective prioritisation, ensuring that the financial impacts of required remedial activity and ongoing stock maintenance programmes are well understood and are balanced with the obligation to meet statutory requirements.				
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 manages corporate compliance with statutory regulations and other guidance including ongoing management of building compliance risks, with escalation to the Health & Safety Oversight Board	Next meeting: November 23		
10.1.2	Compliance testing matrix in place identifying sources of risk, test requirement as detailed in legislation and test frequency			
10.1.3	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.			
10.1.4	Approved Asset Strategy in place	Asset Strategy under review (Q4 22-23)		
10.1.5	Procurement and integration of new asset management database to monitor and report our asset management activity	Ongoing into 2023, implementation targeted for Q4 23-24		
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			
10.2	Exposure to increased liabilities arising from residential property ownership and management, focussing on the 6 components of building safety (fire, asbestos, gas, electric, water, lifts) and latterly DMC (Damp, Mould and Condensation)	Head of Assurance	3x4 = 12	3x4 = 12
10.2.1	Building Safety Assurance Board (Housing) established to provide oversight of controls and governance in place, reporting into the Housing Improvement Board and the Health & Safety Oversight Board			
10.2.2	There are regular programmes of inspection and re-inspection for all six-building safety workstreams including asbestos and water hygiene, whilst the work on strengthening processes and data integrity is supporting a stronger internal framework of assurance.	Third party appointed to validate integrity of building safety compliance data and develop Landlord Compliance Data Management Plan		
10.2.3	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			
10.2.4	For Fire Risk Assessment (FRAs) remedial actions, completion of every high priority action is tracked and those to high rise blocks notified to the Regulator. We remain on target to complete the outstanding high risk remediation actions in line with agreed timetable. The low and medium rise FRA actions are currently at the early stages of contract negotiation.	March 2024 overall completion date for high priority actions. Full programme completion by 28-29		

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10.2.5	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	Asset Strategy and supporting action plan on track for completion during Q2 23-24	
10b ER	Damp, Mould & Condensation Strategy	SD Homes & Neighbourhoods	Raised: Jan 23

RISK HEAT MAP & SUMMARY Q1 2023/24



Where Risks have changed probability and / or impact score their previous position is shown by the grey circle

		Previous quarter	Current quarter	Drivers of change
KCR 1	Sustainable Finance	20 (5x4)	20 (4x5)	The continued criticality of delivery of the 2023/24 budget and identification of required savings for 2024/25 (and future years) remains an organisational priority. Whilst robust budget monitoring and governance regimes are in place, success will be measured through the delivery of the required outcomes. Budgetary challenges across future years are significant and the process to identify and realise the additional savings required is underway.
KCR 2	Governance Frameworks	9 (3x3)	9 (3x3)	Transparent and realistic assessment of the expected and potential impacts of decisions for residents, communities and businesses is required to ensure the optimum outcomes are delivered against the Councils 2023/24 and 2024/25 budget strategies. The external auditors are giving public indication of these issues, which are also reflected in the draft Annual Governance Statement.
KCR 3	Statutory Obligations	16 (4x4)	16 (4x4)	Whilst the council's statutory obligations are ringfenced and prioritised in the current review of corporate budgets, there is a requirement to consider different service delivery options. SEND provision and ASC services continue to experience high levels of demand with increasing complexity in the cases that are being managed.
KCR 4	Third Party Management & Oversight	12 (3x4)	12 (3x4)	Widespread supplier failure anticipated due to the challenging economic environment has not materialised and focus is now shifting to ensuring robust contract management processes are in place and adhered to. Engagement with suppliers and partners will be critical as the council is required to reduce spend with third parties and ensure remaining spend delivers value for money and against the agreed outcomes.
KCR 5	People Management	20 (5x4)	20 (5x4)	Managing through a period of change presents additional challenges and requires strong and empathetic leadership. Workforce Strategy is now well underway with support being provided to identify "Critical roles" and work on succession planning. People Services are linked into the Budget Delivery Group (BDG). Staff retention remains an issue with factors such as uncertainty and senior management change having an unsettling affect.
KCR 6	Safeguarding	12 (3x4)	12 (3x4)	As previously noted whilst controls and embedded procedures continue to work effectively there remains an elevated risk to compliance with statutory safeguarding duties due to demand pressures, temporary capacity issues and complexity of casework. Additional assurance is put in place where operations outside of standard internal procedures are approved on a temporary basis.
KCR 7	Operational Resilience	15 (3x5)	12 (3x4)	The external cyber security threat level remains high and we continue to review and take learnings from impacted organisations, updating our control framework as required. Note that reduction in score does not indicate a reduction in cyber security risk level, risk scoring has been moderated and adjusted to reflect most likely scenario, rather than worst case outcome.
KCR 8	Climate Change	12 (3x4)	12 (3x4)	Progress continues to be made on the Environmental Sustainability Strategy and the prioritisation of actions agreed as part of the Climate Change Action Plan. The need to identify further budget savings is expected to have an impact on the extent to which climate adaptations and mitigations can be prioritised in the short term.
KCR 9	Community Wellbeing	16 (4x4)	12 (4x3)	Continued working with communities, shaped by the Inclusive Communities Framework, to build resilience and ensure early indicators of increasing tension (for various reasons) are recognised and responded to appropriately. Robust monitoring and oversight with partner organisations is in place with clear escalation processes if required. Cost of Living interventions are embedded and we are seeking to expand provision where opportunities arise.
KCR 10	Physical Assets & Infrastructure	12 (3x4)	12 (3x4)	Review and revisions to Asset Strategies covering the Council's Corporate and Residential property portfolios are progressing in line with planned deliverables. Focus will now move to effective prioritisation, ensuring that the financial impacts of required remedial activity and ongoing stock maintenance programmes are well understood and are balanced with the obligation to meet statutory requirements.

Quarter 1 Budget Monitoring – Service Variances

Service Variances					
+£7.368m	+£2.099m	+£2.378m	+£2.188m	+£3.757m	+£2.545m
Children and Families	Adults and Health	Environment and Climate Change	Growth and Regeneration	Corporate Strategy, Comms and PH	Central Budgets
Education Psychology/SEND ACT £300k	Increased activity on Independent Sector Home Care £1.1m	Licensing Income shortfall +£200k	Overspend on Corporate Landlord of £638k due to building running and maintenance costs (£338k) and shortfall in savings (£300k)	Overspend in IT due mainly to inflation +£986k	Additional Debt Charges £2.500m
Success Centres (Maths/Speech/Reading) +£100k	Overspend on Self-Directed Support of £800k	Schools Transport overspend +£200k		Housing Benefit Subsidy loss +£2.5m	
Strategic Leadership in Education +£600k	Increase volumes in Residential and Nursing Placements +£500k	Highways Maintenance overspend +£200k	Assets and Estates overspend of £163k		
Children's Disability Service Placements £678k		Overspend on Transport due to aging fleet, fuel costs etc +£400k	Business and Economy overspend due to unfunded contribution to LEP of £78k		
Looked After Children and Care Leaver Service £1.4m		Shortfall in income and Food Price Inflation for Catering +£500k	Shortfall in income from Planning and Building Control +£1.2m		
Overspend of £529k on Commissioned Services		Shortfall in income in Town Halls and Public Halls +£400k			
External Residential Placements overspend of £3.2m due to price and volume increases					