

# Public Document Pack



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Friday 28 April 2017

## Notice of Meeting

Dear Member

### Policy Committee

The **Policy Committee** will meet in the **Council Chamber - Town Hall, Huddersfield** at **1.00 pm** on **Monday 8 May 2017**.

The items which will be discussed are described in the agenda and there are reports attached which give more details.

A handwritten signature in black ink, appearing to read "Julie Muscroft".

**Julie Muscroft**

**Service Director - Governance and Commissioning Services**

Kirklees Council advocates openness and transparency as part of its democratic processes. Anyone wishing to record (film or audio) the public parts of the meeting should inform the Chair/Clerk of their intentions prior to the meeting.

## **The Policy Committee members are:-**

### **Member**

Councillor Rob Walker (Chair)

Councillor Andrew Cooper

Councillor Fazila Fadia

Councillor David Hall

Councillor James Homewood

Councillor John Lawson

Councillor Robert Light

Councillor Hilary Richards

Councillor John Taylor

Councillor Judith Hughes

# Agenda

## Reports or Explanatory Notes Attached

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**Pages**

**1: Membership of the Committee**

To receive apologies for absence of Members who are unable to attend this meeting.

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**2: Minutes of Previous Meeting**

1 - 6

To approve the Minutes of the meeting of the Committee held on 3 April 2017.

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**3: Interests**

7 - 8

The Councillors will be asked to say if there are any items on the Agenda in which they have disclosable pecuniary interests, which would prevent them from participating in any discussion of the items or participating in any vote upon the items, or any other interests.

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**4: Admission of the Public**

Most debates take place in public. This only changes when there is a need to consider certain issues, for instance, commercially sensitive information or details concerning an individual. You will be told at this point whether there are any items on the Agenda which are to be discussed in private.

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**5: Deputations/Petitions**

The Committee will receive any petitions and hear any deputations from members of the public. A deputation is where up to five people can attend the meeting and make a presentation on some particular issue of concern. A member of the public can also hand in a petition at the meeting but that petition should relate to something on which the body has powers and responsibilities.

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**6: Member Question Time**

To consider questions from Councillors.

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**7: Update on Social Value**

9 - 18

Members to consider a position statement on the work of the Policy Committee – task and finish group and to consider any recommendations to be made to Cabinet.

Contact: Steve Copley 01484 221000

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**8: Update on Passivhaus**

19 - 32

Members to consider a position statement on the work of the Policy Committee – task and finish group and to consider any recommendations to be made to Cabinet.

Contact: Steve Copley 01484 221000

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Contact Officer: Steve Copley

## KIRKLEES COUNCIL

### POLICY COMMITTEE

**Monday 3rd April 2017**

Present: Councillor Rob Walker (Chair)  
Councillor Fazila Fadia  
Councillor David Hall  
Councillor James Homewood  
Councillor John Lawson  
Councillor Robert Light  
Councillor Hilary Richards  
Councillor Judith Hughes

Apologies: Councillor Andrew Cooper

#### **1 Membership of the Committee**

Apologies for absence were noted on behalf of Cllr Andrew Cooper.

#### **2 Minutes of Previous Meeting**

The minutes of the Policy Committee meeting on 9 January 2017, were approved as a correct record.

Cllr Rob Walker used the minutes to deal with matters arising and to provide a brief progress report on some of the other items which the Policy Committee considered on 9 January 2017.

The Policy Committee went on to resolve that:-

- (1) The Policy Committee (3 April) will consider a position statement on the work on "Social value" to-date. A final report will be presented to a Policy Committee meeting in May 2017.
- (2) A revised report on "Passivhaus" will also be presented to the next Policy Committee meeting in May 2017.
- (3) Further work on the policy issues arising from the item on "Dealing with refuse and waste in Kirklees" be deferred for consideration by elected members in the 2017/18 municipal year.

#### **3 Interests**

No interests were declared.

**4 Admission of the Public**

Today's meeting was held in public session.

**5 Deputations/Petitions**

No deputations or petitions were received.

**6 Public Question Time**

No questions were submitted

**7 Member Question Time**

No questions were submitted

**8 Social Value**

Cllr Rob Walker, chair of the task and finish group on "Social value", along with David Bundy, Corporate Policy Officer, provided a progress report on the work of the group to-date.

The progress report provided a reminder on the terms of reference for the group, plus a position statement on what had been discussed in terms of the following objectives:

1. To learn from best practice and external research.
2. To explore the impact of work and potential barriers created by the council for the third sector when delivering social value and early intervention and prevention objectives.
3. To examine and understand the social value element in commissioning and procurement processes, and recommend (if necessary) changes; assess how these processes can stimulate local growth.
4. Examine the area of asset transfers and social value – particularly around the challenge of Physical Resources and Procurement meeting their income targets, set against the need to protect third sector groups who meet the councils EIP objectives (and who may be saving the council money by providing a specific service).
5. Establish how social value can be embedded into the Kirklees economic strategy.

### Policy Committee - 3 April 2017

The debate went on to focus on the next steps and some possible recommendations for inclusion in the final report, which will be presented to a further meeting of the Policy Committee in May 2017. These include:

1. There is widespread agreement that the policy is good but there are significant challenges relating to its implementation.
2. Baseline figures and evidence base - this requires further work to ensure we have the correct data and a sustainable way of consistently gathering the right information. There is also the need for clarity on certain definitions i.e. local expenditure and our approach to temporary contracts etc.
3. There is the potential to commission CLES to carry out a 'social value diagnostic' including analysis and clarity on our current position.
4. In terms of implementation, can we highlight practical examples within the Council where the social value policy is embedded and being implemented? Is there potential to develop a pilot project with an area of service delivery that covers data collection and embedding the social value policy?
5. Further engagement with the business and third sector leaders to establish better working links on a more regular basis. The initial focus should be on the barriers currently being experienced by partners in relation to social value as well as a response to the recommendations from the task & finish group. Is there an opportunity for peer learning with business/third sector?
6. How are other 'anchor' institutions from both the public and private sector across Kirklees approaching social value? Is there opportunity for a joint social value charter and subsequent action plans for delivery?
7. In terms of asset transfer, how far should we go in ensuring the social value policy is met? What should be the Council's role once an asset has been transferred?
8. How can we benefit from the inclusive growth initiative being led by the Leeds City Region? Social value is a key part of inclusive growth, how could this help us deliver our outcomes?
9. Explore further opportunities with Yorkshire Purchasing Organisation (YPO) with regards to social value
10. On-going research into how other local authorities are developing and delivering social value policies. We already have anecdotal evidence from Oldham and Doncaster but it's very much focused on producing a policy, not the implementation.

Members of the Policy Committee went on to agree that:

- The Kirklees policy on social value is still current. However, we should try to come up some practical proposal(s) that will make a real change and

### Policy Committee - 3 April 2017

difference here in Kirklees. We need to come up with a proposal that will get councillors and officers interested. The proposals have to help the topic to gain traction within the organisation.

- Some other local authorities are more engaged and ahead of us with their work on social value. They recognise its importance and are actively looking for ways to make it work. For example, Manchester, where members interest and a working group help to keep the item in view and at the forefront of their discussions and thinking on the commissioning and provision of local services.
- Kirklees does need accurate figures to establish an accurate baseline on our local spend at present and for example how much is leaking out of the local economy. We also need it to help influence attitudes, change and the thinking of councillors and officers here in Kirklees.
- Officers should speak with colleagues at CLES – or another appropriate organisation – to try to carry out this analysis in 2017/18. Details of the brief and the potential costs for the work to be shared with the Policy Committee in May 2017, before the final report and recommendations are referred to Cabinet for consideration.
- Members noted that CLES helped to develop and influence the work that is taking place in Manchester. We should also enquire if CLES and Manchester would be willing to help us to do the same here in Kirklees and provide examples of what impact they have had with other councils/organisations.
- Calderdale and YPO have also offered to work with us to review some of the issues and to change and develop our procurement practices and the opportunities to involve other local organisations that could compete for our contracts for goods and services we will commission and procure.
- Our current procurement processes can be difficult to engage with and understand. Further work is required to engage with representatives from both the third sector and SME's to help promote the opportunities. It is important that we work more closely with them.
- Some pilot studies would help us to learn more about our current practices and the opportunities for change when dealing with both big and small contracts. The Cabinet should be asked to consider this – the methodology and principles involved – which may involve asking members of the Policy Committee to follow up on this task in 2017/18.
- Need to consider if social value is a key consideration when recommendations on the transfer of council assets to community groups are being considered. The advice and support which the council offers can also deter or hinder some organisations from developing some important projects which have social value. Plus, how do councillors and officers determine applications from multiple organisations when they are all interested in the

## **Policy Committee - 3 April 2017**

same asset. How do they decide the importance, priority and sustainability associated with each bid?

- If Kirklees is going to look at the development and use of social value in its work, we should also encourage the West Yorkshire Combined Authority to do the same.

### **RESOLVED –**

Members of the Committee resolved that:-

- (1) Today's progress report be received and noted.
- (2) That the comments and ideas offered up in today's discussion be developed within the final report and recommendations from the task and finish group on "Social value" which will be presented to the next Policy Committee meeting in May 2017.

## **9 Policy Committee - Date for next meeting**

Following on from item 8 above, Cllr Rob Walker explained that a further meeting of the Policy Committee will be required in early May 2017, to consider and complete the reports on "Social value" and "Passivhaus".

### **RESOLVED –**

Members of the Committee resolved that the Governance Team should contact members of the Policy Committee to confirm the date, time and venue for the next meeting in May 2017.

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<b>KIRKLEES COUNCIL</b>					
<b>COUNCIL/CABINET/COMMITTEE MEETINGS ETC</b>					
<b>DECLARATION OF INTERESTS</b>					
Policy Committee					
<b>Name of Councillor</b>					
<b>Item in which you have an interest</b>	<b>Type of interest (eg a disclosable pecuniary interest or an "Other Interest")</b>	<b>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]</b>	<b>Brief description of your interest</b>		

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.

**Social Value:  
Final progress report to the Policy Committee  
8<sup>th</sup> May 2017**

As the attached position statement to Policy Committee on 3 April 2017 outlined, the cross party task and finish group established wide ranging terms of reference to examine the social value policy and its practice across the Council. The position statement highlighted the progress made, outstanding areas still to be addressed and recommendations to take the work forward.

This final report to the committee provides an update on the aforementioned outstanding areas with a focus on how to take forward this programme of work into the future.

## **1. Further work with Centre for Local Economic Strategies (CLES)**

Work is underway to commission CLES to undertake detailed research and provide guidance on a number of areas namely;

- Ensure social value is considered as a matter of course E.g. social value part of contract management
- Clearer understanding of our 'local spend'
- Develop a process for continuous monitoring of social value
- Explore leakage out of the Kirklees economy
- Influence the behaviour of the supply chain
- Provide signposting for suppliers

A more detailed offer from CLES will be available in the near future in terms of costings and timings.

## **2. Further work with Calderdale Council and Yorkshire Purchasing Organisation (YPO)**

Calderdale have offered to carry out a free audit of spend to determine the extent of leakage out of the Kirklees economy. We have agreed in principle on the audit and are awaiting confirmation from Calderdale as to when they can fit us into their schedule.

YPO have offered to carry out a supply chain analysis in order to give us a better understanding of how our spend links back to the local area. The first meeting is scheduled for 3<sup>rd</sup> May where we will get a better understanding of their offer and timescales.

## **3. Community asset transfer**

The revised Community Asset Policy certainly follows the principles of social value particularly in supporting local communities through front-loaded support and de-risking the transfer process. However there is more we can do in ensuring that the policy forms part of the practical process in determining whether an organisation is 'fit for purpose' and the transfer of an asset yields social value. Colleagues in Physical Resources and Procurement have agreed to pilot an approach where the

policy forms a central part of the assessment process. This is currently being developed with officers from the Policy Team.

#### **4. Engagement with third sector and SMEs**

Officers are continuing to explore opportunities to engage with both the third sector and SMEs around our social value policy. It is important that views from both groups are heard and considered.

#### **5. Inclusive growth agenda**

Social Value and the inclusive growth agenda are closely linked and it is important that both officers and councillors understand how the two work together. Inclusive growth is *“Broad-based growth that enables the widest range of people and places to both contribute to and benefit from economic success. Its purpose is to achieve more prosperity alongside greater equity in opportunities and outcomes”*. The current model is described as *“grow now, redistribute later”*.

The RSA Inclusive Growth Commission [Final Report](#) has been launched and is being trail blazed across Leeds City Region, focusing on:

- Place-based industrial strategies: Delivering business-led productivity and quality jobs
- A fundamental reset of the relationship between Whitehall and the town hall, underwritten in new social contracts
- Inclusive growth at the heart of public investment
- Making inclusive growth our working definition of economic success

#### **Recommendations**

- The Policy Committee recommends that a report is presented to Cabinet seeking endorsement for the work undertaken by the Committee and its task and finish group in 2016/17
- That report for Cabinet report should recommend that a Cabinet Member is identified to take a lead role on a work programme to continue to work towards embedding the social value policy into our working practices across the Council

Contact Officers:

David Bundy, Corporate Policy Officer, [david.bundy@kirklees.gov.uk](mailto:david.bundy@kirklees.gov.uk)  
Nick Howe, Corporate Policy Officer, [nick.howe@kirklees.gov.uk](mailto:nick.howe@kirklees.gov.uk)

## **Context**

The Kirklees Social Value Policy of 2013 goes beyond the scope of the Social Value Act of 2012 (Policy Statement appended). There is concern that the Kirklees Social Value Policy is not effective enough in terms of the practical outcomes it delivers. It was therefore decided it would be timely to review policy and practice to ensure they align strongly to New Council. For these reasons, Policy Committee established a Task and Finish Group to explore how this could be improved.

The terms of reference of the group were agreed as follows:

- To examine best practice from other local authorities with favourable reputations for their social value programmes and to learn of the latest developments in the social value field from organisations such as the Centre for Local Economic Strategies (CLES), to understand how social value in Kirklees could be improved.
- To explore the extent to which all council functions consider social value in terms of their impact on the third sector, particularly local third sector organisations who are contributing to our Early Intervention and Prevention objectives; and how this could be improved – e.g. the impact of charging or cost recovery.
- To examine the Council commissioning and procurement process in light of information derived from the work described above; assess how changes to commissioning and procurement can stimulate local social value and contribute to growth which enhances the delivery of the social and economic practices of the Council

## **Progress and Update**

A report on “Social value” was presented to the Policy Committee on 28 Nov 2016, which led to the creation of an informal task and finish group. All councillors were asked to express an interest if they wished to be involved. The final substantive membership consists of Cllrs Judith Hughes, Robert Light, Hilary Richards, John Taylor and Rob Walker (Chair). Cllr Shabir Pandor has also attended various meetings. At the initial meeting, the group agreed five key objectives to guide this work. Below is a summary of the progress made with each objective:

### **1. To learn from best practice and external research**

- The group received a presentation from the Chief Executive Neil McInroy of the Centre for Local Economic Strategies (CLES) on “Kirklees council and social value” in January. The presentation introduced the idea of progressive economics and how to make social progress even when the economy is struggling. Central to this idea is the importance of what CLES termed the public economy, which CLES estimated would be around 40% of the total economy for an area such as Kirklees. CLES made the point that the question of inequality was becoming more and prevalent in mainstream economics.

- Neil then detailed the work of CLES on social value and procurement and the importance (as far as social value is concerned) of not framing procurement purely in terms of cost and efficiency. The presentation continued to look at the importance of ensuring that at least some of the public spend (over which the local authority has direct influence) is spent with local suppliers and the effect this can have on a local area.
- Details were then given on how local authorities can procure with social value in mind whilst adhering to the legislative framework surrounding procurement and an example social value procurement framework and baseline.
- In terms of desktop analysis, there are numerous examples of local authorities adopting various charters and social value policies (Doncaster, Oldham etc) but very little on implementation and delivery. This is an area which requires further work.
- CLES also talked about working with 'local anchor businesses' to build community wealth. This fits with the Leeds City Region's work on inclusive growth and using large public sector organisations as 'anchors' to lead change.
- The presentation concluded with a series of recommendations, namely;
  - Ensure social value is considered as a matter of course  
E.g. social value part of contract management
  - Develop a process for continuous monitoring of social value
  - Explore leakage out of the Kirklees economy
  - Influence the behaviour of the supply chain
  - Provide signposting for suppliers

**2. To explore the impact of work and potential barriers created by the council for the Third Sector when delivering social value and early intervention and prevention objectives**

- The meeting on the 15<sup>th</sup> March was unfortunately cancelled; further work is required on how we engage with the 3<sup>rd</sup> sector and small businesses.
- A report by the University of Huddersfield from 2012 titled 'Understanding the experience of bidding for Kirklees Council Contracts' does have some useful anecdotal evidence from a wide variety of businesses across Kirklees.
- The Food for Life Partnership is a good example of where a council/third sector organisation partnership can bring major benefits with regards to social returns

**3. To examine and understand the Social Value element in commissioning and procurement processes, and recommend (if necessary) changes; assess how these processes can stimulate local growth**

- There has been a series of meetings with colleagues in procurement and commissioning in order to get a clear picture on the current position in Kirklees and to start to understand how social value can be incorporated into our everyday business.
- The meeting with Richard Parry ([Director for Commissioning, Public Health and Adult Social Care](#)) highlighted that certainly in terms of social care social value is at the heart of commissioning the delivery of services, which is evidenced by the high number of local providers in this sector. However, the

meeting raised the issue of how well social value is been applied internally within all council services.

- Following a couple of meetings with Procurement, there are a number of barriers and issues that have arisen, namely:
  - i. Based on the last figure from 2014/2015 local spend was at 31% compared with 28% now but there are concerns that this figure is incorrect. Further clarity is required on producing a 'baseline'.
  - ii. We need clear parameters about what we are including and what we aren't from SAP and the feeder systems so that any future reporting is a like-for-like comparison
  - iii. A clear definition of what local spend means i.e. Kirklees Postcode, West Yorkshire etc?

#### **4. Examine the area of asset transfers and social value – particularly around the challenge of PRP meeting their income targets, set against the need to protect third sector groups who meet the councils EIP objectives (and who may be saving the council money by providing a specific service)**

- The Task & Finish Group met with colleagues from Assets on the 20<sup>th</sup> February to examine the area of asset transfers and social value. In the context of New Council and different ways of working with community groups, alongside budget pressures, this is a critical area which needs consideration.
- At the time of the meeting, the Council have successfully completed 10 Asset transfers through to legal completion. There are also 6 which have been approved at Cabinet for an Asset Transfer but have not yet legally completed. To put that into context, the Council has approximately 260 corporate assets but not all are eligible for asset transfer.
- Cabinet approved a revised Community Asset Policy on the 7<sup>th</sup> March 2017 which includes a clear definition of what the Council considers a Community Asset Transfer and the types of assets that could be transferred.
- The Community Asset Policy requires much clearer criteria for measuring social value when assessing a transfer proposal. What weighting is social value given against other outcomes?
- The Group were also concerned about the future sustainability of building that had being transferred and what the Council's role should be once a building had been handed over. What further support should we be offering? How far should the monitoring go? It must also be noted that there are significant resource implications relating to future monitoring and support.
- How do we promote social value with organisations once a transfer has been completed?

#### **5. Establish how social value can be embedded into the Kirklees Economic Strategy**

- In terms of high-level strategy, social value should be seen as a key part of the inclusive growth agenda which is currently gathering momentum both here and at the Leeds City Region level.
- Inclusive Growth is broad-based growth that enables the widest range of people and places to both contribute to and benefit from economic success. Its purpose is to achieve prosperity alongside greater equity in opportunities and outcomes. Social value is a key component.

- The interest in inclusive growth has arisen along with an increasing concern about the consequences of widening inequality and doubts that economic growth does not automatically benefit all levels of society.
- Kirklees Council is a signatory to the Inclusive Growth in Cities Campaign. In 2016 the Leader received a personal invite to join a global network of leaders – known as ‘Champion Mayors for Inclusive Growth’ – who are committed to advancing an inclusive growth agenda and bridging the gaps between national and local efforts to fight inequality.
- The Leeds City Region LEP and West Yorkshire Combined Authority (WYCA) have a joint vision for economic growth which is “to be a globally recognised economy where good growth delivers high levels of prosperity, jobs and quality of life for everyone”. This is set out in the Leeds City Region Strategic Economic Plan (SEP).
- The principle of ‘Good Growth’ is central to the vision and reflects the aspirations of the LEP Inclusive Growth Working Group that is looking at how to achieve broad based growth that enables the widest range of people and places to both contribute to and benefit from economic success.
- In November 2016, WYCA and the LEP Board agreed a project to position the city region at the forefront of the Inclusive Growth agenda. The project aims to better enable the city region to capitalise on new opportunities and achieve the SEP’s outcomes. As a first stage it seeks to:
  - Provide analysis of intelligence and data to inform priorities for action, establishing strengths and gaps in current work;
  - Undertake an audit of current activities across the WYCA geography, and draw out best practice;
  - Determine collective priorities, and engage widely with local members, businesses and community groups on what good growth means to them; and,
- It will be important for Kirklees to capitalise on opportunities afforded by the Inclusive Growth agenda as the basic premise of is consistent with our stated ambition to ensure that our two core strategies – The Kirklees Economic Strategy and the Joint Health and Wellbeing Strategy – are connected and complementary. Social value is a key part of this.

### **Next Steps/recommendations**

The Policy Committee is asked note the progress and issues highlighted in this position statement and to come to a view on the following:

- There is widespread agreement that the policy is good but there are significant challenges relating to its implementation.
- Baseline figures and evidence base - this requires further work to ensure we have the correct data and a sustainable way of consistently gathering the right information. There is also the need for clarity on certain definitions i.e. local spend and our approach to temporary contracts etc
- There is the potential to commission CLES to carry out a ‘social value diagnostic’ including analysis and clarity on our current position.
- In terms of implementation, can we highlight practical examples within the Council where the social value policy is embedded and being implemented?

Is there potential to develop a pilot project with an area of service delivery that covers data collection and embedding the social value policy?

- Further engagement with the business and 3<sup>rd</sup> Sector Leaders to establish better working links on a more regular basis. The initial focus should be on the barriers currently being experienced by partners in relation to social value as well as a response to the recommendations from the Task & Finish Group. Is there an opportunity for peer learning with business/third sector?
- How are other 'anchor' institutions from both the public and private sector across Kirklees approaching social value? Is there opportunity for a joint social value charter and subsequent action plans for delivery?
- In terms of Asset Transfer, how far should we go in ensuring the social value policy is met? What should be the Council's role once an asset has been transferred?
- How can we benefit from the inclusive growth initiative being led by the Leeds City Region? Social value is a key part of inclusive growth, how could this help us deliver our outcomes?
- Explore further opportunities with Yorkshire Purchasing Organisation (YOP) with regards to social value
- On-going research into how other local authorities are developing and delivering social value policies. We already have anecdotal evidence from Oldham and Doncaster but it's very much focused on producing a policy, not the implementation.

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# Appendix 1

## SOCIAL VALUE POLICY STATEMENT

This policy statement summarises Kirklees Council's approach to 'social value'. It covers:

- What we mean by the term 'social value'
- Priority social value outcomes for Kirklees
- The scope of Kirklees' approach

### What we mean by the term 'social value'

The term 'social value' refers to approaches which maximise the additional benefits that can be created through the delivery, procurement or commissioning of goods and services, above and beyond those directly related to those goods and services.

Social Enterprise UK in their [Brief Guide to the Public Services \(Social Value\) Act 2012](#) say that focussing on social value means asking the question: "*If £1 is spent on the delivery of services, can that same £1 be used to also produce a wider benefit to the community?*"

Social value is therefore about using the money we have more strategically, to produce a wider benefit than would otherwise have been achieved.

However, social value also describes the values and principles which inform our behaviours and approaches, namely:

- We will invest in ways that most benefit our local communities.
- We will use 'community sourcing' approaches as a means of regenerating local communities, both socially and economically.
- We recognise that civic enterprise solutions involving communities, the council and business offer a practical and positive alternative.
- We value and intend to grow our relationship with the voluntary and community sector and small businesses; and
- We will focus attention on the economy and the real strengths and capacities of our communities.

### Priority social value outcomes for Kirklees

Our priority social value outcomes relate to two main themes:

- 1. Supporting the Kirklees economy (this includes maximising the impact of the Kirklees £, promoting employment in Kirklees and supporting youth employment)**
- 2. Reducing demand (and consequently expenditure) for public services in Kirklees – maximising the impact of our actions on increasing resilience and independence.**

# Appendix 1

## The scope of Kirklees' approach

The social value approach encompasses the full commissioning cycle, service planning and review, decision making and policy development; and includes procurement of goods as well as services. The outcomes we intend to deliver through this approach include:

- Increasing the proportion of services and goods provided locally.
- Greater circulation of the Kirklees pound in local supply chains, thereby maximising the 'multiplier effect'.
- Supporting the creation of jobs, skills and training opportunities
- Promotion of opportunities for small and medium-sized enterprises (SMEs), social enterprises and voluntary and community organisations.
- More 'social innovation' across the commissioning landscape
- Value for money – through capturing longer term savings for the council as a whole.
- Better connections across services, with a greater understanding of how services interact to support outcomes and impact on the wider community.
- Growing the social sector to increase its overall size and capacity
- Savings through reductions in demand across a range of service areas
- Increased community-led activity, resilience and local problem solving

Key features of our approach are:

- Local spend and provision
- Commissioning for social value
- 'Community sourcing' (making better connections between public services and communities, focusing attention on the strengths and capacities of our communities)
- Procuring for social value
- Service diversification
- Improving cross service connections
- Embedding social value in new policy development

December 2013

**Report & recommendations of the  
Policy Committee task group on: Passive Housing**

**January 2017**

Cllr Andrew Cooper (Chair)  
Cllr Gemma Wilson  
Cllr Andrew Marchington  
Cllr Naheed Mather

## **Purpose**

This report summarises the findings and analysis of the Policy Committee task group on Passive Housing, and presents their recommendations for endorsement by Policy Committee to be presented to the council's Cabinet for consideration.

## **Scope of the work agreed by Policy Committee:**

The task group was established by Policy Committee in January 2016, at which point the scope of the work was agreed as follows:

- Set out proposals for the intention, principles and direction of travel for a policy position on passive housing.
- The work will seek to establish the potential and implications of introducing a requirement to adopt passive house principles for new build housing and establish the circumstances where this could apply.
- It will seek to develop:
  - A proof of concept – i.e. to identify what is possible, legal and feasible, informed by professional challenge and input.
  - A suggested scope for the policy (including, for example, whether it should apply to all new housing, to housing development on all council land, on housing development on some council land and/or as a condition of sale of council land for development purposes)
  - Implementation options and timescales, having regard to appropriate lead-in times for developers, partners and other stakeholders
  - An assessment of the potential social and economic benefits or dis-benefits, having regard to the priorities in the Kirklees Economic Strategy and Joint Health and Wellbeing Strategy
  - Consideration of the potential and feasibility of exploiting the opportunities provided by a new policy position more ambitiously – for example, opportunities for local manufacturing and construction.

## **What is Passivhaus?**

Passivhaus (or Passive House) is an advanced low energy construction standard for buildings. By using high performance insulation and making a building completely draught free, it effectively eliminates heat loss to create a building with very low environmental impact. The majority of heating required comes from 'passive' sources such as sunlight, emitted heat from electrical appliances, and even body heat, meaning almost no traditional heating system is required.

A passive house is an energy-efficient building with year-round comfort and good indoor environmental conditions without the use of active space heating or cooling systems. The space heat requirement is reduced by means of passive measures to the point at which there is no longer any need for a conventional heating system; the air supply system essentially suffices to distribute the remaining heat requirement.

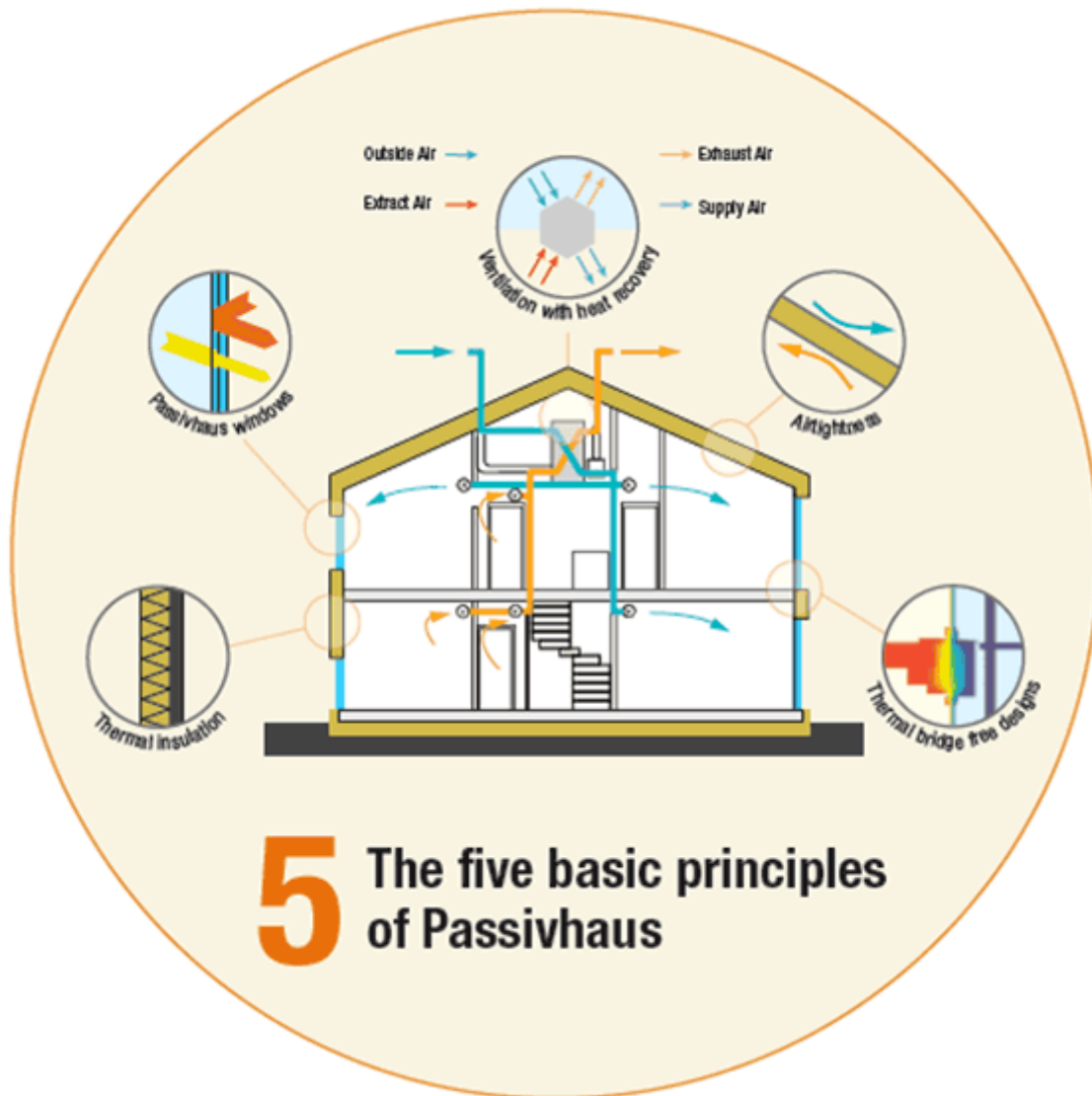
A passive house provides very high level of thermal comfort and provision of whole-house even temperature.

The concept is based on minimising heat losses and maximising heat gains, thus enabling the use of simple building services. The appearance of a passive house does not need to differ from a conventional house and living in it does not require any lifestyle changes.

In the UK, this typically involves:

- very high levels of insulation
- high performance windows with insulated frames
- airtight building fabric

- 'thermal bridge free' construction
- a mechanical ventilation system with highly efficient heat recovery



The Passivhaus Standard is a construction standard developed by the Passivhaus Institut in Germany (<http://www.passiv.de>). The Standard can be met using a variety of design strategies, construction methods and technologies and is applicable to any building type.







**Qu.** Which of the pictures on the previous pages are Passive Houses?

**Ans.** All of them.

*“The passive approach to construction is based on simple principles, reliable technology and is well tested particularly in northern Europe. It produces homes that require as little as 15 kilowatt hours of power per year to heat one square metre of floor space compared to 80 to 100 for most modern homes. Moreover, it is only marginally more expensive to produce a passive house. If we can build homes that do not need expensive and damaging fossil fuels to power them, why contemplate building anything else?”*

*The RSA, 2013*

**Summary and conclusions**

The need to build significantly more homes and to cut carbon emissions are national policy priorities for all political parties. From a climate change perspective, given that 27% of the carbon emissions of the UK come from our homes, the energy performance of housing is a significant issue. The 2008 Climate Change Act requires:

- a 34% cut in 1990 greenhouse gas emissions by 2020, and
- at least an 80% cut in emissions by 2050.

It will be impossible to meet the 2050 objective without changing emissions from homes.

The failure to deliver more and better quality homes in the UK is already having serious social impacts. This policy has therefore been developed acknowledging the wider housing policy challenges for Kirklees and nationally, and in particular the need to achieve housing growth to meet the needs of the Kirklees population. We need a holistic policy approach to the housing crisis – and not to view housing quality and volume as mutually exclusive, producing houses that are cheap to build but expensive to run. Instead we need to ask how we can increase the quality as well as the numbers of homes in Kirklees; using approaches which help stimulate the local economy and improve the health and wellbeing of Kirklees residents.

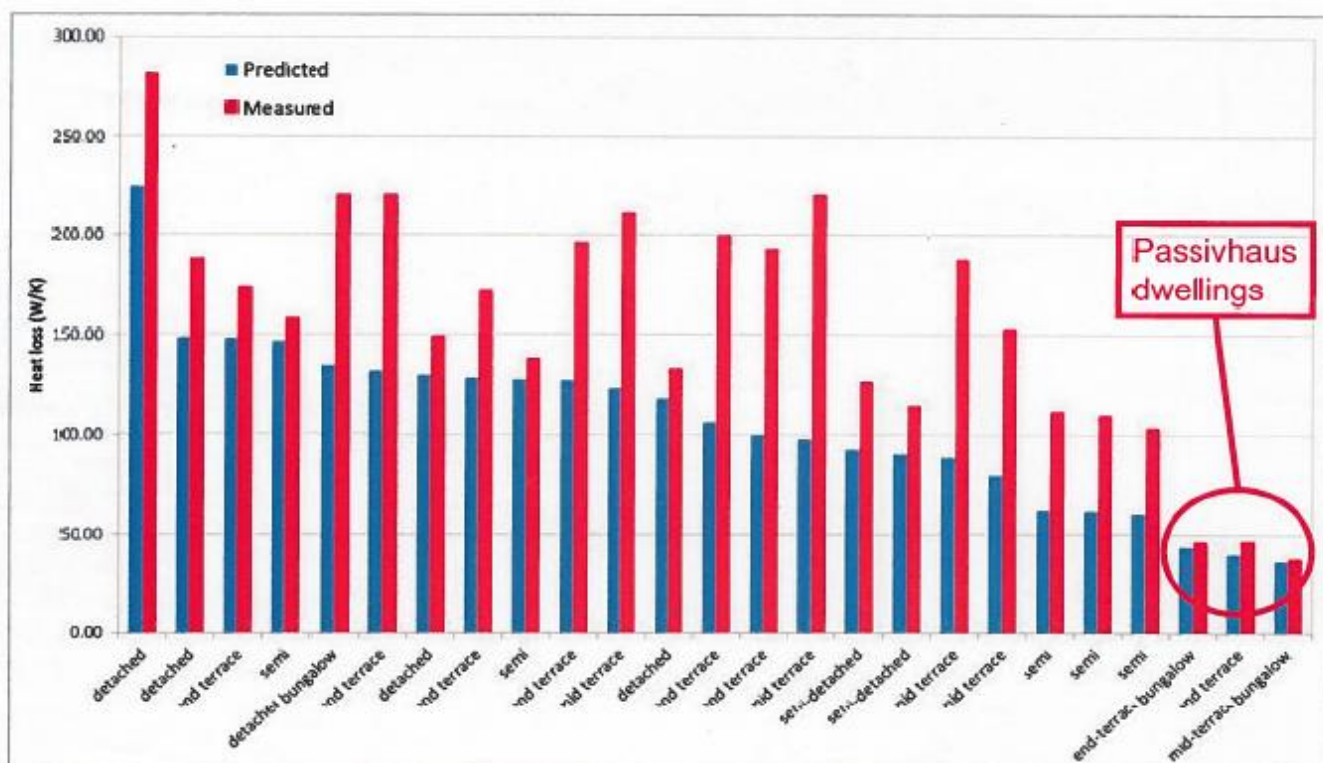
Roughly one third of the working age population in Kirklees live on low to middle incomes. Nearly two thirds of households in Kirklees earn less than £25,000. Following the economic downturn, there has been a change to living standards in a typical working household in Kirklees, with households, in effect, £37 worse off each week or £1,964 per year, now than in 2008.

In this context, the cost borne by households because of the poor energy performance of our homes is significant. As the table below demonstrates, even compared to modern building regulations for new homes, the potential for household savings are substantial.

	New build to 2013 Building regulations:	Passivhaus standard	Annual saving
4 bedroom detached	£1,050	£620	£430
3 bedroom semi	£780	£450	£330
4 bedroom mid terrace	£760	£450	£310
1 bedroom ground floor flat	£500	£380	£120

Seen at a population level, if there is a need to provide 29,000 additional homes by 2031, this represents a potential opportunity to save over £9m annual household spending which could be available to improve people’s standards of living or spent in the local economy.

A particular benefit of the passive house standard is the rigour and quality assurance process which means that the energy savings estimated are actually delivered in reality. This contrasts with traditional construction techniques, where there is a significant difference between modelled energy performance and what occupiers experience in reality. The table below illustrates this ‘performance gap’.



A key concern in developing this policy is not to burden the construction sector with requirements that might inhibit new development. Cost is therefore a significant consideration and the task group looked in some detail at this issue.

The evidence in terms of any additional cost associated with passive house suggests that building a passive house can cost in the range of 0 – 25% more than the current UK construction standard. In the UK context this is in part a reflection that passive house is a relatively new innovation to the UK housing sector, with only several hundred passive homes having been built to date, compared with over 20,000 in Germany. Given these relatively small numbers, much of the UK data is derived from one-off commissioned homes or small scale developments which lack economies of scale. The panel visited a current development (CITU in Sheffield), where by building at scale and using off site construction techniques the developer plans to deliver passive house standard at zero additional cost – suggesting that if mechanisms can be found to stimulate passive house building at larger scale then cost differentials will continue to reduce. The issue from a policy perspective is therefore how to enable or stimulate increased scale and avoid the chicken and egg scenario where new innovations are perceived as more costly which then inhibits their uptake. Additionally, until demand for passive homes increases, volume house builders in particular lack the motivation or incentives to change.

Our proposed policy approach is therefore a phased one, with an enabling focus, aimed at progressively increasing demand for and volumes of passive homes, building up the local evidence base, and increasing economies of scale. This will focus initially on council-supported pathfinder projects and by enabling and supporting demand from residents, including those interested in self- build and custom-build.

Incentives are different in the social housing sector. Housing associations and other social landlords have an ongoing interest in the maintenance and running costs of the homes they manage. Their tenants are also more likely to be on lower incomes and to be in fuel poverty. So, we also propose working with the social housing sector in Kirklees and across West Yorkshire to explore opportunities for social housing passive house pathfinder schemes. This will provide additional local learning and evidence on cost-benefit and on tenant experiences and outcomes.

The St. Mary's development in Oldham, which has two passive houses and four other "Code 6" ones keep the tenants heating costs to under £3 per week, with associated benefits for the landlord and the wider public sector.

*"I Googled it but I was still sceptical. But it's great. There are no draughts and it's quiet. I was in a freezing council house which I used to pay £35 a week to heat, way more than 10% of our income, and it was still cold. It was horrendous what we were paying and it was a breeding ground for illness. They should definitely build more like this".*



Alison Isaacs and her husband Darryl-Paul outside their home in Oldham

Alison Isaacs and her husband Darryl-Paul outside their home in Oldham which has been insulated in a scheme expected to save the council and NHS hundreds of thousands of pounds. Photograph: Christopher Thomond

One of the issues that contributes to potential cost pressures for passive house is that developers who are used to working in a certain way may over-estimate the additional costs of any new requirements and under-appreciate the cost savings that can be made, for example due to the reduced requirements for space heating. The phased approach to implementing this proposed policy allows for the construction and house building sectors to continue to build understanding, knowledge and the skills base for passive house construction.

Passive house standards can be achieved using many different construction techniques – it is a relatively simple, “fabric first” approach – focusing on superior insulation and airtightness – which reduces the requirements for space heating. The passive house in Denby dale which the panel members visited, for example, is a cavity wall, stone construction that looks similar to many standard new-build homes in the area. Notwithstanding this, a technique likely to see significant expansion in recent years is the use of off-site construction methods. The market for off-site construction is rapidly expanding, and many analysts believe this will be a key ingredient in tackling the UK’s housing crisis. This provides a unique opportunity for Kirklees to position itself to benefit from this growth and achieve a rapid scaling of high energy performance housing. The task group propose that adopting a proactive and forward looking policy on passive housing, which provides clear goal of working towards all new build development to passive house standards, will provide industry certainty and enable the development and expansion of off-site construction in the region creating opportunities for skills, jobs and economic growth. The policy will support the region to gain market-leader advantage in this expanding sector.

The phased approach allows time for the industry to adapt and prepare and is based on creating the right local conditions and stimulating demand.

## Work of the task group

The task group undertook a combination of site visits, evidence gathering meetings and discussion, supported by desktop research. A summary of key points and conclusions drawn from the task group sessions is provided below.

### Visit 1 – Denby Dale passive house

- Provided task group members with a practical perspective seeing a ‘real-life’ house built to passive house standard
- Opportunity to ask practical and technical questions about passive house construction and liveability
- Importance of air-tightness / ventilation
- Importance of considering design pre-planning
- Importance of knowledge and quality across procurement, design and build
- Fabric-first approach to insulation and air tightness
- Perspective from a committed and passionate owner

### Visit 2 – CITU development

- Provided the opportunity to discuss capacity and scale (this development is 100+ homes)
- The visit confirmed the “ordinariness” of the development – passive house is not a particularly complex innovation.
- Perspective from this developer on how scale can bring down costs and opportunities to further reduce costs by using off-site construction methods.

### Meeting 2

#### Certification

- The process for quality assurance and certification was described for members
- Certification costs are currently: £2k - £3k per dwelling
- Could certify random sample on larger development sites
- Importance of occupant behaviour and therefore advice to potential occupants
- ‘Performance gap’ between quoted performance of traditional new build and actual performance contrasted with quality assured process for certified passive house.

#### Local Plan context

- Some debate as to how proactive vs reactive we could be as a Local Planning Authority
- Soundness test for Local Plan includes how it is considering climate change with requirement to adopt proactive strategies to mitigate and adapt
- Local Plan for 1% additional housing over 15 years – is context for this, in terms of numbers/impact
- Many improvements to existing homes don’t require planning permission (therefore Local Plan doesn’t apply) – these could be considered in corporate policy
- When setting local standards must do so in a way that is consistent with Government zero carbon policy AND adopt nationally described standards (i.e. building regulations)
- If considering local requirements, need a robust and credible evidence base
- Could “encourage” higher standards but most LAs not including these as prescribed in local plan policies due to the need for accordance with NPPF, soundness test, need for flexibility / viability
- Sensitivity test re viability - +5% to build cost as a proxy (i.e. above this thought of as not viable)
- BUT Local Plan is only one of the tools in the planning toolbox
- Higher standards could be achieved via design guidance, in neighbourhood plans, local development orders
- Opportunity for policy ‘hooks’ in local plan to support an ‘enabling’ policy

- New requirement to have a self-build/custom build register. Self-build/custom build homes are exempt from CIL charges so the viability issue might be improved for energy efficient housing which comes through this route. Could be enabling opportunities here, especially in relation to council owned land

### Meeting 3 – summary of larger scale developments elsewhere in UK

- Consistent evidence of higher build costs but in a range of 0-25% - however, this reflects early days for passive house in the UK
- Importance of an integrated design process emphasised
- Some evidence of need for a phased shift, due to ability of volume housebuilders to meet passive house standards (in particular air tightness). Suggests need for planned approach to growing the knowledge and skills base across the system.
- Some early problems with mechanical ventilation and heat recovery, since resolved
- Need for good quality assurance
- Management and tenant awareness is key

### Meeting 4 – housing stakeholders perspectives

- Tenants viewpoint in terms of what it feels like to live in a passive house: significantly lower running costs, less condensation but will feel and look different and tenant awareness of how it works is important
- Additional build costs but anticipate costs will reduce as volumes increase
- Potential maintenance savings (whole lifecycle costs – e.g. as a result of less condensation), boiler replacement savings
- Adaptations – could the properties take these in the future e.g. tracking for hoists? It will be important to think this through at the design stage and also consider other types of equipment not requiring alterations.
- KNH and Building services – is this an opportunity to develop in house expertise i.e. staff trained to deliver and build passivhaus homes in partnership with other bodies.
- Certification – this is a rigorous process and has an associated cost. One way to manage this could be to do a random selection for certification i.e. 4 out of 100 properties.
- No sub-contractors gives better overall control of the build and final product
- The Policy position will send the message of what we need – this will then lead to training and provision.
- If tenants are paying less for energy this may have a positive impact on rent payments.
- Can learn good practise from other schemes such as the potential to share electricity from “communal” solar panels.

### Meeting 5 – Passivhaus Trust Seminar for Local Authorities in Leeds

- Perspective from large developer Keepmoat – Nigel Banks Group Research and Development Director – Referred us to the 5 year monitoring report for householder experience of living in a Passivhaus in the Wimbish project in Norwich.
- Detailed input from Emma Osmundsen - Shadow Director (Development) & Client Lead (Build) and also a Chartered Surveyor – principal learning point was that a consistent policy and informed scheme design sees significant reductions in unit costs.

## RECOMMENDATIONS

### Draft Policy Statement

This policy statement sets out Kirklees Council's ambitions to achieve low energy, passive house performance standards for new build developments in Kirklees.

This is an enabling policy that seeks to create the conditions locally that are needed for new build developments in Kirklees to have energy performance standards that exceed the energy requirements of Building Regulations, delivering higher quality buildings, increased affordability and delivering significant economic and wellbeing benefits.

The policy describes a phased approach to implementation to allow time for the relevant industry conditions to develop. Each phase of implementation is conditional on achieving evidence based systems conditions, to ensure that the desired policy outcomes are feasible and achievable.

The long term vision is: that by 2026 all new build developments will achieve energy performance equivalent to passive house standard without negatively impacting on the desired rates of development.

Achieving this policy goal will support the Kirklees Economic Strategy and Joint Health and Wellbeing Strategy by:

- Creating the potential for the construction and house building industry in Kirklees to build a competitive advantage and exploit market-leader opportunities, for example in the offsite construction of new homes and in the sustainable building industry.
- Creating cost savings for occupiers on energy bills, freeing up disposable income available to be spent in the local economy
- Reducing lifetime building and management costs, e.g. through maintenance savings associated with reduced dampness and condensation and reduced rental arrears.
- Delivering warmer and healthier homes that are of higher quality than traditional new build
- Reducing greenhouse gas emissions contributing to UK commitments in the Paris Climate Change Agreement.

A key element of the policy will be the guiding of the policy by a Steering Group jointly led by Kirklees Council and the Passivhaus Trust supported by local educational institutions. It's role will be to:-

- Oversee the progress of the policy
- continually update the evidence base to ensure the policy remains fit for purpose
- ensure conditional tests are met before progressing to further stages of the policy
- carry out scenario planning taking into account factors such as energy costs, changes to building regulations, and market conditions

Details of the proposed timetable for achieving this policy are appended.

**Phase 1 - Pathfinding**

Council-supported pathfinder projects.

Communicating the long term vision, raising industry and resident awareness.

Encourage Passive House Developments as part of the overall Planning process.

Initial Pilot Areas for Passivhaus Developments on Council Land allocated for development with a specific emphasis on Social Housing.

Local Development Orders to also be used, as appropriate, to areas not currently identified for Passivhaus. This is to add flexibility and drive progress more quickly if appropriate.

Proactive information and guidance to interested residents – including via the self-build/custom-build register and information to neighbourhood planning processes.

Further develop the local evidence base through a Steering Group jointly lead by Kirklees and the Passive House Trust supported by local education institutions. This body will oversee the conditional tests to proceed to the following stages and report to cabinet.



**Phase 2 – Mainstreaming**

Support for adoption of Passivhaus policies in Neighbourhood Development Plans will be encouraged and supported through the Kirklees Passivhaus Steering Group

Through the Kirklees Passivhaus Working Group develop the skills base to further deliver the policy across the district

Supportive approaches to Community Self Build  
Investigate the potential for a pilot commercial Passivhaus development e.g. a Passivhaus Business Park to complement green infrastructure approaches.

Conditional tests

- Evidence on unit costs and economies of scale drawn from both local and national sources
- Evidence of impact of the policy on the local economy, health and well being.
- Scenario planning the policy taking into account factors such as energy costs, changes to building regulations, and market conditions



**Phase 3 – Market adoption**

Mainstreaming on Council Land and greater take up in the private sector.

By 2026 promotion of Pathfinder and Pilot Projects lead to the development of a norm locally for Passivhaus performance standards in the Construction Industry.

Promotion of Passivhaus leads to new commercial opportunities for the Construction sector e.g. off site construction on new homes.

Explore viability for mainstreaming commercial Passivhaus in the Local Plan based on a national and local evidence base,

Conditional tests

- Evidence of the evidence of the viability of passvhaus development informed by both costs and benefits.
- Sufficient Industry capacity
- Tenant/Occupier satisfaction and usability

2017 - 2019

2019 - 2021

2021 - 2027