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KIRKLEES COUNCIL

CORPORATE SCRUTINY PANEL

Friday 20th September 2019

Present: Councillor Andrew Cooper (Chair)
Councillor James Homewood
Councillor John Lawson
Councillor Will Simpson
Councillor John Taylor

Co-optees Philip Chaloner
Nathan Paul

Apologies: Councillor Mahmood Akhtar

1 Membership of the Committee

Apologies were received from Councillor Akhtar.

2 Minutes of the Previous Meeting

That the minutes of the meeting held on 12 July 2019 be agreed as a correct record.

3 Interests

No interests were declared.

4 Admission of the Public

That all items be considered in public session.

5 Deputations/Petitions

No deputations or petitions were received.

6 Public Question Time

No public questions were received.

7 Preparations for leaving the European Union (EU)

A report was submitted which provided an update for the Panel in respect of Kirklees preparations as the UK gets ready to leave the European Union (EU), with a particular focus on a “No Deal” scenario.

Sue Weston – Strategic Partnership Lead, Business and Skills and Sean Westerby – Emergency Planning and Business Continuity Manager highlighted the following matters in presenting the report:

- The picture remained one of uncertainty and fluidity.
- The Council’s nominated Brexit Lead, with a remit to oversee preparations, was Naz Parkar, the Service Director for Housing, Economy and Infrastructure and the key aspects of this role were set out in the report.

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- A Tactical Brexit Team including representation from Council service areas and partners was meeting on a regular basis.
- The Council was part of the West Yorkshire Resilience Forum.
- Conversations were taking place with local service providers and voluntary organisations about their readiness for leaving the EU.
- There were established links with the Regional Lead and Central Government and proactive information sharing arrangements.
- A local group had been created by the West Yorkshire Combined Authority with business leaders to consider the response necessary to deliver the support that business needed.

Sue also gave an outline of current economic analysis explaining that cash flow had been identified as a key issue/challenge for business. She said that the Mid Yorkshire Chamber of Commerce's survey for Quarter 1 had indicated that 51% of businesses in the region were confident that they would be able to deal with the impact of Brexit; 71% had given consideration to the potential impacts and 55% had mapped their customer and supplier base. Within Kirklees 14% expected there to be a beneficial impact and 29% detrimental.

She referred to a piece of work undertaken by the British Chambers of Commerce which set out their assessment of the Government guidance/information available to business in planning for 'no deal'.

She informed Members that a research study was to be commissioned to aid the team in having a clearer picture and a greater understanding of the current position and the potential economic impact on Kirklees. The study would use existing available research and would seek outputs in relation to: the latest Brexit context and scenarios; an assessment of business confidence; the current strategic and economic position in respect of employment and labour supply and sub sector analysis; the impact of Brexit on trade, regulation, investment and migration; consideration of international and national supply chains; an assessment of the extent to which current local policy and strategies will mitigate and support business; and the risks and opportunities. Members' input to this study would be welcomed.

A Member of the Panel commented that sections of the report were out of date and he considered some of the information to be misleading. It was explained that the reports had to be produced to deadlines in advance of the meeting and that the situation could change on a daily, if not hourly, basis and whilst other Members had different opinions on the inclusion of this information it was acknowledged that it might be helpful to include a date to provide context to such information in future reports.

The commissioning of the study was welcomed but it was stressed that the procurement process needed to be undertaken quickly to ensure that it was obtained in a timely manner.

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In response to questions Sean and Sue explained that:

- The NHS had a workstream looking exclusively at the impact of Brexit on medical supplies and services and assurances had been given that continuity was being addressed.
- Tariffs were one of the key issues that required clarity. The key questions document produced by the British Chamber of Commerce and the latest regional Brexit and economic growth update could be circulated to Members.
- In terms of the responsibility of the Council on a wider basis if there were food shortages/price rises (other than impacting on the delivery of the key services it provides), work was being undertaken with food banks and the Council would act as a support mechanism.

It was proposed that a forecast of the likely impact on business rates in Kirklees be added to the list of issues to be addressed within the commissioned study.

Councillor Graham Turner, the Cabinet Member for Corporate Portfolio, explained that he was meeting with the relevant officers on a weekly basis and he had a scheduled teleconference call with the Secretary of State once a week. Regular meetings were also taking place at regional level to ensure that the Council was as prepared as possible. He said that work was being undertaken with food banks to assess their resilience and ability to cope should demand increase; as the Council had a role in supporting the most vulnerable. The Kirklees webpage was now operating and provided signposting to relevant government information; it took an approach that was standardised with other local authorities. A briefing note was being produced for elected members and the webpages would also be publicised through other channels, including social media.

Sean acknowledged that the support of EU looked after children and care leavers was an important issue; he said that the impacts were being assessed and support mechanisms put in place.

It was suggested that in light of the pressures on care homes and the reliance of this sector on EU citizens as employees the specific impact of this should be addressed within the commissioned study.

In response to further questions/comments it was explained that the aim was to be flexible, scalable and adaptable in approach so that the Council was able to react as necessary. Engagement was being carried out with voluntary groups at a local level and the West Yorkshire Resilience Forum, which undertook a coordination, co-operation and information sharing role, had a sub-group engaging with voluntary organisations.

RESOLVED -

- (1) That it be recommended that the following matters be included in the study to be commissioned in relation to the economic impact on Kirklees:
 - Potential impact on business rates.
 - Potential impact/risks associated specifically with the social care sector around workforce and financial viability and any consequential risk for the Council.

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- (2) That it be noted that the Strategic Partnership Lead – Business will circulate;
- the document setting out the questions most frequently asked by businesses in relation to preparation for a no-deal exit from the EU, as compiled by the British Chambers of Commerce, and their assessment of the Government guidance available to business, and
 - the latest regional growth update, to Members of the Panel.

8 Financial Management Update 2019-20

Eamonn Croston – Service Director, Finance presented a report which provided a high level overview of the Council's financial monitoring, incorporating the current position in 2019-20 and an update on preparation for the forthcoming budget strategy update report to Cabinet/Council in early/mid-October. The key issues included:

- At this early stage, a small overspend of £2.0 million was forecast against the £287.1 m revenue budget. At the same point in 2018/19 the forecast had been an overspend of just under £5 million; this had been brought in by year-end and the expectation was that the £2.0 million would also be so.
- There was a forecast pressure of £4.2m on high needs provision. This would be transferred forward as a deficit against the Dedicated Schools Grant (DSG) as it was considered that it was not sustainable to continue to offset this level of unfunded pressure against the General Fund. He noted that a deficit of more than 1% of the overall sum would trigger a recovery plan and an increasing number of authorities were in a similar position. The Government had announced additional funding in the spending round announcement in recognition of some of the pressures.
- A further report would be submitted to the November meeting on the Budget Strategy Update which would allow further consideration of the core budget assumptions that will be used to formulate the financial framework.

In response to questions and comments from Members Eamonn said that:

- It was anticipated that the Capital Plan would be re-profiled for future years so that this could be reflected in the budget preparation process.
- A number of risks and pressures were already highlighted on the Corporate Risk Register and it was possible that Brexit may accelerate some of those pressures. There had been an early spending review announcement and a number of high level announcements in relation to social care and education funding and this had allowed assessments to be made of the likely implications for Kirklees for 2020/21. This position was regarded to have a degree of certainty irrespective of the national government position.
- In terms of the recovery plan it was a matter for each Council to determine its approach and there were a number of methods that could be employed to try and bring the deficit down over a 3 year period, although the position was predicated on the national funding position and there was no certainty beyond 2020/21 at this point. A robust set of actions was being developed as part of that planning but the consideration was not just the funding but the delivery of better outcomes for the children in that cohort.

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- The amount that could be raised locally through the announced 2% Council Tax precept for social care and the burden on a band D property would be factored into the Budget Strategy Update report.
- It was acknowledged that there would be a number of inflationary pressures but that some of these could be contained through procurement procedures. The Council had a measured build-up of financial resilience reserves so had short term temporary funding available to mitigate some of those impacts if required.
- If there were any key structural issues that needed to be addressed as part of the baseline re-assessment, such as car parking charges, this would be considered as part of the forthcoming Budget Strategy Update.

RESOLVED - That the financial management update report be noted and the Panel looks forward to considering a further progress report, including the budget strategy update, at the November meeting.

9 Work Programme 2019-20

That the Panel's Work programme and forthcoming items be noted.