

Contact Officer: Sheila Dykes

KIRKLEES COUNCIL

CORPORATE SCRUTINY PANEL

Friday 15th November 2019

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

Co-optees Philip Chaloner

In attendance: Eamonn Croston, Service Director for Finance and
Section 151 Officer

Apologies: Councillor Mahmood Akhtar
Councillor James Homewood
Councillor John Lawson

- 1 Membership of the Committee**
Apologies were received from Councillors Mahmood Akhtar, James Homewood and John Lawson.
- 2 Minutes of the Previous Meeting**
That the minutes of the meeting held on 18th October 2019 be agreed as a correct record.
- 3 Interests**
No interests were declared.
- 4 Admission of the Public**
All items were considered in public session.
- 5 Deputations/Petitions**
No deputations or petitions were received.
- 6 Financial Monitoring and Budget Preparation**
The Panel considered a report which provided a high level overview of the Council's financial management, including the current in-year position for 2019-20, and an update on current budget round preparation.

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Eamonn Croston, Service Director – Finance presented the report and highlighted the following in relation to the in-year position:

- The Quarter 2 monitoring report had not yet been published but the indications were that the Council was making good progress to reduce the £2 million overspend and he was confident that a break-even position would be achieved on the General Fund by the year end. The Housing Revenue Account was projected to come in on line with budget and the Collection Fund was likely to show a small surplus.
- In terms of capital, there was now more flexibility for Cabinet to deal with slippage through re-profiling spend. It was anticipated that there would be recommendations, arising from Quarter 2 monitoring, to move some strategic priority target spend to future years and this would also be considered as part of the forthcoming annual budget report.
- Revenue reserves were largely in line with previous predictions.

He responded to questions from Members:

- In terms of the improvement in the recovery of Council Tax and Business Rates; some of this could be attributed to transitory factors whereas other underlying trends, particularly in relation to Council Tax, may continue in the longer term; the future impact of this would be subject to further review.
- Further to the Spending Review 2019 announcement, details were still awaited in respect of how the headline figure for high needs funding would be split between local authorities and between the funding blocks. There was a reasonably confident expectation of an extra £6 million for Kirklees for 2020/21 on top of the existing allocation and this would be a significant step forward in respect of the budget gap. At this point in time there was no clarity for years 2 and 3.
- The Government was consulting on a proposal, for 19/20 onwards, to roll forward overspend or deficit on the balance sheet for Dedicated Schools Grant (DSG). Local Authorities would not be permitted to use General Fund reserves to offset a deficit (as Kirklees had done in 2017/18 and 2018/19) except through agreement with the Secretary of State. Any deficit would have to be clawed back through future DSG funding streams. Consideration would need to be given to how to manage this as part of the budget process.
- The comments made within the Peer Challenge Review report, including those relating to savings plans, would be picked up through both the delivery of the Corporate Plan and the annual budget report. It was accepted that there was a need to ensure that robust delivery and action plans were in place.

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Members discussed the issues arising from the commentary in the peer challenge report related to allowing space for risk, with the following comments being made:

- It was acknowledged that, alongside the issue of risk, there needed to be consideration of opportunities.
- It was questioned whether the organisation's culture was determined by its structure; the Council had a Risk Register but no such recording of opportunities.
- Perhaps consideration should be given to how information on opportunities was communicated and presented.
- There was a need to recognise opportunities, such as national lottery funding, that the Council may not be able to access itself but might be able to enable others to do so.
- Questions about risk appetite should be addressed to the Cabinet.

Eamonn said that he believed that a bolder approach was already being adopted in a number of key areas, whilst continuing to ensure appropriate due diligence. There was a fine balance between achieving the ambitions of the Council and expectations of residents and the duty to ensure best value and appropriate use of public funds.

Eamonn then highlighted the following issues in relation to the budget preparation update:

- There had been reduction in the forecast budget gap for 2020/21, further to the September Spending Review announcement, from £14 million to £5 million. This had been factored into the budget strategy update.
- In lieu of a long term local government funding settlement, a relatively prudent approach was being adopted in Year 2 and 3 projections.
- The reserves strategy had been developed over the last few years to increase the Council's stability.
- The £9 million reduction in the budget gap washed through into Years 2 and 3 and there was the potential for some further changes to be made prior to Budget Council in February.
- The local and national intelligence on the relevant issues for consideration. This included the increase in the Public Works Loan Board rate by 1%, with effect from 10th October 2019. This would have an impact on future borrowing and alternative funding sources would be considered as necessary.
- There was reasonable confidence that, post-election, the baseline from the Spending Review would hold and it was anticipated that a provisional financial settlement would be forthcoming in time for the report to Budget Council in February 2020.

RESOLVED -

That it be noted that the Panel may wish to consider the issue of delivery plans and tracking of progress associated with savings programmes in more detail at a future meeting.

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7 **Work Programme 2019/20**

The Panel gave consideration to its Work Programme for 2019/20.

Members were informed that:

- it was anticipated that a report in respect of the Council's preparations in relation to the UK leaving the EU would be submitted to the next meeting of the Panel.
- further to the request made at the meeting held on 18th October 2019, arrangements had been made for the Lead Member to be briefed, in relation to the proposal in the Queens Speech regarding the use of mandatory ID for voters in elections, once further detail was available.

RESOLVED -

That an item in relation to delivery plans and tracking of progress in relation to savings programmes be considered for inclusion in the Panel's Work Programme.