

All Members of the Council

Dear Councillor,

**BUDGET COUNCIL MEETING - 13 FEBRUARY 2019**

I refer to the above meeting to be held at Huddersfield Town Hall, commencing at 5.30pm, to consider and determine the Revenue and Capital Budgets for 2019-2022 and related issues.

In connection therewith, I enclose, for your information, the following documents.

- (a) Report of the Service Director (Finance) headed 'Council Budget Report 2019-2022: incorporating Capital, Treasury Management and General Fund Revenue and Housing Revenue Account, including the text of the Motion proposed by Cabinet following its meeting on 29 January 2019, under the Council Procedure Rule 19(1) to be put before Council with regards to the Council Tax.

(Please note that provisional figures were included in respect of the major precepting authorities and Parish Councils. Council will be asked to authorise the Service Director (Finance) 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 Office of Police and Crime Commissioner, the Fire and Rescue Authority, and Parish Councils, should these be received after 13 February 2019).

- (b) Summary of Recommendations arising from the meeting of Budget Cabinet on 29 January 2019.

The detailed equality impact assessment documents are available via the Council Website at;

<http://www.kirklees.gov.uk/beta/delivering-services/equality-impact-assessments.aspx>

With regard to the Motion I would remind Members that under Council Procedure Rule 19(3) any amendments will only be permitted if the text of the Amendment and the affect which it will have on the draft Revenue Budget has been given in writing to the Chief Executive, and that it cannot be accepted unless the Chief Executive is satisfied, upon the advice of the Service Director (Finance), that the proposed amendment is financially sound and sustainable. In order to facilitate this, it has been agreed that proposed amendments shall be submitted to the Chief Executive on or before 10.00am on Monday 4 February

2019 to ensure that they are financially sound and sustainable prior to the final submission deadline of 6 February 2019.

Amendments to the Motion are considered by Council in the order which they are received by the Chief Executive.

Yours faithfully

A handwritten signature in black ink that reads "Andrea Woodside". The signature is written in a cursive, flowing style.

Andrea Woodside  
Principal Governance Officer

**Name of meeting:** Cabinet  
**Date:** 29 January 2019

**Title of report:** Council Budget Report 2019-22; incorporating Capital, Treasury Management, General Fund Revenue and Housing Revenue Account

**Purpose of the report**

The purpose of this report is for Cabinet to receive information to enable them to recommend a budget to Council for Capital, General Fund revenue and Housing Revenue Account (HRA), and approve the Council Treasury Management strategy.

|   |                            |
|---|----------------------------|
| <b>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?</b> | Yes                        |
| <b>Key decision - Is it in the <a href="#">Council's Forward Plan (key decisions and forward reports)</a> ?</b>                                   | Yes                        |
| <b>Is it eligible for "call in" by <a href="#">Scrutiny</a>?</b>  | No                         |
| <b>Date signed off by Strategic Director and name</b>   | Jacqui Gedman – 21 Jan 19  |
| <b>Is it also signed off by the Service Director for Finance?</b>   | Eamonn Croston - 21 Jan 19 |
| <b>Is it also signed off by the Service Director – Legal, Governance &amp; Commissioning?</b>   | Julie Muscroft – 21 Jan 19 |
| <b>Cabinet member <a href="#">portfolio - Corporate</a></b>   | Cllr Graham Turner         |

**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

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## 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. Summary**

1.1 The structure of this report begins with an executive summary followed by a range of appendices. The reader will need to review these in conjunction with the Appendices in order to be informed of the overall consequences and implications.

The Appendices are as follows:

|   |   |
|---|---|
| A | General Fund & HRA Medium Term Financial Plan 2019-22 - revenue and capital budget book |
| B | Supplementary Tables – Revenue  |
| C | Financial Resilience Test Index – CIPFA Summary Commentary                              |
| D | General Fund Revenue Sensitivity Analysis   |
| E | Treasury Management Strategy 2019-20 (appended report)                                  |
| F | Flexible Capital Receipts Strategy  |
| G | Capital Strategy including Prudential Indicators  |
| H | Corporate Risk Matrix Summary   |
| I | Motion to Council   |
| J | Budget Consultation exercise – summary  |
| K | Business Rates Pool – new arrangements for 2019-20                                      |

## **Equality Impact Assessments**

- 1.2 Key revenue budget proposals make explicit reference to accompanying evidence available to members; namely officer led equality impact assessments (EIA's) which have been undertaken on a range of budget proposals. This is to ensure that decision makers have due regard to the Council's equalities duties on key decisions taken through the budget process.

Members' attention is drawn to the information and advice in paragraph 3.3.25 of this report which makes reference to the Council's Public Sector Equality Duty.

### 1.3 The report will:-

- (i) review the general fund revenue budget strategies over the medium term financial plan (MTFP), and budget proposals to achieve a balanced general fund revenue budget in 2019-20, and indicative revenue budget forecasts for the following two years;
- (ii) incorporate the Government's announcement on the Local Government Finance Settlement for 2019-20, and consider the level of general fund revenue budget needed for Treasury Management and Central Contingencies;
- (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 2019-20, and indicative revenue budget plan for the following two years, 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;
- (vi) review the multi-year 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 2019-20 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 & Local Government (MHCLG) statutory guidance;
- (viii) make recommendations on the Council tax requirement for 2019-20; 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.

## **2. Information required to make a decision**

### **2.1 SUMMARY GENERAL FUND BUDGET PLANS**

2.1.1 The overarching context for the Council in determining its annual resource allocations has been national government policy over successive Parliaments from 2010 onwards, resulting in significant reductions in Government funding over the period. The Local Government Association (LGA) estimate that between 2010 and 2020, councils including Kirklees will have lost almost 60p in every £1 of central government funding.

2.1.2 At the same time, Councils, in particular those with statutory social services responsibilities like Kirklees, have also faced significant and increasing service pressures; in particular in Children's and Adult Services, and these pressures are set to increase over future years. The LGA has predicted that the scale of the funding gap across English Councils just to 'stand still' is estimated to be just under £8 billion by 2025.

2.1.3 Broader concerns about the financial sustainability and resilience of Local Government have been highlighted extensively in the national press, including the well reported financial difficulties at Northamptonshire County Council. The National Audit Office (NAO), who scrutinise public spending on behalf of Parliament, set out its own concerns through the publication of its 2018 local government financial sustainability report; link to the report provided below.

[NAO - Financial Sustainability of Local Authorities 2018](#)

2.1.4 This Council remains one of the lowest funded Councils; second lowest of the 36 metropolitan authorities and in the lower quartile nationally. This statistic takes the Government's own spending power benchmark calculation, based on most current data available (2019-20), and expresses it as spend per head of the population.

2.1.5 The combined impact of national funding reductions and service pressures on the Council has resulted in a cumulative revenue savings requirement of £199m over the 2010-2019 period, with upto a further £35m forecast savings required by 2022.

2.1.6 The Council's current Corporate Plan 2018-20 acknowledges the scale of financial challenges to date, and the tough decisions that have had to be taken to balance the books while protecting frontline services and our most vulnerable residents. It also recognises that to support this approach, it has also required the development of a different type of organisation with new and innovative ways of doing things, changing the way that we work with communities, keeping vulnerable people safe and in control of their own lives, and focusing on the things that only the Council can do.

2.1.7 The Corporate Plan also makes reference to Councillors' changing roles, and that in representing and serving the people and places of Kirklees, Councillors'

roles are growing – they are community leaders and at the heart of democratically elected local government.

The link to the Council's current Corporate Plan is shown below:

[2018-20 Council Corporate Plan \(Agenda Item 9\)](#)

- 2.1.8 The Corporate Plan sets out a vision; *“a district which combines a strong, sustainable economy with a great quality of life – leading to thriving communities, growing businesses, high prosperity and low inequality where people enjoy better health throughout their lives.”* The current Corporate Plan is being updated and will be reported to full Council in March 2019. It is anticipated that it will build on the level of ambition already set out in the current Plan across the 7 key outcomes.
- 2.1.9 To deliver the Council's vision, the intention is to move into the next phase of developing the Council to be one that focuses on achieving the seven key outcomes for the District's residents set out in the Corporate Plan, by working with people rather than doing to them, working with partners, and recognising the importance of local identity and how needs differ in different places.
- 2.1.10 The Council's updated revenue budget plans for 2019-22 and updated capital plans 2019-24, include significant new investment in particular in supporting the District's most vulnerable children and adults, investment in regeneration and economic growth, clean and green, and achievement agendas, as well as effective and efficient corporate capacity and capability to support the overall approach and Council ambition for the District's residents.
- 2.1.11 At the same time, this continues to be balanced against medium term budget risks and ensuring the Council can continue to deliver within its means for the foreseeable future.
- 2.1.12 Budget risks include further potential pressures on High Needs pupils, Social Care pressures, current lack of national funding certainty from Government post-2020, and potential impacts of the UK's withdrawal from the European Union, scheduled for 29 March 2019. These are also incorporated into the Council's updated summary corporate risk register set out at Appendix H.
- 2.1.13 Table 1 below sets out the updated summary general fund revenue budget plans for 2019-22, which incorporate key funding and spending changes, existing savings proposals rolled forward, and new savings proposals:

**Table 1 – Summary General Fund budget plans 2019-22:**

| <b>Summary General fund revenue position</b>                  | <b>MTFP<br/>2019-20<br/>£000</b> | <b>MTFP<br/>2021-21<br/>£000</b> | <b>MTFP<br/>2021-22<br/>£000</b> |
|---|----------------------------------|----------------------------------|----------------------------------|
| Funding Available (2018-20 MTFP)                              | (284.3)                          | (309.5)                          | (309.5)                          |
| Funding changes   | (10.4)                           | (4.4)                            | (6.6)                            |
| <b>Funding Available (2019-22 MTFP)</b>                       | <b>(294.7)</b>                   | <b>(313.9)</b>                   | <b>(316.1)</b>                   |
| Spending Plans (2018-20 MTFP)                                 | 299.3                            | 324.7                            | 324.7                            |
| Central Adjustments   | (10.2)                           | 0.5                              | 6.0                              |
| Service Pressures   | 7.5                              | 15.8                             | 20.8                             |
| Service Investment  | 1.4                              | 1.4                              | 2.2                              |
| Existing Planned savings                                      | (8.5)                            | (12.1)                           | (14.7)                           |
| New Planned Savings 2019-20                                   | (2.4)                            | (2.4)                            | (2.4)                            |
| <b>Spending Plans (2019-22 MTFP)</b>                          | <b>287.1</b>                     | <b>327.9</b>                     | <b>336.6</b>                     |
| Transfer to Reserves  | 7.6                              | -                                | -                                |
| <b>Balanced Budget (2019-20) / Budget Gap years 2 &amp; 3</b> | <b>-</b>                         | <b>14.0</b>                      | <b>20.5</b>                      |

2.1.14 The updated budget plans summarised above build on the financial planning framework set out in the Council Budget Strategy Update report 2019-22, which was reported to Council on 10 October 2018. The link to this report is set out below.

[Budget Strategy Update Report 2019-22 to Council, 10 October 2018 \(Item 8\)](#)

2.1.15 Service pressures in particular reflect demand pressures, net of any service specific external funding allocations; in particular in Children Services with regard to Special Educational Needs & Disabilities (SEND) pupil requirements, and vulnerable Adults demand pressures.

2.1.16 Service investments to support Council reflect additional corporate capacity and capability to support the wider organisation, acknowledging that updated plans will continue to develop and re-shape over the medium term to better align with the Council's ambitions set out in the Council's Corporate Plan.

2.1.17 A reconciliation of funding changes, service pressures, service investment and central adjustments, as summarised in Table 1 above, is also included at Appendix B i) for information.

2.1.18 Planned savings set out at Table 1 above total £10.9m in 2019-20. These include existing planned savings totalling £8.5m rolled forward from 2018-20 approved budget plans, plus a further £2.4m new savings in 2019-20. The balance of planned savings of £6.2m over the 2020-22 period also reflect existing planned savings from 2018-20 approved budget plans re-profiled over the 2020-22 period.

2.1.19 Planned savings over the 2019-22 period are set out in more detail at Appendix A, including risks and impacts. Appendix A also sets out overall proposed revenue

resource allocations in 2019-20, and indicative resource allocations over the following 2 years across Strategic Director Portfolios and Central Budgets.

- 2.1.20 The net effect of the changes set out at Table 1 above is a general fund revenue balanced budget in 2019-20 without the requirement to drawdown from reserves. The proposals in fact allow for the planned transfer to general fund revenue reserves of £7.6m in 2019-20, to support further Council developments and also Council financial resilience over the medium term (see also Reserves Strategy - Section 2.15).
- 2.1.21 Updated budget forecasts for the following 2 years reflect an updated budget gap of **£14.0m** in 2020-21 and **£6.5m** in 2021-22 (cumulative £20.5m over the 2020-22 period) which would need to be addressed to deliver a balanced budget in these years. However, as noted earlier at paragraphs 2.1.2 - 2.1.3, there remain concerns expressed at a national level regarding the financial sustainability of local government post-2020; most marked in relation to the 150 Councils with statutory Education and Social Care responsibilities, including Kirklees.
- 2.1.22 To illustrate the current level of budget risk post-2020, the budget sensitivity analysis included in Section 2.16 later in this report highlights the range of potential budget forecast variations and risks relative to Council baseline forecast assumptions underpinning 2019-22 budget plans; in particular over the 2020-22 period.
- 2.1.23 Budget forecasts beyond 2019-20 are heavily dependent on Government clarity; including the 2019 Spending Review which will set out the extent of the continuation of austerity measures on local government, the impact of UK's withdrawal from the European Union, and the impact of Government proposals for a more transparent and 'fair' re-set of baseline Council funding, 'fiscally neutral' at a national level, from 2020 onwards.
- 2.1.24 Key baseline funding and spend assumptions underpinning Council 2019-20 budget proposals to deliver a balanced budget, and indicative budget forecasts for the following 2 years, are described in more detail in the following sections in this report.

## **FUNDING ASSUMPTIONS**

### **2.2 Local Government Funding Landscape post-2020**

- 2.2.1 While the 2018 Autumn Budget and subsequent provisional finance settlement confirmed national funding allocations for the 2019-20 period (year 4 of the 2016-20 multi-year settlement), there is no current Government indication regarding the national funding landscape for Local Government beyond 2020, nor is there likely to be before the next Spending Review, due sometime in 2019. In light of current national funding uncertainties beyond 2019-20, years 2 and 3 at this stage prudently assume some continued further national funding reductions in the region of £3.2m per annum (equivalent to 2.5%) over the 2020-22 period.

2.2.2 Government remains committed to reform in the local government finance system from 2020-21 including a more robust and transparent distribution methodology to re-set baseline Council funding levels. As such, two separate consultations were released alongside the provisional finance settlement; 'Review of local authorities' relative needs and resources', and 'Business rates retention reform'. The closing date for responses for both consultations is 21 February 2019.

Consultation - 'Review of local authorities' relative needs and resources'

2.2.3 Government is committed to a Fair Funding Review of Local Government Funding. As part of the national implementation of the 50% business rates retention scheme in April 2013, Government calculated Council baseline funding allocations at the point of implementation. The data underpinning Government assumptions on baseline Council funding, at that time, was informed by existing and complex Government formula calculations on Councils' relative needs and resources.

2.2.4 These calculations have not been reviewed since, and Government acknowledges that the baseline funding assumptions set in 2013 do not appropriately reflect the changing characteristics of Councils over subsequent years e.g. with regard to population changes and demographic trends. The consultation seeks views on the approach to measuring the relative needs and resources of local authorities and may result in a re-distribution of existing funding between Councils. Under Government principles of fiscal neutrality at an overall national level, there would be 'winners and losers' and, most likely, extended transitional protection arrangements.

Consultation - 'Business Rates retention reform'

2.2.5 This consultation seeks views on proposals for sharing risk and reward, managing volatility in income and setting up the reformed business rates retention system.

2.2.6 It is the Government's aim to introduce 75% business rate retention in 2020 in a way that is fiscally neutral. This is allowable within existing legislation. To compensate for the additional business rates income to be retained locally, it is anticipated that this will also involve a transfer of current Government funding responsibilities for Public Health at the same time.

2.2.7 This means that Council spending plans will increase by about £25m from 2020-21 onwards, because the Public Health specific grant contribution from Government will cease at this point. There will instead be a corresponding increase in business rates income retained locally, to compensate; 'net nil' overall budget impact. The consultation does not indicate if current Public Health specific grant conditions setting out eligible spend against the grant, and monitored by Public Health England, will continue in some guise, from 2020-21 onwards.

2.2.8 Following the release of the above consultations, the intention is for officers to report back to members through the year, as the technical detail behind both proposals become more fully developed and modelled, in preparation for April 2020 implementation.

## **2.3 Council Tax**

- 2.3.1 Funding adjustments factored into Council budget plans for 2019-20 incorporate the 2019-20 Council Tax Base (CTB) which was approved at full Council on 16 January 2019.
- 2.3.2 The CTB reflects assumed growth of 700 properties in 2019-20 and a further 1,000 properties per annum thereafter (Band D equivalent). The latter targets reflect net housing growth indicative forecasts over the period, and assume the timely adoption of the Council Local Plan in 2019, and rollout of the longer term Council ambition for housing growth.
- 2.3.3 Future year CTB forecasts will be subject to regular review, acknowledging as well the potential for external factors such as the UK's intended withdrawal from the EU and consequential impact on the UK economy, including the housing construction and house buying markets. The assumed CTB bad debt provision requirement is 1.48% based on current year forecast collection rates.
- 2.3.4 The local Council Tax Reduction (CTR) scheme is means tested and works so that those not "protected" are required to pay at least 20% of their full council tax liability. The local scheme only applies to those of working age. The national pension age scheme means there is no such minimum payment and many pensioners are assessed as having to pay nothing. CTB forecasts reflect the continuation of the current local CTR based on 20% for those not protected in 2019-20 and future years.
- 2.3.5 Government has made provision to allow Councils local discretion to implement 100% empty property premium charge after 12 months, increasing to 200% after 24 months and 300% after 36 months. There is currently a 50% premium charged on properties still empty after 24 months. The updated CTB for 2019-20 takes account of increases relating to the Council implementing the above property premium rates, anticipated to generate approximately £360k additional income in 2019-20.
- 2.3.6 It is acknowledged that this national policy change is intended to incentivise occupancy in currently empty properties over time, and at this stage a prudent view has been taken with regard to any further income gain beyond 2019-20. This will be reviewed in due course following an officer assessment of the local impact of the empty property premium changes, which were approved at full Council on 16 January 2019.

### **Council Tax Referendum Principles**

- 2.3.7 Government's Council tax referendum principles are set out in the 2019-20 provisional finance settlement, and allow for a 3% council tax uplift in 2019-20, consistent with the referendum limit set in 2018-19. Council updated budget plans reflect a proposed 2.99% Council Tax uplift in 2019-20 (excluding precepts); equivalent to £5.2m additional funding. It is assumed at this stage that Government Council tax referendum principles will revert to 2% from 2020-21 onwards, and

that the Council tax uplift would therefore be 1.99% in 2020-21 and 1.99% in 2021-22.

- 2.3.8 In addition to allowable council tax uplifts within Government's referendum principles, Government also allowed Councils with Social Care responsibilities local discretion to uplift Council tax over the 2017-20 period upto a maximum of a further 6% (no more than 3% allowable in any one year).
- 2.3.9 This was allowable through a specific adult social care precept, and the funding raised from the precept had to be used entirely to fund additional adult social care spend over the period. This Council chose to implement the maximum precept uplift of 6% over the 2017-19 period (3% uplift per annum), and as a result, there will be no further adult social care precept increase in 2019-20.
- 2.3.10 At Band A level, 2.99% Council Tax uplift in 2019-20 is equivalent to an increase of £29.21; from £977.18 in 2018-19 to £1,006.39 in 2019-20 (before fire, police and parish council precepts). Government has confirmed that the referendum principles will not apply to Parish Councils in 2019-20, but will continue to keep this area under active review.
- 2.3.11 Charges to the general fund each year from the Council (the billing authority) for council tax and business rates, and to the major precepting authorities (Fire & Rescue Authority, Office of Police & Crime Commissioner) are based on estimates of CTB. Actual income collected year on year will vary. These timing differences result in actual surpluses or deficits which are rolled forward year on year through the collection fund, and 'settled' over following years, through relevant payment adjustments to the general fund/major precepting authorities.
- 2.3.12 Due to timing issues set out at paragraph 2.3.9 above, there is an overall planned repayment of £1.2m from the general fund to the collection fund in 2019-20.

## **2.4 Business Rates**

- 2.4.1 Officers have reviewed the impact of the new appeals system implemented from April 2017 onward, which is designed to be more stringent than the previous appeals system. The new appeals system relates to appeals against the 2015 Rating List, and volumes of new appeals are significantly less than the volume of appeals against the 2010 and 2005 rating lists.
- 2.4.2 As a result, the annual appeals bad debt provision requirement has been reduced by £1.3m, effectively adding an equivalent amount back into business rates baseline from 2019-20 onwards. Other than the above adjustment, no other net growth assumptions have been built into future year business rates income projections, in light of continuing challenging economic conditions. This is considered to be a prudent approach at this stage.
- 2.4.3 The Council holds a current prudent £11.5m bad debt provision for historical appeals valuations outstanding (largely relating to the 2010 rating list). A recent officer assessment suggests that this requirement can now be revised downwards

in-year. This mainly reflects the impact of many long standing appeals being either withdrawn or settled. This includes the recent withdrawal of a national appeal by Virgin Media which if successful would have cost the Council £2m in backdated rates adjustments to 2010.

- 2.4.4 Also, the number of appeals emerging with respect to the current year has not been at the level anticipated for reasons set out at paragraph 2.4.1 -2.4.2 above. The overall impact is a repayment of £6.9m to the general fund from the collection fund in 2019-20 which has also been factored into updated budget plans (see also Appendix B iv).

### **North & West Yorkshire Business Rates Pool: 2019-20**

- 2.4.5 Leeds City Region (LCR), of which Kirklees is a member, made a joint bid with North Yorkshire for a 75% business rates pilot for 2019-20. The finance settlement 2019-20 confirmed the success of this bid. The financial model underpinning the North & West Yorkshire 75% business rates Pool estimated a potential overall gain to the combined Pool in the region of £24m. The current 2018-19 LCR Pool will be dissolved at 31 March 2018.
- 2.4.6 Pool income will be shared out so that member authorities receive two thirds of the additional income generated through the 75% pilot, with the remaining third of additional income being retained by the pool. This retained funding will be redistributed to projects that meet the pool's strategic aims; Reducing Digital Isolation, Inclusive Growth, Culture, Sport and Major Events, Business Support, Trade and Investment and Enabling Housing Growth.
- 2.4.7 A "one-off" gain of £2m in 2019-20 has been built into Council budget plans to reflect our individual share of the growth. Governance of the 2019-20 Pool will be similar to the existing 2018-19 LCR Pooled arrangement, through a Joint Committee, but with an expanded membership to ensure all member authorities are properly represented.
- 2.4.8 A report prepared by Leeds City Council Chief Officer – Financial Services, to its Executive Board on 13 February 2019 recommends their member approval for the City Solicitor to be given delegated authority to seek the formal agreement of the other 13 members to the new Pool arrangements for 2019-20. Appendix K attached sets out the new arrangements for the North & West Yorkshire Pool for 2019-20, including terms of reference for the Pool's Joint Committee. This report asks Cabinet to formally agree the new arrangements in principal for the 2019-20 Pool as set out at Appendix K, and to delegate authority to the Council's Monitoring Officer in conjunction with the Councils Service Director – Finance, to finalise the new arrangements with Leeds City Council's City solicitor.

## **2.5 Un-ringfenced grants**

- 2.5.1 While these grants are separately identifiable, the Council can apply this funding flexibly to meet overall Council spend priorities. Budget plans for 2019-22 reflect

annual allocations set out in the Government provisional 2019-20 finance settlement. These are set out in more detail at Appendix Biii).

- 2.5.2 The main funding change in 2019-20 relates to Business Rates (section 31) grants, with an anticipated £2m one off gain anticipated as a result of the successful Leeds City Region and North Yorkshire 75% pilot bid.
- 2.5.3 Elsewhere, the New Homes Bonus (NHB) Grant allocation for 2019-20 has been confirmed, based on updated national net housing growth data used by Government to calculate individual Council grant allocations. The £3.9m 2019-20 NHB grant allocation is broadly in line with previous budgetary estimates.

## **2.6 Adult Social Care Funding**

- 2.6.1 Demand led volume and cost pressures and demographic trends are having a continuing and significant impact on already stretched Council budgets and this has been well documented both nationally and at a local level over recent years.
- 2.6.2 These pressures have largely been contained over the 2016-20 period through a combination of Adult Social Care precept uplifts and additional Better Care Funding (BCF) allocations; albeit about half the 'additional' BCF has been funded from a national top-slice of pre-existing Council resources (New Homes Bonus), re-directed to BCF. Updated budget plans reflect the cumulative impact of the above funding measures, which has added £27.9m funding to Adults annual base budget by 2019-20 compared to 2015-16, such has been the scale of increasing service pressures over the period.
- 2.6.3 In 2018-19, Government confirmed a national in-year £240m package of social care funding to ease pressure on the NHS over the winter months. Kirklees' share of this additional in-year funding was £1.86m. The funding must be spent on providing adult social care services, and be in addition to existing planned spending.
- 2.6.4 The Autumn Budget announcement on 29 October 2018 and subsequent 2019-20 finance settlement confirmed the continuation of this funding in 2019-20, alongside a further £410m national funding allocation for adults and children's social care. This new Social Care Support Grant equates to £3.2m for Kirklees in 2019-20 and it is at the discretion of individual local authorities as to how they intend to allocate it between Children's and Adults elements.
- 2.6.5 The £3.2m allocation to Kirklees includes the continuing provision for the £1.2m adult social care grant originally announced late by Government in March 2018 as a one-off grant for 2018-19. The balance of £2m additional funding has been applied in 2019-20 to offset high need pupil service pressures at £1.3m, and other Children's pressures at £0.7m.
- 2.6.6 Government has made no formal announcement about continuing the Winter Pressures and Social Care Support Grant into future years, but in light of continuing and significant pressures on Adult and Children's Social care budgets,

updated budget forecasts assume that Government will maintain these funding allocations post-2020.

- 2.6.7 Updated budget plans from 2020-21 factor in further Government grant funding to support Councils with social care responsibilities; an additional £3.6m grant funding in 2020-21, increasing to £7.2m by 2021-22. These funding assumptions are considered relatively prudent at this stage, in the absence of any more detailed proposals from Government post-2020.
- 2.6.8 There is national Government acknowledgement that beyond 2020, increasing adult social care pressures will be beyond the means of existing Council budgets to be able to contain over the longer term, and that a national funding solution is required. Government has committed to a Green Paper on the future of adult social care.
- 2.6.9 There have been recent national announcements about proposals for £20.5 billion additional baseline funding for the NHS by 2024, and a subsequent further Government release of an NHS 10 year plan. These announcements clearly have implications for the continuing social care/health integration agenda that has been a feature of national Government policy since 2016. However, the expected release of the adult social care green paper alongside these NHS announcements, has been delayed by Government.

## **2.7 Schools Funding**

- 2.7.1 Government introduced a revised National Funding Formula (NFF) for schools from April 2018. The NFF determines the amount of core revenue funding that goes directly to mainstream schools. However, because the current funding arrangements for each local authority are the result of a complex combination of historical national and local funding decisions, the move to a National Funding Formula has produced significantly different outcomes for local schools and academies.
- 2.7.2 The NFF for Kirklees maintained schools and academies is less generous than the previous system but the NFF contains protections to mitigate most of the reductions delivered by the pure application of the new formula. This includes a Government minimum uplift of 0.5% in both 2018-19 and 2019-20 for the funding allocation per pupil within the overall Schools Block allocation.
- 2.7.3 The NFF for schools is being introduced in a 'soft' format across funding years 2018-19 to 2020-21. The NFF will be used to calculate the bottom-line Schools Block allocation to local authorities with local discretion over its distribution then to be agreed following consultation via the local Schools Forum. Government intention is to implement a 'hard' format from funding year 2021-22, which will mean that Schools block funding allocations from that point will be calculated directly by the Education & Skills Funding Agency.

- 2.7.4 The other three funding blocks within the Dedicated Schools Grant or DSG (High Needs, Central School Services and Early Years) will continue to be the responsibility of the Council to manage and allocate as appropriate.
- 2.7.5 The Council's baseline Schools Block funding in 2019-20 is £295.3m, and represents an increase of 2.4% from 2018-19. The High Needs block is £37.0m; an increase of 6.35% from 2018-19. The Early Years block £28.1m; a decrease of 2.1% from 2018-19, and the Central School Services block £2.3m; a decrease of 1.7% from 2018-19.
- 2.7.6 The High Needs block calculation under the new NFF acknowledges the level of previous under-funding, and Government intention is to increase the annual allocation by £7m from pre-existing £34m to £41m; the second largest increase calculated nationally under the revised NFF. However, due to transitional arrangements, this will be phased over a seven year period, at £1m per annum. The 2019-20 allocation reflects the incremental uplift of £1m.
- 2.7.7 The forecast budget pressure against High Needs pupil activity is anticipated to be just over £8m in 2019-20 in excess of available DSG (high needs) funding. Government transitional funding arrangements will not be able to address this current service pressure in a timely manner.
- 2.7.8 The issue of high needs pupil pressures on Council budgets has been the subject of significantly increased recent national media coverage, and broader sectoral lobbying. The 2019-20 finance settlement includes a supplementary national high needs funding allocation totalling £125m to offset current year pressures. Government has confirmed a similar allocation in 2019-20.
- 2.7.9 The Council's share of this is £1.04m in each year. This funding will help offset service high needs pressures in 2018-19 and 2019-20. Budget forecasts assume the continuation of this additional annual funding post-2020.
- 2.7.10 There is a separate report on this Cabinet agenda which sets out in more detail, Kirklees School Funding arrangements for 2019-20.

### **Key revenue spending assumptions 2019-22**

#### **2.8 Current year financial performance**

- 2.8.1 Organisational intelligence informing 2019-22 budget plans includes consideration of current year financial performance. The most recent quarter 2 financial monitoring report was presented to Cabinet on 13 November 2018. The link to this report is shown below.

[Corporate Financial Monitoring Report Quarter 2, 2018-19](#) (Item 10)

- 2.8.2 Quarter 2 monitoring indicated significant overall progress towards the delivery of £16.2m net savings requirement in-year. Forecast planned savings were projected to be £12.6m; equivalent to 78% delivery. Elsewhere, there were other

unplanned overspends but with largely compensating underspends, with an overall forecast overspend of £4.8m; equivalent to 1.7% against a revised budget of £290.8m.

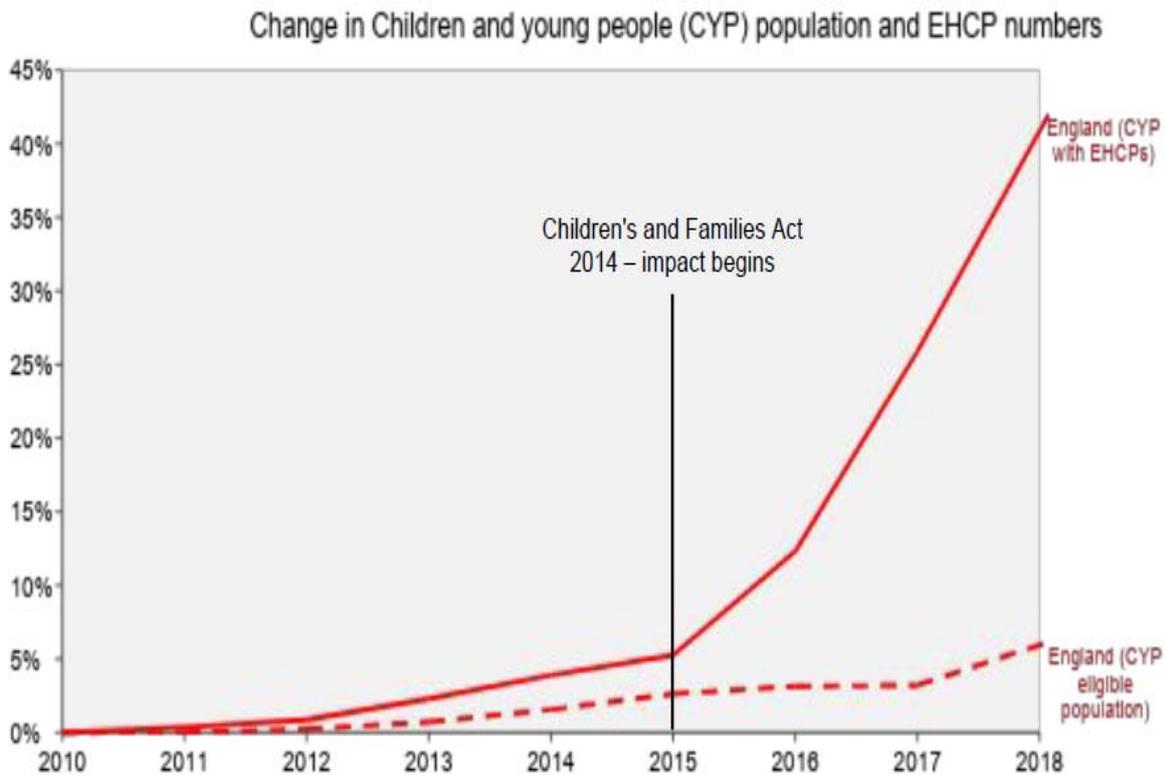
- 2.8.3 Within the overall forecast position, there were some significant underlying current pressures and risks subsequently considered in formulating updated budget plans for 2019-22; in particular in relation to the significant unbudgeted pressure in the region of £8m in relation to Special Educational Needs & Disabilities (SEND)/high needs activity (see also, paragraph 2.7.7 earlier and Section 2.9 further below).
- 2.8.4 The Council's Collection Fund was also forecast to have an overall surplus of £0.8m by current year end.
- 2.8.5 Subsequent to Quarter 2 monitoring, the most up to date in-year monthly monitoring projections (month 8) now estimate a year end forecast overspend of £2.1m; a reduction of £2.7m compared to Quarter 2 financial monitoring. This factors in the additional £1.04m High Needs funding allocation for 2018-19 announced as part of the 2019-20 provisional finance settlement.
- 2.8.6 Government also confirmed as part of the 2019-20 finance settlement, an unexpected "one-off" business rates levy rebate to all Councils in 2018-19. The Council's share of the national £180m re-distribution is £1.2m, also factored into month 8 monitoring.
- 2.8.7 Month 8 monitoring also now reflects an overall forecast year end Collection Fund surplus of £5.75m as a result in particular of the appeals bad debt provision adjustment (see paragraphs 2.3.10 and 2.4.4 earlier). Updated budget plans reflect the re-payment of this surplus to the general fund in 2019-20. The month 8 Collection Fund forecast is summarised at Appendix Biv).
- 2.8.8 Month 8 monitoring also includes a current estimate of year end reserves, forecast at about £79m (excluding statutory schools reserves). This forecast factors in specific reserves proposals approved as part of the budget strategy update report approved at Council on 10 October 2018. The Reserves section later in this report (Section 2.15) considers Council reserves strategy in more detail, including further proposals to increase Council general fund reserves over the medium term.
- 2.8.9 The following sections set out in more detail, updated spend assumptions across Strategic Director Portfolios which have informed updated budget plans.

## **Strategic Director Portfolios**

### **2.9 Children & Families – Learning, Skills & Early Support**

- 2.9.1 The 2017-18 financial outturn report to Council on 11 July 2018 highlighted an underlying net service pressure on special educational needs activity, totalling £4.2m.
- 2.9.2 This pressure has continued and increased through 2018-19, and based on Month 8 financial monitoring projection the forecast in-year position is spend in excess of school (high needs) funding available, of approximately £8m. This is before applying the additional £1.04m funding allocation announced as part of the provisional finance settlement, as per paragraph 2.7.9 above. The pressure includes a projected overspend of £3.6m in respect of placements of Kirklees children in independent and other local authority specialist provisions.
- 2.9.3 The average number of active placements in independent specialist education provision has significantly increased over the last few years, moving from an average of 88 active placements in 2016-17 to a forecast 2018-19 average of 125 pupils; an increase of 42%. An increase 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 pupils in 2016-17 to a forecast 2018-19 average of 34 pupils.
- 2.9.4 The balance of High Needs pressure is mainly made up of £1.6m for support funding payments for high needs students in the local further education sector, £1.4m in respect of top-up funding to support rising numbers of increasingly complex need children within the mainstream schools sector, and £1.6m additional funding commitment in the special schools sector.
- 2.9.5 As noted earlier at paragraph 2.7.8, there has been significant recent national sectoral lobbying of Government to acknowledge this is a growing pressure on high needs increasingly beyond the means of Councils to be able to self-contain within available Dedicated Schools Grant ring-fenced funding..
- 2.9.6 London Councils recently produced an overall national trend analysis. Graph 1 below shows that since 2010-11, the number of children and young people with an Education, Health and Care Plan (EHCP)/Statement has increased by 40%. This largely drives high needs costs. Over the same period, the eligible child population increase was 3%. The latter drives annual Government funding adjustments to the High Needs Block of the Dedicated Schools Grant. In particular, the rapid growth in EHCP appears to correspond to the implementation of the Children & Families Act 2014.

Graph 1 – national trends over 2010-2018 period; EHCP/Statement numbers and children & young people population



Source: ONS (MYE and SNPP) estimates; DfE (SEN2 data)

- 2.9.7 In 2014, Kirklees Council had about 1,900 EHCP/Statements. By 2022, this is expected to rise to 3,300 based on current trends; over 70% increase over the period. As noted previously at paragraph 2.7.6. the NFF acknowledges that Kirklees is currently significantly under-funded on high needs, but that due to Government transitional funding arrangements, the Council will not get the full benefit of the extra £7m high needs funding allocated to it from 2018-19, for a full 7 years.
- 2.9.8 Councils have limited flexibility to divert resources from the main schools funding block, and this puts further strain on stretched schools budgets. The only other alternative is to divert general fund resources to support the Council's statutory high needs responsibilities. This is not considered to be a sustainable longer term position for Councils like Kirklees that are already under significant financial pressure from austerity measures that have reduced our general fund grant funding by upto 60% since 2010.
- 2.9.9 Updated Council budget plans reflect a continuation of the £8m current year high needs pressure in 2019-20 , and the partial netting off from incremental Government High Needs Block Grant uplifts of £1m per annum A further £1.04m funding declared in the 2019-20 finance settlement has also been added into budget plans from 2019-20 onwards. As noted above (paras 2.6.4 and 2.6.5)

£3.2m of new Social Care Support Grant funding has been announced, of which £1.3m has been applied in 2019-20 to offset high need pupils service pressures.

- 2.9.10 In conjunction with the above, it is also anticipated that future year growth pressures can to some extent be mitigated through a range of other measures. However, there is acknowledged to be a continued element of budget risk on high needs pressures over the medium term.
- 2.9.11 A District wide High Needs Strategic Review was reported to Cabinet on 20 February 2018. The link to this report is shown below:

[Summary of findings from the Special Educational Needs and/or Disabilities \(SEND\) High Needs Strategic Review \(Item 14\)](#)

- 2.9.12 The Council is working with key education partners across the District on a comprehensive action plan that came from the above referenced report. To support increased District sufficiency provision for specialist educational support, there is also significant new capital investment proposed totaling £25m which has been factored into updated capital plans (see also section 2.19.7 of this report)
- 2.9.13 Updated budget plans include increased annual revenue investment of £700k in the Special Educational Needs & Disabilities Assessment and Commissioning Team (SENACT). This will support staffing, work force development and strategic development to achieve the necessary improvements set out in paragraph 2.9.11 above.
- 2.9.14 In addition, there is further investment of £420k in Learning Services reflecting increased demand (increase of free nursery entitlement), and the increased provision of Early Intervention processes (Portage support to parents). This further investment will support managing the needs of children as early as possible, which will hopefully prevent needs becoming more complex and potentially resulting in more expensive support packages in the future (for example via Education Health and Care Plans).

## **2.10 Children & Families – Child protection & safeguarding**

- 2.10.1 Existing 2018-20 budget plans include £5.5m sustainable investment in Child Protection & Family Support from 2018-19 onwards, alongside a fundamental review and re-shape of service budgets to align with the Children Improvement Plan; the latter based on a Partnership with Leeds Council.
- 2.10.2 The Council continues to make very good progress in the delivery of significant improvements in outcomes of children, and meeting the recommendations set out in the original inadequate rated OFSTED report in November 2016.
- 2.10.3 These improvements include measures to reduce the number of children placed outside the District, with existing planned savings of just over £3m over the 2018-

21 period. These improvements are ongoing, and the planned savings associated with out of area placements have been further re-profiled now over the 2019-22 period to reflect a more realistic timescale for delivery.

- 2.10.4 Planned improvements also include service investment in a restorative practice team at £600k from 2019-20 onwards. This additional capacity is currently funded through a one-off Government grant in 2018-19. Also, following the recent implementation of a new caseload management system within service, Liquid Logic, there is an identified further ongoing investment requirement to support and maintain the system, at £240k.
- 2.10.5 As noted above (paras 2.6.4 and 2.6.5) £3.2m of new Social Care Support Grant funding has been announced, of which £0.7m has been applied in 2019-20 to offset service pressures.
- 2.10.6 To support the Council's ambition to improve outcomes for the District's most vulnerable Children, there is also significant new capital investment proposed totaling £10m for residential accommodation, disability and youth services (see also section 2.19.12).

## **2.11 Adults & Health**

- 2.11.1 Existing budget plans include additional base budget resources of £9.7m 2018-19 and a further £3.2m in 2019-20 for demand led volume pressures, over 65's demographic pressures, and provider cost pressures; the latter relating to social care external provider costs impacted on by a 4.6% national living wage uplift in 2018-19. As noted earlier in Section 2.6, these pressures continue to be met by a range of current grant funding sources.
- 2.11.2 Alongside the above, there is a further £0.5m service revenue investment into early intervention/preventive mental health services, and also a specific amount of £1.4m set aside in reserves to support and promote a range of Place based mental health initiatives across the District; includes £0.4m for measures to combat domestic abuse.
- 2.11.3 Updated budget plans for 2019-20 take account of further £6m service pressure in relation to demographic growth and inflationary pressure on contracts with providers; includes the impact of the 4.9% increase in the National Living Wage in 2019-20, as well as inflation levels on other key cost elements. The Council recognises that the social care provider market locally and nationally is under significant pressure and provides support in kind to providers as well as through fees.
- 2.11.4 Demand and cost increases over the 2020-22 period are modelled to increase by a further £13m in total, net of assumed partial funding offsets over the period. Budget assumptions will continue to be subject to ongoing service review. Future projections will also be informed by the shape, direction and impact of Government's national social care and health integration agenda, applied locally.

2.11.5 The service is also proposing significant new capital investment in dementia and day services totalling £21m (see also, section 2.19.12).

## **2.12 Economy & Infrastructure**

2.12.1 Existing budget plans include £10k base budget allocation activity per ward; £230k in total, plus one-off resources totalling £706k for ward committed expenditure, rolled forward through Council earmarked revenue reserves. In addition, Council earmarked reserves includes approved revenue rollover of just over £1.5m for Public Realm works.

2.12.2 Updated budget plans include a commitment to double the annual base budget allocation for ward based activity from £10k current to £20k per ward from 2019-20 onwards. The doubling of the allocation per ward has been resourced from existing 2018-20 budgeted resources set aside for Place based activity, currently held within the Office of Chief Executive's Transformation Fund budget.

2.12.3 Existing budget plans also include £250k recurrent investment in a District wide 'ward squad' to complement the Public Realm investment and District ward activity budgets.

2.12.4 Updated budget plans include £1.4m to offset current unfunded service schools transport service pressures; in particular impacted on by Special Educational Needs and Disability demand pressures on schools transport service. An additional pressure factored into updated budget plans is the financial impact of the loss of the driver training police contract at £500k. A recent officer review of health and safety and fire safety organisational compliance requirements also identified a service investment need of £310k.

2.12.5 The Council's ambitions for Sustainable Economy include significant existing capital investment in town centre vibrancy, and plans for housing development and growth over the 2018-24 period. These ambitions require increased technical and officer project capacity, and an additional investment need of £300k has been identified. In addition, £4m has also been made available within existing earmarked revenue reserves to address the likely scale of other "one-off" associated development costs over the 2018-24 period.

2.12.6 Updated budget plans also factor in service investment in infrastructure growth, at £350k in 2019-20, and incremental increases of £250k per annum over the following two years. This is in recognition of the increased demands placed on front line 'universal' services over time, through general increases in population, and associated impact on infrastructure across District.

2.12.7 The Council's current Private Finance Initiative (PFI) Waste Contract ends in 2022-23, and work is ongoing to review options for 2023-24 onwards. It is anticipated that there will be a significant overall increase in revenue cost requirement from current, as well as significant future capital investment in waste management activity of up to £33m, reflected in updated Council capital plans (see also, section 2.19.12).

2.12.8 Future revenue implications include the fallout of a current annual PFI Government grant allocation of £3.2m which ends on 31 March 2023. As well, officer proposals for emerging capital and revenue requirements will also be informed by Government's recent national Resources & Waste Strategy announcement on 18 December 2018, which represents the first comprehensive national Government update for more than a decade.

## **2.13 Corporate Services**

2.13.1 Existing budget plans include £3m additional capital investment in the Council's Digital transformation programme, in recognition of the scale of transformation required. The Council's IT service has existing savings of £1.2m in 2018-19, and a further £1.3m in 2019-20. Planned 2019-20 savings have now been deferred to 2020-21, to allow more time to review organisational IT requirements and capacity going forward.

2.13.2 Corporate capacity has also been reviewed, in particular in light of more stringent General Data Protection Regulation (GDPR) requirements, and additional investment of £200k per annum incorporated from 2019-20 onwards, alongside additional revenue investment of £130k per annum in corporate business intelligence.

2.13.3 Updated budget plans include a drawdown of Public Health reserves of £823k in both 2019-20 and 2020-21. This resource is being used to allow continued investment at the current level in substance misuse and sexual health activities over the short term. These services would otherwise have been subject to savings of £823k in 2019-20, as per existing 2018-20 budgets. The savings have been deferred to 2021-22 in the refreshed budget plans.

## **2.14 Central budgets**

2.14.1 Contingency inflation assumptions have been updated to ensure pay provision requirements for the 2018-20 national pay award are fully met. Also factored in are assumed pay awards of 2% in both 2020-21 and 2021-22.

2.14.2 Price inflation is zero over existing 2018-20 budget plans. Updated budget forecasts over the 2020-22 period include a continuation of this assumption, with Strategic Director portfolios continuing to operate within cash limit budgets over the 2020-22 period. The only exceptions relate to energy and waste contract inflation.

2.14.3 Income inflation is assumed at 2% per annum, other than acknowledgement of ongoing pressures on car parking and markets income, which will continue to have zero inflation.

2.14.4 Contingency budget requirements have also been updated to accommodate annual £300k PFI repayment costs relating to schools, for which an earmarked

reserve had previously been set aside. Existing budget plans had assumed £1m annual surplus in the Council's Insurance fund from 2018-19 onwards. However, updated service and external insurance provider premia requirements have now adjusted this downwards to a break-even position from 2019-20 onwards.

- 2.14.5 The next 3 yearly (tri-ennial) actuarial review of employer contributions to the West Yorkshire Pension Fund (WYPF) will be undertaken in preparation for 2020-23 period. Updated budget plans assume a prudent 1% increase in employer contributions from current 16.1% to 17.1%, from 2020-21 onwards; equivalent to £1.6m per annum.
- 2.14.6 The Council's contribution to the West Yorkshire Combined Authority (WYCA) has reduced by £0.2m in 2019-20, and reflects WYCA's commitment to passport a range of efficiency savings over the period, through reduced levy contribution requirements.

### **Treasury Management**

- 2.14.7 Updated Treasury management budgets assume a relatively modest 0.25% uplift in bank of England base rate to 1.0% in 2019-20, increasing to 1.25% in 2020-21 and 1.5% in 2021-22.
- 2.14.8 Council on 12 December 2018 approved the inclusion of the Local Authority Property Fund as part of the Council's treasury management specified investment portfolio, with a potential investment of between £5m and £10m. Officers will continue to explore this option. Updated treasury management budgets assume up to £10m invested during 2019-20, with an anticipated net yield of £150k (part year), increasing to £300k in subsequent years.
- 2.14.9 Treasury management budgets also take account of updated capital plan borrowing requirements, and associated annual revenue resources to be set aside to service Council debt. A 40% slippage factor has also been applied to borrowing specifically on strategic priority schemes over the updated 2018-24 capital plan. This is considered a reasonable assumption, given the nature and scale of strategic priority investment, and potential range of factors that can cause such programmes/schemes to slip over such a protracted timeline.
- 2.14.10 A key prudential indicator set out in the Capital Strategy attached at Appendix G shows the Council's forecast annual debt costs, as a proportion of annual net revenue funding over the 2018-24 period. The forecast indicator is anticipated to be 10.3% by 2024 (including PFI).
- 2.14.11 To put this into context, the equivalent Council indicator in 2014 was 12.9% and by 2028, the forecast indicator would be 13%; broadly at the same level as 2014. The 2019-22 Treasury Management budget set out in this report indicates a net increase in revenue resource requirement of £2m to support the additional borrowing over the next 3 years. Longer term, this is expected to increase further by about £1m per year, to 2028.

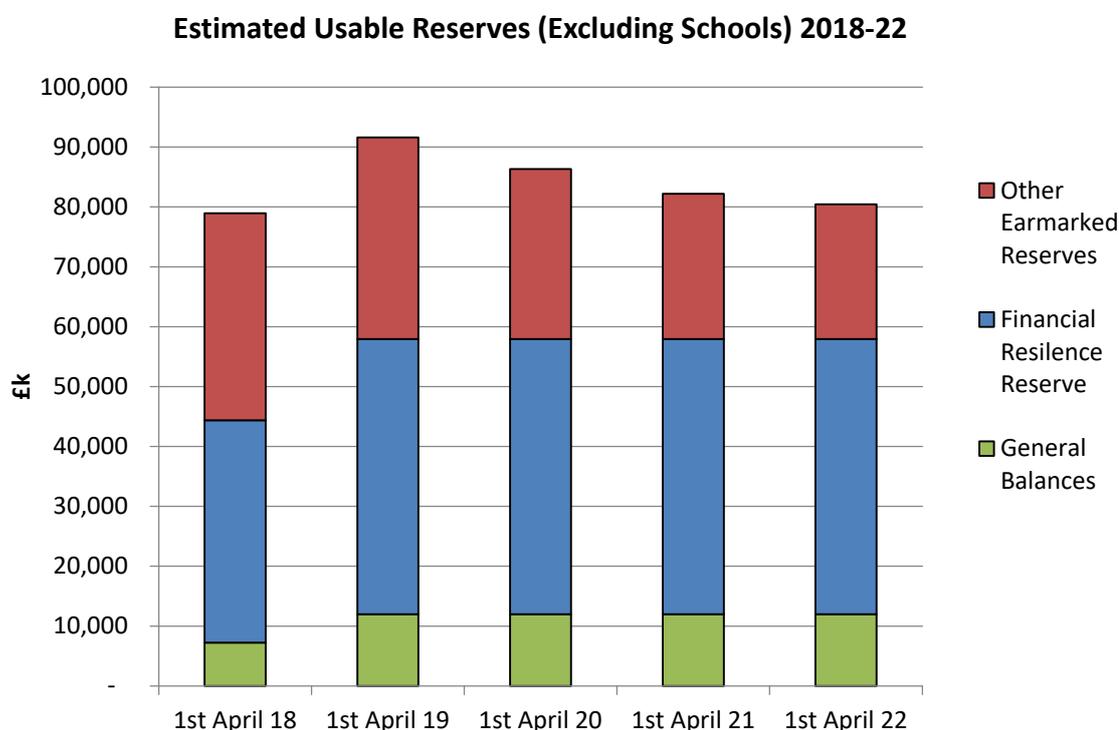
### Minimum Revenue Provision (MRP)

- 2.14.12 Existing Treasury Management budgets reflect changes to the Council's policy on minimum revenue provision (annual revenue resources set aside for repayment of debt, also known as MRP), implemented from 2017-18 onwards.
- 2.14.13 This policy change resulted in a calculated over-provision of £91m MRP backdated to 2008. Approved budget plans last year agreed an 'unwind' of this over-provision at £9.1m per annum, over a 10 year period, from 2017-18 onwards.
- 2.14.14 The intention was for base budget resources freed up by the policy change to be retained within Treasury Management budgets, and applied flexibly over the unwind period to support organisational flexibility and financial resilience. This included the transfer in 2017-18 of £9.1m revenue resources freed up, to the Council's financial resilience reserves.
- 2.14.15 Current year, £5m of the £9.1m MRP base budget 'flexibility' has been applied to help offset current unfunded service pressures relating to Special Educational Needs and Disabilities/high needs activity. Updated budget plans assume the continued application of this £5m flexibility to support high needs pressures in 2019-20, but reducing thereafter by £1m each year; with an equivalent Government uplift in Dedicated Schools Grant funding to offset this.
- 2.14.15 A further £1.4m MRP base budget 'flexibility' in 2019-20 will be transferred to reserves to support £1.4m Place based mental health initiatives. The balance of £2.7m base budget 'flexibility' is equivalent to just under 1% of annual net general fund revenue budget, and will be held as a central contingency provision, in light of the overall continuing financial challenges and budget risks set out elsewhere in this report.
- 2.14.16 The accompanying Treasury Management strategy report at Appendix E sets out a proposal for a further re-profiling of annual MRP payments within allowable Ministry of Housing, Communities & Local Government (MHCLG) guidelines. This will free up a further £4.4m base budget in both 2018-19 and 2019-20.
- 2.14.17 It is intended that the additional £8.8m freed up will be ring-fenced for transfer to Financial Resilience reserves. This proposal aligns with the Council's updated medium term budget risk strategy, which is set out in the following section.

### **2.15 General Fund Reserves**

- 2.15.1 A modelled high level forecast of general fund revenue reserves over the 2018-22 period is shown graphically below. These reserves are set out in more detail at Appendix B ii) together with a summary explanation of each reserve held:

Graph 2 - Forecast usable reserves (including general balances) over the 2018-22 period



2.15.2 The reserves summarised above and in more detail at Appendix Bii) largely reflect changes made as part of the Budget Strategy Update report to Council on 9 October 2018. These include the creation of a Strategic Investment and Support Reserve at £4m to support a range of Council regeneration and capital investment developments and a severe weather reserve at £3m to support unpredictable severe weather events.

2.15.3 A further specific loan reserve of £3m was also established to support Council compliance with new accounting code requirements from 2018-19, intended to strengthen balance sheet transparency. This includes a potential set aside or provision requirement against the potential risk of future loan default.

2.15.4 General balances are unallocated reserves set aside to support day to day working capital requirements. These were also reviewed, and the minimum level of balances uplifted from £5m to £10m, which was deemed more appropriate for a Council with a net annual revenue budget of just under £300m. The reserves adjustments set out in the October 2018 Budget Strategy Update report were accommodated by a review and release of a number of pre-existing other earmarked reserves.

2.15.5 Updated budget plans include a number of further earmarked reserves adjustments. This includes a new Business Rates reserve at £2m; includes set aside of £1m potential backdated payment regarding a recent national ATM cash machine business rates appeal, currently disputed by the Valuation Office. The

balance of this reserve has been set aside to resource the Council's approved business start up and retention policy.

- 2.15.6 A further £1.4m reserve has also been set aside to pilot a number of local area based mental health initiatives, including £0.4m specifically for domestic abuse. In addition, £0.5m has been set aside to accommodate potential local and national election costs in excess of current base budget provision. These further reserves requirements have been accommodated through the use of some of the proposed £7.6m transfer to reserves from the general fund in 2019-20.
- 2.15.7 Financial resilience reserves at 1 April 2018 were £37.1m. As a result of the further MRP over-payment 'unwind' proposal (paragraph 2.14.16 earlier), it is proposed that a further £8.8m is added to financial resilience reserves by 1<sup>st</sup> April 2019; £4.4m relating to 2018-19 and an equivalent amount at the start of 2019-20. This gives a revised Financial Resilience Reserve balance of £45.9m at 1 April 2019.
- 2.15.8 Under Section 25 of the Local Government Act (2003), in setting annual budgets there is a statutory requirement for the Council's s151 officer to give a positive assurance statement in relation to the robustness of budget estimates and the adequacy of reserves and balances.
- 2.15.9 There is no prescriptive guidance on the adequacy of reserves and balances. Most recent sectoral guidance comes from a joint CIPFA/Local Authority Accounting Panel paper in 2014, which states that in assessing the appropriate level of reserves, a well-managed authority will ensure that the reserves are not only adequate but are also necessary. There is a broad range within which authorities might reasonably operate depending on their particular circumstances.
- 2.15.10 CIPFA, who are the leading accountancy body for public services, have developed a Financial Resilience Index to attempt to objectively measure Councils' relative financial resilience, noting that "with local government facing unprecedented financial challenges and weaknesses in public audit systems, the institute was stepping in to provide a leadership role in the public interest" (Rob Whiteman, CIPFA Chief Executive, 4 December 2018).
- 2.15.11 This index will sit alongside CIPFA's planned Financial Management Code, which aims to support good practice in the planning and execution of sustainable finances. It is intended that the finalised Index will be published online in November 2019, alongside the publication of a new Financial Management Code.
- 2.15.12 A key aim of the Financial Resilience Index is also to support Council s151 officers in their annual report to the Council presenting the proposed budget for the coming year and the medium term financial strategy.
- 2.15.13 CIPFA released a 'beta' test version of the resilience index to local authority s151 Officers at the end of 2018, acknowledging that the new indicators will remain

under review and subject to further feedback from Chief Finance Officers prior to official publication.

- 2.15.14 The test index is based on a suite of indicators and include a red, amber, green (RAG) alert. CIPFA has highlighted broad support from the sector for the creation of the index, and its view that there was little dissent over the fact that CIPFA is doing the right thing in drawing attention to a matter of high national concern.
- 2.15.15 The index is broken down into Counties, Unitaries, London Boroughs, Metropolitan Authorities and District Councils as relevant comparator groups, and is designed to allow authorities to view their relative positions on a range of measures related to financial risk. For the purposes of the test index, comparator Councils within each authority's test group aren't named.
- 2.15.16 Appendix C attached to this report highlights one of the key CIPFA Resilience Indicators. Based on 2017-18 actual data, it identifies that Kirklees Council's general fund reserves as at 31 March 2018 (excluding schools and public health reserves) represented 27.8% of its annual net revenue budget. To put this into context, this would be the equivalent of just over 3 month's general fund net revenue spend. In relative terms, the Council ranked overall, 14<sup>th</sup> lowest in terms of reserves held of the 36 metropolitan authorities in the comparator group; albeit within a cluster of 20 authorities with reserves between the range 25% and 40%.
- 2.15.17 The Council faces continuing and significant financial challenges and service pressures over the medium term. The national funding landscape post-2020 is uncertain, and there is potential increased financial volatility from a range of risks recorded on the Council's updated corporate risk register (see Appendix H), including the potential impact from the United Kingdom's planned withdrawal from the European Union on 29 March 2019. There are also a number of well documented national media reports regarding increasing numbers of Councils potentially at the brink of financial crisis.
- 2.15.18 Financial resilience reserves remain a key element of the Council's budget strategy in terms of Council financial resilience to manage unbudgeted risks and pressures over the 2019-22 period, and gives a level of underpinning confidence and assurance that the Council's ambition to invest, transform and change will not be de-stabilised over the short term as a result of current national context uncertainties in particular.
- 2.15.19 The Council's s151 Officer recommends that the existing £37.1m financial resilience reserves are increased to £45.9m, through a further re-profiling of MRP provision requirements as set out elsewhere in this report. This would improve the CIPFA % indicator referred to at Appendix C, by the equivalent of about 3%, all things being equal, to just under 31% at the start of 2019-20.
- 2.15.20 A further assessment of reserves requirements will be undertaken as part of the 2018-19 final accounts process, and will be reported as part of the financial outturn and rollover report later in 2019.

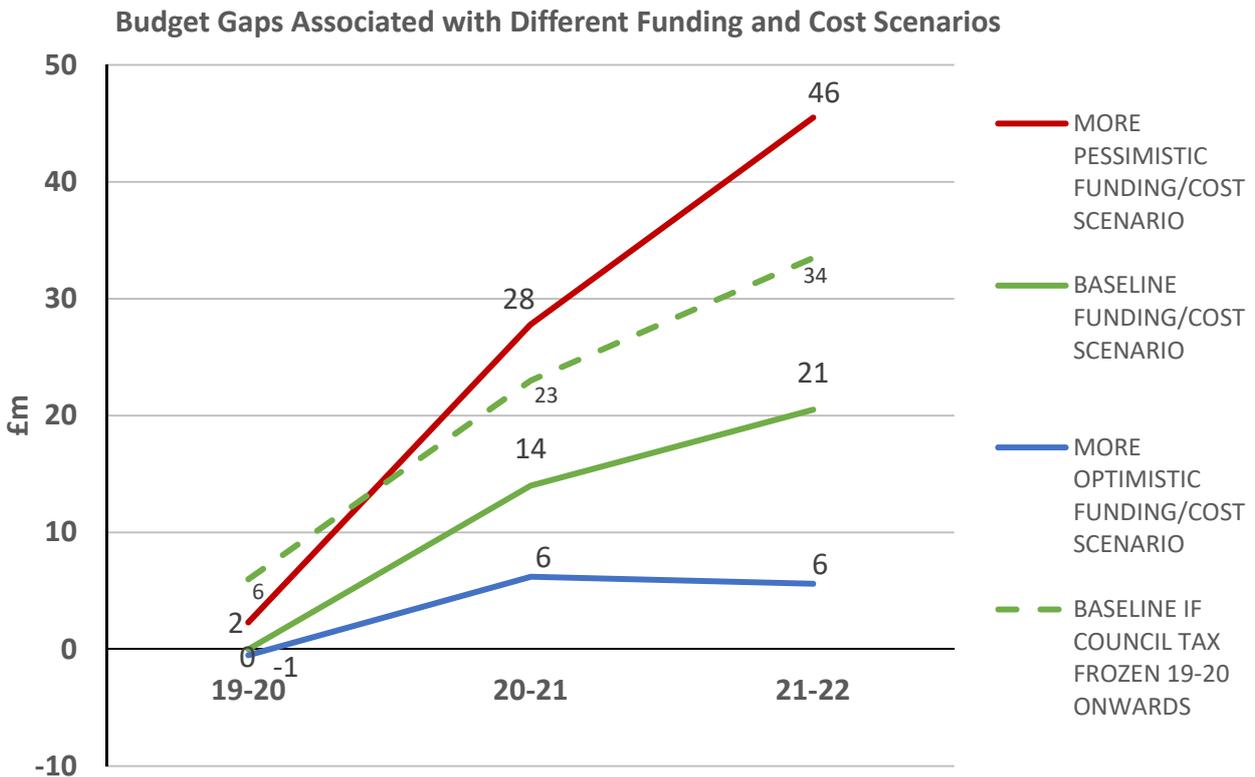
2.15.21 The following section includes a range of budget sensitivity analysis. The range of sensitivities reflects marginal changes to a number of key assumptions, and reflect the extent of potential volatility of medium term budget forecasts, in particular post-2020.

## 2.16 BUDGET FORECASTS – SENSITIVITY ANALYSIS

2.16.1 Included at Appendix D are a range of potential sensitivities on baseline budget assumptions as set out in this report. While these sensitivities are illustrative, and there can be different combinations, in broad terms they represent relatively minor changes to a number of key baseline budget forecast assumptions, and the cumulative impact of these over time.

2.16.2 The impact of these budget forecast sensitivities are summarised in Graph 3 below.

Graph 3 – Budget Forecast Sensitivities



2.16.3 Illustratively here, the forecast budget gap in 2020-21 could be in the actual range £6m to £28m, and to a large extent this reflects the extent of both Council funding uncertainty post-2020, and the potential impact of the highlighted headline corporate risks, compared to baseline budget forecast assumptions.

2.16.4 Also included in the sensitivity analysis for illustrative purposes is the cumulative impact on current baseline budget gap assumptions over the 2019-22 period, if

the Council decided to maintain council tax at 2018-19 levels over the next 3 years. The cumulative impact would be a further £13m budget pressure by 2021-22.

## **2.17 Flexible Capital Receipts Strategy**

- 2.17.1 The current flexible capital receipts strategy which covers the period 2016-22, was approved as part of the Council Budget Strategy Update report 2019-22 at Council on 10 October 2018. This strategy allows for the annual capitalisation of transformation related revenue costs over the 2016-22 period, which can instead be funded from available in-year capital receipts, and is included at Appendix F.
- 2.17.2 Proposals for the Council's continued application of this flexibility are reflected in the Council's existing Capital plans, which provide for an annual capitalisation of upto £3m per annum from 2018-19 onwards in relation to a range of Council Transformation activity.

## **2.18 Housing Revenue Account (HRA)**

- 2.18.1 Annual HRA rents and service charges for 2019-20 are included as a separate item on this Cabinet agenda. Updated HRA budget plans for 2019-20 include a further annual rent reduction of 1% in 2019-20, in line with Government statutory requirements.
- 2.18.2 The updated HRA budget plans also take account of the recent Government Social Housing green paper, which incorporate proposals for Consumer Price Index (CPI) +1% annual rent uplifts over the 2020-24 period. This puts the longer term HRA business plan in a much healthier position, alongside other measures contained in the Paper including the lifting of the HRA borrowing cap for all Councils with HRA's.
- 2.18.3 Updated budget plans include the continuation of existing planned efficiency savings relating to the KNH fee, totalling £2.0m over the next 2 years; a key driver being expected efficiencies following the merger of Building Services and KNH in October 2017. There is a proposed HRA revenue investment in an enhanced lettable standard, at £1m annually, also reflected in KNH Fee from 2019-20 onwards.
- 2.18.4 Current HRA reserves commitments include a set aside of £4m for business risks; in particular, with regard to proposed welfare reform changes. The balance of commitments includes £1.5m working balance. The forecast balance of reserves is assumed to roll forward to support future year capital investment, in line with longer term HRA business plan requirements. Summary HRA reserves are also shown at Appendix Biv).
- 2.18.5 The HRA 30 year business plan is regularly re-freshed and updated with the aim to produce a self-financed and balanced budget position over the 30 year plan. The current HRA business plan re-fresh reflects a sustainable long term funding position, informed by the HRA budget proposals (both revenue and capital) set

out in both the 2019-22 revenue budget plans and longer term capital plans (see also, next section below).

## **2.19 CAPITAL STRATEGY**

- 2.19.1 Under CIPFA's Code of Practice on Treasury Management (2017 Edition), the accompanying Prudential Code 2017 and MHCLG issued guidance, the Council must approve a Treasury Management Strategy, an Investment Strategy and a Capital Strategy at the start of each financial year. The latter two Strategies are new for 2019-20. They are designed to increase transparency and are a response to the number and variety of ways Local Authorities are becoming involved in commercial activities and making commercial investments.
- 2.19.2 The Treasury Management Strategy is broadly similar to those from previous years. It continues to focus on the Council's borrowings and investments. It recommends a borrowing and a (treasury) investment strategy and a policy for calculating Minimum Revenue Provision (MRP).
- 2.19.3 The Investment Strategy focuses on and provides a detailed breakdown of all investments that the Council has. This includes both treasury investments, whereby the Council invests surplus cash as a result of its day-to-day activities; along with non-treasury investments incorporating investments to support local public services (via loans or purchases of shares) and commercial investments (to earn investment income). The Investment Strategy forms a part of the Treasury Management Strategy which is shown in the appended report at Appendix E.
- 2.19.4 The Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services. It also provides an overview of how associated risk is managed and the implications for future financial sustainability. It incorporates summary information from both the Investment Strategy and the Treasury Management Strategy and also includes Prudential Indicators. The detailed Capital Strategy is set out at Appendix G.

## **UPDATED CAPITAL PLAN PROPOSALS 2018-24**

- 2.19.5 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 reviewed extensively to reflect the scale of the Council's ambition. The updated 6 year plan will deliver capital investment of £732.0m (£577.3m General Fund, £154.7m Housing Revenue Account). The plan is summarised in the table below, and shown in more detail at Appendix A.

**Table 2 – Overall Capital Expenditure Summary 2018-24**

| <b>Corporate Plan – Primary Outcomes</b> | <b>18-19<br/>£m</b> | <b>19-20<br/>£m</b> | <b>20-21<br/>£m</b> | <b>21-22<br/>£m</b> | <b>22-23<br/>£m</b> | <b>23-24<br/>£m</b> | <b>Total<br/>£m</b> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Achievement                              | 14.3                | 23.0                | 21.6                | 15.8                | 12.5                | 5.0                 | 92.2                |
| Children                                 | 0.5                 | 0.6                 | 0.8                 | 3.6                 | 4.2                 | 0.8                 | 10.5                |
| Independent                              | 2.4                 | 5.8                 | 11.5                | 8.5                 | 0.8                 | 0.0                 | 29.0                |
| Sustainable Economy                      | 46.1                | 73.6                | 99.0                | 63.6                | 55.1                | 15.8                | 353.2               |
| Well                                     | 2.4                 | 5.8                 | 12.6                | 9.3                 | 2.2                 | 0.9                 | 33.2                |
| Safe & Cohesive                          | 0.0                 | 0.2                 | 0.0                 | 0.0                 | 0.0                 | 0.0                 | 0.2                 |
| Clean & Green                            | 0.5                 | 1.1                 | 5.4                 | 0.0                 | 6.5                 | 20.5                | 34.0                |
| Efficiency & Effectiveness               | 4.7                 | 4.6                 | 4.0                 | 3.9                 | 3.9                 | 3.9                 | 25.0                |
| <b>General Fund</b>                      | <b>70.9</b>         | <b>114.7</b>        | <b>154.9</b>        | <b>104.7</b>        | <b>85.2</b>         | <b>46.9</b>         | <b>577.3</b>        |
| <b>HRA - Independent</b>                 | <b>27.8</b>         | <b>33.8</b>         | <b>24.4</b>         | <b>23.7</b>         | <b>23.4</b>         | <b>21.6</b>         | <b>154.7</b>        |
| <b>Council Total</b>                     | <b>98.7</b>         | <b>148.5</b>        | <b>179.3</b>        | <b>128.4</b>        | <b>108.6</b>        | <b>68.5</b>         | <b>732.0</b>        |

- 2.19.6 The overall capital plan has been re-presented into a primary outcomes focused approach, to illustrate how the Council's investment proposals align with the Council's ambitions for its residents. Each primary outcome is further structured between strategic priorities, baseline work programmes and one-off projects. The term primary outcome reflects the fact that a number of schemes will in reality contribute to a number of Council outcomes, not just the primary outcomes.
- 2.19.7 The updated multi-year capital plan includes a significant re-profiling of existing plan proposals across years, to more realistically reflect likely timescales and capacity to deliver across all years of the plan. Overall, £17.7m has been re-profiled from 2018-19 into later years.
- 2.19.8 New capital Investment proposals are also incorporated, and reflect strategic and operational priority outcomes, and funding availability. The updated capital plan includes £125.7m new bids, (£115m General Fund, £10.7m HRA); the majority of which are to be funded by increased borrowing requirements. These new schemes/programme areas are highlighted as separate individual lines within Appendix A.
- 2.19.9 Updated Capital budget plan proposals over the 2018-24 period include significant investment in Sustainable Economy (£353.1m), representing 61% of the overall general fund capital plan. The plan therefore strongly links to the Corporate Plan setting out a vision for "*a district which combines a strong, sustainable economy with a great quality of life*".
- 2.19.10 Sustainable Economy capital budget proposals at Table 2 above also now incorporate schemes totalling £122.9m which are to be funded via the West Yorkshire plus Transport Fund (WY+TF). A progress report update on the governance arrangements for this large scheme programme was provided to Cabinet on 13<sup>th</sup> November 2018. Forecast profiled costs for these schemes are subject to change and the plan will be updated as schemes progress from

inception to delivery. Other funding opportunities relating to these schemes will continue to be sought via external bids (e.g. European Regional Development Fund) and developer contributions. There is also provision for a £2.5m joint venture with a regional partner, for a proposed mixed tenure housing provision in the District. The value is indicative at this stage and any more detailed proposals, including appropriate due diligence, would be considered by Cabinet in due course.

- 2.19.11 General fund capital proposals reflect a number of key new investment priorities with regard to Achievement, including £25m investment in enhanced District sufficiency through two new schools, to support children with assessed social, emotional and mental health needs. The Council has submitted a bid into Government's recent specialist educational provision 'free school' bidding round. If successful, this could secure up to £10m Government funded places in the District. There is also a £5m investment in libraries and public buildings across the District.
- 2.19.12 A further £21m new investment is earmarked for the re-provision of existing day services for vulnerable adults, including dementia provision. A significant level of Clean and Green investment of £33m is also proposed for Waste Management and Infrastructure. This will help Kirklees meet national statutory recycling targets with proposals to construct a new Anaerobic Digestion facility and Material Recycling Facility Refurbishment. There is also a further £10m investment to improve the District's play areas as part of the 'Well' strategy; and a further £10m in specialist accommodation/youth services as part of the investment in Children.
- 2.19.13 HRA capital budget proposals include existing provision to help address growing affordable housing needs in Kirklees, including specialist (extra care) provision. The proposals are intended to prioritise housing growth, and include investment for re-modelling/high rise building schemes.
- 2.19.14 Baseline capital provision supports continuing capital investment requirements across the Council's existing asset base, including Schools, Highways, transport infrastructure and Council housing stock. The Council's commitment to safe and compliant housing stock is reflected by an additional £10.7m programme of improvements to be delivered in accordance to regulatory requirements within HRA.
- 2.19.15 A number of the capital proposals set out in the updated budget plans are at Programme level and will be subject to more detailed business case assessment and approval through Cabinet in due course, in accordance with Council Financial Procedure rules.
- 2.19.16 For this budget round, there has also been a corporate review of funding sources supporting the overall capital plan proposals. Capital plan funding is summarised at Table 3 below.

**Table 3 – Overall Capital Funding Summary 2018-24**

|  | <b>18-19<br/>£m</b> | <b>19-20<br/>£m</b> | <b>20-21<br/>£m</b> | <b>21-22<br/>£m</b> | <b>22-23<br/>£m</b> | <b>23-24<br/>£m</b> | <b>Total<br/>£m</b> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Direct/Earmarked Contributions to Schemes</b> |                     |                     |                     |                     |                     |                     |                     |
| Capital Grants / Contributions                   | 34.6                | 53.4                | 73.2                | 53.3                | 38.4                | 14.4                | <b>267.3</b>        |
| Earmarked Capital Receipts                       | 7.6                 | 5.1                 | 4.6                 | 4.6                 | 4.6                 | 4.6                 | <b>31.1</b>         |
| Housing Revenue Contributions                    | 15.7                | 19.0                | 10.9                | 8.6                 | 5.4                 | 8.0                 | <b>67.6</b>         |
| Reserves (HRA)                                   | 9.4                 | 11.9                | 11.4                | 13.6                | 16.5                | 12.2                | <b>75.0</b>         |
| <b>Pooled Resources</b>                          |                     |                     |                     |                     |                     |                     |                     |
| Non Earmarked Capital Receipts                   | 1.7                 | 0.5                 | 0.5                 | 0.5                 | 0.5                 | 0.5                 | <b>4.2</b>          |
| Corporate Prudential Borrowing                   | 29.7                | 58.6                | 78.7                | 47.8                | 43.2                | 28.8                | <b>286.8</b>        |
| <b>TOTAL</b>                                     | <b>98.7</b>         | <b>148.5</b>        | <b>179.3</b>        | <b>128.4</b>        | <b>108.6</b>        | <b>68.5</b>         | <b>732.0</b>        |

2.19.17 Corporate prudential borrowing requirements set out in Table 2 above have been assessed to be 'affordable' over the medium term, and are covered elsewhere in this report at paragraphs 2.14.9 to 2.14.11. The Section 151 officer's positive assurance statement further sets out the broad assumptions and factors underpinning current borrowing affordability, at paragraph 3.3.19 later in this report.

2.19.18 Other funding sources such as Section 106/Community Infrastructure Levy/capital receipts and other external grant opportunities will continue to be reviewed on an ongoing basis to best effect and support key priorities. Capital Receipts from the general programme of asset sales will continue to be utilised to offset the overall borrowing requirement of the capital plan. This will help ensure that the Council can live within its means for the foreseeable future and help maintain affordable borrowing levels.

## **2.20 Corporate Risk Assessment**

2.20.1 The corporate risk register at Appendix H summarises the key strategic risks or barriers to achieving the corporate objectives. 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. There isn't a direct link but they do help to inform the level of reserve held by the council.

2.20.2 Individual risks vary over time, and the need to set aside reserves changes depending on the underlying budget provisions. The risk assessment reflects the provisional budget proposals put forward by officers. Subsequent changes to these proposals may affect the risk assessment.

### **3. Implications for the Council**

#### **3.1 Formal Resolution**

- 3.1.1 It is necessary for the motion to Council on 13 February 2019, set out at Appendix I, 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 Police Authorities and Parish Councils may not be determined until after Council. 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 13 February 2019.
- 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 Office of Police and Crime Commissioner, the Fire & Rescue Authority and Parish Councils , should these be received after 13 February 2019.
- 3.1.4 The Office of Police and Crime Commissioner, Fire & Rescue Authority and Parish 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.

#### **3.2 Special Expenses**

- 3.2.1 The expenditure of Parish and Town Councils is funded by way of a precept which is levied only on the area of the individual Parish Councils. There are, however, occasions when individual Parish and/or Town Councils provide services which would otherwise be provided by District Councils if there were no Parish Council in existence. The result is that residents of a parish council can pay twice for some services. This is known as "double taxation".
- 3.2.2 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 and/or Town Councils concerned unless the district council resolves otherwise. This special expense arrangement applies to certain services provided by Holme Valley parish council.

#### **3.3 Positive Assurance Statement**

- 3.3.1 Under Section 25 of the Local Government Act (2003) the statutory s151 Officer is required to give positive assurance statements in relation to the adequacy of reserves and balances and the robustness of budget estimates.

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

- 3.3.2 This report sets out the Council's ambition for the residents of the District. The Council's updated multi-year revenue plans include significant investment to support the District's most vulnerable children and adults, and additional resources for increased corporate capacity to support the Council's delivery across the 7 key outcomes for residents, as set out in the Council's Corporate Plan. The Council's capital plans similarly reflect significant ambition over the next 5 years.
- 3.3.3 Planned revenue savings total £10.9m in 2019-20, of which £8.5m relate to existing savings rolled forward from last year's approved 2018-20 budget plan. There are a further £6.2m planned savings over the 2020-22 period; all of which relate to existing savings reviewed and re-profiled into later years.
- 3.3.4 The financial climate facing local government remains challenging; in particular with regard to Councils like Kirklees that have statutory education and social care responsibilities. The number of people who require support continues to increase and the complexity of services provided to vulnerable children and adults require higher levels of resourcing, while the costs of services continues to increase (inflation).
- 3.3.5 The Council has a strong record for delivering planned savings, in particular over more recent years. Updated budget plans also reflect realistic revenue resource allocations in 2019-20, and Strategic Directors are expected to manage within their budgets effectively and efficiently over the forthcoming financial year.
- 3.3.6 The Council has sought to address service pressures, and revenue and capital investment requirements within an overall challenging financial environment in 2019-20, by maximising the council tax increase without triggering a referendum. The successful 2019-20 joint business rates 75% pilot between Leeds City Region and North Yorkshire alongside a corporate review of business rates appeals provision requirements has also secured additional "one-off" resources for 2019-20.
- 3.3.7 Additional funding announcements included in the 2019-20 Local Government finance settlement have also been applied; in particular to help offset demand pressures across social care and high needs activity. The recent social housing green paper has also improved the medium term financial health of the Housing Revenue Account, which separately funds landlord services to Council tenants and leaseholders.
- 3.3.8 The corporate risk register sets out the anticipated barriers to achieving corporate objectives and current management actions in place to manage and mitigate these should they arise. Robust financial performance and strengthened risk management arrangements provide the framework for capturing any deviations from plan and applying corrective actions.

- 3.3.9 The national funding climate for local government remains uncertain. The expected withdrawal of the UK from the European Union on 29 March 2019 has the potential to further heighten some of the budget risks set out in the Council's high level corporate risk register included at Appendix H to this report.
- 3.3.10 Government has confirmed its intention to rollout a national 75% business rates retention scheme from 2020-21, which will also be informed by a re-set of individual Council baseline funding levels, through a national Fair Funding review.
- 3.3.11 Government will confirm later in the year, following further consultation, how the re-distribution of Council funding will impact on individual Councils. There will be winners and losers from this exercise. The 2019 spending review is also expected to set out the extent to which government austerity will or will not continue for local government, post-2020. Following the release of the 10 year NHS Plan, it is expected that the delayed adult social care funding green paper will also follow sometime in 2019.
- 3.3.12 In light of post-2020 national funding uncertainties, this report also sets out a range of budget sensitivities which emphasise the current volatility of budget forecasts; in particular from 2020-21 onwards.
- 3.3.13 Appendix C attached also sets out CIPFA's analysis of the relative financial resilience of Councils, as measured in terms of revenue reserves held as a percentage of annual net revenue budget. The analysis for Kirklees as at 31 March 2018 indicates that our relative position with our comparator group of metropolitan authorities was 28% compared to the median (mid-point) at 35%.
- 3.3.14 Technical treasury management (MRP) accounting flexibilities were applied to improve the Council's financial resilience reserves by £9.1m during 2017-18, as part of the Council's approved reserves strategy, to £37.1m.
- 3.3.15 Over-reliance on "one-off" reserves to support an annual balanced budget is not financially sustainable over the longer term, and any significant depletion in reserves over time leaves the Council more exposed to financial risks which could potentially de-stabilise the Council in the short term.
- 3.3.16 While the overall financial resilience of the Council has improved, further technical MRP accounting flexibilities are set out in this report that will add a further £8.8m to the Council's financial resilience reserves at the start of 2019-20.
- 3.3.17 The borrowing requirements to support Council capital investment over the 2019-24 period are considered 'affordable', assuming the continuation of relatively low interest rate borrowing available from the Public Works Loans Board over the same period.
- 3.3.18 Government expects Councils to be increasingly reliant on locally generated funding, in particular council tax and business rates over the longer term. The budget proposals set out in this report include significant capital investment in economic sustainability across the District over the longer term, intended to

stimulate the right conditions to enable the Council to sustain and grow business rates and council tax in the District over the long term.

- 3.3.19 Whilst the Council's capital investment ambition over the next 5 years is considered to be affordable; given current uncertainties, the Council will need to be prepared to review its assessment of affordability, and potentially re-prioritise and flex current plans, if the national funding and economic landscape changes significantly over the next 12 months,.
- 3.3.20 Years 2 and 3 revenue budget forecasts set out in this report, while considered reasonable at this stage, could similarly change significantly over the next 12 months. This makes effective longer term financial planning especially challenging for Councils like Kirklees, and officers will continue to assess, review and update budget planning forecasts and implications through the early 2019, informed by emerging national and local intelligence. The inclusion of £2.7m central budget contingency, equivalent to less than 1% of annual net general fund revenue budget as part of 2019-20 budget plans, will also give the organisation some in-year flexibility to manage unbudgeted pressures/risks, thereby further relieving further short-term pressure on reserves, given current post-2020 funding uncertainties.

Consequently in light of these factors;

I can give you positive assurance on the reliability and robustness of the forecasts and estimates in the budget proposals as far as we can based on 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 at this time

3.3.21 Working with people

3.3.22 Working with partners

3.3.23 Place based working

3.3.24 Improving outcomes for children

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 Councils strategic priorities of working with people, working with partners and placed based working.

3.3.25 Other Legal, Financial or other implications (not covered elsewhere in this report)

Paragraph 1.2 of this report refers to Equality 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 approaches this task is to conduct Equality Impact Assessments (EIA).

The Council has carried out Equality Impact Assessments (EIAs) to help it take due regard of its public sector equality duties in relation to these proposals. These can be found by accessing on the Kirklees web pages (link below) and members should read the assessments in full in order to inform them in coming to their decision.

### [Equality Impact Assessments](#)

As part of the service changes being proposed within this budget and as detailed at Appendix A (General Fund & HRA Medium Term Financial Plan 2019-22) Service Impact Assessments have been prepared and published.

The same unique reference is used to enable ease of cross referencing between those Service Impact Assessments where an Equality Impact Assessment is required, and the EIA's which are available on the Council's website as per the link above.

The Council will continue to keep its duty in view and will review and revise the EIAs as appropriate as it begins to implement any of the decisions arising from the budget.

#### **4. Consultees and their opinions**

There was a public budget engagement exercise which ran during November and December 2018. The website link to the public engagement exercise is below:

[Kirklees Budget Simulator](#)

To summarise, there were 189 respondents to the survey. Not all the respondent submissions produced a balanced budget. Overall, there were reductions proposed across the 7 key Council themes/outcomes. The lowest average reduction was 1.2%; 'Children have the best start in life'.

The highest average reduction was 4.5%; 'People in Kirklees have aspirations and achieve their ambitions through education, training, employments and lifelong learning'. Average reductions across the other five themes/outcomes ranged between 2.0% and 3.4%. On the income side there were average increases of 1.5%.

Summary feedback from the above public budget engagement exercise is included at Appendix J to this report, and will need to be considered by members in coming to their decision at Cabinet and then their final decisions made on the revenue budget proposals at full Council on 13 February 2019.

A Council budget information event is taking place on the 22 January 2019 to allow participants the opportunity to put their budget questions directly to some of our local party leaders and deputy leaders,

Housing Revenue Account budget proposals were presented to the December 2018 Tenants & Residents Committee cycle.

There has also been engagement with representatives of the business and voluntary and community sectors.

The Capital Investment Plan proposals have been considered by Cabinet and Strategic Directors in conjunction with the Service Director - Finance, following initial assessment through the officer Corporate Capital Strategy Group.

The 2019-20 Treasury Management Strategy Report included at Appendix E, 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 25 January 2019.

#### **5. Next Steps**

- 5.1 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 13 February 2019 (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 6 February 2019.

- 5.2 Proposed amendments shall be submitted to the Chief Executive on or before 10.00am on Monday 4 February 2019 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 6 February 2019
- 5.3 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.
- 5.4 Following Council approval of the Capital Investment Plan, schemes will be released subject to Financial Procedure Rules.
- 5.5 Any material Government changes to the provisional 2019-20 finance settlement figures will be reported to the meeting of full Council, depending on the timing of Government confirmation of the final settlement, which is expected early February 2019.

## **6. Cabinet recommendations and reasons**

Having read this report and the accompanying appendices, and having regard to the consultation process and equality impact assessments, Council are asked to recommend the following:

### General Fund Revenue

- 6.1 That the draft Revenue Budget for 2019-22, be approved (Appendix A);
- 6.2 That the forecast levels of statutory and other Council reserves as set out at Appendix Bii), be noted;
- 6.3 That the strategy for the use of balances and reserves, is approved; (section 2.15);
- 6.4 To note that a further reassessment of reserves requirements will be undertaken at year end and reported to members as part of the 2018-19 financial outturn & rollover report; (paragraph 2.15.20);
- 6.5 That Cabinet note the Council's participation in the North & West Yorkshire business rates Pool for 2019-20, and to formally agree the new arrangements, in principal, for the 2019-20 Pool as set out at Appendix K, and to delegate authority to the Council's Monitoring Officer in conjunction with the Councils Service Director – Finance, to finalise the new arrangements with Leeds City Council's City solicitor; (paragraph 2.4.8);

- 6.6 That members re-affirm the Flexible Capital Receipts Strategy for 2019-20; (Appendix I)
- 6.7 That members approve the Council Tax requirement for 2019-20 (Appendix I, budget motion);
- 6.8 That members note the Council's Statutory s151 Officer's positive assurance statement; (paragraphs 3.3.1 – 3.3.20)
- 6.9 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 Office of Police & Crime Commissioner, the Fire & Rescue Authority and Parish Councils should these be received after 13 February 2019 (paragraph 3.1.3 above);

#### Treasury Management

- 6.10 That members approve the following recommendations set out in the 2019-20 Treasury Management report at Appendix E:
- 6.11 The borrowing strategy outlined in paragraphs 2.15-2.21 of the appended report;
- 6.12 The investment strategy outlined in paragraphs 2.22 - 2.32 of the appended report, including Appendices A and B;
- 6.13 The policy for provision of repayment of debt (minimum revenue provision or MRP) outlined in the appended report, Appendix C, which reflects the changes in policy outlined in paragraphs 2.33 - 2.37 of the appended report;
- 6.14 The treasury management indicators in the appended report, Appendix D;
- 6.15 The Investment Strategy (Non-Treasury Investments) in the appended report, at Appendix E;

#### Capital

- 6.16 That the updated Capital Plan for 2018-24, be approved; (Appendix A)
- 6.17 That the Capital Strategy (including Prudential Indicators), set out at Appendix G, be approved;

#### Housing Revenue Account (HRA)

- 6.18 That the draft HRA Budget for 2019-22 be approved; (Appendix A)
- 6.19 That the strategy for the use of HRA reserves, as set out at paragraph 2.18.4, be approved;

## Other

- 6.20 That this report be referred to the Council as advice and background information, on which the other political groups can base their budget proposals.

## **7. Cabinet Portfolio Holder Recommendation**

The Leader recommends that the attached General Fund revenue budget, Treasury Management Strategy, Investment Strategy, Capital Strategy, Capital Investment Plan, and HRA budget, should be presented to the Council meeting on 13 February 2019.

In presenting the draft Budget to the above full Council meeting, Cabinet members have taken due regard to the Council's public sector equalities duties in consideration of a range of key budget proposals, their impacts, and mitigating actions.

### Comments from the Leader:

I am proud to present this budget to you – the first from a majority Labour administration in Kirklees for over a decade. This is an investment budget for the people of Kirklees.

This is a budget that protects the vulnerable, invests in our young people and rejuvenates our infrastructure.

A budget that signals a change of course for our citizens – one that sends not just a message of hope, but real, practical steps to improve the lives of people across Kirklees.

We can do this because of the solid foundations we have built over the past two years:

- We've delivered savings
- We've protected the reserves
- We've lived within our means

This is a budget for one year, but it is no less ambitious for that. Ambitious for growth, building our council tax base and business rates.

It would be fiscally foolish to create a longer-term budget at a time when we have so much political uncertainty, nationally. The financial backdrop to this budget is daunting: the main government grant funding for local services will be cut by a further £1.3 billion (36 per cent) in 2019/20

Between 2010 and 2020, councils will have lost 60p out of every £1 the Government had provided for services. We have gone to great lengths to ensure the savings we have been forced to make have as little impact as possible on the quality of services provided to residents. The Conservative Government's cuts

have been strikingly uneven in their distribution, with the poorest local authorities, often Labour run, being hit the hardest.

We have embraced efficiency and innovation in a way that is not being replicated anywhere else in the public sector. We're only able to make the investments detailed in this document because we have been prudent, and we'll continue to be so.

An investment budget is needed because we must:

- Protect the vulnerable, creating the best services we can for older people, especially those living with dementia and/or coping with disabilities.
- Invest in our children and young people; putting money into youth provision and play areas.
- Rejuvenate our infrastructure. That's why we're beginning a programme of investment in our roads system. But we also need to revitalise the places where people live and work, and not just our major towns, but our smaller towns and villages too.

My administration is passionate about improving the lives of the people we serve. By targeting our resources at those who need them the most, we will start to make those improvements.

## **8. Contact Officer and Relevant Papers**

|                |                            |
|----------------|----------------------------|
| Eamonn Croston | Service Director – Finance |
| James Anderson | Senior Finance Manager     |
| Sarah Hill     | Finance Manager            |
| Rachel Firth   | Finance Manager            |

### Background Papers

- Council approved annual budget report 2018-2020, 14 February 2018
- Council financial outturn report 2018-19 to full Council , 11 July 2018
- Council budget update report 2019-22 to full Council, 10 October 2018
- Government Autumn Statement announcement , 29 October 2018
- Quarter 2 financial monitoring report 2018-19, Cabinet 13 November 2018
- Provisional Local Government Finance Settlement 2019-20
- Equality Impact Assessments on key budget proposals and impacts
- Budget Consultation exercise 2019-20

**KIRKLEES COUNCIL**

**General Fund and HRA Medium Term  
Financial Plan 2019-22**

**Revenue & Capital Budget Book**

**BUDGET DOCUMENTATION 2019-22**  
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## **INTRODUCTION**

### **How did we develop this documentation?**

- The budget plans take account of both existing year 2 Directorate budget plans, which will roll forward into year 1 of the updated 2019-22 MTFP, and new savings proposals.
- While revenue budgets are set annually before the start of each financial year, there is some limited flexibility for revenue budgets to be transferred between service activities in-year.
- The updated budget plans in this document take account of the fact that some budgets have transferred between service activities.
- The document refers to “controllable budgets”: These are budgets that the budget holder can directly influence. Controllable expenditure includes direct operational costs including overheads which are specific to that department.
- Examples of controllable expenditure are staff costs, premises, supplies & services, and payments to contractors. Controllable income includes schools income, other traded income, fees & charges, and specific government grants.
- For a small number of services all the controllable expenditure is entirely funded by income. These services have £0 in the net controllable expenditure column.
- The column labelled “2018-19 net controllable budget” provides the baseline or starting point for savings or increases proposed in the following three years to the financial year 2021-22.
- Inflation provision for all years is held within Central Budgets.
- The columns labelled “Minuses” are proposed reductions in net expenditure. This can be because of:
  - planned savings
  - reduced demand for that service, or
  - a planned increase in associated income.
- The columns labelled “Pluses” are proposed increases in net expenditure. This can be because of:
  - proposed increased spending, or
  - a planned reduction in associated income.
- The “minuses” cross-reference to specific budget savings templates for each minus proposal. The budget savings template sets out :
  - the minus amount profiled across years
  - the impact on the budget to which the proposal relates

- the impact on staffing numbers where relevant
- a service description of what the proposal is (including inter-dependencies and risk)
- potential impact of the proposal on service outcomes and any mitigating actions proposed
- does the proposal require an equality impact assessment
- will the proposal require a specific service consultation
- accountable head of service

To support the budget process, we have published equality impact assessments.

## **GLOSSARY**

**Controllable budgets:** Budgets that the budget holder can directly influence. Controllable expenditure includes direct operational costs including departmental specific management overheads (e.g. staff, premises, supplies & services, payments to contractors). Controllable income includes schools income, other traded income, fees & charges, specific government grants.

**2018-19 net controllable budgets** provide the baseline or starting point for savings or increases proposed in subsequent years\*.

**Minuses:** are reductions in spending, because of planned savings or a reduced demand for that service, or because of a planned increase in associated income. At this stage, the profiling of the minuses is indicative.

**Pluses:** are increased spending or reduced income. At this stage the profiling of the pluses is indicative.

Overall General Fund Summary By Strategic Director Portfolio

| STRATEGIC DIRECTOR PORTFOLIOS                              | 18-19                               |                          | 18-19 NET        |                 | 19-20 BUDGET  |                  | 20-21 BUDGET    |               | 21-22 BUDGET     |                |                  |
|--|-------------------------------------|--------------------------|------------------|-----------------|---------------|------------------|-----------------|---------------|------------------|----------------|------------------|
|  | CONTROLLABLE GROSS EXPENDITURE £000 | CONTROLLABLE INCOME £000 | BUDGET £000      | MINUSES £000    | PLUSSES £000  | PROPOSAL £000    | MINUSES £000    | PLUSSES £000  | PROPOSAL £000    | MINUSES £000   | PLUSSES £000     |
| Child Protection & Family Support Learning & Early Support | 60,120                              | (2,213)                  | 57,907           | (1,599)         | 2,001         | 58,309           | (1,584)         | 1,160         | 57,885           | (1,548)        | 650              |
| <b>Total Children &amp; Families</b>                       | <b>369,144</b>                      | <b>(294,991)</b>         | <b>74,153</b>    | <b>(5,915)</b>  | <b>11,271</b> | <b>79,509</b>    | <b>(3,085)</b>  | <b>1,310</b>  | <b>77,734</b>    | <b>(2,648)</b> | <b>750</b>       |
| Integration  | 11,143                              | (2,567)                  | 8,576            | (700)           |               | 7,876            | (100)           |               | 7,776            |                |                  |
| Adult Social Care Operation                                | 91,984                              | (52,830)                 | 39,154           | (14,867)        | 8,270         | 32,557           | (3,647)         | 9,898         | 38,808           | (3,891)        | 7,350            |
| Commissioning, Quality & Performance                       | 78,009                              | (19,870)                 | 58,139           | (1,398)         | 4,700         | 61,441           | (1,620)         | 1,620         | 69,061           | (1,551)        | 1,551            |
| <b>Total Adults &amp; Health</b>                           | <b>181,136</b>                      | <b>(75,267)</b>          | <b>105,869</b>   | <b>(16,965)</b> | <b>12,970</b> | <b>101,874</b>   | <b>(3,747)</b>  | <b>11,518</b> | <b>109,645</b>   | <b>(3,891)</b> | <b>8,901</b>     |
| Economy, Regeneration & Culture                            | 18,014                              | (9,599)                  | 8,415            | (260)           | 345           | 8,500            | (105)           |               | 8,500            | (150)          |                  |
| Commercial, Regulatory & Operational Services              | 122,810                             | (91,923)                 | 30,887           | (2,908)         | 2,561         | 30,540           | (105)           | 500           | 30,935           | (105)          | 450              |
| <b>Total Economy &amp; Infrastructure</b>                  | <b>140,824</b>                      | <b>(101,522)</b>         | <b>39,302</b>    | <b>(3,168)</b>  | <b>2,906</b>  | <b>39,040</b>    | <b>(105)</b>    | <b>500</b>    | <b>39,435</b>    | <b>(255)</b>   | <b>450</b>       |
| Policy, Intelligence & Public Health                       | 25,956                              | (27,658)                 | (1,702)          | (1,126)         | 805           | (2,023)          |                 | 25,305        | 23,282           | (823)          | 823              |
| Corporate Services   | 149,885                             | (119,267)                | 30,618           | (1,704)         | 850           | 29,764           | (1,631)         |               | 28,133           | (100)          |                  |
| <b>Total Corporate Services</b>                            | <b>175,841</b>                      | <b>(146,925)</b>         | <b>28,916</b>    | <b>(2,830)</b>  | <b>1,655</b>  | <b>27,741</b>    | <b>(1,631)</b>  | <b>25,305</b> | <b>51,415</b>    | <b>(923)</b>   | <b>823</b>       |
| <b>Sub Total Strategic Director Portfolio</b>              | <b>866,945</b>                      | <b>(618,705)</b>         | <b>248,240</b>   | <b>(28,878)</b> | <b>28,802</b> | <b>248,164</b>   | <b>(8,568)</b>  | <b>38,633</b> | <b>278,229</b>   | <b>(7,717)</b> | <b>10,924</b>    |
| Central Budgets  | 46,019                              | (1,912)                  | 44,107           | (13,326)        | 8,135         | 38,916           | (2,384)         | 13,140        | 49,672           | (1,304)        | 6,768            |
| <b>Total Budgets</b>                                       | <b>912,964</b>                      | <b>(620,617)</b>         | <b>292,347</b>   | <b>(42,204)</b> | <b>36,937</b> | <b>287,080</b>   | <b>(10,952)</b> | <b>51,773</b> | <b>327,901</b>   | <b>(9,021)</b> | <b>17,692</b>    |
| <b>Funding Available:</b>                                  |                                     |                          |                  |                 |               |                  |                 |               |                  |                |                  |
| Business Rates Retention                                   |                                     |                          |                  |                 |               | (91,623)         |                 |               | (113,724)        |                |                  |
| Unringfenced Grants  |                                     |                          |                  |                 |               | (18,068)         |                 |               | (15,919)         |                |                  |
| Council Tax  |                                     |                          |                  |                 |               | (166,659)        |                 |               | (171,758)        |                |                  |
| Adult Social Care Precept                                  |                                     |                          |                  |                 |               | (12,539)         |                 |               | (12,539)         |                |                  |
| <i>Collection fund balance:</i>                            |                                     |                          |                  |                 |               | (6,929)          |                 |               |                  |                |                  |
| <i>Business Rates Local Share</i>                          |                                     |                          |                  |                 |               | 1,179            |                 |               |                  |                |                  |
| <i>Council Tax</i>   |                                     |                          |                  |                 |               |                  |                 |               |                  |                |                  |
| <b>Total Funding Available</b>                             |                                     |                          | <b>(294,639)</b> |                 |               | <b>(294,639)</b> |                 |               | <b>(313,940)</b> |                | <b>(316,080)</b> |
| <b>Budget gap</b>  |                                     |                          | <b>(7,559)</b>   |                 |               | <b>(7,559)</b>   |                 |               | <b>13,961</b>    |                | <b>20,492</b>    |
| <b>Transfer to Reserves</b>                                |                                     |                          | <b>7,559</b>     |                 |               | <b>7,559</b>     |                 |               |                  |                |                  |
| <b>Budget gap</b>  |                                     |                          | <b>0</b>         |                 |               | <b>0</b>         |                 |               |                  |                |                  |

**STRATEGIC DIRECTOR PORTFOLIOS**

|   | FTEs           |                |                |
|---|----------------|----------------|----------------|
|   | 2019-20        | 2020-21        | 2021-22        |
|   | MTFP           | MTFP           | MTFP           |
| <b>Children &amp; Families</b>                    | 5,910.4        | 5,910.4        | 5,904.4        |
| adjust for delegated schools budget               | (5,033.4)      | (5,033.4)      | (5,033.4)      |
|   | 877.0          | 877.0          | 871.0          |
| Service Changes                                   |                | (6.0)          | (6.0)          |
|   | <b>877.0</b>   | <b>871.0</b>   | <b>865.0</b>   |
| <br>  |                |                |                |
| <b>Adults &amp; Health</b>                        | 1,033.9        | 1,003.9        | 998.9          |
| Service Changes                                   | (30.0)         | (5.0)          |                |
|   | <b>1,003.9</b> | <b>998.9</b>   | <b>998.9</b>   |
| <br>  |                |                |                |
| <b>Economy &amp; Infrastructure</b>               | 2,216.1        | 2,213.1        | 2,213.1        |
| Service Changes                                   | (3.0)          |                |                |
|   | <b>2,213.1</b> | <b>2,213.1</b> | <b>2,213.1</b> |
| <br>  |                |                |                |
| <b>Corporate Services</b>                         | 1,135.5        | 1,126.0        | 1,093.5        |
| Service Changes                                   | (9.5)          | (32.5)         |                |
|   | <b>1,126.0</b> | <b>1,093.5</b> | <b>1,093.5</b> |
| <br>  |                |                |                |
| <b>Summary excluding Delegated Schools Budget</b> | 5,262.4        | 5,219.9        | 5,176.4        |
| Service Changes                                   | (42.5)         | (43.5)         | (6.0)          |
|   | <b>5,219.9</b> | <b>5,176.4</b> | <b>5,170.4</b> |

**CHILD PROTECTION & FAMILY SUPPORT**

| SERVICE ACTIVITY  | 18-19                               |                   | 18-19 CONTROLLABLE INCOME £000 | 18-19 NET CONTROLLABLE BUDGET £000 | 19-20          |              | 20-21         |                | 21-22         |                |                      |                      |
|---|-------------------------------------|-------------------|--------------------------------|------------------------------------|----------------|--------------|---------------|----------------|---------------|----------------|----------------------|----------------------|
|   | CONTROLLABLE GROSS EXPENDITURE £000 | 18-19 BUDGET £000 |                                |                                    | MINUSES £000   | PLUSSES £000 | MINUSES £000  | PLUSSES £000   | MINUSES £000  | PLUSSES £000   | BUDGET PROPOSAL £000 | BUDGET PROPOSAL £000 |
| <b>Assessment &amp; Intervention</b>                        |                                     |                   |                                |                                    |                |              |               |                |               |                |                      |                      |
| Assessment & Intervention (South)                           | 4,187                               | 0                 | (399)                          | 4,187                              | (703)          | 195          | 3,679         | 172            | 3,851         |                | 100                  | 3,951                |
| Emergency Duty Service                                      | 689                                 |                   |                                | 290                                |                |              | 290           |                | 290           |                |                      | 290                  |
| Assessment & Intervention (North)                           | 3,021                               | 0                 |                                | 3,021                              | (346)          | 255          | 2,930         | (260)          | 2,727         | (260)          |                      | 2,467                |
| Disabled Children Service                                   | 3,795                               | 0                 |                                | 3,795                              |                |              | 3,795         |                | 3,795         |                |                      | 3,795                |
| <b>Total</b>  | <b>11,692</b>                       | <b>(399)</b>      | <b>(399)</b>                   | <b>11,293</b>                      | <b>(1,049)</b> | <b>450</b>   | <b>10,694</b> | <b>(260)</b>   | <b>10,663</b> | <b>(260)</b>   | <b>100</b>           | <b>10,503</b>        |
| <b>Sustainability, Capacity &amp; Resourcing</b>            |                                     |                   |                                |                                    |                |              |               |                |               |                |                      |                      |
| Family Placement Unit (including Help Desk)                 | 1,294                               | 0                 |                                | 1,294                              |                | 63           | 1,357         |                | 1,365         |                | 8                    | 1,365                |
| Fostering Service   | 1,754                               | 0                 |                                | 1,754                              | (53)           | 43           | 1,744         |                | 1,761         |                | 17                   | 1,761                |
| Fostering Service (including Recruitment)                   | 12,681                              | (95)              |                                | 12,586                             |                | 311          | 12,897        |                | 13,199        |                | 302                  | 13,199               |
| Contact Team  | 1,116                               | 0                 |                                | 1,116                              | (106)          | 25           | 1,035         |                | 1,035         |                |                      | 1,035                |
| Internal Residential Placements                             | 2,918                               | 0                 |                                | 2,918                              |                |              | 2,918         |                | 2,918         |                |                      | 2,918                |
| External Residential Placements                             | 6,328                               | (194)             |                                | 6,134                              |                |              | 6,134         | (1,224)        | 4,910         | (1,188)        |                      | 3,722                |
| Leaving Care Supported Accommodation/Supported Lodgings     | 1,776                               | 0                 |                                | 1,776                              |                |              | 1,776         |                | 1,776         |                |                      | 1,776                |
| Guardianship and Residency Orders                           | 3,675                               | 0                 |                                | 3,675                              |                |              | 3,675         |                | 3,675         |                |                      | 3,675                |
| Adoption Allowances   | 1,230                               | 0                 |                                | 1,230                              |                |              | 1,230         |                | 1,230         |                |                      | 1,230                |
| Family Assessment   | 151                                 | 0                 |                                | 151                                |                |              | 151           |                | 151           |                |                      | 151                  |
| Persons from Abroad   | 219                                 | (149)             |                                | 70                                 |                |              | 70            |                | 70            |                |                      | 70                   |
| Disabled Children Service Young Peoples Activity Team       | 433                                 | (19)              |                                | 414                                |                |              | 414           |                | 414           |                |                      | 414                  |
| Disabled Children Service - Internal Residential Placements | 1,938                               | (119)             |                                | 1,819                              |                |              | 1,819         |                | 1,819         |                |                      | 1,819                |
| Commissioned Service  | 1,142                               | 0                 |                                | 1,142                              |                | 118          | 1,260         |                | 1,260         |                |                      | 1,260                |
| <b>Total</b>  | <b>36,655</b>                       | <b>(576)</b>      | <b>(576)</b>                   | <b>36,079</b>                      | <b>(1,591)</b> | <b>560</b>   | <b>36,480</b> | <b>(1,224)</b> | <b>35,583</b> | <b>(1,188)</b> | <b>327</b>           | <b>34,395</b>        |
| <b>Corporate Parenting Service</b>                          |                                     |                   |                                |                                    |                |              |               |                |               |                |                      |                      |
| Looked After Children 0-18                                  | 2,658                               | (32)              |                                | 2,626                              | (94)           | 135          | 2,667         |                | 2,719         |                | 52                   | 2,719                |
| Leaving Care 18-21 (25)                                     | 960                                 | 0                 |                                | 960                                |                |              | 960           |                | 960           |                |                      | 960                  |
| Youth Offending Team  | 1,536                               | (758)             |                                | 778                                |                |              | 778           |                | 778           |                |                      | 778                  |
| <b>Total</b>  | <b>5,154</b>                        | <b>(790)</b>      | <b>(790)</b>                   | <b>4,364</b>                       | <b>(94)</b>    | <b>135</b>   | <b>4,405</b>  | <b>0</b>       | <b>4,457</b>  | <b>0</b>       | <b>52</b>            | <b>4,457</b>         |
| <b>Quality Assurance, Standards and Safeguarding</b>        |                                     |                   |                                |                                    |                |              |               |                |               |                |                      |                      |
| Service Specialist Training (Children)                      | 174                                 | (88)              |                                | 86                                 |                |              | 86            |                | 86            |                |                      | 86                   |
| Safeguarding & Quality Assurance                            | 2,610                               | (113)             |                                | 2,497                              | (65)           | 47           | 2,479         |                | 2,481         |                | 2                    | 2,481                |
| <b>Total</b>  | <b>2,784</b>                        | <b>(201)</b>      | <b>(201)</b>                   | <b>2,583</b>                       | <b>(65)</b>    | <b>47</b>    | <b>2,565</b>  | <b>0</b>       | <b>2,567</b>  | <b>0</b>       | <b>2</b>             | <b>2,567</b>         |
| <b>Management &amp; Regulatory Functions</b>                |                                     |                   |                                |                                    |                |              |               |                |               |                |                      |                      |
| Management & Regulatory Functions                           | 3,835                               | (247)             |                                | 3,588                              | (232)          | 809          | 4,165         | (100)          | 4,615         | (100)          | 550                  | 5,065                |
| <b>TOTAL CHILD PROTECTION &amp; FAMILY SUPPORT</b>          | <b>60,120</b>                       | <b>(2,213)</b>    | <b>(2,213)</b>                 | <b>57,907</b>                      | <b>(1,599)</b> | <b>2,001</b> | <b>58,309</b> | <b>(1,584)</b> | <b>57,885</b> | <b>(1,548)</b> | <b>1,160</b>         | <b>56,987</b>        |

**CHILD PROTECTION & FAMILY SUPPORT - MINUSES**

| Service Activity   | Proposed Change   | £000    |         |         |         |
|--|---|---------|---------|---------|---------|
|  |   | 2019-20 | 2020-21 | 2021-22 | Total   |
| <b>EXISTING MTFP MINUSES</b>                                   |   |         |         |         |         |
| <b>Assessment &amp; Intervention</b>                           |   |         |         |         |         |
| Assessment Service   | Planned reduction in Advanced Practitioners/Social Workers<br>Planned reduction in the use of agency social workers | (371)   | (260)   | (260)   | (520)   |
| <b>Sustainability, Capacity &amp; Resourcing</b>               |   |         |         |         |         |
| Fostering Service  | Vacant posts, turnover and budget realignment   | (53)    |         |         | (53)    |
| Contact Team   | Planned reduction in the use of agency social workers   | (106)   |         |         | (106)   |
| External Residential   | Planned reduction of percentage of children placed outside Kirklees district.                                       |         | (1,224) | (1,188) | (2,412) |
| <b>Corporate Parenting</b>                                     |   |         |         |         |         |
| Looked After Children/Leaving Care Team                        | Planned reduction in the use of Agency social workers   | (94)    |         |         | (94)    |
| <b>Quality Assurance, Standards &amp; Safeguarding</b>         |   |         |         |         |         |
| Child Protection Unit  | Planned reduction in the use of Agency social workers   | (65)    |         |         | (65)    |
| <b>Management Regulatory</b>                                   |   |         |         |         |         |
| Service Management & Support                                   | Vacant posts, turnover and budget realignment   | (57)    |         |         | (57)    |
| Professional charges, legal                                    | Planned reduction in Legal Disbursement charges   | (175)   | (100)   | (100)   | (375)   |
| <b>NEW MTFP MINUSES</b>  |   |         |         |         |         |
| <b>Assessment &amp; Intervention</b>                           |   |         |         |         |         |
| Assessment Service   | Additional Government social care funding allocation  | (678)   |         |         | (678)   |
|  |   | (678)   | 0       | 0       | (678)   |
| <b>TOTAL MINUSES FOR CHILD PROTECTION &amp; FAMILY SUPPORT</b> |   | (1,599) | (1,584) | (1,548) | (4,360) |

**CHILD PROTECTION & FAMILY SUPPORT - PLUSES**

| Service Activity   | Proposed Change  | £000    |         |         |
|--|--|---------|---------|---------|
|  |  | 2019-20 | 2020-21 | 2021-22 |
| <b>NEW MTFP PLUSES</b>   |  |         |         |         |
| <u>Assessment &amp; Intervention</u><br>Assessment Service                               | Additional substantive posts, agency worker pressure, salary progression                         | 450     | 129     |         |
|  | Re-alignment of additional Government social care funding in later years                         |         | 100     | 100     |
| <b>Sustainability, Capacity &amp; Resourcing</b><br>Family Placement Unit inc. Help Desk | Budget realignment, agency worker pressure, salary progression                                   | 63      | 8       | 71      |
| Fostering Service  | Agency worker pressure, salary progression   | 43      | 17      | 60      |
| Fostering Service Inc Recruitment  | Additional substantive posts, agency worker pressure, volume pressure                            | 311     | 302     | 613     |
| Contact Team   | Agency worker pressure   | 25      |         | 25      |
| Commissioned Service   | One Adoption West Yorkshire Contract pressure  | 118     |         | 118     |
| <b>Corporate Parenting</b><br>Looked After Children/Leaving Care Team                    | Additional substantive posts, agency worker pressure, salary progression                         | 135     | 52      | 187     |
| <b>Quality Assurance, Standards and Safeguarding</b><br>Safeguarding & Quality Assurance | Substantive vacant posts covered by Agency staff   | 47      | 2       | 49      |
| Management & Regulatory Functions  | Additional substantive posts, agency worker pressure, legal disbursement charges                 | 19      |         | 19      |
|  | New childrens care management system: Liquid Logic - post implementation support and maintenance | 240     |         | 240     |
|  | Childrens social care - inflationary pressures   | 550     | 550     | 1,650   |
| <b>TOTAL PLUSES FOR CHILD PROTECTION &amp; FAMILY SUPPORT</b>                            |  | 2,001   | 1,160   | 650     |
|  |  |         |         | 3,811   |

|                   |  |
|-------------------|--|
| Service Director  | Child Protection & Family Support                          |
| Service Area      | Assessment Service & Care Management                       |
| Headline Proposal | Planned reduction in Advanced Practitioners/Social Workers |
| Reference         | EX CP1   |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           |                 | (260)           | (260)           |
| Cumulative Savings                            |                 | (260)           | (520)           |
| Budget after Savings<br>(Controllable Budget) | 6,290           | 6,030           | 5,770           |
| FTE Reduction                                 |                 | 6               | 6               |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>In order to strengthen the service and provide additional leadership and social work capacity to manage caseloads effectively, the 2019/20 budget proposal is to build provision to recruit an additional Service Manager, Team Manager, 9 Advanced Practitioners and 8 Social Workers, and will embed improved social work practices into service, as an integral part of the service Improvement Plan.</p> <p>The quality of front line practice is key to improving the lives of children and families in Kirklees. Whatever the systems, processes and governance, it is the way that our staff work with children and families that will, in the end, make the difference and build the relationships, skills and confidence to make change. Effective practice needs shared values, a good theoretical model, good skills and knowledge from staff and the right training, support and supervision from managers. This approach has both a strong emerging evidence base and a strong moral foundation as it emphasises building on strengths, and empowering children, families and communities through stronger relationships.</p> <p>Over the medium term, it is expected that the number of Advanced Practitioners and Social Workers required moving forward will reduce on a phased approach.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes |
|--|
| This proposal is dependent on improved social work practices and reduced number of looked after children. Progress will be monitored through the Children Improvement Board.               |

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| Does this proposal require an Equality Impact Assessment?  | NO |
| Will this proposal require a Specific Service Consultation | NO |

|                             |                                   |
|-----------------------------|-----------------------------------|
| Accountable Head of Service | Elaine McShane – Service Director |
|-----------------------------|-----------------------------------|

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|-------------------|--|
| Service Director  | Child Protection & Family Support                                    |
| Service Area      | Demand Led Activity – External Residential                           |
| Headline Proposal | Percentage of children placed outside Kirklees reduced by March 2020 |
| Reference         | EX CP2   |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           |                 | (1,224)         | (1,188)         |
| Cumulative Savings                            |                 | (1,224)         | (2,412)         |
| Budget after Savings<br>(Controllable Budget) | 6,134           | 4,910           | 3,722           |
| FTE Reduction                                 | -               | -               | -               |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>OfSTED highlighted areas where our care needs to improve, from the way that legal proceedings are managed when concerns become serious, to the quality of care planning, to the way we organise placements for our Looked After Children.</p> <p><b>Aims</b></p> <ul style="list-style-type: none"> <li>• Improve social work practice with Looked After Children</li> <li>• Improve speed and rigour of decision making and legal processes so no child is left at risk</li> <li>• Ensure more children are placed in family type settings and as close to their existing communities as possible</li> <li>• Improve the range, quality and cost-effectiveness of placements for Looked After Children</li> <li>• Improve support for returning home safely</li> <li>• Strengthen the role of Corporate Parenting Board</li> </ul> <p><b>Actions</b></p> <ul style="list-style-type: none"> <li>• Reduce the numbers of children and young people who are Looked After by the Local Authority.</li> <li>• Review internal residential provision</li> <li>• Review fostering service and recruitment strategy</li> <li>• Continue to review of all external placements and all placements with parents and implement action planning to move children on where safe and suitable</li> <li>• Develop and agree a Medium Term Sufficiency Strategy</li> <li>• Implement improved decision making governance to include a Gateway Panel, a Permanency Panel and improved Adoption Decision Making</li> <li>• Implement stronger legal case management processes</li> <li>• Develop a reunification strategy to support safe and successful return to family or kinship carers</li> <li>• Review and implement improvements for Independent Visitor Scheme</li> </ul> |

- Strengthen Corporate Parenting through improved involvement of children and young people and better data to inform their work. Develop role and influence of Looked After Children.

Deliverables

- Care planning model developed and agreed by April 18. Training complete for all staff by July 18
- Sufficiency Strategy including reviews and action plans for internal and external fostering, residential and Placed with Parents (PWP), reunification in place by March 2019
- Local Offer for Foster Carers in place by March 2019
- Improved governance and legal processes– robust Permanence, Gateway and Adoption Decision Making panels in place, supported by strengthened case manager support and review.
- New support arrangements in place for Corporate Parenting Board

Success Measures

- Proportion of children placed outside Kirklees is reduced safely and appropriately. Indicative target of 25 by March 19.
- Increase in timeliness of independent return interviews for Looked After Children (LAC) that have been missing. Target within 72 hours 100% by March 19.
- Placement costs reduced and a formal review of placement types and numbers for Looked After Children

Risk

- Increased numbers of LAC
- Foster carer recruitment target not met
- More children and young people presented with very complex needs that require high cost placements
- Reduction in Health and Education funding

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes

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| Does this proposal require an Equality Impact Assessment?  | NO |
| Will this proposal require a Specific Service Consultation | NO |

|                             |   |
|-----------------------------|---|
| Accountable Head of Service | Elaine McShane Service Director Child Protection & Family Support |
|-----------------------------|---|

|                   |   |
|-------------------|---|
| Service Director  | Child Protection & Family Support               |
| Service Area      | Management & Regulatory                         |
| Headline Proposal | Planned reduction in Legal Disbursement charges |
| Reference         | EX CP3  |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (175)           | (100)           | (100)           |
| Cumulative Savings                            | (175)           | (275)           | (375)           |
| Budget after Savings<br>(Controllable Budget) | 1,655           | 1,555           | 1,455           |
| FTE Reduction                                 | -               | -               | -               |

| Description of Savings Proposal (Including interdependencies and risk)  |  |
|---|--|
| <p>The Children's Legal disbursement budget is currently forecast to overspend by £475k in 2018/19 due to the continued high and complex demand for Legal services and the associated routine usage of external solicitors to meet the required capacity. This trend will not continue at this level in 2019/20. The budget proposal next year is therefore to increase the Children's Legal disbursement budget in line with a reduced dependency on legal Proceedings. There are potential areas to explore in which to achieve some savings going forward.</p> <p><b>Aims</b></p> <ul style="list-style-type: none"> <li>Improving social work practice within Children's services will ultimately lead to care proceedings cases remaining in the 26 week timescale and result in fewer hearings and therefore reduce costs. Latest court figures suggest Kirklees cases require additional hearings and whilst there are some pockets of improvement in practice this is not consistent or embedded enough to make a significant difference.</li> <li>Continue to review use of Locums together with most cost effective way of meeting demand for legal services.</li> <li>Review support for Children's services and look at how both Legal and Children's services can work together to optimise efficient outcomes and reduce costs.</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>The time line in which to embed improvements to social work practice may not be sufficiently implemented to achieve the necessary savings target from 2020/21 and the financial benefit may be a gradual process over a two to three year period.</li> <li>Increase in the numbers of LAC and complexity of cases.</li> </ul> |  |
| <p>Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes</p>   |  |
| <p>Does this proposal require an Equality Impact Assessment?</p>  |  |
| <p>NO</p>   |  |
| <p>Will this proposal require a Specific Service Consultation</p>   |  |
| <p>NO</p>   |  |

|                             |                |
|-----------------------------|----------------|
| Accountable Head of Service | Elaine McShane |
|-----------------------------|----------------|

|                   |   |
|-------------------|---|
| Service Director  | Child Protection & Family Support                     |
| Service Area      | Service Wide  |
| Headline Proposal | Planned reduction in the use of Agency social workers |
| Reference         | EX CP4  |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (636)           |                 |                 |
| Cumulative Savings                            | (636)           | (636)           | (636)           |
| Budget after Savings<br>(Controllable Budget) | 1,055           | 1,055           | 1,055           |
| FTE Reduction                                 | -               | -               | -               |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>The service currently has significantly reduced the number of agency workers deployed across the service. The service plan will continue to avoid the reliance on agency staff in 2019/20.</p> <p>As OfSTED have observed, the child focus and commitment of front line staff continues despite the change and challenges of recent months. These values and our Children's Services workforce are vital to our improvement plans. However, the impact of a dysfunctional system is clear.</p> <p>This means that children and families lose the stability of working with the same support worker, it limits the support they need, staff feel too pressured to produce their best work and the costs of agency staff reduces the money available for investing in improvement. We have begun to create the conditions for success – making sure we put in place the right respect, support, training and development that staff need and deserve.</p> <p>This has been achieved through the outcome of the service review of the workforce and determining sustainable structures. In addition, reviewing existing agency posts and having a clear exit strategy for agency staff in line with recruitment, service workforce development and reducing sickness levels across the service.</p> <p><b>Aims</b></p> <ul style="list-style-type: none"> <li>• Morale, confidence and job satisfaction of staff improved</li> <li>• Staff report improved management, support and training</li> <li>• Recruitment and retention of staff improved</li> <li>• Use and cost of agency staff will decrease</li> <li>• Improved stability of social worker for children and families</li> </ul> <p><b>Actions</b></p> <ul style="list-style-type: none"> <li>• Career development framework has been developed in consultation with staff and unions and implemented. A professional development offer has been developed and aligned to the career development framework.</li> <li>• In consultation with staff and unions, continue to review staff support and working conditions including: pastoral support, IT systems, administrative support, offices and communication.</li> </ul> |

Agree and implement programme of work to improve staff working conditions and support following annual Health Check.

- Further develop and implement improved arrangements for appraisal and management supervision
- Continue to monitor revised arrangements for monitoring staffing issues including staff satisfaction, caseloads, training, absence, recruitment and retention, including annual process for assessing work and views of workers through Social Work Health Check.
- Engage with local Teaching partnership to maximise support from Higher Education Institution (HEI) partners.
- Undertake ongoing programme of recruitment for key staff groups.

#### Deliverables

- Career development framework agreed with staff and unions and in place
- Professional development offer agreed with staff and unions and in operation from April 2018
- Review of staff support and working conditions complete and reviewed via Annual Health check
- Action plan for improving support and working conditions implemented from March 2018
- Improved supervision and appraisal arrangements in place and audited as part of the Quality Assurance Framework

#### Success Measures

- Improved morale, confidence and skills of social workers and early help staff
- Reduced use of agency staff
- Reduced sickness absence (50% reduction September 2019)

#### Risks

- Inability to recruit and retain staff
- Inability to reduce sickness absence of staff
- Volume growth of referrals/ assessments/ Looked After Children which will impact on staffing levels.

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes

|  |                |
|--|----------------|
| Does this proposal require an Equality Impact Assessment?  | NO             |
| Will this proposal require a Specific Service Consultation | NO             |
| Accountable Head of Service                                | Elaine McShane |

**LEARNING & EARLY SUPPORT**

| SERVICE ACTIVITY  | 18-19 CONTROLLABLE GROSS EXPENDITURE £000 | 18-19 CONTROLLABLE INCOME £000 | 18-19 NET CONTROLLABLE BUDGET £000 | MINUSES £000 | PLUSES £000  | 19-20 BUDGET PROPOSAL £000 | MINUSES £000 | PLUSES £000 | 20-21 BUDGET PROPOSAL £000 | MINUSES £000 | PLUSES £000 | 21-22 BUDGET PROPOSAL £000 |
|---|---|--------------------------------|------------------------------------|--------------|--------------|----------------------------|--------------|-------------|----------------------------|--------------|-------------|----------------------------|
| <b>Strategic Leadership</b>   |   |                                |                                    |              |              |                            |              |             |                            |              |             |                            |
| Statutory Responsibility for the Education System   | 944                                       | (449)                          | 495                                |              |              | 495                        | (250)        |             | 245                        |              |             | 245                        |
| Music Service   | 24  | 0                              | 24                                 |              |              | 24                         |              |             | 24                         |              |             | 24                         |
| School Forum allocations  | 254                                       | (255)                          | (1)                                |              |              | (1)                        |              |             | (1)                        |              |             | (1)                        |
| <b>Total</b>  | <b>1,222</b>                              | <b>(704)</b>                   | <b>518</b>                         | <b>0</b>     | <b>0</b>     | <b>518</b>                 | <b>(250)</b> | <b>0</b>    | <b>268</b>                 | <b>0</b>     | <b>0</b>    | <b>268</b>                 |
| <b>Schools Organisation, Planning and Admissions</b>  |   |                                |                                    |              |              |                            |              |             |                            |              |             |                            |
| Schools Organisation & Planning   | 281                                       | (131)                          | 150                                |              |              | 150                        | (151)        |             | (1)                        |              |             | (1)                        |
| School Admissions   | 433                                       | (428)                          | 5                                  |              |              | 5                          |              |             | 5                          |              |             | 5                          |
| <b>Total</b>  | <b>714</b>                                | <b>(559)</b>                   | <b>155</b>                         | <b>0</b>     | <b>0</b>     | <b>155</b>                 | <b>(151)</b> | <b>0</b>    | <b>4</b>                   | <b>0</b>     | <b>0</b>    | <b>4</b>                   |
| <b>Education for Vulnerable Children Services incl Special Educational Needs</b>  |   |                                |                                    |              |              |                            |              |             |                            |              |             |                            |
| Kirklees Special Educational Needs (SEN) pupils in Other Local Authorities (OLA) Mainstream   | 370                                       | (230)                          | 140                                |              |              | 140                        |              |             | 140                        |              |             | 140                        |
| Specialist Provision Co-ordination  | 790                                       | (790)                          | 0                                  |              |              | 0                          |              |             | 0                          |              |             | 0                          |
| SEN Assessment & Commissioning team (statutory)   | 437                                       | (165)                          | 272                                |              | 700          | 972                        |              |             | 972                        |              |             | 972                        |
| Education of Looked After Children  | 354                                       | (40)                           | 314                                |              |              | 314                        |              |             | 314                        |              |             | 314                        |
| Attendance & Pupil Support  | 1,191                                     | (581)                          | 610                                |              |              | 610                        |              |             | 610                        |              |             | 610                        |
| Education Services for Vulnerable Children  | 1,202                                     | (371)                          | 831                                | (84)         |              | 747                        |              |             | 747                        |              |             | 747                        |
| Early Years SEN Support - Portex and ICAN services  | 186                                       | (190)                          | (4)                                |              |              | (4)                        |              |             | (4)                        |              |             | (4)                        |
| Early Years SEN Support including Portage service   | 658                                       | 0                              | 658                                |              | 420          | 1,078                      |              |             | 1,078                      |              |             | 1,078                      |
| International New Arrivals  | 73  | (72)                           | 1                                  |              |              | 1                          |              |             | 1                          |              |             | 1                          |
| <b>Total</b>  | <b>5,261</b>                              | <b>(2,439)</b>                 | <b>2,822</b>                       | <b>(84)</b>  | <b>1,120</b> | <b>3,858</b>               | <b>0</b>     | <b>0</b>    | <b>3,858</b>               | <b>0</b>     | <b>0</b>    | <b>3,858</b>               |
| <b>Early Learning</b>   |   |                                |                                    |              |              |                            |              |             |                            |              |             |                            |
| Private Voluntary & Independent Formula Funding (3 & 4 year olds)   | 15,050                                    | (15,061)                       | (11)                               |              |              | (11)                       |              |             | (11)                       |              |             | (11)                       |
| Two year old funding  | 4,974                                     | (4,974)                        | 0                                  |              |              | 0                          |              |             | 0                          |              |             | 0                          |
| Early Years Quality Improvement, Workforce & Sufficiency  | 922                                       | (585)                          | 337                                | (300)        |              | 37                         |              |             | 37                         |              |             | 37                         |
| Direct Delivery of Daycare  |   |                                |                                    |              |              |                            |              |             |                            |              |             |                            |
| <b>Total</b>  | <b>20,946</b>                             | <b>(20,620)</b>                | <b>326</b>                         | <b>(300)</b> | <b>0</b>     | <b>26</b>                  | <b>0</b>     | <b>0</b>    | <b>26</b>                  | <b>0</b>     | <b>0</b>    | <b>26</b>                  |
| <b>Post 16 services</b>   |   |                                |                                    |              |              |                            |              |             |                            |              |             |                            |
| Learning Services Trading   | 527                                       | (20)                           | 507                                |              |              | 507                        |              |             | 507                        |              |             | 507                        |
| Traded School Improvement, Swimming, Booksplus, Management Information Systems, Kirklees Supply Service, Nexus, Governors services and Headteacher well-being | 2,849                                     | (2,805)                        | 44                                 |              |              | 44                         |              |             | 44                         |              |             | 44                         |
| <b>Total</b>  | <b>2,849</b>                              | <b>(2,805)</b>                 | <b>44</b>                          | <b>0</b>     | <b>0</b>     | <b>44</b>                  | <b>0</b>     | <b>0</b>    | <b>44</b>                  | <b>0</b>     | <b>0</b>    | <b>44</b>                  |
| <b>Early Support</b>  |   |                                |                                    |              |              |                            |              |             |                            |              |             |                            |
|   | 5,143                                     | 0                              | 5,143                              | (290)        | 600          | 5,453                      |              |             | 5,453                      |              |             | 5,453                      |

**LEARNING & EARLY SUPPORT**

| SERVICE ACTIVITY                                | 18-19<br>CONTROLLABLE<br>GROSS<br>EXPENDITURE<br>£000 | 18-19<br>CONTROLLABLE<br>INCOME<br>£000 | 18-19 NET<br>CONTROLLABLE<br>BUDGET<br>£000 | MINUSES<br>£000 | PLUSES<br>£000 | 19-20<br>BUDGET<br>PROPOSAL<br>£000 | MINUSES<br>£000 | PLUSES<br>£000 | 20-21<br>BUDGET<br>PROPOSAL<br>£000 | MINUSES<br>£000 | PLUSES<br>£000 | 21-22<br>BUDGET<br>PROPOSAL<br>£000 |
|---|---|---|---|-----------------|----------------|-------------------------------------|-----------------|----------------|-------------------------------------|-----------------|----------------|-------------------------------------|
| <b>Commissioning</b>                            |   |   |   |                 |                |                                     |                 |                |                                     |                 |                |                                     |
| Other Commissioned Services                     | 2,280   | (46)                                    | 2,234                                       |                 |                | 2,234                               |                 |                | 2,234                               |                 |                | 2,234                               |
| Targeted Mental Health Service Contracts        | 360   | 0                                       | 360   |                 |                | 360                                 |                 |                | 360                                 |                 |                | 360                                 |
| Stronger Families                               | 1,679   | (1,752)                                 | (73)  |                 |                | (73)                                |                 |                | (73)                                |                 |                | (73)                                |
| <b>Total</b>                                    | <b>4,319</b>  | <b>(1,798)</b>                          | <b>2,521</b>                                | <b>0</b>        | <b>0</b>       | <b>2,521</b>                        | <b>0</b>        | <b>0</b>       | <b>2,521</b>                        | <b>0</b>        | <b>0</b>       | <b>2,521</b>                        |
| <b>DSG Schools</b>                              |   |   |   |                 |                |                                     |                 |                |                                     |                 |                |                                     |
| Primary Pupil Referral Unit                     | 1,187   | (1,187)                                 | 0   |                 |                | 0                                   |                 |                | 0                                   |                 |                | 0                                   |
| Secondary Pupil Referral Unit                   | 3,709   | (3,709)                                 | 0   |                 |                | 0                                   |                 |                | 0                                   |                 |                | 0                                   |
| Specialist Education Placements                 | 2,513   | (2,513)                                 | 0   |                 | 3,700          | 3,700                               |                 |                | 3,700                               |                 |                | 3,700                               |
| Behavioural, Emotional & Exclusions             | 1,464   | (1,461)                                 | 3   |                 |                |                                     |                 |                |                                     |                 |                | 3                                   |
| Further Education High Needs                    | 805   | (805)                                   | 0   |                 | 1,600          | 1,600                               |                 |                | 1,600                               |                 |                | 1,600                               |
| Delegated School Budgets                        | 236,341   | (234,246)                               | 2,095                                       |                 |                | 2,095                               |                 |                | 2,095                               |                 |                | 2,095                               |
| SEN support including Further Education Post 16 | 3,509   | (3,509)                                 | 0   | (3,642)         | 2,250          | (1,392)                             | (1,100)         | 150            | (2,342)                             | (1,100)         | 100            | (3,342)                             |
| Centrally Managed School Budgets                | 3,396   | (4,260)                                 | (864)                                       |                 |                | (864)                               |                 |                | (864)                               |                 |                | (864)                               |
| Childrens Pensions                              | 3,816   | (631)                                   | 3,185                                       |                 |                | 3,185                               |                 |                | 3,185                               |                 |                | 3,185                               |
| Childrens Contingencies                         | 10,469  | (10,946)                                | (477)                                       |                 |                | (477)                               |                 |                | (477)                               |                 |                | (477)                               |
| <b>Total</b>                                    | <b>267,209</b>  | <b>(263,267)</b>                        | <b>3,942</b>                                | <b>(3,642)</b>  | <b>7,550</b>   | <b>7,850</b>                        | <b>(1,100)</b>  | <b>150</b>     | <b>6,900</b>                        | <b>(1,100)</b>  | <b>100</b>     | <b>5,900</b>                        |
| <b>Management &amp; Regulatory Functions</b>    | <b>834</b>  | <b>(566)</b>                            | <b>268</b>                                  |                 |                | <b>268</b>                          |                 |                | <b>268</b>                          |                 |                | <b>268</b>                          |
| <b>TOTAL LEARNING &amp; FAMILY SUPPORT</b>      | <b>309,024</b>  | <b>(292,778)</b>                        | <b>16,246</b>                               | <b>(4,316)</b>  | <b>9,270</b>   | <b>21,200</b>                       | <b>(1,501)</b>  | <b>150</b>     | <b>19,849</b>                       | <b>(1,100)</b>  | <b>100</b>     | <b>18,849</b>                       |

**LEARNING & EARLY SUPPORT - MINUSES**

| Service Activity   | Proposed Change   | £000                       |                |                |                | Total          |
|--|---|----------------------------|----------------|----------------|----------------|----------------|
|  |   | Savings Template Reference | 2019-20        | 2020-21        | 2021-22        |                |
| <b>EXISTING MTFP MINUSES</b>   |   |                            |                |                |                |                |
| Statutory Responsibility for the Education System                                | Bring vacancies forward, not replacing roles & commissioning tasks                          | EX LE1                     |                | (50)           |                | (50)           |
| Schools Organisation & Planning  | Review of Statutory Responsibilities  | EX LE2                     |                | (200)          |                | (200)          |
| Education Service for Vulnerable Children  | Reduce support to Schools Organisation & Planning & School Admissions                       | EX LE3                     |                | (151)          |                | (151)          |
| Early Years Quality Improvement, Workforce & Sufficiency                         | Review systems and processes  | EX LE4                     | (84)           |                |                | (84)           |
| Early Intervention & Prevention (EIP)  | Review support to early learning (sufficiency & development)                                | EX LE5                     | (300)          |                |                | (300)          |
|  | Review of Early Support   |                            | (290)          |                |                | (290)          |
|  |   |                            | <b>(674)</b>   | <b>(401)</b>   | <b>0</b>       | <b>(1,075)</b> |
| <b>NEW MTFP MINUSES</b>  |   |                            |                |                |                |                |
| Special Educational Needs (SEN) support including Further Education (FE) Post 16 | High Needs Block annual funding uplift as per Government New funding formula implementation |                            | (2,343)        | (1,000)        | (1,000)        | (4,343)        |
|  | Additional Government Social Care funding allocation applied to High Needs demand pressure  |                            | (1,299)        | (100)          | (100)          | (1,499)        |
|  |   |                            | <b>(3,642)</b> | <b>(1,100)</b> | <b>(1,100)</b> | <b>(5,842)</b> |
| <b>TOTAL MINUSES FOR LEARNING &amp; EARLY SUPPORT</b>                            |   |                            | <b>(4,316)</b> | <b>(1,501)</b> | <b>(1,100)</b> | <b>(6,917)</b> |

**LEARNING & EARLY SUPPORT - PLUSES**

| Service Activity  | Proposed Change   | £000                       |              |            |            | Total        |
|---|---|----------------------------|--------------|------------|------------|--------------|
|   |   | Savings Template Reference | 2019-20      | 2020-21    | 2021-22    |              |
| <b><u>NEW MTFP PLUSES</u></b>   |   |                            |              |            |            |              |
| <b><u>Education for Vulnerable Children Services incl Special Educational Needs</u></b> |   |                            |              |            |            |              |
| Special Educational Needs (SEN) Assessment & Commissioning team (statutory)             | Special Educational Needs - Special Educational Needs Assessment & Commissioning Team (SENACT) investment |                            | 700          |            |            | 700          |
| Early Years SEN Support including Portage service                                       | Learning Investment (Access Fund & Portage)   |                            | 420          |            |            | 420          |
| <b><u>Early Intervention &amp; Prevention (EIP)</u></b>                                 |   |                            |              |            |            |              |
| Early Intervention and Targeted Support   | Restorative practice team investment  |                            | 600          |            |            | 600          |
| <b><u>Dedicated School Grant - Schools</u></b>  |   |                            |              |            |            |              |
| Specialist Education Placements   | Special Educational Needs -pressures  |                            | 3,700        |            |            | 3,700        |
| Further Education High Needs  | Special Educational Needs -pressures  |                            | 1,600        |            |            | 1,600        |
| SEN support including Further Education Post  | Special Educational Needs -pressures  |                            | 2,250        | 150        | 100        | 2,500        |
| 16  |   |                            |              |            |            |              |
| <b>TOTAL PLUSES FOR LEARNING &amp; EARLY SUPPORT</b>                                    |   |                            | <b>9,270</b> | <b>150</b> | <b>100</b> | <b>9,520</b> |

|                   |   |
|-------------------|---|
| Service Director  | Learning & Early Support                          |
| Service Area      | Statutory Responsibility for the Education System |
| Headline Proposal | Realign and consolidate the service.              |
| Reference         | EX LE1,EX LE2                                     |

| Forecast Savings                                 | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|-----------------|
| Incremental Savings                              |                 | (250)           |                 |
| Cumulative Savings                               |                 | (250)           | (250)           |
| Budget after Savings (Gross Controllable Budget) | 919             | 669             | 669             |
| FTE Reduction                                    |                 |                 |                 |

#### Description of Savings Proposal (Including interdependencies and risk)

This proposal will seek to maximise the sources of funding via Dedicated Schools Grant and review the opportunities to improve educational outcomes in line with the district's Learning Strategy.

This will be undertaken in the context that school improvement and the required management oversight will be further realigned as well as supporting the new arrangements under the Education and Learning Partnership Board.

A significant contribution to strategic work is currently made to the Council by maintained schools via contributions per pupil but this is likely to reduce in the next year, due to schools becoming Academies. In partnership with our schools, during 2019/20, the service will consolidate the operation of the 'Challenge and Support Strategy' and the interface between this and the role we can play by working collaboratively to secure external funding for our schools.

#### Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes

There is scope to review existing operations and this has the potential to align current structures within Learning and Skills to reflect new ways of working. This will need to be devised together with our schools so there is shared understanding about our approach. The Council continues to have a duty to 'know' schools and settings and to ensure the sufficiency of provision of good and outstanding places for children.

The Council currently knows schools well, enabling positive conversations with school and Multi Academy Trust leaders as well as the ability to respond to challenges from Ofsted, Regional Schools Commissioner and Department for Education. Ofsted expects us to know all our schools – and to engage in discussions relating to provision, outcomes and complaints. Relationships are key to ensure sharing of data and intelligence; community

understanding; and shared commitment to development of school places to meet the needs of all pupils.

School to school support will increase, and the Council capacity to support the improvement of outcomes will need to be reconfigured and secured.

The development of the Education and Learning Partnership Board and investment in arrangements to support this will be required and are planned.

The timing of changes will need to be carefully considered to ensure that there is sufficient co-ordination of change.

|  |     |
|--|-----|
| Does this proposal require an Equality Impact Assessment?  | NO  |
| Will this proposal require a Specific Service Consultation | YES |

|                             |                 |
|-----------------------------|-----------------|
| Accountable Head of Service | Jo-Anne Sanders |
|-----------------------------|-----------------|

|                   |  |
|-------------------|--|
| Service Director  | Learning & Early Support   |
| Service Area      | Schools Organisation & Planning & Pupil Admissions                     |
| Headline Proposal | Reduce support to Schools Organisation and Planning & Pupil Admissions |
| Reference         | EX LE3   |

| Forecast Savings   | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|-----------------|
| Incremental Savings  |                 | (151)           |                 |
| Cumulative Savings   |                 | (151)           | (151)           |
| Budget after Savings<br>(Gross Controllable Budget<br>including DSG) | 280             | 129             | 129             |
| FTE Reduction  |                 |                 |                 |

#### Description of Savings Proposal (Including interdependencies and risk)

This proposal will require the costs of the function to reduce and/or income to be generated, therefore this will require some reorganisation of the function to ensure the right skill mix to undertake the necessary activities and role.

Other activities supported by this budget are;

- Legal costs in relation to enacting required statutory processes, the transfer of land and buildings, commercial transfer agreements and costs in relation to schools that are in a Public Private Partnership contract.
- Human Resources costs in relation to staff transfer (TUPE) processes/re-organisation of staffing structures.
- Costs in relation to finance processes in terms of closing down school budgets and planning new arrangements for example where schools amalgamate.
- Costs in relation to the publication of legal notices and statutory consultation processes including newspaper advertisements, consultation documents.
- Physical Resources and Procurement costs that are required in order to enable the property transfer/landlord function of the asset in order that legal work can be instructed appropriately.
- General one-off costs associated with reorganisation, growth, relocation, amalgamation that cannot be capitalised, for example set up costs for modular accommodation, removal costs for equipment, pension assessments.

The ability to undertake these activities will be impacted by reduced capacity and so a more flexible approach to deploying capacity will be required.

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes

The Council has a duty to secure sufficient school places. The School Organisation function undertakes an annual return to the Education Funding Agency/Department for Education School Capacity Collection that determines the level of Capital Funding Grant the Council receives to fund

additional places and the strategic commissioning of additional places. There are opportunities to work with the Council's intelligence function to support this duty.

The Council is required to enable the process of academisation for schools subject to an academy order as stipulated in the Academies Act, and to provide support to reorganisation proposals to amalgamate, expand, close or open provision. Dialogue with schools about contributing towards the funding for some of this activity as mitigation is possible.

If this contribution or the re-distribution of activity across the wider functions that support children is not sufficient, there could be an impact on sufficiency duties that will require mitigation.

|  |     |
|--|-----|
| Does this proposal require an Equality Impact Assessment?  | NO  |
| Will this proposal require a Specific Service Consultation | YES |

|                             |                 |
|-----------------------------|-----------------|
| Accountable Head of Service | Jo-Anne Sanders |
|-----------------------------|-----------------|

|                   |  |
|-------------------|--|
| Service Director  | Learning & Early Support                   |
| Service Area      | Education Services for Vulnerable Children |
| Headline Proposal | Review systems and processes               |
| Reference         | EX LE4                                     |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (84)            |                 |                 |
| Cumulative Savings                            | (84)            | (84)            | (84)            |
| Budget after Savings<br>(Controllable Budget) | 748             | 748             | 748             |
| FTE Reduction                                 |                 |                 |                 |

|  |
|--|
| <b>Description of Savings Proposal (Including interdependencies and risk)</b>  |
| This proposal will seek to examine existing systems and processes to secure efficiencies in order to make the reductions required within the context of prioritising the Education Psychologists (EP). |

|   |
|---|
| <b>Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes</b>   |
| The numbers of children and young people requiring and requesting assessments is increasing. Special Educational Needs & Disabilities (SEND) related activity is forecast to be overspent by current year end compared to the amount of government grant funding set aside to support this activity (the High Needs Block of the Dedicated Schools Grant).  |
| Government changes to the current schools National Funding Formula means the Council will receive an increase in high needs grant funding over the next 2 years at least to support SEND activity. Further increases in high needs grant funding are indicated over the following 5 years, subject to the next Government spending review post 2020. The Council is working to reduce costs within the High Needs Block. This includes a broader strategic review that is currently being considered. |

|  |    |
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| Does this proposal require an Equality Impact Assessment?  | NO |
| Will this proposal require a Specific Service Consultation | NO |

|                             |               |
|-----------------------------|---------------|
| Accountable Head of Service | Mandy Cameron |
|-----------------------------|---------------|

|                   |  |
|-------------------|--|
| Service Director  | Learning & Early Support                                     |
| Service Area      | Early Learning   |
| Headline Proposal | Review support to early learning (sufficiency & development) |
| Reference         | EX LE5   |

| Forecast Savings   | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|-----------------|
| Incremental Savings  | (300)           |                 |                 |
| Cumulative Savings   | (300)           | (300)           | (300)           |
| Budget after Savings<br>(Gross Controllable Budget<br>including DSG) | 485             | 485             | 485             |
| FTE Reduction  |                 |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)  |
|---|
| <p>The support arrangements to learning and early support undertook a restructure in 2017-18.</p> <p>The next phase of delivery will be to examine the approach and leadership for this service area and opportunities for amalgamating the functions and reducing the overall cost. This will prompt a service review and a reduction of staff. Opportunities will be explored to couple together sufficiency duties here with statutory duties for schools (mainstream and specialist).</p> <p>This will be in conjunction with the review of the administration arrangements for early education and childcare placements.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes  |                 |
|---|-----------------|
| <ul style="list-style-type: none"> <li>• Opportunities arise to ensure statutory duties are met by taking a strategic overview of all early years' requirements and developing a new model for delivery through school community hubs.</li> <li>• There are opportunities for schools and their partners in health, social care and the wider Voluntary and Community Sector via School Community Hubs to contribute to the provision of a vibrant and sustainable childcare market and to co-ordinate delivery of the wider children's centre core offer.</li> <li>• This will require some initial Council resource and a refocus of some Council roles to concentrate on supporting the development of partnerships between schools and their partners, including local childcare providers and to support capacity building within the community hub so that the model is self-sustaining.</li> <li>• It will therefore be critical to align and integrate this to deliver our Early Help offer and consideration given to what resources can be shared to support delivery of these statutory duties.</li> </ul> |                 |
| Does this proposal require an Equality Impact Assessment?   | YES             |
| Will this proposal require a Specific Service Consultation  | YES             |
| Accountable Head of Service   | Jo-Anne Sanders |

**INTEGRATION, ACCESS & COMMUNITY HUB**

| SERVICE ACTIVITY                             | 18-19<br>CONTROLLABLE<br>GROSS<br>EXPENDITURE<br>£000 | 18-19<br>CONTROLLABLE<br>INCOME<br>£000 | 18-19 NET<br>CONTROLLABLE<br>BUDGET<br>£000 | MINUSES<br>£000 | PLUSES<br>£000 | 19-20<br>BUDGET<br>PROPOSAL<br>£000 | MINUSES<br>£000 | PLUSES<br>£000 | 20-21<br>BUDGET<br>PROPOSAL<br>£000 | MINUSES<br>£000 | PLUSES<br>£000 | 21-22<br>BUDGET<br>PROPOSAL<br>£000 |
|--|---|---|---|-----------------|----------------|-------------------------------------|-----------------|----------------|-------------------------------------|-----------------|----------------|-------------------------------------|
| <b>Community Liaison</b>                     | 1,967   | (246)                                   | 1,721                                       |                 |                | 1,721                               |                 |                | 1,721                               |                 |                | 1,721                               |
| <b>Access, Strategy &amp; Delivery</b>       |   |   |   |                 |                |                                     |                 |                |                                     |                 |                |                                     |
| Library & Information Centres                | 3,518   | (49)                                    | 3,469                                       | (300)           |                | 3,169                               |                 |                | 3,169                               |                 |                | 3,169                               |
| Registrars                                   | 669   | (639)                                   | 30  |                 |                | 30                                  |                 |                | 30                                  |                 |                | 30                                  |
| Customer Service Centres                     | 1,323   | (72)                                    | 1,251                                       |                 |                | 1,251                               |                 |                | 1,251                               |                 |                | 1,251                               |
| Kirklees Direct                              | 2,635   | (847)                                   | 1,788                                       | (100)           |                | 1,688                               | (100)           |                | 1,588                               |                 |                | 1,588                               |
| Digital Services                             | 65  | 0                                       | 65  |                 |                | 65                                  |                 |                | 65                                  |                 |                | 65                                  |
| Community Languages                          | 601   | (714)                                   | (113)                                       |                 |                | (113)                               |                 |                | (113)                               |                 |                | (113)                               |
| <b>Total</b>                                 | <b>8,811</b>  | <b>(2,321)</b>                          | <b>6,490</b>                                | <b>(400)</b>    | <b>0</b>       | <b>6,090</b>                        | <b>(100)</b>    | <b>0</b>       | <b>5,990</b>                        | <b>0</b>        | <b>0</b>       | <b>5,990</b>                        |
| <b>Management &amp; Regulatory Functions</b> | 365   | 0                                       | 365   | (300)           |                | 65                                  |                 |                | 65                                  |                 |                | 65                                  |
| <b>TOTAL INTEGRATION</b>                     | <b>11,143</b>   | <b>(2,567)</b>                          | <b>8,576</b>                                | <b>(700)</b>    | <b>0</b>       | <b>7,876</b>                        | <b>(100)</b>    | <b>0</b>       | <b>7,776</b>                        | <b>0</b>        | <b>0</b>       | <b>7,776</b>                        |

**INTEGRATION - MINUSES**

| Service Activity                       | Proposed Change   | Savings Reference | £000         |              |          |              |
|--|---|-------------------|--------------|--------------|----------|--------------|
|  |   |                   | 2019-20      | 2020-21      | 2021-22  | Total        |
| <b>EXISTING MTFP MINUSES</b>           |   |                   |              |              |          |              |
| <b>Access, Strategy &amp; Delivery</b> |   |                   |              |              |          |              |
| Library & Information Centres          | Re-shape Library and information Service  | EX IN1            | (300)        |              |          | (300)        |
| Access to Services - Customer Service  | New ways of working   | EX IN2            | (100)        | (100)        |          | (200)        |
| Management & Regulatory                | Cross-cutting savings expected on budget areas in Integration and potentially more widely across the organisation | EX IN3            | (300)        |              |          | (300)        |
| <b>TOTAL MINUSES FOR INTEGRATION</b>   |   |                   | <b>(700)</b> | <b>(100)</b> | <b>0</b> | <b>(800)</b> |

|                   |   |
|-------------------|---|
| Service Director  | Integration, Access & Community Hub                           |
| Service Area      | Access, Strategy & Delivery - Library and Information Centres |
| Headline Proposal | Re-shape Library and information Service                      |
| Reference         | EX IN1  |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 | 2022/23<br>£000 |
|---|-----------------|-----------------|-----------------|-----------------|
| Incremental Savings                           | (300)           |                 |                 |                 |
| Cumulative Savings                            | (300)           | (300)           | (300)           | (300)           |
| Budget after Savings<br>(Controllable Budget) | 3,168           | 3,168           | 3,168           | 3,168           |
| FTE Reduction                                 | 10              |                 |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)  |
|---|
| <p>In August 2018 cabinet agreed a service delivery framework for the library service and gave a period of time to establish how the service, with support from communities and partners will contribute to Council priorities and outcomes in a local context within a reduced financial resource.</p> <p>The £300k savings will be made from a review of the library service delivery in line with the agreed framework. The framework detailed the following:</p> <ul style="list-style-type: none"> <li>• Libraries must be situated in the right building in the right place, to meet community needs and maximise the impact on early intervention and prevention</li> <li>• Libraries should be situated where possible on one floor to ensure an efficient and cost effective delivery model</li> <li>• A local plan should be developed for each area to reflect the differing needs of each community</li> <li>• Staff should be equipped and supported to deliver on the future library strategy and job profiles should reflect the future roles needed to deliver the new service</li> <li>• The services and activities provided must meet the Council's outcomes</li> </ul> <p>There will also be a move to secure an external partner to provide the Home Service on behalf of the Council.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes  |
|---|
| <p>A full service review will include individual equality impact assessments, which will identify mitigating action on a place by place basis. Consultation was undertaken in 2018 and influenced the cabinet decisions. Engagement is and will continue to be ongoing as changes to service delivery are considered on a place by place basis.</p> |

|  |     |
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| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | YES |

|                             |               |
|-----------------------------|---------------|
| Accountable Head of Service | Dave Thompson |
|-----------------------------|---------------|

|                   |  |
|-------------------|--|
| Service Director  | Integration, Access & Community Hub              |
| Service Area      | Access, Strategy & Delivery – Access to Services |
| Headline Proposal | New ways of working                              |
| Reference         | EX IN2   |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (100)           | (100)           |                 |
| Cumulative Savings                            | (100)           | (200)           | (200)           |
| Budget after Savings<br>(Controllable Budget) | 1,711           | 1,611           | 1,611           |
| FTE reduction                                 | 5               | 5               |                 |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>The service has been moving to digital by design and automated service delivery models. There will be a complete service redesign looking at staff to manager ratios, senior role requirements and service delivery changes.</p> <p>Increasing digital by design contacts, increased automation of telephone calls and reducing avoidable contact are necessary to meet the budget requirements. Risks include the increase of services using the customer service centres and Kirklees Direct as those resources reduce.</p> <p>The proposals from 2019/20 onwards relate to the expected ongoing roll out of Universal Credit (from 2017 to at least 2022) and the transferring of claims and contacts to the Department for Work and Pensions (DWP). As the DWP take on all responsibility for specific claims this will reduce the caseload, the volume of claims for back office processing, and contacts into the customer service centres and Kirklees Direct.</p> <p>Consideration will be given to reducing opening hours of both the customer service centres and telephone contact centre. Online would remain 24/7 with telephone contacts for emergency services only.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes |
|--|
| Continued work with services to reduce avoidable contact, digital by design and automated services.  |

|  |     |
|--|-----|
| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | NO  |

|                             |               |
|-----------------------------|---------------|
| Accountable Head of Service | Dave Thompson |
|-----------------------------|---------------|

|                   |   |
|-------------------|---|
| Service Director  | Integration, Access & Community Hub   |
| Service Area      | Management & Regulatory   |
| Headline Proposal | Cross-cutting savings expected on budget areas in Integration and potentially more widely across the organisation |
| Reference         | EX IN3  |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 | 2022/23<br>£000 |
|---|-----------------|-----------------|-----------------|-----------------|
| Incremental Savings                           | (300)           |                 |                 |                 |
| Cumulative Savings                            | (300)           | (300)           | (300)           | (300)           |
| Budget after Savings<br>(Controllable Budget) | 7,876           | 7,876           | 7,876           | 7,876           |
| FTE Reduction                                 |                 |                 |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>There will be a corporate whole system approach to delivering service changes and a further £300k of cross-cutting savings is expected on budget areas in Integration and potentially more widely across the organisation. These cross-cutting savings as set out are an indicative target. Specific savings will be shaped up early 2019/20 based on a more considered review of the potential impact of place based work across the organisation. It is acknowledged there are to be timing considerations in terms of actual delivery.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes  |
|---|
| <p>The potential impact will be assessed as the savings plans are shaped further in early 2019/20. Key factors will be taken into account through this planning, and mitigating actions taken to alleviate and/or avoid significant issues.</p> |

|  |    |
|--|----|
| Does this proposal require an Equality Impact Assessment?  | NO |
| Will this proposal require a Specific Service Consultation | NO |

|                             |               |
|-----------------------------|---------------|
| Accountable Head of Service | Dave Thompson |
|-----------------------------|---------------|

ADULTS SOCIAL CARE OPERATION

| SERVICE ACTIVITY  | 18-19                               |                                |                                    | 18-19 NET CONTROLLABLE BUDGET |              |                      | 19-20 BUDGET PROPOSAL |              |                      | 20-21 BUDGET PROPOSAL |              |                      | 21-22 BUDGET PROPOSAL |              |                      |
|---|-------------------------------------|--------------------------------|------------------------------------|-------------------------------|--------------|----------------------|-----------------------|--------------|----------------------|-----------------------|--------------|----------------------|-----------------------|--------------|----------------------|
|   | CONTROLLABLE GROSS EXPENDITURE £000 | 18-19 CONTROLLABLE INCOME £000 | 18-19 NET CONTROLLABLE BUDGET £000 | MINUSES £000                  | PLUSES £000  | BUDGET PROPOSAL £000 | MINUSES £000          | PLUSES £000  | BUDGET PROPOSAL £000 | MINUSES £000          | PLUSES £000  | BUDGET PROPOSAL £000 | MINUSES £000          | PLUSES £000  | BUDGET PROPOSAL £000 |
| Assessment and Care Management  | 6,328                               | (1,548)                        | 4,780                              | (560)                         |              | 4,220                |                       |              | 4,220                |                       |              | 4,220                |                       |              | 4,220                |
| Assessment and Care Management Gateway to Care                                | 1,340                               | (118)                          | 1,222                              |                               |              | 1,222                |                       |              | 1,222                |                       |              | 1,222                |                       |              | 1,222                |
| <b>Total</b>  | <b>7,668</b>                        | <b>(1,666)</b>                 | <b>6,002</b>                       | <b>(560)</b>                  | <b>0</b>     | <b>5,442</b>         | <b>0</b>              | <b>0</b>     | <b>5,442</b>         | <b>0</b>              | <b>0</b>     | <b>5,442</b>         | <b>0</b>              | <b>0</b>     | <b>5,442</b>         |
| <b>Demand Led Activity</b>  |                                     |                                |                                    |                               |              |                      |                       |              |                      |                       |              |                      |                       |              |                      |
| Self Directed Support   | 15,674                              | (8,973)                        | 6,701                              | (1,094)                       | 4,300        | 9,907                | (3,577)               | 8,050        | 14,380               | (3,791)               | 7,350        | 17,939               |                       |              | 17,939               |
| Independent Sector Residential and Nursing Placements                         | 33,484                              | (13,792)                       | 19,692                             | (267)                         | 950          | 20,375               |                       |              | 20,375               |                       |              | 20,375               |                       |              | 20,375               |
| Independent Sector Residential and Nursing Placements - Older People          | 4,860                               | (1,703)                        | 3,157                              | (120)                         |              | 3,037                |                       |              | 3,037                |                       |              | 3,037                |                       |              | 3,037                |
| Independent Sector Residential and Nursing Placements - Physical Disabilities |                                     |                                |                                    |                               |              |                      |                       |              |                      |                       |              |                      |                       |              |                      |
| <b>Total</b>  | <b>38,344</b>                       | <b>(15,495)</b>                | <b>22,849</b>                      | <b>(387)</b>                  | <b>950</b>   | <b>23,412</b>        | <b>0</b>              | <b>0</b>     | <b>23,412</b>        | <b>0</b>              | <b>0</b>     | <b>23,412</b>        | <b>0</b>              | <b>0</b>     | <b>23,412</b>        |
| <b>In-House Residential - Older People</b>                                    | 5,203                               | (1,735)                        | 3,468                              |                               |              | 3,468                |                       |              | 3,468                |                       |              | 3,468                |                       |              | 3,468                |
| Day Care and Other Contracted Services  | 847                                 | (37)                           | 810                                |                               |              | 810                  |                       |              | 810                  |                       |              | 810                  |                       |              | 810                  |
| In-House Day Care   | 2,367                               | (646)                          | 1,721                              | (183)                         |              | 1,538                | (50)                  |              | 1,488                | (100)                 |              | 1,388                |                       |              | 1,388                |
| Contracted Services (mainly independent sector day care)                      | 3,214                               | (683)                          | 2,531                              | (183)                         | 0            | 2,348                | (50)                  | 0            | 2,298                | (100)                 | 0            | 2,198                |                       |              | 2,198                |
| <b>Total</b>  | <b>6,233</b>                        | <b>(4,890)</b>                 | <b>1,343</b>                       | <b>(183)</b>                  | <b>0</b>     | <b>1,343</b>         | <b>(183)</b>          | <b>0</b>     | <b>1,343</b>         | <b>(100)</b>          | <b>0</b>     | <b>1,343</b>         | <b>(100)</b>          | <b>0</b>     | <b>1,343</b>         |
| <b>Other Demand-Led Services</b>  | 1,568                               | (434)                          | 1,134                              |                               |              | 1,134                |                       |              | 1,134                |                       |              | 1,134                |                       |              | 1,134                |
| Excellent Homes for Life (supported living)                                   | 4,569                               | (3,728)                        | 841                                | (33)                          |              | 808                  |                       |              | 808                  |                       |              | 808                  |                       |              | 808                  |
| Provision of Community Equipment  | 362                                 | 0                              | 362                                |                               |              | 362                  |                       |              | 362                  |                       |              | 362                  |                       |              | 362                  |
| Emergency Support (including Persons from Abroad)                             | 1,126                               | (1,063)                        | 63                                 | (20)                          |              | 43                   |                       |              | 43                   |                       |              | 43                   |                       |              | 43                   |
| Care Phones and Assistive Technology  | 3,304                               | 0                              | 3,304                              | (4,917)                       |              | (1,613)              |                       | 1,800        | 187                  |                       |              | 187                  |                       |              | 187                  |
| Other Demand Led  | 0                                   | (12,400)                       | (12,400)                           | (7,560)                       | 2,700        | (17,260)             |                       |              | (17,260)             |                       |              | (17,260)             |                       |              | (17,260)             |
| Adult Social Care Grant & Better Care Funding                                 | 17,162                              | (22,515)                       | (5,353)                            | (12,530)                      | 2,700        | (15,183)             |                       | 1,800        | (13,383)             |                       | 0            | (13,383)             |                       | 0            | (13,383)             |
| <b>Total</b>  | <b>79,597</b>                       | <b>(49,401)</b>                | <b>30,196</b>                      | <b>(14,194)</b>               | <b>7,950</b> | <b>23,952</b>        | <b>(3,627)</b>        | <b>9,850</b> | <b>30,175</b>        | <b>(3,891)</b>        | <b>7,350</b> | <b>33,634</b>        | <b>(3,891)</b>        | <b>7,350</b> | <b>33,634</b>        |
| <b>Total Demand Led</b>   |                                     |                                |                                    |                               |              |                      |                       |              |                      |                       |              |                      |                       |              |                      |
| Early Intervention & Prevention   | 400                                 | 0                              | 400                                |                               |              | 400                  |                       |              | 400                  |                       |              | 400                  |                       |              | 400                  |
| Support for Carers  | 400                                 | 0                              | 400                                | 0                             | 0            | 400                  | 0                     | 0            | 400                  | 0                     | 0            | 400                  | 0                     | 0            | 400                  |
| <b>Total</b>  | <b>0</b>                            | <b>(1,244)</b>                 | <b>(1,244)</b>                     | <b>(924)</b>                  | <b>320</b>   | <b>(24)</b>          | <b>(20)</b>           | <b>48</b>    | <b>(876)</b>         | <b>(20)</b>           | <b>48</b>    | <b>(876)</b>         | <b>(20)</b>           | <b>48</b>    | <b>(876)</b>         |
| <b>Older People Residential Strategy</b>                                      | 4,319                               | (519)                          | 3,800                              | (113)                         |              | 3,687                |                       |              | 3,687                |                       |              | 3,687                |                       |              | 3,687                |
| Management & Regulatory Functions   |                                     |                                |                                    |                               |              |                      |                       |              |                      |                       |              |                      |                       |              |                      |
| <b>TOTAL ADULTS SOCIAL CARE OPERATION</b>                                     | <b>91,984</b>                       | <b>(52,830)</b>                | <b>39,154</b>                      | <b>(14,867)</b>               | <b>8,270</b> | <b>32,557</b>        | <b>(3,647)</b>        | <b>9,898</b> | <b>38,808</b>        | <b>(3,891)</b>        | <b>7,350</b> | <b>42,267</b>        | <b>(3,891)</b>        | <b>7,350</b> | <b>42,267</b>        |

**ADULTS SOCIAL CARE OPERATION - MINUSES**

| Service Activity  | Proposed Change  | £000                       |         |         |         | Total   |
|---|--|----------------------------|---------|---------|---------|---------|
|   |  | Savings Template Reference | 2019-20 | 2020-21 | 2021-22 |         |
| <b>EXISTING MTFP MINUSES</b>  |  |                            |         |         |         |         |
| Assessment & Care Management  | Staffing Realignment within Adult Social Care  | EX AS1                     | (310)   |         |         | (310)   |
| <b>Demand Led Activity</b>  |  |                            |         |         |         |         |
| Self Directed Support (SDS)   | Staffing Realignment within Adult Social Care  | EX AS2                     | (250)   |         |         | (250)   |
|   | Adjustment to reflect the profiling of national living wage contract pressures               | EX AS3                     | (93)    |         |         | (93)    |
|   | Reduced spend on independent sector home care and apply proportional spend on direct payment |                            | (988)   |         |         | (988)   |
|   | Independent Living fund reduction in grant   |                            | (13)    |         |         | (13)    |
| <b>Independent Sector Residential and Nursing Placements</b>                |  |                            |         |         |         |         |
| Independent Sector Residential & Nursing Placements - Older People          | Reduction of Older People & Physical Disability placements                                   | EX AS4                     | (267)   |         |         | (267)   |
| Independent Sector Residential & Nursing Placements - Physical Disabilities | Reduction of Older People & Physical Disability placements                                   | EX AS5                     | (120)   |         |         | (120)   |
| <b>Day Care and Other Contracted Services</b>                               |  |                            |         |         |         |         |
| Contracted Services (mainly Independent Sector Day Care)                    | Review of all existing contracts   | EX AS6                     | (133)   |         |         | (133)   |
|   | Older People's Independent Sector Day Services   | EX AS7                     | (50)    | (50)    | (100)   | (200)   |
| <b>Other Demand-Led Services</b>  |  |                            |         |         |         |         |
| Provision of Community Equipment  | Community equipment  | EX AS8                     | (33)    |         |         | (33)    |
| Care Phones & Assistive Technology  | Care phones - increased income   | EX AS9                     | (20)    |         |         | (20)    |
| Other Demand-Led  | Review of out of hours services  | EX AS10                    | (67)    |         |         | (67)    |
| Adult Social Care Grant & Better Care Funding                               | Additional Better Care funding   |                            | (5,700) |         |         | (5,700) |
| <b>Management &amp; Regulatory Functions</b>                                |  |                            |         |         |         |         |
|   | Business support realignment across Adult Social Care  | EX AS12                    | (93)    |         |         | (93)    |
|   | Reduction of Transport Costs   | EX AS13                    | (20)    | (20)    |         | (40)    |
|   |  |                            | (8,157) | (70)    | (100)   | (8,327) |

**ADULTS SOCIAL CARE OPERATION - MINUSES**

| Service Activity                       | Proposed Change  | £000                       |                 |                |                 |
|--|--|----------------------------|-----------------|----------------|-----------------|
|  |  | Savings Template Reference | 2019-20         | 2020-21        | 2021-22         |
| <b>NEW MTFP MINUSES</b>                |  |                            |                 |                |                 |
| Assessment & Care Management           | Reprofiling of demand led activity developments                          |                            | (1,800)         |                | (1,800)         |
| <b>Demand Led Activity</b>             |  |                            |                 |                |                 |
| Self Directed Support (SDS)            | Adult Social Care Council Tax Precept                                    |                            |                 | (3,577)        | (7,368)         |
| <b>Other Demand-Led Services</b>       |  |                            |                 |                |                 |
| Care Phones & Assistive Technology     | Care phones - increased income   | NEW AS1                    | (250)           |                | (250)           |
| Other Demand-Led                       | Additional Better Care Fund offset - assumed rolled forward from 2019-20 |                            | (2,600)         |                | (2,600)         |
| Adult Social Care Grant & Better Care  | Change in bad debt provision   | NEW AS2                    | (200)           |                | (200)           |
|  | Additional Government social care funding allocation                     |                            | (1,860)         |                | (1,860)         |
|  |  |                            | (6,710)         | (3,577)        | (14,078)        |
| <b>TOTAL MINUSES FOR ADULTS SOCIAL</b> |  |                            | <b>(14,867)</b> | <b>(3,647)</b> | <b>(22,405)</b> |

**ADULTS SOCIAL CARE OPERATION - PLUSES**

| Service Activity   | Proposed Change  | £000         |              |              |               |
|--|--|--------------|--------------|--------------|---------------|
|  |  | 2019-20      | 2020-21      | 2021-22      | Total         |
| <b>EXISTING MTFP PLUSES</b>  |  |              |              |              |               |
| <b>Demand Led Activity</b>   |  |              |              |              |               |
| Independent Sector Residential & Nursing Placements - Older People | Future Pressures - Older People Demographic (3%)                   | 950          |              |              | 950           |
| Adult Social Care Grant & Better Care Funding                      | Improved Better Care offer - spring 2017 budget further allocation | 2,700        |              |              |               |
| Older People's Residential Strategy                                | Minor budget adjustments to direct residential provision           | 20           | 48           |              | 68            |
|  |  | <b>3,670</b> | <b>48</b>    |              | <b>1,018</b>  |
| <b>NEW MTFP PLUSES</b>   |  |              |              |              |               |
| <b>Assessment &amp; Care Management</b>                            |  |              |              |              |               |
|  | Reprofiling of demand led activity developments                    |              | 1,800        |              | 1,800         |
| <b>Demand Led Activity</b>   |  |              |              |              |               |
| Adult Social Care Grant & Better Care Funding                      | Adult Social Care - Third Party Contracts                          | 4,300        | 4,300        | 3600         | 12,200        |
| Older People Residential Strategy                                  | Adult Social Care - demand led pressures                           |              | 3,750        | 3,750        | 7,500         |
|  | Net pressure   | 300          |              |              | 300           |
|  |  | <b>4,600</b> | <b>9,850</b> | <b>7,350</b> | <b>21,800</b> |
| <b>TOTAL PLUSES FOR ADULTS SOCIAL CARE OPERATION</b>               |  | <b>8,270</b> | <b>9,898</b> | <b>7,350</b> | <b>22,818</b> |

|                   |   |
|-------------------|---|
| Service Director  | Adults Social Care Operation              |
| Service Area      | Assessment and Care Management            |
| Headline Proposal | Staffing Related Savings                  |
| Reference         | EX AS1, EX AS2, EX AS10, EX AS12, EX AS13 |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (740)           | (20)            |                 |
| Cumulative Savings                            | (740)           | (760)           | (760)           |
| Budget after Savings<br>(Controllable Budget) | 11,439          | 11,419          | 11,419          |
| FTE Reduction                                 | 15              |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>A number of savings are proposed that relate to the wider question of how the staffing complement is best placed to fulfil the outcomes and tackle the demands of the current Social Care market. A number of projects and workstreams will be undertaken to ensure that the workforce is the best fit, and that processes and methodologies undertaken are the most effective in achieving outcomes. These include the following:</p> <p><u>Staffing realignment</u></p> <p>It is proposed that the Adult social care workforce and structure be reviewed and aligned with new ways of working resulting from the Transformation programme. Developments around on-line assessment, reviews to enhance self-service and redesigned business processes will support more efficient working and enable managerial duties to be streamlined. Improved demand management, more integrated ways of working and alignment with Early Intervention and Prevention will deliver more effective and efficient ways of working.</p> <p><u>Business Support realignment across Adult Social Care</u></p> <p>This proposal will enable both commissioning and adults' services to investigate and realign its business support and have a well organised, structured support service which is able to deliver services based on the key priorities for 'New Council'.</p> <p>The realignment will focus on providing a cost effective and efficient service by reconsidering the number of vacancies and secondments within the service with a view to either removing or realigning posts to where pressures are emerging. The proposal is to merge existing resources, whilst addressing wider service changes and ensuring resources are used flexibly to support the changing demands within the directorate.</p> <p><u>Review of out of hours services</u></p> <p>A report was previously submitted to cabinet that set out proposals for developing a 24 hrs service provision for the council, where all out of hours operations are centralised.</p> <p>The council has a number of functions that operate outside of normal office hours, providing emergency cover and telephone assistance for a variety of services, including</p> |

Kirklees Neighbourhood Housing (KNH), Children's and Young People's services, Adults' services, and Environmental Services.

Each service has different arrangements to cover these provisions and it is intended to consider how we can join up services where appropriate to achieve efficiencies and savings.

The report recommended taking a 2 phase approach. Phase 1 involved merging together CCTV and Kirklees Direct Out of Hours Service, with savings based on an overall reduction in staffing levels; done by removing vacancies and temporary staff.

Phase 2 will bring in Children's and Adults' services to identify any potential saving and, in addition, will identify potential revenue savings within the councils current commitments for security and alarms. It will also consider the potential for a service that includes KNH CCTV to make further savings across the council.

Once successfully completed, the new service will offer an opportunity to then explore expanding our current CCTV provision to support early intervention and prevention, and economic resilience, and then to consider further expansion into the external market. This will require careful consideration so as not to adversely affect the local economy and local businesses, but could see CCTV provision for key local partners, schools, colleges and universities.

#### Reduction of Transport Costs

The council is continuing to work towards allowing all employees to be able to manage their time and their travel through working smarter. This is being done by balancing travel needs through using environmentally friendly forms of transport wherever possible and having the equipment and suitable locations, through the Mobile and Agile Programme to minimise unnecessary travel. This will be facilitated by the options of facilities across the district that will be accessible to staff and the use of mobile technology to assist in working from home, or other locations.

The savings will be comprised of the following reductions:

- number and value of mileage claims
- number of parking claims being required
- number of council funded travel cards
- need for city cars/rental cars

**Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes**

#### Staffing realignment

There is a risk of continued rising demand which the system cannot meet, the mitigation will be through work streams including the re-design of Front Door, the Digital by Design offer and pathway re-design. The relative timings may present some risk.

New ways of working have been introduced and will continue to be implemented throughout 2019/20 but embedding cultural change takes time.

Business Support realignment across Adult Social Care

Reductions in staffing and management levels within business support will impact on the services being supported. Before any decisions are finalised, an impact analysis will be created.

Review of out of hours services

This proposal has the potential to improve out of hours services for adults and the work will link to the corporate front door services to deliver a consistent approach across the council out of hours.

Ensuring our legal duties with regards to safeguarding and data protection, particularly with phase 2, are fundamental to the approach being proposed. The project will work closely both internally and with partner organisations to ensure protection of the most vulnerable adults and children and safeguard their interests at all times.

Reduction of Transport Costs

Essential travel, parking etc. will continue to be offered to ensure business critical travel is sustained.

Employees will be supported through the use of technology and options for workplace and travel to ensure they are supported.

Promotion and further development of the green agenda.

|  |     |
|--|-----|
| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | YES |

|                             |  |
|-----------------------------|--|
| Accountable Head of Service | Simon McGurk, David MacDonald, Saf Bhuta, Simon Baker, Michelle Cross, Amanda Evans. |
|-----------------------------|--|

|                   |  |
|-------------------|--|
| Service Director  | Adults Social Care Operation   |
| Service Area      | Demand Led Services  |
| Headline Proposal | Reduced spend on independent sector home care and apply proportional spend on direct payment |
| Reference         | EX AS3   |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (988)           |                 |                 |
| Cumulative Savings                            | (988)           | (988)           | (988)           |
| Budget after Savings<br>(Controllable Budget) | 13,686          | 21,736          | 29,086          |
| FTE Reduction                                 |                 |                 |                 |

| Description of Savings Proposal (including interdependencies and risk)  |
|---|
| <p>Reduction in demand for commissioning of home care packages and applying more rigorous practice with direct payments through:</p> <ul style="list-style-type: none"> <li>• Implementing the systems thinking methodology</li> <li>• Redesigning, refocusing to align more closely with the early intervention and prevention offer</li> <li>• Closely monitoring direct payments and ensuring unspent resources are reclaimed</li> <li>• Redesign of the response at single point of access</li> <li>• Targeting of reablement interventions</li> <li>• Greater scrutiny of current packages through reviews</li> <li>• Increased use of assistive technology</li> </ul> <p>The budget after savings shown takes account of amounts included for third party contracts and demand led pressures.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes   |
|--|
| <ul style="list-style-type: none"> <li>• Adult social care demand and level of need is increasing significantly which places increased challenge on the system.</li> <li>• The system relies on sufficient independent sector homecare in the market. Market development is ongoing and homecare contracts have been retendered.</li> <li>• The reshaping of early intervention and prevention will take some time to embed and this gives rise to the risk of an increase in demand in the early stages.</li> <li>• Services are targeting resources to ensure reviews are completed; consequently reducing need across adult social care.</li> </ul> |

|  |                                |
|--|--------------------------------|
| Does this proposal require an Equality Impact Assessment?  | YES                            |
| Will this proposal require a Specific Service Consultation | NO                             |
| Accountable Head of Service                                | Simon McGurk & David MacDonald |

|                   |  |
|-------------------|--|
| Service Director  | Adults Social Care Operation                                 |
| Service Area      | Independent Sector Residential & Nursing Placements          |
| Headline Proposal | Reduction of older people and physical disability placements |
| Reference         | EX AS4 & EX AS5  |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (387)           |                 |                 |
| Cumulative Savings                            | (387)           | (387)           | (387)           |
| Budget after Savings<br>(Controllable Budget) | 21,009          | 21,009          | 21,009          |
| FTE Reduction                                 |                 |                 |                 |

**Description of Savings Proposal (including interdependencies and risk)**

Individuals will be supported to stay at home for as long as possible through:

- Home based interventions such as reablement and home care that maximise independence and safety at home
- Support from assistive technology
- Support with maximising their strengths, abilities and use of local community resources
- Early intervention and prevention support

The service will ensure that guidance, support and the right packages of care are offered to people and this will be done by adopting a strengths based approach.

The service will continue to work closely with clinical commissioning groups and health colleagues to ensure people with continuing healthcare needs are identified and appropriately supported.

The budget after savings shown takes account of amounts included for demand led pressures.

**Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes**

Demand for adult social care is rising and so this diverting demand may be hidden by demographic changes.

There is likely to be a consequent impact on the budget that supports people at home. Ensuring appropriate early intervention and prevention interventions will assist in mitigating this.

Changes in the design of reablement services to maximise integration opportunities and embed a 'discharge to assess pathway' will ensure that people have increased opportunities to maximise independence and make decisions about long term care from their homes

As part of other savings we will encounter reducing resources which will need to ensure reviewing resources are appropriately targeted.

|  |     |
|--|-----|
| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | NO  |

|                             |                                |
|-----------------------------|--------------------------------|
| Accountable Head of Service | Simon McGurk & David MacDonald |
|-----------------------------|--------------------------------|

|                   |                                  |
|-------------------|----------------------------------|
| Service Director  | Adults Social Care Operations    |
| Service Area      | Day Care and Contracted services |
| Headline Proposal | Review of all existing contracts |
| Reference         | EX AS6                           |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (133)           |                 |                 |
| Cumulative Savings                            | (133)           | (133)           | (133)           |
| Budget after Savings<br>(Controllable Budget) | 1,720           | 1,670           | 1,570           |
| FTE Reduction                                 |                 |                 |                 |

#### Description of Savings Proposal (including interdependencies and risk)

Reduction in demand and commissioning of day care services through:

- Redesigning, refocusing and more alignment with the early intervention and prevention offer
- Reconfiguration of the existing day services provision
- Greater scrutiny of current packages through reviews
- Developing and using community resources
- Transformation programme for day care services

Review of all existing contracts and:

- Amend accordingly with any revised demand levels indicated by early intervention and prevention management.
- Redesign and remodel contracts based on occupancy levels/take up
- Reduce and decommission low level need/risk contracts
- Identify potential contracts for risk assessed reduction in provision
- Implement integrated commissioning arrangements
- Ensure robust contract evaluation process is implemented

The budget after savings shown also takes account of savings template EX AS7.

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes

- The achievement of any savings in this area will be considered against the early intervention and prevention proposals being developed elsewhere and an equality impact assessment being developed for that area.
- Adult social care demand and level of need is increasing significantly which places increased challenge on the system.
- The reshaping of early intervention and prevention will take some time to take place and embed, and this gives rise to the risk of an increase in demand in the early stages.
- The system relies on sufficient independent sector provision in the market. Currently there is no market provision available for complex dementia delivery. Market Development is ongoing.

|  |     |
|--|-----|
| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | NO  |

|                             |             |
|-----------------------------|-------------|
| Accountable Head of Service | Simon Baker |
|-----------------------------|-------------|

|                   |  |
|-------------------|--|
| Service Director  | Adults Social Care Operations                  |
| Service Area      | Commissioning and Health Partnerships          |
| Headline Proposal | Older People's Independent Sector Day Services |
| Reference         | EX AS7   |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (50)            | (50)            | (100)           |
| Cumulative Savings                            | (50)            | (100)           | (200)           |
| Budget after Savings<br>(Controllable Budget) | 522             | 472             | 372             |
| FTE Reduction                                 |                 |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>The projected savings outlined above will be achieved by:</p> <ul style="list-style-type: none"> <li>• A review of all individuals currently using independent sector day services will take place to identify individuals with low level need</li> <li>• Working with the current providers, community hubs and the voluntary and community sector, to identify community resources which may be in a position to provide alternative daytime activities to meet low level need.</li> <li>• Consultation with service users and carers to find out what would meet their needs.</li> <li>• Calculation of actual potential savings for future years.</li> <li>• Developing an exit strategy from the current contract.</li> <li>• Modelling of services for individuals with higher level needs.</li> <li>• Developing resources in the community in line with the outcomes of the service user and carer consultation.</li> <li>• Commencement of movement of individuals with low level needs towards community-based support solutions.</li> <li>• As money is released from the contract, investment into community services which aim to meet individuals with higher level needs.</li> </ul> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes   |
|--|
| <ul style="list-style-type: none"> <li>• Adult social care demand and level of need is rising significantly which places increased challenge on the system.</li> <li>• As part of other savings, the review team will reduce. The service will ensure that reviewing capacity is focussed where need is greatest.</li> <li>• The system relies on sufficient independent sector provision in the market. Currently there is no market provision available for complex dementia delivery. Market development is ongoing.</li> </ul> |

|  |     |
|--|-----|
| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | YES |

|                             |             |
|-----------------------------|-------------|
| Accountable Head of Service | Simon Baker |
|-----------------------------|-------------|

|                   |                              |
|-------------------|------------------------------|
| Service Director  | Adults Social Care Operation |
| Service Area      | Other Demand Led Services    |
| Headline Proposal | Community equipment          |
| Reference         | EX AS8                       |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (33)            |                 |                 |
| Cumulative Savings                            | (33)            | (33)            | (33)            |
| Budget after Savings<br>(Controllable Budget) | 810             | 810             | 810             |
| FTE Reduction                                 |                 |                 |                 |

| Description of Savings Proposal (including interdependencies and risk)  |
|---|
| The reduced spend will be achieved through the new approach to clinical oversight, to ensure that the equipment supplied meets needs at the best price. |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes  |
|---|
| <p>The approved list of equipment will continue to be reviewed against best clinical advice to ensure that service users receive the appropriate equipment to meet assessed need.</p> <p>Service modelling has taken place as part of the tendering exercise.</p> <p>The long term contract of 5 years with the option for a further 2 years should offer more stability and consistency.</p> |

|  |     |
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| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | NO  |

|                             |             |
|-----------------------------|-------------|
| Accountable Head of Service | Simon Baker |
|-----------------------------|-------------|

|                   |  |
|-------------------|--|
| Service Director  | Adults Social Care Operation   |
| Service Area      | Care Phones & Assistive Technology   |
| Headline Proposal | Increase in the use of Assistive Technology/Care phones - increased income |
| Reference         | EX AS9 & NEW AS1   |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (270)           |                 |                 |
| Cumulative Savings                            | (270)           | (270)           | (270)           |
| Budget after Savings<br>(Controllable Budget) | 25,734          | 33,734          | 40,984          |
| FTE Reduction                                 |                 |                 |                 |

#### Description of Savings Proposal (Including interdependencies and risk)

A more pro-active approach to the use of Assistive Technology will allow more people to live with confidence and safety in their own homes. This in turn will lead to a reduced level of demand within frontline care.

A diagnostic analysis has been started (similar to that undertaken in other Local Authorities), and initial observations suggest that there are realistic savings/benefits to be achieved from an increased focus on Assistive Technology provision.

Further work is ongoing around options, and this will shape the direction the project takes in 2019-20. Savings are expected of £250k in 2019/20.

It is also proposed to achieve an increase in care phone income of £20K in 2019/20 through promoting and marketing the service with the aim of realising a 7% increase in the number of service users paying for the service. It is also intended to explore new opportunities to support independent providers and other partners through the provision of chargeable services.

The budget after savings shown takes account of amounts included for third party contracts and demand led pressures.

#### Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes

Assistive Technology is already provided by Adults Services. Savings will be achieved by extending the scope and range of this, to enable more service users than currently. This will provide more people with the freedom to live their lives rather than being reliant on more costly and intrusive packages of care. The savings of £250k will be seen across the spectrum of demand-led Adult Social Care.

With regards the income target - some housing scheme providers are considering solutions to address their concerns which include asking care phones to provide out of

hours telecare monitoring alongside a number of other services. This would be a chargeable service and therefore may provide some additional income for the Council.

|  |     |
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| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | NO  |

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| Accountable Head of Service | David MacDonald |
|-----------------------------|-----------------|

|                   |                              |
|-------------------|------------------------------|
| Service Director  | Adult Social Care            |
| Service Area      | Other Demand Led             |
| Headline Proposal | Change in Bad Debt Provision |
| Reference         | NEW AS2                      |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (200)           |                 |                 |
| Cumulative Savings                            | (200)           | (200)           | (200)           |
| Budget after Savings<br>(Controllable Budget) | 200             | 200             | 200             |
| FTE Reduction                                 | N/A             | N/A             | N/A             |

| Description of Savings Proposal (Including interdependencies and risk)  |
|---|
| <p>In recent years there has been a need to increase the level of the bad debt provision held within Adults. This provision is to cover the cost of having to write-off or reverse debts owed to the Service that have not been paid. In line with this, there has been a revenue budget to cover the annual in-year cost of such increases.</p> <p>Recent work has been carried out to review the level of the provision, realigning it to a realistic and manageable position. Closer scrutiny will also mean that it should not increase by the levels seen in previous years. As such, the revenue budget can be reduced accordingly.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes   |
|--|
| <p>There should be no change to the outcomes of the service.</p> <p>There is a risk that if the current economic climate worsens, the level of bad debt may increase over the longer term. This will be mitigated by the Service assessing the level on a continual basis, and taking action as appropriate.</p> |

|  |        |
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| Does this proposal require an Equality Impact Assessment?  | YES/NO |
| Will this proposal require a Specific Service Consultation | NO     |

|                             |               |
|-----------------------------|---------------|
| Accountable Head of Service | Richard Parry |
|-----------------------------|---------------|

COMMISSIONING, QUALITY & PERFORMANCE

| SERVICE ACTIVITY   | 18-19<br>CONTROLLABLE<br>GROSS<br>EXPENDITURE<br>£000 | 18-19<br>CONTROLLABLE<br>INCOME<br>£000 | 18-19 NET<br>CONTROLLABLE<br>BUDGET<br>£000 | MINUSES<br>£000 | PLUSSES<br>£000 | 19-20<br>BUDGET<br>PROPOSAL<br>£000 | MINUSES<br>£000 | PLUSSES<br>£000 | 20-21<br>BUDGET<br>PROPOSAL<br>£000 | MINUSES<br>£000 | PLUSSES<br>£000 | 21-22<br>BUDGET<br>PROPOSAL<br>£000 |
|--|---|---|---|-----------------|-----------------|-------------------------------------|-----------------|-----------------|-------------------------------------|-----------------|-----------------|-------------------------------------|
| <b>Assessment and Care Management</b>  | 3,540   | (649)                                   | 2,891                                       |                 |                 | 2,891                               |                 |                 | 2,891                               |                 |                 | 2,891                               |
| <b>Demand Led Activity</b>   |   |   |   |                 |                 |                                     |                 |                 |                                     |                 |                 |                                     |
| <b>Self Directed Support</b>   | 22,370  | (4,093)                                 | 18,277                                      | (424)           |                 | 17,853                              |                 |                 | 17,853                              |                 |                 | 17,853                              |
| <b>Independent Sector Residential and Nursing Placements</b>                 | 7,314   | (3,568)                                 | 3,746                                       | (67)            | 2,000           | 5,679                               |                 | 1,370           | 7,049                               |                 | 1,551           | 8,600                               |
| <b>Independent Sector Residential and Nursing Placements - Mental Health</b> | 26,611  | (8,674)                                 | 17,937                                      | (423)           | 2,200           | 19,714                              |                 |                 | 19,714                              |                 |                 | 19,714                              |
| <b>Disabilities</b>  |   |   |   |                 |                 |                                     |                 |                 |                                     |                 |                 |                                     |
| <b>Total</b>   | <b>33,925</b>   | <b>(12,242)</b>                         | <b>21,683</b>                               | <b>(490)</b>    | <b>4,200</b>    | <b>25,393</b>                       | <b>0</b>        | <b>1,370</b>    | <b>26,763</b>                       | <b>0</b>        | <b>1,551</b>    | <b>28,314</b>                       |
| <b>In-House Residential - Learning disability</b>                            | 2,605   | (699)                                   | 1,906                                       |                 |                 | 1,906                               |                 |                 | 1,906                               |                 |                 | 1,906                               |
| <b>Day Care and Other Contracted Services</b>                                | 3,106   | (376)                                   | 2,730                                       |                 |                 | 2,730                               |                 |                 | 2,730                               |                 |                 | 2,730                               |
| <b>In-House Day Care</b>   | 3,756   | (26)                                    | 3,730                                       | (234)           |                 | 3,496                               |                 |                 | 3,496                               |                 |                 | 3,496                               |
| <b>Contracted Services (mainly independent sector day care)</b>              | 6,862   | (402)                                   | 6,460                                       | (234)           | 0               | 6,226                               | 0               | 0               | 6,226                               | 0               | 0               | 6,226                               |
| <b>Total</b>   | <b>31</b>   | <b>0</b>                                | <b>31</b>                                   |                 |                 | <b>31</b>                           |                 |                 | <b>31</b>                           |                 |                 | <b>31</b>                           |
| <b>Other Demand-Led Services</b>   | 1,083   | 0                                       | 1,083                                       |                 |                 | 1,083                               |                 |                 | 1,083                               |                 |                 | 1,083                               |
| <b>Emergency Support (Including Persons from Abroad)</b>                     | 1,114   | 0                                       | 1,114                                       | 0               | 0               | 1,114                               |                 |                 | 1,114                               |                 |                 | 1,114                               |
| <b>Learning Disability Shared Lives</b>                                      |   |   |   |                 |                 |                                     |                 |                 |                                     |                 |                 |                                     |
| <b>Total</b>   | <b>66,876</b>   | <b>(17,436)</b>                         | <b>49,440</b>                               | <b>(1,148)</b>  | <b>4,200</b>    | <b>52,492</b>                       | <b>0</b>        | <b>1,370</b>    | <b>53,862</b>                       | <b>0</b>        | <b>1,551</b>    | <b>55,413</b>                       |
| <b>Early Intervention &amp; Prevention</b>                                   | 5,439   | (1,309)                                 | 4,130                                       | (250)           | 500             | 4,380                               |                 | 250             | 4,630                               |                 |                 | 4,630                               |
| <b>Supporting People</b>   | 5,439   | (1,309)                                 | 4,130                                       | (250)           | 500             | 4,380                               | 0               | 250             | 4,630                               | 0               | 0               | 4,630                               |
| <b>Total</b>   | 747   | (300)                                   | 447   |                 |                 | 447                                 |                 |                 | 447                                 |                 |                 | 447                                 |
| <b>Commissioning</b>   | 61  | 0                                       | 61  |                 |                 | 61                                  |                 |                 | 61                                  |                 |                 | 61                                  |
| <b>Contracts Management</b>  | 889   | (176)                                   | 713   |                 |                 | 713                                 |                 |                 | 713                                 |                 |                 | 713                                 |
| <b>Commissioning Heads of Service</b>  | 1,697   | (476)                                   | 1,221                                       | 0               | 0               | 1,221                               | 0               | 0               | 1,221                               | 0               | 0               | 1,221                               |
| <b>Other Commissioning Infrastructure</b>                                    |   |   |   |                 |                 |                                     |                 |                 |                                     |                 |                 |                                     |
| <b>Total</b>   | 457   | 0                                       | 457   |                 |                 | 457                                 |                 |                 | 457                                 |                 |                 | 457                                 |
| <b>Management &amp; Regulatory Functions</b>                                 |   |   |   |                 |                 |                                     |                 |                 |                                     |                 |                 |                                     |
| <b>TOTAL COMMISSIONING, QUALITY &amp; PERFORMANCE</b>                        | <b>78,009</b>   | <b>(19,870)</b>                         | <b>58,139</b>                               | <b>(1,398)</b>  | <b>4,700</b>    | <b>61,441</b>                       | <b>0</b>        | <b>1,620</b>    | <b>63,061</b>                       | <b>0</b>        | <b>1,551</b>    | <b>64,612</b>                       |

**COMMISSIONING, QUALITY & PERFORMANCE - MINUSES**

| Service Activity   | Proposed Change  | £000          |         |         | Total         |
|--|--|---------------|---------|---------|---------------|
|  |  | 2019-20       | 2020-21 | 2021-22 |               |
| <b>EXISTING MTFP MINUSES</b>   |  |               |         |         |               |
| <b>Demand Led Activity</b><br>Self Directed Support (SDS)  | Apply proportionate spend on direct payments<br>Independent Living fund reduction in grant | (412)<br>(12) |         |         | (412)<br>(12) |
| <b>Independent Sector Residential and Nursing Placements</b><br>Independent Sector Residential & Nursing Placements - Learning Disabilities<br>Independent Sector Residential & Nursing Placements - Mental Health | Reduction in high cost learning disability placements<br>Mental health placements          | (423)<br>(67) |         |         | (423)<br>(67) |
| <b>Day Care and Other Contracted Services</b><br>Contracted Services (mainly Independent Sector Day Care)  | Review of all existing contracts   | (234)         |         |         | (234)         |
| <b>NEW MINUSES</b>   |  | (1,148)       | 0       | 0       | (1,148)       |
| <b>Demand Led Activity</b><br>Supporting People  | Additional Savings - New Life Changes Fund   | (250)         |         |         | (250)         |
| <b>TOTAL MINUSES FOR COMMISSIONING, QUALITY &amp; PERFORMANCE</b>  |  | (1,398)       | 0       | 0       | (1,398)       |

**COMMISSIONING, QUALITY & PERFORMANCE - PLUSES**

| Service Activity   | Proposed Change   | Savings Reference | £000         |              |              |              |
|--|---|-------------------|--------------|--------------|--------------|--------------|
|  |   |                   | 2019-20      | 2020-21      | 2021-22      | Total        |
| <b><u>EXISTING MTFP PLUSES</u></b><br>Independent Sector Residential & Nursing Placements - Learning Disabilities                  | Adult Social Care - demand-led pressures                                    |                   | 2,200        |              |              | 2,200        |
| <b><u>NEW MTFP PLUSES</u></b><br><b>Demand Led Activity</b><br>Independent Sector Residential & Nursing Placements - Mental Health | Further demand led pressures  |                   | 2,000        | 1,370        | 1,551        | 4,921        |
| Supporting People  | Mental Health Housing related support<br>Additional savings - one year only |                   | 500          | 250          |              | 500<br>250   |
| <b>TOTAL PLUSES FOR COMMISSIONING, QUALITY &amp; PERFORMANCE</b>   |   |                   | <b>4,700</b> | <b>1,620</b> | <b>1,551</b> | <b>7,871</b> |

|                   |  |
|-------------------|--|
| Service Director  | Commissioning, Quality & Performance         |
| Service Area      | Demand Led Services                          |
| Headline Proposal | Apply proportionate spend on direct payments |
| Reference         | EX CQ1                                       |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (412)           |                 |                 |
| Cumulative Savings                            | (412)           | (412)           | (412)           |
| Budget after Savings<br>(Controllable Budget) | 15,905          | 15,905          | 15,905          |
| FTE Reduction                                 |                 |                 |                 |

#### Description of Savings Proposal (Including interdependencies and risk)

A direct payment represents a device which an individual, who is entitled to receive social care services, can be awarded a payment and the freedom to purchase care services for themselves. This differs from the traditional approach of the Council acting for the individual and purchasing care on their behalf.

Direct payments offer much greater choice and flexibility over all aspects and ways in which the care is received. This also includes the type of care purchased, control over who is employed and flexibility over when that care is delivered. They can be used to purchase respite care and in some instances are being used to purchase equipment or approved modifications to a residence if agreed as an assessed need.

In allowing the council to offer this opportunity there is a need to ensure that guidance, support and right sizing of packages is offered to these clients and this will be done by adopting some of the following approaches;

- Systems thinking methodology
- Redesigning, refocusing and adopting the tiered approach
- Close monitoring of direct payments and ensuring reclaim of unspent resources
- Redesign the response at the front door
- Greater scrutiny of current packages through reviews
- Increasing use of Assistive Technology

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes

- Councils are expected to offer direct payments from within their existing resource base. There is no assigned budget for direct payments costs which are instead deducted against the relevant care budget i.e. Learning Disabilities (LD) & Mental Health (MH) when a direct payment is set up.

- Adult social care demand and level of need has risen significantly which places increased challenge on the system.
- The system relies on well trained and experienced personal assistants in the market. Market development needs to be considered as there is a significant gap in this area for LD/MH. Peer Brokerage in MH has proven to be successful and needs to be expanded to meet future demand.
- The reshaping of early intervention and prevention will take some time to embed and there will be a need to ensure early engagement of Community Plus in supporting LD/MH service users to seek alternatives where costly interventions aren't needed.
- Services have identified internal resource to ensure reviews are carried out this year and we understand the level of need across LD and MH through this process. We will be able to include this as part of the ongoing review cycle.

|  |     |
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| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | NO  |

|                             |                |
|-----------------------------|----------------|
| Accountable Head of Service | Michelle Cross |
|-----------------------------|----------------|

|                   |   |
|-------------------|---|
| Service Director  | Commissioning, Quality & Performance                  |
| Service Area      | Independent sector residential & nursing placements   |
| Headline Proposal | Reduction in high cost learning disability placements |
| Reference         | EX CQ2  |

| Forecast Savings                           | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|-----------------|
| Incremental Income/Expenditure Savings     | (423)           |                 |                 |
| Cumulative Savings                         | (423)           | (423)           | (423)           |
| Budget after Savings (Controllable Budget) | 20,419          | 20,419          | 20,419          |
| FTE Reduction                              |                 |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>Reduction in the number of high cost learning disability placements through:</p> <ul style="list-style-type: none"> <li>• Development of the supported living market.</li> <li>• Supporting people in residential care to move to more cost effective community based arrangements.</li> <li>• Better commissioning of placements that agree a phased reduction in cost.</li> </ul> <p>The budget after savings shown takes account of amounts included for demand led pressures.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes   |     |
|--|-----|
| <p>Continuing Health Care funding is reducing and demand on learning disability placements is increasing. The level of need is also increasing.</p> <p>More dedicated capacity in reviewing will be needed to ensure that the cost of placements is regularly reviewed and strength based practice is applied in all cases.</p> <p>Work is ongoing to explore 'joint commissioning' of placements – including pooled budgets.</p> <p>Further market development will be needed to ensure sufficient supported living arrangements.</p> |     |
| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation   | NO  |

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|-----------------------------|----------------|
| Accountable Head of Service | Michelle Cross |
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|                   |   |
|-------------------|---|
| Service Director  | Commissioning, Quality & Performance                |
| Service Area      | Independent sector residential & nursing placements |
| Headline Proposal | Mental health placements                            |
| Reference         | EX CQ3  |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (67)            |                 |                 |
| Cumulative Savings                            | (67)            | (67)            | (67)            |
| Budget after Savings<br>(Controllable Budget) | 3,987           | 3,987           | 3,987           |
| FTE Reduction                                 |                 |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)  |
|---|
| <p>The Mental Health service is reviewing the service users accessing local and external residential placements.</p> <p>Cases will be prioritised for review and will cover people living in a range of different settings. The review will reassess the service users' social care and establish how these needs can be best met using a more independence model of care.</p> <p>The outcome of these reviews will inform local commissioning with the view of providing not only more appropriate and recovery focussed support but also review the costs of these individual packages.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes  |
|---|
| <p>In addition to this, the Local Authority Commissioners are looking to redesign the range of local social care residential placements and have already begun to work more proactively with Clinical Commissioning Group and local providers to ensure rehabilitation/recovery provisions are in place across Kirklees. Work has begun to establish a local rehabilitation/ recovery pathway that ensures service users are stepped down in a timely manner from acute settings.</p> |

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| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | NO  |

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|-----------------------------|----------------|
| Accountable Head of Service | Michelle Cross |
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|-------------------|--------------------------------------|
| Service Director  | Commissioning, Quality & Performance |
| Service Area      | Day care and contracted services     |
| Headline Proposal | Review of all existing contracts     |
| Reference         | EX CQ4                               |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (234)           |                 |                 |
| Cumulative Savings                            | (234)           | (234)           | (234)           |
| Budget after Savings<br>(Controllable Budget) | 2,966           | 2,966           | 2,966           |
| FTE Reduction                                 |                 |                 |                 |

#### Description of Savings Proposal (Including interdependencies and risk)

Reduction in demand and commissioning of day care services through:

- Redesigning, refocusing and more alignment of the Early Intervention & Prevention offer
- Reconfiguration of the existing day services provision
- Greater scrutiny of current packages through reviews
- Developing and using community resources
- Transformation programme for day care services.

Review of all existing contracts and:

- Amend accordingly with any revised demand levels indicated by Early Intervention & Prevention Management
- Redesign and remodel contracts based on occupancy levels/take up
- Reduction and decommissioning of low level need/risk contracts
- Identify potential contracts for risk assessed reduction in provision
- Implementation of integrated commissioning arrangements
- Ensure robust contract evaluation process is implemented.

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes

- The achievement of any savings in this area will be considered against the Early Intervention & Prevention proposals being developed elsewhere and any Equality Impact Assessment being developed for that area.
- Adult social care demand and level of need is increasing significantly which places increased challenge on the system.
- The reshaping of early intervention and prevention will take some time to complete and embed and this gives rise to the risk of an increase in demand in the early stages.
- The system relies on sufficient independent sector provision in the market. Currently there is no market provision available for complex dementia delivery. Market development is ongoing.

|  |     |
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| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | YES |

|                             |             |
|-----------------------------|-------------|
| Accountable Head of Service | Simon Baker |
|-----------------------------|-------------|

**ECONOMY, REGENERATION & CULTURE**

| SERVICE ACTIVITY                                 | 18-19                               |                                | 18-19 CONTROLLABLE INCOME £000 | 18-19 NET CONTROLLABLE BUDGET £000 | MINUSES £000 | PLUSSES £000 | 19-20 BUDGET PROPOSAL £000 | MINUSES £000 | PLUSSES £000 | 20-21 BUDGET PROPOSAL £000 | MINUSES £000 | PLUSSES £000 | 21-22 BUDGET PROPOSAL £000 |
|--|-------------------------------------|--------------------------------|--------------------------------|------------------------------------|--------------|--------------|----------------------------|--------------|--------------|----------------------------|--------------|--------------|----------------------------|
|  | CONTROLLABLE GROSS EXPENDITURE £000 | 18-19 CONTROLLABLE BUDGET £000 |                                |                                    |              |              |                            |              |              |                            |              |              |                            |
| Housing General Fund                             | 4,720                               | 1,892                          | (2,828)                        | 1,892                              |              |              | 1,892                      |              |              | 1,892                      |              |              | 1,892                      |
| Highways   | 957                                 | 567                            | (390)                          | 567                                |              |              | 567                        |              |              | 567                        |              |              | 567                        |
| Markets  | 1,530                               | (536)                          | (2,066)                        | (536)                              | (40)         |              | (576)                      |              |              | (576)                      |              |              | (576)                      |
| Planning   | 2,688                               | 575                            | (2,113)                        | 575                                | (120)        |              | 455                        |              |              | 455                        |              |              | 455                        |
| Creative Economy                                 | 685                                 | 674                            | (11)                           | 674                                | (100)        |              | 574                        |              |              | 574                        |              |              | 574                        |
| Museums & Galleries                              | 933                                 | 649                            | (284)                          | 649                                |              |              | 649                        |              |              | 649                        |              |              | 649                        |
| Sport & Physical Activity                        | 1,825                               | 1,209                          | (616)                          | 1,209                              |              | 45           | 1,254                      |              |              | 1,254                      | (150)        |              | 1,104                      |
| Economic Resilience                              | 3,905                               | 3,458                          | (447)                          | 3,458                              |              | 300          | 3,758                      |              |              | 3,758                      |              |              | 3,758                      |
| Asset Strategy                                   | 725                                 | (119)                          | (844)                          | (119)                              |              |              | (119)                      |              |              | (119)                      |              |              | (119)                      |
| Management & Regulatory Functions                | 46                                  | 46                             | 0                              | 46                                 |              |              | 46                         |              |              | 46                         |              |              | 46                         |
| <b>TOTAL ECONOMY, REGENERATION &amp; CULTURE</b> | <b>18,014</b>                       | <b>8,415</b>                   | <b>(9,599)</b>                 | <b>8,415</b>                       | <b>(260)</b> | <b>345</b>   | <b>8,500</b>               | <b>0</b>     | <b>0</b>     | <b>8,500</b>               | <b>(150)</b> | <b>0</b>     | <b>8,350</b>               |

**ECONOMY, REGENERATION & CULTURE - MINUSES**

| Service Activity   | Proposed Change  | £000         |          |              |              |
|--|--|--------------|----------|--------------|--------------|
|  |  | 2019-20      | 2020-21  | 2021-22      | Total        |
| <b><u>EXISTING MTFP MINUSES</u></b><br><b><u>Sport &amp; Physical Activity</u></b><br>Grant to Kirklees Active Leisure | Continuation of existing approach and reducing reduction of financial support to KAL |              |          | (100)        | (100)        |
|  | Continuation of existing approach and reducing reduction of financial support to KAL |              |          | (50)         | (50)         |
| Planning   | Planning fee increase  | (120)        |          |              | (120)        |
| Markets  | Closure of two markets and increased income  | (40)         |          |              | (40)         |
| <b><u>NEW MTFP MINUSES</u></b><br>Creative Economy   | Reduction in events budget   | (160)        |          | (150)        | (310)        |
|  |  | (100)        |          |              | (100)        |
| <b>TOTAL MINUSES FOR ECONOMY, REGENERATION &amp; CULTURE</b>   |  | <b>(260)</b> | <b>0</b> | <b>(150)</b> | <b>(410)</b> |

**ECONOMY, REGENERATION & CULTURE - PLUSES**

| Service Activity   | Proposed Change  | Savings Template Reference | £000      |         |         | Total     |
|--|--|----------------------------|-----------|---------|---------|-----------|
|  |  |                            | 2019-20   | 2020-21 | 2021-22 |           |
| <b>NEW MTFP PLUSES</b><br>Economic Resilience                            |  |                            |           |         |         |           |
| <b>Sport &amp; Physical Activity</b><br>Grant to Kirklees Active Leisure | Regeneration capacity requirements - new investment<br>Additional budget for care leavers fund |                            | 300<br>45 |         |         | 300<br>45 |
| <b>TOTAL PLUSES FOR ECONOMY, REGENERATION &amp; CULTURE</b>              |  |                            | 345       | 0       | 0       | 345       |

|                   |  |
|-------------------|--|
| Service Director  | Economy, Regeneration & Culture  |
| Service Area      | Kirklees Active Leisure (KAL)  |
| Headline Proposal | Continuation of existing approach and reducing reduction of financial support to KAL |
| Reference         | EX ER1   |

| Forecast Savings                               | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|-----------------|
| Incremental Savings                            |                 |                 | (100)           |
| Cumulative Savings                             |                 |                 | (100)           |
| Budget after Savings<br>(Controllable Budget)* | 1,143           | 1,143           | 993             |
| FTE Reduction                                  |                 |                 |                 |

\*Includes budget savings from Ex ER2

| Description of Savings Proposal (Including interdependencies and risk)  |   |
|---|---|
| <p>At this stage, KAL has not identified the areas in which the savings will be achieved, however, KAL and the council will work together innovatively through a commissioning model within which the outcomes Kirklees Council wishes to see for its citizens and the rules of engagement are clearly specified. These will take account of the correlation between economic status and physical health and it is recognised that physical activity and the critical role leisure centres play in supporting a number of Kirklees' outcomes. This will enable KAL to deploy its expertise and capability in the leisure market to ensure those outcomes are met. KAL will have the flexibility as part of this arrangement to adjust its business plan to implement new ways of working and deliver the efficiencies needed. KAL has proven market knowledge and is uniquely placed to exploit the opportunities to secure new sources of income and the commissioning arrangement will empower KAL to optimise demand by tailoring its services to what is needed in each of its localities. As a strong and viable business, KAL's business plan has made provision for contingencies and has the financial strength to enable it to deliver what are challenging targets whilst delivering the commissioned outcomes.</p> |   |
| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes  |   |
| <p>To deliver the level of savings required, KAL may seek to increase the price of some of its services and activities which may lead to issues of affordability and the council will seek to mitigate the impact of this by ensuring KAL has due regard to those on low incomes. As a service that is operating in a commercial market, it is in KAL's interest to ensure its pricing strategy remains competitive for its users.</p> <p>There may be some re-configuration of services as KAL begins to tailor its services to the requirements of each locality and the council and KAL will work together to ensure any disruption is minimised through careful planning and communication.</p>   |   |
| Does this proposal require an Equality Impact Assessment?   | YES   |
| Will this proposal require a Specific Service Consultation  | YES - KAL's Chief Executive has been consulted and he has informed his trustees |
| Accountable Head of Service   | Adele Poppleton   |

|                   |  |
|-------------------|--|
| Service Director  | Economy, Regeneration & Culture  |
| Service Area      | Kirklees Active Leisure (KAL)  |
| Headline Proposal | Continuation of existing approach and reducing reduction of financial support to KAL |
| Reference         | EX ER2   |

| Forecast Savings                               | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|-----------------|
| Incremental Savings                            |                 |                 | (50)            |
| Cumulative Savings                             |                 |                 | (50)            |
| Budget after Savings<br>(Controllable Budget)* | 1,098           | 1,098           | 948             |
| FTE Reduction                                  |                 |                 |                 |

\*Includes saving from Ex ER1

| Description of Savings Proposal (Including interdependencies and risk)  |   |
|---|---|
| <p>At this stage, KAL has not identified the areas in which the savings will be achieved, however, KAL and the council will work together innovatively through a commissioning model within which the outcomes Kirklees Council wishes to see for its citizens and the rules of engagement are clearly specified. These will take account of the correlation between economic status and physical health and it is recognised that physical activity and the critical role leisure centres play in supporting a number of Kirklees' outcomes. This will enable KAL to deploy its expertise and capability in the leisure market to ensure those outcomes are met. KAL will have the flexibility as part of this arrangement to adjust its business plan to implement new ways of working and deliver the efficiencies needed. KAL has proven market knowledge and is uniquely placed to exploit the opportunities to secure new sources of income and the commissioning arrangement will empower KAL to optimise demand by tailoring its services to what is needed in each of its localities. As a strong and viable business, KAL's business plan has made provision for contingencies and has the financial strength to enable it to deliver what are challenging targets whilst delivering the commissioned outcomes.</p> |   |
| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes  |   |
| <p>To deliver the level of savings required, KAL may seek to increase the price of some of its services and activities which may lead to issues of affordability and the council will seek to mitigate the impact of this by ensuring KAL has due regard to those on low incomes. As a service that is operating in a commercial market, it is in KAL's interest to ensure its pricing strategy remains competitive for its users.</p> <p>There may be some re-configuration of services as KAL begins to tailor its services to the requirements of each locality and the council and KAL will work together to ensure any disruption is minimised through careful planning and communication.</p>   |   |
| Does this proposal require an Equality Impact Assessment?   | YES   |
| Will this proposal require a Specific Service Consultation  | YES - KAL's Chief Executive has been consulted and he has informed his trustees |
| Accountable Head of Service   | Adele Poppleton   |

|                   |                                 |
|-------------------|---------------------------------|
| Service Director  | Economy, Regeneration & Culture |
| Service Area      | Planning                        |
| Headline Proposal | Planning Fees                   |
| Reference         | EX ER3                          |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (120)           |                 |                 |
| Cumulative Savings                            | (120)           | (120)           | (120)           |
| Budget after Savings<br>(Controllable Budget) | 455             | 455             | 455             |
| FTE Reduction                                 |                 |                 |                 |

| Description of Savings (Including interdependencies and risk)   |
|---|
| <p><b>Increased Planning Fees (£120k in year 1)</b></p> <p>We have generally seen an uplift in planning fees over the past few years. The increase has been driven by the volume of applications rather than an increase in base line fees (this was carried out nationally in 2011/12). As available land decreases then the key drivers of planning fees – major applications start to fall.</p> <p>DCLG introduced 20% increase at the end of the last financial year. This has increased planning fee income. However, the number of large applications has not been as significant due to the delay in adopting the local plan. In addition, the DCLG does need to be satisfied that staffing/resources do match the increased fees to ensure a quality of service. In anticipation of this increased workload, driven, in part, by the Local Plan adoption timescales as well as better fees, there has already been some increases in staff in certain areas. In particular, major developments, Highways Development Management and the area teams.</p> <p>Once adoption is in place we anticipate an up surge in applications and fees which will cover the £120k saving and additional staff costs.</p> |

| Potential impact on outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes |
|--|
| <p><b>Risk</b> - Planning applications and development activity reduces significantly as a result of delayed local plan.</p>   |

|  |    |
|--|----|
| Does this proposal require an Equality Impact Assessment?  | NO |
| Will this proposal require a Specific Service Consultation | NO |

|                             |              |
|-----------------------------|--------------|
| Accountable Head of Service | Simon Taylor |
|-----------------------------|--------------|

|                   |   |
|-------------------|---|
| Service Director  | Economy, Regeneration & Culture             |
| Service Area      | Markets                                     |
| Headline Proposal | Closure of two markets and increased income |
| Reference         | EX ER4                                      |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (40)            |                 |                 |
| Cumulative Savings                            | (40)            | (40)            | (40)            |
| Budget after Savings<br>(Controllable Budget) | (576)           | (576)           | (576)           |
| FTE Reduction                                 | 0               | 0               | 0               |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>This saving will be delivered through the closure of Heckmondwike and Holmfirth markets and by working smarter with cleansing costs through the use of a new compactor. The service will also explore the potential for increased income by reviewing the charges levied, for example for car boot sales (£2 extra per car); additional international market; and Sunday markets on New Street every Sunday.</p> <p>These proposals will increase the profit margin for Markets and enable the service to get nearer to reaching the income target set each year, but it will not deliver any contribution to the Council's savings target.</p> |

| Potential impact on outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes  |
|---|
| <p>Heckmondwike and Holmfirth markets have been under-performing for a number of years and so any impact on outcomes in those towns will be minor. Existing traders will be offered stalls in the remaining markets so their businesses should not be affected. Where there is capacity and appetite from the community for a community asset transfer, this will be explored.</p> <p>The additional international market and Sunday markets will contribute to achieving the outcome "Kirklees has sustainable economic growth and provides good employment for and with communities and businesses" by providing space for businesses to trade and increasing town centre vibrancy.</p> |

|  |     |
|--|-----|
| Does this proposal require an Equality Impact Assessment?  | Yes |
| Will this proposal require a Specific Service Consultation | Yes |

|                             |                 |
|-----------------------------|-----------------|
| Accountable Head of Service | Adele Poppleton |
|-----------------------------|-----------------|

|                   |                                       |
|-------------------|---------------------------------------|
| Service Director  | Economy, Regeneration & Culture       |
| Service Area      | Creative Economy                      |
| Headline Proposal | Reduction in funding to Events Budget |
| Reference         | NEW ER1                               |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (100)           |                 |                 |
| Cumulative Savings                            | (100)           | (100)           | (100)           |
| Budget after Savings<br>(Controllable Budget) | 256             | 256             | 256             |
| FTE Reduction                                 |                 |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| Reduction in the Events budget which supports district wide festivals and participation in regional and national events. |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes  |
|---|
| The impact will be that less can be commissioned in relation to events. With fewer events, there will be lower levels of cultural and town centre vibrancy and fewer opportunities to promote the district in a positive way unless funding can be sourced from partners, other funders and sponsors to help grow the events programme. |

|  |    |
|--|----|
| Does this proposal require an Equality Impact Assessment?  | NO |
| Will this proposal require a Specific Service Consultation | NO |

|                             |            |
|-----------------------------|------------|
| Accountable Head of Service | Naz Parkar |
|-----------------------------|------------|

**COMMERCIAL, REGULATORY & OPERATIONAL SERVICES**

| SERVICE ACTIVITY                                | 18-19                               |                          |                          |              | 18-19 NET CONTROLLABLE BUDGET £000 | MINUSES £000 | PLUSSES £000   | 19-20 BUDGET PROPOSAL £000 | MINUSES £000 | PLUSSES £000 | 20-21 BUDGET PROPOSAL £000 | MINUSES £000 | PLUSSES £000 | 21-22 BUDGET PROPOSAL £000 |
|---|-------------------------------------|--------------------------|--------------------------|--------------|------------------------------------|--------------|----------------|----------------------------|--------------|--------------|----------------------------|--------------|--------------|----------------------------|
|   | CONTROLLABLE GROSS EXPENDITURE £000 | CONTROLLABLE INCOME £000 | CONTROLLABLE BUDGET £000 | MINUSES £000 |                                    |              |                |                            |              |              |                            |              |              |                            |
| Highways  | 24,622                              | (18,562)                 | 6,060                    |              |                                    |              | 6,060          |                            |              |              | 6,060                      |              |              | 6,060                      |
| West Yorkshire Driver Training                  | 4,419                               | (4,921)                  | (502)                    | 501          |                                    |              | (1)            |                            |              |              | (1)                        |              |              | (1)                        |
| Seasonal Weather                                | 1,234                               | (31)                     | 1,203                    |              |                                    |              | 1,203          |                            |              |              | 1,203                      |              |              | 1,203                      |
| Waste Services                                  | 25,643                              | (7,805)                  | 17,838                   |              |                                    |              | 17,838         |                            |              |              | 17,838                     |              |              | 17,838                     |
| Transport Services                              | 5,237                               | (6,607)                  | (1,370)                  | (103)        |                                    |              | (1,473)        |                            |              |              | (1,473)                    |              |              | (1,473)                    |
| Bereavement Services                            | 1,540                               | (3,223)                  | (1,683)                  | (50)         |                                    |              | (1,733)        |                            |              |              | (1,733)                    |              |              | (1,733)                    |
| Parks & Greenspaces                             | 6,476                               | (3,581)                  | 2,895                    | (25)         |                                    |              | 2,870          | (50)                       |              |              | 2,820                      | (50)         |              | 2,770                      |
| Business & Enterprise Centres                   | 749                                 | (1,266)                  | (517)                    |              |                                    |              | (517)          |                            |              |              | (517)                      |              |              | (517)                      |
| Building Control                                | 616                                 | (996)                    | (380)                    |              |                                    |              | (380)          |                            |              |              | (380)                      |              |              | (380)                      |
| Commercialisation                               | 551                                 | (1,258)                  | (707)                    |              |                                    |              | (707)          |                            |              |              | (707)                      |              |              | (707)                      |
| Local Land Charges                              | 199                                 | (273)                    | (74)                     |              |                                    |              | (74)           |                            |              |              | (74)                       |              |              | (74)                       |
| Highways Registry                               | 65                                  | (50)                     | 15                       |              |                                    |              | 15             |                            |              |              | 15                         |              |              | 15                         |
| Environmental Health                            | 1,914                               | (730)                    | 1,184                    |              |                                    |              | 1,184          |                            |              |              | 1,184                      |              |              | 1,184                      |
| School Facilities Management                    |                                     |                          |                          |              |                                    |              |                |                            |              |              |                            |              |              |                            |
| School Facilities Management - School Transport | 2,646                               | (131)                    | 2,515                    |              |                                    |              | 3,515          |                            |              |              | 3,515                      |              |              | 3,515                      |
| School Facilities Management - Catering/Assets  | 15,747                              | (17,522)                 | (1,775)                  | 1,000        | (55)                               |              | (1,830)        | (55)                       |              |              | (1,885)                    | (55)         |              | (1,940)                    |
| School Facilities Management - Cleaning         | 9,433                               | (9,004)                  | 429                      | (25)         |                                    |              | 404            |                            |              |              | 404                        |              |              | 404                        |
| Quality & Standards                             | 155                                 | (2)                      | 153                      |              |                                    |              | 153            |                            |              |              | 153                        |              |              | 153                        |
| <b>Total</b>                                    | <b>27,981</b>                       | <b>(26,659)</b>          | <b>1,322</b>             | <b>(80)</b>  | <b>1,000</b>                       | <b>(80)</b>  | <b>2,242</b>   | <b>(55)</b>                | <b>0</b>     | <b>0</b>     | <b>2,187</b>               | <b>(55)</b>  | <b>0</b>     | <b>2,132</b>               |
| Corporate Landlord                              | 12,428                              | (3,672)                  | 8,756                    | (300)        | 310                                |              | 8,766          |                            |              |              | 8,766                      |              |              | 8,766                      |
| Facilities Management                           |                                     |                          |                          |              |                                    |              |                |                            |              |              |                            |              |              |                            |
| Capital Delivery & Development                  | 1,350                               | (2,196)                  | (846)                    |              |                                    |              | (846)          |                            |              |              | (846)                      |              |              | (846)                      |
| Physical Resources & Procurement - Overheads    | 1,032                               | 0                        | 1,032                    |              |                                    |              | 1,032          |                            |              |              | 1,032                      |              |              | 1,032                      |
| Commercial portfolio                            | 1,206                               | (2,903)                  | (1,697)                  |              |                                    |              | (1,697)        |                            |              |              | (1,697)                    |              |              | (1,697)                    |
| <b>Total</b>                                    | <b>3,588</b>                        | <b>(5,099)</b>           | <b>(1,511)</b>           | <b>0</b>     | <b>0</b>                           | <b>0</b>     | <b>(1,511)</b> | <b>0</b>                   | <b>0</b>     | <b>0</b>     | <b>(1,511)</b>             | <b>0</b>     | <b>0</b>     | <b>(1,511)</b>             |

**COMMERCIAL, REGULATORY & OPERATIONAL SERVICES**

| SERVICE ACTIVITY   | 18-19                               |                          | 18-19 NET CONTROLLABLE BUDGET £000 | 19-20 BUDGET PROPOSAL £000 | 20-21 BUDGET PROPOSAL £000 | 21-22 BUDGET PROPOSAL £000 | MINUSES £000   | PLUSSES £000 | MINUSES £000 | PLUSSES £000 |
|--|-------------------------------------|--------------------------|------------------------------------|----------------------------|----------------------------|----------------------------|----------------|--------------|--------------|--------------|
|  | CONTROLLABLE GROSS EXPENDITURE £000 | CONTROLLABLE INCOME £000 |                                    |                            |                            |                            |                |              |              |              |
| Town Halls & Public Halls                                      | 946                                 | (838)                    | 108                                | 58                         | 58                         | 58                         | (50)           |              |              |              |
| Car Parking  | 2,673                               | (5,935)                  | (3,262)                            | (4,012)                    | (3,762)                    | (3,562)                    | (750)          | 250          |              | 200          |
| Cliffe House   | 424                                 | (417)                    | 7                                  | 7                          | 7                          | 7                          |                |              |              |              |
| Management & Regulatory Functions                              | 1,505                               | 0                        | 1,505                              | 705                        | 955                        | 1,205                      | (1,550)        | 250          |              | 250          |
| <b>TOTAL COMMERCIAL, REGULATORY &amp; OPERATIONAL SERVICES</b> | <b>122,810</b>                      | <b>(91,923)</b>          | <b>30,887</b>                      | <b>30,540</b>              | <b>30,935</b>              | <b>31,280</b>              | <b>(2,908)</b> | <b>2,561</b> | <b>(105)</b> | <b>450</b>   |

**COMMERCIAL, REGULATORY & OPERATIONAL SERVICES - MINUSES**

| Service Activity   | Proposed Change   | £000           |              |              |                |
|--|---|----------------|--------------|--------------|----------------|
|  |   | 2019-20        | 2020-21      | 2021-22      | Total          |
| <b>EXISTING MTFP MINUSES</b>   |   |                |              |              |                |
| Transport Services   | Smarter Practices/efficiencies  | (103)          |              |              | (103)          |
| Bereavement Services   | Additional income potential, 20%, through smarter marketing/product offer | (50)           |              |              | (50)           |
| Parks & Greenspaces  | Cost Recovery on Services   | (25)           | (50)         | (50)         | (125)          |
| <b>Schools Facilities Management</b>                                       |   |                |              |              |                |
| Schools Facilities Management - Catering/Assets                            | Meal Price Increase/reduced subsidy on Living Wage                        | (55)           | (55)         | (55)         | (165)          |
| Schools Facilities Management - Cleaning                                   | Realignment to current performance  | (25)           |              |              | (25)           |
| Corporate Landlord   | New ways of working   | (300)          |              |              | (300)          |
| Car Parking  | Bus lane enforcement  | (750)          |              |              | (750)          |
|  |   | <b>(1,308)</b> | <b>(105)</b> | <b>(105)</b> | <b>(1,518)</b> |
| <b>NEW MTFP MINUSES</b>  |   |                |              |              |                |
| Town Halls   | Introduce handling fee on Town Hall ticket sales,                         | (50)           |              |              | (50)           |
| Management & Regulatory  | Review bad debt policy  | (50)           |              |              | (50)           |
|  | Review of contribution from HRA   | (1,500)        |              |              | (1,500)        |
|  |   | <b>(1,600)</b> |              |              | <b>(100)</b>   |
|  |   |                |              |              |                |
| <b>TOTAL MINUSES FOR COMMERCIAL, REGULATORY &amp; OPERATIONAL SERVICES</b> |   | <b>(2,908)</b> | <b>(105)</b> | <b>(105)</b> | <b>(1,618)</b> |

**COMMERCIAL, REGULATORY &  
OPERATIONAL SERVICES - PLUSES**

| Service Activity  | Proposed Change                                 | Savings Template Reference | £000         |            |            | Total        |
|---|---|----------------------------|--------------|------------|------------|--------------|
|   |   |                            | 2019-20      | 2020-21    | 2021-22    |              |
| <b>EXISTING MTFP PLUSES</b><br>Car Parking                                | Bus lane enforcement                            | EX CR7                     |              | 250        | 200        | 450          |
| <b>NEW MTFP PLUSES</b><br>West Yorkshire Driver Training                  | Loss of driver training contract                |                            | 501          |            |            | 501          |
| Schools Facilities Management - Catering/Assets - School Transport        | School transport pressure related to High Needs |                            | 1,000        |            |            | 1,000        |
| Corporate Landlord  | Fire Safety - new investment                    |                            | 310          |            |            | 310          |
| Management & Regulatory   | Council Infrastructure                          |                            | 750          | 250        | 250        | 1,250        |
| <b>TOTAL PLUSES FOR COMMERCIAL, REGULATORY &amp; OPERATIONAL SERVICES</b> |   |                            | <b>2,561</b> | <b>500</b> | <b>450</b> | <b>3,511</b> |

|                   |   |
|-------------------|---|
| Service Director  | Commercial, Regulatory and Operational Services |
| Service Area      | Transport Services                              |
| Headline Proposal | Smarter practices/efficiencies                  |
| Reference         | EX CR1  |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (103)           |                 |                 |
| Cumulative Savings                            | (103)           | (103)           | (103)           |
| Budget after Savings<br>(Controllable Budget) | (1,473)         | (1,473)         | (1,473)         |
| FTE Reduction                                 | 3               |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| Review of transport operations resulting in more efficient working practices including the release of current vacancies. This will include managing vacancies as a result of reduced provision at George Street, to be phased over a two year period in line with incoming lease vehicles. |

| Potential impact on outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes  |
|---|
| Potential to have some impact on vehicle availability.<br><br>There are risks associated with the change that demand from services may not be met therefore impacting on service delivery in front line areas. However, the impact will continue to be monitored via the service. |

|  |     |
|--|-----|
| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | NO  |

|                             |              |
|-----------------------------|--------------|
| Accountable Head of Service | David Martin |
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|                   |  |
|-------------------|--|
| Service Director  | Commercial, Regulatory & Operational Services                            |
| Service Area      | Bereavement Services   |
| Headline Proposal | Additional income potential, through smarter marketing/<br>product offer |
| Reference         | EX CR2   |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (50)            |                 |                 |
| Cumulative Savings                            | (50)            | (50)            | (50)            |
| Budget after Savings<br>(Controllable Budget) | (1,734)         | (1,734)         | (1,734)         |
| FTE Reduction                                 |                 |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| Having reviewed the fees and charges in 2018 including a decision to not seek full cost recovery for burial services, the service is now considering the impact of this and looking at ways in which it can be more commercial in its operation in relation to opportunities and initiatives to provide smarter product offers and improved marketing of services available. |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes  |
|---|
| <p>Capital investment secured for the following:</p> <ul style="list-style-type: none"> <li>• Replacement Cremators across both Huddersfield and Dewsbury crematoriums to commence early in 2019 and will run for 12 months. This is essential works to ensure machinery is robust and capable of meeting future operational needs. Existing cremators are prone to breakdown and some parts are now obsolete. New cremators will operate more efficiently.</li> <li>• Cemeteries – continue to develop under-utilised space and maximise capacity.</li> <li>• Memorialisation – consideration to a range of options that can generate income.</li> <li>• Offer competitive pricing, improved marketing and IT access to service (bookings, memorial purchases) to improve our offer.</li> <li>• Potential service change to ensure correct structure and skills to develop business element to service. This will be done in line with corporate guidelines and with Trade Union and employee engagement.</li> </ul> <p>Political briefings and community engagement/planning to understand impact and encourage change.</p> |

|  |     |
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| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | YES |

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| Accountable Head of Service | Phil Deighton |
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|-------------------|---|
| Service Director  | Commercial, Regulatory & Operational Services |
| Service Area      | Parks & Open Spaces                           |
| Headline Proposal | Cost recovery on services                     |
| Reference         | EX CR3  |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (25)            | (50)            | (50)            |
| Cumulative Savings                            | (25)            | (75)            | (125)           |
| Budget after Savings<br>(Controllable Budget) | 1,805           | 1,755           | 1,705           |
| FTE Reduction                                 | 0               | 0               | 0               |

| Description of Savings Proposal (Including interdependencies and risk)  |
|---|
| <p>Parks &amp; Open Spaces provide a number of services to our partners Kirklees Neighbourhood Housing (KNH), from maintaining gardens to grounds maintenance on estates. These services have traditionally been provided with a significant subsidy and as such the service has commenced a programme of reviewing actual costs against any charges. This work was completed in 2018 and it is proposed to now pass through the full cost to KNH in 2021/22.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes  |
|---|
| <p>It is proposed that there is full cost recovery to remove any cross subsidy of the HRA fund, but at the same time we will use our Volunteer Community Coordinators, Environment Strategy Unit and other such resources to design out costs and ensure value for money.</p> <p>The final level of saving will be dependent on the level of cost recovery that balances the benefits/outcomes with the resource pressures we face, but it is estimated at £125,000 by 2019/20.</p> |

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| Does this proposal require an Equality Impact Assessment?  | NO |
| Will this proposal require a Specific Service Consultation | NO |

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| Accountable Head of Service | Will Acornley |
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|-------------------|--|
| Service Director  | Commercial and Operational Regulatory Services     |
| Service Area      | School Facilities Management – Catering/Assets     |
| Headline Proposal | Meal price increase/reduced subsidy on living wage |
| Reference         | EX CR4   |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (55)            | (55)            | (55)            |
| Cumulative Savings                            | (55)            | (110)           | (165)           |
| Budget after Savings<br>(Controllable Budget) | (2,239)         | (2,294)         | (2,349)         |
| FTE Reduction                                 |                 |                 |                 |

| Description of Savings proposals (including interdependencies and risk)   |
|---|
| <p>People in Kirklees have aspirations and achieve their ambitions through education, training, employment and lifelong learning.</p> <p>Our school meals catering service is a significant local employer with provision of a good quality school meals service that includes the provision of two courses and a drink to children entitled to free school meals at its core.</p> <p><b>2019/20</b><br/>Increase the price of a meal by 5p to deliver standstill budget.</p> <p>Infant free school meal (UIFSM), which accounts for 44% of the primary school meals served, has remained fixed for three years. The inability to recover inflation on universal free school meals generates a further £70,000 pressure on the service.</p> <p><b>2019/20 onwards</b><br/>By 2020, national living wage (NLW) uplifts will mean the commercial sector pay levels align to the 'local' NLW levels paid to council staff. The proposal is to implement a phased reduction to the subsidy by passing on costs to schools across a three year period. However the council will continue to support schools at this time by not passing on the proposed bottom loaded pay award.</p> |

| Potential impact on outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes   |
|--|
| <p>Recovering NLW costs from maintained schools as a part of their current SLA charge could lead to contract loss as school budgets are already stretched. Schools would incur an increase charge per pupil of £1.72 per annum. For example, a school with 200 pupils on the roll would incur an additional charge of £344 in the first year rising to £1,034 by the third. There is a small risk that schools will as a result of passing on the costs choose to retender their contracts. Close monitoring of contract retention will need to happen over the three year period.</p> |

The service continues to mitigate inflationary pressures by striving to improve operational efficiencies and productivity.

Does this proposal require an Equality Impact Assessment?

YES

Will this proposal require a Specific Service Consultation

NO

Accountable Head of Service

Phil Deighton

|                   |   |
|-------------------|---|
| Service Director  | Commercial, Regulatory & Operational Services |
| Service Area      | Schools Facilities Management – Cleaning      |
| Headline Proposal | Realignment to current performance            |
| Reference         | EX CR5  |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (25)            |                 |                 |
| Cumulative Savings                            | (25)            | (25)            | (25)            |
| Budget after Savings<br>(Controllable Budget) | 780             | 780             | 780             |
| FTE Reduction                                 |                 |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)  |
|---|
| Proposals include reduced council subsidy on living wage, reduction of relief staffing levels, and from 2019/20, £25k reduced staff hours through efficiency savings. |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes   |
|--|
| As the Council rationalises its accommodation and occupies fewer buildings, the saving will be delivered. However, if this were to happen at a faster rate than expected, there would be an impact on overall controllable surplus for the Caretaking & Cleaning service.<br><br>Staff will be offered alternative hours to reduce the impact of the efficiencies in line with council procedures. |

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| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | NO  |

|                             |              |
|-----------------------------|--------------|
| Accountable Head of Service | David Martin |
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|-------------------|---|
| Service Director  | Commercial, Regulatory & Operational Services |
| Service Area      | Corporate Landlord                            |
| Headline Proposal | New ways of working                           |
| Reference         | EX CR6  |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (300)           |                 |                 |
| Cumulative Savings                            | (300)           | (300)           | (300)           |
| Budget after Savings<br>(Controllable Budget) | 9,276           | 9,276           | 9,276           |
| FTE Reduction                                 |                 |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)  |
|---|
| <p>Reduced facility management repairs budget by £200k. The council will continue to adopt a prudential approach to repairs and the most efficient deployment of capital and revenue funding.</p> <p>The number of operational assets is projected to reduce. Asset disposal programme £100k: a further batch of assets is to be brought forward to dispose in 2019/20 that will release further revenue savings.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes  |
|---|
| <p>The budget savings are linked to the transformation of the council and the delivery of a number work streams. The reduced unplanned maintenance budget will be focused on strategic priorities and support service delivery.</p> |

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| Does this proposal require an Equality Impact Assessment?  | NO |
| Will this proposal require a Specific Service Consultation | NO |

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|-----------------------------|--------------|
| Accountable Head of Service | David Martin |
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|-------------------|---|
| Service Director  | Commercial, Regulatory & Operational Services |
| Service Area      | Parking                                       |
| Headline Proposal | Bus lane enforcement                          |
| Reference         | EX CR7  |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (750)           | 250             | 200             |
| Cumulative Savings                            | (750)           | (500)           | (300)           |
| Budget after Savings<br>(Controllable Budget) | (4,012)         | (3,762)         | (3,562)         |
| FTE Reduction                                 |                 |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>The Council is committed to improving the flow of traffic and encouraging and supporting more sustainable choices of transport.</p> <p>The proposal is to review how the operation of existing bus lanes across the district’s key route network contribute to economic impact and improving air quality.</p> <p>This may include incentivising greener modes of travel, the de-commissioning of certain sections of bus lanes and/or introducing enforcement charges on lanes/sections of lanes where driver behaviour results in contravention or parking in the bus lane.</p> <p>The deliverability of the proposal will be measured via a robust implementation plan and will require legal consultations and notices.</p> <p>The proposals are likely to require a one-off capital investment.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes   |
|--|
| <p>The Council is looking to ensure those bus lanes in operation have an ongoing strategic fit.</p> <p>The introduction of camera monitoring of traffic regulations is intended to reduce the level of contraventions and so reduce delays on the highway network. A lack of enforcement of the bus lanes leads to the misuse of these and subsequently has an adverse effect on public transport, journey times and congestion.</p> <p>The scheme aims to improve the reliability of bus services, deter unauthorised vehicles, improve air quality, and encourage the use of more sustainable transport modes, particularly bus patronage and cycling.</p> |

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| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | YES |

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|-----------------------------|---------------|
| Accountable Head of Service | Phil Deighton |
|-----------------------------|---------------|

|                   |   |
|-------------------|---|
| Service Director  | Commercial, Regulatory & Operational Services |
| Service Area      | Management & Regulatory                       |
| Headline Proposal | Income Generation Initiatives                 |
| Reference         | NEW CR1                                       |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (50)            |                 |                 |
| Cumulative Savings                            | (50)            | (50)            | (50)            |
| Budget after Savings<br>(Controllable Budget) | 336             | 336             | 336             |
| FTE Reduction                                 |                 |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>To apply a booking handling fee of 10% per ticket on all Town Hall ticket sales. This is a proportionate charge to be applied to the face value of each ticket. Currently a £1.00 per ticket charge is currently levied on all tickets with a value of £12.00 or more.</p> <p>Neighbouring authorities currently levy charges of 6% on all ticket sales or apply a theatre support or booking fee ranging from £1.20 - £1.75.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes  |
|---|
| <p>Through the application of a proportionate charge to the face value of each ticket sold by the Council will result in a lesser fee for lower priced events.</p> <p>By applying a 10% fee across the range of events where tickets are sold by the Council on behalf of other groups will result in a more fair way of distributing the charge to minimise the impact on smaller amateur dramatic groups and lower priced events.</p> |

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| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | NO  |

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|-----------------------------|----------------|
| Accountable Head of Service | Karl Battersby |
|-----------------------------|----------------|

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|-------------------|---|
| Service Director  | Commercial, Regulatory & Operational Services |
| Service Area      | Management & Regulatory                       |
| Headline Proposal | Income Generation Initiatives                 |
| Reference         | NEW CR2                                       |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (50)            |                 |                 |
| Cumulative Savings                            | (50)            | (50)            | (50)            |
| Budget after Savings<br>(Controllable Budget) | N/A             | N/A             | N/A             |
| FTE Reduction                                 |                 |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)  |
|---|
| To review our current policy to develop a more efficient approach to income collection in order to reduce bad debt. |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes |
|--|
| To review policy and to revise back office procedures and processes in order to take upfront payment for services wherever possible.   |

|  |    |
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| Does this proposal require an Equality Impact Assessment?  | NO |
| Will this proposal require a Specific Service Consultation | NO |

|                             |                |
|-----------------------------|----------------|
| Accountable Head of Service | Karl Battersby |
|-----------------------------|----------------|

|                   |   |
|-------------------|---|
| Directorate       | Commercial, Regulatory and Operational            |
| Service Area      | Management & Regulatory                           |
| Headline Proposal | Increased HRA contribution for services bought-in |
| Reference         | NEW CR3   |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (1,500)         |                 |                 |
| Cumulative Savings                            | (1,500)         | (1,500)         | (1,500)         |
| Budget after Savings<br>(Controllable Budget) | N/A             | N/A             | N/A             |
| FTE Reduction                                 | -               | -               | -               |

**Description of Savings Proposal (Including interdependencies and risk)**

Organisational review of general fund services 'bought-in' by the Housing Revenue Account (HRA) that contribute to the Council's landlord responsibilities to Council tenants. This also includes services charged to Kirklees Neighbourhood Housing (KNH), which are also paid for by HRA. The majority of these services bought-in reside in Economy & Infrastructure, but also include some in other Directorates as well, both front line and back office activity. This exercise has reviewed existing charges to HRA to ensure full cost recovery, and that the charges are reasonable and appropriate. Overall, the exercise has identified scope to increase existing charges by about £1.5m per annum from current.

**Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes**

None. The resourcing implications for HRA/KNH Fee are factored into the longer term HRA business plan and can be accommodated within projected HRA resources without any service impact.

|  |    |
|--|----|
| Does this proposal require an Equality Impact Assessment?  | NO |
| Will this proposal require a Specific Service Consultation | NO |

|                             |               |
|-----------------------------|---------------|
| Accountable Head of Service | Helen Geldart |
|-----------------------------|---------------|

**POLICY, INTELLIGENCE & PUBLIC HEALTH**

| SERVICE ACTIVITY   | 18-19 CONTROLLABLE GROSS EXPENDITURE £000 | 18-19 CONTROLLABLE INCOME £000 | 18-19 NET CONTROLLABLE BUDGET £000 | MINUSES £000   | PLUSES £000 | 19-20 BUDGET PROPOSAL £000 | MINUSES £000   | PLUSES £000 | 20-21 BUDGET PROPOSAL £000 | MINUSES £000 | PLUSES £000 | 21-22 BUDGET PROPOSAL £000 |
|--|---|--------------------------------|------------------------------------|----------------|-------------|----------------------------|----------------|-------------|----------------------------|--------------|-------------|----------------------------|
| <b>PUBLIC HEALTH</b>   |   |                                |                                    |                |             |                            |                |             |                            |              |             |                            |
| <b>Health Protection Services</b>  |   |                                |                                    |                |             |                            |                |             |                            |              |             |                            |
| Sexual Health  | 3,946                                     | 0                              | 3,946                              | (100)          |             | 3,846                      |                |             | 3,846                      | (423)        |             | 3,423                      |
| Health Checks  | 279                                       | 0                              | 279                                |                |             | 279                        |                |             | 279                        |              |             | 279                        |
| Health Protection  | 496                                       | (38)                           | 458                                |                |             | 458                        |                |             | 458                        |              |             | 458                        |
| Child Measurement  | 14  | 0                              | 14                                 |                |             | 14                         |                |             | 14                         |              |             | 14                         |
| <b>Total</b>   | <b>4,735</b>                              | <b>(38)</b>                    | <b>4,697</b>                       | <b>(100)</b>   | <b>0</b>    | <b>4,597</b>               | <b>(100)</b>   | <b>0</b>    | <b>4,597</b>               | <b>(423)</b> | <b>0</b>    | <b>4,174</b>               |
| Substance Misuse   | 5,887                                     | (278)                          | 5,609                              | (100)          |             | 5,509                      |                |             | 5,509                      | (400)        |             | 5,109                      |
| Obesity  | 173                                       | 0                              | 173                                | (17)           |             | 156                        |                |             | 156                        |              |             | 156                        |
| Physical Activity  | 354                                       | 0                              | 354                                | (17)           |             | 337                        |                |             | 337                        |              |             | 337                        |
| Smoking & Tobacco  | 569                                       | 0                              | 569                                |                |             | 569                        |                |             | 569                        |              |             | 569                        |
| 5-19 Public Health   | 1,485                                     | 0                              | 1,485                              |                |             | 1,485                      |                |             | 1,485                      |              |             | 1,485                      |
| 0-5 Public Health  | 0   | 0                              | 0                                  |                |             | 0                          |                |             | 0                          |              |             | 0                          |
| Health Improvement   | 6,860                                     | 0                              | 6,860                              | (69)           |             | 6,791                      |                |             | 6,791                      |              |             | 6,791                      |
| Health at Work   | 4   | 0                              | 4                                  |                |             | 4                          |                |             | 4                          |              |             | 4                          |
| Public Mental Health   | 6   | 0                              | 6                                  |                |             | 6                          |                |             | 6                          |              |             | 6                          |
| Corporate Health & Safety  | 6,870                                     | 0                              | 6,870                              | (69)           |             | 6,801                      |                |             | 6,801                      | 0            |             | 6,801                      |
| Emergency Planning Team  | 161                                       | (40)                           | 121                                |                |             | 121                        |                |             | 121                        |              |             | 121                        |
| Management & Regulatory Functions  | 276                                       | (107)                          | 169                                |                |             | 169                        |                |             | 169                        |              |             | 169                        |
| Public Health Grant for Public Health activity within Policy, Intelligence & Public Health | 688                                       | 0                              | 688                                |                |             | 688                        |                |             | 688                        |              |             | 688                        |
| Public Health Grant for recommissioning activity Council wide                              | 0   | (19,928)                       | (19,928)                           | (823)          | 675         | (20,076)                   |                | 19,253      | (823)                      |              | 823         | 0                          |
| Public Health Grant for recommissioning activity Council wide                              | 0   | (6,052)                        | (6,052)                            |                |             | (6,052)                    |                | 6,052       | 0                          |              |             | 0                          |
| <b>Total Public Health</b>   | <b>21,198</b>                             | <b>(26,443)</b>                | <b>(5,245)</b>                     | <b>(1,126)</b> | <b>675</b>  | <b>(5,696)</b>             | <b>(1,126)</b> | <b>0</b>    | <b>19,609</b>              | <b>(823)</b> | <b>823</b>  | <b>19,609</b>              |
| <b>Communities Plus</b>  |   |                                |                                    |                |             |                            |                |             |                            |              |             |                            |
| Healthwatch  | 25  | 0                              | 25                                 |                |             | 25                         |                |             | 25                         |              |             | 25                         |
| Cohesion   | 280                                       | 0                              | 280                                |                |             | 280                        |                |             | 280                        |              |             | 280                        |
| Voluntary Sector Support   | 1,216                                     | (224)                          | 992                                |                |             | 992                        |                |             | 992                        |              |             | 992                        |
| <b>Total</b>   | <b>1,521</b>                              | <b>(224)</b>                   | <b>1,297</b>                       | <b>0</b>       | <b>0</b>    | <b>1,297</b>               | <b>0</b>       | <b>0</b>    | <b>1,297</b>               | <b>0</b>     | <b>0</b>    | <b>1,297</b>               |

**POLICY, INTELLIGENCE & PUBLIC HEALTH**

| SERVICE ACTIVITY                                      | 18-19<br>CONTROLLABLE<br>GROSS<br>EXPENDITURE<br>£000 | 18-19<br>CONTROLLABLE<br>INCOME<br>£000 | 18-19 NET<br>CONTROLLABLE<br>BUDGET<br>£000 | MINUSES<br>£000 | PLUSES<br>£000 | 19-20<br>BUDGET<br>PROPOSAL<br>£000 | MINUSES<br>£000 | PLUSES<br>£000 | 20-21<br>BUDGET<br>PROPOSAL<br>£000 | MINUSES<br>£000 | PLUSES<br>£000 | 21-22<br>BUDGET<br>PROPOSAL<br>£000 |
|---|---|---|---|-----------------|----------------|-------------------------------------|-----------------|----------------|-------------------------------------|-----------------|----------------|-------------------------------------|
| <b>Community Safety Hub</b>                           |   |   |   |                 |                |                                     |                 |                |                                     |                 |                |                                     |
| Safer Kirklees  | 1,032   | (497)                                   | 535   |                 |                | 535                                 |                 |                | 535                                 |                 |                | 535                                 |
| Vulnerable Persons Scheme                             | 30  | 0                                       | 30  |                 |                | 30                                  |                 |                | 30                                  |                 |                | 30                                  |
| <b>Total</b>  | <b>1,062</b>  | <b>(497)</b>                            | <b>565</b>                                  | <b>0</b>        | <b>0</b>       | <b>565</b>                          | <b>0</b>        | <b>0</b>       | <b>565</b>                          | <b>0</b>        | <b>0</b>       | <b>565</b>                          |
| Prevent   | 306   | (127)                                   | 179   |                 |                | 179                                 |                 |                | 179                                 |                 |                | 179                                 |
| Intelligence  | 1,869   | (367)                                   | 1,502                                       |                 | 130            | 1,632                               |                 |                | 1,632                               |                 |                | 1,632                               |
| <b>TOTAL POLICY, INTELLIGENCE &amp; PUBLIC HEALTH</b> | <b>25,956</b>   | <b>(27,658)</b>                         | <b>(1,702)</b>                              | <b>(1,126)</b>  | <b>805</b>     | <b>(2,023)</b>                      | <b>0</b>        | <b>25,305</b>  | <b>23,282</b>                       | <b>(823)</b>    | <b>823</b>     | <b>23,282</b>                       |

**POLICY, INTELLIGENCE & PUBLIC HEALTH - MINUSES**

| Service Activity  | Proposed Change   | Savings Reference | £000           |          |              |                |
|---|---|-------------------|----------------|----------|--------------|----------------|
|   |   |                   | 2019-20        | 2020-21  | 2021-22      | Total          |
| <b><u>EXISTING MTFP MINUSES</u></b>                               |   |                   |                |          |              |                |
| <b><u>Public Health</u></b>                                       |   |                   |                |          |              |                |
| Sexual Health   | Incorporating additional schemes into Integrated Sexual Health Services Main Contract | EX PI1            | (100)          |          | (423)        | (523)          |
| Substance Misuse  | Reducing payments in Primary Care and ongoing contract efficiencies                   | EX PI2            | (100)          |          | (400)        | (500)          |
| Obesity   | Incorporating additional schemes into Healthy Child Programme main contract           | EX PI3            | (17)           |          |              | (17)           |
| Physical Activity   | Incorporating additional schemes into Healthy Child Programme main contract           | EX PI4            | (17)           |          |              | (17)           |
| Miscellaneous   | Incorporating additional schemes into Healthy Child Programme main contract           | EX PI5            | (69)           |          |              | (69)           |
| <b><u>NEW MINUSES</u></b>   |   |                   |                |          |              |                |
| Public Health Grant   | Public Health savings deferred funded by use of reserve (see pluses sheet)            |                   | (303)          |          | (823)        | (1,126)        |
|   |   |                   | (823)          |          |              | (823)          |
| <b>TOTAL MINUSES FOR POLICY, INTELLIGENCE &amp; PUBLIC HEALTH</b> |   |                   | <b>(1,126)</b> | <b>0</b> | <b>(823)</b> | <b>(1,949)</b> |

**POLICY, INTELLIGENCE & PUBLIC HEALTH - PLUSES**

| Service Activity   | Proposed Change   | Savings Reference | £000    |         |         |        |
|--|---|-------------------|---------|---------|---------|--------|
|  |   |                   | 2019-20 | 2020-21 | 2021-22 | Total  |
| <b>EXISTING MTFP PLUSES</b>                                      |   |                   |         |         |         |        |
| <u>Public Health</u><br>Public Health Grant                      | Government grant funding reduction  |                   | 675     |         |         | 675    |
| <b>NEW PLUSES</b>  |   |                   |         |         |         |        |
| <u>Public Health</u><br>Public Health Grant                      | Public Health grant unringfenced and rolled into Business Rates Retention   |                   |         | 25,305  |         | 25,305 |
| Intelligence   | Business intelligence - new investment                                      |                   | 130     |         |         | 130    |
| Public Health Grant  | Public Health savings deferred funded by use of reserve (see minuses sheet) |                   |         |         | 823     | 823    |
|  |   |                   | 130     | 25,305  | 823     | 26,258 |
| <b>TOTAL PLUSES FOR POLICY, INTELLIGENCE &amp; PUBLIC HEALTH</b> |   |                   | 805     | 25,305  | 823     | 26,933 |

|                   |   |
|-------------------|---|
| Service Director  | Policy, Intelligence & Public Health  |
| Service Area      | Sexual Health   |
| Headline Proposal | Incorporating Additional Schemes into Integrated Sexual Health Services Main Contract |
| Reference         | EX PI1  |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (100)           |                 | (423)           |
| Cumulative Savings                            | (100)           | (100)           | (523)           |
| Budget after Savings<br>(Controllable Budget) | 3,846           | 3,846           | 3,423           |
| FTE Reduction                                 | N/A             | N/A             | N/A             |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>The current contract is due to end on 31/03/2021 and a new service will be commissioned and procured with a start date of 01/04/2021.</p> <p>Original savings of £523k were due to be found in 2019/20 but these will be staggered until 2021/22 by using Public Health reserves to alleviate the pressure until then. £100k will be found in 2019/20 from unplanned variances on other budget headings which will allow partial savings to be made.</p> <p>Work has begun with the current providers in order to determine the impact on services and identify any potential risks from the reduced budget in 2021/22 and ensure that the new model takes this into consideration.</p> <p>Possible exploration of savings to be found in 2021/22 will be through the following:</p> <ul style="list-style-type: none"> <li>• Review the HIV prevention element by working with the provider to find contract efficiencies</li> <li>• Reducing tariff prices in primary care and expanding the spokes from the integrated service to ensure maximum coverage across Kirklees</li> <li>• Greater focus and emphasis on early intervention and prevention. This will reduce the need for more costly clinical interventions later on in the treatment journey</li> </ul> <p>Risks:</p> <ul style="list-style-type: none"> <li>• GP prescribing in primary care may decrease due to a reduction in tariff prices, which would result in higher demand in the main service and increased waiting times.</li> <li>• Out of area payments are out of our control and hence may increase.</li> </ul> |

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes

We may see an increase in HIV late diagnosis. In order to mitigate against this we will look to increase investment in rapid HIV testing.

In order to mitigate against the risks to the main integrated service we will work with the provider to refocus the service on high risk groups.

|   |     |
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| Does this proposal require an Equality Impact Assessment? | YES |
|---|-----|

|  |    |
|--|----|
| Will this proposal require a Specific Service Consultation | NO |
|--|----|

|                             |                     |
|-----------------------------|---------------------|
| Accountable Head of Service | Emily Parry-Harries |
|-----------------------------|---------------------|

|                   |   |
|-------------------|---|
| Service Director  | Policy, Intelligence & Public Health                                |
| Service Area      | Substance Misuse  |
| Headline Proposal | Reducing payments in Primary Care and Ongoing Contract Efficiencies |
| Reference         | EX PI2  |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (100)           |                 | (400)           |
| Cumulative Savings                            | (100)           | (100)           | (500)           |
| Budget after Savings<br>(Controllable Budget) | 5,515           | 5,515           | 5,115           |
| FTE Reduction                                 | N/A             | N/A             | N/A             |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>The current contract is due to end on 31/03/2021 and a new service will be commissioned and procured with a start date of 01/04/2021.</p> <p>Original savings of £500k were due to be found in 2019/20 but these will be staggered until 2021/22 by using Public Health reserves to alleviate the pressure until then. £100k will be found in 2019/20 from unplanned variances on other budget headings which will allow partial savings to be made.</p> <p>Work has begun with the current providers in order to determine the impact on services and identify any potential risks from the reduced budget in 2021/22 and ensure that the new model takes this into consideration.</p> <p>Possible exploration of savings to be found in 2021/22 will be through the following:</p> <ul style="list-style-type: none"> <li>• Working with the provider to find efficiencies via a whole integrated system approach (the provider is now responsible for managing the full integrated substance misuse provision including services in primary care and acute care)</li> <li>• Greater focus and emphasis on early intervention and prevention. This will reduce the need for more costly clinical interventions later on in the treatment journey.</li> </ul> <p>Risks:<br/>The implications of further reduction will be assessed to ensure the viability of the service is not threatened.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes   |
|--|
| <p>We propose that a new model will be co-produced with the current providers; identified risk will be explored and mitigated as the model develops in more detail.</p> <p>Planning and detailed discussions with the provider will ensure that any risks identified will be managed in preparation for the savings (2021/22).</p> |

|  |     |
|--|-----|
| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | NO  |

|                             |                     |
|-----------------------------|---------------------|
| Accountable Head of Service | Emily Parry-Harries |
|-----------------------------|---------------------|

|                   |   |
|-------------------|---|
| Service Director  | Policy, Intelligence & Public Health                          |
| Service Area      | Obesity, Physical Act, Healthy Child                          |
| Headline Proposal | Incorporating Additional Schemes into Healthy Child Programme |
| Reference         | EX PI3 (Obesity) PI4 (Physical Act) and PI5 HCP               |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (103)           |                 |                 |
| Cumulative Savings                            | (103)           | (103)           | (103)           |
| Budget after Savings<br>(Controllable Budget) | 7,296           | 7,296           | 7,296           |
| FTE Reduction                                 | N/A             | N/A             | N/A             |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>Savings are proposed from the following programme areas:</p> <p>2019/20</p> <ul style="list-style-type: none"> <li>• Obesity &amp; Physical Activity (START) - (£34k)</li> <li>• Nutrition Initiative - Food for Life (£18k)</li> <li>• Auntie Pam's support for mums-to-be and families (£15k)</li> <li>• Nutrition FINE (Food Initiative Nutritional Education) (£36k)</li> </ul> <p><b>Obesity and Physical Activity - (START)</b></p> <p>The START service is being redesigned, which will accommodate a reduction in budget by applying a system-wide approach to focus on the following:</p> <ul style="list-style-type: none"> <li>• Early intervention – intervening at the earliest possible opportunity to ensure that future parents understand the importance of healthy weight.</li> <li>• Addressing the social norm that has developed due to the majority of the population now being an unhealthy weight, resulting in people being unable to recognise healthy weight. This includes both the population and the workforce.</li> <li>• Working in conjunction with partners to ensure that every opportunity is taken to integrate learning about healthy weight into existing programmes of work.</li> <li>• Working co-productively with families to develop pathways and interventions to assist them to achieve and maintain healthy weight as a family. This will include working with existing providers to ensure that their offer is accessible and appealing to target families.</li> <li>• Working to upskill the staff who are in contact with families, to ensure that they are confident to introduce the subject of weight into their conversations with parents, and to offer appropriate advice and signposting.</li> </ul> <p>This proposal relies upon the interdependencies between START and Thriving Kirklees, FINE project, Community Hubs and Early Help Team.</p> |

The risk associated with this proposal is that parents do not engage with the service. This risk has always existed when commissioning weight management services. This service will incorporate enough flexibility to ensure that it accommodates for the needs of service users.

#### **Nutrition Initiative - Food for Life**

The Food for Life contract ended September 2017 and was not renewed. Please see below for future plans.

#### **Auntie Pam's support for mums-to-be and families**

When the Healthy Child Programme (HCP) was being developed Auntie Pam's was considered as an interdependent service within that programme. However, because of subsequent HCP partnership developments, Auntie Pam's was not included in the final submission.

A key element in the initial development of the service was to ensure value for money delivery, not replicating heavy spending services that were then developed by NHS and Council. As the service is volunteer-led, staffing costs would continue to be low and a programme of work, co-produced, to reduce the on-costs of the service will be conducted which will include the exploration of co-location with other services.

#### **Nutrition FINE (Food Initiative Nutritional Education)**

Discussions will commence next calendar year with FINE to identify specifically where savings can be made in 2019/20. This could affect the outputs and outcomes that the service can deliver. However we will seek to mitigate the impact of the budget reduction as described below.

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes

#### **Obesity and Physical Activity - (START)**

The service is being redesigned to mitigate for any negative outcomes by applying a much broader, system-wide approach to tackling childhood obesity. This should result in greater impact by resulting in fewer children presenting as overweight or obese at Reception Year - the first weighing and measuring point for children as part of the National Child Measurement Programme.

#### **Nutrition Initiative - Food for Life and Nutrition FINE (Food Initiative Nutritional Education)**

Public Health is currently reviewing the Food Strategy to ensure a system-wide strategic approach to food and nutrition. The strategy will ensure that available resources are better targeted with a focus on those populations in the greatest need/with the least healthy diets, critical stages of child development and malnutrition in later life.

The work programme will cover both policy and interventions. It will include Public Health and FINE staff working with partners to develop the capacity and capability of wider staff and community members to support them to improve diet and nutrition related outcomes for the people of Kirklees. The staff and community members that we will work with include those in Thriving Kirklees, Start (children’s weight management service), Schools as Community Hubs and staff from local hot food takeaways. The work programme will include embedding the principles of Food for Life in school settings. Interdependencies also exist between nutrition initiatives and the new Wellness Model to be commissioned.

**Auntie Pam’s support for mums-to-be and families**

To ensure the impact on outcomes and service provision is minimised, the focus will be on co-location of services which will ensure that interventions presently delivered will continue.

|  |    |
|--|----|
| Does this proposal require an Equality Impact Assessment?  | NO |
| Will this proposal require a Specific Service Consultation | NO |

|                             |                     |
|-----------------------------|---------------------|
| Accountable Head of Service | Emily Parry-Harries |
|-----------------------------|---------------------|

**CORPORATE SERVICES**

| SERVICE ACTIVITY                                  | 18-19                               |                  | 18-19 CONTROLLABLE INCOME £000 | 18-19 NET CONTROLLABLE BUDGET £000 | MINUSES £000   | PLUSSES £000 | 19-20 BUDGET PROPOSAL £000 | MINUSES £000   | PLUSSES £000 | 20-21 BUDGET PROPOSAL £000 | MINUSES £000 | PLUSSES £000 | 21-22 BUDGET PROPOSAL £000 |
|---|-------------------------------------|------------------|--------------------------------|------------------------------------|----------------|--------------|----------------------------|----------------|--------------|----------------------------|--------------|--------------|----------------------------|
|   | CONTROLLABLE GROSS EXPENDITURE £000 | BUDGET £000      |                                |                                    |                |              |                            |                |              |                            |              |              |                            |
| <b>Democracy</b>                                  |                                     |                  |                                |                                    |                |              |                            |                |              |                            |              |              |                            |
| Ward Based Activity                               | 460                                 | 0                | 0                              | 460                                |                |              | 460                        |                |              | 460                        |              |              | 460                        |
| Elections   | 452                                 | 0                | 0                              | 452                                | (122)          |              | 330                        |                |              | 330                        |              |              | 330                        |
| Electoral Registration                            | 476                                 | (8)              | (8)                            | 468                                |                |              | 468                        |                |              | 468                        |              |              | 468                        |
| Civic Office                                      | 45                                  | 0                | 0                              | 45                                 |                |              | 45                         |                |              | 45                         |              |              | 45                         |
| Governance Core                                   | 1,545                               | (173)            | (173)                          | 1,372                              |                |              | 1,372                      |                |              | 1,372                      |              |              | 1,372                      |
| Councillors Allowances                            | 1,438                               | 0                | 0                              | 1,438                              |                |              | 1,438                      |                |              | 1,438                      |              |              | 1,438                      |
| Information Governance                            | 121                                 | 0                | 0                              | 121                                |                | 200          | 321                        |                |              | 321                        |              |              | 321                        |
| <b>Total</b>                                      | <b>4,537</b>                        | <b>(181)</b>     | <b>(181)</b>                   | <b>4,356</b>                       | <b>(122)</b>   | <b>200</b>   | <b>4,434</b>               | <b>0</b>       | <b>0</b>     | <b>4,434</b>               | <b>0</b>     | <b>0</b>     | <b>4,434</b>               |
| <b>Corporate Governance, Management &amp; DRM</b> |                                     |                  |                                |                                    |                |              |                            |                |              |                            |              |              |                            |
|   | 628                                 | (496)            | (496)                          | 132                                |                |              | 132                        |                |              | 132                        |              |              | 132                        |
| <b>Communications &amp; Marketing</b>             |                                     |                  |                                |                                    |                |              |                            |                |              |                            |              |              |                            |
|   | 882                                 | (302)            | (302)                          | 580                                |                |              | 580                        |                |              | 580                        |              |              | 580                        |
| <b>Policy Unit</b>                                |                                     |                  |                                |                                    |                |              |                            |                |              |                            |              |              |                            |
|   | 497                                 | (23)             | (23)                           | 474                                |                |              | 474                        |                |              | 474                        |              |              | 474                        |
| <b>Transformation Team</b>                        |                                     |                  |                                |                                    |                |              |                            |                |              |                            |              |              |                            |
|   | 0                                   | 0                | 0                              | 0                                  | (859)          |              | (859)                      |                |              | (859)                      |              |              | (859)                      |
| <b>Human Resources Professional Service</b>       |                                     |                  |                                |                                    |                |              |                            |                |              |                            |              |              |                            |
|   | 3,761                               | (1,184)          | (1,184)                        | 2,577                              |                |              | 2,577                      |                |              | 2,577                      |              |              | 2,577                      |
| <b>Risk</b>                                       |                                     |                  |                                |                                    |                |              |                            |                |              |                            |              |              |                            |
|   | 581                                 | (379)            | (379)                          | 202                                |                |              | 202                        |                |              | 202                        |              |              | 202                        |
| <b>Legal Services</b>                             |                                     |                  |                                |                                    |                |              |                            |                |              |                            |              |              |                            |
|   | 1,971                               | (511)            | (511)                          | 1,460                              | (122)          |              | 1,338                      | (121)          |              | 1,217                      |              |              | 1,217                      |
| <b>Procurement</b>                                |                                     |                  |                                |                                    |                |              |                            |                |              |                            |              |              |                            |
|   | 530                                 | (209)            | (209)                          | 321                                |                |              | 321                        |                |              | 321                        |              |              | 321                        |
| <b>Finance &amp; Accountancy</b>                  |                                     |                  |                                |                                    |                |              |                            |                |              |                            |              |              |                            |
|   | 4,513                               | (1,631)          | (1,631)                        | 2,882                              | (301)          | 0            | 2,581                      | (100)          | 0            | 2,481                      | (100)        | 0            | 2,381                      |
| <b>IT</b>   |                                     |                  |                                |                                    |                |              |                            |                |              |                            |              |              |                            |
|   | 12,138                              | (2,317)          | (2,317)                        | 9,821                              | (1,360)        | 650          | 10,471                     | (1,360)        |              | 9,111                      |              |              | 9,111                      |
| <b>Welfare &amp; Exchequer</b>                    |                                     |                  |                                |                                    |                |              |                            |                |              |                            |              |              |                            |
|   | 4,338                               | (2,870)          | (2,870)                        | 1,468                              |                |              | 1,468                      |                |              | 1,468                      |              |              | 1,468                      |
| Income Collection - Welfare & Exchequer           | 5,482                               | (499)            | (499)                          | 4,983                              | (50)           |              | 4,933                      | (50)           |              | 4,883                      |              |              | 4,883                      |
| Welfare & Complimentary Benefits                  | 108,727                             | (108,808)        | (81)                           | (81)                               |                |              | (81)                       |                |              | (81)                       |              |              | (81)                       |
| <b>Total</b>                                      | <b>118,547</b>                      | <b>(112,177)</b> | <b>(112,177)</b>               | <b>6,370</b>                       | <b>(50)</b>    | <b>0</b>     | <b>6,320</b>               | <b>(50)</b>    | <b>0</b>     | <b>6,270</b>               | <b>0</b>     | <b>0</b>     | <b>6,270</b>               |
| <b>Management &amp; Regulatory Functions</b>      |                                     |                  |                                |                                    |                |              |                            |                |              |                            |              |              |                            |
|   | 1,300                               | 143              | 143                            | 1,443                              | (250)          | 0            | 1,193                      | 0              | 0            | 1,193                      | 0            | 0            | 1,193                      |
| <b>TOTAL CORPORATE SERVICES</b>                   | <b>149,885</b>                      | <b>(119,267)</b> | <b>(119,267)</b>               | <b>30,618</b>                      | <b>(1,704)</b> | <b>850</b>   | <b>29,764</b>              | <b>(1,631)</b> | <b>0</b>     | <b>28,133</b>              | <b>(100)</b> | <b>0</b>     | <b>28,033</b>              |

**CORPORATE SERVICES - MINUSES**

| Service Activity   | Proposed Change                                    | £000                       |                |                |                |
|--|--|----------------------------|----------------|----------------|----------------|
|  |  | Savings Template Reference | 2019-20        | 2020-21        | 2021-22        |
| <b>EXISTING MTFP MINUSES</b>                                       |  |                            |                |                |                |
| <u>Democracy</u><br>Elections                                      | Smoothing adjustment to reflect cycle of elections |                            | (122)          |                | (122)          |
| <u>Access, Strategy &amp; Delivery</u><br>Transformation Team      | Reduction in sickness absence                      | EX CS1                     | (859)          |                | (859)          |
| Legal Services   | Further saving to be identified                    | EX CS2                     | (122)          | (121)          | (243)          |
| Finance & Accountancy  | Efficiency savings                                 | EX CS3                     | (201)          |                | (201)          |
| HD-One: Financial & HR Transactional Services                      | Efficiency savings                                 | EX CS3                     |                | (100)          | (200)          |
| IT   | IT Efficiency Savings                              | EX CS4                     |                | (1,360)        | (1,360)        |
| <u>Welfare &amp; Exchequer</u><br>Welfare & Complimentary Benefits | More Automation of back office services            | EX CS5                     | (50)           | (50)           | (100)          |
| HD-One: Financial & HR Transactional Services                      | Income generation                                  | EX CS6                     | (100)          |                | (100)          |
| <b>NEW MTFP MINUSES</b>  |  |                            |                |                |                |
| Management & Regulatory  | Strategy & Commissioning Review                    | NEW CS1                    | (250)          |                | (250)          |
|  |  |                            | (1,454)        | (1,631)        | (3,185)        |
| <b>TOTAL MINUSES FOR CORPORATE SERVICES</b>                        |  |                            | <b>(1,704)</b> | <b>(1,631)</b> | <b>(3,435)</b> |

**CORPORATE SERVICES - PLUSES**

| Service Activity                                      | Proposed Change                           | Savings Template Reference | £000    |         |         | Total |
|---|---|----------------------------|---------|---------|---------|-------|
|   |   |                            | 2019-20 | 2020-21 | 2021-22 |       |
| <b>EXISTING MTFP PLUSES</b><br>IT                     | Capitalisation of digital scheme staffing |                            | 650     |         |         | 650   |
| <b>NEW MTFP PLUSES</b><br>Information Governance      | New investment                            |                            | 200     |         |         |       |
| <b>TOTAL PLUSES FOR OFFICE OF THE CHIEF EXECUTIVE</b> |   |                            | 850     | 0       | 0       | 650   |

|                   |                               |
|-------------------|-------------------------------|
| Directorate       | Corporate Services            |
| Service Area      | Transformation Team           |
| Headline Proposal | Reduction in sickness absence |
| Reference         | EX CS1                        |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (859)           |                 |                 |
| Cumulative Savings                            | (859)           | (859)           | (859)           |
| Budget after Savings<br>(Controllable Budget) | N/A             | N/A             | N/A             |
| FTE Reduction                                 |                 |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>Proposal to reduce the current level of staff sickness through a variety of interventions, including delivering the people strategy.</p> <p>This assumes that all of the cost of sickness can be saved, not just the cost of agency cover, as it eliminates the cost associated with retention of staff capacity to cover sickness absence.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes |
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|--|----|
| Does this proposal require an Equality Impact Assessment?  | NO |
| Will this proposal require a Specific Service Consultation | NO |

|                             |             |
|-----------------------------|-------------|
| Accountable Head of Service | Andy Simcox |
|-----------------------------|-------------|

|                   |                                   |
|-------------------|-----------------------------------|
| Service Director  | Legal, Governance & Commissioning |
| Service Area      | Legal Services                    |
| Headline Proposal | Further savings to be identified  |
| Reference         | EX CS2                            |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (122)           | (121)           |                 |
| Cumulative Savings                            | (122)           | (243)           | (243)           |
| Budget after Savings<br>(Controllable Budget) | 1,338           | 1,217           | 1,217           |
| FTE Reduction                                 |                 |                 |                 |

#### Description of Savings Proposal (Including interdependencies and risk)

The original MTFP setting out the additional planned savings for Legal Services assumed that there might be a reduction in demand for legal services as other service areas were cut but it highlighted the risk of this not happening.

The reduction in demand hasn't materialised from the intelligence we have on time recording / case management information, discussion with service areas and spend on legal matters as well as cases open. In some cases the demand has increased, and there are pressure areas in children's and adult's services as well as an increase in property work (to increase capital receipts) and information governance.

We have enabled some services to undertake legal work that was previously done by Legal Services - for example some prosecutions, some lower value contracts/ procurement and we are looking at other areas where we can do this as set out in EX RE1 (past year) but this process is dependent on other services being willing and having the resources to do this.

Ultimately we don't control demand - it arises from service areas.

We are continuing to look at ways in which we can reduce the overall corporate cost of legal services to the Council. As noted below a significant amount of spend on legal support is external where the budget is held elsewhere. We are reviewing areas where it would be better to do this differently and reduce the overall corporate spend

#### **Spend elsewhere as follows:**

|                         | <b>Barrister &amp; Ext<br/>Solicitors</b> | <b>All other disbs*</b> |
|-------------------------|---|-------------------------|
| 2016/2017               | £999,970                                  | £921,600                |
| 2017/2018 to end<br>Nov | £962,343                                  | £629,180                |

\*this includes a wide range of costs linked to the matter e.g. search fees, court fees, assessment reports, medical reports.

We operate two frameworks across West Yorkshire for using external solicitors and barristers to keep costs competitive. We also use other frameworks where we can to get best value for money.

2019/20 and 2020/21

As above for 2018/19. The savings here are again dependent on reduced service area demand and the likely need for legal support across the Council. These are more difficult to foresee and are not controlled by Legal Services.

#### Interdependencies and Risk

Demand for legal support isn't decreasing overall. Although it fluctuates across legal work types there is no discernible reduction in demand overall.

The impact of Ofsted and Commissioner work is now known and will for the short to medium term be likely to impact on the support for Children's Services work which is a potential and significant risk area. There is the possibility we may need to fill new posts to support Children's Services during this period to reduce the cost of external legal spend.

There are other pinch areas – for example Adult Social Care, Special Educational Needs.

Staff absence (maternity leave) needs to be covered either by a temporary replacement or a locum or by external solicitors. This was previously offset by vacancies on the establishment but there are no longer any such vacancies as they were used to make previous savings. Parts of the service are operating much reduced staffing levels.

There are risks that costs will continue to be passed to Local Authorities to deal with and manage - for example Judiciary – continue to pass on costs to public sector to save costs e.g. drafting orders.

Historic external trading target (£180k) needs adjustment to reflect what is achievable. The original target was set more than 10 years ago when Legal Services were a traded service and when there was significant work from WYTS, KNH, schools and academies. Due to structural and economic changes outside the Council that is no longer the case and the retention of this target in the Legal Services budget significantly distorts the reported financial performance of the service.

Further work is needed to consider the current budget for external income and the ability with less staff to achieve that. There is a significant risk that this won't be achieved.

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes

We need to look at the corporate cost of legal support and how we can do things differently to reduce cost.

Service is largely demand driven. Reducing staff numbers any further is not cost effective and is likely to result in increased use of external lawyers at greater cost or create an unacceptable level of risk of an impaired quality of service .

Alternatively we may need to take a corporate decision (where it is appropriate) not to do some things. We can make suggestions about how we manage matters and deal with cases / advice that comes through but ultimately cases are impacted by strategic decisions / policy/ day to day activities of the Council.

Obvious synergy with approach to risk/commissioning approach moving forwards.

The Ofsted review/ Commissioner decision is now known as noted above. It will give an opportunity to review how we work together with Children’s Services. This area of work represents about half of the demand for legal support.

Services will need to do more themselves and recognise when the best time to seek support is. We will continue to help services to do this e.g. low value contracts, non-contested prosecutions and identify other areas.

The West Yorkshire Legal Framework (WYLAW) framework for Solicitors has recently been retendered. We need to ensure we will continue to move towards more effective collaboration across WYLAW.

We corporately need to improve recording of disbursements across service areas.

Potential for better use of IT by the Courts. The new approach would transfer information to court electronically. Impact on paper lite policies and data protection risks

Improvements to case management system across Legal Services to move towards a more paper lite approach

Consider opportunities to improve external trading but subject to earlier comments.

|  |    |
|--|----|
| Does this proposal require an Equality Impact Assessment?  | NO |
| Will this proposal require a Specific Service Consultation | NO |

|                             |  |
|-----------------------------|--|
| Accountable Head of Service | Julie Muscroft<br>John Chapman<br>Karl Larrad<br>Margaret Miller |
|-----------------------------|--|

|                   |                                      |
|-------------------|--------------------------------------|
| Service Director  | Finance, IT & Transactional Services |
| Service Area      | Finance & Accountancy                |
| Headline Proposal | Efficiency savings                   |
| Reference         | EX CS3                               |

| Forecast Savings                                  | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental savings<br>(Existing)                 | (201)           | (100)           | (100)           |
| Cumulative Savings                                | (201)           | (301)           | (401)           |
| Budget after Savings (Net<br>Controllable Budget) | 2,618           | 2,518           | 2,418           |
| FTE Reduction                                     | 7.5             | 2.5             |                 |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>Savings of £201k in the accountancy function through the expanded rollout and development of SAP functionality to support core budget manager competency and skills through direct reporting access to key financial information, and through greater financial process automation. Savings also underpinned by smarter and prioritised use of available professional capacity to ensure delivery of key statutory accounting and service requirements based on relative complexity and risk.</p> <p>The balance of £200k savings relates to HD-One, which is the Council's centre of excellence for the provision of payroll, payment processing and organisational infrastructure required to support the efficient running of the Council's core business system, SAP.</p> |

| Potential impact on outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes   |
|--|
| <p>There is reliance on IT colleagues for continued SAP support, maintenance and development, including associated transactional processes.</p> <p>Turnover of staff who support key specialist /technical accounting roles will be mitigated by effective forward and succession planning to ensure that statutory accounting and organisational requirements are met over the medium term.</p> |

|  |    |
|--|----|
| Does this proposal require an Equality Impact Assessment?  | NO |
| Will this proposal require a Specific Service Consultation | NO |

|                             |                |
|-----------------------------|----------------|
| Accountable Head of Service | James Anderson |
|-----------------------------|----------------|

|                   |                                      |
|-------------------|--------------------------------------|
| Service Director  | Finance, IT & Transactional Services |
| Service Area      | Information Technology               |
| Headline Proposal | IT Efficiency Savings                |
| Reference         | EX CS4                               |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           |                 | (1,360)         |                 |
| Cumulative Savings                            |                 | (1,360)         | (1,360)         |
| Budget after Savings<br>(Controllable Budget) | 10,581          | 9,221           | 9,221           |
| FTE Reduction                                 |                 | 28              |                 |

**2020/21**

IT and Change Service Review  
Contract Review & Renegotiation (Phase 2)

Dependencies

Mobile and Agile Programme,  
Digital by Design Programme,  
SAP Support Self Sufficiency  
Network Support Switches to BAU  
Rightsizing post-transformation  
Smaller Council  
Automation of IT support  
Reduced Application Portfolio  
Simplified development methods

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes

- Frontline IT services will be automated / self service at first point of contact
- Reduction in out of hours support cover / availability due to better automation
- Onsite call response reduction due to less frequency of calls
- Contracted level of service reduced
- Reduced capacity of the service

|  |     |
|--|-----|
| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | NO  |

|                             |                |
|-----------------------------|----------------|
| Accountable Head of Service | Terence Hudson |
|-----------------------------|----------------|

|                   |  |
|-------------------|--|
| Service Director  | Finance, IT & Transactional Services                     |
| Service Area      | Welfare and Exchequer - Welfare & Complimentary Benefits |
| Headline Proposal | More Automation of back office services                  |
| Reference         | EX CS5   |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (50)            | (50)            |                 |
| Cumulative Savings                            | (50)            | (100)           | (100)           |
| Budget after Savings<br>(Controllable Budget) | 3,893           | 3,843           |                 |
| FTE Reduction                                 | 2               | 2               |                 |

| Description of Savings Proposal (Including interdependencies and risk)  |
|---|
| <p>Review of welfare and complimentary benefits staffing, in light of changes to automation, caseload changes and implementation of Universal Credit (UC) in Kirklees.<br/>(UC rollout will run until at least 2023.)</p> <p>Statutory Service - this proposal will potentially impact on some of the most vulnerable people in Kirklees. The migration to Universal Credit (UC) is a national process run by the Department for Work and Pensions, the migration of working age Housing Benefit claimants to UC has already started in Kirklees for single people in June 2015. November 2017 saw the start of couples UC migration in Kirklees. The Council already has procedures in place to assist residents with the changes including "Advice Kirklees".</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes |
|--|
| See above  |

|  |     |
|--|-----|
| Does this proposal require an Equality Impact Assessment?  | YES |
| Will this proposal require a Specific Service Consultation | NO  |

|                             |             |
|-----------------------------|-------------|
| Accountable Head of Service | Steven Bird |
|-----------------------------|-------------|

|                   |                                      |
|-------------------|--------------------------------------|
| Service Director  | Finance, IT & Transactional Services |
| Service Area      | Finance & Accountancy                |
| Headline Proposal | Income generation                    |
| Reference         | EX CS6                               |

| Forecast Savings                               | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|-----------------|
| Incremental Savings (New)                      | (100)           |                 |                 |
| Cumulative Savings                             | (100)           | (100)           | (100)           |
| Budget after Savings (Net Controllable Budget) | 912             | 912             | 912             |
| FTE Reduction                                  |                 |                 |                 |

|   |
|---|
| <b>Description of Savings Proposal (Including interdependencies and risk)</b>   |
| This proposal relates to HD-One, the Council's centre of excellence for the provision of payroll, payment processing, and organisational infrastructure required to support the efficient running of the Council's core business system, SAP. The proposal relates both to potential new charging opportunities for work provided for non-general fund activity, and as well a review of current recharge income to ensure all reasonable costs are recovered from existing work provided in relation to non-general fund activity. |

|   |
|---|
| <b>Potential impact on outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes</b> |
| None  |

|  |    |
|--|----|
| Does this proposal require an Equality Impact Assessment?  | NO |
| Will this proposal require a Specific Service Consultation | NO |

|                             |                |
|-----------------------------|----------------|
| Accountable Head of Service | Eamonn Croston |
|-----------------------------|----------------|

|                   |                                 |
|-------------------|---------------------------------|
| Service Director  | Corporate Services              |
| Service Area      | Management & Regulatory         |
| Headline Proposal | Strategy & Commissioning Review |
| Reference         | NEW CS1                         |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (250)           |                 |                 |
| Cumulative Savings                            | (250)           | (250)           | (250)           |
| Budget after Savings<br>(Controllable Budget) | N/A             | N/A             | N/A             |
| FTE Reduction                                 |                 |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>The Review of the Council's Strategy and Commissioning functions will be focused on improving the effectiveness and value of corporate functions and processes, in governance, strategic planning, assurance, resource management and support services.</p> <p>The intended result is to increase impact and value of services delivered, and address any gaps in capacity and quality. By improving processes and internal capacity, there will be productivity gains and reduced need to draw on external support. In addition, proposals for greater integration of functions will give options for improved efficiency.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes |
|--|
|  |

|  |    |
|--|----|
| Does this proposal require an Equality Impact Assessment?  | NO |
| Will this proposal require a Specific Service Consultation | NO |

|                             |                         |
|-----------------------------|-------------------------|
| Accountable Head of Service | Rachel Spencer-Henshall |
|-----------------------------|-------------------------|

CENTRAL BUDGETS

| SERVICE ACTIVITY                | 18-19<br>CONTROLLABLE<br>GROSS<br>EXPENDITURE<br>£000 | 18-19<br>CONTROLLABLE<br>INCOME<br>£000 | 18-19 NET<br>CONTROLLABLE<br>BUDGET<br>£000 | MINUSES<br>£000 | PLUSES<br>£000 | 19-20<br>BUDGET<br>PROPOSAL<br>£000 | MINUSES<br>£000 | PLUSES<br>£000 | 20-21<br>BUDGET<br>PROPOSAL<br>£000 | MINUSES<br>£000 | PLUSES<br>£000 | 21-22<br>BUDGET<br>PROPOSAL<br>£000 |
|---------------------------------|---|---|---|-----------------|----------------|-------------------------------------|-----------------|----------------|-------------------------------------|-----------------|----------------|-------------------------------------|
| Treasury Management             | 23,824  | (1,063)                                 | 22,761                                      | (11,451)        | 669            | 11,979                              | (889)           | 7,490          | 18,580                              |                 | 2,351          | 20,931                              |
| General Contingencies           | 744   | (535)                                   | 209   | (289)           | 1,504          | 1,424                               | (5)             | 1,600          | 3,019                               | (4)             |                | 3,015                               |
| Inflation                       | (470)   | 0                                       | (470)                                       | (1,200)         | 5,802          | 4,132                               | (1,300)         | 4,050          | 6,882                               | (1,300)         | 4,050          | 9,632                               |
| Central Pension & Related Costs | 2,107   | (314)                                   | 1,793                                       |                 |                | 1,793                               |                 |                | 1,793                               |                 |                | 1,793                               |
| Joint Committees                | 19,814  | 0                                       | 19,814                                      | (386)           | 160            | 19,588                              | (190)           |                | 19,398                              |                 | 367            | 19,765                              |
| <b>TOTAL CENTRAL BUDGETS</b>    | <b>46,019</b>   | <b>(1,912)</b>                          | <b>44,107</b>                               | <b>(13,326)</b> | <b>8,135</b>   | <b>38,916</b>                       | <b>(2,384)</b>  | <b>13,140</b>  | <b>49,672</b>                       | <b>(1,304)</b>  | <b>6,768</b>   | <b>55,136</b>                       |

**CENTRAL BUDGETS - TECHNICAL ADJUSTMENTS**

| Service Activity                                       | Proposed Change  | £000  |                                |                 |
|--|--|---|--------------------------------|-----------------|
|  |  | 2019-20                                     | 2020-21                        | 2021-22         |
| General Contingencies                                  | Insurance Fund - re-base service insurance premia budgets<br>Decrease in general contingencies budgets required<br>PFI prepayment base budget<br>Review of superannuation rate<br>Parish Council grant<br>Future years inflation requirement | 1,000<br>(22)<br>300<br>(63)<br>4,602<br>18 | 1,600<br>(5)<br>2,750<br>(199) |                 |
| Inflation  | Review of treasury management budget aligned to future capital expenditure borrowing requirements and wider treasury management strategy   |   |                                | (4)             |
| Treasury Management                                    | MRP - phased release to support High Needs pressures<br>MRP - release for mental health budgets<br>MRP - reprofiled  | (5,000)<br>(1,400)<br>(4,400)               | 1,000<br>1,400<br>4,400        | 10,102<br>1,170 |
| Joint Committees                                       | Transport Levy Contribution Review – Combined Authority  | (226)                                       | (190)                          | 367             |
| <b>TOTAL TECHNICAL ADJUSTMENTS FOR CENTRAL BUDGETS</b> |  | <b>(5,191)</b>                              | <b>10,756</b>                  | <b>5,464</b>    |
|  |  |   |                                | <b>11,029</b>   |



**HOUSING REVENUE ACCOUNT - MINUSES**

| Service Activity   | Proposed Change   | Savings Template Reference | £000                            |                |                                 |
|--|---|----------------------------|---------------------------------|----------------|---------------------------------|
|  |   |                            | 2019-20                         | 2020-21        | 2021-22                         |
| <b>Repair &amp; Maintenance</b>                          | efficiency savings<br>phased release of revenue budget in later years following initial upfront investment requirement of £1.1m in 2018-19 for essential compliance work  | HRA 1                      | (804)<br>(754)                  | (342)          | (1,146)<br>(754)                |
| <b>Housing Management</b>                                | Strategic Priorities to support Capital initiatives reduced budget<br>efficiency savings<br>Estates Management review of procurement budget requirement<br>Communal Lighting and Sheltered Heating - review of budget requirement | HRA 2<br>HRA 1             | (500)<br>(869)<br>(30)<br>(135) |                | (500)<br>(869)<br>(30)<br>(135) |
| <b>Income</b>  |   |                            |                                 |                |                                 |
| Dwelling Rent  | year 1 includes the impact of extra week rent (53 week rent year). Years 2 & 3 reflect assumed uplift of CPI at 2.6% +1%  |                            | (1,571)                         | (2,006)        | (5,975)                         |
| Tenant & leaseholder service and other charges           | Review of Service Charge costs including Assisted Gardens   | HRA 3                      | (137)                           | (273)          | (527)                           |
| Other  | Garage Rent Additional Income Target  | HRA 3                      | (21)                            | (21)           | (42)                            |
| Interest payable on capital debt                         | interest charges in line with current profile of debt repayment across years  |                            | (322)                           | (229)          | (867)                           |
| Bad Debt Provision                                       | Full year effect of Universal Credit being implemented  |                            | (400)                           | 0              | (400)                           |
| <b>TOTAL MINUSES FOR HRA (net operating expenditure)</b> |   |                            | <b>(5,543)</b>                  | <b>(2,871)</b> | <b>(2,831)</b>                  |
| Revenue contribution to capital                          |   |                            |                                 | (185)          | (185)                           |
| <b>TOTAL MINUSES FOR HRA</b>                             |   |                            | <b>(5,543)</b>                  | <b>(3,056)</b> | <b>(2,831)</b>                  |
|  |   |                            |                                 |                | <b>(11,430)</b>                 |

**HOUSING REVENUE ACCOUNT - PLUSES**

| Service Activity  | Proposed Change  | Savings Template Reference | £000         |              |              |               |
|---|--|----------------------------|--------------|--------------|--------------|---------------|
|   |  |                            | 2019-20      | 2020-21      | 2021-22      | Total         |
| Repair & Maintenance<br>KNH Management Fee              | Improved Lettable Standard<br>Inflationary increase for 2018/19 (£212k) & Clean Up Campaigns (£37k)                |                            | 1000<br>249  |              |              | 1,000<br>249  |
| <b>Other expenditure</b><br>Bad Debt Provision          | Full year effect of Universal Credit being implemented   |                            | 0            | 600          | 100          | 700           |
| Inflation provision requirement                         | Annual provision requirement reflects RPI assumption for repair & maintenance, utility uplift and salary increases |                            | 930          | 943          | 953          | 2,826         |
| Corporate and democratic core                           | Council Support Services (Recharges)   |                            | 500          |              |              | 500           |
| Council Services bought in                              | Council Support Services (Recharges) and change in cost model  |                            | 1,000        |              |              | 1,000         |
| <b>Income</b>   |  |                            |              |              |              |               |
| Dwelling Rent Income                                    | Year 1 reflects 1% Rent Reduction. Year 2 reflects revert back to 52 week rent year.                               |                            | 1,406        | 1,513        | 533          | 3,452         |
| Tenant & leaseholder service and other charges          | PFI Service Charges  |                            | 11           |              |              | 11            |
| Other   | Removal of Blue Badge Discount on Garages  |                            | 65           |              |              | 65            |
| <b>TOTAL PLUSES FOR HRA (net operating expenditure)</b> |  |                            | <b>5,161</b> | <b>3,056</b> | <b>1,586</b> | <b>9,803</b>  |
| Revenue Contribution to Capital                         |  |                            | 382          |              | 1,245        | 1,627         |
| <b>TOTAL PLUSES FOR HRA</b>                             |  |                            | <b>5,543</b> | <b>3,056</b> | <b>2,831</b> | <b>11,430</b> |

|                   |                              |
|-------------------|------------------------------|
| Directorate       | Place                        |
| Service Area      | Housing Revenue Account      |
| Headline Proposal | KNH Fee - Indicative Savings |
| Reference         | HRA 1                        |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (1,673)         | (342)           | -               |
| Cumulative Savings                            | (1,673)         | (2,015)         | (2,015)         |
| Budget after Savings<br>(Controllable Budget) | 38,199          | 37,857          | 37,857          |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>In 2019, work will continue embedding the new operating models for Kirklees Neighbourhood Housing (KNH) ensuring that KNH is fit for purpose, able to effectively respond to the changing external environment within a context of delivering savings and value for money. The focus will continue to be on finding ways to deliver more with less whilst providing an improved service to our customers, and greater tenant voice.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes   |               |
|--|---------------|
| <p>Strategic decisions agreed with the revised lettable standard could impact on void turnaround times, leading to delays with tenants moving into properties and loss of rent. A recent review of the void process has taken place and once embedded will improve re-let times. Robust mitigating actions will continue to be developed to improve performance. Equality Impact Assessments will be carried out as part of this work.</p> <p>Planned training and handover of tasks is taking place to embed the new structures and to support cultural change, but this will take time. Effective consultation and engagement with staff and tenants where relevant will continue.</p> |               |
| Does this proposal require an Equality Impact Assessment?  | NO (re 19/20) |
| Will this proposal require a Specific Service Consultation   | NO (re 19/20) |
| Accountable Head of Service  | Naz Parker    |

|                   |                         |
|-------------------|-------------------------|
| Directorate       | Place                   |
| Service Area      | Housing Revenue Account |
| Headline Proposal | Policy and Management   |
| Reference         | HRA 2                   |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (500)           |                 |                 |
| Cumulative Savings                            | (500)           | (500)           | (500)           |
| Budget after Savings<br>(Controllable Budget) | (13,122)        | (13,122)        | (13,122)        |
| FTE Reduction                                 |                 |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)  |
|---|
| <p>This was a pre-existing contingency development budget of £500k not now required, so offered up as savings. This may be re-introduced in the future to support development opportunities, but this will be subject to a valid business case.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes |            |
|--|------------|
| <p>There will be no initial impact as this budget was not being spent. If there is a future need for this budget a business case will be provided.</p>                                     |            |
| Does this proposal require an Equality Impact Assessment?  | NO (19/20) |
| Will this proposal require a Specific Service Consultation   | NO( 19/20) |

|                             |            |
|-----------------------------|------------|
| Accountable Head of Service | Naz Parker |
|-----------------------------|------------|

|                   |  |
|-------------------|--|
| Directorate       | Place  |
| Service Area      | Housing Revenue Account                        |
| Headline Proposal | Tenant & leaseholder service and other charges |
| Reference         | HRA 3  |

| Forecast Savings                              | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|-----------------|
| Incremental Savings                           | (158)           | (294)           | (117)           |
| Cumulative Savings                            | (158)           | (452)           | (569)           |
| Budget after Savings<br>(Controllable Budget) | (4,184)         | (4,478)         | (4,595)         |
| FTE Reduction                                 |                 |                 |                 |

| Description of Savings Proposal (Including interdependencies and risk)   |
|--|
| <p>A review of service charges has been carried out to assess whether charges are appropriate and to calculate the cost of service delivery. As the review is linked to affordability and has connectivity with welfare systems in place to help people with housing costs. The full costs will not be recovered in 2019/20 but existing costs will be increased by the September RPI figure (3.3%).</p> <p>There will be a review of garage rents in 2019/20. Current charges will be increased by inflation of 3.3%.</p> |

| Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes   |             |
|--|-------------|
| <p>There is potential for adverse impact on tenants if service charges are increased or new charges are applied, some of which would not be covered by the housing element of benefits. This would put at risk the ability of a tenant to successfully sustain a tenancy. This has been mitigated by modelling the effects of not increasing the service charges through the business plan, which shows that this decision is affordable and by inflating current service charges by the inflationary increase of 3.3%.</p> <p>There is potential for a negative response from leaseholders to any service charge changes and potential for restrictions on changes to service charges within lease documentation.</p> |             |
| Does this proposal require an Equality Impact Assessment?  | YES (19/20) |
| Will this proposal require a Specific Service Consultation   | YES (19/20) |

|                             |            |
|-----------------------------|------------|
| Accountable Head of Service | Naz Parker |
|-----------------------------|------------|

## 6 YEAR CAPITAL INVESTMENT PLAN 2018/19 - 2023/24 (OUTCOME BASED)

| EXPENDITURE SUMMARY            | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | 6 Yr Total<br>£'000 |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|
| Achievement                    | 14,257           | 23,021           | 21,554           | 15,814           | 12,544           | 5,044            | 92,234              |
| Children                       | 448              | 600              | 850              | 3,600            | 4,200            | 750              | 10,448              |
| Independent                    | 2,442            | 5,813            | 11,482           | 8,550            | 750              | 0                | 29,037              |
| Sustainable Economy            | 46,112           | 73,561           | 99,048           | 63,577           | 55,071           | 15,804           | 353,173             |
| Well                           | 2,340            | 5,863            | 12,626           | 9,260            | 2,249            | 867              | 33,205              |
| Safe & Cohesive                | 0                | 180              | 20               | 0                | 0                | 0                | 200                 |
| Clean & Green                  | 547              | 1,100            | 5,375            | 25               | 6,500            | 20,500           | 34,047              |
| Efficiency & Effectiveness     | 4,700            | 4,613            | 3,937            | 3,900            | 3,900            | 3,900            | 24,950              |
| <b>GENERAL FUND</b>            | <b>70,846</b>    | <b>114,751</b>   | <b>154,892</b>   | <b>104,726</b>   | <b>85,214</b>    | <b>46,865</b>    | <b>577,294</b>      |
| Strategic Priorities           | 9,348            | 10,961           | 7,650            | 6,000            | 6,000            | 6,000            | 45,959              |
| Baseline                       | 18,478           | 22,818           | 16,767           | 17,675           | 17,375           | 15,605           | 108,718             |
| <b>HOUSING REVENUE ACCOUNT</b> | <b>27,826</b>    | <b>33,779</b>    | <b>24,417</b>    | <b>23,675</b>    | <b>23,375</b>    | <b>21,605</b>    | <b>154,677</b>      |
| <b>TOTAL PLAN</b>              | <b>98,672</b>    | <b>148,530</b>   | <b>179,309</b>   | <b>128,401</b>   | <b>108,589</b>   | <b>68,470</b>    | <b>731,971</b>      |

| FUNDING SUMMARY   | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | 6 Yr Total<br>£'000 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|
| <b><i>Direct/Earmarked Contributions to Schemes</i></b> |                  |                  |                  |                  |                  |                  |                     |
| Capital Grants / Contributions                          | 34,624           | 53,370           | 73,159           | 53,317           | 38,358           | 14,453           | 267,281             |
| Earmarked Capital Receipts                              | 7,568            | 5,140            | 4,590            | 4,590            | 4,590            | 4,590            | 31,068              |
| Revenue Contributions (HRA)                             | 15,702           | 19,031           | 10,901           | 8,651            | 5,430            | 7,958            | 67,673              |
| Reserves (HRA)  | 9,400            | 11,917           | 11,493           | 13,579           | 16,500           | 12,202           | 75,091              |
| <b><i>Pooled resources</i></b>                          |                  |                  |                  |                  |                  |                  |                     |
| Non Earmarked Capital Receipts                          | 1,690            | 500              | 500              | 500              | 500              | 500              | 4,190               |
| Corporate Prudential Borrowing                          | 29,688           | 58,572           | 78,666           | 47,764           | 43,211           | 28,767           | 286,668             |
| <b>TOTAL</b>  | <b>98,672</b>    | <b>148,530</b>   | <b>179,309</b>   | <b>128,401</b>   | <b>108,589</b>   | <b>68,470</b>    | <b>731,971</b>      |

**6 YEAR CAPITAL INVESTMENT PLAN 2018/19 - 2023/24 (OUTCOME BASED)**

| GENERAL FUND CAPITAL PLAN   |   | Funding | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | 6 Yr Total<br>£'000 |
|-----------------------------|---|---------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|
| <b>ACHIEVEMENT</b>          |   |         |                  |                  |                  |                  |                  |                  |                     |
| <b>Strategic Priorities</b> |   |         |                  |                  |                  |                  |                  |                  |                     |
|                             | New Pupil Places in Primary/Secondary Schools   | G/B     | 6,809            | 11,119           | 5,704            | 864              | 544              | 544              | 25,584              |
|                             | Delivery of an Autistic Spectrum Disorder (ASD) School to mitigate expenditure on out of area ASD placements            | B       | 50               | 1,000            | 1,600            | 350              | 0                | 0                | 3,000               |
| *                           | District Sufficiency - SEND   | B/G     | 0                | 1,000            | 6,000            | 9,750            | 7,750            | 500              | 25,000              |
|                             | Dewsbury Learning Quarter   | B       | 376              | 2,000            | 0                | 0                | 0                | 0                | 2,376               |
| *                           | Libraries & Public Buildings  | B       | 0                | 1,550            | 3,100            | 350              | 0                | 0                | 5,000               |
|                             | <b>Strategic Priorities Total</b>   |         | <b>7,235</b>     | <b>16,669</b>    | <b>16,404</b>    | <b>11,314</b>    | <b>8,294</b>     | <b>1,044</b>     | <b>60,960</b>       |
| <b>Baseline</b>             |   |         |                  |                  |                  |                  |                  |                  |                     |
|                             | Basic Need  | G       | 331              | 500              | 500              | 500              | 500              | 500              | 2,831               |
|                             | Capital Maintenance   | G/B     | 4,860            | 3,600            | 3,400            | 3,200            | 3,000            | 2,800            | 20,860              |
|                             | Devolved Formula Capital  | G       | 969              | 900              | 850              | 800              | 750              | 700              | 4,969               |
|                             | <b>Baseline Total</b>   |         | <b>6,160</b>     | <b>5,000</b>     | <b>4,750</b>     | <b>4,500</b>     | <b>4,250</b>     | <b>4,000</b>     | <b>28,660</b>       |
| <b>One Off Projects</b>     |   |         |                  |                  |                  |                  |                  |                  |                     |
|                             | Early Years Provision   | G       | 198              | 0                | 0                | 0                | 0                | 0                | 198                 |
|                             | SEND Provision  | G       | 50               | 852              | 400              | 0                | 0                | 0                | 1,302               |
|                             | Healthy Pupils  | G       | 358              | 0                | 0                | 0                | 0                | 0                | 358                 |
|                             | Completed Schemes   | B       | 106              | 0                | 0                | 0                | 0                | 0                | 106                 |
|                             | Commissioning option appraisals to facilitate the delivery of the outcomes of the SEN High Level review of future needs | B       | 150              | 500              | 0                | 0                | 0                | 0                | 650                 |
|                             | <b>One Off Projects Total</b>   |         | <b>862</b>       | <b>1,352</b>     | <b>400</b>       | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>2,614</b>        |
|                             | <b>ACHIEVEMENT TOTAL</b>  |         | <b>14,257</b>    | <b>23,021</b>    | <b>21,554</b>    | <b>15,814</b>    | <b>12,544</b>    | <b>5,044</b>     | <b>92,234</b>       |
| <b>CHILDREN</b>             |   |         |                  |                  |                  |                  |                  |                  |                     |
| <b>Strategic Priorities</b> |   |         |                  |                  |                  |                  |                  |                  |                     |
| *                           | Specialist Accommodation/Youth Services   | B/G     | 0                | 600              | 850              | 3,600            | 4,200            | 750              | 10,000              |
|                             | <b>Strategic Priorities Total</b>   |         | <b>0</b>         | <b>600</b>       | <b>850</b>       | <b>3,600</b>     | <b>4,200</b>     | <b>750</b>       | <b>10,000</b>       |
| <b>One Off Projects</b>     |   |         |                  |                  |                  |                  |                  |                  |                     |
|                             | IT Infrastructure to build Children's System  | R       | 448              | 0                | 0                | 0                | 0                | 0                | 448                 |
|                             | <b>One Off Projects Total</b>   |         | <b>448</b>       | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>448</b>          |
|                             | <b>CHILDREN TOTAL</b>   |         | <b>448</b>       | <b>600</b>       | <b>850</b>       | <b>3,600</b>     | <b>4,200</b>     | <b>750</b>       | <b>10,448</b>       |
| <b>INDEPENDENT</b>          |   |         |                  |                  |                  |                  |                  |                  |                     |
| <b>Strategic Priorities</b> |   |         |                  |                  |                  |                  |                  |                  |                     |
|                             | Pump Prime & Commissioning Specialist Accommodation   | B       | 0                | 1,250            | 750              | 0                | 0                | 0                | 2,000               |
|                             | Commissioning Option Appraisals to facilitate outcomes of Specialist Accommodation Strategy                             | B       | 100              | 650              | 0                | 0                | 0                | 0                | 750                 |
| *                           | Day Services Support for Vulnerable Adults  | B       | 0                | 1,750            | 9,950            | 8,550            | 750              | 0                | 21,000              |
|                             | <b>Strategic Priorities Total</b>   |         | <b>100</b>       | <b>3,650</b>     | <b>10,700</b>    | <b>8,550</b>     | <b>750</b>       | <b>0</b>         | <b>23,750</b>       |
| <b>One Off Projects</b>     |   |         |                  |                  |                  |                  |                  |                  |                     |
|                             | Adults Social Care Operation  | G/R     | 450              | 700              | 50               | 0                | 0                | 0                | 1,200               |
|                             | Information Technology (Digital)  | B/R     | 942              | 1,463            | 732              | 0                | 0                | 0                | 3,137               |
|                             | Information Technology  | B/R     | 950              | 0                | 0                | 0                | 0                | 0                | 950                 |
|                             | <b>One Off Projects Total</b>   |         | <b>2,342</b>     | <b>2,163</b>     | <b>782</b>       | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>5,287</b>        |
|                             | <b>INDEPENDENT TOTAL</b>  |         | <b>2,442</b>     | <b>5,813</b>     | <b>11,482</b>    | <b>8,550</b>     | <b>750</b>       | <b>0</b>         | <b>29,037</b>       |

| GENERAL FUND CAPITAL PLAN  | Funding     | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | 6 Yr Total<br>£'000 |
|--|-------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|
| <b>SUSTAINABLE ECONOMY</b>   |             |                  |                  |                  |                  |                  |                  |                     |
| <b>Strategic Priorities</b>  |             |                  |                  |                  |                  |                  |                  |                     |
| A62 & A644 Corridors & Cooper Bridge                               | G           | 142              | 5,600            | 18,000           | 22,405           | 22,405           | 0                | 68,552              |
| Corridor Improvement Programme – A62 Smart Corridor                | G           | 275              | 3,380            | 3,920            | 176              | 0                | 0                | 7,751               |
| Corridor Improvement Programme - Holmfirth Town Centre Access Plan | G           | 33               | 718              | 3,906            | 0                | 0                | 0                | 4,657               |
| Huddersfield Southern Gateways                                     | G           | 95               | 3,000            | 4,000            | 842              | 0                | 0                | 7,937               |
| A653 Leeds to Dewsbury Corridor (M2D2L)                            | G           | 27               | 4,097            | 4,097            | 4,097            | 0                | 0                | 12,318              |
| A629 Ainley Top to Huddersfield (Phase 5)                          | G           | 628              | 3,167            | 3,781            | 3,909            | 0                | 0                | 11,485              |
| Huddersfield Station Gateway Phase 1                               | G           | 2                | 0                | 5,000            | 0                | 0                | 0                | 5,002               |
| Huddersfield Station gateway Phase 2                               | G           | 0                | 0                | 5,000            | 0                | 0                | 0                | 5,000               |
| UTMC Urban Traffic Mangt & Control                                 | G           | 98               | 0                | 0                | 0                | 0                | 0                | 98                  |
| North Kirklees Orbital Route (NKOR)                                | G           | 52               | 0                | 0                | 0                | 0                | 0                | 52                  |
| <i>West Yorkshire plus Transport Schemes</i>                       |             | <b>1,352</b>     | <b>19,962</b>    | <b>47,704</b>    | <b>31,429</b>    | <b>22,405</b>    | <b>0</b>         | <b>122,852</b>      |
| Aspirational Regeneration of Major Town Centres - Feasibility      | B           | 150              | 200              | 150              | 0                | 0                | 0                | 500                 |
| Regeneration of Strategic Town Centres - Dewsbury                  | B           | 220              | 2,070            | 5,310            | 4,144            | 3,256            | 0                | 15,000              |
| Regeneration of Strategic Town Centres - Huddersfield              | B           | 1,885            | 2,050            | 7,140            | 7,000            | 12,406           | 0                | 30,481              |
| <i>Town Centre Action Plans</i>                                    |             | <b>2,255</b>     | <b>4,320</b>     | <b>12,600</b>    | <b>11,144</b>    | <b>15,662</b>    | <b>0</b>         | <b>45,981</b>       |
| KSDL (HD One)  | B           | 100              | 4,000            | 4,900            | 4,000            | 0                | 0                | 13,000              |
| Property Investment Fund   | B**         | 1,000            | 12,500           | 11,500           | 0                | 0                | 0                | 25,000              |
| * Housing (Joint Venture)  | B           | 0                | 1,250            | 1,250            | 0                | 0                | 0                | 2,500               |
| <i>Loans - Development Finance</i>                                 |             | <b>1,100</b>     | <b>17,750</b>    | <b>17,650</b>    | <b>4,000</b>     | <b>0</b>         | <b>0</b>         | <b>40,500</b>       |
| Local Growth Fund  | B           | 100              | 150              | 0                | 0                | 0                | 0                | 250                 |
| Site Development   | G           | 0                | 6,000            | 0                | 0                | 0                | 0                | 6,000               |
| <b>Strategic Priorities Total</b>                                  |             | <b>4,807</b>     | <b>48,182</b>    | <b>77,954</b>    | <b>46,573</b>    | <b>38,067</b>    | <b>0</b>         | <b>215,583</b>      |
| <b>Baseline</b>  |             |                  |                  |                  |                  |                  |                  |                     |
| Housing (Private)  | G           | 3,435            | 4,111            | 3,111            | 3,111            | 3,111            | 3,111            | 19,990              |
| Highways   | G/B         | 16,253           | 9,868            | 9,151            | 8,843            | 8,843            | 8,843            | 61,801              |
| Corporate Landlord Asset Investment                                | B           | 4,799            | 3,250            | 1,300            | 1,300            | 1,300            | 1,300            | 13,249              |
| * Corporate Landlord Asset Investment                              | B           | 0                | 1,000            | 1,000            | 1,000            | 1,000            | 1,000            | 5,000               |
| Vehicle Replacement Programme                                      | B           | 2,377            | 1,250            | 1,250            | 1,250            | 1,250            | 1,250            | 8,627               |
| Environment & Strategic Waste                                      | B           | 148              | 100              | 100              | 100              | 100              | 100              | 648                 |
| School Catering  | B           | 288              | 200              | 200              | 200              | 200              | 200              | 1,288               |
| <b>Baseline Total</b>  |             | <b>27,300</b>    | <b>19,779</b>    | <b>16,112</b>    | <b>15,804</b>    | <b>15,804</b>    | <b>15,804</b>    | <b>110,603</b>      |
| <b>One-Off Projects</b>  |             |                  |                  |                  |                  |                  |                  |                     |
| Housing (Private)  | G/R         | 601              | 0                | 432              | 0                | 0                | 0                | 1,033               |
| Economic Resilience  | G/B         | 1,768            | 550              | 0                | 0                | 0                | 0                | 2,318               |
| Strategic Asset Utilisation  | B           | 2,567            | 150              | 150              | 0                | 0                | 0                | 2,867               |
| Leeds City Region Revolving Fund                                   | B           | 1,632            | 0                | 0                | 0                | 0                | 0                | 1,632               |
| Highways   | B/B*/<br>/G | 3,304            | 3,700            | 3,200            | 1,000            | 1,000            | 0                | 12,204              |
| Highways - Local Comm Road Resurfacing                             | G           | 2,711            | 0                | 0                | 0                | 0                | 0                | 2,711               |
| Corporate Landlord Compliance                                      | B           | 1,000            | 1,000            | 1,000            | 0                | 0                | 0                | 3,000               |
| School Catering - Compliance Essential Works                       | B*          | 139              | 200              | 200              | 200              | 200              | 0                | 939                 |
| Ward Based Activity  | B           | 283              | 0                | 0                | 0                | 0                | 0                | 283                 |
| <b>One-Off Projects Total</b>                                      |             | <b>14,005</b>    | <b>5,600</b>     | <b>4,982</b>     | <b>1,200</b>     | <b>1,200</b>     | <b>0</b>         | <b>26,987</b>       |
| <b>SUSTAINABLE ECONOMY TOTAL</b>                                   |             | <b>46,112</b>    | <b>73,561</b>    | <b>99,048</b>    | <b>63,577</b>    | <b>55,071</b>    | <b>15,804</b>    | <b>353,173</b>      |

| GENERAL FUND CAPITAL PLAN              |   | Funding | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | 6 Yr Total<br>£'000 |
|--|---|---------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|
| <b>WELL</b>                            |   |         |                  |                  |                  |                  |                  |                  |                     |
| <b>Strategic Priorities</b>            |   |         |                  |                  |                  |                  |                  |                  |                     |
|  | Spen Valley Leisure Centre                | B       | 350              | 1,650            | 8,000            | 3,500            | 232              | 0                | 13,732              |
|  | Spen Valley Leisure Centre - KAL Contrib  | B*      | 0                | 0                | 0                | 750              | 0                | 0                | 750                 |
|  | Hudds Leisure Centre                      | B       | 234              | 0                | 0                | 0                | 0                | 0                | 234                 |
| *                                      | Dewsbury Sports Centre Priorities         | B       | 0                | 300              | 250              | 300              | 1,400            | 250              | 2,500               |
|  | <b>Strategic Priorities Total</b>         |         | <b>584</b>       | <b>1,950</b>     | <b>8,250</b>     | <b>4,550</b>     | <b>1,632</b>     | <b>250</b>       | <b>17,216</b>       |
| <b>Baseline</b>                        |   |         |                  |                  |                  |                  |                  |                  |                     |
|  | KAL Self Finance Programme                | B*      | 1,756            | 2,200            | 617              | 617              | 617              | 617              | 6,424               |
| *                                      | Play Strategy                             | B/G     | 0                | 1,713            | 3,759            | 4,093            | 0                | 0                | 9,565               |
|  | <b>Baseline Total</b>                     |         | <b>1,756</b>     | <b>3,913</b>     | <b>4,376</b>     | <b>4,710</b>     | <b>617</b>       | <b>617</b>       | <b>15,989</b>       |
|  | <b>WELL TOTAL</b>                         |         | <b>2,340</b>     | <b>5,863</b>     | <b>12,626</b>    | <b>9,260</b>     | <b>2,249</b>     | <b>867</b>       | <b>33,205</b>       |
| <b>SAFE AND COHESIVE</b>               |   |         |                  |                  |                  |                  |                  |                  |                     |
| <b>Strategic Priorities</b>            |   |         |                  |                  |                  |                  |                  |                  |                     |
| *                                      | Youth Offending Team                      | B       | 0                | 180              | 20               | 0                | 0                | 0                | 200                 |
|  | <b>Strategic Priorities Total</b>         |         | <b>0</b>         | <b>180</b>       | <b>20</b>        | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>200</b>          |
|  | <b>SAFE AND COHESIVE TOTAL</b>            |         | <b>0</b>         | <b>180</b>       | <b>20</b>        | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>200</b>          |
| <b>CLEAN AND GREEN</b>                 |   |         |                  |                  |                  |                  |                  |                  |                     |
| <b>Strategic Priorities</b>            |   |         |                  |                  |                  |                  |                  |                  |                     |
| *                                      | Depot Works                               | B       | 0                | 100              | 375              | 25               | 0                | 0                | 500                 |
| *                                      | Waste Management Plant/Infrastructure     | B       | 0                | 1,000            | 5,000            | 0                | 6,500            | 20,500           | 33,000              |
|  | <b>Strategic Priorities Total</b>         |         | <b>0</b>         | <b>1,100</b>     | <b>5,375</b>     | <b>25</b>        | <b>6,500</b>     | <b>20,500</b>    | <b>33,500</b>       |
| <b>One Off Projects</b>                |   |         |                  |                  |                  |                  |                  |                  |                     |
|  | Electric Vehicle Charge Points            | G       | 547              | 0                | 0                | 0                | 0                | 0                | 547                 |
|  | <b>One Off Projects Total</b>             |         | <b>547</b>       | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>547</b>          |
|  | <b>CLEAN AND GREEN TOTAL</b>              |         | <b>547</b>       | <b>1,100</b>     | <b>5,375</b>     | <b>25</b>        | <b>6,500</b>     | <b>20,500</b>    | <b>34,047</b>       |
| <b>EFFICIENCY AND EFFECTIVENESS</b>    |   |         |                  |                  |                  |                  |                  |                  |                     |
| <b>Baseline</b>                        |   |         |                  |                  |                  |                  |                  |                  |                     |
|  | Information Technology                    | B*      | 900              | 900              | 900              | 900              | 900              | 900              | 5,400               |
|  | Flexible Capital Receipts Strategy        | R       | 3,000            | 3,000            | 3,000            | 3,000            | 3,000            | 3,000            | 18,000              |
|  | <b>Baseline Total</b>                     |         | <b>3,900</b>     | <b>3,900</b>     | <b>3,900</b>     | <b>3,900</b>     | <b>3,900</b>     | <b>3,900</b>     | <b>23,400</b>       |
| <b>One Off Projects</b>                |   |         |                  |                  |                  |                  |                  |                  |                     |
| *                                      | Internal Renovation Works                 | B       | 0                | 713              | 37               | 0                | 0                | 0                | 750                 |
|  | <b>One Off Projects Total</b>             |         | <b>0</b>         | <b>713</b>       | <b>37</b>        | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>750</b>          |
|  | <b>RISKS AND PRESSURES</b>                |         | <b>800</b>       | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>800</b>          |
|  | <b>EFFICIENCY AND EFFECTIVENESS TOTAL</b> |         | <b>4,700</b>     | <b>4,613</b>     | <b>3,937</b>     | <b>3,900</b>     | <b>3,900</b>     | <b>3,900</b>     | <b>24,950</b>       |
| <b>GENERAL FUND CAPITAL PLAN TOTAL</b> |   |         | <b>70,846</b>    | <b>114,751</b>   | <b>154,892</b>   | <b>104,726</b>   | <b>85,214</b>    | <b>46,865</b>    | <b>577,294</b>      |

**Key :**

B = Borrowing

B\* = Service Funded Borrowing

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

G = Grant

R = Capital Receipts

\* New Bids

**6 YEAR CAPITAL INVESTMENT PLAN 2018/19 - 2023/24 (OUTCOME BASED)**

| <b>HRA CAPITAL PLAN - STRATEGIC PRIORITIES &amp; BASELINE</b> | <b>Funding</b> | <b>2018/19<br/>£'000</b> | <b>2019/20<br/>£'000</b> | <b>2020/21<br/>£'000</b> | <b>2021/22<br/>£'000</b> | <b>2022/23<br/>£'000</b> | <b>2023/24<br/>£'000</b> | <b>6 Yr Total<br/>£'000</b> |
|---|----------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-----------------------------|
| <b>HRA Strategic Priorities</b>                               |                |                          |                          |                          |                          |                          |                          |                             |
| Housing Growth  | H / R          | 4,320                    | 4,000                    | 4,000                    | 4,000                    | 4,000                    | 4,000                    | 24,320                      |
| New Build Phase 1 - Ashbrow Extra Care                        | H / G          | 990                      | 3,961                    | 1,650                    | 0                        | 0                        | 0                        | 6,601                       |
| Garage/Green Space Development Phase 1                        | H / R          | 2,038                    | 0                        | 0                        | 0                        | 0                        | 0                        | 2,038                       |
| Remodelling / High Rise                                       | H / R          | 2,000                    | 2,000                    | 2,000                    | 2,000                    | 2,000                    | 2,000                    | 12,000                      |
| IT System (Universal Housing Replacement)                     | H              | 0                        | 1,000                    | 0                        | 0                        | 0                        | 0                        | 1,000                       |
|   |                | <b>9,348</b>             | <b>10,961</b>            | <b>7,650</b>             | <b>6,000</b>             | <b>6,000</b>             | <b>6,000</b>             | <b>45,959</b>               |
| <b>HRA Baseline</b>   |                |                          |                          |                          |                          |                          |                          |                             |
| Housing Capital Plan  | H              | 10,889                   | 11,006                   | 10,522                   | 11,346                   | 10,960                   | 9,190                    | 63,913                      |
| Estate Improvements (Neighbourhood Investment)                | H              | 1,988                    | 731                      | 746                      | 760                      | 775                      | 775                      | 5,775                       |
| Compliance  | H              | 2,200                    | 1,000                    | 1,000                    | 1,000                    | 1,000                    | 1,000                    | 7,200                       |
| * Compliance - Fire Doors                                     | H              | 0                        | 6,650                    | 1,000                    | 1,000                    | 1,000                    | 1,000                    | 10,650                      |
| Fuel poverty  | H / G          | 662                      | 638                      | 650                      | 663                      | 676                      | 676                      | 3,965                       |
| Adaptations   | H              | 2,739                    | 2,793                    | 2,849                    | 2,906                    | 2,964                    | 2,964                    | 17,215                      |
|   |                | <b>18,478</b>            | <b>22,818</b>            | <b>16,767</b>            | <b>17,675</b>            | <b>17,375</b>            | <b>15,605</b>            | <b>108,718</b>              |
|   |                |                          |                          |                          |                          |                          |                          |                             |
| <b>HOUSING REVENUE ACCOUNT TOTAL</b>                          |                | <b>27,826</b>            | <b>33,779</b>            | <b>24,417</b>            | <b>23,675</b>            | <b>23,375</b>            | <b>21,605</b>            | <b>154,677</b>              |

**Key :**

B = Borrowing

G = Grant

R = Capital Receipts

H = HRA revenue contribution/major repairs reserve

\* New Bids

| <b>GENERAL FUND SUMMARY – FUNDING AND SPEND CHANGES 2019-22</b>                      | <b>19-20<br/>£K</b> | <b>20-21<br/>£K</b> | <b>21-22<br/>£K</b> |
|--|---------------------|---------------------|---------------------|
| <b><u>FUNDING CHANGES</u></b>  |                     |                     |                     |
| <b><u>Council Tax</u></b>  |                     |                     |                     |
| Council Tax Uplift 2.99% yr 1, 1.99% thereafter (vs 1.99% uplift yr 1 in 1820 plans) | (1,872)             | (5,432)             | (9,062)             |
| Taxbase Growth 1000 Band D p.a. 2021 onwards   | 0                   | (1,539)             | (3,140)             |
|  | (1,872)             | (6,971)             | (12,202)            |
| Business Rates Baseline (£1.3m growth offset by 2.5m realign with s31 grants)        | 1,200               | 1,200               | 1,200               |
| National Funding Reduction 2021 onwards  |                     | 3,203               | 6,144               |
|  | 1,200               | 4,403               | 7,344               |
| Unringfenced Grants - Leeds City Region Business Rates 75% Pool Gain                 | (2,000)             |                     |                     |
| Unringfenced Grants - other  | (1,996)             | (1,846)             | (1,696)             |
|  | (3,996)             | (1,846)             | (1,696)             |
| Business Rates Appeals Provision Adjustment – Collection Fund Transfer               | (5,750)             |                     |                     |
| <b>TOTAL FUNDING ADJUSTMENTS</b>   | <b>(10,418)</b>     | <b>(4,414)</b>      | <b>(6,554)</b>      |
| <b><u>CENTRAL ADJUSTMENTS</u></b>  |                     |                     |                     |
| <b><u>Contingencies</u></b>  |                     |                     |                     |
| Insurance Fund Rebase  | 1,000               | 1,000               | 1,000               |
| PFI Prepayment-Base Budget   | 300                 | 300                 | 300                 |
| Review of Superannuation Rate  | 0                   | 1,600               | 1,600               |
| Parish Grant - reduction in payment to Parishes                                      | (63)                | (68)                | (72)                |
| Contingencies Review   | (226)               | (226)               | (226)               |
|  | 1,011               | 2,606               | 2,602               |
| <b><u>Inflation</u></b>  |                     |                     |                     |
| Future Years Inflation Requirement   | (400)               | 2,350               | 5,100               |
|  | (400)               | 2,350               | 5,100               |
| <b><u>Joint Committees</u></b>   |                     |                     |                     |
| Transport Levy Review of Contribution  | (213)               | (403)               | (36)                |
|  | (213)               | (403)               | (36)                |
| <b><u>Treasury Management</u></b>  |                     |                     |                     |
| Treasury Management Baseline Review  | (362)               | (1,101)             | (481)               |
| New Capital Investment   | 669                 | 1,359               | 2,090               |
| CCLA investment  | (150)               | (300)               | (300)               |
| MRP Release to Support High needs  | (5,000)             | (4,000)             | (3,000)             |
| MRP Release to Support Mental Health   | (1,400)             | 0                   | 0                   |
| Further MRP policy change/Re-profiling   | (4,400)             | 0                   | 0                   |
|  | (10,643)            | (4,042)             | (1,691)             |
| <b>TOTAL CENTRAL ADJUSTMENTS</b>   | <b>(10,245)</b>     | <b>511</b>          | <b>5,975</b>        |

| <b>GENERAL FUND SUMMARY – FUNDING AND SPEND CHANGES 2019-22</b> | <b>19-20<br/>£K</b> | <b>20-21<br/>£K</b> | <b>21-22<br/>£K</b> |
|---|---------------------|---------------------|---------------------|
| <b><u>SERVICE PRESSURES</u></b>                                 |                     |                     |                     |
| <b><u>Learning</u></b>  |                     |                     |                     |
| High Needs Pressure   | 7,550               | 7,700               | 7,800               |
| SENACT Investment   | 700                 | 700                 | 700                 |
| High Needs Funding Uplift                                       | (2,343)             | (3,343)             | (4,343)             |
| Social Care Funding Offset                                      | (1,299)             | (1,399)             | (1,499)             |
|   | 4,608               | 3,658               | 2,658               |
| <b><u>Child protection and Family Support</u></b>               |                     |                     |                     |
| Children’s Demand Led Pressures                                 | 550                 | 1,100               | 1,650               |
| One Adoption Contract Pressure                                  | 118                 | 118                 | 118                 |
| Improvement Plan (years 3 and 4)                                | 0                   | 510                 | 510                 |
| Social Care Funding Offset                                      | (678)               | (578)               | (478)               |
|   | (10)                | 1,150               | 1,800               |
| <b><u>Adults</u></b>  |                     |                     |                     |
| Adults Demand Led Pressures                                     | 6,050               | 15,720              | 24,621              |
| Best Partnering   | 300                 | 300                 | 300                 |
| Mental Health Housing Related Support                           | 500                 | 500                 | 500                 |
| Better Care Funding and Social Care Funding Offsets             | (6,260)             | (8,037)             | (11,828)            |
|   | 590                 | 8,483               | 13,593              |
| <b><u>Economy and Infrastructure</u></b>                        |                     |                     |                     |
| Schools Transport - High Needs Pressure                         | 1,400               | 1,400               | 1,400               |
| Council Infrastructure  | 350                 | 600                 | 850                 |
| Increased Payment to KAL - Care Leavers Fund                    | 45                  | 45                  | 45                  |
| Loss of Driver Training Contract                                | 501                 | 501                 | 501                 |
|   | 2,296               | 2,546               | 2,796               |
| <b>TOTAL PRESSURES</b>  | <b>7,484</b>        | <b>15,837</b>       | <b>20,847</b>       |
| <b><u>SERVICE INVESTMENT</u></b>                                |                     |                     |                     |
| <b><u>Learning</u></b>  |                     |                     |                     |
| Learning Investment (Portage and Access Fund)                   | 420                 | 420                 | 420                 |
| Restorative practice team investment                            | 600                 | 600                 | 600                 |
|   | 1,020               | 1,020               | 1,020               |
| <b><u>Child Protection and Family Support</u></b>               |                     |                     |                     |
| Liquid Logic - post implementation support & maintenance        | 240                 | 240                 | 240                 |
|   | 240                 | 240                 | 240                 |
| <b><u>Economy and Infrastructure</u></b>                        |                     |                     |                     |
| Fire Safety/Health and Safety                                   | 310                 | 310                 | 310                 |
| Additional Regeneration Capacity                                | 300                 | 300                 | 300                 |
|   | 610                 | 610                 | 610                 |
| <b><u>Corporate</u></b>   |                     |                     |                     |
| Information Governance  | 200                 | 200                 | 200                 |
| Business Intelligence   | 130                 | 130                 | 130                 |
| Public Health Reserves Drawdown                                 | (823)               | (823)               |                     |
|   | (493)               | (493)               | 330                 |
| <b>TOTAL INVESTMENT</b>   | <b>1,377</b>        | <b>1,377</b>        | <b>2,200</b>        |

**SUMMARY OF GENERAL FUND RESERVES 2018-2022**

|                              | 1st Apr<br>18 Incl.<br>Approved<br>Rollover | Reserves<br>Review<br>1819 | Planned<br>Use in<br>2018-19 | Forecast<br>Reserves<br>31st<br>March<br>2019 | Reserves<br>Review<br>1920 | Forecast<br>reserves<br>1st Apr<br>2019 | Forecast<br>reserves<br>1st Apr<br>2020 | Forecast<br>reserves<br>1st Apr<br>2021 | Forecast<br>reserves<br>1st Apr<br>2022 |
|------------------------------|---|----------------------------|------------------------------|---|----------------------------|---|---|---|---|
| <b>Schools Reserves</b>      | (9,827)                                     | -                          | 661                          | (9,166)                                       | -                          | (9,166)                                 | (9,166)                                 | (9,166)                                 | (9,166)                                 |
| <b>Earmarked Reserves</b>    |   |                            |                              |   |                            |   |   |   |   |
| Financial Resilience         | (37,146)                                    | (4,400)                    | -                            | (41,546)                                      | (4,400)                    | (45,946)                                | (45,946)                                | (45,946)                                | (45,946)                                |
| Workforce Restructure        | (5,091)                                     | 5,091                      | -                            | -   | -                          | -                                       | -                                       | -                                       | -                                       |
| Transformation               | (4,944)                                     | 4,944                      | -                            | -   | -                          | -                                       | -                                       | -                                       | -                                       |
| Rollover                     | (3,437)                                     | -                          | 1,456                        | (1,981)                                       | -                          | (1,981)                                 | (981)                                   | -                                       | -                                       |
| Revenue Grants               | (10,615)                                    | 703                        | 2,236                        | (7,676)                                       | 20                         | (7,656)                                 | (4,133)                                 | (1,739)                                 | (739)                                   |
| Troubled Families            | (1,924)                                     | -                          | -                            | (1,924)                                       | -                          | (1,924)                                 | (1,924)                                 | (1,924)                                 | (1,924)                                 |
| Prepayment Reserve (PFI)     | (3,055)                                     | 3,055                      | -                            | -   | -                          | -                                       | -                                       | -                                       | -                                       |
| Insurance                    | (1,900)                                     | -                          | -                            | (1,900)                                       | -                          | (1,900)                                 | (1,900)                                 | (1,900)                                 | (1,900)                                 |
| Ward Based Activity          | (706)                                       | -                          | (68)                         | (774)   | (160)                      | (934)                                   | (684)                                   | (434)                                   | (184)                                   |
| Property and Other Loans     | -   | (3,000)                    | -                            | (3,000)                                       | -                          | (3,000)                                 | (3,000)                                 | (3,000)                                 | (3,000)                                 |
| Adverse Weather              | -   | (4,000)                    | -                            | (4,000)                                       | 1,000                      | (3,000)                                 | (3,000)                                 | (3,000)                                 | (3,000)                                 |
| Strategic Investment Support | -   | (4,000)                    | -                            | (4,000)                                       | -                          | (4,000)                                 | (4,000)                                 | (4,000)                                 | (4,000)                                 |
| Social Care                  | -   | (2,800)                    | -                            | (2,800)                                       | -                          | (2,800)                                 | (2,800)                                 | (2,800)                                 | (2,800)                                 |
| Mental Health                | -   | -                          | -                            | -   | (1,400)                    | (1,400)                                 | (1,400)                                 | (1,400)                                 | (1,400)                                 |
| Business Rates               | -   | -                          | -                            | -   | (2,000)                    | (2,000)                                 | (2,000)                                 | (2,000)                                 | (2,000)                                 |
| Elections                    | -   | -                          | -                            | -   | (500)                      | (500)                                   | (500)                                   | (500)                                   | (500)                                   |
| Other                        | (2,905)                                     | -                          | 456                          | (2,449)                                       | (120)                      | (2,569)                                 | (2,069)                                 | (1,569)                                 | (1,069)                                 |
|                              | (71,723)                                    | (4,407)                    | 4,080                        | (72,050)                                      | (7,560)                    | (79,610)                                | (74,337)                                | (70,212)                                | (68,462)                                |
| General Balances             | (7,233)                                     | (2,793)                    | (1,957)                      | (11,983)                                      | -                          | (11,983)                                | (11,983)                                | (11,983)                                | (11,983)                                |
| <b>Grand Total</b>           | <b>(88,783)</b>                             | <b>(7,200)</b>             | <b>2,784</b>                 | <b>(93,199)</b>                               | <b>(7,560)</b>             | <b>(100,759)</b>                        | <b>(95,486)</b>                         | <b>(91,361)</b>                         | <b>(89,611)</b>                         |

**GLOSSARY OF RESERVES**

| <b>RESERVE</b>                      | <b>DESCRIPTION</b>  |
|-------------------------------------|---|
| <b>School Reserves</b>              | Statutory reserves relating to both individual schools balances/deficits carried forwards, and Dedicated Schools Grant (ring-fenced for schools related expenditure)                    |
| <b>Financial Resilience</b>         | Covers a range of potential costs highlighted in the Council's corporate risk assessment, including budget risks as set out in the sensitivity analysis within this report.             |
| <b>Rollover</b>                     | To fund deferred spend commitments against approved rollover  |
| <b>Revenue Grants</b>               | Represents grants and contributions recognised in the Comprehensive Income and Expenditure Statement before expenditure has been occurred.  |
| <b>Stronger Families</b>            | Represents deferred expenditure commitments supporting a range of Stronger Families activity.   |
| <b>Insurance</b>                    | Mitigates against risk from increased liabilities and insurance claims.   |
| <b>Ward Based Activity</b>          | To fund deferred ward based activity commitments  |
| <b>Property and Other Loans</b>     | Set aside against the potential risk of future loan default. Arising from the introduction of a new local government accounting code intended to strengthen balance sheet transparency. |
| <b>Adverse Weather</b>              | Mitigates against budget risk arising from severe weather events in the District.   |
| <b>Strategic Investment Support</b> | To address the likely scale of one off costs required to support the scale of regeneration capital investment over the 2018-24 period.  |
| <b>Social Care</b>                  | Set aside to cover a range of social care expenditure commitments as agreed at Cabinet, August 2018.  |
| <b>Mental Health</b>                | To support a number of local area based mental health initiatives over 2019-21.   |
| <b>Business Rates</b>               | Set aside against potential backdated payment with respect to national ATM business rates appeal and also to resource the Council's approved business start up and retention policy.    |
| <b>Elections</b>                    | Set aside to accommodate potential local and national elections costs in excess of current base budget.   |
| <b>Other</b>                        | A range of smaller reserves earmarked for specific purposes, each less than £0.6m.  |
| <b>General Balances</b>             | General reserve available for Council use, excluding Housing Revenue Account purposes. Minimum level proposed to be £10m going forwards.  |

| <b>UNRINGFENCED GRANTS 2019-22</b>                           | <b>19-20<br/>£K</b> | <b>20-21<br/>£K</b> | <b>21-22<br/>£K</b> |
|--|---------------------|---------------------|---------------------|
| <b>New Homes Bonus</b>                                       | (3,863)             | (3,863)             | (3,863)             |
| <b>Housing Admin Grant</b>                                   | (1,176)             | (1,027)             | (876)               |
| <b>Council Tax Admin Grant</b>                               | (571)               | (571)               | (571)               |
| <b>Business Rates Relief - multiplier compensation grant</b> | (2,650)             | (2,650)             | (2,650)             |
| <b>Business Rates Relief - other</b>                         | (8,626)             | (6,626)             | (6,626)             |
| <b>Independent Living Fund</b>                               | (810)               | (810)               | (810)               |
| <b>Lead Local Flooding</b>                                   | (29)                | (29)                | (29)                |
| <b>Local Reform and Community Voices</b>                     | (250)               | (250)               | (250)               |
| <b>Extended Rights to Free Travel</b>                        | (93)                | (93)                | (93)                |
| <b>Total Unringfenced Grants</b>                             | <b>(18,068)</b>     | <b>(15,919)</b>     | <b>(15,768)</b>     |

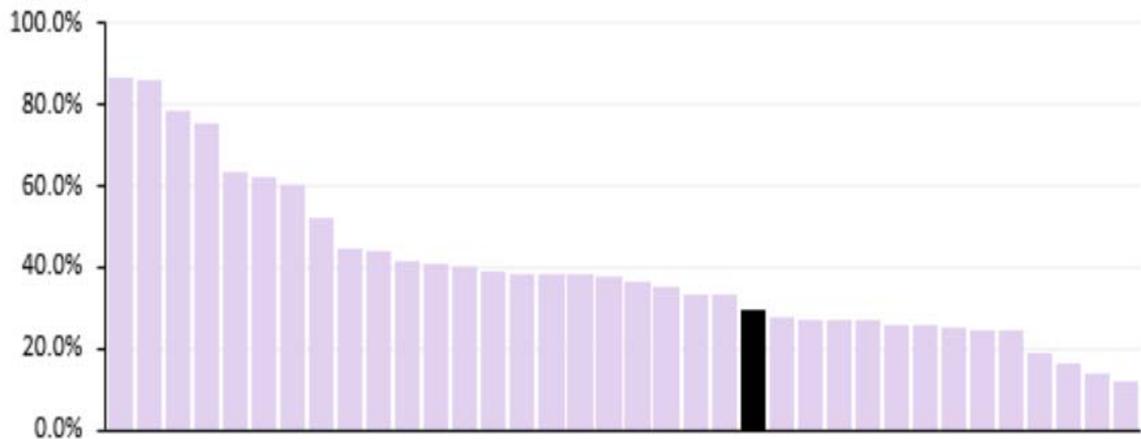
| COLLECTION FUND FORECAST (COUNCIL SHARE)             | COUNCIL TAX | BUSINESS RATES | TOTAL   |
|--|-------------|----------------|---------|
|  | £000        | £000           | £000    |
| (Surplus)/Deficit at 1st April 2018                  | (2,321)     | (4)            | (2,325) |
| Re-payments to/(from) General Fund                   | 3,500       | -              | 3,500   |
| In year Financial Performance                        | -           | (6,925)        | (6,925) |
| (Surplus)/Deficit at 31st March 2019                 | 1,179       | (6,929)        | (5,750) |
|  |             |                |         |
| Planned Repayments to/(from) general fund in 2019-20 | (1,179)     | 6,929          | 5,750   |
| Adjusted surplus/Deficit                             | -           | -              | -       |

| FORECAST HRA RESERVES       | 18-19    | 19-20    | 20-21    | 21-22    |
|-----------------------------|----------|----------|----------|----------|
|                             | £000     | £000     | £000     | £000     |
| As at 1 April               | (60,358) | (50,770) | (38,435) | (34,045) |
| Transfers to/from HRA       | -        | -        | -        | -        |
| In-year capital funding     | 5,255    | 12,335   | 4390     | 895      |
| Earmarked - business risk   | 4,000    | -        | -        | -        |
| Earmarked – working balance | 1,500    | -        | -        | -        |
| In-year forecast (HRA)      | (1,167)  | -        | -        | -        |
| As at 31 March              | (50,770) | (38,435) | (34,045) | (33,150) |

CIPFA Resilience Index – Beta (17-18 data) – Metropolitan Authorities

Individual Analysis: *Level of Reserves*

Comparator Group Analysis



- Kirklees highlighted in black. As at 31 March 2018, Kirklees general fund revenue reserves as a % of its net annual revenue budget, was 27.8% (Schools and Public Health reserves are excluded from this analysis).

**Sensitivity Analysis**

| <b>MORE OPTIMISTIC SCENARIO</b>                                       | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> |
|---|----------------|----------------|----------------|
|   | £m             | £m             | £m             |
| <b>Baseline Scenario – Budget Gap</b>                                 | <b>0.0</b>     | <b>13.9</b>    | <b>20.5</b>    |
| <b>More Optimistic Scenario – Changes to Budget Gap:</b>              |                |                |                |
| <u>Funding Changes</u>  |                |                |                |
| No decrease in national funding – cash limited rates retention income |                | (2.6)          | (4.9)          |
| No decrease in rolled in Public Health Funding – cash limited         |                | (0.6)          | (1.2)          |
| Fair Funding review outcome - 2% increase in funding                  |                | (1.6)          | (3.1)          |
| 2% uplift per annum in business rates grants                          | (0.2)          | (0.4)          | (0.6)          |
| Further additional 100 properties per annum                           |                | (0.3)          | (0.5)          |
| Housing Benefit Grant lower reduction per annum (£100k v £150k)       |                | (0.1)          | (0.1)          |
|   | <b>(0.2)</b>   | <b>(5.6)</b>   | <b>(10.4)</b>  |
| <u>Cost Changes</u>   |                |                |                |
| Pay Inflation 1% from 20-21 (vs 2%)                                   | -              | (1.6)          | (3.2)          |
| Treasury Management – no uplift in Bank of England base rate          | (0.3)          | (0.7)          | (1.3)          |
|   | <b>(0.3)</b>   | <b>(2.3)</b>   | <b>(4.5)</b>   |
|   |                |                |                |
| <b>More Optimistic Scenario – Updated Budget Gap</b>                  | <b>(0.5)</b>   | <b>6.0</b>     | <b>5.6</b>     |

| <b>MORE PESSIMISTIC SCENARIO</b>                                  | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> |
|---|----------------|----------------|----------------|
|   | £m             | £m             | £m             |
| <b>Baseline Scenario – Budget Gap</b>                             | <b>0.0</b>     | <b>13.9</b>    | <b>20.5</b>    |
| <b>More pessimistic Scenario – Changes to Budget Gap:</b>         |                |                |                |
| <u>Funding Changes</u>  |                |                |                |
| Higher decrease in national funding – 5% reduction                |                | 2.0            | 4.0            |
| Higher decrease in rolled in Public Health Funding – 5% reduction |                | 0.7            | 1.3            |
| Fair Funding review outcome – 2.5% decrease in funding            |                | 1.9            | 3.8            |
| 2% reduction per annum in business rates grants                   | 0.2            | 0.4            | 0.6            |
| 100 Fewer additional properties per annum                         |                | 0.3            | 0.5            |
| Housing Benefit Grant greater reduction per annum (£300k v £150k) |                | 0.2            | 0.3            |
| New Homes Bonus – 5% decrease per annum                           |                | 0.2            | 0.4            |
| Reduction in other unringfenced grants – 2% decrease per annum    |                | 0.0            | 0.1            |
|   | <b>0.2</b>     | <b>5.7</b>     | <b>11.0</b>    |
| <u>Cost Changes</u>   |                |                |                |
| Pay Inflation 1% from 20-21 (vs 2%)                               |                | 1.6            | 3.2            |
| No further social care funding 20-21 onwards                      |                | 3.6            | 7.4            |
| Treasury Management – interest rate at 3% p.a.                    | 2.1            | 2.9            | 3.4            |
|   | <b>2.1</b>     | <b>8.1</b>     | <b>14.0</b>    |
|   |                |                |                |
| <b>More Pessimistic Scenario – Updated Budget Gap</b>             | <b>2.3</b>     | <b>27.7</b>    | <b>45.5</b>    |

**Name and date of meeting: Corporate Governance and Audit Committee  
25 January 2019**

**Cabinet  
29 January 2019**

**Council  
13 February 2019**

**Title of report: Treasury Management Strategy 2019-20**

**Purpose of report**

Under the CIPFA Code of Practice on Treasury Management (2017) and accompanying Prudential Code 2017 the Council must present a Treasury Management Strategy at the start of each financial year. Alongside the Treasury Management Strategy an Annual Investment Strategy must also be approved by Council.

|   |  |
|---|--|
| <b>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?</b>   | <b>Yes</b>   |
| <b>Key Decision - Is it in the <a href="#">Council's Forward Plan (key decisions and private reports?)</a></b>  | <b>Key Decision: Yes</b><br><br><b>Private Report/Private Appendix: N/A</b>                              |
| <b>The Decision - Is it eligible for call in by Scrutiny?</b>   | <b>No</b>  |
| <b>Date signed off by Strategic Director and name</b><br><br><b>Is it also signed off by Service Director</b><br><br><b>Is it also signed off by the Service Director Legal, Governance and Commissioning</b> | <b>N/A</b><br><br><b>Eamonn Croston – 17 January 2019</b><br><br><b>Julie Muscroft – 17 January 2019</b> |
| <b>Cabinet member <a href="#">portfolio</a></b>   | <b>Corporate<br/>Graham Turner</b>   |

**Electoral wards affected: N/A**  
**Ward councillors consulted: N/A**  
**Public or Private: Public**

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## 1 Summary

- 1.1 The Council has formally adopted CIPFA's Code of Practice on Treasury Management (2017 Edition), and accompanying Prudential Code 2017, and is thereby required to consider a treasury management strategy before the start of each financial year. In addition, the Ministry for Housing, Communities and Local Government (MHCLG) issued guidance on local authority investments in February 2018, which requires the Council to approve an annual Investment Strategy before the start of each financial year.
- 1.2 This report meets the requirements of the current CIPFA Codes and current MHCLG Guidance (2017 Edition).
- 1.3 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. Recent training for members of this Committee was provided in November 2018 by the Council's treasury management advisors/consultants, Arlingclose.
- 1.4 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 2019-20;
  - (ii) outline the current and estimated future levels of Council borrowing (internal and external) and recommend a borrowing strategy for 2019-20;
  - (iii) review the methodologies adopted for providing for the repayment of debt and recommend a policy for calculating the Minimum Revenue Provision from 2018-19 onwards;
  - (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) as part of the new treasury management regulations, to recommend an annual Investment Strategy (Non-Treasury Investments) for the Council in 2019-20 in line with MHCLG (2017) guidance.

## 2 Information required to take a decision

The following paragraphs 2.1 to 2.4 have been provided by our Treasury Management external advisors, Arlingclose:

### Economic Background

- 2.1 The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2019/20. UK Consumer Price Inflation (CPI) for

October was up 2.4% year/year, slightly below the consensus forecast and broadly in line with the Bank of England's November Inflation Report. The most recent labour market data for October 2018 showed the unemployment rate edged up slightly to 4.1% while the employment rate of 75.7% was the joint highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to rise steadily and provide some pull on general inflation. Adjusted for inflation, real wages grew by 1.0%, a level still likely to have little effect on consumer spending.

- 2.2 Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee (MPC) continues to reiterate that any further increases will be at a gradual pace and limited in extent.

### Interest Rate Forecast

- 2.3 Following the increase in Bank Rate to 0.75% in August 2018, the Authority's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.
- 2.4 The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. While assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity. As such, the risks to the interest rate forecast are considered firmly to the downside.

### Borrowing and Investment – General Strategy for 2019-20

- 2.5 The Capital Financing Requirement (CFR) represents the Council's underlying need to finance capital expenditure by borrowing or other long-term liability arrangements. An authority can choose to borrow externally to fund its CFR. If it does this, it is likely that it would be investing externally an amount equivalent to its total reserves, balances and net creditors. Alternatively, an authority can choose not to invest externally but instead use these balances to effectively "borrow internally" and minimise external borrowing. In between these two extremes, an authority may have a mixture of external and internal investments / external and internal borrowing.

Table 1 below sets out the forecast CFR position for the Council as at March 2019 and forecast CFR and borrowing requirements over the following 3 years:

Table 1: Balance Sheet Forecast

|                             | 2018-19<br>£m | 2019-20<br>£m | 2020-21<br>£m | 2021-22<br>£m |
|-----------------------------|---------------|---------------|---------------|---------------|
| General Fund CFR - Non PFI  | 462.8         | 508.9         | 555.0         | 591.8         |
| PFI                         | 49.3          | 45.8          | 42.6          | 39.4          |
| HRA CFR - Non PFI           | 175.3         | 170.7         | 165.7         | 162.8         |
| PFI                         | 52.9          | 50.5          | 48.1          | 45.2          |
| Total CFR                   | 740.3         | 775.9         | 811.4         | 839.2         |
| Less: PFI debt liabilities* | 102.2         | 96.3          | 90.7          | 84.6          |
| Borrowing CFR               | 638.1         | 679.6         | 720.7         | 754.6         |
| Finance via;                |               |               |               |               |
| Deferred Liabilities        | 3.9           | 3.7           | 3.6           | 3.6           |
| Internal Borrowing          | 136.6         | 136.6         | 136.6         | 136.6         |
| External Borrowing          | 497.6         | 539.3         | 580.5         | 614.5         |
| Total                       | 638.1         | 679.6         | 720.7         | 754.6         |
| Investments                 | 30.0          | 30.0          | 30.0          | 30.0          |

\*£102.2m PFI Liabilities (£5.9m falling due in 2019-20)

- 2.6 Prior to 2009-10 the Council's policy had been to borrow up to its CFR, investing externally the majority of its balances. With the onset of instabilities in the financial markets and the economic downturn, the policy changed to one of ensuring the security of the Council's balances. This coincided with significant falls in investment returns, making the budgetary benefit of maximising external borrowing more marginal. Thus, the Council has chosen to steadily reduce monies invested externally and instead has used internal balances to offset new borrowing requirements.
- 2.7 The external borrowing necessary to fund the projected rise in CFR highlighted in Table 1 (above) will be a mixture of long and short-term borrowing. The cost of borrowing has been historically low over the past decade. Recent incremental uplifts in bank base rates, and further forecast incremental uplifts over the following 12 months or so, suggest that it may be beneficial to consider taking out some external borrowing at guaranteed fixed long term rates that are still relatively low.
- 2.8 Table 1 above also reflects a fairly consistent level of internal borrowing forecast over the next 3 years. This largely reflects the view that forecast reserves, balances and net creditors are projected to remain reasonably consistent over the medium term.
- 2.9 This in part depends on the extent to which short term borrowing rates may increase from current. The relative mix of future internal and external borrowing will be considered in conjunction with advice from the Council's external treasury management advisor, noting as well that provision will be made in updated Council budget plan revenue resource assumptions to accommodate a potential increase in external borrowing.

- 2.10 The Service Director Finance, supports the approach that the borrowing and investment strategy for 2019-20 continues to place emphasis on the security of the Council's balances. Although credit conditions have been steadily improving, the global recovery is still fragile and regulation changes have increased local authority exposure in the event of a possible default of any financial institutions
- 2.11 It is recommended that balances should continue to be invested to a level which is perceived to be reasonably secure and which is needed to meet the day-to-day cash flow requirements of the Council (around £30 million). The remainder of the balances will be effectively invested internally, that is used to offset borrowing requirements.
- 2.12 In order to increase investment returns, alternative investment options were considered further at full Council on 12 December 2018 and as part of the Half Yearly Monitoring report on Treasury Management activities 2018/19. There was member approval to add the Local Authorities Pooled Investment Fund as an approved Council Investment, and further, for officers to continue to explore options for a potential investment of between £5m and £10m in the fund.
- 2.13 Average current Council cashflow balances remain consistent at about £42m, and officers consider that an investment of upto £10m will still enable sufficient remaining headroom to accommodate the £30m day-to-day cashflow requirement as noted at paragraph 2.11 above.
- 2.14 Given the nature of the underlying investment (UK based diversified property portfolio) and the potential for domestic economic volatility in the run up to UK's expected withdrawal from the EU on 29 March 2019, advice will be sought from the Council's external treasury advisors, as well as more detailed discussions with the LAMP's Fund Manager, CCLA. Updated Council budget plans have factored in a potential investment of upto £10m part way through 2019-20.

#### Borrowing Strategy

- 2.15 The Council is forecast to hold around £545.8m of external borrowing and other long-term liabilities as at 31 March 2019. This is analysed at Table 2 below:

Table 2 – year end estimate – 31 March 2019

|  | £m           | %  |
|--|--------------|----|
| PWLB loans (fixed rate)                  | 280.4        | 51 |
| LOBOs                                    | 75.0         | 14 |
| Loan stock (fixed rate)                  | 7.0          | 1  |
| Other long term loans (fixed rate)       | 30.3         | 6  |
| Temporary borrowing                      | 50.9         | 9  |
| <b>Total external borrowing</b>          | <b>443.6</b> |    |
| Other Long Term Liabilities (mainly PFI) | 102.2        | 19 |
| <b>Total external debt liabilities</b>   | <b>545.8</b> |    |

- 2.16 The approved sources of borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- Any bank or building society authorised to operate in the UK
- Other local authorities

- Capital market bond investors
  - Local Capital Finance Company and other special purpose companies created to enable local authority bond issues
  - UK public and private sector pension funds
  - Salix Finance Limited
- 2.17 Historically, the biggest source of borrowing for local authorities has been PWLB loans. These Government loans have offered value for money and also flexibilities to restructure and make possible savings. The Council also has 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. The Council will take the option to repay at no cost, if it has the opportunity to do so. The Council's current limit on LOBO borrowing is set at 30% of long-term debt.
- 2.18 The Local Capital Finance Company was established in 2014 by the Local Government Association as an alternative source of local authority finance. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable.
- 2.19 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 of the higher rate loans with new loans at lower interest rates where this will lead to an overall saving or reduce risk.
- 2.20 Salix Finance Limited provides interest free Government funding to the public sector to improve their energy efficiency, reduce carbon emissions and lower energy bills. The Council to date has taken the opportunity to secure £5.9m interest free loan to part fund the £11m approved street lighting replacement scheme in the Council's approved capital plan.
- 2.21 Borrowing policy and performance will be monitored throughout the year and will be reported to Members via a Half Yearly Report and also an Outturn Report in line with approved guidance.

#### Investment Strategy

- 2.22 Investment guidance issued by MHCLG requires that an investment strategy, outlining the authority's policies for managing investments in terms of risk, liquidity and yield, should be approved by full Council or equivalent level, before the start of the financial year. This strategy can then only be varied during the year by the same executive body.
- 2.23 The Council will not place direct investments in companies as defined by the Carbon Underground 200 on 1 February each year.

- 2.24 A new regulatory update came into force from 3<sup>rd</sup> January 2018; the second Markets in Financial Instruments Directive (MiFID II), which meant that the Council had to formally apply to renew its status as a 'professional client' (also referred to as the 'opt up' option), but subject to certain criteria being met.
- 2.25 Following full Council approval on 13<sup>th</sup> December 2017, officers have now successfully 'opted up' the Council to professional client status, effective from 3<sup>rd</sup> January 2018. Given the size and range of the Council's treasury management activities, the Service Director Finance believes this to continue to be the most appropriate status.
- 2.26 It is recommended that the investment strategy for 2019-20 includes consideration of a potential investment of up to £10m in the Local Authorities Property Investment Fund (see also paragraph 2.12 earlier). The Council will continue to maintain a relatively low risk strategy giving priority to security and liquidity, and as such invest an average of around £30 million externally in relatively short-term, liquid investments through the money markets, for the purpose of managing day-to-day cash flow requirements. Any remaining balances, net of investment in the local authority property fund, will be used internally, offsetting borrowing requirements.
- 2.27 It is proposed to change the Council's investment criteria to increase the minimum credit rating for both UK and foreign banks in line with advice from the Treasury Management Consultants. This will raise the minimum credit rating to: A- (Fitch and S&P) and A3 (Moody's) from the previous minimum: BBB+ (Fitch and S&P) and Baa1 (Moody's). In practice this will have a minimal effect on the Council's treasury activities as all current investments meet the proposed criteria and it will bring the Council in-line with current advice from the Council's Treasury Management Consultants. The credit ratings table highlights this and is shown at Appendix B. The criteria have also been updated to reflect the potential for investment in Local Authority Pooled Investment funds. The table detailed at Appendix A reflects both of these updates and highlights the investment limits for all types of treasury investments.
- 2.28 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.
- 2.29 Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria:
- No new investments will be made;
  - Any existing investments that can be recalled at no cost will be recalled;
  - 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 no further investments will be made in that organisation until the outcome is announced. This policy will not apply to negative outlooks.

- 2.30 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.
- 2.31 If the UK enters into a recession in 2019-20, there is a small chance that the Bank of England could set its Base Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short term investment options. This situation already exists in many other countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 2.32 Annual cash flow forecasts are prepared which are continuously updated. Investment policy and performance will be monitored continuously and will be reported to Members during the year and as part of the annual report on Treasury Management.

#### Statement of Policy on the Minimum Revenue Provision (MRP)

- 2.33 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), ie the borrowing taken out in order to finance capital expenditure.
- 2.34 Prior to the Local Authorities (Capital Finance and Accounting) (England) Regulations 2008, which came into force on 31 March 2008, the set aside was specified as a percentage of a council's CFR (2% for HRA debt, 4% for General Fund). The current Regulations are less prescriptive with a requirement to ensure the amount set aside is deemed to be **prudent**, although there is accompanying current MHCLG guidance which sets out possible methods a council might wish to follow.
- 2.35 Current MHCLG guidance recommends that authorities 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. Within the revised MRP policy approved by Council last year, the unwinding of the previous over-provision was profiled equally over 10 years (£9.1m per year).
- 2.36 Officers are proposing a revised profile for unwinding MRP over-provision in 2018-19 and 2019-20, that will increase the un-winding for each of the next two years. The maximum amount of un-wind in any one year cannot be more than the overall annual MRP calculation, as otherwise the Council would end up in a negative MRP position, which is not allowable under accounting rules. The maximum unwind allowable in 2018-19 is £13.5m and estimated to be similar in 2019-20. This

reduction in MRP charges for these 2 years has been factored into the Council's CFR calculations set out earlier at Table 1.

- 2.37 Officer recommendation is that the impact of the additional unwind, will be transferred to Council financial resilience reserves as part of the Council's broader risk strategy set out in the overall annual budget report to Cabinet on 29 January and Budget Council on 13 February 2019.

#### Policy on the Use of Financial Derivatives

- 2.38 Local authorities (including this Council) have in the past 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). The Localism Act 2011 includes a general power of competence that appears to remove the uncertain legal position over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The latest CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.
- 2.39 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where it is confident it has the powers to enter into such transactions. They will only be used for the prudent management of its financial affairs and never for speculative purposes and where it can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to.
- 2.40 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.

#### Non-Treasury Investments

- 2.41 The Authority may also purchase property for investment purposes and may also make loans and investments for service purposes, for example in shared ownership housing, loans to local businesses and landlords, or as equity investments and loans to the Authority's subsidiaries. Such loans and investments will be subject to the Authority's normal approval processes for revenue and capital expenditure and need not comply with this treasury management strategy. They are however covered by the Authority's Investment Strategy (see Appendix E).

#### Treasury Management Indicators

- 2.42 The Council is asked to approve certain treasury management 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 proposed indicators are set out in Appendix D.

## Other Matters

2.43 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, and formally on a 6-monthly basis as part of the staff appraisal process. 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.

(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 authority's average investment rate.

### **3 Implications for the Council**

#### **3.1 Working with People**

N/A

#### **3.2 Working with Partners**

N/A

#### **3.3 Placed based working**

N/A

#### **3.3 Improving Outcomes for Children**

N/A

#### **3.4 Reducing demand of services**

N/A

#### **3.5 Other (e.g. Legal/Financial or Human Resources)**

The revenue implications of the strategies outlined have been reflected in the Council's annual budget report 2019-22.

### **4 Consultees and their opinions**

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

### **5 Next steps**

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

Following consideration at Corporate Governance & Audit Committee, this report will be presented to Cabinet on 29 January 2019 and then full Council on 13 February 2019.

### **6 Officer recommendations and reasons**

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

- (i) the borrowing strategy outlined in paragraphs 2.15 to 2.21;
- (ii) the investment strategy (treasury management investments) outlined in paragraphs 2.22 to 2.32 and Appendices A and B;
- (iii) the policy for provision of repayment of debt (MRP) outlined in paragraphs 2.33 to 2.37 and at Appendix C;
- (iv) the treasury management indicators in Appendix D;
- (v) the Investment Strategy (Non-Treasury Investments) at Appendix E.

**7 Cabinet Portfolio Holder recommendation**

The report and recommendations be submitted to Cabinet on 29 January 2019 and Council on 13 February 2019.

**8 Contact officer**

|                |                        |              |
|----------------|------------------------|--------------|
| James Anderson | Senior Finance Manager | 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; Guidance on Local Government Investments (MHCLG 2018); The Local Authorities (Capital Finance and Accounting) (England) Regulations 2008; Localism Act 2011. CIPFA Treasury Management Code and Prudential Code 2017

**10 Service Director responsible**

|                |              |
|----------------|--------------|
| Eamonn Croston | 01484 221000 |
|----------------|--------------|

## **Investment Policy for 2019-20**

### ***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 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 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 million and up to two months with individual local authorities.
- The Council is able to invest up to £10 million in individual MMFs (instant access or up to 2 day notice). There will be an overall limit of £40 million for MMFs (non-government funds), plus up to £10 million invested in a fund backed by government securities.
- The Council is able to invest up to £10million 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.

### **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.

The Council will not place direct investments in companies as defined by the Carbon Underground 200 on 1 February each year.

### **Liquidity management:**

The Authority 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 Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority’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 Dec 2018  |
|--|--|-------------------------------------|-----------------------------------|------------------------------------|--|--|
|  | Fitch  | Moody's                             | S & P                             | £m                                 | Period (2)                               |  |
| UK Banks / Building Societies<br>(Deposit accounts, fixed term deposits and REPOs) | F1<br>AAA,AA+,AA,<br>AA-,A+,A, A-                    | P-1<br>Aaa,Aa1,Aa2,<br>Aa3,A1,A2,A3 | A-1<br>AAA,AA+,AA,<br>AA-,A+,A,A- | 10                                 | <3mth                                    | HSBC<br>Lloyds Group<br>Santander UK<br>Nationwide BS<br>Coventry BS<br>Bank of Scotland<br>Yorkshire BS<br>Leeds BS<br>Barclays<br>Close Bros |
| Foreign Banks<br>(Deposit accounts, fixed term deposits and REPOs)                 | F1<br>AAA,AA+,AA,<br>AA-,A+,A,A-                     | P-1<br>Aaa,Aa1,Aa2,<br>Aa3,A1,A2,A3 | A-1<br>AAA,AA+,AA,<br>AA-,A+,A,A- | 10                                 | <2mth                                    | Svenska Handelsbanken  |
| MMF (1)  | -  | -                                   | -                                 | 10                                 | Instant access/<br>up to 2 day<br>notice |  |
| UK Government<br>(Fixed term deposits)   | -  | -                                   | -                                 | Unlimited                          | <6mth                                    |  |
| UK local authorities<br>(Fixed term deposits)                                      | -  | -                                   | -                                 | 10                                 | <2mth                                    |  |
| Local Authority Pooled<br>Investment Funds   | -  | -                                   | -                                 | 10                                 | >6mth                                    |  |

- (1) Overall limit for investments in MMFs of £50 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-       | A-1        | AA-       |            |                                  |  |
| A1        |            | A+        |            | A+        | F1         | Upper medium grade               |  |
| A2        |            | A         |            | A         |            |                                  |  |
| A3        | P-2        | A-        | A-2        | A-        | F2         |                                  |  |
| Baa1      |            | BBB+      |            | BBB+      |            |                                  |  |
| 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+        |            |                                  |  |
| B2        |            | B         |            | B         |            | Highly speculative               |  |
| B3        |            | B-        | B-         |           |            |                                  |  |
| Caa1      |            | C         | 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         |           |            |                                  |  |

**STATEMENT OF POLICY ON THE MINIMUM REVENUE PROVISION  
(REPAYMENT OF DEBT)**

**1. Background**

- 1.1 The Local Authorities (Capital Finance and Accounting) (England) Regulations 2008 requires authorities to make an amount of MRP which the authority considers "prudent".
- 1.1 The regulation does not itself define "prudent provision". However, guidance issued alongside the regulations makes recommendations on the interpretation of that term.

**2 Policy for 2018-19 onwards**

- 2.1 The Service Director Finance recommends the following policy for making prudent provision for MRP:
- (i) General Fund Borrowing (pre 1<sup>st</sup> April 2008) - Provision to be made over the estimated average life of the asset (as at 1 April 2008) for which borrowing was taken - deemed to be 50 years (annuity calculation).
  - (ii) Calculations to compare this to the previous MRP charge indicated that between 2007-08 and 2015-16 the Council provided an additional £91.2m with which it will "un-wind" over 9 years from 2017-18.
  - (iii) General Fund Prudential Borrowing – Provision to be made over the estimated life of the asset for which borrowing is undertaken. Provision to commence in the year following purchase (annuity calculation). Where large loans are made to other bodies for their capital expenditure, no MRP will be charged. However, the capital receipts generated by the annual repayments on those loans will be put aside to repay debt instead.
  - (iv) HRA Borrowing - Provision to be made for debt repayments equal to its share of any scheduled external debt repayments.
  - (v) 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.

**TREASURY MANAGEMENT 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).

Interest Rate Exposures

While fixed rate borrowing can contribute significantly to reducing the uncertainty surrounding future interest rate scenarios, the pursuit of optimum performance justifies retaining a degree of flexibility through the use of variable interest rates on at least part of the treasury management portfolio.

It is recommended that the Council sets an upper limit on its fixed interest rate exposures for 2019-20, 2020-21 and 2021-22 of £680m, £720m, £754m of its net principal. It is further recommended that the Council sets an upper limit on its variable interest rate exposures for 2019-20, 2020-21 and 2021-22 of £100m of its net principal.

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:

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

\*LOBOs are classed as fixed rate debt unless it is considered probable that the loan option will be exercised.

Total principal sums invested for periods longer than 364 days

The Council is not intending to invest sums for periods longer than 364 days.

### Investment Strategy 2019/20

#### Introduction

The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of 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 is a new report for 2019/20, meeting the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories.

#### Treasury Management Investments

The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with Treasury Management guidance both from the Chartered Institute of Public Finance and Accountancy and MHCLG. Average cash balances in 2019/20 for the purpose of treasury management investment are expected to average £40m plus, with fluctuations between £25m and £65m.

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

**Further details:** Full details of the Authority's policies and its plan for 2019/20 for treasury management investments are covered in the treasury management strategy report 2019/20 to which this Investment Strategy is appended.

#### Service Investments: Loans

**Contribution:** 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.

The Council provided a significant 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.

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.

From 19/20 the Council is planning on providing significant development finance loans to support major town centre regeneration and economic growth, up to a Council approved £38m (per the 5 year Capital Plan 2019-20 to 2023-24), through a combination of Property Investment Fund (£25m) and HD-One Fund at £13m. Amounts have been set aside in the capital plan for this type of investment.

**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 in order to limit this risk, and ensure that total Council exposure to loans remains proportionate to the size of the Authority, 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                        | 31.3.2018 actual |                |                        | 2019/20        |
|---|------------------|----------------|------------------------|----------------|
|   | Balance owing    | Loss allowance | Net figure in accounts | Approved Limit |
| Further education college                   | 16.4             | 0.0            | 16.4                   | 16.4           |
| Leeds City Region revolving investment fund | 2.3              | 0.0            | 2.3                    | 3.9            |
| Local businesses and charities              | 0.8*             | 0.0            | 0.8*                   | 38.8           |
| Local residents                             | 2.1              | 0.0            | 2.1                    | 2.1            |
| <b>TOTAL</b>                                | <b>21.6</b>      | <b>0.0</b>     | <b>21.6</b>            | <b>61.2</b>    |

\* This is made up of numerous small investments, the largest of which are £0.2m for the Media Centre and £0.2m for KSDL.

Accounting standards require the Authority to set aside a loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts from 2018-19 onwards will be shown net of this loss allowance. However, the Authority 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 Authority assesses the risk of loss before entering into and whilst holding service 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, including Council senior finance representation on the College's finance committee.

Development finance loans such as Property Investment Fund (PIF) and HD-One will allow the Council to offer loans to development projects which offer significant economic benefits to the Council and the wider Kirklees district.

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 (£0.9m) is a 9.9% holding in Kirklees School Services Ltd which operates 20 schools on our behalf on a 32 year contract under PFI. The council also has a 40% shareholding in KSDL, a 14% holding in QED KMC Holdings Ltd (£0.3m) and a 50% shareholding in KHBP Ltd (£0.1m).

Updated budget plans include a £2.5m capital investment proposal for a potential 50% shareholding in a Housing Joint Venture. This is a partnership project for the building of new homes in the region.

**Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order 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 | 31.3.2018 actual |                 |                   | 2019/20        |
|---------------------|------------------|-----------------|-------------------|----------------|
|                     | Amounts invested | Gains or losses | Value in accounts | Approved Limit |
| Local businesses    | 1.3              | 0.0             | 1.3               | 3.8            |

**Risk assessment:** The Authority 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 losses 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 Authority 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 Authority's upper limits on non-specified investments. The Authority 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.

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        | 31.3.2018 actual  |                        | 31.3.2019 expected |                   |
|---------------------|---------------|-------------------|------------------------|--------------------|-------------------|
|                     | Purchase cost | Gains or (losses) | Fair value in accounts | Gains or (losses)  | Value in accounts |
| Commercial Property | *See below    | 2.2               | 20.8                   | 2.0                | 22.8              |

\*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 1920's from Ramsdens Estate. There is a signed legal document and also a 'book of acquisition' which is a hard backed ledger held in legal services.

**Security:** In accordance with government guidance, the Authority 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 Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2018/19 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 there from.

**Risk assessment:** The Authority'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 Authority and are included here for completeness. The Council does not have any loan commitments, however there are some guarantees that the Council holds which are identified in the Statement of Account under Contingent Liabilities. Mainly guarantees on outstanding contributions to Pension Fund in the event of a default by certain bodies. 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. The Council also act as a guarantor to a loan of £1.3m that KSDL hold in the event of default.

### **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 Strategic Director – Economy and Infrastructure has extensive experience of major Council regeneration schemes and partnerships with major business and 3<sup>rd</sup> party partners, as do key Service Directors. The Council pays for staff to study towards relevant professional qualifications including CIPFA 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 Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

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

**Table 5: Total investment exposure in £millions**

| <b>Total investment exposure</b> | <b>31.03.2018<br/>Actual</b> | <b>31.03.2019<br/>Forecast</b> | <b>31.03.2020<br/>Forecast</b> |
|----------------------------------|------------------------------|--------------------------------|--------------------------------|
| Treasury management investments  | 36.1                         | 34.1                           | 30.0                           |
| Service investments: Loans       | 21.6                         | 22.7                           | 39.2                           |
| Service investments: Shares      | 1.3                          | 1.3                            | 2.6                            |
| Commercial investments: Property | 20.8                         | 22.8                           | 24.9                           |
| <b>TOTAL INVESTMENTS</b>         | <b>79.8</b>                  | <b>80.9</b>                    | <b>96.7</b>                    |
| Commitments to lend              | 0.0                          | 0.0                            | 0.0                            |
| Guarantees issued on loans       | 1.3                          | 1.3                            | 1.3                            |
| <b>TOTAL EXPOSURE</b>            | <b>81.1</b>                  | <b>82.2</b>                    | <b>98.0</b>                    |

**How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Authority 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 Authority's investments are funded by usable reserves and income received in advance of expenditure

**Table 6: Investments funded by borrowing in £m**

| <b>Investments funded by borrowing</b> | <b>31.03.2018<br/>Actual</b> | <b>31.03.2019<br/>Forecast</b> | <b>31.03.2020<br/>Forecast</b> |
|--|------------------------------|--------------------------------|--------------------------------|
| <b>Service investments: Loans</b>      | <b>18.7</b>                  | <b>19.8</b>                    | <b>36.3</b>                    |

**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 7: Investment rate of return (net of all costs)**

| <b>Investments net rate of return</b> | <b>2017/18 Actual</b> | <b>2018/19 Forecast</b> | <b>2019/20 Forecast</b> |
|---------------------------------------|-----------------------|-------------------------|-------------------------|
| Treasury management investments       | 0.3%                  | 0.7%                    | 0.8%                    |
| Service investments: Loans            | 0.6%                  | 0.6%                    | 0.6%                    |
| Service investments: Shares           | None                  | None                    | None                    |
| Commercial investments                | 10.7%                 | 10.0%                   | 10.0%                   |
| <b>ALL INVESTMENTS</b>                | <b>11.6%</b>          | <b>11.3%</b>            | <b>11.4%</b>            |

KIRKLEES COUNCIL - 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. It covers in-year capital receipts generated in-year, from 2016-17 to 2021-22 inclusive.
2. In-year generated capital receipts includes general fund receipts from the sale of general fund land and buildings. It also includes 'right to buy' (RTB) receipts from the sale of Council houses. These are remaining receipts that are also available to the Council, after taking account of the Council's other obligations in relation to RTB receipts generated in-year.
3. It is proposed that consideration be given to applying 'in-year' capital receipts generated, to fund the following qualifying capitalised revenue expenditure, in line with original DCLG guidance issued in March 2016, as follows :
  - i) *funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;*
  - ii) *driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;*
4. The time period relating to the above qualifying expenditure covers 2018-19 and the following 3 years. 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.
5. 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 Council's annual general fund capital plan
6. The proposals set out in 3. above 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 update.
7. It is intended that officers will update members as part of the annual budget report to full Council each February, and finalised proposals for the flexible use of capital receipts to be incorporated into an annual early closedown review report for Cabinet consideration early April.

**Introduction**

This capital strategy is a new CIPFA code of practice requirement for 2019/20, giving 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. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.

**Capital Expenditure and Financing**

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

In 2019/20, the Council is planning capital expenditure of £147.5m as summarised below:

*Prudential Indicator: Estimates of Capital Expenditure across years*

|                       | <b>2018/19<br/>forecast<br/>£m</b> | <b>2019/20<br/>budget<br/>£m</b> | <b>2020/21<br/>budget<br/>£m</b> | <b>2021/22<br/>budget<br/>£m</b> | <b>2022/23<br/>budget<br/>£m</b> | <b>2023/24<br/>budget<br/>£m</b> |
|-----------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| General Fund services | 69.8                               | 96.9                             | 137.2                            | 100.7                            | 85.2                             | 46.9                             |
| Council housing (HRA) | 27.8                               | 33.8                             | 24.4                             | 23.7                             | 23.4                             | 21.6                             |
| Capital Investments   | 1.1                                | 17.8                             | 17.7                             | 4.0                              | 0                                | 0                                |
| <b>TOTAL</b>          | 98.7                               | 148.5                            | 179.3                            | 128.4                            | 108.6                            | 68.5                             |

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 separately.

**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 submit outline bids for inclusion in the Council's capital plan. Bids are collated by corporate

finance, who advise Strategic Directors on both the financing costs (which can be nil if the project is fully externally financed) and service revenue implications.

The Corporate Strategic Capital Group appraises bids based on an assessment of Council priority outcomes, funding availability and affordability, and 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 Corporate Capital Strategy Group. These include the major projects board, specialist accommodation board and housing growth board.

The final multi-year capital plan is then considered in the corporate member arena to Cabinet in January and to Council in February each year.

Council Financial Procedure Rules also set out the specific financial governance requirements for consideration with regards the Councils; capital investment, and the relevant link is set out below:

<http://www.kirklees.gov.uk/beta/your-council/pdf/constitution-part-46.pdf>

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 business case as required. Full details of the Council's multi-year capital plan is set out in the Council's annual 2019-22 budget report.

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

#### *Capital financing*

|                  | <b>2018/19<br/>forecast<br/>£m</b> | <b>2019/20<br/>budget<br/>£m</b> | <b>2020/21<br/>budget<br/>£m</b> | <b>2021/22<br/>budget<br/>£m</b> | <b>2022/23<br/>budget<br/>£m</b> | <b>2023/24<br/>budget<br/>£m</b> |
|------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| External sources | 34.6                               | 53.4                             | 73.2                             | 53.3                             | 38.4                             | 14.4                             |
| Own resources    | 34.4                               | 36.6                             | 27.4                             | 27.3                             | 27.0                             | 25.3                             |
| Debt             | 29.7                               | 58.5                             | 78.7                             | 47.8                             | 43.2                             | 28.8                             |
| <b>TOTAL</b>     | <b>98.7</b>                        | <b>148.5</b>                     | <b>179.3</b>                     | <b>128.4</b>                     | <b>108.6</b>                     | <b>68.5</b>                      |

Debt 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 E to the Council's 2019-22 Annual budget report.

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

*Replacement of debt finance*

|                                | <b>2018/19<br/>forecast<br/>£m</b> | <b>2019/20<br/>budget<br/>£m</b> | <b>2020/21<br/>budget<br/>£m</b> | <b>2021/22<br/>budget<br/>£m</b> |
|--------------------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| MRP (underlying cost)          | 13.5                               | 13.5                             | 13.3                             | 13.9                             |
| MRP (unwind of over-provision) | (13.4)                             | (13.4)                           | (7.8)                            | (7.8)                            |
| <b>Total</b>                   | <b>0.1</b>                         | <b>0.1</b>                       | <b>5.5</b>                       | <b>6.1</b>                       |

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 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*

|                            | <b>2018/19<br/>forecast<br/>£m</b> | <b>2019/20<br/>budget<br/>£m</b> | <b>2020/21<br/>budget<br/>£m</b> | <b>2021/22<br/>budget<br/>£m</b> |
|----------------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| General Fund CFR- Non PFI  | 461.7                              | 504.5                            | 550.6                            | 587.4                            |
| General Fund CFR- PFI      | 49.3                               | 45.8                             | 42.6                             | 39.4                             |
| HRA CFR- Non PFI           | 175.3                              | 170.7                            | 165.7                            | 162.8                            |
| HRA CFR- PFI               | 52.9                               | 50.5                             | 48.1                             | 45.2                             |
| Capital Investments        | 1.1                                | 4.4                              | 4.4                              | 4.4                              |
| <b>Total CFR</b>           | <b>740.3</b>                       | <b>775.9</b>                     | <b>811.4</b>                     | <b>839.2</b>                     |
| Less: PFI debt liabilities | 102.2                              | 96.3                             | 90.7                             | 84.6                             |
| <b>TOTAL Borrowing CFR</b> | <b>638.1</b>                       | <b>679.6</b>                     | <b>720.7</b>                     | <b>754.6</b>                     |

**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](#)

An annual report is also taken to Cabinet with the forward plan for the disposal of assets that have been declared surplus to requirements, please see the link below for the latest version:

### [Disposal of Surplus Land and Property Assets \(Item 16\)](#)

**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. Government also allows Councils to apply in-year (flexible) capital receipts on permitted revenue spend, until 2021/22. The Council's current flexible capital receipts policy is appended to the 2019-22 annual budget report at Appendix F. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £3m each year over the period of the Capital Plan (2019-2024) from the sale of assets.

### **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. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).

Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases) are shown below, compared with the capital financing requirement (see above). The estimated debt cost in 2018-19 is £19.3m.

*Prudential Indicator: Gross Debt and the Capital Financing Requirement*

|                               | <b>2018/19<br/>forecast<br/>£m</b> | <b>2019/20<br/>budget<br/>£m</b> | <b>2020/21<br/>budget<br/>£m</b> | <b>2021/22<br/>budget<br/>£m</b> |
|-------------------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Debt (incl. PFI & leases)     | 551.1                              | 597.4                            | 638.0                            | 670.7                            |
| Capital Financing Requirement | 638.1                              | 679.6                            | 720.7                            | 754.6                            |

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.

**Affordable borrowing limit:** A further two Prudential Indicators control overall level of borrowing. These are the Authorised Limit and the Operational Boundary. The Authorised Limit represents the limit beyond which borrowing is prohibited. It reflects the level of borrowing which, while not desired, could be afforded in the short-term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3(1) of the Local Government Act 2003.

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*

|  | <b>2018/19<br/>limit</b> | <b>2019/20<br/>limit</b> | <b>2020/21<br/>limit</b> | <b>2021/22<br/>limit</b> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Authorised limit – borrowing                       | 585.0                    | 665.0                    | 700.0                    | 755.0                    |
| Authorised limit – other long term liabilities     | 110.0                    | 101.3                    | 95.7                     | 90.1                     |
| Authorised limit – Total                           | 695.0                    | 766.3                    | 795.7                    | 845.1                    |
| Operational boundary – borrowing                   | 495.0                    | 585.0                    | 620.0                    | 655.0                    |
| Operational boundary – other long term liabilities | 102.2                    | 96.3                     | 90.7                     | 84.6                     |
| Operational boundary – Total                       | 597.2                    | 681.3                    | 710.7                    | 739.6                    |

As part of HRA self-financing reform, the authority is now required to report the limit on HRA indebtedness. The limit was set by Department for Communities and Local Government (DCLG) at £247.6 million. It is the HRA CFR excluding PFI liabilities which is compared to this limit and the HRA is over £60 million below the limit with no current plans to increase its borrowing.

Further details on borrowing are highlighted in the Treasury Management Strategy appended at Appendix E to the Council’s annual 2019-22 budget report.

**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. The estimated investment income in 2018-19 is £0.2m.

*Treasury management investments*

|                         | <b>2018/19<br/>forecast<br/>£m</b> | <b>2019/20<br/>budget<br/>£m</b> | <b>2020/21<br/>budget<br/>£m</b> | <b>2021/22<br/>budget<br/>£m</b> |
|-------------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Near-term investments   | 30                                 | 20                               | 20                               | 20                               |
| Longer-term investments | 0                                  | 10                               | 10                               | 10                               |
| <b>TOTAL</b>            | <b>30</b>                          | <b>30</b>                        | <b>30</b>                        | <b>30</b>                        |

Further details on treasury investments are highlighted in the Treasury Management Strategy appended at Appendix E to the Council’s annual 2019-22 budget report.

**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.

In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to break even after all costs.

**Governance:** Decisions on service investments are made by the Strategic Director - Economy and Infrastructure, in consultation with the Service Director Finance, 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.

Further details on service investments are shown in the Investment Strategy appended to the Treasury Management Strategy (Appendix E in the Council's annual 2019-22 budget report).

### **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, offset by any investment income receivable. 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*

|                                  | <b>2018/19<br/>forecast<br/>£m</b> | <b>2019/20<br/>budget<br/>£m</b> | <b>2020/21<br/>budget<br/>£m</b> | <b>2021/22<br/>budget<br/>£m</b> | <b>2022/23<br/>budget<br/>£m</b> | <b>2023/24<br/>budget<br/>£m</b> |
|----------------------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Financing costs (£m)             | 29.8                               | 29.8                             | 29.1                             | 30.0                             | 34.5                             | 34.3                             |
| Proportion of net revenue stream | 9.9%                               | 9.9%                             | 8.9%                             | 9.0%                             | 10.4%                            | 10.3%                            |
| General Fund (excl PFI)          | 7.9%                               | 7.8%                             | 7.1%                             | 7.4%                             | 8.6%                             | 9.3%                             |
| HRA                              | 31.4%                              | 31.0%                            | 30.8%                            | 30.5%                            | 30.3%                            | 30.0%                            |
| HRA (excl PFI)                   | 29.5%                              | 29.3%                            | 29.0%                            | 28.8%                            | 28.5%                            | 28.3%                            |

Further details on the revenue implications of capital expenditure are detailed in the Council's annual 2019-22 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 is satisfied that the proposed multi-year capital plan and borrowing affordability remains prudent, affordable and sustainable. The context for this current judgement is also reflected in the s151 Officer's statutory Positive Assurance statement as part of the 2019-22 annual budget report.

### **Liabilities**

In addition to debt detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £546m) and its PFI finance lease obligation (total liability of all schemes £107m, offset by a net book value of assets of £82m). It has also set aside provisions of £15m to cover risks associated with Business Rates Appeals 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 Strategic Directors in consultation with the Service Director of 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 – Economy and Infrastructure has extensive experience of major Council regeneration schemes and partnerships with major business and 3<sup>rd</sup> party partners, as do key Service Directors. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA 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.

| Risk No | Risk – Description of the risk   | Management actions already in place to mitigate the risk   |
|---------|--|--|
|         | <b>The finances of the Council</b>   |  |
| 1       | A failure to achieve the Councils savings plan impacts more generally on the councils finances with the necessity for unintended savings (from elsewhere) to ensure financial stability  | <ul style="list-style-type: none"> <li>• Established governance arrangements are in place to achieve planned outcomes at Cabinet and officer level</li> <li>• Escalation processes are in place and working effectively.</li> <li>• Alignment of service, transformation and financial monitoring.</li> <li>• Tracker developed which allows all change plans to be in view and monitored on a monthly basis</li> <li>• Programme management office established and resourced</li> <li>• Monthly (and quarterly) financial reporting</li> </ul>  |
| 2       | <p>Failure to control expenditure and income within the overall annual council approved budget leads to the necessity for unintended savings (from elsewhere)). The most significant of these risks are related to volumes (in excess of budget) of;</p> <ul style="list-style-type: none"> <li>• Complex Adult Care services</li> <li>• Childrens Care Services</li> <li>• Educational high needs</li> </ul> <p>&amp; Rent Collection impact of Universal Credit rollout (H R A)<br/>And in the longer term, the costs of waste disposal.</p> | <ul style="list-style-type: none"> <li>• Significant service pressures recognised as part of resource allocation in 2018/19 and 2019/20</li> <li>• Responsibility for budgetary control aligned to Strategic and Service Directors.</li> <li>• Examine alternative strategies or amend policies where possible to mitigate growth in demand or reduce costs</li> <li>• Utilise supplementary resources to cushion impact of cuts and invest to save.</li> <li>• Continue to lobby, through appropriate mechanisms, for additional resources</li> <li>• Proactive monitoring as Universal Credit is introduced</li> </ul> |
| 3       | Above inflation cost increases, particularly in the care sector, impact on the ability of providers to deliver activities of the specified quality, and or impacting on the prices charged and impacting on the budgets of the Council.  | <ul style="list-style-type: none"> <li>• Monitor quality and performance of contracts.</li> <li>• Be aware of underlying issues through effective communication with service providers and suppliers about likely impact on prices</li> <li>• Renegotiate or retender contracts as appropriate.</li> <li>• Ensure that budgets anticipate likely cost impacts</li> <li>• Seek additional funding as a consequence of government imposed costs</li> </ul>   |

|                                      |   |  |
|--------------------------------------|---|--|
| 4                                    | Making inappropriate choices in relation to lending or and borrowing decisions, leads to financial losses.  | <ul style="list-style-type: none"> <li>• Effective due diligence prior to granting loans and careful monitoring of investment decisions.</li> <li>• Effective challenge to treasury management proposals by both officers and members (Corporate Governance &amp; Audit Committee) taking account of external advice</li> </ul>  |
| 5                                    | Exposure to uninsured losses or significant unforeseen costs, leads to the necessity for unintended savings to balance the councils finances  | <ul style="list-style-type: none"> <li>• Ensure adequacy of financial revenue reserves to protect the council financial exposure and managed effectively not to impact on the council essential services.</li> <li>• Consider risks and most cost effective appropriate approach to responding to these (internal or external insurance provision)</li> </ul>  |
| 6                                    | A future financial regime set by government causes a further loss of resources or increased and under-funded obligations (e.g. in relation to social care), with impact on the strategic plans. | <ul style="list-style-type: none"> <li>• Monitor government proposals and legislation, and their impact on council and partner services.</li> <li>• Continue to lobby, through appropriate mechanisms, for additional resources e.g. Local Government Association (LGA)</li> <li>• Be aware of underlying issues through effective communication with citizens, partners, service providers and suppliers about likely impact on resources</li> <li>• Ensure that budgets anticipate likely impacts</li> <li>• Ensure adequacy of financial revenue reserves to protect the council financial exposure and managed effectively not to impact on the council essential services.</li> </ul>   |
| <b>Community Impacts &amp; Risks</b> |   |  |
| 7                                    | The council does not adequately safeguard children and vulnerable adults, as a result of increased complexity, referral volumes and a lack of service capacity to respond to the assessed need. | <ul style="list-style-type: none"> <li>• Disclosure &amp; Barring Service (DBS) checking, staff training, supervision, protection policies kept up to date and communicated.</li> <li>• Effective management of social work (and related services); rapid response to any issues identified and from any serious case review work.</li> <li>• Active management of cases reaching serious case review stage, and any media interest</li> <li>• Review of current practices following the child sexual exploitation in Rotherham and the emerging requirements.</li> <li>• Ensure that workloads are balanced to resources.</li> <li>• Staff and skill development to minimise dependence on key individuals.</li> <li>• Use of agency staff and or contractors when necessary</li> </ul> |

|           |  |  |
|-----------|--|--|
|           |  | <ul style="list-style-type: none"> <li>• Ideal manager training</li> <li>• Development of market sufficiency strategy; consider approaches to support the development of the available service offer both locally and regionally.</li> <li>• Ensure competence of the Safeguarding Boards and that they are adequately resourced to challenge and improve outcomes</li> <li>• Ensure routine internal quality assessment</li> <li>• Take effective action after Serious Case Reviews</li> <li>• Effective listening to messages about threats from other parts of the council and partner agencies</li> <li>• Proactive recognition of Members role as “corporate parent”</li> <li>• Childrens Improvement Board to assist governance and quality improvement</li> </ul> |
| <b>8</b>  | Legacy issues of historical childcare management practices, and particularly, the heightened national attention to Child Sexual Exploitation and historical abuse cases leads to reputational issues, and resource demands to address consequential matters. | <ul style="list-style-type: none"> <li>• Additional resources and expertise allocated to new and historical Child Sex Exploitation (CSE) and other legacy work, as required.</li> <li>• Risk matrix and risk management approach implemented with the police and partners.</li> <li>• Oversight of Council risks through the CSE Member Panel.</li> <li>• Understand relationship with the Prevent strategy, and issues linked to counter terrorism</li> <li>• Take steps per risk 7 to seek to avoid ongoing issues</li> </ul>  |
| <b>9</b>  | Failure to address matters of violent extremism and related safer stronger community factors create significant community tension, (and with the potential of safeguarding consequences for vulnerable individuals).   | <ul style="list-style-type: none"> <li>• Prevent Partnership Action Plan.</li> <li>• Community cohesion work programme</li> <li>• Local intelligence sharing and networks.</li> <li>• New status as a Prevent Priority Area provides funding for a Prevent Coordinator Post and enables the development of bids for additional funding.</li> <li>• Counter terrorism local profile.</li> <li>• Home Office funded Counter Extremism Community Co-ordinator role</li> </ul>   |
| <b>10</b> | Significant environmental events such as severe weather impact on the Council’s ability to continue to deliver services.   | <ul style="list-style-type: none"> <li>• Effective business continuity and emergency planning (including mutual aid) investment in flood management, gritting deployment plans.</li> <li>• Winter maintenance budgets are supported by a bad weather contingency.</li> <li>• Operational plans and response plans designed to minimise impacts (e.g. gully cleansing for those areas which are prone to flooding.)</li> </ul>  |
| <b>11</b> | The policy presumption of communities taking more responsibility for service   | <ul style="list-style-type: none"> <li>• Reduced demand for statutory services</li> </ul>  |

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|----|---|---|
|    | <p>provision does not deliver the hoped for outcomes, with the consequence that some community services will no longer be sustainable from the resources available, with reputational and policy risks.</p>   | <ul style="list-style-type: none"> <li>• If the reduction is not realised at the pace set out, (in change plans) then those services that are directly impacted will need to identify this early, and to help in doing so, ensure that appropriate demand management and monitoring is put in place to record the levels of service take up. Remedial action should also be identified by those services.</li> <li>• Successful implementation of new service models</li> <li>• Impact assessments for those services directly affected should be carried out to reflect the impact on citizens of losing a service as a consequence of the pace and scale of new service models not meeting demand.</li> <li>•</li> </ul>  |
|    | <p><b>The UK exiting the EU</b></p>   |   |
| 12 | <p>The process of the UK exiting the EU lead to the following consequences and impact:</p> <ul style="list-style-type: none"> <li>• Economic uncertainty impact on business rates and housing growth, with knock-ons to council tax, new homes bonus and business rate income.</li> <li>• The potential for increased cuts in core government funding (as a result of economic pressures) in the context of ongoing increases in demand for council services.</li> <li>• Rising inflation could lead to increased costs. Interest rate volatility impacting on the cost of financing the council's debt.</li> <li>• The general uncertainty affecting the financial markets could lead to another recession.</li> <li>• An uncertain economic outlook potentially impacting on levels of trade and investment.</li> </ul> | <p>These risks are largely addressed elsewhere in the Matrix</p> <ul style="list-style-type: none"> <li>• Monitor government proposals and legislation, and their impact on council and partner services.</li> <li>• Working with the WY Combined Authority, and other WY local authorities and partners</li> <li>• Continue to lobby, through appropriate mechanisms, for additional resources e.g. Local Government Association (LGA)</li> <li>• Be aware of underlying issues through effective communication with partners, service providers and suppliers about likely impact on prices and resources.</li> <li>• Ensure that budgets anticipate likely cost impacts</li> <li>• Utilise supplementary resources to cushion impact of any cuts and invest to save.</li> <li>• Ensure adequacy of financial revenue reserves to protect the council financial exposure and that they are managed effectively not to impact on the council essential services</li> <li>• Local intelligence sharing and networks.</li> <li>• Prevent partnership action plan.</li> <li>• Community cohesion work programme</li> <li>• Service and financial strategies kept under review to keep track of developments related to the UK exiting the EU.</li> <li>• Working Group established to consider and monitor implications.</li> </ul> |

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|                  | <ul style="list-style-type: none"> <li>• Uncertainty about migration impacting on labour markets, particularly in key sectors like health and social care</li> <li>• Potential impact on community cohesion, with increased community tensions and reported hate crimes.</li> </ul>   |  |
|                  | <p><b>Other Resource &amp; Partnership Risks</b></p>  |  |
| <p><b>13</b></p> | <p>Council supplier and market relationships, including contractor failure leads to;</p> <ul style="list-style-type: none"> <li>• loss of service,</li> <li>• poor quality service</li> <li>• an inability to attract new suppliers (affecting competition, and to replace any incumbent contractors who have failed)</li> <li>• complexities and difficulties in making arrangements in respect of significant and long running major outsource contracts, and their extension and renewal.</li> </ul> | <ul style="list-style-type: none"> <li>• Avoid, where possible, over dependence on single suppliers;</li> <li>• More thorough financial assessment when a potential supplier failure could have a wide impact on the council's operations but take a more open approach where risks are few or have only limited impact.</li> <li>• Recognise that supplier failure is always a potential risk; those firms that derive large proportions of their business from the public sector are a particular risk.</li> <li>• Need to balance between only using suppliers who are financially sound but may be expensive and enabling lower cost or new entrants to the supplier market.</li> <li>• Consideration of social value, local markets and funds recirculating within the borough</li> <li>• Understanding supply chains and how this might impact on the availability of goods and services</li> <li>• Be realistic about expectation about what the market can deliver, taking into account matter such as national living wage, recruitment and retention issues etc.</li> <li>• Develop and publish in place market position statement and undertake regular dialogue with market.</li> <li>• Effective consultation with suppliers about proposals to deal with significant major external changes</li> <li>• Early consultation with existing suppliers about arrangements to be followed at the end of existing contractual arrangements</li> <li>• Realign budgets to reflect real costs</li> <li>• Commission effectively</li> <li>• Ensuring adequate cash flow for smaller contractors</li> </ul> |

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| <p><b>14</b></p> | <p>Management of information from loss or inappropriate destruction or retention and the risk of failure to comply with the Council’s obligations in relation to Data Protection, Freedom of Information legislation and the General Data Protection Regulations (GDPR) leading to reputational damage, rectification costs and fines</p> | <ul style="list-style-type: none"> <li>• Thorough, understandable information security policies and practices that are clearly communicated to workforce.</li> <li>• Effective management of data, retention and recording.</li> <li>• Raised awareness and staff training</li> <li>• Compliance with IT security policy.</li> <li>• Compliance with retention schedules.</li> <li>• Compliance with information governance policy.</li> <li>• Business continuity procedures.</li> <li>• Comply with new legislation around staff access to sensitive data.</li> <li>• Council has a Senior Information Risk Owner (“SIRO”) officer and a Data Protection Officer (DPO) who are supported by an Information Governance Board</li> <li>• Development of action plan to respond to GDPR requirements and resourcing requirements as appropriate</li> <li>• Increased awareness of officers and members as to their obligations</li> </ul> |
| <p><b>15</b></p> | <p>Health and safety measures are inadequate leading to harm to employees or customers and possible litigious action from them personally and/or the Health and Safety Executive.(and the potential of prosecution and corporate /personal liability)(and in particular issues of fire safety,)</p>                                       | <ul style="list-style-type: none"> <li>• New Fire Safety Policy approved and being implemented with improved monitoring of fire risk</li> <li>• Prioritised programme of remedial works to buildings to tackle fire safety and other issues</li> <li>• Review work practices to address H&amp;S risks</li> <li>• Monitor safety equipment</li> <li>• Improved employee training as to their responsibilities, as employees and (where appropriate) as supervisors</li> <li>• Approval of additional resources to improve corporate monitoring regime.</li> </ul>   |
| <p><b>16</b></p> | <p>Exposure to increased liabilities arising from property ownership and management, including dangerous structures and asbestos, with reputational and financial implications.</p>   | <ul style="list-style-type: none"> <li>• Routine servicing and cleansing regimes</li> <li>• Work practices to address risks from noxious substances</li> <li>• Property disposal strategy linked to service and budget strategy</li> <li>• Review of fire risks Develop management actions, categorised over the short to medium term and resource accordingly.</li> <li>• Prioritisation of funding to support reduction of backlog maintenance</li> <li>• Clarity on roles and responsibilities particularly where property management is outsourced.</li> </ul>   |

|    |  |  |
|----|--|--|
| 17 | A funding shortfall in partner agencies) leads to increased pressure on community services with unforeseen costs.  | <ul style="list-style-type: none"> <li>• Engagement in winter resilience discussions with NHS partners</li> <li>• Secure funding as appropriate</li> <li>• Consider extension of pooled funds</li> <li>• Accept that this may lead to an increase in waiting times</li> <li>• Strengthen partnership arrangements to ascertain whether other funding or cost reduction solutions can be introduced.</li> </ul>   |
| 18 | <p>The risk of retaining a sustainable, diverse, workforce, including</p> <ul style="list-style-type: none"> <li>• aging and age profile</li> <li>• encouraging people to enter hard to recruit roles (which often have low pay, or challenging hours or tasks)</li> <li>• encouraging entrants to professional roles where pay is often below market levels.</li> <li>• and ensuring that the workforce are broadly content,</li> </ul> <p>without whom the council is unable to deliver its service obligations.</p> | <ul style="list-style-type: none"> <li>• Effective Workforce Planning (including recruitment and retention issues)</li> <li>• Modernise Human Resources policies and processes</li> <li>• Increased accessibility to online training managers/ employees.</li> <li>• Selective use of interim managers and others to ensure continuity of progress regarding complex issues</li> <li>• Ensure robust change processes including Equality Impact Assessments (EIA's) and consultation..</li> <li>• Understand market pay challenges</li> <li>• Promote the advantages of LG employment</li> <li>• Emphasise the satisfaction factors from service employment</li> <li>• Engage and encourage younger people through targeted apprenticeships, training, and career development</li> </ul> |
| 19 | National legislative or policy changes have unforeseen consequences with the consequence of affecting resource utilisation or budgets.   | <ul style="list-style-type: none"> <li>• Reprioritise activities</li> <li>• Deploy additional resources</li> <li>• Use of agency staff or contractors where necessary</li> <li>• Development of horizon scanning service</li> </ul>  |

**Including estimated precepts from the West Yorkshire Fire & Police Authorities  
and Parish Councils**

**KIRKLEES METROPOLITAN COUNCIL**  
**COUNCIL MEETING - 13 FEBRUARY 2019**  
**COUNCIL TAX**

1. That the Revenue Budget for the year 2019-2020, as submitted, be approved.
2. That it be noted that at its meeting on 16 January 2019 the Council calculated the following amounts for the year 2019-2020 in accordance with regulations made under Section 31B of the Local Government Finance Act 1992, as amended (the "Act") and subject to the calculation of any consequential changes to the Council Tax Base delegated to the Director of Resources:-

(a) 118,708.56 being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its council tax base for the year

(b) Part of the Council's area

|  |            |
|--|------------|
| Parish of Denby Dale   | 5,771.84   |
| Parish of Holme Valley   | 9,998.83   |
| Parish of Kirkburton   | 8,910.47   |
| Parish of Meltham  | 2,820.42   |
| Parish of Mirfield   | 6,617.91   |
| Kirklees (outside the Parish of Holme Valley) special expense area | 108,709.73 |

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 2019-20 (excluding parish precepts) is £179,198,000
4. That the following amounts be now calculated by the Council for the year 2019-2020 in accordance with Sections 31 to 36 of the Act:-
  - (a) £ 926,640,024 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) £ 746,678,600 being the aggregate of the amounts which

**Including estimated precepts from the West Yorkshire Fire & Police Authorities and Parish Councils**

- the Council estimates for the items set out in Section 31A(3) of the Act
- (c) £ 179,961,424 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) £ 1,515.99 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) £ 798,082 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
- (f) £ 1,509.27 being the amount at 4(d) above, less the result given by dividing the amount at 4(e) above by Item T (1(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 £ | Special Expenses £ | Parish Precept £ | Resultant Council Tax £ |
|---|--------------------|--------------------|------------------|-------------------------|
| Parish of Denby Dale                    | 1509.27            | 0.32               | 37.70            | 1547.29                 |
| Parish of Holme Valley                  | 1509.27            | 0.00               | 22.50            | 1531.77                 |
| Parish of Kirkburton                    | 1509.27            | 0.32               | 12.37            | 1521.96                 |
| Parish of Meltham                       | 1509.27            | 0.32               | 38.04            | 1547.63                 |
| Parish of Mirfield                      | 1509.27            | 0.32               | 15.61            | 1525.20                 |
| Kirklees (outside special expense area) | 1509.27            | 0.32               | 0.00             | 1509.59                 |

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

**Including estimated precepts from the West Yorkshire Fire & Police Authorities and Parish Councils**

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.

(h) Kirklees Valuation Bands

| Part of the Council's area | <u>A</u><br>£ | <u>B</u><br>£ | <u>C</u><br>£ | <u>D</u><br>£ | <u>E</u><br>£ | <u>F</u><br>£ | <u>G</u><br>£ | <u>H</u><br>£ |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Denby Dale                 | 1,031.53      | 1,203.45      | 1,375.37      | 1,547.29      | 1,891.13      | 2,234.97      | 2,578.82      | 3,094.58      |
| Holme Valley               | 1,021.18      | 1,191.38      | 1,361.57      | 1,531.77      | 1,872.16      | 2,212.56      | 2,552.95      | 3,063.54      |
| Kirkburton                 | 1,014.64      | 1,183.75      | 1,352.85      | 1,521.96      | 1,860.17      | 2,198.39      | 2,536.60      | 3,043.92      |
| Meltham                    | 1,031.75      | 1,203.71      | 1,375.67      | 1,547.63      | 1,891.55      | 2,235.47      | 2,579.38      | 3,095.26      |
| Mirfield                   | 1,016.80      | 1,186.27      | 1,355.73      | 1,525.20      | 1,864.13      | 2,203.07      | 2,542.00      | 3,050.40      |
| All other parts            | 1,006.39      | 1,174.13      | 1,341.86      | 1,509.59      | 1,845.05      | 2,180.52      | 2,515.98      | 3,019.18      |

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 2019-2020 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                          | <u>A</u><br>£ | <u>B</u><br>£ | <u>C</u><br>£ | <u>D</u><br>£ | <u>E</u><br>£ | <u>F</u><br>£ | <u>G</u><br>£ | <u>H</u><br>£ |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| West Yorkshire Fire & Civil Defence Authority | 41.81         | 48.77         | 55.74         | 62.71         | 76.65         | 90.58         | 104.52        | 125.42        |
| West Yorkshire Police Authority               | 107.23        | 125.11        | 142.98        | 160.85        | 196.59        | 232.34        | 268.08        | 321.70        |

**Including estimated precepts from the West Yorkshire Fire & Police Authorities  
and Parish Councils**

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 2019-2020 for each of the categories of dwelling shown below:-

| Part of the<br>Council's area | <u>Valuation Bands</u> |               |               |               |               |               |               |               |
|-------------------------------|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                               | <u>A</u><br>£          | <u>B</u><br>£ | <u>C</u><br>£ | <u>D</u><br>£ | <u>E</u><br>£ | <u>F</u><br>£ | <u>G</u><br>£ | <u>H</u><br>£ |
| Denby Dale                    | 1,180.57               | 1,377.33      | 1,574.09      | 1,770.85      | 2,164.37      | 2,557.89      | 2,951.42      | 3,541.70      |
| Holme Valley                  | 1,170.22               | 1,365.26      | 1,560.29      | 1,755.33      | 2,145.40      | 2,535.48      | 2,925.55      | 3,510.66      |
| Kirkburton                    | 1,163.68               | 1,357.63      | 1,551.57      | 1,745.52      | 2,133.41      | 2,521.31      | 2,909.20      | 3,491.04      |
| Meltham                       | 1,180.79               | 1,377.59      | 1,574.39      | 1,771.19      | 2,164.79      | 2,558.39      | 2,951.98      | 3,542.38      |
| Mirfield                      | 1,165.84               | 1,360.15      | 1,554.45      | 1,748.76      | 2,137.37      | 2,525.99      | 2,914.60      | 3,497.52      |
| All other parts               | 1,155.43               | 1,348.01      | 1,540.58      | 1,733.15      | 2,118.29      | 2,503.44      | 2,888.58      | 3,466.30      |

7. The Council has determined that its relevant basic amount of Council Tax for 2019-2020 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 2019-2020 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 Shabir Pandor and Cllr David Sheard**



**Cllr Shabir Pandor**



**Cllr David Sheard**

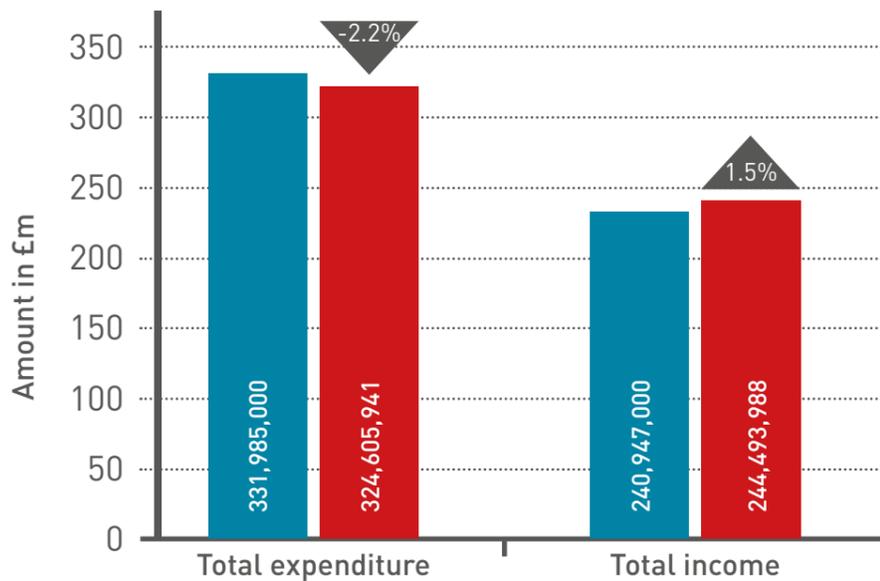


# Council budget 2019 - The results

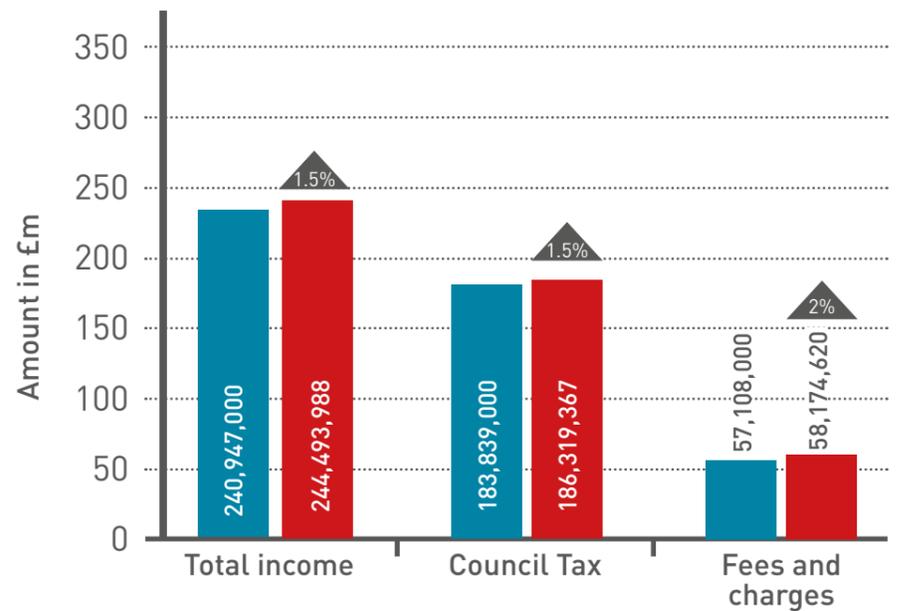
During November and December 2018, the Council ran a budget consultation which asked the public to try and balance the Council's finances. It utilised an online budget simulator and people had to achieve the required savings of **£16m**.

We had **189** budgets submitted and of these, **87%** provided their age and postcode which helps us understand the way the current financial challenges are viewed across the whole of Kirklees.

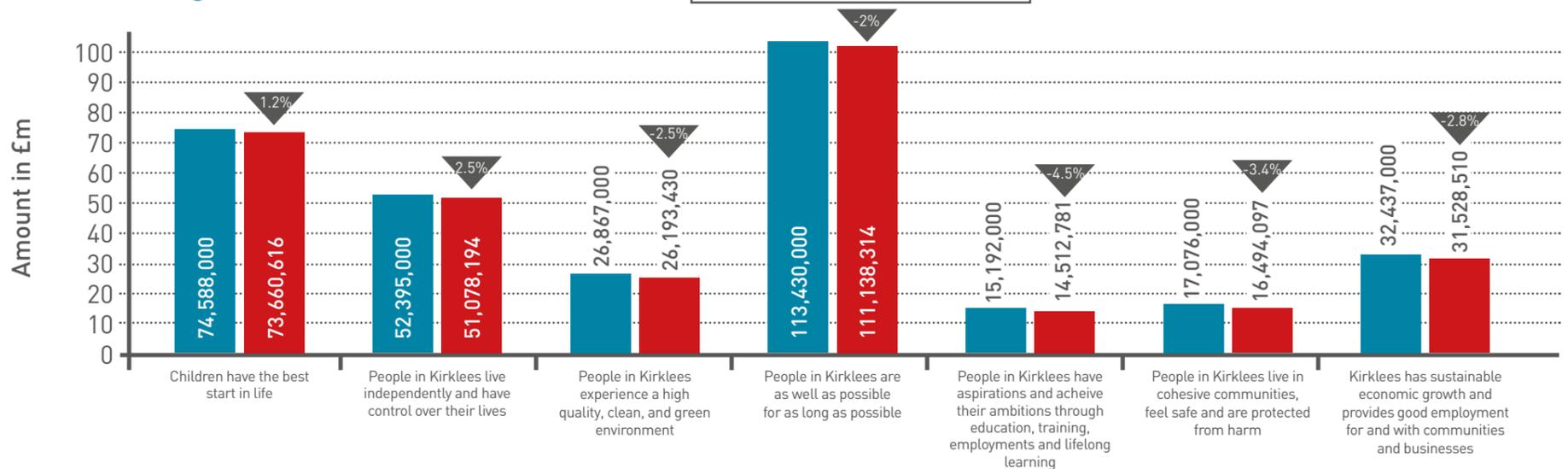
## Total Budget Figures



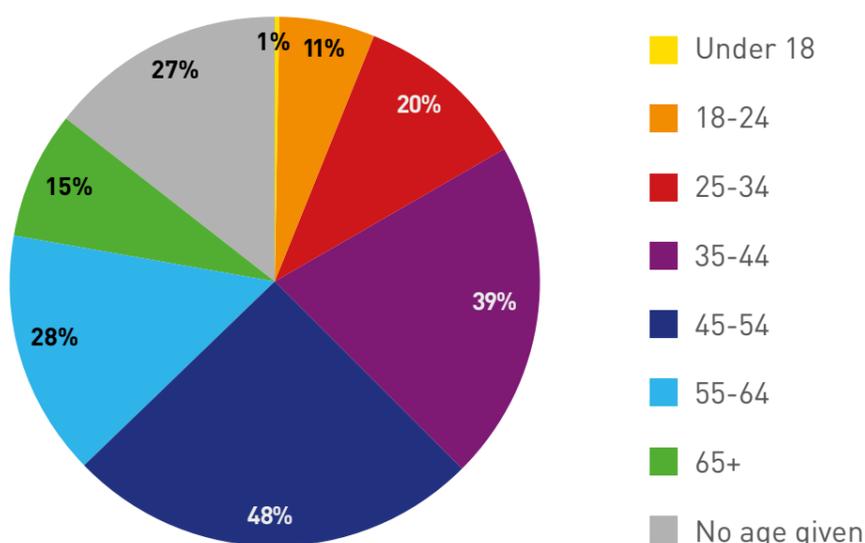
## Options To Generate Income



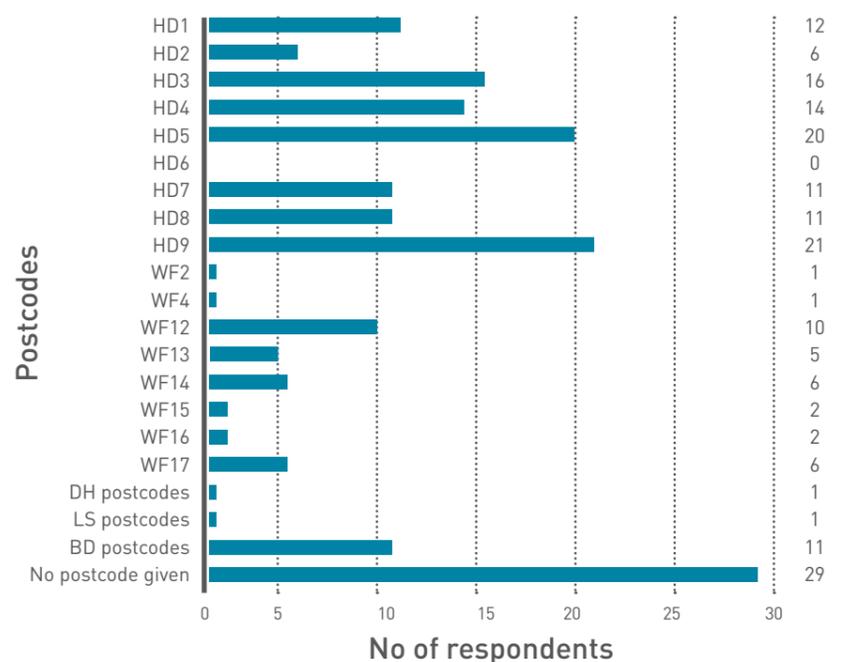
## Theme Budget Breakdowns



## Age of Respondents



## Location of Respondents



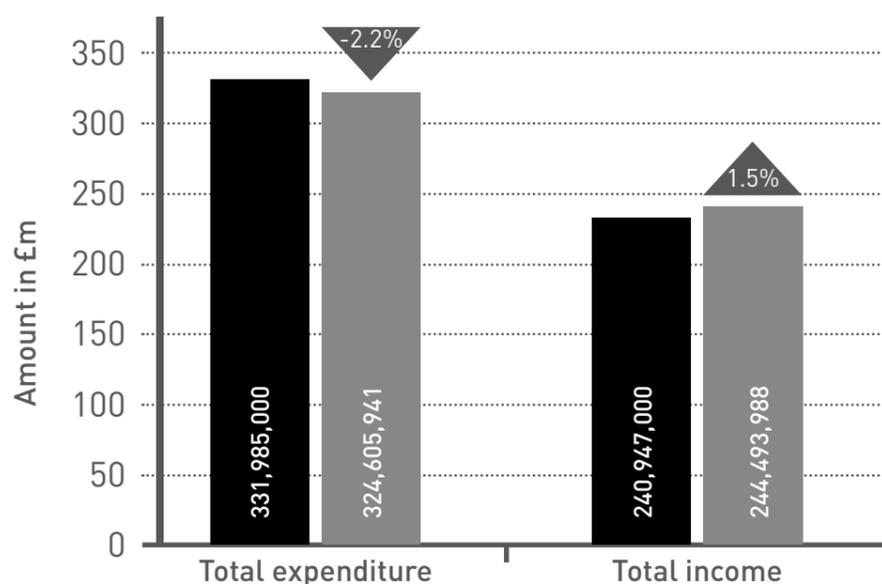


# Council budget 2019 - The results

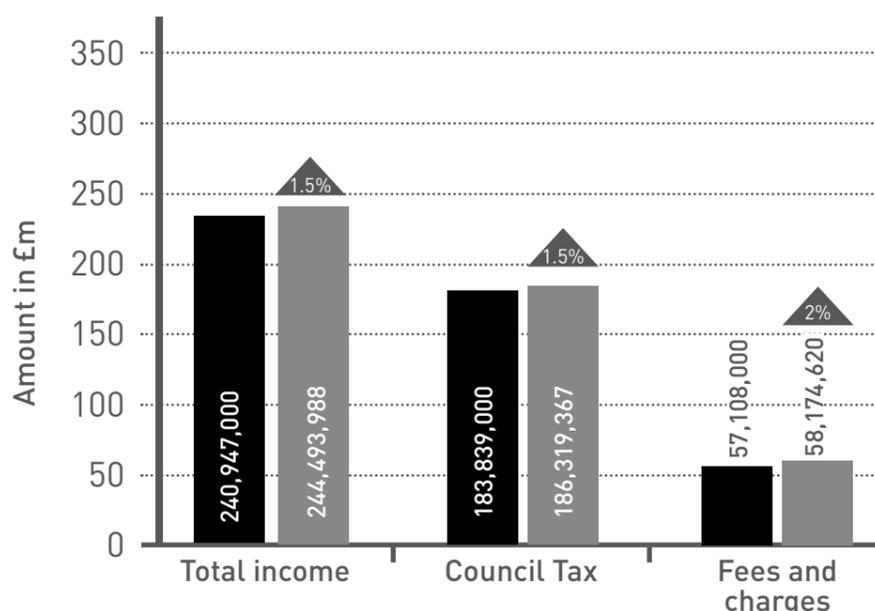
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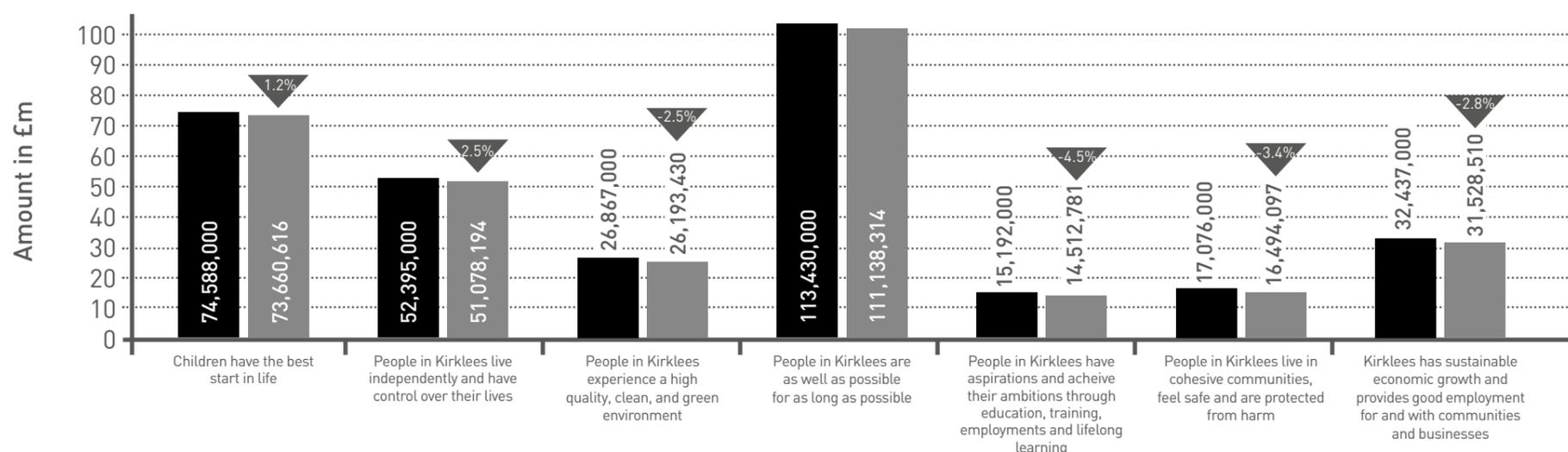
## Total Budget Figures



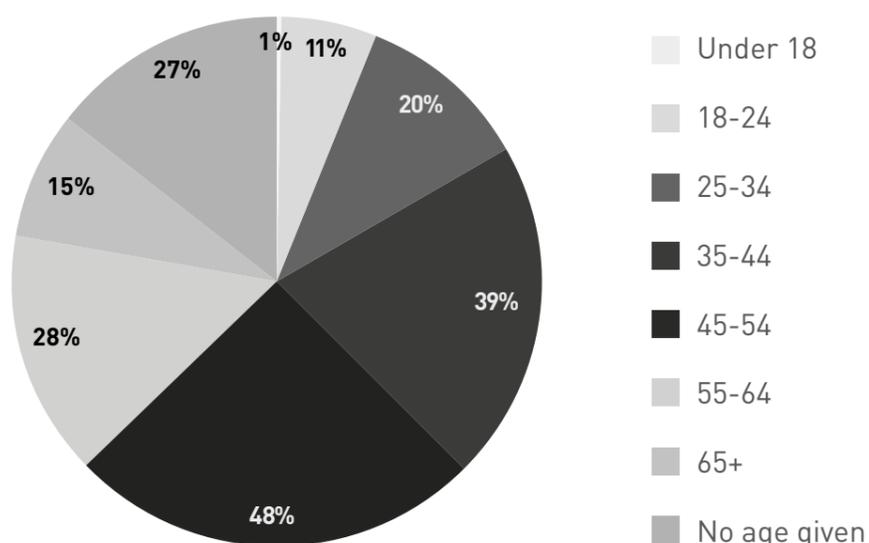
## Options To Generate Income



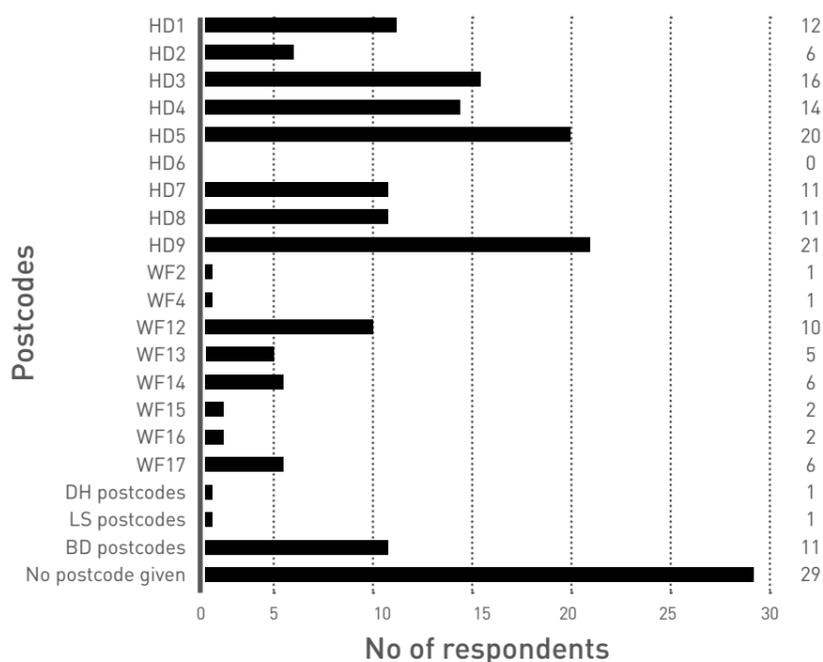
## Theme Budget Breakdowns



## Age of Respondents



## Location of Respondents



## NORTH AND WEST YORKSHIRE BUSINESS RATES POOL

### GOVERNANCE AGREEMENT

#### **1 Title**

1.1 The North and West Yorkshire Business Rates Pool.

#### **2 Membership**

2.1 City of Bradford Metropolitan District Council, The Metropolitan Borough Council of Calderdale, Craven District Council, Hambleton District Council, Harrogate Borough Council, Kirklees Council, Leeds City Council, North Yorkshire County Council, Richmondshire District Council, Ryedale District Council, Scarborough Borough Council, Selby District Council, The Council of the City of Wakefield and City of York Council.

#### **3. Commencement**

3.1 This governance agreement comes into force on 1st April 2019 and will continue until the Pool is dissolved, either by Government or because any one of the members formally leaves the Pool (see “Dissolving the Pool”, below).

#### **4. Rationale and Objectives**

4.1 The North and West Yorkshire Pool exists to benefit the individual members and to further the aims of the North and West Yorkshire region as a whole. The Pool has two key objectives:

- To support the financial sustainability of the member authorities, both at an individual and a regional level;
- To support regional economic growth by providing support to and working in collaboration with regional partners, with a focus on the following themes:
  - Reducing Digital Isolation
  - Inclusive Growth
  - Culture, Sport and Major Events
  - Business Support, Trade and Investment
  - Enabling Housing Growth

4.2 Member authorities will retain 75% of growth above business rates baseline income, with the remaining 25% being paid to government. The Pool will receive from members one third of the 75% of growth above business rates baseline income.

4.3 This Pool income will be shared out so that member authorities receive two thirds of the additional income generated through 75% business rate retention, one third in proportion to

their share of total growth achieved above the 75% baseline and one third in proportion to population, the remaining third of additional income being retained by the Pool. The only exceptions to this are set out in Section 8, below.

- 4.4 Any variation to the arrangements set out in 4.2 and 4.3, above, will require the formal agreement of the North and West Yorkshire Business Rates Pool Joint Committee.

## **5. Leadership and Accountability**

- 5.1 The Pool will be led by a Joint Committee comprising of representatives of the member Authorities making up the Pool. Joint Committee representation will be as follows:

Five representatives from West Yorkshire:

- City of Bradford Metropolitan District Council
- The Metropolitan Borough Council of Calderdale
- Kirklees Council
- Leeds City Council
- The Council of the City of Wakefield

Four representatives from North Yorkshire:

- North Yorkshire
- City of York Council
- Harrogate Borough Council
- Scarborough Borough Council

- 5.2 The Joint Committee will direct expenditure and shall be responsible for:

- Allocating any excess income arising from the one third Pool share as set out in 4.3 above;
- any changes to the purposes for which the income received by the Pool should be used, but the principle that no authority should receive less than they would if not in the 75% Pool pilot, shall be maintained;
- agreeing the expenses to be deducted by the lead authority administering the Pool;
- considering any applications for other councils to join the Pool;
- any variations to the membership of the Joint Committee; and
- any other matters relating to the administration and governance of the Pool including replacement of the lead authority.

- 5.3 The members of the Joint Committee will elect a chairperson.

- 5.4 The Joint Committee will meet as and when required but no less than twice each year.

- 5.5 The quorum for the meetings will be no less than 5 members. Representatives of the member authorities will be able to nominate substitutes.

- 5.6 Member voting rights will be one vote for each member of the Joint Committee. Voting will be by simple majority. In the event of a tie, the chair of the meeting will have a casting vote.

- 5.7 The Joint Committee will be supported by officers drawn from the lead authority.

- 5.8 The Joint Committee may establish any sub-groups or any officer forums that they believe to be appropriate.
- 5.9 Minutes of Joint Committee meetings will be published as required by law.

## **6. Lead Authority**

- 6.1 The initial lead authority responsible for the administration of the Pool shall be Leeds City Council.
- 6.2 The lead authority will normally act as such for a full year and may only be replaced at the year end. A lead authority wishing to relinquish the role at the financial year end (i.e. 31<sup>st</sup> March) must give a minimum of four months' notice.
- 6.3 Each member of the Pool will be jointly and severally liable for any payments required to the Ministry of Housing, Communities and Local Government but, notwithstanding that, the lead authority will take responsibility for all matters in relation to the administration of the Pool including (but not limited to):
- all liaison with MHCLG and other government departments including the completion of all forms and returns associated with the Pool;
  - administration of payments to and from the Pool and all calculations relating to the collection fund for the Pool;
  - producing an annual report showing how income has been distributed and preparing periodic monitoring reports for Pool members;
  - calculation of the costs of administering the Pool which are to be deducted from the rewards of the Pool. If the excess income generated by the Pool was insufficient to cover the administrative costs of the Pool in any year, then the shortfall would be shared between the Pool members in proportion to their spending baselines;
  - The lead authority will ensure that the pooling arrangements, annual reports and other financial information is published and is freely available on the lead authority's website or elsewhere as appropriate.

## **7. Dissolving the Pool**

- 7.1 This Pool may be revoked by Government after one year.
- 7.2 If any member decides to leave the Pool the regulations require that the Pool will be dissolved.
- 7.3 Any authority seeking to leave the Pool should inform MHCLG and all other members of the Pool as soon as possible. Once the Pool has been established, this must be by 30th September in any year, to allow the remaining members time to seek designation of a new Pool for the following year (see 7.5, below).
- 7.4 The lead authority will make the necessary calculations and submit the required returns associated with the dissolving of the Pool.
- 7.5 The remaining members of the Pool may choose to form a new Pool and, if they wish, include new members for the following year (subject to new designation by MHCLG).

## **8. Safety Net and 'No Detriment'**

- 8.1 The Pool will have a single safety net threshold set at 95% of its baseline funding level. Authorities not participating in pooling arrangements who suffer reductions in business rates income exceeding the safety net threshold would be entitled to safety net payments. If an authority is a member of a business rates pool, the safety net payment to that individual authority could be lost because the loss across the pool may not be as much as the 5% required to reach the safety net threshold.
- 8.2 Authority(s) that would otherwise have qualified for safety net(s) will have their share of Pool proceeds calculated so as to include what they would have received as a safety net payment. However in doing so, no Authority in receipt of a safety net payment shall financially benefit, taking all income streams into account, above what they would have received under the 50% retention scheme.
- 8.3 Authority(s) that would have been better off under the 50% retention scheme will have their share of Pool proceeds calculated so as to include what they would have received in a 'no detriment' arrangement, i.e. under the 50% retention scheme.

## **9. Treatment of Potential Losses in Income and Residual Benefits or Liabilities**

- 9.1 There is also a risk that authority(s) participating in the Pool will be worse off as a result of their participation when compared with what their financial position would have been under the 50% Business Rate Retention Scheme, including receipt of Revenue Support Grant and Rural Services Delivery Grant.
- 9.2 Authority(s) that would have been better off under the 50% retention scheme will have their share of Pool proceeds calculated so as to include what they would have received in a 'no detriment' arrangement, i.e. under the 50% retention scheme.
- 9.3 Loss in income to Pool members in the circumstances set out above will be met proportionately from the Pool's one third share of the additional income generated by the authorities within the Pool and the member authorities' two thirds share of that income. If that income is insufficient then the net loss will be shared amongst all members of the Pool in proportion to their spending baselines for the year to which the safety net(s) would have applied.
- 9.4 Once such losses in income are resolved, any residual benefits or liabilities arising in regard to the Pool's one third share of additional income will be shared amongst all the members of the Pool in proportion to their two thirds share of the additional income received from the Pool. Any residual benefits or liabilities arising in regard to the two thirds share of additional income apportioned to local authorities must be dealt with by the authorities themselves.
- 9.5 Any financial benefits committed in 2019/20 for future years' expenditure shall remain under the authority of the Joint Committee until expenditure is either incurred or the Joint Committee agree to treat as "residual benefit" (see 9.4 above).
- 9.6 At the point when the Joint Committee ceases to exist, they will authorise Leeds City Council as the lead authority to make any remaining payments on their behalf.

## **NORTH AND WEST YORKSHIRE BUSINESS RATES POOL JOINT COMMITTEE**

### **TERMS OF REFERENCE**

**AGREED MARCH 2019**

The North and West Yorkshire Business Rates Pool Joint Committee is authorised to:

- Allocate any excess income arising from the one third Pool share in accordance with the North and West Yorkshire Business Rates Pool governance agreement;
- Determine any changes to the purposes for which any such excess income should be applied, subject to the principle that no authority should receive less than they would if not in the 75% Pool pilot;
- Determine the expenses to be deducted by the lead authority administering the Pool;
- Consider any applications for other authorities to join the Pool;
- Determine any variations to the membership of the Joint Committee; and
- Determine any other matters relating to the administration and governance of the Pool including replacement of the lead authority.

The Joint Committee will elect a chairperson.

The Joint Committee will meet as and when required but no less than twice each year.

The quorum for meetings of the Joint Committee will be no less than 5 members. Members will be able to nominate substitutes.

Member voting rights will be one vote for each member of the Joint Committee. Voting will be by simple majority. In the event of a tie, the chair of the meeting will have a casting vote.

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## RECOMMENDATIONS OF THE MEETING OF BUDGET CABINET – 29 JANUARY 2019

That the Motion be submitted to the Meeting of Council on 13 February 2019 with a recommendation that;

### (i) General Fund Revenue

- the draft Revenue Budget 2019-2022 be approved, as attached at Appendix A
- the forecast levels of statutory and other Council reserves, as set out at Appendix Bii, be noted
- the strategy for the use of balances and reserves be approved (paragraph 2.15 refers)
- a further reassessment of reserves requirements be undertaken at year end and reported to Members as part of the 2018-2019 financial outturn and rollover report (paragraph 2.15.20 refers)
- the Council's continued participation in the North and West Yorkshire business rates pool for 2019-2020 be noted and that approval be given in principle to the new arrangements for the 2019-2020 pool, as set out at Appendix K, with authority being delegated to the Monitoring Officer, in conjunction with the Service Director (Finance), to finalise the new arrangements with the City Solicitor of Leeds City Council (paragraph 2.4.8 refers)
- the Flexible Capital Receipts Strategy for 2019-2020 be re-affirmed (Appendix I refers)
- the Council Tax requirement for 2019-2020 be approved (Appendix I refers)
- the Council's Statutory S151 Officer's positive assurance statement be noted (paragraphs 3.3.1 – 3.3.20 refer)
- 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 Office of Police and Crime Commissioner, the Fire and Rescue Authority and Parish Councils, should these be received after 13 February 2019 (paragraph 3.1.3 refers)

### (ii) Treasury Management

- the borrowing strategy be approved (paragraphs 2.15-2.21 refer)
- the investment strategy be approved (paragraphs 2.22-2.32 refer)
- the policy for provision of repayment of debt (minimum revenue provision/MPR) be approved (appendix C refers, reflecting the changes in policy outlined in paragraphs 2.33-2.37)
- the treasury management indicators be approved (Appendix D refers)
- the Investment Strategy (non-treasury investments) (Appendix E refers) be approved

### (iii) Capital

- the updated Capital Plan 2018-2024 be approved (Appendix A)
- the Capital Strategy (including Prudential Indicators), as detailed at Appendix G, be approved

(iv) Housing Revenue Account

- the draft Housing Revenue Account Budget for 2019-2022 be approved (appendix A refers)
- the strategy for the use of the Housing Revenue Account reserves, as set out at paragraph 2.18.4, be approved