

# GENERAL FUND SUMMARY 2026/27 TO 2030/31

# APPENDIX A

5 YEAR INDICATIVE BUDGETS	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
CHILDREN	87,513	95,714	97,993	100,272	102,551	104,830
ADULTS	111,211	177,326	193,577	210,220	225,264	240,308
PLACE	56,841	59,827	60,556	61,723	62,323	62,923
CORPORATE	60,115	60,850	61,336	61,932	62,082	61,982
CENTRAL	71,610	85,972	103,757	117,282	129,513	141,661
<b>TOTAL NET BUDGET</b>	<b>387,290</b>	<b>479,689</b>	<b>517,219</b>	<b>551,429</b>	<b>581,733</b>	<b>611,704</b>

  

ASSUMED FUNDING	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
COUNCIL TAX	(252,901)	(265,521)	(280,722)	(296,793)	(313,783)	(331,747)
RETAINED BUSINESS RATES	(64,115)	(64,958)	(65,666)	(66,433)	(67,193)	(67,945)
GOVERNMENT FUNDING	(82,382)	(145,462)	(150,574)	(155,807)	(160,199)	(164,682)
COLLECTION FUND	3,789	3,184	3,183	-	-	-
<b>TOTAL FUNDING</b>	<b>(395,609)</b>	<b>(472,757)</b>	<b>(493,779)</b>	<b>(519,033)</b>	<b>(541,175)</b>	<b>(564,374)</b>

  

RESERVES AND GAP	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
NET CONTRIBUTION TO VRP RESERVE	4,819	7,426	8,545	9,064	8,376	5,449
CONTRIBUTION TO GENERAL RESERVE	1,000	1,000	1,000	1,000	1,000	1,000
CONTRIBUTION TO TRANSF'M RESERVE	2,500	2,500	2,500	2,500	2,500	2,500
<b>BUDGET GAP</b>	<b>-</b>	<b>17,858</b>	<b>35,485</b>	<b>44,960</b>	<b>52,434</b>	<b>56,279</b>

# GENERAL FUND SUMMARY 2026/27

# APPENDIX A

	2025-26 NET CONTROLL- ABLE BUDGET	FUNDING REFORM GRANT REALIGN- MENT	ADD BACK SAVINGS FALL OUT	RE-BASED 2025-26 CONTROLL- ABLE BUDGET	DEMAND PRESSURE	INFLATION / PAY PRESSURE	OTHER PRESSURE - EXPEND- ITURE	OTHER PRESSURE - INCOME	FUNDING FALL-OUT	FUNDING INCREASE	SAVINGS	2026-27 BUDGET PROPOSAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b><i>DIRECTORATE BUDGETS:</i></b>												
Children	87,513	3,000	109	90,622	3,494	1,550	-	-	500	(3)	(449)	95,714
Adults	111,211	52,411	-	163,622	7,892	7,640	-	600	-	-	(2,428)	177,326
Place	56,841	925	-	57,766	2,000	-	*(221)	795	167	-	(680)	59,827
Corporate	60,115	-	-	60,115	300	300	440	300	145	-	(750)	60,850
Central	71,610	-	-	71,610	-	8,690	5,672	-	-	-	-	85,972
<b>TOTAL NET BUDGET</b>	<b>387,290</b>	<b>56,336</b>	<b>109</b>	<b>443,735</b>	<b>13,686</b>	<b>18,180</b>	<b>5,891</b>	<b>1,695</b>	<b>812</b>	<b>(3)</b>	<b>(4,307)</b>	<b>479,689</b>
<b><i>FUNDED BY:</i></b>												
Council Tax	(252,901)											(265,521)
Retained Business Rates	(64,115)											(64,958)
Government Funding	(82,382)											(145,462)
Collection Fund Transfer	3,789											3,184
<b>TOTAL FUNDING</b>	<b>(395,609)</b>											<b>(472,757)</b>
<b><i>TRANSFERS TO/(FROM) RESERVES:</i></b>												
VRP** - Contribution	10,804											10,668
VRP** - Drawdown	(5,985)											(3,242)
Transformation Reserve	2,500											2,500
General Reserves	1,000											1,000
<b>TOTAL RESERVES</b>	<b>8,319</b>											<b>10,926</b>
<b>BUDGET DEFICIT</b>	<b>0</b>											<b>17,858</b>

\* Negative figure due to net fall-out of prior year pressures \*\*VRP = Voluntary Revenue Provision









## GENERAL FUND RESERVES

## APPENDIX B

	Reserves position 31st March 2025	Budget report Approved Movements	Revised reserves position 1st April 2025	Estimated Movements In-Year	Estimated Reserves position 31st March 2026	Estimated Reserves position 31st March 2027	Estimated Reserves position 31st March 2028	Estimated Reserves position 31st March 2029	Estimated Reserves position 31st March 2030	Estimated Reserves position 31st March 2031
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Statutory (School Reserves)</b>										
Schools Balances	(11,119)	-	(11,119)	-	(11,119)	(11,119)	(11,119)	(11,119)	(11,119)	(11,119)
Public Health	(896)	-	(896)	448	(448)	-	-	-	-	-
<b>Total Statutory (School Reserves)</b>	<b>(12,015)</b>	<b>-</b>	<b>(12,015)</b>	<b>448</b>	<b>(11,567)</b>	<b>(11,119)</b>	<b>(11,119)</b>	<b>(11,119)</b>	<b>(11,119)</b>	<b>(11,119)</b>
<b>Earmarked</b>										
Ward Based Activity	(577)	-	(577)	289	(288)	-	-	-	-	-
Place Standard	(402)	-	(402)	201	(201)	-	-	-	-	-
<b>Sub Total (member led)</b>	<b>(979)</b>	<b>-</b>	<b>(979)</b>	<b>490</b>	<b>(489)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transformation	(1,480)	(2,500)	(3,980)	2,500	(1,480)	(1,480)	(1,480)	(1,480)	(1,480)	(1,480)
Development Funding	(914)	-	(914)	457	(457)	-	-	-	-	-
Revenue Grants	(17,998)	-	(17,998)	3,000	(14,998)	(11,998)	(8,998)	(5,998)	(2,998)	-
Stronger Families	(688)	-	(688)	500	(188)	-	-	-	-	-
Other	(3,942)	-	(3,942)	1,139	(2,804)	(1,665)	(1,365)	(1,065)	(765)	(465)
Voluntary Revenue Provision	(6,504)	(4,819)	(11,323)		(11,323)	(18,749)	(27,294)	(36,358)	(44,734)	(50,183)
Strategic Budget Contingency	(3,500)	-	(3,500)	3,500	-	-	-	-	-	-
<b>Earmarked reserves sub-total</b>	<b>(36,005)</b>	<b>(7,319)</b>	<b>(43,324)</b>	<b>11,586</b>	<b>(31,739)</b>	<b>(33,892)</b>	<b>(39,137)</b>	<b>(44,901)</b>	<b>(49,977)</b>	<b>(52,128)</b>
<b>General Balances</b>	<b>(25,046)</b>	<b>(1,000)</b>	<b>(26,046)</b>	<b>-</b>	<b>(26,046)</b>	<b>(27,046)</b>	<b>(28,046)</b>	<b>(29,046)</b>	<b>(30,046)</b>	<b>(31,046)</b>
<b>Total usable reserves</b>	<b>(61,051)</b>	<b>(8,319)</b>	<b>(69,370)</b>	<b>11,586</b>	<b>(57,785)</b>	<b>(60,938)</b>	<b>(67,183)</b>	<b>(73,947)</b>	<b>(80,023)</b>	<b>(83,174)</b>
<b>Grand Total All Reserves</b>	<b>(73,066)</b>	<b>(8,319)</b>	<b>(81,385)</b>	<b>12,034</b>	<b>(69,352)</b>	<b>(72,057)</b>	<b>(78,302)</b>	<b>(85,066)</b>	<b>(91,142)</b>	<b>(94,293)</b>

## Glossary of Reserves

RESERVE	DESCRIPTION
<b>School Balances</b>	Statutory reserves relating to both individual schools' balances/deficits carried forwards.
<b>Public Health</b>	Timing issues on Public Health grant spend commitments (Public health grant is statutorily ring-fenced)
<b>Ward Based Activity</b>	Set aside reflecting timing issues on ward-based activity spend commitments
<b>Place Standard</b>	Set aside to support the resourcing of emerging Place Standard action plans.
<b>Transformation</b>	Set aside for strategic transformation developments over the next 12 to 24 months.
<b>Development Funding</b>	To address the scale of development costs required to support targeted development and the upscaling of capital investment activity and major project activity over the MTFP.
<b>Revenue Grants</b>	Represents grants and contributions recognised in the Comprehensive Income and Expenditure Statement before expenditure has been incurred.
<b>Stronger Families</b>	Set aside reflecting timing issues on expenditure commitments supporting a range of Stronger Families activity, funded from external grant.
<b>Other</b>	A range of smaller reserves earmarked for specific purposes.
<b>Voluntary Revenue Provision</b>	To fund voluntary overpayments of Minimum Revenue Provision (MRP).
<b>Strategic Budget Contingency</b>	To fund budget pressures that may arise due to delays in implementing savings plans and/or issues that have arisen post the agreement of the budget.
<b>Unallocated Reserves</b>	General reserve to support Council working capital and cashflow requirements, and unbudgeted/financial resilience risks highlighted in the Council's corporate risk register.

## SENSITIVITY ANALYSIS

## APPENDIX C

BEST CASE SCENARIO	2026/27	2027/28	2028/29	2029/30	2030/31
	£m	£m	£m	£m	£m
<b>BASELINE BUDGET GAP</b>	<b>17.9</b>	<b>35.5</b>	<b>45.0</b>	<b>52.5</b>	<b>56.3</b>
<b>FUNDING</b>					
Government Funding Increase – maximum modelled uplift (no scaling down)	(4.5)	(8.0)	(11.5)	(11.5)	(11.5)
<b>TOTAL FUNDING</b>	<b>(4.5)</b>	<b>(8.0)</b>	<b>(11.5)</b>	<b>(11.5)</b>	<b>(11.5)</b>
<b>SPEND</b>					
Adult Social Care demand pressures – 5% lower than baseline assumptions	(0.5)	(1.0)	(1.5)	(2.0)	(2.5)
Looked after Children demand pressures – 5% lower than baseline assumptions	(0.3)	(0.5)	(0.5)	(0.5)	(0.5)
<b>TOTAL SPEND</b>	<b>(0.8)</b>	<b>(1.5)</b>	<b>(2.0)</b>	<b>(2.5)</b>	<b>(3.0)</b>
<b>TOTAL CHANGES FROM BASELINE</b>	<b>(5.3)</b>	<b>(9.5)</b>	<b>(13.5)</b>	<b>(14.0)</b>	<b>(14.5)</b>
<b>BEST CASE SCENARIO - BUDGET GAP</b>	<b>12.6</b>	<b>26.0</b>	<b>31.5</b>	<b>38.5</b>	<b>41.8</b>

WORST CASE SCENARIO	2026/27	2027/28	2028/29	2029/30	2030/31
	£m	£m	£m	£m	£m
<b>BASELINE BUDGET GAP</b>	<b>17.9</b>	<b>35.5</b>	<b>45.0</b>	<b>52.5</b>	<b>56.3</b>
<b>FUNDING</b>					
Government Funding Increase –baseline assumptions halved	3.4	6.0	8.6	8.6	8.6
Food Waste Collection Funding from Government not received	-	-	5.8	5.8	5.8
<b>TOTAL FUNDING</b>	<b>3.4</b>	<b>6.0</b>	<b>14.4</b>	<b>14.4</b>	<b>14.4</b>
<b>SPEND</b>					
Pay Uplift 2026/27 onwards: Increased to 4%; compared to 3.5% baseline level	1.2	2.4	3.6	4.8	6.0
Adult Social Care demand pressures – 5% higher than baseline assumptions	0.5	1.0	1.5	2.0	2.5
Looked after Children demand pressures – 5% higher than baseline assumptions	0.3	0.5	0.5	0.5	0.5
<b>TOTAL SPEND</b>	<b>2.0</b>	<b>3.9</b>	<b>5.6</b>	<b>7.3</b>	<b>9.0</b>
<b>TOTAL CHANGES FROM BASELINE</b>	<b>5.4</b>	<b>9.9</b>	<b>20.0</b>	<b>21.7</b>	<b>23.4</b>
<b>WORST CASE SCENARIO - BUDGET GAP</b>	<b>23.3</b>	<b>45.4</b>	<b>65.0</b>	<b>74.2</b>	<b>79.7</b>



Capital Plan Expenditure Summary

Capital Plan Expenditure Summary	MTFS UPDATE						Total £'000
	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31- 2032/33 £'000	
<b>General Fund:</b>							
<b>Public Health &amp; Corporate Resources</b>							
Strategy & innovation	9,736	11,306	11,246	11,116	10,676	8224	<b>62,304</b>
Culture & Visitor Economy	909	375	665	453	200	0	<b>2,602</b>
	<b>10,645</b>	<b>11,681</b>	<b>11,911</b>	<b>11,569</b>	<b>10,876</b>	<b>8,224</b>	<b>64,906</b>
<b>General Fund Capital Plan</b>	<b>239,203</b>	<b>273,258</b>	<b>158,344</b>	<b>93,303</b>	<b>111,565</b>	<b>54,480</b>	<b>930,153</b>
<b>Housing Revenue Account:</b>							
Strategic Priorities	7,909	14,779	26,900	32,178	17,634	18,525	<b>117,925</b>
Baseline	36,775	46,780	46,344	47,119	46,180	48,227	<b>271,425</b>
<b>HRA Capital Plan</b>	<b>44,684</b>	<b>61,559</b>	<b>73,244</b>	<b>79,297</b>	<b>63,814</b>	<b>66,752</b>	<b>389,350</b>
<b>TOTAL EXPENDITURE</b>	<b>283,887</b>	<b>334,817</b>	<b>231,588</b>	<b>172,600</b>	<b>175,379</b>	<b>121,232</b>	<b>1,319,503</b>

## Capital Plan Funding Summary

## Appendix D

General Fund Funding Summary	MTFS UPDATE						Total £'000
	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31- 2032/33 £'000	
Capital Grants/Contributions	122,866	113,513	66,704	45,182	49,410	4,021	<b>401,696</b>
Earmarked Capital Receipts	8,899	10,969	390	3,390	3,390	0	<b>27,038</b>
Service Funded Prudential Borrowing	16,383	30,626	17,187	10,000	12,050	8,000	<b>94,246</b>
Non-Earmarked Capital Receipts	1,272	1,080	1,176	756	756	0	<b>5,040</b>
Corporate Prudential Borrowing	89,783	117,070	72,887	33,975	45,959	42,459	<b>402,133</b>
<b>GENERAL FUND FUNDING</b>	<b>239,203</b>	<b>273,258</b>	<b>158,344</b>	<b>93,303</b>	<b>111,565</b>	<b>54,480</b>	<b>930,153</b>

Housing Revenue Account Funding Summary	MTFS UPDATE						Total £'000
	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31- 2032/33 £'000	
Capital Grants/Contributions	1,998	3,169	6,226	8,507	3,981	5,193	<b>29,074</b>
Earmarked Capital Receipts	2,074	1,749	9,592	14,071	2,150	3,040	<b>32,676</b>
Flexible Capital Receipts	3,922	3,330	3,626	2,331	2,331	2,331	<b>17,871</b>
Reserves / Revenue Contributions	12,701	2,822	2,546	2,347	2,500	2,500	<b>25,416</b>
Reserves - MRR	23,989	25,489	26,254	27,041	27,852	28,688	<b>159,313</b>
Corporate Prudential Borrowing	0	25,000	25,000	25,000	25,000	25,000	<b>125,000</b>
<b>HRA FUNDING</b>	<b>44,684</b>	<b>61,559</b>	<b>73,244</b>	<b>79,297</b>	<b>63,814</b>	<b>66,752</b>	<b>389,350</b>

## APPENDIX E

### Prioritisation Matrix for Capital Schemes

CRITERIA	Scoring Method		Weighting
<b>Statutory / Legal / Health &amp; Safety Duties</b>		<b>Does the project contribute to fulfilling a genuine statutory function? Is there a legislative requirement which underlies the project? Is there a Health &amp; Safety need?</b>	
	10	Project has a specific immediate statutory or legal requirement and/or has immediate health and safety need	30%
	5	Services based on statutory/health and safety duties, but there is some degree of discretion about how the function is carried out	
	0	Services where the Council can exercise complete discretion, with no indication of status	
<b>Council Plan Priorities</b>		<b>How does this project fit within the priorities of the Council as set out in the Corporate Plan?</b>	
	10	Meets all Council Priorities	15%
	7	Meets 2 or 3 Council Priorities	
	3	Meets 1 Council Priority	
	0	Does not meet any Council Priorities	
<b>Funding</b>		<b>Is a substantial proportion of the cost covered by external funding, or does the Council need to fund the scheme from its own resources.</b>	
	10	Above 75% externally funded. Will generate a specifically identified capital receipt in excess of amount borrowed.	20%
	7	Above 25% and up to 75% external funded identified	
	3	0-25% external funding identified. Will generate a specifically identified capital receipt less than amount borrowed.	
	0	0-25% external funding identified. No identified capital receipts	
<b>Service Impact</b>		<b>Where failure to provide a project will have a significant adverse impact on service delivery or managing demand for services. If the scheme is not pursued or is delayed, is there likely to be a failure of a Council service? Reputational Risk</b>	
	10	Very High Risk – high level of impact. Essential to Council’s Core business – can’t function without it	15%
	5	Medium Risk. Loss of efficiencies/revenue or increased costs	
	0	No Risk. Doesn’t affect Council’s core business or infrastructure	
<b>Revenue Implications</b>		<b>What are the ongoing revenue costs associated with the development. Are the future costs sustainable? Does the scheme produce any long-term savings for the Council e.g. reduced repairs and maintenance/energy costs?</b>	
	10	Invest to Save scheme, delivering clear demonstrable income or revenue savings above capital charges and funding of future revenue costs identified	20%
	8	Capital charges equally offset by service savings	
	5	Some additional savings but capital charges are greater than operating costs	
	3	Capital costs are not covered but no additional operating costs identified	
	0	There are no revenue savings and no revenue funding identified, incurring both increased borrowing and operating costs	

# Appendix F

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

1. Reserves are sums set aside to meet possible future costs where there is no certainty about whether or not the costs will actually be incurred. The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
2. When reviewing their medium term financial plans and preparing their annual budgets local authorities should consider the establishment and maintenance of reserves. These can be held for three main purposes:
  - a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
  - a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
  - a means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately but legally remain part of the General Fund.
3. Local authorities also hold other reserves that arise out of the interaction of legislation and proper accounting practice. These are reserves, which are not resource-backed and cannot be used for any other purpose. An example is the Revaluation Reserve which is a reserve that records unrealised gains in the value of fixed assets. The reserve increases when assets are revalued upwards, and decreases as assets are depreciated or when assets are revalued downwards or disposed of. Reserves of this type do not form part of the annual review of the adequacy of reserves.
4. Section 25(1)(b) of the Local Government Act 2003 requires the Director of Finance to report to the Council on the adequacy of the proposed financial reserves. Guidance is published by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the establishment and maintenance of local authority reserves and balances. The level and utilisation of reserves will be determined formally by the Council, informed by the advice and judgement of the Director of Finance.
5. In support of this requirement, and as part of the development of the budget for 2026/27, a risk assessment has been carried out to establish the minimum level of the General Fund Working Balance for Kirklees. Details of this assessment are provided below in **Table 1** which indicates that the minimum working balance should be **c£22.0m**. The balance, as per the approved budget, as at March 2026 is forecast at £26.0m

## Appendix F

**Table 1: Risk Assessment for General Fund Working Balance – 2026/27**

Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
1,200	2,500	<p><b>Pay</b> – the opening MTFS included annual provision for a 3% pay award for 25/26 (recently settled at 3.2%) and 3.5% thereafter. As future pay awards within the MTFS period are not yet agreed, there is a risk of the current assumptions on pay being at variance to the MTFS assumptions. An increase of 1% in the annual pay award would result in an increased cost of c£2.5m.</p> <p style="text-align: center;"><b>Assessment: Degree of risk / reserve needed:</b>  <b>Low £0-2.5m    Medium £2.5m    High £5m</b></p> <p style="text-align: center;"><b>Likelihood of risk occurring: Medium</b>  <b>Minimum reserve needed: £1.2m</b></p>
1,000	1,500	<p><b>Prices</b> – the budget assumes that, in the main, price inflation can be managed by Departments within a zero cash-limited increase or specific inflation allowances for designated expenditure (e.g. National Living Wage, IT software, Utilities and other known contractual uplifts). Inflation is currently expected to peak at 4% in late 2025 before falling back to the Bank of England target level of 2% in 2027. This should reduce the impact of the inflation within the sector. Inflation contingency in central budgets only covers the waste contract and energy inflation.</p> <p style="text-align: center;"><b>Assessment: Degree of risk / reserve needed:</b>  <b>Low £0.5m    Medium £1.0m    High £1.5m</b></p> <p style="text-align: center;"><b>Likelihood of risk occurring: Medium</b>  <b>Minimum reserve needed: £1.0m</b></p>
500	500	<p><b>Litigation Claims</b> – as the Council faces reductions in resources for future provision of services, there is an increased risk of litigation beyond that which would otherwise be covered by insurance arrangements.</p> <p style="text-align: center;"><b>Assessment: Degree of risk / reserve needed:</b>  <b>Low £0.5m    Medium £1.0m    High £2.0m</b></p> <p style="text-align: center;"><b>Likelihood of risk occurring: Low</b>  <b>Minimum reserve needed: £0.5m</b></p>
2,000	3,000	<p><b>Income from Fees and Charges</b> – With continuing impact of the cost of living pressures combined with a relatively benign outlook for economic growth, the Council's income streams may continue to be impacted. Whilst some budgets have been reduced to reflect more realistic income levels, it is the case that a number of services are also price sensitive and delivered in competition with other providers (e.g. trade waste / building control / parking / attractions).</p> <p style="text-align: center;"><b>Assessment: Degree of risk / reserve needed:</b>  <b>Low £1m    Medium £2.0m    High £3.0m</b></p> <p style="text-align: center;"><b>Likelihood of risk occurring: Medium</b>  <b>Minimum reserve needed: £2.0m</b></p>

## Appendix F

Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
3,000	7,000	<p><b>Demand Led Pressures on Services</b> – the most significant is likely to be the ongoing impact of demand for Council services, particularly in the social care sector, but more recently seen in Home to School transport and the provision of temporary accommodation.</p> <p>Both Adult and Children’s Social Care can be subject to significant demand-led pressures. This can vary from one year to the next and both have been significantly impacted by the continuing backlog of pressures in the Health Service.</p> <p>Home to School Transport is also subject to significant demand-led pressures, especially over recent years. The Council is awaiting a Government White Paper on SEND which may impact demand.</p> <p>Both Housing and Council Tax Support may also come under pressure given the prevailing economy. The Council spends c£60m on Housing Benefits whereas the cost of Council Tax Support (applied as a discount on council tax bills) is estimated at c£36m.</p> <p>Qualifying expenditure on Housing Benefit is <i>generally</i> matched by Government subsidy in full, however, increases in, supported accommodation services (referred to below) or temporary accommodation at a lower rate of recovery, can increase the overall net cost to the Council.</p> <p>In recent years, the Council has experienced an increase in Supported Accommodation enquiries and applications. The rate of subsidy for this category of accommodation is 60% and not 100% if the landlord is not a Registered Provider. There has also been a very large increase over recent years in both the volume and cost for Temporary Accommodation. Notwithstanding, an estimate is provided in the budget, if this trend continues this additional provision will not be sufficient to cover the Council’s financial risk exposure.</p> <p style="text-align: center;"><b>Assessment: Degree of risk / reserve needed:</b>  <b>Low £1.0m Medium £3.0m High £7.0m</b></p> <p style="text-align: center;"><b>Likelihood of risk occurring: Medium</b>  <b>Minimum reserve needed: £3.0m</b></p>
500	500	<p><b>Grant income</b> – there is a risk that the MTFs is built on optimistic assumptions of income that may prove unsustainable over the life of the plan.</p> <p style="text-align: center;"><b>Assessment: Degree of risk / reserve needed:</b>  <b>Low £0.5m Medium £1.0m High £2.0m</b></p> <p style="text-align: center;"><b>Likelihood of risk occurring: Low</b>  <b>Minimum reserve needed: £0.5m</b></p>

## Appendix F

Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
3,000	4,000	<p><b>Non-achievement of Savings</b> – the scale of savings required by the Council to achieve a balanced budget in 2026/27 (and across the rest of the MTFS period) is such that it will require a fundamental shift in how the Council operates which may not be possible in the time available.</p> <p>Whilst arrangements are in place to manage the implementation of the savings it is recommended that additional cover be provided to mitigate the risk of some not being realised or implementation lead in times being longer. This recognises the amount of savings achieved since 2010 and the fact that decisions on budget savings may become increasingly difficult. It should be noted that this MTFS does not contain any future years where the core funding level of the Council is known yet, so increasing the degree of uncertainty within the budget assumptions made on high value budgets.</p> <p style="text-align: center;"><b>Assessment: Degree of risk / reserve needed:</b>  <b>Low £2.0m    Medium £3.0m    High £4.0m</b></p> <p style="text-align: center;"><b>Likelihood of risk occurring: Medium</b>  <b>Minimum reserve needed: £3.0m</b></p>
500	500	<p><b>Unforeseen / emergency expenditure</b> – there is a risk that unexpected events may occur which require expenditure to be incurred or income to be foregone that has not been budgeted. Examples might include, adverse weather, flooding, business continuity linked to loss of key service/building (to the extent not covered by insurance)</p> <p style="text-align: center;"><b>Assessment: Degree of risk / reserve needed:</b>  <b>Low £0.5m    Medium £1.0m    High £2m</b></p> <p style="text-align: center;"><b>Likelihood of risk occurring: Low (assuming Bellwin scheme would apply in certain cases)</b>  <b>Minimum reserve needed: £0.5m</b></p>
500	1,000	<p><b>Unbudgeted borrowing costs</b> – there is a risk that unbudgeted in-year overspends are funded by a reduction in reserves. This may necessitate the Council having to undertake external borrowing to fund its Capital Plan at a time when interest rates are relatively high (as the Council cannot borrow internally). There is also the risk of unbudgeted overspends on large regeneration projects, which would increase in-year external borrowing. The interest cost of a £20m loan at 5% would be c £1m per annum.</p> <p style="text-align: center;"><b>Assessment: Degree of risk / reserve needed:</b>  <b>Low £500k    Medium £1m    High £2m</b></p> <p style="text-align: center;"><b>Likelihood of risk occurring: Low</b>  <b>Minimum reserve needed: £0.5m</b></p>

## Appendix F

Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
1,500	1,500	<p><b>Delay in repayment or default on loans made by the Council or having to set aside additional sums for the provision for bad debts</b> – there is a risk on loans made by the Council to third party organisations potentially resulting in the need to write off the loans, or to agree to extend loan repayment period; and there is a risk that the amount provided for bad debt in services (in either the revenue budget or held on the balance sheet is insufficient).</p> <p style="text-align: center;"><b>Assessment: Degree of risk / reserve needed:</b>  <b>Low £500k    Medium £1.5m    High £2m</b></p> <p style="text-align: center;"><b>Likelihood of risk occurring: Medium</b>  <b>Minimum reserve needed: £1.5m</b></p>
1,000	1,000	<p><b>Changes in fair value of Council long-term investments</b> – there is a risk that the deterioration in the capital value of the Council's investments (in the CCLA) that, without the statutory override, would otherwise have to be charged to the Council's revenue account. The cost on the initial investment was £10m. The Government has extended the statutory override to 29/30 when it will be removed.</p> <p style="text-align: center;"><b>Assessment: Degree of risk / reserve needed:</b>  <b>Low £0    Medium £1.0m    High £1.5m</b></p> <p style="text-align: center;"><b>Likelihood of risk occurring: Medium</b>  <b>Minimum reserve needed: £1.0m</b></p>
5,000	5,000	<p><b>DSG Deficit / Safety Valve Programme</b> – there is a continued risk that the DSG deficit continues to increase beyond the assumed level in the Safety Valve agreement and that the Government ends the Statutory Override in March 2028 without an adequate solution to SEND in place. Once the statutory override allowing Councils to carry the High Needs Budget deficit on the Balance Sheet (rather than charge it to revenue) expires, the Council will have to fund it. Depending on the scale of the deficit at the time and whether or not Government have provided funding for historic deficits, it could result in the need for an Exceptional Financial Support agreement with MHCLG (the expected year-end deficit balance at 31/3/26 is £76m – with an annual cost of carry c£4m. At £76m the deficit is beyond the Council's Usable Revenue Reserves.</p> <p style="text-align: center;"><b>Assessment: Degree of risk / reserve needed:</b>  <b>Low £0m    Medium £5m    High £10m</b></p> <p style="text-align: center;"><b>Likelihood of risk occurring: Medium</b>  <b>Minimum reserve needed: £5m</b></p>
0	0	<p><b>Affordability of Capital Plan / Receipt of Capital Resources/ Capital Plan Funding</b> – the overall capital programme assumes a level of income from asset disposals / grants – as the timing of these can sometimes be uncertain it is sometimes considered prudent to set provision aside for additional revenue to help offset any shortfall if expenditure cannot be delayed.</p> <p>The current Capital Strategy reflects substantial levels (over £30m) of receipts required for the General Fund Capital Plan. Further borrowing or revenue contributions could be required in lieu of capital receipts being realised (unless other funding sources can be found or expenditure delayed), with the risk that further borrowing is not prudent, sustainable or affordable as required by the Prudential Code.</p>

## Appendix F

Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
		<p><b>Assessment: Degree of risk / reserve needed:</b>  <b>Low £0k    Medium £1.0m    High £2.0m</b></p> <p><b>Likelihood of risk occurring: Low</b>  <b>Minimum reserve needed: £0k</b></p>
0	0	<p><b>VAT- Partial Exemption</b> – If the PE limits are breached there is a risk that c£3m could be potentially lost (based on £57m input tax in 2024/25 &amp; a 5% PE limit). Anything above that would depend on the VAT incurred on the project(s) that was the cause of the partial exemption breach. There is the possibility a breach could be managed through HMRC's averaging rules which looks at partial exemption over 7 years (which can be a combination of actual and forecast) – if the average over 7 years is less than 5%, repayment to HMRC is not required.</p> <p><b>Assessment: Degree of risk / reserve needed:</b>  <b>Low £0m    Medium £0m    High £3m</b></p> <p><b>Likelihood of risk occurring: Low</b>  <b>Minimum reserve needed: £0m</b></p>
2,500	2,500	<p><b>Collection Fund –</b>            Business Rates: Given the volatility inherent in the current rates retention system and the regime's imminent overhaul, it is considered prudent to set aside a level of funding within the working balance to help manage the associated risks.            Taking into account Collection Fund monitoring to date, the provisions made to cover the risk of appeals and bad debts and an amount held for the volatility in Business Rates, it is proposed to set aside a minimum amount for 2026/27. A 1% reduction in collection equates to c £0.5m for Business Rates.</p> <p>Council Tax: alongside potential shortfalls in new build projections in the Council Tax base there is an increased risk of bad debts as a consequence of the ongoing cost of living crisis. A 1% reduction in collection equates to c £2.5m.</p> <p><b>Assessment: Degree of risk / reserve needed:</b>  <b>Low £1.3m    Medium £2.5m    High £3.9m</b></p> <p><b>Likelihood of risk occurring: Medium</b>  <b>Minimum reserve needed: £2.5m</b></p>
22,000	31,000	<b>Total</b>