

# Kirklees Council



Council Chamber - Town Hall, Huddersfield

Tuesday 4 October 2016

Dear Member

**The Extraordinary Council will meet on Wednesday 12 October 2016 at 3.00 pm at Council Chamber - Town Hall, Huddersfield.**

The following matters will be considered:

**Pages**

**1: Announcement by the Mayor and Chief Executive**

To receive any announcements.

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**2: Apologies for absence**

Group Business Managers to submit any apologies for absence.

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**3: Declaration of Interests**

1 - 2

The Councillors will be asked to say if there are any items of the Agenda in which they have a Disclosable Pecuniary Interests, which would prevent them from participating in any discussion of them items or participating in any votes upon the items, or any other interests.

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**4: Kirklees Local Plan**

3 - 32

To consider the submission of the report to the Secretary of State.

Contact: Richard Hollinson, Local Development – Policy Group Leader.

Please note that any Members of the public who wish to address Council must have registered by 4.00pm on Friday 7 October 2016. To pre-register, please email [andrea.woodside@kirklees.gov.uk](mailto:andrea.woodside@kirklees.gov.uk) or phone 01484 221000 (ext 74993)

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**5: Consultation on the Community Infrastructure Levy - Draft Charging Schedule**

33 - 60

To consider and approve the report.

Contact: Richard Hollinson, Local Development – Policy Group Leader

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**6: Council Budget Update Report 2017-2021, incorporating the Efficiency Plan (Reference from Cabinet)**

61 - 114

To consider and approve the report.

Contact: Eamonn Croston, Strategic Finance Manager

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By Order of the Council



Chief Executive

**KIRKLEES COUNCIL**

**COUNCIL/CABINET/COMMITTEE MEETINGS ETC  
DECLARATION  
COUNCIL**

Name of Councillor

Item in which you have an interest	Type of interest (eg a disclosable pecuniary interest or an "Other Interest")	Does the nature of the interest require you to withdraw from the meeting while the item in which you have an interest is under consideration? [Y/N]	Brief description of your interest

Signed: .....

Dated: .....

## NOTES

### Disclosable Pecuniary Interests

If you have any of the following pecuniary interests, they are your disclosable pecuniary interests under the new national rules. Any reference to spouse or civil partner includes any person with whom you are living as husband or wife, or as if they were your civil partner.

Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner, undertakes.

Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses.

Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority -

- under which goods or services are to be provided or works are to be executed; and
- which has not been fully discharged.

Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.

Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.

Any tenancy where (to your knowledge) - the landlord is your council or authority; and the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.

Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -

(a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and

(b) either -

the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or

if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.



Name of meeting: Cabinet and Council

Date: 12 October 2016

Title of report: Publication and Submission of the Local Plan

Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes
Is it in the <a href="#">Council's Forward Plan</a> ?	Yes
Is it eligible for "call in" by <a href="#">Scrutiny</a> ?	Yes
Date signed off by <u>Director</u> & name	Jacqui Gedman - 3.10.16
Is it also signed off by the Assistant Director - Financial Management, Risk, IT & Performance?	Debbie Hogg - 30.09.16
Is it signed off by the Assistant Director - Legal, Governance and Monitoring	Julie Muscroft - 29.09.16
Cabinet member <a href="#">portfolio</a>	Councillor David Sheard - Strategy and Strategic Resources, New Council & Regional Issues Councillor Shabir Pandor - Strategy and Strategic Resources, New Council & Regional Issues Councillor Peter McBride - Economy, Skills, Transportation & Planning

Electoral [wards](#) affected: All

Ward councillors consulted: All

Public or private: Public

## 1. Purpose of report

The purpose of this report is to request that Members approve the Local Plan for the purposes of submission to the Secretary of State for an independent examination in public in accordance with the Council's approved Local Development Scheme 2016, following public consultation on whether the Local Plan meets legal and 'soundness' tests.

## **2. Key points**

### **a. Local Plan Progress to Date**

Members will recall that a full Council decision was made on 23<sup>rd</sup> October 2013 to withdraw the former LDF Core Strategy. Cabinet subsequently agreed on 28<sup>th</sup> January 2014 to proceed to develop a full Local Plan, including site allocations.

Following the withdrawal of the Kirklees Core Strategy from its examination in public in late 2013 the Council has been working on a Local Plan document comprising:

- a spatial vision,
- land use objectives,
- strategic polices,
- development management policies, and
- a full suite of site allocations and land designations.

The plan period will run to 2031.

The statutory provisions for the preparation of a Local Plan are set out in the Planning and Compulsory Purchase Act and the Town and Country (Local Planning) (England) Regulations 2012. National Planning Practice Guidance (NPPG) sets out the main stages of plan making for development plans and in relation to the flowchart in Appendix 1, the Council has now reached the 'Publication and Submission' stage.

In early 2014, the Council started 'early engagement' with stakeholders on the Local Plan options, supplementing and revising the evidence base (particularly in relation to housing and jobs), carrying out a full Green Belt review and engaging in the statutory "duty to co-operate" discussions and meetings with adjacent authorities and other bodies which are key to strategic and cross-boundary matters.

In November 2015 the Council consulted on the 'Draft Local Plan' for an initial 6 week period, which was subsequently extended for a further period and closed on 1<sup>st</sup> February 2016. The Council received a significant response from a wide range of stakeholders and a summary of the consultation is set out later in this report. Before the Local Plan is submitted to the Secretary of State the Council will need to prepare a 'Statement of Consultation' which will include this information and which will also summarise the comments which will be received in relation to legal and soundness tests. This is required by regulations.

Following the consultation the Local Plan has now been revised. Revisions have taken into account comments received; updates to the Council's evidence base; and a range of new site proposals put to the Council.

Officers consider that robust and up to date evidence to support the Local Plan is now in place. This includes:

- key evidence on housing requirements, housing mix and affordability;
- the need and market demand for land for jobs to meet the Economic Strategy;
- accommodation needs for travellers;
- need for land for mineral extraction and waste management;
- green belt;
- land for open space, sports and leisure; and
- capacity for new retail and leisure.

The government requires all local councils to develop a long-term plan which sets out how and where land can be developed, over a 15 year period, in order to meet the growing needs of local people and businesses. Without a plan, and particularly without a five-year land supply, we are at risk of development happening in Kirklees in an un-coordinated way making it difficult for us to plan ahead and ensure that new homes and employment areas are created alongside essential infrastructure.

The Publication Draft Local Plan is subject to a Sustainability Appraisal (including a health impact assessment) and a Habitat Regulations Assessment. These reports will be presented alongside the Publication Draft Local Plan during the consultation period.

#### **b. Consultation on the Draft Local Plan**

The Council consulted on the following documents from November 2015 onwards in accordance with the protocols agreed by Cabinet and as required by planning legislation and the Statement of Community Involvement:

- Draft Local Plan – Strategy and Policies
- Draft Local Plan – Allocations and Designations
- Draft Local Plan – Rejected Options Report
- Draft Local Plan – Green Belt Review and Outcomes
- Draft Local Plan – Sustainability Appraisal

In total the Council received responses from 5884 groups/individuals, raising 17750 comments. A broad response breakdown of these comments to each consultation document is set out below:

<b>Event Name</b>	<b>Support</b>	<b>Conditional Support</b>	<b>Object</b>	<b>No Comment</b>	<b>Total</b>
DLP Allocations and Designations (Draft accepted options)	579	495	9628	30	10732
DLP Rejected Site Options	4546	4	416	5	4971
DLP Strategies and Policies	345	455	877	153	1830
Green Belt Review	34		108	5	147
Sustainability Appraisal	2	5	55	8	70
<b>Total</b>	<b>5506</b>	<b>959</b>	<b>11084</b>	<b>201</b>	<b>17750</b>

In addition to individual comments the Council also received 8 petitions which were recorded against relevant policies and proposals as follows:

<b>Petition Group</b>	<b>Petition Holder</b>	<b>Number of signatures</b>	<b>Site Reference(s)</b>
The Netherton & South Crosland Action Group	Alan Knight	1624	H102, H660, H94 (Object)
Save Gomersal Green Belt	Rachael Elliott	69	H591 (Object)
Little Wood, Batley	Margaret Darton (first name on the list)	408	H1701 (Object)
Grange Moor	Karen Hooley (first name on the list)	49	H36, H270 (Object)
Raikes Lane	Hilary Wainwright & Alec Jackson	204	H761 (Object)
Scholes	Michael Reader	853	H8, H38, SL300 (Object)
Liversedge FC	Bob Gawthorpe	750	H226 (Support)
Save Mirfield	Cheryl Tyler	715	H2089, SL2163 (Object)

As well as the above 273, new site options were received by the Council. These site options have been assessed in the same way as site options were considered in the Draft Local Plan to understand whether they should replace or amend site options in the Draft Local Plan. The new site options are not just for housing sites but also options were received for employment, urban greenspace, local greenspace, minerals, mixed use development, green belt alterations, safeguarded land, and transport schemes.



A full summary of the comments received, together with which parts of the consultation documents they relate to and the Council's response to the comments are attached as background papers to this report.

### **c. Summary of the Local Plan Strategy, Vision and Objectives**

Full versions of the Publication Draft Local Plan – Strategy and Policies document, the Publication Draft Local Plan – Allocations and Designations document and Policies Maps are attached as background papers.

The draft Local Plan development strategy, vision and objectives (see Draft Local Plan - Strategies and policies) are based on the following key principles:

- the main strategic drivers are the Kirklees Economic Strategy and Joint Health and Wellbeing Strategy
- where appraisal of current settlements indicates that there is a greater level of services/facilities, these are given preference when distributing growth options
- to help understand the place shaping characteristics of different parts of the district the plan splits the place shaping statements into four sub-areas which are Huddersfield, Dewsbury/Mirfield, Batley and Spen and Kirklees Rural. It is important to note that the distribution of jobs and homes in the plan is guided by these place shaping principles but there are not distinct jobs and homes targets set for these sub-areas, settlements or wards within them
- the role and function of the Green Belt, topography, settlement appraisal, level of infrastructure, and local needs are given high priority when choosing site allocations and considering new development in place shaping terms
- where needs for urban extension locations for housing are identified they will aim to:
  - maximise the chance of new infrastructure being provided (including new schools and roads as part of site development);
  - offer improved deliverability, quality layouts, good design, green infrastructure and higher building specifications
  - affect a smaller number of localities; and
  - reduce the need for smaller green belt release sites
- to meet basic housing needs in each sub-area
- to meet the need for strategic employment locations along the M62 corridor
- to meet the need of local employment needs where demand indicates need and place shaping constraints allow
- that before significant development can take place, proper consideration of infrastructure opportunities and constraints will be reflected. Land allocations will then be based on the premise that infrastructure needs to be delivered

- the plan will have a regeneration focus on Huddersfield and Dewsbury town centres as indicated by the Kirklees Economic Strategy
- brownfield 'first' but not brownfield only – this is because there is insufficient supply of deliverable brownfield sites to meet the housing numbers and provide land for strategic employment sites
- a 'sequential' approach to allocations and development – i.e. land within urban areas considered first (unless essential for urban/local greenspace or other over-riding constraints); edge of settlement sites; avoidance of any significant detached green belt sites (exceptions being major developed sites in the green belt and strategic employment locations)
- focus on mixed use sites in the plan where land use mix can be more flexible, viable and allow for more sustainable development and place shaping
- full retail hierarchy set out with a strategic framework for town centres
- the importance of open spaces within urban areas where these meet identified local needs and where their retention is justified
- planning for new development in locations and ways which reduce greenhouse gas emissions
- take into account the economic and other benefits of the best and most versatile agricultural land and where significant development of agricultural land is demonstrated to be necessary, seek to use areas of poorer quality land in preference to that of a higher quality

### **Meeting Kirklees' Needs and Requirements**

The Local Plan confirms that Kirklees will meet all its objectively assessed needs without reliance on adjoining authorities for housing, employment land accommodation for travellers and provision for mineral extraction. With regard to planning for waste, the Council's ambition is to be as self-sufficient as possible.

The Council's latest evidence suggests that Kirklees has a largely self-contained housing market area and will need to plan for approximately 31,140 new dwellings over the plan period (1730 new dwellings per annum). The Council will assume a windfall allowance; take into account committed housing figures, and losses/demolitions when determining how much land is required from new housing allocations. This results in the need for approximately 21,324 new dwellings from allocated land. Draft allocations have been identified to meet these needs.

The Council also needs to identify new land to safeguard in accordance with national planning policy to ensure the permanence of the new green belt boundary for the longer term. Although national planning policy does not specify how much safeguarded land is required, local plans which look for approximately 10% of the total land identified for housing have been judged to be sound at other local authorities, examinations in public.

Previously agreed Leeds City Region (LCR) position statements have helped confirm that Kirklees is part of a much wider functional economic market area (extending to the whole of the LCR and into parts of Greater Manchester). Using outputs from the economic modelling based upon new evidence regarding the interpretation of its Economic Strategy, officers have concluded that there is an employment land requirement for approximately 175 hectares of new employment land to achieve a 75% employment rate over the plan period. Prime new employment land is focussed largely along the M62 corridor. This is in line with the LCR Strategic Economic Plan (SEP) and allocations included in the draft Local Plan indicate a strong correlation with SEP schemes/objectives. Existing employment land will be safeguarded where justified and draft allocations made to meet the identified needs.

The Council has worked on a gypsy and traveller accommodation assessment with Calderdale Council and intends to meet any identified needs within Kirklees. There is an identified need for 12 permanent traveller pitches, a small transit site and a small extension to an existing travelling show person site.

In terms of minerals, allocations will be made to ensure Kirklees continues to contribute to its West Yorkshire obligations. Existing waste facilities will be safeguarded to deal with existing and future waste requirements and at least one strategic waste facility is identified for future expansion.

Other designations will be shown in the Local Plan which includes:

- mineral safeguarding areas,
- mineral extraction sites,
- mineral preferred areas;
- mineral areas of search;
- waste management sites;
- wildlife habitat network;
- historic/ecological/geological designations;
- core cycling/pedestrian routes;
- priority employment areas;
- additions/removals from green belt;
- town centre insets/retail policy areas/shopping frontages; and
- transport proposals.

#### **d. Summary of the Local Plan Policies**

The plan includes new planning policies relating to implementing the strategy, vision and objectives and which will be applied to planning applications received through the Development Management process. Policies in the plan include delivering growth and sustainable development, place shaping, economy, homes, retailing and town centres, transport, design, climate change, natural environment, historic environment, minerals, waste, health and supporting communities, green belt and open space.

## e. The Local Plan Evidence Base

In order to meet the Government's soundness tests as set out in national planning policy the Local Plan needs to be underpinned by an up-to-date, robust and credible evidence base. The National Planning Policy Framework sets out the main pieces of evidence which should be in place for housing, business, infrastructure, minerals, defence/national security/counter-terrorism and resilience, environment, historic environment, health and well-being, public safety from major accidents, viability and delivery and the duty to co-operate.

The Local Plan evidence base was published on the Council's website during the Draft Local Plan consultation and has been available since that time. Some of this evidence has now been updated and some additional evidence gathered. The Local Plan evidence base will be made available on the council's website for the publication stage so that this information can be taken into account during the publication consultation and during the Examination in Public.

It is officer's view that the Publication Draft Local is underpinned by an appropriate and proportionate evidence base for producing a sound Local Plan.

Some of the key evidence documents are listed below. However, this is not a comprehensive list of the whole Local Plan evidence.

- *Plan preparation methodology and supporting technical papers setting out local evidence on housing, employment, environmental designations, infrastructure planning, transport model outputs, urban greenspace and local greenspace, renewable and low carbon energy, retail and town centres, settlement appraisal, minerals and waste*
- *Strategic Housing Market Assessment and evidence on housing land supply*
- *Private Rented Market in Kirklees*
- *Kirklees Empty Homes Strategy*
- *Gypsy and Traveller and Travelling Showperson Accommodation Assessment*
- *Kirklees Economic Strategy*
- *Kirklees Market Strength Assessment*
- *Kirklees Leisure Study*
- *Kirklees Retail Capacity Study*
- *Kirklees Infrastructure Delivery Plan*
- *Strategic Flood Risk Assessment*
- *Landscape Character Assessment*
- *Sustainability Appraisal*
- *Habitat Regulation Assessment*
- *Castle Hill Setting Study*
- *Waste Need Assessment*
- *Kirklees Joint Health and Well Being Strategy*
- *Air Quality Study*
- *Open Space Study*
- *Playing Pitch Strategy*
- *Built Facilities Strategy*

- *Viability Study*

## **f. Duty to Co-operate Process**

The duty to cooperate was created in the Localism Act 2011, and amends the Planning and Compulsory Purchase Act 2004. It places a legal duty on local planning authorities, county councils in England and public bodies to engage constructively, actively and on an ongoing basis to maximise the effectiveness of Local Plan preparation in the context of strategic cross boundary matters. The duty to cooperate is not a duty to agree. But local planning authorities should make every effort to secure the necessary cooperation on strategic cross boundary matters before they submit their Local Plans for examination.

The Council has been working with adjoining local authorities and other key bodies on strategic and cross-boundary matters. This has included developing shared evidence bases (e.g. strategic flood risk assessment with Calderdale and Wakefield; South Pennines Landscape Study; Joint Gypsy and Traveller Accommodation Needs Assessment) and involving adjoining authorities and other bodies in the setting of assumptions and methodology on transport modelling, school place planning, strategic housing market assessment and viability testing.

Overall, this work has established that there are no fundamental strategic/cross-boundary issues which have not been explored and discussed to date. Issues raised by adjoining authorities relate to the role and function of the West Yorkshire green belt, traffic generation, local school capacities and attendance patterns, joint delivery of transport improvements and planning effectively across boundaries for the economy. Cases were also identified where there will be a cumulative impact with proposals in neighbouring authorities and those within Kirklees. However, in all cases, options for mitigation are being explored and evidence being shared.

Duty to co-operate activity will continue in parallel with the publication Plan consultation and evidence will continue to be gathered with all the statutory duty to co-operate bodies so that a full statement of evidence can be submitted alongside the Local Plan to the Secretary of State. In some cases this may include the preparation of Statements of Common Ground and Memorandums of Understanding.

## **3. Implications for the council**

### **a. Risks**

The absence of an approved Local Plan would have significant implications for development management processes and long term impacts on jobs, homes, inwards investment and prosperity in the district due to development happening in Kirklees in an uncoordinated way, making it difficult to ensure that new homes and employment areas are created alongside public infrastructure needs. In addition, the Housing and Planning Act 2016 increases the government's powers to direct an individual authority to prepare or revise their local plan, to submit it to independent examination, and to publish any recommendations from that examination and to consider whether they should be adopted. In practical

terms this means the Planning Inspectorate would produce the Plan on behalf of the council. Intervention is likely to be prioritised against those councils in areas of high housing pressure who have made the least progress on a plan.

#### **b. Benefit**

The government requires all local councils to develop a long-term plan which sets out how and where land can be developed over the next 15 years, in order to meet the growing needs of local people and businesses. Having an up to date plan will assist in determining planning applications in accordance with the national planning policy framework, help meeting housing and job needs and assist in increasing inward investment into the district.

#### **c. Costs**

A total of £215,000 has been set aside in the existing budget for consultation, the publication and examination in public stages of the plan.

#### **d. Equalities**

A stage 2 Equality Impact Assessment has been undertaken for the Local Plan which is attached. The Equality Act 2010 requires local authorities to have a public duty to have due regard to eliminating unlawful discrimination, promoting equality of opportunity and promoting good relations between different groups and the Equality Impact Assessment helps to ensure that the council are able to do this.

### **4. Consultees and their opinions**

Comments from a wide range of statutory and non-statutory consultees have been taken into account in preparing the Publication Draft Local Plan. A summary of the comments received and the Council's response to these comments are included as background papers.

As part of the technical evidence base underpinning the policies and proposals set out in the Publication Draft Local Plan, a wide range of internal and external consultees have provided technical advice. This advice has been considered, taken into account, and has informed decisions for accepted and rejected policies and proposals.

As part of the statutory regulations laid out for preparing development plan documents and, in accordance with the Council's Statement of Community Involvement and other Council consultation protocols, the Council now needs to consult all interested parties on the Publication Draft Local Plan before submission to the Secretary of State.

Briefing sessions have taken place with all ward councillors since the Local Plan began to be prepared. Copies of the Local Plan policies were circulated to all ward councillors for comment prior to its public consultation last year and copies of the Publication Draft Local Plan policies and proposals have been provided ahead of this meeting. Details of the proposed consultation arrangements have been discussed with Cabinet member portfolio holders and a pre-scrutiny meeting held.

## **5. Next steps**

### **a. Consultation on the Publication Draft Local Plan**

The publication stage plan is the document which the local authority considers ready for examination. However, the Publication Draft Local Plan must be published for representations to the Local Planning Authority before it can be submitted to the Planning Inspectorate for examination. This provides a formal opportunity for the local community and other interests to consider the Local Plan, which the Local Planning Authority would like to adopt.

The specific publication requirements are set out at Regulations 17,19 and 35 of the Town and Country Planning (Local Planning) (England) Regulations 2012. The consultation on the Publication Draft Local Plan will be focussed on whether the plan meets legal and soundness tests.

The legal tests are as follows:

- compliance with the Local Development Scheme;
- the process of community involvement for the plan should be in general accordance with the Statement of Community Involvement;
- the plan should comply with the Town and Country Planning (Local Planning) (England) Regulations 2012;
- whether a Sustainability Appraisal has been carried out and whether the Habitat Regulations have been complied with; and,
- whether the Duty to Co-operate has been complied with

The soundness tests are as follows:

- Positively prepared – the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development;
- Justified – the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence;
- Effective – the plan should be deliverable over its period and based on effective joint working on cross-boundary strategic priorities; and.
- Consistent with national policy – the plan should enable the delivery of sustainable development in accordance with the policies in the National Planning Policy Framework.

It is officer's opinion that these tests have been met and that the plan is ready for examination. However it is necessary for the Council to review comments which are received regarding these tests before formally submitting the plan to the Secretary of State in order to avoid risk of significant challenge occurring at the examination.

During the consultation on the Draft Local Plan some new site options were submitted to the Council. All these new site options have been assessed and will be presented for public comment as part of the publication stage of the Local Plan.

Subject to approval, the Council will consult on the Publication Draft Local Plan and its supporting documents. The consultation will be carried out in accordance with the proposals set out in the consultation schedule attached as Appendix 2 to this report.

#### **b. Submission of the Local Plan to the Secretary of State**

Having received any representations on the publication version of the plan, the Council should submit the Local Plan and any proposed changes it considers appropriate, along with supporting documents to the Planning Inspectorate for examination on behalf of the Secretary of State. A Statement of Representations Procedure will be published alongside the submission version of the Local Plan.

Before the Council submits the plan it must review the representations received regarding legal and soundness matters and satisfy itself that the Local Plan is ready for independent examination. It is therefore requested that the decision to formally submit the Local Plan to the Secretary of State is delegated to the Director of Place in consultation with the Leader and Deputy Leader. The Local Development Scheme confirms that the plan is proposed to be submitted in March 2017.

The submitted documents should include those that were made available at the publication stage (updated as necessary), including details of who was consulted when preparing the Local Plan and how the main issues raised have been addressed. Comments made on the Draft Local Plan will also be provided to the Secretary of State.

#### **c. The Examination in Public**

The Local Plan will be examined by an independent Inspector from the Planning Inspectorate (PINS) whose role is to assess whether the plan has been prepared in accordance with the Duty to Cooperate, legal and procedural requirements, and whether it is sound. The Examination in Public is conducted by the Inspector and they are responsible for the timing of the examination and its main stages. The Council will appoint a Programme Officer to liaise between the Council, other interested parties and the Inspector and to run the day to day programme.

#### **d. Final Adoption of the Local Plan**

If the plan is found to be 'sound' following its Examination in Public, the Council will then need to make a final decision to adopt the plan. Until this stage, i.e. adoption of the Local Plan, the existing Unitary Development Plan will remain the statutory development plan for Kirklees. The decision to 'adopt' the plan after the Examination in Public requires a full Council meeting decision to be made at a later date. The council's Local Development Scheme suggests this is likely to be in early 2018.



## 6. Officer recommendations and reasons

### **Recommendation 1 (this is a Cabinet decision only)**

Officers recommend that Cabinet Members:

- advise Council that Cabinet supports the Local Plan for publication and submission; and
- approve the attached schedule setting out the proposed consultation arrangements for the Publication Draft Local Plan for public consultation; and
- delegate authority to the Director of Place, in consultation with the Leader and Deputy Leader of the Council, to put in place any minor amendments to the consultation arrangements set out in the schedule attached to this report as necessary.

Reason: to ensure that the publication stage consultation is carried out in accordance with the Council's approved Statement of Community Involvement and to comply with planning legislation for preparing a development plan.

### **Recommendation 2 (this is a Council decision only)**

Officers recommend that Council:

- approve publication of the Local Plan to invite formal representations relating to the legal and soundness tests, and thereafter submit the Local Plan to the Secretary of State for an independent examination in public in accordance with the approved Local Development Scheme
- approve delegated authority to the Director of Place to submit the Local Plan to the Secretary of State once the period for representations has expired.

This is subject to:

- completion of a Habitat Regulation Assessment and Sustainability Appraisal, and
- authorising the Director of Place, in consultation with the Leader and Deputy Leader of the Council, to make minor amendments as may be necessary, prior to formal publication for representation and/or prior to submission of the Local Plan to the Secretary of State

Reason: to ensure that the Local Plan is prepared in accordance with the timeline set out in the Council's Local Development Scheme and to comply with planning legislation for preparing a development plan.

## 7. Cabinet portfolio holder recommendation

Portfolio holders have been briefed on the content of the Publication Draft Local Plan, the purposes of submitting the plan to the Secretary of State for Examination in Public and on the consultation arrangements attached to this report. The Portfolio Holders support and agree with the officer recommendations set out in this report.

## 8. Contact officer and relevant papers

Richard Hollinson - Policy Group Leader, Planning Services  
[richard.hollinson@kirklees.gov.uk](mailto:richard.hollinson@kirklees.gov.uk)  
(01484) 221000

## 9. Assistant Director responsible

Paul Kemp - Assistant Director - Place  
[paul.kemp@kirklees.gov.uk](mailto:paul.kemp@kirklees.gov.uk)  
(01484) 221000

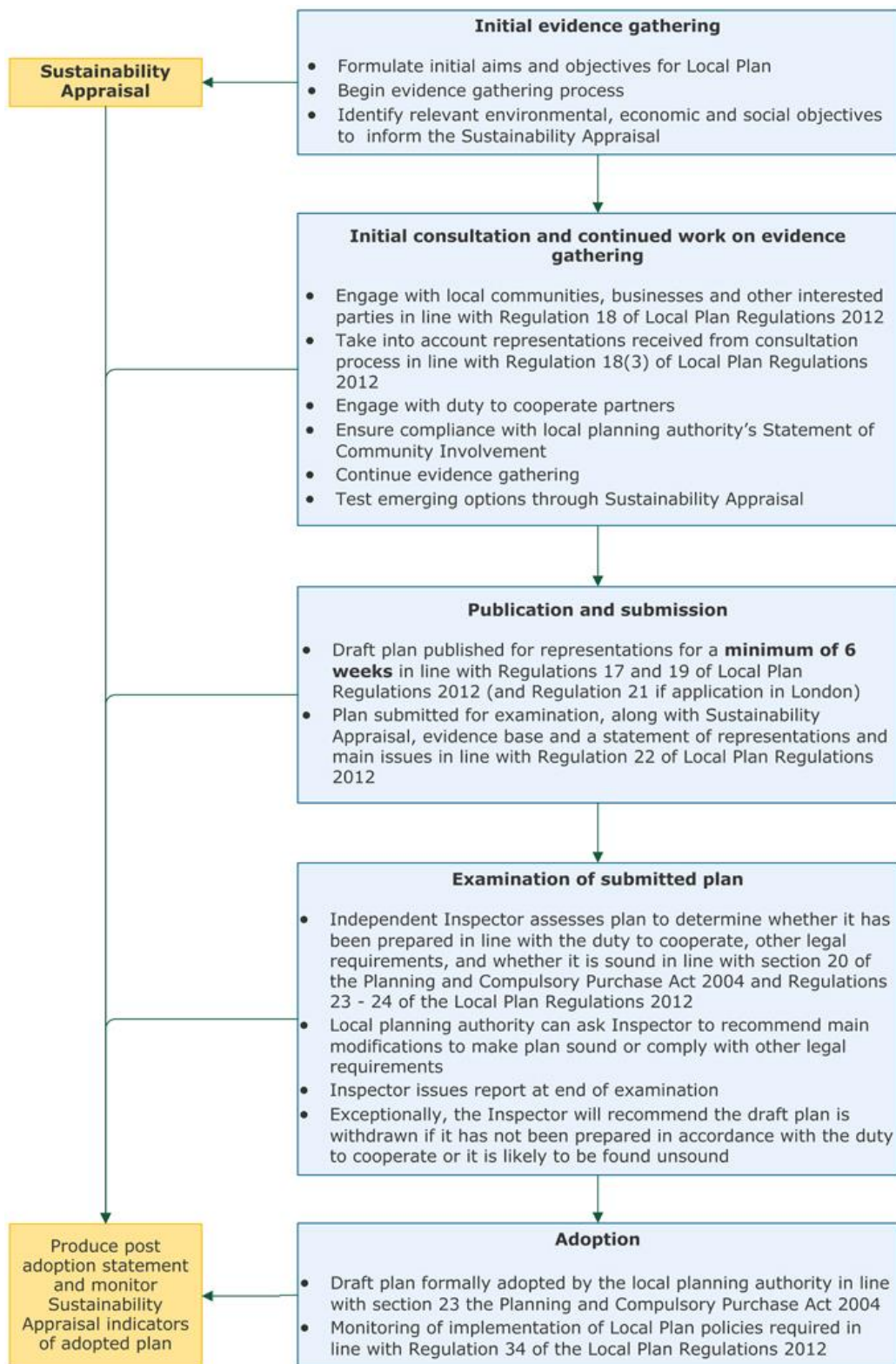
## 10. Background Papers

### [Background Papers](#)

- [Local Development Scheme 2016](#)
- [Statement of Community Involvement](#)
- Publication Draft Local Plan – Strategy and Policies
- Publication Draft Local Plan – Allocations and Designations
- Publication Draft Local Plan – Policies Map 1
- Publication Draft Local Plan – Policies Map 2
- Publication Draft Local Plan – Policies Map 3
- Publication Draft Local Plan – Policies Map 4
- Publication Draft Local Plan – Policies Map 5
- Publication Draft Local Plan – Policies Map 6
- Publication Draft Local Plan – Policies Map 7
- Town Centre Maps
- Draft Local Plan – Strategy and Policies – Summary of Comments
- Draft Local Plan – Allocations and Designations – Summary of Comments
- Draft Local Plan – Rejected Options - Summary of Comments
- Draft Local Plan - Green Belt Review and Outcomes – Summary of Comments
- Draft Local Plan - Sustainability Appraisal and Habitat Regulations Assessment – Summary of Comments

**PLEASE NOTE - HARD COPIES OF THE BACKGROUND PAPERS ARE AVAILABLE FOR COUNCILLORS TO VIEW AT THE CABINET OFFICE - OR GOVERNANCE AND DEMOCRATIC SERVICES - CIVIC CENTRE III.**

**PLEASE NOTE - HARD COPIES OF THE BACKGROUND PAPERS ARE AVAILABLE FOR MEMBERS OF THE PUBLIC TO VIEW AT HUDDERSFIELD CENTRAL LIBRARY AND RECEPTION - DEWSBURY TOWN HALL.**



## APPENDIX 2

### Local Plan Consultation Methodology

#### Outline

Following the consultation on site options in November 2015, the revised Local Plan will go out for public consultation on its soundness for 6 weeks in November 2016:

- Monday 7 November to Monday 19 December

This is consistent with statutory guidelines and recognised good practice.

Over 17,000 representations were received during the last round of consultation, which we believe is indicative of a high degree of engagement from local residents, businesses and stakeholders, prompted no doubt, by the publication of specific site details. We expect high engagement to continue for those who contributed to the last round of consultation, and this is made easier by the fact we have retained contact details for many of these people. Generally, the issue of soundness is slightly more technical for previously disengaged groups and the general public to grasp, but consistent with previous consultation exercises, this consultation methodology proposes a blend of channels which can be accessed by individuals, appropriate to their level of interest in, and understanding of, the issues.

#### Submitting and collating views

The main comment tool will be the availability of a standard form listing the grounds for challenging soundness through the *Objective* consultation system. A standard form will help guide objectors to set out their grounds for challenging the soundness of the plan, rather than encouraging respondents to repeat general comments about sites which have been considered previously. All information in the public domain will refer people to the Local Plan pages of the council's website, which will in turn, link through to Objective.

For people who do not wish to complete representations on-line, there will be the opportunity to download a writable PDF version of the standard form which can be completed and emailed to [local.development@kirklees.gov.uk](mailto:local.development@kirklees.gov.uk).

We will produce a summary information leaflet which sets what has happened to date, and what remains of the process prior to adoption, referencing the on-line Local Plan documents published previously, but this will not be a summary of the Local Plan proposals in itself. The summary leaflet will also explain that this round of consultation is about the soundness of the Local Plan, and how to do that.

The summary leaflet will be widely distributed through the same channels as the previous summary leaflet. A full copy of the revised Local Plan and accompanying maps will be made available at the Deposit Locations in Huddersfield and Dewsbury.

ACTIVITY	AUDIENCE	DETAIL	RESPONSIBLE	NOTES
<p><b>REVISED PLAN PUBLISHED</b>  <b>Mon 7 Nov</b></p> <ul style="list-style-type: none"> <li>• on-line</li> <li>• full copy made available in locations specified in Statement of Community Involvement: Dewsbury Service Centre and Civic Centre 3 Huddersfield</li> </ul>	<p>residents  businesses  developers  land-owners</p>	<p>The revised Local Plan will be of interest to groups and individuals who are already engaged in the Local Plan process, and those who engaged in the last round of consultation</p> <p>A full copy of the revised draft Local Plan will be available at:</p> <ul style="list-style-type: none"> <li>• Civic Centre 3, Huddersfield</li> <li>• Dewsbury Service Centre</li> </ul> <p>Together with the plan, will be:</p> <ul style="list-style-type: none"> <li>• a summary of the main changes to policy and strategy, greenspace and the greenbelt</li> <li>• a list of new and revised site options which have been included since the last draft plan was published</li> <li>• a list of all changes</li> </ul>	<p>RH to draft plan</p> <p>AS to distribute to SCI locations</p> <p>AMP/JS to distribute to any additional locations</p> <p>Comms to manage upload to webpages</p>	<p>This is consistent with previous consultations and in line with the Statement of Community Involvement.</p>

	<p>elected members</p>	<p>Party Business Managers will each receive 4 boxed copies of the revised draft Local Plan, together with a full set of accompanying maps</p> <p>All members will receive a detailed summary which will include:</p> <ul style="list-style-type: none"> <li>• significant changes affecting policy, strategy, green space and greenbelt</li> <li>• new sites added</li> <li>• existing sites which have been significantly revised so that we are treating them as a new site</li> <li>• any changes to controversial sites (including rejections)</li> </ul> <p>Each member will receive a map of their ward area (Business Managers will have 4 complete sets of maps to share within the party)</p> <p>Full copies of the revised Local Plan can be made available to individual members on request</p>	<p>Governance to distribute to members</p>	<p>It is costly to produce 75 printed copies of the full Local Plan, so where possible we would like Party Groups to share 4 copies amongst themselves.</p> <p>However each member will be provided with a comprehensive summary of all significant changes to the Local Plan together with an updated map of their ward area, so that they can assess the impact of any changes within their ward.</p> <p>We recognise some members will still prefer to have their own full copy of the Local Plan, and will make copies available on request.</p> <p>Packs will be available to collect at 9 November Council Meeting</p>
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<p><b>SUMMARY LEAFLET PUBLISHED Mon 7 Nov</b></p>	<p>All</p> <p>Explanation of:  - Local Plan process to date and how to access the revised Local Plan on-line  - summary of main changes to Local Plan  - explanation of technical grounds to challenge Local Plan at this stage  - how to access standard form</p>	<p>12 page summary of the main changes to the Local Plan as a result of last consultation</p> <p>(10,000 copies printed)</p> <p>Made available:</p> <ul style="list-style-type: none"> <li>• in SCI locations (Dewsbury &amp; Huddersfield)</li> <li>• Huddersfield, Dewsbury and Cleckheaton Town Halls</li> <li>• at all Kirklees Library and Information Centres across the district (26 locations)</li> <li>• to all elected members</li> </ul>	<p>AMP to draft, print &amp; distribute</p>	<p>Include production of point of sale stands</p>
<p><b>LETTERS TO LOCAL PLAN DATABASE w/c Mon 7 Nov</b></p>	<p>Engaged residents, businesses, landowners, developers and special-interest groups</p>	<p>We will write to all those who have previously asked to join our Local Plan database, to be kept informed of any developments in relation to the Local Plan.</p> <p>We will write to all those who made representations during the last round of consultation, where we have address or contact details for them.</p> <p>This comprises around 5000 email addresses; and a further 5,000 postal addresses – 10,000 contacts in total.</p> <p>Letter will direct recipient to look at the revised Local Plan online; to highlight the standard form to challenge the revised plan; and to submit their comments through <i>Objective</i> where possible.</p>	<p>JS to draft letters AS to distribute</p>	

<p><b>PRESSS</b>  <b>from w/c 4 October</b>  <b>&amp; as appropriate thereafter</b></p>	<p>All</p>	<p>Main press feature to be timed around publication of papers for Full Council on 12 October.</p> <p>Interview with senior politician and Asst Director</p> <p>Subject – main changes and process of this consultation</p> <p>Further press release when the consultation period begins, with further releases to follow as appropriate until the consultation period ends.</p>	<p>AI</p>	<p>To note that press interest is likely to start early with the publication of the Cabinet Papers</p>
<p><b>ON-LINE CAMPAIGN</b>  <b>w/c Mon 7 Nov</b></p>	<p>All</p>	<p>Homepage campaign for 2 weeks from w/c 9 Nov</p> <p>Draft Local Plan published on Local Plan web pages</p> <p>Summary leaflet also published on Local Plan web pages</p> <p>Produce Videoscribe to explain main changes and process &amp; how to comment – to be used in conjunction with on-line campaign and SM integration</p> <p>Local Plan pages to be mobile/tablet optimised to have the appearance of an APP</p> <p>Links through from information documents to the <i>Objective</i> consultation system</p>	<p>AMP  AI  NS</p>	



		<p>Homepage campaign will be supported by Facebook and other SM activity throughout the consultation period</p> <p>Intranet campaign for 2 weeks from w/c 7 Nov</p>		
<p><b>FOCUS GROUPS</b> dates tbc within consultation period</p>	<p>Young people People aged 65+ Disabled people Faith groups Businesses BME</p>	<p>No additional focus group activity is proposed; however we will meet with groups who specifically requested a follow-up meeting during those original discussions in November 2015</p>		
<p><b>PUBLIC DROP-IN SESSION</b> full day event in Dewsbury – Tuesday 22 November full day event in Huddersfield – Tuesday 29 November</p>	<p>Members of the public</p>	<p>Staff will be on hand to explain the plan and answer questions to help members of the public to comment on-line using mobile IT stations.</p> <p>Sessions will include:</p> <ul style="list-style-type: none"> <li>• explanatory video</li> <li>• revised Local Plan available</li> <li>• summary leaflets available</li> <li>• mobile workstations for submitting comments</li> </ul>	<p>AMP JS</p>	

<p><b>DISTRICT COMMITTEES</b>  <b>Within Consultation period or period leading up to consultation</b></p>	<p>Elected members and members of the public</p>	<p>1) joint briefing of all chairs of district committees tbc in October to cover:</p> <ul style="list-style-type: none"> <li>• the scope of this consultation</li> <li>• where to find information</li> <li>• how to register views</li> <li>• next steps</li> </ul> <p>2) Information will be provided to elected members to enable them to host their own session on the Local Plan, including:</p> <ul style="list-style-type: none"> <li>• summary leaflets</li> <li>• comprehensive summary of changes</li> <li>• applicable ward map</li> <li>• blank comments forms</li> </ul>	<p>RH SM</p>	<p>Members wanting to hold their own sessions will be able to borrow full copy of the plans from Group Business Managers if they wish)</p>
<p><b>SCRUTINY</b>  <b>Share this Consultation Methodology with Chair of Scrutiny</b></p>	<p>Scrutiny Committee</p>	<p>A private briefing with the chair of Scrutiny will be undertaken to share this methodology in advance of Cabinet</p>	<p>AMP &amp; RH</p>	
<p><b>KIRKLEES TOGETHER (on-line &amp; print)</b>  <b>*Print to be distributed towards the start of consultation period</b>  <b>*Online story in kirkleestgether.co.uk for the duration of the consultation</b></p>	<p>Kirklees residents</p>	<p>Kirklees Together will carry a short signpost to the website to encourage people to view and comment</p> <p>Kirklees Together (digital) will also hold an article about the Local Plan in-keeping with the overall editorial style, signposting people to the Local Plan pages of the website to read the draft Local Plan and to make their comments.</p>	<p>AMP AI</p>	

# EQUALITY IMPACT ASSESSMENT FRONT COVER

**Service Details**

**Ref No.**

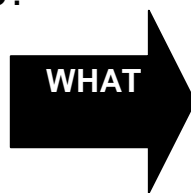
(to be allocated by the equality and diversity team)

<b>Directorate:</b>	<b>Service:</b>
<b>Place</b>	Investment and Regeneration Service
<b>Lead Officer:</b>	<b>Service Area/Team:</b>
Richard Hollinson	Planning Policy
<b>Officers responsible for Assessment:</b>	<b>Date:</b>
Richard Hollinson	22/9/2016

**About the proposal**

**What are you planning to do?**

- Change/Reduce public
- Remove
- Introduce or charge Practice/Profile
- Review



- Service provision to the
- Policy
- Employment

**Assessed level of Impact**

- High
- Medium
- Low

**Budget Affected**

- Capital
- Revenue

**How has this issue come about?**

- Budget Proposal
  - Service Plan
  - Loss/reduction in funding Legislation. (inc. end of funding period)
  - New funding/Grant Aid
  - Legal Duty
  - Other (please state) A change in Planning
- 

**Proposal detail** (give a brief outline of what this is about – no max words)

The Publication Draft Local Plan will become the main planning policy document for the district over the plan period until 2031, in summary it will contain the following:

- a vision and strategic objectives for the development of Kirklees up to 2031;
- a spatial strategy setting out how development will be accommodated across the district reflecting the distinctiveness of different parts of the district;
- objectively assessed development needs particularly for housing and employment – specifying the number of new homes and jobs to be provided during the plan period;
- clear policies to guide decisions on planning applications;
- site allocations showing land to be developed for housing, employment, retail, minerals and waste and other uses, identified on a policies map;
- designations showing land to be protected from development and land subject to other policies in the plan;
- infrastructure provision – to support the delivery of the proposed development;
- detail on how the policies will be delivered and implemented; and
- a monitoring framework – setting out the performance measures that will show how successfully the plan’s objectives and proposals are being delivered over time.

### Who is the proposal likely to impact?

- Age  Marriage & Civil Partnership  Religion & Belief
- Disability  Pregnancy & Maternity  Sex
- Gender Reassignment  Race  Sexual Orientation

X Other (please state) It will impact all members of the society who either live, work, visit or do business within the district, and in particular those members who are directly involved the development industry.

The PDLP affects all members of society who are directly or indirectly involved in the planning system. This can be local residents, businesses, or those that work in or visit the district. It will provide benefits to some members of society such as assisting in increasing access to affordable housing, improving transport infrastructure, and access to sustainable modes of transport, ecological and open space protection and enhancement.

### Which ward area(s) is this likely to affect?

Have any of the following been completed?	Y	N
Stage 1 Screening Tool	X	<input type="checkbox"/>
Stage 2 Legal Compliance	X	<input type="checkbox"/>
Stage 3 Customer focus assessment	<input type="checkbox"/>	X

Is the proposal likely to have an adverse impact on compliance with the Public Sector Equality Duty?

N

Y

- Ending Unlawful Discrimination, harassment & Victimisation  X
- Promoting Equality of opportunity  X
- Foster Good Relations  X

**List any supporting documents**

There is an extensive document library for the Publication Draft Local available to view at [www.kirklees.gov.uk/localplan](http://www.kirklees.gov.uk/localplan)

**Authorisation**

Sign off by lead officer (name)	Signature	Date
<b>Simon Taylor - Head of Development Management</b>		29/09/16
Sign off by Assistant Director (name)		Date
Proposed Review Date		

**Further Authorisation**

Authorising Body	Signature	Date



## EQUALITY IMPACT ASSESMENT STAGE 2 – ENSURING LEGAL COMPLIANCE

In what way does your current service delivery help to:	How might your proposal affect your capacity to:	How will you mitigate any adverse effects? <small>(You will need to review how effective these measures have been)</small>
<b>End Unlawful Discrimination?</b>	<b>End Unlawful Discrimination?</b>	
<p>The Planning Service operates within the Council’s requirements not to discriminate through the planning application and planning policy making process.</p> <p>The Publication Draft Local Plan has been formulated in accordance with Policies and guidance in the National Planning Policy Framework, National Planning Policy Guidance and all relevant planning legislation. These national documents have all been subject to their own EIA.</p>	<p>The establishment of the Publication Draft Local Plan has involved an initial early engagement to gain views from the public, and then two subsequent periods of public consultation on the Local Plan. The consultations adhere to the Council’s Statement of Community Involvement (SCI) and consultation guidelines.</p> <p>The Publication Draft Local Plan will focus new development in areas of the district which have been assessed by officers/technical consultees to be capable of accommodating new development balancing all material planning considerations, and taking account of consultations by statutory bodies and members of the public. The Publication Draft Local Plan will also protect other areas of the district such as the Green Belt or open space, and will be used to assess planning application for all other types of development considering issues such as design, amenity, highway safety and ecology, and infrastructure needs.</p> <p>New development may be unequal across the district in terms of amount however this</p>	<p>A consultation methodology was prepared in accordance with the council’s Statement of Community Involvement), the council’s Involving Communities Framework, and the planning regulations. The SCI was subject to an EqIA and public consultation. Both the SCI and the Involving Communities framework provide an open and transparent framework for consultation to ensure equality for all to make representations and shape planning policy documents including the Local Plan.</p> <p>Officers have reviewed and made appropriate changes to the local plan following public consultation, including amending sites and policies.</p> <p>Officers will review representations made in the consultation of the Publication Draft Local Plan and if there are any issues raised at this stage that raise EIA issues these will be fully taken into account. Members of the public will also be able to attend the examination in public on the plan and request to put their view forward during these sessions.</p>

	would not be against specific equality groups.	The Local Plan will be continually monitored throughout it is implementation, via the Annual Monitoring Report and monitoring indicates set out in the Publication Draft Local Plan.
<b>Promote Equality of Opportunity?</b>	<b>Promote Equality of Opportunity?</b>	
When the Planning Policy team undertakes public consultation, it does so in adherence to the Statement of Community Involvement (SCI), and other relevant Council requirements including the council's Involving Communities Framework. The SCI is available on the council's website at: <a href="http://www.kirklees.gov.uk/business/regeneration/localplan/communityinvolvement.aspx">http://www.kirklees.gov.uk/business/regeneration/localplan/communityinvolvement.aspx</a>	The SCI will be adhered to alongside other relevant Council policies to ensure equality of opportunity is met. The Publication Draft Local Plan provides Planning Policies which will be used by the Council when assessing planning applications to ensure that community and economic needs of the district are met, and ensure that areas of the district which are of important community or local value are protected or enhanced. The Publication Draft Local Plan will also ensure the delivery of affordable housing across the district brought about from new housing developments, and will ensure that a wider range of other issues are assessed such as ecological, highway safety, design, amenity etc.	The SCI reduces any potential discrimination by ensuring an open and transparent process. The levels of development set out in the Publication Draft Local Plan have been set based on a detailed evidence base, and predicated on population growth, housing and employment needs, and considering the levels of growth set out in the Kirklees Economic Strategy and the Joint Health and Wellbeing Strategy.
<b>Foster Good Relations Between People</b>	<b>Foster Good Relations Between People</b>	
The Planning Service operates within the	The Publication Draft Local Plan has been	Officer advice on planning proposals, the



<p>Council's requirements not to discriminate through the planning application and planning policy making process.</p>	<p>written with the input of local residents, and all sections of society through opportunities to comment on the early engagement consultation, the call for sites process, and subsequent periods of formal consultation. The Publication Draft Local Plan will help to strategically manage new development across the district, enhance areas of the district both in terms of their appearance and function, but also in terms of their economic prosperity, and also ensure that new developments have an acceptable impact on local residents. Local residents will have the opportunity to comment on planning proposals in light of the Policies set out in the Publication Draft Local Plan, to aid in ensuring that new developments accord with planning policies, and residents get chance to have their say at every stage in the planning process..</p>	<p>opportunity to make representations on planning proposals and the planning committee process will foster good relations with people.</p>
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Think about what you are planning to change; and what impact that will have upon 'your' compliance with the Public Sector Equality Duty (refer to [guidance sheet](#) complete with examples where necessary)



**ONLY IF** You are confident that there is little if any negative affect on your public sector equality duty and/or you have all the necessary evidence to support your proposal.

- Save this sheet for your own records
- Complete and save a front sheet
- Send this, a front sheet and your screening tool if you have completed one to [equalityanddiversity@kirklees.gov.uk](mailto:equalityanddiversity@kirklees.gov.uk)



- IF the proposal is likely to be high or medium/high impact on equality groups,
- AND**
- You do not have any supporting evidence needed for your proposal (such as consultation)
- Your proposal is likely to have a negative effect on your ability to comply with the Public Sector Equality Duty. Proceed to stage 3 Customer focus assessment.

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Name of meeting: Cabinet and Council  
Date: 12<sup>th</sup> October 2016

Title of report: Consultation on the Community Infrastructure Levy - Draft Charging Schedule.

Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	The proposal will have an effect on all Wards
Is it in the <a href="#">Council's Forward Plan</a> ?	Yes
Is it eligible for "call in" by <a href="#">Scrutiny</a> ?	Yes
Date signed off by <u>Director</u> & name	Jacqui Gedman - 30.09.16
Is it also signed off by the Assistant Director - Financial Management, Risk, IT & Performance?	Debbie Hogg - 28.09.16
Is it signed off by the Assistant Director - Legal, Governance & Monitoring?	Julie Muscroft - 29.09.16
Cabinet member <a href="#">portfolio</a>	Councillor Peter McBride - Economy Skills, Transportation and Planning

Electoral [wards](#) affected: All  
Ward councillors consulted: None at this stage.

Public or private: Public

## 1. Purpose of report

This report requests approval to consult on the Community Infrastructure Levy (CIL) Draft Charging Schedule and proceed to examination alongside the Draft Local Plan.

The Draft Charging Schedule rates and charging zones can be found in Appendix A. Further explanation and requested actions are set out in this report.

The future governance arrangements for distributing Community Infrastructure Levy revenue is not subject to this report and will need to be determined at a later date once the charge rates have been subject to independent examination.

## **2. Key points**

The CIL is effectively a development tax that local planning authorities can implement to help pay for new infrastructure that is needed to support new development.

CIL rates have to be based on two main pieces of evidence;

- An assessment of development viability across the district which tests the impacts of national and local planning policies and recommends CIL rates that will not render development unviable.
- The infrastructure assessment that supports the Local Plan and identifies what infrastructure schemes the CIL can help to fund.

The Council has commissioned consultants who have gathered evidence across Kirklees about the current viability of different types of development. The results and recommendations have provided the evidence for setting the Kirklees CIL Draft Charging Rates.

The infrastructure evidence supporting the Publication Draft Local Plan, in the form of the Infrastructure Delivery Plan and Infrastructure Delivery Plan Addendum, provide the justification for establishing a CIL charge to help pay for the infrastructure types and schemes identified.

### **a. Changes since the Preliminary Draft Charging Schedule Consultation**

The first round of CIL consultation took place alongside the Draft Local Plan between 9<sup>th</sup> November 2015 and 1<sup>st</sup> February 2016. There were a total of 69 comments relating to the CIL Preliminary Draft Charging Schedule and its supporting evidence from a range of consultees including; developers, infrastructure providers and members of the public. The majority of comments were supportive or conditionally supportive, with 10 objections.

In response to comments received through the consultation and an update of viability evidence the Draft Charging Schedule includes some changes compared to the Preliminary Draft Charging Schedule. The specific changes are outlined below:

- Reduction in the number of charging zones from 5 to 4, merging zones 1 & 2 of the Preliminary Draft Charging Rates.
- Revised charging zone boundaries based on updated housing market and viability evidence.
- Revised charge rate for charging zone 2 (From £60 to £20 per sq m for developments of more than 10 units).

Following the Draft Charging Schedule consultation the document and supporting evidence will be submitted for examination where it will be considered whether the Council has struck an appropriate balance between:

- i) the desirability of funding from CIL in whole or in part the actual and estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding, and
- ii) the potential effects, taken as a whole, of the imposition of CIL on the economic viability of development across the Kirklees District. (The Community Infrastructure Levy Regulations 2010 14(1) as amended 2014).

If the Draft Charging Schedule is judged to be in compliance with the CIL Regulations, the Council can then decide to adopt the CIL and begin applying CIL charges to new development. This is timetabled for early 2018 alongside Local Plan adoption as shown in the Local Development Scheme.

**b. Nominal Charging Rate (£5 rate per sqm)**

The viability assessment identifies that in some areas of the district there is limited viability to charge any CIL for the types of housing development that have been tested. There is nonetheless the potential to set a nominal rate in these areas so that all liable housing developments across the district make a contribution towards the improvement of infrastructure. The Draft Charging Schedule therefore includes £5 nominal rates per sqm in residential charging zones 3 & 4.

**c. CIL Income Estimates**

By applying the draft CIL rates to accepted housing sites in the Publication Draft Local Plan it is estimated that circa £30 million could be raised by the CIL across the plan period up to 2031.

**d. Leeds City Region CIL Authority Progress**

There are a number of Leeds City Region authorities charging or in the process of implementing the CIL as outlined in the table below.

<b>Authority</b>	<b>Timetable</b>
<b>Leeds</b>	Charging CIL since 6 <sup>th</sup> April 2015
<b>Wakefield</b>	Charging CIL since 1 <sup>st</sup> April 2016
<b>Bradford</b>	CIL Examination July 2016
<b>Calderdale</b>	Preliminary Draft Charging Schedule consultation Nov/Dec 2015
<b>Barnsley</b>	Preliminary Draft Charging Schedule consultation June/July 2015

*Table 1: Leeds City Region Authority Progress*

#### **e. Planning Obligations (Section 106 & 278 Agreements) and CIL**

The CIL is intended to help fund infrastructure to support the development of an area rather than making an individual planning application acceptable in planning terms, which is the purpose of a planning obligation (Section 106 agreement). The CIL will not fully replace planning obligations but is a complementary measure for infrastructure delivery.

Planning obligations will continue to be the primary mechanism for securing affordable housing through the planning system. In addition, they will still be used to mitigate the direct impact of the development proposed, to make it acceptable in planning terms.

The CIL Regulations restrict the use of planning obligations to ensure that developments are not charged twice for the same infrastructure type or project (i.e. through both a planning obligation and a CIL charge). The Council is, therefore, required to publish a list of infrastructure it intends to fund via CIL, this is called the Regulation 123 list. It will not be possible to seek planning obligations towards items identified for CIL funding on the Regulation 123 list. Furthermore, since April 2015 the Council is only able to pool a maximum of five planning obligations entered into after 6<sup>th</sup> April 2010 towards a particular infrastructure project or type.

#### **f. Section 278 agreement (of the Highways Act 1980) is:**

- an agreement between the Council and developer which describes proposed modifications to the existing highway network to facilitate or service a proposed development
- typically the scope of any off site works that are required to mitigate the impact of the development on the existing road network
- examples of works covered by this type of agreement could include:
  - roundabouts,
  - signalised junctions,
  - right turn lanes,
  - safety related works such as traffic calming,
  - street lighting,
  - improved facilities for pedestrians and cyclist.

Items identified on the R123 list for CIL funding will not be able to be delivered by S278 Agreements as the CIL Regulations prevent double charging similar to S106 Agreements. However S278 Agreements are not limited to pooling restrictions like S106 Agreements.

A 'meaningful proportion' of CIL that is raised in an area (the neighbourhood proportion) must be spent on local infrastructure priorities. The Council will work with local communities and Town and Parish Councils to agree their local spending priorities. The neighbourhood proportion can be spent on items on the Regulation 123 list, but it does not have to be, as long as it addresses the demands that development places on an area.

Once the neighbourhood proportion of the CIL income has been allocated to the relevant neighbourhood in which the development has taken place, the remaining money will be pooled and spent on strategic infrastructure priorities to support growth and economic development in the district. The infrastructure spending priorities will be informed by the Regulation 123 List. The predicted CIL income will not meet the estimated infrastructure funding gap. Therefore, CIL money will be spent on infrastructure priorities in conjunction with other sources of funding.

**g. Kirklees CIL Draft Regulation 123 List**

**(Required by Regulation 123 of Community Infrastructure Levy (CIL) Regulations)**

Infrastructure projects it is intended to fund through CIL\*

<b>Regulation 123 List CIL Infrastructure</b>
Strategic transport infrastructure Kirklees wide
Strategic education infrastructure Kirklees wide
Strategic open space infrastructure Kirklees wide
Strategic flood alleviation schemes Kirklees wide
Strategic community and cultural infrastructure Kirklees wide
Strategic sports, leisure and recreation infrastructure Kirklees wide

*\*Extracted from the Local Plan Infrastructure Delivery Plan and the Kirklees Local Plan Infrastructure Delivery Plan Addendum) – see for further information on strategic infrastructure projects.*

Infrastructure projects it is intended to fund through S106 & S278 Agreements

<b>S106 &amp; S278 planning obligations</b>	
Transport infrastructure directly related to a specific site which makes a development acceptable in planning terms and is fairly and reasonably related in scale and kind	
Strategic development site school provision which makes a development acceptable in planning terms and is fairly and reasonably related in scale and kind:	<ul style="list-style-type: none"> <li>• primary provision for Bradley Strategic Site (H1747 &amp; H351)</li> <li>• primary and secondary provision for Chidswell Strategic Site (MX1905)</li> <li>• primary and secondary provision for Dewsbury Riverside Strategic Site (H2089)</li> </ul>
On-site open space / green space provision as required by Local Plan Policies (which includes requirements for a financial contribution in lieu of on-site provision in certain circumstances) directly related to a specific site which makes a development acceptable in planning terms and is fairly and reasonably related in scale and kind	
On-site flooding and drainage mitigation directly related to a specific site which makes a development acceptable in planning terms and is fairly and reasonably related in scale and kind	
On-site community and cultural infrastructure directly related to a specific site which makes a development acceptable in planning terms and is fairly and reasonably related in scale and kind	
On-site sports, leisure and recreation infrastructure directly related to a specific site which makes a development acceptable in planning terms and is fairly and reasonably related in scale and kind	
Affordable housing	

#### **h. Affordable Housing**

The Publication Draft Local Plan affordable housing policy has been tested in the viability assessment and used to inform the CIL rates. The draft affordable housing policy sets out:

<b>Developments more than 10 units:</b>	20% of units to be affordable
<b>Development of 10 Units or less:</b>	Zero affordable housing

The affordable housing rate and threshold at which the policy starts to apply has been drafted based on the up to date viability evidence and affordable housing needs. It is judged that developments of over 10 dwellings are more likely to be able to deliver affordable units. This is not to say that all developments of 10 dwellings and under cannot demonstrate some residual value, and this is reflected in higher CIL rates in more viable market areas. This issue forms part of the wider balance that has to be considered between the delivery of affordable housing, infrastructure funding and ensuring Local Plan delivery.



## **i. CIL Exemptions and Payment Terms**

As set out in the CIL Regulations the following do not pay the levy:

- development of less than 100 square metres – unless this is a whole house, in which case the levy is payable
- houses, flats, residential annexes and residential extensions which are built by ‘self builders’ (see Regulations 42A, 42B, 54A and 54B, inserted by the 2014 Regulations)
- social housing that meets the relief criteria set out in Regulation 49 or 49A (as amended by the 2014 Regulations)
- charitable development that meets the relief criteria set out in Regulations 43 to 48
- buildings into which people do not normally go
- buildings into which people go only intermittently for the purpose of inspecting or maintaining fixed plant or machinery
- structures which are not buildings, such as pylons and wind turbines
- specified types of development which local authorities have decided should be subject to a ‘zero’ rate and specified as such in their charging schedules
- vacant buildings brought back into the same use
- Where the levy liability is calculated to be less than £50, the chargeable amount is deemed to be zero so no levy is due
- Mezzanine floors of less than 200 square metres, inserted into an existing building, are not liable for the levy unless they form part of a wider planning permission that seeks to provide other works as well.

## **j. Exceptional Circumstances Relief**

The CIL Regulations allow for the Council to provide further relief, at their discretion, to avoid rendering a site with specific and exceptional cost burdens unviable, should circumstances arise. The Council do not have to offer this relief, but if they chose to do so, it must adopt a discretionary relief policy. In line with best practice, should the circumstances arise the Council would issue such a policy document in line with the CIL Regulations once the Charging Schedule has been implemented. It should be noted that the power to offer relief can be deactivated at short notice once a Charging Schedule is in place, in line with the CIL Regulations. Exceptional circumstances should be rare and should not constitute state aid.

The Council can consider implementing exceptional relief if the CIL is adopted.

## k. Phased Payments of CIL

The CIL Regulations allow for the Council to make provisions for phased payments, at their discretion. A phased payment approach and / or an instalment policy helps developers with cash flow, assisting in making development more viable, therefore, helping the charging system to be flexible. Phased payments can be permitted where a planning application is subdivided into phases for the purpose of the levy. This is useful for large scale applications. Each phase would be a separate chargeable development and, therefore, liable for payment in line with any instalment policy in force.

The principle of phased delivery must be apparent from the planning permission and can be established at the planning application stage.

## l. Instalment Policy

It is proposed that the Council offers an Instalment Policy which allows developers to pay their CIL charge in instalments to provide flexibility in the CIL charging regime. The policy will be made available on the Council's website once the CIL is adopted. The policy is not subject to an examination and can be revised, or withdrawn as appropriate, in-line with the CIL Regulations.

### Draft CIL Instalments Policy

<b>Kirklees CIL Draft Instalments Policy</b>		
<b>CIL Charge £0-24,999</b>		
Full Amount to be paid within 60 days of commencement		
<b>CIL Charge £25,000 to £149,000</b>		
Instalment	Amount due	Due Date Weeks after Commencement
1	35%	12
2	35%	26
3	30%	52
<b>CIL Charge £150,000 and above</b>		
Instalment	Amount due	Due Date Weeks after Commencement
1	25%	26
2	25%	52
3	25%	78
4	25%	104

### **m. Payments in Kind**

The CIL Regulations allow for the Council to accept payments in kind, in the form of land or infrastructure, to be offset against the CIL liability, where agreed by the Council as more desirable instead of monies. This must only be done with the intention of using the land to provide, or facilitate the provision of infrastructure to support the development of the area.

It is not proposed to offer or consult on a payment in kind policy at this time, although this can be considered at a later date if the CIL is adopted.

## **3. Implications for the Council**

### **a. Benefit**

New restrictions on existing planning obligations such as section 106 agreements were introduced on 6 April 2015. These have limited the number of planning obligations the Council can pool to deliver infrastructure to just five, with these needing to be for specific detailed schemes. The CIL however has no such restrictions, and can be collected on a range of developments and then 'pooled'. The pooled levy can then be spent on a range of infrastructure, providing greater flexibility in the delivery of local infrastructure.

### **b. Risks**

The risk of not consulting on the CIL Draft Charging Schedule in the same time frame as the Local Plan will lead to a delay in its implementation. This has significant ramifications for the Council's ability to obtain revenue from new development in the district. In the long term this will reduce the ability of the Council to provide essential infrastructure required as a consequence of new development and increased pressure on local services.

### **c. Costs**

The cost of public consultation activity will be met from the existing Local Plan budget.

### **d. Equalities**

A stage 2 Equality Impact Assessment has been undertaken for the Draft Charging Schedule which is attached.

## **4. Consultees and their Opinions**

The Council consulted on the Preliminary Draft Charging Schedule between 9<sup>th</sup> November 2015 and 1<sup>st</sup> February 2016. The representations received during this consultation have been considered as part of the review of the charging schedule and production of the Draft Charging Schedule. It is now proposed to consult on the Draft Charging Schedule in line with the relevant Regulations and Council's Statement of Community Involvement.

## **5. Next steps**

### **a. Consultation on the Draft Charging Schedule**

The Draft Charging Schedule should be the CIL document that the council considers ready for examination. The Draft Charging Schedule must be published for representations by the local planning authority before it can be submitted for examination.

It is Officer's opinion that the Draft Charging Schedule meets appropriate tests for its preparation, is underpinned for robust and credible evidence and that it is ready for examination, however it will be necessary for the Council to review comments which are received regarding these tests before formally submitting to the Secretary of State in order to avoid significant risks occurring at the examination.

Subject to Cabinet approval, the Council will consult on the Draft Charging Schedule and its supporting documents. The consultation will be carried out in accordance with the proposals set out in the consultation schedule attached as Appendix B to this report.

### **b. Submission of the Draft Charging Schedule to the Secretary of State**

A charging schedule must be examined in public by an independent person appointed by the charging authority. Any person asking to be heard before the examiner at the examination must be heard in public. The independent examiner may determine the examination procedures and set time limits for those wishing to be heard to ensure that the examination is conducted efficiently and effectively.

Following the consultation the Draft Charging Schedule and supporting evidence will be submitted for examination where it will be considered whether the Council has struck an appropriate balance between:

- a) the desirability of funding from CIL in whole or in part the actual and estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding, and
- b) the potential effects, taken as a whole, of the imposition of CIL on the economic viability of development across the Kirklees District. (*The Community Infrastructure Levy Regulations 2010 14(1) as amended 2014*).

### **c. Final Adoption of the Charging Schedule**

If the charging schedule is found to meet the above tests following its Examination in Public, the Council will then need to make a final decision to adopt the CIL charge rates. The decision to 'adopt' the charge rates after the Examination in Public will need to a full council meeting decision to be made

at a later date. The Council's Local Development Scheme suggests this is likely to be in early 2018.

## **6. Officer recommendations and reasons**

### **Recommendation 1 (this is a Cabinet decision only)**

Officers recommend that Cabinet Members:

- advise the Council that Cabinet endorses the Draft Charging Schedule for consultation and submission to examination; and
- approve the attached schedule setting out the proposed consultation arrangements for the Draft Charging Schedule
- delegate authority to the Director of Place, in consultation with the Leader and Deputy Leader of the Council, to put in place any minor amendments to the consultation arrangements set out in the schedule attached to this report as necessary.

Reason: To comply with legislation for preparing a Community Infrastructure Levy and to ensure that the Draft Charging Schedule consultation is carried out in accordance with the council's approved Statement of Community Involvement.

### **Recommendation 2 (this is a Council decision only)**

Officers recommend that Council:

- approve the Draft Charging Schedule for consultation, to invite formal representations, and thereafter submit the Draft Charging Schedule for an independent examination in public in accordance with the approved Local Development Scheme; and
- approve delegated authority to the Director of Place to submit the Draft Charging Schedule for independent examination in public, once the period for representations has been completed.

This is subject to:

- authorising the Director of Place, in consultation with the Leader and Deputy Leader of the Council, to make minor amendments as may be necessary, prior to consultation for representations and/or prior to submission of the Draft Charging Schedule for independent examination in public

Reason: To comply with legislation for preparing a Community Infrastructure Levy and to ensure that the Draft Charging Schedule consultation is carried out in accordance with the council's approved Statement of Community Involvement.

## 7. Cabinet portfolio holder recommendation

The relevant Portfolio Holder has been briefed on the proposed charging rates set out in the Draft Charging Schedule. The consultation arrangements set out in this report have also been discussed and agreed with the relevant Portfolio Holder.

## 8. Contact officer and Relevant Papers

### Contact Officer:

Richard Hollinson  
Policy Group Leader  
01484 221000

[richard.hollinson@kirklees.gov.uk](mailto:richard.hollinson@kirklees.gov.uk)

## 9. Assistant Director Responsible

Paul Kemp  
Assistant Director (Acting) - Place  
01484 221000

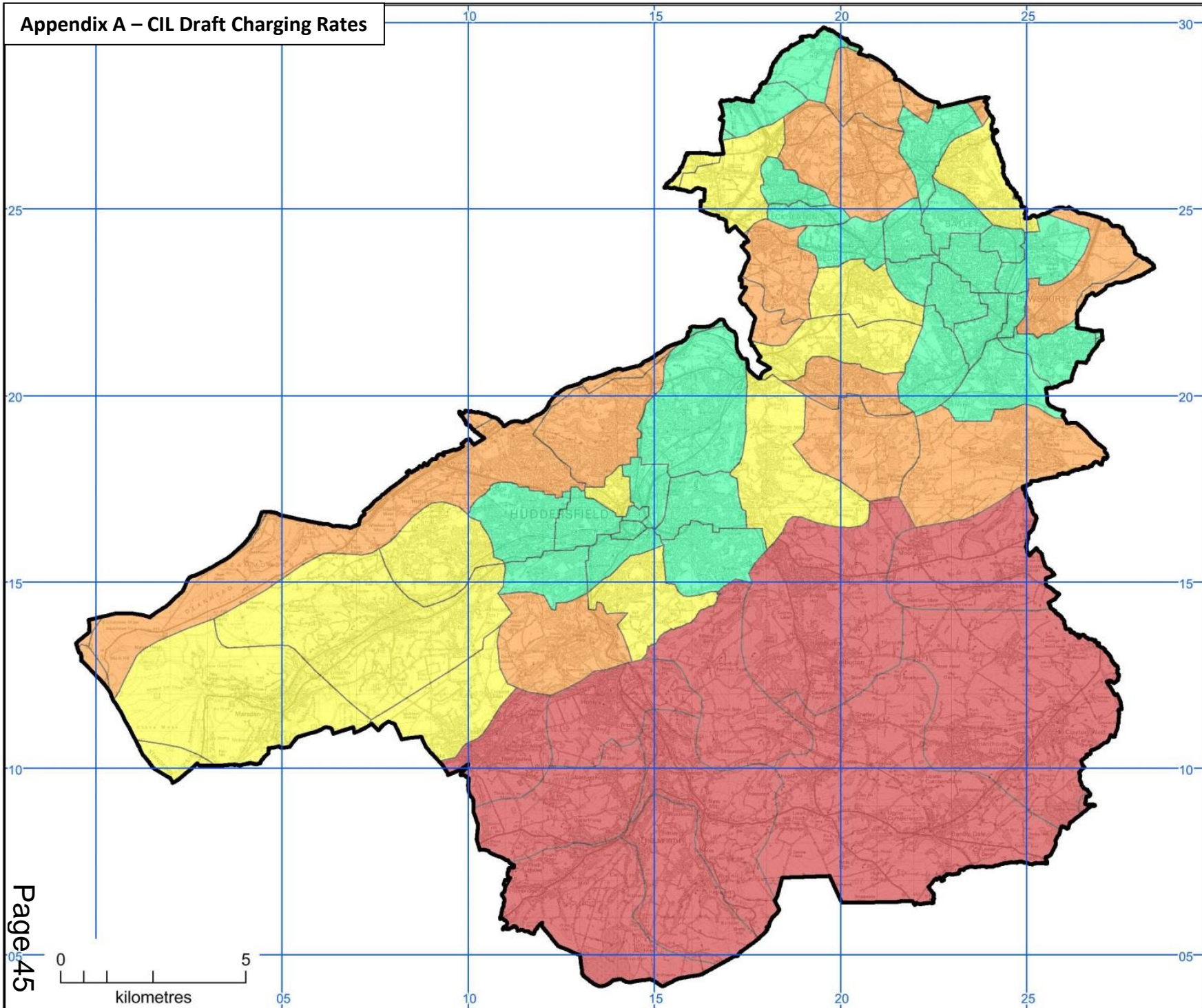
[paul.kemp@kirklees.gov.uk](mailto:paul.kemp@kirklees.gov.uk)

## 10. Background papers

- [Background Papers](#)
- Kirklees CIL Draft Charging Schedule
- Kirklees Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule Consultation Report

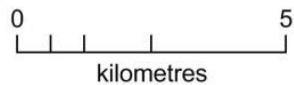
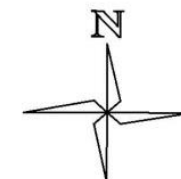
**PLEASE NOTE - HARD COPIES OF THE BACKGROUND PAPERS ARE AVAILABLE FOR COUNCILLORS TO VIEW AT THE CABINET OFFICE - OR GOVERNANCE AND DEMOCRATIC SERVICES - CIVIC CENTRE III.**

**PLEASE NOTE - HARD COPIES OF THE BACKGROUND PAPERS ARE AVAILABLE FOR MEMBERS OF THE PUBLIC TO VIEW AT HUDDERSFIELD CENTRAL LIBRARY AND RECEPTION - DEWSBURY TOWN HALL.**



Kirklees CIL Draft Charging Rates (per sq.m)		
Residential Development	More than 10 Units	10 Units or Less
Zone 1	£80	£100
Zone 2	£20	£80
Zone 3	£5	£40
Zone 4	£5	£5
Retail Warehousing	£100 district wide	
All other uses	£0	

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Kirklees CIL Draft Charging Rates

<b>Kirklees CIL Draft Charging Rates (per sq.m)</b>		
<b>Residential Development (C3)*</b>	<b>More than 10 Units</b>	<b>10 Units or Less</b>
<b>Zone 1</b>	£80	£100
<b>Zone 2</b>	£20	£80
<b>Zone 3</b>	£5	£40
<b>Zone 4</b>	£5	£5
<b>Retail Warehousing (A1)**</b>	£100 district wide	
<b>All other uses</b>	£0	

*\*Not including 'Retirement Living Accommodation' defined as residential units which are sold with an age restriction typically over 50s/55s with design features and support services available to enable self-care and independent living.*

*\*\*Retail Warehouse definition: large stores in edge-of-centre and out-of-centre locations specialising in the sale of household goods (such as carpets, furniture and electrical goods), clothes, DIY items and other ranges of goods, catering mainly for car-borne customers.*



**Outline**

Following the consultation on the Preliminary Draft Charging Schedule in November 2015, the revised Draft Charging Schedule will go out for a final round of public consultation for 6 weeks in November 2016:

- Monday 7 November to Monday 19 December

This is consistent with statutory guidelines and recognised good practice.

We received 82 comments during the last round of consultation, with the majority of these originating from property developers and infrastructure providers.

Comments were broadly supportive of our proposed approach to CIL, with specific comments about the approach to viability testing and what infrastructure CIL should be spent on.

Because of the very technical nature of the CIL consultation, in order to encourage engagement from as wide an audience as possible, and over and above agents, landowners and developers, we will clearly reference the CIL consultation in the summary leaflet produced for the next round of Local Plan consultation, as this leaflet is aimed at the general public.

## Submitting and collating views

The main comment tool will be the ability to comment directly on the consultation documents through the council's *Objective* consultation system.

All information in the public domain will refer people to the Local Plan pages of the council's website, which will in turn, link through direct to the CIL consultation information on Objective. We will also replicate the latest CIL consultation documents and information on the council's website.

Respondents who prefer to email us, rather than comment in Objective, will be able to do so.

We will produce summary information about the new Draft Charging Schedule, and include this as an individual section within the Local Plan summary leaflet, which is widely distributed throughout the district. A full copy of the revised Draft Charging Schedule will also be available together with the Local Plan and accompanying maps at the Deposit Locations in Huddersfield and Dewsbury.

ACTIVITY	AUDIENCE	DETAIL	RESPONSIBLE	NOTES
<b>REVISED DRAFT CHARGING SCHEDULE PUBLISHED</b> <b>Mon 7 Nov</b> <ul style="list-style-type: none"> <li>on-line</li> <li>full copy made available in locations specified in Statement of Community Involvement: Dewsbury Service Centre and Civic Centre 3 Huddersfield</li> </ul>	residents businesses developers land-owners	A full copy of the Draft Charging Schedule will be available for inspection, together with other Local Plan consultation documents at: <ul style="list-style-type: none"> <li>Civic Centre 3, Huddersfield</li> <li>Dewsbury Service Centre</li> </ul>	TF  Comms to manage upload to webpages	This is consistent with previous consultations and in line with the Statement of Community Involvement.
	elected members	Party Business Managers will each receive a copy of the revised Draft charging Schedule, together with their copies of the revised draft Local Plan.  Full copies of the revised Draft Charging Schedule will be made available to individual members on request	Governance to distribute to members	

<p><b>SUMMARY LEAFLET PUBLISHED Mon 7 Nov</b></p>	<p>All</p> <p>The following to be included in the Local Plan summary Consultation Leaflet:</p> <ul style="list-style-type: none"> <li>- explanation of CIL</li> <li>- signpost to consultation documents</li> <li>- explanation of technical grounds to challenge CIL at this stage</li> <li>- how to access standard form</li> </ul>	<p>Explanation of CIL consultation included in 12 page summary latest round of consultation on Local Plan.</p> <p>(10,000 copies printed)</p> <p>Made available:</p> <ul style="list-style-type: none"> <li>• in SCI locations (Dewsbury &amp; Huddersfield)</li> <li>• Huddersfield, Dewsbury and Cleckheaton Town Halls</li> <li>• at all Kirklees Library and Information Centres across the district (26 locations)</li> <li>• to all elected members</li> </ul>	<p>AMP to draft, print &amp; distribute</p>	<p>Include production of point of sale stands</p>
<p><b>LETTERS TO LOCAL PLAN DATABASE w/c Mon 7 Nov</b></p>	<p>Engaged residents, businesses, landowners, developers and special-interest groups</p>	<p>We will write to all those who have previously asked to join our Local Plan database, to be kept informed of any developments in relation to the Local Plan and CIL.</p> <p>We will write to all those who made representations during the last round of consultation, where we have address or contact details for them.</p> <p>This comprises around 5000 email addresses; and a further 5,000 postal addresses – 10,000 contacts in total.</p> <p>Letter will direct recipient to look at the revised Draft charging Schedule online; to highlight the standard form to be used to</p>	<p>RH/TF to draft letters AS to distribute</p>	

		challenge the latest CIL proposals; and to submit comments through <i>Objective</i> where possible.		
<b>PRESSS from w/c 4 October &amp; as appropriate thereafter</b>	All	<p>Main press feature to be timed around publication of papers for Full Council on 12 October.</p> <p>Interview with senior politician and Asst Director</p> <p>Subject – main changes and process of this consultation</p> <p>Further press release when the consultation period begins, with further releases to follow as appropriate until the consultation period ends.</p>	AI	To note that press interest is likely to start early with the publication of the Cabinet Papers
<b>ON-LINE CAMPAIGN w/c Mon 7 Nov</b>	All	<p>Homepage campaign as part of Local Plan consultation for 2 weeks from w/c 9 Nov</p> <p>Revised Draft Charging Schedule published on Local Plan web pages</p> <p>Summary leaflet which also includes information on latest CIL proposals also published on web pages</p> <p>Links through from information documents to the <i>Objective</i> consultation system</p> <p>Homepage campaign will be supported by Facebook and other SM activity throughout</p>	AMP AI NS	

		<p>the consultation period</p> <p>Intranet campaign for 2 weeks from w/c 7 Nov</p>		
<p><b>FOCUS GROUPS</b>  <b>dates tbc within consultation period</b></p>	<p>Young people          People aged 65+          Disabled people          Faith groups          Businesses          BME</p>	<p>No additional focus group activity is proposed; however we will meet with groups who specifically requested a follow-up meeting during those original discussions in November 2015</p>		
<p><b>PUBLIC DROP-IN SESSION</b>  <b>full day event in Dewsbury –</b>  <b>Tuesday 22 November</b>  <b>full day event in Huddersfield –</b>  <b>Tuesday 29 November</b></p>	<p>Members of the public</p>	<p>Staff will be on hand to explain CIL as part of planned Local Plan drop-in sessions, and answer questions to help members of the public to comment on-line using mobile IT stations.</p> <p>Sessions will include:</p> <ul style="list-style-type: none"> <li>• explanatory video</li> <li>• revised CIL Draft Charging Schedule available</li> <li>• summary leaflets available</li> <li>• mobile workstations for submitting comments</li> </ul>	<p>AMP          JS</p>	

<p><b>DISTRICT COMMITTEES</b>  <b>Within Consultation period or period leading up to consultation</b></p>	<p>Elected members and members of the public</p>	<p>1) A joint briefing of all chairs of district committees tbc in October to cover:</p> <ul style="list-style-type: none"> <li>• the scope of this consultation</li> <li>• where to find information</li> <li>• how to register views</li> <li>• next steps</li> </ul> <p>2) Information will be provided to elected members on CIL and the Local Plan, to enable them to host their own sessions in wards, :</p> <ul style="list-style-type: none"> <li>• copy of revised Draft Charging Schedule</li> <li>• summary leaflets</li> <li>• comprehensive summary of Local Plan changes</li> <li>• applicable ward map</li> <li>• blank comments forms for Local Plan and CIL</li> </ul>	<p>RH SM</p>	<p>Members wanting to hold their own sessions will be able to borrow full copy of the plans from Group Business Managers if they wish)</p>
<p><b>SCRUTINY</b>  <b>Share this Consultation Methodology with Chair of Scrutiny</b></p>	<p>Scrutiny Committee</p>	<p>A private briefing with the chair of Scrutiny will be undertaken to share this methodology in advance of Cabinet</p>	<p>AMP &amp; RH</p>	

<p><b>KIRKLEES TOGETHER (on-line &amp; print)</b>  <b>*Print to be distributed towards the start of consultation period</b>  <b>*Online story in kirkleestogether.co.uk for the duration of the consultation</b></p>	<p>Kirklees residents</p>	<p>Kirklees Together will carry a short signpost to the Local Plan website (which will link to CIL information) to encourage people to view and comment</p> <p>Kirklees Together (digital) will also hold an article about the Local Plan and CIL, in-keeping with the overall editorial style, signposting people to the Local Plan pages of the website to read the draft Local Plan and to make their comments.</p>	<p>AMP AI</p>	
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**APPENDIX C: Equality Impact Assessment**  
**EQUALITY IMPACT ASSESSMENT FRONT COVER**

*Service Details*

*Ref No.*

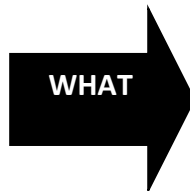
*(to be allocated by the equality and diversity team)*

<b>Directorate:</b>	<b>Service:</b>
<b>Place</b>	Investment and Regeneration Service
<b>Lead Officer:</b>	<b>Service Area/Team:</b>
Thomas Fish	Planning Policy
<b>Officers responsible for Assessment:</b>	<b>Date:</b>
<b>Thomas Fish</b>	20/9/2016

*About the proposal*

**What are you planning to do?**

- Change/Reduce
- Remove
- X Introduce or charge
- Review



- Service provision to the public
- X Policy
- Employment Practice/Profile

**Assessed level of Impact**

- High
- X Medium
- Low

**Budget Affected**

- Capital
- X Revenue

*How has this issue come about?*

- Budget Proposal
  - New funding/Grant Aid
  - Service Plan
  - Legal Duty
  - Loss/reduction in funding Legislation.  
(inc. end of funding period)
  - X Other (please state) A change in Planning
- 

**Proposal detail** (give a brief outline of what this is about – no max words)



The Community Infrastructure Levy (CIL) is a new levy that the Council is proposing to introduce to charge on new developments in the district. The money collected from the CIL can be used to support development by funding the infrastructure that the Council, local communities and neighbourhoods deem necessary.

**Who is the proposal likely to impact?**

- Age
- Disability
- Gender Reassignment
- Marriage & Civil Partnership
- Pregnancy & Maternity
- Race
- Religion & Belief
- Sex
- Sexual Orientation

X Other (please state) It will impact on the development industry, and those members of society who directly benefit from infrastructure funding within the district.

The CIL affects those in the development industry as it would be an additional charge for certain types of development in certain areas of the district. It would also impact on those members of society who directly benefit from infrastructure funding within the district.

**Which ward area(s) is this likely to affect?**

**Have any of the following been completed? Y N**

Stage 1 Screening Tool	X	<input type="checkbox"/>
Stage 2 Legal Compliance	X	<input type="checkbox"/>
Stage 3 Customer focus assessment	<input type="checkbox"/>	X

**Is the proposal likely to have an adverse impact on compliance with the Public Sector Equality Duty?**

	<b>Y</b>	<b>N</b>
Ending Unlawful Discrimination, harassment & Victimisation	<input type="checkbox"/>	X
Promoting Equality of opportunity	<input type="checkbox"/>	X
Foster Good Relations	<input type="checkbox"/>	X

**List any supporting documents**

N/A

**Authorisation**

Sign off by lead officer (name)	Signature	Date
<b>Simon Taylor - Head of Development Management</b>		29/09/16
Sign off by Assistant Director (name)		Date
Proposed Review Date		

**Further Authorisation**

Authorising Body	Signature	Date



# EQUALITY IMPACT ASSESMENT STAGE 2 – ENSURING LEGAL COMPLIANCE

In what way does your current service delivery help to:	How might your proposal affect your capacity to:	How will you mitigate any adverse effects? <small>(You will need to review how effective these measures have been)</small>
<p><b>End Unlawful Discrimination?</b></p>	<p><b>End Unlawful Discrimination?</b></p>	
<p>The Planning Service operates within the Council's requirements not to discriminate through the planning application and planning policy making process.</p> <p>The CIL has been complied in accordance with National Planning Legislation set out in the Community Infrastructure Levy Regulations 2010 (as amended 2011, 2012, 2013, 2014 and 2015).</p>	<p>The establishment of the Community Infrastructure Levy (CIL) involves two periods of public consultation. During these periods, the consultations will adhere to the Council's Statement of Community Involvement (SCI) and consultation guidelines. When CIL is operating, it will charge developers a fee to pay for infrastructure improvements across the district. A proportion of the fee will go directly to the areas where this money is raised to spend on their priorities.</p> <p>The remainder of the money will go into a central Council pot and it will ultimately be the decision of Members to decide where this will be spent. It is unclear whether this will have an impact on specific equality groups.</p>	<p>A consultation methodology has been produced in conformity with the Council's Statement of Community Involvement. The SCI was subject to an EqIA and public consultation. The SCI provides an open and transparent framework for consultation to ensure equality for all to make representations and shape planning policy documents including the CIL.</p> <p>Officers will review representations made in the consultation of the CIL and make modifications which are considered to be appropriate and publish these in an amended version of the CIL.</p> <p>Officers can recommend where CIL money should be spent based upon infrastructure requirements. This can consider issues of potential discrimination. These recommendations will form part of the periods of public consultation for CIL.</p>

		It is intended that the Council will monitor the type, location and value of projects funded by CIL therefore highlight where and how the monies have been spent.
<b>Promote Equality of Opportunity?</b>	<b>Promote Equality of Opportunity?</b>	
<p>When the Planning Policy team undertakes public consultation, it does so in adherence to the Statement of Community Involvement (SCI), and other relevant Council requirements.</p> <p>The SCI is available on the council's website at:  <a href="http://www.kirklees.gov.uk/business/regeneration/localplan/communityinvolvement.aspx">http://www.kirklees.gov.uk/business/regeneration/localplan/communityinvolvement.aspx</a></p>	<p>The SCI will be adhered to alongside other relevant Council policies to ensure equality of opportunity is met.</p> <p>Funding of infrastructure projects through CIL provides an opportunity to ensure that community needs are addressed.</p> <p>The evidence that is used to set a CIL charge considers the need to provide affordable housing and the associated costs. This is to ensure that the CIL rate is not set at a level that would jeopardise affordable housing delivery.</p> <p>Despite this, CIL is a non negotiable charge, and affordable housing is delivered through Section 106 Agreements which are negotiable. This means that affordable housing provision may be negotiated downwards on certain sites when CIL is introduced.</p>	<p>The SCI reduces any potential discrimination by ensuring an open and transparent process.</p> <p>The CIL rates will be set at levels that take account of other policy requirements and costs, such as affordable housing, to ensure that these should still be deliverable.</p>

Foster Good Relations Between People	Foster Good Relations Between People	
<p>The Planning Service operates within the Council's requirements not to discriminate through the planning application and planning policy making process.</p>	<p>The implementation and ultimate operation of CIL is a technical addition to the planning application process.</p> <p>The spending of CIL money may have the opportunity to be spent upon community infrastructure and projects that helps to foster good relations between different people.</p> <p>The spending priorities of CIL will ultimately be defined by the communities who receive a proportion of CIL and define their own infrastructure priorities. The remaining CIL will be spent on infrastructure priorities decided upon by senior council officers and Elected Members.</p>	<p>Officer advice relating to potential infrastructure spending that will foster good relations between people can be provided to senior officers and members on an annual basis to inform their CIL spending decisions.</p>

Think about what you are planning to change; and what impact that will have upon 'your' compliance with the Public Sector Equality Duty (refer to [guidance sheet](#) complete with examples where necessary)



**ONLY IF** You are confident that there is little if any negative affect on your public sector equality duty and/or you have all the necessary evidence to support your proposal.

- Save this sheet for your own records
- Complete and save a front sheet
- Send this, a front sheet and your screening tool if you have completed one to [equalityanddiversity@kirklees.gov.uk](mailto:equalityanddiversity@kirklees.gov.uk)



- **IF** the proposal is likely to be high or medium/high impact on equality groups,
- **AND**
- You do not have any supporting evidence needed for your proposal (such as consultation)
- Your proposal is likely to have a negative effect on your ability to comply with the Public Sector Equality Duty. Proceed to stage 3 Customer focus assessment.



**Name of meeting:** Council  
**Date:** 12 October 2016

**Title of report:** Council budget update report 2017-21 incorporating an Efficiency Plan

<b>Key decision – is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?</b>	Yes
<b>Key decision - is it in the <a href="#">Council's Forward Plan (key decisions and private reports)</a>?</b>	Key decision - Yes Private report/private appendix - no
<b>The Decision - Is it eligible for “call in” by <a href="#">Scrutiny</a>?</b>	No
<b>Date signed off by Director and name</b>  <b>Is it signed off by Director of Resources?</b>	Debbie Hogg, 22 September 2016 Yes (see above)
<b>Is it signed off by the Assistant Director (Legal, Governance &amp; Monitoring)?</b>	Julie Muscroft, 22 September 2016
<b>Cabinet member <a href="#">portfolio</a></b>	Resources

**Electoral [wards](#) affected:** All

**Ward Councillors consulted:** All

**Public or private:** Public

## 1. Purpose of the Report

- 1.1 To determine the Cabinet’s approach to the annual update of the Council’s Medium Term Financial Plan (MTFP). This is reported to full Council each year, and sets a framework for the development of draft spending plans for future years by officers and Cabinet.
- 1.2 The Cabinet is required under Financial Procedure Rules to submit to Council a provisional budget strategy for the following 3 years, no later than October, each year. The provisional budget strategy in this report is a four year strategy.
- 1.3 The Council’s updated budget plans include the take up of the Government’s multi-year general fund settlement offer for the rest of the current Parliament, conditional on Councils publishing an Efficiency Plan by 14 October 2016 (see

also, Secretary of State letter at Appendix C). The Council's Efficiency Plan is included in this report at Appendix D, combined with the Council's updated budget plans and strategies. Councils who do not produce a plan may receive a lower grant settlement on an annual basis.

The structure of this report includes an overall summary, followed by a range of supporting information set out in the following appendices :

### Appendices

A	Section 1 – General Fund
	Section 2 – Housing Revenue Account (HRA)
B	Summary general fund funding and spend forecasts 2017-21
C	Secretary of State letter 10 March 2016 – guidance on the Efficiency Plan
D	Kirklees Council Efficiency Plan 2017-21 submission

### RESTRICTIONS ON VOTING

Members should be aware of the provisions of Section 106 of the Local Government Finance Act 1992, which applies to members where –

- (a) they are present at a meeting of the Council, the Cabinet or a Committee and at the time of the meeting an amount of council tax is payable by them and has remained unpaid for at least two months, and
- (b) any budget or council tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

In these circumstances, any such members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter in (b) above. It should be noted that such members are not debarred from speaking on these matters.

Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

## **2. Summary**

### **GENERAL FUND**

#### **2.1 Current budget plans**

- 2.1.1 Successive Council budget rounds have highlighted the extent of national government's commitment to reducing public expenditure spend over a number of parliaments. Local government funding allocations (revenue support grant) has reduced by 40% over the 2010-16 period, and the most recent government financial settlement indicated a further 34% national funding reduction for Councils over the 2016-20 period.



2.1.2 The Council's funding reduction is broadly in line with the national pattern, and has contributed significantly to the financial challenges continuing to face the Council, at the same time as having to manage the financial impact of a range of cost and demand led pressures on services and cost of living (inflationary) pressures on pay and more latterly, the impact of Government national minimum wage uplifts and impacts on adult social care provider costs.

2.1.3 One of the Government's comparative measures of funding is 'Council core spending power'. This is based on government forward projections of expected Council funding availability, including council tax requirement (including the adult social care precept), local share of business rates, revenue support grant, top up grant, and new homes bonus grant.

2.1.4 Converting this to a funding amount per head, the figure for Kirklees in 2016-17 is £684, and is the eighth lowest of all Local Authorities nationally, and the second lowest of the metropolitan authorities, behind Trafford at £619. This measure reflects the fact that, relatively speaking, Kirklees is, and will continue to be, one of the lowest funded authorities per head of population, in the Country (*source-Leicestershire County Council website*).

2.1.5 Current general fund budget plans for the period 2016-19 (including indicative year 4 figures, 2019-20) were approved at budget Council on 17 February 2016, and are summarised at Table 1 below :

TABLE 1 – current approved general fund budget plans 2016-20

<b>Current approved plans - General Fund</b>	<b>16-17 £m</b>	<b>17-18 £m</b>	<b>18-19 £m</b>	<b>19-20 £m</b>
<b>Funding available</b>	(293)	(285)	(281)	(280)
Net spend	321	330	340	347
<i>Planned savings</i>	(10)	(29)	(29)	(29)
<b>Net spend after savings</b>	<b>311</b>	<b>301</b>	<b>311</b>	<b>318</b>
<b>Budget Gap</b>	<b>18</b>	<b>16</b>	<b>30</b>	<b>38</b>
Use of balances / reserves	(18)	-	-	-
<b>Remaining Budget Gap</b>	<b>nil</b>	<b>16</b>	<b>30</b>	<b>38</b>

2.1.6 Current approved budget plans summarised at Table 1 above includes the delivery of target budget savings of £10m in 2016-17, and a further £19m in 2017-18; £29m in total over a 2 year period. This still leaves a remaining budget gap of £16m in 2017-18, increasing to £30m in 2018-19 and £38m by 2019-20.

2.1.7 The Council has set out an approach to a New Council, informed by a more fundamental review and re-shaping of existing Council spend, including a Cross-Directorate review of spending priorities, guided by the Council's two key strategies; Economic Strategy and Joint Health & Wellbeing Strategy. A New Council approach is also based around specific priorities on Early Intervention & Prevention and Economic Resilience. The Council's Efficiency Plan attached at Appendix D, sets out more detailed context for the Council's strategy and approach for a New Council.

2.1.8 Current approved budget plans also include the planned drawdown of general fund balances and reserves totalling £17.5m in 2016-17, in order to deliver a

‘balanced budget’ in this year. Council reserves (excluding schools reserves that statutorily cannot be used for other purposes) are forecast to be in the region of £57m by the current year end. The equivalent figure just 2 years ago was £110m. Included within the £57m are a further £28m corporate priority spend commitments to support the direction of travel to a New Council. This then leaves no more than £29m available to support Council forward budget plans. To put this into context, £29m is equivalent to 5 weeks Council revenue (net) spend on a current annual revenue budget of £311m.

2.1.9 The movement in reserves over the last couple of years mainly reflects a planned approach to build up reserves over more recent years in anticipation of the scale of the financial challenges facing the Council, and these could then be used short term to effectively buy time for the Council to plan for the longer term.

2.1.10 Current budget plans acknowledged that Council reserves were forecast to reduce significantly, and should not be relied upon to balance budgets going forward. Further options and proposals would need to be considered this budget round to deal with the remaining budget gap, if the Council was to deliver a sustainable annual ‘balanced’ budget requirement over the medium term.

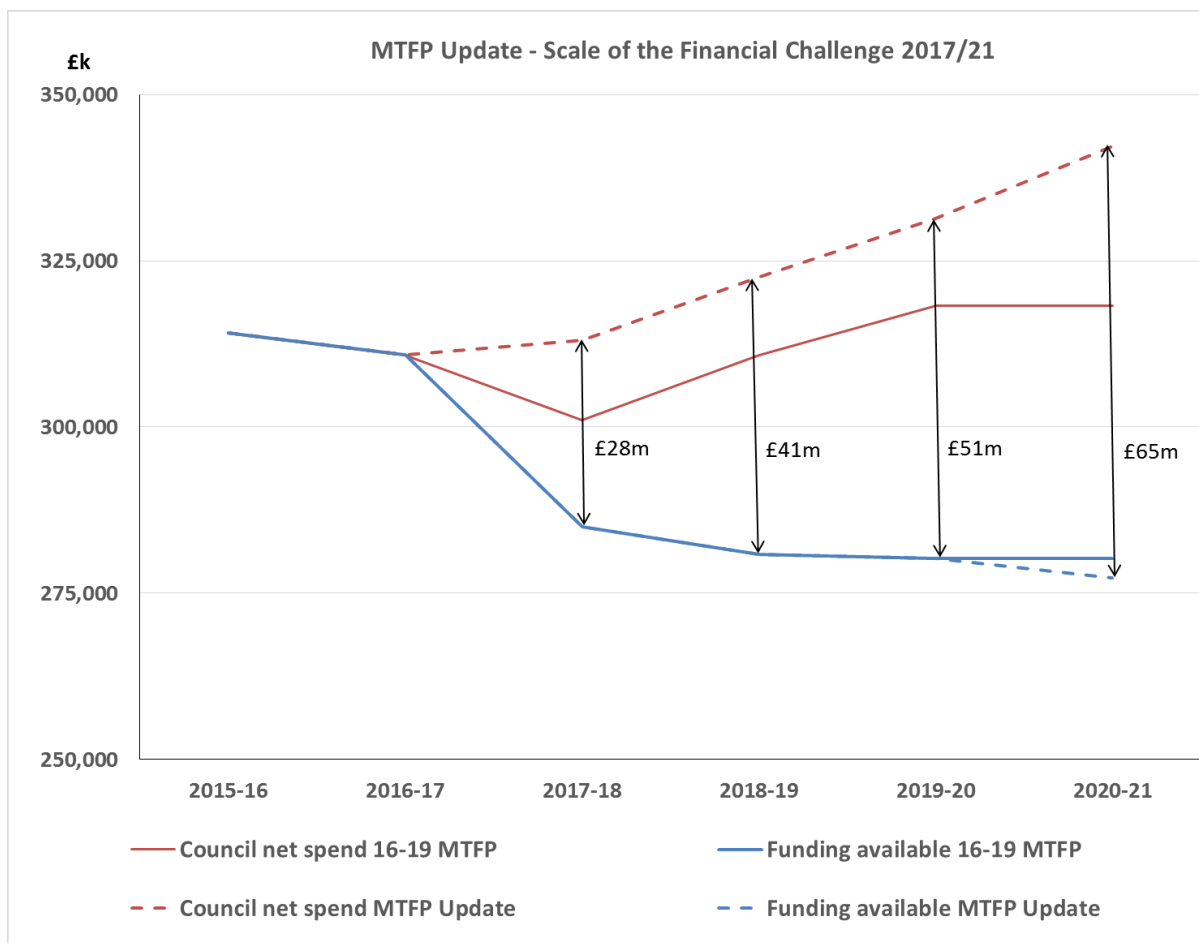
## **2.2 MTFP 2017-21; baseline funding and spend reviewed**

2.2.1 The annual update of the Council’s MTFP takes as its starting point, the roll forward of current budget plans. The MTFP update has then reviewed and updated a number of baseline funding and spend projections, and factored these into a re-freshed MTFP update for the 2017-21 period. The overall impact of these changes is summarised at Table 2 below:

*TABLE 2 – MTFP update 2017-21*

<b>General Fund</b>	<b>17-18</b>	<b>18-19</b>	<b>19-20</b>	<b>20-21</b>
<b>FUNDING AVAILABLE</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Current plans 2016-20	(285)	(281)	(280)	(280)
MTFP Update ; baseline review	0	0	0	3
<b>Updated funding available 2017-21</b>	<b>(285)</b>	<b>(281)</b>	<b>(280)</b>	<b>(277)</b>
<b>SPENDING ALLOCATION</b>				
Current plans 2016-20	302	311	318	318
MTFP Update; baseline review	11	11	13	24
<b>Updated spending allocation 2017-21</b>	<b>313</b>	<b>322</b>	<b>331</b>	<b>342</b>
<b>Budget Gap MTFP Update</b>	<b>28</b>	<b>41</b>	<b>51</b>	<b>65</b>
<i>(Original Budget Gap MTFP 16-19)</i>	<i>16</i>	<i>30</i>	<i>38</i>	<i>38</i>

2.2.2 The impact of the baseline review of funding and spend, is also summarised graphically below:



2.2.3 The solid blue and red lines in the above graph correspond to current budget plan (2016-19) funding available and spending plans. The gap between the two solid lines, is effectively the budget gap. What this demonstrates is that the Council's current spending plans beyond 2016-17 exceed the amount of funding available, and clearly this will not deliver a balanced budget, which is a legal requirement for the Council.

2.2.4 The MTFP update has then reviewed baseline funding and spend projections and this has resulted in revised projections of funding available and spend projections, represented by the dotted lines in the above graph. The differences between the two dotted lines are shown by the arrows in the above graph, and represent updated budget gap forecasts over the 2017-21 period.

2.2.5 As a result of these baseline funding and spend changes, the MTFP update presented here indicates that the scale of the financial challenge for the Council has increased even from existing budget plans, with a forecast budget gap now of **£28m** in 2017-18, increasing to **£41m** in 2018-19 , **£51m** in 2019-21 and **£65m** in 2020-21.

2.2.6 The baseline review of spend in particular reflects a spending 're-base' in response to current demand led service pressures in both Adults and Children's activity, and a re-basing of planned savings in 2017-18 against demand led activity. The baseline review also factors in assumed future year demographic pressures against Adult activity for the over 65's. Appendix A, Section 1, para 1.6.2, Table 3 sets out the updated spend projections in more detail. The updated summary budget position for the Council over the 2017-21 period is set out at Appendix B.

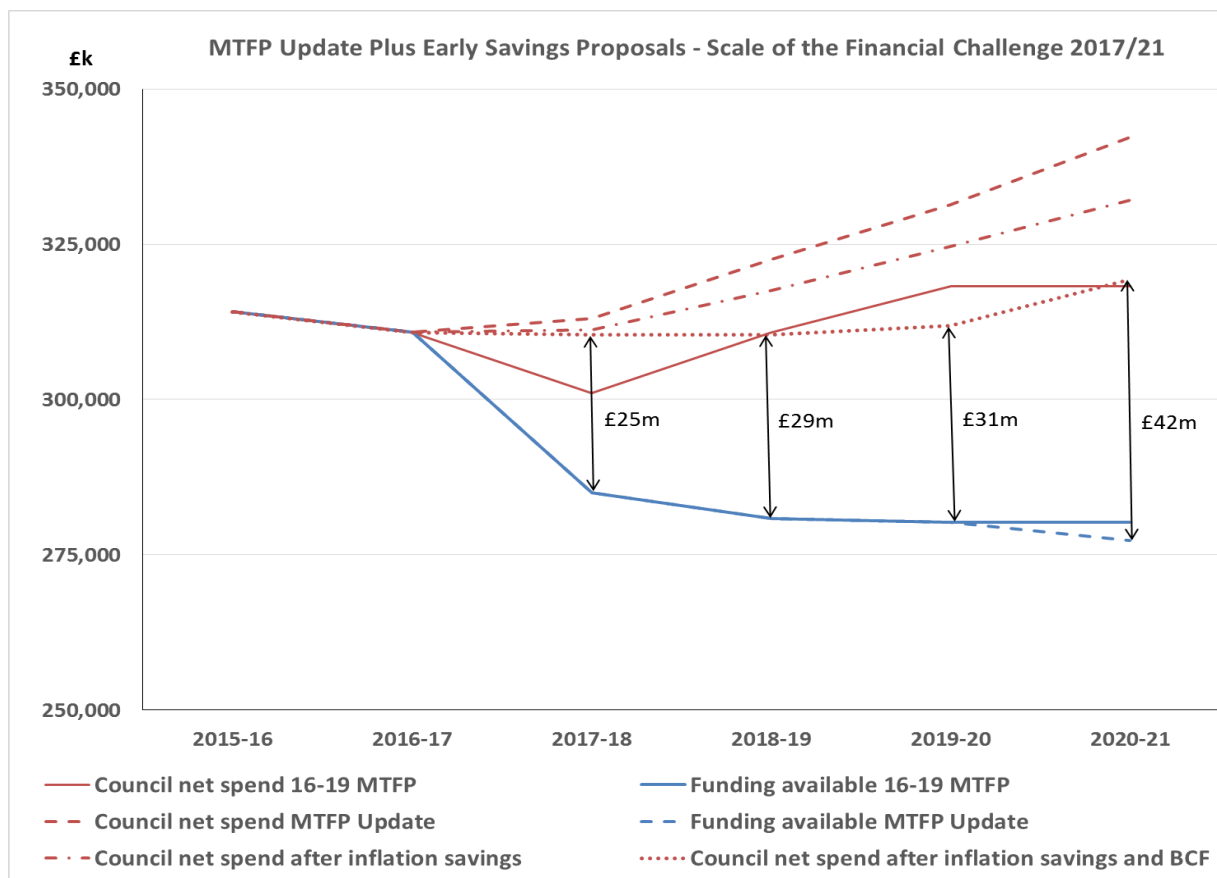
## 2.3 Early consideration of savings

- 2.3.1 Robust and deliverable options and proposals will need to be considered by officers and members to ensure the updated budget gap is addressed to deliver a sustainable balanced budget over the period, within the funding the Council has available.
- 2.3.2 Officers are working up a range of options and proposals to bring forward into the member and Council budget arena for this budget round, including early Cabinet member engagement on these proposals through a number of budget challenge sessions during September 2016.
- 2.3.3 These early member challenge sessions will consider new savings proposals, alongside a review of the deliverability of existing savings in current budget plans. The MTFP update has reviewed the deliverability of demand led savings in existing budget plans, and factored this into revised baseline spend projections.
- 2.3.4 In view of the continuing and increasing scale of the financial challenges facing the Council, officers at this stage are also recommending Council approval as part of this report, for a number of early savings proposals to address at least some of the budget gap.
- 2.3.5 Table 3 below illustrates the financial impact of these early proposals which collectively could deliver £3m savings in 2016-17, increasing cumulatively to £12m in 2018-19, £20m in 2019-20 and £23m in 2020-21.

**Table 3- Financial Impact of Early Savings Proposals**

<b>General Fund</b>	<b>17-18</b>	<b>18-19</b>	<b>19-20</b>	<b>20-21</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Budget Gap MTFP Update</b>	<b>28</b>	<b>41</b>	<b>51</b>	<b>65</b>
Early savings proposals:				
Inflation	(2)	(5)	(7)	(10)
Improved Better Care Funding Offer	(1)	(7)	(13)	(13)
	(3)	(12)	(20)	(23)
<b>Remaining Budget Gap</b>	<b>25</b>	<b>29</b>	<b>31</b>	<b>42</b>

- 2.3.6 Early consideration of savings proposals as per Table 3 above would reduce the budget gap to **£25m** in 2017-18, increasing to **£29m** in 2018-19, **£31m** in 2019-20 and **£42m** in 2020-21. This is also illustrated graphically below:



2.3.7 The early savings proposals reflect plans for reducing overall inflation provision, and building into Adult service projections, additional Better Care Funding to offset baseline service cost increases. These are considered further, in the following sections.

### INFLATION REVIEW

2.3.8 The proposal is for a reduced price inflation requirement over the 2017-21 period by limiting price inflation to exceptions only i.e. demand led Adults and Children’s activity, waste contract and energy. This will deliver additional savings of £1.8m in 2017-18, increasing cumulatively to £5.1m in 2018-19, £6.7m in 2019-20 and £10.2m in 2020-21 (see also, Appendix A, Section 1, paras 1.7.3 to 1.7.6). Service areas, other than the exceptions highlighted, will be expected to manage price inflation within cash limits over the next 4 years.

2.3.9 There is also a proposed re-base of markets and car parking income inflation from the current 2% annual uplift built into current budget plans, to zero, over the next 4 years. This acknowledges the specific and challenging external market conditions forecast to continue to impact on the income generating potential of these Council activities over the medium term.

### ADDITIONAL EXTERNAL GRANT FUNDING - BETTER CARE FUND

2.3.10 The Better Care Fund (BCF) was implemented in April 2015, and brings together a range of existing health and Council funding into a pooled budget; £3.5 billion nationally. Kirklees pooled budget is £30.7m, and consists of existing health (Greater Huddersfield and North Kirklees Clinical Commissioning Groups), and Council budgeted spend. The Council’s share is £16.3m.

- 2.3.11 The pooled budget is intended to promote locally, joint Health and Council commissioned approaches that support better and more integrated health and adult social care delivery across partner organisations.
- 2.3.12 The Council approved budget plans for 2016-19 noted that the Government's 2016-17 funding settlement for Councils included a significant increase in better care funding nationally, equivalent to £1.5 billion, by 2019-20. Locally this equates to £0.8m additional Kirklees BCF funding in 2017-18, increasing to £7.1m in 2018-19, and £12.9m in 2019-20. Furthermore, this was to be earmarked for adult social care activity.
- 2.3.13 Government also indicated at the time that the additional BCF proposals above would be subject to a more detailed national consultation, currently awaited, to review the basis of the distribution of the additional funding. In view of this, approved Council budget plans for 2016-19 made no specific budget assumptions regarding the additional BCF 'offer', pending the outcome of any future consultation.
- 2.3.14 The Department of Communities and Local Government (DCLG) has issued a technical consultation on the 2017-18 financial settlement, which runs from 15 September to 28 October 2016. The consultation proposals include re-affirmation of government intent to allocate additional better Care Funding to Councils, as per the indicative amounts included in the 2016-17 financial settlement. In light of the adjustments factored into adult baseline spend projections over the medium term (para 2.2.6 earlier), and current government intent re-affirmed in the current technical consultation, the proposal is to include the additional Better Care Funding at this stage, as an early Council saving consideration.

### CAPITAL

- 2.3.15 The annual budget report approved by full budget Council every February also includes the 5 year re-refresh of the Council capital plan. The current capital plan is resourced by a combination of external funding, capital receipts and new borrowing; the latter impacts on Council revenue (treasury management) budget requirement. The current capital plan includes £174m baseline, £94m strategic priorities and £15m risks and pressures, over the 2016-21 period. As part of the capital plan re-refresh, officers intend to bring forward proposals to review the current £174m baseline capital allocation, and any associated revenue savings potential.

### LOCAL PLAN

- 2.3.16 The Council is currently drafting a new development plan for the District, also referred to as the Local Plan. The Plan will establish the vision and strategic objectives for the development of Kirklees up to 2031 and a spatial strategy setting out how development will be accommodated across the District. The timetable and milestones for the Local Plan include reporting to full Council on 12 October, followed by a public consultation and then submission to the secretary of state in March 2017, for adoption early 2018. At this stage, the MTFP update includes a number of working assumptions regarding predicted growth in the annual council tax base based on recent and current trends, and prudent assumptions regarding business rates base going forward, similarly based on recent and current trends (see also, Appendix A, Section 1, para 1.5)

2.3.17 Depending on the emerging detail and timing of the Local Plan being formally adopted, it will be a key facilitator for potential future growth in council tax and business rates in the District, acknowledging that the timescale for new developments to materialise, will most likely be from 2020/21 onwards. Set alongside emerging government proposals for 100% devolution of business rates to Councils, most likely to take effect from 2020/21 (see also, Appendix A, Section 1, paras 1.3 for more detail on the proposals), economic growth in the district will become an increasingly important determinant of funding available to the Council over the longer term.

### EFFICIENCY PLAN

2.3.18 The Council's Efficiency Plan submission to DCLG is included as part of the Council's MTFP update report, at Appendix D. It includes a 'meeting the challenge' section, and accompanying table which sets out the scale of the financial challenge for the Council. The table attached assumes that the early savings proposals included in this report, will be approved, and then sets out the remaining budget gap forecast over the 2017-21 period, as set out at Table 3 above.

2.3.19 As noted earlier at paras 2.3.1 to 2.3.3, in addition to the early savings proposals included in this report for member approval, officers are currently working on a number of other budget options and proposals which will be considered by members in due course through the remainder of the current budget round.

2.3.20 The Efficiency Plan quotes a very indicative high level snapshot quantification of the extent of the other budget options and proposals currently being worked on by officers. These are referred to in the Efficiency Plan as 'identified savings'. These are currently a work in progress. The reason for incorporating these into the Efficiency Plan at this stage is to demonstrate the scale of the challenge, and the extent to which the Council is working towards delivering a sustainable and balanced budget over the medium term financial plan, within the funding available.

## **HOUSING REVENUE ACCOUNT (HRA)**

### **2.4 Current budget plans**

2.4.1 The Housing Revenue Account (HRA) is a statutory ring-fenced account. All income and expenditure relating to the provision of landlord services to about 23,000 Council tenants, is accounted for entirely in the HRA. It is wholly self-financed, and has to live within its means. Over 90% of HRA funding is derived from Council tenant rental income. Current year, 2016-17 annual HRA funding is in the region of £90m.

2.4.2 The current budget planning framework for the HRA is driven by the 30 year HRA business plan. The 30 year HRA business plan sets out the overall financial envelope for the self-financed HRA, within which the Council, working in partnership with its arms length management provider, Kirklees Neighbourhood Housing (KNH), aim to deliver on the following 4 key objectives:

i) service HRA debt,

- ii) maintain existing Council housing stock at decency standard over the longer term,
- iii) provide a high quality housing management and housing repair service, and
- iv) explore opportunities for additional investment to support Council priorities

2.4.3 Following the implementation of self-financing for the HRA from April 2012, the 30 year business plan was considered to be financially viable over the long term, to the extent that it could deliver on the four objectives set out in 2.4.2 above. This was also based on government's pre-existing commitment to maintain annual social rent increases at CPI + 1%, initially at least to 2025, as part of the self-financing 'offer'.

2.4.4 Subsequently, Government announced its intention early 2015 to implement an absolute 1% annual reduction in social housing rents each year for the next 4 years, from April 2016. The 1% rent reduction applied both to Council housing and registered provider tenancies. The rent reduction was subsequently enacted through the Welfare and Reform Act 2016.

2.4.5 The financial impact of the 1% annual rent reduction was compared to pre-existing annual rent uplift forecasts at CPI + 1% previously built into HRA budget 3 year plans and the longer term HRA business plan. The difference was estimated to be about £1.7m in 2016-17, increasing each year thereafter to about £10.5m annual rental income loss by 2020; equivalent to 13% annual rental income loss by 2020, compared to previous rent forecasts.

2.4.6 The annual rental income loss highlighted above was acknowledged to have significant implications for the financial viability of the self-financed HRA business plan over the longer term, and this framed the context for HRA budget preparation and subsequently approved plans for 2016-19.

2.4.7 The modelled impact of the 1% rent reduction on the HRA business plan was that the HRA was only financially sustainable over the next 5 years, at which point it went into an overall operating deficit. This meant there was no longer sufficient funding to deliver on any of the 4 objectives set out at para 2.4.2 above. This was clearly an unsustainable financial position for the HRA, and needed early actions to address.

2.4.8 Council approved HRA budget plans for 2016-19 set a medium term savings target of £11m to be delivered by 2020, specifically to mitigate the estimated rental income loss over period. The approved budget plans included early delivery of £4m revenue savings in 2016-17 through an officer led exercise re-aligning HRA budgets to current spend.

2.4.9 At the time 2016-19 HRA budgets were approved, government was drafting legislation setting out a range of 'Welfare Reform and Work' and 'Housing & Planning' Bill proposals, included a number of draft housing policies that were considered a potential further risk to HRA financial viability. This included proposals to compensate Registered Providers for loss of housing stock through the introduction of voluntary right to buy in this sector, by way of an annual levy or charge to Councils with HRA's.



## **2.5 MTFP 2017-21; baseline funding and spend updated**

- 2.5.1 The MTFP update for the HRA rolls forward current budget plans as the starting point. The HRA 30 year business plan, which takes account of current budget plans, is being re-freshed; working assumptions set out in more detail at Appendix A, Section 2.
- 2.5.2 The HRA business plan re-fresh is being informed in particular by a current baseline review of capital resource requirements to deliver decency in Council housing stock over the 30 year period. The HRA business plan update will also factor in the potential impact of a range of government housing policy reforms, including the annual levy referred to at para 2.4.9 above.
- 2.5.3 At the time of writing this report, Government has yet to clarify the detail of the annual levy proposal and other housing policy proposals, including pay to stay, (see also Appendix A, Section 2, para 2.2.8) following the enactment of the Housing and Planning Act, which was given royal assent in May 2016.
- 2.5.4 In light of the above, at this stage, the re-fresh of the 30 year HRA business plan is very much a work in progress. What is reflected at Appendix A, section 2 is a current snapshot, and this will be subject to further review. What it does indicate is that while some progress has been made, the HRA is still some way off being able to deliver a sustainable and viable “self-financed” 30 year business plan, that can continue to deliver the 4 key objectives set out at 2.4.2 earlier.
- 2.5.5 The intention is that the Council, in conjunction with its partner Arms Length Provider, Kirklees Neighbourhood Housing, will continue to work on re-freshing the 30 year HRA business plan through the remainder of this budget round; in particular informed by further government clarification on the detail of the annual levy and other housing policy proposals.

## **2.6 Budget planning framework**

- 2.6.1 The updated general fund revenue baseline funding and spend review, early consideration of savings and updated budget gap, as set out at Table 2 earlier, provide the budget planning framework for officers to bring forward proposals to Cabinet and all members through the remainder of the current budget round, in order to deliver a sustainable general fund ‘balanced’ budget over the 2017-21 period.
- 2.6.2 The Council and KNH continue the budget approach set out last year, and will work in partnership to further refine the 30 year HRA business plan, and bring forward options and proposals as part of a planned 3 year strategy, with the aim of delivering a financially viable and sustainable 30 year HRA business plan that meets the 4 key objectives set out in para 2.4.2 earlier.

## **3. Information required to make a decision**

- 3.1 Appendix A, Section 1, sets out in more detail, key baseline general fund funding and cost changes and assumptions underpinning the budget planning framework set out in this MTFP update report, which covers the period 2017-21.

- 3.2 Current financial and organisational intelligence informing baseline funding and cost adjustments also takes account of the most current financial monitoring, Quarter 1, 2016-17, presented to Cabinet 23 August 2017 (see report link below) :

<https://democracy.kirklees.gov.uk/ieListDocuments.aspx?CId=139&MIId=4977>

- 3.3 Appendix A, Section 2, sets out in more detail, current updated funding and cost forecasts and assumptions and sensitivities built into the re-freshed 30 year HRA business plan, acknowledging that it remains very much a work in progress.

#### **4. Implications for the Council**

- 4.1 A robust Medium Term Financial Plan and budget strategy is a key element of financial and service planning. This will be updated in detail by full Council in February 2017. This report sets a framework for development of draft plans by officers and Cabinet, for consideration by all Members in due course.
- 4.2 Key funding and cost assumptions factored into the MTFP update at this stage will be subject to further review, early January 2017, informed by most current local and national intelligence, including the outcome of the Autumn Statement and the provisional government funding settlement for Councils for 2017-18 and indicative totals for future years.
- 4.3 Any further material changes to funding and cost assumptions at this stage will be considered for incorporation into the finalised annual budget report for Cabinet and Council approval in February 2017.
- 4.4 This will also include further consideration of available reserves. Quarter 1 (month 3) revenue monitoring report to Cabinet on 23 August 2016 reported that, based on current and forecast drawdowns on Council reserves, there could be in the region of £57m from April 2017.
- 4.5 However, this figure includes £28m specifically committed to fund key Council developments to deliver a New Council. Net of this, actual remaining balances and earmarked reserves potential available to support Council forward budget plans is nearer £29m. This excludes statutory reserves which are schools specific and cannot be re-designated for other purposes.
- 4.6 The Council continues to face significant and increasing financial challenges and must ensure it can achieve a sustainable, balanced budget over the medium term and beyond. The accompanying Efficiency Plan sets out ; Council's approach to the financial challenges it has faced to date, what it has delivered to date, direction of travel to a New Council, scale of financial challenges going forward ,what it is doing currently to meet the challenge, and what further challenges remain ahead.
- 4.7 The Department of Communities and Local Government (DCLG) technical consultation on the 2017-18 financial settlement states that Government intends to confirm the constituent elements of the Efficiency Plan offer for qualifying Councils, soon after the 14 October deadline for accepting the offer. Government is also considering expanding the offer to include more grants, to provide more certainty over a greater proportion of their funding for the rest of this Parliament.

#### **RISK ASSESSMENT**

4.8 The MTFP update is based on a range of local and national intelligence, and risk assessments underpinning current and future funding and cost assumptions , acknowledging that the extent of the following are all potential risk factors to the delivery of balanced budget plans over the medium term :

- Demand on assessed services (adults & children) continues to grow
- Number of children looked after continues to increase
- Customer expectation increase & public satisfaction deteriorate
- Transformation plans do not realise the scale of ambition
- Improved better care funding doesn't flow from Clinical Commissioning Groups or is less than the sums factored into the Medium Term Financial Plan update
- Continue to experience challenges in delivery of savings (time & value)
- Income forecasts are not realised and funding position deteriorates further
- Service delivery failure & additional investment required
- Government clarification on the detail and timing of key social housing policy changes enacted through the Welfare & Reform and Housing & Planning Acts 2016

#### Budget Consultation

4.9 The Council's overall budget planning framework includes consideration of wider engagement and timetabling on stakeholder views on high level priorities in resource allocation. It is anticipated that this will take place primarily as an online exercise, during a 6 week period between October and November 2016. Stakeholder views on emerging HRA budget proposals will be considered through the relevant Council Tenant stakeholder forums, including Tenants and Residents Committees.

4.10 In addition, there may be a requirement for more detailed service consultations, led by the relevant services, on specific service budget proposals. These will engage service users as early as possible, and target the groups most likely to be affected.

4.11 There is also on-going engagement with the business and voluntary and community sectors.

4.12 Key budget proposals include accompanying evidence available to members; namely officer led equalities impact assessments, which are undertaken annually and reviewed and updated as appropriate, on a range of budget proposals. These are also made available on the Council's website, in a timely way. This purpose of the assessments is to ensure that decision makers have due regard to the Council's equalities duties on key decisions.

### **5. Consultees and their opinions**

5.1 This report is based on consultation with the Council's Executive Team and Cabinet Members in assessing the current issues, risks and factors to be addressed.

### **6. Next Steps**

- 6.1 Resultant budget proposals will be submitted to Cabinet and full Council. The Director of Resources will co-ordinate the development of draft budget proposals and options, and supporting budget documentation within the budget framework and planning totals.
- 6.2 Cabinet will bring forward detailed budget proposals in the new year, for consideration at full Council on 17 February 2017

## **7. Officer recommendations and reasons**

Having read this report and the accompanying Appendices, Council are asked to:

### **7.1 General Fund Revenue**

- i) approve the early high level re-refresh of baseline funding and cost projections incorporated into this report (para 2.2.1, Table 2),
- ii) approve early savings proposals set out in this report as part of the MTFP update 2017-21 (paras 2.3.5, Table 3),
- iii) approve the budget planning framework as set out in this report, subject to member approval of i) and ii) above (para 2.6.1)
- iv) approve the Council's Efficiency Plan (Appendix D attached), & submission to DCLG on or prior to 14<sup>th</sup> October 2016
- v) approve the proposed budget consultation approach and timetable (paras 4.9 to 4.12), and
- vi) note that officers will update members later in the year on any material changes to high level cost and income assumptions as set out in this MTFP update; in particular informed by the Autumn Statement announcement expected late November 2016, and further by the 2016 Local Government Finance Settlement (paras 4.1 to 4.3).

This strategy allows the budget plan to be adjusted for the major factors identified and sets the basis for officers to update draft service plans within a clear Council budget framework.

### **7.2 Housing Revenue Account (HRA)**

- vii) approve HRA budget planning framework as set out in this report (para 2.6.2)

## **8. Cabinet Portfolio Holder recommendation**

The leader supports the recommendations set out at paragraph 7.1, i) to vi) above, and paragraph 7.2, vii) above, and recommends that this report be presented to the Council meeting on 12 October 2017.

## **9. Contact Officer**

Eamonn Croston      Strategic Council Finance Manager      01484 221000

**10. Background papers and History of Decisions**

Annual budget report 2016-19

Annual outturn and rollover report 2015-16

Annual statement of accounts (draft) 2015-16

Revenue & Capital monitoring report 2016-17; Quarter 1

**11. Assistant Director responsible**

Debbie Hogg                      Assistant Director

01484 221000

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## COUNCIL BUDGET STRATEGY UPDATE REPORT SECTION 1 – GENERAL FUND

### 1. Key Points

#### 1.1 BACKGROUND

- 1.1.1 National government's policy on reducing the national debt burden through significant public expenditure reductions has had a significant impact on Council funding; both over the lifetime of the previous parliament and further anticipated funding reductions over the lifetime of the current parliament to 2020. At the same time, the Council has to manage a range of continuing service pressures within available funding, including demographic (over 65's) pressures in Adult Services, service pressures impacting on Looked after Children, and cost of living (inflation) pressures.
- 1.1.2 The Council has planned for and achieved savings of £106m between 2011-16, and last year's budget strategy update report indicated a further savings requirement of £59m over the 2016-19 period; £165m in total over 2011-19.
- 1.1.3 The Council's Medium Term Financial Plan (MTFP) has been informed in particular by the aim of delivering options for re-shaping to a New Council, guided by the Council's two strategies; Economic Strategy and Health & Wellbeing strategy, to achieve the following:
- i) the Council will use available resources to best effect/support the Council's priorities, and
  - ii) the Council can live within its means for the foreseeable future
- 1.1.4 The re-shaping to a New Council also reflects a focus on developing cross-Directorate options which includes specific priorities on Early Intervention and Prevention, and Economic Resilience.
- 1.1.5 Full Council on 17 February 2016 approved a net revenue budget for 2016-17 of **£311m**, incorporating planned savings of **£10m**, and the use of available one-off balances and earmarked reserves of just under £18m, to deliver a balanced budget.
- 1.1.6 Years 2 and 3 of the MTFP included a broader range of cross-Directorate proposals as the shape of the Council moves towards a New Council, acknowledging that these proposals would continue to be developed over the MTFP. This included further planned savings totaling **£19m**.
- 1.1.7 The approved budget plans further noted that longer term, even after taking account of year 2 and 3 proposals as above, the spending allocations for the 2017-20 period exceeded funding available by £16m in 2017-18, increasing to £30m by 2018-19 and £38m by 2019-20. This was acknowledged to be unsustainable and would need to be addressed through future budget rounds in order to deliver a sustainable balanced budget over the medium term.

The detailed revenue budget book accompanying the approved budget 2016-20 can be found by the following web link for information:

<http://www.kirklees.gov.uk/beta/delivering-services/pdf/Revenue-Budget-2016-19.pdf>

1.1.8 A review of high level funding and cost assumptions has been undertaken to help inform this MTFP update, using a range of current local and national intelligence. The MTFP update also now incorporates a new year 3 and new year 4. The outcome of this funding and cost review is set out in the following sections.

## **MTFP UPDATE - FUNDING & SPENDING ALLOCATIONS REVIEWED**

### **1.2 BASELINE FUNDING ADJUSTMENTS**

1.2.1 Table 1 below summarises updated MTFP funding available, building on current approved budget plans, and based on a range of current local and national intelligence:

**Table 1 – MTFP Update, Funding Available**

<b>General Fund</b>	<b>17-18</b>	<b>18-19</b>	<b>19-20</b>	<b>20-21</b>	<b>Report ref :</b>
<b>FUNDING AVAILABLE (current budget plans)</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>(Section 1)</b>
<i>Business rates (Local Share)</i>	<i>(52)</i>	<i>(53)</i>	<i>(54)</i>	<i>(54)</i>	1.3.1 - 1.3.8
<i>Top Up grant</i>	<i>(22)</i>	<i>(23)</i>	<i>(23)</i>	<i>(23)</i>	1.3.7
<i>Revenue Support Grant</i>	<i>(33)</i>	<i>(23)</i>	<i>(13)</i>	<i>(13)</i>	1.3.9-1.3.10
Business rates retention Scheme	(107)	(99)	(90)	(90)	
Un-ringfenced grants	(21)	(18)	(18)	(18)	1.4
Council tax	(157)	(164)	(172)	(172)	1.5
Total Funding	(285)	(281)	(280)	(280)	
<b><i>MTFP update - funding changes</i></b>					
Business Rates (local share)				(1)	1.3.7
Top Up grant				(1)	1.3.7
Revenue Support Grant				13	1.3.9-1.3.10
Council Tax				(8)	1.5
<b>Updated funding available 17-21</b>	<b>(285)</b>	<b>(281)</b>	<b>(280)</b>	<b>(277)</b>	

1.2.2 The key assumptions underpinning the updated funding forecasts at Table 1 above, are set out in the following sections.



### **1.3 BUSINESS RATES RETENTION SCHEME**

#### BUSINESS RATES LOCAL SHARE

- 1.3.1 The figures included in Table 1 above reflect the Council's estimated (Local) share of business rates, which is equivalent to 49%. The remaining 51% collected locally is paid over to central government (50%), and Fire authority (1%).
- 1.3.2 Current year business rates forecasts suggest that the Council's Local Share, is currently £1.8m under budget, and a further £1.2m less (£3m in total) than the equivalent government control figures. The significance of this difference is that government uses its own control figures for determining what it thinks should be the annual business rates retention scheme funding allocation, and calculates the revenue support grant allocation on this basis.
- 1.3.3 The £3m difference between current Council projections and government control figures reflects the risk and reward element of local business rates retention. In part the difference is linked to the ongoing impact on the Council of successful rates valuation appeals, a number of which are backdated to 2010, and some to 2005. The Council has a prudent provision set aside totaling £8.7m (£4.3m Kirklees' share), to mitigate the financial impact of backdated appeals, but the ongoing impact is to reduce the annual business rates base.
- 1.3.4 A new valuation list for non-domestic properties will take effect from April 2017. Government has indicated that, as with previous re-valuations, the specific impact of any re-valuation will be 'fiscally neutral' for individual Councils, with compensating grant adjustments. There will also be transitional protection arrangements for businesses affected by the re-valuation, and Government has indicated similar transitional arrangements for businesses for the 2017 re-valuation.
- 1.3.5 The extent to which the 2017 re-valuation may impact on new valuation appeals, beyond prudent assumptions already factored into the current business rates base budget (as per para 1.3.3 above) is too early to determine at this stage.
- 1.3.6 Government has also confirmed the continuation of the small business rates relief scheme to 2020, compensated by un-ringfenced grant, and this is also factored into current funding forecasts.
- 1.3.7 The only growth forecasts factored into business rates over the 4 year period , including Top Up grant, reflects government annual business rates inflation uplift assumptions (the 'multiplier' uplift) linked to CPI, at 1.8% in 2017-18, 1.9% in 2018-19 and 2.0% the following 2 years, .
- 1.3.8 Current year 2016-17, Quarter 1, (month 3) monitoring indicates that business rates (local) share in-year forecast is less than budgeted by £1.8m (equivalent to 3.4%) against £52m target income. However, this is

acknowledged to be a relatively prudent forecast, and will be reviewed later in the financial year, and will inform any further funding adjustment requirement prior to the annual budget report to Council in February 2017.

#### REVENUE SUPPORT GRANT

- 1.3.9 Revenue support grant reductions in the MTFP update are based on indicative grant reductions over the 2017-20 period, included in the Government financial settlement for 2016-17. Government has indicated that over the lifetime of the current parliament, revenue support grant would be phased out completely, and as such, the assumed 2020-21 grant allocation is nil.
- 1.3.10 Government has also indicated that the balance of reduced revenue support grant figures included in the financial settlement over the 2017-20 period represent a minimum funding guarantee for Councils that produce a 4 year Efficiency Plan. The Council's Efficiency Plan submission is included at Appendix D.

#### NATIONAL BUSINESS RATES REVIEW

- 1.3.11 Government has indicated that it intends for Councils to retain 100% of business rates collected locally, not the 49% currently collected. There has been an initial government consultation on overall approach (deadline 26 September 2016) which is intended to shape more specific technical proposals through Autumn 2016. This will be followed by legislation to provide the framework for these reforms, which will be introduced 'later' in the parliamentary session, and full implementation of 100% business rates retention across local government by the end of the current parliament.
- 1.3.12 The move to 100% business rates retention, from the current 49% is intended to drive greater self-sufficiency in Council funding. As per Government current estimates, this equates nationally to the transfer of £12.5 billion from Whitehall to local councils.
- 1.3.13 Government has also made clear that the transfer will be 'fiscally neutral', and intends that in order to achieve this, the proposal will also mean Councils gaining new funding responsibilities, and some Whitehall grants will be phased out.
- 1.3.14 These reforms present local opportunities, incentives and flexibilities going forward, but at the same time they represent potential financial pressures and risks, also devolved to local Councils. As set out earlier at para 1.3.11, there is a protracted timetable to enable time for consideration of the key design principles underpinning the proposals; some of which are quite technically complex, as well as potentially contentious in terms of the relative distributional impact of resources across Councils, depending on approaches considered. Clearly this will be of keen interest to all Councils affected by this proposal.

1.3.15 The design principles have yet to be clearly set out, are likely to be quite complex in scope, and are not likely to be implemented before 2020-21. The MTFP update makes no assumptions about the likely financial impact at this stage, other than to note that there are likely to be both opportunities, and risks, going forward.

## 1.4 UN-RINGFENCED GRANTS

1.4.1 The 2016-17 Government finance settlement included detail of future year indicative un-ringfenced grant funding allocations to 2019-20. These are set out below, extended to 2020-21:

**Table 2 – Un-ringfenced grant indicative allocations**

<b>Un-ringfenced grants</b>	<b>17-18</b>	<b>18-19</b>	<b>19-20</b>	<b>20-21</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Education Services Grant (ESG)	4.7	4.7	4.7	4.7
New Homes Bonus (NHB)	9.1	5.7	5.5	5.5
Housing & Council Admin Grant	2.2	2.2	2.2	2.2
Business Rates related grants	5.0	5.0	5.0	5.0
Other	0.4	0.4	0.4	0.4
<b>Total</b>	<b>21.4</b>	<b>18.0</b>	<b>17.8</b>	<b>17.8</b>

1.4.2 These grants are separately identifiable, but the Council can apply this funding flexibly to meet overall Council spend priorities.

1.4.3 New Homes Bonus (NHB) reduces by £3.4m to £5.7m from 2018-19, and a further £0.2m to £5.5m from 2019-20 onwards. This reflects Government's intention to re-direct £0.8 billion NHB grant nationally, to the Better Care Fund (BCF). This is part of an additional £1.5 billion increase in national BCF funding allocation to resource adult social care pressures.

1.4.4 Current approved Council budget plans have allocated the equivalent of 10% of the Council's 2016-17 New Homes Bonus funding allocation to District Committee base budgets. The Council's NHB grant allocations in later years reduce (re-directed to Better Care Fund; see also paras 1.7.7 to 1.7.10 below). The MTFP update at this stage assumes no change to District Committee base budgets in future years, notwithstanding the reduced NHB grant allocation from 2017-18 onwards.

1.4.5 Education Services Grant may also change in future years from current assumptions. In part it reduces as more schools become academies. Also, as part of a wider government review of the current national funding formula for schools, the basis of distribution and quantity of this grant may also change, noting that current plans to implement a revised national funding formula for schools has now been deferred by Government a further year, to an April 2018 implementation.

## **1.5 COUNCIL TAX**

- 1.5.1 Council tax income forecasts reflect current approved budget plans, with an assumed 3.95% per annum increase each year for the next 4 years, to 2021. This includes an assumed uplift of 1.95% per annum, which falls within the referendum threshold of 2% or above for English Councils (excluding Parish Councils).
- 1.5.2 It also includes an assumed uplift of 2% per annum in respect of the 'social care' precept. Government has made this available (upto 2%). The precept falls outside the referendum requirement, but has to be hypothecated to adult social care spend.
- 1.5.3 The cumulative impact of the social care precept is factored into Adult service budget plans, and it is intended that this will fund the financial impact of Government's national minimum wage (national living wage) uplift to £9 per hour by 2020, which has significantly increased the service's calculation of annual nursing and residential fees over the period.
- 1.5.4 DCLG's technical consultation on the 2017-18 financial settlement re-affirms the referendum threshold limits for 2017-18, as set out in paras 1.5.1 – 1.5.2 above. The consultation also includes proposals for the referendum principles to apply for the first time to town and parish councils whose Band D charge is higher than £75.46 and their total precept is over £500,000. This criteria does not apply to the Council's 5 parish councils, although the consultation is seeking views on extending the referendum principles to all town and parish councils.
- 1.5.5 At the full Council meeting on 17 January 2016, members approved the continuation of the existing Council Tax support scheme, which is based on a reduction in local support of 20%, and the council tax income forecasts here assume a continuation of this approach to 2021.
- 1.5.6 Current approved budget plans assume growth in the council tax base position, at 900 Band D equivalents per annum, over the 2016-19 period, and similar growth assumptions are factored into the following 2 years. This is in line with recent year trends.
- 1.5.7 Current year monitoring (Quarter 1) forecasts indicate council tax income collection above target income assumptions by £1m or 0.6% against target annual income of £149m. As with business rates (see also para 1.3.8 earlier), this will be reviewed later in the financial year, and an assessment made if there should be an adjustment to future year Council Tax budget income forecasts included at this stage. Any positive adjustments here may anyway be offset to some extent by potential downward adjustments on business rates.

## 1.6 BASELINE COST ADJUSTMENTS

1.6.1 The starting point for the review of baseline cost adjustments is to roll forward existing year 2 and 3 budget spending allocations (2017-18 and 2018-19), including planned savings totaling £19m over the period.

1.6.2 These spending allocations have then been reviewed, including a number of high level baseline cost adjustments, which are summarised at Table 3 below;

**Table 3 – Spending Allocations & baseline cost adjustments**

General Fund	17-18	18-19	19-20	20-21	Report ref :
<b>SPENDING ALLOCATION</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>(Section 1)</b>
Directorate Budgets (current plans 17-20)	229	232	235	235	1.6.1
MTFP update - cost adjustments :					
<b>Adult Services</b>					
Current year demand pressures rolled forward	3	3	3	3	1.6.5
Re-align existing 2017-18 savings target; demand led budgets	3	3	3	3	1.6.5
New year 4 additional budget to match precept	-	-	-	4	1.6.6
Demographic pressures (over 65's )	-	1	2	3	1.6.5
Continuing Care Funding pressures	1	1	1	1	1.6.5
<b>sub-total Adult Services</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>14</b>	
<b>Public Health</b>					
Public Health Grant Cut	1	1	2	2	1.6.10
Matching Reduction in expenditure	(1)	(1)	(2)	(2)	1.6.10
<b>sub-total Public Health</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Other</b>					
Looked after children - current year pressures rolled forward	4	4	4	4	1.6.5
Looked after children - re-align existing 2017-18 savings target; demand led budgets	2	2	2	2	1.6.5
Waste Contract - current year pressures rolled forward	1	1	1	1	1.6.5
<b>sub-total Other</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	
<b>Updated Directorate budgets</b>	<b>243</b>	<b>247</b>	<b>251</b>	<b>256</b>	
Central Budgets (current plans)	73	79	83	83	
MTFP update - cost adjustments :					
Treasury management	(3)	(4)	(3)	(2)	1.6.11 - 1.6.12
Inflation				5	1.6.13
<b>Updated Central Budgets</b>	<b>70</b>	<b>75</b>	<b>80</b>	<b>86</b>	
<b>Updated spending allocation 2017-21</b>	<b>313</b>	<b>322</b>	<b>331</b>	<b>342</b>	

## DIRECTORATE COST ADJUSTMENTS

- 1.6.3 The 2015-16 financial outturn and rollover report to Council on 29 June 2016 reported underlying demand led financial pressures in-year against Adults Social Care activity, Looked after Children and Waste Contract. The link to the report is provided below:

<https://democracy.kirklees.gov.uk/ieListDocuments.aspx?CId=138&MId=5093>

- 1.6.4 Following on from the above, the Quarter 1 (Month 3) 2016-17 financial monitoring report to Cabinet, reflects the continuation of the above service pressures into 2016-17, and the forecast non-deliverability of 2016-17 planned savings against this activity. The link to the report is provided below, and a specific extract relating to Adults and Children included at Appendix D :

<https://democracy.kirklees.gov.uk/ieListDocuments.aspx?CId=139&MId=4977>

- 1.6.5 In light of the above, the MTFP update includes an initial re-base of service demand led budgets as set out at Table 3 above. The re-base is intended to reflect in part a more realistic baseline position, but balanced by the clear expectation for Adults and Children's service areas to manage demand led pressures within the re-based allocations set out in the MTFP update :

- i) underlying current year demand led pressures (including pressures rolled forward from 2015-16),
- ii) re-alignment of savings deliverability in 2017-18 against existing plans
- iii) estimated demographic growth assumptions against Adult Social Care activity over the 2017-21 period;

- 1.6.6 Government has instructed Councils to hypothecate the social care precept income to adult social care activity, acknowledging the scale of future service pressures; in particular financial pressures on the cost of contracted adult social care resultant from government intent to uplift the national minimum wage to £9 per hour by 2020. Current Council budget plans reflect the hypothecation of the additional precept income to adult social care budgets in recognition of the national minimum wage impact on contracted service costs, plus an assumed further year 4 social care precept budget allocation.

- 1.6.7 Current budget plans reflect £29.6m public health grant and matching service expenditure. Of this, £6m grant has effectively been re-commissioned or applied against existing budgeted activity across other Council services that meets public health grant criteria. Effectively this element of the grant is supporting the Council's 'bottom line'. The MTFP update assumes that the £6m will continue to support the Council bottom line in this way, over the 2017-21 period. This then leaves a balance of £23.6m grant and matching expenditure in current public health budgets.

- 1.6.8 There was a late Government announcement reducing overall national public health grant allocations to Councils in 2016-17. The grant reduction for the Council was £2.3m. The timing of the grant reduction meant that it could not be properly factored into 2016-17 budget planning. As the majority of public

health expenditure is locked into contracts for services or is supporting a broader range of council services that have a public health outcome, there is a lag to reduce expenditure in line with the budget reduction.

1.6.9 Action is being taken to redesign and re-procure contracts to deal with the reduced grant. The 2016-17 base Public health expenditure and income figures will be amended to reflect the £2.3m grant reduction in the starting point for the refreshed 2017-21 MTFP.

1.6.10 Department of Health has also indicated further national public health grant reductions over the next 3 years. The Council's share of the additional reduction is £0.7m in 2017-18, increasing to £1.4m in 2018-19 and £2m by 2019-20 (cumulative). Overall public health grant and matching budgeted expenditure available to the service, over the 2015-20 period, has effectively reduced from £23.6m to £19.3m; equivalent to an 18% reduction. The MTFP update assumes that the service will bring forward specific budget proposals to reduce its cost commitments to match reductions in grant available over the 2017-21 period.

## CENTRAL BUDGET COST ADJUSTMENTS

### TREASURY MANAGEMENT

1.6.11 The treasury management budget covers the cost of repaying debt and interest payments, net of any income earned in balances. It also includes the cost of new borrowing. Current approved budget plans largely reflect repayment and interest payments on historic debt, and for which current corporate treasury management policy factors in an annual revenue budget provision equivalent to 4% of the Council's annual net revenue budget. They also factor in new borrowing costs to support the approved 5 year corporate capital plan; interest rates on new borrowing assumed at 2% in 2016-17 and 2017-18, 2.1% in 2018-19 and 2.2% in 2019-20.

1.6.12 There has also been a slight downward revision on future interest rate projections by 0.25% across years, in light of the recent bank of England base rate reduction to 0.25%. Also, the impact of reduced capital plan rollover from 2015-16 into 2016-17 has also led to a re-profile of budget requirements into later years. The net effect of these changes has also been reflected in the MTFP update cost adjustments as set out in para 1.6.2, Table 3 earlier.

### CONTINGENCIES - INFLATION

1.6.13 Future year inflation forecasts, at this stage, are allocated to central budgets. Specific inflation for pay, prices and income for 2017-18 will be allocated out to Directorates in due course, to uprate budget proposals to 2017-18 price base. However, an element of price inflation is retained centrally through the year to be allocated out to services subject to confirmation on specific inflationary uplifts e.g. energy and waste contract prices. There is a new year 4 allocation of £5m based on current MTFP assumptions of 1% pay, 2% prices and 2% income factored into the MTFP update figures.

## CONTINGENCIES - OTHER

1.6.14 There is a current actuarial review of employer contributions to the West Yorkshire Pension Fund (WYPF), and the approved budget plans include a prudent set aside of £1.6m in central budgets for an assumed increase in employer pension contributions by 1% from 2017-18, to 16.1%. The MTFP update maintains this current assumption, subject to further review following the conclusion of the actuarial review later in the year.

1.6.15 There is also a central budget provision in current budget plans of £0.8m; estimated Council contribution to the government apprenticeship levy scheme which it proposes to implement from May 2017. The provision is based on 0.5% of the Council's annual pay bill. It affects all employers with an annual pay bill in excess of £3m. The detail of how the national scheme will work, and what it means for contributing employers, is currently being worked up by government. At this stage, the MTFP update assumes no change to the provision requirement.

## JOINT COMMITTEES

1.6.16 The MTFP update reflects current approved budget plans, which include provision for annual cumulative increases in levy contributions of about £0.5m per annum towards financing costs to support a major regional Transport Infrastructure Programme run through the Combined Authority. There are similar, proportionate levy increases across all West Yorkshire Councils. All transport figures included in Council budget plans remain subject to ongoing region wide discussions.

## 1.7 EARLY CONSIDERATION OF SAVINGS

1.7.1 The review of funding and spending allocations as described in sections 1.3 to 1.6 above, presents an increased financial challenge for the Council with an updated forecast budget gap of £28m in 2017-18, increasing to £41m in 2018-19, £51m in 2019-20 and £65m in 2020-21.

1.7.2 Officers are recommending Council approval of a number of mitigating actions to address at least some of this budget gap. Table 4 below illustrates the financial impact of these early proposals which collectively could deliver £3m in savings in 2016-17, increasing to £23m by 2020-21.

Approval of these savings proposals would result in a reduced budget gap of £25m in 2017-18, increasing to 29m in 2018-19, £31m in 2019-20 and £42m in 2020-21.



**Table 4 – Financial Impact of Early Savings Proposals**

<b>General Fund</b>	<b>17-18</b>	<b>18-19</b>	<b>19-20</b>	<b>20-21</b>	<b>Report ref :</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>(Section 1)</b>
Funding Available MTFP Update	(285)	(281)	(280)	(277)	1.2.1
Spending Allocation MTFP Update	313	322	331	342	1.6.2
<b>Budget Gap MTFP Update</b>	<b>28</b>	<b>41</b>	<b>51</b>	<b>65</b>	
Early Savings Proposals:					
Inflation Review	(2)	(5)	(7)	(10)	1.7.3-1.7.6
Improved Better Care Funding Offer	(1)	(7)	(13)	(13)	1.7.7-1.7.10
	(3)	(12)	(20)	(23)	
Spending Allocation net of Savings Proposals	310	310	311	319	
<b>Budget Gap net of Savings Proposals</b>	<b>25</b>	<b>29</b>	<b>31</b>	<b>42</b>	

#### EARLY SAVINGS PROPOSAL – INFLATION REVIEW

1.7.3 Updated inflation budget requirements are summarised in Table 5 below:

**Table 5 – Inflation allocation across years (cumulative)**

Heading	2017-18		2018-19		2019-20		2020-21	
	£m	%	£m	%	£m	%	£m	%
Pay	1.6	1	3.1	1	4.6	1	6.1	1
Prices	1.7	nil*	3.4	nil*	5.1	nil*	6.8	nil*
Income	(1.4)	2	(2.9)	2	(4.3)	2	(5.8)	2
<b>Budget</b>	<b>1.9</b>		<b>3.6</b>		<b>5.4</b>		<b>7.1</b>	
<b>Difference from current plans</b>	<b>(1.8)</b>		<b>(5.1)</b>		<b>(6.7)</b>		<b>(10.2)</b>	

\* Prices inflation nil except for adult social care and children's contracts, energy and waste. See 1.7.5 below.

1.7.4 Pay inflation is in line with current budget assumptions, and reflects government 1% annual pay uplift over the next 4 years. Further work is being undertaken to assess the impact of the Government national minimum wage (national living wage) uplifts on directly employed staff, although at this stage it is not anticipated to have any material impact, before 2020-21 at the earliest; at the point that the national minimum wage rate is £9 per hour.

1.7.5 Current budget plans assumed price inflation in line with latest Office of Budget Responsibility (OBR) inflation forecasts over the next 4 years; 1.8% in 2017-18, 1.9% 2018-19 and 2% per annum, thereafter. Savings proposals recommend an effective price inflation freeze over the next 4 years across Council revenue budgets. The only exceptions are energy (approx. 7% per

annum), waste contract (approx. 2.5% per annum), adult social care and children looked after 3<sup>rd</sup> party contracts and payments (will continue to be linked to CPI assumptions). Service areas, other than the exceptions highlighted, will be expected to manage price inflation within cash limits over the next 4 years. This will deliver cumulative savings of £2m in 2017-18 rising to £5m in 2018-19, £7m in 2019-20 and £10m in 2020-21.

- 1.7.6 Current budget plans assume annual income inflation at 2% per annum, and the MTFP update continues this approach, other than car parking and markets income, which assume no inflation over the next 4 years; effectively a more realistic but still challenging budget re-base to reflect current and predicted income levels against this activity. Table 6 below summarises recent income trends against these specific activities:

**Table 6 – Car Parking and Markets Income Trends**

Year	Car Parking			Markets		
	Budget	Outturn	Variance	Budget	Outturn	Variance
	£k	£k	£k	£k	£k	£k
2014-15	-5,645	-5,227	418	-2,080	-1,995	85
2015-16	-5,681	-5,110	571	-2,105	-1,904	201
2016-17 (Q1 projection)	-5,795	-5,279	516	-2,137	-2,022	115

#### EARLY SAVINGS PROPOSAL –BETTER CARE FUNDING

- 1.7.7 Better Care Fund (BCF) was established originally in 2015-16, comprising elements of existing health and adult social care budgets into a pooled fund, administered by the Council. The Council's pooled fund is currently at £30m. Government's 2016-17 funding settlement for Councils included a significant increase in BCF nationally, equivalent to £1.5bn by 2019-20 (of which £0.8 billion will come from a re-direct of existing New Homes Bonus Grant – see also para 1.4.3 earlier).
- 1.7.8 The Council's indicative share of the additional BCF funding over the 2017-20 period was set out in the 2016-17 finance settlement; £0.8m in 2017-18, increasing to £7.1m in 2018-19 and £12.9m in 2019-20.
- 1.7.9 Government indicated at the time that the methodology behind the indicative distribution of the additional £1.5 billion BCF funding to individual Councils, will be subject to a specific consultation, the timing of which has not been announced yet. In view of this, approved Council budget plans for 2016-19 made no specific budget assumptions regarding the additional BCF offer.
- 1.7.10 Early savings proposals detailed in Table 4 (para 1.7.2) above, assume the inclusion of these indicative BCF allocations in the Council's budget. It is recognised that this is a key sensitivity at this stage, to be further informed nationally by any emerging detailed consultation.

## **1.8 BALANCES & RESERVES**

- 1.8.1 The Council uses the term “reserves” to mean accumulated one-off resources built up over time, that have been set aside or earmarked for specific purposes under 3 broad categories; statutory (i.e. relate to schools only), earmarked, and risk based. Remaining reserves not set aside are referred to as general fund balances.
- 1.8.2 Statutory reserves which relate to schools totalled £19m as at April 2016, and as these are specifically schools related, the remainder of this section focuses on earmarked reserves and balances.
- 1.8.3 Table 7 below reflects a current estimate of available reserves and balances to support the MTFP over the 2017-21 period, and is based on information presented as part of Quarter 1 financial monitoring forecasts reported to Cabinet on 23 August 2016:

**Table 7 – Reserves and Balances**

General Fund Reserves / Balances available to support MTFP	Balance at 31st March 2016	Forecast Movement in Reserves	Estimated Balance at 31 <sup>st</sup> March 2017
	£m	£m	£m
<b><i>Earmarked</i></b>			
<i>Approved Drawdown to Support MTFP</i>		1.3	
Journey to New Council		0.6	
Revenue Grants		4.8	
Stronger Families		1.7	
Workforce Restructure		3.2	
Rollover		2.9	
Business Rates		2.3	
Other		0.2	
<b>sub-total</b>	<b>(57.4)</b>	<b>17.0</b>	<b>(40.4)</b>
<b><i>Risk Based</i></b>			
drawdown to support childrens service developments		2.9	
<b>sub-total</b>	<b>(10.0)</b>	<b>2.9</b>	<b>(7.1)</b>
<b>General Balances</b>			
<i>Approved Drawdown to Support MTFP</i>		16.2	
<b>sub-total</b>	<b>(25.9)</b>	<b>16.2</b>	<b>(9.7)</b>
<b>Grand Total</b>	<b>(93.3)</b>	<b>36.1</b>	<b>(57.2)</b>
<b>Assumed set aside for specific spend commitments rolled forward into 2017-18</b>			
minimum balances required to support Council cashflow			5.0
Workforce Restructure (Severance costs)			7.8
New Council Transformation			3.4
PFI Prepayment Reserve			3.3
Integrated Community Equipment Store			0.8
Revenue Rollover			7.6
<b>Remaining Reserves Available to Support MTFP 2017-21</b>			<b>(29.3)</b>

- 1.8.4 Available reserves (i.e. excluding statutory schools related reserves which the Council cannot use for other purposes) are estimated to be £57m by year end; compared with £93m available reserves at 31<sup>st</sup> March 2016; overall reduction of 39% over a twelve month period. The estimated reserves movements in 2016-17 equate to an unsustainable average weekly drawdown of approximately £700k (excluding minimum balances).
- 1.8.5 The £57m estimate is adjusted further by £28m for assumed corporate spend commitments rolled forward into 2017-18, including one-off funding for developments to support service re-design to a New Council and £5m minimum balances level.
- 1.8.6 Adjusting for the above, the estimated level of available Reserves to support the Council's MTFP update 2017-21 is nearer £29m; equivalent to just 9% of the Council's current annual net revenue budget. Council Reserves at this point could be considered to be at critical levels.

**SECTION 2 – HOUSING REVENUE ACCOUNT (HRA)****2. Key Points****2.1 Background**

2.1.1 HRA self-financing was implemented in April 2012. The intention was to give Councils with HRA's more confidence in being able to forecast what were intended to be more sustainable future rental income streams to help with business planning, than was possible under the previous housing subsidy system. This included government's commitment to allow for annual uplifts in social rents by consumer Price Index (CPI) + 1%, at least to 2025.

2.1.2 Based on the above, the Council's self-financed 30 year HRA business plan was modelled to be financially viable, to the extent that it could deliver the following four objectives:

- i) annual servicing of existing HRA debt (£216m actual HRA debt taken on as part of the self-financing settlement); included planned annual repayment of debt over the longer term in line with HRA loan repayment profile,
- ii) delivery of capital improvements to existing Council housing stock (about 23,000 Council tenancies), to a decency standard over the 30 years, in line with forecast capital resource or 'affordability' requirements,
- iii) continued delivery of housing management and repair service, broadly at current cost base, and
- iv) inclusion of funding for a number of HRA strategic capital priorities and scope to consider further investment opportunities

2.1.3 Also as part of self-financing, Government set an upper limit or cap for HRA borrowing. The cap for Kirklees is £247m. The difference between this and actual HRA debt outstanding is also referred to as the 'headroom' potential for HRA new borrowing. While no new borrowing had been committed at this stage in relation to further investment opportunities, there was potential to explore this further, subject to HRA being able to service any additional debt commitments.

2.1.4 Government subsequently announced in March 2015 its intention to reverse its previous social housing rent uplift commitment, and would instead reduce social housing rents by 1% per annum, each year over the 2016-20 period. The context was the fact that a significant proportion of social housing rents are funded from housing benefit (about 2/3rds, both nationally and locally), and the rent reduction was part of a wider package of government proposals to reduce the national welfare bill in line with its own medium term public expenditure reduction targets.

- 2.1.5 The impact was a forecast rental income loss of £1.7m in 2016-17, compared to previous forecasts factored into HRA budget plans which had assumed CPI+1%. Further 1% annual rent reductions the following 3 years meant a cumulative annual rental income loss in excess of £10.5m by 2020. The scale of annual rental income loss, compared to previous budget forecasts, impacted across the remainder of the HRA business plan beyond 2020.
- 2.1.6 The overall financial impact of the 1% rent reduction on the HRA business plan was that the HRA was forecast to be only financially sustainable up to 2022 and that beyond this point, it went into an overall operating deficit, which also meant insufficient resources to be able to continue to deliver the 4 objectives set out in 2.1.2 above.
- 2.1.7 HRA approved budget plans over the 2016-19 period included about £4m revenue savings in 2016-17, and these represented early measures to start to address the 1% rent reduction loss referred to in para 2.1.5 above. The savings were based on a baseline re-alignment of current budgets to actual spend. Quarter 1 monitoring forecasts for 2016-17, reported to Cabinet on 23 August 2016, indicate that HRA is forecast to deliver on these savings, in-year.
- 2.1.8 There were no plans when setting 2016-19 HRA budgets, to review corporate treasury management policy with regard to HRA, which continued to reflect a prudent annual provision for HRA debt repayment.
- 2.1.9 HRA capital plan approvals for 2016-21 reflected pre-existing 5 years baseline capital plans rolled forward, plus a number of strategic HRA capital plan priorities. No new borrowing was included.
- 2.1.10 Emerging proposals for the merger of the Council's building services department with the Council's arms length management provider, Kirklees Neighbourhood housing, were also acknowledged to offer potential for medium term efficiencies. Subject to the merger going ahead, potential future efficiencies would be explored in future budget rounds.
- 2.1.11 There were also a number of housing policy proposals contained within draft Welfare and Work Reform and Housing and Planning bill legislation, which were acknowledged could have further repercussions for the HRA business plan, in addition to the 1% rent reduction. However, the relevant detail and legislation underpinning these proposals was still at the draft stage.
- 2.1.12 The intention was for the Council, working in partnership with its arms length provider, KNH, to undertake a further detailed re-refresh of the HRA 30 year business plan in preparation for this budget round. This would also be informed by any further emerging national and local intelligence following the subsequent implementation of the Welfare Work and Reform Act (March 2016) and Housing and Planning Act (May 2016).
- 2.1.13 The HRA 30 year business plan re-refresh is covered in more detail in the following sections.

## **2.2 HRA 30 year business plan updated – current work in progress**

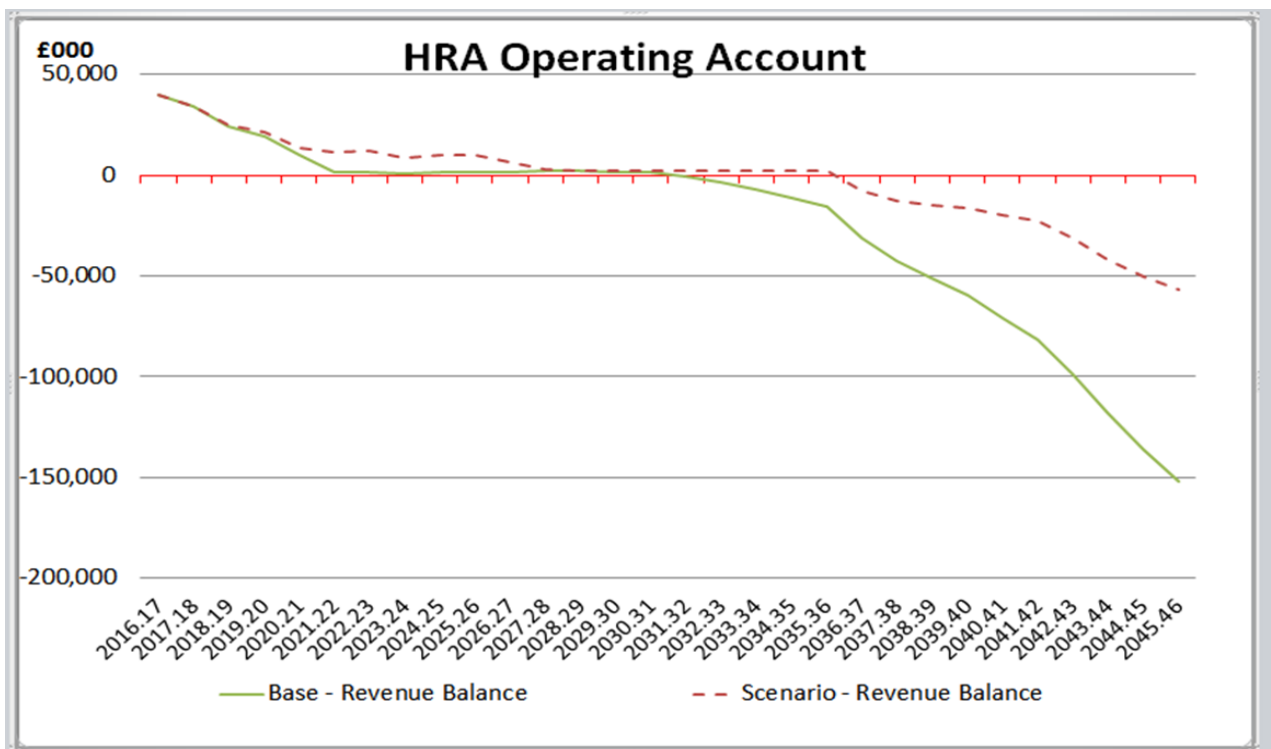
### HEADLINE ASSUMPTIONS

- 2.2.1 The starting point for the HRA business plan update is to roll forward current approved 3 year HRA revenue and 5 year capital budget plans.
- 2.2.2 There is a current review of the 30 year HRA capital affordability model, which determines capital resourcing requirements to maintain decency in Council housing stock over the longer term.
- 2.2.3 Existing affordability projections are being updated to reflect current stock survey data, and expenditure commitments are also being reviewed and re-profiled to create more manageable and effective capital programmes. At this stage, costs for carrying out work are to current decency standards, with no significant changes to component replacement lifecycles or efficiency savings.
- 2.2.4 Projected right to buy sales are also being reviewed, in light of current and forecast trends, and current government housing policy proposals which potentially accelerate the sale of existing housing stock compared to previous projections.
- 2.2.5 The financial impact of predicted stock reductions over future years is also being reviewed, in terms of the scale of corresponding reduction in repair and maintenance and capital improvement costs, compared to previous assumptions.
- 2.2.6 Government has still to clarify the detail regarding a number of social housing and welfare reform proposals, notwithstanding the implementation of the 2016 Welfare Reform and Work and Housing & Planning Acts.
- 2.2.7 The HRA business plan update at this stage includes an early working assumption, based on current national intelligence, with regard to government proposals for a 'higher value' annual levy or charge, based on higher value property void rates. The levy is to be re-directed to private registered providers to compensate them for the loss of housing stock through the voluntary take up of the right to buy scheme in this sector. The working assumption is that the HRA would have to sell about 170 properties per annum at an assumed £65k average market value per property, to generate sufficient capital receipts to pay an annual levy charge of about £11m.
- 2.2.8 Other potential housing policy changes include pay to stay proposals, which mean that outside London, Council tenants with a combined joint household income of £40k or more will have to pay market rent (with some tapering between (£31k and £40k). The 'additional' rent collected would be paid over to Government directly. How this proposal would work in practice, its impact on potential further demand on right to buy, and the local administrative costs, have yet to be fully set out by government.
- 2.2.9 More prudent social rent uplifts have also been assumed from 2020-21

onwards. Current government policy indicates a reversion to CPI+1% from this date, but the business plan update assumes a more prudent CPI only uplift (in line with latest government forward inflation forecasts; 2% from 2020).

2.2.10 The net impact of the above changes on the overall 'work in progress' HRA 30 year business plan funding and spend projections, is illustrated below, graphically :

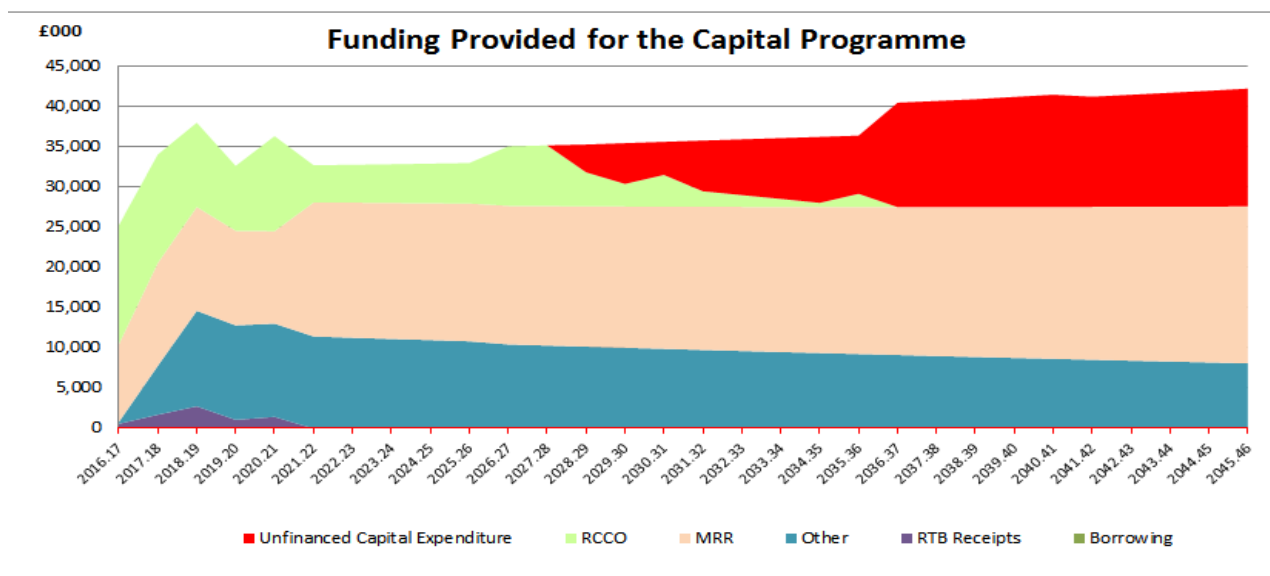
Graph 1 – HRA cashflow ; 30 year business plan current work in progress



2.2.11 Graph 1 above (dotted line) suggests the HRA would be able to maintain an overall balanced cashflow position to 2035-36, at which point the HRA starts to go into an operating deficit. However, while the revenue operating account is solvent (albeit with minimum balances of only £1.5m) by this point, the capital plan becomes unaffordable much earlier, by 2027-28. This is highlighted in the following graph :



Graph 2 – capital affordability over 30 years



2.2.12 The red shaded area in Graph 2 above indicates that the updated baseline capital plan resource requirement becomes ‘unaffordable’ from about 2027-28 onwards if the intention is to maintain existing housing stock at the decency standard over the entirety of the 30 year business plan. The above projection assumes no additional borrowing upto the HRA borrowing cap, but longer term the business plan is financially unsustainable, which indicates it cannot afford any new borrowing anyway.

2.2.13 The graphs as presented above are a work in progress, based on a current set of working assumptions and snapshot in time. In broad terms they suggest that there has been some progress in delivering at least in terms of short to medium term prospects for the HRA business plan, compared to 12 months ago, mainly due to the net impact of the current capital affordability baseline review which is ongoing, and delivery of £4m early savings in 2016-17 as part of last year’s approved budget plans. However, a number of current working assumptions (e.g. annual levy, as per para 2.2.7 above), in the absence of government detail still awaited, need to be treated with caution here.

2.2.14 The illustrative scenario highlighted in the graphs above indicate that, notwithstanding further refinement of the business plan over coming weeks and months, the HRA business plan is nevertheless still some way yet from delivering financial sustainability over the longer term to the extent that it can continue to deliver the four key objectives set out at para 2.1.2 earlier, which remains the key focus for the self-financed HRA.

## 2.3 HRA RESERVES

2.3.1 Current and forecast HRA reserves are summarised at Table 1 below :

Table 1 – summary HRA reserves

	Balance at 31st March 2016	Forecast Movement in Reserves	Estimated Balance at 31 <sup>st</sup> March 2017
	£m	£m	£m
General Reserves	(42.8)	-	(42.8)
Major Repairs Reserve (note 1)	-	-	-
<b>total</b>	<b>(42.8)</b>	<b>0</b>	<b>(42.8)</b>
Amounts set aside for specific purposes in future years:			
<i>Business Risks</i>			8.5
<i>Working balance</i>			1.5
<b>Remaining reserves available to support HRA business plan requirements</b>			<b>(32.8)</b>

(note 1) - opening balance of nil reflects the fact that there is an in-year contribution from HRA (annual depreciation charge - currently £15.6m) Which is then fully committed in-year to support HRA capital plan and pay down HRA debt. Statutorily this reserve cannot be used for any other purpose

2.3.2 Current HRA general reserves revenue commitments includes a set aside of £8.5m for business risks; in particular, with regard to proposed welfare reform changes, including a more wide-scale rollout of universal credit, which means direct housing benefit payments to Council tenants. The balance of commitments includes £1.5m working balance, and support to the HRA capital plan.

2.3.3 The forecast balance of reserves at £33m, are assumed to roll forward to support future year capital investment plans.

2.3.4 The annual HRA depreciation charge, which is just under £16m, funds the major repairs reserve. This reserve is fully committed each year, with no remaining balances to roll forward year on year.

2.3.5 A number of housing policy proposals following the implementation of the Welfare & Reform and Housing & Planning Acts remain subject to further government clarification. Depending on the outcome, some of the remaining reserves highlighted in Table 1 above may be required, at least short-term, to manage any significant financial impacts on the HRA bottom line, not currently factored in.

Appendix B – Updated MTFP 2017-21

<b>GENERAL FUND</b>	<b>16-17</b>	<b>17-18</b>	<b>18-19</b>	<b>19-20</b>	<b>20-21</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>COUNCIL FUNDING</b>					
<i>Business rates (Local Share)</i>	(52)	(53)	(53)	(54)	(55)
<i>Top Up grant</i>	(21)	(22)	(23)	(23)	(24)
<i>Revenue Support Grant</i>	(48)	(33)	(23)	(13)	0
Business rates retention Scheme	(121)	(108)	(99)	(90)	(79)
Un-ringfenced grants	(21)	(21)	(18)	(18)	(18)
Council tax	(149)	(156)	(164)	(172)	(180)
Collection fund balance	(2)				
Earmarked Reserves	(2)				
<b>Total Funding</b>	<b>(295)</b>	<b>(285)</b>	<b>(281)</b>	<b>(280)</b>	<b>(277)</b>
<b>COUNCIL COSTS</b>					
Children & Young People	69	59	59	59	59
Adults, Commissioning & Public Health	91	94	92	91	96
Place	36	37	37	37	37
Resources	38	36	35	35	35
Communities Transformation & Change	7	6	6	6	6
Economic Resilience	13	11	11	11	11
Cross Directorate Activity	3	10	10	10	10
<u>Central Budgets</u>					
Treasury Management	32	30	31	32	33
Contingencies (incl inflation)	1	7	8	9	11
Central Pension & Related Costs	5	5	5	5	5
Joint Committees	21	21	22	22	22
Public Health Grant Contribution to MTFP	(6)	(6)	(6)	(6)	(6)
<b>Total Costs</b>	<b>310</b>	<b>310</b>	<b>310</b>	<b>311</b>	<b>319</b>
<b>Funding Gap</b>	<b>15</b>	<b>25</b>	<b>29</b>	<b>31</b>	<b>42</b>
Use of Balances	(15)				
<b>Remaining Budget Gap</b>	<b>0</b>	<b>25</b>	<b>29</b>	<b>31</b>	<b>42</b>

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Department for  
Communities and  
Local Government

**The Rt Hon Greg Clark MP**  
*Secretary of State for Communities and Local  
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[www.gov.uk/dclg](http://www.gov.uk/dclg)

10 March 2016

*Dear Colleagues*

## **MULTI-YEAR SETTLEMENTS AND EFFICIENCY PLANS**

On 17 December I announced a historic opportunity for councils to achieve greater certainty and confidence from a 4-year budget. I see this as a key step to supporting you to strengthen your financial management, at the same time as working collaboratively with your local partners and reforming the way services are provided.

The settlement consultation process showed great support for this approach and identified a number of queries about what the offer includes and the requirements for applying to accept this offer. I have therefore set out some further details in the attached annex. But I want to reiterate that I want this offer, and the production of an efficiency plan, to be as simple and straightforward as possible, and reassure you that this is not about creating additional bureaucracy.

If you wish to apply to accept the offer you simply need to send an email or letter to [MultiYearSettlements@communities.gsi.gov.uk](mailto:MultiYearSettlements@communities.gsi.gov.uk) by **5pm on Friday 14<sup>th</sup> October** and include a link to your published efficiency plan.

I do not intend to provide further guidance on what efficiency plans should contain – they should be locally owned and locally driven. But it is important that they show how this greater certainty can bring about opportunities for further savings. They should cover the full 4-year period and be open and transparent about the benefits this will bring to both your council and your community. You should collaborate with your local neighbours and public sector partners and link into devolution deals where appropriate.

Of course this offer is entirely optional. It is open to any council to continue to work on a year-by-year basis, but I cannot guarantee future levels of funding to those who prefer not to have a four year settlement.

I have been delighted by the response of councils all over the country to the offer of four year budgets and I look forward to hearing from you if you would like to avail yourself of it.

For any further queries, please contact officials at the above address.

*Yours sincerely*

A handwritten signature in black ink, appearing to be 'G Clark', written in a cursive style.

**THE RT HON GREG CLARK MP**

## **Annex**

### **Conditions of the multi-year settlement**

The Government will offer any council that wishes to take it up a four-year funding settlement to 2019-20. This includes:

- Common Council of the City of London
- London borough councils
- district councils
- county councils
- Council of the Isles of Scilly
- Greater London Authority
- metropolitan county fire and rescue authorities
- combined fire and rescue authorities.

The Government is making a clear commitment to provide minimum allocations for each year of the Spending Review period, should councils choose to accept the offer and if they have published an efficiency plan.

#### **What the offer includes**

On 9 February we provided summaries and breakdown figures for each year to your s151 Officer. From those figures the relevant lines that are included in the multi-year settlement offer, where appropriate, are:

- Revenue Support Grant;
- Transitional Grant; and
- Rural Services Delivery Grant allocations.

In addition, tariffs and top-ups in 2017-18, 2018-19 and 2019-20 will not be altered for reasons related to the relative needs of local authorities, and in the final year may be subject to the implementation of 100% business rates retention.

The Government is committed to local government retaining 100% of its business rate revenues by the end of this Parliament. This will give them control over an additional £13 billion of tax that they collect.

To ensure that the reforms are fiscally neutral local government will need to take on extra responsibilities and functions. DCLG and the Local Government Association will soon be publishing a series of discussion papers which will inform this and other areas of the reform debate.

The new burdens doctrine operates outside the settlement, so accepting this offer will not impact on any new burden payments agreed over the course of the four years.

The Government will also need to take account of future events such as the transfer of functions to local government, transfers of responsibility for functions between local authorities, mergers between authorities and any other unforeseen events. However, barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement, the Government expects these to be the amounts presented to Parliament each year.

## **Process for applying for the offer**

Interest in accepting this offer will only be considered if a link to a published efficiency plan is received by 5pm Friday 14<sup>th</sup> October. We will provide confirmation of the offer shortly after the deadline.

## **Efficiency Plans**

Efficiency plans do not need to be a separate document. They can be combined with Medium Term Financial Strategies or the strategy set out in the guidance (<https://www.gov.uk/government/publications/guidance-on-flexible-use-of-capital-receipts>) on how you intend to make the most of the capital receipt flexibilities if appropriate.

The Home Office will provide guidance on the criteria and sign off process for efficiency plans for single purpose Fire and Rescue authorities. All Fire and Rescue authorities, including those which are county councils, should set out clearly in their efficiency plans how they will collaborate with the police and other partners to improve their efficiency.

## **Process for those who do not take up the offer**

Those councils that chose not to accept the offer, or do not qualify, will be subject to the existing yearly process for determining the local government finance settlement.

Allocations could be subject to additional reductions dependant on the fiscal climate and the need to make further savings to reduce the deficit.

At present we do not expect any further multi-year settlements to be offered over the course of this parliament





We've got less money, so  
we've got to think

**Cllr Graham Turner**  
**Portfolio holder for**  
**Asset Strategy,**  
**Resources and**  
**Creative Kirklees**

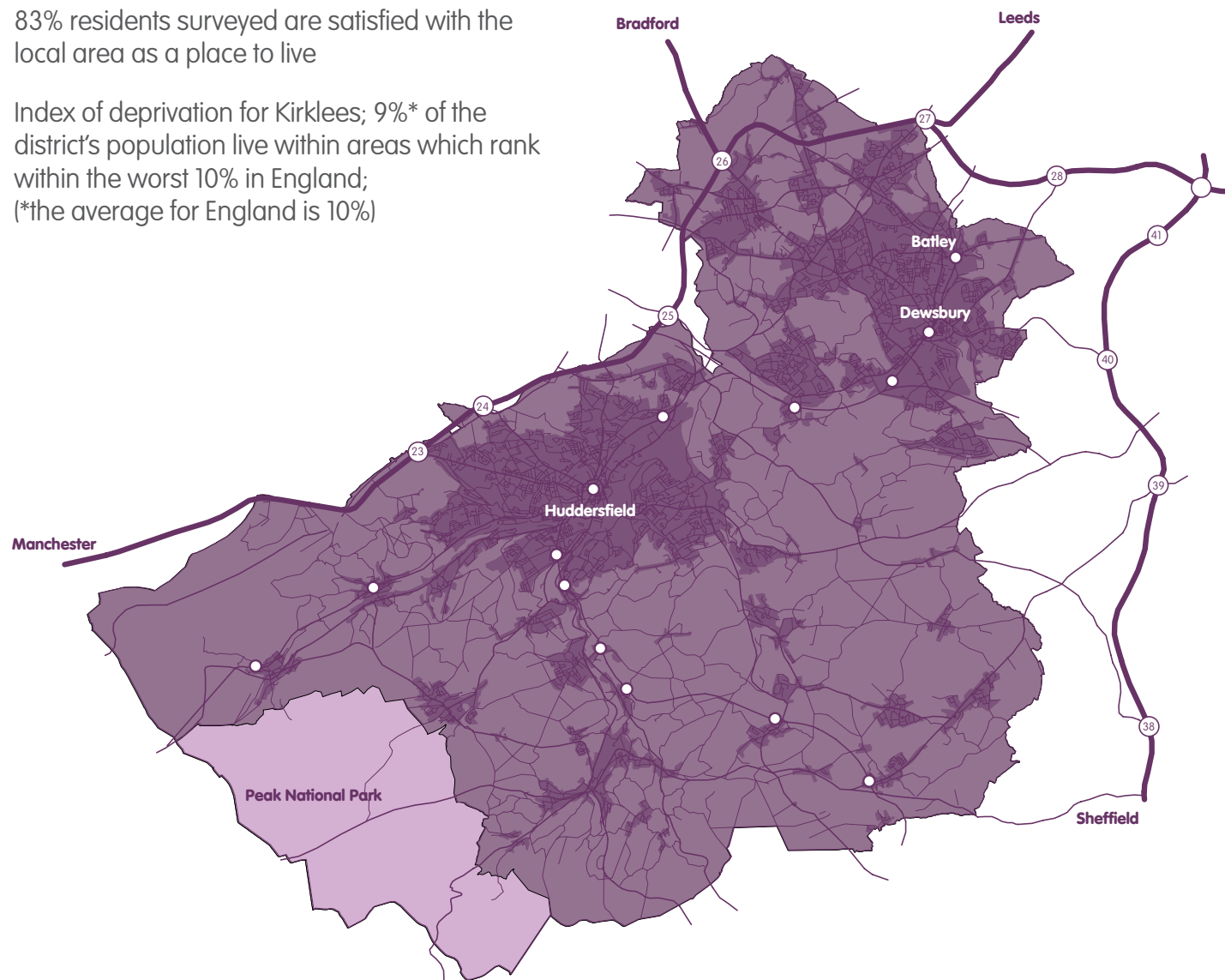
### **The purpose of this document is:-**

- respond to the Department of Local Government & Communities Letter of the 10 March 2016 inviting Local Authorities to submit efficiency plans in order to achieve greater certainty and confidence from a 4 year budget
- confirm Kirklees request for funding certainty over the next 4 years (2017-21)
- to restate our cross party principles for resource allocation outlined within the 2016 corporate plan
- to restate our New Council Target Operating Model & how this helps to shape resource decisions
- to outline the scale of the financial challenge over the next 4 years
- to outline the transformation initiatives being progressed and driving forward  
how these provide benefit to the council and communities  
how we are collaborating with public sector partners
- to outline our approach to responding to the financial challenge.

# Kirklees – key characteristics

The Council serves one of the larger Districts in England and Wales, both in terms of population and geographical area, and this, along with other key characteristics of the Kirklees District, are summarised below :

- 431,000 residents, and is projected to increase by 6% overall to 459,000 by 2024; includes 18% projected increase in over 65's, to 86,700
- Kirklees ranks eleventh out of 348 districts in terms of population, in England and Wales
- Population by ethnic group; 79%\* White, 16% Asian or British Asian, 5% Other (\*England & Wales average 86%)
- 3rd largest metropolitan district in area; covering 157 square miles
- 173,000 households, of which about 67% are owner occupied, and 12% Council rented. Households are projected to increase 20% by 2024, to 210,000.
- Manufacturing accounts for 19%\* of all employment in the District (Great Britain average is 8%). The next largest employment sectors in the district are health at 14%, retail at 12% and education at 11%.
- Average median gross weekly earnings for Kirklees residents is £362; lower than the Great Britain average of £405.
- 69 Local Councillors serve 23 wards; current minority Labour administration
- 83% residents surveyed are satisfied with the local area as a place to live
- Index of deprivation for Kirklees; 9%\* of the district's population live within areas which rank within the worst 10% in England; (\*the average for England is 10%)



# Our cross party principles

Kirklees Council is a balanced council with no overall control and a leading Labour Administration. All five political parties – the Labour Party, the Conservative Party, the Liberal Democrat Party, the Green Party and the Valley Independent Party – have agreed the following 12 cross party principles to lead the Council's approach to the further budget reductions necessary to balance the books over the next three years.

All the party's believe that the transformation to a New Council necessitates clear agreement between them on overarching principles and they have agreed those as follows:

1. Sustainable jobs and homes are crucial to the economic and social wellbeing of local people. We will create conditions where business and wealth grow naturally and is retained in the district. We will deliver new homes through a mix of social and private developments.
2. The Council should be a facilitator for communities, and with respect to all services, local people will need to do more for themselves and each other. This will help to sustain services for local people.
3. People are more important than buildings. We will sell, transfer or exchange assets, dependent on sound and practicable business cases, taking into account financial and social value. We will use any cash value to sustain future investments in our priorities.
4. We must provide a safety net for the most vulnerable, as well as seeking to close long standing economic and health and wellbeing inequalities within the district.
5. A consistent level of basic services will be available to residents across the district, but at a lower level than now.
6. The working poor, the frail elderly and children at risk of abuse are high priority groups.
7. We will raise income from services where we can make a direct contribution to the funding of other services. We will be mindful of the market and the local mixed economy. We will establish partnerships with appropriate private companies and community organisations to maximise income from the Council estate.
8. We will share services with our neighbours where they adopt principles consistent with those set out here.
9. We will seek to work with partners and devolved bodies, including schools, to improve the life chances for young people across the district.
10. We recognise that partners have access to funds that the Council does not and that the Council's role may not be to lead but to work in genuine partnerships to achieve shared objectives.
11. The Council should encourage locally owned and managed businesses to ensure money remains within the local economy.
12. Devolution should be, as far as possible, to communities. We will ensure governance arrangements are in place and local councillors are actively involved and clearly accountable.



# Our vision

new  
council

1

Supporting vulnerable people and helping them to stay in control of their own lives

2

Focusing resources on things that only the council can do

3

Supporting individuals and communities to do more for themselves and each other

To deliver this vision with much more limited resources we have developed a target operating model. This sets out 10 key capabilities which the council will need to have in the future. We describe this as **new council**.

1. protects vulnerable people with a consistent focus on prevention and early intervention across all service areas. (EIP Theme).

2. creates the conditions where businesses and wealth grow naturally and are retained in the district. (ER Theme)

3. successfully facilitates and enables individuals and communities to do more for themselves and each other.

4. has effective access channels in place that best meets user requirements and expectations.

5. continuously uses intelligence, insight and data to inform service design and improvement.

6. routinely collaborates with public, private and third sector organisations to deliver shared ambitions for Kirklees and the wider region.

7. understands the cost-benefit of all services, whether delivered directly, or via third party providers.

8. has staff with the skills, behaviours and competencies needed to be modern, flexible and productive.

9. has standardised and integrated corporate processes and centres of excellence in core functions.

10. innovates and develop new delivery models, including more commercial models, to best meet the outcomes it aims to achieve.

[Link to full document can be accessed by clicking here](#)

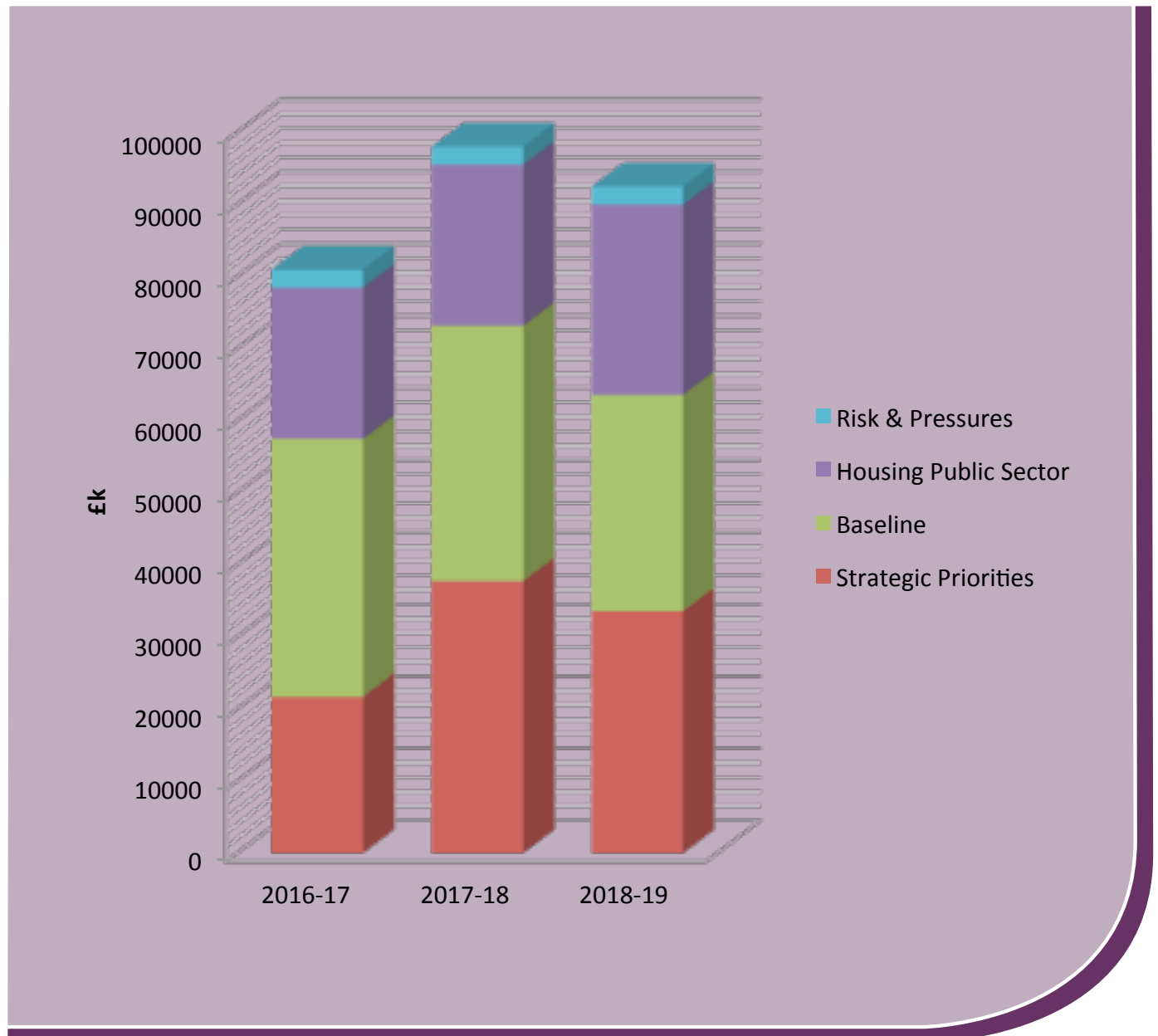
# What's the scale of the challenge?

<b>General Fund</b>	<b>17-18</b>	<b>18-19</b>	<b>19-20</b>	<b>20-21</b>
<b>FUNDING AVAILABLE</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Current plans 2016 - 20	(285)	(281)	(280)	(280)
MTFP Update; baseline review	0	0	0	3
<b>Updated funding available</b>	<b>(285)</b>	<b>(281)</b>	<b>(280)</b>	<b>(277)</b>
<b>SPENDING ALLOCATION</b>				
Current plans 2016 - 20	302	311	318	318
MTFP Update; baseline review	11	11	13	24
<b>Updated spending allocation 2017-21</b>	<b>313</b>	<b>322</b>	<b>331</b>	<b>342</b>
<b>Budget Gap</b>	<b>(28)</b>	<b>(41)</b>	<b>(51)</b>	<b>(65)</b>
<i>(original Budget Gap MTFP 16-19)</i>	<i>(16)</i>	<i>(30)</i>	<i>(38)</i>	<i>(38)</i>
Early savings proposals - inflation, baseline capital review and additional BCF	(3)	(12)	(20)	(24)
<b>Remaining Budget Gap</b>	<b>(25)</b>	<b>(29)</b>	<b>(31)</b>	<b>(41)</b>



# Capital Investment Plan 2016-19

- ✓ Despite the financial challenges we continue to plan for investment & strategic priorities
- ✓ We have set aside resources for maintaining our existing asset portfolio
- ✓ We are also investing in our housing stock to maintain decent homes standards and investment in extra care housing which underpins our service strategy for older people.



# Our achievements to date

- ✓ We've cut central services by 49%
- ✓ We are spending 15% less since 2010 – that's over £100 million already gone
- ✓ Case study exemplar cited by DCLG in "Good Practice in Local Government Savings " Dec 2014
- ✓ Developed a 'One Council' approach to procurement, payroll, HR and other corporate services
- ✓ Greatly reduced our numbers of office buildings and contact points
- ✓ Reduced senior management and consolidated business support

# How is the council transforming

## Supporting vulnerable people and helping them to stay in control of their own lives

### Housing

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Merger of the Council's Building Services Operations with Kirklees Neighbourhood Housing Ltd (an Arms Length Management Organisation & a local authority wholly owned 'Teckal' company) to create;

- ✓ An effective and efficient customer focused housing management and maintenance services which enable investment in strategic priorities.
- ✓ Improved value for money and efficiencies freed up to generate trading income
- ✓ Long term asset planning to ensures we have fit for purpose, decent homes and maximises the value of council housing for our communities
- ✓ Flexibility for the existing or any new organisation to have the opportunity to grow.
- ✓ An organisation which can support the Council's long term strategic outcomes

On the 17 October 2016 a new organisation will begin which will signal the start of a new 20 year housing management and maintenance agreement.



## Developing childrens and young peoples services

### Childrens social care

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#### Four key priorities

- ✓ Recruitment and retention
- ✓ More effective "Front Door"
- ✓ Improving placement quality
- ✓ Embedding a performance culture to improve outcomes
- ✓ Focussing on providing the right support at the right time using our Early Intervention and Prevention approach

### Transforming adult social care

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- ✓ "avoid, delay, reduce" approach
- ✓ Greater integration with the NHS to improve outcomes and align with BCF funding opportunities
- ✓ Continued/intensified focus on self care, community capacity and lower cost support options (assistive technology, extra care etc)
- ✓ Use of systems thinking and agile working to manage flow and outcomes
- ✓ Participating in the West Yorkshire Sustainability and Transformation Plan

## focusing resources on things that only the council can do

### Developing a new waste strategy

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- ✓ Working with private sector partner to increase recycling rates
- ✓ Maximise benefits from energy from waste plant
- ✓ Reviewing policy including circular economy ideas



## Our approach to identifying further savings

A number of proposals are currently in development to close the budget shortfall. These proposals broadly fall into the categories shown below and corresponding savings targets are shown in the table on the next page

### Continued management action

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- ✓ Scrutinise vacancies
- ✓ Procurement – contract management, supplier consolidation, minimise off contract spend etc.
- ✓ Increased productivity, reduced sickness level & reduced reliance on agency
- ✓ Tackle processes – hire to retire, procure to pay
- ✓ Review centrally held budgets

### Service redesign & changing customer expectations:-

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- ✓ Customers – front door & out of office arrangements
- ✓ Review of services in the context of available resources
- ✓ Digital by design
- ✓ Mobile and Agile working
- ✓ Demand management

### Reprioritisation:-

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- ✓ Review of capital spending priorities & associated treasury management costs
- ✓ Right size support functions to meet expectations of organisation

### Commercialise services where this makes sense:-

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- ✓ To achieve full cost recovery
- ✓ Income generation opportunities

# Supporting individuals and communities to do more for themselves and each other

## Developing services which are digital by design

The Council has embarked on a Digital by Default transformation programme targeting every corner of Council operations, applying technology to deliver end to end, automated and self-service transformation of processes;

## Supporting our staff to be mobile and agile

This initiative is to move to a fully “Digital Workforce” to make almost all workers; mobile, agile, paperless and collaborative;

This will include Regional Collaboration through the Public Sector Network and Shared IT Infrastructure procurement

## Changing the relationship between the citizen and the state

Creating a different and more positive relationship with communities is central to the vision for our New Council.

This means the way we approach delivering services will change, from providing services to or for people to also focussing on how we can support and enable people to do more for themselves and each other. As a local authority we are learning how to work with the strengths of communities, their wealth of skills and willingness to make a difference. This will be key to managing a reducing demand on services, and supporting communities to remain resilient as budgets reduce.

The Council has successfully supported this approach through two international and innovative programmes funded by Bloomberg Philanthropies.

## Comoodle

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- ✓ The idea for Comoodle came from community groups in Kirklees, who said that they could do far more if they had access to assets like equipment (stuff), expertise (skills) and buildings (space). The Council responded to this challenge by sharing assets such as vans, sports equipment, heaters and events equipment that can be idle, especially in evenings and weekends.
- ✓ Since May 2015, the Council has completed 120 'trades' with community groups. Overall, the project has supported 86 different community organisations to date, helping to support activities that over 8,000 people have benefitted from.

## Cities of Service

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Cities of Service is an international network of local authorities who are committed to providing the conditions where volunteers support delivery and to make the most impact through their volunteering contribution. In 2014 Nesta and Cabinet Office funded Kirklees as 1 of 7 UK local authorities to implement these approaches.

Through Cities of Service we have ;

- ✓ developed our ability to mobilise citizens to our greatest challenges through developing the "I'm In" brand which has helped to recruit 10,066 potential new volunteers. We've also developed new ways of messaging citizens about ways they can help, including Voluntext with 1,410 people
- ✓ increased our capacity to measure the impact of working with volunteers
- ✓ found, targeted and supported the right volunteers to work with for different outcomes.

## Meeting the challenge - savings identified & shortfall

	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m
Budget shortfall	25,392	29,612	31,704	41,949
Categorisation of savings proposals				
Continued management action	2,030	2,030	2,030	2,030
Service redesign & changing customer expectations	8,366	15,040	20,987	20,987
Reprioritisation	833	2,817	4,622	4,780
Commercialisation	1,418	1,811	2,186	2,186
subtotal	12,647	21,698	29,825	29,983
Savings to be identified	12,745	7,914	1,879	11,966



## Risk Assessment

- ✓ Demand on assessed services (adults & children) continues to grow
- ✓ Number of children looked after continues to increase
- ✓ Customer expectation increase & public satisfaction deteriorate – we don't shift individuals from being customers to becoming citizens
- ✓ Transformation plans do not realise the scale of ambition
- ✓ Improved better care funding doesn't flow from Clinical Commissioning Groups or is less than the sums factored into the Medium Term Financial Plan update
- ✓ Continue to experience challenges in delivery of savings (time & value)
- ✓ Income forecasts are not realised and funding position deteriorates further
- ✓ Service delivery failure & additional investment required