Name of meeting: Cabinet
Date: 13th November 2018
Title of report: Corporate Financial Monitoring Report, Quarter 2, 2018-19

Purpose of the Report

To receive information on financial monitoring for General Fund Revenue, Housing Revenue Account (HRA) and Capital Plan, as at Quarter 2 (month 6), 2018-19.

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 **Is it also signed off by the Service Director for Finance ?** **Is it also signed off by the Service Director – Legal, Governance & Commissioning ?**	**Rachel Spencer Henshall –** **Eamonn Croston –** **Julie Muscroft –**
Cabinet member portfolio - Corporate	**Give name of Portfolio Holders** **Cllr Graham Turner**

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 2018-19 was set at **£291.2m**. The budget includes planned (net) revenue savings of £16.2m in 2018-19.

1.2 A further £3.7m '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 includes £1.6m from the revenue grants reserve, £1.5m from the revenue rollover reserve (previous year approvals) and £0.6m from the adverse weather reserve. There is also an assumed contribution to Financial Resilience Reserves of £4.1m, released out of Central budgets from the overprovision of MRP (Minimum Revenue Provision). See also paragraph 1.11. This results in a net transfer to reserves of £0.4m and a revised budget of **£290.8m** at Quarter 2.

1.3 There is a forecast overspend of £4.8m against the £290.8m revised budget at Quarter 2; equivalent to 1.7 % variance against revised budget. This represents the following:

i) The council is making good progress with a forecast headline delivery of £12.6m against £16.2m planned savings; equivalent to 78%.forecast delivery. The balance of forecast undelivered savings of £3.6m includes continued pressures on schools transport at £1.6m and volume pressures on external residential placements plus other volume led placements within Children's at £1.1m.

ii) There are £1.2m net unplanned pressures elsewhere including £7.9m relating to High Needs, offset by the release of £5m MRP saving and £400k from treasury management budgets within Central.

1.4 The forecast revenue outturn as at Quarter 2 is summarised by Strategic Director Portfolios in Table 1 below.

Table 1 - Overview of 2018-19 general fund forecast revenue outturn position at Quarter 2

Strategic Director Portfolios	Annual forecast		
	Revised Budget	Forecast	Variance
	£000	£000	£000
Children & Families	75,610	83,936	8,326
Adults & Health	105,950	105,936	(14)
Economy & Infrastructure	41,108	43,185	2,077
Corporate Services	29,455	29,215	(240)
Central Budgets	38,707	33,310	(5,397)
Grand Total	**290,830**	**295,582**	**4,752**

1.5 There is currently a £7.9m pressure identified within the High Needs funding block of the Dedicated Schools Grant, shown within Children and Families in Table 1 above. This includes a projected overspend figure of £3.6m in respect of placements of Kirklees children in independent and other local authority specialist provisions; compared to a £2.7m overspend in 2017-18. The average annual number of active placements in independent specialist provision has significantly increased over the last few years moving from an average of 88 active placements in 2016-17 to a current average of 139 as at September 2018, an increase of 58%. An increase of similar proportions is also evident over the same period in the annual average number of children placed in other local authority specialist provision, moving from an average of 20 children in 2016-17 to a current average of 33 children.

1.6 The balance of the High Needs pressure is made up of £1.6m for support funding payments for high needs students in the local further education sector (predominantly at Kirklees College), £1.6m additional funding commitments in the special schools sector and £1.1m in respect of top-up funding to support rising numbers of increasingly complex need children within the mainstream schools sector.

1.7 The Government's new National Funding Formula (NFF) for High Needs acknowledges that Kirklees requires more funding to support high needs issues from birth through to age 25. The initial outcome of the new formula indicated a near 21% increase in funding is merited, however maximum annual increases are capped at 3%, which translates to around £0.3m in 2018-19, increasing to £1.0m per year thereafter for Kirklees,

1.8 Following a recent Kirklees-wide High Needs Strategic Review (reported to Cabinet in February 2018) the Council, working with key education partners across the district, is working on a comprehensive action plan to deliver a more effective, whole systems approach. This will begin to be implemented during 2018-19 and has been used to inform the recent Budget Strategy Update Report to Council, 10th October 2018.

1.9 There is an option to mitigate the High Needs pressure in-year through the Government DSG grant mechanism that allows funding pressures to be rolled into future years as a 'deficit', provided they can be mitigated through planned cost reductions over a reasonable time-frame. However, as reported in the 2017-18 Financial Outturn and Rollover Report to Cabinet on 29th June 2018, this approach is considered by officers to be unrealisable, given both the scale and recurrent nature of these pressures and the timeline and measures to be put in place to deal with this. Instead it is proposed that the overspend is managed within the overall general fund in-year.

1.10 In line with the Council's reserves strategy set out in the budget report to Council on 14th February 2018, ring-fenced resources released from the proposed MRP (Minimum Revenue Provision) revision will be transferred from central budgets to reserves at each year end and their proposed use to take account of medium to longer term organisational flexibility and financial resilience requirements reviewed periodically. In light of the high needs issues highlighted in paragraphs 1.5 to 1.9 and following Cabinet approval as part of the Quarter 1 Financial Monitoring Report £5.0m of the £9.1m unallocated MRP budget has been used at this stage as an application of organisational flexibility to mitigate unfunded pressures in-year, with the balance of £4.1m transferring to financial resilience reserves. The service will consider any options for reducing costs through the remainder of the year.

1.11 As noted in the Budget Strategy Update Report, there is scope in future years to move funds from the Schools Block to the High Needs block, for example, to address financial pressure in the High Needs account. Up to 0.5% of the total Schools Block can be moved with the agreement of the Schools Forum; equivalent to £1.4m. If agreement was not reached, the Council would need the approval of the Secretary of State. Any proposed movements above 0.5%, even with Schools Forum consent, would still require Secretary of State approved.

1.12 The Council will keep under review the significant and growing high needs block funding pressures through the remainder of the current budget round and will take a view on the potential flexibility as described in the above paragraph, taking account as well the provisional schools funding allocations for 2019-20 which will be released at the same time as the 2019-20 provisional financial settlement announcement.

1.13 There is a pressure of £1.1m within Child Protection and Family Support relating to External Residential Placements. Reviews of each placement have taken place within the service and there are plans to bring some children back into Kirklees when appropriate arrangements are in place. The service has also engaged with CCG (Clinical Commissioning Group) to ensure the health contribution is at the appropriate level. Work is underway to develop Early Intervention and Edge of Care processes which will hopefully impact on the future number of children and young people that need to be placed externally. However, this will be influenced by the availability of suitable in-house capacity and the wider development of a sufficiency strategy.

1.14 Within Adults and Health there is a net pressure of £0.9m, the key elements of which are a forecast underspend of £3.0m owing to a lack of capacity in the Independent Sector Home Care market resulting in lower spend. In turn, this is causing a significant alternate spend on residential placements and short term packages contributing to a forecast pressure in this area of £3.7m as at Quarter 2. In addition, the In-House Residential (Older People) budget is £0.23m overspending.

1.15 Government confirmed a national in-year (2018-19) £240m package of social care funding to ease pressure on the NHS over the winter months; subsequently confirmed as part of the Autumn Budget announcement on 29 October 2018. Kirklees' share of this additional in-year funding is £1.86m. The funding must be spent on providing adult social care services, and be in addition to existing planned spending.

1.16 The Council is proposing to use this one-off additional funding to support four key elements of the adult social care system; increased funding for placements in residential care and new, short stay 'Choice and Recovery' beds; supporting local domiciliary care providers to adopt new ways of working and to reduce demand for domiciliary care; continue to ensure that those with the greatest need receive domiciliary care and start the introduction of a new model of intermediate care and re-ablement earlier than planned; and to increase the capacity in both hospital based social work teams. Quarter 2 monitoring reflects an initial drawdown of £0.9m of this funding to offset the pressure highlighted in para 1.15 above; the balance to be released subsequently targeted to the areas of anticipated additional spend highlighted above. This will be reflected in future monitoring as appropriate.

1.17 These proposals have been developed alongside the previous plans approved by Cabinet for use of the Improved Better Care Fund, Adults Social Care Grants and Leeds Business Rate Pool and form a crucial part for the wider transformation programme across health and social care.

1.18 There is an additional £2.8m resource set aside in reserves for Social Care Investment and Transformation. The funding is made up of £1.6m additional income from the 100% business rates pilot plus £1.2m additional Adult Social Care (ASC) grant from government. Specific resource allocation recommendations for this additional funding were approved at Cabinet on 18th August 2018 and the reserve will be drawn down over a two year period to match actual spend. It should be noted that whilst the ASC grant must be spent fully on Adult Social Care, there are no additional specific reporting requirements in year.

1.19 There is an overspend on schools transport of £1.6m due to volume pressures and the delayed implementation of savings rolled forwards from 2017-18. These savings are currently under review in terms of deliverability and timing. Also within Commercial Regulatory and Operational Services there is a £0.4m pressure

relating to the loss of the West Yorkshire Driver Training Contract and a £0.3m pressure in Bereavement due to a loss of income arising from the cremator replacement project.

1.20 There has been further additional in-year investment including £542k restorative practice in Children's Services offset by grant (plus a further £180k rolled forward from 2017-18), £200k investment in the SENACT team (Special Educational Needs Assessment and Commissioning Team) in-year from Special Educational Needs Reform grant, and £200k for the GDPR (General Data Protection Regulations) team to be met from the Other Revenue Grants reserves in-year. The required base budget adjustments for this investment have been factored into the re-fresh for the 2019-20 budget round.

General Fund Reserves

1.21 Existing earmarked reserves and general balances requirements have been reviewed and realigned based on the recommendations approved in the Budget Strategy Update Report to Cabinet and Council earlier this year. The reserves position as set out in Appendix 2 reflects the following changes as set out below.

1.22 The current minimum balances requirement of £5m has been adjusted to £10m going forwards. The increased level is deemed more appropriate for a council with an annual revenue budget requirement of just under £300m, based on a review of Councils in the local and wider region.

1.23 A £3m reserve has been set aside to support a new local government accounting code requirement in 2018-19, intended to strengthen balance sheet transparency. This includes a mandatory set aside or provision requirement against the potential risk of future loan default. The initial £3m level will be further reviewed in line with emerging technical code guidance in consultation with Grant Thornton, our external auditors.

1.24 Specific reserves have also been created for Strategic Investment Support; to fund a range of regeneration activity and Adverse Weather; to mitigate risk of unpredictable severe weather events in the district. Both of these reserves are at £4m.

1.25 The above specific reserve requirements have been facilitated through the release of other earmarked reserves held. This includes the release of the £3.3m PFI prepayments reserve, to be incorporated into Central Base Budgets going forwards.

1.26 Existing workforce restructure and transformation reserves totaling £10m have also been released. Spend commitments against these reserves will instead be reflected as capitalised costs within updated capital plans, allowed for under the current flexible capital receipts strategy.

1.27 The balance of existing reserves re-directed to accommodate the new reserves requirements set out above has been redirected from revenue grants reserve as they are no longer required; £0.7m in total.

1.28 General fund reserves and balances are forecast to reduce through 2018-19 by £1.6m, from £88.8m at the start of the year, to £87.2m as at 31 March 2019. The forecast reduction consists of the net £0.4m contribution to earmarked reserves referred to at paragraph 1.2 above and the forecast overspend in year of £4.8m, partly offset by the creation of the new £2.8m social care reserve. The social care reserve will be drawn down over the 2018-20 period as appropriate to meet

the expenditure commitments as approved at Cabinet, 21st August 2018

1.29 The forecast £87.2m general fund reserves and balances at year end includes £9.8m relating to statutory schools reserves (which cannot be re-directed for non-school uses), leaving £10.0m general balances and £67.4m usable reserves. The forecast usable reserves level at 31st March 2019 is equivalent to 23.1% of the current year £291.2m (net) controllable revenue budget. Within usable reserves, £30.9m relate to earmarked reserves commitments with £36.5m financial resilience reserves remaining to mitigate against future budget and other unfunded risks.

1.30 The forecast general balances of £10.0m at year end reflects the revised minimum balances requirement as mentioned in paragraph 1.21 above. The revenue rollover approved at Council on 11th July is reflected in the transfer of £1.6m from general balances to the rollover reserve in-year. This will be subject to a future report to Cabinet in due course with specific proposals for its use on place based public realm activity.

Collection Fund

1.31 The Collection Fund accounts separately for council tax and business rates income and payments. The position as at Quarter 2 is summarised at Table 2 below:

Table 2 – Collection Fund Summary

	Council Tax £'000	**Business Rates £'000**	**Total £'000**
(Surplus)/Deficit as at 1st	(2,321)	(4)	(2,325)
Re-payments to/(from) General fund in 18-19	3,500	-	3,500
In Year financial performance	(200)	(1,750)	(1,950)
(Surplus)/Deficit at 31st	979	(1,754)	(775)

1.32 Council tax is projecting an in-year surplus of £0.2m, due to improved performance in income collection. This is equivalent to 0.1% against Kirklees' annual council tax requirement. Business Rates is projecting an in-year surplus of £1.8m. This is equivalent to 1.8% against planned income and reflects a one-off adjustment of the provision requirement for rates appeals relating to the 2017 rating list. Current Valuation Office data suggests that new appeals from this list are significantly lower in volume than previous ratings list appeals.

1.33 Taking into account the opening balance and repayments to the general fund in year, the above in-year projections result in an overall forecast surplus for the collection fund of £0.8m at 31st March 2019; £1.0m deficit with respect to council tax and £1.8m surplus from business rates.

1.34 The £1.6m additional resource from the 100% business rates pilot described at paragraph 1.15 does not feature in the table above as it is not accounted for through the collection fund. The £1.6m relates to business rates grants due to the Council over and above the amount budgeted for and will be recognised in the general fund; with the income subsequently realigned to the new social care reserve.

Housing Revenue Account

1.35 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 surplus of £894k against an annual turnover budget of £91.7m in 2018-19; equivalent to just 1.0%. Estimated HRA reserves at 31 March 2018, net of set aside for business risks and a minimum working balance, is £53.7m.

Capital

1.36 The Council's revised capital budget for 2018-19 is £123.6m. This includes the re-profiling of the existing plan over the 2018-23 period and the addition of 2017-18 rollover; both of which were approved through the 2017-18 Financial Outturn and Rollover report to Cabinet and Council in June and July respectively.

1.37 The forecast capital outturn at Quarter 2 is £89.4m (Q1 £105.3m). and therefore there is a projected underspend of £34.2m; equivalent to 28% of budget. This is summarised in Table 3 below and further details of the key highlights are shown in Appendix 6.

1.38 As reported as part of the Budget strategy Update report to full Council on 10 October, officers are currently undertaking a more fundamental review of capital plan requirements over the 2018-24 period, and this work is currently ongoing. It is anticipated that as part of the annual budget report to Budget Council in February 2019, this will include a significant further re-profiling/slippage of in-year capital budgets into future years, with an anticipated further narrowing of the gap between the reported in-year capital budget and forecast outturn for 2018/19.

Table 3 – Forecast Capital Outturn 2018-19 at Quarter 2

By Category	**Revised Budget £000**	**Actuals to date £000**	**Annual forecast £000**	**Variance £000**
Strategic Priorities	31,401	6,098	13,173	(18,228)
Baseline	63,561	16,040	51,384	(12,177)
Risks & Pressures	800	0	0	(800)
General Fund	**95,762**	**22,138**	**64,557**	**(31,205)**
Strategic Priorities	9,348	711	7,598	(1,750)
Baseline	18,478	4,079	17,251	(1,227)
Housing Revenue Account	**27,826**	**4,790**	**24,849**	**(2,977)**
Total	**123,588**	**26,928**	**89,406**	**(34,182)**
Funding Slippage – Borrowing*	(14,822)	-	-	14,822
Funding Slippage – Grants*	(7,447)	-	-	7,447
Overall Funding Requirement	**101,319**	**26,928**	**89,406**	**(11,913)**

* Relates to General Fund only

1.39 The 2018-19 budgeted funding requirement underpinning the Capital Plan includes a 'slippage' assumption of £22.2m (£7.4m Grants & £14.8m Corporate Borrowing), resulting in an assumed total funding requirement for the Capital Plan of £101.3m. Based on forecasted expenditure of £89.4m, this produces an adjusted variance at year end of -£11.9m against budgeted funding assumptions for the year as at

Quarter 2.

1.40 Treasury management budgets are based on the overall budgeted funding requirement level of £101.3m and as such, a saving would be created on these budgets if the current forecast of £89.4m materialised at year end. It is anticipated that forecasts will adjust further in light of emerging intelligence during the year on the timing of external funding allocations being agreed and other possible slippage factors. Officers are continuing to work on reviewing the profiling and forecasts throughout the remainder of the year to produce a more realistic match and the outcome will be reflected in subsequent quarterly financial monitoring reports.

2 Information required to take a decision

2.1 The Appendices accompanying this report provide a more detailed breakdown of the Quarter 1 financial monitoring position, as follows:

i) Appendix 1 sets out by service area, the forecast general fund revenue outturn position in 2018-19;

ii) Appendix 2 summarises the forecast general fund reserves and balances movements in-year,

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;

v) Appendix 5 sets out in more detail the Quarter 2 capital monitoring forecast summary;

vi) Appendix 6 sets out in more detail, reasons for the more significant forecast capital variances across strategic priority and baseline capital schemes.

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 2, 2018-19. 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 Current approved budget plans include a planned (net) saving requirement of £16.2m in 2018-19. Quarter 2 monitoring forecasts indicate the delivery in year of

£12.6m net savings compared to planned savings; equivalent to 78% against target savings. There are also additional net forecasted unplanned pressures of £1.2m elsewhere; resulting in a total £4.8m projected overspend.

3.4 As noted at paragraph 1.11, it is proposed that £5.0m of the MRP (Minimum Revenue Provision) revision will be used to part offset the forecast high needs pressure at Quarter 2. High Needs pressures and actions relating to the strategic review have been factored into the recent Budget Strategy Update Report to Council and it is noted that the service will consider any options for reducing costs through the remainder of the year.

3.5 The remaining £4.8m overspend at Quarter 2 largely reflects timing/non-deliverability issues in relation to a number of in-year and 2017-18 planned savings. A review of current savings deliverability was incorporated into the Budget Strategy Update report to Council along with the unfunded pressures highlighted at both Q1 and Q2, most significantly with regard to high needs.

3.6 Notwithstanding the above, it is expected that Strategic Directors work to identify opportunities for spending plans to be collectively brought back in line within the Council's overall budget by year end.

3.7 Building on the work of the Transformation Business Partner the Council is continuing to ensure robust financial governance, programme management, monitoring and review across a range of key activities. This includes deferred savings rolled forwards from 2017-18.

3.8 The overall projected overspend is slightly worse overall than that reported at Quarter 1, mainly as a result of additional high needs pressures reported in-year. It is expected that strategic directors ensure as far as possible that management actions are taken between now and year end to manage down the net overspend position to a nearer overall break-even position. The recent MTFP Update report to Council reflects a budget gap of £7m for 2019-20, over and above the £10m savings proposals already in existing budget plans. Any underlying pressures potentially rolling forwards into 2019-20 will therefore require corrective action in the current year, or early consideration of alternative proposals.

3.9 The financial resilience reserve forecast at £36.5m 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 and it is not a sustainable resource available to offset ongoing budget pressures. The recent budget strategy update report set out proposals within the Council's reserves strategy to build and maintain financial resilience reserve levels in view of the uncertainty surrounding the national funding landscape post 2019-20.

3.10 The Collection Fund financial performance reflected at Quarter 2 suggests that in the region of £0.8m can be re-paid to the general fund in 2019-20. This was reflected in the recent Budget Strategy Update Report to Council.

3.11 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 £14.8m in 2018-19 against the approved capital plan.

3.12 Given the anticipated adjustments to capital forecasts over the remainder of the financial year, it is expected that outturn borrowing commitments will be in line with treasury management budget forecasts for the year (paragraph 1.27).

4. Consultees and their opinions

This report has been prepared by the Service Director Finance, 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 holder notes the good progress being made in managing the in-year savings programme although recognising the continuing underlying financial challenges facing the Council.

7. Officer recommendations and reasons

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

7.1 note the Quarter 2 forecast £4.8m revenue monitoring overspend;

7.2 note the expectation that Strategic Directors work to identify opportunities for spending plans to be collectively brought back in line within the Council's overall budget by year end.

7.3 approve the planned use of the £1.86m winter pressures monies referred to at paragraphs 1.15-1.17 in this report.

7.4 note the forecast planned use general fund earmarked reserves in-year, and note the forecast year end position at £87.2m;

7.5 note the anticipated overall forecast year end surplus of £0.8m on the Collection Fund;

7.6 note the Quarter 2 forecast HRA surplus at £894k and forecast reserves position at year end of £53.7m.

8. Contact Officer

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Sarah Hill, Finance Manager
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9. Background papers and History of Decisions

Budget Strategy Update Report 2019-22
Annual budget report 2018-20
Annual outturn and rollover report 2017-18

10. Service Director responsible

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Appendix 1

Corporate Revenue Budget Monitoring 2018/19 – Quarter 2									
	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 Q 1
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Child Protection & Family Support	29,536	28,915	(621)	58,194	-	58,194	58,665	471	(567)
Learning , Early Support & Schools	17,544	24,580	7,036	17,416	-	17,416	25,271	7,855	1,390
Sub Total (Children & families)	47,080	53,495	6,415	75,610	-	75,610	83,936	8,326	823
Adults Social Care Operations	30,655	32,358	1,703	43,691	-	43,691	41,936	(1,755)	(1,724)
Policy, Intelligence & Public Health	(1,300)	(1,548)	(248)	(1,406)	898	(508)	(521)	(13)	(11)
Commissioning, Quality & Performance	31,159	31,375	216	53,873		53,873	56,198	2,325	2,081
Integration, Access & Community Plus	4,293	3,738	(555)	8,894		8,894	8,323	(571)	(356)
Sub Total (Adults & health)	64,807	65,923	1,116	105,052	898	105,950	105,936	(14)	(10)
Economy, Regeneration & Culture	3,161	3,040	(121)	8,463	1,180	9,643	9,515	(128)	(60)
Commercial, Regulatory & Operational Services	5,706	7,502	1,796	30,875	590	31,465	33,670	2,205	38
Sub Total (Economy & Infrastructure)	8,867	10,542	1,675	39,338	1,770	41,108	43,185	2,077	12
Finance & Transactional Services	41,842	41,729	(113)	19,388	464	19,852	19,742	(110)	14
Governance & Commissioning	925	1,022	97	2,137		2,137	2,234	97	20
Corporate Services	4,659	4,429	(230)	6,895	571	7,466	7,239	(227)	(48)
Sub-Total (Corporate Services)	47,426	47,180	(246)	28,420	1,035	29,455	29,215	(240)	(14)
Central Budgets	14,951	14,951	-	42,807	(4,100)	38,707	33,310	(5,397)	(397)
General Fund Total	183,166	192,091	8,960	291,227	(397)	290,830	295,582	4,752	383

Appendix 2

	General Fund Earmarked Reserves							
	As at 1st April 2018	Reserves realignment Review per MTFP update report	Revised Balance	Planned drawdown in-year	Planned contribution in- year	Unplanned use of Reserves (forecast overspend)	Earmarked Reserves Review *	Forecasted Reserves Position as at 31st March 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Statutory (School Reserves)	**(9,827)**	**-**	**(9,827)**	**-**	**-**	**-**	**-**	**(9,827)**
Earmarked								
Financial Resilience Reserves	**(37,146)**		**(37,146)**		**(4,100)**	**4,752**		**(36,494)**
Earmarked (Other)								
Workforce Restructure	(5,091)	5,091	0	-	-		-	**0**
Transformation	(4,944)	4,944	0	-	-	-	-	**0**
Rollover	(1,925)	-	(1,925)	1,479	-	-	(1,512)	**(1,958)**
Revenue Grants (various)	(10,615)	703	(9,912)	1,668	-	-	-	**(8,244)**
Trouble Families	(1,924)	-	(1,924)	-	-	-	-	**(1,924)**
Prepayment Reserve (PFI)	(3,055)	3,055	0	-	-	-	-	**0**
Insurance	(1,900)	-	(1,900)	-	-	-	-	**(1,900)**
Other	(2,905)	-	(2,905)	24	-	-	-	**(2,881)**
Ward Based Activity	(644)		(644)	(68)			(62)	**(774)**
Social Care Reserve	-				**(2,800)**			**(2,800)**
Property and Other Loans		(3,000)	(3,000)					**(3,000)**
Adverse Weather		(4,000)	(4,000)	600				**(3,400)**
Strategic Investment Support		(4,000)	(4,000)					**(4,000)**
Total - Other	**(33,003)**	**2,793**	**(30,210)**	**3,703**	**(2,800)**	**-**	**(1,574)**	**(30,881)**
Sub-total Earmarked/Usable	**(70,149)**	**2,793**	**(67,356)**	**3,703**	**(6,900)**	**4,752**	**(1,574)**	**(67,375)**
General Balances	(8,807)	(2,793)	(11,600)				1,574	**(10,026)**
Grand Total	**(88,783)**	**0**	**(88,783)**	**3,703**	**(6,900)**	**4,752**	**0**	**(87,228)**

** Transfer of £1.6m approved rollover from general balances and the creation of the new Social Care reserve*

Housing Revenue Account 2018/19 – Quarter 2

	Year to Date			Annual			
	Controllable Budget (Net)	Actuals	Variance	Revised Budget	Forecast	Variance	Change in Variance from Q1
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Repairs & Maintenance	13,302	11,953	(1,349)	22,800	22,788	(12)	(18)
Housing Management	18,804	18,236	(568)	34,343	33,780	(564)	(161)
Other Expenditure	540	609	69	28,290	27,379	(911)	(1,006)
Total Expenditure	32,646	30,798	(1,848)	85,433	83,947	(1,486)	(1,185)
Rent & Other Income	(45,624)	(43,540)	2,084	(91,747)	(91,155)	592	(2)
Revenue Contribution to Capital Funding	0	0	0	6,313	6,313	0	0
Planned transfer to HRA Reserves	0	0	0	0	0	0	0
Total	(12,978)	(12,742)	236	0	(894)	(894)	(1,187)

HRA RESERVES

	Balance as at 31 March 2018	Planned Transfers to Reserves	Other Approved Movements in Reserves	Balance at 31 March 2019
	£'000	£'000	£'000	£'000
Set aside for business risks	(4,000)	-	-	(4,000)
Forecast in Year Surplus/Deficit	-	-	(894)	(894)
Set aside to meet Investment needs (as per HRA Business Plan)	(54,858)	-	7,538	(47,320)
Workforce Restructure	-	-	-	-
Working balance	(1,500)	-	-	(1,500)
Planned transfer from HRA	-	-	-	-
Total	**(60,358)**	**0**	**6,644**	**(53,714)**

Key Highlights – Child Protection & Family Support

Activity Level	Progress Against Planned Savings	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
External Residential Placements	% of Children placed outside Kirklees	6,134	507	716	Pressure on volume led External placements.
Various	Accelerated Progression/Turnover Savings	17,949	(1,036)	(774)	Slippage savings to date on substantive vacant posts /Turnover.
Various	Net volume placement savings/pressures linked to Outturn 17/18	18,828	(436)	369	Pressure on volume led placements including External / Internal Fostering, Leaving Care Supported Accommodation, Supported Lodgings, Special Guardianship, Child Arrangement, Adoption Orders.

Key Highlights – Learning & Early Support & Schools

Activity Level	Progress Against Planned Savings	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
High Needs	Independent Schools Fees	2,513	2,147	3,600	Service pressure on placement costs
High Needs	Further Education High	800	740	1,600	Payments to Kirklees College
High Needs	Schools High Needs Top-Up funding	20,600	1,292	1,400	Top up funding to Schools
High Needs	Special Schools			1,600	Additional funding commitments in the Special Schools sector
High Needs	Less anticipated increase to High Needs DSG Funding			(300)	

Key Highlights – Adults Social Care Operation

Activity Level	Progress Against Planned Savings	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Self-Directed Support – Older People	Reduced spend on independent sector home care & Apply proportional spend on direct payments & Review taskforce.	2,598	(7)	(957)	Lack of capacity in the independent Sector Home Care market is resulting in lower spend, and is anticipated to result in alternate spend on placements/short term packages and direct payments.
Self-Directed Support – Physical Disabilities	Reduced spend on independent sector home care & Apply proportional spend on direct payments	7,555	(203)	(806)	Lack of capacity in the Independent Sector Home Care market is resulting in lower spend, and is anticipated to result in alternate spend on placements/short-term packages, and direct payments. Spend on Physical Disabilities direct payments below budgeted level.
Independent Sector – Older People	Reduction of Older People Placements	17,392	1,132	1,149	Lack of capacity in the Independent Sector Home Care market is resulting in alternate spend on placements/short-term packages. Nursing costs are higher than anticipated.

Key Highlights – Commissioning, Quality & Performance

Activity Level	Progress Against Planned Savings	Annual Budget £'000	Variance to Date £'000	Variance for the year £'000	Comments
Supporting People		4,130	417	535	Workstream in progress – overspend due to timing delay/slippage. Expected to reach required level for the following year.
Self-Directed Support - Learning Difficulties	Apply proportional spend on direct	14,277	(386)	(565)	Lower activity and costs than anticipated. Higher contribution levels than anticipated.
Independent Sector Residential & Nursing- Learning Difficulties	Reduction of Learning Difficulties Placements	15,941	(612)	1,508	Higher residential activity and higher nursing costs than anticipated.
Independent Sector Residential & Nursing- Mental Health	Reduction of Mental Health Placements	4,054	670	983	Higher residential costs than anticipated.

Key Highlights – Commercial, Regulatory & Operational Services

Activity Level	**Progress Against Planned Savings**	Annual Budget £'000	Variance to Date £'000	Variance for the year	Comments
Schools Transport	Combined Authority working	2,553	610	1,618	Slippage in planned saving and higher than budgeted volumes.
Car Parking	Changes to parking tariffs	(3,249)	268	268	Delayed implementation of new proposals.
Schools Facilities Management Catering	Assumed continuation of Universal Infant School Free Meals	(2,173)	(260)	(260)	The current forecast underspend is mainly from two areas, the first is food where inflation has not been anticipated to date and employees where staff turnover has reduced anticipated costs.
Bereavement Service		(861)	278	278	Revised timetable for planned cremator replacement project, amended estimate of income achievable while works being carried out.
Driver Training		(501)	377	377	Kirklees no longer have the contract to deliver the driver training courses on behalf of West Yorkshire Police.

Corporate Capital Budget Monitoring 2018/19 – Month 6

	Revised Budget	Forecast	Variance	Variance	Change in Variance since Month 3
	£'000	£'000	£'000	%	
General Fund					
Strategic Priorities					
Learning & Early Support	11,125	8,753	(2,372)	(21)	(1,387)
Economy Regeneration & Culture	19,276	4,320	(14,956)	(78)	(7,606)
Adults	1,000	100	(900)	(90)	(900)
Strategic Priorities Total	**31,401**	**13,173**	**(18,228)**	**(58)**	(9,893)
Baseline					
Learning & Early Support	10,343	8,443	(1,900)	(18)	357
Adults Social Care Operation	500	400	(100)	(20)	(100)
Economy Regeneration & Culture	17,511	11,004	(6,507)	(37)	(4,205)
Commercial Regulatory & Operational	29,133	25,506	(3,627)	(12)	(3,422)
Office of the Chief Executive	282	239	(43)	(15)	0
Finance & Transactional Service	2,792	2,792	0	0	0
Corporate Services	3,000	3,000	0	0	0
Baseline Total	**63,561**	**51,384**	**(12,177)**	**(19)**	**(7,370)**
Risks & Pressures	**800**	**0**	**(800)**	**(100)**	**200**
GENERAL FUND TOTAL	**95,762**	**64,557**	**(31,205)**	**(33)**	**(17,063)**
Housing Revenue Account					
Strategic Priorities	9,348	7,598	(1,750)	(19)	2,501
Baseline	18,478	17,251	(1,227)	(7)	(998)
HOUSING REVENUE ACCOUNT TOTAL	**27,826**	**24,849**	**(2,977)**	**(11)**	**1,503**
OVERALL COUNCIL TOTAL	**123,588**	**89,406**	**(34,182)**	**(28)**	**(15,560)**
Financing Slippage – Borrowing*	(14,822)	-	14,822	-	
Financing Slippage – Grants*	(7,447)	-	7,447	-	
TOTAL FUNDING REQUIREMENT	**101,319**	**89,406**	**(11,913)**	**(12)**	**(15,560)**

*relates to General Fund only

Capital Monitoring Key Highlights – Strategic Priorities

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
Learning & Support (New Pupil Places)	11,125	(2,372)	The build for Brambles Primary Academy (the New North primary school) will not start until late 2018/19 due to complex site issues. The underspend of £2,146k is due to be re-profiled into the next financial year.
Property Investment Fund	8,000	(7,850)	Development agreement is due to signed in relation to a loan for 103 New Street. Although there will be some minor spend this year, drawdown for this scheme is expected from next year.
Kirklees College Loan	6,000	(6,000)	No further utilisation of the revolving credit facility anticipated.
HD One	1,000	(900)	The HD One Development start date for the John Smith's Stadium site, has been put back and is now not due on site until May 2019. 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.
Adults Pump Prime & Commissioning Specialist Accommodation	750	(750)	A number of schemes are under consideration and the plan will be updated as part of the budget process. Hence, it is acknowledged that this budget is not required this year and should be re-profiled into next year.
Local Growth Fund	550	(450)	Monies provided by West Yorkshire Combined Authority (WYCA) to cover works at three agreed sites. Anticipated to spend only £100k this year on existing agreed sites.
Pioneer House	376	604	Original contractor went into administration and KNH have taken over the work. Likely to be overspent but will be met from elsewhere in the plan.
Strategic Priorities Total	**27,801**	**(17,718)**	

Capital Monitoring Key Highlights – Baseline

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
Learning & Early Support			
Basic Need	835	(505)	The projected underspend in the Basic Need 18/19 programme will be required to fund the rolling programme of Basic Need future pressures including secondary places for the Year 7 peak in 2019/20.
One-Off Initiatives	3,769	(1,108)	Mainly due to underspend on Section 106 contributions at-£595k. Also, underspend of -£302k for Special Educational Needs (SEN). This funding is the first year of a three year grant, construction works will not start until 2019/20, only professional fees will be incurred this financial year
Learning & Early Support Total	**4,604**	**(1,613)**	

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
Economy & Regeneration			
Housing Private Sector	6,082	(2,542)	The Large Housing Sites scheme is currently being worked up and the S106 contributions (£800k) are linked to this scheme. It is therefore suggested that S106 budget is re-profiled into 2019/20 to match anticipated spend next financial year.
KAL Self-financed	3,456	(1,700)	Dewsbury Sports Centre scheme due to start late 2018/early 2019, with only £100k spend this year. Proposed that £1.4m is pushed into next year alongside £300k for changing facilities which will not happen this year.
Economy & Regeneration Total	**9,538**	**(4,242)**	

Capital Monitoring Key Highlights – Baseline

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
Commercial Regulatory & Operational			
Transport	2,377	(1,343)	There are a number of large vehicles due to be purchased from this year's capital allocation but will possibly not be received until 2019-20
Corporate Landlord	6,123	(1,337)	Some works are still uncommitted at this stage of the financial year and an element of risk remains to deal with any emergency additions to the programme. Approximately 5% of the construction value is held as retention on the majority of schemes and will not be spent in this financial year but needed to rollover as contractually committed funding. We are currently in discussions with Services regarding the planning of the boiler replacements at Dewsbury & Huddersfield Town Halls around their events programmes and the complex nature of the work to be undertaken at Greenhead Conservatory may cause delays in programming. We would look to have these schemes contractually committed this financial year.
Highways	19,450	(947)	Expecting an underspend on Dewsbury Bus Station Scheme which is funded by LTP IT grant and will be rolled over into 2019-20
Commercial Regulatory & Op Total	**27,950**	**(3,627)**	

Capital Monitoring Key Highlights – Risks & Pressures

Activity Level	Annual Budget £'000	Variance for the year £'000	Comments
Risks & Pressures	800	(800)	No anticipated commitment at this stage against these resources. £200k has been transferred into Strategic Priorities (Huddersfield Leisure Centre) to undertake urgent repair works.

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	4,111	(4,111)	Underspend reflects re-phase of anticipated timing of delivery of scheme.
Re-modelling / High Rise	2,000	(1,750)	The underspend identified will be slipped into the future year with Berry Brow being the first high rise to be delivered.
HRA Strategic Priorities Total	**6,111**	**(5,861)**	
HRA Baseline			
Estate Improvements	1,988	(988)	Environmental works to Wain Court are now costed up at £211k this will set the scene for other 6 storey blocks with priority to Swann Court/Fernside following on from Wain Court. They remainder 6 storey blocks will be reviewed and budget will be slipped into future year.
Adaptations	2,739	(239)	This is a demand driven budget and variance reflects anticipated expenditure for 18/19
HRA Baseline Total	**4,727**	**(1,227)**	
HRA TOTAL	**10,838**	**(7,088)**	