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## KIRKLEES COUNCIL

### CORPORATE SCRUTINY PANEL

**Monday 3rd October 2022**

Present: Councillor John Taylor (Chair)  
Councillor Steve Hall  
Councillor Tyler Hawkins  
Councillor Harry McCarthy  
Councillor John Lawson  
Councillor Aleks Lukic

Co-optees Garry Kitchin

In attendance: Cllr Paul Davies, Cabinet Member Corporate Services  
Rachel Spencer-Henshall, Strategic Director, Corporate  
Strategy, Commissioning and Public Health  
Cllr Elizabeth Smaje, Chair of Overview and Scrutiny  
Management Committee  
Eamonn Croston, Service Director for Finance  
Julian Hobson, Acting Head of Service, Financial and  
Transactional Services  
Sarah Brown, Acting Head of Welfare and Exchequer  
Martin Dearnley, Head of Risk, Financial, IT and  
Transactional Services  
Alice Carruthers, Senior Finance Officer  
Jane Lockwood, Head of Procurement and  
Commissioning Support  
Jonathan Nunn, Policy, and Partnership Team Manager  
Andy Simcox, Service Director, for Strategy and  
Innovation  
Marcus Bowell, Head of Strategic Communication

Apologies: James Ryan (Co-Optee)

**1 Membership of the Committee**

Apologies were received from James Ryan.

**2 Minutes of the Previous Meeting**

That the minutes of the meetings be amended to reflect that Cllr Alek Lukic attended the meeting on the 15 August 2022.

**3 Interests**

No interests were declared.

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### 4 Admission of the Public

All agenda items were considered in public session.

### 5 Deputations/Petitions

No deputations or petitions were received.

### 6 Public Question Time

No public questions were asked.

### 7 Cabinet Member update on priorities from the Council Plan

Cllr Paul Davies, Cabinet Member for Corporate Services, provided an update on progress on his actions in the Corporate Plan, advising that last year, for the first time, the portfolio holder priorities were aligned with the Council Plan. He explained that a great deal of learning had taken place through that process, particularly around how priorities are set, and the outcomes, going forward, there will be further changes on how progress is tracked and monitored.

In summary, the Panel was informed that following the election in May, the Cabinet priorities were reviewed, and there was only one change was made, and that was to include the cost-of-living objective.

The key deliverables and indicative timescales were agreed for priorities and included in the annual re-fresh of the Council Plan. The next refresh will be in January 2023, and progress against those deliverables were included in the Mid-Year and End of Year Performance and Impact Annual Reports.

Cllr Davies advised that under each section of the Council Plan, priorities are allocated to Cabinet Members which align with the sections in the plan, and provided a breakdown of his priorities as follows:

**Shared by people** – reflect the changed relationship between the council and citizens in the new access to Services Strategy

- Agree an Access to Services Strategy that sets out the principles and guidance to be adopted to ensure citizens are placed centrally in how we approach access to council services. **Complete**
- Develop an Access to Services implementation plan, informed by a number of pilots to enable and support the principles leading to longer-term changes in relationships between the council and citizens. **Complete**
- Improve our current response times to enquiries and contacts. **Ongoing**

In response to this priority action, the Panel made comment and asked a number of questions as follows:

- The number of calls answered has increased, what quality assurance is there on the outcomes, and is there any information on whether people are being directed to the right place and whether they are actually getting to the services that they

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need in good time addressing the issues that they came with? Cllr Davies, agreed to pick this up with the relevant officer and report back to the Panel.

- Referring to a previous meeting where blue badge applications were discussed; Cllr Lukic raised a specific issue regarding blue badge applications. He explained that a local resident waited nine weeks from the initial application to the badge being issued, and questioned whether this was an area that is still moving in the wrong direction rather than improving?

**Independent** - Continue to develop the library service, including investment into the library estate, including Holmfirth, Heckmondwike and Mirfield.

- Continue the capital development programme to ensure the library estate provides inclusive and accessible services and spaces. **Elements delayed**
- Use our library estate to support and enable partnerships based in the heart of communities to embed place-based working and the role of libraries as community anchors. **Ongoing**

It will extend beyond March 2023, the accessibility improvements across the estate and the assessments and resulting actions are on track to be completed by March 2023. The new library in Birkby, and Fartown, opened as planned and has been hugely successful.

**Sustainable Economy** - Develop an Inclusive Procurement Strategy to support our ambitions to grow the voluntary and community sector, mutuals and social enterprises and support community wealth building and social value for our citizens.

- Undertake a social value assessment of our procurements as part of the Inclusive Procurement Strategy. **Complete**
- Develop a first draft of an Inclusive Procurement Strategy. **Complete**

**Safe and Cohesive** – make our community buildings more inclusive and progress inclusive asset transfers

- Continually monitor outcomes from the Community Asset Transfer (CAT) programme and review council processes and procedures in line with the updated 2020 CAT Policy to ensure that communities and community need are at the forefront of asset transfers. **Delayed revised completion date April 2023**

In response to this priority action, the Panel made comment and asked a number of questions as follows:

- Are there any transfer that have been returned to the council, particularly keeping an eye on the sustainability of these transfers, as sustainability could become an issue?

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- Cllr McCarthy raised a specific query with regard to Paddock Village Hall, he explained that it was a council asset transfer, which has since been put up for auction.

**Efficient and effective** – Make citizens proud of the places of Kirklees through effective communications.

- Engage with citizens, councillors, partners, and staff and agree the council's long-term Communications Strategy. **Delayed**
- Demonstrate evidence of increased reach and engagement in the council's work with citizens and communities. **Delayed**

### **Promote digital inclusion**

- Work with the public, third and voluntary sectors to discover what digital exclusion means beyond the pandemic across Kirklees, and deliver pilot solutions in different parts of Kirklees. **Complete**
- Build on cross-sector learning to consider how we can make best use of our assets and, by working with people, deliver sustainable inclusive digital solutions and services across Kirklees. **On track/ongoing**

### **Effective financial management to deliver our ambitions plans**

- Work with political and officer leadership, budget managers and key partners to ensure delivery of council outcomes within approved budgets. **Ongoing**
- Engage with government on a five-year management plan for the delivery of improved outcomes for children and young people with additional needs within available resources. **Ongoing**

### **Become an inclusive employer of choice**

- Develop and launch a Kirklees Careers website to showcase the variety of roles available in the council, and the benefits of working for an inclusive and flexible employer. **Complete**
- Launch Project Search – an internship programme for young people with autism and learning disabilities. **Complete**

### **Have highly skilled, flexible, and engaged staff**

- Pilot a workforce planning toolkit in priority areas. **Complete/ongoing**
- Rollout 'My Space' - a digital engagement tool - to all our frontline staff, supported by a digital upskilling development programme. **Complete/ongoing**
- Put flexibility at the heart of all our jobs through our Timewise project. **Complete**

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In response to this priority action, the Panel made comment and asked a number of questions as follows:

- On digital inclusion, the hope is that the bulk of the direction is on access to services, there is also the need to improve consultation data
- Place standard, teaches how to engage with people, what work is going to be undertaken to ensure closer work with community groups?
- The 'Let's, Talk Digital' survey was carried out in February, how was the survey done?
- Mentioned at a previous panel meeting, was the Council app, and social media and the importance of making it more user friendly and as easy to use as possible, as this might alleviate some of the pressures on the phone system

### **RESOLVED:**

That Cllr Paul Davies be thanked for providing an update on his priorities from the Council Plan.

## **8 Council Financial update**

Eamonn Croston, Service Director, Finance, provided an update on the council finance, advising that the information being presented, sets out a high level overview of potential impacts on the council's in-year financial position.

In summary, the Panel was informed that since the last finance update report was presented to the Corporate Scrutiny Panel on the 5<sup>th</sup> July 2022, there has been a great deal happening in a relatively short space of time.

The Council's Q1 financial monitoring report was presented to Cabinet on the 9<sup>th</sup> August 2022, and the report put an early quantification on the impact of the escalating energy prices, the likely 2022/23 pay award, and other inflationary impacts including food and fuel across council activity. None of these could have been predicted when the council approved its 2022/23 budget plans at Budget Council in February 2022.

The Cabinet report set out in broad terms, the level of risk impact from the cost-of-living issues and the escalating impact of the war in Ukraine. Since then, work has been undertaken to put some quantitative measures on those issues that are coming through, in terms of unbudgeted pressures on the Council's bottom line. The main areas in terms of the in-year position are the energy costs, which is impacting everywhere, on gas and electricity and the council is no less affected than businesses and households. This is in addition to the pending pay award.

The Panel was informed that when the Q1 report was presented to Cabinet in August, the prediction was a 5% uplift for directly employed staff, the actual offer is a flat rate £1925, per member of staff and that came after Q1 monitoring, in terms of the updated position. The Q1 position has been updated by an extra £4m as the average pay award across staff equates to approximately 7.7% from 5% which makes a big difference. There are other inflationary pressures, including fuel and food, some of which continue to be volatile.

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The purpose of the Medium Term Financial Strategy (MTFS) report, is to review the multi-year funding and spend assumptions as a basis for setting out what the financial planning framework is for the subsequent development of budget plans that feed into the annual budget round. The multi-year plans are refreshed on an annual basis.

The Panel was informed that in essence, many of the in-year pressures around cost-of-living, will roll forward to 2023/24. There was already a starting budget gap of approximately, £16m from the previous multi-year budget plan, and the impact of the cost-of-living pressures has increased that budget gap to £40m, based on a set of estimates a starting point snapshot.

The 2023/24 MTFS report also includes some sensitivity analysis and the baseline position was a £41.3m budget gap on general fund revenue. By slightly tweaking some of those key variables, the impact on spend and income assumptions in relation to that budget gap could actually be as high as £55m, based on a number of scenarios or it could reduce to approximately £36m.

The Panel was informed that the Capital Plan is being reviewed particularly in light of the issue of interest rates which is a volatile situation, not just for the council but the knock on effect on mortgages also. The interest rate assumptions are continually being reviewed, in terms of what the borrowing requirements might be going forward and what that might cost. In September, that was reviewed and increased from 0.5% to 3%, which shows the scale at which interest rates are increasing. In response to this the Corporate Capital Plan is also being reviewed, to look at the overall affordability of that plan.

Since the report was presented to Council in September, the government has announced some further measures including:

- The energy price guarantee for households up to 2 years
- Energy Support to businesses, which include councils and schools, up to 6 months with a 3 month review

It is expected that on the 23<sup>rd</sup> November 2022, the government will announce the Medium Term Fiscal Plan and that will come with an Office of Budget Responsibility (OBR) updated economic forecast. There is considerable pressure for the government to bring the OBR forecast forward and also to bring forward what the governments indication of what the fiscal plan might look like. That announcement will be important for the council, because it will give a better indication whether or not the government is going to support certain sectors around their in-year cost-of-living pressures, or is the expectation that the council manages within the resources the government set out last year.

The resources that were set out last year, the additional funding was mainly around a continuation of the General Council tax uplift 2% threshold, both for next year and also potentially, a continuation of the adult social care precept at 1% per annum. Those two measures combined, would potentially bring in an extra income for the council of approximately £6 million, however, taking into consideration the

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inflationary pressures and the £16m gap, that would not cover additional pressures in social care next year. There are some significant issues coming over the horizon.

The government has also indicated that potentially they would look at some of the funding assumptions between health and social care, given that there is a recognition that the care sector needs funding support in the short term to deal with some of the ongoing national health issues around hospital discharge. The government has also indicated that while they might reverse the National Insurance levy to health and social care, they seem to be still committed to having that equivalent level of funding; albeit currently funded by extra borrowing.

The council is having to forward project and predict the council's financial position taking into account all those factors, it really is around a fundamental risk assessment and within that risk assessment, clearly spelled out in the September report to council, is that there will need to be a minimum level of useable reserve set aside to support the council with its short to medium term financial stability and resilience.

If the council is prepared to potentially take on a little bit more risk, in terms of some of the volatile factors currently influencing the bottom line, there would have to be a corresponding and reasonable amount and adequate level of reserve set aside to cover those future risk. Whatever is predicted and when considering February's annual budget, there are so many variables with the funding and spending predictions, the landscape could change quite quickly again over the next 12 months and beyond.

There are things that the council can begin to think about, for example the corporate capital plan review and a line by line review of everything is in scope. This is not just looking at funding options, prioritisation, rephasing, reprofiling, but also tying that in with the overall aspiration ambition that was set out when the plans were put in place. It is not about getting rid of all the aspiration ambition, it is just working out given the current climate, how to go about doing these things differently or through the lens of the current challenges.

There is a broader review of the council's operation assets, more medium and longer term this is not just looking at operational day-to-day spend but also looking at everything that is on the balance sheet. There is an ongoing demand review of essential services, the adult social care, children's early intervention prevention, transformation, activity around special educational needs and disabilities. This is going to be critical in order to deliver what has been set out in terms of the medium term management plan around the Safety Valve Reduction Plan.

All of this is happening in real time, and it is therefore important on a daily basis to keep an eye on what is being reported in the national and international press as this can to some extent influence the bottom line.

The Panel was informed that a report will be going back to Cabinet and Council before the end of this financial year, which will describe in more detail what is happening regarding these factors in terms of the reviewed position from what was presented to Council in September.

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In response to the information presented, the Panel made comment and asked a number of questions as follows:

- The noises that seem to be coming from the financial picture locally and from national government seems to be indicating that aggressive efficiencies, may be needed which may potentially include staffing losses, is that a conversation that has been had?
- The types of energy support being announced by government recently. How does that change the situation for the council, and can that be quantified at the moment?
- What do the current financial pressures look like compared to the previous ten years when the austerity measures were in place?

### **RESOLVED:**

That Eamonn Croston, be thanked for providing an update on the Council finances.

### **9 Responding to the Cost-of-Living Crisis**

Sarah Brown, Acting Head, Welfare and Exchequer and Julian Hobson, Acting Head of Service, provided an update on the current cost-of-living situation. In summary, the Panel was informed that work is being undertaken on signposting, the website, and the wider messages to local residents. The Kirklees website has a number of pages dedicated to cost of living support linked from the opening banner, which is Kirklees Gov UK cost-of-living, and it is broken down into pages that provide information and where appropriate the pages are broken down further.

The headliners are financial support and debt advice, keeping your house warm and reducing energy bills, support with the cost of food, Kirklees jobs and careers, mental health support, the latest news on the cost of living and the cost-of-living e-mail bulletin sign up. This information is continually being kept up to date, and the support across those pages ranges from access to financial support, and advice provided either directly or indirectly through partners in the voluntary and statutory sectors.

The Panel was provided with the following information:

- the energy rebate scheme ended on Friday 20<sup>th</sup> September 2022, with the activity occurring between the 1st of April and at the end of September. 161,684 households with a total value of £24m has been paid
- In terms of credits to council tax accounts, the amount credited, both at people's request and as a default position, is just under £5m, credited to council tax accounts and to date £220,000 of that has been refunded at people's request There is significant work to do potentially around refunds of that money as people require it
- In terms of the credits to Council tax accounts, the collection rate at the moment is just above target, and that means for rollover next year, it will be approximately £1.5 million potential carry forward into the next financial year, in addition to what was already expected

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- There is an ongoing welfare provision scheme in Kirklees, which for the most part provides a small sum of money for energy support, the majority of that is provided with partner food banks and that equates to £0.5m each year
- Because of the Household Support fund, there has been a lot more money available for each six months period, in the last six months, which ended on the 30th of September, that additional sum was £3.7 million
- Combining the £3.7 million, the Household Support Fund, local welfare provision monies, and the discretionary energy rebate monies equates to 3284 referrals to food banks, 6655 fuel payments
- In terms of the discretionary fund, the council was in a position to provide support to those in Band E to H who would not have qualified under the main scheme, and 182 households were paid from that particular cohort, and 273 households were then invited to make an application to the discretionary fund
- There has been 428,000 additional support to foodbanks and community organisations over the last 6 months
- £1.8m substitute financial support, was provided during the school holidays branded as cost-of-living payment, instead of free school meals support that historically had been provided
- £1.2m for pensioners, out of the household support fund, as a third of that money needed to be directed towards pensioners
- In terms of the support normally provided each year, there have been 966 discretionary housing payments, the annual sum for that is £487,000
- As part of the ordinary offer in relation to Council tax, there is the Council tax reduction scheme which meets or helps to meet the liability in Kirklees of 35,000 residents out of the 190,000
- In addition to the ordinary scheme, last year at budget, the authority decided to award an additional £150 to anybody that had a residual Council tax liability and was also a Council tax reduction recipient
- There are approximately 17,000 young people in Kirklees in receipt of free school meals and if the colleges are included, who do their own free school meal assessment, that's around 18,5000

The Panel was informed that the 'Bread and Butter Scheme' continues to be rolled out, where possible in partnership with the organisations where the bread and butter scheme is delivering. The aim is to ensure that the authority does not have any continuing connection, because if there were to be any budget pressures, it's likely that it would put pressure on whether that could continue or not. While the authority provides seed funding in order to get the scheme moving, there isn't any continuing liability on the authority for continued support. There are four hubs operating at the moment, and approximately 80 households that are members of those hubs that benefit each week; however, they are oversubscribed in many of the areas.

A report will be considered by Cabinet on the 11<sup>th</sup> October 2022, seeking authorisation in respect of spend for the next six months, and this will be followed by a further report around the mayor's cost of living fund. The West Yorkshire Mayor has established a fund which had two main elements. One is around warm spaces, and the other is around providing cost of living support to those that are in work and on low income. The Council has put in an expression of interest to the mayor's fund, to be in a position to distribute some of that money in Kirklees. The decision will be

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made by West Yorkshire Combined Authority, and a Key Decision Notice has been submitted to take the report to Cabinet on the 16<sup>th</sup> November.

In response to the information presented the Panel asked questions and made comment as follows:

- What do partners think of the 'Bread and Butter' Scheme, which is managed by a charity in Manchester, and local partners who run similar schemes say they were not consulted?
- The Bread and Butter scheme in one area is suffering from a lack of volunteers and without volunteers the scheme may struggle in the future.

### RESOLVED

That:

- a) Sarah Brown and Julian Hobson be thanked for providing an update on the Council's response to the cost of living crisis
- b) That a written summary of the information presented will be circulated to Panel members

### 10 **Corporate Risk Register & Risk Management Action Plan**

Martin Dearnley, Head of Risk, Financial and IT and Alice Carruthers, Senior Finance Officer, provided an update on the Corporate Risk Register. The Panel was informed that many of the decisions that the Council will be taking in the next few weeks and months, will be about the fundamental risk appetite on certain decisions and expectations regarding inflation, spend, demand and income levels and the number of defaults in relation to HRA, council tax and business rates.

Making choices on these issues depend on what the council puts into its fundamental strategic budget, and it will be a hard task for the Service Director of Finance to guide the council in order to reach an ultimate conclusion on how many of those risks it is willing to take. Ultimately, the more risk that is taken, the more money that will need to be set aside, a sort of risk contingency, to cover the fact that if a lot of risk is taken, some of them will work and some won't.

The Panel was advised that at a slightly lower level, the risk document that has been shared with the Panel, looks to address a case and project risk assessment, the long term strategic risk matrix and there are more detailed risk matrices at service level and ones that are considered by Executive Team and Cabinet on a quarterly basis to talk about emerging risks.

The risk register is the sort of fairly stable long term document, that lists what the core risks of the organisation are. Those risks are not significantly different to many other local authorities. There are one or two specific to Kirklees, however, many of those will apply to almost every local authority at the present time, for reasons that they are all facing the same financial problems and the same challenges around funding resourcing certainties and inflation.

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Contained in the appended report are a selection of mitigations, which are in essence the controls that are in place, to try to understand where those risks are. The more sophisticated those methodologies, the easier it is to understand when a risk is moving from being possible, to crystallising, to becoming more certain and that is a hazard in terms of financial consequence.

The Panel was informed that as risks are taken, it is worth remembering, there are those that are longer term risks that can be addressed in the short term or avoided, things that are insured, they are covered for now, however, if they go wrong, it will affect the insurance premiums in the future. It may be possible to make short term savings, however, there may be longer term consequences and it's important to understand the risk of those choices.

A description of process, the aim at the present time is to strengthen the information about the quality of the Council's understanding of risk and the knowledge across the organisation. Ultimately, it is for those in charge of governance to make decisions regarding risk appetite and how to execute those choices in the immediate.

The Panel was informed that some of the work that is underway to further embed the process within services is a focus on consistency of approach. There are some strong pockets of risk management and understanding out there, and it is making sure that that is being shared. The risk assessment has been reviewed and relaunched with clear guidance ensuring that everyone is comparing consistently when talking about risks.

In response to the information presented, the Panel made comment and asked questions as follows:

- How is it determined whether a risk is improving, unchanged or worsening?
- It would be interesting to eventually see, some alignment and the understanding of these risks and the financial reserves put to one side for them and do some work to understand the financial impact if those risks materialised.

### **RESOLVED:**

That Martin Dearnley and Alice Carruthers be thanked for providing an update on the Corporate Risk Register & Risk Management Action Plan.

- 11 Procurement Strategy**
- Jane Lockwood, Head of Procurement and Commissioning Support, provided an update on the development of the Procurement Strategy, advising the Panel that the strategy has been developed to support the strategic aims and priorities of the Council. The Procurement Strategy, and the Social Value Policy are closely related pieces of work.

It has been a while since there has been a new procurement strategy, however that does not mean that the activities were not being undertaken by the procurement

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team who have been very busy implementing a new model, moving from a devolved procurement model to a centralised category led model. There have been some great successes from the work of the team, and this has been recognised nationally, winning a number of awards, and it is important to recognise the work the team have undertaken and the progress they have made in a short space of time.

This new strategy is very ambitious, and it is framed around five key themes, some of which are externally facing, and some are internally facing.

The strategy is framed around the key themes of:

- ***Delivering Social Value: securing the best economic, social, and environmental benefits for our people and places***
- ***Promoting Inclusive Procurement: promoting a vibrant and mixed local economy, recognising the importance, innovation and value offered by our Small or Medium sized Enterprises and Voluntary Community and Social Enterprises***
- ***Continuing to develop our category-led approach: sourcing more strategically, more innovatively, stimulating and encouraging competition***
- ***Striving for innovation and improvement in all that we do: delivering an effective commercial function that works in proactive, flexible, and innovative ways***
- ***Good governance: using proportionate controls, systems and standards, and management of procurement risk***

The Panel was informed that it is important to emphasise that demonstrating value for money and partnership working remain at the heart of everything that is undertaken. Procurement can play a key role in delivering value for money and improving efficiency. There are some challenges around reporting and measuring the impact of any new strategy, and this is pertinent to procurement and some of the data sets currently held. There are a suite of indicators that have been developed, following discussions Leadership Management Team and Executive Team about how to prioritise some support to work on these measures, to bring progress updates and show the Panel the progress of the work.

The strategy is supplemented by an action plan, this is a working, live document and will change throughout the course. It will also take into account any feedback and lessons learned along the way.

In response to the information presented the Panel made comment and asked questions as follows:

- There is room for improvement in how smaller organisations are brought in. For example, they might not have much capacity to go to an event, however if they use the website, it could be made clearer, what are the different things they need

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to look for and how do they register and not make assumptions about what they might already know about public procurements and how it works. Are there any plans to develop this further for those groups?

- Within the Council there is a community's team, with effective officers that help small community groups seek grants. It may be worth making sure that they understand the capacity to apply for pieces of work contracts. That is possibly a way to reach a lot smaller groups that do not necessarily go through the third sector leaders.

### **RESOLVED:**

That Jane Lockwood be thanked for providing an update on the Procurement Strategy.

## **12 Future Priorities and Work Programme**

### **RESOLVED:**

That the future priorities and work programme be noted.