

Name of Meeting: Cabinet / Council

Date: 6th / 13th September 2023

Title of Report: Council Budget Strategy Update: 2024/25 and future years

Purpose of Report

To determine the Cabinet’s approach to the annual update of the Council’s Medium Term Financial Plan (MTFP). This is reported to Full Council each year and sets a framework for the development of draft spending plans for future years by Officers and Cabinet.

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 Council's Forward Plan (key decisions and private reports)?	Key decision - Yes
The Decision - Is it eligible for “call in” by Scrutiny?	
Date signed off by Strategic Director & name	Rachel Spencer-Henshall – 29 th August 2023
Is it also signed off by the Service Director for Finance	Dean Langton – 29 th August 2023
Is it also signed off by the Service Director – Legal, Governance & Commissioning ?	Julie Muscroft – 29 th August 2023
Cabinet member portfolio – Finance and Regeneration	Cllr Graham Turner

Electoral wards affected: All

Ward Councillors consulted: All

Public or private: Public

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

1. SUMMARY

- 1.1 Under the Council's Constitution, the Cabinet is required to submit a provisional Budget Strategy Update to the Council no later than October in each year. Commonly known as the Medium Term Financial Strategy (MTFS), this report sets out a framework for the subsequent budget setting process and future financial planning.
- 1.2 At the meeting of the Council on 8th March 2023, the Council approved its Budget for 2023/24. As part of this, approval was also given to the MTFS for the period to 2027/28. The MTFS sets out the Council's financial plans detailing income and expenditure over the medium term. Acknowledging that the Council is operating in a dynamic environment and that the assumptions underpinning the MTFS are subject to change, it is good practice to review and update the Strategy on a regular basis to ensure that the Council has a good understanding of its forward financial forecasts and to support planning for the development of the budget in 2024/25 and subsequent years.
- 1.3 The update to the MTFS is also necessary in the context of the Council's provisional outturn for 2022/23, reported to Cabinet in June 2023 (and subsequently to Council in July 2023) and the Quarter 1 Budget Monitoring position for 2023/24 reported to the last meeting of Cabinet. As the Cabinet is aware, the provisional outturn position on the Council's General Fund Revenue Budget was an overspend of c£27m; some of the factors that contributed to that position have continued into 2023/24 and the latest monitoring position indicates the Council is forecast to overspend by £20.3m.
- 1.4 Should the forecast outturn position for 2023/24 be sustained until the year end, the Council's Unallocated Reserve will fall to an inadequate level. Consequently, action has been taken to reallocate Earmarked Reserves into the Unallocated Reserve so that the Council has a Minimum Working Balance of at least £15m. This means that for the purposes of planning the budget for 2024/25, there is no scope to use reserves and any funding gap must be bridged by reductions in the Base Budget, whether that is less expenditure, more income or a combination of the two.
- 1.5 In response to the forecast outturn for 2023/24, a series of mitigating measures have been put in place to reduce the Council's net expenditure. At the same time, a review of the Council's Capital Programme is underway. These actions are being implemented in the context of the Council Plan priorities so that the Council's activities continued to support the delivery of services towards the shared outcomes set out in the Plan.
- 1.6 There is a forecast deficit on the Medium Term Financial Plan of £57.9m by 2028/29 with the most immediate issue being a funding gap in 2024/25 of £47.8m. This is partly caused by the continuation of the overspend in 2023/24 as a result of the continuing impact of the cost of living on the Council, shortfalls in income and rising demand pressures particularly in Children's Services.

- 1.7 In view of this significant funding deficit, the Council must identify ways a sustainable budget can be agreed at the earliest opportunity. Given the significant reduction in reserves over recent years, and the reallocation of Earmarked Reserves to the Unallocated Reserve, there is also a need for the Council to ensure it can maintain an adequate Minimum Working Balance and start to build back reserves to provide the Council with financial resilience and capacity.
- 1.8 It is important that the development of the MTFs is undertaken in the context of the Council Plan. At the last meeting of Council, Councillors approved the Council Plan which provides an extension to the current Council Plan 2021/23. It sets out the ongoing commitment to a vision and shared outcomes but in the context of the economic and financial challenges currently facing the Council and the Borough. The four key Council priorities are:-
- Addressing the financial challenges facing the council – including the budget setting principles we’re working to;
 - Transforming services to become more efficient and effective;
 - Helping residents and local organisations with the cost-of-living;
 - Continuing to invest in our future – by focusing on regeneration and improvements to infrastructure.
- 1.9 With these priorities in mind, the MTFs presented in this report provides a framework for the Council to identify and develop proposals which, if implemented, will put the Council in a financially sustainable position. This framework is structured around three themes:
- ***Growing our place*** – making medium to long term investment decisions that increase the Council’s taxbases and, in turn, provide sustained additional income to the Council;
 - ***Ensuring the Council is an Efficient, Effective and Modern Organisation*** in the delivery of its services.
 - ***Prioritising the use of the Council’s Resources in a fair way*** ensuring that within the funding available to the Council, it continues to prioritise the most vulnerable residents, the broader community and supporting businesses in the Borough.
- 1.10 More granular detail of these themes is provided elsewhere in the report.

2. BACKGROUND

Budget Strategy for 2023/24

- 2.1 In setting the General Fund Revenue Budget for 2023/24, the Council agreed the following key matters are part of the budget strategy:-
- net budget growth of £56.4m to reflect both increases in demand for services, structural deficiencies in some income budgets (particularly those that had been deeply affected by the impact of Covid-19) and inflationary pressures;
 - savings totalling £18.3m to be implemented so that the full effect of the saving impacted in 2023/24;

- A net use of £0.8m from Earmarked Reserves to support expenditure in the budget;
- the use of £24.6m (or 52%) of the Unallocated Reserve, leaving a residual balance of £22.5m (against a Minimum Working Balance assessed at £15m).

2.2 Whilst some provision for inflation on budgets was also made, in the case of some key areas of spend – Waste Management Contract, IT Contract and Children’s Placement costs – inadequate or no provision was made. Equally, in the case of some budgets, such as Children’s Placements and Housing Benefit Subsidy, the budget did not reflect the current volumes of activity being experienced by the Council at the time the budget was set.

Quarter 1 Budget Monitoring

2.3 At the last meeting of Cabinet, Councillors considered a report on the Council’s Quarter 1 General Fund Revenue Budget monitoring position. This estimated that the Council is forecast to overspend by £20.3m in the current financial year as summarised in the Table below:-

Table 1: Quarter 1 Budget Monitoring 2023/24

	Approved Budget £m	Forecast Outturn £m	Variance £m
Children and Families	79.4	86.8	7.4
Adults and Health	126.0	128.1	2.1
Environment and Climate Change	49.1	51.5	2.4
Growth and Regeneration	17.6	19.8	2.2
Corporate Strategy, Comm and Public Health	43.1	46.8	3.7
Central Budgets	64.3	66.8	2.5
General Fund Before Use of Reserves	379.5	399.8	20.3
Use of Earmarked Reserves	(6.4)	(6.4)	-
Use of Unallocated Reserves	(24.6)	(44.9)	(20.3)
General Fund Net Revenue Budget	348.5	348.5	-

2.4 Should the forecast overspend remain unchanged, the Council’s balance of Unallocated Reserves will reduce to just £2.2m which is significantly below what would be considered an adequate level. In view of this, action has been taken to both update the assessment of the Minimum Working Balance (an amount of £15m is considered reasonable) and to reallocate reserves so that such a balance can be maintained by the Council.

2.5 Given the forecast overspend, several actions have been taken to control net expenditure. These include:-

- cessation of non-essential expenditure (limiting spending to maintaining health and safety, meeting statutory service requirements, fulfilling contractual obligations, preventing further costs and to helping generate income);
- a recruitment freeze (including a review of what posts should be considered essential and, therefore, excluded from the freeze) and a sustained reduction in the use of Agency staff;

- 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;
- increasing all discretionary fees and charges by at least the prevailing rate of inflation where it is considered possible to do so;
- accelerating the sale of assets that the Cabinet has already agreed to dispose of and bring forward further options for assets disposals (both to reduce the operating cost of the Council's Estate and to generate capital receipts);
- continuing to explore all external funding opportunities to bring additional income into the Council;
- undertaking a review of the Council's Capital Programme to determine to what extent schemes can be rephased, deferred, stopped or not started at all to the reduce the cost of borrowing to the Council and to free up capital receipts so that they can be reallocated to essential spending commitments.

2.6 In the view of the Service Director Finance, these actions are necessary to avoid the need to issue a report under s114 of the Local Government Finance Act 1988. The need to issue such a report will remain under review depending on the success or otherwise of the implementation of the actions set out above.

2.7 In summary, the Budget Strategy for 2023/24 and the forecast overspend for the year provide the backdrop for the significant financial challenge faced by the Council. Since the beginning of the financial year 2022/23, and subject to the forecast outturn referred to above, balances and reserves totalling £117.3m will have been used to support the Council's budget by the end of the current financial year.

2.8 As the Cabinet will appreciate, using balances and reserves to support the budget at this level is not a sustainable strategy and requires action to be taken to bring down the Council's overall net spending hence the mitigations set out above that were agreed at the last meeting of Cabinet.

3. DEVELOPING THE FINANCIAL PLANNING FRAMEWORK 2024/25

Funding Outlook

3.1 Any consideration of the Council's MTFS must be undertaken in the context of the funding outlook for Local Government and what that means for the Council.

Local Government Finance Policy Statement (2023/24 and) 2024/25

3.2 The Secretary of State for the Department of Levelling Up, Housing and Communities (DLUCH) published the Local Government Finance Policy Statement for 2023/24 and 2024/25 as part of the Local Government Finance Settlement for 2023/24. For 2024/25, the Policy Statement provides an indication of the Government's intentions as follows:-

- the core Council Tax Referendum Principles for 2024/25 will be as in 2023/24; that is, the referendum limit for increases in Council Tax will remain at 3% per year and local authorities with social care responsibilities will be allowed to increase the Adult Social Care Precept by 2% (*this is reflected Government's assessment of spending power and included in the Council's Medium Term Financial Plan*);
- major grants (assumed to be the Services Grant) will continue as set out in 2023/24 and Revenue Support Grant will continue and be uplifted in line with Baseline Funding Levels (although it has become apparent that this uplift is likely to be funded from a reduction in the Services Grant hence no net gain in resources is expected);
- the Social Care Grant and other social care grants will increase '*as set out in the Autumn Statement*'. It is neither clear what precisely this means nor has there been any indication of individual grant amounts for each local authority proposed for 2024/25;
- a new funding stream, subject to the successful delivery of the Extended Producer Responsibility for Packaging (pEPR), will become available for local authority waste collection authorities. Limited details of the pEPR have been released by DLUCh and more recently it has been announced that the implementation of this Policy will be delayed until at least October 2024. As a result of this, it is unlikely that there will be any firm indication of the additional funding available to inform the development of the Medium Term Financial Plan until that time (hence nothing has been included in the MTFP at this stage).

3.3 Cabinet will appreciate that these are broad statements of intent and whilst providing some indication of the direction of travel, do not provide sufficient detail to make confident predictions about the funding available to the Council.

Spring Statement 2023

- 3.4 The Spring Statement 2023 provided no new funding announcements of substance for Local Government (or other Government Departments for that matter) aside from £63m of national funding for a Swimming Pool Support Fund (for which the Council has recently submitted a funding bid).
- 3.5 Subsequent analysis of the Spring Statement by the Institute of Fiscal Studies (IFS) indicates that even with reasonably strong economic growth (something that is currently not being achieved), Government Departments with unprotected budgets (including Further Education, HM Courts Services, HM Revenues and Customs **and Local Government**) may be subject to a real terms funding reduction over the period 2024/25 to 2027/28 of 3.2%. In essence, this could imply a continuation of austerity measures for another 3 years.
- 3.6 Of course, whilst the IFS is a reputable independent source of information, any future funding allocations for Government Departments will be subject to the policy intentions of whichever Government is in place. With a General Election taking place no later than January 2025, it is likely that any new Government will undertake a comprehensive spending review based on national financial projections at the time.

Local Government Finance Reforms

- 3.7 The current Government has indicated that it does not intend to undertake the long-awaited Fair Funding Review in the current Spending Review period and, by dint of that, before the next General Election. Similarly, it is unlikely that the Business Rates Retention Review will take place either given that both matters are inextricably linked and would need to be undertaken in tandem. This means that funding allocations to Councils will continue to reflect spending needs from 2013/14 and will continue to not take account of how those needs have changed (in relative terms) since that time.
- 3.8 Aspects of the Business Rates System are likely to change following the introduction of the Non-Domestic Rating Bill to Parliament recently. These potential changes, which are subject to the smooth passage of the Bill through Parliament, include:-
- **more frequent revaluations**, a key ask from the business community to ensure that business rates bills keep up with economic trends;
 - administrative reforms to deliver a sustainable shorter revaluation cycle, which will also enable **more accurate rating** lists and enable the **disclosure of more information to ratepayers** about their business rates valuations;
 - **measures to support decarbonisation and investment worth over £700 million**, including **a relief for low carbon heat networks** and **a new Improvement Relief** so that, from April 2024, no ratepayer will see an increase in their rates bill from qualifying improvements made to their property for 12 months;
 - support announced by the Government at Autumn Statement 2022. The Autumn Statement package, **worth £13.6 billion over the next five years**, includes a 3-year Exchequer-funded Transitional Relief scheme worth £1.6 billion. The Bill removes the statutory requirement for revenue neutrality within Transitional Relief and so delivers a key business ask, by allowing 300,000 ratepayers to enjoy an immediate reduction in their bills from 1 April.
 - the **Digitalising Business Rates** project, which will modernise the business rates system, improve the targeting of rates relief, generate better data for central and local government and help to improve business rates compliance;
 - much-needed **improvements to the administration of business rates**, including replacing RPI with CPI as the measure of inflation used in the annual indexation of the multiplier.
- 3.9 What these changes mean specifically for the Council's Medium Term Financial Plan, Business Rates function and the Business community in general remains to be seen.

Update of Medium Term Financial Plan (Revenue) 2024/29

- 3.10 Since the meeting of Council on 8th March 2023 work has continued to update the Council's Medium Term Financial Plan (MTFP) for the period to 2028/29. A summary of the updated MTFP is provided in the Table 2 below with a more detailed analysis provided at **Appendix A:-**

Table 2: Medium Term Financial Plan 2024/29

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Opening Balance	-	47.8	54.2	61.1	59.1
Change in Portfolio Budgets	18.2	7.7	9.7	7.9	6.4
Change in Contingencies	8.2	8.9	7.6	9.1	7.1
Change in Joint Committee Costs	0.4	0.4	0.9	-	-
Change in Debt Charges	24.5	4.2	3.7	2.1	2.4
Savings - Service Related	(8.0)	(5.7)	(2.2)	-	-
Net Change in Use of Reserves	23.9	5.7	4.0	(3.6)	(1.0)
Net Change in Collection Fund	1.0	1.0	-	-	-
Additional Council Tax Income	(14.7)	(14.8)	(15.0)	(15.8)	(15.8)
Reduced Council Taxbase Growth	2.2	1.5	0.9	1.0	1.0
Additional Government Funding	(7.9)	(2.5)	(2.7)	(2.7)	(1.3)
Funding 'Gap'	47.8	54.2	61.1	59.1	57.9
In Year Funding 'Gap'	47.8	6.4	6.9	(2.0)	(1.2)

See Appendix A

3.11 As the table indicates, the forecast funding gap for the period to 2028/29 is now estimated to be £57.9m with the most immediate issue being a funding shortfall in 2024/25 of £47.8m. The key changes to the MTFP include:-

- reflecting the likely ongoing cost of pressures being experienced in the current financial year. Given the forecast outturn position for 2023/24 set out above, whilst measures have been put in place in an attempt to contain these costs, some are underlying structural budget matters where no budget provision was made in 2023/24 but which are expected to be sustained into 2024/25 and beyond;
- an update to the cost of pay for 2024/25 onwards following the Pay Award Offer for 2023/24 made by the National Employers. As set out below, the Pay Award Offer for 2023/24 is estimated to worth on average c6.2% against budget provision of 6% and, if accepted, will increase the forecast cost from 2024/25 onwards;
- an increase in Debt Charges due to the end of the Minimum Revenue Provision (MRP) 'holiday' that has reduced these costs for the last 7 years and the increasing cost of debt interest;
- the net change in the use of reserves reflecting that, unlike in 2023/24, given the significant reduction in the Council's balances and reserves, there is limited scope to drawdown the use of reserves to support the budget from 2024/25 onwards;
- a write down of £1.5m in the Insurance Provision. The Council's Insurance Provision is currently c£11.5m. A review of the provision has been undertaken and it is proposed to write it down to £10m providing a one-off £1.5m contribution to the Council's budget in 2024/25;

- an adjustment to the growth assumption in the Council's Council Taxbase. Previously, it had been assumed that growth would be 1.6% which equates to c1,800 new Band D properties. A review of the Annual Monitoring Statement produced by the Council's Planning Team indicates that, on average, the Council is experiencing growth c800 properties annually and whilst progress on bringing empty homes back into use also needs to be considered, it is unlikely to achieve the level of growth previously expected;
- a change in the Council Tax assumption for 2025/26 and 2026/27. It was previously assumed that the increase in Council Tax would be limited to a 2.99% threshold in those years; given the Local Government Finance Policy Statement, it is now assumed that the threshold will be 4.99% in each year of the Medium Term Financial Plan;
- and, as set out in the Quarter 1 Budget Monitoring report, the need to identify savings in 2025/26 and 2026/27 of £10.750m so that the Council has sufficient resources to make the planned contributions to the High Needs funding deficit as part of the Safety Valve Agreement;

3.12 These and the other assumptions underpinning the MTFP will remain under review as the financial year progresses.

Key Areas of Uncertainty

3.13 The MTFP is a forecast of the Council's financial position over the period to 2028/29. At this stage, there remain a number of matters where insufficient information is available but which are likely to have an impact on the MTFP. Some of these are set out below.

Delivery of the Budget in 2023/24

3.14 Delivering the budget in 2023/24 is critical to the sustainability of the Council's financial position. In this context, it is crucial that the Council contains, wherever possible, the forecast overspend reported above and that the savings agreed for the year are delivered in full. Acknowledging that, the key risks to delivery of the budget that the Cabinet need to remain sighted on are as follows:-

- ***Implementation of savings*** – the Council agreed savings totalling £18.6m to balance the budget for the year. In light of the Pay Offer made by the National Employers Organisation (see below), the savings target for services was increased by a further £1.2m. All of these savings require permanent reductions in the budget and to the extent that they are not delivered in full or at all, there will be an additional budget pressure for 2024/25 onwards. The expectation is that they will be delivered and so monitoring this throughout the year, as has been the case to date, remains important. Where likely, it may be necessary to develop mitigation measures where savings are not expected to be achieved;
- ***Containing the Forecast Overspend*** – given the forecast overspend reported following the Quarter 1 Budget Monitoring exercise, a range of measures have been implemented as a means of controlling expenditure in the year. These are as set out above. It is too early to indicate the success of otherwise of these measures but they are key to containing the forecast overspend;

- **Pay Award in 2023/24** – this is budgeted at 6%. In response to the Trade Unions pay claim, the Employers pay offer was made during February 2023. The offer comprised a flat cash payment of £1,925 on each pay point up to Spinal Column Point (SCP) 43 (this equates to a pay award of ranging from 3.88% to 9.50%); for pay points above SCP43, a pay increase of 3.88% has been proposed. On average, this equates to an increase in pay costs of c6.2%. As indicated above, the estimated cost of this is £1.2m more than currently budgeted hence the increase in the savings target for the current year. However, if agreed at this level or higher, this will have a knock-on impact to the forecast in the MTFS (as set out above);
- **Energy Inflation** – the Council's cost of energy has increased significantly in recent years due to global supply issues and the war in Ukraine. During 2022/23, the Cabinet agreed to a series of measures (eg operation of facilities, implementation of alternative energy supplies etc.) to manage the cost increases, acknowledging that in the current economic climate prices are expected to continue rising. How successful these measures were is difficult to evaluate but it is clear that such 'good housekeeping' measures need to continue in the medium term whilst ever the cost of energy remains high;
- **Demand for Adult and Children's Social Care** – this remains an ever-present risk for the Council, not least given the fragility of the health and care system. Having systems in place to track demand and the available resources to deal with it as it changes is key. In recognition of this, an additional layer of governance has been introduced in both Directorates to provide oversight to costs being incurred in these services to ensure the right decisions are made on both placements and packages of care, balancing the needs of service users with available funding;
- **Delivery of the Capital Programme** – Given the pressure on borrowing costs, there will need to be a closer focus on the delivery of the Council's Capital Programme within the budgets that have been agreed. This is particularly the case with the impact of price inflation on capital costs rendering some schemes undeliverable within the funding envelopes that have been set. This may necessitate some degree of value engineering on projects, identification of additional funds and increasing the pace of asset disposals as part of the asset review and rationalisation process. It will also mean that the Council will have to delay, defer, stop or not start some projects.

3.15 These and other matters will be considered in more detail as part of the regular budget monitoring reports to the Cabinet as the financial year progresses.

Funding Settlement from 2024/25

3.16 Given the funding settlement for 2023/24 is for one-year only, and the limited details provided in the Local Government Finance Policy Statement, it remains difficult to estimate the likely level of funding the Council will receive from 2024/25 onwards.

3.17 The amount of funding from Business Rates and Revenue Support Grant appears relatively stable. It is also assumed that the Social Care grant funding provided to the Council, totalling around £53.0m in 2023/24 and including grants such as the Improved Better Care Fund, Market Sustainability and Improvement Fund will, as a minimum, continue at the levels currently provided.

3.18 In relation to other grant funding received (or receivable) by the Council:-

- **Services Grant** – This grant was introduced as part of the 2022/23 Settlement. Originally, it was worth £822m for Local Government. In the Settlement for 2023/24, some of the funding for the Grant was used to meet the cost of other matters such as an inflationary increase for the Revenue Support Grant thereby reducing the overall amount of funding to £483m; Kirklees' share of the grant in 2023/24 is £3.4m. It is anticipated that the Services Grant will continue to be top-sliced for other matters in 2024/25 onward but it is unclear how this will happen;
- **New Homes Bonus** – this grant has now evolved into an annual payment to reflect housing growth achieved in the previous year (rather than the incentive-based multi-year payment rewarding housing growth). The Government has previously indicated its intention to reform the New Homes Bonus and has consulted on proposals to do this. However, aside from reducing it to an annually determined payment, no changes have been made and there remains uncertainty about whether it will feature as part of the Local Government Finance Settlement at all. For this reason, it is assumed the payment will remain at its present level of c£296k;
- **s31 Grants for Business Rates** – as with most Councils, Kirklees Council receives s31 Grants to compensate for the loss of Business Rates income due to range of reliefs and exemptions provided to businesses in lieu of the payment of Business Rates (estimated to be £28.2m in 2023/24). Indeed, around half of the businesses in the Borough do not currently have a Business Rates liability.

The extent to which the Government can continue to support businesses in this way is dependent on the strength of the national economy. It is likely, for example, that the current Retail Relief will expire at the end of the current financial year requiring some Retail businesses to start paying Business Rates for the first time in a number of years. In these circumstances, the Council will lose the s31 Grant and will be required to collect the Business Rates income in its place.

- **Extended Producer Responsibility** – an anticipated new feature of the future Funding Settlements is the Extended Producer Responsibility payment (pEPR). Whilst few details of this payment are currently known, it will be a charge to businesses that produce recyclable waste which is collected by a Government Agency and distributed to Local Councils. Whilst it was expected that pEPR would be introduced in 2024/25, the Government has recently announced a delay to the implementation of the Scheme. This is likely to mean no income will be received until at least 2025/26. That said, at this stage, there is insufficient information to indicate how much, if anything, the Council will receive and what conditions may come with the funding.

Future Pay Awards

3.19 As the Cabinet may be aware, the Pay Award for 2023/24 has not yet been agreed and given the position of both the National Employers Organisation and the Trade Unions, it appears it is unlikely to be agreed until later in the year. As set out above, the current Pay Offer would exceed current budgeted provision and, once agreed, would form the basis of subsequent pay bills. Consequently, if the National Employers Pay Offer is eventually agreed at proposed levels, additional provision has been built into the MTFP to reflect this.

3.20 Looking ahead, according to estimates from the Office of Budget Responsibility it is anticipated that inflation will start to reduce quite rapidly through 2023 with the expectation that it will return to the Bank of England's target level of 2% during Q1 of 2024. Given that pay negotiations have centred around the impact of high inflation and the need for wages to keep pace, the expectation of much lower inflation may curb both the pressure for higher pay demands and the actual pay awards in turn. Nevertheless, being prudent, the MTFP assumes that there will remain pressure on pay assuming a pay award in 2024/25 of 4%, falling to 2% in 2025/26 and 2% in 2026/27.

National Living Wage and Impact on Pay Structure

3.21 In broad terms, the change in the National Living Wage (NLW) impacts the Council in the following ways:-

- the Local Government Employers Organisation, which represents most Local Authorities in pay negotiations with the Trade Unions, is committed to pay staff above the NLW. Given the current NLW is only marginally below the lowest hourly rate paid to Local Government staff, in recent years the increase in the NLW has required increases in the lowest hourly rates that, when applied to the whole pay spine, are not affordable.

Consequently, in the last 2 years, the National Employers Organisation has offered lump sum pay awards on each point of the Local Government Pay Spine which, whilst progressive, is leading to a flatter pay spine. This is not considered sustainable and will require a complete review of the Pay Spine (akin to a national job evaluation exercise) which may have significant implications for pay costs;

- the Council uses the National Living Wage as one of the key components in its determination of the amounts payable for Adult Social Care commissioned services. Given the value of the commissioning arrangements, which is c£90m annually, and that wages represent on average c70% of Providers Costs, the change in the National Living Wage has a significant bearing on the cost of these services to the Council.

3.22 The NLW is currently £10.42 per hour (the statutory minimum payment for anyone aged over 23yrs). The Real Living Wage is £10.90 (a voluntary minimum payment for any aged over 23yrs working in the UK outside of London). The lowest point on the Local Government Pay Spine currently pays £10.50 (only 8p above the NLW and 40p below the RLW). The change in the NLW (and RLW) for 2024/25 will not be known until later in the year but is assumed to increase by c6%.

General Inflation

- 3.23 Given the global economic supply issues in a range of sectors as the World emerged from the Pandemic combined with other geo-political events notably the Russian invasion of Ukraine and the subsequent ongoing conflict, the rate of general inflation has become a predominant issue for national economies including the United Kingdom. At the time of writing, the Consumer Price Index was 6.8% (as at July 2023). Whilst starting to reduce, the persistently high rate of inflation is fuelling both demands for higher wages (see Pay Award above) and costs for goods and services all of which are increasing the financial pressure on the Council.
- 3.24 Looking ahead, as set out above, the expectation is that inflation should start to reduce quickly and towards the early part of 2024 will return to target levels (at or around 2%). That said, this will depend on the aggressiveness of the Bank of England's Monetary Policy (the change in interest rates) as well as global geo-political events.
- 3.25 Other than for certain contracts and commissioned services, the Council does not generally provide for inflationary cost increases in budgets. The expectation is that Services will contain these costs which, inevitably, leads either to reduced service provision or, more likely cost overspends which would need to be managed in year.

Cost of Living Crisis

- 3.26 The Council's response to the Cost of Living Crises, which has seen increased demand for support from some of the most vulnerable people in the Borough, is largely being funded from additional monies provided by the Government. As examples, this includes the Household Support Fund (£7.406m) and Council Tax Support Relief (£0.922m). This funding is in place until the end of 2023/24 and it is not clear what, if any, further funding will be made available.
- 3.27 Given this type of support has now been provided since the onset of the Pandemic almost 3 years ago and the emergence of the 'Cost of Living' crises, there is an expectation that the Government will continue to provide the funding; it may equally be the case that there are expectations in the community that the Council will continue to provide it even if there is no funding from Government.

Treasury Management

- 3.28 At the meeting of the Council on 8th March 2023, Councillors approved the Treasury Management Strategy for 2023/24. This set out the strategy for both borrowing and investments and set out the policy for the repayment of debt (otherwise known as the Minimum Revenue Provision (MRP)).
- 3.29 Since the Strategy was agreed, there has been a marked change in the actual and anticipated reduction in the Council's balances and reserves which impacts on the Council's ability to finance capital investment from within its own resources in the short term. Combined with the need to replace maturing debt and the extent to which the capital programme is funded by prudential borrowing, the need to borrow externally is becoming a necessity.

- 3.30 Coinciding with this, the cost of borrowing has risen sharply over the last year making new external debt more expensive than was predicted as part of the budget. Combined with the end of the 'holiday' period for reduced Minimum Revenue Provision, the overall cost of debt to the Council has increased significantly both in the current year and as part of the MTFP.
- 3.31 Consequently, the Borrowing Strategy which forms part of the Treasury Management Strategy has been reviewed in conjunction with the Council's Treasury Advisors to ensure that the Council is pro-actively managing its borrowing needs. At the same time, and as set out below, the extent to which the Council is funding its Capital Programme from borrowing is under review. This is with the aim of delaying, deferring or reducing the amount of borrowing necessary to control the impact of debt charges on the Council's budget.

Other Matters

- 3.32 As well as the range of pressures affecting the Council's financial position overall set out above, there are some specific service related matters that may equally have a bearing on the Council's financial position. These include, for example:-

- ***Social Care Reforms (including Market Sustainability and the Fair Cost of Care)*** – although the Government has delayed some of the major reforms of the Social Care provision there is, nevertheless, a need for the Council to make changes to improve the sustainability of the local care market and to prepare for the changes to come. Whilst funding has been made available by the Government to support these changes, this may not be sufficient to make the rapid improvements necessary. Equally, much will depend on the integration of health and social care and what that might deliver in terms of efficient and effective services;
- ***Preparing for Care Quality Commission (CQC) Inspection*** – the Cabinet has received various updates on the CQC's mandate to independently review and assess the quality of care provided by Local Authorities. It is not clear when the Council will be subject to this review but it clear that the Council needs to undertake work to be prepared. Again, from the updates provided, the outcome of the review is uncertain and with that the extent of any actions, and therefore resources, that may be necessary in response to the review;
- ***Managing Demand in Children's Social Care*** – the Council has invested in early intervention in Children's Social Care which has meant the numbers of Looked After Children are low in relative terms when compared to other 'like' Councils. However, both the mix of placements and associated costs are creating pressure on the budget which will need to be actively managed to ensure expenditure remains within the resources available. This is particularly the case with the SEND service where there is significant transformation activity being driven by a need to reduce the historic deficit on the High Need DSG budget, more details of which are provided below.

Equally, following the publication of the Government's strategy '*Stable Homes, Build on Love*' intended to transform the Children's Social Care system to focus more on early support for families, it remains unclear how the proposals in the strategy will be implemented and what, if any, additional funding will be provided to support implementation;

- ***Climate Change and achieving Net Zero*** – as with other Councils, the Council declared a climate emergency (in 2019) and has committed to making Kirklees Council net zero and climate ready by 2038, taking into account the production and consumption of emissions. The Council's approach is to focus on both mitigation and adaptation to climate change with the most immediate actions (Phase 1) being to increase the amount of electric vehicle charging, providing free parking for low emission vehicles, obtain green electricity supplies and planting more trees. Phase 2 focuses on a wide range of activities to continue this work.
- ***Environment Act 2021*** – The Act has a wide range of changes that will impact on the Council, generally in relation to environmental matters and more specifically as both waste collection and waste disposal authority. This includes, for example:-
 - the collection of glass, metal, plastic and paper/card from households for recycling;
 - exploring the possibility of Councils having separate food waste collections at least once a week for recycling and composting;
 - the introduction of a Deposit Return Scheme (where consumers pay a deposit for a single-use container at the point of purchase which is then refunded to the consumer when they return the container for recycling);
 - the Extended Producer Responsibility which makes sure producers pay the 'full net cost of recovery' for the packaging that they produce (considered by DLUCH to be a substantial new income source for the Council);
 - the provision of a free garden waste collection.

The implementation of measures in the Act is unlikely to take place without further consultation with local authorities, not least because of the potentially significant financial implications. Indeed, whilst acknowledging the need to increase rates of recycling, local authorities have been clear that to implement the measures in the Act will require significant additional funding from Government.

At this stage, given the lack of clarity available about the implementation of the Act and the expectation that Government will provide additional funding, no provision is included in the Medium Term Financial Plan for the impact of the Environment Act 2021 at this stage.

- **Capital Investment Plans** – the Council remains committed to delivering its aspirations for the regeneration of the Borough’s Town Centres and has been successful in securing a range of funding (Community Renewal Fund, UK Shared Prosperity Funding, Town Deal for Dewsbury, Levelling Up Funds for Marsden and Batley) to deliver a range of projects. In most cases, these projects require some amount of match and third-party funding which, where identified, has been factored into the Council’s Capital Programme.

However, as with any programme of this nature, ensuring delivery on time and within budgets provided can be challenging and may require additional programme management capacity to achieve the necessary outcomes. This is also against a backdrop where the cost of debt has increased significantly requiring the Council to consider whether borrowing remains affordable, sustainable and prudent;

3.33 Overlaying these issues are various internal matters that also represent key areas of uncertainty. These include, for example, the following matters:-

- **Implementing the new Corporate Plan** – The Council recently agreed a short extension to the current Council Plan to January 2024 with work on the development of a new Plan due to start imminently. It is likely the Plan will continue to be based around the four key partner-led strategies given the longer term ambitions of the Council. That said, addressing the financial challenge the Council has will be a key focus and, in any event, there needs to be strong link between the Council’s ambitions and its ability to deliver them within the resources available. This is likely to require both an iterative approach to service and financial planning and consideration of innovative ways of delivering priority actions;
- **Creating capacity for change** – it is inevitable that, to deliver the scale of savings necessary to achieve a sustainable budget, the Council needs to have adequate corporate capacity to identify, develop and implement changes in the way it operates and delivers Council services. This capacity is necessary so that services can continue to operate effectively as changes are implemented. Whilst there is some funding remaining in the Transformation Reserve, further consideration may need to be given to how resources can be freed up to underpin the changes necessary;
- **Stability in the Workforce** – As with a number of sectors and organisations, the Council continues to experience difficulties with the recruitment and retention of staff in a number of business areas. This may start to impact on the delivery of services and remedial actions may be necessary to deal with this issue where it is possible to do so. However, this is a broader sectoral issue and not necessarily unique to Kirklees Council hence it is a matter that it also being considered by the Local Government Association to determine whether there is national response to this matter;
- **Local Plan Review** – The Council is in the first stages of reviewing its Local Plan. As the Cabinet is aware, a sound Local Plan will support the delivery of the Council’s growth ambitions and as set out below, given the link between growth the sustained income available to the Council from business rates and Council Tax, is a fundamental part of the MTFS;

- **Capitalisation of Staffing Costs** – In 2023/24, the Council will capitalise staffing costs totalling c£10m. These staff are actively involved in the delivery of capital projects. However, once projects are delivered, the Council will need to consider to what extent those staff employed on the projects are required and how, if they are required, their costs will continue to be funded;
- **Commercial Services and Income Recovery** – A commercial approach to the delivery of services has become a regular theme of Council plans in recent years. Within the bounds of both statutory and other guidance, the Council needs to consider to what extent it can derive more income from taking a more commercial approach to the delivery of services. This approach will need to be underpinned by a clear commercial strategy so that any actions implemented are within a strategic framework and fit with the Council’s own objectives;
- **Availability of External Funding** – As indicated above, the Council has a good track record in obtaining external funding as a means of regeneration and/or expanding the delivery of services across Kirklees Council. The hallmark of current funding streams is the need to bid for funds, generally in competition with other local authorities;

To be successful, the Council must be in a position to develop bids that are of high quality, capable of being successful and ultimately can be delivered. It is important, therefore, that the Council puts in place arrangements, such as clear exit strategies, when funding streams come to an end so that the burden of additional cost does not simply add to the ongoing budget shortfall. In doing so, however, there needs to be a holistic approach to reviewing the contribution of funded schemes to the Council’s Corporate Objectives in comparison to those services/projects/schemes funded directly by the Council’s base budget.

3.34 Again, whether external or internal factors, these are not exhaustive lists, but it does outline some of the major issues that may impact on the Council’s financial position and will need to be considered in the context of both the Council’s priorities and its ability to deliver a balanced and sustainable budget.

Dedicated Schools Grants (DSG)

3.35 As Cabinet may be aware, Dedicated Schools Grant is paid to the Council in support of the Local Authority’s Schools budgets. It comprises four blocks of funding – the Schools Block, the Central School Services Block, Early Years Block and High Needs Block. It is the responsibility of the Council, in conjunction with their local Schools Forum, to determine the split of funding between their own expenditure and the Individual Schools Budget.

3.36 A more detailed report on Schools Funding arrangements will be presented to the Cabinet once details of the DSG Settlement are known for 2024/25.

- 3.37 In the meantime, in relation to the High Needs DSG Block and the Council's accumulated funding deficit, the Cabinet is aware from previous reports on this matter that the Council is part of the national Safety Valve Programme with the Department for Education. Under the Agreement with the DfE, which aims to bring back into balance the annual budget for High Needs provision and to reduce the historic deficit to nil, the Council will receive funding of £33.5m (comprising an upfront payment of £13.5m plus £4m annually over the 5-year life of the programme) in the period up to 2026/27. This is to help implement a programme of work to transform of SEND in the Borough.
- 3.38 The Council's SEND Improvement Plan includes significant capital investment in District SEND placement sufficiency over the next 5 years; including the re-location and placement expansion of two existing special schools (includes £9m Government capital grant contribution and at least £27m Council prudential borrowing), alongside Government further capital funding of £8.2m to support Alternative Resource Provision across the District's maintained schools. The Improvement Plan also includes a Council-contribution of £10.8m in the next 3 years and annual Council savings against High Needs spend which by year 2026/27 should see the budget in balance. The Improvement Plan resourcing assumptions described here are incorporated into the updated baseline MTFP and funding assumptions in this report as appropriate.

Collection Fund

Collection Fund – Council Tax

- 3.39 The Collection Fund – Council Tax accounts for the income and expenditure associated with the collection of Council Tax. Council Tax receipts from residents are paid into the Fund. Precept payments to the Council, Major Preceptors (Police, Fire) and Parish Councils are paid out of the fund. Any surplus or deficit on the Fund is distributed to the Council and Major Preceptors.
- 3.40 In relation to Council Tax, it is assumed that the Council Taxbase will grow by 0.7% (c800 Band D Properties) annually over the life of the MTFP and the collection rate is assumed to remain constant at 98.5%.

Collection Fund – Business Rates

- 3.41 The Collection Fund – Business Rates accounts for the income and expenditure associated with the collection of Business Rates. Business Rates receipts from businesses are paid into the Fund. Payments to the Government (50% of net debit collected), the Council (49%)(otherwise known as locally retained rates) and Fire Authority (1%) are made from the Fund. Again, any surplus/deficit on the Fund is distributed to the aforementioned bodies in the proportions set out.
- 3.42 For the purposes of the MTFP, it is assumed that the Council's share of locally retained Business Rates will increase by 6.4% in 2024/25 and by 2% each year thereafter. This is supplemented by a Business Rates Top-Up payment from Government. Both the amount of locally retained Business Rates and Top-Up payment are subject to the amount of business rates paid both nationally and locally.

- 3.43 As Cabinet will be aware, the Council is currently part of the Leeds City Business Rates Pool in 2023/24. That arrangement applies for 1-year only given the Government's tendency to seek applications to renew such agreements as part of the annual Local Government Finance Settlement. The benefit of the Pooling arrangement to the Council is the opportunity to receive a share of the retained levy on business rates growth across all Councils in West Yorkshire (the Council's share is estimated to be £0.430m for 2023/24).
- 3.44 Whilst no such request for applications to renew the Pooling arrangement for 2024/25 has yet been published, and subject to other Councils in West Yorkshire and York City Council agreeing, it is assumed for the purposes of the Medium Term Financial Plan that the Pooling arrangement will continue in its present form. As this is the case, and to ensure the Council is in a position to respond accordingly if a request for applications is made, it is recommended that Cabinet given delegated authority to the Chief Executive and Service Director Finance, in consultation with the Leader and the Finance and Regeneration Portfolio Holder to consider options and determine whether (or not) the Council should continue as a member of the Pool in 2024/25.

Housing Revenue Account

- 3.45 The Housing Revenue Account (HRA) supports the delivering of high quality landlord service to c22,000 Council tenancies and 1,030 leaseholders alongside supporting the Council's strategic HRA capital investment ambitions, all within a self-financed and wholly ringfenced 30-year HRA Business Plan.
- 3.46 The HRA Business Plan is continually reviewed to reflect the latest information available to the Council. In this context, Cabinet should note the various pressures on the Housing Revenue Account including, but not limited to:-
- maintaining Decent Homes standards;
 - ensuring the Council is compliant with its obligations in relation to High Rise buildings and dealing with damp, mould and condensation;
 - managing void properties better including reducing turnaround times for re-occupation
 - being prepared for the new social housing regulations (and greater oversight by the Social Housing Regulator).
- 3.47 The HRA Rent and Service Charge Setting Report will be presented to Cabinet for consideration and approval in December 2023. The proposed Housing Revenue Account and the Housing Capital Programme for 2024/25 (including forward projections) will be presented as part of the Council's overall Corporate Budget report to the meeting of Cabinet in February following consideration by the Homes and Neighbourhood Improvement Board.

Balances and Reserves

- 3.48 Any consideration of the Council's Medium Term Financial Position needs also to consider what reserves and balances are available and whether they are adequate.

- 3.49 At the beginning of the financial year 2022/23, the Council had balances and reserves of £149.9m (excluding statutory reserves for Schools and Public Health). This comprised Earmarked Reserves of £139.9m and Unallocated Reserves of £10m¹.
- 3.50 At the end of the last financial year, the Council recorded an overspend on its General Fund Revenue Budget of £27.0m². This was a result of both the impact of the 'cost of living' crisis on the Council and budget pressures due to increasing demand for services and shortfalls in income budgets still recovering from the impact of Covid-19. This required a drawdown from Unallocated Reserves of £27.0m (achieved through a reallocation of Earmarked Reserves). At the same time, Earmarked Reserves of £35.9m were used in support of the Budget.
- 3.51 The Council's balances and reserves at 31st March 2023 totalled £84.1m (excluding statutory reserves) comprising Earmarked Reserves of £37.0m and Unallocated Reserves of £47.1m. In total balances and reserves of £65.8m (or 44% of available reserves) were used in support of the 2022/23 budget.
- 3.52 Details of the Council's Reserves and Balances are provided regularly in reports to the Council's Cabinet. An updated analysis of Reserves and Balances is now provided at **Appendix B**. This reflects the changes in reserves following the setting of the Budget for 2023/24 and the forecast use of reserves as set out in the Quarter 1 Budget Monitoring Report (see above). As this indicates, and as set out earlier in this report, the Council's reserves and balances have reduced significantly over recent years and action will need to be taken to ensure they remain adequate given the Council's circumstances.
- 3.53 The strategy for the use of Reserves and Balances is as follows:-
- at this stage, no reserves are planned to be used to support Council expenditure in 2024/25; any funding gap will need to be met wholly from reduction in expenditure or increases in income;
 - a **Minimum Working Balance** of at least £15m needs to be maintained throughout the life of the current MTFP. As the Cabinet may be aware, the Minimum Working Balance is held as a contingent sum to provide for unexpected and unforeseen circumstances and is part of the Council's various measures to maintain financial resilience.
The proposed balance is at the lower end of what might be considered a reasonable balance to provide a level of financial resilience given the Council's strategic, tactical and operational risks. Considering this, the Service Director Finance will conduct a quarterly review of the Minimum Working Balance to assess the adequacy of the Minimum Working Balance against the risks faced by the Council and the availability of resources to maintain the balance as appropriate.
 - **Earmarked Reserves (for discretionary use)** will only be used for the purposes for which they have been set aside and will be subject to annual review. There is no proposed use of Earmarked Reserves 2024/25 at this stage. Any such use is subject to a further review of Earmarked Reserves later in 2023;

¹ Unaudited Statement of Accounts 2022/23

² Council Financial Outturn and Rollover Report 2022/23 (Cabinet 27th June 2023)

- the **Demand Reserve** of £10.750m has been reallocated to support the Minimum Working Balance (and is included in the £15m referred to above). This reserve was set aside to allow the Council to make a contribution to reduce the historic deficit on the High Needs DSG budget under the Safety Value Agreement with the DfE. As set out in the Quarter 1 Budget Monitoring report considered by the Cabinet in August 2023, it will be reimbursed in 2025/26 (£2.150m) and 2026/27 (£8.6m) so that the Council can comply with its obligations under the Safety Valve Agreement.
- the **Housing Revenue Account Balance** (the equivalent of the General Fund Minimum Working Balance referred to above) will be maintained at £15m.

3.54 It is worthwhile reiterating that the reserves are a finite source of funding and should not be relied upon to support the Council's budget other than as part of the clear strategy to achieve a sustainable budget in the medium term. Acknowledging this, the Cabinet should note that any use of reserves will only be permissible with the agreement of the Service Director Finance.

Update of Medium Term Capital Plan 2024/29

3.55 At the last meeting of Cabinet, Councillors considered a report on the Council's Quarter 1 Capital Plan monitoring position of £259.7m (2023/24). The plan was subject to some initial re-profiling of 2023/24 budget into later years as well as £348k additional grant/S106 within Play Strategy across years. The latest Medium Term Capital for 2024/28 is summarised in the table below and provided in more detail at **Appendix C**.

Table 3: Medium Term Capital Plan 2024/27

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Aspire & Achieve	21.0	22.4	25.0	11.0	4.3	83.7
Best Start	2.9	0.1	-	-	-	3.0
Independent	8.1	2.8	4.6	4.7	1.3	21.5
Sustainable Economy	154.5	156.1	130.4	71.2	200.7	712.9
Well	5.2	2.9	1.8	0.7	-	10.6
Clean & Green	12.5	10.4	11.1	0.1	8.4	42.5
Efficient & Effective	6.8	6.0	1.0	1.0	0.9	15.7
General Fund	211.0	200.7	173.9	88.7	215.6	889.9
						-
HRA - Independent	48.7	51.2	63.4	58.3	90.5	312.1
	-	-	-	-	-	-
Council Total	259.7	251.9	237.3	147.0	306.1	1,202.0
<i>Change from Rollover Plan</i>	(0.2)	-	+0.4	+0.3	-	+0.5

3.56 Notwithstanding the economic growth aspirations of the Council, there is need for the Council's Capital Programme to remain prudent, affordable and sustainable. This is particularly in the context of the significant pressure on the Council's General Fund Revenue Budget as set out above and, as described above, specifically the significant increase in debt charges.

- 3.57 A review of the Capital Programme has begun. Given the extent of borrowing that underpins the Programme, and the current and forecast cost of that debt, the focus of the review is to consider what scope there is to reduce the Capital Plan for the Council. This is being balanced against the future investment needs of the Council, both in maintaining the delivery of essential services, providing match funding where it is necessary to leverage external funding and to deliver ambitions around growth and regeneration.
- 3.58 Without pre-empting the outcome of the review, it is inevitable that the projects within the Programme will need to be reduced, deferred or even stopped. Further details of the review and, indeed, the proposed Medium Term Capital Programme for 2024/29 will be brought forward for consideration by the Cabinet in due course.

General Fund Revenue Budget - Scenario Planning (Sensitivity Analysis)

- 3.59 As mentioned above, the MTFP is based on a range of assumptions which impact on both income and expenditure. Changes in these assumptions can have a fundamental effect on the Council's funding gap and the level of savings the Council will be required to make over the next 3 years.
- 3.60 The Cabinet will appreciate that it is good practice to model scenarios based on changes to some of the key assumptions in the MTFP. The purpose of this sensitivity analysis is not to predict or forecast the future, but rather test and understand the Council's sustainability into an uncertain future given alternative plausible scenarios for the key drivers of costs, service demands, funding and key risks to which the Council is exposed. Such 'stress testing' is considered to be good practice and acts as an indicator of the Council's financial sustainability.
- 3.61 The sensitivity analysis gives some indication of the likely range of the Council's deficit position bounded by realistic worst- and best-case scenarios. Although it is always possible there might be scenarios outside of these boundaries (as well as numerous ones within them), this is considered unlikely as the worst case assumes strongly negative estimates for most of the main aspects of the MTFP. Likewise, the best-case contains only positive changes. The key variables that have been modelled with the results of this analysis at are provided at **Appendix D** and summarised in Table 4 below:-

Table 4: Scenario Analysis

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Best Case	44.1	48.9	54.0	50.8	48.5
Base Position (Table 2 above)	47.8	54.2	61.1	59.1	57.9
Worst Case	56.4	67.6	79.3	82.1	85.7

See Appendix D

- 3.62 As the table indicates, the range of potential positions is a deficit of c£44.1m to a deficit of £85.7m. These scenarios are provided to reflect the level of potential volatility in the assumptions and reinforces the uncertainty with future budget estimates.

Developing the Medium Term Financial Strategy

- 3.63 In considering the development of the Medium Term Financial Strategy (MTFS), fundamentally the Council must take action to bring expenditure in line with income without the ability to call on reserves, at least in the short term. Indeed, given the forecast balance of reserves, there is a need to build back reserves to provide the Council with greater financial resilience and capacity for change.
- 3.64 Given the scale of budget reductions necessary, this will require a combination of measures to both reduce expenditure and increase income. However, the development of the MTFS has to be undertaken in the context of the Council Plan so that, wherever possible, remaining resources continue to be directed to the Council's priorities.
- 3.65 Whilst acknowledging that the Council Plan is due to be updated in advance of the next financial year, it is currently underpinned by four key-partnership strategies that provide the basis of the Council's activities and which are likely to continue to provide the foundation upon which the Council Plan will be developed. These strategies - the Inclusive Economy Strategy, Health and Wellbeing Strategy, Environment Strategy and Inclusive Communities Framework – when taken together and delivered in collaboration with a range of partners are intended to achieve a series of shared outcomes to improve the lives of residents in the Borough.
- 3.66 To provide a focus for the delivery of the vision set out in the Council Plan, the four key-partnership-led strategies referred to above and the Council's shared outcomes, a set of priorities has been identified to guide the work of the Council. These are as follows:-
- Addressing the financial challenges facing the Council;
 - Transforming services to become more efficient and effective;
 - Working with people, partners and places on the cost of living; and
 - Continuing to invest in our future.
- 3.67 These priorities apply across the Council and in the context of the challenges facing the Council provide the backdrop to the development of the MTFS set out below.

Medium Term Financial Strategy

- 3.68 The MTFS sets out the strategic financial approach to the delivery of the Council Plan. It recognises the significant immediate financial challenge faced by the Council but acknowledges that this needs to be balanced with ensuring the resources available are directed at priorities and that investment in the medium and longer term ambitions must be maintained where possible. With this in mind, the framework for the MTFS is based around the following themes:
- **Growing our Place** which recognises a need to maximise the Council's income using the funding mechanisms currently in place for local government to provide sustainable income and the part that investment in the Council's ambitions for the economic growth and regeneration of the Borough will play in this;

- **Ensuring the Council is an Efficient, Effective and Modern Organisation** in the delivery of its services. This is a broad theme aimed at continuing (and accelerating if possible) the transformation of service delivery so that it provides best value to the Borough's residents. Recognising that the Council should be driven by achieving the best outcomes possible, it may require services to be delivered differently, by others on behalf of the Council and or not at all if it is in the best interests of residents;
- **Prioritising the use of the Council's Resources Fairly** ensuring that within the funding available to the Council, it continues to prioritise the most vulnerable residents, the broader community and businesses in the Borough.

3.69 The narrative below provides more details on each of these approaches.

Growing our Place

- 3.70 The current system of funding for local government relies significantly on Council's pursuing growth in both Council Tax (from new house building and re-occupation of empty homes) and Business Rates (from growth in business properties) taxbases. There is, therefore, a clear link between the Council's economic growth and regeneration plans for the Borough (and underpinning that, the implementation of the policies set out in the Council's Local Plan).
- 3.71 The Council has just started the process of reviewing its Local Plan, both in terms of delivery since it was adopted by the Council and what changes may be necessary to it to ensure that the original objectives can be achieved. As the Cabinet will be aware, ensuring that the Local Plan is up to date and provides a sound policy framework is essential for the achievement of sustainable growth of the Borough's economy.
- 3.72 Kirklees remains committed to supporting the growth of an inclusive and productive economy. This is articulated in the Economic Strategy 2019-25 which sets out the plans that will be implemented to achieve this. These focus on creating modern innovative businesses, making sure the Borough's residents have the skills and ambitions for work, having active partnerships and networks to exploit growth opportunities, investing in advanced connectivity and infrastructure to support and facilities growth and revitalising our urban centres.
- 3.73 A key part of this theme will be building on the successful partnerships the Council has with local, regional and national organisations in helping to deliver its growth aspirations. Locally, the Council has several successful businesses, anchor institutions such as the University of Huddersfield and various business networks it can work with to ensure that the Borough has a skilled and ambitious workforce supporting a creating modern and innovate business base. Regionally, the partnership with the West Yorkshire Combined Authority provides the opportunity to access substantial additional resources to invest in business growth, connectivity and infrastructure that will create the capacity for growth. And nationally, the Council's relationship with Government Departments and Agencies such as the Departments for Levelling Up, Housing and Communities, Business and Trade, Home England can be used to maximise the external funding opportunities available to the Council.

Ensuring the Council is an Efficient, Effective and Modern Organisation

- 3.74 Whilst pursuing an inclusive growth strategy aimed at increasing both Council Tax and Business Rates income is, given the current funding system for local government, the right long term approach to providing a sustained level of income to fund the delivery of Council services, it is unlikely to deliver sufficient resources in the short term to allow the Council to maintain spending at present levels. Equally, that strategy alone has not delivered enough additional income to counter the reduction in grant funding from Government.
- 3.75 In view of this, and given the significant gap between forecast expenditure and income as set out earlier this report, the Council must take action now and at pace to both increase income from other sources and to reduce expenditure to provide the basis for a sustainable budget looking ahead. In considering this, it does present an opportunity for the Council to review how it does business across the range of its function to ensure services are delivered as efficiently, effectively, and economically.
- 3.76 Given the breadth and nature of the Council's activities and the scale of savings required, there are no parts of the Council that will be unaffected by this approach and, therefore, the strategy for savings will be broadly based and focussed on the following themes:-
- ***Organisational/Service Redesign and Efficiency*** – the financial challenge faced by the Council demands that individual services must review the design of their own service delivery models. Aside from the financial imperative, this approach to reviewing how services are delivered is as much about making sure services remain compliant with and exploit changes in legislation, reflect changing customer demands and are delivered as efficiently as possible. This may involve, for example:-
 - restructuring of services to reduce both management and administrative costs;
 - making sure that business support functions are operating as efficiently as possible, making the most of technology available;
 - integrating services where it makes more sense to do so such as those, for example, using our buildings to provide support to our communities such as libraries and customers services and community based services;
 - reviewing the scope of service provision in areas such as environmental services.
 - ***Exploiting External Funding Opportunities*** – The Council has a good track record of obtaining external funding from a range of organisation to support the delivery of services. A key part of the MTFs is to ensure that sufficient resources remain in place to continue this work, using the External Funding Framework to identify, pursue and obtain external funding that will help the Council achieve its priority actions.

An important strand of this part of the Strategy will be to ensure that the Council is receiving a fair share of funding contributions towards the cost of services it provides where it is appropriate to do so. This is particularly the case with continuing healthcare costs for both children and adults with complex needs but may also apply to other services provided by the Council;

- Using **Procurement** to get best value for the Council. This approach will comprise reviewing existing contractual arrangements as they come up for renewal, challenging both costs and service specifications with a view to reducing the cost of contracts to the Council.

Consideration will be given to setting a target threshold by which savings on contracts should be delivered as well as identifying opportunities to exploit buying goods and services through established consortia. Areas for early consideration include, for example, expenditure on Agency arrangements and adoption arrangements for Children;

- **Asset Review and Rationalisation** – this area of work will focus on the continued implementation of the Council’s Asset Management Strategy. The rationalisation of the Council’s Office Accommodation and the adoption of agile working principles is well advanced and will, when delivered in full, provide the Council with a modern workplace and substantially reduced cost of operation.

Further work is required, however, to both accelerate the disposal of surplus assets and to rationalise the Council’s operational estate both as a means of reducing the Council’s costs (and future capital liabilities thereby alleviating the pressure on the Capital Programme and with that, the need for further additional prudential borrowing) and to generate much needed capital receipts. Earlier this year, the Cabinet agreed to the disposal of a range of assets which are expected to yield capital receipts of c£12.8m and reduction in ongoing operating costs. In conjunction with the organisational and service redesign and review work set out above combined with a review of the Council’s Asset Register will form the basis of further asset rationalisation.

- **Exploiting Technology, Data and Insight** – the Council has made significant progress in its use of technology to drive down the cost of doing business. Equally, the use of data and insight is developing at pace as a way of informing the Council’s decision making. However, given the pace at which technology changes and the changing nature of the Council’s activities, there continue to be opportunities to use technology, data and insight to transform how services are delivered and to drive down the cost of doing business. The intention is that this will, by necessity, apply across all areas of the Council’s operations with a review of the Council’s printing and mail arrangements, software licensing and hosting of websites the most immediate matters to be considered;
- **Exploring Alternative Models of Service Delivery** – any approach to reducing the Council’s cost base will require not only changes to existing service delivery models but a consideration of alternative service delivery models where it is considered appropriate to do so. The Council has already embarked on a programme of acquiring properties to increase sufficiency for Looked After Children given the rising cost of external placements. This illustrates that finding other models of delivery can both sustain services whilst helping to deal with the Council’s financial challenge;

- **Reducing the potential risk of fraud** – as a public authority, the Council has a duty to protect public money. Building on the Council’s Fraud Strategy, approved by Cabinet in January 2023, action will therefore be taken to ensure that the Council further reduces the risk of fraud. As outlined in the Quarter 1 Monitoring report at the last meeting of Cabinet, work has already begun on a review of the Single Persons Discount for Council Tax to ensure that only those people eligible for the discount are claiming it. Subsequent work may include reviewing eligibility for other discounts/exemptions from Council Tax such as exemptions/discounts for Students, Properties under repair etc, reviewing creditor payments;
- **Charging for Services – Income Generation** – wherever possible, the Council needs to maximise income from the fees and charges it makes for services. In some case, such as Planning and Licencing fees, these are determined by statute but in other cases such as Parking Fees, charges for Bereavement Services, they can be set at the discretion of the Council. The Council’s Constitution gives delegated authority to Service Directors to make changes to fees and charges as they consider necessary given both the forecast overspend in the current financial year and the budget gap over the medium term.
- **Charging for Services – Commercial** – there are a range of services that the Council provides on a commercial basis; this includes areas such as Trade Waste, Catering and Cleaning and the various venues the operated by the Council. The Council’s strategy for these services is to, at least, to set charges that recover the full cost of delivering the service. Work is currently underway to ensure that this remains the case with the possibility that where the Council cannot recover its costs, charges may change or the Council may withdraw from the service;
- **Cessation of Services** – inevitably, given the magnitude of the savings required by the Council, there may need to be a consideration of the Council withdrawing from the delivery of some services and from some facilities. This may be the case where the Council cannot recover its cost from the delivery of the service/facility, where the Council considers there are other organisations already delivering the same or similar services or where the Council can transfer services/facilities for others to operate.

3.77 The approach set out above will apply to both the Council’s General Fund Revenue Budget and the Capital Programme.

Prioritising the use of Council Resources in a fair way

3.78 At the heart of the Council Plan is the vision for Kirklees to be a district that combines strong, sustainable economy with a great quality of life. Despite the financial challenge it faces, the Council remains focussed on the outcomes that are important to people. With that in mind, as the Council focuses it attention on the reduction of service expenditure, it will endeavour to:-

- ensure that fairness remains at the heart of what the Council is trying to achieve;

- continues to prioritise the use of its resources based on the needs of residents, communities and business in Kirklees. Sometimes, this will mean the Council will move away from a universal provision of services to targeted support for those who need it the most;
- take a strength based approach to the development and design of services for residents;
- where it is possible to do so, maintain investment in early support, intervention and prevention where this will reduce longer term unsustainable demands on Council services.

3.79 The strategic themes set out above will provide the framework that will inform the development of individual budget reduction proposals (and actions taken within the delegations set out in the Council's Constitution) that will be used to achieve a balance budget for 2024/25 and over the life of the MTFs.

Consultation

3.80 It is good practice for Councils to consult on proposals that may affect the delivery of services including those related to budget savings and/or income generation. Indeed, the Value for Money Assessment undertaken by the External Auditors specifically questions whether the Council has asks *'Are stakeholders consulted during the development of savings plans? Depending on the nature of the savings plans, stakeholders could include staff, local residents, service users, the voluntary sector and local businesses'*.

3.81 Further to that, the Budget and Policy Framework at Section 3 of the Council's Constitution does provide for the Cabinet to set out its arrangements for consultation of budget proposals and that at the end of any such consultation, the Cabinet will draw up proposals having regard to consultation responses.

3.82 In compliance with this requirement, and subject to budget proposals coming forward, it is proposed that, as in previous years, some form of public consultation on the budget proposals should take place over Autumn 2023 with a view to informing decisions on the Council's budget for 2024/25. The form and content of such a consultation will be determined in due course.

Next Steps

3.83 Subject to the Cabinet agreeing the MTFs as set out above, work will be undertaken on the identification and development of draft budget proposals and options (with supporting documentation) within the framework set out. Budget Planning Totals for Directorates have been developed to facilitate this work.

3.84 Where existing delegations set out in the Council's Constitution allow, and in consultation with relevant Cabinet Members as appropriate, early action will be taken to implement proposals to reduce the funding gap identified in this report. Where this is not possible, proposals will be developed in conjunction with relevant Cabinet Members and will be brought forward for consideration by Cabinet and, where it is necessary to do so, ultimately by Council as set out in the Constitution.

3.85 In any event, the culmination of this work on the development of proposals will be that Cabinet will bring forward its budget proposals in the New Year, for consideration at Budget Council in February/March 2024.

4 Information Required to take a decision

4.1 This report includes a range of supporting information set out in the following Appendices:-

Appendix A – Updated Medium Term Financial Plan 2024/29

Appendix B – Balances and Reserves 2024/29

Appendix C – Capital Programme to 2027/28

Appendix D – Analysis of Best/West Case Scenario Analysis

Appendix E – Corporate Risk Matrix

Appendix F – Outline Corporate Budget Timetable

5 Implications for the Council

General

5.1 The development of the MTFS is a key part of the Council's approach to service and financial planning. As outlined above, the Council Plan sets the strategic direction for Council activities and the MTFS is intended to articulate those activities in financial terms. There are various implications for the Council as set out below.

Working with People

5.2 The development and implementation of the MTFS will in some parts require engagement and consultation on the impact of budget proposals on local people. Where it is considered necessary appropriate engagement and consultation activities will take place as required.

Working with Partners

5.3 The Council is committed to working with its partners to ensure that the best outcomes are achieved for the residents, communities and businesses within the collective resources available. Indeed, given the financial challenge faced by the Council, working in partnership with other organisations provides an opportunity to consider how best to deliver services.

Place Based Working

5.4 The Council recognises and values Place Based working where it is appropriate for the benefit of residents and communities. As the implementation of the MTFS and related budget proposals progresses, consideration will be given to Place Based working models.

Climate Change and Air Quality

5.5 As with most Councils, the Council has declared a climate emergency and has in place a plan to achieve the Council's goal of Net Zero by 2038, Delivery of the plan will be subject to it being adequately resourced, whether that is funding provided from within the Council's own resources, by partners or more broadly from the Government.

Improving Outcomes for Children

- 5.6 Despite the financial challenge set out in this report, the Council continues to invest substantial funding in the Children's Service with a particular focus on early support and intervention to ensure the best outcomes for Children in the Borough.

Other (eg Financial, Legal or Human Resources)

Financial

- 5.7 The financial implications for the Council are as set out in the report.
- 5.8 The report identifies a significant funding gap in 2024/25 (and over the medium term) that the Council must address. Given it is not prudent to use reserves to help meet the funding gap, the Council must identify ways of reducing its net expenditure either through less spending, more income or a combination of the two to comply with its statutory obligation of setting a balanced budget.

Legal

- 5.9 The Council is under a statutory obligation (s31A of the Local Government Finance Act 1992) to set a balanced budget on an annual basis. Considering the financial challenge described in this report, a proposed MTFs is set out which, if implemented, provides a framework for the Council to comply with its statutory obligation in this respect.
- 5.10 Further work is required to develop and implement proposals that will allow the Council to bring its net expenditure in line with its income. There may be legal implications arising out of these proposals that will, as required, be considered as part of the development and implementation of those proposals. Where it is considered necessary to do within the bounds of the Council's Constitution, details of these legal implications will be shared with Cabinet as required. In particular, the Council has an obligation under s149 of the Equalities Act 2010 to comply with the Public Sector Equality Duty when developing budget proposals. To this end, Integrated Impact Assessments will be produced as required to ensure decision makers have due regard to the Council's equality duty.
- 5.11 As has previously been set out, if the Council is unable to set a balanced budget, it is for the Service Director Finance to issue a report under s114 of the Local Government Finance Act 1988 ('a section 114 notice').
- 5.12 Looking ahead, the Service Director Finance is required under s25 of the Local Government Act 2003 to provide the Council with a report on the robustness of estimates and adequacy of reserves when considering the Council's budget for the forthcoming financial year. As is normally the case, that report will be provided alongside the main report on the Budget for 2024/25 as part of the Budget/Council Tax setting for 2024/25.
- 5.13 Once the budget is agreed, s28 of the Local Government Act 2003 requires the Council to monitor its income and expenditure against the agreed budget. This legislation supports the requirement for the Council to monitor performance against budget during the year.

Human Resources

- 5.14 As the Cabinet is aware, in anticipation of the potential for staffing redundancies arising out of the reduction in the Council's net expenditure, the Council has issued a HR1 form. A HR1 form is required by statute where there is the potential to dismiss 20 or more employees as redundant.
- 5.15 At this stage, it is not possible to confirm if any such redundancies will take place. Work on the development of proposals to balance the Council's budget is underway and the impact on staffing levels is not known with any certainty. Equally, the Council has implemented a recruitment freeze and has in place a redeployment policy that aims to re-employ any staff who may be faced with the risk of redundancy. At the same time, a review of Agency expenditure is being conducted.

Risk Management

- 5.16 The development of the MTFS (and the related MTFP) is set against a backcloth of a range of strategic, tactical and operational risks faced by the Council. The Council has in place good arrangements for both identifying and mitigating those risks. Details of the Council's Strategic Risk Register are provided at Appendix E to this report alongside details of the mitigations against each risk.

6 Consultees and their opinions

- 6.1 This report is based on consultation with the Council's Executive Team and relevant Cabinet Members.

7 Cabinet Portfolio Holder Recommendations

- 7.1 The Portfolio Holder agrees with the recommendation made in this report.
- 7.2 The financial challenge faced by the Council is significant and is against a backdrop of austerity where the Council has delivered over £250m savings to ensure that it can continue delivering essential services despite substantial funding reductions.
- 7.3 We will continue to lobby the Government to ensure that the Council gets a fair share of funding, relative to the needs of the Borough. In particular, we will continue to push for the reforms to the Local Government Finance system which continue to be delayed unnecessarily and, like all Local Authorities, we will continue to make the case for additional investment in the Local Government sector as a whole, whether that is for day to day services or for investment needs.
- 7.4 Kirklees is not unique in finding itself having to deliver massive savings over the next few years, at the expense of vital services. There is a clear issue with the funding of local government in the country irrespective of which political party is in charge of a local authority. Up and down the country local authority after local authority is struggling to deal with the impacts of the lack of investment over the last 13 years this alongside rising costs and continuing demand pressures are a perfect storm for local government. As indicated above, we will continue to lobby government ourselves and through our partner organisations to seek a fair funding package for Kirklees, based on need and demand pressures.

- 7.5 Without the ability to call on reserves, the Medium Term Financial Strategy set out in the report endeavours to balance the medium to long term investment needs of the Borough, and actions that will provide sustainable income in the form of additional Business Rates and Council Tax, with the need to ensure the Council is continuing to operate in a business-like manner with a sustainable budget.
- 7.6 This will mean reviewing most, if not all, of the areas of our expenditure to make sure the Council is operating as efficiently, effectively and economically as it can be. It will include doing some things differently to the way we do them now and at the same time, we will look at what and how much we charge for services where there is reasonable expectation that residents and businesses should be paying for them.
- 7.7 Above all, we will ensure we use the resources available to us will be used to protect the most vulnerable people and communities in our Borough.

8 Officer Recommendations and Reasons

- 8.1 It is recommended that Cabinet (refer the following to the meeting of Council on 13th September with a recommendation of approval):-
- a) note the key risks to the delivery of the budget in 2023/24 and that these will be subject to consideration as part of the regular Budget Monitoring reports submitted to the Cabinet;
 - b) note the uncertainty with the funding outlook for the Council, not least the limited progress on Local Government Finance reforms and that these will not now take place before the next General Election;
 - c) subject to the continuation of the Business Rates Pooling arrangements, give delegated authority to the Chief Executive and the Service Director Finance, in consultation with the Leader and the Finance and Regeneration Portfolio Holder, to determine whether the Council should continue as a member of the Leeds City Region Business Rates Pool in 2024/25;
 - d) note the update to the Medium Term Financial Plan for 2024/29 as shown at **Appendix A** and that in view of the uncertainty with some of the assumptions upon which the Plan is based, that it will remain under review as the Council's budget process progresses;
 - e) note the scenario analysis shown at **Appendix D** which models 'worst'/'best' case scenarios around the baseline MTFP as part of the assessment of potential risks facing the Council;
 - f) agree the Medium Term Financial Strategy as set out in the report and recommend it for consideration and approval by the Council;
 - g) note that as delegations allow, and in view of the significant financial challenge faced by the Council, early action will be taken to identify and implement budget reduction measures (consistent with the Medium Term Financial Strategy set out above) as a means of reducing the funding gap set out in this report;

- h) in consultation with relevant Cabinet Members, request Officers to identify and bring forward proposals consistent with the Medium Term Financial Strategy set out in this report for consideration by Cabinet as part of their development of the budget for 2024/25;
- i) note the timetable set out in the report for the development of the Council's Budget for 2024/25;
- j) agree that, subject to consideration by respective Portfolio Holders, any budget proposals arising from the work above be considered by the Cabinet in due course (and subject to the proposal on consultation below);
- k) subject to the work above and agreement with Councillors, and recognising that it may be necessary to consult on specific matters as required, note that it is proposed to undertake consultation on the budget over Autumn 2023 with a view to informing decisions on the Council's budget for 2024/25.

8.2 The reason for these recommendations is to ensure that the Council has a sustainable budget over the medium term.

9 Contact Officer(s)

James Anderson, Head of Service, Accountancy
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Sarah Hill, Finance Manager, Finance
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10 Background Papers and History of Decisions

Annual Financial Outturn Report and Rollover Report 2022/23
Annual Budget Report 2023/24 and future years
Quarter 1 Budget Monitoring Report 2023/24

11 Service Director Responsible

Dean Langton, Service Director, Finance (until 10th September 2023)
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Isabel Brittain, Service Director, Finance (from 11th September 2023)
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Updated Medium Term Financial Plan 2024/29

STRATEGIC DIRECTOR PORTFOLIOS	23-24	23-24	23-24 NET	CHANGES	24-25 BUDGET	CHANGES	25-26 BUDGET	CHANGES	26-27 BUDGET	CHANGES	27-28 BUDGET	CHANGES	28-29 BUDGET
	CONTROLLABLE GROSS EXPENDITURE	CONTROLLABLE INCOME	CONTROLLABLE BUDGET		PROPOSAL		PROPOSAL		PROPOSAL		PROPOSAL		PROPOSAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children & Families													
Child Protection & Family Support	31,468	(2,067)	29,401	3,316	32,717	466	33,183		33,183		33,183		33,183
Learning & Early Support	335,400	(316,288)	19,112	214	19,326		19,326		19,326		19,326		19,326
Resources, Improvements & Partnerships	32,236	(3,315)	28,921	2,384	31,305	84	31,389		31,389		31,389		31,389
Total Children & Families	399,104	(321,670)	77,434	5,914	83,348	550	83,898	0	83,898	0	83,898	0	83,898
Adults & Health													
Communities & Access Services	18,332	(5,118)	13,214	(147)	13,067	(272)	12,795		12,795		12,795		12,795
Adult Social Care - Older People & Physical Disabilities	99,311	(83,389)	15,922	(6,240)	9,682	(4,282)	5,400	846	6,246	1,550	7,796		7,796
Adult Social Care - Learning Disabilities & Mental Health	123,633	(42,624)	81,009	8,183	89,192	6,470	95,662	6,250	101,912	6,250	108,162	6,250	114,412
Adults Sufficiency	23,586	(9,640)	13,946	(74)	13,872		13,872		13,872		13,872		13,872
Total Adults & Health	264,862	(140,771)	124,091	1,722	125,813	1,916	127,729	7,096	134,825	7,800	142,625	6,250	148,875
Environment & Climate Change													
Environmental Strategy & Climate Change	16,512	(3,783)	12,729	(185)	12,544	(500)	12,044		12,044		12,044		12,044
Highways & Streetscene	61,674	(47,913)	33,761	(1,400)	32,361	(100)	32,261		32,261		32,261		32,261
Culture & Visitor Economy	35,298	(33,515)	1,783	925	2,708		2,458		2,458		2,458		2,458
Total Environment & Climate Change	133,484	(85,211)	48,273	(660)	47,613	(850)	46,763	0	46,763	0	46,763	0	46,763
Growth & Regeneration													
Skills & Regeneration	11,261	(7,281)	3,980	1,000	4,980		4,980		4,980		4,980		4,980
Development	30,670	(18,310)	12,360	(1,350)	11,010		11,010		11,010		11,010		11,010
Total Growth & Regeneration	41,931	(25,591)	16,340	(350)	15,990	0	15,990	0	15,990	0	15,990	0	15,990
Corporate Strategy, Commissioning & Public Health	152,414	(110,015)	42,399	3,536	45,935	300	46,235	400	46,635	100	46,735	100	46,835
Sub Total Strategic Director Portfolio	991,795	(683,258)	308,537	10,222	318,759	1,916	320,675	7,496	328,171	7,900	336,071	6,350	342,421
Central Budgets	67,873	(3,412)	64,461	33,091	97,552	13,636	111,188	12,227	123,415	11,266	134,681	9,560	144,241
Total Budgets	1,059,668	(686,670)	372,998	43,313	416,311	15,552	431,863	19,723	451,586	19,166	470,752	15,910	486,662
Business Rates Income					(51,555)		(52,602)		(53,655)		(54,725)		(56,025)
Government Funding					(83,800)		(85,295)		(86,896)		(88,567)		(88,567)
Council Tax					(196,422)		(206,603)		(215,342)		(224,577)		(234,151)
Adult Social Care Precept					(33,734)		(38,842)		(44,154)		(49,775)		(55,055)
Net Collection Fund transfer from general fund					(1,000)								
Total Funding Available					(368,511)		(383,342)		(400,047)		(417,644)		(433,797)
Transfer to Reserves							5,650		9,600		6,000		5,000
Budget Gap					47,800		54,171		61,139		59,108		57,865

Balances and Reserves 2024/29

	Reserves position as at 1st April 2023	Budget report Approved Movements	Revised reserves position at 1st April 2023	Estimated Movements In-Year	Reserves position as at 31st March 2024	Estimated Reserves position as at 31st March 2025	Estimated Reserves position as at 31st March 2026	Estimated Reserves position as at 31st March 2027	Estimated Reserves position as at 31st March 2028	Estimated Reserves position as at 31st March 2029
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Statutory (School Reserves)										
Schools Balances	(11,667)	-	(11,667)	-	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)
Public Health	(904)	-	(904)	-	(904)	-	-	-	-	-
Total Statutory (School Reserves)	(12,571)	-	(12,571)	-	(12,571)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)
Earmarked										
Ward Based Activity	(1,239)	-	(1,239)	-	(1,239)	(619)	-	-	-	-
Active Travel	(85)	-	(85)	-	(85)	(42)	-	-	-	-
Mental Health	(179)	-	(179)	31	(148)	(74)	-	-	-	-
Place Standard	(959)	-	(959)	16	(943)	(471)	-	-	-	-
Sub Total (member led)	(2,462)	-	(2,462)	47	(2,415)	(1,206)	-	-	-	-
Apprenticeship Levy	(3,131)	-	(3,131)	-	(3,131)	(2,631)	(2,131)	(1,631)	(1,131)	(631)
Transformation	(3,839)	-	(3,839)	172	(3,667)	(2,167)	(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)	(546)	-	-	-	-
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)	19,694	(16,481)	(6,550)	(2,798)	(1,631)	(1,131)	(631)
Unallocated reserves	(47,108)	24,648	(22,460)	7,085	(15,375)	(15,375)	(15,375)	(15,375)	(20,375)	(25,375)
Total usable reserves	(84,050)	25,416	(58,635)	26,779	(31,856)	(21,925)	(18,173)	(17,006)	(21,506)	(26,006)
Grand Total All Reserves	(96,621)	25,416	(71,206)	26,779	(44,427)	(33,592)	(29,840)	(28,673)	(33,173)	(37,673)

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 several 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.
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.

Capital Programme to 2027/28

	Capital Expenditure - Revised Capital Plan					
Capital Plan Expenditure Summary	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/31 £'000	Total £'000
General Fund:						
Aspire & Achieve	20,970	22,434	25,022	11,000	4,250	83,676
Best Start	2,890	50	0	0	0	2,940
Independent	8,105	2,797	4,550	4,650	1,322	21,424
Sustainable Economy	154,548	156,137	130,398	71,246	200,695	713,024
Well	5,188	2,880	1,810	739	0	10,617
Clean & Green	12,502	10,351	11,075	100	8,444	42,472
Efficient & Effective	6,787	5,993	982	980	900	15,642
General Fund Capital Plan	210,990	200,642	173,837	88,715	215,611	889,795
Housing Revenue Account:						
Independent - Strategic Priorities	21,420	17,298	31,379	25,550	25,937	121,584
Independent - Baseline	27,302	33,855	32,010	32,760	64,610	190,537
HRA Capital Plan	48,722	51,153	63,389	58,310	90,547	312,121
TOTAL EXPENDITURE	259,712	251,795	237,226	147,025	306,158	1,201,916

Capital Funding - Revised Capital Plan

General Fund Funding Summary	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/31 £'000	Total £'000
<i>Direct / Earmarked Contributions to Schemes</i>						
Capital Grants/Contributions	98,379	111,766	85,140	38,222	33,618	367,125
Earmarked Capital Receipts	7,021	7,540	7,990	9,591	990	33,132
Service Funded Prudential Borrowing	13,340	8,050	7,626	100	2,050	31,166
Revenue Contributions	348	349	0	0	0	697
<i>Pooled Resources</i>						
Non-Earmarked Capital Receipts	4,000	4,000	4,000	4,000	4,000	20,000
Corporate Prudential Borrowing	87,902	68,937	69,081	36,802	174,953	437,675
GENERAL FUND FUNDING	210,990	200,642	173,837	88,715	215,611	889,795

	Revised Capital Plan					
Housing Revenue Account Funding Summary	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/31 £'000	Total £'000
Capital Grants/Contributions	6,041	1,488	3,446	3,896	5,746	20,617
Earmarked Capital Receipts	4,728	4,144	7,240	4,500	1,835	22,447
Reserves / Revenue Contributions	21,685	20,902	22,479	23,507	61,385	149,958
Reserves - MRR	14,258	19,417	19,724	20,017	20,269	93,685
Corporate Prudential Borrowing	2,010	5,202	10,500	6,390	1,312	25,414
HRA FUNDING	48,722	51,153	63,389	58,310	90,547	312,121

Analysis of Best/West Case Scenario Analysis

BEST CASE SCENARIO	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m
BASELINE BUDGET GAP	47.8	54.2	61.1	59.1	57.9
FUNDING					
Council Tax: Housing Growth increased to 1.2%; compared to baseline 0.7% p.a.	(1.2)	(2.4)	(3.6)	(4.8)	(6.0)
2024/25 Government Funding: 1% increase; compared to baseline level	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
TOTAL FUNDING	(2.0)	(3.2)	(4.4)	(5.6)	(6.8)
SPEND					
Treasury Management Interest Rates	(1.7)	(2.1)	(2.7)	(2.7)	(2.6)
TOTAL SPEND	(1.7)	(2.1)	(2.7)	(2.7)	(2.6)
TOTAL CHANGES FROM BASELINE	(3.7)	(5.3)	(7.1)	(8.3)	(9.4)
BEST CASE SCENARIO - BUDGET GAP	44.1	48.9	54.0	50.8	48.5

WORST CASE SCENARIO	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m
BASELINE BUDGET GAP	47.8	54.2	61.1	59.1	57.9
FUNDING					
Council Tax 2025/26 onwards: Overall referendum limit at 3% p.a.; compared to 5% baseline uplift		4.8	9.6	14.4	19.2
Collection fund collection rates: Reduced by 1%; compared to 98.5% baseline	2.8	2.8	2.8	2.8	2.8
2024/25 Government Funding: 1% reduction; compared to baseline level	0.8	0.8	0.8	0.8	0.8
TOTAL FUNDING	3.6	8.4	13.2	18.0	22.8
SPEND					
2024/25 Pay Uplift: Increased to 6%; compared to 4% baseline uplift	5.0	5.0	5.0	5.0	5.0
TOTAL SPEND	5.0	5.0	5.0	5.0	5.0
TOTAL CHANGES FROM BASELINE	8.6	13.4	18.2	23.0	27.8
WORST CASE SCENARIO - BUDGET GAP	56.4	67.6	79.3	82.1	85.7

Corporate Risk Matrix

KCR 1	Financial Sustainability	Previous	Current	
Risk Owner: CEO		Risk Type: Financial		
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.		20	20	
<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 Mitigating controls / actions		Responsible Officer	Previous	Current
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	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	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 DLUCH (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 DLUCH 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			
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	

KCR 2	Effective Governance	Previous	Current
Risk Owner: SD Corporate Strategy, Commissioning & Public Health		9	9
Risk Type: Compliance / Legal / Reputational			

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)			
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		16	16	
Risk Type: Legal / Compliance				
<p>The risk that the Council, or their delivery partners, are unable to meet statutory obligations due to changes in funding models and / or changes external market conditions (difficulty in recruiting, increasing costs inc NMW) or the emergence of new, unfunded government burdens. Where statutory obligations are delivered by external bodies (eg. West Yorkshire Joint Services) the process for obtaining ongoing assurance must be agreed and monitored through robust governance frameworks.</p> <p>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.</p>				
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.			
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		12	12	
Risk Type: Operational / Reputational / Financial				
<p>Failure to develop and manage relationships with third parties (including grant awarding bodies and government agencies) to ensure council priorities are considered and outcomes delivered. Provision of services to residents and communities is no longer the sole preserve of 'the council', from the allocation of funding to end user delivery it is to be expected that there will be a multitude of third parties involved. These range from other public sector bodies, private suppliers / contractors, commercial partners to voluntary organisations. It is imperative that the Council nurture and maintain effective and influential working relationships with these third parties demonstrating robust governance and oversight.</p>				
<p>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.</p>				
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			
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	<p>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:</p> <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		Pr e v i o u s	Current	
	Risk Owner: SD Corporate Strategy, Commissioning and Public Health	Risk Type: Colleague / Operational	2 0	20	
<p>Risk that delivery of services is negatively impacted through a reduction in number and / or capability of council workforce. We are reliant on maintaining a suitably qualified, capable and motivated workforce to meet the expectations of our partners and communities.</p> <p>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.</p>					
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		Refocused 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 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	
<p>Failure to keep vulnerable people in our communities safe from harm is a key priority for the Council. The consequence of a safeguarding failure are serious and long-lasting at both an individual and organisational level.</p> <p>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.</p>				
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 because 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
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Risk Owner: SD Corporate Strategy, Commissioning & Public Health		Risk Type: Operational	15	12	
<p>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.</p> <p>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.</p>					
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 8	Climate Change		Previous	Current	
Risk Owner: SD Environment Strategy & Climate Change		Risk Type: Operational / Reputational		12	12
<p>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.</p> <p>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.</p>					
Sources of risk and Mitigating controls / actions			Responsible Officer	Previous	Current
			Target Date		
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
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		
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.		16	12	
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 council service. Impact on the voluntary sectors may reduce their ability to support communities, with a consequent impact on the council.	Head of Policy, Partnerships & Corporate Planning, Head of Improving Population Health	4x4=16	4x3 = 12
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	<p>Priority 1: Emergency response with focus on direct support for people already in crisis</p> <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	<p>Priority 2: Building resilience within and across our communities</p> <ul style="list-style-type: none"> - Community Response - Community Power 	Contine to nurture new community groups and support established groups with funding applications, volunteer recruitment etc...		
9.2.4	<p>Priority 3: Preventative action to address medium-long term challenges</p> <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 availabilty	SD Growth & Regeneration	Raised: Jan 23	

KCR 10 Physical Assets and Infrastructure		Previous	Current	
Risk Owner: SD Growth & Regeneration		Risk Type: Compliance / Reputational		
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.		12	12	
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	
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

Outline Corporate Budget Timetable

Date	Action	Status
6th Sept 2023	Cabinet considered Medium Term Financial Strategy	This report
13th Sept 2023	Council considers Medium Term Financial Strategy	
Sept/Nov 2023	Consultation period – Council Priorities/Budget	
Oct/Nov 2023	Autumn Statement (not confirmed)	
Dec 2023	Provisional Local Government Finance Settlement (LGFS) 2024/25	
Dec 2023	Cabinet/Council - HRA Rent and Service Charge Setting Report Cabinet/Council - Schools Funding Reports	
Jan 2024	Council Taxbase Report (delegated to Service Director Finance)	
Jan/Feb 2024	Final Local Government Finance Settlement 2024/25	
Feb 2024	Cabinet considers Budget and Council Tax 2024/25	
Feb/Mar 2024	Council sets Budget and Council Tax 2024/25	