

REPORT TITLE: Council Financial Outturn & Rollover Report 2023/24 incorporating General Fund Revenue, Housing Revenue Account, Capital and Treasury Management

Meeting:	Cabinet
Date:	9th July 2024
Cabinet Member (if applicable)	Councillor Cathy Scott
Key Decision Eligible for Call In	Yes Yes
<p>Purpose of Report : To receive information on the Council's 2023/24 financial outturn position for General Fund Revenue, Housing Revenue Account (HRA) and Capital Plan, including proposals for revenue and capital rollover from 2023/24 to 2024/25. This report also includes an annual review of Council Treasury Management activity.</p>	
<p>Recommendations</p> <p><u>General Fund</u></p> <ol style="list-style-type: none"> 1) Note the revenue outturn position of +£7.3m overspend for 2023/24 2) Note the year end position on reserves and balances of £61.2m (excluding Statutory Reserves), particularly that the level of general reserve at £25m is the desirable level on a risk based approach as presented to Members in the 2024/25 budget report; 3) Note the application of the Councils flexible capital receipts strategy to the value of £3.3m applied against eligible transformation costs in 2023/24; 4) Note the regular monitoring and review of corporate reserves in 2024/25 to be reported to Cabinet as part of the Quarterly financial monitoring cycle; 5) Note the year end deficit position on the Collection Fund of £8m, along with the position on the DSG as part of the Council's Safety Valve agreement. <p><u>HRA</u></p> <ol style="list-style-type: none"> 6) Note the HRA revenue outturn position of +£1m deficit for 2023/24 and the year end reserves balance of £33.9m; <p><u>Capital</u></p> <ol style="list-style-type: none"> 7) Note the Council capital outturn position at £148.2m for 2023/24 8) Note the £22.3m capital slippage from 2023/24 to 2024/25 paragraph 3.6.13; 9) Note the revised capital plan for the period 2024/25 onwards after taking into account the re-phasing of schemes and additional grant funding assumptions (Appendix 2a: Summary Capital Plan and Appendix 2b: Detailed Capital Plan); 	

- 10) Approve £0.75m additional borrowing for the in-house fleet for home to school transport pilot (Appendix 3);
- 11) Approve the extension of the existing Property Investment Fund loan facility for Kingsgate shopping centre for a further 9 months, at the prevailing interest rate (cost neutral for the Council) (Appendix 3);
- 12) Approve the use of £0.14m Libraries Improvement Grant Fund towards spend on the Kirklees Open Access pilot project (Appendix 3);

Treasury Management

- 13) Note the Review of Treasury Management activity for 2023/24 (Appendix 4);

Reasons for Recommendations

This financial outturn report updates the Cabinet on the year-end financial position as of 31 March 2024, together with key risks. Council approval is required for changes to the capital plan as noted in items (10) to (12) above.

Resource Implications:

To note information on financial outturn for General Fund Revenue, Housing Revenue Account (HRA) and Capital Plan, as at 31 March 24.

Date signed off by Strategic Director & name

Rachel Spencer Henshall – 27 June 2024

Is it also signed off by the Service Director for Finance?

Kevin Mulvaney – 27 June 2024

Is it also signed off by the Service Director for Legal Governance and Commissioning?

Sam Lawton – 27 June 2024

Electoral wards affected: All

Ward councillors consulted: None

Public or private: Public

Has GDPR been considered? Yes. This report contains no information that falls within the scope of General Data Protection Regulations.

1. Executive Summary

The attached slides provide information on financial outturn for General Fund Revenue, Housing Revenue Account (HRA) and Capital Plan, as at 31 March 2024. Although the outturn position has improved from the position reported to Members at Q1 2023/24, ongoing effort will be required to keep the 2024/25 budget under control.

2. Information required to take a decision

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

General Fund revenue outturn position in 2023/24 by service area;

General Fund reserves and balances movements in-year;

HRA revenue outturn position including movements in HRA reserves in-year;

Capital outturn position in 2023/24;

The Council's Corporate Risk 'Heat Map' and summary;

Treasury management prudential indicators.

3. Implications for the Council

3.1 **Working with People**

N/A

3.2 **Working with Partners**

N/A

3.3 **Place Based Working**

N/A

3.4 **Climate Change and Air Quality**

N/A

3.5 **Improving outcomes for children**

N/A

3.6 **Financial Implications**

3.6.1 The outturn position improved significantly to +£7.3m overspend from a projected overspend at Q1 of £20.3m primarily due to the spend controls implemented in year and significant savings in capital financing costs from an MRP review and capital programme slippage.

Outturn Position 2023/24 compared to Q1

	Revised Budget £000	Outturn £000	Variance £000	Variance Q1 £000	Change from Q1 £000
Children and Families	98,609	106,128	7,519	7,368	151
Adults and Health	127,050	127,896	846	3,024	(2,178)
Growth and Regeneration	55,654	58,966	3,312	3,248	64
Corp Strategy, Comm and Public Health	65,117	69,080	3,963	4,150	(187)
Central Budgets	13,086	4,723	(8,363)	2,545	(10,908)
General Fund	359,516	366,793	7,277	20,335	(13,058)



3.6.3 The key service variations (outlined in more detail in the slide deck) are summarised below.

3.6.4 Children's Services faced significant pressures across the Social Care budgets reflecting national trends in this area. Demand, complexity and cost of living increases led to pressures of £7.5m.

3.6.5 The overall position for the whole Adults & Health Directorate was an overall overspend of £0.8m. Within the Adult Social Care related portfolio, variances have been seen across key demand-led headings, notably on Independent Sector Home Care, Independent Sector Residential & Nursing Placements and on Self-Directed Support.

The Communities and Access portfolio saw an underspend of £1.4m, primarily due to staffing savings. The Culture & Visitor Economy portfolio saw an overspend of £0.3m, Markets (£0.1m mainly on reduced income) and Culture & Tourism Management (£0.2m on increased costs).

3.6.6 Growth and Regeneration - Most of the overspend occurred in the areas of Waste Management, Fleet and Highways service. Rising costs of landfill and key chemicals were (£0.6m) and the impact of legislative changes regarding the disposal of waste containing Persistent Organic Pollutants totalled (£0.9m). Transport pressures on parts, fuel and additional vehicle hire requirements due to an ageing fleet were £1m. Other significant pressures included the impact of adverse weather conditions (12 named storms) costing £0.7m and a shortfall in parking income £0.7m.

3.6.7 Corporate Strategy, Commissioning and Public Health - There was an overall overspend of £4m, predominantly due to the impact of subsidy loss on housing benefit payments.

3.6.8 Within central budgets there were savings of £6.1m on Minimum Revenue Provision (MRP) costs following an advisor review. There was also a £1.4m underspend on inflation, largely due to energy contingency not required, and a surplus of £0.8m compared to budget across various un-ringfenced grants from government.

3.6.9 As outlined in the slide deck, there are significant reserves drawdowns in-year, resulting in a year end useable reserves balance of £61.2m (forecast £43.8m at Q3) which includes a

General Reserve of £25m This level of general reserve is a desirable balance based on the risk based review of the Council's budget.

DSG

3.6.10 The in-year deficit was £15m taking the total DSG Deficit to £43.7m at 31 March 2024. The increase in costs was mainly due to rising complexity and demand in mainstream schools and inflationary increases from external providers. Following a period of enhanced monitoring during 2023/24 the DSG Safety Valve Management Plan has been extended until 2029/30 from 2026/27. The Council has now been removed from enhanced monitoring and this extension will enable the overall DSG deficit to be cleared by the end of the agreement

HRA

3.6.11 The HRA reported a £1 million deficit (c1%) after a transfer from reserves of £5.5 million, against an annual turnover budget of £99.2 million.

Capital Plan

3.6.12 The Council's revised capital plan budget was £170.6 million in 2023/24. Capital expenditure in 2023/24 totalled £148.3 million; equivalent to 87% against budgeted investment.

3.6.13 The proposal is to effectively re-profile planned spend totalling £22.3m from 2023/24 to 2024/25; £19m General Fund and £3.3m HRA. This largely reflects deferred spend against existing schemes previously approved by Council, rolled forward into future years

3.6.14 Additionally the capital plan provides for an update In three areas detailed in Appendix 3:-

Approve £0.75m additional borrowing for the in-house fleet for home to school transport pilot

Approve the extension of the existing Property Investment Fund loan facility of £7.5m for Kingsgate shopping centre for a further 9 months, at the prevailing interest rate (cost neutral for the Council)

Approve the injection and use of £0.14m Libraries Improvement Grant Fund towards spend on the Kirklees Open Access pilot project

3.7 Legal Implications

3.8 Other (eg Risk, Integrated Impact Assessment or Human Resources)

Section 28 Local Government Act 2003 imposes a statutory duty, from time to time to carry out budget monitoring of expenditure and income against budget calculations during the financial year. If there is a deterioration in its financial position the council must take such action as it considers necessary to remedy the situation.

3.9 Consultation

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

4 Engagement

N/A

5 Options

5.1 Options considered

N/A

5.2 Reasons for recommended option

N/A

6 Next steps and timelines

Subject to member approval, capital slippage proposals and the update of the multi-year capital plan will be incorporated into in year financial monitoring in 2024/25 and reported quarterly to Cabinet from Quarter 1 onwards.

7 Contact officer

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Sarah Hill, Finance Manager
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8 Background Papers and History of Decisions

Annual budget report 2024-27 to Budget Council, March 2024
Budget Update Report to Council, September 2023
CIPFA's Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes 2021 edition
CIPFA's Prudential Code for Capital Finance in Local Authorities 2021 edition
Public Works Loan Board Website.
Local Authorities Property Fund & Factsheet

9 Appendices

Appendix 1: Financial Monitoring slides
Appendix 2: Multi-year Capital Plan
Appendix 3: Capital Plan Proposals
Appendix 4: Annual Report on Treasury Management 2023/24

10 Service Director responsible

Kevin Mulvaney, Service Director – Finance.

Corporate Financial Outturn 2023/24

Cabinet 9th July 2024



Revenue Headlines

- Outturn Position – Overspend of **£7.3m**
- Savings delivered at 100%, against a target of £19.8m.
- Total Useable Reserves **£61m** at 31st March 2024 of which:
 - General reserve **£25m** (Minimum working balance assessed at £15m using risk-based approach; £25m assessed as Desirable balances)
 - Earmarked Reserves **£36m** – *includes £9.4m returned WYCA levy to be used in 2024/25 to mitigate against the use of other reserves to balance the budget*



DSG / Safety Valve Headlines

- 23/24 In Year DSG Deficit - £15m (22/23 - £13.6m) – due to deficit on High Needs Block
- Current Overall DSG Deficit - £43.7m (22/23 - £28.7)
- Safety Valve Plan has been extended from 2026/27 – 2029/30
- LA is now out of enhanced monitoring process following the agreed extension
- Extension will allow Overall Deficit to be cleared by 2029/30
- Increased Costs have been seen in Mainstream School Top-Up Funding, Special School Top-Up Funding and Independent School Placements – these are driven by demand, increased complexity of need and cost of living pressures



Outturn Position 2023/24

	Revised Budget £000	Outturn £000	Variance £000
Children and Families	98,609	106,128	7,519
Adults and Health	127,050	127,896	846
Growth and Regeneration	55,654	58,966	3,312
Corp Strategy, Comm and Public Health	65,117	69,080	3,963
Central Budgets	13,086	4,723	(8,363)
General Fund	359,516	366,793	7,277



Directorate Budget Variances

Children and Families

Children and Families Totals		
Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£98.609m	£106.128m	+ £7.519m

Service Area	Outturn Variance	Reason for Variance	Mitigating Actions
Overspend			
Education Psychology/SENDACT	+£630k	Increased staffing pressure due to the requirement to adhere to statutory timescales/capacity of these teams, plus increased unit cost of Education Psychology locums.	
Strategic Leadership in Education	+£147k	Partially caused by the removal of the School Improvement Grant.	An overspend reduction proposal has been put forward as part of the 24/25 budget process to reduce this overspend.
Children's Disability Service Placements	+£1.220m	Demand, complexity and significant cost of living increases have driven costs up and resulted in the projected overspend. Existing commissioning processes were unsatisfactory to be able to accurately predict the financial impact	<p>Existing and new support packages are subject to significant scrutiny.</p> <p>We are working with partners to ensure appropriate contributions are received.</p> <p>A plan to commission our own providers is being established. This will allow us to better control spend, quality and known budget costs. This will enhance our approach to better quality and cost management.</p>



Directorate Budget Variances

Children and Families

Children and Families Totals

Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£98.609m	£106.128m	+ £7.519m

Service area	Outturn Variance	Reason for variance	Mitigating actions
Overspend			
Looked After Children and Care Leaver Service	+£2.196m	A result of increased numbers and complexity of need, plus £300k inflation uplift for contract provision. This budget relates to children who are looked after aged 16 –18. We have a duty to provide them with accommodation which would otherwise be foster care or residential. Historically the service were supporting approx. 20 care leavers over 18. We have now reduced this to 5.	<p>A plan has been implemented to ensure that there is a suitable mechanism to review plans for all care leavers aged 18 and over. This has led to an immediate reduction.</p> <p>Service managers across Assessment and Intervention (A&I), LAC and Leaving care ensure that the Leaving Care Team are made aware of all young people aged 17 and 6 months. This allows for timely transition plans to be put in place.</p> <p>We are working with housing colleagues to ensure the timely allocation of suitable accommodation.</p> <p>We are co-delivering a more robust tenancy preparation course through Huddersfield Town so that care leavers are better prepared.</p>



Directorate Budget Variances

Children and Families

Children and Families Totals

Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£98.609m	£106.128m	+ £7.519m

Service area	Outturn Variance	Reason for variance	Mitigating actions
Overspend			
Financial Support for Care Leavers	+£526k	<p>The cost pressure in this area is as a result of increases in demand and the levels of support provided. A refreshed care leavers support and financial policy was agreed in 2021. This enabled the Council to meet our corporate parenting duties which extend to when care leavers turn 25. The revised policy states that to successfully implement and deliver the policy it will need collaboration across council Directorates and an agreement on funding to strengthen the council wide Corporate Parenting Offer.</p> <p>The refreshed policy proposes increases existing areas such as the Leaving Care Grant and holiday and birthday allowances as well as introducing new areas such as help with moving and incentives to support Care Leavers in education, Employment and Training. Unfortunately, when these decisions were made the budget was not uplifted.</p>	<p>An audit has been completed. As a result we are also undertaking a review of current spend.</p> <p>A current review of our financial policy is being undertaken to ensure this is being used consistently.</p>



Directorate Budget Variances

Children and Families

Children and Families Totals

Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£98.609m	£106.128m	+ £7.519m

Service area	Outturn Variance	Reason for variance	Mitigating actions
Overspend			
Special Guardianship Order	+£1.037m	Increases in numbers and application of inflationary uplifts. At the time that the sufficiency budget was developed for 22/23 it was projected to cover costs of 390 children. Our ambition is to have more children live in these arrangements.	The cost associated to SGO financial support is a positive outcome for children and means that they do not need to remain in care. It is anticipated that this cost will continue to rise. Further consideration to means test or not means test will be given so that we do not see a negative rise in looked after children.
Residential Assessments for Families	+£321k	There is no budget for residential assessments which are court led decisions which we have to implement.	Current arrangements are reviewed regularly as we are in care proceedings and subject to tight timescales. We recognise that at a point in time this residential family assessments may be ordered and we need to re- profile the sufficiency budget
External Residential Placements	+£3.793m	Due to price and volume (increased need and complexity) increases. Due to demands on fostering provision and IFA's at times children who should be in a foster placement are living in residential care arrangements	Opening of 2 new children's homes will provide more local capacity to reduce the number or ERP's. DCS is chairing external placement panel where all ERP's are discussed and reviewed including joint funding arrangements
Commissioned Services	+£497K	Pressure on commissioned contracts.	



Directorate Budget Variances

Children and Families

Children and Families Totals

Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£98.609m	£106.128m	+ £7.519m

Service area	Outturn Variance	Reason for variance	Mitigating actions
Underspend			
Service Wide Vacancy Management	-£1.162m	Staffing savings over the budgeted £0.5m savings target	
Internal Fostering Placements	-£973k	Actual Placements in Internal Fostering are lower than budgeted placements	We are seeing an increase in demand for placements for children. This is a national challenge, and we are facing enormous difficulties to place children in residential or fostering placements. Local sufficiency strategy has been development to increases foster carer recruitment and retention of carers.



Directorate Budget Variances

Adults and Health

Adults and Health Totals		
Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£127.050m	£127.896m	+ £0.846m

Service area	Outturn Variance	Reason for variance	Mitigating actions
Overspend			
Independent Sector Home Care	+£2.2m	Increased activity/demand levels on all client cohorts. Also, significantly higher unit costs on Learning Disability and Mental Health.	Ongoing work to manage pathways, working with the market.
Increase in bad debt provision	+£800k	Growing level of potential bad debt coverage required (age and volume).	Work ongoing to review reasons and processes. Specific work package within the Adults Transformation programme.
In-house residential	+£1.1m	Ongoing work programme re cost and design of services.	Work with the wider health and care system to properly reflect the cost and design of services provided to the wider health and care system
Income Underachievement			
Catering	+£118k	Contract loss of 22no. Schools. Pay and food price inflation.	Management of food contracts. Control on all spending. Meal Price increase Sept 23.
Markets	+£120k	Historic Budget Pressures Dewsbury and Huddersfield – 40% Rent reductions Closed buildings continue to provide expenditure pressure – Queensgate and Holmfirth	Spend controls – Eg – Salaries and wages £100k underspend New income streams developed – Apna Bazaar / Car Boot Service Charge Increases / Implementation Fees and Charges review Reducing agency staff / contractor costs Rent reviews



Directorate Budget Variances

Adults and Health

Adults and Health Totals		
Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£127.050m	£127.896m	+ £0.846m

Service area	Outturn Variance	Reason for variance	Mitigating actions
Income Underachievement			
Town Halls, Public Halls and Cliffe House	+£313k	- Historic Budget Pressures associated with operating costs and reductions in income achieved in recent years post COVID from changed usage patterns and temporary closures in 23/24 for building condition reasons.. Some pressures partially addressed for 24/25	<ul style="list-style-type: none"> - Spend controls - Underspend salaries and wages - Commercial approach being taken to meeting room hire - Fees and Charges/Cliffe House operational model review - Further development of the Town Hall programme - New Website Launch with enhanced sales functionality



Directorate Budget Variances

Adults and Health

Adults and Health Totals		
Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£127.050m	£127.896m	+ £0.846m

Service area	Outturn Variance	Reason for variance	Mitigating actions
Underspend			
Employees (ASC)	-£1.1m	Agency staffing is £+1.5m but direct staffing is £-2.6m.	Ongoing work around recruitment and retention.
Self-Directed Support	-£700k	OP is underspending (mainly higher than anticipated client income). LD and MH are overspending (LD on Direct Payments and on commissioned services, MH on Direct Payments).	Ongoing work to manage pathways, working with the market.
Residential and Nursing Placements	-£700k	OP and LD are up on activity. PD, LD and MH up on net unit cost. Also, utilisation of discharge funding.	Ongoing work to manage pathways, working with the market.
Caretaking & Cleaning	-£551k	Additional ad-hoc and specialist cleaning and a charging review. Pay above NLW rate.	Price increase 24/25 to contribute to pay gap.



Directorate Budget Variances

Growth and Regeneration

Growth and Regeneration Totals

Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£55.654m	£58.966m	+ £3.312m

Service area	Outturn Variance	Reason for variance	Mitigating actions
Overspend			
Corporate Landlord	+£70k	Building running & maintenance costs	Essential spend (health, safety & compliance) only.
Assets and Estates	+£450k	Overspend staffing and piazza (previously funded by reserve)	4% capital receipts was top sliced to help mitigate.
Adverse Weather	+£666k	The winter period saw 12 named storms which resulted in storm damage including flooding and falling trees. Over 70 precautionary gritting operations were undertaken plus a response to a period of prolonged snow in November 23. 22/23 CFWD expenditure exceeded £150k which reduced the 23/24 budget. The need to operate with hired plant/equipment increased costs by £388k.	For 24/25 the service will embed the filling of grit bins once per season and continue to promote self-help snow wardens. 'Living within our" means resilient gritting routes are developed (26%) and a detailed review is underway including thermal mapping/TSS plus BR (40%). A further review of the contracted out services are also underway.



Directorate Budget Variances

Growth and Regeneration

Growth and Regeneration Totals

Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£55.654m	£58.966m	+ £3.312m

Service area	Outturn Variance	Reason for variance	Mitigating actions
Overspend			
Transport (fleet)	+£938k	Currently the Council are operating 268 fleet vehicles* beyond their Useful Economic Life (UEL), causing significant financial and operational delivery pressures – Replacement parts budgets has overspent by £600k. The pressure on fuel costs continue to outstrip base budget by £200k.	A Vehicle Replacement Capital Report has been approved to replace 34 priority vehicles (UEL) at a cost of £2.5m. The financial pressure of fuel has been recognised with additional base budget of £400k for 24/25.
Waste Services – Hired Fleet/Agency/POPs	+£1,744k	Changes to disposal of Persistent Organic Pollutant(POP's) in 2023. No base budget to offset what is a significant cost to KMC c£850k. Increased landfill tax levy £250k. Inflation realised for the purchase of IPPC which is an essential chemical used to reduce emissions for the EfW Plant. disposal legislation & significant cost increase of chemicals to reduce emissions £200k. Recycling contamination and diversion continues to generate increased costs circa £450k* Hired fleet approx. £15k/wk.	Working across to sector to reduce POP's disposal. Bulky waste fees have been increased to recognise POP disposal costs. 2024/25 review of the MTFP will seek to address these legislative and inflationary impacts within the sector. Waste advisers are active with areas/locations that present a challenge. A fleet review is underway to seek to reduce the hire fleet demand – invest to save.



Directorate Budget Variances

Growth and Regeneration

Growth and Regeneration Totals

Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£55.654m	£58.966m	+ £3.312m

Service area	Outturn Variance	Reason for variance	Mitigating actions
Income Underachievement			
Planning and Building Control	+£607k	Demand suppressed for Planning & Building Control.	
Parking	+£681k	<p>140 parking machines approached/exceeded UEL which continue to challenge the service with failing machines resulting in loss of income.</p> <p>Delay in the tariff uplift across Huddersfield, Dewsbury and Holmfirth (was expected mid Feb) – implemented 29th April 24</p> <p>Reduction in CEO capacity had an adverse effect on fine income.</p>	<p>140 parking machine has been replaced.</p> <p>Fees in Huddersfield, Dewsbury and Holmfirth increased from 29th April 2024.</p> <p>Staff recruitment commencing June 2024 – CEO 6 FTE.</p> <p>Consultations on new charging and RPP have been completed and scheduled to Cabinet Committee Local Issues ASAP for implementation Q2.</p>
Highways	+£614k	The 23/24 income target was forecast at £20.7m for Operational Services. The year end outturn was £19.9m which included £3m of resurfacing. Staffing pressure of over £200k.	<p>A review into financial monitoring of operational services is underway plus a full review of workload v recharge v productivity.</p> <p>On completion a review of staffing levels will be completed before the end of Q1.</p>



Directorate Budget Variances

Growth and Regeneration

Growth and Regeneration Totals

Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£55.654m	£58.966m	+ £3.312m

Service area	Outturn Variance	Reason for variance	Mitigating actions
Underspend			
Housing GF Services	-£462k	Increased admin fee	
Landbank	-£87k	Waterfront & building running costs	
Major Projects	-£572k	Net Staffing	
Capital Delivery	-£748k	Net Staffing	
Various	-£688k	Net staffing	



Directorate Budget Variances

Corporate Strategy, Commissioning and Public Health

Corporate Strategy, Commissioning and Public Health Totals

Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£65.117m	£69.080	+ £3.963m

Service area	Outturn Variance	Reason for variance	Mitigating actions
Overspend			
Finance	+£875k	Staffing overspends (+£131k) and significantly reduced court cost recovery (+£853k), offset by grant funding and keeping vacancies where possible (-£332k). Costs incurred whilst permanent S151 officer appointed.	Utilisation of grant funding, and vacancies held where possible. Capitalisation of staff.
Schools Transport	+£408k	Increased charges for Bus transport. Need for higher use of Agency Passenger Assistants.	Transformation projects ongoing to reduce costs. Personal Travel Budgets being rolled out.
Income Underachievement			
Housing Benefit Subsidy loss	+£5.6m	Overspend of £5.6 million on Benefit Payments, due to Homelessness costs, plus cost of non-HRA claims administered under historic rules which are not fully eligible for Housing Subsidy grant. This overspend is partly offset by £1.2 million overpayment recovery income and £0.2 million Homelessness Prevention Grant.	Additional temporary accommodation sourced including using Berry Brow and Ashenhurst (previously student accommodation)
Licensing Income shortfall	+£301k	Historic Budget saving target not achievable. Slow income recovery post Covid in some areas.	Base Budget 24/25 to sort historic issue. Spend controls and process reviews.



Directorate Budget Variances

Corporate Strategy, Commissioning and Public Health

Corporate Strategy, Commissioning and Public Health Totals

Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£65.117m	£69.080	+ £3.963m

Service area	Outturn Variance	Reason for variance	Mitigating actions
Underspend			
Governance & Commissioning	-£1.129m	Legal Services increased income through charges against capital works/HRA, offset by external costs. Vacancies in Risk and Governance. Insurance claims history reduced overall cost.	Vacancies held across most services.
Strategy & Innovation	-£360k	Inflationary pressures on IT through increased costs of software and hardware, as well as pressure on volumes of IT kit used across the authority (+£308k). Early implementation of savings proposals within IT, and vacancies held across the Strategy and Innovation Service (-£529k) have offset the inflationary pressures.	Vacancies held across most of the Strategy and Innovation service, and cost saving proposals within IT generated savings early.



Directorate Budget Variances

Central Budgets

Central Budgets Totals

Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£13.086m	£4.723m	-£8.363m

Service area	Outturn Variance	Reason for variance	Mitigating actions
Underspend			
Treasury Management	-£6.1m	Savings on Minimum Revenue Provision (MRP) costs following advisor review.	
Inflation - energy	-£1.4m	£1.1m release of energy contingency not required, plus £0.3m re-payment from Gas supplier after reconciliation of 2022/23 fluctuating prices.	
Contingencies - Additional Funding	-£0.8m	Government funding announced as part of the 24/25 Local Government Finance Settlement (includes £0.7m business rates levy surplus redistribution).	



Analysis of Council Reserves (excl. Statutory Reserves)

	Gen Reserve*	Earmarked	Total
	£000	£000	£000
At 1st April 2023	(47,108)	(36,942)	(84,050)
<i>Planned Use</i>			
Earmarked Reserves	-	3,268	3,268
Unallocated Reserves	24,648	-	24,648
Budgeted Contribution to Reserves for Collection Fund Deficit	-	(2,500)	(2,500)
	(22,460)	(36,174)	(58,634)
<i>In Year Adjustments – Outturn</i>			
- Drawdown of Unallocated Reserves	10,665	-	10,665
- Net drawdown of Earmarked Reserves	-	(3,844)	(3,844)
- Reallocation of Demand Reserve	(10,750)	10,750	-
- Reallocation of Collection Fund Deficit Reserve	(2,500)	2,500	-
- WYCA returned levy	-	(9,424)	(9,424)
Balance of Reserves at 31st March 2024	(25,045)	(36,192)	(61,237)

*1 – includes Minimum Working Balance of £15m



Council Reserves Balances (excl. Statutory Reserves)

	Balance at 31 March 2024 £000	2024/25 Budget Approved Movements £000	Balance at 1 April 2024 £000
Member Led Reserves	(1,249)	-	(1,249)
Demand Reserve	(3,000)	-	(3,000)
Transformation Reserve	(3,067)	-	(3,067)
Apprenticeship Levy	(3,574)	-	(3,574)
Development Funding	(621)	-	(621)
Revenue Grants Reserve	(9,020)	-	(9,020)
Stronger Families	(784)	-	(784)
Specific Risk Reserves	(3,500)	3,500	-
WYCA Returned Levy – MTFP Support	(9,424)	9,400	(24)
Voluntary Revenue Provision Reserve	-	(15,195)	(15,195)
Other	(1,953)	-	(1,953)
Total Earmarked Reserves	(36,192)	(2,295)	(38,487)
General Reserve	(25,045)	-	(25,045)
Total Useable Reserves	(61,237)	(2,295)	(63,532)



Collection Fund (Council Share)

- **Council Tax**

- In year financial performance – net £3.6m deficit (1.6% of budgeted income)
- Largely due to:
 - £2.0m impact on income due to higher than budgeted exemptions
 - £1.5m increased bad debt provision requirement due to growth in arrears

- **Business Rates**

- In year financial performance – net £2.1m deficit (4.4% of budgeted income)
- Largely due to:
 - £3.3m impact on income from higher than budgeted reliefs
 - £1.4m reduced bad debt provision requirement compared to budget



Collection Fund (Council Share)

- Charges from Collection Fund to the General Fund each year are based on estimates.
- Actual income collected will vary, and these timing differences result in actual surpluses or deficits which are rolled forwards year on year through the Collection Fund and 'settled' over following years through relevant payment adjustments to the General Fund.
- The approved 2024-27 Medium Term Financial Plan (MTFP) included a repayment of £5m from the General Fund to the Collection Fund, based on the estimated Collection Fund performance in 2023/24.
- The net effect of the above still leaves a residual Collection Fund deficit of £3m (illustrated in the following summary table).



Collection Fund (Council Share)

Outturn Summary	Council Tax £000	Business Rates £000	Kirklees Total £000
(Surplus)/Deficit at 1 April 2023	1,447	(1,247)	200
Repayments to/(from) General Fund 2023/24	282	1,737	2,019
In-year Financial Performance	3,632	2,146	5,778
(Surplus)/Deficit at 31 March 2024	5,361	2,636	7,997
Planned Repayments to General Fund 2024-26	(3,907)	(1,093)	(5,000)
Residual (Surplus)/Deficit	1,454	1,543	2,997



HRA Outturn

	Revised Budget £000	Outturn £000	Variance £000
Repairs & Maintenance	30,325	28,964	(1,361)
Housing Management	45,374	43,184	(2,190)
Property Services (Trading position)	0	62	62
Other Expenditure	29,058	34,879	5,821
Total Expenditure	104,757	107,089	2,332
Rent & Other Income	(99,206)	(100,510)	(1,304)
Revenue Contribution to Capital Funding	0	3,895	3,895
Planned transfer from HRA Reserves	(5,551)	(9,446)	(3,895)
Total	0	1,028	1,028



HRA Reserves

	Balance at 31 March 2023 £000	Approved Movement in reserves £000	Balance at 31 March 2024 £000
Set aside for business risks	(4,000)	(9,500)	(13,500)
Set aside to meet investment needs (as per HRA business plan)	(38,916)	19,974	(18,942)
Working Balance	(1,500)	-	(1,500)
Total	(44,416)	10,474	(33,942)



HRA Budget Variances

HRA Totals

Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
-	£1.028m	+ £1.028m

Service area	Outturn Variance	Reason for variance	Mitigating actions
Overspend			
Policy and Management	+£829k	Overspend for PFI extra care scheme unitary charge £432k (net £362k) Temporary Accommodation repair costs of £187k. Overspend for Grounds Maintenance of £49k	Policy and Management review of continuation of catering service for extra care schemes. Review of costs for temporary accommodation.
Council services bought in	+£548k	Legal services overspent by £941k mainly due to disrepair/compensation and reduction of other internal charges.	Council services bought in Review of process and controls for disrepair claims and compensation payments need to be budgeted for
Community facilities	+£350k	Variance for communal lighting overspend of £212k, Sheltered heating variance of £69k which includes utility discounts, Sheltered HSG variance of £59k and variance of £84k for concierge services.	Review of costs and recovery through service charges for Community facilities



HRA Budget Variances

HRA Totals

Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
-	£1.028m	+ £1.028m

Service area	Outturn Variance	Reason for variance	Mitigating actions
Overspend			
Other Expenditure	+£5,821k	Additional £6m included for depreciation, variance of £490k for council tax on void properties. Bad debt provision £365k less than expected and overprovided for the inflation provision of £368k	Due to revised asset strategy, increased component costs and changes in life cycles.
Underspend			
H&N Management costs	-£3,856k	Underspend for staffing is £2.4m with Assets and Building Safety of £1.435m, where recruitment is taking place for some addition posts and Housing Management and Partnerships £692k, where there were some planned savings. There was a deficit for Property Services of £62k	Additional resources allocated for staffing for Assets and Building Safety. Planned approach to recruiting to the team. Staff capitalisation for fuel poverty team and discounts for district heating.



HRA Budget Variances

HRA Totals		
Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
-	£1.028m	+ £1.028m

Service area	Outturn Variance	Reason for variance	Mitigating actions
Underspend			
Repairs and Maintenance	-£1,361k	Underspend for cyclical works £692k where works pushed back to 2024-25, difficulties starting due to weather. Feasibility variance of £157k due to more structural surveys. Underspend for building safety £545k where survey costs have been capitalised. Underspend for voids £1.2m due to change in lettable standard and backlog of works due to capacity of surveyors. Underspend of £227k for unplanned environmental works and chargeable repairs	Focus on damp and mould backlog as a priority, whilst still addressing current cases, savings achieved from other areas including cyclical and empty homes.
Income			
Rental Income	+£380k	Void rent loss through time taken to turnaround empty properties	Updated process in place to improve turnaround times
Other Income	-£1,684k	Investment income received of £1.7m due to higher balances held than expected	Additional income through balances held



Capital Headlines

- Capital Outturn **£148.3m** against Revised Budget of **£170.6m**, variance of **(£22.3m)**
- 2022/23 Outturn spend was **£146.2m**
- £148.3m actual spend; £67.9m relates to strategic priorities schemes, £74.0m baseline capital spend, £6.4m projects of a one-off nature.
- Revised Budget decrease of -£10.4m since Quarter 3 Corporate Financial Monitoring Report on 14 March 2023 (£181m) due to application of the FPR flexibility in-year ; re-profiling into latter years of the plan (-£14.1m) offset by increased grants and contributions (+£3.7m).

2023/24 Capital Outturn

	Revised Budget £000	Outturn £000	Variance £000	Variance %
Children and Families	13,120	11,778	(1,342)	(10%)
Adults and Health	8,779	6,874	(1,905)	(22%)
Growth and Regeneration	141,380	124,961	(16,419)	(12%)
Corp Strategy, Comm and Public Health	7,318	4,664	(2,654)	(36%)
Total	170,597	148,277	(22,320)	(13%)



2023/24 Capital Outturn (mapped to Council Outcomes)

	Revised Budget £'000	Outturn £'000	Variance £'000	Variance %
General Fund				
Aspire & Achieve	12,143	11,126	(1,017)	(8%)
Best Start	1,063	688	(375)	(35%)
Independent	7,807	6,334	(1,473)	(19%)
Sustainable Economy	99,094	85,982	(13,112)	(13%)
Well	2,116	1,440	(676)	(32%)
Safe & Cohesive	49	24	(25)	(51%)
Clean and Green	7,880	6,947	(933)	(12%)
Efficient & Effective	5,477	4,114	(1,363)	(25%)
GENERAL FUND TOTAL	135,629	116,655	(18,974)	(14%)
Housing Revenue Account				
Strategic Priorities	16,496	15,159	(1,337)	(8%)
Baseline	18,472	16,463	(2,009)	(11%)
HOUSING REVENUE TOTAL	34,968	31,622	(3,346)	(10%)
CAPITAL PLAN TOTAL	170,597	148,277	(22,320)	(13%)



Breakdown of Capital Budget Changes since Q3

	£'000	£'000	£'000
QUARTER 3 CAPITAL BUDGET			180,964
Increase in Grants/Contributions/Other			
Adults and Health	18		
Sustainable Economy	3,692		
Total		3,710	
Re-profiling / Virements between Years			
General Fund:			
Aspire & Achieve	(1,652)		
Sustainable Economy	(4,124)		
Clean & Green	(8,301)		
Total Re-profiling		(14,077)	
Total Change in Budget			(10,367)
CAPITAL OUTTURN BUDGET			170,597
Change in Budget - Funding Breakdown:			
Borrowing		(2,385)	
Grant (Grants & contributions)		(7,799)	
Receipts		(308)	
Reserves/RCCO		125	
Change in Budget			(10,367)



Capital Outcome Budget Variances

Aspire & Achieve

Aspire & Achieve Totals		
Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£12.1m	£11.1m	- £1.0m

Capital Scheme	Outturn Variance	Reason for Variance
Strategic Priorities		
New Pupil Places in Primary/Secondary Schools	-£513k	Majority of underspend due to outstanding final accounts for King James's High School (-£254k) and Manor Croft School (-£105k) schemes. Underspends in funding on Strategic Priorities schemes will be required to rollover into the next financial year to enable the rolling programme on schools to be delivered as part of the Schools Investment Needs Strategy.
District Sufficiency – SEND	-£115k	Additionally Resourced Satellite Provisions underspend (-£334k) on various schools which are rolling forward into next year offset by higher percentage of fees spent in this financial year on the Alternative Provision School (+£239k) which will balance out over the multi-year funded project as the scheme progresses.
Baseline		
Capital Maintenance	-£365k	Disputes in final accounts, holding retention payments on contracts and delays in tendering some schemes caused an underspend on budget this financial year.



Capital Outcome Budget Variances

Best Start

Aspire & Achieve Totals

Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£1.1m	£0.7m	- £0.4m

Capital Scheme	Outturn Variance	Reason for Variance
Strategic Priorities		
Homes for Children	-£372k	Underspend on budget for the procurement of Childrens Homes for looked after children requiring residential settings alongside short term emergency placement demand. The purchase of a new children's home for up to two children run by the Council will enable the Council to meet demand in a more flexible and cost-effective way, hence underspend is required next financial year.



Capital Outcome Budget Variances

Independent

Independent Totals		
Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£7.8m	£6.3m	- £1.5m

Capital Scheme	Outturn Variance	Reason for Variance
Strategic Priorities		
Knowl Park House	-£604k	The new build is now due to complete now on the 29th July. The delays have been attributed to the water ingress issue which resulted in the provision of an additional attenuation tank which has been sited in the adjoining park. In addition, heavy rainfall this winter has again delayed some areas of work. Recent delays have been attributed to the complex fitting of the acoustic ceiling. All underspend is committed to be spent in the next financial year.
Milldale/Crescent Dale	-£306k	The scheme has suffered design delays due to the lack of some information on the original build i.e. supporting walls etc, and issues re the ceiling and roof joists and their ability to accommodate hoists etc. This again has led to some delays in the completion of the design alongside changes in the projected delivery time due to reduced in-house resources.
One Off Project		
Carefirst System Replacement	-£280k	Scheme is ongoing and currently on track to come in on total budget within plan. 2 large invoices expected to be paid in 2023.24 will now be paid in 2024.25, thus requiring rollover.



Capital Outcome Budget Variances

Sustainable Economy

Sustainable Economy Totals		
Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£99.1m	£86.0m	- £13.1m

Capital Scheme	Outturn Variance	Reason for Variance
Strategic Priorities		
West Yorkshire plus Transport Schemes (WYT+F)	-£1.5m	Mainly due to the A62 Smart Corridor WYTF Grant Funded Scheme (-£1.4m) - Working through issues and defects to allow the scheme to progress to scheme closure.
Transforming Cities Fund (TCF)	-£619k	TCF are all West Yorkshire Combined Authority (WYCA) Funded Schemes. Main variances: -£502k Heckmondwike Bus Station currently at ATP (Approval To Proceed Stage). Scheme currently has a delayed commencement. Estimated construction start date around July 2024. +£262k Dewsbury Cleckheaton Travel Corridor, completed Final Business Case (FBC). Currently working towards Approval To Proceed Stage (ATP) with WYCA. Anticipated construction start date around September 2024. -£141k Dewsbury Town Centre Walking & Cycling Improvements, completed Outline Business Case Stage. Working towards FBC with WYCA. Estimated construction start date around April 2025
Emergency Active Travel Fund	-£705k	Funded via Active Travel Grant. Underspend on Primrose Lane construction start date July 2024. Other schemes in the programme slipped into 2024-2025.
Integrated Transport & Active Travel	-£387k	Funded by WYCA LTP Integrated Transport Grant -£323k Bus Hotspots programme being developed for delivery of schemes -£94k Air Quality Management Scheme programme being developed for delivery of schemes



Capital Outcome Budget Variances

Sustainable Economy

Sustainable Economy Totals		
Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£99.1m	£86.0m	- £13.1m

Capital Scheme	Outturn Variance	Reason for Variance
Strategic Priorities		
Huddersfield Town Centre Action Plan	-£3.1m	-£1.3m New Street Public Realm nearing completion with some remedial work to sort -£1.3m Heritage Action Zone being reviewed, George Hotel phase 1&2 which has overspent as behind schedule and will be offset from underspend on Estate Buildings.
Dewsbury Town Centre Action Plan	-£2.4m	-£1.2m Sustainable Transport Funded by DHLUC Town Deal Grant - Scheme held due to objection. Estimated construction start date was June 2024 -£368k Dewsbury HAZ - Acquisition of Property ongoing scheme
Additional Investment into Strategic Town Centres Cultural Heart	-£1.1m	The contractor (BAM) is already working under the Pre-Construction Services Agreement (PCSA) to deliver the RIBA 4 stage design, negotiate the NEC construction contract and the associated contract sum and carry out the already instructed enabling works. COR Approved for £3,868,289 for Gateway 3 to Gateway 4 on 20/07/2023
Strategic Acquisition Fund	-£1.6m	Slippage on asset purchases which will be completed next financial year instead



Capital Outcome Budget Variances

Sustainable Economy

Sustainable Economy Totals		
Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£99.1m	£86.0m	- £13.1m

Capital Scheme	Outturn Variance	Reason for Variance
Baseline		
Corporate Landlord Asset Investment	-£1.1m	Underspend due to slippage on the completion of Byram Arcade, delays in resolving various project final accounts and a delay on tendering for Hey Lane Cemetery modular accommodation scheme.
Vehicle Replacement Programme	-£292k	Delivery of some vehicles expected May 2024. All budget is fully committed and will be required next financial year.
School Catering	-£245k	In relation to various Schools - Essential works slipped and work to be completed in 2024/25. Underspend rolled over for oven/dishwasher/table replacements
Highways	-£216k	Funded mainly from Grant City Region Sustainable Transport Settlements (CRSTS). Under Asset Management some programme areas incurred accelerated spend from 2024-25 such as Local Community Roads (+£3.9m) offset by schemes which were delayed under Principal Roads (-£3.1m). A Change request is being approved from WYCA for additional spend in 2023-2024. Also, although a significant number of projects were funded by Section 106/278 Developer contributions, there was an underspend of -£453k due to slippage in delivery so budget is to be rolled forward into next financial year.
Housing (Private)	+£440k	Increased number of adaptations due to service review. Budget fully funded by Disabled Facilities Grant



Outcome Budget Variances

Well

Well Totals		
Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£2.1m	£1.4m	- £0.7m

Capital Scheme	Outturn Variance	Reason for Variance
Baseline		
Play Strategy	-£334k	All funding committed for outstanding retention, ongoing works, or works that have slipped. All projects underspent have completed/ authorised Capital Outlay Reports (COR's). Playable Spaces funding to be secured. Timescale delays down to capacity constraints both within teams and across teams, and also to environmental factors and external challenges. All funding is required for the programme.
KAL	-£268k	The Decarbonisation scheme, which is self-funded, has not yet commenced but the budget will be required next financial year as plans are worked up.



Capital Outcome Budget Variances

Clean & Green

Clean & Green Totals		
Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£7.9m	£6.9m	- £1.0m

Capital Scheme	Outturn Variance	Reason for Variance
Strategic Priorities		
Huddersfield Heat Network	-£590k	Externally grant funded via Green Heat Network Fund from Department for Energy Security and Net Zero (DESNZ). Project has experienced some delays but is contractually committed to Final Business Case development which will continue to run through 2024-25. Extra grant funding being sought to avoid any call on council borrowing for commercialisation.
One Off Projects		
Electric Vehicle Rapid Charging Points	-£276k	Slippage on WYCA grant funded scheme for the delivery of strategic network of Electric Vehicle Rapid Charging Points across Kirklees for electric taxi use. Decisions on the drawdown of budgets is made on a case by case basis.



Capital Outcome Budget Variances

Efficient & Effective

Efficient & Effective Totals		
Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£5.5m	£4.1m	- £1.4m

Capital Scheme	Outturn Variance	Reason for Variance
Baseline		
Information Technology	-£906k	-£306k of spend not incurred on full Data Centre Refresh. The hardware required for this is dependent on the Data Network refresh, the tender for which was completed at year end, hence no spend this year. -£600k of delayed device spend relates to replacement of Legacy Laptops and IT are testing the functionality of Windows 11 ahead of full transition from Windows 10. Purchase of new devices has been delayed until this is sorted.
One Off Projects		
Flexible Capital Receipts Strategy	-£675k	Transformation Costs funded via capital receipts as part of the approved £4m Flexible Capital Receipts Strategy. Lower costs capitalised than anticipated, resulting in an underspend. This will not be carried forward into the next financial year.
Information Technology	+£228k	This is part of the revenue capitalisation exercise undertaken at year end and therefore spend is not against the approved IT Capital Budget shown separately under Baseline (above). The spend is fully funded from in year un-ringfenced capital receipts, hence the overspend is not carried forward.



Capital Outcome Budget Variances

Housing Revenue Account

Housing Revenue Account Totals		
Agreed 23/24 budget	Outturn	Total variance at Outturn +/-
£35.0m	£31.6m	- £3.3m

Service Area	Outturn Variance	Reason for Variance
Strategic Priorities		
LAHF - Refugee Housing	-£409k	Underspend as Browning Road delayed whilst design value engineered is undertaken, along with some properties not completed in year. Although LAHF work has slipped an extension has been received on the grant.
Housing Growth	-£228k	Underspend due to buy-back programme being put on hold to enable delivery of LAHF programme. Budget is required to support the initiative to increase Council House stock with plans already in place for 2024/25
Berry Brow Remodelling	-£204k	Slight delay to detailed design work
Council House Building	-£633k	Underspend due to several projects halted due to overall Council budget position and not being possible to get Howley Walk back on site in year
Baseline		
Housing Capital Plan	-£1.8m	Delays to the roofing programme due to procurement issues as highlighted in Q3. Work carried over into financial year 2024-25



Updated Capital Plan 2024/25-2031/32

The capital plan is updated to take account capital rollover totalling £22.3m from 2023/24, rephasing, new planned investment and changes in the estimated levels of resources available (See Appendix 2a) and 2b) for further detail)

Capital Plan – Primary Outcomes	24/25 £m	25/26 £m	26/27 £m	27/28 £m	28/29 – 31/32 £m	Total £m
Aspire & Achieve	25.8	39.3	12.0	4.6	3.0	84.7
Best Start	1.0	1.0	0.0	0.0	0.0	2.0
Independent	6.8	2.6	4.7	1.3	0.0	15.4
Sustainable Economy	213.1	149.5	104.8	66.7	219.3	753.4
Safe & Cohesive	3.8	3.2	1.5	0.7	0.0	9.2
Well	0.1	0.0	0.0	0.0	0.0	0.1
Clean & Green	20.1	18.2	4.9	12.8	2.2	58.2
Efficient & Effective	6.6	1.3	1.2	0.9	1.1	11.1
General Fund	277.3	215.1	129.1	87.0	225.6	934.1
HRA - Independent	63.5	51.5	68.8	67.6	104.6	356.0
Council Total	340.8	266.6	197.9	154.6	330.2	1,290.1

*categorisation here by primary outcome for illustrative purposes, acknowledging that in many instances capital investment delivers multiple outcomes



Capital Plan Proposals

Specific capital schemes were reviewed by the Council's Capital Assurance Board via Business cases. The following schemes are included within the Updated Capital Plan and are recommended for **Cabinet approval** in line with Council Financial Procedure Rules:

- £0.75m additional borrowing for an in-house fleet pilot for Home to School Transport (2024/25)
- Extension of the existing Property Investment Fund loan facility for Kingsgate shopping centre for a further 9 months, at the prevailing interest rate with a costs neutral impact for the Council
- Utilisation of £0.14m Libraries Improvement Grant Fund towards spend on the Kirklees Libraries Open Access pilot project

(Further detail on above proposals can be found in Appendix 3)



Changes in Estimated Resource Levels – General Fund

The following Grant additions are now included within the updated General Fund Capital Plan:

- **£7.1m High Needs Provision Capital Allocations (HNPCA)** for 2023-24 and 2024-25 to support the provision of places for children and young people with special educational needs and disabilities (SEND) and those pupils requiring alternative provision (AP)
- **£0.9m Childcare Expansion** capital grant funding for the provision of new places to support the expansion of 30-hours entitlement places for children aged 9-months to 3-year-olds and wraparound provision for primary school aged children. It is ultimately up to local authorities to determine how best to prioritise this funding to address local priorities
- Highways Safety funding from CRSTS for **Kirklees Speed Limit Review of £0.875m.**
- **£0.5m from the Green Light Fund** for traffic signal operational efficiency improvements from Kirklees Network Management, and a further **£73k** as share of the West Yorkshire Mayoral Combined Authority (WYMCA) **Traffic Signals Obsolescence** Grant allocation.
- **Network North funding of £1.8m** (£0.9m per year for 2023/24 and 2024/25) with future years funding allocations still to be confirmed.



Updated Capital Plan - Housing Revenue Account

The Housing Revenue Account (HRA) multi-year capital plan stands at £356m, split £106.7m strategic priorities and £249.3m baseline allocations. The main elements of the multi-year HRA capital plan are:

	£'m	
High Rise	52.5	Berry Brow Remodelling, Harold Wilson Court and Buxton House
Additional Council Houses	42.3	Council Housing and Housing Growth - To help address growing demand for Affordable Housing
Ashview (Ashbrow)	3.8	Due to complete in 2024-25
Housing Capital Plan	169.1	Includes Estate Improvements (£7.7m), Fuel Poverty (£10.6m) and Adaptations at £13.5m to give disabled people better freedom of movement into and around their homes and to give access to essential facilities within the home.
Building Safety	80.2	Includes Six Storey blocks (£37.5m), Low rise (£7.5m) and Retirement Living Scheme (£25m). The revised Asset Strategy was approved by Cabinet on 12 th March 2024 and will be funded from reserves and borrowing. A review of progress with the budgeted plan will be carried out prior to any commitment to borrowing.
Refugee Housing	5.2	Local Authority Housing Fund for the provision of Refugee Housing accommodation for families with housing needs
I.T	2.9	Continued investment in IT System replacements for Housing Management, assets, and maintenance



Flexible Capital Receipts

Service area	Amount funded by FCR 23/24	Project outline
Childrens Transformation Team	£464k	Delivery of Transformation Programme for Childrens Social Care including support of implementation of SEND Transformation Plan.
Childrens MST	£400k	Delivery of intensive family and community-based intervention for children and young people aged 11-17, thereby reducing demand for more expensive local authority care.
Adults Transformation Team	£423k	Delivery of Transformation Programme for Adult Social Care to achieve medium term financial plan savings and bring about sustainable change in the way adult social care is delivered by the council.
Replacement of Adult Social Care case management system	£268k	Implementation of integrated social care case management system, delivering efficiency improvements and improved data, thereby achieving more positive results for service users.
Occupational Therapy & Moving and Handling Team	£288k	Funding for additional staff to reduce demand for more costly social care support over the long term.
Growth & Regeneration – Property & Planning teams	£114k	Service Director and Head of Service time in supporting delivery of transformational capital projects.
Waste Strategy	£142k	Development of the council’s Waste Strategy transformation agenda over the medium term.
Corporate Transformation Team	£1,200k	Funding for Transformation team, providing council wide support in the delivery of service transformation and financial savings aligned to existing improvement programmes and the delivery of service reviews.
Digital Transformation	£26k	Funding of projects to improve the efficiency of Information Government systems.
Total	£3,325k	



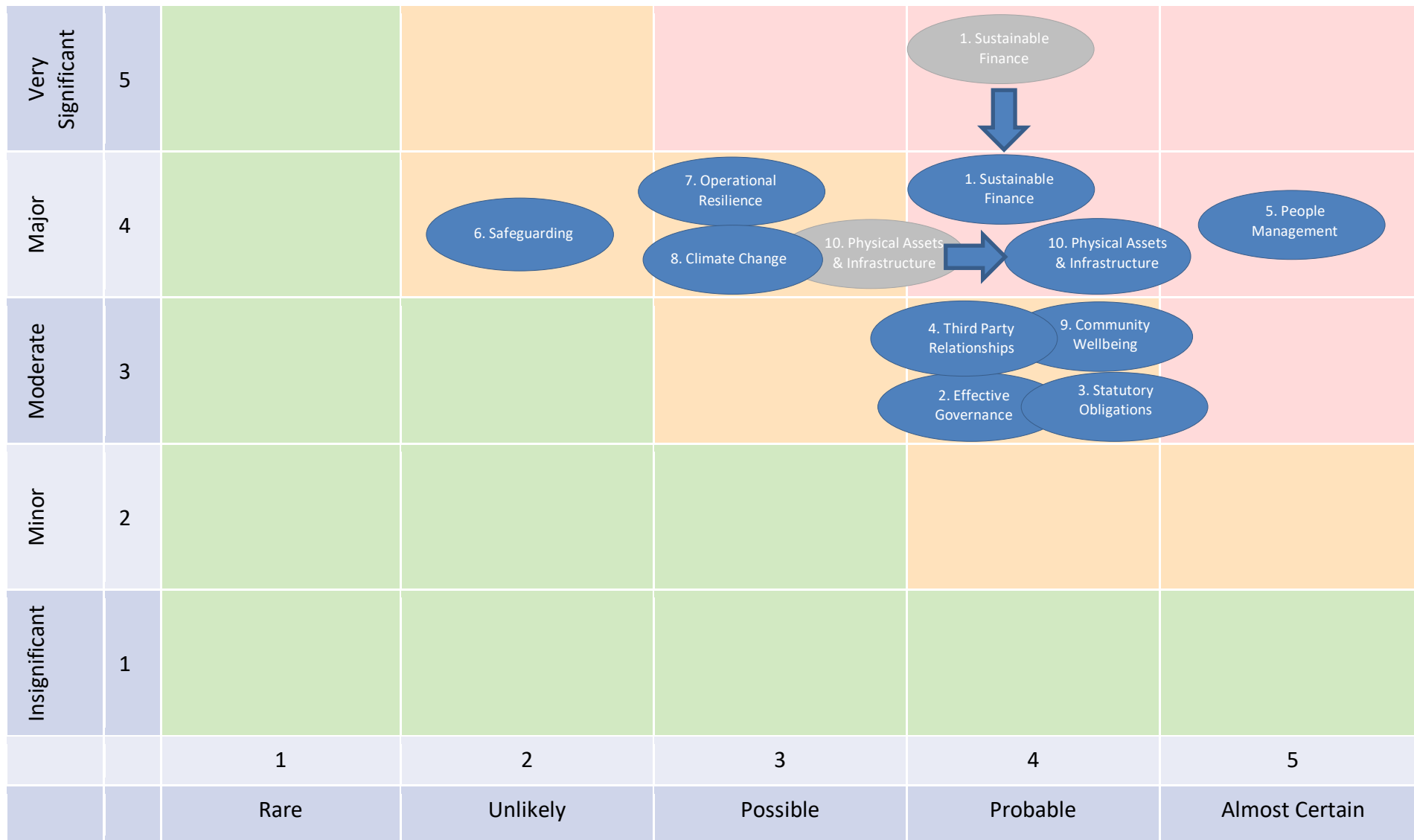
Risk Register Quarter 4 2023/24



Risk Heat Map & Summary Q4 2023/24

		Previous quarter	Current quarter	Drivers of change
KCR 1	Sustainable Finance	20 (4x5)	16 (4x4)	Substantial progress has been made in the ongoing monitoring of budget position through greater management focus and enhancements to the control framework, which has delivered a reduction in levels of overspend. The risk of delayed, or non-delivery, of budgeted savings remains and is being managed closely. The 2024-25 budget was agreed in March 2024.
KCR 2	Governance Frameworks	12 (4x3)	12 (4x3)	Progress is being made to ensure the necessary documentation is in place to demonstrate ongoing compliance with all relevant data management regulations. Work continues to embed a more proactive and robust approach to fraud prevention and identification with specific high-risk areas engaged initially. Work is underway to revisit the focus and scope of Transformation activity, ensuring that organisational priorities are reflected and sufficient capacity and capability is in place to deliver.
KCR 3	Statutory Obligations	16 (4x4)	16 (4x4)	Progress to address the volume of EHCPs remains a focus as demand continues to be high and addressing new requests alongside activity to reduce the backlog is challenging. It is anticipated that the new, targeted backlog initiative will show an improvement in performance during the next quarter. The CQC's new inspection framework for Adult Services has launched and work continues to ensure we are prepared for an inspection when notified.
KCR 4	Third Party Management & Oversight	12 (4x3)	12 (4x3)	WYCA governance review is underway which will include proposals, amongst others, for the strengthening of WY-wide decision making. Learnings from the Continuous Improvement Assessment Framework, across the procurement lifecycle, continue to be assessed and addressed. We are participating in a pilot contract manager training programme, however need to be mindful that the capacity for undertaking robust contract management at service level is reducing.
KCR 5	People Management	20 (5x4)	20 (5x4)	A council wide service change plan and process is now in place, developed in consultation with Trade Unions and including a clear process for deployment. Required reduction in headcount is being managed through robust vacancy management, natural turnover and deployment. Agency spend continues to reduce. Recognition that changes in organisational design, reduced FTE and introducing a potential requirement to upskill redeployees increases pressure on colleagues and leaders.
KCR 6	Safeguarding	8 (2x4)	8 (2x4)	Safeguarding risks continue to be well controlled, with embedded processes and procedures in place to ensure vulnerable adults and young people are safe from harm. Processes and strategies are under ongoing review, to monitor and drive continuous improvements, and ensure updated statutory guidance (eg. Working Together to Safeguard Children 2023) is implemented effectively. Transformation activity is underway across various pathways including a safeguarding element.
KCR 7	Operational Resilience	12 (3x4)	12 (3x4)	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, with local and national elections increasing the likelihood of cyber espionage operations. Management of Health & Safety continues to be well controlled.
KCR 8	Climate Change	12 (3x4)	12 (3x4)	Formal review and approval of the Environment Strategy has been deferred to July 2024. Following an invitation from DeFRA we have confirmed our involvement with pilot climate adaptation reporting to inform the next statutory Climate Change Risk Assessment with work focussed on selected high risk / impact services.
KCR 9	Community Wellbeing	12 (4x3)	12 (4x3)	Multi agency planning is underway to manage potential risk associated with any large scale site used to home asylum seekers although timescales remain unclear. Prolonged reliance on B&B and other accommodation options due to a shortage of Temporary Accommodation can create tensions within the community and therefore this situation is being closely monitored.
KCR 10	Physical Assets & Infrastructure	12 (3x4)	16 (4x4)	The Regulator of Social Housing has issued a Regulatory Notice, following a self-referral, which highlighted overdue fire remedial actions and consistently high number of homes with unresolved cases of damp and mould. We have responded to the regulator outlining plans to address the issues identified and will continue to update them on our progress. Investment in the corporate property portfolio continues to ensure that all potential Health & Safety and compliance issues are resolved

Risk Heat Map & Summary Q4 2023/24



Prudential & Treasury Management Indicators

Quarter 4 2023-24



Prudential Indicators

- The Council measures and manages its **capital expenditure, borrowing and commercial and service investments** with reference to the following indicators.
- It is now a requirement of the **CIPFA Prudential Code** that these are reported on a quarterly basis.
- **Information contained includes:**
 - Capital Expenditure
 - Capital Financing Requirement
 - Gross Debt and the Capital Financing Requirement
 - Debt and the Authorised Limiting and Operational Boundary
 - Net Income from Commercial and Service Investments to Net Revenue Stream
 - Proportion of Financing Costs to Net Revenue Stream



Prudential Indicators

Capital Expenditure

- The Council has undertaken and is planning capital expenditure as summarised in the table below.
- The main General Fund capital projects to date have included spend on Highways baseline schemes, West Yorkshire plus Transport Schemes and Huddersfield Town Centre Action Plans. HRA capital expenditure is recorded separately and to date includes supporting a Council House Building programme and Housing Growth. The Council also incurred £5 million of capital expenditure on investment relating to service loans relating to town centre regeneration.

	2022/23 £m actual	2023/24 £m actual	2024/25 £m budget	2025/26 £m budget
General Fund	116.9	111.1	176.3	151.5
Housing Revenue Account	27.1	31.6	56.5	54.1
Capital investments	2.2	5.6	1.8	0.0
Total Capital expenditure	146.2	148.3	234.6	205.6



Prudential Indicators

Capital Financing Requirement

- The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP, loan repayments and capital receipts used to replace debt. The actual CFR is calculated on an annual basis.
- The effect from the change in the accounting for leases has not yet been reflected in the CFR.

	2022/23 £m actual	2023/24 £m actual	2024/25 £m budget	2025/26 £m budget
General Fund	650.3	691.2	756.5	791.1
Housing Revenue Account	210.7	204.3	209.1	213.1
Capital investments	2.2	5.6	0.0	0.0
Total Capital Financing Requirement	863.2	901.1	965.6	1,004.2



Prudential Indicators

Gross Debt and the Capital Financing Requirement

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

	2022/23 actual £m	2023/24 actual £m	2024/25 budget £m	2025/26 budget £m	Debt at 31.12.2023 £m
Debt (incl. PFI & leases)	695.5	784.9	851.5	890.2	784.9
Capital Financing Requirement	863.2	901.1	965.6	1,004.2	



Prudential Indicators

Debt and the Authorised Limit and Operational Boundary

- The Council is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year. In line with statutory guidance, a lower Operational Boundary is also set as a warning level should debt approach the limit.
- Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. Total debt did not go above the operational boundary.

	Maximum debt Q4 2023/24	Debt at 31.03.24	2023/24 Authorised Limit	2023/24 Operational Boundary	Complied
Borrowing	721.1	707.3	865.5	845.5	Yes
PFI and Finance Leases	77.6	77.6	82.8	77.8	Yes
Total debt	798.7	784.9	948.3	923.3	



Prudential Indicators

Net Income from Commercial and Service Investments to Net Revenue Stream

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

	2022/23 actual £m	2023/24 actual £m	2024/25 budget £m	2025/26 budget £m
Total net income from service and commercial investments	-1.3	-1.1	-1.8	-1.8
Proportion of net revenue stream	-0.4%	-0.3%	-0.5%	-0.5%



Prudential Indicators

Proportion of Financing Costs to Net Revenue Stream

- Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue.
- The net annual charge is known as financing costs; this is compared to the net revenue stream, ie the amount funded from Council tax, Business rates and general government grants.

	2022/23 actual	2023/24 actual	2024/25 budget	2025/26 budget
General Fund - Financing costs (£m)	21.4	21.4	44.9	49.3
General Fund – Proportion of net revenue stream (with reduced MRP)	6.6%	5.9%	13.1%	13.6%
General Fund – Proportion of net revenue stream	10.8%	11.6%	13.1%	13.6%
HRA – Financing costs (£m)	29.6	35.3	29.6	29.6
HRA - Proportion of net revenue stream	31.7%	35.9%	28.6%	28.5%



Treasury Management Indicators

- **Indicators include:**
 - Liability Benchmark
 - Maturity Structure of Borrowing
 - Long Term Treasury Management Investment
 - Interest Rate Exposures



Treasury Management Indicators

Liability Benchmark

- This new indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £30.0m required to manage day-to-day cash flow.
- Following on from the medium term forecast below, the long the long-term liability benchmark includes capital expenditure funded by borrowing of £67 million in 2023-24, minimum revenue provision on new building capital expenditure based on a 50-year asset life and reduction in balance sheet resources of £55 million.

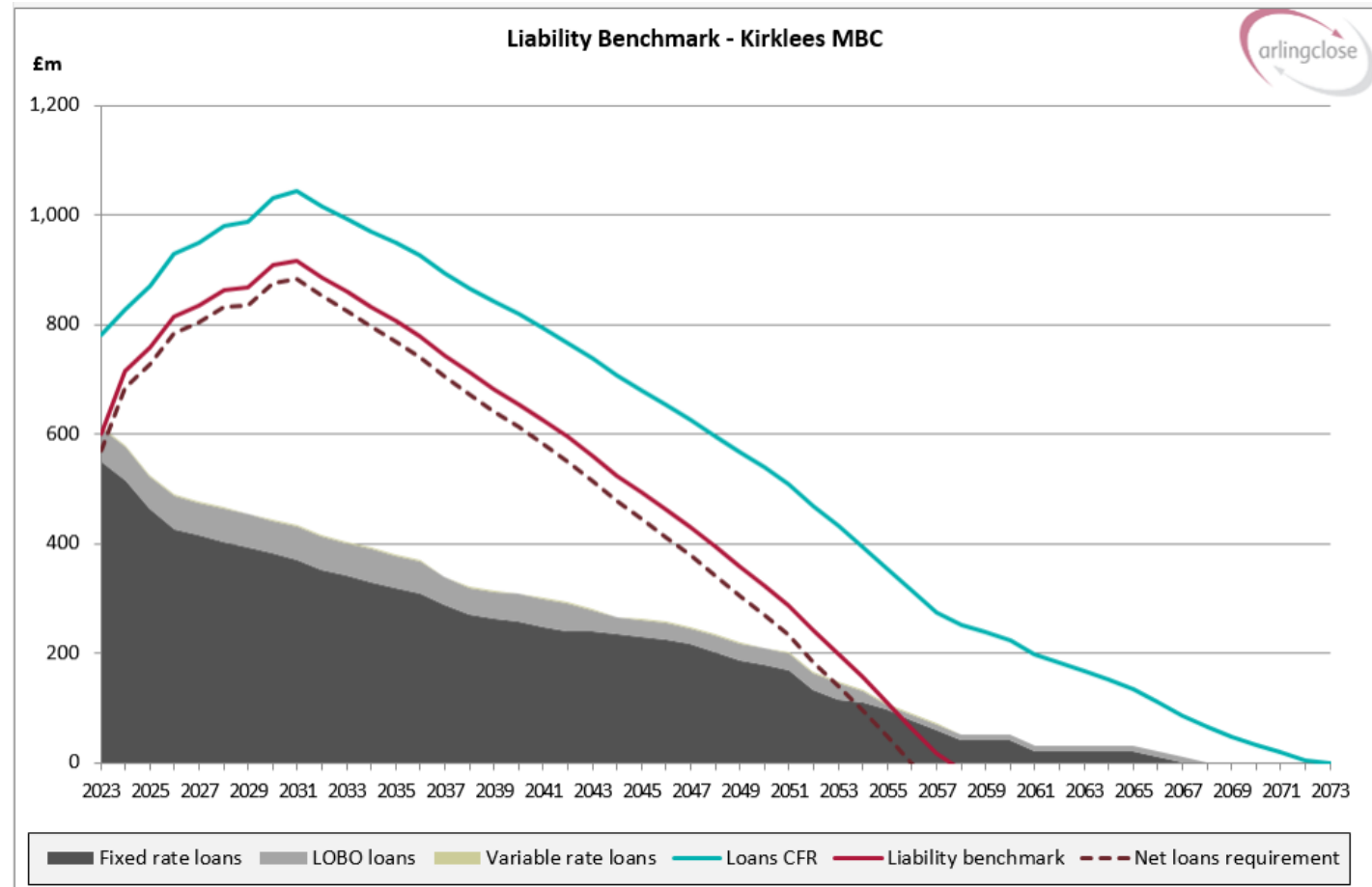
	31.03.23 actual £m	31.03.24 actual £m	31.03.25 forecast £m	31.03.26 forecast £m
Loans CFR	781.5	823.5	872.6	942.9
Less: Balance sheet resources	210.6	155.3	144.0	144.0
Net loans requirement	570.9	668.2	728.6	798.9
Plus: Liquidity allowance	30.0	30.0	30.0	30.0
Liability benchmark	600.9	698.2	758.6	828.9
Existing borrowing - committed	613.8	707.3	653.7	594.6



Treasury Management Indicators

Liability Benchmark

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



Treasury Management Indicators

Maturity Structure of Borrowing

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

	Upper limit	Lower limit	31.03.24 actual	Complied
Under 12 months	20%	0%	6%	Yes
12 months and within 24 months	20%	0%	7%	Yes
24 months and within 5 years	60%	0%	12%	Yes
5 years and within 10 years	80%	0%	10%	Yes
10 years and above	100%	20%	65%	Yes

- Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. LOBO options of £30 million have a potential repayment date during 2024-25 and have been included in the under 12 months line.



Treasury Management Indicators

Long term Treasury Management Investments

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

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

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



Treasury Management Indicators

Interest Rate Exposures

Bank Rate rose by 1.00% from 4.25% on 1st April to 5.25 by 31st March.

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

	31/03/23	31/03/24
Bank Rate	4.25%	5.25%
1-year PWLB certainty rate, maturity loans	4.78%	5.36%
5-year PWLB certainty rate, maturity loans	4.31%	4.68%
10-year PWLB certainty rate, maturity loans	4.33%	4.74%
20-year PWLB certainty rate, maturity loans	4.70%	5.18%
50-year PWLB certainty rate, maturity loans	4.41%	5.01%



Capital Plan Expenditure Summary

Capital Plan Expenditure Summary	Outturn 2023/24 £'000	Revised Capital Plan					Total £'000
		2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29- 2031/32 £'000	
General Fund:							
Aspire & Achieve	11,126	25,818	39,246	12,072	4,611	3,000	84,747
Best Start	688	939	1,004	50	0	0	1,993
Independent	6,334	6,869	2,550	4,650	1,322	0	15,391
Sustainable Economy	85,982	213,105	149,536	104,816	66,747	219,203	753,407
Well	1,440	3,795	3,182	1,504	700	0	9,181
Safe & Cohesive	24	74	0	0	0	0	74
Clean & Green	6,947	20,126	18,247	4,905	12,780	2,150	58,208
Efficient & Effective	4,114	6,546	1,320	1,236	876	1,094	11,072
General Fund Capital Plan	116,655	277,272	215,085	129,233	87,036	225,447	934,073
Housing Revenue Account:							
Independent - Strategic Priorities	15,159	24,113	18,292	30,354	29,056	4,887	106,702
Independent - Baseline	16,463	39,378	33,205	38,469	38,595	99,676	249,323
HRA Capital Plan	31,622	63,491	51,497	68,823	67,651	104,563	356,025
TOTAL EXPENDITURE	148,277	340,763	266,582	198,056	154,687	330,010	1,290,098

Capital Plan Funding Summary

Appendix 2 a)

General Fund Funding Summary	Outturn 2023/24 £'000	Revised Capital Plan					Total £'000
		2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29- 2031/32 £'000	
Capital Grants/Contributions	59,689	161,819	99,235	37,248	48,834	72,344	419,480
Earmarked Capital Receipts	4,127	5,998	2,990	16,691	990	390	27,059
Service Funded Prudential Borrowing	294	21,066	7,626	100	140	2,050	30,982
Revenue Contributions	309	0	0	0	0	0	0
Non-Earmarked Capital Receipts	4,228	4,000	4,000	4,000	4,000	4,000	20,000
Corporate Prudential Borrowing	48,008	84,389	101,234	71,194	33,072	146,663	436,552
GENERAL FUND FUNDING	116,655	277,272	215,085	129,233	87,036	225,447	934,073


Housing Revenue Account Funding Summary	Outturn 2023/24 £'000	Revised Capital Plan					Total £'000
		2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29- 2031/32 £'000	
Capital Grants/Contributions	3,933	1,977	910	7,828	5,307	910	16,932
Earmarked Capital Receipts	3,154	4,508	4,437	2,221	8,084	2,153	21,403
Reserves / Revenue Contributions	3,895	18,942	0	0	0	0	18,942
Reserves - MRR	20,640	25,000	25,000	25,000	25,000	75,000	175,000
Corporate Prudential Borrowing	0	13,064	21,150	33,774	29,260	26,500	123,748
HRA FUNDING	31,622	63,491	51,497	68,823	67,651	104,563	356,025

Multi-Year Capital Plan

Appendix 2 b)



GENERAL FUND CAPITAL PLAN			Revised Capital Plan						
			Funding	Outturn 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29- 2031/32 £'000
ASPIRE & ACHIEVE									
Strategic Priorities									
	New Special School for Woodley @ Almondbury	B/G	540	4,823	15,988	4,569	1,078	0	26,458
	New Special School for J.Norton @ Deighton	B/G	1,056	8,025	11,821	356	0	0	20,202
	District Sufficiency	T	1,596	12,848	27,809	4,925	1,078	0	46,660
	High Needs	G	0	1,000	5,457	600	0	0	7,057
	Additionally Resourced Provisions / Satellite Provisions	G	1,116	1,185	500	0	0	0	1,685
	Brambles Primary Academy	G	812	15	0	0	0	0	15
	King James High School	G	6	216	0	0	0	0	216
	Scissett Middle School	S106	85	31	0	0	0	0	31
	Birkby Junior Expansion	G	1	5	0	0	0	0	5
	North Huddersfield Trust School	G/B	387	2,337	450	0	0	0	2,787
	Manor Croft Academy	G	676	105	0	0	0	0	105
	Thornhill Community Academy	G	6	562	0	0	0	0	562
	Secondary Places Basic Need	G	0	48	0	0	0	0	48
	<i>New Pupil Places in Primary/Secondary Schools</i>	T	1,973	3,319	450	0	0	0	3,769
	Childcare Expansion	G	0	250	650	0	0	0	900



GENERAL FUND CAPITAL PLAN			Revised Capital Plan					
	Funding	Outturn 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29- 2031/32 £'000	Total £'000
ASPIRE & ACHIEVE								
Strategic Priorities								
Libraries & Public Buildings	B	36	256	75	3,033	283	0	3,647
Libraries Open Access	G	0	69	55	14	0	0	138
<i>Libraries & Public Buildings</i>	T	36	325	130	3,047	283	0	3,785
Strategic Priorities Total		4,721	18,927	34,996	8,572	1,361	0	63,856
Baseline								
Basic Need	G	5	34	0	0	0	0	34
Capital Maintenance	G	5,142	5,251	3,100	2,900	2,700	2,500	16,451
Devolved Formula Capital	G	1,258	1,574	1,150	600	550	500	4,374
Baseline Total		6,405	6,859	4,250	3,500	3,250	3,000	20,859
One Off Projects								
SEND Provision	G	0	32	0	0	0	0	32
One Off Projects Total		0	32	0	0	0	0	32
ASPIRE & ACHIEVE TOTAL		11,126	25,818	39,246	12,072	4,611	3,000	84,747




GENERAL FUND CAPITAL PLAN			Revised Capital Plan					
	Funding	Outturn 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29- 2031/32 £'000	Total £'000
BEST START								
Strategic Priorities								
Homes for Children :								
Magdale House	B	178	12	0	0	0	0	12
Healds Road	B	294	3	0	0	0	0	3
Satellite Provision	B	3	693	104	0	0	0	797
Our Space Grant Scheme	B	118	0	0	0	0	0	0
Young Peoples Activity Team Reprovision	B	95	0	0	0	0	0	0
Children with Disabilities	B	0	231	900	50	0	0	1,181
Strategic Priorities Total		688	939	1,004	50	0	0	1,993
BEST START TOTAL								
		688	939	1,004	50	0	0	1,993

Multi-Year Capital Plan


Appendix 2 b)



GENERAL FUND CAPITAL PLAN			Revised Capital Plan					
	Funding	Outturn 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29- 2031/32 £'000	Total £'000
INDEPENDENT								
Strategic Priorities								
Commissioning Option Appraisals to facilitate outcomes of Specialist Accommodation Strategy	B	3	31	0	0	0	0	31
Knowl Park House	B	4,568	2,827	0	0	0	0	2,827
Milldale and Crescentdale	B	194	2,306	1,500	0	0	0	3,806
Red Laithes Court	B	21	74	0	0	0	0	74
Day Services Support for Vulnerable Adults	B	77	423	1,000	4,500	1,322	0	7,245
Strategic Priorities Total		4,863	5,661	2,500	4,500	1,322	0	13,983
One Off Projects								
Adults Assistive Technology / IT	G/B	71	269	50	150	0	0	469
Carephones - Digital Switchover	B	688	384	0	0	0	0	384
Carefirst System Replacement	B	712	555	0	0	0	0	555
One Off Projects Total		1,471	1,208	50	150	0	0	1,408
INDEPENDENT TOTAL		6,334	6,869	2,550	4,650	1,322	0	15,391



GENERAL FUND CAPITAL PLAN			Revised Capital Plan					
	Funding	Outturn 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29- 2031/32 £'000	Total £'000
SUSTAINABLE ECONOMY								
Strategic Priorities								
West Yorkshire plus Transport Schemes:								
A62 to Cooper Bridge Corridor Improvements	G	402	598	1,500	1,500	10,000	37,387	50,985
A653 Leeds to Dewsbury Corridor (M2D2L)	G	-8	99	0	0	0	0	99
A629 Halifax Road Phase 5	G	361	7,747	1,263	81	0	55	9,146
UTMC Urban Traffic Management	G	2	76	0	0	0	0	76
Huddersfield Southern Corridors	G	925	15,877	2,137	380	0	0	18,394
North Kirklees Orbital Route (NKOR)	G	0	42	0	0	0	0	42
Corridor Improvement Programme:								
Holmfirth Town Centre Access Plan	G	761	8,844	3,132	15	4	1	11,996
A62 Smart Corridor	G	4,618	2,118	0	0	0	0	2,118
Fenay Lane	G	208	4	0	0	0	0	4
CityConnect:								
CityConnect Cooper Bridge	G	6	2	0	0	0	0	2
CityConnect Huddersfield Town Centre	G	1	4	0	0	0	0	4
Huddersfield Station Gateway Phase 1	G	25	116	89	72	0	0	277
A641 Bradford Road - Bradford/Brighouse/Hudds	C	41	158	100	100	0	0	358
<i>West Yorkshire plus Transport Schemes</i>	T	7,342	35,685	8,221	2,148	10,004	37,443	93,501



GENERAL FUND CAPITAL PLAN			Revised Capital Plan					
	Funding	Outturn 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29- 2031/32 £'000	Total £'000
SUSTAINABLE ECONOMY								
Strategic Priorities								
Transforming Cities Fund:								
<i>Rail-Bus Better Connected Stations:</i>								
Huddersfield Rail Station Access	B	11	441	0	0	0	0	441
<i>TCF Main scheme:</i>								
Heckmondwike Bus Station	G	998	2,910	0	0	0	0	2,910
Dewsbury/Cleckheaton Sust Travel Corridor	G	1,112	7,888	1,454	0	0	0	9,342
Dewsbury Town Centre Walking & Cycling Imps	G/B	359	5,891	4,521	0	0	0	10,412
Huddersfield Rail Station Access	G/B	383	6,367	8,161	0	0	0	14,528
A629 Wakefield Rd Sustainable Travel Corridor	G	112	46	0	0	0	0	46
Huddersfield Bus Station	G/B	237	4,363	2,412	0	0	0	6,775
Dewsbury/Batley/Tingley Sus Travel Corridor	G/B	959	4,041	1,103	0	0	0	5,144
<i>Transforming Cities Fund</i>	T	4,171	31,947	17,651	0	0	0	49,598
Emergency Active Travel								
Emergency Active Travel	G	116	705	0	0	0	0	705
Integrated Transport & Active Travel								
Integrated Transport & Active Travel	G/B	166	487	0	0	0	0	487
Flood Management and Land Drainage								
Flood Management and Land Drainage	G/B /S106	303	407	200	200	200	200	1,207
Transpennine Route Upgrade (Network Rail)								
Transpennine Route Upgrade (Network Rail)	G	541	618	0	0	0	0	618
Penistone Line Rail Upgrade	G	0	500	10,000	10,000	10,000	17,417	47,917
Other WYCA supported Schemes (feasibility)	G	422	0	0	0	0	0	0

GENERAL FUND CAPITAL PLAN			Revised Capital Plan						Total £'000
			Funding	Outturn 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	
SUSTAINABLE ECONOMY									
Strategic Priorities									
	Aspirational Regeneration of Major Town Centres - Feasibility	B	67	5	0	0	0	0	5
<i>Regeneration of Strategic Town Centres - Huddersfield :</i>									
	Holding pot	B	4	81	0	0	0	0	81
<u>Huddersfield Town Centre Schemes</u>									
	Huddersfield TC - Shop Front Grants	B	19	684	31	0	0	0	715
	The Northumberland Street Regeneration Project	B	127	123	435	0	0	0	558
	Huddersfield Open Market Regeneration Market	G	0	4,057	12,592	0	0	0	16,649
	Town Centre Maintenance Schemes	B	36	26	0	0	0	0	26
	Cultural Interventions - Growing Seeds	B	0	9	0	0	0	0	9
		T	182	4,899	13,058	0	0	0	17,957
	The George Hotel HAZ Scheme	G	2,174	131	0	0	0	0	131
	The George Hotel	B*	0	20,205	0	0	0	0	20,205
	Estate Buildings HAZ Scheme	G	2,648	115	0	0	0	0	115
		T	4,822	20,451	0	0	0	0	20,451
<u>Huddersfield Public Realm Works</u>									
	New Street Public Realm Development	B	2,535	1,164	0	0	0	0	1,164
	Huddersfield Town Centre Cameras	B	26	38	30	0	0	0	68
	Refurb of 2 New Street, Huddersfield	B	0	16	0	0	0	0	16
		T	2,561	1,218	30	0	0	0	1,248





GENERAL FUND CAPITAL PLAN			Revised Capital Plan						Total £'000
			Funding	Outturn 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	
SUSTAINABLE ECONOMY									
Strategic Priorities									
	Public Realm - Golden Route	B/G	464	517	15	0	0	0	532
	Huddersfield Town Centre	T	8,033	27,166	13,103	0	0	0	40,269
<i>Regeneration of Strategic Town Centres – Dewsbury:</i>									
<i>Better Spaces Strategy:</i>									
	BS Phase 2 - Town Park	B/R/G	194	28	3,098	3,119	0	0	6,245
	BS Phase 2 - Others	G	-10	92	0	0	0	0	92
		T	184	120	3,098	3,119	0	0	6,337
	Heritage Action Zone	B/G	272	3,063	0	0	0	0	3,063
	Daisy Hill Neighbourhood	B/R/G	0	982	200	1,480	700	0	3,362
	Dewsbury Market Upgrade	B/R/G	651	1,149	10,690	7,543	0	0	19,382
	The Arcade	B/G	424	6,444	0	0	0	0	6,444
	Fibre Capability	R	150	148	0	0	0	0	148
	Construction Skills Village	G/R	21	2,224	0	0	0	0	2,224
	Creative Culture	G	24	470	1,090	0	0	0	1,560
	Sustainable Transport /TFAG	G	110	1,215	0	0	0	0	1,215
	Building Revival	B/G	1,022	1,556	873	708	0	0	3,137
	Dewsbury Town Centre	T	2,858	17,371	15,951	12,850	700	0	46,872
	<i>Town Centre Action Plans</i>	T	10,958	44,542	29,054	12,850	700	0	87,146

GENERAL FUND CAPITAL PLAN			Revised Capital Plan					
	Funding	Outturn 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29- 2031/32 £'000	Total £'000
SUSTAINABLE ECONOMY								
Strategic Priorities								
Smaller Towns & Villages	B	0	195	170	1,000	1,000	1,481	3,846
Batley Smaller Towns & Villages	B/G	281	10,666	3,292	0	0	0	13,958
Cleckheaton Smaller Towns & Villages	B	20	869	565	0	0	0	1,434
Holmfirth Smaller Towns & Villages	B	38	412	0	1,054	0	0	1,466
Heckmondwike Smaller Towns & Villages	B	16	434	0	0	0	0	434
Marsden New Mills Redevelopment Scheme	G	6	2,099	3,504	0	0	0	5,603
Other - Our Local Centres	B	19	0	0	0	0	0	0
<i>Regeneration and Greening of Smaller Towns and Villages</i>	T	380	14,675	7,531	2,054	1,000	1,481	26,741
Cultural Heart	B	4,623	30,673	33,330	47,505	18,228	119,875	249,611
Strategic Acquisition Fund	B	509	1,598	0	0	0	0	1,598
Property Investment Fund:								
103 New Street	B**	116	26	0	0	0	0	26
Kingsgate Phase 2	B**	5,494	2,008	0	0	0	0	2,008
<i>Property Investment Fund</i>	T	5,610	2,034	0	0	0	0	2,034



GENERAL FUND CAPITAL PLAN			Revised Capital Plan						Total £'000
			Outturn 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29- 2031/32 £'000	
SUSTAINABLE ECONOMY									
Baseline									
	Housing Private	G/R	5,750	3,891	4,150	4,292	4,150	4,150	20,633
Highways									
Maintenance									
	Principal Roads	B/G	3,727	9,347	6,090	3,679	3,678	3,678	26,472
	Roads Connecting Communities	G	1,541	2,052	1,640	1,096	1,097	1,097	6,982
	Local Community Roads	B/G	8,083	3,807	4,257	5,953	4,453	5,184	23,654
	Structures	G	1,504	1,697	1,200	1,200	1,200	1,200	6,497
	Active Travel / PROW	B/G	173	190	156	156	156	156	814
	Streetlighting	G	1,438	1,027	1,000	1,000	0	0	3,027
	Locality Based U Roads Improvements	B	3,381	3,316	0	0	0	0	3,316
	<i>Highways Maintenance</i>	T	19,847	21,436	14,343	13,084	10,584	11,315	70,762
Integrated Transport									
	Network Management	G	672	1,285	960	715	715	715	4,390
	Safer Roads	B/G s278	2,906	1,467	1,621	1,175	1,175	1,175	6,613
	Flood Management and Drainage Improvements	B	250	250	250	250	250	250	1,250
	Developer Funded Schemes	s278	2,884	154	0	0	0	0	154
	<i>Highways Integrated Transport</i>	T	6,712	3,156	2,831	2,140	2,140	2,140	12,407
<i>Highways Total</i>			T	26,559	24,592	17,174	15,224	13,455	83,169




Multi-Year Capital Plan

Appendix 2 b)



GENERAL FUND CAPITAL PLAN			Revised Capital Plan						
			Funding	Outturn 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29- 2031/32 £'000
SUSTAINABLE ECONOMY									
	Baseline								
	Corporate Landlord Asset Investment	B	10,039	9,888	8,160	4,000	3,900	3,900	29,848
	Corporate Landlord Compliance	B	430	1,891	1,000	1,000	1,000	1,000	5,891
	Corporate Landlord Welfare Programme	B	1,279	1,118	1,000	1,000	1,000	1,000	5,118
	<i>Corporate Landlord</i>	T	11,748	12,897	10,160	6,000	5,900	5,900	40,857
	Bereavement	B	169	144	0	0	0	0	144
	Burial Provision	B	7	93	200	150	50	0	493
	<i>Bereavement</i>	T	176	237	200	150	50	0	637
	School Catering	B	154	339	200	200	200	400	1,339
	Vehicle Replacement Programme	B	4,453	858	7,764	1,503	1,801	18,482	30,408
	Baseline Total		48,840	42,814	39,648	27,369	24,825	42,387	177,043
	One-Off Projects								
	UKSPF Digital Hub / New to English / Business Advisor	G	23	72	0	0	0	0	72
	UKSPF CCTV	G	3	519	0	0	0	0	519
	Housing (Regeneration)	R	12	0	0	0	0	0	0
	Strategic Asset Utilisation	B	1,086	0	0	0	0	0	0
	Operational Services Asset Mngt	B	127	1,157	276	276	0	0	1,709
	Asset Management Property Database	B	9	160	50	50	50	0	310
	Changing Places	G	109	202	0	0	0	0	202
	Leeds City Region Revolving Fund	B	0	550	661	0	0	0	1,211

GENERAL FUND CAPITAL PLAN			Revised Capital Plan					
	Funding	Outturn 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29- 2031/32 £'000	Total £'000
SUSTAINABLE ECONOMY								
One-Off Projects								
School Catering - Compliance Essential Works	B*	45	206	100	100	140	0	546
Ward Based Activity	B	5	0	0	0	0	0	0
One-Off Projects Total		1,419	2,866	1,087	426	190	0	4,569
SUSTAINABLE ECONOMY TOTAL								
		85,982	213,105	149,536	104,816	66,747	219,203	753,407
WELL								
Strategic Priorities								
Spenborough Valley Leisure Centre	B	-69	0	0	0	0	0	0
Strategic Priorities Total		-69	0	0	0	0	0	0
Baseline								
Kirklees Active Leisure	B*	63	445	0	0	0	0	445
Play Strategy	B/G S106	1,446	3,350	3,182	1,504	700	0	8,736
Baseline Total		1,509	3,795	3,182	1,504	700	0	9,181
WELL TOTAL								
		1,440	3,795	3,182	1,504	700	0	9,181
SAFE & COHESIVE								
One Off Projects								
UKSPF Violence Against Women / CCTV	G	24	74	0	0	0	0	74
One Off Projects Total		24	74	0	0	0	0	74
SAFE & COHESIVE TOTAL								
		24	74	0	0	0	0	74



GENERAL FUND CAPITAL PLAN			Revised Capital Plan						Total £'000
			Funding	Outturn 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	
CLEAN AND GREEN									
Strategic Priorities									
	Waste Strategy	B	421	467	144	530	0	0	1,141
	Waste Management Plant/ Infrastructure	B	1,871	1,894	2,660	2,014	2,018	0	8,586
	Waste Procurement & Depot Strategy:								
	Contract Extension	B	0	0	2,690	0	0	0	2,690
	Legislation requirements	B	0	500	70	0	0	0	570
	Proposed Depot (feasibility)	B	0	3,221	0	0	0	0	3,221
		T	0	3,721	2,760	0	0	0	6,481
	Climate Emergency - Green Travel	B/G	157	511	428	0	0	0	939
	Air Quality	B/G	9	396	28	0	0	0	424
	Huddersfield Heat Network	G/B/ B*	486	4,190	11,126	0	0	2,050	17,366
	Trees for Climate Programme	G	3,899	8,568	1,001	2,261	10,662	0	22,492
	Strategic Priorities Total		6,843	19,747	18,147	4,805	12,680	2,050	57,429
	Baseline								
	Environment & Strategic Waste	B	98	103	100	100	100	100	503
	Baseline Total		98	103	100	100	100	100	503
	One Off Projects								
	Electric Vehicle Charge Points	G	6	276	0	0	0	0	276
	One Off Projects Total		6	276	0	0	0	0	276
	CLEAN AND GREEN TOTAL		6,947	20,126	18,247	4,905	12,780	2,150	58,208

Multi-Year Capital Plan

Appendix 2 b)



GENERAL FUND CAPITAL PLAN			Funding	Outturn 2023/24 £'000	Revised Capital Plan					Total £'000
					2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29- 2031/32 £'000	
EFFICIENT AND EFFECTIVE										
Baseline										
	Information Technology	B	454	2,336	1,320	1,236	876	1,094	6,862	
	One Venue Development	B	10	0	0	0	0	0	0	
	Sustainability of Major Town Halls - Service Development	B*	96	210	0	0	0	0	210	
	Baseline Total		560	2,546	1,320	1,236	876	1,094	7,072	
One Off Projects										
	Transformation Capitalisation	R	3,325	4,000	0	0	0	0	4,000	
	Information Technology (Digital)	B	229	0	0	0	0	0	0	
	One Off Projects Total		3,554	4,000	0	0	0	0	4,000	
	EFFICIENT AND EFFECTIVE TOTAL		4,114	6,546	1,320	1,236	876	1,094	11,072	
GENERAL FUND CAPITAL PLAN TOTAL			116,655	277,272	215,085	129,233	87,036	225,447	934,073	

FUNDING KEY:

B = Borrowing

B* = Service funded Borrowing

B** = Borrowing for provision of loans for development projects, covered by repayments

G = Grant

R = Capital receipts

S106 = Section 106 developer contributions

*= Borrowing Addition

			Revised Capital Plan					
HOUSING REVENUE ACCOUNT CAPITAL PLAN	Funding	Outturn 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29- 2031/32 £'000	Total £'000
INDEPENDENT								
Strategic Priorities								
Housing Growth	H / R	472	2,357	1,769	0	0	0	4,126
LAHF - Refugee Housing	H / G	2,708	1,992	0	0	0	0	1,992
LAHF 3 - Refugee Housing	H / G	0	1,464	1,707	0	0	0	3,171
New Build Phase 1 - Ashbrow Extra Care	H/R/ Cont	6,167	3,846	0	0	0	0	3,846
Berry Brow Remodelling	H/G	878	1,857	1,265	19,005	12,703	582	35,412
Harold Wilson Court	H	1,994	2,032	84	0	0	0	2,116
Buxton House	H	754	2,545	5,361	6,906	185	0	14,997
IT System (Universal Housing Replacement)	H	219	1,339	0	0	0	0	1,339
IT System Property/Assets	H		500	1,000	0	0	0	1,500
Council House Building	B/R	1,967	6,181	7,106	4,443	16,168	4,305	38,203
Strategic Priorities Total		15,159	24,113	18,292	30,354	29,056	4,887	106,702
Baseline								
Housing Capital Plan	H/B	10,975	18,810	17,285	19,285	19,785	62,055	137,220
Estate Improvements (Neighbourhood Investment)	H	354	1,262	990	1,100	1,100	3,300	7,752
Building Safety	H/B	742	1,744	1,244	1,324	1,530	4,090	9,932
Six Storey Blocks	H/B	0	8,940	3,675	6,000	5,420	13,481	37,516





HOUSING REVENUE ACCOUNT CAPITAL PLAN			Revised Capital Plan					
	Funding	Outturn 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29- 2031/32 £'000	Total £'000
INDEPENDENT								
Baseline								
Low Rise Blocks	H/B	0	1,750	1,500	1,500	1,500	1,500	7,750
Retirement Living Schemes	H/B	0	1,500	3,750	4,500	4,500	10,750	25,000
Fuel poverty	H/G	587	1,658	1,500	1,500	1,500	4,500	10,658
Adaptations	H	3,805	3,714	3,261	3,260	3,260	0	13,495
Baseline Total		16,463	39,378	33,205	38,469	38,595	99,676	249,323
HRA CAPITAL PLAN TOTAL		31,622	63,491	51,497	68,823	67,651	104,563	356,025

FUNDING KEY:

H = HRA revenue contribution/major repairs reserve
R = Capital receipts

S106 = Section 106 developer contributions
Cont = Other external contributions

B = Borrowing
G = Grant

- 1.1 The Council's Capital Assurance Board acts as a strategic group, overseeing all capital projects to ensure sound governance and project management is applied to both initial development of proposals and delivery of schemes. This report includes specific capital schemes reviewed by the Board via Business cases, which are recommended for Cabinet approval in line with Council Financial procedure Rules. The first proposal detailed below requests additional borrowing to be added to be plan and the second proposal has a nil cost impact on Council. The third proposal is additional grant funding with a request for approval to spend.

In-House Fleet Project +£0.75m (Additional Borrowing)

- 1.2 Home to School transport is a statutory service where local authorities are required to transport eligible children, mainly with Special Educational Needs or Disabilities (SEND), from home to school. Currently approx. 1000 'Pre 16' children are transported at a substantial cost to the Council. This expenditure is to contract with taxi operators and minibus public service vehicle operators to transport children. There is currently no in-house operation. The costs of contracted out transport are increasing at a rate which is uncontrollable in the main and unsustainable.
- 1.3 As part of the wider transformation of the Home to School service, alternative measures were considered to reduce the pressure on the budget and costs. A Business Case proposal was put forward to move some of the most expensive routes off 'contracted out' transport and move to an in-house fleet staffed by Council employees. This will provide an opportunity to reduce the reliance on third party transport operators and creating more competition which in turn should drive down costs for routes which are still provided by operators. A trial of up to 20 vehicles is feasible based on utilising existing Council assets as a base and limits the most significant capital cost, i.e. a new depot. This also allows the project to trial the feasibility to bring into a central pool, existing underutilised minibuses for use by School Transport and the Services who currently operate them.
- 1.4 It is proposed to purchase 10 new vehicles to provide the core pool of vehicles and bring into the pool an additional 6-8 existing underutilised vehicles from the Councils asset base. It may be possible to also utilise existing underutilised cars, but this requires further exploration. Two locations have been identified as a base of operations and one or both could be used.
- 1.5 Following support for this proposal by Executive Leadership Team and Capital Assurance Board it was noted that a rapid decision was required to get the service up and running by September 2025 due to procurement time constraints. Approval was sought from the Portfolio holder for Finance and Regeneration to place the order for the 10 new vehicles due to long lead times on minibuses resulting from national shortages (circa. 18 months).

- 1.6 Cabinet is requested to approve the inclusion of £0.75m (2024/25) within the Capital Plan for the trial of an in-house fleet for home to school transport. This is for the procurement of 10 Minibuses adapted to carry SEND children, to bring in house other currently underutilised minibuses used by other services to create an internal minibus resource and to operate from an underutilised asset, as base of operations.

Property Investment Fund (Cost neutral)

- 1.7 Cabinet approved a request for a loan from the Property Investment Fund, towards a scheme to WD Limited (owner of Kingsgate) to remodel the Kingsgate shopping centre to provide a cinema, food and leisure facilities in addition to existing retail units in January 2019 and an update report (following the impact of the pandemic) in January 2021.
- 1.8 The refinance date for the loan and the construction period are almost co-terminus – with the refinance date being October 2024, and construction of the cinema/leisure offer due to complete by September 2024. The Council has the sole first charge over the building.
- 1.9 The developer has requested that the loan is extended by a maximum of nine months in order to allow the construction to complete, and the operation of the centre to stabilise, before the refinancing date. If the extension is agreed, this would support the ongoing health of the Kingsgate centre. Kingsgate is a vital part of Huddersfield town centre, and the changes to Kingsgate are a key part of delivering the Blueprint vision.
- 1.10 Authority is therefore sought to extend the loan for nine months, at the prevailing interest rate (PWLB rate) which would be incurred by the Council at the time the extension is agreed. This would make the loan extension cost neutral for the Council.
- 1.11 A loan at this rate would be below the market rate and would meet the criteria for a subsidy under the Subsidy Control Act. The extension of the loan will be assessed against subsidy control principles at the time it is made, and, if the loan is not covered by an exemption details of the subsidy will be uploaded to the transparency database, in compliance with the Council's Financial Procedure Rules.
- 1.12 Cabinet are requested to approve the extension of the loan facility for a further 9 months, at the prevailing interest rate with a costs neutral impact for the Council.

Libraries Improvement Fund +£0.14m (Grant approval)

- 1.13 Libraries Improvement Fund (LIF) is an open-access capital fund targeted at library services based in England to undertake capital infrastructure work which will help address historic under-investment in technology and buildings. Following an application to the Arts Council England (ACE), Kirklees have been successfully awarded £0.14m without the requirement of match funding.

- 1.14 A key library service development supported by Open Access is “Build back better” which looks to invest in our buildings to improve accessibility and ensure excellent service delivery. Open Access provides an opportunity to reach a wider demographic of residents by being more flexible to their needs and positively increase the sustainability and usage of the library service. It will also allow community groups and/or local businesses to be able to use the library spaces for activities at times that a library may not be open such as early morning, evenings or weekends. The Council will be able to provide flexibility by opening longer hours with no impact on the staffing budget.
- 1.15 The grant funding will be used to pilot Open Access in up to three locations. A specialist Open Access provider will be contracted to deliver pre-site survey to advise on adaptive works required, specialist equipment provision/installation and ongoing technical support. Kirklees Council’s Facilities Management team will carry out the advised adaptive works in preparation for installation. The intention is to carry out the necessary adaptive work and installation with minimal disruption during normal opening hours.
- 1.16 To instil confidence to users of open access they will receive new user guidance upon sign up and sites will be well lit with access only through use of their barcoded library card (and possibly a PIN) with privacy ensured through our information governance checks and processes. A video management system will provide further security and assurance for library users.
- 1.17 Cabinet is requested to approve £0.14m Libraries Improvement Fund (grant) towards spend on the Kirklees Libraries Open Access pilot project.

Report title: Annual Report on Treasury Management 2023/24

Meeting:	Corporate Governance and Audit Committee
Date:	28 June 2024
Cabinet Member (if applicable)	Leader of the Council.
Key Decision Eligible for Call In	Yes
Purpose of Report Financial Procedure Rules (Section 9.5) require that the Council receives an annual report on Treasury Management activities for the previous financial year. The report to this committee reviews borrowing and investment performance before it is considered by Cabinet and Council	
Recommendation and Reasons Having read this report and the accompanying Appendices, Cabinet are asked are asked to note the treasury management performance in 2023/24 as set out in this report, prior to its submission to Council	
Resource Implications: There are no additional resource implications required as part of this report as it relates to Treasury Management activities undertaken in 23/24.	
Date signed off by <u>Strategic Director</u> & name Is it also signed off by the Service Director for Finance? Is it also signed off by the Service Director for Legal Governance and Commissioning?	N/A Kevin Mulvaney – 18/6/2024 Sam Lawton –18/06/2024

Electoral wards affected: N/A

Ward Councillors consulted: N/A

Public or private: Public

Have you considered GDPR: Yes – there is no personal data within the budget details and calculations set out in this report and accompanying Appendices

1. Summary

- 1.1 The Council's treasury management operation for the year has followed the strategy approved by Council on 8 March 2023 (see paragraph 2.1.4 below).
- 1.2 The treasury management budget underspent by £6.1m against a budget of £21.9m. The variations in the budget are summarised below:-

	Budget (£m)	Actual (£m)	Variation (£m)
Interest payable	16.6	18.9	2.3
Investment income	(1.0)	(3.3)	(2.3)
MRP net of fees*	6.3	0.2	(6.1)
Total	21.9	15.8	(6.1)

During the year interest costs increased due to rising interest rates, and the amount and timing of borrowing compared to budget assumptions. The increased interest costs have been offset by gains on investment income along with slippage in the capital plan.

- 1.3 The Council complied with its treasury management prudential indicators in the year (see Appendix 5).
- 1.4 Investments averaged £59.9 million and were largely deposited in instant access accounts earning an average interest rate of 5.26%.
- 1.5 Total external borrowing at 31 March 2024 increased by £93.5 million to £707.3 million (£613.8 million as at 31 March 2023). The Council took £190.0 million new Government long term loans from the Public Works Loan Board (PWLb) (see paragraph 2.6.4 for more detail) and an additional £10.0 million Local Authority medium term 2 to 3 year loans (see paragraph 2.6.5 for more detail).
- 1.6 The large increase in long term loans was a result of borrowing for the capital plan, re-financing existing borrowing maturing during the year and a reduction in reserves.
- 1.7 The Council converted temporary borrowing into fixed rate loans which accounts for 95.19% of total long-term debt (see paragraph 2.6.6) giving the Council stability in its interest costs and minimising exposure to fluctuating short term rates.
- 1.10 During 2023/24 an external review of MRP identified an overprovision of £34.2m in total, allowing for a further in-year unwind of £6.3 million resulting in zero MRP charged to revenue in year. The £0.2m in the table at 1.2 relates to fees incurred.

2 Information required to take a decision

2.1 Introduction

- 2.1.1 The Council has adopted the CIPFA Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve, as a

minimum, treasury management semi-annual and annual outturn reports. The Council operates its treasury management service in compliance with this Code and various statutory requirements.

- 2.1.2 This report includes the requirement in the 2021 Code, mandatory from 1st April 2023, of reporting of the treasury management prudential indicators. The non-treasury prudential indicators are incorporated in the Council's normal revenue and capital monitoring report.
- 2.1.3 Financial Procedure Rules require that the Council receives an annual report on Treasury Management activities for the year. Cabinet is responsible for the implementation and monitoring of the treasury management policies. Corporate Governance and Audit Committee undertake a scrutiny role with regard to treasury management.
- 2.1.4 The Council's treasury management strategy for 2023/24 was approved at a meeting on 8 March 2023. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy and that borrowing is undertaken on a prudent, affordable and balanced basis.

2.2 The Economy and Interest Rates

- 2.2.1 The UK economy entered a technical recession in the second half of 2023, as growth rates of -0.1% and -0.3% respectively were recorded for Q3 and Q4. Over the 2023 calendar year GDP growth only expanded by 0.1% compared to 2022. Of the recent monthly data, the Office for National Statistics reported a rebound in activity with economy expanding 0.2% in January 2024. While the economy may somewhat recover in 2024, the data suggests that prior increases in interest rates and higher price levels are depressing growth, which will continue to bear down on inflation throughout 2024.
- 2.2.2 UK inflation continued to decline from the 8.7% rate seen at the start of 2023/24. By the last quarter of the financial year headline consumer price inflation (CPI) had fallen to 3.4% in March but was still above the Bank of England's 2% target at the end of the period. The core measure of CPI, i.e. excluding food and energy, also slowed in February to 4.5% from 5.1% in January, a rate that had stubbornly persisted for three consecutive months. In the February 2024 Monetary Policy Report (MPR) the Bank's expectations for the UK economy were positive for the first half of 2024, with a recovery from the mild recession in the second half of 2023 being gradual. Headline CPI was forecast to dip below the 2% target quicker than previously thought due to declining energy prices, these effects would hold inflation slightly above target for much of the forecast horizon.
- 2.2.3 Labour market data provided a mixed message for policymakers. Employment and vacancies declined, and unemployment rose to 4.3% (3mth/year) in July 2023. The same month saw the highest annual growth rate of 8.5% for total pay (including bonuses) and 7.8% for regular pay growth (excluding bonuses). Thereafter, unemployment began to decline, falling to 3.9% (3mth/year) in January and pay growth also edged lower to 5.6% for total pay and 6.1% for regular pay, but remained

above the Bank of England's forecast.

- 2.2.4 Having started the financial year at 4.25%, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate to 5.25% in August 2023 with a 3-way split in the Committee's voting as the UK economy appeared resilient in the face of the dual headwinds of higher inflation and interest rates. Bank Rate was maintained at 5.25% through to March 2024. The vote at the March MPC meeting was 8-1 in favour of maintaining rates at this level, with the single dissenter preferring to cut rates immediately by 0.25%.
- 2.2.5 Although financial markets shifted their interest rate expectations downwards with expectations of a cut in June, the MPC's focus remained on assessing how long interest rates would need to be restrictive in order to control inflation over the medium term. Following this MPC meeting, Arlingclose, the Council's treasury adviser, maintained its central view that 5.25% remains the peak in Bank Rate and that interest rates will most likely start to be cut later in the second half of 2024. The risks in the short-term are deemed to be to the downside as a rate cut may come sooner than expected, but then more broadly balanced over the medium term.
- 2.2.6 Sentiment in financial markets remained uncertain and bond yields continued to be volatile over the year. During the first half of the year, yields rose as interest rates continued to be pushed up in response to rising inflation. From October they started declining again before falling sharply in December as falling inflation and dovish central bank attitudes caused financial markets to expect cuts in interest rates in 2024. When it emerged in January that inflation was stickier than expected and the BoE and the Federal Reserve were data dependent and not inclined to cut rates soon, yields rose once again, ending the period some 50+ bps higher than when it started. Over the financial year, the 10-year UK benchmark gilt yield rose from 3.44% to peak at 4.75% in August, before then dropping to 3.44% in late December 2023 and rising again to 3.92% (28 March 2024). The Sterling Overnight Rate (SONIA) averaged 4.96% over the period to 31st March.

2.3 Local Context

- 2.3.1 On 31 March 2024, the Council had net borrowing of £668.2 million arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below.

2.4 Investment Activity

- 2.4.1 The CIPFA Treasury Management Code now defines treasury management investments as those investments which arise from the Council's cash flows or treasury risk management activity that ultimately represent balances that need to be invested until the cash is required for use in the course of business.
- 2.4.2 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 2.4.3 The Council's overall Treasury Management Strategy prioritises security and liquidity of its investments before seeking a higher rate of return. which was adhered to in 2023/24.
- 2.4.4 As demonstrated by the liability benchmark in this report, the Council expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different asset classes and boost investment income.
- 2.4.5 The Council's treasury management investments totalled £39.1 million as at 31 March 2024 (£44.0 million 31 March 2023). The Council invested an average balance of £59.9 million externally during the year (£61.1 million 2022/23). Interest income of £2.6 million was generated through these investments (£1.0 million 2022/23) and £0.4 million dividend income from the CCLA Property Fund (£0.4 million 2022/23). Appendix 1 shows where investments were held at the beginning of April 2023, the end of September 2023 and the end of March 2024, by counterparty, by sector and by country. The Council's average lending rate for the year was 5.26% (1.92% 2022/23).
- 2.4.6 The majority of investments were placed in liquid instruments such as instant access bank deposit accounts, DMO (Debt Management Office) and Money Market Funds (MMFs). MMFs offer greater diversification of counterparties, thus lowering risk as well as instant access.
- 2.4.7 The bank rate increased by 1% over the period from 4.25% at the beginning of the year to 5.25% at the end of March 2024. Short term rates peaked at 5.7% for 3-month rates and 6.7% for 12-month rates during the period, although these rates subsequently began to decline towards the end of the period. Money Market Rates also rose and were between 3.98% at the start and 5.27% at the end of year.
- 2.4.8 The Council continues to hold £10 million investment in the Local Authorities Pooled Investment Fund (LAPF). The Local Authorities Property Fund was established in 1972 and is managed by CCLA Fund Managers. As at March 2024 there are property assets under management of £1,042 million. The Fund aims to provide investors with regular revenue income and long-term price stability and it is an actively managed, diversified portfolio of UK commercial property. It principally invests in UK assets but may invest in other assets.

- 2.4.9 The fund returned a gross dividend yield of 3.60% in 2023/24 (3.09% 2022/23) and net income of £0.4 million was received by the Council in 2023/24 (£0.4 million in 2022/23).
- 2.4.10 The market background for commercial property improved marginally in 2023 and was more stable, in contrast to the very challenging backdrop of 2022. Low transactional volumes were a constraint on valuations and made prospective sellers and buyers more cautious. Although many sectors lacked momentum, there was growing confidence in the longer-term outlook as occupier demand and rental markets held up. Industrial and retail warehousing sectors remained strong, but the retail and office sectors remained weak, the latter continuing to be hindered by low occupancy from hybrid working practices.
- 2.4.11 Strategic fund investments are made in the knowledge that capital values will move both up and down over time. Unrealised cumulative capital losses of £1.5 million will not have an impact on the General Fund as the Council is utilising a government statutory override for pooled investment funds. Under the Regulations, gains and losses resulting from unrealised fair value movements, that otherwise must be recognised in the income and expenditure account under IFRS9, are not currently charged to the revenue account, and must be taken into an unusable reserve account.
- 2.4.12 In April 2023 the Department for Levelling Up, Housing and Communities (DLUHC) published the full outcome of the consultation on the extension of the statutory override on accounting for gains and losses on pooled investment funds. The override has been extended until 31st March 2025, but no other changes have been made; whether the override will be extended beyond this date is unknown but commentary to the consultation outcome suggests it will not. The Council will discuss with Arlingclose the implications for the investment strategy and what action may need to be taken.

2.5 Borrowing Update

- 2.5.1 CIPFA's 2021 Prudential Code is clear that Local Authorities must not borrow to invest primarily for financial return and that it is not prudent for Local Authorities to make any investment or spending decision that will increase the Capital Finance Requirement (CFR) and so may lead to new borrowing, unless directly and primarily related to the functions of the Council. PWLB loans are no longer available to buy investment assets primarily for yield unless these loans are for refinancing purposes.
- 2.5.2 The Council has not invested in assets primarily for financial return or that are not primarily related to the functions of the Council. It has no plans to do so in the future.
- 2.5.3 Borrowing is permitted for cashflow management, interest rate risk management, to refinance current borrowing and to adjust levels of internal borrowing. Borrowing is also allowed for financing capital expenditure primarily related to the delivery of a Local Authority's function.
- 2.5.4 Interest rates have seen substantial rises over the last two years, although these rises have now begun to plateau. Gilt yields fell in late 2023, reaching lows in December 2023 before rebounding to an extent in the first three months of 2024. Gilt yields have remained volatile, seeing upward pressure from perceived stickier inflation at times and downward pressure from falling inflation and a struggling economy at other times.

- 2.5.5 On 31st March 2024 the PWLB certainty rates for maturity loans were 4.74% for 10-year loans, 5.18% for 20-year loans and 5.01% for 50-year loans. Their equivalents on 31st March 2023 were 4.33%, 4.70% and 4.41% respectively.
- 2.5.6 The cost of short-term borrowing from other local authorities has generally risen with base rate over the year. Interest rates peaked at around 7% towards the later part of March 2024 as many authorities required cash at the same time. These rates fell back to more normal market levels in April 2024.
- 2.5.7 A new HRA PWLB rate which is 0.4% below the certainty rate was made available from 15 June 2023. This rate will now be available to June 2025. The discounted rate is to support Local Authorities borrowing for Housing Revenue Accounts for the delivery of social housing and for refinancing existing HRA loans.

2.6 Borrowing Activity

- 2.6.1 As outlined in the Treasury Strategy, the Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. The Council pursued its strategy of keeping borrowing and investments below their underlying levels, known as internal borrowing.
- 2.6.2 In terms of borrowing, long-term loans maturing greater than one year totalled £641.1 million and short-term loans maturing within 12 months (excluding interest accrued) totalled £66.2 million (£512.8 million and £101.0 million 31 March 2023), an overall increase of £93.5 million. Appendix 2 details repayments of long-term loans during the year and short-term loans outstanding as at 31 March 2024.
- 2.6.3 The Council has an increasing CFR due to the capital programme and an estimated borrowing requirement as determined by the Liability Benchmark (see Appendix 5), which also considers usable reserves and working capital. The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. Having considered the appropriate duration and structure of the borrowing need based on realistic projections, it was decided to take a combination of short-term borrowing and longer-term repayment loans.
- 2.6.4 The Council borrowed £190.0 million of new long-term Equal Installment of Principal (EIP) and maturity loans from the PWLB in 2023/24, of which £30.0 million was taken to replace 3 LOBOs (Lender's Option Borrower's Option), see paragraph 2.6.8 below.

	Amount £m	Rate %	Duration	Start date	Maturity date
EIP Loans					
PWLB (643579)	10.0	5.01	18 years	27 Jul 23	27 Jul 41
PWLB (659904)	10.0	5.06	15 years	21 Sep 23	21 Sep 38
PWLB (660447)	10.0	5.08	15 years	22 Sep 23	22 Sep 38
PWLB (661522)	10.0	5.00	14 years	27 Sep 23	27 Sep 37
PWLB (674705)	10.0	5.02	14 years 11 months	13 Nov 23	13 Oct 38
PWLB (677193)	10.0	4.85	15 years	22 Nov 23	22 Nov 38
PWLB (680811)	20.0	4.83	12 years	6 Dec 23	6 Dec 35
PWLB (685435)	20.0	4.59	13 years	20 Dec 23	20 Dec 36
PWLB (685834)	20.0	4.37	13 years	21 Dec 23	21 Dec 36
PWLB (711011)	10.0	5.42	2 years 1 month	13 Mar 24	13 Apr 26
PWLB (711013)	10.0	4.75	13 years	13 Mar 24	13 Mar 37
PWLB (712740)	10.0	4.59	14 years	19 Mar 24	19 Mar 38
PWLB (713074)	10.0	4.64	14 years	20 Mar 24	20 Mar 38
Maturity Loans					
PWLB (673622)	10.0	5.05	5 years 7 months	9 Nov 23	9 Jun 29
PWLB (675743)	10.0	4.94	5 years 1 month	16 Nov 23	16 Dec 28
PWLB (678066)	10.0	4.81	4 years 1 month	24 Nov 23	24 Dec 27
Total	190.0				

An EIP loan pays back principal over the life of the loan, and the interest associated with the loan goes down as the principal outstanding reduces.

2.6.5 As the bank base rate continued to rise during the period along with PWLB rates, the Council took advantage of a limited amount of medium-term loans over a 2 to 3 year time frame, achieving slightly lower interest rates for the period compared to the PWLB. The table below shows £10.0 million of new loans taken during 2023/24, there are further 3 year loans totalling £25.0 million taken in 2022/23 still outstanding at 31 March 2024.

	Amount £m	Rate %	Start date	Maturity date
South Yorkshire Mayoral Combined Authority	5.0	5.40	17 Nov 23	17 Nov 25
Oxfordshire County Council	5.0	5.00	22 Feb 24	22 Jan 27
Total	10.0			

2.6.6 Fixed rate loans account for 95.19% of total long-term debt (see also Appendix 5) giving the Council stability in its interest costs. The maturity profile for all long-term loans is shown in Appendix 3 and shows that no more than 8.36% of all debt is due to be repaid in any one year. This is good practice as it reduces the Council's exposure to a substantial borrowing requirement in any one particular future year, when interest rates might be at a relatively high level.

2.6.7 The primary source of the Council's borrowing is from the Governments PWLB representing 82.66% of total external borrowing.

2.6.8 The Council repaid £30.6 million of LOBO loans in 2023/24 and continues to hold £30.9 million of LOBO loans which represents 4.63% of total external borrowing. LOBO loans are where the lender has the option to propose an increase in the interest rate at set

dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. Three banks exercised their option to propose an increase in the interest rates during the year hence these loans were repaid. As mentioned in paragraph 2.6.4, these LOBO's were replaced with PWLB loans.

- 2.6.9 In terms of debt rescheduling, the premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Council's portfolio and therefore unattractive for debt rescheduling activity in 2023/24.
- 2.6.10 The average long-term borrowing rate for 2023/24 for the Council's long-term loans outstanding was 4.07% (3.67% 2022/23).

2.7 Trends in Treasury Management Activity

- 2.7.1 Appendix 4 shows the Council's borrowing and investment trends over the last 6 years. This highlights the current trend of borrowing shorter and longer term to fund cashflow.

2.8 Risk and Compliance Issues

- 2.8.1 The Council reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy, including the prudential indicators. Details can be found in Appendix 5. Indicators relating to affordability and prudence are highlighted in this appendix.
- 2.8.2 When the Council has received unexpected monies late in the day, officers have no alternative but to put the monies into the Barclays Business Reserve Account overnight. The largest daily amount deposited in this account overnight as a result of unexpected late receipts was £3.7 million. Whilst this is not an ideal situation, the Council is still within investment limits as per the Treasury Management Strategy which is set at £10.0 million per counterparty.
- 2.8.3 In line with Council Treasury Management Strategy, the Council has not placed any direct investments in companies as defined by the Carbon Underground 200.
- 2.8.4 The Council is aware of the risks of passive management of the treasury portfolio and, with the support of the Council's consultants (Arlingclose), has proactively managed the debt and investments over the year.
- 2.8.5 The CIPFA Code of Practice requires that treasury management performance be subject to regular member scrutiny. The Corporate Governance and Audit Committee performs this role and members have received reports on strategy, half yearly monitoring and now the outturn for the year 2023/24. Training was provided to Members in January 2024.

Looking Ahead – Treasury Management Developments in 2024/25

2.9 Re-financing/re-payment of current Long-Term Borrowing

- 2.9.1 As outlined within the Council approved Treasury Management Strategy 2024/25, the Council will continue to look to repay existing long-term debt when the opportunity arises where it becomes beneficial for the Council to do so.

2.9.2 Council officers will liaise with the Council's external Treasury Management advisors, Arlingclose, to review lender options, and proceed if they are considered to be in the longer-term best interests of the Council.

2.10 Loan Funding Sources

2.10.1 The Council may be presented with additional sources of long-term funding at certain points in time, beyond those currently listed in the Council's current Treasury Management Strategy. These may be at preferential rates of interest and therefore the Service Director Finance (Section 151 Officer) will look to maximise the use of source funds when it is preferential to do so.

2.11 Investment Opportunities

2.11.1 The Service Director Finance, supports the approach that the borrowing and investment strategy for 2024/25 continues to place emphasis on the security and liquidity of the Council's balances.

2.11.2 The investment in the CCLA property fund (see paragraphs 2.4.5 to 2.4.9) is part of a longer-term investment strategy to mitigate against any short-term market volatility or risk. As this fund has no defined maturity date its performance and continued suitability in meeting the Council's investment objectives is regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a longer period total returns will exceed cash interest rates.

2.12 New Borrowing

2.12.1 As mentioned previously, the Council has an increasing CFR due to the capital programme. The Council's current approach to fund the capital plan is to use a combination of short and longer-term borrowing. Unfortunately borrowing rates remain high and are likely to stay high in the near term. As short and medium-term rates remain slightly lower over a shorter time frame compared to longer-term, the Council will continue to borrow this way to minimise borrowing costs, although resulting in a higher proportion of debt that is not fixed over longer periods.

2.12.2 The base rate is expected to fall slightly in 2024/25. Long-term PWLB loans will be taken if gilt yields drop and the opportunity to take those fixed rate loans are presented.

2.12.3 The Council's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short and long-term borrowing will be maintained considering the appropriate duration and structure of the borrowing need based on realistic projections, and with ongoing consultation with Arlingclose.

2.12.4 As noted in the 2024/25 Treasury Management Strategy report, the Council will also consider the opportunity to arrange forward starting loans (with alternative lenders as these are not available through the PWLB), where the interest rate is fixed in advance but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. Again, this would only be undertaken after having considered the appropriate duration and structure of the

APPENDIX 1

Kirklees Council Investments 2023/24												
Counterparty	Credit Rating Mar 2024*	1 April 2023				30 September 2023				31 March 2024		
		£m	Interest Rate	Type of Investment	£m	Interest Rate	Type of Investment	£m	Interest Rate	Type of Investment		
Specified Investments												
Barclays	Bank	F1/A+	0.5	3.65%	Instant Access	0.2	4.65%	Instant Access	0.0	4.65%	Instant Access	
Aberdeen Standard	MMF**	AAAmmf	0.2	4.06%	Instant Access	10.0	5.29%	Instant Access	9.8	5.27%	Instant Access	
Aviva	MMF**	Aaa-mf	8.3	4.12%	Instant Access	10.0	5.32%	Instant Access	9.9	5.25%	Instant Access	
Deutsche	MMF**	AAAmmf	10.0	4.16%	Instant Access	0.0	5.23%	Instant Access	9.4	5.25%	Instant Access	
Goldman Sachs	MMF**	AAAmmf	0.0	4.01%	Instant Access	1.2	5.22%	Instant Access	0.0	5.14%	Instant Access	
PCC for West Yorkshire	Local Authority		5.0	4.65%	Local Authority	0.0	N/A	Local Authority	0.0	N/A	Local Authority	
Northamptonshire Council	Local Authority		5.0	4.50%	Local Authority	0.0	N/A	Local Authority	0.0	N/A	Local Authority	
PCC for West Mercia	Local Authority		3.0	4.60%	Local Authority	7.0	5.40%	Local Authority	0.0	N/A	Local Authority	
PCC for Warwickshire	Local Authority		2.0	4.60%	Local Authority	0.0	N/A	Local Authority	0.0	N/A	Local Authority	
Eastleigh BC	Local Authority		0.0	N/A	Local Authority	3.0	5.40%	Local Authority	0.0	N/A	Local Authority	
Uttlesford DC	Local Authority		0.0	N/A	Local Authority	4.5	5.40%	Local Authority	0.0	N/A	Local Authority	
Cheltenham BC	Local Authority		0.0	N/A	Local Authority	1.1	5.38%	Local Authority	0.0	N/A	Local Authority	
Leeds City Council	Local Authority		0.0	N/A	Local Authority	5.0	5.40%	Local Authority	0.0	N/A	Local Authority	
Central Bedfordshire Council	Local Authority		0.0	N/A	Local Authority	5.0	5.35%	Local Authority	0.0	N/A	Local Authority	
Dover DC	Local Authority		0.0	N/A	Local Authority	2.0	5.40%	Local Authority	0.0	N/A	Local Authority	
Wakefield MDC	Local Authority		0.0	N/A	Local Authority	5.0	5.35%	Local Authority	0.0	N/A	Local Authority	
Debt Management Office	Cent Govt		0.0	N/A	Cent Govt	0.0	N/A	Cent Govt	0.0	N/A	Cent Govt	
CCLA	Property Fund		10.0	N/A	Property Fund	10.0	N/A	Property Fund	10.0	N/A	Property Fund	
			44.0			64.0			39.1			
Sector Analysis												
			£m	%age		£m	%age		£m	%age		
Bank			0.5	1%		0.2	0%		0.0	0%		
MMF**			18.5	42%		21.2	33%		29.1	74%		
Local Authorities/Cent Govt			15.0	34%		32.6	51%		0.0	0%		
Property Fund			10.0	23%		10.0	16%		10.0	26%		
			44.0	100%		64.0	100%		39.1	100%		
Country analysis												
			£m	%age		£m	%age		£m	%age		
UK			25.5	58%		42.8	67%		10.0	26%		
MMF**			18.5	42%		21.2	33%		29.1	74%		
			44.0	100%		64.0	100%		39.1	100%		

*Fitch short/long term ratings, except Aviva MMF (highest Moody rating). See next page for key. ** MMF – Money Market Fund. These funds are domiciled in Ireland for tax reasons, but the funds are made up of numerous diverse investments with highly rated banks and other institutions. The credit risk is therefore spread over numerous countries, including the UK. The exception to this is the Aviva Government Liquidity Fund which invests directly in UK government securities and in short-term deposits secured on those securities.

Key – Fitch’s credit ratings:

		Long	Short
Investment Grade	Extremely Strong	AAA	F1+
	Very Strong	AA+	
		AA	
	Strong	AA-	F1
		A+	
		A	
	Adequate	A-	F2
		BBB+	
		BBB	F3
Speculative Grade	Speculative	BBB-	B
		BB+	
		BB	
	Very Speculative	BB-	
		B+	
		B	
	Vulnerable	B-	C
		CCC+	
		CCC	
		CCC-	
CC			
Defaulting	C	D	

Appendix 2

Long-term loans repaid and short-term loans outstanding 31 March 2024

Long-term loans repaid during 2023/24

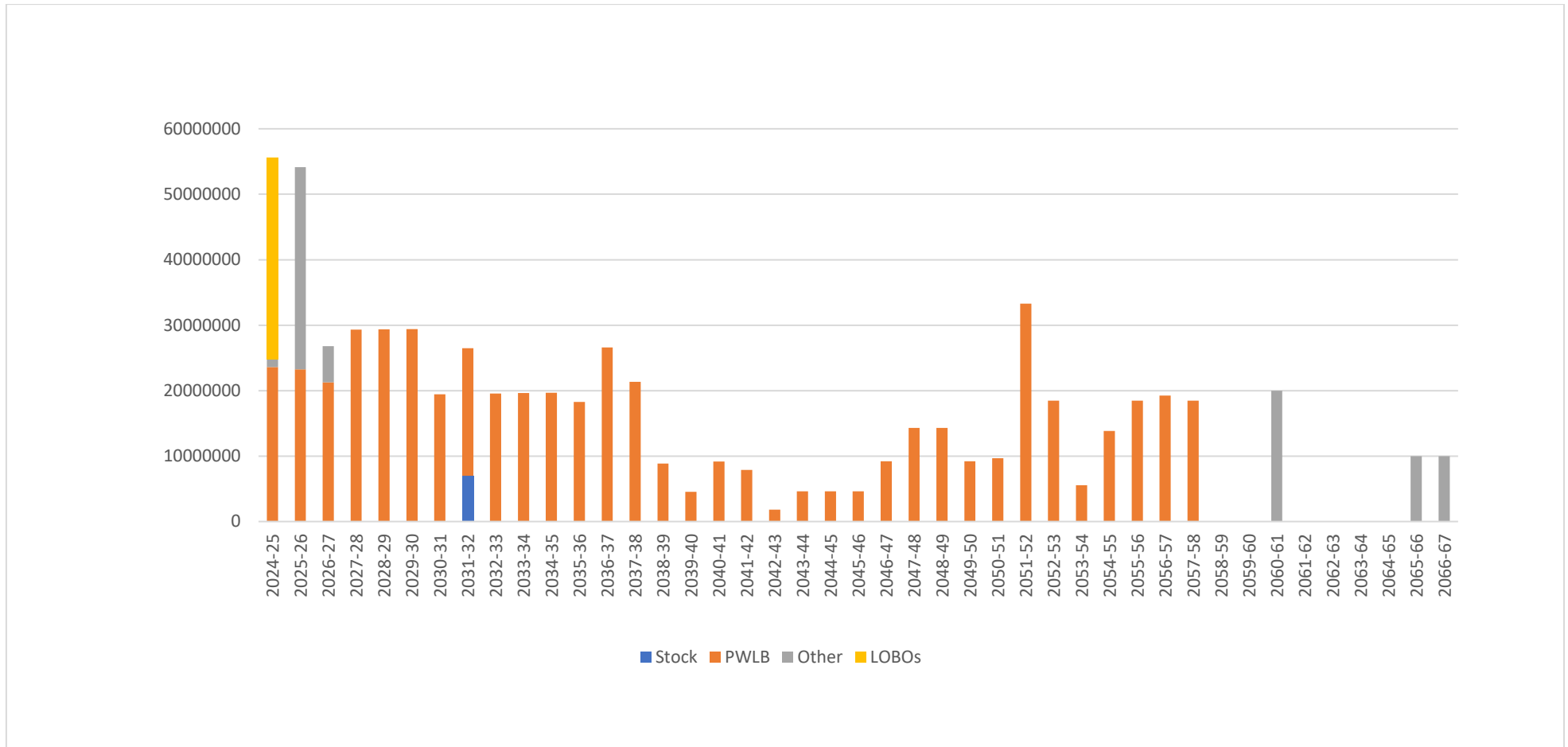
	Amount £000s	Rate %	Date repaid
Repayments on maturity loans			
PWLB (480127)	4,889	6.63	15 Apr 23
PWLB (480128)	4,613	6.63	15 Oct 23
Repayments on annuity loans			
PWLB (496956)	423	4.58	29 Sep 23
Repayments on EIP loans			
PWLB (340221)	250	1.63	27 Apr 23
PWLB (439173)	250	1.66	17 May 23
PWLB (373440)	250	1.46	12 Jul 23
PWLB (594601)	500	4.10	31 Jul 23
PWLB (594848)	536	3.99	1 Aug 23
PWLB (538379)	500	2.60	9 Aug 23
PWLB (487385)	250	2.28	21 Aug 23
PWLB (313112)	250	1.64	4 Sep 23
PWLB (493145)	250	1.98	9 Sep 23
PWLB (608109)	667	4.15	21 Sep 23
PWLB (340221)	250	1.63	27 Oct 23
PWLB (439173)	250	1.66	17 Nov 23
PWLB (373440)	250	1.46	12 Jan 24
PWLB (643579)	278	5.01	29 Jan 24
PWLB (594601)	500	4.10	31 Jan 24
PWLB (594848)	536	3.99	1 Feb 24
PWLB (538379)	500	2.60	9 Feb 24
PWLB (487385)	250	2.28	21 Feb 24
PWLB (313112)	250	1.64	4 Mar 24
PWLB (493145)	250	1.98	9 Mar 24
PWLB (608109)	667	4.15	21 Mar 24
PWLB (659904)	333	5.06	21 Mar 24
PWLB (660447)	333	5.08	22 Mar 24
PWLB (661522)	357	5.00	27 Mar 24
Repayments on LOBO loans			
Bayerische Landesbank (75096)	10,000	4.60	14 Nov 23
Commerzbank (WKN 0BH084)	10,000	5.00	7 Dec 23
Dexia Credit Local (293401)	10,000	4.75	1 Mar 24
Total	48,632		

Short-term loans outstanding 31 March 2024

	Amount £000s	Rate %	Length of loan (days)
Short-term borrowing from other Local Authorities			
West Midlands Combined Authority	10,000	3.85	366
West Midlands Combined Authority	5,000	4.50	364
West Midlands Combined Authority	5,000	4.50	366
West Midlands Combined Authority	5,000	4.50	364
Medium-term loans due to mature in the next twelve months			
Vale of White Horse Council	5,000	0.80	1,096
Crawley Borough Council	5,000	0.50	732
Leicester City Council	5,000	0.75	730
Local Lenders/Trust Funds	1,385	5.10	
Total temporary borrowing	41,385		
Long-term loans due to mature in the next twelve months	24,826		
Total	66,211		

Kirklees Council Loan Maturity Profile (All Debt)

Appendix 3



The maturity date of borrowing is the earliest date on which the lender can demand repayment. LOBO options of £30.9 million have a potential repayment date during 2024/25.

Kirklees Council - Borrowing and Investment Trends

At 31 March	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Investments	39.1	44.0	78.9	37.1	52.0	39.1
ST Borrowing (excl interest accrued)	66.2	101.0	26.6	50.0	53.2	11.8
LT Borrowing	641.1	512.8	442.3	375.8	373.7	384.1
Total Borrowing	707.3	613.8	468.9	425.8	426.9	395.9
Net debt position	668.2	569.8	390.0	388.7	374.9	356.8
<u>Capital Financing Requirement (excl PFI)</u>						
General Fund	663.2	617.0	556.1	500.1	461.6	436.6
HRA	163.7	168.0	166.0	170.3	175.3	175.3
Total CFR	826.9	785.0	722.1	670.4	636.9	611.9
Less deferred liabilities (non PFI)	3.4	3.5	3.6	3.6	3.7	3.9
Borrowing CFR	823.5	781.5	718.5	666.8	633.2	608.0
Balances “internally invested”	116.2	167.7	249.6	241.0	206.3	212.1
Ave Kirklees’ investment rate for financial year	5.3%	1.9%	0.1%	0.1%	0.7%	0.7%
Ave Base rate (Bank of England)	5.0%	2.3%	0.2%	0.1%	0.7%	0.7%
Ave LT Borrowing rate (1)	5.1%	3.8%	1.9%	2.3%	2.4%	2.5%

(1) Based on average PWLB rate throughout the year on a 25 to 30 year loan (less 0.2% PWLB certainty rate) repayable on maturity.

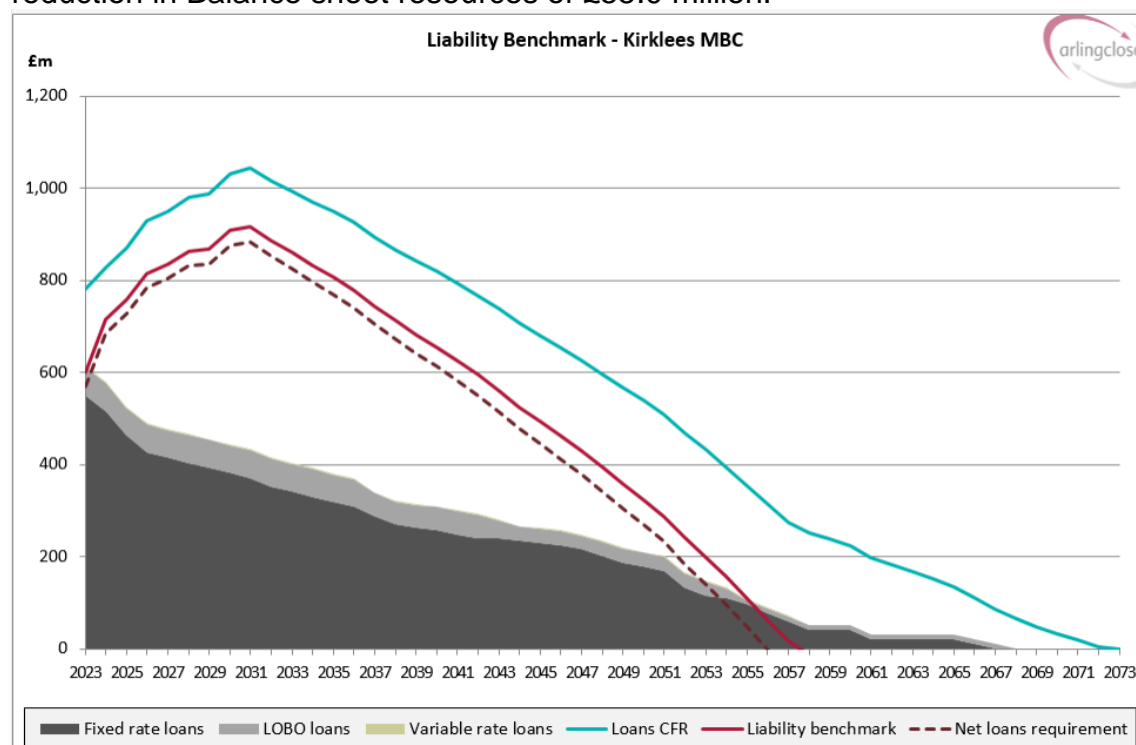
Treasury Management Prudential Indicators

Liability Benchmark

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

	31.03.23 actual £m	31.03.24 actual £m	31.03.25 forecast £m	31.03.26 forecast £m
Loans CFR	781.5	823.5	872.6	942.9
Less: Balance sheet resources	210.6	155.3	144.0	144.0
Net loans requirement	570.9	668.2	728.6	798.9
Plus: Liquidity allowance	30.0	30.0	30.0	30.0
Liability benchmark	600.9	698.2	758.6	828.9
Existing borrowing	613.8	707.3	653.7	594.6

Following on from the medium-term forecast above, the long-term liability benchmark for 2023/24 includes capital expenditure funded by borrowing of £67.0 million, minimum revenue provision on new building capital expenditure based on a 50-year asset life and reduction in Balance sheet resources of £55.0 million.



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

Maturity Structure of Borrowing

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

	Upper limit	Lower limit	31.03.24 actual	Complied
Under 12 months	20%	0%	4%	Yes
12 months and within 24 months	20%	0%	5%	Yes
24 months and within 5 years	60%	0%	11%	Yes
5 years and within 10 years	80%	0%	11%	Yes
10 years and above	100%	20%	69%	Yes

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. LOBO options of £30.9 million have a potential repayment date during 2024/25 and have been included in the under 12 months line.

Long term Treasury Management Investments

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

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

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

Interest Rate Exposures

Bank Base Rate rose by 1.00% during the year from 4.25% on 1st April 2023 to 5.25% on 31 March 2024.

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

	31.03.23	31.03.24
Bank Rate	4.25%	5.25%
1-year PWLB certainty rate, maturity loans	4.78%	5.36%
5-year PWLB certainty rate, maturity loans	4.31%	4.68%
10-year PWLB certainty rate, maturity loans	4.33%	4.74%
20-year PWLB certainty rate, maturity loans	4.70%	5.18%
50-year PWLB certainty rate, maturity loans	4.41%	5.01%

While fixed rate borrowing can contribute significantly to reducing the uncertainty surrounding future interest rate scenarios, the pursuit of optimum performance justifies retaining a degree of flexibility through the use of variable interest rates on at least part of the treasury management portfolio. The Prudential Code requires the setting of upper limits for both variable rate and fixed interest rate exposure:

	Limit Set 2023/24	Actual 2023/24
Interest at fixed rates as a percentage of net interest payments	60% - 100%	95%
Interest at variable rates as a percentage of net interest payments	0% - 40%	5%

The interest payments were within the limits set.

Glossary of Treasury Terms

Authorised Limit	The affordable borrowing limit determined in compliance with the Local Government Act 2003 (English and Welsh authorities) and the Local Government in Scotland Act 2003. This Prudential Indicator is a statutory limit for total external debt. It is set by the Authority and needs to be consistent with the Authority's plans for capital expenditure financing and funding. The Authorised Limit provides headroom over and above the <i>Operational Boundary</i> to accommodate expected cash movements. Affordability and prudence are matters which must be taken into account when setting this limit.
Annuity	Method of repaying a loan where the payment amount remains uniform throughout the life of the loan, therefore the split varies such that the proportion of the payment relating to the principal increases as the amount of interest decreases.
Balances and Reserves	Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.
Bank Rate	The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'.
Basis Point	1/100th of 1%, i.e. 0.01%
Bill	A certificate of short-term debt issued by a company, government or other institution, tradable on the financial market
Bond	A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.
Capital Expenditure	Expenditure on the acquisition, creation or enhancement of capital assets.
Capital Financing Requirement (CFR)	The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.
Capital gain or loss	An increase or decrease in the capital value of an investment, for example through movements in its market price.
Capital growth	Increase in the value of the asset (in the context of a collective investment scheme, it will be the increase in the unit price of the fund).
Capital receipts	Money obtained on the sale of a capital asset.
Certainty Rate	The government has reduced by 20 basis points (0.20%) the interest rates on loans via the Public Works Loan Board (PWLb) to principal local authorities who provide information as specified on their plans for long-term borrowing and associated capital spending.
CIPFA	Chartered Institute of Public Finance and Accountancy.
Collective Investment Schemes	Funds in which several investors collectively hold units or shares. The assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'Pooled Funds'). Unit Trusts and Open-Ended Investment Companies are types of collective investment schemes/pooled funds.
Corporate Bonds	Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.
Corporate Bond Funds	Collective Investment Schemes investing predominantly in bonds issued by companies and supranational organisations.
CPI <i>Also see RPI</i>	Consumer Price Index. (This measure is used as the Bank of England's inflation target.)
Cost of carry	When a loan is borrowed in advance of requirement, this is the difference between the interest rate and (other associated costs) on the loan and the income earned from investing the cash in the interim.
Counterparty List	List of approved financial institutions with which the Council can place investments.

Credit Default Swap (CDS)	A Credit Default Swap is similar to an insurance policy against a credit default. Both the buyer and seller of a CDS are exposed to credit risk. Naked CDS, i.e. one which is not linked to an underlying security, can lead to speculative trading.
Credit Rating	Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.
Debt Management Office (DMO)	The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the Debt Management Account Deposit Fund (DMADF). All deposits are guaranteed by HM Government and therefore have the equivalent of a sovereign triple-A credit rating.
Diversification / diversified exposure	The spreading of investments among different types of assets or between markets in order to reduce risk.
Derivatives	Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded 'over the counter'.
ECB	European Central Bank
Fair Value	Fair value is defined as a sale price agreed to by a willing buyer and seller, assuming both parties enter the transaction freely. Many investments have a fair value determined by a market where the security is traded.
Federal Reserve	The US central bank. (Often referred to as "the Fed")
Floating Rate Notes	A bond issued by a company where the interest rate paid on the bond changes at set intervals (generally every 3 months). The rate of interest is linked to LIBOR and may therefore increase or decrease at each rate setting.
GDP	Gross domestic product – also termed as "growth" in the economy. The value of the national aggregate production of goods and services in the economy.
General Fund	This includes most of the day-to-day spending and income. (All spending and income related to the management and maintenance of the housing stock is kept separately in the Housing Revenue Account).
Gilts (UK Govt)	Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged': being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.
Housing Revenue Account (HRA)	A ring-fenced account of all housing income and expenditure, required by statute.
IFRS	International Financial Reporting Standards.
Income Distribution	The payment made to investors from the income generated by a fund; such a payment can also be referred to as a 'dividend'.
Local Authority Property Fund (LAPF)	A pooled property collective investment scheme for Churches, Charities and Local Authorities. (see Collective Investment Scheme).
Liability Benchmark	Term in CIPFA's Risk Management Toolkit which refers to the minimum amount of borrowing required to keep investments at a minimum liquidity level (which may be zero).
LOBOs	LOBO stands for 'Lender's Option Borrower's Option'. The underlying loan facility is typically long term and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at pre-determined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the 'option' to either accept the new imposed fixed rate or repay the loan facility.
Maturity	The date when an investment or borrowing is repaid.
Maturity profile	A table or graph showing the amount (or percentage) of debt or investments maturing over a time period. The amount or percent maturing could be shown on a year-by-year or quarter-by-quarter or month-by-month basis.

MiFID II	MiFID II replaced the Markets in Financial Instruments Directive (MiFID I) from 3 January 2018. It is a legislative framework instituted by the European Union to regulate financial markets in the bloc and improve protections for investors.
Minimum Revenue Provision (MRP)	An annual provision that the Authority is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets.
Money Market Funds (MMF)	Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.
Net Asset Value (NAV)	A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.
Operational Boundary	This is the limit set by the Authority as its most likely, i.e. prudent, estimate level of external debt, but not the worst case scenario. This limit links directly to the Authority's plans for capital expenditure, the estimates of the Capital Financing Requirement (CFR) and the estimate of cashflow requirements for the year.
Pooled funds	See Collective Investment Schemes (above).
Premiums and Discounts	In the context of local authority borrowing, (a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and (b) the discount is the gain arising when a loan is redeemed prior to its maturity date. If on a £1 million loan, it is calculated* that a £100,000 premium is payable on premature redemption, then the amount paid by the borrower to redeem the loan is £1,100,000 plus accrued interest. If on a £1 million loan, it is calculated that a £100,000 discount receivable on premature redemption, then the amount paid by the borrower to redeem the loan is £900,000 plus accrued interest. PWLB premium/discount rates are calculated according to the length of time to maturity, current market rates (plus a margin), and the existing loan rate which then produces a premium/discount dependent on whether the discount rate is lower/higher than the coupon rate. *The calculation of the total amount payable to redeem a loan borrowed from the Public Works Loans Board (PWLB) is the present value of the remaining payments of principal and interest due in respect of the loan being repaid prematurely, calculated on normal actuarial principles. More details are contained in the PWLB's lending arrangements circular.
Private Finance Initiative (PFI)	Private Finance Initiative (PFI) provides a way of funding major capital investments, without immediate recourse to the public purse. Private consortia, usually involving large construction firms, are contracted to design, build, and in some cases manage new projects. Contracts can typically last for 30 years, during which time the asset is leased by a public authority.
Investment Property	Property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.
Prudential Code	Developed by CIPFA and introduced on 01/4/2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.
Prudential Indicators	Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators between authorities.
PWLB	Public Works Loans Board. It is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.
Revenue Expenditure	Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.
Risk	Credit and counterparty risk The risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital, project or partnership financing,

	<p>particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources.</p> <p>Liquidity risk The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business/service objectives will be thereby compromised.</p> <p>Refinancing risk The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.</p> <p>Interest Rate risk The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.</p> <p>Legal risk The risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.</p> <p>Operational risk The risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.</p> <p>Market Risk The risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.</p>
RPI	Retail Prices Index. A monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent. Pensions and index-linked gilts are uprated using the CPI index.
SORP	Statement of Recommended Practice for Accounting (Code of Practice on Local Authority Accounting in the United Kingdom).
Specified Investments	Term used in the CLG Guidance and Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than 1 year. UK government, local authorities and bodies that have a high credit rating.
Supported Borrowing	Borrowing for which the costs are supported by the government or third party.
Temporary Borrowing	Borrowing to cover peaks and troughs of cash flow, not to fund spending.
Term Deposits	Deposits of cash with terms attached relating to maturity and rate of return (interest).
Treasury (T) -Bills	Treasury Bills are short term Government debt instruments and, just like temporary loans used by local authorities, are a means to manage cash flow. Treasury Bills (T-Bills) are issued by the Debt Management Office and are an eligible sovereign instrument, meaning that they have a AAA-rating.
Treasury Management Code	CIPFA's Code of Practice for Treasury Management in the Public Services. The current Code is the edition released in 2021.
Treasury Management Practices (TMP)	Treasury Management Practices set out the manner in which the Council will seek to achieve its policies and objectives and prescribe how it will manage and control these activities.
Unsupported Borrowing	Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.
Usable Reserves	Resources available to finance future revenue and capital expenditure.

Variable Net Asset Value (VNAV)	A term used in relation to the valuation of 1 share in a fund. This means that the net asset value (NAV) of these funds is calculated daily based on market prices.
Working Capital	Timing differences between income/expenditure and receipts/payments
Yield	The measure of the return on an investment instrument.