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## **KIRKLEES COUNCIL**

### **CORPORATE SCRUTINY PANEL**

**Monday 28th November 2022**

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

Co-optees Garry Kitchen  
Kristina Parkes

In attendance: Rachel Spencer-Henshall, Strategic Director, Corporate Strategy, Commissioning & Public Health  
Cllr Paul Davies, Cabinet Member for Corporate Services  
Eamonn Croston, Service Director, Finance  
Giles Chappell, Asset Strategy Management  
Joanne Bartholomew, Service Director, Development  
Dave Thompson, Head of Asset Strategy and Delivery  
Jill Greenfield, Service Director, Customer and Communities  
Mags Rogerson, Local Integrated Partnerships, Communities and Access

**1 Membership of the Committee**

James Ryan, resigned as a Voluntary Co-optee on the Corporate Scrutiny Panel.

**2 Minutes of the Previous Meeting**

That the minutes of the meeting held on the 3<sup>rd</sup> October 2022 be approved as a correct record.

**3 Interests**

No interests were declared.

**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 Council Finance Update**

Eamonn Croston, Service Director for Finance, updated the Panel on the council's finances, advising that the timing of this update is pertinent in light of the recent autumn statement made by the Chancellor. The update follows on from the discussion at the previous panel meeting, which set out the significant challenges outlined in quarter one (Q1) monitoring, and the medium term financial strategy report, which is one of a regular number of updates on finance brought to the Panel.

The Panel was reminded that the information previously presented, outlined the overriding context which includes global, national, and local factors which is impacting on financial markets, the economy, and a whole range of cost of living issues, which is having a significant impact on residents, communities, businesses at local, regional, national, and international level. This is subsequently causing continual unprecedented challenges, not only on the council's bottom line, but also across public sector organisations and across all sectors of the economy and society. This is on the back of coming out of the pandemic, where it was hoped there would be a post pandemic recovery.

The Panel was informed that since the last update report, there has been a quarter two (Q2) monitoring report, and the hope was that the concerns highlighted at Q1, in terms of the challenges of cost of living would have settled down, however, the environment continues to be volatile. The Q2 monitoring report has been split between headline cost of living pressures and other pressures. A number of the other pressures are also impacted on by cost of living issues, for example, inflationary pressures in IT, impacted on by problems in the global supply chain, getting hardware and software from key suppliers.

The issues highlighted at Q2, are slightly worse than mentioned at Q1 because the national pay award has now been confirmed. For local government, the award is a flat rate £1925 per member of staff, full time equivalent, across directly employ staff which runs at 7.7%. At Q1 monitoring, the assumption was a 5% pay award uplift, having only budgeted for 2%, as probably most councils in the country had at the time. The budget was signed off before the events in Europe significantly exacerbated the situation around the cost of living pressures.

There are also a number of other pressures that are still coming to the fore, and those are reflected at Q2. These pressures includes an overall £3.2m on school transport both demand and inflationary pressures on contracted provision. Elsewhere there is some demand volatility across adults activity with an overall forecast pressure of £1.8m and in-year pressures against SEND base budget activity at £1.9m.

Discussions and negotiations are continually taking place, to ensure continuity of service. While it is hoped that the situation regarding inflation will settle at some point, the context on operational services trying to deliver day-to-day services remains volatile.

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The Panel was informed that overall, the situation has worsened in terms of the general fund between Q1 and Q2 of approximately £10m. Some of it is around more general cost of living pressures that impacts everywhere such as staff and some of it is more about the micro impacts across services. Service income impacts is still being felt, and rates of recovery from Covid in terms of post pandemic recovery is still quite stilted. Local economic factors have an impact on some of the commercial income assumptions, in addition to other discretionary fees and charges assumptions. It is recognised that the cost of living impact on households and communities is also impacting on people's ability to pay for discretionary services. These are all factors that are being looked at.

Work is also being undertaken to re-evaluate what further management actions can be taken at this time as a Council, and the appended report outlines a number of actions that are being communicated, in addition to the actions that managers are taking in response to Q1 monitoring. The extent of unbudgeted pressures reported at Q2, have necessitated further actions to current year end. These include a temporary freeze on recruitment, reduction in agency staff, rationalising use of council buildings, increased scrutiny on all new expenditure and reductions in nonessential expenditure across services. It is important to recognise that some of these measures may actually translate into subsequent budget proposals going forward.

The Panel was informed that energy costs continues to have a big impact in terms of gas and electricity prices, and energy usage across Council services is impacting across a number of areas. School budgets are also affected and there are whole system impacts around that. Consideration is being given to whether there are measures that can be done temporarily to mitigate some of the impact on buildings and what might the implications be. This is all while continuing to look through what types of new spend work are being committed to in other areas of council activity, and whether these can be paused, re-phased and reviewed at this point in time, to try and create some wriggle room to bring the overspend down.

Referring to the appended report, Eamonn Croston, informed the Panel that the information outlines a concentration in time of the reserves position, as this is critical in terms of the Council's overall mitigation strategy. The reserve position has been used over a number of years to give the council resilience in terms of sustainability, and also enabling not just setting aside resources for what is more than a rainy day in the current context, but also developmental resources targeting some initiatives that might be around 'invest to save', future cost avoidance or savings for example for some transformation reserves. Reserves in themselves should not be used to cover recurrent council costs.

Given the scale of the in-year forecast overspend, that would have a significant impact in terms of using the reserves, they are one-off funds and are difficult to build up again. Caution has to be given to how quickly the council is using its reserves because it is important to retain as much as possible to roll forward into next year and the year after that. It is important that the council does not use its reserves, to try and mitigate some of the spend pressures whilst maintaining and targeting operational services delivered to citizens and communities.

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The housing revenue account which deliver services for tenants and leaseholders, is separately accounted for, and mainly funded through rental income streams and is holding up for Q2. There is some extra draw down on reserves, and some targeted investment around compliance. There are, however, inflationary pressures also impacting on the housing revenue account.

With regard to the Capital Plan, there is a significant corporate capital review that is ongoing around capital, and there are still capital commitments in-year, however, it is recognised that there is likely to be some slippage in terms of some of the capital schemes.

The Panel was informed that in the recent Autumn Statement, the government outlined the significant deficit in public finance that has to be addressed. The Panel was informed of the following:

### **Autumn Statement – Policy context**

- £55bn fiscal deficit in the public finances
- unprecedented global headwinds ; pandemic and Ukraine war
- Priorities are stability, growth & public services – balanced plan for stability
- OBR forecasts that sits alongside the government's Autumn statement
- 9.1% CPI this year, 7.4% 2023 ; 0.6% 2024
- 4.2% GDP growth 2022, -1.4% 2023, +1.3% 2024, +2.6% 2025, 2.7% 2026
- Unemployment 3.6% 2022, 4.9% 2023, 4.1% 2024

#### **2 new fiscal rules :**

- underlying debt must fall as a percentage of GDP by the fifth year of a rolling five-year period
- public sector borrowing, over the same period, must be below 3% of GDP
- Council Tax (CT) referendum limit increase from 2% to 3% from 2023/24 ; Adult Social Care precept increase from 1% to 2% from 2023/24 ; Overall CT increase from 2.99% to 4.99% from 23/24
- Social Housing annual rent uplift 7% in 23/24
- National Living Wage increase of 9.7% from £9.50 to £10.42 in 23/24
- 'Additional' social care funding ; £2.8bn in 23/24 increasing to £4.7bn in 24/25
- £3.3bn additional funding for NHS in 23/24 and 24/25
- Additional £2.3bn schools funding for 23/24 and 24/25
- State pension and benefits uplifts 23/24 at 10.1%
- Additional £1bn Household Support Fund for 23/24 ; Household support for energy bills – universal support in 23/24 but at higher indicative cap £3,000 (up from £2,500) ; plus, targeted £900 to households on means tested benefits, £300 to pensioner households, £150 on disability benefit ; £200 support to households on alternative fuels
- Plans to be brought forward for a new targeted approach to support businesses from April 2023 – Public Sector Organisations excluded
- Business rates reliefs - extension of retail, hospitality & leisure, plus a "Supporting Small Business Scheme"
- Business rates multiplier – frozen again for 23/24

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- Business rates revaluation 2023 but with a more generous transitional scheme , with additional Gov't support
- Gov't to proceed with Round 2 levelling up fund , at least matching the £1.7bn of Round 1
- Gov't to proceed with Round 2 levelling up fund , at least matching the £1.7bn of Round 1
- The Autumn Statement recommits to the government's transformative growth plans for our railways. These include East West Rail, core Northern Powerhouse Rail, and High Speed 2 to Manchester. These will provide fast, more reliable services and connect people to new job opportunities

Cllr Taylor, Lead Member, thanked Eamonn Croston and his team for the continual work they are conducting in a volatile ever changing financial environment.

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

- In terms of discussions with partners and other local authorities, how does Kirklees compare, locally in the region, with other councils who have taken early drastic steps particularly for example, restricting the use of town halls. If the council does not take drastic actions this year, is there any idea what actions might be needed in future years?
- This year's pay award was unexpected as it was close to 8% rather than the 2% that was budgeted for. How does that affect budgeting for future years and how much potential to allow for that, because there may be other similar circumstances, with inflation forecasts, domestic energy guarantee, typical usage being £2500 this year, but also £400 universal support payments which won't be there next year. That is an extra £900 on typical usage and next year for domestic energy. All this suggests a similar potential of unbudgeted pressures which should be avoided if at all possible
- In terms of the management actions that will be taken, how is non-essential expenditure defined?
- What does rationalising buildings mean in real terms?
- One of the things that staff did very well, was the way in which they switched roles during the pandemic, to undertake tasks that were not in their job description. Looking forward there are pressures in areas and there is a recruitment freeze in place, and also things that might not be done on a temporary basis. Is the council also looking to talk to staff about that type of flexibility again, and perhaps asking people to do different things in areas where there are recruitment difficulties?

### RESOLVED

That Eamonn Croston be thanked for providing an update on council finance.

## 8

### **Community Asset Transfers and support for Community Buildings**

Joanne Bartholomew, Service Director, Development and Giles Chappell, Asset Strategy Manager, provided an update on Community Asset Transfers and Support for Community Buildings. In summary, the Panel was informed that community asset transfers is not just about buildings, it is also the transfer of civic halls,

community halls, library buildings and open spaces. There are a variety of assets that are transferred under the Community Assets Transfer Programme.

The Panel was informed of the following in terms of context:

**Community Asset Transfer (CAT)**

- the transfer of ownership and management of public land and buildings from the Council to a community organisation
- assets are transferred at less than market value for local social, economic, or environmental benefit.

**The primary purpose of CATs in Kirklees**

- invest in communities
- help communities achieve their aspirations
- ensure assets and services remain available for the community

The Panel was informed that the council introduced the Asset Advancement Policy in 2013, in response to the Quirk Review and subsequent Localism agenda. The policy was superseded in 2017, by the Kirklees Community Asset Transfer Policy. This was reviewed again in 2020, in order to recognise the learning and thinking from the previous seven years, and to reflect council priorities and best practice. A total of 23 CATs have been completed to date, which includes a variety of assets.

The update of the policy, reflected the council's corporate vision, shared outcomes, and current best practice. The purpose of reviewing the policy and the process behind the policy, was to set out a clear and transparent framework of that process for groups.

Policy sets out:

- Why we transfer assets
- What assets will be considered for transfer
- Eligibility criteria
- Conditions of the transfer
- How transfers will be processed

Some fundamental changes were incorporated into the CAT policy in 2020. Prior to 2020, the majority of council assets transfers were by freehold, and Kirklees was seen as a forward thinking authority in transferring freeholds, giving communities true ownership of assets. Reflecting on transfers undertaken, this has now moved to a default presumption that all transfers will be by way of 125 yearlong lease. Land was previously transferred by way of long lease and buildings by freehold transfers. Freehold transfers are still considered, however only in exceptional circumstances, for example, transfers to parish and town councils.

It is important to state that long leaseholds do not impact on applicant groups, it still gives them the security that is needed in order to satisfy grant funders. It provides the council with remedies to intervene where circumstances should change, be that specific circumstances with the group itself or the facility. Long leaseholds also

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gives the council the right to use all or part of an asset where it is required to deliver a statutory function, for example, library or polling station.

The 2020 policy, bolstered the existing financial support that the council provides to applicant groups. All groups previously qualified for a £5,000 development grant that would pay for professional fees, or perhaps assist with engagement. The engagement process as part of the application process, recognises that not all assets are the same, as some are more complex in nature than others. The development grant ceiling was increased to £10,000, recognising where groups may need that additional financial support.

The policy introduced that applicants could apply through the CAT application process for a capital grant to fund urgent condition works. This was to ensure that groups did not start out with a deficit position. There was concern that some of the assets being transferred required urgent priority works, and rather than expecting groups to secure a loan, there was some recognition that the council should be looking to fund those urgent priority works.

The offer of a grant funding loan still exists, previously the grant funding the loan opportunity was only available to groups during the asset transfer process, however this can now be applied retrospectively. This provides flexibility to groups that may want to apply for a loan post transfer. With regard to revenue funding, there was an increase in funding that the council provides to groups in the first and second years post transfer. This additional support is to ensure that transfers are viable.

Additional support available to groups:

- Internal support through the Third Sector and Community Plus teams
- External support commissioned through Locality, a national charity network with broad experience of asset transfers. They guide groups through the asset transfer process, supporting them with engagement and with development of business plans
- Locality provides
  - impartiality, a critical friend, and advice on current best practice
  - quarterly CAT Network meetings
  - workshops/bespoke training sessions for groups to develop knowledge and skills
  - support with the review of business models, capital project development, funding bids and procurement
- The overall aim is to support the delivery of successful and sustainable Community Asset Transfers within Kirklees

The Panel was informed that with regard to thoughts and learning, the council has come a long way since 2013. In terms of good objectives around Community asset transfers, there is an acceptance and acknowledgement of the important role that these assets play in supporting communities. The approach is shifting to being more community led rather than it being asset led, and working a lot closer now with the communities, identifying where assets can support communities and it has been a more community led approach.

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Since 2013, it has been recognised that capacity within different parts of the district with particular groups can vary enormously, and there is a need to be adaptable to that in terms of the level of support that is provided to them. This is to make sure that this is sustainable and viable in the long term. That is placing emphasis on pre and post transfer support to groups, and it has been important to get community colleagues involved at an early stage and to build the ongoing relationships with groups.

There is an intention to streamline the processes that sit behind the policy, trying to make it easier for groups to apply. There appears to be some duplication in the process at the moment in terms of the application and the business plan that groups are expected to submit, and work is being undertaken to streamlining the processes to make it easier. The Council recognises the important role that asset transfers play in these communities and endeavours when necessary to go the extra mile in supporting community groups.

In response to the information presented, a number of questions and comments were made as follows:

- Many community buildings will be facing difficult times over this winter just as much as the Council will. What support is in place for the community asset transferred and community buildings to talk to groups to ascertain if there are any problems early on to help with information and discussions regarding getting through the winter?
- Not all groups will be a part of the network meetings because the cost of membership of the organisation, increased considerably and therefore not everybody may be a part of that.
- Is the policy to transfer as many of these viable assets to community groups as possible?
- For every completed asset transfer, how many expressions of interests for whatever reasons do not make it all the way to completion, and what are the factors that might typically be involved in those being abandoned and are there any approximate numbers?

### **RESOLVED**

That :

Officers ensure that with regard to networking for community asset transfers, that attempts are made to reach out to all the assets that have been transferred to make sure those groups are aware and are encouraged to attend network meetings funded by the council as there are no costs involved

The Communities Team ensures that the council is using its networks to reach out to all community buildings to at least invite them to enter into conversations and at least be signposted and given advice regarding the cost of living challenges they might have

That officers provide the numbers of successful and unsuccessful transfers that have been undertaken



Joanne Bartholomew and Giles Chappell be thanked for providing an update on community asset transfers and support for community buildings.

**9**

**Access to Services and Customer Services and Libraries**

Jill Greenfield, Service Director Customer and Communities, Mags Rogerson, Head of Local Integrated Partnerships and Dave Thompson, Head of Access Strategy and Delivery, provided an update on some of the strategic objectives for libraries and access services.

The Panel was informed that it is recognised that there are financial pressures and a cost of living crisis and there are demands being placed on services as a consequence. The update to the Panel, will focus on progress on access to services since the last update on telephony, the customer service centres, place-based working and how this is being progressed through libraries and customer service centres and through the work being undertaken trying to promote digital inclusion.

Dave Thompson, reminded the Panel that an update was provided in August 2022, in relation to the Access Strategy. Since then, workshops and focus groups with staff and citizens who are users of the service have come together to develop three key areas of focus: waste enquiries, the blue badge application process and housing new tenancy applications.

The access strategy on place-based working is not just about geography, it is about providing holistic support, and there are a couple of things that have been worked on and there are some encouraging signs. For example, the cost of living crisis, a lot of people are getting support through the customer service centres, the libraries and even more so by people who make contact by telephone. Some of that information is being gathered through the new telephone system, as instead of just identifying when there is an initial contact, there are a number of different things that people are being supported on, as often it is more than one issue that people need support with when they make contact.

The Panel was further reminded that at the update in August 2022, information was presented on the work that was being undertaken to implement the new telephony system. The panel was also provided with information which outlined the struggles and challenges regarding retaining staff and employing new staff. The Panel was informed that there are now some encouraging signs, and staff are working fantastically well, not only in providing that holistic support, but also in the number of calls they are getting through, in comparison to what it was previously. For example, in August the call answer rate was reported at around 73-75% on approximately 12,000 calls per week, whereas now the answer rate is averaging over 85% and this is consistently being achieved since the new system was introduced and it is getting better.

Mags Rogerson informed the Panel that there are 24 place-based libraries supporting access to services that reflect and are relevant to local communities by both the buildings and the outreach on offer. They sit in the heart of those communities and are a valued and trusted local resource, providing a safe and

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welcoming space and this is a key hinge point in terms of the council's commitment to delivering a warm spaces offer.

Libraries support digital inclusion, and are key in ensuring the access strategy is effective, both by providing free access to IT and Wi-Fi in all libraries. This is in addition to providing working spaces, Powerpoints and a key partner in the Kirklees Digital Device loaning scheme. This connects those who are digitally excluded by enabling them to be more informed, more independent, and able to manage their lives more independently and effectively.

There are plans for libraries to improve their locations with accessibility as a key focus, and the libraries at Birkby, Fartown, and Almondbury demonstrate how these accessible principles have been put into practice. The Panel was invited to visit these libraries to see how they have been developed with both dementia friendly design and a friendly environment to best support local communities.

In response to the information presented, a number of questions and comments were made as follows:

- Often with consultation it is the same people who are consulted again and again, how was the co-production team formed?
- It is good news that the call answer rate is now going in the right direction. It is now going into winter, and there is a potential for severe weather which can cause issues on the phones particularly when people may need some help from the Council. Is the service set up as well this year, as it has been in previous years to deal with the severe weather and request for services?

### **RESOLVED**

That Jill Greenfield, Dave Thompson and Mags Rogerson be thanked for providing an update on access to services, customer services and libraries

## **10 Future Priorities and Work Programme RESOLVED:**

That the future priorities and work programme be noted.