

Name of meeting: Cabinet
Date: 20 February 2018
Title of report: Corporate Financial Monitoring Report, Quarter 3, 2017-18

Purpose of the Report

To receive information on financial monitoring on general fund revenue, Housing Revenue Account (HRA) and Capital Plan, as at Quarter 3 (month 9), 2017-18.

Key decision – is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes
Key decision - is it in the Council's Forward Plan (key decisions and private reports) ?	Key decision - Yes
The Decision - Is it eligible for “call in” by Scrutiny ?	Yes
Date signed off by Strategic Director & name	Rachel Spencer Henshall – 8 February 2108
Is it also signed off by the Service Director for Finance, IT & Transactional Services ?	Debbie Hogg – 9 February 2018
Is it also signed off by the Service Director – Legal, Governance & Commissioning ?	Julie Muscroft – 8 February 2018
Cabinet member portfolio - Corporate	Give name of Portfolio Holders Cllr Graham Turner Cllr Musarrat Khan

Electoral wards affected: None
Ward councillors consulted: None

Public or private: Public

1. Summary

General Fund

- 1.1 The Council's General Fund controllable (net) revenue budget for 2017-18 was set at **£294.7m**. The budget includes planned (net) revenue savings of £54m in 2017-18.

- 1.2 A further £13.1m ‘temporary resources’ has been added to this budget in-year, reflecting planned drawdown from “one-off” earmarked reserves to fund a number of “one-off” deferred expenditure commitments/other developments. This results in a revised budget of **£307.8m** at Quarter 3.
- 1.3 The temporary resources of £13.1m included in the revised budget reflects planned drawdown from Council earmarked reserves in-year to fund a range of deferred expenditure commitments and developments. This includes £1.9m from grants reserve, £2.1m from schools reserve, £2.2m from the revenue rollover reserve (previous year approvals), £2.7m from the Transformation reserve and £3.5m from the Workforce Restructure Reserve and other net movements totalling £0.6m.
- 1.4 There is a forecast underspend of £3.3m against the £307.8m revised budget at Quarter 3; equivalent to minus 1.1% variance against revised budget. The forecast underspend indicates the extent to which the Council is likely to achieve its forecast savings against planned budgets in 2017-18.
- 1.5 Quarter 3 monitoring suggests that the Council is on track to manage its resources within its planned budget requirement; the latter which included a £54m planned savings target in-year. The forecast revenue outturn as at Quarter 3 is summarised in Table 1 below.

Table 1 - Overview of 2017-18 general fund forecast revenue outturn position at Quarter 3

Strategic Director Portfolios	Year to date			Annual forecast		
	Budget to date	Actuals to date	Variance	Revised Budget	Forecast	Variance
	£000	£000	£000	£000	£000	£000
Children & Families	68,071	69,416	1,345	71,289	77,494	6,205
Adults & Health	72,327	64,743	(7,584)	109,421	105,369	(4,052)
Economy & Infrastructure	29,100	26,337	(2,763)	42,170	40,093	(2,077)
Corporate Services	80,954	80,307	(647)	43,072	41,533	(1,539)
Central Budgets	17,860	16,476	(1,384)	41,815	39,960	(1,855)
Grand Total	268,312	257,279	(11,033)	307,767	304,449	(3,318)

- 1.6 The forecast £3.3m underspend at Quarter 3 includes a number of overspends and offsetting underspends. The overspends in part reflect timing issues on the delivery of key service transformation, including Learning, Early Support & Schools; £399k relating to Early Intervention and Targeted Support and £685k relating to Special Educational Needs. There is also acknowledged to be some volatility with current forecasts in particular with regard to Children’s Services, which includes a forecast net overspend on agency costs at £2.9m, and pressures on external placements at £1.8m.

- 1.7 Elsewhere, planned savings with regard to Supporting People at £1.8m and Schools Transport at £1.2m are currently under review both in terms of their deliverability, and timing.
- 1.8 The reported overspends are mitigated in part by underspends in other service areas, reflecting a combination of factors such as early delivery of 2018-19 savings, slippage in the implementation of service re-design “add back” budgets, and additional income; underspending service areas include Community Liaison add-back slippage at £1.3m, Self-Directed Support at £847k (net of independent sector residential and nursing), Welfare & Exchequer Services at £599k, Corporate Landlord at £473k, West Yorkshire Driver Training at £386k and Central Budgets at £1.8m.
- 1.9 New monies for Adult Social Care (improved Better Care Fund or BCF), were announced by the Chancellor in March 2017, as part of the Spring Budget.

The timing of the announcement came after Council budgets for 2017-18 had been formally approved at Budget Council on 15 February 2017. This additional funding allocation was subsequently considered at Council on 11 July 2017 and further as part of the Budget Strategy Update report presented to Council on 11 October 2017. The new BCF monies are a non-recurrent and reducing 3 year grant.

- 1.10 Following Cabinet approval as part of the Quarter 2 Financial Monitoring Report, the in-year position fully incorporated the £8.3m BCF funding allocation, with a corresponding release of £5.7m base budget revenue resources. The difference of £2.6m reflects additional one-off targeted developments in-year, in conjunction with Clinical Commissioning Group Partners.
- 1.11 Following the Council Senior Management restructure, approved revenue budgets have been re-aligned accordingly. These re-alignments are also now fully reflected as part of the monthly financial monitoring reports to Executive Team and portfolio holders, and through Quarterly reporting to Cabinet.
- 1.12 Whilst not included in current monitoring projections, there are emerging pressures on the High Needs funding Block, which is part of the overall annual Dedicated Schools Grant (DSG) funding allocation from Government. This is in part due to additional allocations of funding to post 16 providers in order to meet Council statutory duties; in part the increasing costs and incidence of Out of Local Authority (OLA) placements.
- 1.13 Learning, Early Support & Schools senior officers are currently reviewing both the extent of the pressure, which is anticipated to be in excess of £4m current year, and mitigating service actions in-year, and future years; key actions to be incorporated as well into a forthcoming Strategic Specialist Place Sufficiency Plan to be considered by Cabinet early in 2018. The financial implications of this current service review has been considered as part of updated budget plan proposals, including the intention to self-contain i.e. carry forward the in-year forecast pressure into 2018-19, which is allowable within current DSG guidelines, to be addressed as part of a medium term strategy incorporating the above Plan..
- 1.14 New grant monies for start-up funding to establish restorative practice teams were only recently confirmed by the Department for Education on 16 January 2018.

This additional funding is up to a maximum of £181k in 2017-18 and £542k in 2018-19, based on approved expenditure. Costs and matched funding will be recognised over the period of the funding allocation, as appropriate. Longer term service requirements once the funding ceases will be considered as part of next year's budget round.

- 1.15 New grant monies for Homelessness (Homelessness Reduction Act: new burdens funding) were recently announced by the Ministry of Housing, Communities and Local Government. This additional funding amounts to £92k in 2017-18, £85k in 2018-19 and £105k in 2019-20. The 2017-18 funding will be ring-fenced to service to support the changes needed to meet the requirements of the Homelessness Reduction Act with future years funding also being ring-fenced to contribute to a range of service measures.

General fund reserves

- 1.16 General fund reserves are forecast to reduce through 2017-18 by £24.3m, from £90.1m at the start of the year, to £65.8m as at 31 March 2018. The forecast reduction includes the £13.1m earmarked reserves drawdown referred to at paragraph 1.3 above, plus £11.2m set aside as part of annual budget approval at budget Council in February 2017 to help deliver an overall balanced budget in 2017-18.
- 1.17 The forecast £65.8m general fund reserves at year end, includes £20.8m relating to earmarked reserves commitments. A further £9.8m relates to statutory schools reserves (which cannot be re-directed for non-school uses). This would then leave £28m of available 'financial resilience' reserves to mitigate against future budget and other unfunded risks; equivalent to 9.5% of the current year £294.7m (net) controllable revenue budget.
- 1.18 General balances is forecast at £7.3m. Within this figure is an assumed £5m minimum balances requirement.

Collection Fund

- 1.19 The Collection Fund accounts separately for council tax and business rates income and payments. Council tax is projecting an in-year surplus of £2.5m; mainly due to improved performance in income collection. Business rates is projecting an in-year deficit of £600k; largely reflects a one-off adjustment of the provision requirement for rates appeals outstanding relating to the 2010 rates valuation.

Housing Revenue Account

- 1.20 The Council's Housing Revenue Account (HRA) accounts for all Council housing related revenue expenditure and income in a separate statutory (ring-fenced) account. The forecast revenue outturn is a small surplus of £411k against an annual turnover of £93.1m in 2017-18; equivalent to just 0.4%. Estimated HRA reserves at 31 March 2018, net of set aside for business risks and a minimum working balance, is £55.4m.

Capital

- 1.21 The Council's revised capital budget for 2017-18 is £111.7m. The revised capital budget reflects proposals set out in the 2016-17 financial outturn and rollover report for the allocation of 2016-17 capital rollover to current 2017-18 approved budgets, and the re-profiling of the existing approved plan over the 2017-22 period.
- 1.22 The forecast capital outturn at Quarter 3 is £68.2m, resulting in an underspend of £43.5m; equivalent to 39%. This is summarised in Table 2 below.

Table 2 – Forecast Capital Outturn 2017-18 at Quarter 3

By Category	Revised Budget £000	Actuals to date £000	Annual forecast £000	Variance £000
Strategic Priorities	33,954	7,367	11,544	(22,410)
Baseline	55,297	21,137	42,098	(13,199)
Risks & Pressures	2,500	0	0	(2,500)
General Fund	91,751	28,504	53,642	(38,109)
Strategic Priorities	4,153	207	915	(3,238)
Baseline	15,869	6,541	13,674	(2,195)
Housing Revenue Account	20,022	6,748	14,589	(5,433)
Total	111,773	35,252	68,231	(43,542)

- 1.23 The projected underspend reflects in part, the timing in delivery of a number of strategic priority capital schemes, including £8.8m relating to HD-One development planned for John Smith's stadium, now due on site in Summer 2018. As well, the revolving credit facility to Kirklees College of £6m is not required in 2017-18.
- 1.24 This report seeks Member authority to approve the transfer of Revenue Contributions to capital (RCCO's) totalling £125k, allowable under FPR 3.10 – 3.12 (see Appendix 6).
- 1.25 Since the Quarter 2 report Council have approved that a Property Investment Fund (PIF) be created which would allow the Council to support major development works which will produce wider economic benefits to the Council and wider economy. Council approved an overall Programme of £25m, with £0.5m being allocated to 2017-18, this has been incorporated into Capital plan quarterly monitoring projections.

2. Information required to take a decision

- 2.1 The Appendices accompanying this report provide a more detailed breakdown of the Quarter 3 financial monitoring position, as follows:
- i) Appendix 1 sets out by service area, the forecast general fund revenue outturn position in 2017-18;
 - ii) Appendix 2 summarises the forecast general fund reserves movements in-year, and the summary financial performance of the Collection Fund, including Collection Fund surpluses/deficits rolled forward from previous years;

- iii) Appendix 3 summarises the forecast HRA financial position including movements in HRA reserves in-year;
- iv) Appendix 4 highlights the more significant general fund and HRA forecast variances across service areas; and
- v) Appendix 5 sets out in more detail, reasons for the more significant forecast capital variances across strategic priority and baseline capital schemes.
- vi) Appendix 6 summarises forecast capital variances by funding source.

3. Implications for the Council

- 3.1 The report provides summary information on current and forecast financial performance against annual Council revenue and capital budgets, as at Quarter 3, 2017-18. These budgets support the overall delivery of the following Council objectives and Priorities within available resources:
- i) Early Intervention and Prevention (EIP)
 - ii) Economic Resilience (ER)
 - iii) Improving Outcomes for Children
 - iv) Reducing demand of services

Financial, Legal & Other Implications

- 3.2 The Council continues to face significant financial challenges and must ensure it can achieve a sustainable balanced budget over the medium term and beyond.
- 3.3 Quarter 3 monitoring forecasts indicate overall resource delivery within planned budget requirement; the latter which includes £54m planned savings in 2017-18.
- 3.4 The forecast £3.3m underspend at Quarter 3 is net of timing/non-deliverability issues in relation to a number of planned savings in-year. These had previously been highlighted as part of Quarter 2 financial monitoring and factored as appropriate into updated draft 2018-20 budget plans for forthcoming Budget Council consideration on 14 February 2018. (see also, paras 1.6 to 1.7 earlier).
- 3.5 The Council is working closely with its Transformation Business Partner to ensure robust financial governance, programme management, monitoring and review across a range of key Transformation and Service level change activity across the Council.
- 3.6 Overall, the general fund revenue Quarter 3 monitoring forecast suggests good progress continues to be made 'in-year' to manage spend within available budgets. Draft 2018-20 budget plans include further target (net) savings proposals of £16m in 2018-19 and £13m in 2019-20. Planned savings over the 2018-20 period will be subject to the same robust governance and programme arrangements as noted at paragraph 3.5 above.
- 3.7 While the 2017-18 additional Better Care Funding allocation of £8.3m, applied in full in 2017-18, has effectively released £5.7m base budget resources, this is not

a sustainable saving going forward, because the subsequent year 2 and 3 additional BCF funding allocations taper to £5.3m in 2018-19 and £2.6m in 2019-20. Government has not currently indicated that the 2019-20 would roll forward into future years. Again, the remaining additional BCF allocations over the 2018-20 period have been factored into updated draft 2018-20 budget plans.

- 3.8 The financial resilience reserves forecast at £28m at year end, is directly impacted on by the Council's forecast position. The purpose of this reserve is in part to mitigate against budget and other unfunded risks included in the corporate risk register. Because it is "one-off" in nature, it is short-term funding only. While it is not a sustainable resource available to offset ongoing budget pressures, draft budget plans for 2018-20 set out a range of proposals within the Council's reserves strategy, to build up financial resilience reserves over the medium term, to strengthen organisational flexibility and resilience over the longer term.
- 3.9 The overall Collection Fund financial performance reflected at Quarter 3, has resulted in a £3.5m surplus being declared, which forms part of the 2018-20 draft budget plans. There remains some volatility in particular with regard to business rates appeals still outstanding.
- 3.10 The capital monitoring forecast includes timing issues in particular with regard to strategic priority capital schemes. Council treasury management financing cost requirements (new borrowing) already factor in assumed slippage in borrowing requirement of £14.9m in 2017-18 against the approved capital plan (see also, Appendix 6).
- 3.11 The impact of the forecast capital underspend is marginal on current year treasury management revenue budgets.
- 3.12 It is similarly marginal on the affordability prudential indicator (annual debt costs as a proportion of net revenue income stream), which is currently just over 8%.
- 3.13 Not factored into Quarter 3 monitoring, the 2017-18 early closedown review report (to Cabinet in early April 2018), will consider a number of potential funding flexibilities that could be applied to revenue spend, which could then release revenue resources to reserves, to support the reserves strategy set out in draft 2018-20 budget plans.

4. Consultees and their opinions

This report has been prepared by the Service Director, Finance, IT and Transactional Services, in consultation with the Executive Team.

5. Next Steps

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

6. Cabinet portfolio holders recommendations

The portfolio holders note the good progress being made in managing the in-year savings programme and wishes to note the work carried out by officers in

achieving these excellent results and ensuring the Council remains within its planned spending limits.

7. Officer recommendations and reasons

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

- 7.1 note the use of additional Better Care funding monies in 2017-18 as set out in this report;
- 7.2 note the Quarter 3 forecast £3.3m revenue monitoring underspend;
- 7.3 note the forecast reduction in general fund reserves in-year at £24.3m and year end position at £65.8m;
- 7.4 note the overall favourable in-year financial performance on the Collection Fund;
- 7.5 note the Quarter 3 forecast HRA surplus at £411k and forecast reserves position at year end at £55.4m;
- 7.6 approve the transfer of Revenue contributions to Capital (RCCO's) totalling £125k, allowable under FPR 3.10 – 3.12.
- 7.7 note the additional Homelessness Reduction Act: New Burdens Funding of £92k in 2017-18, £85k in 2018-19 and £105k in 2019-20.

8. Contact Officer

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9. Background papers and History of Decisions

Annual budget report 2017-21

Annual outturn and rollover report 2016-17

Report on Proposals for the use of new monies for adult social care announced by the Chancellor in the Spring budget 2017

Budget strategy update report 2018-22

Draft 2018-20 budget plans to be considered at Budget Council on 14 February 2018

10. Service Director responsible

Debbie Hogg, Chief Financial Officer (&Service Director, Finance, IT & Transactional Services); debbie.hogg@kirklees.gov.uk

Appendix 1

Corporate Revenue Budget Monitoring 2017/18 – Quarter 3									
	Year To Date			Annual					
Strategic Director portfolio responsibilities	Controllable Budget (Net)	Actuals	Variance	Controllable Budget (Net)	Planned use of reserves	Revised Budget	Forecast	Variance	Change in Variance from Quarter 2
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£000
Child Protection & Family Support	38,834	42,728	3,894	48,708	719	49,427	54,765	5,338	929
Learning , Early Support & Schools	28,422	25,857	(2,565)	18,410	2,486	20,896	21,669	773	(562)
Quality, Assurance, Standards & Safeguarding	815	831	16	736	230	966	1,060	94	39
Sub Total (Children & Families)	68,071	69,416	1,345	67,854	3,435	71,289	77,494	6,205	406
Adults Social Care Operations	31,278	24,095	(7,183)	47,522	348	47,870	41,493	(6,377)	(489)
Policy, Intelligence & Public Health	(3,118)	(3,468)	(350)	2,189	450	2,639	2,278	(361)	(198)
Quality, Assurance, Standards & Safeguarding	1,092	1,037	(55)	1,440	-	1,440	1,474	34	79
Service Integration	43,075	43,079	4	57,416	56	57,472	60,124	2,652	(584)
Sub Total (Adults & Health)	72,327	64,743	(7,584)	108,567	854	109,421	105,369	(4,052)	(1.192)
Economy, Regeneration & Culture	7,557	6,182	(1,375)	8,610	1,031	9,641	8,267	(1,374)	(498)
Commercial, Regulatory & Operational	21,543	20,155	(1,388)	32,434	95	32,529	31,826	(703)	(465)
Sub-Total (Economy & Infrastructure)	29,100	26,337	(2,763)	41,044	1,126	42,170	40,093	(2,077)	(963)
Finance & Transactional Services	64,694	64,567	(127)	23,232	331	23,563	22,821	(742)	(22)
Governance & Commissioning	1,740	1,883	143	2,004	60	2,064	2,206	142	(26)
Office of the Chief Executive	14,520	13,847	(673)	13,671	3,774	17,445	16,506	(939)	10
Sub-Total (Corporate Services)	80,954	80,307	(647)	38,907	4,165	43,072	41,533	(1,539)	(38)
Central Budgets	17,860	16,476	(1,384)	38,314	3,500	41,815	39,960	(1,855)	(483)
General Fund Total	268,312	257,279	(11,033)	294,687	13,080	307,767	304,449	(3,318)	(2,270)

GENERAL FUND EARMARKED RESERVES

	As at 1st April 2017	Reserves supporting 2017-18 MTFP	Planned drawdown in-year	Unplanned use of Reserves (forecast overspend)	Earmarked Reserves Review	Forecasted Reserves Position as at 31st March 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory (School Reserves)	(11,852)		2,090			(9,762)
Earmarked						
Financial Resilience Reserves	(28,046)	-	-	-	-	(28,046)
Earmarked (Other)	(39,494)	7,700	10,990	-	-**	(20,804)
Sub-Total	(67,540)	7,700	10,990	-	-	(48,850)
General Balances	(10,718)	3,485	-	-		(7,233)*
Grand Total	(90,110)	11,185	13,080	-	-	(65,845)

*minimum balances requirement of £5m

** within Earmarked (Other), £644k re-directed from

Rollover/Grant reserves to District Committee deferred Spend reserve

Collection Fund Forecast (Council Share)

	Council Tax £'000	Business Rates £'000
(Surplus)/Deficit as at 1st April 2017	(3,000)	1,300
Re-payments to/(from) General fund in 17-18	2,000	(1,900)
In Year financial performance	(2,500)	600
(Surplus)/Deficit at 31st March 2018	(3,500)	0

HOUSING REVENUE ACCOUNT 2017/18 – QUARTER 3

	Year to Date			Annual			Change In Variance from Q2
	Controllable Budget (Net)	Actuals	Variance	Revised Budget	Forecast	Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Repairs & Maintenance	18,655	18,698	43	22,384	22,462	78	7
Housing Management	26,846	27,887	1,041	35,104	34,471	(633)	(244)
Other Expenditure	17,113	17,000	(114)	27,471	27,357	(114)	(131)
Total Expenditure	62,614	63,584	970	84,959	84,290	(669)	(368)
Rent & Other Income	(64,934)	(67,655)	(2,722)	(93,351)	(93,092)	258	163
Revenue Contribution to Capital Funding	0	0	0	5,394	5,394	0	0
Planned transfer to HRA Reserves	0	0	0	2,998	2,998	0	0
Total	(2,319)	(4,071)	(1,751)	0	(411)	(411)	(205)

HRA RESERVES

	Balance as at 31 March 2017	Approved Movements in Reserves	Balance at 31 March 2018
	£'000	£'000	£'000
Set aside for business risks	(4,000)	-	(4,000)
Forecast in Year Surplus/Deficit		(411)	(411)
Set aside to meet Investment needs (as per HRA Business Plan)	(46,513)	(498)	(47,011)
Workforce Restructure		(2,500)	(2,500)
Working balance	(1,500)		(1,500)
Total	(52,013)	(3,409)	(55,422)

Key Highlights – Child Protection & Family Support

Activity Level	Progress Against Planned Savings	T/SLC*	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Fostering Service(including Recruitment)	Increase of fostering placements	T	6,306	184	414	Pressure on volume led External Fostering placements.
External Residential Placements	Super foster carers / review high cost placements	T	5,989	1,206	1,776	Pressure on volume led External Residential placements.
Fostering Service(including Recruitment)	Increase of fostering placements Internal	T	3,965	177	263	Pressure on volume led Internal Fostering placements.
Various	Further service pressures	SLC	18,124	2,724	3,238	Overspending on Agency amounting to £5m, offset in part by substantive vacancies at £2.1m. Overspending on external legal charges of £441k. Underspending on adoption allowances and leaving care supported accommodation.
Various	Skill mix (reduction in non-qualified staff)	SLC	262	(208)	(262)	Additional savings achieved relating to posts transferred over to Early Help.
<p>* T=Transformation SLC=Service Level Key Highlights = specific service variances of £250k or more</p>						

Key Highlights – Learning & Early Support & Schools

Activity Level	Progress Against Planned Savings	T/SLC	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Early Intervention & Targeted Support	Service redesign	T	5,891	478	399	Delayed implementation of Service redesign.
Early Years Special Educational Needs Support	Service redesign	T	(7)	574	685	Delayed implementation of Service redesign.

Key Highlights – Adults Social Care Operation

Activity Level	Progress Against Planned Savings	T/SLC	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Self-Directed Support	Reduction in direct payments / independent sector home care	T	6,976	(74)	(1,777)	Timing of new contractual arrangements for Independent Sector Homecare resulting in lower spend, partially offset by spend on Direct Payments (and on 'Independent Sector Residential & Nursing', and Re-ablement.
Independent Sector Residential & Nursing	Reduction of Older People placements / adults future pressures (demographics)	T	15,681	859	930	Unit costs for Older People placements exceeding budgeted levels. See also comment re Self Directed Support (above).
Activity Level	Other Significant Variances		Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Independent Sector Residential & Nursing	Reduction in high cost physical disability placements	SLC	3,293	(960)	(246)	Forecast placement numbers slightly below budgeted.
Self-Directed Support	Reduction in direct payments / independent sector home care	SLC	5,020	(560)	(685)	Spend on Physical Disabilities direct payments below budgeted level.
Assessment & Care	Service redesign	SLC	4,559	296	295	Achieved in part through vacancy management.
Other	Funding allocation		0	(6,819)	(5,664)	Improved Better Care Fund (spring budget) – allocation of funding.
Other	Other demand led		0	0	269	Increase in bad debt provision

Key Highlights – Service Integration

Appendix 4 (continued)

Activity Level	Progress Against Planned Savings	T/SLC	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Supporting People	Service redesign	T	4,130	2,123	1,811	Work stream in progress – overspend due to timing delays/slippage. Expected to reach required level for following year.
Children with a Disability	Service redesign	T	2	467	467	Savings opportunities have been identified and are in progress. Full saving unlikely to be achieved in 2017/18.
Independent Sector Residential & Nursing	Reduction in Placements	T	17,163	(1,745)	390	Unit cost higher than budgeted. (Learning Disabilities)
Independent Sector Residential & Nursing	Reduction in Placements.	T	3,287	(481)	321	Forecast placement numbers higher than budgeted. (Mental Health)
Self-Directed Support	Reduction in direct payments/ independent sector home care	T	13,560	537	467	Relates to Learning Disabilities/Mental Health client groups. Variance mainly on Direct Payments.
Community Liaison (Including Grants)	Service redesign	SLC	2,449	(1,490)	(1,286)	Will form part of Community Plus model. Funded by utilisation of service re-design investment budget (see line below).
Activity Level	Other Significant Variances		Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Children with a Disability	Direct Payments & Agency Home Care		2,295	204	407	A combination of volume and cost pressures.

Key Highlights – Commercial, Regulatory & Operational Services

Appendix 4 (continued)

Activity Level	Progress Against Planned Savings	T/SLC	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Corporate Landlord	New ways of working	T	11,050	(473)	(473)	Early savings across premises costs on reduced buildings. Resources will be used to fund pressures associated with fire safety reviews. This is the net effect.
Schools Transport	Combined Authority working	SLC	2,845	761	1,219	Volume of passengers significantly more than budget for Taxi routes. Price increase in Bus Passes from September 2017
Seasonal Weather	New methods of working	SLC	1,169	365	567	Projection reflects continued seasonal weather pressures on this budget line.
Activity Level	Other Significant Variances		Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Waste Services			18,044	(1,531)	(1,531)	One-off underspend on contract resulting in part from no October shutdown and Waste policy framework changes bedding in. Tonnage projected to be 10% lower than budget. In part offsetting seasonal weather pressures above.
West Yorkshire Driver Training			(427)	(386)	(386)	Increased volume of courses which include a new Motorways driver training course.

Appendix 4 (continued)

Key Highlights – Finance & Transactional Services

Activity Level	Other Significant Variances	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Welfare & Exchequer		8,330	(133)	(599)	£266k relates to welfare and complimentary benefits (vacant posts) and better off Project. £218k relates to Benefit Payments over-recovery.

Key Highlights – Central Budgets

Activity Level	Progress Against Planned Savings	T/SLC	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Contingencies			100	(1,384)	(1,825)	Expected year end Insurance fund surplus (£1m), Council apprenticeship levy payments less than budgeted provision (220k); Actual 16/17 Yorkshire Purchasing Organisation dividend received was greater than had been accrued for in the year end accounts (183k); Extraction Royalties (180k)

Capital Monitoring Key Highlights – Strategic Priorities

Appendix 5

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
HD-One (KSDL)	8,750	(8,750)	The HD One Development planned for the John Smith's Stadium site is not due on site until summer 2018. The Council is providing a secured loan facility to Kirklees Stadium Development Ltd (KSDL) which would allow KSDL to take a majority equity stake in the complex.
Kirklees College Loan	6,000	(6,000)	This has recently been repaid in full and no further utilisation of the revolving credit facility anticipated.
European Grant Funding Opportunities	1,750	(1,750)	This budget was created to provide match funding for opportunities to access funding from European Structural Funds. Given the outcome of the June 2016 referendum there is now a high level of uncertainty around the availability and timing of any funding available and therefore no expenditure is planned for 2017/18.
Learning & Support (New Pupil Places)	12,016	(3,836)	The build for the New North primary school will not start until 2018/19 due to complex site issues and Beaumont Academy has been updated for a more realistic spend profile for this financial year. Any underspend in funding on Strategic Priorities will be required to rollover to 2018/19 to enable the rolling programme on schools to be delivered as part of the Schools Investment Needs Strategy.
Strategic Priorities Total	28,516	(20,336)	

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
Learning & Early Support			
Basic Need	1,742	(1,044)	Any underspend in funding on the Basic Need 17/18 programme will be required to fund the rolling programme of Basic Need future pressures.
One-Off Initiatives	2,322	(1,474)	Mainly due to underspend on Section 106 contributions (-£941k). Majority of funds remain unallocated either whilst discussions occur to identify schools to benefit or funds held pending emergence of new Investment Needs Strategy.
Learning & Early Support Total	4,064	(2,518)	

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
Economy & Regeneration			
Housing Private Sector	5,521	(2,405)	Includes Section 106 budget of £969k not currently projected to spend but looking into possible schemes that could be funded from this pot & capital allowances budget not planned to spend this year but to be used for Large Housing Sites Scheme £994k. Underspend of approximately £400k anticipated on Devolved Formula Grant
Economic Resilience	3,084	(1,409)	The Dewsbury Town Hall Initiative project has been extended and the McKinnons Mill scheme has been delayed. £800k of the budget is uncommitted at this stage.
Economy & Regeneration Total	8,605	(3,814)	

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
Commercial Regulatory & Operational			
Highways :			
Asset Management	12,218	(555)	Unclassified Roads (-£269k) - due to road surfacing delays to allow wall/culvert repairs at Linfit Lane and Bent Ley Road. Challenge Fund scheme (-£286k) - ongoing but anticipated to be complete next financial year end.
Integrated Transport	6,292	(1,877)	Safer Roads (-£840k) - delays due to formal process and procedure timescales and design resources. Drainage Improvements (-£493k) - new grant attracted later in financial year, therefore need to design scheme and optimum time for construction is not in winter months, therefore grant work will be undertaken in 2018/19. Dewsbury Railway Station (-£250k) – scheme expected to commence in summer 2018
Total Highways	18,510	(2,432)	
Commercial Regulatory & Op Total	18,510	(2,432)	
Finance & Transactional Services			
Leeds City Region Revolving Fund	2,550	(1,300)	To date £918k has been drawn down against the Kirklees contribution towards the Leeds City Region Revolving Fund loan, and a further circa £330k expected by the end of the financial year. There are no further calls on drawdowns this year.
Finance & Transactional Services Total	2,550	(1,300)	

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
Risks & Pressures	2,500	(2,500)	No commitment against these resources for the financial year.

Capital Monitoring Key Highlights – Housing Revenue Account

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
HRA Strategic Priorities			
New Build Phase 4	2,036	(2,036)	Environmentally Friendly Housing – There is no spend anticipated on this scheme for this financial year
New Build Pilot	800	(800)	This scheme is anticipated to be delivered in 2018/19
Ashbrow	500	(300)	This scheme will largely be delivered in the next financial year
HRA Strategic Priorities Total	3,336	(3,136)	
HRA Baseline			
Estate & Environmental Schemes (District Committees)	1,470	(1,292)	A decision was taken not to deliver this programme in its current form, so no further spend is anticipated this year.
High Cost Voids	1,759	(497)	Forecast variance due to reduction in volumes of capital empty properties where capital works are required.
HRA Baseline Total	3,229	(1,789)	

Capital Budget Changes Since Quarter 2

Appendix 6

	Service Director Responsible	£'000
Q2 Revised Budget		110,056
RCCO's - Service Directors Delegated Authority :		
Corporate Landlord - Huddersfield & Dewsbury Cremators	Commercial, Regulatory & Operational Service (CROS)	300
Corporate Landlord - Cremator renewal project	CROS	150
District Committees - Bradley Recreation Ground Modular Building Provision Friends of Bradley Park / Chickenley Community Centre / Stocks Walk	Approved at District Committee Meetings	125
Highways - flood management and drainage works	CROS	22
RCCO above Service Directors Delegated Authority limit :		
Highways - Upperhead Row Multi-story Car Park	CROS	125
Total RCCO's		722
Additional Borrowing / Grant / Receipts :		
Highways Baseline plan – additional grants (Cabinet 21/11/17)	CROS	738
Property Investment Fund (Council 15/11/17) Updated profile = £500k 17/18, £12m 18/19, £12.5m 19/20) - Borrowing	Economy, Regeneration & Culture (ERC)	500
Corporate Landlord - Section 106 monies (Parks & Open Spaces)	CROS	194
Economic Resilience - Energy Efficiency Scheme at Riddings – West Yorkshire Combined Authority Grant, Local Growth Fund	ERC	135
Economic Resilience - Empty Clusters grant	ERC	(151)
Economic Resilience - Fuel Poverty Boiler Support scheme (capital receipts)	ERC	20
Total Additional Borrowing/Grant/Receipts		1,436
Re-Profile KAL Self-Finance Budget from 2017-18 to 2018-19 (Cabinet Report 17/10/17)	ERC	(441)
QUARTER 3 REVISED BUDGET		111,773

	Grants £'000	Ring-fenced Receipts £'000	Borrowing £'000	HRA RCCO / Reserves £'000	Total £'000
General Fund					
Strategic Priorities	(3,511)	0	(18,899)	N/A	(22,410)
Baseline	(5,597)	(1,213)	(6,389)	N/A	(13,199)
Risks & Pressures	0	0	(2,500)	N/A	(2,500)
TOTAL GENERAL FUND	(9,108)	(1,213)	(27,788)	N/A	(38,109)
HRA					
Strategic Priorities	0	(701)	0	(2,537)	(3,238)
Baseline	0	0	0	(2,195)	(2,195)
TOTAL HRA	0	(701)	0	(4,732)	(5,433)
OVERALL TOTAL	(9,108)	(1,914)	(27,788)*	(4,732)	(43,542)

(N/A=not applicable (HRA resources statutorily ring-fenced to HRA))

(*Note – unringfenced capital receipts generated within the year will be utilised to reduce the in-year borrowing requirement)