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## KIRKLEES COUNCIL

### CORPORATE SCRUTINY PANEL

**Tuesday 1st December 2020**

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

Co-optees Philip Chaloner

In attendance: Cllr Graham Turner, Cabinet Member  
Jonathan Nunn, Strategy Policy Officer  
James Anderson, Head of Accountancy  
Naz Parkar, Service Director for Growth and Housing  
Eamonn Croston, Service Director, Finance and Accountan

Observers: Councillor Elizabeth Smaje, Chair of Overview and Scrutiny Management Committee

**1 Minutes of the Previous Meeting**

That the minutes of the meeting held on the 10 September 2020 be approved as a correct record.

**2 Interests**

No interests were declared.

**3 Admission of the Public**

All agenda items were considered in public session.

**4 Deputations/Petitions**

No deputations or petitions were received.

**5 Questions by members of the public (Written Questions)**

No written questions were received.

**6 Leaving the EU Transition Period Preparations Update**

Jonathan Nunn, Strategy Policy Officer and Naz Parkar, Service Director for Growth and Housing provided the Panel with an update on leaving the EU transition period preparations. The Panel was advised that the key issues in terms of national context are:

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- the ongoing situation in terms of negotiating a free trade agreement between the EU and the UK
- the internal market bill, which is shortly to return to the House of Commons
- the Minister of State for Regional Growth and Local Government highlighted the importance of winter preparations with the possibility of a 'perfect storm': the coincidence of a second peak in Covid-19, seasonal flu, impacts of adverse winter weather and, ending the transition period with a 'non-negotiated outcome.

The Panel was informed that it is widely recognised that ending the transition period with a 'non-negotiated outcome would be detrimental to the UK economy and to the EU27 to a lesser extent on top of the economic impacts of Covid-19.

Regional preparations are progressing well with regular meetings of Heads of Economic Development across the Leeds City Region (LCR) to discuss and monitor the situation around leaving the EU for the purposes of sharing issues and approaches. There are regional links into MHCLG, reporting by exception to the office of Tom Riordan, Leeds City Council Chief Executive. Specific events are being organised at an LCR level, the most recent being the LEP Growth Service, which offers businesses information, support, and advice on preparing for 31 December 2020.

In Kirklees, the Brexit Tactical Group has increased its meetings to fortnightly and has updated its action plan. A separate risk register has been created permitting improved oversight of issues requiring ongoing review. Executive Team and Leading Members Team are receiving regular updates.

Key work streams at the moment are around:

- Business Support Communications
- Business survey, which has just recently closed and was following up on the survey that closed in June, to try and gauge business and their preparations for leaving the EU
- Looking at the reliance in Kirklees on the European Structural and Investment Fund (ESIF) and planning for what comes after that. The government has talked about a shared prosperity fund, details on that are awaited
- Work is ongoing on EUSS support

Issues identified at the Panel meeting on the 10 September 2020, included trade in services, EUSS for looked after children, business guidance and stress testing of medication supplies for those in care homes.

The Panel was informed that with regard to EUSS for looked after children (LAC), four of the five LAC identified as requiring EUSS have been granted settled or pre-settled status. Issues relating to the fifth child's documentation currently prevents an application being made, however the Council is in the process of resolving this issue in order to progress the application.

Work is ongoing with the CCGs to understand the situation regarding stress testing of medication for those in care homes.

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A question and answer session followed that covered a number of issues including:

- EU nationals application for settled status - Kirklees is expected to exceed the estimated 13,000, based on the situation in neighbouring authorities. Is there any indication of what the actual numbers might be and could further detail be provided on this?
- What is the potential number of looked after children misidentified as British on Council systems?
- Are there any problems beginning to emerge for business regarding the potential lack of a deal, for example filling orders or getting goods and what is the situation on business preparedness?
- Has work been undertaken to ensure the resilience of key individuals? People have been working very hard putting in additional hours, evening and weekends and this is unsustainable. Has this been factored into the continuity and resilience planning?

### RESOLVED

The Panel noted the content of the update report and thanked the officers for providing the update.

#### 7 Council Financial Management Update

The Panel received an update on the Council's Financial Management. The Panel was informed that the report presents a high-level financial management update incorporating the current financial position for 2021, including Covid impact and the councils MTFS for 21/22.

In summary, the Panel was advised that in terms of the quarterly reporting, Quarter 2 financial monitoring was reported to Cabinet on 18 November 2020 and key headlines included the following:

- Forecast general fund overspend of £5.5m against a net revenue budget of £306m; represents an improvement of £2.2m from the Quarter 1 forecast £7.7m overspend
- Includes £3.7m unfunded COVID related pressures and £1.8m net pressures elsewhere
- Overall in-year COVID related additional spend forecast at £24.6m, service income losses at £13m and Government COVID funding offsets at £33.9m; the latter split between un-ringfenced grant at £27.1m and service income compensation loss scheme at £6.8m
- Forecast in-year DSG overspend (High Needs pressure) at £7.6m; forecast overall DSG deficit (including prior year rolled forward) anticipated to be £20m by current year end which will be included on the Council's balance sheet as a 'negative' reserve in line with Government and CIPFA accounting guidance Collection Fund ; in-year financial performance reflects COVID impact on the economy ; forecast in-year £6.4m pressure on Council Tax (3.4% against £190m target income) and £4.0m in-year on Business Rates; (7.8% against £51.5m local share income target)

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The Panel commented that it a very difficult time to get the details on a continually moving picture however asked for an initial reaction and key headlines from the spending review.

In response was advised that from the governments perspective they have estimated based on their calculations that the overall core spending power increase in 21/22 is an increase of 4.5% average increase compared to 5.5% for the current year and 2.1% in 19/20. In broad terms it feels like a reasonable uplift in funding when compared to the current year.

Effectively £3 billion has been given to the sector in 21/22 for Covid financial support, which is a significant amount of money. Just over half of that will be general Covid funding for councils, and to date there has been four tranches which comes to approximately £34 million. The £3 billion is effectively a new tranche five which will cover the linger effects of Covid on council finances through the early part of 21/22. The breakdown of this money has not yet been revealed however it could mean another £12-£13 million for Kirklees. The detail of this provisional financial settlement is awaited.

There will also be additional help to councils because of the economic impact of Covid on employment rates in the area. Effectively, there will be more households who are going to be eligible for council tax reduction support. The current trends are there has been an increase of about 3000. There is an expectation that there will be an increasing number of claimants in receipt of council tax reduction support.

The government has confirmed that a range of existing grants have been allocated this year, ie the £1 billion additional funding for adult social care. The troubled families grant will continue into 21/22. The national living wage uplift, the government has confirmed that that will be 2.2%. There has also been an announcement of a partial public sector pay freeze.

### **RESOLVED**

That the officers be thanked for providing the Council Financial Management update.

### **8 Work Programme 2020/21**

The Panel noted the work programme and decided that it would be useful to revisit the risk register towards the end of the municipal year in light of the Covid developments and the end of the EU transition period.