

Report title: Council Budget Report 2026/27 and 2027/28; incorporating Capital, Treasury Management, General Fund Revenue and Housing Revenue Account.

Meeting:	Cabinet
Date:	10 February 2026
Cabinet Member (if applicable)	Cllr Graham Turner
Key Decision Eligible for Call In	Yes No – Report is a recommendation on the Cabinet’s proposed budget to full Council on 25 February 2026
Purpose of Report The purpose of this report is for Cabinet to receive information to enable them to consider and recommend a budget to Council for General Fund revenue, Capital and Housing Revenue Account (HRA) and approve the Council Treasury Management strategy.	
Recommendations Cabinet is asked to recommend the following for approval by Council: <u>General Fund Revenue</u> • That the Revenue Budget for 2026/27 to deliver a balanced position, be approved (Appendix A); • That the forecast spending and funding plans for the 2026/27 and 2027/28 period be noted (Appendix A); • That the forecast levels of statutory and other Council reserves as set out at Appendix C be noted; • That the strategy for the use of balances and reserves, is approved; (section 2.17); • That members approve the Council’s flexible capital receipts policy for 2026/27 (section 2.14 and Appendix G); • Approve the Council Tax requirement for 2026/27 (Appendix M, budget motion); • Note the Council’s Statutory s151 Officer’s positive assurance statement as to the robustness of the forecasts and estimates and adequacy of financial reserves; (section 2.22);	

- That the Council's Statutory s151 Officer be given delegated authority to amend how the finally approved precepts are recorded in the Council's revenue budget in line with the final notifications received following decisions by the West Yorkshire Mayor Police and Crime Commissioner, the Fire & Rescue Authority and Parish/Town Councils should these be received after 25 February 2026 (paragraph 3.1.3);

Treasury Management

- Approve the following recommendations set out in the 2026/27 Treasury Management report at Appendix J:
- The borrowing strategy outlined in paragraphs 2.15-2.27 of the appended report;
- The investment strategy outlined in paragraphs 2.28 - 2.36 of the appended report, including Appendices A and B of said report;
- The policy for provision of repayment of debt (minimum revenue provision or MRP) outlined in paragraphs 2.37 - 2.38 of the appended report including Appendix C of said report;
- The treasury management prudential indicators in the appended report, Appendix D of said report;
- The Investment Strategy (Non-Treasury Investments) in the appended report, at Appendix F of said report;

Capital

- That the updated Capital Plan for 2025-33, be approved; (Appendix F)
- That the Capital Strategy (including Prudential Indicators), set out at Appendix I, be approved;

Housing Revenue Account (HRA)

- That the HRA Budget for 2026/27 be approved; (Appendix K)
- That the strategy for the use of HRA reserves, as set out at Appendix K be approved;

Other

- To consider the feedback from Overview and Scrutiny Management Committee on 16 January 2026, summarised at paragraph 5 of this report, in reaching decisions regarding the final budget recommendations for 2026/27 within this report.
- To note the feedback from the Budget Consultation at paragraph 4 of this report and in more detail at Appendix L.

Reasons for Recommendations

- The Council has a statutory duty to set a balanced budget each year before 11 March.
- The section 151 Officer has a duty under section 25 of the Local Government Act 2003 to report to full Council on the robustness of the forecasts and estimates and adequacy of the financial reserves.

Resource Implications:

This report sets the budget resource allocations for 2026/27 and indicative for 2027/28 and 2028/29 details of which are included in the following pages and appendices.

Date signed off by Executive Director & name

Rachel Spencer-Henshall – 2 February 2026

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

Kevin Mulvaney – 2 February 2026

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

Sam Lawton – 2 February 2026

Electoral wards affected: All

Ward Councillors consulted: All

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

RESTRICTIONS ON VOTING

Members should be aware of the provisions of Section 106 of the Local Government Finance Act 1992, which applies to members where –

- (a) they are present at a meeting of the Council, the Cabinet or a Committee and at the time of the meeting an amount of Council Tax is payable by them and has remained unpaid for at least two months, and
- (b) any budget or Council Tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

In these circumstances, any such members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter in (b) above. It should be noted that such members are not debarred from speaking on these matters.

Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

1. Overview

- 1.1 The structure of this report begins with an executive summary, followed by a range of Appendices.

A	General Fund Summary
B	Movement in Budgets by Directorate
C	Reserves
D	Savings proposals
E	Grants Within Services
F	Capital Plan
G	Flexible Capital Receipts Strategy
H	General Fund Working Balance
I	Capital Strategy
J	Treasury Management Strategy
K	HRA
L	Budget Consultation exercise – summary
M	Council Tax Motion

Integrated Impact Assessments

- 1.2 Members' attention is drawn to the information and advice in section 3.6 of this report which makes reference to the Council's Public Sector Equality Duty.

1.3 Cabinet are asked to:-

- (i) Approve the budget proposals contained in this report in the context of the existing medium term financial strategy (MTFS), to achieve a balanced General Fund revenue budget in 2026/27, and indicative revenue budget forecast for 2027/28 and 2028/29;
- (ii) Note the incorporation of the Government's announcement on the provisional Local Government Finance Settlement for 2026/27, made on 17 December 2025;
- (iii) review the current levels of General Fund revenue reserves and balances and make recommendations on the level of reserves;
- (iv) incorporate Housing Revenue Account (HRA) budget proposals to achieve a balanced HRA in 2026/27, informed by the HRA 30 year business plan;
- (v) review the current levels of Housing Revenue Account reserves, and make recommendations on the level of reserves (Appendix K);
- (vi) consider the 2026/27-2032/33 plan for Capital Investment. The Cabinet is required under Financial Procedure Rules to recommend to the Council a multi-year Plan for Capital Investment;
- (vii) review and approve the 2026/27 Treasury Management Strategy, Investment Strategy and Capital Strategy, which the Council must consider before the start of the financial year to comply both with the Chartered Institute of Public Finance & Accountancy (CIPFA) Prudential Code and Treasury Management Code and with the Ministry of

Housing, Communities and Local Government (MHCLG) statutory guidance;

- (viii) make recommendations on the Council Tax requirement for 2026/27; and
- (ix) incorporate a statement of assurance from the Council's statutory s151 officer in relation to the robustness of budget estimates and adequacy of General Fund and HRA reserves (Section 25 Statement).

Executive Summary

- 1.4 The council's draft budget provides a stable financial platform to fund and improve vital local services across Kirklees in 2026/27. It also represents a continuation of the ambitious programme to invest in the Kirklees economy and infrastructure over the coming five years.
- 1.5 Funding decisions within the budget are in line with the council's priorities. This means that spending aims to improve services that residents and businesses rely on as well as supporting local people who need the council's help the most. At the same time, budget decisions aim to bring communities together and invest in towns and villages across Kirklees.
- 1.6 Many local authorities in England have faced severe financial challenges. In the past two years, around 50 councils have required Emergency Financial Support (EFS) from central government. By delivering on its Medium-Term Financial Strategy and taking difficult funding decisions in previous years, Kirklees has avoided this fate and the negative impact on services that follows intervention. In line with the council's strategy, the budget for 2026/27 is therefore balanced, with budget provided for the additional cost of services balanced with increased funding.
- 1.7 A major part of the pressure on council budgets has been due to increased demand for services, especially for social care for both adults and children. This is an ongoing national issue. The draft budget addresses these demands with an additional £15.2m for adult social care and an extra £5.5m for children who need extra support. These decisions are essential to maintain financial stability for any local authority but also mean residents in Kirklees can continue to receive some of the council's most important services.
- 1.8 By stabilising the council's finances and benefiting from changes to central government support to councils like Kirklees, the budget provides additional revenue funding in 2026/27 for priorities identified by residents and businesses. This means additional revenue funding to tackle fly-tipping (£215k) as well as extra resources for local street cleansing across Kirklees (£230k) and managing local trees (£93k). The planning service will benefit from increased funding (£160k) which means the council can address unlawful development more effectively and enforce planning conditions that protect the quality of life for residents. Additional funding will also be made available to speed up ongoing improvements to local play areas (£96k) and extra resources are included in the budget to make local roads safer (£250k) There is also extra funding to support for community organisations whose external funding is due to end (£242k).

- 1.9 Alongside the revenue budget, the capital programme maintains the momentum behind the major economic investment coming into Kirklees in recent years. In total, the plan represents a £1.4bn commitment to economic, transport and housing investment in all parts of Kirklees. Despite the ambition of the council's investment, the capital programme has been reviewed to make sure it is both affordable and deliverable. As a result of that work, the plans can now include £35m in capital funding for a new sports facility for Dewsbury and the wider North Kirklees community.
- 1.10 To deliver the financial stability upon which services rely, and in line with the council's legal responsibilities, the draft budget is balanced so that planned spending matches the council's assessment of available income. The council must also maintain a prudent level of reserves to protect services in case of the kind of economic shocks the country has seen in recent years. The budget achieves those aims by identifying efficiency savings across services. The plans include £7.3m in new revenue savings. This is the lowest savings requirement for the last three years and demonstrates the increasing sustainability of the budget. Savings are primarily focused on reducing the management and administration costs of services and retaining posts that are already vacant. This approach minimises any impact on frontline services and Kirklees residents.
- 1.11 Changes to central government funding are benefiting Kirklees with an increase in un-ringfenced funding of c£14m in 2026/27. In part, this is due to the implementation of 100% Council Tax equalisation through the Fair Funding review 2.0. This increase to full equalisation means that councils with a relatively low taxbase, such as Kirklees, are fully compensated through the Settlement Funding Assessment for the fact they are less able to raise resources locally in comparison to many councils across England. In line with predicted council tax increases across the country, the draft budget proposes a 2.99% increase for 2026/27 with an additional 2% dedicated to services for older residents who need social care and local people with disabilities. In total, this equates to £1.88 each week for a typical Band D property.
- 1.12 A draft budget, published by the council in December 2025, was subject to public consultation before being finalised. This year, a budget book including details of individual lines of proposed spending, was also published alongside the draft budget to add an additional layer of transparency to the budget setting process.
- 1.13 Overall, the budget balances the council's ambition to transform and improve services for residents while focusing funding on local people and services that need support the most. It builds on the significant investment already coming into Kirklees through the council and its partners while setting a stable and prudent platform for service and economic development for future years.

1.14 Overall Budget Position

- 1.15 The following table summarises the updated balanced budget position for 2026/27 with movements from the 2025/26 base budget. *Note that this has been updated since the 10 February Cabinet papers to reflect the figures announced in the Final Local Government Finance settlement on 9 February 2026.*

	2026/27 £m
Opening Position Balanced 2025/26 Budget	-
Funding Changes	(29.5)
Contribution to Reserves Changes	6.1
Additional Budgeted Spend	41.0
Superannuation Rate Reduction	(7.1)
Savings Proposals (total inc previously approved)	(10.5)
Balanced Budget	0.0

Information required to make a decision.

2 BACKGROUND

2.1 Financial Strategy

- 2.1.1 The 2026/27 Medium Term Financial Strategy (MTFS) reported to Council on 17th September 2025 is a five-year financial plan, which sets out the Council's commitment to provide value for money services to deliver the vision and shared outcomes for Kirklees, and our priorities for the Council, within the overall resources available to it. The MTFS shows how our Council's finances will be structured and managed to ensure that this fits with, and supports, the delivery of our Council Plan priorities, which will drive delivery of the work.

- 2.1.2 The overarching principles of the Financial Strategy are:

- 2.1.3 A sustainable financial plan is required to help ensure the Council is well placed to achieve its ambitions as set out in the Council Plan

- The Council will become more sustainable by reducing the reliance of one-off funding sources, such as reserves, to fund recurring expenditure and it must continue to make an appropriate provision to top up its unallocated (general) reserve to ensure that on a risk based approach this reserve is always above a minimum level and seeks to reach a desirable level over the medium term. This strategy provides the removal of use of reserves supporting base expenditure by the financial year 2027/2028.
- The strategy will also provide specific funding for the creation of earmarked reserves to continue to fund transformation costs that will be required to deliver service change across the Council. This change can help deliver its ambition of being modern efficient

Council.

- The strategy also recognises the need to provide the Council's agreed contribution to the SEND Safety Valve plan at c£10.6m, the first contribution is being made as budgeted in 2025/26 at £2.15m and the following four years assume the same level. This will be reviewed when the Government's White Paper on schools is published and following the announcement in the Final Settlement around the proposals that Government will fund significant proportions of the High Needs Block deficits.
- This financial plan aims to provide funding to address known pressures in the base budget and will make appropriate provision for inflation (pay and prices) and a reasonable assessment of demand pressures based upon the latest available information. In the main these are the demand pressures being reported in Q2 2025/26 financial monitoring and which continue into Q3.
- In general, fees and charges to the public are assumed to be increased annually by 3%; however, where costs rise beyond this, services will continue to seek to recover full costs in line with the Council policy on fees and charges - so as to not to create additional burdens on the Council's financial position. Charges for users of Adult Social Care services will continue to be based on assessment of a clients' ability to pay.
- The Capital Plan has been reviewed and will evolve on an ongoing basis and it is likely that as part of the ongoing review, some schemes will be slipped or removed from the Capital Plan.
- New capital schemes will be considered for inclusion in the Capital Plan as part of the Council's investment and modernisation programme. It is anticipated that as the Council's Digital strategy develops, it is likely that significant capital investment will be required to support the implementation costs of more modern systems that will enable the Council to become more efficient and productive.
- Collectively, these principles are designed to continue the work from last year to ensure the base revenue budget is robust and affordable and one from which Members can make decisions on savings proposals that will be required to deliver a balanced budget.
- By recognising the ongoing pressures within the base budget the S151 Officer is content that this ensures the budget set for 2026/27 in the context of Government funding increases continues to set the Council's finances on a more sustainable footing. However, there still remains a need for savings across services to be able to set a balanced budget for 2026/27.

2.2 Budget 2026/27

- 2.2.1 The budget includes the estimated changes to the Council's main sources of income (i.e. central government grant and local taxation), corporate expenditure (e.g. capital financing costs) and pressures on services (arising from inflation, demand or legislative changes such as the increase to the government national minimum wage) based on current information.

2.2.2 The September 2025 MTFS outlined a total gap between pressures and anticipated funding of £56.3m, of which £17.9m related to 2026/27.

2.2.3 Given the financial challenges facing the Council, the focus of attention has been to set a balanced budget for 2026/27, based on detailed up to date estimates of all the pressures and developing savings proposals to address the immediate reported gap of £17.9m in 2026/27.

2.2.4 The overall budget process was directed by these guiding principles:

We must set a **balanced budget** and maintain **prudent levels of reserves** and:

- Continue to maintain a focus on services that deliver **prevention and intervention** early on before issues become worse for people
- Continue to provide sufficient resource to those services, particularly in the social care sector where **levels of demand** will increase
- Safeguard key **regeneration activity** to support longer-term inclusive economic growth
- Consider opportunities for **maximising income** and identify alternative sources of funding where possible
- Prioritise **transformation of services** which increase efficiency and effectiveness of service delivery
- Make sure we maintain appropriate **risk and governance** practices

2.2.5 Once the budget is approved, there will be a longer-term focus around delivery of transformational activity and in particular, how the refreshed Digital strategy can help deliver change at speed and for the Council to be as efficient and enterprising and as productive as possible.

2.2.6 The Draft Budget Report published in December 2025 reflected early estimates of changes in funding highlighted in the governments' Fair Funding Review 2.0. The Council's Budget Strategy Update report in September 2025 provided a detailed insight into the methodology involved and an early estimate of the likely financial impact.

2.2.7 The figures presented in this report now include confirmed changes in funding from the Final Local Government Finance Settlement released 9th February 2026.

2.2.8 Updated figures in this report also reflect that the Council is forecasting a £5.1m overspend for 2025/26 at Quarter 2 (the draft Quarter 3 position shows an improvement to a projected overspend of less than £3.5m) and there are several pressures, especially adult's and children's social care, that are expected to continue into 2026/27 and in some cases beyond. The budget proposals provide the necessary funding, whilst providing challenge to services, to meet budget pressures and funding essential to deliver our priorities without placing additional burdens on the Council to deliver greater savings.

2.3 Local Government Financial Settlement (LGFS)

Note that this section has been updated since the 10 February Cabinet papers to reflect the figures announced in the Final Local Government Finance settlement on 9 February 2026.

- 2.3.1 The provisional LGFS was published on 17th December 2025 and was the first multi-year settlement in a decade. Whilst it was a three-year settlement, the figures for 2027/28 and 2028/29 remain indicative and will be subject to annual settlements in those particular years. The final LGFS was published on 9th February 2026.
- 2.3.2 Within the final settlement, 2026/27 Core Spending Power (CSP) was confirmed to be increasing by 6.1% in cash terms nationally. The CSP is the Government preferred measure of calculating the theoretical resources available to local authorities to fund service delivery. It sets out the money that has been made available to local authorities through the Provisional Local Government Finance Settlement and includes assumptions from Government around Council Tax increases. In addition, CSP also includes a number of ringfenced grants, mainly Children's social care and Homelessness Prevention grant.
- 2.3.3 The 2026/27 CSP increase for Kirklees, as per the LGFS figures, is 8.1%. It is important to note that this increase includes Government assumptions on Council Tax income and Locally Retained Business Rates. In reality, the Council will make its own judgements on these income levels considering factors such as taxbase growth, local collection rates and provision for business rate appeals to the Valuation Office.
- 2.3.4 The LGFS confirmed that Recovery Grant has remained separate from the main Settlement Funding Assessment. This has benefitted Councils like Kirklees as the primary driver of this grant was deprivation. The Recovery grant will remain separate for the life of this Parliament.
- 2.3.5 The Government has consolidated a number of specific grants into single service grants and provided increased funding, mainly Children's and Homelessness. As these grants are ringfenced, these will be passported to the services as they are expected to come with new burdens responsibilities.

Updates to Budget Plans following the Draft Budget Report

Note that this section has been updated since the 10 February Cabinet papers to reflect the figures announced in the Final Local Government Finance settlement on 9 February 2026.

- 2.3.6 The draft budget plans published in December included a Government funding uplift of c5% in 2026/27. This was based on a prudent assumption that Kirklees would receive 60% of the modelled funding gain, estimated at £6.8m from the funding reforms that were published in the summer of 2025; and as outlined in the MTFS update report to Cabinet and Council in September 2025. A 100% gain on those models would have generated an additional £4.5m in 2026/27.
- 2.3.7 Budget plans have now been updated for the actual uplifts and grant allocations announced in the Final Local Government Finance Settlement. Overall, these funding adjustments have resulted in additional spending power of £6.3m compared to the assumptions in the Draft Budget Report. This is approximately £1.8m more than had expected from a 100% gain on the summer models.
- 2.3.8 The additional £1.8m can mainly be attributed to various changes to the way in which the new funding distributions have been calculated compared to earlier models. These changes include:

- Continuation of the Recovery Grant as a separate grant
- Updating deprivation indicators using the 2025 IMD
- Using 2022-based population projections instead of mid 2024 estimates
- Removal of Remoteness from all area Cost Adjustments, with the exception of Adult Social Care
- Inclusion of Housing costs within various formulae.

2.3.9 The overall changes compared to the Draft Budget report are detailed in the following table.

Changes Since Draft Budget Report	Expend- iture	Income	Net
	£m	£m	£m
Consolidated Grant Income and Expenditure Changes			
Children's Families & Youth Grant	3.254	(3.251)	0.003
Homelessness, Rough Sleeping & Domestic Abuse	1.012	(1.012)	-
Crisis & Resilience Fund	0.106	(0.106)	-
Public Health Grant	0.577	(0.577)	-
	4.949	(4.946)	0.003
Service Grant Income Budgets Realigned to/from RSG	-	0.275	0.275
Total Directorate Changes	4.949	(4.671)	0.278
Unringfenced Funding Changes			
Council Tax Income – Updated Taxbase	-	0.098	0.098
Retained Business Rates	-	(8.042)	(8.042)
Business Rates Top Up	-	(16.191)	(16.191)
Revenue Support Grant	-	25.958	25.958
Recovery Grant	-	(8.396)	(8.396)
Housing Benefit Admin Grant	0.128	(0.128)	-
Total Unringfenced Funding Changes	0.128	(6.701)	(6.573)
Additional Spending Power Compared to Draft Report	5.077	(11.372)	(6.295)

2.3.10 The additional £6.3m outlined above has been used to increase service budgets as per the below table and reflect both new pressures and adjustments to ongoing pressures. A further of £0.1m of gain from the draft report has been applied to a minor reduction in the Council tax income base.

2.4 Budget Priorities

Note that this section has been updated since the 10 February Cabinet papers to reflect the figures announced in the Final Local Government Finance settlement on 9 February 2026.

- 2.4.1 As referenced at paragraph 2.4.5 in the December draft budget Cabinet report, should additional funding be received in the LGFS beyond the amount published include in the draft budget report, then it will be directed in order to:-
- the emergence of any new significant budget pressures between the date of this report and the final approved budget in February 2026, including any direct impacts of the Chancellors Budget on 26th November.
 - Budget Contingency Reserve - to provide resilience in those services that are subject to volatility in demand and to mitigate against any unforeseen slippage in the delivery of agreed savings. This would be informed by the Quarter 3 2025/26 financial monitoring report.
 - Repay reserves for drawdowns that may be required as a result of the 2025/26 budget being overspent. is a need to contribute to reserves to provide to further funding to address any pressures that may emerge in the volatile demand budgets (particularly in social care) and the potential impacts of slippage in budgeted savings.
- 2.4.2 The table below fulfils these assumptions by contributing £3.8m to the budget contingency reserve, reflecting on emerging pressures and setting £0.5m of funding aside for new Government policy as MHCLG have indicated that Food Waste funding is included within the LGFS and the Council being required to collect food waste from 2028.
- 2.4.3 By providing additional funding into the budget contingency reserve the Council is providing further stability against volatile demand budgets. The final budget also provides an additional c£1m for budget priorities which is in addition to the investment outlined in the draft budget in December and is discussed below.

2.4.4

Spend Changes since Draft Budget Report – Summary	Expend-iture	Income	Net
	£m	£m	£m
Children:			
Looked After Children Further Demand Pressure	0.347		0.347
Place:			
Planning Enforcement (additional to £135k in Dec report)	0.025		0.025
Reduced Parking Income		0.160	0.160
Removal of Highways Saving PL2608	0.065		0.065
Central:			
Minor adjustment to WYPF savings	(0.014)		(0.014)
Coroners – Capital Financing Costs	0.036		0.036
Business Rates Costs – Inflation/Revaluation	0.381		0.381
Budget Priorities	0.995		0.995
Reserves:			
Food Waste – Contribution to reserve	0.500		0.500
Budget Contingency Reserve Contribution	3.800		3.800
Total Spend Changes	6.135	0.160	6.295

2.4.5 The draft budget report provided funding of over £23m to support those services who support some of the most vulnerable residents across Kirklees, mainly in social care. In addition, the draft budget also put more funding into key services in a number of priority areas outlined below.

Budget Priorities	£m
Additional Resource to Greenspace Action Team	0.230
Tree Management–Increasing Safety Inspections	0.093
Playable Spaces Development Officers	0.096
Highways - Road Safety & Lining	0.250
3rd sector- revised funding for existing UKSPF commitments	0.092
Council Apprentices	0.045
Town of Culture 2028 Bids and Community Support	0.020
Adaptations	0.169
	0.995
Homelessness Prevention (Ringfenced Grant)	1.012
Children Social Care Prevention (Ringfenced Grant)	3.254
TOTAL	5.261

- 2.4.6 The final budget report builds on the £950k included the December draft report by adding a further £995k of additional Council funding and passporting £4.266m of homelessness and children's social care prevention grant.
- 2.4.7 The additional £230k investment in Greenspace Action Team provides dedicated, permanent resource to improve the cleanliness and appearance of our streets and neighbourhoods. The funding will support focused work on managing vegetation growth along highways verges and tackling detritus build-up, helping to keep footways, road edges and public spaces clear, tidy and safer for everyone. By strengthening this routine activity, residents will see more consistent maintenance across the borough and quicker attention to areas where overgrowth or debris affects the look and feel of their community.
- 2.4.8 The additional £93k tree-management budget will strengthen the Council's ability to deliver its Tree and Woodland Management Plan by providing dedicated resource for essential safety inspections and timely maintenance across our tree stock. This investment ensures we can identify and address issues earlier, prioritise work where public access or infrastructure may be at risk, and manage trees proactively in line with our adopted risk-based inspection framework. It also enables us to respond more effectively to emerging challenges such as Ash Dieback, which is increasing across the district and is expected to create a greater need for monitoring, remedial works and safe management of affected trees. These additional resources will help the Council keep residents, roads and public spaces safe while protecting and sustaining our woodland environment for the future.
- 2.4.9 The additional £96k playable spaces budget will fund an additional two Parks Development Officers to directly strengthen the delivery of the Council's Playable Spaces Strategy by providing dedicated capacity to plan, coordinate and drive forward improvements across our play areas. These officers will lead on developing and implementing the programme of works, ensuring each site is designed and upgraded in line with community needs, safety standards and long-term sustainability. They will manage individual projects from consultation through to completion, oversee capital-funded improvements, and work closely with local communities, councillors and partners to ensure play provision is accessible, high-quality and reflects local priorities. This investment will help accelerate delivery, improve consistency across the district, and ensure that play spaces remain safe, engaging and fit for the future.
- 2.4.10 It is planned to add £250k to the Highways road safety and lining budget to provide additional core funding to support the Vision Zero aim. This is a road safety aim to eliminate all traffic fatalities and severe injuries, while increasing safe, healthy, equitable mobility for all in Kirklees. We believe that no death or serious injury is acceptable on our roads, and we are working in partnership to reduce road danger in our region. The funding will ensure we have roads where people feel safe to use them by assessing the safety of junctions, reviewing sites for new cameras and refreshing road linings outside key areas like schools. Look to increase our education campaign effort and enhance the work with do with our partners such as the Police.
- 2.4.11 The budgets proposes additional funding for Council apprentices with the intention to look at both participating with the LGA on the National Graduate Programme and apprenticeship school leavers.

2.4.12 The draft budget had proposed £150k to continue to fund the Community Anchors and Community Networks following the ending of UKSPF funding. The final budget proposes a further £92k to ensure these services do not see any reduction in funding in 2026/27 compared to 2025/26.

2.4.13 A sum of £20k is included to support communities in bidding for the Town of Culture 2028 award.

2.4.14 It is proposed to add £169k to the Adaptations service budget to help speed up the delivery of adaptations to residents' and tenants' homes (with HRA bearing their share of any costs). Currently Government provides capital funding (Disabled Facilities Grants - DFG) to help enable residents stay in their own homes.

2.5 Net Revenue Charge Assumption

Note that this section has been updated since the 10 February Cabinet papers to reflect the figures announced in the Final Local Government Finance settlement on 9 February 2026.

2.5.1 The Council's net revenue budget is primarily determined from the amount of Council Tax collected and funding provided from the Government Settlement Funding Assessment (SFA) with adjustments made with either contributions to or from reserves to support the overall total base budget for service provision.

2.5.2 The funding reforms noted in section 2.3 above include the realignment of various grants into SFA for 2026/27. This means that some grants previously recognised within services, will be rolled in and paid through RSG going forwards. The result of these changes means that approximately £57m of grant budgets currently held in services will be removed for 2026/27, with this income being recognised within government funding figures instead.

2.5.3 The impact of this is assumed to be subsumed within the overall funding envelope for the council, however the adjustments will artificially inflate the changes from 2025/26 to 2026/27 of both net directorate budgets and funding levels. It is important to understand these are technical adjustments and do not provide for additional spending power. The following table provides a summary of grants rolling into RSG in 2026/27, as outlined in the LGFS.

Grant Budgets Rolled into RSG in 2026/27	Dec report £m	Feb report £m	Change £m
<u>Service Grants</u>			
<i>Children</i>			
Social Care Grant	3.000	3.000	-
Supported Accommodation Reforms new burdens	-	0.610	0.610
Staying Put	-	0.260	0.260
Leaving Care Allowance uplift	-	0.083	0.083
Personal Advisors Extended Duty	-	0.076	0.076
Virtual School Heads (VSH)_Extension of the VSH role to previously looked after children	-	0.058	0.058
Virtual School Heads - children with a social worker/ children in kinship care	-	0.152	0.152
	3.000	4.239	1.239
<i>Adults</i>			
Social Care Grant	43.081	43.081	-
ASC Market Sustainability and Improvement Fund	8.137	8.137	-
Domestic Abuse Safe Accommodation Grant	1.193	-	(1.193)
Local Reform and Community Voices: Deprivation of Liberty Safeguards	-	0.040	0.040
War Pensions Disregard grant	-	0.065	0.065
	52.411	51.323	(1.088)
<i>Place</i>			
Homelessness Prevention Grant (Temporary Accommodation Element)	0.925	1.049	0.124
	0.925	1.049	0.124
Total Service Grant Budgets Rolled into RSG	56.336	56.611	0.275
<u>Unringfenced Grants</u>			
Recovery Grant	8.396	-	(8.396)
New Homes Bonus	0.114	0.114	-
Employers National Insurance Contributions Grant	3.518	3.518	-
	12.028	3.632	(8.396)
Total Grant Budgets Rolled into RSG	68.364	60.243	(8.121)

2.5.4 It should be noted that there were an additional eight service specific grants rolled into the revenue support grant than has been assumed in the proposed budget in December; and two grants that had been assumed to be rolled in which have subsequently remained as specific grants (Recovery grant and Domestic Abuse grant).

2.5.5 The following table below summarises the total and assumed variations in funding available to support the budget next year. The figures exclude specific grant funding streams that are expected to remain budgeted within directorates. The total net revenue budget for services is now £467m.

2026/27 Funding Build Up	Council Tax Income £m	Business Rates Retained Income £m	Government Funding £m	Collection Fund Re-payment £m	Net Contribution to Reserves £m	Total Funding £m
2025-26 Funding	(252.9)	(64.1)	(82.4)	3.8	8.3	(387.3)
Grant Realignment -Directorates to Settlement Funding Assessment	-	-	(56.6)	-	-	(56.6)
Updated Baseline	(252.9)	(64.1)	(139.0)	3.8	8.3	(443.9)
Funding Increase	(14.8)	(8.9)	(5.2)	-	-	(28.9)
Other Changes	-	-	-	(0.6)	6.1	5.5
2026-27 Funding	(267.7)	(73.0)	(144.2)	3.2	14.4	(467.3)

2.6 Business Rates (NNDR) and Government Funding

- 2.6.1 Details of the updated Business Rates and Government funding allocations, and the changes since the Draft Budget Report in December, are outlined in the table below.

Business Rates & Government Funding	25/26 updated baseline £m	26/27 Dec Report £m	26/27 Feb Report £m	26/27 Change from Dec £m
Retained Business Rates	(64.1)	(64.9)	(73.0)	(8.1)
Government Funding:				
- Business Rates Top Up	(32.0)	(25.8)	(42.0)	(16.2)
- Business Rates Grants	(20.3)	-	-	-
- Revenue Support Grant	(73.4)	(118.9)	(92.9)	26.0
- New Homes Bonus	(0.1)	-	-	-
- Housing Benefit Admin Grant	(1.0)	(0.8)	(0.9)	(0.1)
- Employers NI	(3.5)	-	-	-
- Recovery Grant	(8.4)	-	(8.4)	(8.4)
Total Government Funding	(138.7)	(145.5)	(144.2)	1.3
TOTAL	(202.8)	(210.4)	(217.2)	(6.8)

Business Rates

- 2.6.2 The Business Rates Retention scheme (BRRS), whereby 50% of local business rates income is retained locally, (the Council retains 49% and passes on 1% to the West Yorkshire Fire & Rescue Authority) and 50% is paid to Government, has been in operation since 2013/14.
- 2.6.3 Within the BRRS, Central Government calculates a business rates baseline for each Local Authority. This reflects the business rates that Government estimates an authority can collect. The difference between each council's individual business rate

baseline and their calculated baseline funding level results in either a top up or a tariff that is paid from/to councils from Central Government.

- 2.6.4 Since the inception of the BRRS, the Final Local Government Finance Settlement for 2013/14 has set the baseline funding levels and baselines for the local retention of business rates model. However, in 2026/27 as part of the wider funding reforms, there is a reset of the system and individual business rates baselines, reflecting an updated assessment of local needs and resources.
- 2.6.5 The baselines within the BRRS for 2026/27 are updated to take account of the new Fair Funding Allocations (FFA) and the reset Business Rates Baselines (BRB). The new baselines issued also take account of the 2026 Revaluation. These changes result in additional funding for Kirklees of approximately £19m collectively for Retained Business Rates and Top Up payments compared to 2025/26.
- 2.6.6 It should be noted that the assumed level of Retained Business Rates income in the budget includes local judgement on the level of appeals and bad debt provisions required, as outlined in the following table.

Calculation of Retained Rates Income	£m
Gross Rates Payable Excluding Designated Areas	(159)
Adjustment for Bad Debt	3
Adjustment for repayments for Appeals	6
Estimated Non Domestic Rating income	(150)
Kirklees Retained Rates at 49% share	(73)

- 2.6.7 For 2026/27, appeals are likely to be high due to increased Rateable Values for many hereditaments resulting from the 2026 revaluation, however it is extremely difficult to estimate how many businesses will ultimately lodge a successful appeal. Due to this uncertainty, the updated budget figures include the Government estimate of the likely level of appeals nationally. For Kirklees, this high-level estimate equates to repayments to ratepayers of approximately £6m with respect to the 2026/27 liability. The bad debt adjustment at £3m reflects a collection rate of 97.5% of net rates payable, consistent with previous years.

Revenue Support Grant (RSG) and Other Unringfenced Grants

- 2.6.8 Updated RSG allocations have been derived as part of the updated Fair Funding Assessment set by Government. Figures reflect both updated needs and resources assessments and also the addition of numerous smaller grants that have been rolled into RSG for 2026/27. The grant movements are outlined in the table at paragraph 2.5.3 above.
- 2.6.9 Kirklees' RSG allocation for 2026/27 is £92.9m. This is an increase of £19.5m from the amount received in 2025/26 however the two figures cannot be directly compared given the extent of the changes between the two years.
- 2.6.10 As illustrated in the table at 2.6.1, there are also other un-ringfenced grants of £9.3m in the 2026/27 budget plans. This figure includes the continuation of £8.4m Recovery Grant Funding and £0.9m for Housing Benefit Admin Grant.

Business Rates Pool

- 2.6.11 The Council has been part of a regional Business Rates Pool since 2013. All Pools are subject of an annual application process to Government, both existing and new Pools. The 2026/27 MTFS update report to Council on 17 September 2025 gave delegated authority for the Chief Executive and Service Director – Finance, in consultation with the Leader and Finance and Regeneration Portfolio holder to approve the Council's continued participation in a Leeds City Region (LCR) Pool for 2026/27, which included all West Yorkshire Councils and York.
- 2.6.12 Following this approval, MHCLG have since provided further details on the arrangements for business rates levies in 2026/27. Under the new arrangements, this is the first year that authorities are considering business rates pools after the resetting of the Business Rates Baseline (BRBs) under Fair Funding 2.0. This reset essentially wipes away all the business rates growth accumulated since 2013/14; and it was the pooling of this growth that provided the financial benefit for the Pool as a whole and which was distributed across all the members.
- 2.6.13 The baseline reset also increases the risk that one or more of the authorities will fall into safety net if their business rates income falls. Within the changes there is also an expectation that Government will raise the safety net threshold to 95% of the new Baseline Funding for all authorities (previously 92.5%) which further increases this risk. The members of the Pool would be expected to fund any such safety net payments (to one or more of the member authorities) and it would represent a financial loss to the region.
- 2.6.14 The result of these changes mean that there is little chance of a financial benefit being generated to retain within the Pool, but with a much increased level of risk that individual member authorities require safety net funding from the other members of the Pool. As such, there has been agreement from all members of the 2025/26 Pool that the pooling arrangements will not be continued into 2026/27. This will be kept under review for future years.

2.7 Council Tax

Council Tax Base

- 2.7.1 Council budget plans incorporate the updated 2026/27 Council Tax Base (CTB) calculation as approved by the Section 151 Officer, in consultation with the relevant Cabinet member; reflecting a proposed increase of approximately 1,000 Band D equivalents to 129,790 for 2026/27. This is equivalent to 0.8% growth overall.

Council Tax Referendum Principles

- 2.7.2 Government Council Tax referendum principles are set out in the 2026/27 Provisional Local Government Finance Settlement and allow councils to apply up to a 3% Council Tax uplift without requiring a local referendum. Council updated budget plans reflect a proposed 2.99% Council Tax uplift in 2026/27 (excluding precepts).

- 2.7.3 In addition to allowable Council Tax uplifts within referendum principles, Government also granted councils with Social Care responsibilities local discretion to uplift Council Tax in 2026/27 up to a maximum of a further 2%.
- 2.7.4 Council updated budget plans include the maximum allowable uplift of 2% for Adult Social Care (ASC) precept in 2026/27 and this will be ring-fenced to support adult social care base budget additional spend requirements in 2026/27.
- 2.7.5 Taking into account both the basic Council Tax uplift and the ASC precept, the current budget includes a total proposed Council Tax increase for 2026/27 of 4.99%. The provisional LGFS assumes that Councils with social care responsibilities increase Council tax at 4.99%
- 2.7.6 A breakdown of the 2026/27 Council Tax is provided below. There has been a small adjustment to the taxbase since the assumptions made in the Draft Budget Report in December, resulting in a decrease in Council Tax income of £0.1m.

Council Tax	25/26 Baseline £m	26/27 Dec Report £m	26/27 Feb Report £m	26/27 Change from Dec £m
Base Council Tax Income		(252.9)	(252.9)	-
<i>2026/27 Changes:</i>				
Change in Taxbase – Net Growth		(2.8)	(2.7)	0.1
Increase - Basic Council Tax Charge 2.99%		(7.7)	(7.7)	-
Increase - Adult Social Care precept 2%		(5.1)	(5.1)	-
Collection Rate Reduced from 98.5% to 98.25%		0.7	0.7	-
Total Changes		(14.9)	(14.8)	0.1
Council Tax Income	(252.9)	(267.8)	(267.7)	0.1

- 2.7.7 Council Tax charges are assumed to increase by a total of 4.99% as outlined above. The impact of this uplift on households in Kirklees is shown in the below table.

Council Tax Charge - Kirklees Only	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
Annual								
2025/26	1,309.60	1,527.87	1,746.13	1,964.40	2,400.93	2,837.47	3,274.00	3,928.80
2026/27	1,374.95	1,604.11	1,833.26	2,062.42	2,520.74	2,979.06	3,437.37	4,124.85
Increase	65.35	76.24	87.13	98.02	119.81	141.59	163.37	196.05
Weekly								
2025/26	25.18	29.38	33.58	37.78	46.17	54.57	62.96	75.55
2026/27	26.44	30.85	35.26	39.66	48.48	57.29	66.1	79.32
Increase	1.26	1.47	1.68	1.88	2.31	2.72	3.14	3.77

- 2.7.8 The Council is mindful of the current financial challenges facing the citizens of Kirklees but faces a tough choice about whether to increase Council Tax to bring in desperately needed funding to protect services to the most vulnerable residents, whilst at the same time being acutely aware of the significant financial burden that places on households.
- 2.7.9 The Council Tax system continues to be disproportionate across the country and successive Governments have failed to come up with an alternative method of local taxation. This inequity was recognised in Fair Funding 2.0 with 100% Council Tax equalisation being implemented as part of the 2026/27 funding reforms. 100% equalisation means that councils with a relatively low taxbase, such as Kirklees, are fully compensated through the Settlement Funding Assessment for the fact they are less able to raise resources locally in comparison to many councils across England.

Directorate Portfolios

The 2026/27 proposed budgets identifying the additional pressures and savings are provided at Appendix B by Directorate with the key points described below.

Note that this has section been updated since the 10 February Cabinet papers to reflect the figures announced in the Final Local Government Finance settlement on 9 February 2026.

2.8 Children and Families

- 2.8.1 Updated budget plans include a total of £5.5m of additional funding to be invested into Children's Services (prior to savings proposals). This funding provides funding for demand led pressures for Looked After Children (LAC) and support to Children with disabilities. The service will continue to develop local internal residential provision which will enable more children to be placed within Kirklees and efforts will be made to increase the number of internal foster care placements, all of which will help to provide a robust sufficiency offer.
- 2.8.2 Following the publication of the LGFS, Government has provided additional funding of £3.2m in the Children's Social Care Prevention Grant which is assumed to be passed on in full to the service. The Council awaits further guidance as to the new burdens/responsibilities that come with this grant. The development of an Edge of Care service to provide intensive and timely support for Families at risk of breakdown aiming to keep children at home will likely be a key tenet of the proposed use of the grant.
- 2.8.3 Children's Services new savings proposals total £2.5m in 2026/27, a further £0.9m in 2027/28 and £0.7m in 2028/29, these are summarised at Appendix D.
- 2.8.4 Directorate savings proposals include the redesign of a number of internal and commissioned areas to ensure the most effective service is delivered. The service will also look to reduce the number of external residential placements through development of internal residential provision as well as an increased number of experienced and skilled Foster Carers to mitigate the need for external residential placements.

2.9 Adults & Health

- 2.9.1 The budget proposals provide an additional £15.2m of funding for demand and cost pressures (excluding staff pay awards – held centrally until agreed) due to the volume and complexity of need of social care provision. The 2% ASC precept will raise c£5.1m to help fund these pressures.
- 2.9.2 Within this £15.2m of additional funding, there are significant forecasted pressures arising from the potential impact of an increase to the headline National Living Wage (NLW) for 2026/27. The budget modelling is based on a rise in the NLW to £12.71 per hour, from the current £12.21 per hour. This is estimated to cost c£5.6m.
- 2.9.3 The economic landscape continues to bring uncertainty within the Adult Social Care market. Continued review remains key, alongside dialogue with key partners. Discussions around the uplifts on the rates paid to external providers for demand-led activities are ongoing and will consider the pressure on the market as well as the available funding envelope.
- 2.9.4 Savings approved as part of last year's budget for 2026/27 were £2.4m. Work is ongoing toward their achievement. As Adult Social care had already identified significant savings towards the budget gap, there is reduced scope for further savings in this upcoming budget and an additional £2m of new savings are proposed, bringing a total requirement for 26/27 of £4.4m. The total Adults budget (including Communities) is £171m.
- 2.9.5 These savings proposals for Adult Social Care savings centre around reviewing the scope and means of current provision, across a range of activities and client need including realising the benefits of technology. Additional staffing savings of £0.4m are also proposed, mainly from service re-design and a review of staff turnover.
- 2.9.6 The 2026/27 budget also assumes the term grant funding totalling £680k with Communities services. These short term (1 -2 years) savings can be made by ensuring full cost recovery for council delivered activity to a number of external income sources and grants.

2.10 **Place**

- 2.10.1 The updated budget plans for Place 2026/27 include new pressures of £4.9m, existing savings of £0.4m and new savings of £1.3m.
- 2.10.2 The Council has been proactive in trying to reduce Home to School Transport cost pressures. In 2025 we have spent £0.75m of capital budget buying new minibuses. However, there are still underlying demand pressures which need addressing. The budget proposes a sum of £2m to be added to address this .
- 2.10.3 There is also a need to continue towards the establishment of a robust and resilient Seasonal Weather budget which means a further £0.25m is being provided for to maintain current levels of service, with any in-year underspends being transferred to a reserve.
- 2.10.4 The Parking income budget will be reduced by c£0.8m to reflect the current levels of activity. This adjustment corrects the underlying structural shortfall in the Parking budget prior to last year's reset of charges.

- 2.10.5 The budget also provides for the permanent increase in resources into the Greenspaces Action Team budget of £215k to support the removal of Flytipping.
- 2.10.6 A sum of £160k is proposed to be added for additional staff resource to support Planning enforcement and caseload and to provide a budget to explore opportunities for improving their Digital offer within the service.
- 2.10.7 The end of the Leeds City Region (LCR) Business Pool in 2026/27 requires £200k of funding to be added to the budget to support the Local Plan. Previously Council had agreed that LCR business rate pool surpluses be set aside for this purpose.
- 2.10.8 Additionally, there are pressures relating to the cessation of some previously grant funded activities - £0.2m baselined into Climate Change budgets, previously funded through the WYCA gainshare and £0.2m for Parks and Greenspaces to reduce the reliance on S106 funded activity.
- 2.10.9 There is an existing saving of £0.4m included in respect of Highways Network Management income and efficiencies.
- 2.10.10 New savings proposals include £0.4m regarding the consolidation, rationalisation, closure and disposal of buildings and assets as part of a 3 year plan to reduce the cost of the corporate estate by nearly £1.5m following an initial review of the Council's corporate estate; £0.4m in respect of the deletion of vacant posts across the directorate and £0.1m in respect of the income generation of Planning Performance Agreements. More details of savings are provided in Appendix D.
- 2.10.11 There has also been additional investment totalling £835k (out of £995k) in key budget areas across the Place directorate as detailed in section 2.4.

2.11 **Public Health and Corporate Resources**

- 2.11.1 The updated proposals for 2026/27 include pressures of £1.7m, existing savings of £0.1m and new savings of £1.7m.
- 2.11.2 Income pressures of £0.3m relate to the impact of the continued rollout of Universal Credit, which is expected to reduce Housing Benefit overpayment recovery levels.
- 2.11.3 Legal Services demand pressures are £0.3m relating to additional casework and £75k is required a new Procurement system to replace YorTender.
- 2.11.4 A total of around £0.7m over 3 years (£0.4m in Year 1) is added to the Council's central software licensing budget to reflect increased costs and the movement for a Microsoft Enterprise (E3) license to an E5 license. The council has delayed this move in recent years in order to keep costs down, but the move is now required in order to ensure technology supports improvements in services to the public, productivity and efficiency in back office services. The E5 license will enable significant improvements in digital service provision, the storage and sharing of files across teams, the management and presentation of data, and further benefits to the management of cyber security measures, complementing the council's existing strengths.
- 2.11.5 The budget also assume that Members will once again be able to enrol in the Local Government Pension Scheme and the estimated employer's contribution is £0.15m.

This is expected to be confirmed via forthcoming legislation.

- 2.11.6 There is not anticipated to be any UKSPF funding in 2026/27 but to mitigate this loss, the budget proposes a sum of £242k (including £92k resulting from an improved settlement) to provide continued support for the Voluntary Sector within Kirklees for projects previously funded by UKSPF. This funding will enable the Community Anchors and Community Networks to be fully funded from core Council budgets over the medium term.
- 2.11.7 The proposed budget for 2026/27 for Kirklees Active Leisure (KAL) will remain at the same level as 2025/26 at £2.6m. This includes the estimated cost of energy as well as the Council grant, avoiding an estimated £0.2m inflationary uplift.
- 2.11.8 There are staffing savings of £0.4m (over two years) in Welfare and Exchequer to reflect the anticipated reduction in workload from the roll out of Universal credit and subsequent Housing Benefit admin grant and other funding reductions.
- 2.11.9 Savings in people services/Kirklees Direct over three years will deliver £0.6m, this will be achieved from investment in technologies, team redesigns for more agile ways working and vacancy management.
- 2.11.10 Vacancy management, including the deletion of vacant posts across the Directorate will save c£0.4m.
- 2.11.11 With respect to Catering services, the Council currently provides a subsidy for the provision of school meals for Kirklees children of £0.9m (excluding overheads). Total costs are expected to rise by £0.6m (including pay and food inflation) next year and therefore to maintain this subsidy at current levels, it is proposed to increase the price of a school meal by 15p (c5%).
- 2.11.12 There is a proposal to cease providing the Peripatetic caretaking services which currently operates with a £0.1m subsidy.

2.12 **Central budgets**

- 2.12.1 The budget provides for a pay award of 3.5% in 2026/27. Each 1% costs broadly £2.5m per annum on the Council's existing payroll costs. The budget also provides for the additional 0.2% relating to the 2025/26 pay award which was settled at 3.2% compared with the budget provision of 3%.
- 2.12.2 Budgets for pay awards and inflation continue to be held centrally until they are agreed nationally or are contractually committed within service. Where there are no known contractual commitments, all other budgets are assumed to be cash limited to the current level of provision with no inflationary uplifts.
- 2.12.3 Service budgets now reflect an assumed 3.7% point reduction in the employers' pension contribution rate, from 15.7% to 12%. This reduction is estimated to save an estimated c£7.1m compared to the current budget.
- 2.12.4 This recommended reduction has arisen following the improvement in the overall performance of the WYPF and detailed discussions with senior officers of the WYPF, their actuaries and representatives of the five WY Councils. This Council welcomes

the fact that the WYPF has listened carefully to the collective and individual responses to the consultation in proposing this level of reduction in employers' contribution. There is no impact on the pension entitlements to staff from this change. Final figures will be confirmed by the WYPF in March but are not expected to change.

- 2.12.5 Additional budget of £0.4m has been added into Central Budgets for the impact of the business rates revaluation on Council-owned properties. This will be allocated to services in 2026/27 when the final revised business rates charges are known.
- 2.12.6 As referenced earlier in the report, the Central budget will temporarily hold the c£1m budget priorities proposals until after the budget is approved at Council and will transfer the agreed budgets into services ahead of the new financial year.

2.13 **Treasury Management**

- 2.13.1 Treasury management budgets assume that the Bank of England base rate of 3.75% (as at December 2025) is estimated to fall to 3.25% by mid-2026 and remain at that level until March 2027, based on advice from the Council's Treasury advisors. The budget reflects assumed combined average borrowing rates of 4.69% in 2026/27 and in future years. This is based on the continuation of current borrowing strategy, which combines the use of both short- and long-term borrowing.

- 2.13.2 An additional £3.1m is provided within the Treasury Management budget fund the borrowing requirements and the Minimum Revenue Provision associated with the Capital Plan. The total treasury management revenue budget is a net £39m. A sum of £10.7m is also transferred to the Voluntary Revenue Provision in 2026/27.

2.14 **Flexible Capital Receipts**

- 2.14.1 Government guidance allows the capitalisation of certain types of qualifying revenue expenditure in-year, funded from the flexible use of 'in-year' generated capital receipts. The original government guidance covered the 2016-19 period, but this was subsequently extended by a further 3 years, to 2021/22. The Local Government Finance Settlement for 2021/22 extended these capital receipts flexibilities for a further three years, which covers the period up to and including 2024/25. On 26 March 2025, the government published a new version of the Direction and Guidance on Flexible Use of Capital Receipts, extending the general direction on flexible use of capital receipts to 2029/30.

- 2.14.2 The current guidance states that the flexible use of capital receipts must be approved by full Council, but that it can be 'retrospectively' applied provided the Council's flexible use of capital receipts strategy is presented to Council at the earliest opportunity. The Council's flexible capital receipts strategy along with a list of each project and the expected savings each is expected to realise will be presented realise is included at Appendix G.

- 2.14.3 The Council will use the powers under the government guidance on the flexible use of capital receipts to fund up to £4m qualifying transformation expenditure in 2025/26 and £4m in 2026/27, dropping to £2m from 2027/28 onwards. Whilst the current guidance runs through to 2030, the Council will need to review capital receipts disposal forecasts over this period. The proposals set out are 'in principle' and allow officers the flexibility

to consider a range of funding options in-year that meet the intended objectives set out in the Council's budget strategy.

2.15 **Budget Savings**

2.15.1 On the 17 September 2025, Council approved the Medium-Term Financial Strategy (MTFS) for the Council, which updates on the Council's projected financial position and sets its longer-term strategy for managing its finances going forward. The MTFS identified that there was a projected budget gap of £17.9m for the 2026/27 financial year.

2.15.2 Further savings have been developed to help contribute to closing that gap. It should be noted that this is the lowest level of directorate savings that has been required to balance the budget in recent years. These are summarised by Directorate in the following table:

SAVINGS PROPOSALS 2026/27	Existing Savings £m	New Savings £m	Total Savings £m
Children & Families	(0.2)	(2.4)	(2.6)
Adults & Health	(2.4)	(2.0)	(4.4)
Place	(0.4)	(1.3)	(1.7)
Public Health and Corporate Resources	(0.1)	(1.7)	(1.8)
TOTAL	(3.1)	(7.4)	(10.5)

2.15.3 Full details of each proposal within **Appendix D**, can be accessed on the Council's website here: [Detailed Saving Plans: 26/27 Budget](#) and any associated Integrated Impact Assessments here: [Integrated Impact Assessments – Integrated Impact Assessment \(kirklees.gov.uk\)](#).

2.15.4 There have been two changes to the 2026/27 savings proposals presented to Cabinet in December. These being a reduction in the savings required from Welfare and Exchequer on benefits staffing (£128k) due to the Housing Benefit Administration grant not falling as much as anticipated and the removal of the proposed of 3 vacant apprentice posts in Highways (£65k)

2.15.5 As noted in section 2.2, the delivery of the proposed savings is integral to the balancing of the budget. Should, after budget consultation, any savings not be taken forwards then alternative proposals may be required for the budget to remain in balance.

2.15.6 When the Council Plan and Annual Budget 2026/27 is approved, next steps will be focused on delivery of this budget, the savings within it, and delivering the priorities set out in the Council Plan. There will be ongoing work to monitor external factors such as demand and costs, so we are able to respond early and appropriately.

2.15.7 Robust programme management of the delivery of the budget, and effective governance mechanisms will continue, alongside regular monitoring of capacity and demand information, and monitoring of financial situation.

2.16 **Monitoring & Challenge**

- 2.16.1 Throughout the process of developing the current MTFS and the detailed proposals contained here for the 2026/27 budget, Members and Executive Directors have been regularly briefed regarding the base budget pressures the Council faces and which need to be reflected in the base budget. Savings proposals have been developed by Service teams and agreed with Executive Directors and their Portfolio leads as a means of helping deliver a balanced budget for 2026/27.
- 2.16.2 The Council's budget in any one financial year is allocated to budget holders and each budget holder is notified of their budget at the start of the financial year. Given the consultation with Service Directors, they are fully aware of what pressures have been funded and the savings they are expected to deliver. Within the performance and development review process for people managers there is a core target to effectively manage and monitor budgets, highlighting any pressures or potential underspends in a timely way. Budget holders are able to review the latest financial monitoring information, including projections, directly from the on-line financial system in an easy-to-use format.
- 2.16.3 The Financial Management teams are structured to support budget holders, deal with queries and proactively monitor key budget areas. The quarterly Financial Monitoring report presents the Council's revenue and capital projections, prepared by managers working in conjunction with finance teams. In addition, a monthly review enables Directors to monitor the Council's revenue projection and take any further action to ensure effective management of the budget.

2.17 **Reserves**

- 2.17.1 The Council holds both "earmarked" and "general/unallocated" reserves. Earmarked reserves are balances set aside for specific purposes and corrective actions; these are summarised in Appendix C.
- 2.17.2 General reserves are balances held as contingencies against risks such as emergency events. The general reserves are expected to be £26.0m by March 2026, assuming no further use of these balances is required in 2025/26, and as illustrated in the table below reach £30m by 2030 with an annual contribution of £1m. These plans have not changed from the MTFS in September.

31 st March 2025 £m	31 st March 2026 £m	31 st March 2027 £m	31 st March 2028 £m	31 st March 2029	31 st March 2030
(25.0)	(26.0)	(27.0)	(28.0)	(29.0)	(30.0)

- 2.17.3 A contribution of £3.8m will be made to the Budget Contingency Reserve in 2026/27 to fund budget pressures arising in year that cannot be contained by services. Some examples of these include volatility in demand budgets, delays in implementing savings plans and/or new issues that arise post-agreement of the budget. Contributions to this reserve reduce to £3.5m per annum from 2027/28 over the life of the plan. This will be kept under review. As is current practice, any drawdown from this reserve will be reported to Cabinet in the quarterly financial monitoring reports.

- 2.17.4 A further contribution of £1.7m will be made to the Transformation Reserve in 2026/27 to help deliver change capacity within the organisation. With expected carried forward balances, there will be around £3m available to provide continuing support to Transformation activity in 2026/27.
- 2.17.5 The updated 2026/27 budget includes a contribution of £10.7m to the Voluntary Revenue Provision (VRP) reserve. This reflects the policy for provision of repayment of debt (MRP) approved as part of the 2024/25 Annual Budget report to Council in March 2024. By the end of the 2030/31, the balance on the VRP reserve is forecast in the region of £50m. This balance will be required in future years to pay for increased MRP costs. This reserve remains a key element of the strategy to provide financial sustainability over the medium to long term.
- 2.17.6 The base budget will also be supported by a reduced contribution of £3.2m from the Voluntary Revenue Provision reserve. This is a temporary source of funding that will need to be removed from the base over the life of the MTFS. It should be noted that the 2025/26 budget is supported by c£6.0m drawdown from this reserve. The Council is moving in the right direction to reduce the reliance on one off funding to support ongoing revenue expenditure.
- 2.17.7 The updated budget plans also include the transfer of £500k in 2026/27 and 2027/28 into a new Food Waste Reserve. MHCLG confirmed that funding for Food Waste collections has been included in the provisional LGFS. This reserve will contribute towards funding additional food waste collection costs when the service is rolled out in future.
- 2.17.8 A risk assessment of the Council's level of reserves is carried out each financial year, when setting the budget and updating the financial plan. It is updated regularly during the financial year as part of the formal financial management reporting process. The risk assessment is based on the following key factors and an underlying presumption that significant risks need an appropriate level of cover:
- a review of known provisions and contingent liabilities
 - the likelihood of overspend for either revenue or capital;
 - the likelihood of any additional income that would be credited to reserves;
 - the robustness of the Council's revenue budget proposals;
 - the adequacy of funding for the Capital Programme; and
 - any potential significant expenditure items for which explicit funding has not yet been identified.
- 2.17.9 Appendix H provides the risk assessment of the Council's level of general reserves, which estimates the minimum value of the general reserve at £22.0m and a desirable value at £30.5m based on this approach. The Council will ensure the reserves remain at an adequate level to manage effectively all future risks and liabilities, in particular whilst operating in the current volatile and uncertain environment. Therefore, careful consideration should continue to be given before funding any unexpected costs from reserves. In addition, where funds have been allocated, any unspent funding should be transferred back to uncommitted reserves.

2.18 Schools Funding (Dedicated Schools Grant or DSG)

- 2.18.1 A detailed report on Schools funding for 2026/27 will be recommended to be approved at Cabinet on 20 February 2026. The link to this report is included at section 9.
- 2.18.2 Overall, School funding is increasing by £15 million or 3.8% from 2025/26 to 2026/27.
- 2.18.3 Kirklees' Schools Block funding allocation for 2026/2027 is £412.1m (£397.2m in 2025/2026), the High Needs Block is £75.1m (£72.02m in 2025/2026), the Early Years Block figure is £80.3m (£68.3m in 2025/2026) and the Central Schools Services Block £3.7m (£2.8m in 2025/2026). The above funding allocations are before any subsequent block transfers, which will be reflected in the finalised allocations to individual school budgets for the start of 2026/27.

High Needs Safety Valve funding agreement

- 2.18.4 The Council signed up to the Government's Safety Valve Agreement in March 2022 as one of a number of Councils with a significant Dedicated Schools Grant (DSG) deficit; £36m at the time the safety valve agreement was signed in March 2022.
- 2.18.5 The Safety Valve Agreement was intended to eliminate the Council's DSG deficit completely by 2026/27 through a Council 5 year Special Educational Needs & Disabilities (SEND) management plan. As a result of continued rising demand complexity of cases and inflationary costs the original timescale has been extended, with approval from the DfE 2029/30. The plan is intended to bring the in-year High Needs spend position into 'balance' within available in-year DSG funding, by 2029/30. Government agreed a contribution of £33.5m to help clear the historic DSG deficit, including an initial £13.5m 'down payment' received in March 2022.
- 2.18.6 Further annual contributions by Government of £2.3m between 2025/26 – 2029/30 will be released quarterly subject to satisfactory quarterly monitoring reviews with the Department for Education (DfE) Safety Valve Team. To date, the Council has received £4m for 2022/23, £2.2m for 2023/24, £2.3m in 2024/25 and £1.5m so far in 2025/26 with the next instalment confirmed as being paid in January 2026.
- 2.18.7 The Council has also prioritised significant revenue resources of its own, including capital plan to increase High Needs sufficiency across the district, to be funded through a mix of borrowing and grant funding and a commitment to contribute more than £10m of its own revenue resource. The initial contribution of £2.15m was made in 2025/26, a further instalment of £2.15m will be provided as part of the 2026/27 budget and this will continue annually until 2029/30.
- 2.18.8 There has also been significant broader schools' system support through schools block funding transfers to High needs block; £1.6m in 2022/23, £2.1m in 2023/24, £2.6m in 2024/25, £3.6m in 2025/26 and a proposal to transfer £3.6m in 2026/27. The transfers were approved through Schools Forum. This funding will ensure more children receive additional support to remain in, or return to, mainstream school and supports the DSG deficit reduction plans; reflecting the collaborative partner approach to addressing the growing pressures relating to High Needs.

- 2.18.9 Any future year annual block transfer requests will be subject to review and consultation through Schools Forum. Despite this additional funding, both locally and nationally, there is a forecast overspend of £14.7m in year and increasing the deficit at the end of the 2025/26 to around £78.5m. This is primarily due to the rising numbers, inflationary costs and complexity of cases.
- 2.18.10 There is currently a Statutory Override in place for DSG deficits. This is a provision introduced by the government in 2020 and was originally extended to 2026 and now to March 2028. This separates local authorities' Dedicated Schools Grant (DSG) deficits from their wider financial position. The DSG is a ring-fenced grant for local authorities' school budgets, and any deficit associated with it is held in an Unusable Reserve due to this Statutory Override.
- 2.18.11 The Chancellor's budget in November 2025 stated 'that the government will set out substantial plans for reform of special educational needs provision early in the new year to deliver a sustainable system. The 2025 Spending Review provided investment for SEND reform. Future funding implications will be managed within the overall government DEL envelope, such that the government would not expect local authorities to need to fund future special educational needs costs from general funds, once the Statutory Override ends at the end of 2027-28. The government will set out further details on its plans to support local authorities with historic and accruing deficits and conditions for accessing such support through the Local Government Finance Settlement'. Councils are expecting this White Paper in early 2026. Members will be provided updates on the implications.
- 2.18.12 The Government has confirmed in the final settlement that the Statutory Override will end in March 2028. They have also confirmed they will fund a significant proportion (90%) of the historic deficits accrued to March 2026 that are shown as negative unusable reserves on the Council's Balance Sheet. Payments for this deficit will be made during the second half of the next financial year after Government agrees management plans with Councils. Further updates will be provided once there is more information available from Government.

2.19 Housing Revenue Account (HRA)

- 2.19.1 The Council is required under Section 74 of the Local Government & Housing Act 1989 to maintain a self-financing Housing Revenue Account (HRA), which is a ring-fenced account separate to the General Fund and is a record of all revenue expenditure and income relating to the authority's own housing stock. It is the responsibility of all councils with an HRA to ensure it sets a balanced budget and makes provision for adequate resources to invest in council properties. This is to keep tenants safe and ensure that they are living in properties that meet a decent home standard including energy efficiency which will support tenants with the cost of living. The main requirements of the HRA are as follows:
- Capital component replacements, improvements and maintenance of all Council housing stock to a decent standard with a focus on building safety, warmth and energy efficiency and decarbonisation.
 - Delivery of a high quality and cost-effective housing management service, engaging with tenants and putting the tenant voice at the forefront of service delivery. Delivering a repairs service which maintains the housing stock at a decent standard and addresses tenants requirements.

- Inclusion of funding for new build and other strategic capital priorities
- Annual servicing of HRA debt
- Maximising rent and service charge income which complies with the requirements of the Local Government and Housing Act 1989 to have a balanced HRA, the Welfare Reform and Work Act 2016 and the rent standard.
- Holding reserves at a level which is adequate to address business risks. (£519 per unit)
- Addressing the requirements of the Social Housing Regulation Act 2023 which includes the consumer standards.

Changes have been made to the budget report which went to the Cabinet on 2nd December which reflect the fact that the decision in relation to rent convergence has recently been announced by Government. Government has announced that convergence will commence in 2027/28 at £1/week and £2/week thereafter until convergence is achieved. As a result of the delay to 2027/28, the final HRA budget has been adjusted (compared to the December report). The changes are a reduction in the tenant income budget and the HRA contingency budget are both reduced by £1m. The budget still remains in balance. The remaining change is that and the minimum reserve balance has increased from £10.8m to £11.2m.

Link to the inflationary uplift report which went to Cabinet on 2nd December 2025.

- [Rent Inflationary Uplift Report to Cabinet 2nd December 2025 \(item 9\)](#)

2.20 CAPITAL

- 2.20.1 The Council MTFs Update (17th September 2025) referred to a corporate review and affordability assessment of the Capital Plan being undertaken to mitigate against the forecast 2025/26 outturn position and ongoing financial challenges facing the Council.
- 2.20.2 As part of the Council's internal governance arrangements, the Capital Assurance Board (CAB) provides strategic oversight of the Council's Capital Plan to ensure capital investments align with the Council's priorities and objectives, support the regeneration of the borough, improve infrastructure, and enhance the efficient and effective operational delivery of services.
- 2.20.3 The capital review undertaken by the Capital Assurance Board considered options to re-phase capital projects/programmes, examine opportunities to release borrowing or identify alternative funding sources, review programmes where spend was not committed, and bring forward asset disposals (both to reduce operational costs as well as generating capital receipts) have all been considered to help control the cost of borrowing.
- 2.20.4 Given the extent of borrowing that underpins the Programme, and the current and forecast cost of that debt, the focus of the review is to consider what scope there is to reduce/re-profile the Capital Plan for the Council. This is being balanced against the future investment needs and aspirations of the Council, both in maintaining the delivery of essential services, providing match funding where it is necessary to leverage external funding and to deliver ambitions around growth and regeneration.

Update of the Medium-Term Capital Plan 2025/33

- 2.20.5 For capital purposes, longer term planning horizons are required to undertake feasibility work, design, plan and build. The Council's multi-year capital investment plan has been extensively reviewed to reflect the scale of the Council's ambition whilst being cognisant of the underlying financial position.
- 2.20.6 Following a refresh of the plan, the updated multi-year plan will deliver capital investment of £1.390bn (£961m General Fund and £429m Housing Revenue Account). The HRA Capital Plan, as part of a wider HRA budget report was considered at Cabinet in December 2025.
- 2.20.7 The General Fund Capital Plan is summarised in the following table, and shown in more detail at Appendix F.

Multi-Year Capital Expenditure Summary (General Fund)

Council Plan	25/26 £m	26/27 £m	27/28 £m	28/29 £m	29/30 £m	30/31- 32/33 £m	Total £m
Children & Families	23.6	34.9	19.9	4.7	2.7	2.5	88.3
Adults & Health	4.8	0.9	1.0	0.0	0.0	0.0	6.7
Place	163.3	210.9	132.8	103.5	93.5	90.8	794.8
Public Health & Corporate Resources	8.5	7.6	5.9	10.4	10.8	28.4	71.6
Expenditure Total	200.2	254.3	159.6	118.6	107.0	121.7	961.4
Funding:							
Capital Grants / S106/ Contributions	106.9	134.9	62.0	48.2	46.4	39.1	437.5
Capital Receipts	6.4	11.0	9.1	5.4	5.4	2.0	39.3
Service Funded Prudential Borrowing	5.5	18.2	13.1	12.4	4.0	1.0	54.2
Corporate Prudential Borrowing	81.4	90.2	75.4	52.6	51.2	79.6	430.4
Funding Total	200.2	254.3	159.6	118.6	107.0	121.7	961.4

*It should be noted that figures shown in the table's penultimate column represent spend in the last 3 years of the Plan i.e. 2030/31 – 2032/33.

- 2.20.8 The updated Capital Plan includes significant investment within the Place Capital Plan (£794.8m) towards local economic growth and regeneration, by making the most of our regional and national partnerships to attract investment, create jobs and develop local businesses. Major schemes include Our Cultural Heart (£191.9m) an ambitious centrepiece for Huddersfield where construction on the first phase is well underway to provide a new food hall and modern library along with a brand-new outdoor public square/public realm. Work continues on the iconic George Hotel (£29m), bringing the building back into use as a hotel. Updated Town Centre Action Plans include £39.7m for Dewsbury (including The Arcade and Dewsbury Market), £46.9m for Huddersfield (including the Huddersfield Open Market) and £26m for the

Regeneration of Local Town Centres including Batley, Cleckheaton, Heckmondwike, Holmfirth and Marsden.

- 2.20.9 The Council continues to work closely with the West Yorkshire Mayoral Combined Authority to deliver major transport schemes across the authority, with significant investment in the West Yorkshire Transport Capital Plan (£65.5m). Schemes funded include the A629 Halifax Road Phase 5, Huddersfield Southern Corridors and Holmfirth Town Centre Access Plan. Investment in the Transforming Cities Capital Plan (£57.6m) includes Huddersfield Rail Station Connections and Dewsbury to Cleckheaton Sustainable Travel Corridor. Transformational change is well underway through improvements to the Transpennine Route Upgrade (£47.9m).
- 2.20.10 Ongoing programmes of work to ensure our assets are maintained to an acceptable standard continue for Baseline Capital Plans within the Place Directorate such as Corporate Landlord including Compliance and Welfare (£49.4m), Highways (£100.5m), and Vehicle Replacement (£32.5m). Other investment is in Play Strategy (£7.7m) and Waste (£11.3m).
- 2.20.11 The Highways element of the Capital Plan includes £9m over three years for maintenance of locally based unclassified roads (LBUR3) and a plan for the use of the budget will be brought forward shortly.
- 2.20.12 The majority of the spend within the Children and Families Capital Plan is focussed on the re-build of our Special Schools Joseph Norton Academy and Woodley School and College, to expand Kirklees' High Needs capacity (£62m). Investment in School Capital Maintenance and Devolved Formula Capital as part of Baseline programme of works (£21m) is fully funded for by the Department of Education (DfE).
- 2.20.13 The Adults Capital Plan includes the redevelopment in day care services in North Kirklees with a modern, fit for purpose flexible day care service for people with profound and multiple learning disabilities at Mill Dale/Crescent Dale. This is key to our vision to protect and support the vulnerable and achieve inclusion.
- 2.20.14 Other investment in the Public Health and Corporate Resources Capital Plan supports the technology baseline strategy to make services more efficient and effective (£6.9m) and continued baseline investment in School Catering (£1.7m).
- 2.20.15 Plans also include for Council wide transformational change under the Flexible Capital Receipts Policy which allows the capitalisation of certain types of qualifying revenue expenditure in-year, funded through capital receipt flexibilities (£16m). Further investment on new self-financed schemes can be funded from the Investment and Modernisation Fund (£9.7m) allowing services to draw down funds based on robust approved Business Cases.
- 2.20.16 There is also new investment earmarked for a sports centre in Dewsbury with £35.1m earmarked for this.

Key Changes to the Capital Plan

- 2.20.17 The key changes to the General Fund Capital Plan as part of the Budget refresh are detailed below. In terms of re-profiling, £23.4m slippage was identified in 2025/26 as per the Budget Report (02/12/25). A further £11.8m slippage has since been

identified resulting in £35.2m total slippage moved into future years leading in a more deliverable forecast plan. The below table breaks the re-profiled budget down into funding streams, noting most of the slippage is grant funded programmes:

Capital Plan	25/26 £m	26/27 £m	27/28 £m	28/29 £m	29/30 £m	30/31 £m
Borrowing	(9.4)	(13.6)	4.2	17.9	(1.5)	2.4
Self-Funded	(9.9)	(4.4)	3.9	10.4	0.0	0.0
Grant/S106/Contributions	(13.4)	14.1	(4.3)	3.6	0.0	0.0
Receipts	(2.5)	(4.1)	6.6	0.0	0.0	0.0
	(35.2)	(8.0)	10.4	31.9	(1.5)	2.4

Officers will continue to identify further re-profiling of the current year financial budget, which will help to reduce in-year capital financing costs as part of the ongoing monitoring, and this will next be reported within the Quarter 3 Financial Monitoring Report in March 2026.

2.20.18 The MTFs (17th September 2025) noted that a review of the Capital Plan would be undertaken, highlighting key stages in the exercise. Further to the re-profiling of the plan, the initial stage of the multi-year review of the Capital Plan has also been undertaken. All uncommitted lines funded by borrowing or self-financed were reviewed with a view to removal from the Capital Plan. In total £57.7m of borrowing released from the existing Plan:

- Investment & Modernisation Fund (-£40m). Budget was decreased to bring it down to more realistic levels with an even profile across years. Whilst some invest to save bids are being worked up, it is evident that a sum of £10m per year is not needed at this point and therefore it is appropriate to reduce this and the Capital Financing Requirement (CFR) overall.
- Homes for Children (-£0.2m). Remaining budget left to support the Children Homes Strategy. Purchase of properties from the open market to convert into small 'satellite' children's homes will cost substantially more than budget remaining. It is more appropriate that in future such acquisitions would be considered for funding via the Investment and Modernisation Fund as self-financed business cases on the basis that they would be a net saving after borrowing from the Looked After Children budget.
- Short Breaks (-£1.1m). A strategy is under development which recommends a strategic and collaborative approach with a unified asset strategy. The uncommitted budget is recommended for removal until such a point when a future strategy with suitable budgets is known and again could be subject to business case approvals.
- Libraries (-£2.6m) unallocated programme line to be reduced (from an initial budget of £3.6m).
- Dementia Day Care (-£5.9m) unallocated programme line to be removed.
- Highways (-£5m) borrowing for Principal Roads is assumed to be funded by grant and a bid is being prepared for funding from WYCA.

- Waste Depot (-£2.5m). Whilst budget was initially put in as a marker, it is proposed this is removed until a business case can be fully developed.
- Start Up & Retention Grant (-£0.1m). Future business cases for the provision of grant to local businesses will be considered for funding from the Investment & Modernisation Fund.
- Information Technology (-£250k). Reduction over the life of the programme.

2.20.19 All programmes in the Capital plan will remain under review for reduction in budgets should spend not be required at the level assumed, exploring alternative funding options and where these are not possible borrowing may need to be added back.

2.20.20 Baseline capital investment supports maintenance work programmes across the Council's existing asset base, including Schools, Highways, Corporate Buildings, and transport infrastructure. All baseline capital programmes include a new financial year 5 allocation based on the previous year's baseline levels. In total £27.8m has been added into 2030/31 of which £10.8m is borrowing and £17m is grant assumption. These latter year figures will be refined over time as funding opportunities become clearer.

2.20.21 The Council will continue to use the powers under the government guidance on the flexible use of capital receipts to fund up to £4m qualifying transformation expenditure in 2025/26 and £4m in 2026/27, dropping to £2m from 2027/28 onwards. The proposals set out are 'in principle' and allow officers the flexibility to consider a range of funding options in-year that meet the intended objectives set out in the Council's budget strategy, and future year budgets have been added to reflect the policy in the Capital Plan.

2.20.22 The Council has budgeted for £4m of Capital Receipts from the sale of surplus buildings and is on target to achieve approximately £8m of capital receipts in 2025/26. Any surplus capital receipts generated will be best used to manage the Council's finances and likely applied to part fund existing schemes before Council borrowing to mitigate revenue impact of borrowing.

2.20.23 Cabinet considered an update report for a new sports and leisure facility in Dewsbury (21st October 2025). The next steps were agreed and £0.1m has been added into 2025/26 for the commissioning of an external options appraisal and feasibility study. Until the outcome of these studies is understood, it is difficult to define the total amount of capital required, so an indicative sum of £35m has been added to the plan. There is a working expectation at this stage that £5m of the budget will be met by external funding to help mitigate against borrowing. As more information becomes available, the capital plan will be updated accordingly.

2.20.24 Apart from the new leisure facility in Dewsbury, at this stage there are no further recommendations for Kirklees funded new schemes to be added to the Plan. It is envisaged that there will be some drawdown against the Investment & Modernisation Fund set up to help services transform, deliver ongoing revenue savings or in some cases protect base income levels. Business cases will be appraised by Capital Assurance Board and proposals for drawdown towards new schemes will be recommended to Cabinet for approval via upcoming financial reports. It is assumed

that there will be no additional revenue pressures as a result of additional borrowing incurred for the Investment and Modernisation Fund (borrowing costs are covered by reduced revenue costs).

2.20.25 The Council's Capital Plan will continue to be reviewed and will evolve on an ongoing basis. It is anticipated that as the Council's Digital strategy develops, it is likely that significant capital investment will be required to support the implementation costs of more modern systems that will enable the Council to become more efficient and productive. There is, as yet, no provision in the plan for these issues as they need developing further.

Summary Capital Plan Changes

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 – 32/23 £'000	Total
MTFS (Sept 2025)	239,203	273,258	158,344	93,303	111,565	54,480	930,153
General Fund:							
Re-profiling	(23,408)	8,402	1,542	12,164	1,000	300	0
Removal	(1,359)	(22,360)	(10,849)	(8,050)	(8,050)	(7,000)	(57,668)
Grant Adjustments	806	7,306	0	(1)	0	0	8,111
Addition	100	0	0	5,000	6,000	24,000	35,100
Transformation Capitalisation (FCR)	0	3,000	2,000	2,000	2,000	2,000	11,000
Continued Operational Activities	0	0	0	0	0	27,784	27,784
<i>Change</i>	<i>(23,861)</i>	<i>(3,652)</i>	<i>(7,307)</i>	<i>11,113</i>	<i>950</i>	<i>47,084</i>	<i>24,327</i>
Budget Capital Plan (02/12/25)	215,342	269,606	151,037	104,416	112,515	101,564	954,480
Re-profiling	(11,786)	(16,448)	8,900	19,751	(2,465)	2,048	0
Grant Adjustments	(3,399)	(287)	(378)	(5,580)	(2,961)	18,078	5,473
Capital Receipts	0	1,482	0	0	0	0	1,482
<i>Further Change</i>	<i>(15,185)</i>	<i>(15,253)</i>	<i>8,522</i>	<i>14,171</i>	<i>(5,426)</i>	<i>20,126</i>	<i>6,955</i>
Revised Budget Capital Plan	200,157	254,353	159,559	118,587	107,089	121,690	961,435

2.20.26 The General Fund capital plan has a net increase of £31.3m and this is to be funded mainly by a reduction of £40m self-financed borrowing, a net increase of £23.2m borrowing, an increase of £35.6m grants/S106/contributions and £12.5m un-ringfenced capital receipts. Members should note a significant proportion of the additional borrowing is attributable to the baseline capital allocation for the new Year 5 of the plan,

2.20.27 Officers will continue to re-shape the plan to reflect realistic delivery timescales and funding needs/opportunities going forward; including emerging further national government and regional intelligence on emerging infrastructure developments. The Plan will be continued to be reviewed to identify areas where potential exists to reduce capital allocations to lower the Council's borrowing costs. Where pressures are identified, the current borrowing envelope will be assessed, and funds reprioritised to areas of highest need.

2.21 Risk

2.21.1 The corporate risk register summarises the key strategic risks or barriers to achieving the organisation objectives, including meeting challenging savings targets and successfully completing transformation projects along with the continued financial challenges. It also provides visibility about the management actions which are either in place or brought into action to mitigate the impact of these risks. Many of these are of a financial nature and provide contextual information when setting the Council's budget.

2.21.2 The risk assessment reflects the proposed budget. The areas identified are summarised below:

- Risk that additional funding announced comes with unbudgeted for new burdens.
- Risk of medium-long term financial instability caused by failure to develop or adhere to robust financial planning processes and procedures leading to reductions in service provision, possible government intervention and reputational damage.
- Risk of increased costs due to inflation, in particular the pay award and NLW increases being above those assumed in the budget proposals.
- Demand pressures, generally, and particularly within Adults and Children's Social Care result in additional pressures.
- Risks associated with the availability and provision of Temporary Accommodation for persons accepted as homeless and the resulting cost implications including the impact of Housing Benefit subsidy loss.
- Inability to meet the needs of the SEND community due to continued increases in demand, greater complexity in clients' needs and insufficient locally available provision making the DSG deficit significantly worse.
- Risk that the capital programme is not sustainable due to a reliance on capital receipts from asset disposals that are not guaranteed and that the cost of borrowing is above the average budgeted levels.
- The risk of a reduction in expected income as tenants, residents and businesses are unable to meet financial commitments, resulting in a failure to meet budgeted income targets.
- Failure to maintain sufficient level of priority and focus leading to required savings initiatives not being delivered, resulting in budget overspend.
- There is a sector wide issue in relation to Equal Pay. Whilst the Council has not received any equal pay claims, there has been an increase in equal pay claims arising nationally and hence there remains an ongoing risk to the Council.

2.22 Positive Assurance Statement

2.22.1 Under Section 25 of the Local Government Act 2003, when the Council sets the budget, the Council's Section 151 Officer is required to report on:

- the robustness of estimates made for the purposes of the calculations; and
- the adequacy of the proposed financial reserves

Section 25 Statement from the Council's Section 151 Officer (Service Director - Finance)

2.22.2 This report sets out proposals for the delivery of an overall balanced budget for 2026/27. Cabinet has received in year financial monitoring reports for 2025/26 with pressures being reported particularly in demand-led costs in both childrens and adults social care and a range of place-based services including home to school transport.

2.22.3 The Quarter 2 position shows the projected overspend is £5.1m (draft Quarter 3 position shows an improvement to a projected overspend of less than £3.5m, pending final checks) and whilst officers will continue to explore all available options to reduce this, any overspend will require the use of reserves to bring the 2025/26 budget back into balance.

2.22.4 The financial pressures highlighted in-year impact the 2026/27 budget plans. There is a clear continuing strategy to make the 2026/27 budget as robust as possible reflecting pressures services are currently facing and providing over £24m of additional funding for demand and inflation pressures alone and in the region of £40m of funding for pressures in total. Budget plans also reflect the Government funding allocations included in the 2026/27 final financial settlement following the Fair Funding Review 2.0.

2.22.5 Proposals to bring the revenue budget position into balance in 2026/27 include new budget savings totalling c.£7m, bringing total savings required to c£11m. This savings target is the lowest in recent years. The Council must ensure that it delivers the £11m of total savings in 2026/27 to prevent further diminution of reserves.

2.22.6 Treasury budgets reflect updated borrowing and MRP costs based on the updated Capital Plan. The Capital Strategy also builds in greater future flexibility in programme and ongoing project review to ensure it remains affordable and sustainable in light of continually updated and refreshed Council financial strategies and plans over the medium term and the current interest rate environment.

2.22.7 The Council's reserves strategy identifies a minimum working balance of unallocated balances of £22m with a desirable balance recalculated at £30.5m. The current forecast unallocated balances at 31 March 2026 is £26m, with a plan to increase this to £31m by 2031.

2.22.8 The external auditor has considered the Council's reserve position to be relatively low in comparison to similar sized Councils. This budget and the MTFS provides a

clear direction to increase the unallocated reserve (by £1m per annum), it also plans to add significant sums to the Voluntary Revenue Provision reserve (VRP) over the next five years and the budget provides an annual contribution to the Budget Contingency Reserve, £3.8m in 2026/27 and £3.5m thereafter. Total usable reserves are planned to be in excess of £80m by 2030 compared to £61m in March 2025.

- 2.22.9 The 2026/27 budget is the final year where a contribution from the VRP is assumed, at £3.2m. Even after accounting for this final contribution, there is still a net increased contribution to the VRP of £7.4m (£4.8m in 25/26)
- 2.22.10 The report also makes reference to the Safety Valve (SV) agreement between the Council and the Department for Education (DfE) to manage the Council's Dedicated Schools Grant (DSG) accumulated deficit and deliver a balanced in-year funding position by 2029/30. The Safety Valve (SV) funding agreement also includes some 'flexibility' to review and re-profile these plans as appropriate, in agreement with DfE. This will be important going forward as the scale of the challenge remains significant, notwithstanding the sound plans that are in place.
- 2.22.11 The projected DSG deficit at March 2026 is £78.5m and whilst deficits are allowable under the Statutory Override, the treasury cost of funding this deficit is estimated at c£3.5m per annum and is being borne by the local tax payer. This cost is reflected in the Treasury Management budget and providing the deficit does not widen will not cause any further immediate pressures than are currently being managed.
- 2.22.12 Government has confirmed that DSG deficits will continue to roll forward on council balance sheets as 'unusable negative reserves' until March 2028 when the Statutory Override date is scheduled to end. This Council, along with others across the country, are awaiting updated guidance with regard to the treatment of the Statutory Override, treatment of historic deficits and the proposals for the years 2026/27 and 2027/28.
- 2.22.13 The stated intention of the Government is to manage High Needs Block deficits within the overall government DEL envelope, such that the government would not expect local authorities to need to fund future special educational needs costs from general funds, once the Statutory Override ends at the end of 2027-28. They have also said they will work with Councils on providing support for historic deficits. We are expecting a Schools White Paper in February 2026 and assuming the principles outlined above follow in the White Paper then this should derisk the impact of deficits significantly.
- 2.22.14 Should there be a DSG deficit after the override ends and if Councils remain responsible for deficits (which feels a much-reduced risk than last year), then councils across the country would be required to offset deficits against usable reserves and /or seek Exceptional Financial Support (EFS) from MHCLG. This would put significant further pressure on council financial resilience across the country, including Kirklees.
- 2.22.15 As noted in paragraph 2.21.2, there has been an increase equal pay claims arising nationally and whilst the Council has not received any equal pay claims there remains an ongoing risk. Depending on the assessed levels of claims that may be received by the Council, these would need to be funded from either Council reserves, which are relatively low or a may result in a request to MHCLG for EFS. In the event of this arising, this could be a position replicated across many Councils throughout the country.

- 2.22.16 The self-financed and ring-fenced HRA business plan remains in balance over the short and longer term and continues to prioritise significant investment in compliance to meet more stringent social housing regulator requirements. The HRA is also impacted on by ongoing demand and pressures, and sound financial stewardship is equally applicable to HRA as it is to the general fund, to ensure it can operate sustainably within its financial means.
- 2.22.17 Subject to the conditions and assumptions I have set out above, I can give you positive assurance on the reliability and robustness of the forecasts and estimates in the budget proposals as far as I can in the context of current local and national intelligence.

If members approve the recommendations in this report, I can give the Council positive assurance on the adequacy of reserves and balances for this budget.

3. Implications for the Council

3.1 Formal Resolution

- 3.1.1 It is necessary for the motion to Budget Council on 25 February 2026, set out at Appendix M, and for the final resolution to include certain statutory declarations. The motion to be put forward will be incomplete, because the precepts for the Fire and Rescue Authority and West Yorkshire Mayor Police and Crime Commissioner and Parish/Town Councils may not be determined until after Council budget papers are published. The Council motion will include estimated precepts based on best available information at the time.
- 3.1.2 It may be necessary therefore for an amended motion to be moved, as in previous years, to correct the motion where there is any change between the estimated and actual precepts. This assumes that the precepting bodies will have determined their precepts before 25 February 2026.
- 3.1.3 It is requested that the Council's statutory s151 Officer (Service Director – Finance) be given delegated authority to amend how the finally approved precepts are recorded in the Council's revenue budget in line with the final notifications received following decisions by the West Yorkshire Mayor Police and Crime Commissioner, the Fire & Rescue Authority and Parish/Town Councils, should these be received after 25 February 2026.
- 3.1.4 The West Yorkshire Mayor Police and Crime Commissioner, Fire & Rescue Authority and Parish/Town Council precepts included in the Council motion do not affect the Council budget, and neither will any subsequent amendment to the precept figures, delegated to the Council's statutory s151 Officer.

Special Expenses

- 3.1.5 The expenditure of Parish/Town Councils is funded by way of a precept which is levied only on the area of the individual Parish/Town Councils. There are, however, occasions when individual Parish/Town Councils provide services which would otherwise be provided by District Councils if there were no Parish/Town Council in

existence. The result is that residents of a Parish/Town Council can pay twice for some services. This is known as "double taxation".

- 3.1.6 The Local Government Finance Act 1992 provides for expenditure incurred by District Councils which ranks as double taxation to be treated as special expenses, which are not charged to the residents of the Parish /Town Councils concerned unless the District Council resolves otherwise. There are no special expense arrangements in place at the current time.

3.2 Council Plan

Our Council Plan sets out the overarching ambitions, and strategic direction for the Council. It applies to all directorates and service delivery areas. It sets out our commitment to our long-term vision and shared outcomes, and sets out our key council priorities, goals, and specific activities and milestones to support the achievement of those goals over the next three years. Our long-term vision and shared outcomes, will be reviewed, developed and agreed with our partners during 2026 and will be separated out into a revised Partnership Framework. The 2026-2029 Council Plan goes hand in hand with the budget – together, these documents set out the strategy, and the resources required to deliver on those ambitions. The new three-year financial settlement now means we can set a Council Plan with a longer-term planning horizon, and as such, presents a delivery plan for the next three financial years. The Council Plan will be considered alongside the annual budget for decision at Council on the 25 February 2026.

3.3 Financial Implications

The budget proposals contained within this report have been developed to ensure that funding is made available in the areas that will allow the Council to further improve the outcomes for individuals and communities as a whole. To facilitate this, resources have been allocated in areas that will allow the Council to maximise contributions to the Council's strategic priorities as listed above.

3.4 Legal Implications

Budget and Policy Framework at Part 4.3 of the Constitution, sets out the process that must be followed when the Council sets the budget. This includes a minimum consultation period of 4 weeks. It is for the Cabinet to approve the proposals and submit them to full Council for adoption.

Under section 151 of the Local Government Act 1972, the s151 officer has responsibility for the Council's financial management.

Section 25 of the Local Government Act 2003 provides that where the Council makes Council Tax calculations (i.e sets the annual budget) the section 151 officer must report to it the following matters –

- (a) the robustness of the estimates made for the purposes of the calculations, and
- (b) the adequacy of the proposed financial reserves.

Under section 25(2) of the Local Government Act 2003 an authority to which a report under this section is made shall have regard to the report when making decisions about the calculations in connection with which it is made.

Section 31A of the Local Government Finance Act 1992 (as amended) provides a duty to calculate expenditure in the forthcoming year and deduct income. This is the duty to calculate the “Council Tax requirement” and is the duty to set a balanced budget.

Section 65 of the Local Government Finance Act 1992 provides a statutory duty on the council to consult non-domestic ratepayers before setting the annual budget.

In carrying out its consultation, the Council must comply with the following legal principles namely:

- the consultation must be at time when proposals are at a formative stage;
- the Council must provide sufficient information to enable intelligent consideration and informed responses;
- adequate time must be given for responses; and
- the product of the consideration of responses must be conscientiously taken into account in finalising any proposals.

3.5 Climate Change & Air Quality
N/A

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

Paragraph 1.2 of this report refers to Integrated Impact Assessments. The Equality Act 2010 creates the Public Sector Equality Duty (PSED).

Under section 149 of the Act:

- (1) A public authority must, in the exercise of its functions, have due regard to the need to:
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic ; and persons who do not share it.

The relevant protected characteristics are:

age;
disability;
gender reassignment;
pregnancy and maternity;
race;
religion or belief;
sex; and sexual orientation

In order to fulfil the PSED the Council is required to assess the impact of any proposed action on the equality objectives set out above. The way in which the Council has approached this task previously was to conduct Equality Impact Assessments (EIA's) as appropriate.

The current EIA process has been updated to an Integrated Impact Assessment (IIA) process, as part of the Council's developing approach to Inclusion & Diversity; to go beyond just PSED compliance, and to incorporate additional diversity characteristics, such as low income/poverty and unpaid carers.

The Climate Emergency Motion passed on 16 January 2019 also committed the Council to consider Environmental Impact as part of any new IIA policy. The proposed approach also seeks to assess impact across the range of environmental and sustainability impacts.

As in previous years, any specific savings proposals, where appropriate, still make reference to Impact Assessments. These are available for member reference on the following website link ([Integrated Impact Assessments](#)) and members should read the assessments in full in order to inform them in coming to their decision, as in previous years; cross referenced as appropriate to the savings templates.

There is also a clear expectation that the IIA process is not limited to consideration of savings proposals, but in the context of the totality of resource allocation proposals set out in this report, and other emerging policy changes and developments, any subsequent detailed proposals that result from these, will be informed by the IIA process to help inform key decision making in the future.

The new budget saving proposals outlined within the 2026/27 budget (and within Appendix D) have a total potential reduction of FTE (Full time equivalent posts) in the region of 48. However, we can mitigate some of this impact by deleting vacant posts that are currently being held in service structures, equating to approximately 25.

This means that the number of staff potentially at risk, because of the 2026/27 budget saving proposals, is currently 23. As such, we will be making an HR1 declaration of 23 FTE posts that are potentially at risk of redundancy.

The Council will continue to try and reduce the number of staff potentially at risk of redundancy through vacancy management and deployment. We may also need to offer voluntary redundancy in certain situations. This will be agreed on a case-by-case basis and we will not be offering this council wide.

4. Consultation

The Capital Investment Plan proposals have been considered by Cabinet and Executive Directors in conjunction with the Service Director - Finance, following initial assessment through the Capital Assurance Board.

The 2026/27 Treasury Management Strategy Report included at Appendix J, has been prepared by the Council's s151 Officer (Service Director - Finance), and in consultation with the Council's external treasury management advisors, Arlingclose Limited Treasury Management Consultants. The Treasury Management report has also been considered at the Council's Corporate Governance and Audit Committee (CGAC), on 30 January 2026.

The public consultation to support the development of the 2026/27 annual budget was launched on the 3 December 2025 and ran up until the 7 January 2026. The consultation was launched following publication of the draft annual budget for the

Cabinet meeting on the 2 December 2025. The purpose of the consultation was to help the council understand any feedback or opinions on the budget proposals from residents, communities, council employees, local businesses, and partners. This is now the second year that the council has consulted the public for their opinions on a published draft budget, continuing efforts to support greater engagement and levels of transparency. The consultation was also supported by the publishing of a 'budget book' – which sets out a summary of the council's current (2025/26) budget, and explains key concepts, to help make it easier for people to understand how the council spends its money. It provides a breakdown of what the council spends across all services and an overview of the funding the council receives.

The consultation was made available online and was supported by information summarising the budget proposals in the published draft budget. The consultation asked for general opinions on the overall budget, and then also for opinions on proposals specifically within each directorate /major service area of the council. Overall, 26% said they agreed with how the council plans to spend money in 2026/27 with 29% feeling neutral and 45% disagreeing. The results of the consultation have been taken into consideration by the Executive when finalising the budget proposals presented in this document.

A summary of the consultation responses is attached at **Appendix L**. There was a total of 403 respondents.

The top three themes relating to the overall budget were:

- **Roads, pathways, highways and infrastructure** – including highway conditions, potholes, signage, markings, drainage and vegetation, with calls for greater investment for these services.
- **Town centre regeneration** – a range of mixed views on large scale regeneration projects and investment in Huddersfield and Dewsbury town centres.
- **Council Tax** – comments on Council Tax increases and affordability concerns for residents.

Other key themes from across the service/directorate specific sections were:

- **Prevention and early intervention / early help** – the importance of early support, prevention, and community-based initiatives across services for both children and adults.
- **Workforce capacity and capability** – concerns about staffing shortages, the need for better pay and training, and workload pressures on existing staff across services for both children and adults.
- **Homelessness and housing supply** – more support for people at risk of becoming homeless and increasing the availability of social housing.
- **Support for outdoor and community spaces / assets** – more investment in outdoor spaces, green areas and community assets for wellbeing, safety and community cohesion.
- **Digital transformation and efficiency of services** – support for modernising council services through digital platforms and increasing operational efficiencies.

5. Engagement

The Council has sought to ensure transparent engagement, and an ongoing dialogue with all key stakeholders throughout the process of developing the Council's annual budget for the 2026/27 financial year.

A draft annual budget for 2026/27 was made publicly available and was considered by Cabinet on the 2 December 2025. The Council has sought to encourage improved engagement on the budget through pre-decision scrutiny. As such, a session of the Overview and Scrutiny Management Committee (OSMC) took place on the 16 January 2026 for this purpose.

Cross-party budget meetings have continued to take place monthly during the 2025/26 financial year. These meetings bring group leaders together to receive regular updates on the development and delivery of the Council's budget. The forum provides group leaders with an opportunity to ask questions, and to provide feedback as part of this process. It is attended by the Chief Executive, the Deputy Chief Executive and the Service Director for Finance. Over the last year, we have also regularly provided budget briefings to representatives from our Trade Unions, and representatives from our internal Employee Networks, to ensure they understand developments associated with the budget and our financial position, and to discuss and receive feedback on implications of associated budget proposals on staffing and services across the Council.

On the 16 January 2026, the Overview and Scrutiny Management Committee (OSMC) discussed and provided feedback on proposals set out within the draft budget for the 2026/27 financial year. Feedback from the committee has been considered when finalising and preparing the final proposed budget as presented. Cabinet/Council are also asked to consider this feedback when final decisions on the budget are made. At the meeting, in addition to members of the committee, the following members were also present and contributed to the questions and discussion:

- Cllr Harry McCarthy (Labour Group)
- Cllr Susan Lee Richards (Green)
- Cllr John Taylor (Conservative)
- Cllr Karen Allison (Green)
- Cllr Alex Vickers (Green)
- Cllr Charles Greaves (Independent)
- Cllr Elizabeth Smaje (Conservative)
- Cllr John Lawson (Liberal Democrats)
- Cllr Imran Safdar (Kirklees Community Independents Group)

Key issues/questions raised by members during the meeting can be summarised as follows:

Overall budget setting and capital plan

- Discussion around levels of engagement in the budget consultation process, and how this may be improved next time.

- Welcomed the proposed £35.1m additional investment for a sports facility in North Kirklees.
- Question around how the three-year financial settlement could help improve stability for the voluntary sector as well.
- Issues around the impact on staff and service capacity by not filling vacant posts.
- Affordability of the Capital Plan.
- Question around how the approach to building back reserves had been developed, and methodology related to what a 'desirable' level of reserves is.

Children and Families Directorate

- Welcomed the continued progress and improvements to services despite the pressures relating to increasing and more complex demand.
- Question around plans for increasing the number of foster carers.
- Commendation for the lack of use of agency social workers.

Adults and Health Directorate

- Use of preventative approaches to help address rising demands / costs of adult social care.
- Deliverability of new savings, given the significant proportion of savings that have already been delivered.
- Deliverability of savings related to the ICB (NHS Integrated Commissioning Board) considering the financial pressures they are already managing.
- How proposals support out of hospital care provision and community provision.

Place Directorate

- Welcomed the additional resources for fly-tipping, with questions around how the council is planning to clear hotspots and backlogs, and how the council will be improving enforcement.
- Funding for improved enforcement capacity in the Planning Service welcomed. Suggestion to resource more planning expertise to inform the delivery of the transformation programme.
- More investment for highways improvements and maintenance, including a suggestion to focus more on sectional upgrades rather than patch fixing.
- Maintenance and upkeep / investment in play areas, and the role of developers in ongoing maintenance.
- Welcomed the proposals for investment in, and transformation of School Transport services.
- Additional funding for dealing with seasonal weather was welcomed, however concerns were raised about the resources available to ensure sufficient grit bins across the borough and to refill existing ones. A suggestion to extend the current gritting route was also made.
- Welcomed continued investment into Town Centres.
- Question around what budget is associated with climate change mitigation and adaptation activities, and for supporting staffing resources.

Homes and Neighbourhoods

- Affordability of rent increases for tenants.

Public Health and Corporate Strategy

- Questions around how the voluntary sector will be supported with the additional funding proposed.
- Discussion around how the council was making the most of the opportunities that Artificial Intelligence (AI) presents (but also being mindful of the potential risks).

6. Options

6.1 Options Considered

N/A

6.2 Reasons for Recommended Option

N/A

7. Next Steps and timelines

- 7.1 This report and the draft Budget form the background and the proposed formal motion. The Cabinet will need to decide if they are to accept this or propose amendments to the draft budget which will be proposed to Council on 25 February 2026 (Cabinet draft budget). Members will need to decide if they are to accept this or propose amendments to the draft Budget which will be proposed to Council. Any such amendments will be published on 18 February 2026.
- 7.2 Proposed amendments shall be submitted to the Chief Executive on or before 12.00pm on Monday 16 February 2026 to ensure that, in conjunction with the Service Director-Finance, they can be reviewed to ensure they are financially sound and sustainable prior to the final submission deadline of 18 February 2026. The Notice of any such amendment must specify the terms of the proposed amendment and the effect which it will have on the draft Revenue Budget.
- 7.3 Members should note that once a budget is agreed by Council there may be a number of further steps and/or actions which would need to be taken in order to implement budget decisions for example – consultation, further detail of the steps needed or final proposals for making the planned changes. This is to ensure that the Council complies with legal and other requirements.
- 7.4 Following Council approval of the Capital Investment Plan, schemes will be released subject to Financial Procedure Rules.

8. Contact Officer and Relevant Papers

Kevin Mulvaney	Service Director – Finance
Jacqui Fieldhouse	Head of Finance
James Anderson	Head of Accountancy
Sarah Hill	Finance Manager

9. Background Papers and History of Decisions

Background Papers

- Council budget report 2026/27, Cabinet 2 December 2025 (Item 8)
- Council approved annual budget report 2025/26, 5 March 2025 (Item 7)
- Council financial outturn report 2024/25 to Council, 16 July 2025 (item 30)
- Budget 2025 - GOV.UK
- Kirklees' School Funding Arrangements for the Financial Year 2026/27 to Cabinet February 2026
- Council Budget Strategy Update report; 2025/26 and future years; 17th September 2025 (Item 50)
- Our 2026/27 Council Plan: Council 25 February 2026
- Corporate Financial Monitoring Report Quarter 2, 2025/26 to Cabinet December 2025 (item 12)
- Provisional local government finance settlement 2026/27 to 2028/9 - GOV.UK
- Housing Revenue Account annual rent setting and service charge and key housing challenges report, to Cabinet on 2 December 2025 (Item 9)
- Integrated Impact Assessments (kirklees.gov.uk).
- Budget Consultation exercise 2025/26
- Budget Engagement 2026- Overview and Scrutiny Management Committee

10. Appendices

- Appendix A General Fund Summary
- Appendix B Movement in Budgets by Directorate
- Appendix C Reserves
- Appendix D Savings Proposals
- Appendix E Grants Within Services
- Appendix F Capital Plan
- Appendix G Flexible Capital Receipts Strategy
- Appendix H General Fund Working Balance
- Appendix I Capital Strategy
- Appendix J Treasury Management Strategy
- Appendix K Housing Revenue Account (HRA)
- Appendix L Budget Consultation exercise – summary
- Appendix M Council Tax Motion

11. Service Director Responsible

Kevin Mulvaney Service Director – Finance

GENERAL FUND SUMMARY 2026/27 TO 2030/31

APPENDIX A

Note that Appendix A has been updated since the 10 February Cabinet papers to reflect the figures announced in the Final Local Government Finance Settlement.

5 YEAR BUDGETS	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
CHILDREN	88,793	95,160	96,479	97,348	99,627	101,906
ADULTS	110,675	171,000	208,714	223,114	238,578	253,924
PLACE	58,383	60,054	60,169	66,401	67,001	67,601
CORPORATE	61,805	59,302	59,231	59,062	58,562	58,062
CENTRAL	67,634	81,776	99,389	112,782	125,013	137,161
TOTAL NET BUDGET	387,290	467,292	523,982	558,707	588,781	618,654

FUNDED BY	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000
COUNCIL TAX	(252,901)	(267,682)	(283,006)	(299,208)	(316,336)	(334,446)
RETAINED BUSINESS RATES	(64,115)	(73,000)	(73,730)	(74,467)	(75,212)	(75,964)
GOVERNMENT FUNDING	(82,382)	(144,220)	(178,794)	(192,156)	(195,816)	(199,550)
COLLECTION FUND	3,789	3,184	3,183	-	-	-
TOTAL FUNDING	(395,609)	(481,718)	(532,347)	(565,831)	(587,365)	(609,960)

RESERVES & 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 TRANSFORMATION RESERVE	2,500	1,700	2,500	2,500	2,500	2,500
CONTRIBUTION TO BUDGET CONTINGENCY RESERVE	-	3,800	3,500	3,500	3,500	3,500
CONTRIBUTION TO/FROM FOOD WASTE RESERVE	-	500	500	(1,000)	-	-
CONTRIBUTION TO GENERAL RESERVES	1,000	1,000	1,000	1,000	1,000	1,000
BUDGET GAP	0	0	7,680	7,940	16,792	21,143

GENERAL FUND SUMMARY 2026/27

APPENDIX A

Note that Appendix A has been updated since the 10 February Cabinet papers to reflect the figures announced in the Final Local Government Finance Settlement.

	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
<i>DIRECTORATE BUDGETS:</i>												
Children	88,793	4,239	109	93,141	3,973	167	3,254	-	500	(3,254)	(2,621)	95,160
Adults	110,675	51,323	-	161,998	7,892	5,630	-	600	-	(680)	(4,440)	171,000
Place	58,383	1,049	-	59,432	2,000	(1,590)	1,766	955	167	(1,012)	(1,664)	60,054
Corporate	61,805	-	-	61,805	300	(2,309)	1,524	300	145	(683)	(1,780)	59,302
Central	67,634	-	-	67,634	-	8,783	5,359	-	-	-	-	81,776
TOTAL NET BUDGET	387,290	56,611	109	444,010	14,165	10,681	11,903	1,855	812	(5,629)	(10,505)	467,292
<i>FUNDED BY:</i>												
Council Tax	(252,901)											(267,682)
Retained Business Rates	(64,115)											(73,000)
Government Funding	(82,382)											(144,220)
Collection Fund Transfer	3,789											3,184
TOTAL FUNDING	(395,609)											(481,718)
<i>TRANSFERS TO/(FROM) RESERVES:</i>												
VRP* - Contribution	10,804											10,668
VRP* - Drawdown	(5,985)											(3,242)
Transformation	2,500											1,700
Budget Contingency	-											3,800
Food Waste	-											500
General Reserves	1,000											1,000
TOTAL RESERVES	8,319											14,426
BUDGET DEFICIT	0											0

*VRP = Voluntary Revenue Provision

GENERAL FUND SUMMARY 2027/28

APPENDIX A

Note that Appendix A has been updated since the 10 February Cabinet papers to reflect the figures announced in the Final Local Government Finance Settlement.

	2026-27 NET CONTROLL- ABLE BUDGET	FUNDING REFORM GRANT REALIGN- MENT	ADD BACK SAVINGS FALL OUT	RE-BASED 2026-27 CONTROLL- ABLE BUDGET	DEMAND PRESSURE	INFLATION/ PAY PRESSURE	OTHER PRESSURE – EXPEND- ITURE	OTHER PRESSURE - INCOME	FUNDING FALL-OUT	FUNDING INCREASE	SAVINGS	2027-28 BUDGET PROPOSAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
DIRECTORATE BUDGETS:												
Children	95,160	-	-	95,160	1,044	1,235	(75)	-	75	-	(960)	96,479
Adults	171,000	21,986	-	192,986	10,200	6,842	182	600	400	(340)	(2,156)	208,714
Place	60,054	-	-	60,054	600	-	1,798	70	400	(1,698)	(1,055)	60,169
Corporate	59,302	-	-	59,302	-	100	848	450	-	(447)	(1,022)	59,231
Central	81,776	-	19	81,795	-	8,575	9,019	-	-	-	-	99,389
TOTAL NET BUDGET	467,292	21,986	19	489,297	11,844	16,752	11,772	1,120	875	(2,485)	(5,193)	523,982
FUNDED BY:												
Council Tax	(267,682)											(283,006)
Retained Business Rates	(73,000)											(73,730)
Government Funding	(144,220)											(178,794)
Collection Fund Transfer	3,184											3,183
TOTAL FUNDING	(481,718)											(532,347)
TRANSFERS TO/(FROM) RESERVES:												
VRP* - Contribution	10,668											10,166
VRP* - Drawdown	(3,242)											(1,621)
Transformation Reserve	1,700											2,500
Budget Contingency	3,800											3,500
Food Waste	500											500
General Reserves	1,000											1,000
TOTAL RESERVES	14,426											16,045
BUDGET DEFICIT	0											7,680

GENERAL FUND SUMMARY 2028/29

APPENDIX A

Note that Appendix A has been updated since the 10 February Cabinet papers to reflect the figures announced in the Final Local Government Finance Settlement.

	2027-28 NET CONTROLL- ABLE BUDGET	DEMAND PRESSURE	INFLATION/ PAY PRESSURE	OTHER PRESSURE – EXPEND- ITURE	OTHER PRESSURE - INCOME	FUNDING FALL-OUT	FUNDING INCREASE	SAVINGS	2028-29 BUDGET PROPOSAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000
DIRECTORATE BUDGETS:									
Children	96,479	369	1,235	(1,084)	-	1,084	-	(735)	97,348
Adults	208,714	9,258	7,147	-	600	80	(340)	(2,345)	223,114
Place	60,169	600	-	10,817	-	300	(4,770)	(715)	66,401
Corporate	59,231	-	100	738	300	-	(497)	(810)	59,062
Central	99,389	-	7,915	3,678	-	1,800	-	-	112,782
TOTAL NET BUDGET	523,982	10,227	16,397	14,149	900	3,264	(5,607)	(4,605)	558,707
FUNDED BY:									
Council Tax	(283,006)								(299,208)
Retained Business Rates	(73,730)								(74,467)
Government Funding	(178,794)								(192,156)
Collection Fund Transfer	3,183								-
TOTAL FUNDING	(532,347)								(565,831)
TRANSFERS TO/(FROM) RESERVES:									
VRP*- Contribution	10,166								9,064
VRP* - Drawdown	(1,621)								-
Transformation Reserve	2,500								2,500
Budget Contingency	3,500								3,500
Food Waste	500								(1,000)
General Reserves	1,000								1,000
TOTAL RESERVES	16,045								15,064
BUDGET DEFICIT	7,680								7,940

GENERAL FUND SUMMARY 2029/30

APPENDIX A

Note that Appendix A has been updated since the 10 February Cabinet papers to reflect the figures announced in the Final Local Government Finance Settlement.

	2028-29 NET CONTROLL- ABLE BUDGET	DEMAND PRESSURE	INFLATION/ PAY PRESSURE	OTHER PRESSURE – EXPEND- ITURE	OTHER PRESSURE - INCOME	FUNDING FALL-OUT	FUNDING INCREASE	SAVINGS	2029-30 BUDGET PROPOSAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000
DIRECTORATE BUDGETS:									
Children	97,348	1,044	1,235	-	-	-	-	-	99,627
Adults	223,114	8,174	7,430	-	-	200	(340)	-	238,578
Place	66,401	600	-	-	-	-	-	-	67,001
Corporate	59,062	-	100	-	-	-	-	(600)	58,562
Central	112,782	-	8,930	3,301	-	-	-	-	125,013
TOTAL NET BUDGET	558,707	9,818	17,695	3,301	-	200	(340)	(600)	588,781
FUNDED BY:									
Council Tax	(299,208)								(316,336)
Retained Business Rates	(74,467)								(75,212)
Government Funding	(192,156)								(195,816)
Collection Fund Transfer	-								-
TOTAL FUNDING	(565,831)								(587,365)
TRANSFERS TO/(FROM) RESERVES:									
VRP** - Contribution	9,064								8,376
VRP** - Drawdown	-								-
Transformation Reserve	2,500								2,500
Budget Contingency	3,500								3,500
Food Waste	(1,000)								-
General Reserves	1,000								1,000
TOTAL RESERVES	15,064								15,376
BUDGET DEFICIT	7,940								16,792

GENERAL FUND SUMMARY 2030/31

APPENDIX A

Note that Appendix A has been updated since the 10 February Cabinet papers to reflect the figures announced in the Final Local Government Finance Settlement.

	2029-30 NET CONTROLL- ABLE BUDGET	DEMAND PRESSURE	INFLATION/ PAY PRESSURE	OTHER PRESSURE – EXPEND- ITURE	OTHER PRESSURE - INCOME	FUNDING FALL-OUT	FUNDING INCREASE	SAVINGS	2030-31 BUDGET PROPOSAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000
DIRECTORATE BUDGETS:									
Children	99,627	1,044	1,235	-	-	-	-	-	101,906
Adults	238,578	7,918	7,768	-	-	-	(340)	-	253,924
Place	67,001	600	-	-	-	-	-	-	67,601
Corporate	58,562	-	100	-	-	-	-	(600)	58,062
Central	125,013	-	9,130	3,018	-	-	-	-	137,161
TOTAL NET BUDGET	588,781	9,562	18,233	3,018	-	-	(340)	(600)	618,654
FUNDED BY:									
Council Tax	(316,336)								(334,446)
Retained Business Rates	(75,212)								(75,964)
Government Funding	(195,816)								(199,550)
Collection Fund Transfer	-								-
TOTAL FUNDING	(587,365)								(609,960)
TRANSFERS TO/(FROM) RESERVES:									
VRP* - Contribution	8,376								5,449
VRP* - Drawdown	-								-
Transformation Reserve	2,500								2,500
Budget Contingency	3,500								3,500
Food Waste	-								-
General Reserves	1,000								1,000
TOTAL RESERVES	15,376								12,449
BUDGET DEFICIT	16,792								21,143

DIRECTORATE CHANGES

APPENDIX B

Note that Appendix B has been updated since the 10 February Cabinet papers to reflect the figures announced in the Final Local Government Finance Settlement.

CHILDREN & FAMILIES	REF	2026-27 £000	2027-28 £000	2028-29 £000
NET CONTROLLABLE BUDGET STARTING POSITION		88,793	95,160	96,479
DEMAND PRESSURE				
Children Looked After - Demand Led Pressures		3,216	919	244
Children with Disabilities – Home Care / Direct Payments		757	125	125
		3,973	1,044	369
INFLATION/PAY PRESSURE				
Children Looked After		1,550	1,235	1,235
Reduction in Superannuation Rate		(1,383)		
		167	1,235	1,235
OTHER PRESSURE - EXPENDITURE				
Children's, Families & Youth Grant – Additional Spend		3,254	(75)	(1,084)
		3,254	(75)	(1,084)
FUNDING TECHNICAL ADJUSTMENT				
Social Care Grant into RSG		3,000	-	-
Other Children's Grants into RSG		1,239		
		4,239	-	-
FUNDING FALL OUT				
Drawdown from Stronger Families Reserve – Fall Out		500	-	-
Children's, Families & Youth Grant Decrease		-	75	1,084
		500	75	1,084
FUNDING INCREASE				
Children's, Families & Youth Grant Increase		(3,254)	-	-
		(3,254)	-	-
SAVINGS				
Savings Fall-Out:				
Virtual School for Children Looked After	24CF23	109	-	-
Existing Savings:				
Review Family Help Resources	CF2502	(199)	-	-
New Savings:				
Implementation of Internal Dual Placement Home	CF26MTFP	(250)	-	-
Change Grow Live contract funding source	CF2601	(50)	-	-
Pressure Reduction - Children with a Disability Provision	CF2602	(480)	-	-
Redesign of Pathways for cared for Children's Health Assessments	CF2603	(75)	-	-
Reduction in growth in External Residential Placements from 10 per year to 5 per year	CF2604	(1,450)	(960)	(735)
Review Commissioning Team	CF2605	(50)	-	-
Review and Reduce Capacity across Children's Project Team	CF2606	(67)	-	-
		(2,512)	(960)	(735)
TOTAL CHANGES		6,367	1,319	869
NET CONTROLLABLE BUDGET UPDATED POSITION		95,160	96,479	97,348

DIRECTORATE CHANGES

APPENDIX B

Note that Appendix B has been updated since the 10 February Cabinet papers to reflect the figures announced in the Final Local Government Finance Settlement.

ADULTS & HEALTH	REF	2026-27 £000	2027-28 £000	2028-29 £000
NET CONTROLLABLE BUDGET STARTING POSITION		110,675	171,000	208,714
DEMAND PRESSURE				
Adults Demand Pressures		7,892	10,200	9,258
		7,892	10,200	9,258
INFLATION/PAY PRESSURE				
Social Care Inflation		7,325	6,842	7,147
Reduction in Superannuation Rate		(1,695)		
		5,630	6,842	7,147
OTHER PRESSURE - EXPENDITURE				
Increase in Bad Debt Provision		-	182	-
		-	182	-
OTHER PRESSURE - INCOME				
Shortfall on previous income savings target		600	600	600
		600	600	600
FUNDING FALL OUT				
Domestic Abuse Grants		-	-	80
Migration Grants		-	200	-
Health Grants Personalised Care		-	200	-
		-	400	80
FUNDING TECHNICAL ADJUSTMENT				
Social Care Funding into RSG		51,218	-	-
Better Care Fund into RSG		-	21,986	-
Other Adults Grants into RSG		105	-	-
		51,323	21,986	-
FUNDING INCREASE				
Domestic Abuse Grants – Use of Reserve		(80)	-	-
Migration Grants – Use of Reserve		(400)	-	-
Personalised Care External Income – Use of Reserve		(200)	-	-
Better Care Fund Uplift		-	(340)	(340)
		(680)	(340)	(340)
SAVINGS				
Existing Savings:				
Work with external change partner to model future demand	NEWAD2	(2,204)	-	-
Reviewing Shared Lives Provision to mitigate costs elsewhere in Adult Social Care	24AH14a	(224)	-	-
New Savings:				
Communities & Access Services - Turnover % Factor	AH2601	(87)	-	-
Communities & access Services - Service Re-design	AH2602	(200)	-	-
Social Care Beds located within Enfield Down	AH2603	(54)	-	-
Improve transitional pathway from Looked After Children to Adult Social Care	AH2604	(250)	(250)	(500)
Tech Enabled Care - Cost avoidance of traditional face to face care packages	AH2605	(322)	(906)	(1,299)

DIRECTORATE CHANGES

APPENDIX B

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ADULTS & HEALTH	REF	2026-27 £000	2027-28 £000	2028-29 £000
Quality, Standards and Safeguarding Partnerships – Staffing Review	AH2606	(150)	-	-
Modernising Council Provided Learning Disabilities Day Services (North Kirklees)	AH2607	(80)	(20)	-
Recovery Hub (Moorlands Grange) - Renegotiating Partnership Delivery Options	AH2608	(400)	(416)	(210)
Adult Social Care External Contracts Appraisal and Rationalisation (non-residential/nursing)	AH2609	(142)	(236)	(236)
Domiciliary Care - Variance in Provider Delivery	AH2610	(227)	(228)	-
Decommissioning and Combining Support Living Opportunities	AH2611	(100)	(100)	(100)
		(4,440)	(2,156)	(2,345)
TOTAL CHANGES		60,325	37,714	14,400
NET CONTROLLABLE BUDGET UPDATED POSITION		171,000	208,714	223,114

DIRECTORATE CHANGES

APPENDIX B

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PLACE	REF	2026-27 £000	2027-28 £000	2028-29 £000
NET CONTROLLABLE BUDGET STARTING POSITION		58,383	60,054	60,169
DEMAND PRESSURE				
Home to School Transport		2,000	600	600
		2,000	600	600
INFLATION/PAY PRESSURE				
Reduction in Superannuation Rate		(1,590)	-	-
		(1,590)	-	-
OTHER PRESSURE – EXPENDITURE				
OSAMS Revenue Costs		-	100	-
Waste - Hire Vehicles		(250)	(250)	(250)
Waste - Disposal Contract - Legislation - Emissions Trading Scheme -		-	1,400	4,200
Seasonal Weather pressure		250	250	-
School Crossing Patrol - non achievement of savings		90	-	-
Bowling Greens - Parks & Greenspaces - non achievement of savings		89	-	-
Simpler recycling financing costs		-	-	517
Food Waste Costs		-	-	5,780
Local Plan		200	-	-
Fly Tipping		215	-	-
Planning Enforcement		160	-	-
Homelessness, Rough Sleeping & Domestic Abuse Grant – Additional Spend		1,012	298	570
		1,766	1,798	10,817
OTHER PRESSURE – INCOME				
Corporate Landlord - Reduction in income (Assets no longer held)		58	-	-
S106 income - Parks & Greenspaces		180	70	-
Parking		717	-	-
		955	70	-
FUNDING FALL-OUT				
Use of Employment & Skills Reserves Fall-Out	PL2530	-	100	-
Extended Producer Responsibility (EPR)		-	300	300
Climate change - Gain share funding		167	-	-
		167	400	300
FUNDING INCREASE				
New Burdens Funding - Emissions Trading Scheme		-	(1,400)	(4,200)
Homelessness, Rough Sleeping & Domestic Abuse Grant Increase		(1,012)	(298)	(570)
		(1,012)	(1,698)	(4,770)
FUNDING TECHNICAL ADJUSTMENT				
Technical Adjustment - Homelessness Prevention Grant Rolled into RSG		1,049	-	-
		1,049	-	-
SAVINGS				
Existing Savings:				
Highway Network Management Income & Efficiencies	PL2519	(400)	-	-

DIRECTORATE CHANGES

APPENDIX B

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PLACE	REF	2026-27 £000	2027-28 £000	2028-29 £000
New Savings:				
Closure and Disposal of Ravensthorpe Social & Education Centre and Red Laithes Court	PL2601	(52)	(52)	-
Corporate Landlord and Property Closures, and Reorganisation of Civic Campus	PL2602/ PL2603	(67)	(21)	-
Consolidation and Rationalisation of Assets through increased utilisation and sharing of facilities	PL2604	(301)	(427)	(500)
Increased Ad-Hoc Property Management Charges following a benchmarking exercise	PL2605	(25)	(25)	(25)
Vacancy Management and Reductions in Staffing across the Programme Office	PL2606	(132)	-	-
Parks & Greenspaces - External funding/Event Income	PL2607	-	(50)	(100)
Review and Reorganisation of Business and Administrative Support in Place	PL2609	(100)	-	-
Continue to Deliver the School Transport Transformation Programme	PL2610	(280)	(331)	-
Employment & Skills - Reduction in Project Initiatives & Activities	PL2611	(30)	-	-
Increase Recharge of Business & Economy Staff to Capital Grant Projects	PL2612	(40)	(5)	-
Income from Planning Performance Agreements	PL2613	(100)	(30)	(15)
Increase Recharge of Major Projects Staff to Capital Grant Projects	PL2614	(56)	(69)	(68)
Major Projects – Removal of 2 Posts	PL26B01	(11)	(15)	-
Planning - Removal of 1 Post	PL26B02	-	(22)	-
Business and Economy - Removal of 1 Post	PL26B03	(20)	-	-
Housing Solutions - Reducing Spend on Storage Costs	PL26B04	(10)	(8)	(7)
Disposal of DRAM Centre via Community Asset Transfer	PL26B05	(40)	-	-
		(1,664)	(1,055)	(715)
TOTAL CHANGES		1,671	115	6,232
NET CONTROLLABLE BUDGET UPDATED POSITION		60,054	60,169	66,401

DIRECTORATE CHANGES

APPENDIX B

Note that Appendix B has been updated since the 10 February Cabinet papers to reflect the figures announced in the Final Local Government Finance Settlement.

PUBLIC HEALTH & CORPORATE RESOURCES		REF	2026-27 £000	2027-28 £000	2028-29 £000
NET CONTROLLABLE BUDGET STARTING POSITION			61,805	59,302	59,231
DEMAND PRESSURE					
Legal Services			300	-	-
			300	-	-
INFLATION/PAY PRESSURE					
Housing Benefit Subsidy			100	100	100
Reduction in Superannuation Rate			(2,409)	-	-
			(2,309)	100	100
OTHER PRESSURE - EXPENDITURE					
Microsoft upgrade			365	121	241
Elections (Reserve will have run out)			-	312	-
Members Pensions			150	-	-
CFA (W&E) Staffing			101	-	-
Procurement - New tender system Attimis			75	(32)	-
SPF Loss VCSE			150		
Crisis & Resilience Grant – Additional Spend			106	(3)	59
Public Health Grant – Additional Spend			577	450	438
			1,524	848	738
OTHER PRESSURE - INCOME					
Court Fee Income			-	150	-
Housing Benefit Overpayment Income – Reduction from UC roll out			300	300	300
			300	450	300
FUNDING FALL-OUT					
McMillan funding			95		
Crisis Fund fee shortfall			50	-	-
			145	-	-
FUNDING INCREASE					
Crisis & Resilience Grant			(106)	3	(59)
Public Health Grant			(577)	(450)	(438)
			(683)	(447)	(497)
SAVINGS					
Existing Savings:					
Review of People Services Operating Model		24CS8	(15)	-	-
Review of Fees and Charges across C&VE		CR2501	(20)	-	-
Review of Governance Service and Structure		CR2507	(75)	-	-
New Savings:					
HB Admin Grant reduction - staff savings to match reduction in grant		CR26MTFP	(237)	(148)	-
People Services/Kirklees Direct - Review Ways of Working		CR2601	(248)	(213)	(210)
Vacancy Management Savings across Strategy and Innovation		CR2602	(300)	-	-
Welfare & Exchequer - Deletion of 3 Posts		CR2603	(76)	-	-
Bereavement Services Vacancy Management		CR2604	(40)	-	-

DIRECTORATE CHANGES

APPENDIX B

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PUBLIC HEALTH & CORPORATE RESOURCES	REF	2026-27 £000	2027-28 £000	2028-29 £000
Closure of Peripatetic Caretaking Service	CR2605	(61)	(61)	-
Increase in Fees & Charges for School Meals to Mitigate Increase in Food Costs and Supply Chain	CR2606	(600)	(600)	(600)
People Services – Additional Income	CR26B01	(100)	-	-
Co-operative Councils' Innovation Network	CR26B02	(8)	-	-
		(1,780)	(1,022)	(810)
TOTAL CHANGES		(2,503)	(71)	(169)
NET CONTROLLABLE BUDGET UPDATED POSITION		59,302	59,231	59,062

DIRECTORATE CHANGES

APPENDIX B

Note that Appendix B has been updated since the 10 February Cabinet papers to reflect the figures announced in the Final Local Government Finance Settlement.

CENTRAL BUDGETS	REF	2026-27 £000	2027-28 £000	2028-29 £000
NET CONTROLLABLE BUDGET STARTING POSITION		67,634	81,776	99,389
INFLATION/PAY PRESSURE				
Additional Inflation requirement		8,783	8,575	7,915
		8,783	8,575	7,915
OTHER PRESSURE - EXPENDITURE				
Joint Committees Levy Uplifts		407	411	420
Coroners – Contribution to Capital Costs		36	-	-
Treasury Management Budget requirement - capital financing		3,089	6,549	3,273
Transformation Budgets (match capital programme)		-	2,000	-
Audit Fee		90	-	-
Cultural Heart Running Costs		800	59	(15)
Fall Out of 2025/26 Budget Amendments		(439)	-	-
Business Rates Pressure – Inflation/Revaluation		381	-	-
Budget Priorities		995	-	-
		5,359	9,019	3,678
FUNDING FALL-OUT				
WYMCA gainshare funding - fall out		-	-	1,800
		-	-	1,800
SAVINGS				
Savings Fall-Out:				
Reductions in Communications Activity	CB2502	-	19	-
		-	19	-
TOTAL CHANGES		14,142	17,613	13,393
NET CONTROLLABLE BUDGET UPDATED POSITION		81,776	99,389	112,782

GENERAL FUND RESERVES

APPENDIX C

	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
Statutory (School Reserves)										
Schools Balances	(11,119)	-	(11,119)	324	(10,795)	(10,795)	(10,795)	(10,795)	(10,795)	(10,795)
Public Health	(896)	-	(896)	448	(448)	-	-	-	-	-
Total Statutory (School Reserves)	(12,015)	-	(12,015)	772	(11,243)	(10,795)	(10,795)	(10,795)	(10,795)	(10,795)
Earmarked										
Ward Based Activity	(577)	-	(577)	289	(288)	-	-	-	-	-
Place Standard	(402)	-	(402)	201	(201)	-	-	-	-	-
Sub Total (member led)	(979)	-	(979)	490	(489)	-	-	-	-	-
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)	(5,000)	(5,000)
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)
Food Waste Reserve	-	-	-	-	-	(500)	(1,000)	-	-	-
Strategic Budget Contingency	(3,500)	-	(3,500)	3,500	-	-	-	-	-	-
Earmarked reserves sub-total	(36,005)	(7,319)	(43,324)	11,586	(31,739)	(34,392)	(40,137)	(44,901)	(51,979)	(57,128)
General Balances	(25,046)	(1,000)	(26,046)	-	(26,046)	(27,046)	(28,046)	(29,046)	(30,046)	(31,046)
Total usable reserves	(61,051)	(8,319)	(69,370)	11,586	(57,785)	(61,438)	(68,183)	(73,947)	(82,025)	(88,174)
Grand Total All Reserves	(73,066)	(8,319)	(81,385)	12,358	(69,028)	(72,233)	(78,978)	(84,742)	(92,820)	(98,969)

Glossary of Reserves

RESERVE	DESCRIPTION
School Balances	Statutory reserves relating to both individual schools' balances/deficits carried forwards.
Public Health	Timing issues on Public Health grant spend commitments (Public health grant is statutorily ring-fenced)
Ward Based Activity	Set aside reflecting timing issues on ward-based activity spend commitments
Place Standard	Set aside to support the resourcing of emerging Place Standard action plans.
Transformation	Set aside for strategic transformation developments over the next 12 to 24 months.
Development Funding	To address the scale of development costs required to support targeted development and the upscaling of capital investment activity and major project activity over the MTFP.
Revenue Grants	Represents grants and contributions recognised in the Comprehensive Income and Expenditure Statement before expenditure has been incurred.
Stronger Families	Set aside reflecting timing issues on expenditure commitments supporting a range of Stronger Families activity, funded from external grant.
Other	A range of smaller reserves earmarked for specific purposes.
Voluntary Revenue Provision	To fund voluntary overpayments of Minimum Revenue Provision (MRP).
Food Waste Reserve	Set aside to partially fund additional costs for food waste arising in 2028/29.
Strategic Budget Contingency	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.
Unallocated Reserves	General reserve to support Council working capital and cashflow requirements, and unbudgeted/financial resilience risks highlighted in the Council's corporate risk register.

New Saving Proposals**Totals**

Directorate	2026/27 £000	2027/28 £000	2028/29 £000
Children and Families	2,422	960	735
Adults and Health	2,012	2,156	2,345
Place	1,264	1,055	715
Public Health and Corporate Resources	1,670	1,022	810
All Directorates (total)	7,368	5,193	4,605

Impacted FTE

The new budget saving proposals outlined within the 2026/27 budget (and within this appendix) have a total potential reduction of FTE (Full Time Equivalent posts) in the region of 48. However, we can mitigate some of this impact by deleting vacant posts that are currently being held in service structures, equating to approximately 25.

This means that the number of staff potentially at risk, because of the 2026/27 budget saving proposals, is currently 23. As such, we will be making an HR1 declaration of 23 FTE posts that are potentially at risk of redundancy.

We will continue to try and reduce the number of staff potentially at risk of redundancy through vacancy management and deployment. We may also need to offer voluntary redundancy in certain situations. This will be agreed on a case-by-case basis, and we will not be offering this council wide.

Business As Usual (BAU) Savings

In the lists below, we have also included savings which will be implemented as part of 'BAU' service delivery activity. This means that they do not need a decision and will be implemented separately to the budget decision making process by the service. These have been included at the end of each of the directorate lists and are clearly indicated as '**BAU**' savings.

Children and Families Directorate

Reference Number	Service Area	Proposal Title	Proposal Description	2026/27 £000	2027/28 £000	2028/29 £000	Staffing Implication? Y/N
CF26MTFP	Resources, Improvement and Partnerships	Implementation of Internal dual placement home	Opening our new internal residential home to provide either dual or solo provision for our children looked after.	(250)	-	-	N
CF2601	Children and Families	Change Grow Live contract funding source	£50k pf Public Health grant reallocated to fund the contract. (Replaces Children's base budget funding). No change to contract.	(50)	-	-	N
CF2602	Directorate wide	Pressure reduction - children with a disability provision	There are opportunities to review our approach for the packages of care for children with a disability to ensure we are securing opportunities that support families, are value for money, and are of a high quality.	(480)	-	-	N
CF2603	Children and Family Support	Re-design of pathways for cared for children's Health Assessments	The re-design of pathways for Cared for Children's Health Assessments, will result in efficiencies. The redesign will reduce overheads by streamlining the pathways for cared for children's health assessments. A redesign and re-specification of contract arrangements will be undertaken by the ICB as part of this process.	(75)	-	-	N
CF2604	Child Protection & Family Support	Reduction in growth in children's external residential placements.	We will reduce the growth assumptions made in the MTFS in relation to the number of children looked after placements that were accounted for. This reduction aligns with our broader sufficiency strategy to ensure children and young people are supported in local, family-based, and regulated settings wherever possible, improving outcomes and reducing high-cost, out-of-area, or unregulated placements.	(1,450)	(960)	(735)	N
CF2605	Learning and Early Support	Review Commissioning Team	A vacant post will not be filled and deleted in the Commissioning Team, and the priorities and functions will be reviewed.	(50)	-	-	Y
CF2606	Children's Services – Directorate wide	Review Programme Office Functions	It is proposed to review the Children's Programme office functions, and allocation of resource across the directorate.	(67)	-	-	Y

Adults and Health Directorate

Reference Number	Service Area	Proposal Title	Proposal Description	2026/27 £000	2027/28 £000	2028/29 £000	Staffing Implication? Y/N
AH2601	Communities and Access Services	Communities and Access Services - turnover % factor	To reduce the core funding within Communities Services to account for an average staff turnover % against services which are core funded only. LIPS (Local Integrated Partnerships), Central, Libraries, Community Safety, Detached Youth Team- 0% to 1% and Community Plus going from 0% to 2%.	(87)	-	-	N
AH2602	Communities and Access Services	Communities and Access Services - service redesign	Delete vacant posts. We're making savings by carefully reviewing vacant roles and choosing not to fill some of them. This approach allows us to reduce costs while continuing to focus resources where they're needed most.	(200)	-	-	Y
AH2603	Adults Social Care Operation	Social Care Beds located within Enfield Down	This proposal will look to remove funding for the 3 social care crisis beds at Enfield Down. Social Care professionals will be encouraged to consider Home from Home flats and Shared Lives as a suitable alternative whilst further work is completed on long and short-term residential placement availability and Supported Accommodation.	(54)	-	-	N
AH2604	Adults Social Care Operation	Improve transitional pathway from Looked after Children to Adult Social Care	This is a phased 3-year plan. By identifying children with potential Care Act eligible needs early, Adults Support Workers will offer support into children's services to work in an enablement focused way, using assistive technology and 1:1 support to reduce support. First phase is for easy identification of cases; currently we are not aware of most of the children in Looked After Care until they turn 18. This makes planning and commissioning the right support difficult and leads to expensive support packages.	(250)	(250)	(500)	N
AH2605	Adults Social Care Operation	Tech Enabled Care – Cost avoidance of traditional face to face care packages	Building on the diagnostic of the Assistive Technology offer in Kirklees completed in June, we will develop additional capability for Assistive Technology using the new digital ARC (Alarm Receiving Centre) platform which is currently being procured. The contract will be offered in November. Incrementally, we will increase referrals for Assistive Technology by 8 per month over 3 years. This will reduce	(322)	(906)	(1,299)	N

Reference Number	Service Area	Proposal Title	Proposal Description	2026/27 £000	2027/28 £000	2028/29 £000	Staffing Implication? Y/N
			spend on demand led budgets and support people to live at home independently for longer.				
AH2606	Quality, Standards and Safeguarding Partnerships	Quality Standards and Safeguarding Partnerships - Staffing Review	This proposal seeks to achieve approximately £150k in savings for 2026/27 by reviewing and rationalising the Quality, Standards and Safeguarding portfolio.	(150)	-	-	Y
AH2607	Strategic Commissioning, Partnerships and Provider Services	Modernising Council provided Learning Disabilities Day Services (North Kirklees)	The Council is investing £2.5m in refurbishing and modernise Milldale and Crescent Dale, day care facilities in Heckmondwike, aiming to consolidate learning disabilities day services in North Kirklees onto a single, fit-for-purpose site. This will enable the closure and withdrawal from outdated facilities at Ravensthorpe Social and Education Centre and Red Laithes Court, both of which would require significant investment to remain viable. This proposal will deliver savings through service redesign, including a reduction of 2.6 FTE management posts, and will be implemented by June 2026.	(80)	(20)	-	Y
AH2608	Strategic Commissioning, Partnerships and Provider Services	Recovery Hub (Moorlands Grange) – renegotiating partnership delivery options	The Council and the wider health care system work closely together to provide a range of services that support hospital discharge, enable people to become more independent and to enable people with long term complex needs to live a good life. This proposal is grounded in renegotiating the terms and pricing of these services with a view to equalising the funding arrangements for the Recovery Hub (Moorlands Grange). The Council will work closely with NHS partners to review the current arrangements and, where necessary, recover a higher proportionate cost of providing the service whilst ensuring current funding from the ICB towards this service remains.	(400)	(416)	(210)	N
AH2609	Strategic Commissioning, Partnerships and Provider Services	Adult Social Care - external contracts appraisal and rationalisation (non-residential/nursing)	This proposal will aim to provide options for reprofiling, recommissioning or rationalising current Adult Services external contracts. This will involve reviewing the full portfolio of Adult Social Care contracts to identify opportunities for efficiencies and savings.	(142)	(236)	(236)	N

Reference Number	Service Area	Proposal Title	Proposal Description	2026/27 £000	2027/28 £000	2028/29 £000	Staffing Implication? Y/N
AH2610	Strategic Commissioning, Partnerships and Provider Services	Domiciliary Care - Variance in Provider Delivery	The Council has identified consistent under-delivery of planned domiciliary care hours by some providers. This proposal aims to generate savings by targeting these variances through a dual approach: (1) contractual engagement with providers to address under-delivery, and (2) increasing assessor capacity to review and right-size care packages.	(227)	(228)	-	N
AH2611	Strategic Commissioning, Partnerships and Provider Services	Decommissioning and combining Supported Living opportunities	This proposal seeks to deliver savings by decommissioning unsuitable supported living accommodation and combining tenants into existing vacancies within more appropriate settings. This will involve working closely with existing service users/tenants to reassess their needs and support them into alternative, better quality accommodation which meets their needs.	(100)	(100)	(100)	N

Place Directorate

Reference Number	Service Area	Proposal Title	Proposal Description	2026/27 £000	2027/28 £000	2028/29 £000	Staffing Implication? Y/N
PL2601	Corporate Landlord and Property	Closure and disposal of Ravensthorpe Social and Education Centre, and Red Laithes Court	The Council is investing £2.5m in the refurbishment and remodelling of Milldale and Crescent Dale Adults' Day Care facilities. This will enable Adult Services to review its in-house and commissioning models, consolidate day care services in North Kirklees onto one site and withdraw from the existing sites at Ravensthorpe Social and Education Centre and Red Laithes Court, both of which would need very significant investment to provide modern, fit for purpose facilities.	(52)	(52)	-	N
PL2602 / PL2603	Corporate Landlord and Property	Corporate Landlord and Property closures, and reorganisation of civic campus.	Closure of Front of House Function at Civic Centre 3, Huddersfield. This also aligns with the ongoing civic campus reorganisation. 2 FTE reduction of vacant posts. Complete closedown and disposal of former offices on Albion Street, Huddersfield. Savings related to running costs of the building, which is not a public facing building.	(67)	(21)	-	Y

Reference Number	Service Area	Proposal Title	Proposal Description	2026/27 £000	2027/28 £000	2028/29 £000	Staffing Implication? Y/N
PL2604	Corporate Landlord and Property	Consolidation and rationalisation of assets through increased utilisation and sharing of facilities.	Information and data received following the external review will be used to allow property consolidation and rationalisation of assets through increased utilisation and sharing of facilities. More efficient use of the Council's diverse range of buildings / locations will enable assets to be rationalised and consolidated, which will generate premises related savings. Year 1 (2026/27) would be spent working with services and directorates to identify opportunities for rationalisation of assets / greater utilisation of buildings, with building closures occurring in Year 2 (2027/28) and Year 3 (2028/29). Disposals for capital receipts where possible will also occur in Years 2 and 3.	(301)	(427)	(500)	N
PL2605	Corporate Landlord and Property	Increased ad-hoc property management charges following a benchmarking exercise.	Uplift of ad hoc property management charges as outlined in the Corporate Disposals and Acquisitions and Estate Management Policies following a benchmarking review of our charges compared to other Local Authorities.	(25)	(25)	(25)	N
PL2606	Streetscene and Highways	Vacancy Management and reductions in staffing across the Programme Office	Removal of vacant posts and vacancy management, including a reduction in the Programme Office.	(132)	-	-	Y
PL2607	Parks and Greenspaces	External Funding / Event Income	Income from events and funding bids.	-	(50)	(100)	N
PL2609	Public Protection	Review and reorganisation of business and administrative support in Place	A review is proposed to look at service need, how business and administrative support is deployed and budgeted for in teams and more importantly the job roles and job descriptions, training and development to meet the changing needs of services as well as the changing technological landscape.	(100)	-	-	Y
PL2610	Public Protection	Continue to deliver the school transport transformation programme	Implementing the planned next stages of the School Transport Transformation Programme, to make the service more efficient and cost effective. This will include working with partners and contractors to make changes to the journey routes to make them more efficient, and increasing competition in the operator market, so we have better and more streamlined contracts and procurement.	(280)	(331)	-	N

Reference Number	Service Area	Proposal Title	Proposal Description	2026/27 £000	2027/28 £000	2028/29 £000	Staffing Implication? Y/N
PL2611	Business & Economy Employment & Skills	Reduction in project initiatives & activities	Reduction in the level of business and resident-facing project activity funded through the Employment and Skills grant match budget and the 'miscellaneous' budget held in the Business & Economy service. The ending of European Structural Fund programmes in 2023 has reduced the requirement to provide match funding and the fund has been utilised more widely in recent years to support project activity directly. Some of this will be scaled back because of the reduction in funding.	(30)	-	-	N
PL2612	Business and Economy	Increase recharge of Business & Economy staff to capital grant projects	Increase recharging for Head of Service and Project Officer to the West Yorkshire Combined Authority for work on Mass Transit and the Investment Zone.	(40)	(5)	-	N
PL2613	Planning	Income from Planning Performance Agreements	Increasing the income budget to reflect income levels being received from Planning Performance Agreements (PPAs), with a target to incrementally increase in future years.	(100)	(30)	(15)	N
PL2614	Major Projects	Increase recharge of Major Projects staff to capital grant projects	Increase recharge for the Head of Service post across all Major Projects programmes (West Yorkshire Combined Authority, Transpennine Rail Upgrade, Department for Transport); and recharge levels (%) for the Rail team (to Transpennine Rail Upgrade, Penistone Line and Mass Transit).	(56)	(69)	(68)	N
PL26B01 (BAU)	Major Projects	Major Projects - Removal of 2 posts	Remove two vacant posts. The savings are related to the council funded element of these posts.	(11)	(15)	-	Y
PL26B02 (BAU)	Planning	Planning - Removal of 1 post	Removal of currently vacant Grade 12 from flooding in 27/28 to ensure continuity of resource via agency or secondment support for the Local Plan during 26/27.	-	(22)	-	Y
PL26B03 (BAU)	Business and Economy	Business and Economy - Removal of 1 post	Removal of currently vacant Grade 8 post from Business & Enterprise Centres.	(20)	-	-	Y
PL26B04 (BAU)	Housing Solutions	Reducing spend on storage costs	Reducing spend on storage costs for storing household belongings for people who we accept a Temporary Accommodation duty for.	(10)	(8)	(7)	N

Reference Number	Service Area	Proposal Title	Proposal Description	2026/27 £000	2027/28 £000	2028/29 £000	Staffing Implication? Y/N
PL26B05 (BAU – decision taken)	Corporate Landlord and Property	Disposal of DRAM Centre via Community Asset transfer	Through the process of community asset transfer, the DRAM will be leased for 125 years to a local community group, releasing the annual running costs and long-term repair backlog costs for the site.	(40)	-	-	N

Public Health and Corporate Resources Directorate

Reference Number	Service Area	Proposal Title	Proposal Description	2026/27 £000	2027/28 £000	2028/29 £000	Staffing Implication? Y/N
CR26MTFP	Welfare and Exchequer	Welfare and Exchequer - Staffing Savings	The Council is anticipating a reduction in Housing Benefit admin grant from the DWP and also in funding from McMillan for Advice. Housing Benefit is anticipated to see the largest reduction, around £0.3m of grant funding will be lost over the next two years, because of the ongoing rollout of Universal Credit (UC). As roll out of UC continues there will be a reduction in the workload of the Benefits team. This proposal seeks to reduce staffing costs in line with the grant reduction. Should there be a delay to the reduction in caseload and the grant is not reduced as quickly as forecast, then savings targets will be adjusted.	(237)	(148)	-	Y
CR2601	People Services / Kirklees Direct	Review Ways of Working	Modernisation of the service, new systems and revised agile ways of working while not having a detrimental impact on services internally / externally and the customer experience.	(248)	(213)	(210)	Y
CR2602	Strategy and Innovation Services	Vacancy Management savings across Strategy and Innovation	Several currently vacant posts will not be filled and will be permanently removed from the services within the 'Strategy and Innovation' Service Directorate (i.e. Information Technology, Communication, Policy, Data and Insight, Transformation)	(300)	-	-	Y
CR2603	Welfare and Exchequer	Welfare and Exchequer - Deletion of 3 posts	These posts have been vacant since April 2025 and following review of services no longer need to be filled and can be deleted. Deletion will not impact on Council tax collection.	(76)	-	-	Y
CR2604	Culture and Visitor	Bereavement Services Vacancy Management	Deletion of a Customer Service Officer role which is vacant from the staffing structure.	(40)	-	-	Y

Reference Number	Service Area	Proposal Title	Proposal Description	2026/27 £000	2027/28 £000	2028/29 £000	Staffing Implication? Y/N
	Economy - Bereavement Services						
CR2605	Culture and Visitor Economy - Cleaning & Caretaking Service	Closure of Peripatetic Caretaking Service	Closing down of the (loss making) Peripatetic Caretaking Service currently provided to schools. Historically, this service has supplied temporary caretaking support when a school's site-based caretaker is unavailable due to sickness, annual leave or other absences. Although it has contributed valuable operational continuity, sustaining the service has become increasingly challenging in light of ongoing budget constraints. Currently, the service operates with a £121,000 budget deficit resulting from a decrease in schools purchasing this provision.	(61)	(61)	-	Y
CR2606	Culture and Visitor Economy - Catering Services	Increase in fees and charges for school meals to mitigate increase in food costs and supply chain.	Catering is currently a subsidised service costing around £0.9m pa (excluding overheads). This proposal maintains that level of subsidy as the budget assumes additional costs of £600k pa (pay and food inflation). An Increase of c5% on the buyback calculation for charges to maintained schools from April 2026 and a 15p per meal increase in the price of a school meal from September 2026 (5.3%).	(600)	(600)	(600)	N
CR26B01 (BAU)	People Services	People Services - Additional Income	Additional income from Salary Sacrifice/Employee Healthcare. (Income achieved in excess of current income targets).	(100)	-	-	N
CR26B02 (BAU)	Policy, Partnerships and Corporate Planning	Co-operative Councils' Innovation Network	Ceasing membership / removal of subscription which has been inactive for a while.	(8)	-	-	N

DIRECTORATE FUNDING ASSUMPTIONS

Note that Appendix E has been updated since the 10 February Cabinet papers to reflect the figures announced in the Final Local Government Finance Settlement.

SPECIFIC GRANTS WITHIN SERVICES

1. The Council receives a number of specific grants from Government which are non-ring fenced and can be redirected to other areas of service provision as required. It also receives some specific grants that are ring-fenced and can only be used for the specific purpose set out in the grant conditions. Further details of the main specific grants are shown in the following table:

Grant	Budget 26/27 £m	Budget 27/28 £m	Budget 28/29 £m
Dedicated Schools Grant	297	297	297
Department of Health (Public Health)	35	35	36
DWP-Rent Allowance	29	29	29
DWP - Rent Rebate	28	28	28
Improved Better Care Fund (IBCF)*	22	0	0
Pupil Premium Grant	11	11	11
Schools Grants - Other	10	10	10
High Needs Funding	9	9	9
Children's, Families & Youth Grant	9	9	8
PFI Grant - HRA	8	8	8
Crisis & Resilience Fund	7	7	7
Extended Producer Responsibility	6	6	5
Homelessness, Rough Sleeping and Domestic Abuse Grant	4	4	4
Other Government Grants (less than £2m)	9	9	8
Total	484	462	460

** IBCF rolls into RSG in 2027/28*

OTHER INCOME – BETTER CARE FUND

2. The Council has a Section 75 agreement for the Better Care Fund (BCF). Introduced with effect from the 2015/16 financial year, the Better Care Fund was established by the Government to drive closer integration with health services and improve outcomes for patients and service users. The Council in association with Kirklees Integrated Care Board (ICB) have a pooled budget to deliver the aims of the Better Care Fund in Kirklees. The pooled budget is hosted by the Council on behalf of the partners to the arrangement. Note that also feeding into this is a smaller pooled budget (also with the ICB) in relation to the Kirklees Integrated Community Equipment Service (KICES). This forms part of the 'Assistive technology and equipment' programme.

3. The current year programme and plan are shown below. Discussions around the 26/27 plan are ongoing with partners, subject to agreement around key outcomes, activities and available funding, and the shape of the proposed Kirklees Provider Alliance.

Better Care Fund	Total Pooled Budget (Local Authority & ICB) £m
2025-26 Programme Areas:	
Assistive technology and equipment	7.89
Home first model for discharge	19.45
Long-term based community health services	9.32
Care home quality assurance	0.37
Supporting social care	26.80
Carers Support	2.44
Urgent Community Response	1.95
Supporting the Voluntary and Community Sector	0.38
Total	68.60

Capital Plan Expenditure Summary

Capital Plan Expenditure Summary	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31- 2032/33 £'000	Total £'000
General Fund:							
Children & Families	23,563	34,941	19,851	4,703	2,750	2,500	88,308
Adults & Health	4,829	891	1,000	0	0	0	6,720
Place	163,281	210,879	132,846	103,466	93,513	90,816	794,801
Public Health & Corporate Resources	8,484	7,642	5,862	10,418	10,826	28,374	71,606
General Fund Capital Plan	200,157	254,353	159,559	118,587	107,089	121,690	961,435
Housing Revenue Account Capital Plan	39,215	59,785	71,043	87,572	93,555	78,193	429,363
TOTAL EXPENDITURE	239,372	314,138	230,602	206,159	200,644	199,883	1,390,798

Capital Plan Funding Summary

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General Fund Funding Summary	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31- 2032/33 £'000	Total £'000
<i>Direct / Earmarked Contributions to Schemes</i>							
Capital Grants/Contributions	106,889	134,937	61,970	48,202	46,449	39,083	437,530
Revenue Contributions	5	0	0	0	0	0	5
Capital Receipts	6,377	11,059	9,033	5,390	5,390	2,000	39,249
Service Funded Prudential Borrowing	5,458	18,175	13,140	12,423	4,050	1,000	54,246
Corporate Prudential Borrowing	81,428	90,182	75,416	52,572	51,200	79,607	430,405
GENERAL FUND FUNDING	200,157	254,353	159,559	118,587	107,089	121,690	961,435

Housing Revenue Account Funding Summary	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31- 2032/33 £'000	Total £'000
Capital Grants/Contributions	1,998	5,577	4,698	2,982	2,661	2,226	20,142
Capital Receipts	6,768	9,065	11,268	20,847	15,590	7,480	71,018
Reserves / Revenue Contributions	6,460	12,380	0	0	0	0	18,840
Reserves - MRR	23,989	25,937	26,715	27,517	28,342	29,192	161,692
Corporate Prudential Borrowing	0	6,826	28,362	36,226	46,962	39,295	157,671
HRA FUNDING	39,215	59,785	71,043	87,572	93,555	78,193	429,363

Multi-Year Capital Plan

Appendix F

GENERAL FUND CAPITAL PLAN		Funding	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31- 2032/33 £'000	Total £'000
CHILDREN & FAMILIES									
	LEARNING & EARLY SUPPORT								
	Strategic Priorities								
	New Special School for Woodley @ Almondbury	B/G/ R	6,000	13,373	14,487	1,703	0	0	35,563
	New Special School for Joseph Norton @ Deighton	B/G	9,000	16,249	1,815	0	0	0	27,064
		T	15,000	29,622	16,302	1,703	0	0	62,627
	Additionally Resourced Provisions / Satellite Provisions	G	666	0	0	0	0	0	666
	District Sufficiency	T	15,666	29,622	16,302	1,703	0	0	63,293
	King James High School	G	29	0	0	0	0	0	29
	Scissett Middle School	S106	1	0	0	0	0	0	1
	North Huddersfield Trust School	G/B	1,941	150	0	0	0	0	2,091
	Thornhill Community Academy	G	434	50	0	0	0	0	484
	Secondary Places Basic Need	G	23	0	0	0	0	0	23
	New Pupil Places in Primary/Secondary Schools	T	2,428	200	0	0	0	0	2,628
	Childcare Expansion	G	50	550	299	0	0	0	899
	Strategic Priorities Total		18,144	30,372	16,601	1,703	0	0	66,820

GENERAL FUND CAPITAL PLAN		Funding	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31- 2032/33 £'000	Total £'000
CHILDREN & FAMILIES									
	LEARNING & EARLY SUPPORT								
	Baseline								
	Capital Maintenance	G	4,078	3,035	2,700	2,500	2,300	2,100	16,713
	Devolved Formula Capital	G	891	1,434	550	500	450	400	4,225
	Baseline Total		4,969	4,469	3,250	3,000	2,750	2,500	20,938
	LEARNING & EARLY SUPPORT TOTAL		23,113	34,841	19,851	4,703	2,750	2,500	87,758
	RESOURCES, IMPROVEMENT AND PARTNERSHIPS								
	Strategic Priorities								
	Homes for Children - Fieldview	B	450	100	0	0	0	0	550
	RESOURCES, IMPROVEMENT AND PARTNERSHIPS TOTAL		450	100	0	0	0	0	550
	CHILDREN & FAMILIES TOTAL		23,563	34,941	19,851	4,703	2,750	2,500	88,308

GENERAL FUND CAPITAL PLAN		Funding	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31- 2032/33 £'000	Total £'000
ADULTS & HEALTH									
	COMMUNITIES AND ACCESS SERVICES								
	Libraries	B	0	0	1,000	0	0	0	1,000
	Library Open Access	G	123	14	0	0	0	0	137
	Community Cohesion Grant	G	110	0	0	0	0	0	110
	COMMUNITIES AND ACCESS SERVICES TOTAL		233	14	1,000	0	0	0	1,247
LEARNING DISABILITIES & MENTAL HEALTH									
	Commissioning Option Appraisals to facilitate outcomes of Specialist Accommodation Strategy	B	29	0	0	0	0	0	29
	Knowl Park House	B	1,378	0	0	0	0	0	1,378
	Milldale and Crescentdale	B	2,935	877	0	0	0	0	3,812
	Red Laithes Court	B	19	0	0	0	0	0	19
	LEARNING DISABILITIES & MENTAL HEALTH TOTAL		4,361	877	0	0	0	0	5,238
ADULT SOCIAL CARE OPERATION									
	Carephones - Digital Switchover	B	235	0	0	0	0	0	235
	ADULT SOCIAL CARE OPERATION TOTAL		235	0	0	0	0	0	235
	ADULTS & HEALTH TOTAL		4,829	891	1,000	0	0	0	6,720

Multi-Year Capital Plan

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GENERAL FUND CAPITAL PLAN		Funding	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31- 2032/33 £'000	Total £'000
PLACE									
	SKILLS & REGENERATION								
	Business Economy								
	Start Up & Retention Policy Grants	B	100	300	0	0	0	0	400
	Leeds City Region Revolving Fund	B	0	0	0	526	0	0	526
	WY Investment Zones	G	889	0	0	0	0	0	889
	Business Economy Total		989	300	0	526	0	0	1,815
	Major Projects								
	West Yorkshire plus Transport Schemes:								
	A62 to Cooper Bridge Corridor Improvements	G	1,282	3,746	5,648	10,826	20,067	0	41,569
	A629 Halifax Road Phase 5	G/C	1,907	4,067	327	196	86	3,044	9,627
	UTMC Urban Traffic Management	G	1	28	0	0	0	0	29
	Huddersfield Southern Corridors	G	3,659	2,393	302	22	15	80	6,471
	Corridor Improvement Programme:								
	Holmfirth Town Centre Access Plan	G	3,418	559	2,180	0	0	88	6,245
	A62 Smart Corridor	G	344	977	0	0	0	0	1,321
	Fenay Lane	G	74	0	0	0	0	0	74
	City Connect Cooper Bridge	G	0	2	0	0	0	0	132
	Huddersfield Station Gateway Phase 1	G	52	80	0	0	0	0	4
	West Yorkshire plus Transport Schemes	T	10,737	11,852	8,457	11,044	20,168	3,212	65,470

Multi-Year Capital Plan

Appendix F

[illegible]

Multi-Year Capital Plan

Appendix F

GENERAL FUND CAPITAL PLAN		Funding	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31- 2032/33 £'000	Total £'000
PLACE									
	Trees for Climate:								
	White Rose Forest Tree Planting	G	14	0	0	0	0	0	14
	Trees for Climate	G	7,573	4,348	2,239	1,420	1,039	18,807	35,426
	Urban Tree Challenge Fund	G	149	42	7	0	0	0	198
	Northern Forest GA2	G	1,050	200	200	89	0	0	1,539
	Trees for Climate	T	8,786	4,590	2,446	1,509	1,039	18,807	37,177
	Major Projects Total		46,718	66,382	30,261	22,303	29,215	22,100	216,979
	SKILLS & REGENERATION TOTAL		47,707	66,682	30,261	22,829	29,215	22,100	218,794
	DEVELOPMENT								
	HOUSING GROWTH								
	Dewsbury Riverside	B	434	1,000	2,000	1,000	500	1,000	5,934
	Site Development:								
	Homes England - Soothill Development	G/Cont	27	117	0	0	0	0	144
	Bradley Park	R	747	729	0	0	0	0	1,476
	Highmoor Lane, Hartshead	G	1,438	0	0	0	0	0	1,438
	Site Development	T	2,212	846	0	0	0	0	3,058
	Housing Growth Total		2,646	1,846	2,000	1,000	500	1,000	8,992

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GENERAL FUND CAPITAL PLAN		Funding	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31- 2032/33 £'000	Total £'000
PLACE									
	TOWN CENTRES								
	Aspirational Regeneration of Major Town Centres - Feasibility	B	5	0	0	0		0	5
	<i>Regeneration of Strategic Town Centres - Huddersfield :</i>								
	Holding pot	B	81	0	0	0	0	0	81
	<u>Huddersfield Town Centre Schemes</u>								
	Huddersfield TC - Shop Front Grants	B	531	157	0	0	0	0	688
	The Northumberland Street Regeneration Project	B	558	0	0	0	0	0	558
	Huddersfield Open Market Regeneration Market	G	1,445	10,189	4,404	0	0	0	16,038
	Huddersfield TC Maintenance	B	20	0	0	0	0	0	20
	Cultural Interventions - Growing Seeds	B	9	0	0	0	0	0	9
	Huddersfield Town Centre Schemes	T	2,563	10,346	4,404	0	0	0	17,313
	<u>Heritage Action Zone</u>								
	The George Hotel	B*	4,200	11,000	11,000	2,797	0	0	28,997
	Heritage Action Zone	T	4,200	11,000	11,000	2,797	0	0	28,997
	<u>Huddersfield Public Realm Works</u>								
	New Street Public Realm Development	B	134	0	0	0	0	0	134
	Huddersfield Town Centre Cameras	B	41	0	0	0	0	0	41
	Refurb of 2 New Street, Huddersfield	B	16	0	0	0	0	0	16
	Huddersfield Public Realm Works	T	191	0	0	0	0	0	191

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GENERAL FUND CAPITAL PLAN		Funding	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31- 2032/33 £'000	Total £'000
PLACE									
	Public Realm - Golden Route								
	St Peters Gardens	B/G	141	0	0	0	0	0	141
	Church St Design Development	B	5	0	0	0	0	0	5
	Church Street Main Scheme	B	19	0	0	0	0	0	19
	Market Place Investigative Works	B	34	0	0	0	0	0	34
	Cross Church Street	B	29	0	0	0	0	0	29
	St Georges Hotel Improvements	B	73	0	0	0	0	0	73
	Public Realm - Golden Route	T	301	0	0	0	0	0	301
	Huddersfield Town Centre Action Plan	T	7,336	21,346	15,404	2,797	0	0	46,883
	Regeneration of Strategic Town Centres – Dewsbury:								
	Better Spaces Strategy								
	BS Phase 2 - Town Park	B/R/G	1,633	3,647	0	0	0	0	5,280
	BS Phase 1	G	0	88	0	0	0	0	88
	Better Spaces Strategy	T	1,633	3,735	0	0	0	0	5,368
	Heritage Action Zone	B/G	1,628	0	0	0	0	0	1,628
	Daisy Hill Neighbourhood	B/R/G	12	1,512	1,800	0	0	0	3,324
	Dewsbury Market Upgrade	B/R/G	1,200	9,558	7,316	0	0	0	18,074
	The Arcade	B/G/R	4,063	0	0	0	0	0	4,063
	Construction Skills Village	G/R	100	1,834	0	0	0	0	1,934
	Creative Culture	G	0	1,559	0	0	0	0	1,559

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GENERAL FUND CAPITAL PLAN		Funding	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31- 2032/33 £'000	Total £'000
PLACE									
	Sustainable Transport	G	300	307	0	0	0	0	607
	Building Revival	G/B	337	2,773	0	0	0	0	3,110
	Dewsbury Town Centre Action Plan	T	9,273	21,278	9,116	0	0	0	39,667
	Town Centre Action Plans	T	16,614	42,624	24,520	2,797	0	0	86,555
	Regeneration and Greening of Smaller Towns and Villages (Local Centres):								
	Smaller Towns & Villages	B	50	735	500	1,481	1,000	0	3,766
	Batley Smaller Towns & Villages	B/G	1,000	7,878	4,298	0	0	0	13,176
	Cleckheaton Smaller Towns & Villages	B/G	351	1,075	0	0	0	0	1,426
	Holmfirth Smaller Towns & Villages	B	195	1,063	0	0	0	0	1,258
	Heckmondwike Smaller Towns & Villages	B	207	200	0	0	0	0	407
	Marsden New Mills Redevelopment Scheme	G	1,100	4,294	0	0	0	0	5,394
	Other - Our Local Centres (Marsden Blueprint)	B	176	0	0	0	0	0	176
	UKSPF Local Centres Feasibility Studies	G	50	0	0	0	0	0	50
	UKSPF Spen Bottoms	G	85	0	0	0	0	0	85
	UKSPF Revive & Thrive	G	185	0	0	0	0	0	185
	UKSPF Marsden Bridge	G	20	0	0	0	0	0	20
	UKSPF Marsden Bandstand	G	10	0	0	0	0	0	10
	UKSPF Marsden Pathways	G	20	0	0	0	0	0	20
	UKSPF Grange Moor Play	G	55	0	0	0	0	0	55
	Regeneration and Greening of Smaller Towns and Villages (Local Centres)	T	3,504	15,245	4,798	1,481	1,000	0	26,028
	Cultural Heart	B	48,996	25,844	30,266	31,641	21,555	33,603	191,905
	Strategic Acquisition Fund	B	161	343	300	0	0	0	804
	Town Centres Total		69,275	84,056	59,884	35,919	22,555	33,603	305,292

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GENERAL FUND CAPITAL PLAN		Funding	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31- 2032/33 £'000	Total £'000
PLACE									
	Play Strategy	B/ S106/ RCCO/ Cont/G	2,297	2,195	1,737	1,528	0	0	7,757
	HIGHWAYS & STREETSCENE TOTAL		27,486	39,438	22,598	20,142	26,243	24,053	159,960
	ENVIRONMENT STRATEGY & CLIMATE CHANGE								
	Climate Emergency - Green Travel	B/G	450	413	229	0	0	0	1,092
	Air Quality	B/G	128	218	0	0	0	0	346
	Huddersfield Heat Network	G/B*	485	0	3,600	11,126	2,050	0	17,261
	Electric Vehicle Rapid Charge Points	G	273	0	0	0	0	0	273
	Mayoral Renewables Grant Scheme	G	110	0	0	0	0	0	110
	ENVIRONMENT STRATEGY & CLIMATE CHANGE TOTAL		1,446	631	3,829	11,126	2,050	0	19,082
	PLACE TOTAL		163,281	210,879	132,846	103,466	93,513	90,816	794,801

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GENERAL FUND CAPITAL PLAN		Funding	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31- 2032/33 £'000	Total £'000
PUBLIC HEALTH & CORPORATE RESOURCES									
	STRATEGY & INNOVATION								
	Information Technology	B	1,686	1,256	1,196	1,066	626	1,074	6,904
	Transformation Capitalisation	R	4,000	4,000	2,000	2,000	2,000	2,000	16,000
	Revenue Capitalisation	R	1,000	0	0	0	0	0	1,000
	Investment and Modernisation Fund	B*	750	2,000	2,000	2,000	2,000	1,000	9,750
	STRATEGY & INNOVATION TOTAL		7,436	7,256	5,196	5,066	4,626	4,074	33,654
	PUBLIC HEALTH								
*	Dewsbury Sports Centre Provision - Options Appraisal/Feasibility	B	100	0	0	0	0	0	100
*	Dewsbury Sports Centre Provision - Construction	B/G	0	0	0	5,000	6,000	24,000	35,000
		T	100	0	0	5,000	6,000	24,000	35,100
	Kirklees Active Leisure – LED Scheme	B*	250	0	0	0	0	0	250
	PUBLIC HEALTH TOTAL		350	0	0	5,000	6,000	24,000	35,350
	CULTURE & VISITOR ECONOMY								
	Sustainability of Major Town Halls - Service Development	B*	146	11	0	0	0	0	157
	Investment in Cliffe House Playground, Conservative Amendment	B	250	0	0	0	0	0	250
	School Catering	B/B*	248	300	340	300	200	300	1,688

GENERAL FUND CAPITAL PLAN		Funding	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31- 2032/33 £'000	Total £'000
PUBLIC HEALTH & CORPORATE RESOURCES									
	CULTURE & VISITOR ECONOMY								
	Bereavement	B	54	75	326	52	0	0	507
	CULTURE & VISITOR ECONOMY TOTAL		698	386	666	352	200	300	2,602
	PUBLIC HEALTH & CORPORATE RESOURCES TOTAL		8,484	7,642	5,862	10,418	10,826	28,374	71,606
GENERAL FUND CAPITAL PLAN TOTAL			200,157	254,353	159,559	118,587	107,089	121,690	961,435

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HOUSING REVENUE ACCOUNT CAPITAL PLAN	Funding	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31- 2032/33 £'000	Total £'000
Strategic Priorities								
Housing Growth	H / R	1,100	2,400	2,400	2,400	2,400	2,400	13,100
LAHF - Refugee Housing	H / G	436	0	0	0	0	0	436
LAHF 3 - Refugee Housing	H / G	1,582	323	0	0	0	0	1,905
New Build Phase 1 - Ashbrow Extra Care	R	304	0	0	0	0	0	304
Berry Brow Remodelling	H/G	1,153	900	10,626	10,626	10,626	0	33,931
Harold Wilson Court	H	187	59	0	0	0	0	246
Buxton House	H	170	2,000	10,000	8,000	0	0	20,170
IT System (Universal Housing Replacement)	H	743	0	0	0	0	0	743
IT System Property/Assets	H	114	696	0	0	0	0	810
Council House Building	B/R	270	6,816	9,313	14,605	8,544	278	39,826
Strategic Priorities Total		6,059	13,194	32,339	35,631	21,570	2,678	111,471
Baseline								
Housing Capital Plan	H/B	20,490	20,196	21,583	24,524	26,927	29,403	143,123
Estate Improvements (Neighbourhood Investment)	H/B	1,400	1,100	1,100	1,100	1,100	1,100	6,900
Building Safety	H/B	2,708	2,996	3,270	3,197	3,291	4,140	19,602
Six Storey Blocks	H/B	2,355	18,599	13,702	10,267	19,093	9,139	73,155
Low Rise Blocks	H/B	240	2,306	1,594	1,593	2,310	168	8,211
Retirement Living Schemes	H/B	200	9,036	6,355	5,760	5,764	5,765	32,880
Fuel poverty	H/G/B	1,363	1,708	1,000	1,800	1,800	1,800	9,471
Adaptations	H	4,400	4,650	4,400	3,700	3,700	3,700	24,550
Baseline Total		33,156	60,591	53,004	51,941	63,985	55,215	317,892
HRA CAPITAL PLAN TOTAL		39,215	73,785	85,343	87,572	85,555	57,893	429,363

FUNDING KEY:

B	= Borrowing
B*	= Service funded Borrowing
B**	= Borrowing for provision of loans for development projects, covered by repayments
G	= Grant
Cont	= External contributions
R	= Capital receipts
S106	= Section 106 developer contributions
S278	= Section 278 developer contributions
H	= HRA revenue contribution/major repairs reserve
*	= Addition

FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY

1. Government guidance allows the capitalisation of certain types of qualifying revenue expenditure in-year, funded from the flexible use of 'in-year' generated capital receipts. The original DCLG guidance covered the 2016-19 period, but this was subsequently extended by a further 3 years, to 2021/22, following the Autumn Statement announcement on November 17th, 2017. The Local Government Finance Settlement for 2021/22 extended these capital receipts flexibilities for a further three years, which covers the period up to and including 2024/25. On 26 March 2025, the government published a new version of the Direction and Guidance on Flexible Use of Capital Receipts, extending the general direction on flexible use of capital receipts to 2029/30.
2. Local authorities are given the power to use capital receipts from the sale of general fund land and buildings received in the years in which this flexibility is offered, to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of qualifying projects.
3. Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is: "Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility."
4. The extent to which capital receipts will actually be applied in-year will take into account the following factors: i) the amount of capital receipts actually generated in-year; ii) the amount of qualifying capitalisable revenue expenditure in-year; iii) the affordability of borrowing to fund the capital plan in-year, where current funding assumptions include use of in-year capital receipts to part fund the Councils annual general fund capital plan.
5. The Council will use the powers under the DCLG guidance on the flexible use of capital receipts to fund up to £4m qualifying transformation expenditure in 2025/26 and £4m in 2026/27, dropping to £2m from 2027/28 onwards. Whilst the current guidance runs through to 2030, the Council will need to review capital receipts disposal forecasts over this period. The proposals set out are 'in principle' and allow officers the flexibility to consider a range of funding options in-year that meet the intended objectives set out in the Council's budget strategy.
6. It is intended that officers will update members as part of the annual budget report to full Council each February/March and finalised proposals for the flexible use of capital receipts to be incorporated into the annual financial outturn report for Council.

Table - Flexible Use of Capital Receipts Strategy

Note - The following projects are indicative of current service areas and costs against which flexible capital receipts funding could be applied under the government guidance for qualifying expenditure for flexible capital receipts. Finalised proposals for the flexible use of capital receipts will be incorporated into the annual financial outturn report as the Council may identify new transformation activity in year.

Project	Project Description	Service Transformation / Savings	Directorate	Estimated Use of Receipts 2026/27 (£k)
Transformation Project Team	Delivery of Transformation Programme for Adult Social Care to achieve the medium term financial plan savings and bring about sustainable change in the way adult social care is delivered by the council.	Service transformation and efficiency savings	Adults	610
SEND Transformation - salary and consultancy costs	Implementation of SEND Transformation Plan. A comprehensive SEND Transformation Plan has been established and implementation of the multi-year programme is well underway. Work is founded on outcome / financial trajectories and the plans will continue to evolve over the lifetime of the 5 year programme.	Service transformation and cost reduction	Childrens	700
Mockingbird Project	The Mockingbird family model joins small groups of foster families together, like an extended family. The Mockingbird model has been introduced to improve placement stability, security and positive relationships for foster children. The model provides robust peer support and training and development opportunities for foster carers.	Service transformation and cost reduction	Childrens	122
Fostering Recruitment	Improvements to foster care recruitment process to increase internal placements.	Cost reduction	Childrens	337

Project	Project Description	Service Transformation / Savings	Directorate	Estimated Use of Receipts 2026/27 (£k)
Resources and Waste Strategy - staff costs	Development of the council's Waste Strategy transformation agenda over the medium term.	Environmental improvements	Place	200
Assets / Corporate Landlord	Planning Service support in delivery of major capital projects	Transformational activity	Place	115
School Transport Transformation	Delivery of Transformation programme to achieve cost savings in delivery of School Transport	Efficiency savings	Corporate	150
Transformation Team Costs	Funding for Transformation and Culture Change 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.	Transformational activity and efficiency savings	Corporate	1,200
Service Director costs	Cost of senior management support to cross-cutting programme delivery projects aligned to reshaping the Council, e.g. People Panel, major transformational capital scheme boards etc.	Transformational activity and efficiency savings	All	200
NDC Capitalisation - pension costs	Charging the statutory element of redundancy costs and the cost of pension strain where staff have left the Council under a service redesign / transformation programme.	Cost reduction	Central	366
				4,000

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

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

Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
1,250	2,500	Pay – 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. Assessment: Degree of risk / reserve needed: Low £0-2.5m Medium £2.5m High £5m Likelihood of risk occurring: Medium Minimum reserve needed: £1.25m
1,250	1,500	Prices – the budget assumes that, in the main, price inflation can be managed by Departments within a zero cash-limited increase or specific inflation allowances for designated expenditure (e.g. National Living Wage, IT software, Utilities and other known contractual uplifts). Inflation is currently expected to reduce from recent peaks of 3.8%, falling to 2.5% by the end of 2026 and 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. Assessment: Degree of risk / reserve needed: Low £1m Medium £1.25m High £1.5m Likelihood of risk occurring: Medium Minimum reserve needed: £1.25m
500	500	Litigation Claims – as the Council faces reductions in resources for future provision of services, there is an increased risk of litigation beyond that which would otherwise be covered by insurance arrangements. Assessment: Degree of risk / reserve needed: Low £0.5m Medium £1.0m High £2.0m Likelihood of risk occurring: Low Minimum reserve needed: £0.5m

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Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
1,000	2,000	Income from Fees and Charges – 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). Assessment: Degree of risk / reserve needed: Low £1m Medium £2.0m High £3.0m Likelihood of risk occurring: Low Minimum reserve needed: £1.0m
4,000	8,000	Demand Led Pressures on Services – 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. 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. 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. 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. 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. 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. Assessment: Degree of risk / reserve needed: Low £1.0m Medium £4.0m High £8.0m Likelihood of risk occurring: Medium Minimum reserve needed: £4.0m

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Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
3,000	4,000	Non-achievement of Savings – 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. Assessment: Degree of risk / reserve needed: Low £2.0m Medium £3.0m High £4.0m Likelihood of risk occurring: Medium Minimum reserve needed: £3.0m
500	1,000	Unforeseen / emergency expenditure – there is a risk that unexpected events may occur which require expenditure to be incurred or income to be foregone that has not been budgeted. Examples might include, adverse weather, flooding, business continuity linked to loss of key service/building (to the extent not covered by insurance) Assessment: Degree of risk / reserve needed: Low £0.5m Medium £1.0m High £2m Likelihood of risk occurring: Low (assuming Bellwin scheme would apply in certain cases) Minimum reserve needed: £0.5m
500	1,000	Unbudgeted borrowing costs – 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. Assessment: Degree of risk / reserve needed: Low £500k Medium £1m High £2m Likelihood of risk occurring: Low Minimum reserve needed: £0.5m
1,500	1,500	Delay in repayment or default on loans made by the Council or having to set aside additional sums for the provision for bad debts – 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). Assessment: Degree of risk / reserve needed: Low £500k Medium £1.5m High £2m Likelihood of risk occurring: Medium Minimum reserve needed: £1.5m

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Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
1,000	1,000	Changes in fair value of Council long-term investments – there is a risk that the deterioration in the capital value of the Council's investments (in the CCLA) that, without the statutory override, would otherwise have to be charged to the Council's revenue account. The cost on the initial investment was £10m. The Government has extended the statutory override to 29/30 when it will be removed. Assessment: Degree of risk / reserve needed: Low £0 Medium £1.0m High £1.5m Likelihood of risk occurring: Medium Minimum reserve needed: £1.0m
5,000	5,000	DSG Deficit / Safety Valve Programme – 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. However, the government have recently signalled an intention to provide a resolution to this ongoing problem. Nevertheless, 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 be obliged 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 £78.5m – with an annual cost of carry c£4m. At £78.5m the deficit is beyond the Council's Usable Revenue Reserves. Assessment: Degree of risk / reserve needed: Low £0m Medium £5m High £10m Likelihood of risk occurring: Medium Minimum reserve needed: £5m
0	0	Affordability of Capital Plan / Receipt of Capital Resources/ Capital Plan Funding – the overall capital programme assumes a level of income from asset disposals / grants – as the timing of these can sometimes be uncertain it is sometimes considered prudent to set provision aside for additional revenue to help offset any shortfall if expenditure cannot be delayed. The current Capital Strategy reflects substantial levels (over £40m) 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. Assessment: Degree of risk / reserve needed: Low £0k Medium £1.0m High £2.0m Likelihood of risk occurring: Low Minimum reserve needed: £0k

Appendix H

Minimum £000	Desirable £000	Area of expenditure / Explanation of risk / Justification for Reserves
0	0	VAT- Partial Exemption – 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 & 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. Assessment: Degree of risk / reserve needed: Low £0m Medium £0m High £3m Likelihood of risk occurring: Low Minimum reserve needed: £0m
2,500	2,500	Collection Fund – Taking into account Collection Fund monitoring to date, the provisions made to cover the risk of appeals and bad debts and the underlying volatility within 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. Council Tax: alongside potential shortfalls in new build projections in the Council Tax base there is an increased risk of bad debts as a result of the ongoing cost of living crisis. A 1% reduction in collection equates to c £2.5m. Assessment: Degree of risk / reserve needed: Low £1.3m Medium £2.5m High £3.9m Likelihood of risk occurring: Medium Minimum reserve needed: £2.5m
22,000	30,500	Total

Introduction

This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

Decisions made on capital and treasury management can have financial consequences many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

Capital Expenditure and Financing

Capital expenditure is money spent money on assets, such as property or vehicles that will be used for more than one year. In local government this can include spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

Over the period 2025/26 to 2032/33, the Council is planning capital expenditure of £1,390.8 million as summarised below:

Prudential Indicator: Estimates of Capital Expenditure across years

	2024/25 actual £m	2025/26 forecast £m	2026/27 budget £m	2027/28 budget £m	2028/29 budget £m	2029/30 budget £m	2030/31- 2032/33 budget £m	2025/26- 2032/33 Total £m
General Fund services	105.6	200.2	254.3	159.6	118.6	107.0	121.7	961.4
Council Housing (HRA)	35.0	39.2	59.8	71.0	87.6	93.6	78.2	429.4
TOTAL	140.6	239.4	314.1	230.6	206.2	200.6	199.9	1390.8

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that Council housing does not subsidise, or is itself subsidised, by other local services paid for from the general fund. HRA capital expenditure is therefore recorded and funded separately.

Capital investments include loans and shares made for service purposes in line with the definition in the CIPFA Treasury Management Code.

Governance: The Council's annual planning cycle fully integrates the timetabling and consideration of revenue and capital resource requirements over the Council's medium term financial plan. This includes provision for Strategic Directors to reassess capital priorities in line with the new Council Plan. Any bids for the addition of projects to the Capital Plan will be collated by corporate finance, who will advise Strategic Directors on both the financing costs (which can be nil if the project is fully externally financed) and service revenue implications, which if approved are required to be reflected in the Council's MTFP.

The Capital Assurance Board is the Officer oversight on the Capital Plan. The Board is chaired by the S151 Officer and is supported by service directors across the four directorates. Capital Assurance Board meets on a regular basis throughout the year to provide a check and challenge on progress on all approved schemes. Reprofileing occurs on an ongoing basis to ensure the latest cost of capital financing is included in the Council's revenue monitoring report.

The Board also appraises new business cases based on a number of criteria including how

cases contribute to the achievement of priority outcomes, deliver ongoing revenue savings, meet health and safety obligations and the overall availability of funding. The Board makes recommendations to Executive Team.

There are a number of sub-officer groups with relevant specialist expertise that are also involved in shaping capital proposals for submission to the Capital Assurance Board. These include the children's capital board, the adult's & health capital programme board, the major projects delivery board and the town centre blueprint programme board.

The final multi-year capital plan is then considered as part of the budget proposals published at Cabinet in December. Full details of the Council's multi-year capital plan is set out in the Council's Annual budget report.

Council Financial Procedure Rules also set out the specific financial governance requirements relating to Capital expenditure. This includes the requirement for any schemes approved by Council at Programme level, to be considered subsequently for Cabinet approval through submission of a more detailed report or business case as required.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue contributions, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Capital financing

	2024/25 actual £m	2025/26 forecast £m	2026/27 budget £m	2027/28 budget £m	2028/29 budget £m	2029/30 budget £m	2030/31- 2032/33 budget £m	2025/26- 2032/33 Total £m
General Fund								
Grants & Contributions	64.0	106.9	134.9	62.0	48.2	46.3	39.1	437.4
Capital receipts	10.1	6.4	11.1	9.0	5.4	5.4	2.0	39.3
Revenue resources	0.0	0	0	0	0	0	0	0
Borrowing	31.5	86.9	108.3	88.6	65.0	55.3	80.6	484.7
Total General Fund	105.6	200.2	254.3	159.6	118.6	107.0	121.7	961.4
Council Housing (HRA)								
Grants & Contributions	2.0	2.0	5.6	4.6	3.1	2.7	2.2	20.2
Capital receipts	4.3	6.8	9.1	11.3	20.8	15.6	7.5	71.1
Revenue resources	28.7	30.4	38.3	26.7	27.5	28.3	29.2	180.4
Borrowing	0.0	0.0	6.8	28.4	36.2	47.0	39.3	157.7
Total Council Housing (HRA)	35.0	39.2	59.8	71.0	87.6	93.6	78.2	429.4
TOTAL	140.6	239.4	314.1	230.6	206.2	200.6	199.9	1390.8

Borrowing is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). The Council's minimum revenue provision (MRP) policy is set out in the Council's Treasury Management Strategy which is appended at Appendix J to the Council's Annual budget report.

Alternatively, proceeds from selling capital assets (known as capital receipts) or loan fund repayments may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

Replacement of prior years' debt finance

	2024/25 actual £m	2025/26 forecast £m	2026/27 budget £m	2027/28 budget £m	2028/29 budget £m
Minimum Revenue Provision (MRP) (underlying cost)	9.2	8.5	9.3	10.9	13.3
Minimum Revenue Provision (MRP) (unwind of over-provision)	(4.0)	0.0	0.0	5.0	5.0
Capital receipts - loan repayments	1.0	8.5	1.0	1.1	1.1
TOTAL	6.2	17.0	10.3	16.9	19.4

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. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Prudential Indicator: Estimates of Capital Financing Requirement

	2024/25 actual £m	2025/26 forecast £m	2026/27 budget £m	2027/28 budget £m	2028/29 budget £m
General Fund CFR- Non PFI	694.0	763.9	862.4	939.4	990.7
General Fund CFR- PFI	38.3	34.6	31.2	27.2	23.4
HRA CFR- Non PFI	159.1	158.6	164.8	187.6	218.1
HRA CFR- PFI	47.9	44.4	40.7	36.8	33.1
TOTAL CFR	939.3	1001.5	1099.1	1191.0	1265.3
Less: PFI debt liabilities	(86.2)	(79.1)	(71.9)	(63.9)	(56.5)
Less: Other deferred liabilities	(4.3)	(0.3)	(0.2)	(0.1)	(0.0)
TOTAL Loans CFR	848.8	922.1	1027.0	1127.0	1208.8

Asset management: To ensure that capital assets continue to be of long-term use, the Council utilises an electronic database, the 'Council Corporate Asset Management Plan (K2)' which contains detailed information about all of its assets. The Council also has in place a Disposals and Acquisition Policy, which sets out the principals, internal procedures and legal framework for asset disposals, please see the link below:

Disposals & Acquisitions Policy

Assets which are surplus to requirements are highlighted for potential disposal. These are reviewed at the Asset Governance Board to consider potential alternative corporate use prior to disposal.

Asset disposals: When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts for the Council. The Capital Plan assumes the usage of up to £25 million each year over the period of the Capital Plan (2025-32) from the sale of assets, this includes both General Fund and HRA assets, including Right To Buy sales. Updates on progress against asset disposal targets will be brought to Cabinet on a regular basis over the period of the Capital Plan. The Council is currently also permitted to spend capital receipts 'flexibly' on service transformation projects. Government guidance covering the use of this power covers the period up to and including 2029/30.

Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Borrowing strategy: The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. The Council's strategic approach over the last few years has been to take a combination of long, medium and short-term borrowing at the best opportunity, to ensure a balanced risk approach. The Council does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loan Board.

Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases and transferred debt) are shown below, compared with the capital financing requirement (see above).

Prudential Indicator: Gross Debt and the Capital Financing Requirement

	2024/25 actual £m	2025/26 forecast £m	2026/27 budget £m	2027/28 budget £m	2028/29 budget £m
Debt (incl. PFI & leases)	784.9	915.4	1013.1	1106.1	1181.3
Capital Financing Requirement	939.3	1001.5	1099.1	1191.0	1265.3

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from the table above, the Council expects to comply with this in the medium term.

Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £30 million at each year-end. This benchmark is currently forecast at £836.0 million and is projected to rise to £1,124.9 million over the next three years.

Prudential Indicator: Borrowing and the Liability Benchmark

	2024/25 actual	2025/26 forecast £m	2026/27 budget £m	2027/28 budget £m	2028/29 budget £m
Existing borrowing	774.0	781.9	687.0	601.2	545.2
Forecast borrowing	-	806.0	911.0	1012.0	1094.9
Liability benchmark	774.0	836.0	941.0	1042.0	1124.9

The table shows that the Council's current borrowing remains below its liability benchmark. The liability benchmark takes into account any reduction in reserves which is not offset with borrowing.

Affordable borrowing limit: 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

The Operational Boundary is based on the probable external debt during the course of the year. It is not a limit and actual borrowing could vary around this boundary for short times during this year.

Prudential Indicators: Authorised limit and operational boundary for external debt

	2025/26 limit	2026/27 limit	2027/28 limit	2028/29 limit
Authorised limit – borrowing	942.0	1047.0	1146.9	1228.8
Authorised limit – PFI and leases	89.4	82.1	74.0	66.4
Authorised limit – total external debt	1031.4	1129.1	1220.9	1295.2
Operational boundary – borrowing	922.0	1027.0	1126.9	1208.8
Operational boundary – PFI and leases	79.4	72.1	64.0	56.4
Operational boundary – Total	1001.4	1099.1	1191.0	1265.2

Further details on borrowing are highlighted in the Treasury Management Strategy appended at Appendix J to the Council's annual budget report.

Treasury investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Council's policy on treasury investments is to prioritise security and liquidity over yield that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Treasury management investments

	2024/25 actual £m	2025/26 forecast £m	2026/27 budget £m	2027/28 budget £m	2028/29 budget £m
Near-term investments	48.6	20.0	20.0	20.0	20.0
Longer-term investments	10.0	10.0	10.0	10.0	10.0
TOTAL	58.6	30.0	30.0	30.0	30.0

Further details on treasury investments are highlighted in the Treasury Management Strategy appended at Appendix J to the Council's annual budget report.

Risk management: The effective management and control of risk are prime objectives of the Council's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details to which financial derivatives may be used to manage treasury risks.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Service Director Finance and staff, who must act in line with the treasury management strategy approved by Council/Corporate Governance and Audit Committee. Reports on treasury management activity are presented every 6 months to Council/ Corporate Governance and Audit Committee. The Corporate Governance and Audit Committee is responsible for scrutinising treasury management decisions.

Investments for Service Purposes

The Council makes investments to assist local public services, including making loans to a variety of organisations, mainly local businesses, the local education college and local residents to support local public services and stimulate local economic growth.

Risk management: In light of the public service objective, the Council may consider taking more risk than with treasury investments, however it still plans for such investments to break even after all costs. The risk of incurring unexpected losses is managed by continued oversight and involvement in the strategic and operational aspects of the business and participation in decision making.

Governance: Decisions on service investments are made by the Executive Director - Place, in consultation with the Service Director Finance and the Council's Monitoring Officer, and must meet the criteria and limits laid down in the Investment Strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme. The Service Directors – Development and Growth & Regeneration is responsible for ensuring that adequate due diligence is carried out before investment is made.

Further details on service investments are shown in the Investment Strategy appended to the Treasury Management Strategy (Appendix J in the Council's annual budget report).

Commercial Activities

The Council invests in local commercial property such as retail town centre shops and buildings with the intention of making a profit that will be spent on local public services. Total commercial property investments are valued at £22.1 million. The Council's current commercial asset portfolio held for investment purposes is largely a historical portfolio, and it is not the Council's intention to invest in any new commercial portfolio investments at this time. If any new investments are identified a risk assessment would be performed.

Risk management: With financial return being the main objective, the Council accepts higher risk on commercial investments than with treasury investments. The principal risk exposures include a fall in capital value and reduction in rentals. These risks are managed by monitoring and annual reviews as part of the Council's wider asset strategy including potential future appreciation and potential receipt value.

Governance: Decisions on commercial investments are made by The Executive Director - Place in line with the criteria and limits approved by Council in the Investment Strategy. Property and most other commercial investments are also capital expenditure and purchases will therefore be approved as part of the capital programme. It is not the Council's intention to invest in any new commercial portfolio investments at this time. If any new investments are identified a risk assessment would be performed. The Executive Director - Place is responsible for ensuring that adequate due diligence is carried out before the investment is made.

Further details on commercial investments are shown in the Investment Strategy appended to the Treasury Management Strategy (Appendix J in the Council's annual budget report).

Prudential Indicator: Net income from commercial and service investments to net revenue stream

	2024/25 actual	2025/26 forecast	2026/27 budget	2027/28 budget	2028/29 budget
Total net income from service and commercial investments (£m)	(1.5)	(1.9)	(2.5)	(2.5)	(2.5)
Proportion of net revenue stream	(0.4%)	(0.5%)	(0.5%)	(0.5%)	(0.4%)

Revenue Budget Implications

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

Prudential Indicator: Proportion of financing costs to net revenue stream

	2024/25 actual	2025/26 forecast	2026/27 budget	2027/28 budget	2028/29 budget	2029/30 budget	2030/31 budget
Financing costs (£m)	36.9	41.3	47.4	54.6	59.8	64.4	67.9
Proportion of net revenue stream	9.9%	10.2%	9.7%	10.1%	10.4%	11.0%	11.1%
General Fund (excl PFI)	9.3%	8.8%	8.6%	9.1%	9.6%	10.0%	10.3%
HRA	32.6%	32.0%	32.3%	32.6%	32.8%	33.1%	33.2%
HRA (excl PFI)	31.0%	31.0%	31.7%	32.3%	32.8%	33.2%	33.7%

Further details on the revenue implications of capital expenditure are detailed in the Council's annual budget report.

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Service Director Finance and Council s151 Officer has to be satisfied that the proposed multi-year capital plan and borrowing affordability remains prudent, affordable and sustainable. The Council capital plan continues to reflect the Administration's continuing key priorities to protect our most vulnerable, including sufficiency growth within District, and longer term economic growth & regeneration ambition across the Districts places and major town centres. The borrowing proposals are significant over the longer term, and at the same time the financial challenges facing the Council are also significant over the short to medium term, and also in a current wider economic environment where Bank of England base rates, which impact on new borrowing costs, are 3.75% (as at January 2026) and expected to gradually fall to 3.25% by December 2026 based on advice from the Council's Treasury advisors. In this context, 'affordability' remains a significant risk. The overall capital plan has been reviewed and re-phased with enhanced future flexibility, and the expectation is that in order for the overall capital plan to remain affordable, the Council will deliver, year on year, on its approved medium term financial strategies and plans including sustainable revenue savings requirements, within available means. The context for this current judgement is also reflected in the s151 Officer's statutory Positive Assurance statement as part of the annual budget report.

Liabilities

In addition to debt detailed above the Council is committed to making future payments to cover its PFI finance lease obligation (total liability of all schemes £86.1 million, offset by a net book value of assets of £76.8 million). It has also set aside provisions of £15.2 million to cover risks associated with Business Rates Appeals, Housing Disrepair Claims and the Council's Insurance Fund. The Council is also at risk of having to pay for a number of contingent liabilities (which are separately disclosed each year in the Statement of Accounts) and is satisfied that any potential future liabilities are covered as part of its overall financial resilience reserves.

Governance: Decisions on incurring new discretionary liabilities are taken by Executive Directors in consultation with the Service Director Finance and in conjunction with the Council's Financial Procedure Rules. The risk of liabilities crystallising and requiring payment is monitored by central finance and any new liabilities would be reported appropriately.

Knowledge and Skills

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Service Director – Finance is a qualified accountant with extensive local government experience, the Strategic Director – Place has experience of major Council regeneration schemes and partnerships with major business and third party partners, as do key Service Directors. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA, ACA and AAT.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.


Report title: Treasury Management Strategy and Investment Strategy 2026/27

Meeting:	Corporate Governance and Audit Committee
Date:	30 January 2026
Cabinet Member (if applicable)	Councillor Graham Turner
Key Decision Eligible for Call In	Yes No

Purpose of Report

Under the CIPFA Code of Practice on Treasury Management (2021) and accompanying Prudential Code 2021 the Council must present a Treasury Management Strategy at the start of each financial year. Alongside the Treasury Management Strategy, the Annual Investment Strategy must also be approved by Council.

Recommendations

That Corporate Governance & Audit Committee review and recommend the following for consideration by Cabinet and then approval by full Council:

- the treasury management strategy incorporating: the borrowing strategy outlined in paragraphs 2.15 to 2.27;
- the investment strategy (treasury management investments) outlined in paragraphs 2.28 to 2.36 and Appendices A and B;
- the policy for provision of repayment of debt (Minimum Revenue Provision) outlined in paragraphs 2.37 to 2.38 and at Appendix C
- the treasury management prudential indicators in Appendix D; and
- the investment strategy (non-treasury investments) at Appendix F.

Reasons for Recommendations

- Section 151 of the Local Government Act 1972 requires the Council to make arrangements for the proper administration of its financial affairs.
- The Council must have regard to the CIPFA Treasury Management Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities (the Prudential Code) 2021 and the Statutory guidance on Local government Investments (2018) when performing its duties under Part 1 of the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended).

Resource Implications:

The revenue implications of the strategies outlined have been reflected in the Council's annual budget report to be presented to Council in February 2026.

Date signed off by Executive Director & name

N/A

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

Kevin Mulvaney – 20/01/2026

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

Sam Lawton – 20/01/2026

Electoral wards affected: All

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 Executive Summary

- 1.1 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code. Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy. This is attached at Appendix F.
- 1.2 Cabinet is responsible for the implementation and monitoring of the treasury management policies. The Corporate Governance and Audit Committee undertake a scrutiny role with regard to treasury management. The last training for members of this Committee was provided in January 2026 by the Council's treasury management advisors/consultants, Arlingclose.
- 1.3 This report will:
- (i) outline the outlook for interest rates and credit risk, and in light of this, recommend an investment strategy (Treasury Management Investments) for the Council to follow in 2026/27;
 - (ii) outline the current and estimated future levels of Council borrowing and recommend a borrowing strategy for 2026/27;
 - (iii) review the methodologies adopted for providing for the repayment of debt and recommend a policy for calculating the Minimum Revenue Provision (MRP);

- (iv) review other treasury management matters including the policy on the use of financial derivatives, prudential indicators, the use of consultants, and the policy on charging interest to the Housing Revenue Account;
- (v) recommend an annual Investment Strategy (Non-Treasury Investments) for the Council in 2026/27.

2 Information required to take a decision

The following paragraphs 2.1 to 2.7 have been provided by our Treasury Management external advisors, Arlingclose:

Economic Background

- 2.1 The most significant impacts on the Authority's treasury management strategy for 2026/27 are expected to include: the influence of the government's 2025 Autumn Budget, lower short-term interest rates alongside higher medium- and longer-term rates, slower economic growth, together with ongoing uncertainties around the global economy, stock market sentiment, and geopolitical issues.
- 2.2 The Bank of England's Monetary Policy Committee (MPC) cut Bank Rate to 3.75% in December 2025, as expected. The vote to cut was 5-4, with the minority instead favouring holding rates at 4.0%. Those members wanting a cut judged that disinflation was established while those preferring to hold Bank Rate argued that inflation risks remained sufficiently material to leave rates untouched at this stage.
- 2.3 Figures from the Office for National Statistics showed that the UK economy expanded by 0.1% in the third quarter of the calendar year, this was unrevised from the initial estimate. The most recent Monetary Policy Report (November) projected modest economic growth, with GDP expected to rise by 0.2% in the final calendar quarter of 2025. Annual growth is forecast to ease from 1.4% before improving again later, reflecting the delayed effects of lower interest rates, looser monetary conditions, stronger global activity, and higher consumer spending. The view of modest economic growth going forward was echoed by the Office for Budget Responsibility in its Economic and fiscal outlook published in line with the Autumn Statement which revised down its estimate of annual real GDP to around 1.5% on average between 2025 and 2030.
- 2.4 CPI inflation was 3.2% in November 2025, down from 3.6% in the previous month and below the 3.5% expected. Core CPI eased to 3.2% from 3.4%, contrary to forecasts of remaining at 3.6%. Looking forward, the MPC continues to expect inflation to fall, to around 3% in calendar Q1 2026, before steadily returning to the 2% target by late 2026 or early 2027.
- 2.5 The labour market continues to ease with rising unemployment, falling vacancies and flat inactivity. In the three months to October 2025, the unemployment rate increased to 5.1%, higher than the level previously expected by the BoE, while the employment rate slipped to 74.9%. Pay growth for the same period eased modestly, with total earnings (including bonuses) growth at 4.7% and while regular pay was 4.6%.

Interest Rate Forecast

- 2.6 Arlingclose, the Authority's treasury management adviser, currently forecasts that the Bank of England's Monetary Policy Committee will continue to reduce Bank Rate through 2026, reaching around 3.25%. This forecast reflects amendments made following the Autumn Budget and an assessment of the fiscal measures and their market implications.
- 2.7 Long-term gilt yields, and therefore interest rates payable on long-term borrowing, are expected to remain broadly stable on average, though with continued volatility, and to end the forecast period marginally lower than current levels. Yields are likely to stay higher than in the pre-quantitative tightening era, reflecting ongoing balance sheet reduction and elevated bond issuance. Short-term fluctuations are expected to persist in response to economic data releases and geopolitical developments.

Borrowing and Investments – Local context

- 2.8 On 31st December 2025 the Council held £791.3 million of borrowing and £56.6 million of treasury investments.
- 2.9 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investments. The Council's current strategy is to maintain borrowing and investments below their underlying levels, known as internal borrowing.
- 2.10 Table 1 below sets out the forecast CFR position for the Council as at 31 March 2026 and estimated CFR and borrowing requirements over the next 3 years. CIPFA's Prudential Code recommends that the Council's total debt should be lower than its highest forecast CFR. Table 1 shows that the Council expects to comply with this recommendation.

Table 1: Balance Sheet Summary and Forecast

	31.03.25 Actual £m	31.03.26 Forecast £m	31.03.27 Estimate £m	31.03.28 Estimate £m	31.03.29 Estimate £m
Capital Financing Requirement	939.3	1001.5	1099.1	1191.0	1265.2
Less: PFI liabilities	86.2	79.1	71.9	63.9	56.4
Less: Other deferred liabilities	4.3	0.3	0.2	0.1	0
Loans CFR	848.8	922.1	1027.0	1127.0	1208.8
Less: External borrowing*	774.0	781.9	687.0	601.2	545.2
Internal (over) borrowing	74.8	140.2	340.0	525.8	663.6
Less: Balance sheet resources	133.4	116.1	116.0	115.0	113.9
New borrowing (Treasury investments)	-58.6	24.1	224.0	410.8	549.7

*** Shows actual debt and only loans to which the Council is committed and excludes optional refinancing.**

- 2.11 There is a planned increase in the CFR due to increases in the capital programme, in particular Our Cultural Heart, town and district centre regeneration programmes the investment in two special schools as part of the Council Safety Valve agreement with the DfE and investment in our Housing stock. The Council will be required to borrow up to £525.6 million to fund the increase in the Loans CFR over the 3 year period from 31 March 2026 to 31 March 2029.

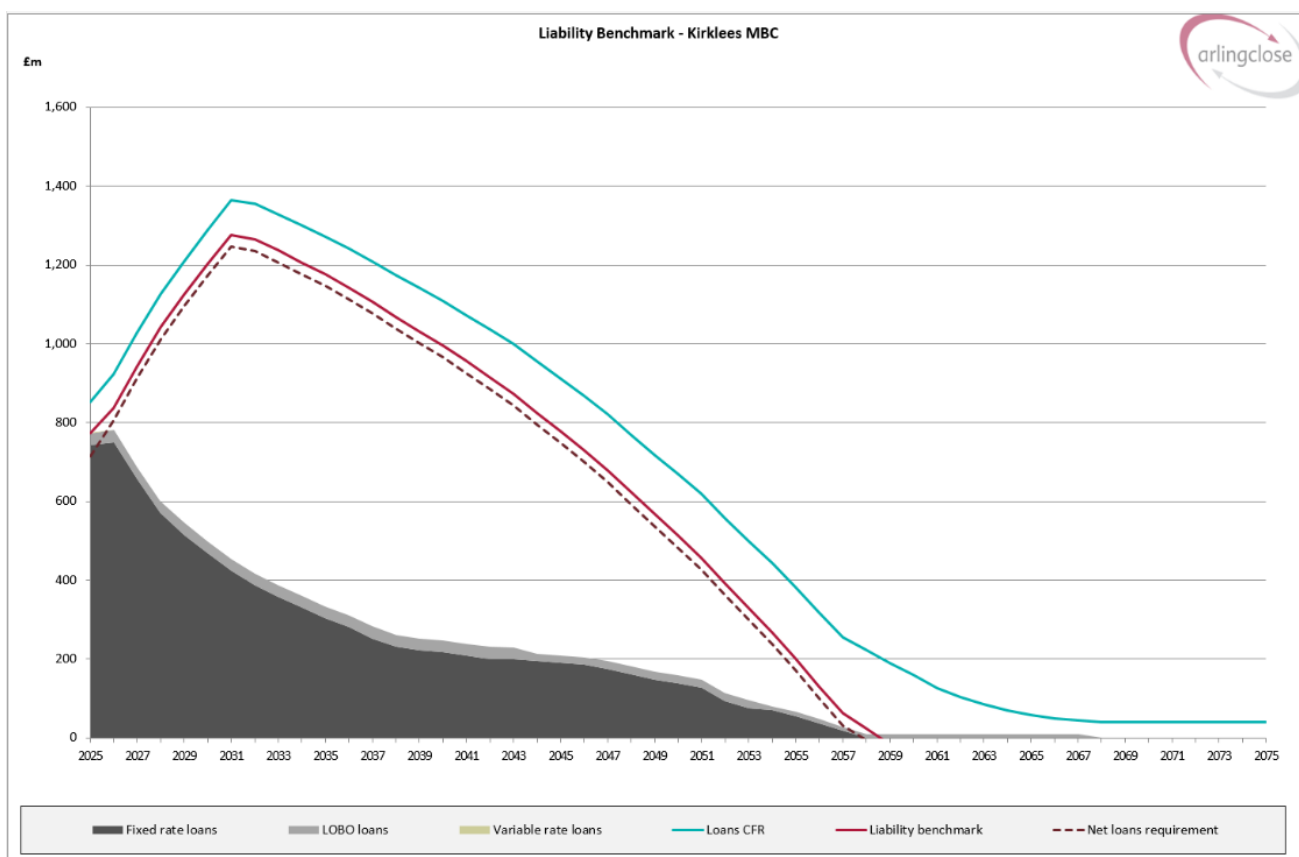
Liability Benchmark

- 2.12 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as Table 1 above, but that cash and investment balances are kept to a minimum level of £30.0 million at each year-end to maintain sufficient liquidity but minimise credit risk.
- 2.13 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. The liability benchmark itself 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 required to manage day-to-day cash flow. The liability benchmark estimates the Council will hold £1124.9 million of borrowing at 31 March 2029.

Table 2: Prudential Indicator: Liability Benchmark

	31.03.25 Actual £m	31.03.26 Estimate £m	31.03.27 Forecast £m	31.03.28 Forecast £m	31.03.29 Forecast £m
Loans CFR	848.8	922.1	1027.0	1127.0	1208.8
Less: Balance sheet resources	133.4	116.1	116.0	115.0	113.9
Net loans requirement	715.4	806.0	911.0	1012.0	1094.9
Plus: Liquidity allowance	58.6	30.0	30.0	30.0	30.0
Liability benchmark	774.0	836.0	941.0	1042.0	1124.9

- 2.14 The total liability benchmark is shown in the chart below together with the maturity profile of the Council's existing borrowing. The red line is the liability benchmark which reaches a peak in 2031 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.



Borrowing Strategy

- 2.15 The Council is forecast to hold around £836.0 million of external borrowing at 31 March 2026, an increase of £62.0 million on the previous year as part of its strategy for funding the capital programmes. The balance sheet forecast in table 1 shows the Council expects to borrow up to a further £105.0 million during 2026/27. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £1047.0 million for 2026/27.
- 2.16 The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period when funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective. The Council is in regular contact with its Treasury advisors who provide appropriate support and advice in delivering this objective.
- 2.17 The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.
- 2.18 The Council's strategic approach over the last few years has been to take a combination of long, medium and short-term borrowing to ensure a more balanced risk approach. During the first three quarters of the 25/26 financial year, the Council took £55.0 million of medium-term EIP Borrowing from the PWLB, and £67.5m of short to medium-term borrowing from other Authorities.

- 2.19 Short-term interest rates have fallen over the past year, and are expected to fall a little further, and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead, which can then be re-financed when rates are lower. The risks of this approach will be managed by keeping the Council's interest rate exposure within the limit set in the treasury management prudential indicators.
- 2.20 However, the Council has a large long-term borrowing requirement which will ultimately require longer term borrowing and therefore the Council will continue to take a combination of short, medium and long-term loans during 2026/27, diversifying the borrowing and maturity structure of the loans.
- 2.21 In addition the Council may borrow short-term loans to cover unplanned cash flow shortages.
- 2.22 The Council currently holds LOBO (Lender's Option, Borrower's Option) loans, 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. With interest rates remaining high, there is a good chance that lenders will exercise their options. If they do, the Council will take the option to repay loans to reduce refinancing risk in later years. Total borrowing via LOBO loans is currently £30.0 million which is 3.8% of debt.
- 2.23 The Council has previously raised most of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pension funds and local authorities, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield. The Council intends to avoid this activity in order to retain its access to PWLB loans. The Code allows the Council to borrow for purposes essential to its core aims, such as for housing and regeneration projects, or for treasury management purposes.
- 2.24 The approved sources of borrowing are:
- HM Treasury's PWLB lending facility
 - Any bank, building society or insurance company authorised to operate in the UK
 - Any other UK public sector body
 - Capital market bond investors
 - Special purpose companies created to enable local authority bond issues
 - UK public and private sector pension funds
 - National Wealth Fund Ltd (formerly UK Infrastructure Bank Ltd)
 - Community Municipal Investments (Bond or Loan) raised from the public (including a climate change investment opportunity).
- 2.25 The Council may 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.

- 2.26 The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The rise in interest rates means that more favourable debt rescheduling opportunities should arise.
- 2.27 Borrowing policy and performance are monitored throughout the year and are reported to Members via a Half Yearly Report and also an Outturn Report in line with approved guidance.

Treasury Investment Strategy

- 2.28 The Council holds around £30.0 million of invested funds (including the CCLA property fund), an amount considered to meet the day-to-day cashflow requirements of the Council, and representing income received in advance of expenditure plus balances and reserves held. The Council may hold more than this amount as borrowing is taken at various points throughout the year in order to spread risk resulting in potential higher investment balances. In the past 12 months, the Council's treasury investment balance has ranged between £41.5 million and £139.4 million, and similar levels are expected to be maintained in the forthcoming year.
- 2.29 The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking a higher rate of return or yield, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. The Council's objective when investing money is to strike an appropriate balance between risk and return. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing. The Council is currently undertaking a review of its Ethical Procurement and Investment Policy and once completed any relevant changes will be reflected as part of the 2027/28 strategy.
- 2.30 As demonstrated by the liability benchmark in table 2 above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cashflows using short-term low risk instruments. The existing portfolio of £10.0 million in the strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.
- 2.31 Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

- 2.32 The Council's investment criteria are detailed in Appendix A, maintaining a low risk strategy giving priority to security and liquidity, and as such invest an average of around £20.0 million externally in short-term liquid investments through the money markets. Cash balances may be higher dependent upon at what stage in the year borrowing is taken.
- 2.33 Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The Council uses credit ratings from the three main rating agencies - Fitch, Moody's and Standard & Poor's to assess the risk of investment defaults (Appendix B). The lowest credit rating of an organisation will be used to help determine credit quality. Long term ratings are expressed on a scale from AAA (the highest quality) through to D (indicating default). Ratings of BBB- and above are described as investment grade, while ratings of BB+ and below are described as speculative grade.
- 2.34 Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- No new investments will be made,
 - Any existing investments that can be recalled or sold at no cost will be, and
 - Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a rating is on review for possible downgrade ("negative watch") so that it is likely to fall below the required criteria, then only investments that can be withdrawn (on the next working day) will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

- 2.35 Full regard will be given to other available information on the credit quality of banks and building societies, including credit default swap prices, financial statements and rating agency reports. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the approved criteria.
- 2.36 Annual cash flow forecasts are prepared which are continuously updated to determine the maximum period for which funds may prudently be committed.

Statement of Policy on the Minimum Revenue Provision (MRP)

- 2.37 MRP is the statutory requirement for local authorities to set aside some of their revenue resources as provision for reducing the underlying need to borrow (Capital Financing Requirement – CFR), the borrowing taken out in order to finance capital expenditure.
- 2.38 Current DHLUC guidance (MHCLG) recommends that Council's prepare a statement of policy on making MRP in respect of the forthcoming year, with approval by full Council before the start of the financial year. If these proposals subsequently need to be varied, a revised statement should be put to full Council. Appendix C details the Council's policy for the provision of MRP.

Policy on the Use of Financial Derivatives

- 2.39 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives.
- 2.40 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of financial risks that the Council is exposed.
- 2.41 Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 2.42 In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Treasury Management Prudential Indicators

- 2.43 The Council is asked to approve certain treasury management prudential indicators, the purpose of which is to contain the activity of the treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decision impacting negatively on the Council's overall financial position. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs. The indicators are set out in Appendix D.

Other Matters

- 2.44 The CIPFA Code also requires the Council to note the following matters each year as part of the treasury management strategy:

(i) Investment Consultants

The Council's adviser is Arlingclose Limited. The services received include:

- Advice and guidance on relevant policies, strategies and reports;
- Advice on investment and debt management;
- Notification of credit ratings and other information on credit quality;
- Reports on treasury performance;
- Forecasts of interest rates and economic activity; and
- Training courses.

The quality of the service is monitored on a continuous basis by the Council's treasury management team.

(ii) Investment Training

As part of the MiFID II requirements, the needs of the Council's treasury management staff for training in investment management are assessed on a continuous basis. Additionally training requirements are assessed when the responsibilities of individual members of staff change. Staff attend training courses and seminars as appropriate.

(iii) **Investment of money borrowed in advance of need**

The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money. However, as this would involve externally investing such sums until required and thus increasing exposures to both interest rate and principal risks, it is not believed appropriate to undertake such a policy at this time. As noted in 2.29, the Council does invest externally short term when cashflows are positive and to manage unexpected payments.

(iv) **Policy on charging interest to the Housing Revenue Account (HRA)**

Following the reform of housing finance, the Council is free to adopt its own policy on sharing interest costs and income between General Fund and the HRA. The CIPFA code recommends that authorities state their policy each year in the strategy report.

On 1 April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. New long-term loans borrowed will be assigned in their entirety to one pool or the other. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. Interest will be applied to this balance using the Council's average investment rate and adjusted for credit risk.

3 Implications for the Council

3.1 Council Plan

N/A

3.2 Financial Implications

N/A

3.3 Legal Implications

N/A

3.4 Climate Change & Air Quality

N/A

3.5 Other (e.g Risk, Integrated Impact Assessment or Human Resources)

The revenue implications of the strategies outlined have been reflected in the Council's annual budget report.

The Council must have regard to the CIPFA Code of Practice on Treasury Management; the Prudential Code for Capital Finance in Local Authorities (the

Prudential Code) 2021 the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended). The Council has the power to borrow under section 1 of the Local Government Act 2003 and the Council has powers to invest under section 12 of the Local Government Act 2003.

4 Consultation

Arlingclose Ltd, the treasury management advisors to the Council, have provided the economic context commentary contained in this report.

5 Engagement

6 Options

6.1 Options considered

N/A

6.2 Reasons for recommended option

N/A

7 Next steps and timelines

The report and recommendations be submitted to Cabinet on 10 February 2026 and Council on 25 February 2026.

Treasury management performance will be monitored and reported to members during the year.

8 Contact officers

James Anderson	Head of Accountancy	01484 221000
Rachel Firth	Finance Manager	01484 221000

9 Background Papers and History of Decisions

CIPFA's Code of Practice on Treasury Management in the Public Services
CIPFA's Prudential Code for Capital Finance in Local Authorities
CIPFA's Treasury Management in the Public Services – guidance notes
Guidance on Local Government Investments (MHCLG 2018)
The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (Amended 2008); Localism Act 2011.

10 Appendices

Appendix A: Investment Policy for 2026/27
Appendix B: Credit ratings
Appendix C: Minimum Revenue Provision Policy
Appendix D: Treasury Management Prudential Indicators
Appendix E: Glossary of Treasury Terms
Appendix F: Investment Strategy 2026/27

11 Service Director responsible

Kevin Mulvaney 01484 221000

Investment Policy for 2026/27

Investment Limits:

- The Council is able to invest an unlimited amount with the UK Government for up to 6 months.
- The Council is able to invest up to £10.0 million and up to three months with UK banks and building societies with a “high to upper medium grade” credit rating.
- The Council is able to invest up to £10.0 million and up to two months with foreign banks with a “high to upper medium grade” credit rating.
- The Council is able to invest up to £10.0 million and up to three months with individual local authorities & other government entities.
- The Council is able to invest up to £10.0 million in individual MMFs (instant access or up to 2 day notice). There will be an overall limit of £50.0 million* for MMFs (non-government funds), plus up to £10.0 million invested in a fund backed by government securities.
- The Council is able to invest up to £10.0 million in Local Authority Pooled Investment Funds.

The maximum limits apply to any one counter-party and to a banking group rather than each individual bank within a group.

*increased from £40.0m due to cash balances being higher at certain times during the year

Note:

The limits set out above exclude any amounts held on the Council's behalf by the Yorkshire Purchasing Organisation (YPO). The YPO (a consortium in which the Council has an interest) invest funds as part of their treasury management processes. For the avoidance of doubt, this element does not form part of the limits set above. For context, the Council's proportion of YPO's maximum investment with any given counterparty is approximately £155k.

Liquidity management:

The Council uses purpose-built cash flow forecasting models to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

	Short-term Credit Ratings / Long-term Credit Ratings			Investment Limits per Counterparty		Counterparties falling into category as at 30 Nov 2025	
	Fitch	Moody's	S & P	£m	Period (2)		
UK Banks / Building Societies (Deposit accounts, fixed term deposits and REPOs)	F1	P-1	A-1	10.0	<3mth	HSBC Lloyds Group Santander UK Barclays	Bank of Scotland Handelsbanken Nationwide BS
	AAA,AA+,AA,AA-,A+,A, A-	Aaa,Aa1,Aa2,Aa3,A1,A2,A3	AAA,AA+,AA,AA-,A+,A,A-				
Foreign Banks (Deposit accounts, fixed term deposits and REPOs)	F1	P-1	A-1	10.0	<2mth	Various	
	AAA,AA+,AA,AA-,A+,A,A-	Aaa,Aa1,Aa2,Aa3,A1,A2,A3	AAA,AA+,AA,AA-,A+,A,A-				
MMF (1)	AAAmmf	Aaa-mf	AAAm	10.0	Instant access/ up to 2 day notice	Aberdeen Deutsche Bank	Aviva Goldman Sachs
UK Government (Fixed term deposits)	-	-	-	Unlimited	<6mth		
UK local authorities (Fixed term deposits) (2)	-	-	-	10.0	<3mth		
Local Authority Pooled Investment Funds	-	-	-	10.0	>6mth		

(1) Overall limit for investments in MMFs of £50.0 million – the assets the funds invest in are securities and structures secured on government securities

(2) The investment period begins from the commitment to invest, rather than the date on which funds are paid over.

Credit ratings

Moody's		S&P		Fitch			
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term		
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime	
Aa1		AA+		AA+		High grade	
Aa2		AA		AA			
Aa3		AA-		AA-			
A1		A+	A-1	A+	F1	Upper medium grade	
A2	A			A			
A3	A-			A-			
Baa1	P-2	BBB+	A-2	BBB+	F2		
Baa2	P-3	BBB	A-3	BBB	F3	Lower medium grade	
Baa3		BBB-		BBB-			
Ba1	Not prime	BB+	B	BB+	B	Non-investment grade speculative	
Ba2		BB		BB			
Ba3		BB-		BB-			
B1		B+		B+		Highly speculative	
B2		B		B			
B3		B-		B-			
Caa1		CCC+	C	CCC	C	Substantial risks	
Caa2						CCC	Extremely speculative
Caa3						CCC-	In default with little prospect for recovery
Ca						CC	
						C	
C		D	/	DDD	/	In default	
/				DD			
/							
/							

CURRENT MINIMUM REVENUE PROVISION POLICY**1. Background**

- 1.1 Where the Authority funds capital expenditure with debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in April 2024
- 1.2 The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is aligned with that over which the capital expenditure provides benefits. The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and provides a number of options for calculating a prudent amount of MRP but does not preclude the use of other appropriate methods. The following statement incorporates options recommended in the Guidance.

2 MRP Policy

- 2.1 MRP is calculated by reference to the capital financing requirement (CFR) which is the total amount of past capital expenditure that has yet to be permanently financed, noting that debt must be repaid and therefore can only be a temporary form of funding. The CFR is calculated from the Authority's balance sheet in accordance with the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Expenditure in Local Authorities, 2021 edition. Detail of the Council's current capital financing requirement and future projections are provided in the treasury management strategy report 2025/26 to which this Policy is appended.
- 2.2 For capital expenditure incurred as below:
- General Fund Supported Borrowing – MRP will be determined by charging the expenditure with regard to the 50 year PWLB annuity rate in 2007/08, the year in which the annuity policy has been applied from and use a 34 year period from 1st April 2023, being the remainder of the 50 year life since 1st April 2007.
 - General Fund Unsupported Borrowing (for expenditure up to 31 March 2023) - MRP will be determined by charging the outstanding historic expenditure based on a single annuity calculation, which combines each historic year on a weighted average life basis.
 - General Fund Unsupported Borrowing (for expenditure from 1 April 2023) – MRP will be determined by charging the expenditure based on the expected average useful life of the relevant assets as the principal repayment on an annuity with an annual interest rate equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational.
 - HRA Borrowing – No MRP is required to be charged in respect of assets held within the Housing Revenue Account as depreciation on those assets will be charged instead in line with regulations. However, the Council may opt to make further

provision for debt repayments equal to its share of any scheduled external debt repayments

- PFI schemes - Provision to equal the part of the unitary payment that writes down the balance sheet liability, together with amounts relating to lifecycle costs incurred in the year.
- Former Operating Leases (brought onto the balance sheet due to IFRS 16 Leases adoption) - MRP charges will be adjusted so that the overall charge for MRP over the life of the lease reflects the value of the right-of-use asset recognised on transition rather than the liability.

3 Capital Loans

3.1 For capital expenditure incurred on capital loans as below:

- On loans to third parties which were made primarily for financial return rather than direct service purposes, MRP will be charged in accordance with the policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. This MRP charge will be reduced by the value any repayments of loan principal received during in the year, with the capital receipts so arising applied to finance the expenditure instead.
- On loans to third parties which were made primarily for service purposes, the Authority will make nil MRP except as detailed below for expected credit losses. Instead, the Authority will apply the capital receipts arising from the repayments of the loan principal to finance the expenditure in the year they are received.
- For capital loans made on or after 7th May 2024 where an expected credit loss is recognised during the year, the MRP charge in respect of the loan will be no lower than the loss recognised. Where expected credit losses are reversed, for example on the eventual repayment of the loan, this will be treated as an overpayment.
- For capital loans made before 7th May 2024 and for loans where expected credit losses are not applicable, where a shortfall in capital receipts is anticipated, MRP will be charged to cover that shortfall over the remaining life of the assets funded by the loan.

4 Capital Receipts

4.1 Proceeds from the sale of capital assets are classed as capital receipts and are typically used to finance new capital expenditure. Where the Authority decides instead to use capital receipts to repay debt and hence reduce the CFR, the calculation of MRP will be adjusted as follows:

- Capital receipts arising on the repayment of principal on capital loans to third parties will be used to lower the MRP charge in respect of the same loans in the year of receipt, if any.
- Capital receipts arising on the repayment of principal on finance lease receivables will be used to lower the MRP charge in respect of the acquisition of the asset subject to the lease in the year of receipt, if any.

TREASURY MANAGEMENT PRUDENTIAL INDICATORS

Gross Debt and the Capital Financing Requirement (CFR)

The Code requires that where gross debt is greater than the CFR, the reasons for this should be clearly stated in the annual strategy. This does not apply to this Council as its gross debt will not exceed the CFR over the forecast period (see the 'Gross Debt and the Capital Financing Requirement table within the Capital Strategy).

Liquidity Exposure

The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity risk indicator	Target
	£m
Total cash available within 3 months	20.0

Interest Rate Exposure

This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Target
	£m
Upper limit on one-year revenue impact of a 1% rise in interest rates on borrowing costs	5.2

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

Maturity Structure of Borrowing

This indicator is designed to prevent the Council having large concentrations of fixed rate debt* needing to be replaced at times of uncertainty over interest rates. It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowings as follows:

Amount of projected borrowing that is fixed rate maturing in each period as percentage of total projected borrowing that is fixed rate		
	Upper Limit (%)	Lower Limit (%)
Under 12 months	25	0
Between 1 and 2 years	25	0
Between 2 and 5 years	60	0
Between 5 and 10 years	80	0
More than 10 years	100	20

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 investments will be:

Price risk indicator	2025/26	2026/27	2027/28	No Fixed Date
	£m	£m	£m	£m
Limit on principal invested beyond year end	0	0	0	10.0

Long-term investments with no fixed maturity date is the Local Authority Property Fund.

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.
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, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources. 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. 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. 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. 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. 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. 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.
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.

Investment Strategy 2026/27

Introduction

The Council invests its money for three broad purposes:

- because it has surplus cash resulting from its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

The statutory guidance defines investments as “all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios.” The Council interprets this to exclude (a) trade receivables which meet the accounting definition of financial assets but are not investments in the everyday sense of the word and (b) property held partially to generate a profit but primarily for the provision of local public services. This aligns the Council's definition of an investment with that in the 2021 edition of the CIPFA Prudential Code, a more recent piece of statutory guidance.

Treasury Management Investments

The Council typically receives its income in cash (eg. from taxes and grants) before it pays for its expenditure in cash (eg. through payroll and invoices). It also holds reserves to remain stable, deal with shocks/unplanned events and manage emergencies. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to average £30.0 million during the 2026/27 financial year. Cash balances may be higher dependent upon at what stage in the year borrowing is taken.

Contribution: The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

Further details: Full details of the Council's policies and its plan for 2026/27 for treasury management investments are covered in the treasury management strategy report 2026/27 to which this Investment Strategy is appended.

Service Investments: Loans

Contribution: The Council lends money to a variety of organisations, including local businesses, the local education college, and local residents to support local public services and stimulate local economic growth.

The Council provided a loan to Kirklees College to help facilitate a new campus in Huddersfield and the delivery of a successful further education provision for post 16 students and adults across the district.

The Council has also issued a loan to HD1 Living to renovate the building at 103 New Street to become modern student accommodation in the town centre as part of the Huddersfield regeneration plan.

Additionally, the Council provided a loan to WD Kingsgate to remodel the Kingsgate Shopping Centre to provide a cinema, food and leisure facilities in addition to existing retail units as part of delivering the Blueprint vision. This was repaid in full in December 2025.

Smaller loans have also been provided to local residents to be able to provide energy efficient heating within their own homes. The Council is part of the Leeds City Region Investment Fund where all local authorities contribute to the fund which provides individual loans to support infrastructure and construction projects which help deliver economic growth and job creation.

The Council will continue to roll forward from last year's Investment Strategy, the option to provide financial loans to support 3rd sector partners and anchor organisations, along with loans and/or match funding in support of community asset transfers. Any new loans would have to meet strict criteria and have a clear business case.

Security: The main risk when making loans is that the borrower will be unable to repay the principal lent and/or the interest due. Investment Strategy guidance states that to limit this risk and ensure that total Council exposure to loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have to be set and approved annually by Council. The proposed upper limits for Council loans are set out at Table 1 below:

Table 1: Loans for service purposes in £ millions

Category of borrower	31.03.2025 actual			2026/27
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Further education college	12.6	-0.3	12.2	12.6
Leeds City Region revolving investment fund	3.0	0.0	3.0	3.0
Local businesses and charities	24.4*	-8.7	15.8	12.6**
Local residents	2.1	-0.1	2.0	2.1
TOTAL	42.1	-9.1	33.0	30.3

* This is made up of numerous investments, the largest of which is £12.2 million towards 103 New Street and £7.5 million relates to Kingsgate.

**Limit less than balance as Kingsgate loan repaid and KSDL shares disposed of during 25/26

Accounting standards require the Council to set aside a loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The Council assesses the risk of loss before entering into and whilst holding loans. This will include the nature of the market/sector to which the loan relates, and loan security

against business/sector assets. The single largest current loan relates to Kirklees College which is a public sector entity and considered to be a viable going concern. The strength of the Council's partnership with key anchor organisations in the district like the College, and ability to influence, support and monitor the College's ongoing financial position, are also key factors.

Development finance loans such as Property Investment Fund (PIF) will allow the Council to offer loans to development projects which offer significant economic benefits to the Council and the wider Kirklees district. However, there are none of these loans within the current Capital Plan.

Any funding offers made will be on the basis that the loan repayments made by the recipient will cover the Council's financing costs and allow for an appropriate margin on cost of funds reflecting the level of risk involved and consistent with State Aid principles. All funding offers made will be subject to appropriate due diligence, including external specialist advice where appropriate, availability of credit ratings in respect of any potential loanee where appropriate, and loan security arrangements. Each individual loan offer will be the subject of a further Cabinet report.

It would not be the intention for the Council to directly compete with existing providers of investment funding. The Council would only look to invest, at its discretion, when there was a clear and demonstrable added value case to be made in terms of local economic benefits for development finance involvement. In many instances the Council investment would be short term to cover the construction phase of development which is the most critical period for schemes to locate finance that is timely and on reasonable terms.

Once out of the development phase there is sufficient liquidity at an appropriate risk margin in the existing investment markets for schemes to be refinanced at which point the Council investment would be repaid. Any investment from the PIF would be on terms that allowed the Council to fully cover its costs, including the costs of borrowing to fund any advance, and creation of an appropriate risk contingency.

Service Investments: Shares

Contribution: The Council invests in the shares of local businesses to support local public services and stimulate local economic growth. The main share investment (£0.9 million) is a 9.9% holding in Kirklees School Services Ltd which operates 19 schools on our behalf on a 32 year contract under PFI. The Council also a 14% holding in QED KMC Holdings Ltd (£0.2 million).

Security: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. To limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares held for service purposes in £ millions

Category of company	31.03.2025 actual			2026/27
	Amounts invested	Gains or losses (-)	Value in accounts	Approved Limit
Local businesses	0.2	0.8	1.0	*0.2

* Approved limit includes amounts already invested.

Risk assessment: The Council entered into these shareholdings for the purposes of participating in the governance and control of organisations that it considered to be important for the purposes of securing economic benefits to the borough. The Council is also the sole client in respect of one of these investments. The Council assessed the risk of participation taking account of the financial and public benefits, including the opportunity to make a potential gain in the event of the business being successful, although this was not the core purpose for initial participation. The Council assesses the risk of loss before entering into and whilst holding shares by continued oversight and involvement in the strategic and operational aspects of the business, and participation in decision making, although the financial risk of the investment is perhaps lower than the operational and or reputational impacts of any failure by the companies in which the Council holds share based investments.

Liquidity: The Council has entered into these shareholdings for the purposes of delivery of its public service and community leadership obligations and the investments are considered to be long term. Viability of the investments in the long term is an important part of the strategy, but as the Councils share ownership and participation is strategic rather than financial the daily or periodic value is of less concern than the overall long-term health of the organisation in which the investment is held.

Non-specified Investments: Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Council's upper limits on non-specified investments. The Council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

Commercial Investments: Property

Contribution: The Council invests in local commercial property such as retail town centre shops and buildings with the intention of making a profit that will be spent on local public services.

These assets fall under the definition of Investment Properties in the CIPFA Accounting Code and are valued at fair value in the accounts in accordance with IFRS13. Fair value is when an asset is valued at its highest and best use.

Table 3: Property held for investment purposes in £ millions

Property type	Actual	31.03.2025 actual		31.03.2026 expected	
	Purchase cost	Gains or losses (-)	Value in accounts	Gains or losses (-)	Value in accounts
Commercial Property	*See below	1.7	22.1	0.0	22.1

*The purchase cost cannot be ascertained as the majority of these assets have been owned by Kirklees for many years and purchased by Huddersfield Corporation during the 1920s from Ramsdens Estate. There is a signed legal document and a 'book of acquisition' which is a hard-backed ledger held in legal services.

Security: In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2025/26 year-end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full Council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

At this stage, the George Hotel is considered a regeneration project and not counted as an investment, however once redevelopment work has been completed this will be re-assessed.

Risk assessment: The Council's current commercial asset portfolio held for investment purposes is largely a historical portfolio. It is monitored and reviewed annually as part of the Council's wider asset strategy including potential future appreciation and potential receipt value.

It is not the Council's intention to invest in any new commercial portfolio investments at this time. If any new investments are identified a risk assessment would be performed.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to which are necessary for the achievement of its business/service objectives. Cash flow projections are prepared on a regular and timely basis.

Loan Commitments and Financial Guarantees

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness. The Council does not have any loan commitments, however there are some guarantees that the Council holds including a guarantee on outstanding contributions to the Pension Fund in the event of a default by certain bodies and a guarantee to the Homes & Communities Agency (HCA) in the event of a default by Kirklees Community Association (KCA) on the redevelopment of the Fieldhead Estate.

Capacity, Skills and Culture

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Service Director - Finance is a qualified accountant with extensive local government experience, the Executive Director - Place has experience of major Council regeneration schemes and partnerships with major business and third-party partners, as do key Service Directors. The Council pays for staff to study towards relevant professional qualifications including CIPFA, ACA and AAT.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

Cabinet is responsible for the implementation and monitoring of any investment policy. The Corporate Governance and Audit Committee undertake a scrutiny role with regard to investment.

Regular training for members of the Committee is provided by our treasury advisors to enable them to make decisions to ensure accountability and responsibility on investment decisions within the context of the Council's corporate values. Any new investment decisions are also approved at full Council.

Investment Indicators

The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure arising from its investment decisions.

Total risk exposure: The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third-party loans.

Table 4: Total investment exposure in £ millions

Total investment exposure	31.03.2025 Actual	31.03.2026 Forecast	31.03.2027 Forecast
Treasury management investments	59.0	30.0	30.0
Service investments: Loans	42.1	30.3	30.3
Service investments: Shares	1.0	1.0	1.0
Commercial investments: Property	22.1	22.1	22.1
TOTAL INVESTMENTS	124.2	83.4	83.4
Commitments to lend	0.0	0.0	0.0
Guarantees issued on loans	0.0	0.0	0.0
TOTAL EXPOSURE	124.2	83.6	83.4

How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

Table 5: Investments funded by borrowing in £ millions

Investments funded by borrowing	31.03.2025 Actual	31.03.2026 Forecast	31.03.2027 Forecast
Service investments: Loans	42.1	30.3	30.3

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government *accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 6: Investment rate of return (net of all costs)

Investments net rate of return	2024/25 Actual	2025/26 Forecast	2026/27 Forecast
Treasury management investments	5.0%	4.1%	3.5%
Service investments: Loans	-0.3%	-0.3%	0.0%
Service investments: Shares	None	None	None
Commercial investments: Property	12.0%	5.0%	5.0%

REPORT TITLE: HOUSING REVENUE ACCOUNT (HRA) RENT, SERVICE CHARGE INFLATION UPLIFT REPORT AND THE HRA BUDGET FOR 2026-27

Meeting	Cabinet
Date	2 nd December 2025 revised
Cabinet Member	Cllr Moses Crook Deputy Leader and Transport and Housing
Key Decision	Yes
Eligible for Call In	Yes
Purpose of Report This report provides the financial context and basis for the annual rent and service charges inflationary uplift as well as for the HRA budget which provides for the revised 5-year Capital Plan, which will be considered by Cabinet on 2nd December 2025, and by Council in February 2026 for approval. This report is for a decision for the annual rent and service charge inflationary uplift for 2026-2027, which will form part of the HRA budget proposals.	
Recommendations Cabinet is being asked to agree the following: - To approve rent uplifts by an average of £4.19 per week (CPI, 3.8% +1%) and service charges payable between 0.01p and £0.87 per week (4.8%) from 1st April 2026, after taking into consideration the affordability to tenants. The increases are summarised in Appendix 1. - To approve the increase the service charge for communal grounds maintenance services capped at £1.00 per week each year until full cost recovery is achieved. - To approve the increase the charges for Extra Care Services – Intensive Housing Management to be uplifted by between £1.47 and £3.74 (4.8%) and Extra Care Services – Night Care Service to be uplifted by £1.13 per week (4.8%). - To note the national and local financial challenges outlined as part of the HRA budget proposals for 2026-27. - To delegate authority to and the Executive Director of Place in consultation with the Portfolio Holder for Transport and Housing to approve any changes to the rate for sheltered heating and district heating. - That the draft HRA Revenue Budget for 2026/27 is recommended to Council in February 2026 for approval; Appendix 2 - That the revised proposed five-year Capital Plan Budget is recommended to Council for approval; Appendix 6. (Funding summary Appendix 4)	
Reasons for Recommendations	

- To maximise rent and service charge income which complies with the requirements of the Local Government and Housing Act 1989 to have a balanced HRA and the Welfare Reform and Work Act 2016 and the rent standard.
- To ensure resources are available to invest into tenants' homes to make sure they are safe and that they meet the decent home standard. A breakdown of the capital plan is summarised at Appendix 5.
- To ensure the appropriate mechanisms are in place to support vulnerable tenants.
- To propose a balanced HRA revenue and capital budget for 2026-27.
- To hold reserves at a level which is set at £519 per property at c£11.2m.

Resource Implications

The proposed budget provides for additional staffing costs of £383k to support the delivery of the Capital programme.

Date signed off by Executive Director & name

David Shepherd – Executive Director of Place
5 November 2025

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

Kevin Mulvaney – Service Director of Finance
21 November 2025

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

Samantha Lawton - Service Director of Legal, Governance and Commissioning (Monitoring Officer)
21 November 2025

Electoral wards affected: All

Ward councillors consulted: No

Public or private: Public

Has GDPR been considered? Yes

1. Executive Summary

- 1.1 The Council is required to maintain a self-financing Housing Revenue Account (HRA), which is a ring-fenced account separate to the General Fund and is a record of all revenue expenditure and income relating to the authority's own housing stock. It is the responsibility of all Councils with an HRA to set a balanced budget and make provision for adequate resources to invest in council properties. This ensures tenants safety and that they are living in properties that meet a decent home standard including energy efficiency which will support tenants with the cost of living. This report sets the provisional budget for 2026-27 for the HRA, details of which are included in the following pages and appendices.
- 1.2 The Council regularly reviews and updates the HRA business plan with the aim to produce a self-financed and balanced budget position over the 30-year plan that delivers the key objectives.
- 1.3 The main source of income for the HRA is from rents and service charges, income from leaseholder service charges and charges paid by tenants for specific services. The income is used to support the management and maintenance of the Council's circa 21,500 housing

stock, is reviewed annually, and is increased as required within the guidelines agreed by Government. This report sets out the approach to the annual rent and service charge inflationary uplift for council tenants for the 2026/27 financial year. The annual proposed uplift to social housing rents and service charges is based on the government formula of CPI + 1% (Consumer Price Index). This was agreed for a ten-year period from April 2026 to March 2036 where the CPI rate is taken from September each year. This complies with the requirements of the Rent Standard set by the Regulator of Social Housing.

- 1.4 This year the rate of inflation at the end of September 2025 was 3.8% which means a proposed uplift of 4.8%. We charge a formula rent for the majority of properties, where the formula is calculated based on the property valuation, number of bedrooms, location, and local earnings levels in line with the Rent Standard. Where rents are currently charged below the formula rent, government have announced a plan of how Registered Providers can move towards rent convergence, which will take effect from 1st April 2027. The Council is also proposing a 4.8% uplift for the extra care - Intensive Housing Management service and night-time security service charges where the costs are linked directly to staffing and the increase for the National Living Wage.
- 1.5 We have aimed to sensitively increase costs recognising financial challenges for our tenants. To support this agenda the proposed budget has allocated funds to provide additional support to tenants. This will aim to provide support to the financial challenges that the rent/service charge increase brings along with the impact of rent convergence. The support will be for a transitional period offered as part of a package of wider support.
- 1.6 The proposed rent and service charge increase, are required to enable investment in our tenants' homes. Within the financial plan is a proposed five-year Capital Programme outlining investment in our homes including new roofs, doors, environmental works, kitchens, bathrooms, and heating systems benefitting the fabric of our properties and improving the quality of tenants' homes.
- 1.7 A review of service charges has been carried out because the Council needs to ensure that it recovers income to cover the cost of providing services to tenants and leaseholders in an equitable manner.
- 1.8 The Regulator of Social Housing benchmarking data for 2024-25 shows that Kirklees continues to charge one of the lowest average rents. The Yorkshire and Humberside region reports the second lowest average social rent across the country, with only the Northeast charging a lower average social rent. The average weekly social rent for Kirklees being proposed for 2026-27 is £91.57. **(Local Provider Social Housing in England – Stock and Rents 2024-25)**

Comparative rent data	Local Authority Net	Private Registered Providers Net	Average Net
	rent	rent	rent
	£	£	£
Kirklees	£85.87	£104.49	£88.62
Yorkshire and the Humber	£90.88	£101.73	£95.36
England	£107.88	£118.15	£113.6

- 1.9 Where new council housing is being developed for rent, there will be consideration, subject to a business case to charge social rent or an affordable rent, which is 80% of the market rental charge. The affordable rent would be less than the agreed local housing allowance and supports the published rent standard. When a property is relet, the tenant will automatically be charged the formula rent for that property, plus any relevant service

charge unless the property is subject to an affordable rent, in which case the agreed affordable rent will be charged.

- 1.10 The Proposed HRA revenue budget is £114m, where 28% is budgeted to be spent on repairs and maintenance, 24% to be spent on management costs, 5% to be spent on community facility costs which is recoverable through a service charge, 10% to be spent on extra care schemes which is recoverable through grant, rents and service charges, 23% to contribute to the cost of capital and major works, 7% for financing costs and 3% for other provisions and taxes.

Capital Plan

- 1.11 As part of our budget setting work a review of the five-year capital plan has taken place. This ensures that our plan is affordable and, after several years underspending on capital budgets, that it can be delivered by teams in Homes and Neighbourhoods, working closely with Property Services, and our wider sub-contracting supply chains.
- 1.12 During the last 12 months the service has benefitted from a range of resources brought in to develop our programme and capacity to deliver. We have recently appointed a new Head of Asset Management and Building Safety (employment with the Council commences in January 2026) and prior to the new financial year will have recruited a new management team and significantly reduced the officer level vacancy rate to support the delivery. These actions are being taken to ensure that over the life of the five-year capital plan we have the resources required to deliver and reduce capital expenditure slippage.
- 1.13 Our priorities over the next 5 years are to:
- Ensure compliance with our regulatory responsibilities (Consumer Standard - Quality & Safety Standard)
 - To reduce the maintenance backlog and elemental component failures
 - To deliver our fire and building safety programme over a five-year programme.
 - Improve homes to ensure they are compliant with the Decent Homes Standard.
 - Continue to reduce the number of homes that are affected by DMC.
 - Completing fire and building safety investment to ensure our homes remain safe.
 - Achieve EPC C across our stock by 2030 (6,800 approx. homes)
 - Deliver our neighbourhood and communal investment priorities.
 - Develop plans to increase the supply of new Council homes through new build, acquisition & conversions.
 - Complete delayed regeneration projects and deliver strategic priorities
 - Maximising external funding opportunities to deliver our agreed priorities with tenants and, the HRA Business Plan ambitions
- 1.14 The capital plan has been updated from the Council Housing Asset Strategy, which was approved by Cabinet on 12 March 2024, ensuring our existing Council homes are safe, warm, well maintained and, our capital investment is reducing long-term repairs and maintenance costs. It will also reduce current maintenance backlog and, will deliver on updated regulatory responsibilities, tenant priorities, and tenants' satisfaction with the quality of their homes.
- 1.15 In March 2024 we estimated that a capital plan budget of £170million would be required to improve our stock of council homes including a backlog maintenance of £70m. However, that plan had not fully considered the extent of future building cost inflation and did not include other strategic Council's priorities including additional investment required to reduce the levels of non-decency; compliance with Regulator for Social Housing Consumer Standards including new requirements held within Awaab's Law; fire & building safety legislation; or growth ambitions.

- 1.16 This plan rectifies the above points by bringing together all required investment and strategic priorities into one capital plan with relevant building cost inflation (BCIS formula) applied. This ensures affordability and robustness across a balanced thirty-year asset management programme.
- 1.17 With the successful completion of the full fire risk assessment (FRA) programme on all properties requiring an FRA we have been able to complete a review of the fire & building safety programme. The result is a proposed detailed 5-year investment programme (reduced from 7 years) that will ensure all our homes meet the required legislation. It means that work is carried out at the earliest opportunity to address required actions and recommendations made to the Council regarding fire safety.
- 1.18 The proposed 5-year Capital Plan including inflation is as follows:

HRA 5-Year Capital Plan	£
Improving the quality of Council Homes	264m
Strategic Priorities: Completing Regeneration Projects, Acquisitions & New Council Homes etc	105m
Adaptations	21m
Total Cost (5-Years)	390m

- 1.19 The financial detail of the capital plan is provided at Appendix 5. There is a high degree of confidence in the total value of the programme over the five-year period, but at this stage of reporting there could still be variation in the spend profile within years, and particularly in Year one as the programme mobilises. The work required to confirm the final profile will be completed in December and early January with a final year one investment spend confirmed for the final decision in February 2026. The work required to confirm includes programme risk assessment and potentially soft market testing, will be concluded ahead of final approval of the budget.
- 1.20 The capital plan includes our ambition to increase the supply of new homes on HRA land. This will be achieved through a robust review of land that will be suitable for new Council homes; demolition and rebuild projects; acquisition of new homes via section 106 and on open market; continuation of our LA Housing Fund (LAHF); And working in partnership with other Registered Providers via the West Yorkshire Housing Partnership and WYCA to secure funding and deliver homes under the Homes England Social and Affordable Housing Programme 2026-2031 and any other available external funding to help us deliver our ambitions.
- 1.21 A priority for the HRA Business Plan is the long-term viability of this plan, to replace homes lost from RTB; to increase the supply of new Council housing to meet ever growing demand for social housing to reduce the number of households in temporary accommodation. The outcome of this work will be the subject of a separate Cabinet report during 2026/27 and is likely to refresh the assumptions included in the five-year Capital Plan.

2. Information required to take a decision

- 2.1 The Council is required to deliver a balanced thirty-year business plan. The HRA (Housing Revenue Account) business plan has been modelled based on an inflationary uplift of 4.8% with the additional £1 or £2 per week to achieve rent convergence and this is required to be able to fund all its commitments in the capital plan and support a minimum reserve balance of £519 per unit, (2025-26 - £10.8m). A minimum reserve of £519 per unit is considered prudent and provides for unexpected costs or economic shocks.

- 2.2 An inflationary provision of 3.5% for staffing costs has been provided for, until the pay award for 2026-27 has been finalised.
- 2.3 Homes and Neighbourhoods have implemented a new housing management system (CX) which includes an integrated customer contact and relationship module. This will support the ongoing transformation work, which includes end to end process reviews, a focus on compliance, statutory, legislative, regulatory and a culture review. This will be supported by better insight and data provided by more efficient systems and processes.
- 2.4 Service revenue management budgets have increased by £653k, which includes £383k for additional staff costs for the Assets and Development team to provide additional capacity and the right skills to deliver the capital plan programmes. An additional £200k has been included to support transitional arrangements for tenants in receipt of partial or no housing benefit assuming rent convergence will be applied. A further £70k has been set aside to assist with preparations for an expected inspection by the Regulator of Social Housing.
- 2.5 The proposed budget for repairs and maintenance is £32.7m, which is a net increase of £1.4m. Resources will be set aside to carry out stock condition surveys; additional funding for meeting the cost of an increase in responsive repair call volumes; increasing funding to ensure we are compliant with new Legislation including fire and building safety work, implementation of Awaab's Law; reducing backlog maintenance. An inflationary increase of at least 3.5% has been allocated to repairs related works and an increase of 4.5% will be applied to works related budgets, where additional demand pressures have been identified or to address any outstanding works.
- 2.6 The grounds maintenance service is provided to tenants and leaseholders in Kirklees and currently costs £1.7m. A service charge has been introduced which will be a maximum increase each year of £1 per week, per year until full cost recovery is achieved. Charges have been divided equally between tenants and leaseholders based on each property they live in, on an estate-by-estate basis. Service standards will be issued, and regular monitoring will take place.
- 2.7 For district heating schemes, meters will be reviewed at least annually and adjusted by the appropriate cost per kwh to match current prices. It is requested that the decision to approve any changes to charges is delegated to the Executive Director of Place in consultation with the Portfolio Holder for Transport and Housing.
- 2.8 Similarly for sheltered heating schemes, it is requested that the decision to approve any additional charges is delegated to Executive Director of Place in consultation with the Portfolio Holder for Transport and Housing.
- 2.9 The amended UK Decent Homes Standard was introduced in 2006. Compliance with this standard does not stand still and properties each year will be made 'decent' whilst others will fall 'out of decency' because some of the key elements of a home may have reached the end of their lifecycle (e.g. roof & chimneys, windows, heating, kitchens & bathrooms etc). At the end of 2024/25 had 21.19% (5,224 Council homes); 21.7% including other social units (PFI units and others) that did not meet the Government Decent Home Standard (DHS). This measure is calculated on a quarterly basis. We are already seeing improvements against non-decency this year because of work that is being undertaken and further stock condition validation. In October 2025, non-decency stood at 13.9%.
- 2.10 Over the next five years £390 million will be required to be invested in our homes based on current information. This is updated annually and, will be further informed by more up to date stock condition surveys that will be undertaken over the next three years for all existing homes. All homes that do not meet the Decent Homes Standard are now included

in the capital plan. This will include our commitment to taking a fabric first approach, retrofit measures targeted at homes where there are recurrent or ongoing damp, mould, and condensation or cold home issues.

- 2.11 Until such time as more current stock condition information is available and data has been integrated to support capital planning, surveys will take place for each year's capital programme to ensure that homes included in the capital plan will continue to prioritise work on a 'worst first approach', whilst also taking a geographical approach to planning investment so that those homes that are in urgent need of investment are prioritised. Annual programmes and budgets will be developed in a way that enables flexibility in year to deal with unforeseen issues through the dynamic planned maintenance initiative and will be kept under regular review.
- 2.12 There is a requirement to propose a rent and service charge uplift of 4.8% for the financial year 2026-27. The report aims to provide context in terms of the key challenges for the Housing Revenue Account even with the proposed 4.8% rent uplift. The appendix to the report sets out the full schedule of proposed weekly dwelling rent, service and other charge inflationary uplifts to Council tenants for 2026/27, noting that these will be calculated on a basis that matches the billing period to the number of weeks in the year (i.e., 52 weeks for 2026/27) Appendix 1.
- 2.13 The proposed inflationary uplift will mean an average uplift across all tenancies of £4.19. The following table summarises the proposed average rent to be charged and increase for each bedroom size:

Average weekly rent increases	2025-26	2026-27	Increase	Increase
	£	£	£	%
All	87.38	91.57	4.19	4.80
Average 1 bedroom	77.39	81.10	3.71	4.80
Average 2 bedroom	91.72	96.12	4.40	4.80
Average 3 bedroom	103.09	108.04	4.95	4.80
Average 4+ bedroom	110.18	115.47	5.29	4.80

- 2.14 Following the Government consultation carried out earlier this year in relation to rent convergence, there is an additional £1 or £2 per week per property increase being proposed where the formula rent is not currently being charged.
- 2.15 There are 73% of council tenants that are currently in receipt of some benefit either Universal Credit or Housing Benefit and so the Council needs to ensure that they consider the impact of the proposed uplift for the 27% of tenants who are not in receipt of any benefits and those on partial benefits. The Council have a dedicated Income Management and Money Advice Team who will work with these tenants to support them with completing claims for benefits and signposting them to other agencies. Tenants can also access Kirklees corporate support. [Local Welfare Provision | Kirklees Council](#)
- 2.16 Where new council housing is being developed for rent, there will be the consideration, subject to a business case to charge a social rent/formula rent or an affordable rent. An affordable rent may be charged, which is 80% of the market rental charge and is inclusive of service charges. This is supported by the rent standard published by the Regulator of Social Housing.
- 2.17 There are 51% of tenants that are currently reported as having some arrears of which 72% are in receipt of Universal Credit and so it cannot be guaranteed that payments will be made because the benefit goes direct to the tenant, although claims to have the benefits paid direct to Kirklees can be made if the tenant is reported to have more than eight weeks

arrears. There are 42% of tenants who pay by direct debit and 58% who pay by alternative methods of payment. Tenants are encouraged to sign up for direct debit arrangements.

- 2.18 All services are looking to achieve efficiencies to address the cost-of-living inflationary increases and in total savings of £1.1m for 2026-27 have been proposed. These savings have been built into the proposed budget to ensure there is budgetary control and accountability. Savings include a reduction of 128 void properties over the year, reducing rent lost by £291k; recovery of service charge income of £386k for grounds maintenance; £14k for cleaning; heating charges of £25k; and £172k efficiency proposed from better ways of working.
- 2.19 The Intensive Housing Management service charge provides a manager presence in the extra care schemes and the provision of a housing related support service to tenants to help them maintain their tenancies. Of the total cost of this service tenants pay for 80% and the charge is eligible for housing benefit. An uplift of 4.8% is proposed as the costs are linked directly to staffing and the increase for the National Living Wage.
- 2.20 There are two service charges which are commissioned by the Council's Adult Social Care. The Night-time Security service charge provides a staff presence in the extra care schemes overnight and to respond to emergency calls made by tenants during the night. The charge that tenants pay for this service amounts to 50% of the total cost and the service charge is eligible for housing benefit. The total cost of this service will increase annually due to an uplift to the National Living Wage. An uplift of 4.8% is proposed as the costs are linked directly to staffing and the increase for the National Living Wage.
- 2.21 The Council assumes a number of properties will be sold through the RTB Scheme, which on average is around two hundred properties per annum. The number of sales has reduced over the last two years but due to the budget announcement to amend the discount levels with effect from 21st November 2024, there has been additional applications and so there is an assumption that there will be 190 sales in 2026-27.

3. Implications for the Council as part of the Council Plan

3.1 Working with People by providing direct support to tenants.

- 3.1.1 The rollout of Universal Credit (UC) started in June 2015 and is now accelerating due to DWP Managed Migration with 55% of tenants currently in receipt of UC, 18% partial or full Housing Benefit (HB) and 27% in receipt of no benefits and so there are dedicated staff to support tenants transitioning from Housing Benefit to Universal Credit. As of 29th September 2025, there were 5438 tenants who were not in receipt of any benefits of which 3306 (61%) of those tenants who are already on an arrangement to pay by Direct Debit. The Money Advice team will support these tenants to assess whether they will be eligible for any benefits, will support them to claim any entitlements and to put in place an arrangement to pay by Direct Debit. Contact details for support and additional information will be sent out to all tenants with the statutory increase notice.
- 3.1.2 Tenants will have access to a Discretionary Housing Payment (DHP) which is still available to fund short term gaps in customer benefit entitlement etc. All assessments are made on specific need.

3.2 Working with Partners

- 3.2.1 Homes & Neighbourhoods Income Management resources are being made available and targeted towards new and transitioning UC claimants to ensure that they receive the support that they need to successfully make the change and keep in control of their rent accounts. The waiting period is around 5 weeks before the first payment is received,

although tenants can claim an advance payment. There are significant strategic and operational challenges in dealing with the claimants in receipt of benefits in Kirklees Council tenancies and as UC continues to be rolled out in Kirklees, with increased risks associated with managing the HRA, cashflow and income collection rates. The Homes & Neighbourhoods Income Management team work with partners to oversee the delivery of a set of action plans designed to directly mitigate the impact of welfare reform changes such as UC on tenants through a dedicated debt advice team that adopts a restorative approach to debt management.

3.3 Place Based Working

3.3.1 Engagement proposals are informed by intelligence and evidence gathered from previous successful place-based engagement programmes delivered by Homes & Neighbourhoods and other partner services. This includes consultation at the high-rise blocks at Berry Brow and Harold Wilson Court in 2021 to inform full regeneration and fire safety improvement programmes, working with ward members and tailored to the needs of Kirklees as a place and the individual needs of its distinct communities.

3.3.2 There have been several issues regarding the delivery of the capital programme in recent years which have been addressed. This includes lack of oversight, significant vacancies within the services, changing priorities for investment and lack of effective planning. These issues have been addressed through the introduction of the Homes & Neighbourhoods Capital and Revenue Investment Board (HCRIB), reporting into H&N Senior Management Team and appropriate Council Governance meetings with a close alignment with the Council's Capital Board; by reviewing the five-year Capital Plan alongside the resources required to deliver this programme; robust delivery performance management of the programme and, the re-structure of the service. This has also included changes within Property Services.

3.4 Climate Change and Air Quality

3.4.1 Kirklees Council are investing in new heat sources for a number of their council properties to make them more efficient. They have been successful in accessing grants to support the review of existing networks and to support the cost of new heat networks. They also have the use of a number of electric vehicles which will support the climate and clean air agenda.

3.4.2 The planned programme includes the work required to bring around 6,800 Council homes up to EPC C by 2030. Programmes designed to improve energy efficiency and environmental impact (decarbonisation and fabric first retrofit) will be reviewed as part of the ongoing stock condition surveys and Health and Housing Safety Rating System (HHSRS) to inform future investment planning. West Yorkshire Combined Authority have awarded Kirklees £2.6 million to support our Capital Plan.

3.5 Improving outcomes for children

3.5.1 The current baseline capital plan is forecast to invest £390m over the next five years, which includes resources set aside for component replacements, estate improvements, compliance, fuel poverty, and adaptations. Investing in council properties will improve living conditions by providing a warm and safe home for tenants to live in, which will improve outcomes for children. The capital plan has been reviewed and updated during 2025-26 which will provide additional investment into existing homes.

3.5.2 The Money Advice team work closely with tenants to assess whether they are entitled to benefits and then support them to claim entitlements. This relieves poverty in the

household and therefore supports children to have a better start in life, which improves outcomes.

3.6 Financial Implications

- 3.6.1 The Council will propose a balanced budget for 2026-27 and maintain a balanced 30-year HRA business plan, which will be supported by funding from reserves and additional borrowing.
- 3.6.2 A number of key policy announcements have been made following the enactment of the Welfare Reform and Work Act 2016 and the Housing and Planning Act 2016. The implications of the new legislation have been included within the 30-year financial modelling for the HRA. The budget proposals for 2026-27 result from a review of the HRA with the key objective to deliver a balanced 30-year HRA business plan.
- 3.6.3 People living or working in Kirklees will have access to the Kirklees local welfare provision: [Local Welfare Provision | Kirklees Council](#)
- 3.6.4 The proposed 30-year capital plan to support delivery of the Asset Management Strategy requires £390 million investment in Council housing over the next 5 years. This will be financed through the Major Repairs Reserve (MRR), Grants, and revenue contributions to capital outlay (RCCO) from the HRA with any additional amounts being financed through new borrowing. This balance assumes the most critical priority is to improve the quality of existing Council homes for tenants alongside maximising opportunity and funding to increase year on year acquisitions and new provision to support this plan to ensure long-term viability of the HRA BP. The proposed budget provides for corporate resource to support the delivery of this plan. The HRA Business Plan is reviewed annually, and as stock condition survey information is updated this will feed into the annual review process to ensure the capital plan is adjusted to reflect current investment needs.

3.7 Legal Implications and governance

- 3.7.1 The approval of the above recommendations will ensure that a balanced HRA is achieved, which means the Council is compliant with section 76 of the Local Government and Housing Act 1989. The HRA is a ring-fenced account and cannot be subsidised by the General Fund. Section 24 of the Housing Act 1985 allows the Council as a registered provider the discretion to set its own rents, but the charges must be reasonable and are subject to legislative rent caps imposed by the government. The Local Government and Housing Act 1989 also covers the recovery of service charges, and the rent standard applies to both rents and service charges. Changes to rent and service charges are excluded under section 105 (2) of the Housing Act 1985 from the statutory duty to consult with tenants on matters of "housing management" under section 105 of the Housing Act 1985.
- 3.7.2 The Equality Act 2010 (Section 149) requires the Council to have due regard to the need to:
 - a) eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Act.
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
 - c) Foster good relations between people who share a relevant protected characteristic and those who do not.

- 3.7.3 A landlord, including a social landlord has the legal right to impose charges for services they provide which are payable in addition to the charges imposed for rent. The tenancy agreement or lease the landlord has with a tenant sets out the obligations on the tenant to pay these service charges. The service charges each tenant is required to pay should be clearly set out at the commencement of the tenancy. The Council, as a landlord must ensure it meets its statutory obligations when deciding to increase or introduce service charges and ensure the right to impose such charges is clearly set out in the tenancy agreement/lease as this may limit the ability to charge. The amount of service charges each tenant is required to pay should be reasonable. This applies to both secure and leasehold tenants.
- 3.7.4 Improved Governance has been introduced for capital programme delivery in 2025/26, this has involved the establishment of a Homes & Neighbourhood Capital and Revenue Investment Board (HCRIB), focus on robust financial management and monitoring the delivery of the capital plan against approved budgets, robust investment planning, enhanced project and contract management and delivery. This brings together representation and expertise from across the Council to ensure this plan is delivered. With an increased focus on performance management and KPI reporting. All HRA Capital being managed by a single Homes & Neighbourhoods Capital Board reporting into H&N SMT and, alignment with the Corporate Capital Board.

3.8. Other (e.g. Risk, Integrated Impact Assessment or Human Resources)

- 3.8.1 In planning of the five-year Capital Plan this provides the opportunity to review the approach to procurement to avoid unnecessary tenant disruption and, the move to appoint through a procurement compliant process the opportunities to move away from smaller, single elemental replacement programmes to a smaller number of strategic contractors or framework partners carrying out greater volumes of work delivering a range of improvements, coordinating work programmes to reduce tenant disruption, improving operational efficiency and allow for more robust contract management, whilst managing any relevant risks of such an approach.
- 3.8.2 It is believed that the proposals to change rents and other charges set out in this report will not have an unduly adverse impact on any persons in any of the nine protected characteristics namely, age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion, or belief, sex, and sexual orientation. All tenants affected by any approved changes to rents and other charges will be notified of the specific changes to their charges and be provided with information and guidance on how to access information and guidance on housing and other benefits. Ref: [IIA-667140185](#)
Ref: [IIA- 656525132](#).

4. Consultation

- 4.1.1 Consultation was undertaken with tenants and leaseholders to introduce a service charge for the provision of communal Grounds Maintenance (GM) services capped at £1.00 per week from 2025/26.
- 4.1.2 Resident involvement is essential and, to ensure the quality of improvements to homes supports our tenants' priorities and, we have their support to improving their homes. The five-year capital plan will be used to introduce a range of ways to communicate with tenants about planned improvements. A new Tenant & Leasehold Communications Plan key that will improve engagement with our tenants and leaseholders. This will include improvements to the website providing more information that is easily accessible and, routine update testing out new channels of communications and information available in our communities. This will be developed over the next few months to coincide with the approval of the five-year Capital Plan by the Council.

4.1.3 The overall programme quantum over a five-year period will not change, but Cabinet should be advised that the profile of the programme may adjust particularly in the early years as officers work through the programme risk profile associated with procurement and delivery. This will be confirmed in advance of the final budget report in February 2026. Careful planning of the programme is taking place to minimise disruption but to also reduce the need for decanting tenants. Additional support will also be available to provide support to tenants in planning the work programme, during the works and minimising disruption. Additional support is in place for any household with vulnerabilities.

4.1.4 Capital Project Delivery teams will include Quality Liaison Officers whose role is to understand the individual needs of tenant & residents and households who will work closely with Housing Management officers so that plans can be developed together in a way that will minimise disruption and support residents. These officers will manage day to day communications throughout the delivery of work in homes to ensure it is tailored to their needs and support for any vulnerable household as part of the planning of any work to homes.

5. Engagement and communication

5.1.1 The five-year, £390m plan is a significant programme and has been carefully planned to provide the opportunity to maximise social value benefits (through capital contracting) beyond supporting voluntary initiatives. A priority for the borough and in line with Kirklees strategic priorities is the opportunity to maximise apprenticeship and trainee opportunities with contractors and the supply chain. This could be targeted at areas of worklessness, working closely with local schools, colleagues and children's parenting board whilst targeting workplace opportunities for those furthest away from the labour market.

5.1.2 There is a requirement to give tenants 28 days' notice of any uplift in rents or service charges.

6 Options

6.1 Options considered

6.1.1 To do nothing would mean that Kirklees would have to either increase its borrowing to cover the cost of services, make additional savings or would have to consider reducing the level of services delivered.

6.1.2 To maximise rental income based on the government formula to uplift rents annually by CPI +1% and to move to a full cost recovery for service charges.

6.2 Reasons for recommended option

6.2.1 To maximise income so that Kirklees can invest in tenants' safety and decent homes and so it can set a balanced budget.

6.2.2 To recover income where Kirklees Homes and Neighbourhoods has incurred costs on behalf of tenants, so that tenants are charged for the service they receive.

6.2.3 To recover service charge income to cover the cost of services provided to tenants and leaseholders to achieve a full cost recovery position.

7 Next steps and timelines

- 7.1 In order to comply with the requirements of the Local Government and Housing Act 1989 to have a balanced HRA and the Welfare Reform and Work Act 2016 and the rent standard which requires registered providers to comply with specified rules about their levels of rent set under section 194(2A) of the Housing and Regeneration Act 2008; to implement the uplift of 4.8% (CPI + 1%) subject to Cabinet approval.
- 7.2 Council Officers will prepare for the implementation of rents and service charge changes from 1st April 2026 as set out in Appendix 1 and the issuing of prior notification letters to individual tenants in accordance with the statutory 4 week notice period.

8 Contact officer

Jacqui Fieldhouse, Head of Finance – Homes & Neighbourhoods
Email: jacqui.fieldhouse@kirklees.com Tel: 01484 221000 ext 79267
Janet Sharpe, Interim Director – Homes and Neighbourhoods Asset Team.
Email: janet.sharpe@kirklees.gov.uk Tel: 01484 221000 ext 79267

9 Background Papers and History of Decisions

- 9.1 Rent setting report to Cabinet – 10th December 2024 and Approved budget for 2025-26.

10 Appendices

- 10.1 Appendix 1 – Schedule of weekly rent and service charges for 2026-27.
- 10.2 Appendix 2 – Revenue Medium Term Financial Plan - April 2026 to March 2031.
- 10.3 Appendix 3 – HRA Reserves – March 2027.

11 Service Director responsible

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Schedule of Weekly Rent and Service Charges for 2026/27

	Schedule as at 7 April 2025 £		Schedule as at 6 April 2026 £		Increase %
RENTS					
Average Dwelling Rent Split:	87.38		91.57		4.8
Average 1 Bedroom Rent	77.39		81.10		4.8
Average 2 Bedroom Rent	91.72		96.12		4.8
Average 3 Bedroom Rent	103.09		108.04		4.8
Average 4 and Over Bedroom Rent	110.18		115.47		4.8
Garage Rents (Excl VAT)	6.57		6.89		4.8
51					
Housing Benefitable Service Charges					
Concierge	2.77 to 18.12		2.90 to 18.99		4.8
Door Entry Systems	0.49		0.51		4.8
Communal Cleaning	1.13 to 8.70		1.18 to 9.12		4.8
Communal Cleaning (contract extension)	2.51		2.63		4.8
Window Cleaning	0.25 to 2.89		0.26 to 3.03		4.8
<u>Sheltered Housing:</u>					
Scheme Management	15.95		16.72		4.8
Independent Living Officer	5.88		6.16		4.8
Furnishings	20.55, 21.90		21.54, 22.95		4.8
PFI Service Charges					
Communal Cleaning	12.32 to 16.77		12.91 to 17.57		4.8
Communal Utilities	2.53 to 13.42		2.65 to 14.06		4.8
External Lighting (General Needs Only)	1.98 to 2.93		2.08 to 3.07		4.8
Grounds Maintenance	3.32 to 8.62		3.48 to 9.03		4.8
Intensive Housing Management (Extra Care Only)	30.57 to 77.97		32.04 to 81.71		4.8
Management and Admin	1.49 to 1.50		1.56 to 1.57		4.8
Night Time Security (Extra Care Only)	23.63		24.76		4.8
Property Management (Extra Care Only)	25.10		26.30		4.8
R&M Com fac&ut cost	5.89 to 13.46		6.17 to 14.11		4.8
Other Charges					
Parking Spaces	5.65		5.92		4.8
Other Utilities charges	16.70, 23.32		17.50, 24.44		4.8
Older People Support	6.95, 24.05		6.95, 25.20		4.8
Council Tax	5.72, 8.98		5.99, 9.41		4.8 TBC
Gardening	3.77		3.95		4.8
Sheltered heating :					
Bedsit	11.86		12.43		4.8
1 bed	13.59		14.24		4.8
2 bed	15.24		15.97		4.8
3 bed	16.74		17.54		4.8

Appendix 2

SERVICE ACTIVITY	25-26 BUDGET AMENDED £000	CHANGES £000	26-27 BUDGET PROPOSAL £000	CHANGES £000	27-28 BUDGET PROPOSAL £000	CHANGES £000	28-29 BUDGET PROPOSAL £000	CHANGES £000	29-30 BUDGET PROPOSAL £000	CHANGES £000	30-31 BUDGET PROPOSAL £000
Repairs & Maintenance	31,309	1,409	32,718	982	33,700	69	33,769	1,013	34,782	1,043	35,825
Housing Management											
Policy & Management	14,205	532	14,737	438	15,175	455	15,630	469	16,099	484	16,583
Council Services bought in	8,283	(430)	7,853	275	8,128	284	8,412	294	8,706	304	9,010
Homes & Neighbourhoods Man't	18,213	125	18,338	(200)	18,138	0	18,138	-	18,138	-	18,138
Property Services	(190)	18	(172)		(172)		(172)		(172)		(172)
Special Services (Communal	3,668	12	3,680	110	3,790	114	3,904	117	4,021	120	4,141
sub-total	44,179	257	44,436	623	45,059	853	45,912	880	46,792	908	47,700
Other Expenditure											
Depreciation charge on HRA Assets	23,989	1,948	25,937	778	26,715	801	27,516	825	28,341	850	29,191
Interest payable on capital debt	7,507	616	8,123	1,125	9,248	1,125	10,373	1,125	11,498	1,125	12,623
Bad debt provision	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000
Revenue Contribution to Capital	0	0	0	400	400	1,200	1,600	-	1,600	-	1,600
Rents, Rates , Taxes & other charges	829	-	829	-	829	-	829	-	829	-	829
Inflation Provision	723	615	1,338	264	1,602	140	1,742	139	1,881	22	1,903
Sub total	34,048	3,179	37,227	2,567	39,794	3,266	43,060	2,089	45,149	1,997	47,146
Total Expenditure	109,536	4,845	114,381	4,172	118,553	4,188	122,741	3,982	126,723	3,948	130,671
Dwelling Rent income	(95,453)	(4,687)	(100,140)	(3,880)	(104,020)	(3,958)	(107,978)	(3,831)	(111,809)	(3,792)	(115,601)
Non-Dwelling Rent Income	(284)	(7)	(291)	(8)	(299)	(7)	(306)	(7)	(313)	(7)	(320)
Tenant & Leaseholder charges for services & facilities	(5,152)	(586)	(5,738)	(285)	(6,023)	(223)	(6,246)	(144)	(6,390)	(149)	(6,539)
HRA Interest income on cashflow	(735)	435	(300)	-	(300)	-	(300)	-	(300)	-	(300)
Excellent Homes for Life (PFI)	(7,912)	-	(7,912)	-	(7,912)	-	(7,912)	-	(7,912)	-	(7,912)
Total Income	(109,536)	(4,845)	(114,381)	(4,172)	(118,553)	(4,188)	(122,741)	(3,982)	(126,723)	(3,948)	(130,671)
Net Operating Expenditure	-	-	-	-	-	-	-	-	-	-	-

Appendix 3

HRA RESERVES	Balance at 31st March 2026 £000	Contribution to Reserves £000	Contribution from Reserves £000	Balance at 31st March 2027 £000
Set aside for business risks	-10,800		-410	-11,210
Repairs reserve	-1,000			-1,000
Set aside to meet investment needs	-7,510		7,510	0
Total	-19,310	0	7,100	-12,210

Appendix 4

CAPITAL PLAN	2026/27 £	2027/28	£ 2028/29	£	2029/30 £	2030/31 £	Total £
FUNDING SUMMARY							
Borrowing	24,247,161	47,464,460	43,027,703		45,764,409	25,796,612	186,300,345
Grants	5,576,867	4,697,300	2,982,391		2,661,200	2,226,000	18,143,758
Capital Receipts	4,514,000	6,466,357	16,045,094		10,787,821	2,677,700	40,490,972
HRA RCCO	7,510,000	0	0		0	0	7,510,000
HRA MRR	25,937,000	26,715,110	27,516,563		28,342,060	29,192,322	137,703,055
Overall Total	67,785,028	85,343,227	89,571,751		87,555,490	59,892,634	390,148,13

Appendix 5

Reference Number	Service Area	Proposal Title	Proposal Description	2026/27	2027/28	2028/29	Staffing Implication?
HN2601	Property	Reduce absence across the service to 9.6%	Proposing to reduce absence across the service to 9.6% equivalent to 1.5 days per FTE, this will be cashable through reduction in agency staff costs.	-72	-32	-30	N
HN2602	Property	Efficiency target to increase turnover without additional overhead cost	Additional capital delivery required as part of acceleration of the 5-year capital programme, efficiency target to increase turnover without additional overhead cost and limited increase in trade resource, through a more planned and efficient programme.	-100	-100	-100	N
HN2603	Property	Void Rent Loss	This is based on a reduction of 65 units of the overall void stock within the financial year 26/27, current actions within the new empty homes action plan reduce the stock figure void within the financial year 25/26, this is in addition.	-36	-	-	N

Appendix 6

Capital Programme	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	
	Required Budget	Required Budget	Required Budget	Required Budget	Required Budget	5 Year Spend proposed
Total Overall Cost all budget areas	£67,785,028	£85,343,227	£89,571,751	£87,555,490	£59,892,634	£390,148,130
Capital Plan Total Costs	£20,495,547	£21,882,213	£24,824,064	£27,226,747	£29,702,952	£124,131,523
Communications Installation	£35,000	£35,000	£35,000	£35,000	£35,000	£175,000
Electrical Installation	£1,722,900	£2,532,663	£3,988,944	£4,188,391	£4,397,811	£16,830,710
External walls domestic	£1,545,757	£1,624,977	£1,533,307	£1,609,972	£1,690,471	£8,004,485
Heat Source	£3,026,958	£3,078,566	£3,133,958	£3,587,590	£3,766,969	£16,594,041
Kitchen Fittings	£3,868,973	£3,971,223	£4,324,551	£4,493,019	£5,124,130	£21,781,896
Chimney	£48,572	£51,000	£53,550	£56,228	£59,039	£268,390
Roofs	£3,630,894	£4,051,217	£4,504,495	£4,992,972	£5,519,037	£22,698,614
Sanitary appliances (bathrooms)	£1,011,375	£1,299,334	£1,562,913	£2,058,144	£2,380,021	£8,311,786
Space Heating	£1,255,508	£744,975	£782,224	£948,674	£996,107	£4,727,488
Ventilating System	£180,319	£213,001	£248,502	£287,019	£328,768	£1,257,608
Windows	£1,663,035	£1,746,187	£2,062,683	£2,406,464	£2,779,465	£10,657,834
External doors domestic	£556,257	£584,070	£643,937	£613,273	£676,134	£3,073,670
Asbestos Remedial Work	£300,000	£300,000	£300,000	£300,000	£300,000	£1,500,000
Structural works	£400,000	£400,000	£400,000	£400,000	£400,000	£2,000,000
Ad-hoc minor schemes	£150,000	£150,000	£150,000	£150,000	£150,000	£750,000
Void capital costs TBC	£1,100,000	£1,100,000	£1,100,000	£1,100,000	£1,100,000	£5,500,000
Building Safety	£2,696,031	£2,970,029	£2,896,810	£2,990,610	£3,840,152	£15,393,632
Lifts and Conveyors - replacement of units	£800,000	£1,000,000	£500,000	£0	£0	£2,300,000
Lift upgrades - LED lighting, digi switch etc	£44,000	£0	£0	£0	£0	£44,000
Minor Buildings - Bin stores	£60,000	£60,000	£60,000	£60,000	£60,000	£300,000
Protective Installation	£195,027	£283,675	£679,639	£1,241,079	£2,056,645	£4,456,065
Water Installation (tank renewal)	£10,000	£10,000	£10,000	£10,000	£10,000	£50,000

Fire door renewals	£0	£0	£0	£0	£0	£0
Compartmentation and fire lining	£0	£0	£0	£0	£0	£0
External doors and screens communal	£587,004	£616,354	£647,172	£679,531	£713,507	£3,243,568
Damp, Mould & Condensation	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£5,000,000
Other Asset Capital Programmes	£26,749,284	£23,751,628	£22,520,055	£32,067,697	£19,971,830	£125,060,494
Estate Improvement (Neighbourhood Investment) projections	£1,100,000	£1,100,000	£1,100,000	£1,100,000	£1,100,000	£5,500,000
Six Storey Blocks building safety and refurb projections	£18,599,335	£13,702,386	£10,266,888	£19,093,002	£9,138,760	£70,800,371
Low Rise Blocks building safety and refurb projections	£2,306,341	£1,594,181	£1,593,012	£2,310,196	£168,445	£7,972,175
Retirement Living Schemes building safety and refurb projections	£3,035,858	£6,355,061	£7,760,155	£7,764,499	£7,764,625	£32,680,198
Decarbonisation and fabric first retrofit requirements	£1,707,750	£1,000,000	£1,800,000	£1,800,000	£1,800,000	£8,107,750
STRATEGIC PRIORITIES	£17,844,166	£36,739,357	£39,330,822	£25,270,436	£6,377,700	£125,562,481
Acquisitions	£2,722,970	£2,400,000	£2,400,000	£2,400,000	£2,400,000	£12,322,970
Council Housing Build Programme	£1,114,000	£1,114,000	£1,114,000	£1,114,000	£0	£4,456,000
Regeneration Projects	£1,000,000	£2,952,357	£12,531,094	£7,273,821	£277,700	£24,034,972
Approved Regeneration Projects	£7,516,020	£25,873,000	£19,585,728	£10,782,615	£0	£63,757,363
Fernside Module Build (Remediation works)	£145,000	£0	£0	£0	£0	£145,000
Adaptations	£5,346,176	£4,400,000	£3,700,000	£3,700,000	£3,700,000	£20,846,176

2026/27 Budget Consultation – Summary Report

Methodology

An online survey was launched with the public, capturing views on how people felt about the budget proposals for 2026/27.

The survey was launched on the 3 December 2025 and closed at midnight on the 7 January 2026.

403 people responded to the survey.

Views of overall budget proposal

26% said they agreed with how the council plans to spend money in 2026/27 with 29% feeling neutral and 45% disagreeing.

267 respondents provided comments on the overall proposal.

The top 3 themes discussed in the comments around the overall budget were:

- **Roads, Pathways, Drainage Highways & Infrastructure** – The most common theme amongst the comments received was on poor road/highway conditions, potholes, signage, markings, drainage and vegetation; with calls for these issues needing greater investment.
- **Town Centre Regeneration** A range of mixed views were received on large-scale regeneration projects and investment in Huddersfield and Dewsbury town centres, markets, and cultural schemes. Criticism was given regarding investing large funds during times of hardship, whilst others noted the positive impact this would have on local businesses and the local economy.
- **Council Tax & Fairness** – Comments were received about council tax increases, affordability concerns, fairness and demands for transparency on how extra revenue benefits residents. Objections were received on the proposed 4.99% increase with suggestions for introducing inflation-only rises. Concerns were raised about affordability for working households and pensioners. Alternative suggestions were given to generate income from other sources (e.g. reclaiming loans, efficiency savings).

Support levels for each budget area

The proposal for money spent in Adults and Health received the highest level of support with 57% agreeing with the plans.

The proposals for money spent in Public Health and Corporate Resources received the lowest level of support with 23% agreeing with the plans.

Impact levels for each budget area on respondents

The proposals for Adults and Health reported having the highest level of positive impact (15%) on respondents. The proposals for Children and Families were reported as having the highest level of negative impact (43%) on respondents.

Impact levels for each budget area on other people

The proposals for Adults and Health reported having the highest level of positive impact (15%) on other people.

The proposals for Children and Families were reported as having the highest level of negative impact (52%) on other people.

Adults and Health

- 57% said they agreed with how the council plans to spend money on this service area, with 22% feeling neutral and 19% disagreeing.
- 15% said the proposals will have positive impact on them, with 52% answering neutral/no impact and 33% saying they would feel negative impacts.
- 42% said the proposals will have positive impact on other people, with 26% saying neutral/mixed impact and 32% answering that other people would feel negative impacts.

73 respondents provided comments on the proposal.

The highest 3 themes discussed around the proposals for Adults and Health were:

- **Preventative/Early Intervention & Direct Support** - Responses emphasised the importance of early targeted support, preventative measures, and community-based initiatives to reduce future demand on services and improve wellbeing.
- **Workforce Capacity & Capability** - concerns were raised about staffing shortages, burnout, and the need for better pay and training to attract and retain skilled care workers. Concern was raised of chronic understaffing in care teams and social work, along with burnout among existing staff due to high workloads and stress.
- **Support for Older Adults & Carers** - Many respondents emphasised the need for more resources and services for older people and carers, as well as concerns about current gaps in provision. Calls were heard for prioritising care for older adults and ensuring they can live independently for as long as possible. Several comments showed recognition that unpaid carers need more support and respite options.

Children and Families

- 42% said they agreed with how the council plans to spend money on this service area, with 23% feeling neutral and 37% disagreeing.
- 11% said the proposals will have positive impact on them, with 58% answering neutral/no impact and 43% saying they would feel negative impacts.
- 32% said the proposals will have some positive impact on other people, with 28% answering neutral/mixed impact and 39% saying other people would feel negative impacts.

75 respondents provided comments on the proposal.

The highest 3 themes discussed around the proposals for the Children and Families proposals were:

- **Budget sufficiency & how money is used** - Mixed views were received on overall spend with some feeling too much is spent on this area whilst others feeling that not enough is allocated. Concern was raised that current and proposed funding isn't enough to meet demand or even cover basics. Requests were received for clearer breakdowns of how the funds will be spent. Frustration was displayed about perceived overspending and avoidable costs (e.g., missed EHCP deadlines leading to tribunals).
- **Early help, support & intervention** – It was emphasised that there was a need to invest in early intervention strategies to prevent problems from escalating and reduce future demand on services, leading to less reactive spending. It was suggested that current expenditure focuses on immediate crises, leaving early help underfunded. Suggestions were received for parenting programs and community-based initiatives to prevent neglect and improve outcomes. It was highly emphasised by several respondents that early investment will deliver long-term savings and better outcomes for children and families.
- **Capacity & staffing** – Concerns were raised about workforce shortages, vacant posts, and the strain this is having on existing staff. It was suggested more social workers and family support workers were needed to be recruited to reduce harm and improve outcomes for children and families.

Homes and Neighbourhoods

- 45% said they agreed with how the council plans to spend money on this service area, with 25% feeling neutral and 31% disagreeing.
- 12% said the proposals will have positive impact on them, with 58% answering neutral/no impact and 30% saying they would feel negative impacts.
- 42% said the proposals will have positive impact on other people, with 27% answering neutral/mixed impact and 32% saying other people would feel negative impacts.

70 respondents provided comments on the proposal.

The highest 3 themes discussed around the proposals for the Homes and Neighbourhoods proposals were:

- **Benefits, Personal Responsibility & Hardship Support** - Frustration was expressed in several comments that some people receive more in benefits than working individuals earn. While some respondents support helping the most disadvantaged, they also want stricter enforcement against abuse of the system. Some comments suggested that generous benefits reduce incentives to work and create dependency. Criticism was received of the hardship funds, with some feeling taxpayers should not subsidize those who “choose not to work.” Several comments discussed the need for tenants and benefit recipients to take more personal responsibility for maintaining homes and contributing financially.
- **Homelessness & Housing Supply** - Many respondents emphasized that waiting lists are too long and there is insufficient affordable housing. The importance of implementing proactive measures to stop people from becoming homeless and to provide compassionate support for those who do was discussed. Suggestions were made for innovative approaches to increase housing supply like container homes or modular housing for disadvantaged individuals. Criticism was received of current building strategy with concerns raised about building on greenbelt land and in areas without adequate infrastructure. Questions were received about meeting government targets with requests for clarity on how the council plans to meet housing supply goals.
- **Repairs, Damp & Cyclical Maintenance** - Issues raised amongst the comments included the need to resolve and maintain persistent damp, repairs, long waits, and lack of cyclical maintenance (e.g. cleaning gutters and painting communal areas). It was suggested there was a need for improved quality control and contractor oversight with clearer communication about repair status and planned maintenance programmes.

Place

- 32% said they agreed with how the council plans to spend money on this service area, with 23% feeling neutral and 46% disagreeing.
- 24% said the proposals will have positive impact on them, with 31% answering neutral/no impact and 45% saying they would feel negative impacts.
- 28% said the proposals will have positive impact on other people, with 25% answering neutral/mixed impact and 47% saying other people would feel negative impacts.

91 respondents provided comments on the proposal.

The highest 3 themes discussed around the proposals for the Place proposals were:

- **Highways & Potholes / Road Improvements** - Many comments were received on this area to greater improve roads, potholes and highways with some feeling there is not enough allocated in the budget for this area. Criticism was received on current schemes which were causing disruption with concerns raised on contractor quality with comments mentioning poor performance of contractors which is leading to repeat repairs. Suggestions were made for better collaboration with utilities (Yorkshire Water, gas) to avoid repeated disruption. Winter maintenance was also highlighted in the comments with requests for more grit bins and clearing vegetation from paths

- **Support for outdoor and community spaces/assets** - Respondents advocate for investment in outdoor spaces, green areas, and community assets as essential for wellbeing, safety, and community cohesion. There is a preference shown in some comments for basic maintenance and accessibility over costly regeneration projects.
- **School Transport Policy & Parental Responsibility** - Many respondents expressed concern about the significant budget allocated to home-to-school transport and questioned why costs are increasing, stating that school transport costs dominate the budget and divert funds from other priorities. Views were given that parents should take responsibility for transporting their children, especially if they have cars or choose schools further away. Suggestions were given for stricter criteria and reviews to prevent misuse of the system (e.g. families with Motability cars still receiving transport). Further suggestions included reducing reliance on expensive taxis and escorts and instead use public transport or more cost-effective solutions.

Public Health and Corporate Resources

- 23% said they agreed with how the council plans to spend money on this service area, with 36% feeling neutral and 41% disagreeing.
- 13% said the proposals will have positive impact on them, with 49% answering neutral/no impact and 38% saying they would feel negative impacts.
- 16% said the proposals will have positive impact on other people, with 32% answering neutral/mixed impact and 52% saying other people would feel negative impacts.

59 respondents provided comments on the proposal.

The highest 3 themes discussed around the proposals for the Public Health and Corporate Resources proposals were:

- **Digital Transformation & Efficiency of Services** - This theme reflects a strong focus on modernising council services through digital platforms and improving operational efficiency. While some respondents support digital transformation as “the way forward,” others express concerns about high costs, poor return on investment (ROI), and wasteful spending on IT systems and consultants. There is a clear expectation that digital improvements should lead to better customer experience, cost savings, and streamlined processes, not just expensive technology upgrades.
- **School Meals & Cost of Living** - Respondents express concern about increasing school meal costs during a cost-of-living crisis. Several people propose free meals for all children and highlight the negative impact on working families who do not qualify for support. Many respondents criticized proposals to raise school meal costs, describing it as unfair and harmful to families already struggling. Suggestions were made to ensure better procurement and working with local suppliers to keep costs down.
- **Equity & Fairness in Funding/Benefits** - Respondents felt that current funding and benefit policies are inequitable, leaving working families worse off than those on benefits. There were calls for fairer thresholds or universal provision to prevent hardship and resentment.

Including estimated precept from West Yorkshire Fire Authority

KIRKLEES METROPOLITAN COUNCIL
COUNCIL MEETING - 25 FEBRUARY 2026
COUNCIL TAX

1. That the Revenue Budget for the year 2026/2027, as submitted, be approved.
2. That it be noted that the Service Director -Finance (acting under delegated powers from Council 22 February 2023 and delegated decision published on 30 January 2026) calculated the following amounts for Kirklees for the year 2026/27 in accordance with Section 31A of the Local Government Finance Act 1992 in accordance with Regulations 3-to 5 of the Local Authorities (Calculation of Council Tax Base (England) Regulations 2012):-

(a) 129,790.04 being the amount calculated by the Council, in accordance' with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012, as its council tax base for the year

(b) Part of the Council's area

Parish of Denby Dale	6,420.74
Parish of Holme Valley	10,848.49
Parish of Kirkburton	9,702.55
Parish of Meltham	3,055.75
Parish of Mirfield	7,081.80

being the amounts calculated by the Council, in accordance with regulation 6 of the Regulations, as the amounts of its council tax base for the year for dwellings in those parts of its area to which one or more special items relate.

3. Calculate that the Council Tax Requirement for the Council's own purposes for 2026-27 (excluding parish precepts) is £267,682,000
4. That the following amounts be now calculated by the Council for the year 2026-2027 in accordance with Sections 31 to 36 of the Act:-

(a) £ 1,151,819,667 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.

(b) £ 882,726,150 being the aggregate of the amounts which

Including estimated precept from West Yorkshire Fire Authority

the Council estimates for the items set out in Section 31A(3) of the Act

- (c) £ 269,093,517 being the amount by which the aggregate at 4(a) exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act)
- (d) £ 2,073.30 being the amount at 4(c) above (Item R), all divided by Item T (2(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (e) £ 1,411,517 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
- (f) £ 2,062.42 being the amount at 4(d) above, less the result given by dividing the amount at 4(e) above by Item T (2(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no Parish precept relates.

g)

<u>Part of the Council's area</u>	Base Council Tax £	Parish Precept £	Resultant Council Tax £
Parish of Denby Dale	2062.42	45.73	2108.15
Parish of Holme Valley	2062.42	41.27	2103.69
Parish of Kirkburton	2062.42	17.21	2079.63
Parish of Meltham	2062.42	77.95	2140.37
Parish of Mirfield	2062.42	37.42	2099.84
Other Kirklees areas	2062.42	0.00	2062.42

being the amounts to be added to the amount at 4(g) (and the resultant council tax amounts), as the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 2(b), calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate.

Including estimated precept from West Yorkshire Fire Authority(h) Kirklees Valuation Bands

Part of the Council's area	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Denby Dale	1,405.44	1,639.67	1,873.91	2,108.15	2,576.63	3,045.10	3,513.59	4,216.30
Holme Valley	1,402.46	1,636.20	1,869.94	2,103.69	2,571.18	3,038.66	3,506.15	4,207.38
Kirkburton	1,386.42	1,617.49	1,848.56	2,079.63	2,541.77	3,003.91	3,466.05	4,159.26
Meltham	1,426.92	1,664.73	1,902.55	2,140.37	2,616.01	3,091.64	3,567.29	4,280.74
Mirfield	1,399.90	1,633.20	1,866.52	2,099.84	2,566.48	3,033.10	3,499.74	4,199.68
All other parts	1,374.95	1,604.10	1,833.26	2,062.42	2,520.74	2,979.05	3,437.37	4,124.84

Being the amounts given by multiplying the amounts at 4(g) by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

5. That it be noted that for the year 2026-2027 the major precepting authorities have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings in the Council's area as shown below:-

Precepting Authority	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
West Yorkshire Fire & Civil Defence Authority	59.66	69.60	79.55	89.49	109.38	129.26	149.15	178.98
West Yorkshire Police Authority	185.52	216.44	247.36	278.28	340.12	401.96	463.80	556.56

Including estimated precept from West Yorkshire Fire Authority

6. That, having calculated the aggregate in each case of the amounts at 4(g) and 5, the Council, in accordance with Sections 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2026-2027 for each of the categories of dwelling shown below:-

Valuation Bands

Part of the Council's area	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Denby Dale	1,650.62	1,925.71	2,200.82	2,475.92	3,026.13	3,576.32	4,126.54	4,951.84
Holme Valley	1,647.64	1,922.24	2,196.85	2,471.46	3,020.68	3,569.88	4,119.10	4,942.92
Kirkburton	1,631.60	1,903.53	2,175.47	2,447.40	2,991.27	3,535.13	4,079.00	4,894.80
Meltham	1,672.10	1,950.77	2,229.46	2,508.14	3,065.51	3,622.86	4,180.24	5,016.28
Mirfield	1,645.08	1,919.24	2,193.43	2,467.61	3,015.98	3,564.32	4,112.69	4,935.22
All other parts	1,620.13	1,890.14	2,160.17	2,430.19	2,970.24	3,510.27	4,050.32	4,860.38

7. The Council has determined that its relevant basic amount of Council Tax for 2026-2027 is **not** excessive in accordance with principles approved under section 52ZB Local Government Finance Act 1992.

As the billing authority, the Council has **not** been notified by a major precepting authority that its relevant basic amount of Council Tax for 2026-2027 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK Local Government Finance Act 1992.

8. That notice of the amounts set by the Council in accordance with Section 30 of the Local Government Finance Act 1992 be published in at least one newspaper circulating in the Council's area, in accordance with Section 38(2) of the Act.

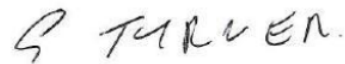
Motion to be presented by Cllr Carole Pattison (Leader), Cllr Moses Crook (Deputy Leader) and Cllr Graham Turner (Finance Portfolio Holder).



Cllr Carole Pattison



Cllr Moses Crook



Cllr Graham Turner