

Public Document Pack



**Service Director – Legal, Governance and
Commissioning**

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Monday 16 March 2020

Notice of Meeting

Dear Member

Cabinet

The **Cabinet** will meet in the **Council Chamber - Town Hall, Huddersfield** at **4.00 pm** on **Tuesday 24 March 2020**.

This meeting will be live webcast. To access the webcast please go to the Council's website at the time of the meeting and follow the instructions on the page.

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", on a light-colored background.

Julie Muscroft

Service Director – Legal, Governance and Commissioning

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 Cabinet members are:-

Member

Councillor Shabir Pandor
Councillor Viv Kendrick

Councillor Musarrat Khan
Councillor Naheed Mather
Councillor Peter McBride

Councillor Carole Pattison

Councillor Cathy Scott
Councillor Graham Turner
Councillor Rob Walker

Responsible For:

Leader of the Council
Cabinet Member - Children (Statutory responsibility for Children)
Cabinet Member - Health and Social Care
Cabinet Member - Greener Kirklees
Deputy Leader and Cabinet Member for Regeneration
Cabinet Member for Learning, Aspiration and Communities
Cabinet Member - Housing and Democracy
Cabinet Member - Corporate
Cabinet Member for Culture and Environment

Agenda

Reports or Explanatory Notes Attached

Pages

1: Membership of Cabinet

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

2: Minutes of Previous Meetings

1 - 16

To approve the Minutes of the Meetings of the Cabinet held on 14 January and 25 February 2020.

3: Interests

17 - 18

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.

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.

5: Deputations/Petitions

The Cabinet 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.

In accordance with Council Procedure Rule 10 (2), Members of the

Public should provide at least 24 hours' notice of presenting a deputation.

6: Public Question Time

The Cabinet will hear any questions from the general public.

7: Member Question Time

To receive questions from Councillors.

8: Ad Hoc Scrutiny Report - Future arrangements for the Council's Residential Housing Stock 19 - 80

To receive the findings report of the Ad Hoc Scrutiny Panel – Future arrangements for the Council's residential housing stock.

Contact: Carol Tague - Democracy Manager (Governance & Democratic Engagement)

9: Options on the future model for the management and maintenance of Kirklees Council Housing 81 - 140

To consider the outcome of the options assessment for the management and maintenance of the housing stock.

Contact: Naz Parkar – Service Director for Growth & Housing

10: West Yorkshire Devolution Deal - Review of Governance Arrangements 141 - 186

The report seeks endorsement for the “minded to” Deal and authority for a statutory Review to be undertaken, jointly by Constituent Councils and the Combined Authority, and for a further report to be prepared in due course including a draft Scheme for consideration (subject to the outcome of the Review).

Contact: Julie Muscroft – Service Director, Legal Governance and Commissioning

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Contact Officer: Andrea Woodside

KIRKLEES COUNCIL

CABINET

Tuesday 14th January 2020

Present: Councillor Shabir Pandor (Chair)
Councillor Viv Kendrick
Councillor Musarrat Khan
Councillor Naheed Mather
Councillor Peter McBride
Councillor Carole Pattison
Councillor Cathy Scott
Councillor Graham Turner
Councillor Rob Walker

95 Membership of Cabinet

All Members of the Cabinet were present.

96 Minutes of previous meeting

RESOLVED - That the Minutes of the Meetings held on 12 November 2019 and 3 December 2019 be approved as a correct record.

97 Interests

No interests were declared.

98 Admission of the Public

It was noted that all agenda items would be considered in public session.

99 Deputations/Petitions

No deputations or petitions were received.

100 Public Question Time

No questions were asked.

101 Member Question Time

No questions were asked.

102 Capital Scheme - Cherry Trees Respite

Cabinet gave consideration to a report which sought approval to proceed with a capital scheme at Cherry Trees respite, an 8 bed learning disabilities respite unit in Shepley, which is owned and managed by the Council. Cabinet noted that the initial outline business case had been approved during February 2019 and that the full business case was now submitted, as attached at Appendix 1 to the considered report. The business case set out details of the proposal, which was to undertake internal works and changes to the existing building in order to ensure that it was fit

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for purpose in meeting the needs of service users, and also enhancing the use of the grounds and external facilities.

The report advised that the detailed design had identified an estimated outturn cost of £735k, excluding £115k for fire safety works and Cabinet was now requested to agree and release the sum of £735k so that tenders and works could be progressed. Cabinet noted that the capital investment was budgeted for within the overall Day Services Support for Vulnerable Adults Programme and that the £115k of investment for fire safety works would be met from the Corporate Landlord capital plan. The report set out a proposed timeframe, which indicated that the works were estimated for completion in August 2020.

RESOLVED - That approval be given to the release of £735k to enable works at Cherry Trees Respite to be progressed.

103 **Reorganisation in Dewsbury West School Place Planning Area - Permission to Consult**

Cabinet received a report which requested approval to undertake a non-statutory consultation on the potential reorganisation of school places at St John's CE (VC) Infant School and Westmoor Primary School. The report advised that there was a school led opportunity to reorganise school places in the Dewsbury West area, resulting in St John's CE (VC) Infant School becoming a 30 place all through primary school, with complimentary charges to pupil numbers at Westmoor Primary School, thereby reducing the transition points for pupils and ensuring sustainable delivery models for both schools.

Cabinet were asked to support the undertaking of a non-statutory consultation in order to seek the views of key stakeholders on the proposals. The report provided an indicative timeline, illustrating that the consultation process would conclude on 21 February 2020, with potential implementation commencing in September 2021.

RESOLVED - That approval be given to the undertaking of a 4 week non-statutory consultation process regarding the reorganisation of Dewsbury west school place planning area.

104 **Kirklees School Funding Arrangements for Financial Year 2020/2021**

Cabinet gave consideration to a report which sought approval of Kirklees' School Funding Arrangements for the financial year 2020-2021. The report set out details of the arrangements that had been consulted upon for the funding of local schools and academies and Cabinet were asked to give approval to (i) the specific funding factors to be used and the relative weightings and values of the funding factors (ii) central budget provision within the Dedicated Schools Grant Schools Block of Funding, the Central School Services Block and the Early Years Block and (iii) de-delegation arrangements for mainstream maintained schools.

The report provided details in regards to (i) funding information (ii) the movement towards national funding formula in the soft National Funding Formula years of 2018-2019 to 2020-2021 (iii) exceptions applications to the Education and Skills Funding Agency (iv) central budget provision within the Dedicated Schools Grant funding blocks (v) de-delegation arrangements for mainstream maintained schools

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(vi) High Needs Block funding 2020-2021 (vii) Early Years Block Funding 2020-2021 (viii) Dedicated School Grant Funding Settlement 2020-2021 and (ix) recommendations from the 2020-2021 Dedicated Schools Grant schools funding formula from the Kirklees Schools Forum.

The report advised that the Schools Forum would continue to help shape schools funding arrangements at their meeting on 10 January 2020, prior to the deadline for submission of the school funding allocations for 2020-2021 to the Education and Skills Funding Agency on 21 January 2020. Cabinet noted that it was expected that the local authority would inform maintained schools of their 2020-2021 budget shares by 28 February 2020 and that the Education and Skills Funding Agency would advise academies of their 2020-2021 budget allocations by 31 March 2020.

RESOLVED –

- 1) That details of the consultative process, undertaken in collaboration with Head Teachers to determine the ongoing local approach to the distribution of Dedicated Schools Grant Schools Block funding for 2020-2021, be noted.
- 2) That the exceptions applications made to the ESFA, and subsequently approved, be noted.
- 3) That the changes to the schools funding formula funding arrangements for 2020-2021, leading up to the full introduction of the National Funding Formula for Schools from April 2021, be noted.
- 4) That the ongoing local consultation with schools and other providers to ensure an appropriate local response to national funding formula developments be noted.
- 5) That approval be given to the submission of the schools funding formula for 2020-2021 (based upon a guaranteed funding rise of at least 1.84% per pupil in comparison to each school's 2019-2020 per pupil baseline) to the Education and Skills Funding Agency.

105 Interim Affordable Housing Policy 2020

Cabinet gave consideration to a report which sought approval to adopt the Interim Affordable Housing Policy 2020, which had been updated following the adoption of the Local Plan and the introduction of the Housing Strategy 2018-2023. Cabinet were advised that the 2020 interim policy would replace the 2016 interim policy and that the new document sought to provide greater clarification, make direct links to existing housing need evidence and provide updates on a range of issues relating to the implementation of national planning policy. Cabinet were advised that the document would be in place on a short term basis, until it is replaced by a formal Supplementary Planning Document later in 2020.

The report explained that the updated policy would help inform negotiations to secure affordable housing that best meets locally identified needs and that the main updates related to (i) the definition of affordable housing sites (ii) addressing national policy requirements regarding provision of affordable homes for sale (iii) the provision of starter homes and discounted market sales housing relative to housing needs in Kirklees and (iv) the requirements of a viability appraisal.

RESOLVED -

- 1) That approval be given to the Interim Affordable Housing Policy 2020, which provides updated interim policy and guidelines for dealing with affordable housing/financial contributions from new housing developments, as attached at Appendix 1 of the considered report, and that the 2016 Interim Affordable Housing Policy be revoked.
- 2) That authority be delegated to the Service Director (Growth and Housing) to make any further additional modifications which relate exclusively to factual updates and format corrections in the process of publishing the Interim Affordable Housing Policy 2020.

106 Enhanced Lettable Standard Pilot 2020

Cabinet gave consideration to a report which sought support for a targeted Enhanced Lettable Standard and Home Starter Fund pilot that Kirklees Neighbourhood Housing proposed to deliver on behalf of the Council from January 2020 to December 2020. The report detailed the opportunities that would be offered by the pilot in terms of establishing a long term Enhanced Lettable Standard and Home Starter Fund offer that would give new Kirklees tenants the best possible start to their tenancies.

Cabinet were advised that the Council's properties were currently re-let to a lettable standard that was last reviewed in 2018 and that the revised standard included flooring and mechanical extraction to kitchens and bathrooms, as well as more customer responsive flexibility to make change. Cabinet noted that the further enhancement of the lettable standard would provide assurance to the Council that new tenants, in particular those who are the most vulnerable, are provided with a standard of accommodation which provides the best chance of sustaining their tenancy and settling into the community.

RESOLVED - That approval be given to the implementation of the targeted Enhanced Lettable Standard and Home Starter Fund pilot that Kirklees Neighbourhood Housing proposal to deliver on behalf of Kirklees Council, from January 2020 to December 2020.

107 Housing Revenue Account (HRA) Rent and Service Charge Setting and Key Housing Challenges

Cabinet received a report which provided the financial context and basis for the annual setting of rents and service charges, and the Housing Revenue Account budget. The report sought approval of a CPI (Consumer Price Index) +1% increase in dwelling rents in 2020/21 and for the proposed garage rents and other service charges an annual uplift of 2.7% in 2020/2021 with the exception of Extra Care Services – Intensive Housing Management, which had a proposed annual uplift of 2%, and Extra Care Services – Night Time Security, which had a proposed annual uplift of CPI+1%.

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The report also provided context in terms of the key challenges for the Housing Revenue Account including the CPI+1% rent increase. An appendix to the considered report set out the full schedule of proposed weekly dwelling rent, service and other charge increases to Council tenants for 2020-2021.

RESOLVED –

- 1) That approval be given to the proposed dwelling rent, garage rent, service and other charges by CPI (Consumer Price Index) +1%, as set out within the report, with effect from 6 April 2020, in order to ensure a balanced Housing Revenue Account which is compliant with the Local Government and Housing Act 1989.
- 2) That approval be given to charges for Extra Care Services – Intensive Housing Management to be uplifted by 2% and Extra Care Services – Night Care Services uplifted by 2.7% (CPI +1%), in line with other charges.

108

Calculation of Council Tax Base 2020/2021

Cabinet gave consideration to a report seeking approval from Council for the various tax bases, which would apply to the Kirklees area for the financial year 2020/21 in connection with the Council Tax. There were no proposed changes to the current Council Tax Reduction Scheme (CTRS) for 2020/21.

RESOLVED – That the 2020/21 Council Tax base for the whole of the Kirklees area, and the Council Tax bases for the five Parish and Town Council areas, be referred to the meeting of Council on 15 January 2020 with a recommendation of approval;

Whole of Kirklees £120,827.80
Denby Dale £5,855.94
Holme Valley £10,149.79
Kirkburton £9,047.44
Meltham £2,859.75
Mirfield £6,693.77

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Contact Officer: Andrea Woodside

KIRKLEES COUNCIL

CABINET

Tuesday 25th February 2020

Present: Councillor Shabir Pandor (Chair)
Councillor Viv Kendrick
Councillor Musarrat Khan
Councillor Naheed Mather
Councillor Peter McBride
Councillor Carole Pattison
Councillor Cathy Scott
Councillor Graham Turner
Councillor Rob Walker

Observers:
Councillor Martyn Bolt
Councillor Andrew Cooper
Councillor Alison Munro
Councillor John Taylor
Councillor Elizabeth Smaje

129 Membership of Cabinet

All Members of Cabinet were present.

130 Minutes of Previous Meetings

RESOLVED - That the minutes of the meetings of Cabinet held on 20 and 28 January 2020 be approved as a correct record.

131 Interests

No interests were declared.

132 Admission of the Public

It was noted that Agenda Items 20 and 21 would be considered in private session (Minute No.s 148 and 149 refer).

133 Deputations/Petitions

No deputations or petitions were received.

134 Public Question Time

No questions were asked.

135 Member Question Time

Cabinet received questions from;

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- (a) Councillor Bolt in regards to (i) revising the flood risk strategy due to recent severe weather conditions, and further considerations in regard to flood mitigation and prevention measures (ii) a request to ban planning permissions on floodplains and (iii) the Cabinet's commitment to the climate emergency, including measures to provide to dwellings of high environmental standards and reducing fuel costs.
- (b) Councillor Cooper (i) as to whether the Cabinet would request Government to enable a review the content of the Local Plan and Local Planning Policy Framework due to the recent incidents of flooding and (ii) support being provided to homeowners in terms of flood protection measures.
- (c) Councillor Munro in regards to (i) the robustness of tools for assessing flood risk areas and the impact of new homes upon existing homes within flood risk assessments and (ii) the potential for a meeting to take place with Officers and residents affected by flooding in the Fenay Bridge area.

Responses were provided by the Leader of the Council.

136 Collections Development Policy Review

(Under the provision of Council Procedure Rule 36(1) Cabinet received a representation from Councillor J Taylor).

Cabinet gave consideration to a report which sought approval for the review and renewal of the Museums and Galleries Collections Development Policy (also known as the Acquisition and Disposal Policy). The report advised that the policy enabled the Council to fulfil its responsibility to ensure that museum collections would exist for future generations and that they are managed appropriately and with adequate resources. The policy also described the current collections, comprising of approx 500k objects, and identified what would be collected in the future.

Cabinet noted that the policy, which was appended to the considered report, was usually reviewed every five years to meet the Museums Accreditation Standard, and set out the Council's commitment to operate within legal and ethical constraints in accordance with established museum industry standards.

RESOLVED - That the Collections Development Policy, as appended to the considered report, be approved.

137 Determination of school admission arrangements for 2021/22

Cabinet gave consideration to a report which sought to determine admission arrangements for all Kirklees Community and Voluntary Controlled Schools for 2021/2022. The admission arrangements for Kirklees Community and Voluntary Controlled Schools, and the Kirklees Co-Ordinated Admission Schemes for 2020/2022, including in-year admissions, were set out as an appendix to the considered report, along with details of Published Admission Numbers (PAN) which included an increased PAN at both Lowerhouses CE (VC) Junior Infant and Early Years School and Hade Edge Junior and Infant School at the request of their

Governing Bodies. Cabinet noted that there had been no significant changes to the admission arrangements for community and voluntary controlled schools, except changes to the priority admission areas for schools affected by the change in age range at Almondbury Community School.

RESOLVED - That approval be given to (i) the Kirklees co-ordinated admission schemes for 2021/2022, including in-year admissions, as set out at Appendix 2 to the considered report (ii) the admission arrangements for Kirklees community and voluntary controlled schools as detailed in Appendix 1 to the considered report and (iii) the Published Admission Numbers as set out in Appendix 1D to the considered report, including changes to Hade Edge Junior and Infant School and Lowerhouses CE (VC) Junior Infant and Early Years School.

138 Small Affordable Housing Sites Programme (SAHS) – Consideration of an objection received to the Section 123 Notice on the proposed disposal of land at Kitson Hill Crescent, Mirfield

(Under the provision of Council Procedure Rule 36(1) Cabinet received a representation from Councillor Bolt).

Cabinet gave consideration to a report which set out details of an objection that had been received following a statutory consultation process which had been carried out under Section 123 (2A) of the 1972 Local Government Act in regards to the disposal of land at Kitson Hill, Mirfield. Cabinet noted that the site was a Council owned site which was to be disposed of to registered housing providers as part of the Small Affordable Housing Sites Programme, as approved by Cabinet in August 2018.

Cabinet were provided with a copy of the received objection and were advised that, as it related to the effect upon a neighbouring property rather than the loss of open space to the community, it should be dismissed.

The report advised that planning permission for six bungalows on the site had been granted on 9 January 2020.

RESOLVED –

- 1) That the objection to the Section 123 open space consultation be dismissed on the grounds that it relates primarily to planning issues and the effect of the scheme on a neighbouring property, rather than the loss of open space to the community.
- 2) That approval be given to the disposal of land at Kitson Hill Crescent, Mirfield.
- 3) That authority be delegated to the Strategic Director (Economy and Infrastructure) to negotiate and agree terms and complete the sale of land at Kitson Hill Crescent, Mirfield.
- 4) That a detailed update on the Small Affordable Housing Sites Programme be submitted to a future meeting of Cabinet, including the outcome of the Section 123 consultation process for other sites within the programme.

139 Annual RIPA Update

Cabinet received a report which provided an annual update with regards to the Council's use of the Regulation of Investigatory Powers Act 2000 (RIPA). The report advised that, arising from the recommendations of the Office of Surveillance Commissioners, a training session had been delivered to relevant staff by independent training company, ACT Now. It was noted that no RIPA authorisations had been granted within the last 12 month period.

Cabinet were also advised that raising awareness of RIPA would be continued, particularly with regards to the use of social media to obtain intelligence, and that a Social Media Policy for RIPA was to be drafted.

RESOLVED -

- 1) That the Annual RIPA update be noted.
- 2) That authority be delegated to the Senior Responsible Officer to finalise the RIPA Social Media Policy.

140 Early Education and Childcare SEND Inclusion Funding Policy

Cabinet gave consideration to a report which sought approval of the Special Education Needs and Disabilities (SEND) Inclusion Funding Policy. Cabinet were advised that, as a consequence of an earlier scoping exercise, and subsequent funding decisions made in relation to increasing capacity within the Early Years Special Educational Needs Team, the policy relating to early years SEND funding for inclusion needed to be considered and had been produced in accordance with statutory guidance. It was noted that the meeting of Cabinet on 23 January 2018 had made a decision to invest in early years specialist outreach support as part of the early help offer and that work would commence to determine the investment strategy for capacity building in the Access Fund. Pursuant to this, the Council had continued to have an enhanced non-statutory offer (SENDIF+) for parents and carers who are working.

Cabinet were advised that the policy, which set out the parameters regarding access to SENDIF and SENDIF+, and provided clarity to early years providers and parents/carers.

RESOLVED - That approval be given to the Special Educational Needs and Disability Inclusion Fund Policy.

141 Kirklees Youth Alliance Holiday Programme

(Under the provision of Council Procedure Rule 36(1) Cabinet received a representation from Councillor Bolt).

Cabinet received a report which provided detail of the 2019 Kirklees Youth Alliance Healthy Holiday Programme, which was a co-ordinated school holiday activity programme aimed at engaging children in informal learning during the six week holiday period, including enrichment programmes, physical activities and healthy food. Cabinet were informed that there had been over 11,000 attendances at the sessions and that the programme had been funded by the Council at a cost of £225k, being targeted at communities with higher levels of deprivation and designed

to support good outcomes for children. The report sought approval for recurring funding for the programme at the same level for future years and advised that, if approved, work would be undertaken to develop a holiday programme from April 2020 onwards.

RESOLVED –

- 1) That the impact of the 2019 Kirklees Youth Alliance Healthy Holidays Programme be noted.
- 2) That support be given to the continuation of work with Kirklees Youth Alliance and the development of the programme in order to achieve positive outcomes for children, particularly those living within the most deprived communities.
- 3) That approval be given to the offer of a grant to Kirklees Youth Alliance in order to enable the scheme to be operated, in accordance with a process to be agreed with the Service Director (Resources, Improvement and Partnerships) under Financial Procedure Rule 20.8a.

142 Kirklees Flood Recovery Support Scheme

Cabinet gave consideration to a report which sought approval to create a local Flood Recovery Support Scheme for businesses and households' following the extreme incidents of flooding which occurred and severely affected several communities, including occurrences of internal residential flooding. The report proposed a package of financial and other measures to support households, businesses and charitable organisations in meeting immediate costs associated with the clearing up of premises, and for the provision of a free bulky waste collection for residents affected by flooding. Cabinet noted the package of support measures that had been developed in line with the Government's Flood Recovery Framework and endorsed the proposed flood recovery grant scheme which was intended to support immediate recovery and clean up costs through the provision of fixed grants to enable eligible households (£750) and business/community organisations (£3000).

RESOLVED –

- 1) That approval be given to the implementation of the proposed package of financial support measures for households, businesses and charities that are severely affected by flooding, as outlined in section 2 of the considered report.
- 2) That authority for implementation and monitoring of the Flood Recovery Grant scheme be delegated to the Strategic Director Economy and Infrastructure and the Service Director (Finance).
- 3) That authority be delegated to the Service Director (Finance) to award Council Tax Reductions under s13A(1)(c) of the Local Government Finance Act 1992 in any case where properties have experienced internal flooding, as defined in section 2 of the report, and that such reductions be limited to a maximum of three months.
- 4) That authority be delegated to the Service Director (Finance) to award Business Rate Discounts under s47 of the Local Government Finance Act

1988, as amended by the Localism Act 2011, in any case where properties have experienced internal flooding as defined in section 2 of the report, and that such reductions be limited to a maximum of three months or until the business is able to resume trading from the premises if longer.

- 5) That authority be delegated to the Strategic Director (Economy and Infrastructure) and the Service Director (Finance) in consultation with the Leader of the Council for the monitoring of the programme and development of further financial and other measures to support recovery from severe weather events
- 6) That authority be delegated to the Service Director (Finance) to negotiate with the Ministry for Housing, Communities and Local Government in relation to the recovery of any eligible costs arising from the implementation of the Flood Recovery Grant scheme, Council Tax and Business Rate Discounts; and the reimbursement of the Council's uninsurable costs under the Bellwin Scheme.

143 Huddersfield Blueprint - Next Steps

Cabinet received a report which sought approval of the Huddersfield Blueprint and to proceed with the statutory planning process to convert the Blueprint to a Supplementary Planning Document (SPD), which would provide greater support in the delivery of the Huddersfield Town Centre Regeneration Programme. It set out areas of change to the original blueprint arising from the consultation processes carried out during 2019 and also provided the timetable to convert the blueprint to an SPD.

The report advised that, subject to approval, a four week consultation process would commence on 2 March and that the responses would be analysed prior to a decision on the Huddersfield Town Centre blueprint SPD being taken in May/June 2020. The proposed amendments to the blueprint were set out at Appendix 1 to the considered report.

RESOLVED –

- 1) That approval be given to the Huddersfield Blueprint and that it be endorsed as a Council document.
- 2) That approval be given to proceed with the statutory planning process to convert the Blueprint to a Supplementary Planning Document, with consultation commencing 2 March 2020.
- 3) That authority be delegated to the Strategic Director (Economy and Infrastructure) to make any further additional modifications that relate exclusively to factual updates, grammatical and formatting corrections, in the process of publishing the Huddersfield Town Centre Blueprint SPD.

144 Corporate Finance Report Quarter 3

Cabinet gave consideration to the Corporate Financial Monitoring Report, Quarter 3, 2019/2020, which provided financial monitoring information for General Fund Revenue, the Housing Revenue Account and Capital Plan.

The report advised that strong progress at Quarter 3 in terms of delivering overall spending plans within available resources and that the Q2 overspend of £0.9m had been reduced to a forecast £0.5m overspend and that it was expected that overall spending plans would be within budget by year end. The forecast revenue outturn at Quarter 3 was summarised at Appendix 1 of the considered report, and a summary of all key variances were set out at Appendix 4. The report provided an overview of information in regards to (i) General Fund Reserves (ii) the Collection Fund (iii) the North and West Yorkshire Business Rates Pool (iv) the Housing Revenue Account and (v) capital.

RESOLVED –

- 1) That the roll forward of £11.2m High Needs overspend through the Dedicated Schools Grant mechanism be noted.
- 2) That the 2019/2020 forecast revenue overspend of £0.5m as at Quarter 3, net of (1) above, be noted.
- 3) That it be noted that Strategic Directors will work to identify opportunities for spending plans to be collectively brought back in line with the Council's overall budget by year end.
- 4) That the forecast year end position on corporate reserves and balances be noted.
- 5) That the forecast position on the Collection Fund as at quarter 3 be noted.
- 6) That the Quarter 3 forecast Housing Revenue Account surplus and forecast year-end reserves position be noted.
- 7) That the Quarter 3 forecast capital monitoring position for 2019/2020 be noted.
- 8) That approval be given to the re-profiling across years of the capital plan, as outlined at para. 1.10.2 of the considered report.
- 9) That the increased capital expenditure budget for the works at Cliffe House, as outlined at para 1.10.9 of the considered report.

145 The Arcade, Market Place Dewsbury

(Under the provision of Council Procedure Rule 36(1) Cabinet received a representation from Councillor J Taylor).

Cabinet gave consideration to a report which sought authority for the purchase of The Arcade, Market Place, Dewsbury. The report advised that The Arcade, which was a Grade 2 listed Victorian Arcade in the centre of Dewsbury, had been closed and vacant since 2016 and presented a poor visual appearance in the town centre due to general deterioration.

Cabinet were informed that the re-opening the Arcade was part of the Council's scheme to regenerate the town centre and that a programme of repairs needed to be undertaken in order to ensure that the condition of the building does not

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deteriorate further. The report advised that Officers had recently agreed terms to acquire the property from its owners and that approval was therefore now sought for both its purchase and for funding to carry out repair works to the building, while entering into discussions with third parties with a view to reopening the Arcade with a mix of uses.

(Cabinet gave consideration to the exempt information at Agenda Item 20 (Minute No. 148 refers) prior to the determination of this Agenda Item).

RESOLVED –

- 1) That approval be given to the acquisition of the Arcade by the Council on the terms as outlined in Part B of the considered report.
- 2) That, pursuant to (1) above, approval be given to the subsequent grant by the Council of a lease of the Arcade to a third party to manage and operate the Arcade, and that the Council enter into any supporting or ancillary agreement to that lease with the third party.
- 3) That authority be delegated to the Strategic Director (Economy and Infrastructure) in consultation with the Cabinet Member (Regeneration Portfolio).
- 4) That approval be given to the funds required to purchase the building and carry out works to the building, as set out in Appendix 6 (exempt) of the considered report.

146 Dewsbury Riverside Development Strategy

(Under the provision of Council Procedure Rule 36(1) Cabinet received a representation from Councillor J Taylor).

Cabinet received a report which set out the progress of the Dewsbury Riverside Scheme since its approval on 19 March 2019, and now sought approval of (i) detailed proposals for the development of land in the Council's ownership within the Central Gateway and (ii) the acquisition of additional land to support the overall delivery strategy to meet Local Plan targets.

The report set out information regarding infrastructure requirements in respect of Lees Hall Road junction (Eastern Gateway), Forge Lane junction (Central Gateway) and Ravensthorpe Road junction (Western Gateway), and information regarding the proposed delivery framework. It was noted that the overall approach to accelerating the delivery of the Dewsbury Riverside site may involve the Council acquiring other land interests, which were detailed within the exempt appendix to the report.

(Cabinet gave consideration to the exempt information at Agenda Item 21 (Minute No. 149 refers) prior to the determination of this Agenda Item).

RESOLVED –

- 1) That the approach as outlined within the report be endorsed in order to bring Council owned land within the Central Gateway of the Dewsbury Riverside site forward as the first phases of development.

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- 2) That approval be given for the Council to acquire 11.5 hectares of land currently owned by Leeds Diocese, subject to the parameters as set out at the (exempt) appendix to the report.
- 3) That approval be given for the Council to acquire land interests within the Dewsbury Riverside within the cap, subject to the parameters as set out at the (exempt) appendix to the report.
- 4) That approval be given to capital expenditure of up to £1,050,000 in the 2020/2021 and 2021/2022 financial years in order to (i) facilitate the relocation of the Council owned Ravenshall allotments (ii) procure the preparation of a detailed and costed delivery plan for the development of Council owned land within the Dewsbury Riverside site and (iii) prepare detailed designs and invite tenders for the construction of the Forge Lane junction, spine road and associated drainage.

147 Exclusion of the Public

RESOLVED - That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting during the consideration of the following items of business, on the grounds that they involve the likely disclosure of exempt information, as defined in Part 1 of Schedule 12A of the Act.

148 The Arcade - Market Place

(Exempt information within Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information)(Variation) Order 2006, namely Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Cabinet gave consideration to the exempt information prior to the determination of Agenda Item 17 (Minute No. 145 refers).

149 Dewsbury Riverside Development Strategy

(Exempt information relating to Part 1 of Schedule 12A of the Local Government Act 1972, namely that the report contains information relating to the financial and business affairs of the Council and third parties. It is considered that disclosure of the information would adversely affect negotiations with third party landowners and therefore the public interest in maintaining the exemption, which would protect the rights of an individual or the Council, outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making.)

Cabinet gave consideration to the exempt information prior to the determination of Agenda Item 18 (Minute No. 146 refers).

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KIRKLEES COUNCIL			
COUNCIL/CABINET/COMMITTEE MEETINGS ETC			
DECLARATION OF INTERESTS			
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

Date: 24 March 2020

Title of report: Ad Hoc Scrutiny Report – Future arrangements for the Council’s residential housing stock

Purpose of report:

To present the findings report of the Ad Hoc Scrutiny Panel – Future arrangements for the Council’s residential housing stock

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?	Not Applicable
Key Decision - Is it in the <u>Council’s Forward Plan (key decisions and private reports)?</u>	Key Decision – No Private Report/Private Appendix – No
The Decision - Is it eligible for call in by Scrutiny?	No If no give the reason why not – Report of Scrutiny Ad Hoc Panel
Date signed off by <u>Strategic Director</u> & name	Richard Parry, 16 March 2020
Is it also signed off by the Service Director for Finance?	Not applicable
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft, 16 March 2020
Cabinet member portfolio	Cabinet Member for Housing and Democracy

Electoral wards affected: All

Ward councillors consulted: Not applicable

Public or private: Public

Has GDPR been considered? There are no GDPR implications arising from the report

1. Summary

At its' meeting on 4 November 2019, the Overview and Scrutiny Management Committee agreed to establish an Ad Hoc Scrutiny Panel to carry out a focussed piece of work to identify the best option(s) for the Council to achieve the right balance of risk and outcomes for local residents in relation to the housing stock for which it is the landlord.

In considering the request, it was emphasised that the work would need to have cognisance of the findings of the Hackitt Review and the changing risk and regulatory landscape. The work would also explore the risks and benefits of different models of housing delivery and associated opportunities to maximise the contribution of the Council's housing stock to better outcomes for the borough's more vulnerable residents.

It was requested that the work progress at pace, so a findings report could be finalised early in 2020.

It is important to note that the scrutiny remit was not to review the day to day operation of Kirklees Neighbourhood Housing (KNH) as the manager of the Council's housing stock, but instead to have a broader focus on risk, outcomes and strategic direction moving forward.

2. Information required to take a decision

2.1 The approved terms of reference of the Ad Hoc Scrutiny Panel (Future Arrangements for the Council's Residential Housing Stock) are set out below:

In light of the findings of the Hackitt Review and the changing risk and regulatory landscape, the Ad Hoc Scrutiny Panel will consider the best options for the Council as landlord, to achieve the right balance between risk to the Council and outcomes for local residents. The panel will consider the following;

1. The background to the current model in Kirklees.
2. Information on the different models of housing delivery, including governance requirements.
3. The risks and benefits of each model.
4. How each model supports the Council's strategic priorities, in particular the Health and Wellbeing Strategy and the Economic Strategy
5. The outcomes for residents, including how outcomes can be maximised for the more vulnerable residents of Kirklees
6. Evidence from other areas where similar issues have been considered, to reflect on their experience.

The Panel met between December 2019 and February 2020 to carry out its work and is now taking its findings through the decision making process.

Appended to this report are the findings report of the Scrutiny Panel. A summary of the recommendations arising from the investigation is set out on pages 48-49. A copy of the proposed response and supporting narrative is included on pages 53-57.

3. Implications for the Council

The recommendations made by the Scrutiny Panel reflect and complement areas that have already been identified as a priority by the Council.

3.1 Working with People

Not applicable

3.2 Working with Partners

Not applicable

3.3 Place Based Working

Not applicable

3.4 Climate Change and Air Quality

Not applicable

3.5 Improving outcomes for children

Not applicable

3.6 Other (eg Legal/Financial or Human Resources)

Not applicable

4. Consultees and their opinions

Not applicable

5. Next steps and timelines

Scrutiny will monitor the implementation of the actions that are contained in the Action Plan

6. Officer recommendations and reasons

That Cabinet note:-

6.1 The recommendations of the Ad Hoc Scrutiny Panel (Future Arrangements for the Council's Residential Housing Stock); and

6.2 The responses included within the Action Plan at Appendix 3 of the report.

7. Cabinet Portfolio Holder's recommendations

Cabinet welcomes the work of the Ad Hoc scrutiny panel and recognises the significant work that the panel undertook to produce the report.

8. Contact officer

Carol Tague, Democracy Manager (Governance & Democratic Engagement)
Tel: 01484 221000, Email: carol.tague@kirklees.gov.uk

9. Background Papers and History of Decisions

Not applicable

10. Service Director responsible

Julie Muscroft, Service Director, Legal, Governance and Monitoring

Report of Ad Hoc Scrutiny Panel

Future Arrangements for the Council's Residential Housing Stock

March 2020

The Democracy Service
Civic Centre III
High Street Huddersfield HD1 2TG

Tel: 01484 221000

Email: scrutiny.governance@kirklees.gov.uk

March 2020

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1. Introduction

At its' meeting on 4 November 2019, the Overview and Scrutiny Management Committee agreed to establish an Ad Hoc Scrutiny Panel to carry out a focussed piece of work to identify the best option(s) for the Council to achieve the right balance of risk and outcomes for local residents in relation to the housing stock for which it is the landlord.

In considering the request, it was emphasised that the work would need to have cognisance of the findings of the Hackitt Review and the changing risk and regulatory landscape. The work would also explore the risks and benefits of different models of housing delivery and associated opportunities to maximise the contribution of the Council's housing stock to better outcomes for the borough's more vulnerable residents.

It was requested that the work progress at pace, so a findings report could be finalised early in 2020.

It is important to note that the scrutiny remit was not to review the day to day operation of Kirklees Neighbourhood Housing (KNH) as the manager of the Council's housing stock, but instead to have a broader focus on risk, outcomes and strategic direction moving forward.

Note: There are also 466 Council homes which are currently managed on the Council's behalf under a Private Finance Initiative (PFI) by Pinnacle PSG. This arrangement ends in 2032 and is outside the scope of this review, as are the properties which KNH currently manage on behalf of others.

2. Rationale for the review

The Kirklees Corporate Peer Challenge took place from 9-12 July 2019 and involved substantial input from a wide range of staff, elected members and stakeholders.

The subsequent feedback report included the following action:-

From the Peer Team

Prioritise a decision on the long-term future of the ALMO (Arms-Length Management Organisation).

'If the ALMO is brought back in-house it will allow the Council to maximise the opportunity to embed place-based working into priority neighbourhoods. It would also provide much needed additional corporate capacity to deliver key Council objectives'.

The subsequent Action Plan considered by Cabinet on 12 November 2019 and Council on 15 January 2020 included the following response and proposed actions:-

Response

Since it was established in 2002, KNH has been successful in delivering the Decent Homes Programme. In 2016 the Council's building services function was also transferred to the ALMO. As a result of a governance review the Board commissioned, and the Grenfell tragedy, the Council initiated its own review into a number of options for the future management of the housing stock which included consideration to bring the ALMO back in-house.

The recommendations of these independent reviews were considered by Cabinet in December 2018, and given the uncertainty in the national policy environment, it was resolved to retain the ALMO with a smaller, strengthened Board that is more closely aligned to the Council's priorities.

These changes have resulted in closer working in delivering front-line services and better alignment with Council priorities, and the Council values the work of KNH. However, continuing to deliver housing services in two separate and distinct entities has, at times, created unnecessary complexity.

Cabinet in December 2018 resolved to revisit the decision in 12-18 months. Hence this recommendation is timely and consistent with the Council's intentions.

Proposed actions....

Overview and Scrutiny Management Committee are considering setting up an ad hoc scrutiny group to consider the various options available to the Council and the main issues and associated risks. If they agree to this approach (on 4 November) they will undertake work over the remainder of 2019 and early 2020, with the aim being to produce a report by March 2020 at the latest.

Since it was established in 2002, KNH has been successful in delivering the Decent Homes Programme. In 2016 the Council's building services function was also transferred to the ALMO. As a result of a governance review the Board commissioned, and the Grenfell tragedy, the Council initiated its own review into a number of options for the future management of the housing stock which included consideration to bring the ALMO back in-house.

The recommendations of these independent reviews were considered by Cabinet in December 2018, and given the uncertainty in the national policy environment, it was resolved to retain the ALMO with a smaller, strengthened Board that is more closely aligned to the Council's priorities.

These changes have resulted in closer working in delivering front-line services and better alignment with Council priorities, and the Council values the work of KNH. However, continuing to deliver housing services in two separate and distinct entities has, at times, created unnecessary complexity.

Cabinet in December 2018 resolved to revisit the decision in 12-18 months. Hence this recommendation is timely and consistent with the Council's intentions.

As indicated in the Council's response, the review of KNH outlined in the Cabinet report of 18 December 2018, was undertaken during a period of significant change in housing policy. At that time, it was felt that it would be inappropriate for the Council not to consider these as part of the review and interim arrangements were therefore agreed.

The national landscape included the Government commissioned review undertaken by Dame Judith Hackitt following the Grenfell disaster in June 2017 and the Social Housing Green Paper, published in response in August 2018, which stressed the importance of building a culture of accountability and strengthening the voice of the tenant.

Whilst the recommendations of the Hackett Review have not currently been implemented by Government, the sector has generally worked on the assumption that they would be accepted. It was therefore felt that the current ad hoc review would be able to work in the context of a more stable policy environment. The Peer Challenge has further accelerated the drive for decision and need to provide certainty moving forward.

3. Membership of the Ad Hoc Scrutiny Panel

- Councillor Elizabeth Smaje (Chair)
- Councillor Susan Lee-Richards
- Councillor Amanda Pinnock
- Councillor Anthony Smith
- Linda Summers (Co-optee)

4. Terms of Reference

The approved terms of reference of the Ad Hoc Scrutiny Panel (Future Arrangements for the Council's Residential Housing Stock) are set out below:

In light of the findings of the Hackitt Review and the changing risk and regulatory landscape, the Ad Hoc Scrutiny Panel will consider the best options for the Council as landlord, to achieve the right balance between risk to the Council and outcomes for local residents. The panel will consider the following;

1. The background to the current model in Kirklees.
2. Information on the different models of housing delivery, including governance requirements.
3. The risks and benefits of each model.
4. How each model supports the Council's strategic priorities, in particular the Health and Wellbeing Strategy and the Economic Strategy
5. The outcomes for residents, including how outcomes can be maximised for the more vulnerable residents of Kirklees
6. Evidence from other areas where similar issues have been considered, to reflect on their experience.

The Task Group was supported by Carol Tague from the Governance Team.

5. Methodology

The Panel used a range of methods to gather the evidence that has been used to inform this report. The Panel held 7 informal and 3 public meetings between December 2019 and February 2020, with the following people attending one or more meetings to give evidence on one of the areas of focus:

- Councillor Cathy Scott, Cabinet Member, Housing and Democracy
- Richard Parry, Strategic Director for Adults, Housing and Health
- Joanne Bartholomew, Chief Operating Officer, Kirklees Neighbourhood Housing
- Naz Parkar, Service Director for Growth and Housing
- Adrian Wisniewski, Relationship and Performance Manager, Housing Services
- Eamonn Croston, Service Director, Finance
- Martin Dearnley, Head of Risk - Internal Audit, Insurance and Risk Management
- Neil Evans, Director of Resources and Housing, Leeds City Council
- Lee Sugden, CEO, Salix Homes
- Michael Hill, Business Development Manager, TPAS
- Representatives from the Tenants and Leaseholder Panel (TLP)
- Amanda Garrard, Chief Executive, Berneslai Homes (ALMO)
- Representatives from 5 TRAs across the District

The Ad Hoc Scrutiny Review Panel would like to thank all of the above for their valuable contribution to the review.

Supporting information

The Panel considered a wide body of information to ensure that recommendations were robust and based on sound evidence.

A full list of the supporting information is attached at **Appendix 1** of this report.

6. National and local context

- 6.1 Following the Grenfell disaster in June 2017, the Government commissioned Dame Judith Hackitt to undertake a comprehensive review of the existing building regulations and fire safety system as part of its response to the fire and its' consequences. *Building a Safer Future: Independent Review of Building Regulations and Fire Safety, The Hackitt Review – Final Report* was published on 17 May 2018 and identified a system built on ignorance and indifference, lack of clarity around roles, responsibility and accountability for fire safety and an inadequate oversight of regulatory enforcement.
- 6.2 The report called for major reform and culture change in the construction and fire safety industries and the establishment of a new regulatory framework. The recommendations placed a greater accountability on the council for effective oversight for building safety through a new Local Authority Building Standards that only approved inspectors can certify.
- 6.3 The publication of the Social Housing Green Paper places a high emphasis in 5 key areas:
- a) ensuring homes are safe and decent;
 - b) empowering tenants and strengthening the role of the Social Housing Regulator to regulate Council housing with an ability to downgrade the housing service;
 - c) effective resolution of complaints by strengthening the voice of the tenant in getting redress;
 - d) addressing the stigma and perception of social housing and;
 - e) expanding supply and homeownership .
- 6.4 The Review and the subsequent Social Housing Green Paper stressed the importance of building a culture of accountability and strengthening the voice of the tenant and will have far reaching implications on the management and maintenance of social housing stock and will place greater regulatory burdens and scrutiny on the Council and the implications of non-compliance will be significant.
- 6.5 Locally, the Kirklees Council's Corporate Plan 2018-20 sets out the Council's vision and shared outcomes and housing plays a major role in achieving the best possible outcomes for the people of Kirklees.
- 6.6 Kirklees Council currently owns approximately 22,000 homes, which is approximately 13% of all housing in Kirklees. The Council is landlord to 21,968 tenants and there are currently approximately 1036 leaseholders.
- 6.7 The delivery of management and maintenance services for the council housing stock has been managed by Kirklees Neighbourhood Housing (KNH), which is an Arms Length Management Organisation (ALMO), since 2002.

7. Background to the current model in Kirklees

- 7.1 KNH was created in 2002 to secure funding to deliver the Council's Decent Homes Programme, which was completed in 2007. At the time of establishment, there were two options under which funding was available, namely to establish an ALMO, or through the creation of a housing association. There was no funding available if a council wished to retain management in-house.
- 7.2 KNH is a wholly owned subsidiary, whose contract has been awarded without any competition (legitimately under various legislation and current EU Teckal provisions for fully controlled operation). In order to meet the Teckal company 'control test' the Council must be able to evidence that it can exercise control over KNH as if it were an internal department of the Council. Whilst the business is fully owned by the Council, it does not control the KNH Board.
- 7.3 Kirklees Council has retained the strategic housing function and is responsible for the Council's overall housing strategy and policies. In addition, the Council continues to deliver operational services including homelessness and enforcement services.
- 7.4 In 2016, the Cabinet took the decision to transfer Building Services, which was the Council's direct building maintenance function, into the ALMO, to facilitate the alignment of customer service through property services. The Council and KNH also agreed an extension of the management agreement to 2037. This includes five year break clauses where the agreement can be mutually terminated by giving at least six months' notice.
- 7.5 In 2018, a post Hackitt review of KNH Board arrangements was carried out which focused primarily on governance, control, assurance and risk. The outcome of the review was reported to Cabinet on 18 December 2018 and proposed two options for consideration, namely to bring the service delivery in-house or to keep the status quo position. Given the turbulent policy landscape at the time, it was agreed that a number of revisions to KNH governance arrangements would be made on an interim basis, to remain under review for 12-18 months until the regulatory and legislative landscape settled.
- 7.6 Recommendations to change KNH Board's governance were implemented in February 2019 and saw the composition of the Board reduced to 3 tenant representatives and 6 spaces for the Council to nominate (5 political and S151 officer).
- 7.7 Within the current governance arrangements, Kirklees Council and KNH senior officers meet on a regular basis to share information and intelligence and by exception to discuss matters relating to risks, compliance, performance issues, policies and strategies and finance. KNH provide performance reports to the Cabinet Member for Housing and Democracy and senior council officers on a quarterly basis and performance is reported to Cabinet and Council on an annual basis.

8 Information on the different models of housing delivery, including governance requirements.

Whilst there are in theory, a number of potential options for the management of the housing stock, the Panel has focused on the following 3 delivery models:-

- Direct management by the Council
- Management of the stock by an ALMO or other management company
- Transfer of the stock ownership and management to another organisation

8.1 Option 1 - Direct management by the Council

8.1.1 The in-house management model is where housing services are managed directly by the local authority. This may be because the council chose not to create an ALMO, or because an ALMO has been brought back in-house.

8.1.2 Examples of councils which have brought their housing management function in-house after previously having an ALMO include Sheffield City Council, Leeds City Council and more recently Newark and Sherwood District Council.

8.1.3 The Panel heard that this model would provide the maximum degree of direct management control.

8.2 Option 2 - Management of the stock by an ALMO or other management company

8.2.1 ALMOs were first established in April 2002 to provide housing services on behalf of local authorities. They are not-for-profit organisations, wholly owned by local authorities, with a Board comprised of council nominees, tenants and independent members.

8.2.2 The ALMO manages and maintains the council's housing stock under the terms of a management agreement with the local authority. The council pays the ALMO a management fee for carrying out these services on its' behalf. This is funded from the council's Housing Revenue Account (HRA). Any monies held by the ALMO must be applied solely towards the promotion of its objects as set out in its Articles of Association.

8.2.3 ALMOs allow local authorities to separate out the day-to-day operations of housing management from the wider strategic role of local authorities. Ownership of the housing stock remains with the council, who is also the legal landlord. Tenants' rights and responsibilities are unchanged as they remain tenants and leaseholders of the council and rents are set by the local authority.

- 8.2.4 ALMOs also provide housing management services alongside a range of additional services which support tenants to live well and independently, maintain their tenancies and contribute to their communities.
- 8.2.5 As a Teckal company, an ALMO can pursue other market activity providing that its' core activity remains at no less than 80% of total annual turnover of the company and the monies raised can be used to help support the rest of the business of the ALMO ie managing properties.

The Panel were advised that KNH's current extra market activity was quite small and the Localism Act 2011 and general competency powers gave the council potentially greater flexibility to expand future commercial activity of services brought back in-house, beyond the current 20% Teckal Company limit, if it so chose to.

Status of the ALMO sector

- 8.2.6 The Decent Homes programme of the 2000s saw the government introduce financial incentives for councils to set up ALMOs to deliver the decency programme. These incentives have not been in place for some years.
- 8.2.7 At their peak in 2009/10 there were 70 ALMOs managing approximately one million homes. Since 2010/11, there has been a trend towards councils bringing services back in-house. Of the 68 ALMOs that existed at that time, there are now 31 remaining. Twenty eight have been brought back in-house and 8 have been transferred out. Of those 8, 4 have been incentivised by a small programme of stock transfer monies that was made available by Government in 2014/15
- 8.2.8 Periodic reviews of ALMOs at appropriate contract break points are usually a trigger for bringing an ALMO in-house, although some authorities have taken the opportunity to retain or expand their ALMO at these points. Those councils that have taken back direct control of their housing have highlighted a desire to bring the service closer to democracy, provide clearer accountability and a strong customer focus to drive improvements and investment.
- 8.2.9 In the last 10 years, local authorities such as Leeds, Sheffield and Wigan have chosen to close their ALMOs and return all management in house, although some ALMOs, such as Barnsley, remain.

8.3 Option 3 - Transfer of the stock ownership and management to another organisation

- 8.3.1 Housing associations are not-for-profit organisations set up to provide affordable homes and are classified as registered social landlords. They are subject to the regulatory regime as local authorities and ALMOs and bound by the same laws of any other company or landlord. They are generally

overseen by an independent remunerated board recruited on the basis of skills and abilities.

8.3.2 Many housing associations have an agreement with the local council that they will offer housing to people already on the council's waiting list, although some associations accept direct applications.

8.3.3 The process for a stock transfer to a housing association is fundamentally different and there has to be a compelling case to do so. A transfer cannot go ahead without a majority tenant ballot in favour of transfer and the consent of the Secretary of State. In deciding whether to grant consent to the transfer, the Secretary of State would need to ensure that the following conditions were met:-

- That the proposal offers value for money
- Accords with government policy
- Has the support of the tenants involved
- Provides them with the protection of a regulated landlord

8.3.4 Transferring to a registered provider would mean completely relinquishing control and once the assets were transferred, there would not be an opportunity to reverse the model should the strategic or policy landscape change.

8.3.5 The Panel heard from the Chief Executive of a housing association who been through the experience of moving from an ALMO and noted that the transfer enabled £100m private finance to be accessed and used to deliver the decent homes programme. This delivery was part of the promise to tenants who had voted for transfer. A further commitment made on transfer was to add to the supply of social housing and the housing association model had allowed the new build programme to start immediately.

8.3.6 The Panel were advised that a key facet was the close relationship with the local authority in terms of partnership, collaboration and working to address the priorities of the City and this relationship was valued by the Board.

Status of the Registered Provider Sector

8.3.7 A total of 9 Councils have transferred their housing stock to a Registered Provider since 2010 and there have been no stock transfers since the Government subsidy for rent write off deadline passed in 2015.

8.4 Governance

The Panel received the following comparison of housing governance arrangements across the 3 models:-

In-house	ALMO	Registered Provider
Overview (Shareholding)		
No company - direct ownership as a Council asset.	In Kirklees, the Council is the sole shareholder There are examples elsewhere of ALMO's owned by a group of Local Authorities	Shareholding models are varied. Some are closed (restricted to Board Members only or specific bodies), or open where anyone can apply subject to meeting policy requirements. Some RP retain a "Golden Share arrangement" with former local Authority owners.
Regulatory Response - lead regulator the Regulator for Social Housing (RSH)		
The RSH will regulate the Rent standard (from April 2020) along with all of the consumer standards at present.		The Regulator for Social Housing proactively regulate the Economic standards and reactively regulate the consumer standards
Freedom to Act		
Within the parameters of Local Government Acts and regulatory standards.	Restricted by the arrangements in place with the sponsoring authority	Generally unlimited within the objects and governing frameworks.
Corporate Structure		
Conforms to constitution of the Council. Modelled on Cabinet and Council with delegated decisions to officers.	Generally modelled on Boards between 9 and 15 on a third, by third by third basis (Independents, councillors, tenants).	Various arrangements are in place but often Boards comprise between 5 and 12 members. These Boards can comprise of entirely independent members or membership drawn from a range of constituencies (Independents, tenants, local authorities, stakeholders) in various combinations.

In-house	ALMO	Registered Provider
Committees and Sub Structures		
Existing Cabinet structure and governance arrangements. Risk and assurance through Corporate governance and audit.	Determined by the agreement between the ALMO and the sponsoring Authority. KNH has its own Board, which is supported by Property Services committee, with risk and assurance linked into Council governance.	Can be established at the will of the Board. Generally comprising an Audit Committee, Nominations Committee and Remuneration committee. Others by what the Board feels is required to run the business.
Borrowing and Commercial Arrangements		
Prudential borrowing arrangements. This is through both the Housing Revenue Account and also the General fund where appropriate.	Generally unable to borrow and invest in their own right and within the restrictions applied to the HRA.	Limited by business plan capacity and lender covenants. Providing it is within objects RPs are able to invest in other subsidiary (commercial or charitable) or community activity to further their aims.

- 8.4.1 The Panel noted that the KNH Board was made up of tenants and councillors from across Kirklees. In addition to the 3 tenant representatives on the Board, KNH had a Tenant and Leaseholder Panel (TLP) and a Service Improvement and Challenge (SIC) Panel which formed part of the organisation's governance framework.
- 8.4.2 The TLP's role includes contributing to the development of new policies and service planning, driving improvements in services, approval of grant applications and the formal dissolution of TRAs. The SIC Panel replaced the previous tenant scrutiny arrangements at KNH and is responsible for scrutinising policies and strategies, reviewing particular services and function to identify improvements. The SIC is independent and agrees its' own work plan however, this must have relevance to KNH priorities.
- 8.4.3 As part of their consideration, the Panel heard from the Chief Executive of an external ALMO. The Panel noted that organisation's governance structure allowed elected Members to have input and allowed the ALMO to focus on operational delivery. This also meant that decision making could be simpler, but some decisions needed to be twin tracked.
- 8.4.4 The Board membership comprised of 3 independent, 3 tenant and 3 council representatives which were housing focused and worked well. There were 3 sub-committees, which included Customer Services, HR and Risk & Audit. The membership of Customer Services and Risk & Audit also included co-optees.

8.4.5 Good governance practice among registered providers, supports tenant representation on Boards and any sub-committees. The Panel were advised that it would be up to the Board to determine whether it is relevant to have a direct link to the council as part of the governance arrangements. It is recognised that in the event of being a Board member, a councillor's first duty would be to the registered provider.

8.4.6 In hearing directly from a housing association, it was noted that the composition of the Board had changed over the initial 5 year period. At the point of transfer, the local authority had the 'golden share' with the right to nominate 4 of the 12 board positions, which effectively gave the local authority a veto. Following changes to government legislation, this changed to 2 skills based nominations. There was a clear distinction between appointments and nominations, in that the local authority nominated and there was an assessment process before appointment.

Two customers (tenants) were also on the Board and the remaining places were allocated to people who brought different skills that were deemed appropriate at any point in time.

The Board was supported by Audit and Growth and Development Committees. A formally constituted and remunerated Customer Committee was also being established. Customers had been invited to apply and 130 applications had been received from a wide range of people. It was intended that the Customer Committee would support the Board in their work and strengthen the customer voice, which was particularly important following Grenfell.

8.5 The risks and benefits of each model

Whilst the current trend has been for housing service delivery to move back in house, the council's appetite for risk needs to be considered when examining options. For example, the Panel was informed that bringing the service back in house presents greater opportunities for control, but also greater exposure to risk. At the opposite extreme, a wholesale transfer of assets would see responsibilities and risk move to an independent provider but there would be a subsequent loss of control and influence.

Overview of Risks and Benefits

8.6 Option 1 - Direct management by the Council

8.6.1 This would involve terminating the management agreement with the ALMO and returning the housing service to direct control and management of the council.

- ✓ The service can be aligned to deliver broader corporate service goals and objectives

- ✓ More responsive decision-making through a single integrated management structure
- ✓ Potential efficiency savings in re-aligning services and client functions
- × The transition process may deflect management attention and result in a performance dip
- × Tenant consultation regarding the proposed change would be required
- × Resident accountability may be weakened, and an alternative engagement structure would be needed
- × Housing management focus could be lost as the service is absorbed into a service with wider spans of control
- × Key staff may decide not to transfer back into the council

8.6.2 As part of their considerations, the Panel heard from a local authority who had been through the experience of bringing an ALMO back in house.

It was noted that there had been some concerns at the time as to bringing delivery in house and the Panel were advised that it was important to be aware that council housing management could dominate and there was a need to be alive to the continued responsibilities in relation to other types of housing.

With regards to maintaining strategic delivery focus once the service had moved back in house, the Panel heard that the council had been able to focus on improving other services whilst the ALMOs were operating. This meant that the council was able to balance both aspects more effectively when the management of housing stock came back in-house.

In terms of lessons, the Panel heard that one issue raised by staff was that decision making could be slower within the Council. However, the Panel also heard of specific examples where significant strategic decisions had been able to be taken through more quickly as a result of more seamless service planning and delivery.

8.7 Option 2 - Management of the stock by an ALMO

8.7.1 This is the status quo option and as such would not require any changes to current arrangements.

- ✓ Focus on managing and maintaining tenancies
- ✓ Least complex of the options and lower level of risk as no major change of structure needed
- ✓ Maintains the existing approaches and relationships
- ✓ No requirement to consult with tenants
- ✓ Opportunity to improve governance arrangements and strengthen the client-side function within the Council
- × Strategic control limited to actions agreed in the delivery plan
- × Inherent layer of management between ALMO and the council
- × Opportunities to drive growth and service efficiency in order to create investment options would be more limited

- × Potential failure to contribute effectively to delivering the council's wider corporate and service goals
- × Anticipated service/performance may not be delivered

8.7.2 In hearing directly from an external ALMO, the Panel were advised that it was important not to underestimate the complexity of the housing sector and not to lose that tenant focus. There were benefits to keeping a political / organisational separation, in that the council could focus on strategic direction and be reassured that delivery was in good hands. The right people in right relationships was crucial.

There was a danger that focus could be lost or diluted if delivery was brought back in-house. There was also a risk, particularly post-Grenfell, that the tenant voice could be consumed within part of the council's overall tenant strategy. Tenants could lose out if there was a wider focus on general residents of an authority area, rather than housing and tenant needs.

8.8 Option 3 - Transfer of the stock ownership and management to another organisation

8.8.1 This option would involve transferring ownership and management of housing stock to an external organisation.

- ✓ Focus on managing and maintaining tenancies
- ✓ Creation of an independent organisation, free to deliver investment and services within its business plan capacity
- ✓ Direct access to funding markets enabling use of the asset base
- ✓ Access to Homes England funding to develop more affordable homes more likely over time
- × Complex statutory process with consent of the Secretary of state required
- × No direct influence other than as a condition of transfer
- × Less political ability to influence outcomes for tenants
- × Governance and accountability moves one step further away from the Council
- × Decision cannot be reversed – no opportunities for integration

8.8.2 In hearing directly from a housing association, the Panel heard that this model allowed access to different sources of funding which could be invested in different ways, such as investment in on-line services for customers.

As an independent organisation, a housing association was not restricted by local authority constraints and conversations could take place on a broader range of potential partnerships and collaborations, thereby offering greater flexibility. Whilst it was acknowledged that this flexibility could potentially lead to an organisation being at cross purposes with the local authority, the housing association in question was an example of a stock transfer with a close, productive relationship with its' local authority and this was valued by both parties.

8.9 Consideration of key risks and benefits

In considering the risks and benefits of each model, the Panel also referred to a number of key drivers for the review, namely:-

- Assurance and risk
- Strategic alignment
- To maximise the use of the Housing Revenue Account for tenants and leaseholders

8.10 Assurance and risk

- 8.10.1 Even though housing delivery and maintenance is currently delegated to the ALMO, Kirklees Council remains the landlord of 20,000+ tenants and therefore holds all of the statutory risks that any property landlord holds. The Council therefore needs to be clear about the level of risk that it is willing to tolerate as a result of having to work through an intermediary organisation to discharge its responsibilities and liabilities.
- 8.10.2 Health, safety and accountability have been brought into focus in recent times with the tragedy at Grenfell Tower. A number of ALMOs have been closed in the period since 2017 as councils revisit their risk appetite, the need to have absolute line of sight on compliance issues direct to cabinet and the ability to ensure that appropriate action is being taken.
- 8.10.3 The Hackitt review was far ranging and reaching in its approach and considered building safety throughout the entire life cycle to completion and occupation. As an authority with 23,000 housing units, the recommendations that related to buildings in occupation are of primary concern.
- 8.10.4 Evidence considered by the Panel indicated that in-house control of housing management provided greater clarity and strengthened the link between operational control and accountability.
- 8.10.5 In the ALMO model, the Council was the duty holder and could not pass this responsibility to KNH, who were the building safety manager. Responsibility, but not accountability was delegated so the risk remained with the Council.
- 8.10.6 The Panel were advised that the Council's current arrangements for delivery of housing management create an opaque management solution, where ultimate responsibility and liability remains with the council, but an intermediate body ie KNH, has some rights and exercises day to day operational control, without commensurate responsibilities.
- 8.10.7 Whilst the Government had not as yet produced all the regulations as a consequence of Grenfell, one of the issues identified was the potential

laissez faire relationship between a council and ALMO. The Panel heard that if the current structure was to be retained within Kirklees, then there would be a need for the Council to be much clearer as to its' role and activities, with the likely strengthening of the client function. This would also need to be carefully considered if the Council moved to an in-house model. The Panel were advised that post Grenfell, a status quo position was not an option in relation to responsibility and would need to be reviewed regardless of delivery model.

- 8.10.8 In hearing directly from a local authority who had brought the ALMO back in house, the Panel were advised that one of the key drivers for doing so, was a critical issue in relation to accountability, responsibility and the potential for ambiguity. This became apparent during a poor experience on a repairs contract which had been outsourced and the appointed company ceased to operate within 6 months and work was transferred to another company. During that time it became evident that tenants held the Council responsible for the issues that arose.
- 8.10.9 In hearing from the external ALMO, it was noted that resource on compliance had been upped and an independent consultant had been commissioned to look at governance arrangements and would report back to the Board in March. This would provide the local authority with extra assurance that the ALMO were on top of issues and that people were safe. Ultimately the risk remained with the local authority, but this was effectively passed to the ALMO. Trust and relationship was key, as was a good relationship with officers and elected members.
- 8.10.10 The Panel were informed that the ultimate control of risk to the council would be to transfer to a registered provider which would remove all risk from housing management operations. However, this would substantially reduce the influence the council could have in neighbourhoods, and the ability to integrate social housing activity with other council priorities.
- 8.10.11 It was also acknowledged that tenants and the public generally, would continue to see the property as 'council houses' with a reputational risk almost irrespective of the management model.
- 8.10.12 In hearing directly from a housing association, it was confirmed that risk in relation to properties was entirely with the housing association and one of the priorities of the Board was to manage that risk. The Panel noted that the organisation had a risk register, which included building safety, and a range of assurance mechanisms were in place to satisfy the Board that risk was being well managed. Internal auditors also provided third party assurance.
- 8.10.13 With regards to risk around decision making and the relationship with tenants and local councillors, the Panel heard that there was an established arrangement for tenant involvement in the current operation but there was not currently clarity as to what that would be within an in-

house solution. If outsourced, arrangements would be stipulated within the management contract.

8.10.14 The Panel heard that if a similar incident to Grenfell were to occur, then a council under current regimes had, subject to borrowing constraints, a semi-unlimited access to capital funding. Whilst none of the models were superior in this respect, a council may be more readily able to access funding in the short term. However, the need to spend a huge amount on fire precautions would impact on the funding available to spend on other things across all the models.

8.10.15 The Panel were advised that one of the important things to consider post Hackett, was that the costs associated with management and monitoring of fire and other compliance would be ongoing for any organisation. For some organisations there would be a clear step change in that their building management may be found wanting under a new regime and they would need to make investment. The main focus of the Hackett Review and moving forward for any organisation, was to how best ensure that they remained compliant and there would be a cost to managing and monitoring that that regardless of model.

8.11 Strategic Alignment

8.11.1 Some evidence considered by the Panel, indicated that in-house management would provide the greatest degree of management control and potential for alignment of strategy and operations, as well as offering the greatest opportunity to holistically view housing as part of a wider range of support to those who were vulnerable or had special requirements, which could more readily be delivered as an integrated package.

8.11.2 In hearing directly from a local authority who had brought the service back in in-house, the Panel noted that benefits included:-

- Efficiency savings which realised approximately £2m a year (the local authority had multiple ALMOs and had previously reduced from an original 6 to 3 separate organisations);
- The consolidation of ALMO reserves into a fund to carry out new house building;
- Benefits realised through closer working arrangements; and
- The facilitation and smooth delivery of a number of the Council's priorities. One example being the commitments made around new house building which would have had to have gone through extensive ALMO consultations had they still been in place.

8.11.3 The Panel noted that any external model can present a risk for potential divergence in council and organisational approach. For example, a housing association might seek to maximise rent collection rates and so be reluctant to house or continue to house vulnerable individuals who may

be more at risk of defaulting on their rent. As a consequence, the council may need to become involved in finding alternative arrangements for those individuals, which would in turn transfer resource demands and risk to the council.

- 8.11.4 From the opposite perspective, a single purpose organisation such as an ALMO, can be more clearly devoted to specific customer service, and gain better client relationships, potentially achieving higher levels and quality of outputs, and thus overall bring better value for money, albeit at higher cost. This was echoed in witness testimony which highlighted that the ALMO model provided an arms-length focus which could concentrate on key tenant issues, with the ability to listen and act at the right time.
- 8.11.5 Whilst there would be less influence and control through the housing association model as the stock would have been transferred, this could still be achieved through good partnership working.
- 8.11.6 The Panel heard witness testimony that following stock transfer, there had been a contract for the first 5 years which set out legally binding promises and the main priority of the organisation had been to deliver on those obligations.
- 8.11.7 Within the transfer agreement, there were also certain aspects that the housing association were contractually obliged to deliver, such as the delivery of the council's Homelessness Service and property adaptations. The organisation was now moving out of that 5 year period and whilst the Board were ultimately in charge of their own destiny, the organisational culture was one which valued and respected the relationship with the local authority.

8.12 Housing Revenue Account (HRA)

- 8.12.1 The HRA is a ring fenced account which must balance and be used to account for all income streams and costs relating to the provision of landlord services to council tenants. It is directly managed by the council as the strategic body. The Panel were advised that the Council has a 30 year business plan and the prudential borrowing currently done to invest in the Council's housing stock was determined via the Council's decision making processes.
- 8.12.2 In terms of maximising the benefits of the HRA for tenants, evidence presented to the Panel indicated that the in-house model would enable the use of HRA resources in a more flexible manner with greater control of the Asset Management Strategy compared to a housing association model. The Panel noted that the HRA would be transferred with the housing stock which would in effect mean that the local authority had no direct ability to utilise resources where it strategically or geographically might wish to do so. There was also a risk that that the provider would wish to use their own services to carry out work such as ground

maintenance and there would be a loss of economies of scale without that extra income.

- 8.12.3 Evidence presented to the Panel also highlighted that the existence of a separate organisation could create a risk to securing best value for money as there are a set of additional costs associated with management and governance of the ALMO. Returning services in-house would remove that client/contractor split. However, this could be seen as positive in that the council was receiving a service from a single purpose provider with that separation.
- 8.12.4 There would remain a degree of control within the ALMO model as the council was the owner of the stock, Asset Management Strategy and HRA Business Plan. It should therefore be possible to add elements to the Business Plan that enabled the council to drive the maximum benefit. However, delivery would be delegated to the management partner which was a single focus model.
- 8.12.5 There were opportunities to integrate and align through partnership, but this would have to be worked through and there was a relational and structural dependence. An example of delivery partner negotiation was noted where the Council had an ambition to drive forward a new Kirklees housing standard that built aspiration for its' communities and most vulnerable. As part of the business planning exercise, the Council outlined its ambition to go beyond minimum standard and asked the ALMO to develop an enhanced lettable standard. This meant that when a property became available for re-let, they would carry out void inspection works and identify what needed to be done before the property could be re-let. This was a significant negotiation in terms of getting buy-in, as it was not the sector norm and would impact on property turnaround and re-let performance. It also added a layer of additional work so there was a structural and resource impact for the ALMO to consider.
- 8.12.6 In hearing from the external ALMO, it was noted that the HRA responsibility went back to the Council 2-3 years ago and the ALMO now received a management fee to deliver housing services. The ALMO had a good relationship with the Council's finance function and worked together to deliver what was needed to run a modern housing service and was best for the customers.
- 8.12.7 If a housing association model was selected, the Panel heard that there would potentially be less influence and control as the stock would have been transferred.
- 8.12.8 In hearing directly from a housing association, it was noted that at the point of transfer, the HRA debt that was allocated to properties was paid off through the debt that the housing association raised.

Other Factors

8.13 Outcomes for tenants

The Panel considered the importance of the tenant voice and the need to provide a seamless service which offered support for vulnerable tenants, simple access for referrals, tenancy sustainability and early intervention and prevention. Outcomes for tenants, including the approach to homelessness, rent levels and right to buy are detailed in the section of the report entitled *Terms of Reference 5 - The outcomes for residents, including how outcomes can be maximised for the more vulnerable residents of Kirklees.*

8.14 Staffing

8.14.1 There are currently 860 staff employed by KNH and TUPE and employee regulations would apply irrespective of which model was in place.

8.14.2 A return in-house has the potential to lose some key employees with related knowledge, skills and experience. However, a single employer / entity would rationalise and simplify a complex employee relations arrangement between the organisations which can cause tensions.

8.14.3 In hearing directly from a local authority who had been through the process, the Panel heard that there had been mixed feelings, with some staff very attached to the ALMO, but equally there were many who wanted to return to the council. The trade unions were very much in favour of returning the staff to the council and to see alignment of terms and conditions. The Panel were advised that this element of the process went extremely smoothly with the Cabinet decision being taken in June and all staff back in-house by October.

8.14.4 Retaining the ALMO would offer a settled state which should lead to skills retention.

8.14.5 The option of transfer could mean a loss of key staff to the new organisation.

8.15 Transition costs

8.15.1 The Panel heard that a move to in-house delivery would see some relatively low initial costs, that should be balanced out by potential cost savings through eliminating duplication and economies of scale. Any savings would be re-cycled within the ring fenced Housing Revenue Account.

8.15.2 There would be no transition costs if the current arrangements stayed in place.

- 8.15.3 A stock transfer would be a complex transaction and incur the most cost, both during and after transfer. This would include significant due diligence and related legal input which, depending on negotiations, could be quite substantial. However, the model should be capable of leveraging additional investment.

8.16 Finality of decision

In terms of the finality of any decision, the council retained the strategic options to create either an ALMO or move in-house with both direct delivery and ALMO models. However, the decision to transfer to a housing association would be irreversible and final, as the stock would have been sold and would sit within a completely separate legal entity.

8.17 Current Government Guidance

- 8.17.1 The *'Updated guidance for councils considering the future of their ALMO housing management services, December 2011'* sets out that the Government believes that the decision to take ALMO housing management functions back in-house should remain a local one. Whilst a Council is currently required to seek consent from the Secretary of State under section 27 of the Housing Act 1985 where it seeks to transfer all or part of its housing management functions to an ALMO, there is no requirement for a council to seek consent when taking ALMO housing management functions back in-house.

- 8.17.2 The Guidance goes on to state:-

'...that in the interests of fairness and consistency, councils that held ballots to gauge tenant opinion before transferring their housing management functions to an ALMO should also similarly hold a ballot when considering taking housing management functions back from the ALMO. This is important as it allows tenants to express their opinion in a similar manner to the original ballot.

'...it is expected that the consultation exercises undertaken by all councils considering the future of their ALMOs should be as comprehensive as that undertaken when transferring those functions to the ALMO originally. This could be either through a ballot or a full survey or other locally appropriate method.'

9. How each model supports the Council's strategic priorities, in particular the Health and Wellbeing Strategy and the Economic Strategy

- 9.1 The Kirklees Housing Strategy 2018–2023 outlines the importance of housing to the economy and wellbeing of communities and how housing growth is central to creating sustainable economic growth.

9.2 The Kirklees Joint Health and Wellbeing Strategy 2014 – 2020 includes the following shared outcomes on economy, health and wellbeing:-

- Good quality housing and high energy efficiency/standards supporting affordable warmth, good health and reduce living costs.
- Access to suitable, good quality homes and neighbourhoods providing a secure place for families to thrive and promote good health, wellbeing and independent living.
- A quality residential and neighbourhood offer impacting on quality of life and attracting people and businesses to locate there.

9.3 Housing provides a major contribution to both the Economic Strategy and Health and Wellbeing Plan, with the following positively impacting across both:

- Housing growth – creating healthier places to live is a major driver. The construction brings with it contribution to apprenticeship opportunities, jobs, skills and inward investment to the district.
- Health Impact Assessments for major new developments are now part of the planning process and there are specialist developments for people with support needs through partnership arrangements including NHS England's Transforming Care agenda and registered providers.
- Housing Quality – improving quality and standards.

9.4 Strategic Alignment

9.4.1 In referring to capacity to deliver, The LGA Peer Challenge Feedback Report, July 2019, stated:

'Given the importance of housing among the Council's priorities, the peer team did not get a sense of how the Council's Arm's-Length Management Organisation (ALMO) is contributing to delivering on this.

There was also some uncertainty about its future and the peer team would suggest that the consideration of the future of the ALMO should be brought forward. This could release talent out of the silo of the ALMO into the wider organisation to have a much greater impact and support the delivery of the Council's vision, especially around place-based working'.

and went on to recommend:-

'If the ALMO is brought back in-house it will allow the Council to maximise the opportunity to embed place-based working into priority neighbourhoods. It would also provide much needed additional corporate capacity to deliver key Council objectives'.

- 9.4.2 Some of the evidence presented to the Panel reinforced the view that in-house management would provide the greatest potential for alignment of strategy and operations, as well as offering the opportunity to holistically view housing as part of a wider range of support to those who were vulnerable or had special requirements, which could more readily be delivered as an integrated package.
- 9.4.3 The Panel heard that in-house delivery would enable the Council's strategic intent to be maximised and would not be dependent on either relationships or Board priorities and there could be a greater potential to avoid duplication and achieve efficiencies through streamlining of structures with a single entity delivering across the range of services within a place based structure. For example, housing was a key determinant of health and wellbeing and aspects of work could be aligned with Adult Social Care and partners in health.
- 9.4.4 Place based working offered the opportunity to engage with tenants in a holistic way which could mean a simpler relationship / engagement strategy and avoid potential duplication and consultation fatigue. Additional benefits could include improved housing links to the wider partnership, including Health.
- 9.4.5 Whilst each of the 3 models could potentially contribute to the Council's shared outcomes, the Panel heard that it would become more complex the further away the control of the stock and capital investment was from council decision making and influence may not be possible. For example, improving the energy efficiency of housing stock could be done directly in-house or via negotiation with the ALMO. However, once stock was transferred to a housing association, unless locked into the contract at the point of transfer, the Council would effectively have lost the ability to control improvements to the energy efficiency of housing stock beyond minimum legislative requirements.
- 9.4.6 The Panel were advised that it would be difficult to predict how arrangements might change over time if stock and support arrangements were transferred to a housing association. For example, stock may be transferred to a local housing association that retained a Kirklees only footprint and be part of a partnership model where it was possible to negotiate alignment and co-ordination. However, if staff were to become part of a housing association that covered a much broader area, then it would become more difficult to influence operations.
- 9.4.7 Evidence presented to the Panel outlined that a registered provider would be under no obligation to support place based working or put councillors at the heart of their strategy. Neither would they be required to share any plans for engagement to enable a joined up approach. The Council would not be able to access appropriate data and intelligence to inform wider strategies unless the registered provider agreed to supply.

9.4.8 In contrast, the Panel heard directly from a housing association who considered themselves to be a place based organisation which reflected the priorities of the community and local authority. The Panel were advised that if that relationship was important to the local authority, then it was important to structure the transfer to maintain that as much as was possible with an independent organisation.

In terms of joint working to maintain the wider neighbourhood environment, the Panel were advised that a close working relationship with the local authority was required to ensure consistency in service and it was an area that required maturity and a common sense approach in order to agree how the grounds were managed. It was also important to ensure that both organisations had similar maintenance routines.

9.4.9 In witness testimony, the Panel heard of specific in-house examples where significant strategic decisions had been able to be taken through more quickly as a result of more seamless service planning and delivery. Examples included the installation of a district heating network and the installation of sprinklers in multi store blocks.

9.4.10 In speaking with the external ALMO, the Panel heard that joint working was in place to align strategic direction to Council ambition. The Chief Executive met regularly with the Council's Chief Executive and attended a steering group, which was a partnership of key leaders in the Borough who were working to create a '2030' vision. The ALMOs '2030' strategy was being aligned with this and the new strategic plan would also dovetail.

Further examples of the synergies between the ALMO and the Council included:-

- A call centre ran by the local authority with a number of staff dedicated to the ALMO. Whilst the staff are not ALMO employees, it was important to ensure that they felt part of the organisation and understood the key themes and focus.
- The importance of the relationship with tenants formed through the contact centre and the repair service is key and well established and integrated.
- There are relationships and opportunities for feedback between officers at ground and strategic level eg to deal with estate management issues.

10. The outcomes for residents, including how outcomes can be maximised for the more vulnerable residents of Kirklees

10.1 Housing is a key determination of health and suitable accommodation that is safe, secure and warm is one of the foundations of personal wellbeing across all ages. It enables people to access basic services, build good relationships within the community and manage their health and wellbeing, all of which results in a better quality of life.

10.2 Good housing and housing support services also help to prevent people from being admitted to hospital, enable quicker and safer hospital discharge, and to remain living in their own homes, within their communities, more safely, with greater levels of independence and enjoyment.

10.3 Supporting vulnerable tenants

10.3.1 The current profile of tenants in properties managed by KNH indicate that approximately a third are not in receipt of benefits, a third receiving partial benefits and a third receive full benefits. It is important to note recognise that vulnerability is not limited to any one of these categories.

10.3.2 Identification of an individual as having vulnerability is key and there are some sensitivities, particularly if an individual does not consider themselves to be vulnerable. Support mechanisms are available where a person is known to be vulnerable or becomes so, but there are hidden individuals who do not interact with the system and therefore need to be identified in order to provide that support. Awareness may be triggered by a repair, or where a person has reached a crisis point and requires support eg around hygiene, hoarding, cold etc and referral would come via property colleagues or neighbourhood housing officers.

10.3.3 Housing officers are often well placed in that they are in a position where they have a relationship with an individual to impact positively on wider factors through the 'nudge approach'. These critically include poverty and worklessness.

10.3.4 The Panel were advised that in the current ALMO arrangements, a good partnership and working relationship with KNH colleagues is in place and teams work across geographic areas to co-ordinate activity to tackle issues such as loneliness and social isolation.

10.3.5 The Panel heard that it would be difficult to describe how that support might change over time if stock and support arrangements were transferred to a housing association.

10.3.6 It was acknowledged that there is a potential for any system divide to feel fragmented and this could occur within a single organisation as well as between organisations. If two organisations were closely aligned in terms of their objectives with a strong partnership, then it could feel seamless.

However, there was a greater risk of gaps and impact on seamless service delivery, if the organisations had different priorities and ways of working.

- 10.3.7 In hearing directly from a housing association, the Panel heard that support in relation to rent arrears was provided but had been reduced following cuts in service. The organisation supported hundreds of customers through the Universal Credit journey, but increasingly worked with other third sector colleagues, who in many instances were better placed to provide support from a whole life rather than just financial perspective. The organisation has its own benefits advisor and an income team who had the required training and knowledge to assist customers.

An income officer was in place for every 400 tenants and they would get to know individuals within an area who may need more support. The organisation was integrated and embedded within the community and supported tenants to pay their rent and access other support areas if required.

Disabled adaptations were a specific requirement of the stock transfer. There was a 5 year commitment for a financial contribution and obligation to adapt properties for people who needed them.

- 10.3.8 In hearing directly from an external ALMO, the Panel noted that their key principle was to put the tenant first and they had a tenant sustainability team, which included mental health staff as well as a seconded DWP employment worker.

10.4 Homelessness

- 10.4.1 The statutory duty to house rests solely with the council. If a tenancy breaks down with a provider then the individual comes back to the council who then has the statutory duty to ensure that they have access to appropriate housing.

- 10.4.2 Following the implementation of the Homelessness Reduction Act, councils have new statutory duties to work with a wider group of people who present with a housing need and to work more intensively with them. This includes jointly developing and agreeing to a personal housing action plan with individuals, to support people in achieving a successful and sustainable resolution to their housing need.

- 10.4.3 The Panel heard that when an individual currently presents with either threatened or actual homelessness, an assessment is carried out and the Council will act on their duty to prevent as far as possible. Once the Council had accepted an individual as homeless, it seeks to find temporary accommodation if they do not have anywhere to go.

- 10.4.4 The Council discharges its' duty either through the temporary accommodation it owns or where this isn't possible and partners are not

able to assist, then it would have to resort to bed and breakfast as temporary accommodation. The Panel noted that Kirklees Council currently has a small stock of 128 temporary homes, which it hopes to increase under the sufficiency agenda to 150 homes.

- 10.4.5 With the direct management model, a council would have greater control as to how many homes it could allocate from its' main stock to temporary accommodation and could flex the number of units in that temporary accommodation stock as required.
- 10.4.6 The Council currently negotiates with colleagues in KNH to bring further units into temporary accommodation stock as and when required and it was not anticipated that this approach would change if the ALMO was retained.
- 10.4.7 If stock was transferred to a housing association, then a view would need to be taken at the point of transfer as to whether to retain a number of homes within direct management to act as temporary accommodation. An alternative would be to commission the housing association as the temporary accommodation manager, in much the same way as the Council could now discharge its statutory responsibility through delegation to the ALMO.

10.5 Housing allocation

- 10.5.1 There are approximately 12,000 people currently registered for social housing in Kirklees. The Council's Housing Allocations policy sets out the way in which it lets or allocates council owned properties and nominates housing register applicants to Housing Associations. The Policy is based upon the Council's statutory duties and ensures that 'reasonable preference' is given to people with the greatest housing need.
- 10.5.2 In Kirklees, like many other local authorities, a choice based lettings system called Choose and Move is operated, whereby people who are registered with the scheme 'bid' against the property that they are interested in, and for which they are eligible to bid.
- 10.5.3 In the current model, an applicant moves onto the housing register and bids for available properties to let via Choose and Move. If successful, the matching of that individual to the property goes through KNH and they will sign a tenancy. A similar process would be applied if managed in-house.
- 10.5.4 In a housing association model, the council would nominate from its register to the association's vacancies and re-lets. There would need to be dialogue as to whether the council had a 50 - 100% nomination right on those properties and go through the vetting process in terms of whether they would accept the nomination or not. The housing association would have a waiting list and different systems by which people could get onto their waiting lists, one of which would be via a

nomination from a Council. Whilst eligibility criteria might not be inconsistent with the council's it but might not always be a like match.

- 10.5.5 In hearing directly from a housing association, the Panel heard that whilst they were contractually obliged to offer 75% of the properties that became vacant to the Choice Based Letting Scheme, in reality it offered circa 95%, with only a few properties reserved for specific and special circumstances. The process operated in the same way as when in the ALMO and nothing had changed as far as allocations were concerned.

Vulnerable tenants and those with specific needs were addressed through the local authority's Allocations Policy. The housing association offered properties up to the choice based letting system and it was the council's priorities that would drive who would get the properties that became available.

The Panel heard that there were 8,000 properties and 6,000 people were currently in housing need. In a typical week only 3-4 properties might become available, hence the priority to provide more properties. In terms of new properties, the Panel were advised that the housing association had a modest ambition to deliver over 100 properties per year, every year.

10.6 Rent levels and right to buy

- 10.6.1 A council would have the same control over rent and right to buy with both the in-house and direct delivery models. With the housing association model, there were preserved right to buys that would be stipulated within the transfer agreement and transported across with the tenant.

- 10.6.2 Housing associations were subject to right to acquire, which enabled a tenant to buy a property at a less generous discount than council housing tenants currently received. The council could stipulate measures to control rents at a certain level up until the end of the transfer period. Beyond that, it was the decision of the Boards.

- 10.6.3 In hearing directly from the housing provider, the Panel were informed that rents within the housing association sector were regulated and set by a government formula. In a normal environment rates would rise by CPI plus 1%, but they had gone down for the last 4 years.

10.7 Voice of the Tenant

- 10.7.1 The National Housing Federation Code of Governance for Housing Associations includes the following principles:
- Accountability – there is proper accountability to, and involvement of, all the organisation's stakeholders, primarily its residents; and

- Customer First – that the needs of existing and potential service users are at the heart of business decisions and strategy.

10.7.2 The experience of Grenfell had been that the voice of tenants had been the last to be heard and it was important that appropriate mechanisms and engagement approaches were implemented to ensure that the tenants' voice was not just heard, but acted on, in order to bring redress and balance back to how services are delivered to tenants and residents.

10.7.3 The Panel heard that the voice of the tenant was not statutorily defined in any one model and organisations were able to determine their own tenant engagement arrangements. However, the sector regulator would arrive at a judgement as to how involved tenants were in decision making as a result of the practices operated and performance data received.

10.8 The tenant voice within the current delivery model

10.8.1 The KNH Board has 3 tenant board member positions, 1 of which is currently vacant. The tenant Board members represent the tenants' voice in strategic decision making and have a direct link to councillors who also sit on the Board.

10.8.2 The TLP, currently made up of 6 panel members, are a key part of KNH's governance framework ensuring tenants and leaseholders can influence the development of strategies, policies and plans and how the business is run. TLP are recognised as an asset and positive links with the Board have been established. Two members of TLP attend every KNH Board meeting to assist connections.

10.8.3 The TLP also works with Tenant Resident Associations (TRAs) who are groups of people who get together to work to improve the local area in which they live and build community spirit by arranging activities that bring people together. Street Voices and TRAs both feed into the TLP and this includes neighbourhood forums on a quarterly basis.

10.9 Resident Feedback

As part of their deliberations, the Panel heard from representatives from the Tenants' and Leaseholder Panel (TLP) in Kirklees and representatives from the TRAs.

10.10 Tenants' and Leaseholder Panel

10.10.1 The representatives from the TLP advised that the key point they wished to make was that tenants' involvement should remain the same, as they were involved a lot in the current model. They did not want to see that change and wished to see more involvement rather than less.

- 10.10.2 Any option must be UK based as there had been some concern that a registered provider might be a subsidiary of a company based outside of the UK.
- 10.10.3 Tenants wanted a decent home and a clean, safe environment with decent infrastructure. Tenants felt that they were getting this at the moment and did not want to see this change. Tenants also wanted to see services such as repairs remain the same or improved and rents to stay controlled with tenants involved and having a say in the process.
- 10.10.4 The Panel were advised that the TLP's preferred options were to either stay with the ALMO or be directly under the control of the Council.
- 10.10.5 In response to a question as to what could be done to reassure and allay tenant anxiety, the Panel noted that more information in a timely manner was required and transparency was important.
- 10.10.6 The TLP felt that they were heard loud and clear within KNH and anything that had been proposed in both informal and formal meetings had been taken forward to the Board. They had also been involved from the outset in strategic decisions regarding policies and procedures and were happy for this to continue.

10.11 TRAs

- 10.11.1 The Panel heard from 9 representatives from 5 TRAs across the district. In contrast to the positive feedback received from the TLP, residents raised a number of concerns and issues which included:-
- Vulnerable people were not sufficiently supported after they had been allocated somewhere to live;
 - The impact of anti-social behaviour on vulnerable tenants;
 - There was no accountability from Kirklees to the tenants and there was no feedback to complaints raised at TRA meetings;
 - There should be full time estate managers on each estate;
 - It was now a business and not about what the community wanted anymore.
 - There used to be a human point of contact and queries and complaints would be dealt with there and then, rather than having to go through the telephone recorded messages that were now in place. Estate offices had been closed but face to face contact was important;
 - Before KNH, there was a service provided by teams that covered specific areas, who had good local knowledge, were easily contactable and sorted issues promptly and made decisions as to whether things needed to be passed on to other services. This had been lost with centralisation and tenants did not see their current equivalent of Estate Management Officers as much as they would like and the service from Service Management Officers had been lost; and

- Community police used to visit regularly but they were not visible anymore.

- 10.11.2 The Panel heard that things had previously been in place which had run smoothly. The TRAs had contact with the estate management officers, had meetings with councillors, and knew where everything was going because they were involved from the beginning. That had now gone and TRAs had folded because there had been no assistance. There had also been a Tenants and Residents' forum, where decisions would be brought for discussion and input, but that had also gone. It was asked for a return to the meetings that tenants used to have, where they were involved right from the beginning and did not feel that decisions had already been made because they were involved from start.
- 10.11.3 The Panel were advised that it was important to start from the grass roots and ask tenants what they wanted. Whilst a lot of TRAs had gone there were still TRAs there that were willing to help and were not being engaged
- 10.11.4 The overriding view was that whatever model was taken forward, it was important to tenants and leaseholders that they be involved in early discussions, not just in relation to local estate discussions and service delivery, but also strategic decisions so that they could input and help shape. It was also acknowledged that not everyone wanted to be engaged with a TRA and that different ways of involvement should be explored.
- 10.11.5 Councillor Scott, Cabinet Member for Housing and Democracy, who was present during the meeting, stressed the importance of the tenant voice and the TRAs throughout the approach and reiterated that the Council was listening. She added that this was not just about housing but people's homes and their environment and it was important that tenants told the Council what was happening because this would feed into process.

10.12 TPAS

- 10.12.1 The Panel also heard from TPAS, who are England's leading tenant engagement experts.
- 10.12.2 The Panel were advised that TPAS were keen to strengthen the tenants' link into governance as this was an area where organisations could potentially lose the voice of the tenant. The willingness to involve tenants in an operational responsible role and devolve some decision making was indicative of the culture of an organisation.
- 10.12.3 It was important for tenants to have a clear role into the decision making arena. If the organisational commitment and desire was there, alternative models could be developed to ensure that residents could have operational responsibility and influence matters that were important to them.

- 10.12.4 The Panel noted that this was generally more of a challenge when responsibility for delivery lay with elected Members, due to the nature of decision making and where responsibilities lay. However, this did not mean that it could not work effectively and it was down to the organisation's culture, behaviours and desires to want to hear the voice of the tenant. One such example was the relationship that Rotherham Council had established with a residents' federation when they brought the service back in house.
- 10.12.5 Whilst it was generally easier to involve residents in ALMOs and housing associations as they could be representatives on the board, there was nothing to say that a voice group which linked into the decision making process could not be established. Any model could be made to work as long as the commitment and desire to have residents at the heart of decision making was there.
- 10.12.6 In terms of good practice for tenant consultation, it was crucial to plan sufficient time for engagement, use the right methodology and consider the tenant demographics and the geography of the organisation. It was essential to use clear and simple language and take care to ensure that any questions asked were not leading. Accessibility, good communications, rapport and empathy were also critical and it was important to be mindful that this was an emotive topic. An open and transparent relationship with good feedback mechanisms as to why decisions had been taken were also key.
- 10.12.7 TPAS had been involved in a number of options appraisals as an independent tenant advisor. Principles adhered to included independence and impartiality and the importance of being clear, open and not leading people was emphasised.
- 10.12.8 The Panel were advised that when reviewing alternative models, rather than focusing solely on model, to consider 'form follows function' ie to look at what the organisation wants to achieve and its' ultimate aims and commitment to housing (ie its function). This would in turn advise the most suitable delivery model (ie form).
- 10.12.9 In relation to potential service migration, the establishment of a tenants group, forum or steering group was recommended in order to utilise existing residents and other tenants who wanted to be engaged. A shadow board or committee established in that phase that could be formalised later in the process, which would further demonstrate organisational commitment.
- 10.12.10 With regards to possible impact on tenants, loss of place was highlighted, in that tenants may have concerns as to whether they would lose their influence when moving to a new structure. There would also be concerns as to what the changes would practically mean to people and their

families and it was important to dispel myths and put out the right information to negate this.

- 10.12.11 The way to combat distrust was to build a clear narrative with consistent lines of communication which were transparent and honest. It was noted that trust was hard to gain and easy to lose and consistent communication with both residents and stakeholders was crucial.

External feedback from the 3 delivery models under consideration

10.13 In-House

An extensive consultation on the future management proposals was carried out. This included a survey distributed to every tenant in the City which resulted in approximately 8,500 responses, with strong support for either moving towards 1 ALMO or bringing back in-house. A series of workshops and open evenings were also held over a 3 month period which further demonstrated the strong mandate from tenants.

The Panel heard that it was important to keep tenants involved and engaged. Ten area panels had been set up across the City where people could express views as to what was going on in their local area. They also had a small budget available to them for environmental improvements in the area. Work was also undertaken to strengthen the Tenant Involvement Body, which had seats on a strategic overview board which continued when it was brought into the council.

10.14 Registered Provider

Consultation on the change was a tenant led process which was open and transparent. When the options were being considered, a tenants' forum was established whose membership was drawn from the wider tenant population, to provide challenge and scrutiny to the proposals. As the proposals developed, the panel oversaw and subsequently endorsed the promises document, which was then sent to all tenants for ballot.

Two customers (tenants) sit on the Board as members and a Customer Committee is being established to strengthen this voice and provide a greater level of scrutiny on service delivery. Customers had been invited to apply and 130 applications had been received from a wide range of people. It was intended that the Customer Committee would support the Board in their work and strengthen the customer voice, which was particularly important following Grenfell.

10.15 ALMO

Tenants were the key focus and Grenfell was a wake-up call for everyone in the sector. There had been a refocus and following a review, it was determined that the structure that was in place, which included a tenants'

federation, was not working and did not include a broad range of people. A new structure included:-

- Tenant Voice Panel, which focused on performance,
- Customer panel held 4 meetings per year
- Tenant scrutiny group
- TARAs
- Ad hoc electronic consultation as required on key topics identified by tenants
- ALMO liaison meeting where reps from the tenant voice and scrutiny attend with the Council.

Issues were discussed with officers and elected members and passed on to a scrutiny group where appropriate. This had encouraged tenants who had not been previously engaged and it was noted that there were opportunities to use the experience gained to facilitate the route back into employment.

The wide ranging Customer Panel held 4 events per year. This was open to all tenants and there were a number of TARAs which provided representation at a grass roots level.

In terms of bridging potential gaps in engagement, the TARAs received performance information and most representatives attended the Customer Panel events. It was noted that the last session had focused on void performance and issues raised would be taken forward by the Scrutiny Group. There were also other feedback mechanisms for tenants who did not wish to take part in formal engagement as well as task and finish groups which focused on hot topics.

10.16 Potential approaches to tenant engagement and involvement in the decision making process

10.16.1 A key area of concern for the Panel was how tenant involvement could be maintained and strengthened if the service was to be moved in-house and to ensure that operational voice was not diluted or lost if arrangements were changed.

10.16.2 In response, the Panel were advised that in any change scenario, a transition pathway would be designed and it would be important to understand the experience of other councils that had already undergone the process of change. General feedback had been that if an organisation were to carry out the process again, they would stay much more closely aligned with existing arrangements for a significant period of time in order to develop an understanding of what worked well or required improvement and allow for a period of co-production as to the way forward.

10.16.3 Once a decision had been taken, there would be a period of co-production with tenants if there was a change to current arrangements. It was

anticipated that either a standing scrutiny panel or ad-hoc panel would have an interest in any future arrangements that were developed prior to transition into the council. Consideration would also have to be given as to how an in-house model would align with the place based model that was also emergent.

- 10.16.4 If brought in house, it was proposed that tenants would be represented on a dedicated scrutiny panel which would act in an advisory capacity to Cabinet and would form part of the Council's governance arrangements.
- 10.16.5 The TLP would continue to amplify the voice of tenants and could form part of the flightpath to Cabinet. This could be supported by the Cabinet member having a regular agenda item at TLP meetings as a formal part of the engagement / scrutiny structure.
- 10.16.6 Allied to this, TRA's and Street Voices would continue to be seen as vital going forward. There were opportunities to connect TRA's into a broader citizen approach and the street voices principle to be adopted as part of citizen engagement.
- 10.16.7 It was acknowledged that getting the right balance could be difficult as there were governance arrangements that determined how a council should operate, alongside giving the tenants' voice sufficient weighting and influence in the decision making process.
- 10.16.8 The Panel were advised that officers were absolutely clear that the steer from Cabinet was that they wanted to strengthen, not weaken, the voice of the tenant and anything that undermined that voice would have to be considered very carefully.
- 10.16.9 With regards to consultation, it was emphasised that the proposals were a starting point and could be adjusted as required to ensure that tenants were involved from the beginning and throughout. If a decision for change was made in March, it was proposed that work would take place during April and May to establish what interaction tenants wanted, how best to engage and what different mechanisms and range of approaches should be used.
- 10.16.10 Following on from that, it was important to ensure that there was enough time given to consult and engage with people properly and this was proposed through June to August. The results would then be collated and fed back to Cabinet, to ensure that they were hearing the tenants' voice.
- 10.16.11 The Panel were advised that the proposals improved on the original consultation which had taken place 20 years ago and the Council would look to introduce a range of different methods to enable people to connect in a way that suited them in order to widen the opportunity for people to respond.

- 10.16.12 The Panel noted that listening to the voice of tenants was paramount and significant weight and emphasis would be applied to the response.
- 10.16.13 In terms of residents who may be hard to reach, the Panel were advised that a Citizens Engagement Panel would bring together different agencies in order to discuss how people could be engaged and consulted with. It was noted that whilst an individual might be hard to reach by the Council, they might be engaged with another agency, so there was a potential for connections to be made.

10.17 Ensuring homes are safe and decent

- 10.17.1 The Social Housing Green Paper was published in August 2018 and is largely focused on strengthening the Tenant's Voice. Two core themes are:
- 10.17.2 Ensuring resident safety - The Green Paper leads with proposals on safety and supports the principles behind the Hackitt review of building regulations and commits to bringing forward legislation on building safety.
- 10.17.3 Reviewing the Decent Homes Standard – The Green Paper notes the Standard has not been revised since 2006 and should now be reviewed and updated. Recent tightening of safety has been applied to the private rented sector and additional measures are now needed for social homes.
- 10.17.4 In an ALMO, the council and the ALMO would work closely to establish and ensure the ALMO's Fire Safety Plan is consistent with the Council's Fire Safety Policy and in its role as asset owner would set/agree the capital plan in line with its own ambitions and those of tenants. The Panel heard that in the housing association model, this would be the responsibility of the Board.

10.18 Equality of Opportunity

All of the models were bound by equality duties as landlords and would therefore not seek to breach any legislation around equalities. However, the approach would be shaped by the organisation's values and leadership.

The Panel expressed disappointment that the information requested regarding equality impact assessments and how each of the models could impact on tenants, was not received to form part of their decision making.

11 Evidence from other areas where similar issues have been considered, to reflect on their experience.

11.1 The Panel heard from the following representatives from each of the 3 housing delivery models under consideration:-

- Neil Evans, Director of Resources and Housing at Leeds City Council who had been through the experience of bringing an ALMO back in house;
- Lee Sugden, Chief Executive, Salix Homes who had moved from an ALMO delivery model to a housing association; and
- Amanda Garrard, Chief Executive, Berneslai Homes (ALMO)

11.2 From the outset of the process, the Panel recognised the importance of the tenant voice and were keen to hear from tenants as to their experiences and views. Evidence was heard from:-

- Michael Hill, Business Development Manager from TPAS
- 2 representatives from the Tenants' and Leaseholder Panel (TLP) in Kirklees; and
- 9 residents from 5 TRAs across the District.

11.3 The Review Panel would like to thank everyone who contributed to the review by willingly sharing their experience and expertise and their feedback has been incorporated throughout the report.

Questionnaire

11.4 A questionnaire was distributed to inform how Kirklees Council may approach the future management of its Council Housing stock. The questionnaire was created as an alternative to attendance at a formal ad-hoc scrutiny meeting. A total of 7 responses were received from a mix of the 3 organisational delivery models under consideration.

Note: The information contained below is taken directly from feedback and is verbatim.

The Organisations

- 3 responses were from registered providers, all of which were formed via a stock transfer, 1 response came from an ALMO.
- Since the original contract, 2 respondents had merged with other organisations.
- 3 organisations' current arrangements had been in place for more than 10 years and 1 had been in place between 3 and 5 years.
- None of the 3 long established organisations had considered changing their arrangements in the last 3 years.
- None of the respondents had plans to review their arrangements.

Reason for change

- Ensuring safe and decent homes was the high priority - *'the main driver was to address decency'*.
- Medium priority was given to improved joint working across services improved service quality and expanding supply or ownership.
- One organisation had moved from an ALMO to RP model and would make the same change now as they believed it:

'enables accelerated investment in both existing and new homes utilising the value of the stock. The Local Authority is in a strong position through the transfer agreement to negotiate for the transferring RP to deliver priorities that it and tenants consider appropriate for the area'.

Approach to change

- The organisation who had experienced change used an independent options appraisal and had a Customer Senate. This *'led on customer voice and ensured it was central in the offer to tenants'*.

Current arrangements

- Respondents were asked how their current arrangements allowed them to prioritise vulnerable citizens eg care leavers and people with mental health problems. Responses included:-
 - *'We have a Tenant First service that assist tenants to sustain tenancies with specialisms in mental health and substance abuse issues, care leavers would also be picked up as part of this service'*.
 - *'Through the stock transfer process we agreed a nominations agreement with the LA that stated a minimum of 75% of all allocations should be sourced from the LA Choice Based Lettings System. The allocation policy for the CBL system is an LA document and so prioritise and awards points for those groups deemed most in need. In reality we allocate over 90% of homes through the CBL system'*.
 - *'By having a vulnerabilities register this allows specific services to be tailored to the needs of individuals and in times where a response is required promptly'*.
 - *'We have a programme of supported housing which delivers care according to need. We tend to provide the property and landlord service and work with specialist providers for the care element'*,
- The questionnaire also asked 'How do your current arrangements allow you to influence the design elements of the environment and stock - new and retro-fit?' Views were :-

- *‘We have an acquisitions programme and work with the Council on new build council housing. In terms of retro fit we have an adaptations budget and zero carbon programme such as solar panels and heating replacements as part of the investment plans’.*
- *‘As a stock transfer we have responsibilities and obligations that were identified through the transfer process, these include investment in decent homes, disabled adaptations etc.’*
- *‘All environmental improvements involve consultation with all affected residents so that their views can be considered as part of the design stages of any scheme. In terms of new stock, these are built, or acquired, to current legislation to ensure they meet the needs not just for now but for the future. Energy efficiency is always considered and a number of initiatives have taken place to improve this in existing stock, which is supported by discussing with residents who their energy suppliers are and helping them switch to a more cost effective supplier for them’.*
- *‘We have control over the design of the environment and stock, both new and retro fit. With the environment and new stock we work closely with our partner local authority’.*

Review

- One organisation responded to this area of the questionnaire and believed it has achieved all of the benefits that it set out to achieve.
- In terms of reviewing / changing the operating model, the key reflection was that *‘the transfer from ALMO to RP went smoothly. The part transition to ALMO had already introduced a level of independence and so it made the final steps to an RP easier ie employees had already TUPE’d across to the ALMO’.*
- The one organisation who had moved from an ALMO to a registered provider model said they would make the same change now, as they believed it:-

‘enabled accelerated investment in both existing and new homes utilising the value of the stock. The Local Authority is in a strong position through the transfer agreement to negotiate for the transferring RP to deliver priorities that it and tenants consider appropriate for the area’.

12 Findings

- 12.1 In considering the option to transfer ownership and management of housing stock to an external organisation, the Panel acknowledged the potential benefits of this model, but referred to the complexity and financial implications of transfer and that there had been no stock transfers since 2015. The Panel also considered the views of the TLP and their stated preference for either an in-house or ALMO model. Given this combination of factors and the finality of a decision to transfer, the Panel came to the view that this would not be the right option for Kirklees.
- 12.2 Evidence considered by the Panel indicated that there were 'pros and cons' to both the in-house and ALMO models. Given this, the Panel wished to highlight that they had considered what was possible within the time constraints set and that they would have looked in far more detail at certain aspects of the models proposed, if there had had a longer period of time to carry out their investigations.
- 12.3 A key focus of the Panel's considerations was the Hackitt Review and the Social Housing Green Paper and their central themes of safety, accountability, empowering and listening to tenants and ensuring that they were central to the services they received.
- 12.4 Whilst evidence presented to the Panel indicated that in-house control of housing management provided greater clarity and strengthened the link between operational control and accountability, the Panel did hear from an external ALMO where resource on compliance had been upped and accompanied by a review of governance arrangements in order to provide the local authority with extra assurance that the ALMO were on top of issues.
- 12.5 With regards to risk and compliance, the Panel heard that post Grenfell, a status quo position was not an option in relation to responsibility and would need to be reviewed regardless of housing delivery model. The Panel therefore recommended that compliance and risk be examined and strengthened by both the Council and ALMO in partnership, as a priority.
- 12.6 In terms of the current position, the Panel agreed that attention and focus should be given to renewed standards in relation to compliance and risk. It was important that appropriate structures were in place to ensure that this was maintained and the Panel asked that strong consideration be given to the establishment of an Assurance Board to focus on compliance and risk across both the Council and ALMO.
- 12.7 Based on the evidence heard, the Panel also felt that a strengthened council/client relationship with more clearly defined roles and responsibilities was required, if the current model was to remain in place.

- 12.8 In considering outcomes for tenants, the voice of the tenant emerged as a key concern during the Panel's investigation and evidence heard from TPAS, the TLP and the TRAs stressed the importance of tenant involvement. The Panel considered that the potential approaches to tenant engagement and involvement in the decision making process outlined, were unclear and did not sufficiently set out how the tenants' voice would be heard within an in-house delivery model, particularly in relation to decision making.
- 12.9 Given the lack of clarity in the evidence presented, the Panel expressed concerns that the voice tenants currently had could be lost or diminished, particularly given that the Board which currently included tenant representatives with voting rights, would no longer exist.
- 12.10 In light of this, the Panel recommended that if a decision was made to bring delivery back in-house, that a clear process which placed tenants at the heart and strengthened their link into governance with a clear route into the decision making arena, be developed in order to ensure that the tenants' voice was protected. The Panel would want to have an ongoing role in looking at the proposed model and the involvement of tenants going forward.
- 12.11 With regards to tenant engagement, the Panel recognised the work of the TLP and welcomed their views on tenant participation and were pleased to hear that the TLP felt fully involved in the current model. However, the Panel also heard evidence which suggested a potential disconnect between engagement at strategic and grass roots levels. Whilst outside of the terms of reference, the Panel did feel that given the contrasting feedback received from the TLP and the TRAs, it would be beneficial to carry out an examination of current tenant engagement approaches in order to identify and address any such disconnect.
- 12.12 The Panel were keen to emphasise that the voice of the tenant should be central within any housing delivery model and recommended that tenants be consulted on any proposals for change at an early stage and in a meaningful way. This was echoed by evidence heard from both the TLP and TRAs who stressed the importance of timely and transparent information. The Panel advised that any consultation carried out should be in-line with the good practice outlined by TPAS in Section 10 and the government guidance referenced in Section 8 of this report.
- 12.13 The Panel highlighted that should tenants be consulted on any proposals for change, there would also be an opportunity to question tenants as to how they would wish to be engaged moving forward. This intelligence could then be used to better inform future engagement strategies.
- 12.14 Given the importance of tenant communications, the Panel concurred that if a change to the housing delivery model was proposed, then any plans for tenant engagement and consultation should be brought to the Scrutiny

Ad-Hoc Panel for consideration at the earliest opportunity and that the Chair of the Economy and Neighbourhoods Scrutiny Panel be invited to attend any future meetings.

- 12.15 In considering of financial implications, the Panel advised that if an in-house delivery model was proposed, due diligence should be carried out as to the ALMOs commercial activities and contractual obligations.
- 12.16 In considering synergy, the Panel heard that that the in-house model presented greater opportunities for strategic alignment and the development of a seamless service. Delivery would not be dependent on relationships and Board priorities and there could be potential to avoid duplication and efficiencies through streamlining of structures with a single entity delivering across the range of services.
- 12.17 However, the Panel also heard that a single purpose organisation, such as an ALMO, provided an arms-length focus which could concentrate on tenant issues and there was a danger that focus could be lost or diluted if delivery was brought back in-house.
- 12.18 The Panel also considered whether the transition process itself may deflect management attention from important priorities such as compliance and the provision of a responsive service, which could result in a performance dip. Given this, the Panel advised that if there was a change in delivery model, then there should be a renewed focus on tenant satisfaction to ensure that levels of satisfaction did not drop as a result of the changes.
- 12.19 It was acknowledged that there were significant unknowns and risks to bringing delivery in-house and it was questioned whether improvements could be made within the current model, given that the ALMO was a wholly owned subsidiary and the Council could exercise control as if it were an internal department of the Council. It was also noted that synergies would not automatically happen if brought back-in house.
- 12.20 In considering the evidence presented, there was a differing of views during the Panel's considerations as to whether a compelling case had been made for either model. A view was expressed that the evidence presented did demonstrate that the in-house model would be most appropriate, citing the opportunities for synergy and alignment, with both strategy and other Council services such as social services, cleansing and waste.
- 12.21 Reference was also made to the potential of the in-house model to provide a seamless service, particularly in relation to vulnerable tenants, as well as opportunities for efficiencies and savings. However, it was acknowledged that further consideration would need to be given to how the voice of the tenant would be heard within an in-house model.

- 12.22 In deliberating the pros and cons of both the in-house and ALMO models, the Panel concluded that there were positive elements within both models and resolved that consideration should be given as to how these could be combined into an appropriate structure that could deliver the best outcomes for tenants.
- 12.23 The Panel therefore determined that the 'form follows function' approach outlined by TPAS should be taken to the development of housing delivery, with the desired aims and outcomes identified at the outset and appropriate arrangements put in place to achieve them, rather than the choice of model being the starting point for discussion.
- 12.24 The Panel felt that it was crucial to involve tenants in the development of key outcomes and that this should be done at the earliest opportunity, so that they could have input into the model without a decision already being made.
- 12.25 In terms of key outcomes, the Panel referred to good and transparent governance, effective risk management and compliance, meaningful tenant involvement and housing that was fit for the for the twenty first century.

13 Recommendations

- 13.1 A 'form follows function' approach should be taken to the development of the housing delivery service, with the desired aims and outcomes identified at the outset and appropriate arrangements put in place to achieve them.
- 13.2 The Panel recommends that key outcomes be developed in conjunction with tenants at the earliest opportunity, so that they have input into the model without a decision being already made and asks that those key outcomes include good and transparent governance, compliance and the voice of the tenant.
- 13.3 Within the time constraints set, evidence considered by the Panel indicated that there were 'pros and cons' to both the in-house and ALMO models. The Panel therefore recommends that consideration be given as to how the positive elements of both models can be combined into an appropriate structure in order to deliver the best outcomes for tenants.
- 13.4 Requirements for compliance and risk should be examined and strengthened as a priority by both the Council and ALMO in partnership regardless of housing delivery model, as post Grenfell, a status quo position in relation to compliance and responsibility is not an option.
- 13.5 Strong consideration should be given to the establishment of an Assurance Board to focus on compliance and risk across both the Council and ALMO.
- 13.6 The voice of the tenant is central and the Panel recommended that tenants be consulted on any proposals for change on the housing delivery model at an early stage and in a meaningful way. This should be in-line with the good practice outlined by TPAS in Section 10 and the government guidance referenced in Section 8 of this report.
- 13.7 Any tenant consultation on the future model should be used as an opportunity to seek views on how tenants would wish to be engaged moving forward at the same time, in order to inform future engagement strategies.
- 13.8 If there is a change to the housing delivery model, then there must be a renewed focus on tenant satisfaction to ensure that levels of satisfaction do not drop as a result of the changes.
- 13.9 The potential approaches to tenant engagement and involvement in the decision making process considered by the Panel were unclear as to how the tenants' voice would be heard within an in-house delivery model, particularly in relation to decision making. In light of this, the Panel recommends that a clear process, which places tenants at the heart, be developed in order to ensure that their voice is protected and not lost, if a decision is made to bring delivery back in-house.

- 13.10 The Panel recognised the work of the TLP and that they felt fully involved in the current model. However, the Panel also heard evidence which suggested a potential disconnect between engagement at strategic and grass roots levels. Whilst outside the terms of reference, given the evidence heard, the Panel recommends that an examination of current tenant engagement approaches be carried out in order to identify and address any such disconnect.
- 13.11 A strengthened council/client relationship with clearly defined roles and responsibilities is required if the current model is to remain in place.
- 13.12 If an in-house delivery model was proposed, then due diligence should be carried out as to the ALMOs commercial activities and contractual obligations.
- 13.13 That the Scrutiny Ad Hoc Panel has oversight of the implementation of all the recommendations and of the process going forward and the Chair of the Economy and Neighbourhoods Scrutiny Panel be invited to attend any future meetings.

14 Appendices

Appendix 1 - Document review

Appendix 2 - Glossary

Appendix 3 - Scrutiny Action Plan

Document Review

- Council Housing in Kirklees Overview
- Models and Potential Fit
- Cabinet Report 9 February 2016 - Future Delivery of Housing Functions and Services
- Cabinet Report 18 December 2018 - Review of Kirklees Neighbourhood Housing
- Cabinet Report 29 August 2018 - Housing Delivery Plan
- Cabinet Report 12 November 2019 – Peer Challenge Feedback Report and Action Plan
- Kirklees Housing Strategy 2018-2023
- What is the Housing Revenue Account?
- Housing Revenue Account Budget Summary
- Kirklees Neighbourhood Housing - Governance and Accountability
- Kirklees Neighbourhood Housing Annual Report 2018/19
- Tenant Data
- Stock Data
- Report to Scrutiny 14 November 2019 - Leaseholder/Tenant Involvement and Engagement Strategy
- Report to Scrutiny 31 October 2018 - A New Deal for Social Housing Consultation and the Hackett Review
- Green Paper - A New Deal for Social Housing
- Council Housing Tenant Involvement Implications 2019
- Social Housing Green Paper 2020
- Housing Models and Approaches Feedback 2019
- Housing Governance Arrangements Comparison 2019
- Risk and Corporate Structures
- HouseMark 2018/19 End of Year Analysis
- Financial Implications Review
- Potential Approach to Creating a Co-Produced Tenant Engagement Model
- Approaches to Establishing Tenant Involvement in the Decision Making Process
- KNH's STAR Survey Results - Further Information
- Comparison with HouseMark 2018-19 End of Year Analysis
- Information re: Customer Senate
- Form Follows Function, Housing Quality Network
- Updated Guidance for Councils Considering the Future of their ALMO Housing Management Services, December 2011

Glossary

ALMO	Arm's Length Management Organisation
KNH	Kirklees Neighbourhood Housing
HRA	Housing Revenue Account
LA	Local Authority
RSH	Regulator for Social Housing
RP	Registered Provider (Housing Association)
TLP	Tenant and Leaseholder Panel
TRAs	Tenant and Resident Associations
TUPE	Transfer of Undertakings (Protection of Employment)

SCRUTINY ACTION PLAN

Recommendations of the Scrutiny Ad Hoc Panel - Future Arrangements for the Council's Residential Housing Stock

Lead Scrutiny Officer: Carol Tague

		FOR COMPLETION			
Recommendation	Directorate and Cabinet Member(s) or organisation asked to coordinate the response to the recommendation	Do you agree with the recommendation? If no, please explain why.	How will this be implemented?	Who will be responsible for implementation?	What is the estimated timescale for implementation?
1. A 'form follows function' approach should be taken to the development of the housing delivery service, with the desired aims and outcomes identified at the outset and appropriate arrangements put in place to achieve them.	Adults & Health Directorate Cabinet Member for Housing & Democracy	Yes	Consideration of, the current assessment of options taken together with the Ad Hoc Scrutiny process and the independent review conducted by Tony Reeves Consulting Ltd.	Strategic Director for Adults and Health	At the Cabinet meeting - 24 March 2020
2. That key outcomes be developed in conjunction with tenants at the earliest opportunity, so that they have input into the model without a decision being already made and asks that those key outcomes include good and transparent governance, compliance and the voice of the tenant.	Adults & Health Directorate Cabinet Member for Housing & Democracy	Yes, however, an in-principle decision on the preferred model will have been made	Engagement with tenants as citizens will take place from June – August inclusive in order to identify what is important to people. Tenant reps as well as the broader tenant community will be engaged and part of the team to be established to plan and implement the tenant engagement using the Place Standard Tool.	Strategic Director for Adults and Health/ Director for Growth & Housing	Plan engagement – April & May Implementation - June to August Analysis & Report – Sept 2020

		FOR COMPLETION			
Recommendation	Directorate and Cabinet Member(s) or organisation asked to coordinate the response to the recommendation	Do you agree with the recommendation? If no, please explain why.	How will this be implemented?	Who will be responsible for implementation?	What is the estimated timescale for implementation?
3. Consideration be given as to how the positive elements of both models can be combined into an appropriate structure in order to deliver the best outcomes for tenants.	Adults & Health Directorate Cabinet Member for Housing & Democracy	Yes	Joint positive elements articulated and combined with results of engagement to inform an appropriate structure.	Strategic Director for Adults and Health/Service Director for Strategy, Intelligence & Performance	Feedback in September 2020
4. Requirements for compliance and risk should be examined and strengthened as a priority by both the Council and ALMO in partnership regardless of housing delivery model, as post Grenfell, a status quo position in relation to compliance and responsibility is not an option.	Adults & Health Directorate Cabinet Member for Housing & Democracy	Agree that greater clarity between roles and responsibilities needed and because 'a status quo is not an option, fire safety arrangements have been examined and strengthened post-Grenfell to ensure residents are safe.	The Hackitt Review Board established post - Grenfell and revised and strengthened the Fire Safety Policy in 2018 across both organisations. In addition see below which will support clarification of roles.	Strategic Director for Adults and Health / Chief Operating Officer, KNH	See below for recommendation 5

		FOR COMPLETION			
Recommendation	Directorate and Cabinet Member(s) or organisation asked to coordinate the response to the recommendation	Do you agree with the recommendation? If no, please explain why.	How will this be implemented?	Who will be responsible for implementation?	What is the estimated timescale for implementation?
5. Strong consideration should be given to the establishment of an Assurance Board to focus on compliance and risk across both the Council and ALMO.	Adults & Health Directorate Cabinet Member for Housing & Democracy	Yes	Hackitt Review Board will extend its reach to cover the 6 areas of Building Compliance across all council assets.	Chief Executive/ Chief Operating Officer, KNH	May/June 2020
6. Tenants be consulted on any proposals for change on the housing delivery model at an early stage and in a meaningful way. This should be in-line with the good practice outlined by TPAS in Section 10 and the government guidance referenced in Section 8 of this report.	Adults & Health Directorate Cabinet Member for Housing & Democracy	Yes	This will be covered in the approach outlined in recommendations 1 and 2 of this report.	Director for Growth & Housing/Head of Governance/ Head of Partnerships, KNH	Plan engagement – April & May Implementation - June to August Analysis & Report – Sept 2020
7. Any tenant consultation on the future model should be used as an opportunity to seek views on how tenants would wish to be engaged moving forward at the same, in order to inform future engagement strategies.	Adults & Health Directorate Cabinet Member for Housing & Democracy	Yes	This will form part of the engagement set out in recommendations 1, 2 and 6 of this report.	Director for Growth & Housing/Head of Governance/ Head of Partnerships, KNH	As above
8. If there is a change to the housing delivery model, then there must be a renewed focus on tenant satisfaction to ensure that levels of satisfaction do not	Adults & Health Directorate Cabinet Member for Housing & Democracy	Yes	Keeping tenants at the heart is a key facet of the proposed place- based approach. This acknowledges the wider variables that can impact on	Strategic Director, Adults & Health	Constant

		FOR COMPLETION			
Recommendation	Directorate and Cabinet Member(s) or organisation asked to coordinate the response to the recommendation	Do you agree with the recommendation? If no, please explain why.	How will this be implemented?	Who will be responsible for implementation?	What is the estimated timescale for implementation?
drop as a result of the changes.			satisfaction and will focus on the delivery of the positive opportunities this change can bring for tenants and residents.		
9. A clear process, which places tenants at the heart, be developed in order to ensure that their voice is protected and not lost, if a decision is made to bring delivery back in-house.	Adults & Health Directorate Cabinet Member for Housing & Democracy	Yes	This will be informed by the engagement outlined over the summer of 2020 as mentioned above which will help shape the process.	Director for Growth & Housing/Head of Governance/ Head of Partnerships, KNH	Plan process – April & May Implementation - June to August Analysis & Report – Sept 2020
10. An examination of current tenant engagement approaches be carried out in order to identify and address any such disconnect.	Adults & Health Directorate Cabinet Member for Housing & Democracy	Yes	Workstream to be established to review.	Director for Growth & Housing/Head of Governance/ Head of Partnerships, KNH	Analysis and report September 2020
11. A strengthened council/client relationship with clearly defined roles and responsibilities is required if the current model is to remain in place.	Adults & Health Directorate Cabinet Member for Housing & Democracy	Yes	Roles and responsibilities are articulated as part of section 21 of the contract between the Council and KNH. These will be reviewed and enhanced where required.	Strategic Director for Adults and Health/ Director for Growth & Housing	Completed by 30/06/21

		FOR COMPLETION			
Recommendation	Directorate and Cabinet Member(s) or organisation asked to coordinate the response to the recommendation	Do you agree with the recommendation? If no, please explain why.	How will this be implemented?	Who will be responsible for implementation?	What is the estimated timescale for implementation?
12. If an in-house delivery model was proposed, then due diligence should be carried out as to the ALMOs commercial activities and contractual obligations.	Adults & Health Directorate Cabinet Member for Housing & Democracy	Yes	Workstream established, legal engaged, actions confirmed and delivered.	Strategic Director, Adults & Health/ Service Director, Strategy, Intelligence and Performance	Completed by Sep 2020
13. That the Scrutiny Ad Hoc Panel has the oversight of the implementation of all the recommendations and of the process going forward and the Chair of the Economy and Neighbourhoods Scrutiny Panel be invited to attend any future meetings.	Adults & Health Directorate Cabinet Member for Housing & Democracy	Yes, all recommendations agreed by the Cabinet. However, the Cabinet will have oversight and would welcome the support and involvement of the Ad Hoc Scrutiny panel around the process of engagement.	Scope out revised terms of reference and agree with Panel chair Invite Chair of E&N Scrutiny Panel to become a standing member of the Panel Agree forward plan of meetings and areas for discussion.	Strategic Director for Adults and Health/ Director for Growth & Housing	May 2020 – December 2021

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Name of meeting: Cabinet

Date: 24th March 2020

Title of report: Options on the future model for the management and maintenance of Kirklees Council Housing.

Purpose of report: To advise Cabinet of the outcome of the options assessment for the management and maintenance of the housing stock.

<p>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?</p>	<p>Yes</p> <p>If yes give the reason why Council Housing is present in every ward. How and who manages it is a key strategic decision.</p>
<p>Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u></p>	<p>Key Decision – Yes/No Yes Private Report/Private Appendix – Yes/No No</p>
<p>The Decision - Is it eligible for call in by Scrutiny?</p>	<p>Yes/No or Not Applicable Yes</p>
<p>Date signed off by <u>Strategic Director</u> & name</p> <p>Is it also signed off by the Service Director for Finance?</p> <p>Is it also signed off by the Service Director for Legal Governance and Commissioning?</p>	<p>Richard Parry 15/03/20</p> <p>Eamonn Croston 16/03/20</p> <p>Julie Muscroft 16/03/20</p>
<p>Cabinet member portfolio</p>	<p>Cllr Cathy Scott</p>

Electoral wards affected: All

Ward councillors consulted: Leading Members

Public or private: Public

Has GDPR been considered? Yes

1. Summary

- i. In December 2018 the Cabinet made some amendments to the governance arrangements between KNH and the Council and took the decision to pause for 12 to 18 months (given the level of uncertainty in the policy environment) before agreeing the long term approach to the housing management and maintenance options for Council housing in Kirklees.
- ii. This report provides information on the current context in relation to the social housing management and maintenance sector across the country. It includes information which compares and contrasts the models under consideration as options for the future management and maintenance of council housing in Kirklees. It emphasises the importance of the tenant's voice and how tenants, as citizens are central to shaping services and the places where they live; on the strategic alignment with the Council's priorities and outcomes; the management of strategic and operational risk in the context of a post Grenfell world where the need for clarity around decision making and accountability is paramount in addition to the financial and legal implications.
- iii. The previous options assessment that informed part of the decision making in December 2018 did not consider the Registered Provider (RP) model to be a viable financial option. It concluded that it is least likely that such management arrangements would achieve the right balance between outcomes for local residents and appropriate management of risk to the Council.
- iv. Therefore the in-house and ALMO models have been assessed in more depth against a range of criteria since these options were considered to be more likely to achieve the Council's strategic ambition for housing.
- v. The stock that was built as part of the Excellent Homes for Life programme are outside of the scope of this report as they are subject to a separate management agreement.

2. Information required to take a decision

A. Strategic Context

- i. The central planks of the Kirklees' Housing Strategy 2018-23 are focussed around addressing housing need; promoting and delivering quality homes and places; and supporting and enabling housing growth which aligns with the Council's corporate plan priorities for people, place and partners. The strategy is based upon a partnership approach and the recognition that there are a number of general and specialist housing providers who all have an important contribution to make in working with citizens to design tailored responses that make a difference to their lives. A summary of the Housing Strategy can be seen at Appendix A.
- ii. The Council's vision is to work with people and partners using a place-based approach to achieve our shared outcomes. It is an approach that is driving different ways of working for the Council and its staff and recognises the diversity and strengths of the communities across Kirklees. By developing local connections and networks with citizens, community and other stakeholders there is an opportunity to tap into local strengths, knowledge and skills to develop bespoke solutions.
- iii. Given the rising potential demand for adult and children's social care, there has been significant emphasis placed on maximising the independence of individuals and families and the Council being clearer about its role in enabling this. The role of housing as a key enabler has become prominent in a way that has not previously happened. Alongside this,

at a local, regional and national level, the link between health and housing is now strongly acknowledged across the system.

- iv. Place-based working recognises that council housing does not exist in isolation and that it forms part of a wider housing market in which there are opportunities to make connections, trial ideas and improve outcomes for citizens. There is increasingly strong evidence that those who are most likely to be exposed to the impact of poor quality housing are living in private rented and owner occupied housing <https://www.kirklees.gov.uk/beta/delivering-services/pdf/HNA-report.pdf>. It is important that the Council takes a holistic view of housing, regardless of tenure type, if it is to improve outcomes for the most vulnerable citizens of Kirklees.
- v. The Government's Social Housing Green Paper and the Hackitt Review form important backdrops to the assessment of the delivery model for management and maintenance of council housing. The Green Paper, emphasises the need to tackle the stigma associated with social housing as well as strengthening the tenant's voice. Please see Appendix B for further detail.

B. Background and Introduction

- i. In December 2018 Cabinet received a report, following an independent review from Tony Reeves Consulting Ltd, commissioned by the Council in May 2018. The review looked at an options appraisal of the various models for managing and maintaining the Council's housing stock.
- ii. The recommendation of the independent review of management models was that there were only 2 feasible options for the delivery of the Council's housing management and maintenance services – for the Council to run services in-house or to stay as an Arm's Length Management Organisation (ALMO), with the option of a Registered Provider (RP) being discounted after due deliberation.
- iii. However, given the uncertainty around the national housing agenda at the time, the cabinet made some interim changes and held off a more definitive decision until there was greater clarity about the national regulatory and legislative landscape with a view to revisiting the issue in 12-18 months. The changes included strengthened governance arrangements between KNH and the Council (<https://democracy.kirklees.gov.uk/ieDecisionDetails.aspx?ID=6891>) :-

a) The implementation of the changes to the Articles of Association as set out in Appendix 1 of the report and summarised in 5.2 of the report 'The Board approves the changes to KNH governance processes and Memorandum and Articles of Association. The changes to the Articles are as set out in appendix 1. In summary these are:

The number of Board Members shall be nine; Six Board Members shall be Council Board Members; Three Board Members shall be Tenant Board Members; No more than three Board Members shall be Tenants; No more than six Board Members shall be Local Authority Persons; A board member shall serve for no more than 9 years.

b) The role of the strengthened Board would be to oversee housing operations and to act as a single purpose vehicle to deliver the housing management and maintenance service.

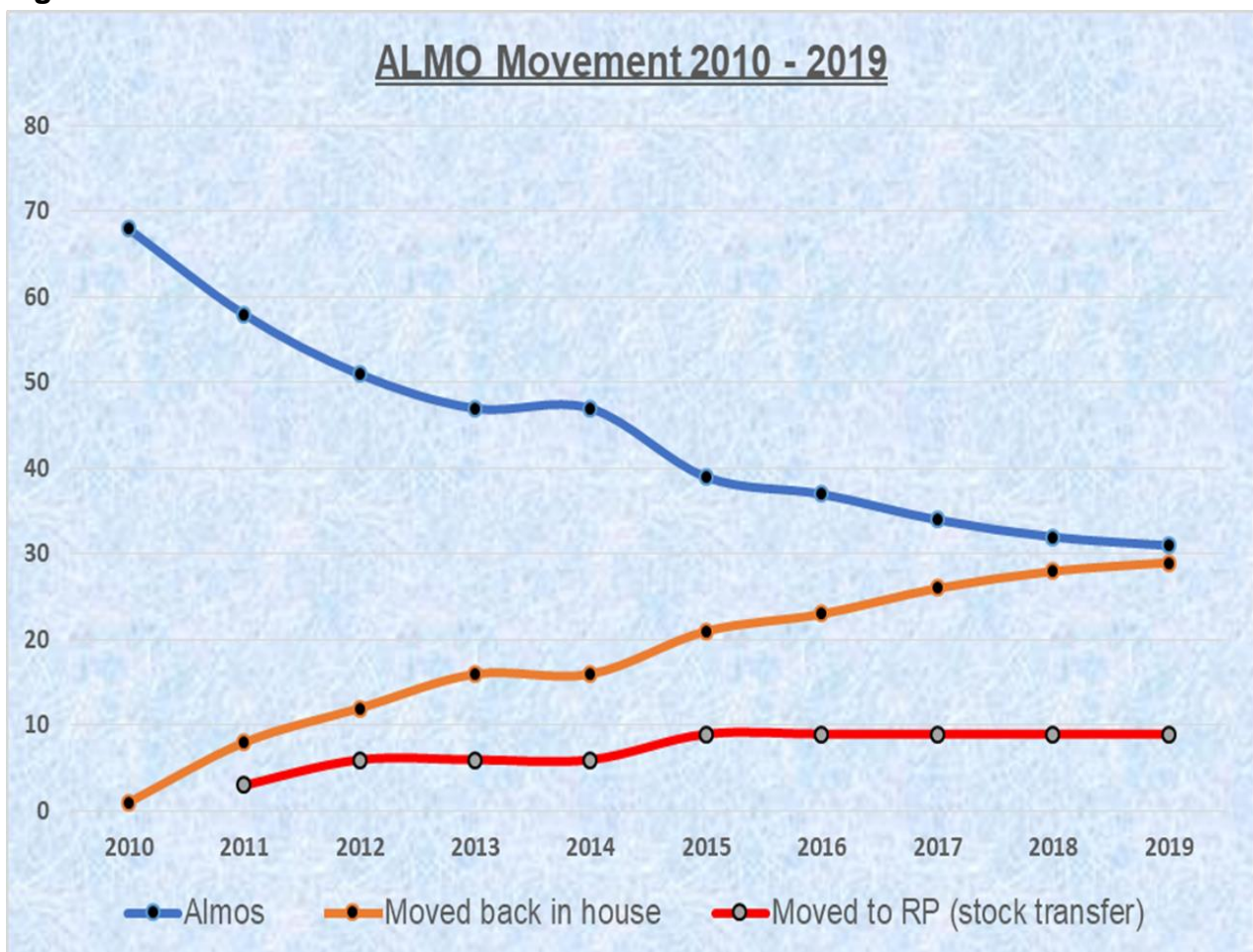
- c) *That Housing Policy and Strategy, housing/asset investment and HRA Business planning matters would be determined by the Council, Cabinet or Council officers with advice from KNH officers.*
- d) *These arrangements are interim for the next to 12-18 months and will remain under review until the regulatory and legislative landscape begins to settle.'*
- iv. Since Cabinet's decision to implement the above, the national housing policy context has become clearer than it was in 2018. The place based working agenda and initiatives such as Community Plus have developed and, as described previously, the contribution of housing to health and social care has become a much greater priority. Examples of recognition of Housing's critical relationship include, but are not limited to :-
- a) the Kings Fund paper Housing and health opportunities for sustainability and transformation partnerships https://www.kingsfund.org.uk/sites/default/files/2018-03/Housing_and_health_final.pdf
- b) Housing LIN (Learning and Improvement Network) 2019 paper 'The State of Ageing' which looks at the role of 4 key aspects including housing. It acknowledges 'a colossal demographic shift, living ten years longer than our parents' generation on average and nearly two decades longer than our grandparents' generation. This social revolution has implications for every part of our society and how we think about and live our lives'. <https://www.housinglin.org.uk/News/New-report-looks-at-the-state-of-ageing-in-2019/>
- v. The Local Government Association (LGA) Corporate Peer Review in July 2019 recommended that the Council '**Prioritise a decision on the long-term future of the ALMO. If the ALMO is brought back in-house it will allow the Council to maximise the opportunity to embed place-based working into priority neighbourhoods. It would also provide much needed additional corporate capacity to deliver key Council objectives**'.
- vi. This recommendation has led the Council to initiate a re-consideration of the review conducted in 2018 alongside the challenge and support provided by the establishment of an Ad-Hoc Scrutiny Panel to consider the future options for the management of the Council's housing stock.
- vii. The report of the Ad Hoc Scrutiny Panel and its recommendations are to be found at an earlier item on this Cabinet meeting's agenda.
- viii. The focus of the independent review conducted by Tony Reeves Consulting Ltd was risk based and recognised that, as highlighted by the tragedy of Grenfell Tower, the Council retains full liability as landlord even though it is not directly managing the risks that give rise to this liability. Further risk review work was undertaken by the Council's audit team in 2019. Please see Appendix C for further detail.
- ix. Whilst this still remains the case and is an important consideration, there has been greater focus in this review on place based working and tenants in the whole context of their lives and how they engage with Council services as citizens as well as tenants.
- x. The assessment of options in this review also considered the contribution housing makes to the health agenda and how good quality housing underpins social care for children and adults.

- xi. The Government's national policy agenda is now very much focused on supporting Councils with Housing Revenue Accounts (HRA) to deliver new affordable housing, as well ensure its housing estates are renewed to a much higher compliance standard.
- xii. The intent from Government is clear. They have removed the HRA borrowing restriction; committed to ensure Council HRA business plans are appropriately funded to deliver on its national policy agenda; and have moved from an annual decrease in rent to a current position which allows an increase by CPI +1% over the 2020-2025 period.
- xiii. The Council has up-scaled its own house building programme, broader regeneration and renewal of its housing estates to improve the quality of place at the same time as investing in the existing Council housing stock.

C. Options Assessment

- i. Kirklees Council owns c.a. 22,000 homes which are currently managed by Kirklees Neighbourhood Housing (KNH) as its Arms-Length Management Organisation (ALMO). It was created at a time when the stock was in urgent need of investment and government funding was predicated by either creating an ALMO or a stock transfer housing association. It was established as a Teckal company governed by an independent board with the Council acting as the single shareholder.
- ii. The government funded Decent Homes programme came to an end in 2010/11 and since then the trend in the sector has been one that is characterised by council's deciding to take management of their stock under direct control as shown in the graph below.

Figure 1



- iii. Although the independent review conducted by Tony Reeves Consulting Ltd in 2018 considered a wide range of potential models, it concluded that the in-house and ALMO delivery models were the only viable options. The review work undertaken in 2019/20 and the Ad Hoc Scrutiny Panel have also revisited the option of stock transfer to a Registered Provider (RP).
- iv. Therefore, the options assessment considered three different models for the management and maintenance of council housing – namely, RP; ALMO and in-house by the Council.
- v. The options were assessed against a range of criteria including how well the model aligned with Council's strategic priorities for its citizens and its ambition for place based working. The other criteria were:
 - a) Tackle the stigma associated with social housing and work with citizens to build aspiring communities whilst empowering residents and giving them a stronger voice in decision-making.
 - b) Address the recommendations of the Hackitt Review including a lack of clarity on roles and responsibilities enabling it to act swiftly in changing circumstances.
 - c) Maximise the benefits of Housing Revenue Account (HRA) debt cap being removed and the Council's ambition to directly deliver more high quality affordable homes.
 - d) Ensure the district's housing offer plays a central role in the health and well-being of citizens and deliver better outcomes that greater integration of housing, health and social care can achieve.
 - e) Achieve a clear line of sight between strategic intent and operational delivery. Further detail for governance arrangements of each model can be seen below in section F, Table 1.
 - f) Best use the available skills and capacity of the two organisations.

D. Transfer the Stock to a Registered Provider

- i. Registered Providers (RPs) as they are now known are predominantly not-for-profit organisations governed by an independent board and are regulated by the Regulator of Social Housing (RSH). Their purpose is to provide affordable housing and they draw the mainstay of their funding for new homes from Homes England to subsidise rents and private borrowing.
- ii. The sector has witnessed a significant amount of change over the last 2 decades and whilst many remain community based and focused, there are equally as many that are now large, complex regional and multi-regional businesses either as a result of mergers and acquisitions or through organic growth. Many associations now build private sale homes exposing them to market risks which, in turn, leads them to behave more commercially.
- iii. RPs form an important part of the housing market and as not-for-profit businesses there is an element of strategic alignment in this model. Much of this is achieved through Nominations Agreements whereby the Council is able to nominate applicants from its Housing Register to vacant properties that become available to let in line with the housing association's allocations policy. The approach of some RPs could also be influenced by the level of commercial activity they are engaged in. There are a number of positive working relationships in Kirklees with RPs, particularly addressing areas of more specialist need.

- iv. There are also opportunities to work in partnership with RPs whose housebuilding ambitions add to the district's affordable housing offer and whilst RPs make positive contributions to addressing housing need, this model was not considered to be suitable because:
 - a) Stock Transfer means the Council would transfer all its housing stock and staff to a completely separate entity and relinquish all control to the Board of the RP.
 - b) Once transferred, there is no opportunity to reverse the model should the strategic context or the policy environment change.
 - c) The Board has complete autonomy and independence, even where there are Council nominees sitting as Board members since their first duty, as non-executive directors of the company, is to ensure the interests of that business are protected. Conversely, all risks are transferred and the RSH ensures compliance with standards in line with the regulatory code.
 - d) A stock transfer would, therefore, mean the need to establish new relationships with both the board and the executive in order to attempt to influence outcomes are aligned with council priorities.
 - e) Stock transfers are complex transactions and incur the most cost especially at the start-up phase associated with due diligence and legal and valuation costs.
 - f) There has been little stock transfer activity in recent years and the few that have were dependent on debt write-offs from government. The current debt in the HRA is c.a. £170m which would be unattractive to funders and institutional investors.
 - g) There would be financial implications from the loss of income related to economies of scale for other Council Services and impact on the services they deliver.
 - h) The rental income stream and the ability to influence investment is lost since there is no longer an HRA which is effectively transferred out to the RP.
 - i) There is no direct line between strategic intent and operational delivery and hence the ability to adapt and respond particularly as priorities change.

E. Retain the ALMO model and manage the stock through KNH

- i. As stated earlier, ALMOs were created as a result of the government incentives provided through funding programmes for councils to transfer their stock into newly created organisations in the late 1990s/early 2000s in order to access investment into the decent homes standard. The decent homes programme ended in 2010/11 with no further transfers or funding since then except a small number that occurred prior to 2015. There is an established trend of ALMOs subsequently being dissolved and the activity transferred back to Councils.
- ii. The ALMO model is not dissimilar to the RP model, in that, the governance of the organisation falls to an independent board whose first duty as directors of the company is to the company itself.
- iii. In the ALMO model the relationship between the Council as the client and the ALMO as contractor is governed by a Partnership or Management Agreement and sets out the roles and responsibilities of each party. In practice and to avoid an overly contractual relationship the two parties tend to work by negotiation and in a spirit of partnership. This blurs the lines of responsibilities and accountability and hence this model is highly dependent on the strength of relationship at any given time and can lead to staff resource and capacity being taken up negotiating change and/or priorities. Please see Appendix D for further detail on the current relationship.

- iv. One of the benefits of an ALMO is that it is a single purpose organisation in that it provides only housing management and maintenance services which enable a focus on good quality housing services.
- v. However, council housing doesn't exist in isolation and most people live in privately owned or rented homes. The single focus can limit the ability of the ALMO model to influence the wider role housing plays in supporting people's health and well-being, their sense of security and safety and their sense of place. This is integral to the Council's strategy for place based working and ensuring citizens benefit from all the services available tailored to suit the circumstances in which they live. Further detail on tenant engagement implications can be seen at Appendix E.
- vi. Given the relationship between the ALMO and the Council's responsibilities can, at times, be blurred the ALMO model can duplicate the capacity and skills base by having it in a separate entity. There are inevitable overhead costs associated with running a separate organisation.
- vii. For these reasons, if the ALMO model were to be retained, it should be noted that this should not be viewed as a 'no change option' since the two organisations would need to clarify roles and responsibilities and to be clear about where accountabilities flow through to. In essence it would result in a more formal relationship that would be contractually led.
- viii. This inevitably requires the organisations to expend time and resources to negotiate between the two organisations and can create inflexibility and stymie the Council's ability to respond in an agile manner to the needs of tenants as citizens should the need or opportunity arise – changes to contracts, by their very nature, take time to resolve.

F. Directly Manage the Stock and Integrate with other Services (In-house model)

- i. In the in-house model, the Council not only owns the housing stock but manages and delivers both the strategic housing function and the housing management and repairs service.
- ii. In this model there is no client-contractor split of responsibilities - the services are governed by the Council's cabinet but the housing activity remains regulated by the Regulator of Social Housing. Risk management and assurance is the responsibility of the Council's Cabinet including accountability for oversight of performance of the overall housing service.
- iii. It is the model that offers the most direct line between strategic intent and operational delivery – the Council can align service delivery with the ambition that tenants and communities have for their homes and the places they live in without the duplication of decision-making by the Council's Cabinet and the Board of a separate entity.
- iv. Both the strategic investment and operational management decisions within the HRA are taken by the Council's cabinet and hence more closely aligns the Council's housing stock with broader housing priorities including the quantum and nature of new build.
- v. The in-house model enables the Council to engage directly with tenants to capture their views on both their home and their place. Evidence indicates there is a direct correlation between people's views about their area and how satisfied they are with their home – i.e. if you are dissatisfied with your local area, you are more likely to feel your home isn't suitable for your needs (source - <https://www.kirklees.gov.uk/beta/delivering->

[services/pdf/HNA-report.pdf](#)). Many of the wider factors that determine satisfaction with place can be influenced by the Council but not by an ALMO.

- vi. It allows the Council to take a place based approach to delivery where the Council integrates the management of housing services with, where appropriate, wider service delivery enabling tailored responses to emerge through working more closely with tenants about their broader concerns. In-house means where a tenant has some feedback about waste collection services or community safety, there is a single organisation for the tenant to work with as a citizen as well as a tenant. Likewise in a directly managed service the Council's neighbourhood housing officer is able to gather intelligence and feedback from tenants and citizens who may raise concerns about the condition of private sector stock in their local area and enable advice and support to be available for landlords or, where necessary, enforcement action to be initiated. This approach would align with the strategic priority of improving quality and standards in the district's housing stock.
- vii. In-house more easily levers the contribution housing can make to health and social care by working alongside teams such as Community Plus, Thriving Kirklees and the Primary Care Networks. Additionally, the model is more easily understood by partners (the Council manages housing) and supports the faster development of initiatives such as step up & step down facilities or the linking of the housing offer to dementia hubs. It also enables greater co-ordination of joint approaches to support people who may be hoarding, for example.
- viii. With the in-house option, the Council can effect a shift from a property maintenance approach, building on 'your home your place', to an estate regeneration and investment model taking a longer term view of value for money by investing in the quality of place. It is better able to plan for and strategically invest in re-purposing, renewing and regenerating the stock to deliver specific priorities - e.g. reducing the carbon emissions of the homes, demolishing obsolete stock or meeting emerging patterns of need such as extra care for older people, wheelchair accessible bungalows or accommodation to prevent homelessness using innovative construction methods that help to reduce the carbon emissions of construction.
- ix. Unlike moving to an RP model, this is an approach that can be subsequently changed at a future date should circumstances require. A table showing comparisons of the options can be seen at Appendix F.

G. Conclusion

- i. Having considered the 3 options it was concluded the RP model was the least likely to deliver the objectives of the Council because a transfer of the housing activity to a RP would transfer operational risk, at the expense of opportunities for better integration of service delivery, a loss of influence and a limit on the ability to adopt place based approaches. This option would involve very substantial effort, and may not be achievable in the current financial market.
- ii. The current arrangements under an ALMO model for delivery of housing management creates a number of 'grey' areas with reference to lines of responsibility at a time when clarity is of significant importance and an indirect line between strategic intent and operational delivery. Whilst the ALMO model can enable the Council to further its ambitions around Place Based Working and supporting Health and Social Care, the nature of an ALMO means that this requires greater negotiation than in house model which remains with the Council. The following table provides a comparison of governance implications :-

Table 1

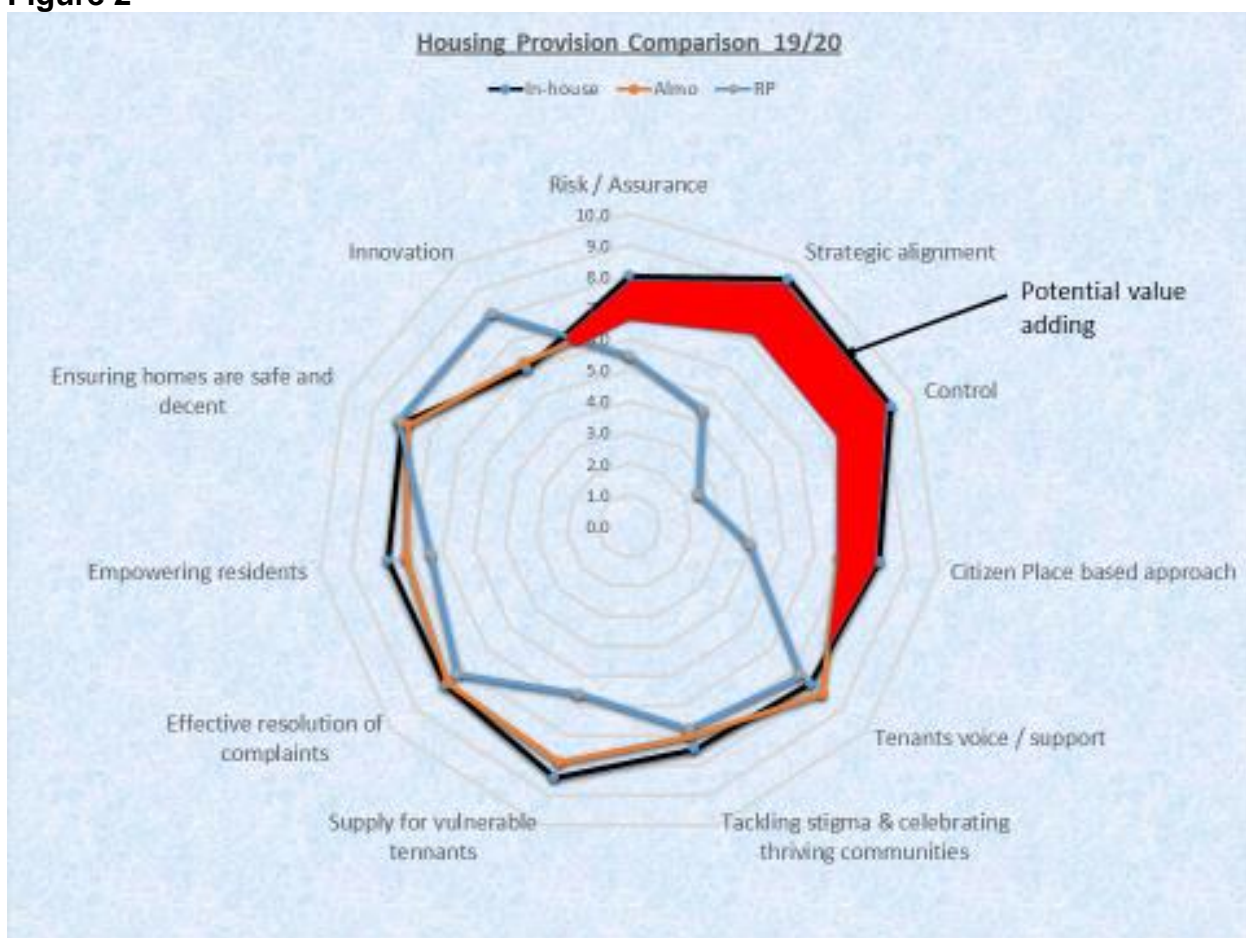
In-house	ALMO	Registered Provider
Legal Framework		
Publicly established organisation as part of the Local Government Act.	Generally established as a not for profit Company limited by Shares or Guarantee. Subject to Companies Act requirements.	Can be established as Cooperative and Community Benefit Societies, Companies limited by Guarantee or Shares, Community Benefit societies etc. These can further be listed as exempt charities, register charities or for profit providers. There is also the Community Gateway model.
Overview (Shareholding)		
No company - direct ownership as a Council asset.	In Kirklees, the Council is the sole shareholder. There are examples elsewhere of ALMO's owned by a group of Local Authorities.	Shareholding models are varied. Some are closed (restricted to Board Members only or specific bodies), or open where anyone can apply subject to meeting policy requirements. Some RP retain a "Golden Share arrangement" with former local Authority owners.
Regulatory Response - lead regulator the Regulator for Social Housing (RSH)		
The RSH will regulate the Rent standard (from April 2020) along with all of the Consumer standards at present.		The Regulator for Social Housing proactively regulate the Economic standards and reactively regulate the Consumer standards.
Corporate Structure		
Conforms to constitution of the Council. Modelled on Cabinet and Council with delegated decisions to officers.	Generally modelled on Boards between 9 and 15 on a third, by third by third basis (Independents, Councillors, tenants)	Various arrangements are in place but often Boards comprise between 5 and 12 members. These Boards can comprise of entirely independent members or membership drawn from a range of constituencies (Independents, tenants, local authorities, stakeholders) in various combinations.
Freedom to Act		
Within the parameters of Local Government Acts and regulatory standards.	Restricted by the arrangements in place with the sponsoring authority	Generally unlimited within the objects and governing frameworks.
Committees and Sub Structures		
Existing Cabinet structure and governance arrangements. Risk and assurance through Corporate governance and audit.	Determined by the agreement between the ALMO and the sponsoring Authority. KNH has its own Board, which is supported by Property Services committee, with risk and assurance linked into Council governance.	Can be established at the will of the Board. Generally comprising an Audit Committee, Nominations Committee and Remuneration committee. Others by what the Board feels is required to run the business.

Borrowing and Commercial Arrangements

Prudential borrowing arrangements. This is through both the Housing Revenue Account and also the General fund where appropriate.	Generally unable to borrow and invest in their own right and within the restrictions applied to the HRA.	Limited by business plan capacity and lender covenants. Providing it is within objects RPs are able to invest in other subsidiary (commercial or charitable) or community activity to further their aims.
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iii. As part of the process, the project board looked at a number of criteria which combined key aspects of the Social Housing Green paper and business critical elements together with facets of a place based working approach. As the diagram below demonstrates, the in-house solution would provide a greater degree of control, clarity of accountability, responsibility and more flexibility in how resources are deployed to exploit the opportunities for housing to contribute to the health and social care agenda and it is the model that maximises the benefits of the HRA.

Figure 2



The diagram demonstrates the added value (the red shaded area) from the in-house model. Based on the range of information it is considered that the in-house model is the preferred option and will benefit from some of the good practice and expertise within the ALMO to provide the best of both worlds.

H. Engagement

- i. At one level, if agreed, the change would be as simple as a change in the organisation that provides a service to tenants. Ownership of the stock and rent payments remain unchanged as do the staff who tenants interact with as they would TUPE over. Guidance from DCLG 'The Government believes that the decision to take ALMO housing management functions back 'in-house' should remain a local one' – please see Appendix G.
- ii. If Cabinet are minded to change the way Housing is managed in Kirklees, it will be important to engage with tenants. This is because engagement is a key part of our commitment to place citizens at the heart of our approach.
- iii. Hearing the voice of the tenant would be at the heart of any engagement approach.
- iv. The tenant engagement process would need to capture the things that people feel are important about current arrangements, areas that they would like to see changed and to start to explore future arrangements, post implementation of the new model, for hearing the tenants' voice in decision making. There will be value in considering the role of the Ad Hoc Scrutiny Panel in the design of the engagement process.
- v. The approach to engagement would be to support the move to work with people and build relationships within a place based context by engaging tenants as citizens and enable the Council to take a whole systems approach to the feedback received. It should also enable the Council to directly hear an un-filtered view of what tenants as citizens are telling the Council.
- vi. In order to further enhance that approach, it is proposed that there would be 3 parallel work streams to engage with Councillors, tenants and the workforce. This would enable the joint intelligence to provide valuable insight and inform any future action and service delivery.
- vii. It is anticipated that engagement would be multi-faceted, include an approach based on the Place Standard methodology, be co-produced and jointly delivered with tenants. A range of methods would be used including electronic as well as face to face opportunities to share their views according to their preference.

I. Implications for the Council

•Working with People

- i. The proposal has working with people at its heart by working with tenants as citizens and if the Council's is to affect change in the attitudes towards and the perceptions of social housing, the views of citizens in the broader housing market are central to helping to understand and shape the diversity of responses the Council and its partners will wish to agree with the communities of Kirklees.
- ii. The views of tenants would be captured through a range of engagement mechanisms including use of the Place Standard Tool as described below.

•Working with Partners

- i. Kirklees enjoys strong partnerships with a range of mainstream and specialist housing providers and the proposed approach will continue to build on and strengthen these

relationships to continue to develop bespoke solutions for providing affordable and supported housing with the communities of Kirklees.

- ii. The proposal offers the Council and its partners an opportunity to strengthen the links between Housing, Health and Social Care and to continue to integrate and provide the platform to positively impact further on outcomes for people / communities by working with them in a more holistic way.

• **Place Based Working**

- i. An in-house model would enable closer integration of the various place based approaches and would minimise the duplication that some citizens will currently experience.
- ii. The approach would use the Place Standard methodology as part of the wider engagement plan and would align this piece of work with wider Council and partner ambitions for place based working.
- iii. The Place Standard approach enables us to begin to develop a much more nuanced understanding of our diverse places both in terms of the challenges they face and, more importantly, the aspirations they have. Over time we are looking to develop a detailed picture which would increase our level of understanding in a way that:
 - Is based on local identity.
 - Facilitates a more cohesive and joined up response.
 - Is conversational and intended to bring citizens / tenants with us both in terms of dialogue and co-creating solutions.
 - Allows us to re-engage to understand the difference that has been made.
- iv. Tenant engagement on this scale would provide us with a unique opportunity to gain a wider and more detailed understanding of those places, the outcomes from which would inform wider thinking, policy agendas and budget setting moving forward.
- v. The place standard explores 14 themes that focus on both the physical and social environment and the relationships between people and their surroundings, and is used to assess and improve the quality of a place. (Physical environment = the buildings, streets, public spaces and natural spaces that make up a place and the social environment = the relationships, social contact and support networks that make up a community).
- vi. It provides a framework to facilitate conversations to help identify what's good about a place, what needs to improve and what citizens / tenants can contribute. It helps focus on priorities for action and encourages a very collaborative approach (working with not doing to) as it enables communities, public agencies, voluntary groups and others to work together to identify their priorities for a particular place that need to be targeted to improve people's health, wellbeing and quality of life.
- vii. One of the benefits of the place standard is that it's consistent and provides a baseline which can be re-assessed to see how well places are performing. In developing our approach it is recognised that there should be opportunity to go back to communities to 'sense check' and report back on conclusions, proposals and actions as a result of the information contributed by communities.

• Climate Change and Air Quality

- i. Both existing housing and new build homes leave a significant carbon footprint – finding ways to reduce the carbon emissions from housing is a strategic priority for the Council. The proposal would enable the Council to consider the alignment of the asset strategy to enable investment in ensuring the housing stock performs at a greater thermal efficiency, renewable technologies as well as working with tenants as citizens on behavioural change where appropriate.
- ii. The proposal would also allow the Council to better align its new build programme to seeking to achieve carbon neutral housing developments by seeking alternative methods of construction as well as taking a fabric first approach.

• Improving outcomes for children

- i. Housing is fundamental to the well-being of children and helping them to get the best start possible. A safe, warm and affordable place to live is an essential prerequisite.
- ii. This proposal would enable the Council to work with children and families to better identify and design the most suitable solution to their housing need by, for example, extending a council home so that a foster carer can accommodate a child or extending a council home when working with disabled children and their families to enable the transition into adulthood by creating the necessary adaptations and space for an additional room.

• Other (e.g. Legal/Financial or Human Resources)

- i. In the event that Cabinet are minded to pursue an in-house model, there will be need to be due diligence conducted on the commercial activities that KNH are engaged in e.g. KNH Living and ensure any contractual obligations are accounted for.
- ii. The in-house option would mean some relatively low initial transition costs that would be balanced out by potential cost savings through eliminating duplication and economies of scale. Any savings would be re-invested in the housing service.
- iii. An in-house run service offers the opportunity of merging the capacity and capabilities of both organisations and so strengthening the opportunities for deploying resources to improve outcomes for Kirklees citizens. It is recognised that this approach may also result in the loss of some key employees with related knowledge, skills and experience, this risk would need to be mitigated and managed. A single employer would have the potential to rationalise and simplify employee relations arrangements with recognised trade unions minimising the potential for tension that currently exists.
- iv. Prior to the transfer careful change management planning will be needed to make sure that all Council and KNH staff are well informed and supported both initially on transfer but throughout the following transition period.
- v. Should approval be given, there will be a nominal amount of financial resources required to enable engagement with tenants and leaseholders. It is anticipated that costs of employee resource will be absorbed within Services. Please see Appendix H for a review of financial implications.

J. Do you need an Integrated Impact Assessment (IIA)?

- i. A stage 1 screening assessment has been completed for the recommended option of in-house provision.
- ii. It confirmed that a stage 2 assessment is not required. However, it is noted that equality, diversity and inclusion are at the heart of the proposed approach.
- iii. The heading of engagement does not score at this time as the proposed approach is to comprehensively engage.
- iv. The assessment summary is :-

Theme	Calculated Scores						Stage 2 Assessment Required
	Proposal	Impact	P + I	Mitigation	Evidence	M + E	
Equalities	0	3.3	3.3	0	6	6	No
Environment		2.8	2.8	0	6	6	No

NATURE OF CHANGE

WHAT IS YOUR PROPOSAL?	Please select YES or NO
To introduce a service, activity or policy (i.e. start doing something)	NO
To remove a service, activity or policy (i.e. stop doing something)	NO
To reduce a service or activity (i.e. do less of something)	NO
To increase a service or activity (i.e. do more of something)	NO
To change a service, activity or policy (i.e. redesign it)	NO
To start charging for (or increase the charge for) a service or activity (i.e. ask people to pay for or to pay more for something)	NO

K. Consultees and their opinions

The KNH Board met on 10th March to reflect upon the ad-hoc scrutiny panel's report with a view to considering its findings and feeding back the Board's response to Kirklees Council's Cabinet. In undertaking this review the Board considered in detail the three options set out in the report and their Director's responsibilities to ensure the success of the Company by furthering its objectives. The options set out in the report are:

- Transfer to another Registered Provider
- Continue with the ALMO model
- In house service delivery

The Board considered the Scrutiny Review's assessment of the strengths and opportunities provided by each of the options, and discussed the benefits offered by these to our tenants and the wider community. The Board is particularly focused on ensuring quality service provision to tenants and seeking the best advantages for them in any future delivery model. Board would wish to be assured by Cabinet that any future arrangements would provide more rather than less opportunities for our tenants to shape service delivery and would therefore be more responsive to our tenants needs. The development of any of the models will require further engagement and deliberation to establish the detailed working arrangements and the Board would wish to ensure that tenants are at the heart of this process.

Whilst acknowledging the successes of the current arrangements the Board recognises the strengths associated with aligning with the Council's ambitions for our communities that is at the heart of the place-based agenda, and so acknowledges the synergy that the option for in house service delivery provides. The Board recognizes that the Council approach is in line with KNH's vision for quality homes and services in successful communities and therefore supports the company further alignment with these in delivering its objectives. The Board would wish to recognise the contribution already made by our staff to the successful coordination of front line service delivery and would recommend to Cabinet that these staff are engaged with at the earliest opportunity to inform and shape future provision.

The Board would therefore recommend that the option for in house service delivery is further explored through wider engagement with tenants, staff and other key stakeholders with a view to clarifying the optimal management arrangements for the delivery of a successful in house housing management service as part of Kirklees Council's overarching Place Based Strategy.

Our current Management Agreement has a default break clause in October 2022. Assuming that at the end of the engagement exercise all stakeholders agree that this is both the best option and that suitable future management arrangements will be established, the board would be minded to seek agreement with the Council to an earlier termination of our Management Agreement as the Board feels that this provides the greatest clarity and certainty to staff, tenants and all our key stakeholders, and would support the earliest realisation of the benefits.

L. Next steps and timelines

If the In-house model is agreed in principle, then it is anticipated that 3 parallel workstreams would need to be established. These would be jointly led by KNH and Council colleagues as the changes will affect both organisations. The workstreams would focus on tenant engagement, staff engagement and business transition.

Current plans are that engagement design work would take place across April and May, engagement activity from May/June through to August/September and reporting back in September/October, though this may require some revisions depending on the level of disruption arising from the Covid-19 virus. An overview of the proposed approach can be seen at Appendix I.

This would then trigger formal business transition processes such as TUPE consultation.

M. Officer recommendations and reasons

- a) That the Cabinet note the outcome of the options assessment for the management and maintenance of the housing stock.
- b) That the Cabinet approves 'in principle' changing the model to an in-house delivery of the council housing management and maintenance services by transferring activity undertaken by KNH back to the Council. This option provides the greatest degree of control, influence and strategic alignment with place based working. It also offers a greater degree of assurance whilst enabling the Council to promote and deliver its ambition for regeneration of its own housing stock in the context of the broader housing market.

- c) That the Cabinet approves the proposal to engage with tenants on the preferred model using a range of approaches including the place standard tool. Authority is delegated to the Strategic Director for Adults and Health to finalise and implement the approach.

N. Cabinet Portfolio Holder's recommendations

- a) That the preferred model is to directly manage the Council's housing stock, recognising that, in doing so, the approach needs to take the best of the ALMO model and combine this with the benefits that arise from in-house delivery.
- b) That engagement on this model should be carried out with tenants and with staff in KNH and the Council over the summer period
- c) Following the engagement exercise that a report on the outcome is brought back to Cabinet in September/October 2020 to inform the final decision on the future housing management and maintenance of council housing in Kirklees. If the decision is then confirmed the report should also make recommendations on the matters required to progress to run Council housing services in-house on or before 31st March 2021.

O. Contact officer

Naz Parkar – Director for Growth & Housing

P. Background Papers and History of Decisions

The December 2018 Cabinet report made recommendations on the future direction of the management of the Council's housing service

<https://democracy.kirklees.gov.uk/ieDecisionDetails.aspx?ID=6891>.

Cabinet agreed recommendations including arrangements for:-

- a) Approving changes to strengthen governance processes and the Memorandum and Articles of Association as proposed by the KNH Board at its meeting on 3rd December 2018.
- b) Appointing Naz Parkar, Service Director Growth and Housing as the sole member of KNH with delegated authority to sign any relevant documentation to make changes on behalf of the Council.
- c) Housing policy and strategy, housing/asset investment and HRA Business Planning matters being determined by the Council, Cabinet or Council officers with advice from KNH officers.

Documents shared with Scrutiny are published at :-

<https://democracy.kirklees.gov.uk/ieListMeetings.aspx?CId=655&Year=0>

Q. Service Director responsible: Naz Parkar, Director for Growth & Housing

Appendix A – Kirklees Housing Strategy Summary

The full Kirklees Housing Strategy can be found at <https://www.kirklees.gov.uk/beta/housing/pdf/kirklees-housing-strategy.pdf>

The key issues addressed in the strategy are summarised here:

- Housing demand outstrips supply
- Home ownership is out of reach for many households
- Demographic changes and needs of vulnerable groups for more specialist / supported housing
- Increasing numbers of people becoming homeless
- Higher than average energy inefficient homes and levels of fuel poverty
- Responding to Grenfell
- Responding to the need to improve substandard homes and tenancy management in the private rented sector

Kirklees's Housing Strategy for 2018 – 2023 sets out the key housing issues that the Council and its partners will address, recognising the opportunities as well as the challenges. The strategy supports and complements the Local Plan which is currently reaching the end of the examination process. It is also a key contributor to the ambitions and outcomes set out in the Joint Health and Wellbeing Strategy and the Economic Strategy, and underlines how good, secure and affordable housing in attractive and inclusive communities, underpin the overarching partnership outcomes we want to see for Kirklees, and the people who live and work here.

In response, our three priorities for housing in Kirklees are:



Housing growth is a challenge across all tenures and provision types. 1,730 new homes are needed every year between 2013 and 2031, with an annual net imbalance of 1,049 affordable homes over the next five years. Market housing is out of reach for many. There is a commitment by the Council to enable and facilitate the delivery of 10,000 new homes by 2023, maximising the use of council owned land to provide 1,000 of those new homes. This ambition and desire to move forward at pace, will only be achieved through innovative and creative change, including new and modern construction methods and new funding sources.

The strategy identifies the need to increase supply of more specialist and supported housing for older and other vulnerable groups of people, alongside

8

support to enable them to continue or achieve successful and independent lives in a safe and suitable home. Population is growing in Kirklees and for people aged 65 plus the projected increase is nearly 40% by 2031, so we need to ensure a sufficiency of the type of homes that people want and need as their circumstances change.

Around 12,000 people are registered for social housing in Kirklees, and the impact of welfare benefit changes suggests these numbers will rise. Homelessness is increasing and the implementation of the Homelessness Reduction Act, whilst not widening the groups of people for whom the Council has statutory duties to accommodate, will impact on the way we work with people in housing need.

The quality of housing across existing and new build development including the quality of management practices in the social and private rented sectors is a focus, and we outline our intention to develop an overarching Kirklees Quality Standard framework to drive up conditions and management practice across both social housing and the private rented sector, where this is necessary. We will work closely with our partners such as KNH and Pinnacle PSG to improve council

Population is growing in Kirklees and for people aged 65 plus the projected increase is nearly 40% by 2031

managed homes and estates, with private sector landlords, and developers; this strengthened approach to new, and more, partnership arrangements and innovative practices is a theme which runs throughout the strategy.

The strategy sets out what the Council and KNH are already doing to ensure standards are met to assure the health and safety of tenants, and the additional work undertaken following the Grenfell fire. There will be more to do, and we await the outcome of the independent enquiry.

Having reviewed the challenges that face us in achieving the vision for housing and the places where people live in Kirklees, we also capture the benefits and opportunities that are available. The positioning of Kirklees, close and easily accessible to the major cities of Leeds and Manchester through the rail and motorway network is a real strength for growing homes and jobs and attracting wealth into the district. The North Kirklees Growth Zone programme is ambitious and transformational, offering major investment of £1.9 billion.

In partnership, we have developed our first year Action Plan to establish how we intend to bring about the outcomes we want for Kirklees that will address housing need, quality and growth. The Action Plan will undergo a review process as we come to the end of the first year, and we will set out refreshed plans that are updated annually for the life of the strategy.

Appendix B – Social Housing Green Paper

Background and Purpose

The Social Housing Green Paper was published in August 2018 and the purpose of this note seeks to set out how the 3 models under consideration (ALMO, in-house, RP) would deal with each strand. It should be read in conjunction with the paper on Tenant Engagement (elsewhere on the agenda) since the green paper is largely focused on strengthening the Tenant's Voice. The Green Paper has **five core themes** and each of these is then considered through the lens of the tenants in Appendix 1:

1. Ensuring Homes are Safe and Decent

Ensuring resident safety - The Green Paper leads with proposals on safety, understandably, as the paper was formed in the wake of the tragedy at Grenfell Tower. The Paper supports the principles behind the Hackitt review of building regulations and commits to bringing forward legislation on building safety.

Reviewing the Decent Homes Standard – The Green Paper notes the Standard has not been revised since 2006 and should now be reviewed and updated. Recent tightening of safety has been applied to the private rented sector and additional measures are now needed for social homes.

In an ALMO, the Council and the ALMO would work closely to establish and ensure the ALMO's Fire Safety Plan is consistent with the Council's Fire Safety Policy and in its role as asset owner would set/agree the capital plan in line with its own ambitions and those of tenants whereas in the housing association model this would be the responsibility of the Board offering a lesser degree of assurance and influence on investment in the housing stock than either the Council or ALMO models.

2. Effective Resolution of Complaints

Removing Barriers to Redress - Government has been moving towards better redress for tenants for some time now and the proposals include strengthening mediation including removal of the 'barrier' of a designated person in order to access the Housing Ombudsman which would require primary legislation. Other issues raised in the Paper include how residents are aware of how to complain, what are their rights and how to deal with retaliatory action. To speed up the complaints process, a suggestion is for the Regulator to set out more specific timescales in a Code of Practice.

We recognise there is a need for greater accountability and thought about how tenants' voices can be heard at national and local level.

Tenant engagement is critically important to the Council's housing service and we are introducing a wide variation of methods in the way that residents are listened to.

3. Empowering Residents and Strengthening the Regulator

Performance Indicators - The Green Paper includes proposals on how tenants judge the performance of a landlord and proposes that performance data is published in a consistent format with all landlords assessed against a number of performance indicators.

Key performance indicators will be on repair, safety, complaints handling, engagement with residents and neighbourhood management. It is also proposed that residents are able to compare the performance of different landlords' complaints handling so that there is a consistent approach to reporting to the Regulator.

It is also proposed that the Regulator publishes landlord performance in the form of league tables. Views are invited including on whether the performance indicators should be reflected in 'consumer' ratings, and governance and viability ratings.

The Paper suggests the role of financial incentives and penalties to promote best practice and deter worst performance. This would include whether the KPIs should help inform the extent to which landlords receive funding from the Affordable Homes Programme by linking KPIs to the bidding process.

Resident Engagement - KPIs will also be used for measuring resident engagement. Through a regulatory review it will be considered whether there needs to be greater consistency and transparency for residents and whether landlords are setting the right expectations on how to engage with residents.

Resident Voice - The Paper asks "is there a need for a stronger representation for residents at a national level?" Landlords are expected to work closely with residents in developing new opportunities to have their voice heard and how this can best be achieved.

A Stronger Regulator – The Green Paper states that the Regulator's ability to enforce consumer standards is limited by the 'serious detriment' test. A separate review will look at whether the consumer regulation objectives and standards need to be changed and related to the new KPIs. Government will also be considering how to have sufficient oversight to hold the Regulator to account to Parliament.

The Paper suggests that regardless of whether someone is a resident of a housing association or a Council, the same standards should apply and asks if the Regulator should monitor the performance of local authority landlords. It is also suggested that its remit is extended to other organisations such as TMO's and ALMOs.

4. Tackling Stigma and Celebrating Thriving Communities

Stigma was the most consistent theme raised by residents in recent consultations and the Green Paper's main theme was promoted as tackling this perception of social housing and the people who live in it. The Green Paper aims to "rebalance" the relationship between landlord and tenant and to increase supply. Proposals aim to "celebrate the role of residents" by recognising the best neighbourhoods.

Customer Service – The Paper aims to embed a "customer service culture" and seeks evidence on the impact that landlords are playing beyond their key responsibilities. One of the new KPIs for landlords to be held to account will be on tackling Anti-Social Behaviour.

Good Design – The Green Paper proposed good design "regardless of tenure" and references the revised National Planning Policy Framework setting out policy for quality building. Guidance will be published later this year on applying this to social housing and comments are invited on how planning guidance can support good design in the social sector.

5. Expanding Supply and Supporting Home Ownership

The Green Paper includes a proposal on how to fund replacement homes sold under Right to Buy. The government has launched a pilot to test the extension of the policy for housing association tenants, but otherwise it has been absent from the debate up to now. No discussion on the supply of quality, affordable, social housing is complete without consideration of the implications of Right-to-Buy so it is useful that the Green Paper seeks to do this.

The Green Paper includes proposals for:

- Raising the housing borrowing cap which has subsequently been removed

- Reforming the Right-to-Buy receipts
- Giving LAs the confidence to invest in home building – by abolishing proposals to bring higher value assets into effect – this legislation has now been repealed
- The role of housing companies
- Community led housing – better understanding of how public and private investment can improve existing housing
- Affordable homes / longer term certainty – funding certainty over longer periods and views are sought on the impact of this on affordable housing
- Investment for social housing Social housing for those who need it most – evidence will be collected on the Allocations Frameworks across the country.

The Paper recognises the value of fixed term tenancies and victims of domestic abuse would retain lifetime security.

Voluntary Right to Buy – a pilot for HA residents has been underway in the Midlands for the past 12 months and a new feature will be tested – a ‘portable discount’ allowing a resident to move their discount to a different property.

Affordable home ownership – proposals will be considered to lower the minimum 10% staircase requirement for shared ownership.

Appendix C

RISK SERVICES

FUTURE OPTIONS FOR HOUSING MANAGEMENT AND BUILDING MAINTENANCE SERVICES CURRENTLY PROVIDED BY KIRKLEES NEIGHBOURHOOD HOUSING LTD

1. Introduction

The fire at Grenfell Tower, and the responsibility ascribed to the owning local authority, Kensington & Chelsea LBC, rather than the intermediate management organisation, affirmed the importance of understanding risk and liability.

This report therefore considers the current position in relation to the governance, management and control of housing management and property maintenance services provided to the council by its wholly owned subsidiary Kirklees Neighbourhood Housing Ltd (KNH). It considers the risks associated with the current position and presents options for future management which may amend the risk profile.

This is against a backdrop of continuing uncertainty around some key national policy and funding issues for housing and local authorities more generally but a heightened appreciation by councils of the need to have full line of sight and assurance on how risk is being managed on its behalf.

2. Background

KNH was formed in 2002 as an arms-length housing management organisation (ALMO), to enable it to receive decent homes funding to improve the councils housing revenue account properties. The decent homes improvements were completed circa 5 years later, and the formal need to maintain the ALMO lapsed. As others did at the time, the council chose to keep KNH as a separate business with the ALMO governance structure. Although the business was fully owned by the council, it did not control the board; 15 directors represented the council (5), tenants (5), and independents (5).

In 2016 the council transferred its direct labour building maintenance function- Building Services- to KNH. Whilst this made sense in that three quarters of the activities of Building Services related to HRA properties, this significantly changed the size and business risks of the operation.

In 2017 a consultancy study by Altair identified that aspects of governance and control did not meet best practice (in that the board was perceived as too large, lacking in key skills) and concerns about the strategic direction and the risk relationship with KC led to a decision to reduce the size of the board and increase the council's control and influence over the company. This amended the board to 9 directors, 6 council nominees; (5 councillors, 1 officer), and 3 tenants representatives).

In the last 10 years many local authorities, including Leeds, Sheffield and Wigan have chosen for varying reasons to close their ALMOs and return all management in house, although some ALMOs e.g. Barnsley remain. Many authorities have

transferred their housing to registered providers -3 of 5 in West Yorkshire, in the 1990s and early 2000s; a small number have transferred their housing functions to register providers post an ALMO based home improvements.

3. Considering Risk.

The council remains the landlord of 20,000+ tenants. As such it holds all of the statutory risks that any property landlord holds, many of which are onerous and have increased in the years since the ALMO was established.

Events such as the Grenfell Tower fire have highlighted that ultimate responsibility lies with the landlord, even where management is delegated to another party.

Cabinet makes executive decisions on behalf of the council as landlord. Operational decisions are made on behalf of the council by its own officers and to a large extent by KNH officers who execute the decisions of council, Cabinet and some decisions delegated to the KNH Board.

There can be occasions where responsibility for decision-making is unclear, which can cause conflict or delays or where the council's and the KNH board's priorities may differ.

Despite these delegations, though, the full responsibility ultimately remains with the council.

The council therefore needs to be clear about the level of risk that it is willing to tolerate as a result of having to work through an intermediary organisation to discharge its responsibilities and liabilities.

Grenfell has prompted most councils with responsibility as a landlord to consider their position. A number of ALMOs have been closed in the period since 2017 as councils revisit their risk appetite, the need to have absolute line of sight on compliance issues direct to cabinet and the ability to ensure that appropriate action is being taken. For example, as the landlord, a council is ultimately responsible for every appropriate property having an annual gas safety check. For a council to have proper line of sight, it needs to be confident that the ALMO board is focused on compliance with gas safety checks, is receiving regular compliance performance information and is acting on this. As landlord, it should be receiving regular, formal, reporting of performance on compliance, immediate escalation of non-compliance and an annual statement of compliance from the ALMO board. It should be clear how it will deal with instances where the ALMO board's priorities or focus differs from its own requirements as a landlord.

KNH is a wholly owned subsidiary, whose contract has been awarded without any competition (legitimately under various legislation and current EU Teckal provisions for fully controlled operation). Almost all of its funding has been derived from activities carried out on behalf of the council, and it has no resources of its own. Any liability of the company is inherited by the council as the ultimate owner.

As a limited company, KNH has an obligation to comply with companies' legislation and its directors have to act in their perceived best interests of the

company, although the shareholder has ultimate control. This has at least the potential to lead to conflict. The recently restructured company seems to have faced some degree of challenge in establishing its new role. A number of wider management issues have arisen, that have included concerns about fraud and strategic alignment though these are not a direct consequence of the separate management structure.

If the council had appointed a third party to manage its housing management and maintenance activities, it may have been able to mitigate against the financial (if not statutory) consequences of these activities. In practice, this would have been likely to have been controlled by the provider by way of contractual caveats and a fee commensurate with the absorption of that risk. There remains however no circumstances in which the reputational risk would not impact on the council.

If the council were to manage its own housing management and maintenance arrangements the risk profile would be unchanged, as under TUPE the same employees would be discharging the duties within the council, initially at least following the same business practices. Ultimately, realisation of any risk would result in identical consequences.

Although the council has only recently carried out a control and governance realignment, the recent LGA Corporate Peer Challenge has recommended further consideration of the purpose of KNH having a separate status. Cabinet had already agreed in 2018 that it needed to keep this issue under review.

The existence of a separate organisation creates a risk to securing best value for money for the council as there are a set of additional costs, associated with management and governance of the entity, and managing the relationship between the council and the company. Although the company has used the corporate accounting and payroll system, it has otherwise operated with dedicated supports services (rather than these being provided by the council under a services agreement) which suggest that there is scope for efficiency and saving if these were integrated into the larger council functions. There are additional costs for example for auditing and other administrative tasks. The continuing financial challenges and the need to achieve best value for money for tenants and, more widely, citizens may therefore lead to consideration about the financial case for continuing to have separate entities.

As the council increasingly focuses on outcomes for local citizens and the need to align the work of multiple organisations to maximise these, fragmentation of capacity across multiple organisations, (each of whom may ultimately have differing organisational priorities), risks hindering achievements of these outcomes.

Closer integration may mitigate this risk and potential scope may exist to recast parts of the operations in line with the council's objectives and the people, places and partnerships agenda, which might achieve better outcomes, although there are some risks in this approach. The council does have to balance this against the need to demonstrate how the tenant voice is heard and influences decision

making in social housing, although that would not be insurmountable, or indeed necessarily difficult under a directly managed option.

From the opposite perspective, a single purpose organisation can be more clearly devoted to specific customer service, and gain better client relationships, potentially achieving higher levels and quality of outputs, and thus overall bring better value for money, albeit at higher cost. This does however need to be balanced against the risks mentioned earlier in this report

The ultimate control of risk to the Council would be to transfer to a registered provider or providers which would remove all risk from housing management operations, but it would also reduce very substantially the influence the council could have in neighbourhoods, and the ability to integrate social housing activity with or within other council priorities. It is not clear how practical this option would be in the current financial market. It would involve a very considerable consideration of the impact on the rest of the council (e.g. shared support services) and on the potential negative impacts in respect of a future integration of activity. In the short term after a transfer the council would find it difficult to divorce itself from many reputational risks.

In any scenario where the Council is not also the managing organisation, there is the risk that what the managing organisation defines as good and what the Council defines as good will differ and drive cost and risk towards the Council. For example, a managing organisation might seek to maximise rent collection rates and so be reluctant to house or continue to house vulnerable individuals who may be more at risk of defaulting on their rent. As a consequence, the Council may need to become involved in finding alternative arrangements (for instance in the private sector) for those individuals that transfers resource demands and risk to the Council. It should be noted that areas such as compliance are defined by regulation and should therefore in theory be the same across any model. The impact on what a managing organisations considers to be a decent property beyond the statutory minimum could be based on financial and not outcome drivers.

There is a culture, leadership and relationships factor. A strong relationship will almost always ensure that decision making recognises mutual beneficial outcomes. But relationships depend on individuals, which can disappear as individuals move on, or corporate priorities change. This is not an issue for direct management, but can occur within an ALMO operation, and would be more likely in a contractual relationship with a services provider, or partnership arrangement with a registered provider.

Reputationally, the public generally, and tenants will still see the property as “council houses” with a reputational risk almost irrespective of the management model. (This would diminish over time if there was a full stock transfer, although even this may take many years).

4. Options Comparisons

The table below analyses four options- the status quo current position, a fully in house solution, a fully outsourced management solution, and a transfer of all properties to registered provider(s).

Although the analysis considers the combined housing management and property maintenance operations as is currently provided, the lead determinant is the housing management function. As a consequence, the balance of construction and maintenance being provided in-house (or by a HM contractor) and other building contractors is largely immaterial for the purpose of this assessment.

5. Conclusions

The current arrangements for delivery of housing management creates an opaque management solution, where ultimate responsibility and liability remains with the council, but an intermediate body (KNH) has some rights and exercises day to day operational control (without commensurate responsibilities).

There are pro's and con's to alternative approaches.

A fully in house (direct council provision) solution would provide a greater degree of clarity of accountability, responsibility and more flexibility.

An outsourced housing management solution would force a greater degree of clarity about roles and responsibilities and could be backed by a genuine penalty regime. In practice, the contract is likely to be priced to reflect this and any outsourced provider could be expected to look to maximise profit/surpluses by minimising output.

A transfer of the housing activity to a registered provider or providers would eliminate housing operations risk, at the expense of opportunities for better integration of service delivery, a loss of influence, and impacts on the council otherwise. This would involve very substantial effort, and may not be achievable in the current financial market.

M E Dearnley
Head of Risk
December 2019

The table below summarises issues and consequences

- Legislative and Compliance covers the risks associated with complying with core statutory responsibilities
- Governance covers the risk that there will be a misalignment between strategic intent of the council and delivery organisation
- Integration covers the risk that tenants have a more fragmented experience as a result of different organisations working with them
- Operational Practice covers the risk that the council cannot adequately influence activities that impact on current and future tenants experience and so there is a mismatch between what the council wants tenants to experience and what they actually experience

- Commercial and VFM covers the risk that opportunities to secure vfm are not maximised.

In the table, the following key is used.

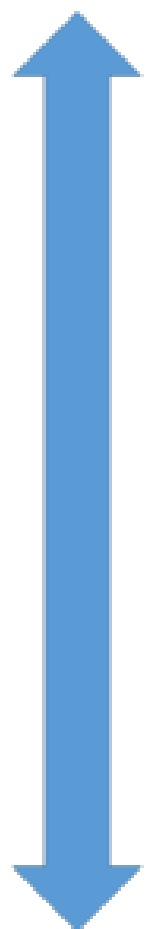
Green	Likely best outcomes
Orange	Some issues
Blue	More complex concerns and issues

OPERATING MODEL>>>>>>	FULLY IN HOUSE SOLUTION	AS CURRENT KNH IS A SEPARATE WHOLLY OWNED SUBSIDIARY	OUTSOURCED HOUSING MANAGEMENT FUNCTION	TRANSFER HOUSING TO REGISTERED PROVIDERS
ISSUE OR TOPIC -----				
Legislative+ Compliance				
Landlord Statutory Compliance (Visibility of compliance)	Very clear lines of accountability are achievable, within the officer and political hierarchies of the council	Although ultimate responsibilities lie with the council, the company has some rights and responsibilities which could impact on lines of accountability	Although ultimate responsibilities lie with the council, the contract would clearly set out roles and responsibilities,	Responsibility passes to the operator
Compliance & variations to level of service...	Fully flexible	Flexible , subject to company separation	Requires variation at quoted cost.	Responsibility passes to the operator
Governance				
Governance & business control	As standard council decision making	Directors must act in interest of company, Potential for conflict or disagreement although shareholder has ultimate control.	Contractual; Potential for conflict or disagreement; resolution would be mediation, adjudication or litigation	No direct influence (other than as condition of sale) Depends on partnership
Relationship with Council	As standard council decision making	Can be strong , but depend on individuals	Contractual- can be variable – dependant on individual relationships and corporate objectives	Strategic relationship potentially strong-but not much detailed involvement
Ability of local councillors to be involved.	Fully involved through democratic processes	Opportunity to be directly involved in governance	Limited involvement as set out in contracts.	None
Tenant involvement	Still fully achievable but requires new structures. Has potential to be as strong as providing participation in governance	Current involvement in board,	As potentially covered by contractual relationships. Likely to be subservient to formal client and contractor relationship	Depends on the provider
Integration				
Clarity of Purpose	Part of Council – potential to stifle independence and initiative	A single purpose organisation can have clarity of purpose	If part of a larger group may mean that some local initiative is limited- or is multifunction outsourcer.	A single purpose organisation can have clarity of purpose but may be negated by wider corporate policy or issues

Contribution to outcomes, people place & partners	Greater flexibility to match these needs is achieved by this solution	The need for separation is likely to limit many opportunities	Limited opportunities, beyond those formally specified as requires hard structure	Limited
Ability to integrate activity to meet wider objectives	Unlimited	Separate structures are likely to substantially frustrate this. Limited scope to integrate by negotiation.	Separate structures are likely to substantially frustrate this. Limited scope to integrate by contract variation	Limited
Clarity of understanding or roles by service users	A very clear model of responsibility and accountability	A somewhat unclear demarcation	Clarity of responsibilities clearer than current arrangements	Clarity of responsibilities, but not linked to wider council
Operational Practice				
Penalties for Non-Compliance	Not applicable	Theoretically possible but all funds of company already belong to council	A penalty regime for non-compliance is possible (although the contractor will charge a risk premium commensurate with expected losses)	Not applicable
Client & Contractor split	Fully integrated- no requirement	Yes, but with some "soft" areas.	Yes- "hard"	Not applicable
Housing management operations	Effectiveness depends on control of inputs and outputs	As in house solution, but with potential of conflict between client and operational functions	Well defined for work specified at time contract is let. Potential problems if need to change activity (e.g. to align with a policy or legislative change)	Not applicable
Property maintenance operations	Effectiveness depends on control of inputs and outputs	As in house solution, but with potential of conflict between client and construction contractor functions	Well defined for work specified at time contract is let. Risk of poor vfm for work not specified – as contractor has limited value incentives	Would require council restructure as almost all routine and a large proportion of planned repairs and improvements currently carried out by KNH BS
Flexibility	Fully in control of council to reshape and realign for achievement of direct and indirect policy objectives	Company hierarchy and governance , and "contract" is block to any reshaping, though ultimately achievable on instruction of council as shareholder	Contract with formal variations only will substantially limit restructuring without compensation to contractor.(until retendering)	Not flexible within council needs
Potential for changes in organisational and operational structures				No opportunities for integration
Commercial & VFM				
Trading & commercialisation	LAs have a general power to trade, but may require creation of new vehicles to trade in commercial sector	As company already exists has more freedom (already) than the local authority	Not applicable	Not applicable

Operating Costs	Opportunity to integrate support services and unify management structures should produce costs savings	Current largely self-sufficient management and governance structure of company, and costs of client activity	Competition may drive down operating costs of function, but costs of client activity	Not applicable
Value for money	Potential for very good. (although risks of other outcomes, depending on management- as with KNH) ,and restructuring and change always presents risk	Unlikely to achieve beyond good	Unlikely to achieve beyond good	Not applicable (probable impact on client rents)
Practicality & Achievability	Fully achievable, but requires effort to obtain outcomes	Current position	Not a clear, active market for all activity	Serious doubts about achievability without impacts
SUMMARY				

Council with Almo



Operational

- ❖ Allocations Policy
- ❖ Stronger Families
- ❖ Early Intervention and prevention
- ❖ Adaptations / Disability Facilities Grant
- ❖ Homelessness Reduction Act

- ❖ Tenant voice
- ❖ Match empty home with waiting list.
- ❖ Support Stronger Families cohort.
- ❖ Ensure tenancies are sustained
- ❖ Deliver adaptations
- ❖ Improvements to stock

Strategic

- ❖ Set all Strategies (including Housing strategy) and Policies
- ❖ Approve constitution for ALMO
- ❖ Set and monitors the HRA budget
- ❖ Develop asset management strategy / capital plan
- ❖ Accountable for risk – requires assurance with compliance.
- ❖ Deliver Council house building programme

- ❖ Support development of policies for Council approval
- ❖ Develop procedures
- ❖ Support Board to make decisions and challenge
- ❖ Deliver to Council approved HRA budget

Council lead

Contractual

- ❖ Services delivered and charged to Housing Revenue Account / ALMO include :-
 - ✓ IT
 - ✓ Payroll
 - ✓ Communications team.
 - ✓ Safer Kirklees
 - ✓ Cleaning
 - ✓ Grounds maintenance

KNH delivery

- ❖ Manage & maintain Council housing (inc leasehold) in successful communities on the Council's behalf
- ❖ Ensure tenant voice is heard and informs strategy / policy / operational delivery
- ❖ Maintain the Council's Corporate asset portfolio and some schools
- ❖ Deliver contribution to works better programme

Partnership

- ❖ Seven +1 partnership outcomes
- ❖ Preventing homelessness and tackling rough sleeping
- ❖ Enables Housing Growth

- ❖ Employment support and opportunities for tenants
- ❖ Housing link to partnership structures
- ❖ Contribute to Council strategies and plans such as Preventing homelessness and tackling rough sleeping

Appendix E – Tenant involvement Implications

1. Purpose

- 1.1 How might each model approach engagement and what are the implications for the Council?
- 1.2 How can each structure further enhance the customer experience and outcomes for tenants?
- 1.3 What are the opportunities to further embed engagement with Place Based Working?

2. Overview

- 2.1 It should be noted that best practice is consistent across the sector regardless of provider.
- 2.2 There is an ongoing refocus and strengthening of regulation around the tenant voice. This means that all Social Housing providers, regardless of the specific structure e.g. RP, ALMO, In-House, should be on a continuous journey to revisit and evolve their practices to ensure these remain appropriate and responsive to the external environment.
- 2.3 The approach to tenant involvement will underpin the delivery of the 5 key elements of the Social Housing green paper - Tackling stigma and celebrating thriving communities; Expanding supply and supporting home ownership; Effective resolution of complaints; Empowering residents and strengthening the regulator; Ensuring homes are safe and decent.

3. Context - Current Tenant Involvement Strategy

- 3.1 In June 2018, in consultation with the Council, the KNH Board approved a new Tenant Involvement Strategy – ‘Get Involved’. The strategy highlights what tenant involvement means at KNH, the outcomes KNH seeks to achieve in partnership with tenants, leaseholders, the Council and other partners and the impact KNH wants to achieve.
- 3.2 The Tenant Involvement Strategy reflects the Regulator for Social Housing Consumer Standards, specifically the Tenant Involvement and Empowerment Standard and the Neighbourhoods and Community Standard (see appendix 1 and 2 below) and aligned with TPAS’ Landlord Accreditation Framework on Tenant Engagement (TPAS, formerly known as the Tenant Participation Advisory Service, are the leading experts in tenant engagement www.TPAS.org.uk) Please see Appendix 3.
- 3.3 The Tenant Involvement Strategy has also been informed by best practice across the social housing sector, participation by KNH staff in TPAS national roundtable events and through the sharing of experiences with other housing providers e.g. Blackpool and Coastal Housing, St. Leger Homes in Doncaster and Rotherham Council who have visited KNH to discuss their approaches to engagement.
- 3.4 The Get Involved Strategy complements the Resident Engagement Framework which forms part of KNH’s Fire Safety Management Plan (FSMP). The FSMP is informed by the findings from the Hackitt Review, recommendations from the Social Housing Green Paper and the priorities set out in the Council’s Fire Safety Policy (approved in 2018) and Kirklees Housing Strategy 2018-23.
- 3.5 The Framework brings a more structured, transparent and robust approach to the fire safety relationship, ensuring all tenants and leaseholders have a strong voice in scrutinising fire safety practices and performance. This will be aligned with the revised Complaints Policy and Procedures at KNH.

4. Current KNH Tenant Involvement Strategy Key Outcomes

- 4.1 The voice of the tenant is clearly evident in key decisions taken by the Board.
- 4.2 Service improvements are shaped by and reflect the voice of the tenant.
- 4.3 More opportunities for individuals to have a say in the future of their homes and communities.
- 4.4 Increased enrichment of the business and staff through the diverse and collective experiences of our tenants.
- 4.5 More local people coming together around a common purpose to help create successful communities.

5. Comparison

Option 1 (In-house)	Option 2 (Almo)	Option 3 (Registered Provider)
Tenant Board Member Representation		
Consumer Standards determine that tenants should have a direct link to decision making processes.		
National Housing Federation (www.housing.org.uk) Code of Governance for Housing Associations includes the following principles: Accountability – there is proper accountability to, and involvement of, all the organisation’s stakeholders, primarily its residents and, Customer First – that the needs of existing and potential service users are at the heart of business decisions and strategy.		
Currently, KNH Board are custodians of the tenant voice and act as scrutiny. The Tenant and Leaseholder Panel (TLP) acts as support and challenge to the board.	KNH Board currently has 3 tenant board member positions, 1 of which is currently vacant. Tenant Board members represent tenants’ voice in strategic decision making.	Good governance practice among RP’s supports tenant representation on Boards and any Sub-Committees.
To ensure a clear tenant voice is being heard, the Council would create a dedicated Housing Scrutiny panel for the next 2 years. The TLP would continue to amplify the voice of tenants.	Tenants have a direct link to Councillors who also sit on the KNH Board.	For example, Yorkshire Housing have a Customer Services Committee that act as a link between the Board and its customers. The chair of the CSC sits on the Board. https://www.yorkshirehousing.co.uk/get-involved/customer-voice-panel/ Wakefield District Housing and Together Housing Group also have Ward Member representation on their Boards.
TLP could form part of the flightpath to Cabinet. This would be supported by the Cabinet member having a regular agenda item at TLP meetings as a formal part of the engagement / scrutiny structure.		However, it would be up to the Board to determine whether it is relevant to have a direct link to the Council as part of the governance arrangements. It is recognised that in the event of being a Board member, a Councillor’s first duty would be to the RP.

Tenant and leaseholder panel (TLP)

<p>The TLP would continue under this option and would link directly to any new governance arrangements. There would be a particular focus on landlord services - rent setting, compliance and safety and service agreements with tenants e.g. communal cleaning.</p>	<p>The TLP are a key part of KNH's governance framework ensuring tenants and leaseholders can influence the development of strategies, policies and plans and how the business is run. Currently made up of 6 panel members (Terms of reference allow for maximum of 12 members).</p>	<p>In line with the Consumer Standards and NFA Code of Governance, it is not unusual for RP's to have Tenant Panels or Forums in place. The likelihood is that this would continue in some format. For example, Together Housing Group (https://www.togetherhousing.co.uk/your-home/listening-to-our-tenants/resident-engagement/) run resident engagement and scrutiny groups. Yorkshire Housing Association has a Customer Voice Panel that provides opportunities for tenants to engage through consultations, focus groups, meetings, or reading paperwork and providing written or verbal feedback.</p>
<p>TLP could form part of the flightpath to Cabinet. This would be supported by the Cabinet member having a regular agenda item at TLP meetings as a formal part of the engagement / scrutiny structure.</p>	<p>2 members of TLP attend every KNH Board meeting. The model is not unusual among ALMOs of a similar size e.g. St. Leger Homes also has TARAs (tenant and resident associations).</p>	<p>Councils are generally regarded as a strategic partner of the RP. However, it would be up to the Board to determine whether it is relevant to have a direct link to the Council as part of its governance arrangements.</p>
	<p>TLP are recognised as an asset and positive links with Board have been established. Two members of TLP attend every KNH Board meeting to assist connections.</p>	

Service improvement and challenge (SIC) - Scrutiny

An approach to tenant scrutiny is considered good practice across the Housing sector, linked to decision making processes.

Supports elements of the Regulator for Social Housing - Tenant Involvement and Empowerment Standard.

<p>New governance arrangements of the housing management service would take on board best practice and ensure tenant scrutiny was in place. There is opportunity to ensure that this function is kept discrete from, but benefit from, the connections to other wider Council Place based engagement.</p>	<p>KNH have found it difficult to recruit to a standing panel as part of the new TI Strategy. In 2019, KNH commissioned TPAS to work with a small number of tenant scrutineers to review the Complaints Procedure which is now scheduled to go to KNH Board in February 2020.</p>	<p>An RP would decide on its own strategy.</p>
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<p>Council Housing scrutiny reports into Overview scrutiny committee and this will be used to ensure we are hearing tenant voice. TLP will amplify the voice of the tenants. The combination of the above will provide an auditable trail / traceability of communications and information flows to evidence tenant voice in decision making.</p>	<p>A further exercise to promote further opportunities for tenants to decide on future topics to scrutinise will begin early in 2020.</p>	
<p>Tenant and Resident Associations (TRAs) and Street Voices (SV's)</p>		
<p>TRA's are fairly common across ALMO's and In-house management services.</p>		<p>TRAs are less popular among RPs therefore it is seen to be unlikely that an RP would continue to support a continuation of the groups in the longer term.</p>
<p>Kirklees / KNH have historically been seen as a leading light in tenant engagement which is endorsed by many Councillors from across all parties.</p>	<p>The TRA's and SV's continue to play an important role in Kirklees. KNH have adopted a light touch approach to supporting these groups with an emphasis tenants doing more for themselves and their communities.</p>	<p>KNH currently supports, on average, a much higher number of TRAs compared with many other housing providers of a similar size). This may be a reason for the groups to be discontinued by an RP.</p>
<p>Allied to this, and acknowledged as a significant asset, TRA's and SV's will continue to be seen as vital as the current model will be the Council model going forward.</p>		
<p>The opportunity to connect TRA's into a broader citizen approach will be taken and the street voices principle will be adopted as part of our citizen engagement,</p>	<p>KNH currently supports 47 TRA's and is unusual in terms of the number of TRA's given its size.</p> <p>SV's are individual tenants who champion the voice of tenants in those areas which do not have the support of a TRA but who are working towards KNH's aims and objectives). KNH currently has 19 Street Voice representatives.</p>	
<p>Digital Platform (https://kirklees.tenant.digital/)</p>		
<p>All Housing providers are looking to maximising the use of technology to engage customers and improve access to services.</p>		
<p>The 'Get Involved' Platform could exist under this option. It would be included under Kirklees Councils IT and Communications strategies and would be accessed through the Kirklees Website.</p>	<p>The 'Get Involved' Platform allows tenants, residents, staff and partners to share and participate in a wide range of involvement opportunities.</p>	<p>The RP would decide its own channel access strategy and whether to continue with the 'Get Involved' platform.</p>

<p>The opportunity to integrate into other engagement platforms would be looked into.</p>	<p>The Platform is currently accessed through the KNH website and has the potential to be accessed directly through Kirklees Council's website.</p>	
<p>This approach offers the opportunity to connect people and wider services together, whilst still enabling tenants and leaseholders to have a direct voice. As with all Services, there would be a continued drive to put the tenant / leaseholder (citizen) first and designing interaction in an intuitive way that works for people.</p>		
<p>Neighbourhood forums - North & South</p>		
<p>Existing forums could continue to exist under all models and there are examples within RP's such as Together Housing.</p>		
<p>Forums meet quarterly and are an opportunity for TRA's, SV's and Ward Members to come together to talk about KNH activities including involvement opportunities and, the development of policies and procedures. This is envisaged as continuing to occur within an In-house option.</p>		<p>The RP would decide its own engagement strategy and whether to continue to use the forum approach.</p>
<p>Minutes from Forums are shared with the TLP to ensure that the voice of the tenant at a local level is also heard and able to influence service delivery and improvements. This could continue In-house</p>		<p>There is no requirement for the RP to invite Ward Members or the same partners' organisations to be part of the Forums.</p>
<p>Further guaranteed integration into the Council's Place based approach would enable links to wider agenda's and partners such as Health and Adult social care.</p>	<p>The Forums are also a platform for partners talk to TRA's and SV's on a range of different subjects. Recently forums have received presentations covering Prevent (Extremism), Modern Day Slavery and Hate Crime.</p>	<p>As a singular focussed vehicle, there is no guarantee that RP's would engage in wider agenda's which would negatively impact on the range and depth of reach.</p>
<p>Estate Based Surgeries</p>		
<p>There are 2 estate based surgeries currently in Kirklees. They give tenants the opportunity to drop in to a location to speak with their Housing Officer. This could continue under all 3 options.</p>		
<p>In-house provides opportunities to further increase alignment with Place based working and other frontline services working in and around the estates e.g. Streetscene.</p>	<p>The surgery in South Kirklees is fortnightly and is well attended. The on in North Kirklees has recently changed its approach. In line with local feedback, and to become more responsive, it now happens at least once a month but the dates are determined by tenants and their needs. Both approaches are valued.</p>	<p>The RP would decide their own strategy and whether this should continue.</p>

Estate inspections

This is likely to continue under all options as it links to the Regulator for Social Housing’s Neighbourhood and Community Standard.

Estate Inspections take place at least on a quarterly basis. They are an opportunity for TRA’s & SV’s to walk their estate with Ward Members, the housing officer, estate caretaker and occasionally other partners such as the Police, Streetscene etc.

The approach would depend on the strategy chosen by the RP. If they decided to continue, the RP would decide whether or not Ward Members have a role to play in inspections.

An example of an approach is Together Housing Group have 3 Estate Services Groups covering all regions, In conjunction with the Estate Teams. Meeting three times a year, the role of residents on these groups is to help improve grounds maintenance and cleaning services across estates.

Grant Scheme

It is good practice for a grant scheme to be in place.

Current approach would be reviewed to see how impact could be maximised in tandem with other Council grant pots e.g. Up to You, Do Something Now and Growing Great Places. These share a similar criterion. Steps would be taken to ensure that outcomes were predominantly for the benefit of tenants.

Under the KNH Integrated Grant Scheme, TRA’s can access two funding pots; TRA grant & the Social investment fund.

RP’s would be under no obligation to retain the same grant arrangements. However, they could continue it, or create an alternative approach as it is linked to the RP’s Social Value obligations.

The TRA Grant is designed to support the day to day activities of a TRA including room hire, payment of utility bills (where they have premises) and stationery. The TRA grant is awarded twice a year with allocations of up to £500 per award.

The Social Investment Fund is open to TRA’s to deliver projects in their communities that align to the 7 Kirklees Outcomes. There are 2 allocations of awards up to £2k per award. Applications are assessed by TLP.

Place Based Working

<p>In-house delivery would enable the Council's strategic intent to be maximised and would not be dependent on relationships, or Board priorities, at any specific time. This would mean being able to utilise a greater range of resource whilst still ensuring tenants were the predominant beneficiaries.</p>	<p>KNH are currently supporting Kirklees Council to deliver place based working in particular in relation to the roll-out of the Place Standard. This work on Council estates managed by KNH is approached as part of the 'Your Home Your Place Investment Programme. KNH are continuing to explore how the Place Standards methodology can support grounds maintenance and other environmental works across estates. At present, 27 staff at KNH are trained on Place Standard toolkit.</p>	<p>An RP would be under no obligation to support place-based working or put Councillors at the heart of their strategy. Neither would they be required to share any plans for engagement to enable either a joined up approach or constructive input. The Council would not be able to access appropriate data and intelligence to inform wider strategies unless the RP agreed to include within their approach to GDPR.</p>
<p>Place based working recognises and builds on the strengths of Kirklees' towns and communities – each of which has its own unique local identity. Central to this is co-production which places Councillors at its heart and supports working within wards.</p>		<p>However, there are clear benefits for the RP to support the principles of Place based working e.g. avoidance of consultation fatigue among tenants, opportunity to align related priorities that would benefit the RP e.g. Playable Places Strategy etc</p>
<p>There is a recognition that tenants are also citizens who engage with a range of Services and strategic partners, each of whom look to connect with them. Kirklees estates are also home for citizens who rent or have bought their own property. The mixed estates mean there is an opportunity to bring communities further together rather than provide artificial divides.</p>		
<p>The opportunity to engage in an holistic way would mean a simpler relationship / engagement strategy. This would avoid potential duplication and consultation fatigue. Additional benefits would also include improved Housing links to the wider partnership including Health and connecting with approaches taken to co-production by Adult Social Care and 'whole person, whole system and whole family'.</p>		

Annual Service Planning Conference

This is an example of best practice and, in line with the Consumer Standards, all models would need to adopt an approach to ensure tenants can influence and inform services.

In October 2019, KNH held a tenant service planning conference. This revamped annual event commenced during the summer months and involved KNH engaging with tenants to ascertain what they thought KNH did well, not so well and what could be done to improve. Questions included satisfaction with services and value for money. Tenants should have a say in how rental income is allocated and services prioritised and delivered and this approach could continue to be used within In-House provision.

There is no requirement for this to be an annual or face to face event e.g. Yorkshire Housing have a Customer Voice Panel Page.

This information was presented back to tenants at the conference which was supplemented by workshops where tenants were able to have a conversation with Heads of Service about the services provided by KNH. This information is being used to prioritise and develop service plans and the feedback has also contributed to the Council's budget setting process.

RP's are also not required to have Ward Member involvement in the process and are under no obligation to share the findings from any consultation with the Council.

Surveys / Questionnaires

Customer feedback is required under all housing models. Evidence of how services are performing is a requirement of the Consumer Standards. This includes sharing performance data with tenants at least on an annual basis.

The approach currently adopted could be continued In-house. There is also the opportunity to jointly harvest data and intelligence, in line with GDPR requirements, that enables strategy as well as operational delivery to be increasingly informed.

KNH administer a number of questionnaires and surveys that are both perception and transaction based. KNH continues to use the STAR (Satisfaction of Tenants and Residents) survey as the main method to understand tenant satisfaction levels and trends. Results are attached at appendix 4.

RP's are under no obligation to share the findings from any consultation with the Council.

KNH also shares performance data with tenants through an Annual Report.

Fire Safety / Resident Engagement

The emerging Housing Green Paper / Hackitt Review is explicit in terms of the expectations placed on housing providers to have in a place a Resident Engagement Strategy, linked to fire safety as best practice.

KNH have developed a Fire Safety Resident Engagement Framework. The strategy utilises the structures mentioned above to engage, update, consult and brief tenants on all aspects of fire safety. This includes work that will take place next year to recruit tenant Fire Safety Champions, establish a High Rise Forum and produce a High Rise newsletter. This could be replicated if an In-house provision is required.

An RP would identify and implement its own approach.

Additional 1

Regulator for Social Housing – Tenant Involvement and Empowerment Standard

www.gov.uk/guidance/regulatory-standards

1.1 Customer service, choice and complaints

1.1.1 Registered providers shall:

- a. provide choices, information and communication that is appropriate to the diverse needs of their tenants in the delivery of all standards
- b. have an approach to complaints that is clear, simple and accessible that ensures that complaints are resolved promptly, politely and fairly.

1.2 Involvement and empowerment

1.2.1 Registered providers shall ensure that tenants are given a wide range of opportunities to influence and be involved in:

- a. the formulation of their landlord's housing-related policies and strategic priorities
- b. the making of decisions about how housing-related services are delivered, including the setting of service standards
- c. the scrutiny of their landlord's performance and the making of recommendations to their landlord about how performance might be improved
- d. the management of their homes, where applicable
- e. the management of repair and maintenance services, such as commissioning and undertaking a range of repair tasks, as agreed with landlords, and the sharing in savings made, and
- f. agreeing local offers for service delivery.

1.3 Understanding and responding to the diverse needs of tenants

1.3.1 Registered providers shall:

- a. treat all tenants with fairness and respect
- b. demonstrate that they understand the different needs of their tenants, including in relation to the equality strands and tenants with additional support needs.

2.1 Customer service, choice and complaints

2.1.1 Registered providers shall provide tenants with accessible, relevant and timely information about:

- a. how tenants can access services
- b. the standards of housing services their tenants can expect

- c. how they are performing against those standards
- d. the service choices available to tenants, including any additional costs that are relevant to specific choices
- e. progress of any repairs work
- f. how tenants can communicate with them and provide feedback
- g. the responsibilities of the tenant and provider
- h. arrangements for tenant involvement and scrutiny.

2.1.2 Providers shall offer a range of ways for tenants to express a complaint and set out clear service standards for responding to complaints, including complaints about performance against the standards, and details of what to do if they are unhappy with the outcome of a complaint. Providers shall inform tenants how they use complaints to improve their services. Registered providers shall publish information about complaints each year, including their number and nature, and the outcome of the complaints. Providers shall accept complaints made by advocates authorised to act on a tenant's/tenants' behalf.

2.2 Involvement and empowerment

2.2.1 Registered providers shall support their tenants to develop and implement opportunities for involvement and empowerment, including by:

- a. supporting their tenants to exercise their Right to Manage or otherwise exercise housing management functions, where appropriate
- b. supporting the formation and activities of tenant panels or equivalent groups and responding in a constructive and timely manner to them
- c. the provision of timely and relevant performance information to support effective scrutiny by tenants of their landlord's performance in a form which registered providers seek to agree with their tenants. Such provision must include the publication of an annual report which should include information on repair and maintenance budgets
- d. providing support to tenants to build their capacity to be more effectively involved.

2.2.2 Registered providers shall consult with tenants on the scope of local offers for service delivery. This shall include how performance will be monitored, reported to and scrutinised by tenants and arrangements for reviewing these on a periodic basis.

2.2.3 Where registered providers are proposing a change in landlord for one or more of their tenants or a significant change in their management arrangements, they shall consult with affected tenants in a fair, timely, appropriate and effective manner. Registered providers shall set out the proposals clearly and in an appropriate amount of detail and shall set out any actual or potential advantages and disadvantages (including costs) to tenants in the immediate and longer term. Registered providers must be able to demonstrate to affected tenants how they have taken the outcome of the consultation into account when reaching a decision.

2.2.4 Registered providers shall consult tenants at least once every three years on the best way of involving tenants in the governance and scrutiny of the organisation's housing management service.

2.3 Understanding and responding to diverse needs

2.3.1 Registered providers shall demonstrate how they respond to tenants' needs in the way they provide services and communicate with tenants.

Additional 2

Regulator for Social Housing – Neighbourhood and Community Standard (Extract)

Source: www.gov.uk/guidance/regulatory-standards

1.1 Neighbourhood management

Registered providers shall keep the neighbourhood and communal areas associated with the homes that they own clean and safe. They shall work in partnership with their tenants and other providers and public bodies where it is effective to do so.

1.2 Local area co-operation

Registered providers shall co-operate with relevant partners to help promote social, environmental and economic wellbeing in the areas where they own properties.

1.3 Anti-social behaviour

Registered providers shall work in partnership with other agencies to prevent and tackle anti-social behaviour in the neighbourhoods where they own homes.

2 Specific expectations

2.1 Neighbourhood management

Registered providers shall consult with tenants in developing a published policy for maintaining and improving the neighbourhoods associated with their homes. This applies where the registered provider has a responsibility (either exclusively or in part) for the condition of that neighbourhood. The policy shall include any communal areas associated with the registered provider's homes.

2.2 Local area co-operation

Registered providers, having taken account of their presence and impact within the areas where they own properties, shall:

(a) identify and publish the roles they are able to play within the areas where they have properties

(b) co-operate with local partnership arrangements and strategic housing functions of local authorities where they are able to assist them in achieving their objectives

Additional 3

TPAS: National Tenant Engagement Strategy

The full document can be downloaded at www.tpas.org.uk or contact graham.sykes@knh.org.uk

Engagement Strategy	Make sure your tenant engagement links directly to business
Resources for Engagement	Your engagement has got to be resourced to ensure it is effective in delivering planned outcomes.
Information & Insight	Provide access to information at the right level, at the right time, to the right people in the right way.
Influence & Scrutiny	Ensure tenants, leaseholders and communities can influence appropriately.
Community Engagement	Engage with communities and local stakeholders to develop projects and plans to meet jointly identified needs.
Valuing Engagement	Ensure your tenant engagement outcomes will benefit stakeholder organisations, tenants, leaseholders and communities.

Appendix F – Options Comparison

Housing Approaches 19/20

Most likely to achieve the objective
 Partially achieves the objective
 Unlikely to achieve the objective
 Not relevant or no role

No	Element	In-house		ALMO		Registered Provider (RP)		Comments
		Rating	Description of principle benefit / risk	Rating	Description of principle benefit / risk	Rating	Description of principle benefit / risk	
Governance & Strategy								
1	To have the ability to influence / control decisions		Direct control.		Directors must act in interest of company. Potential for conflict or disagreement although the Council as sole shareholder has ultimate control.		No direct influence (other than as condition of transfer). Depends on the partnership. Although transfers can often initially be to local housing associations who are committed to working in close partnership with the Council to address local issues, changes in Board composition or executives, mergers or financial pressures can get in the way of the original spirit of partnership that was intended.	

2	Finality of decision / flexibility / potential for changes in organisation and operating structures		Decision can be reviewed at any point. Fully in control of council to reshape and realign for achievement of direct and indirect policy objectives.		Decision can be reviewed. Company hierarchy, governance and “contract” is block to any reshaping, though ultimately achievable on instruction of council as shareholder.		Decision cannot be reversed. No opportunities for integration.
3	Ability of local Councillors to be involved		Fully involved through democratic processes.		Opportunity to be directly involved in governance.		Nominations to initial Board can be made condition of transfer, but the first duty of a board member is to the company.
4	To ensure strong and sustainable tenant and leaseholder involvement in housing services		Still fully achievable but requires review to align to existing mechanisms within the Council. Has potential to be as strong including providing participation in governance.		Current involvement in board, Tenant Involvement and Engagement structures are in place.		This will depend on the provider but is part of Consumer Standards and is the sector direction of travel.
5	To ensure Housing Services deliver Council strategies - balancing needs of tenants with those of wider communities		Provides the maximum flexibility to strike a balance between the needs of tenants within the broader community within the rules for the HRA.		Local knowledge and experience of working with communities. Core business focuses on housing, has a strong alignment with tenants that can cause tension with place based approaches for all communities.		Diminished flexibility. Core business focuses on housing.

				Focus on 'Council' estates providing potentially differential services between Council tenants and wider neighbourhood citizens.	The focus of the RP lies primarily with tenants and leaseholders. Doesn't have the advantage of the Almo who have Council as single shareholder with potential for balancing / alignment.	
6	How does the model align to Kirklees strategic outcomes	Stronger alignment with other Council priorities enables improved broader outcomes for people within the rules of the Housing Revenue Account. Housing has a critical role in securing wellbeing e.g. through Health & Social Care integration.	Original rationale to deliver the decent homes standard by accessing additional funding now expired. The existence of 2 entities is likely to limit many opportunities.	Completely separate entity which causes issues with alignment to Council. Will have the same influence as with any other partner.		
7	Ability to integrate activity to meet wider objectives	Unlimited subject to Housing Revenue Account spending rules.	Separate structures are likely to substantially frustrate this. Limited scope to integrate by negotiation.	Limited but wider funding opportunities may be available.		
8	Clarity of purpose	Part of Council –potential to limit independence, innovation and initiative	A single purpose organisation which can have clarity of purpose.	A single purpose organisation can have clarity of purpose but may be negated by wider corporate policy or issues.		

Legislative / compliance

1	Level of assurance / accountability		As the owner of the housing stock, the Council is ultimately both responsible and accountable for the housing management function including the health and safety of tenants and their families. This issue of accountability has been brought sharply into focus in recent times with the tragedy at Grenfell Tower in London. In-house provision strengthens the link between operational control and accountability.		Has 2 'masters'. Need to report to an independent board, but also be accountable to Council which can lead to divergence in strategy and operational activity.		Assurance and accountability to the Board and ultimately the Regulator.	
2	Regulatory environment / Landlord statutory compliance		Clear lines of accountability are achievable, within the officer and political hierarchies of the council. In terms of the regulatory standards, the economic standards apply to all registered providers but not local authorities because the regulator has no power to set economic standards for local authorities.		Ultimately, responsibilities lie with the Council although some functions are delegated which can blur some lines of accountability.		Provider has to meet all Regulatory standards and is subject to Regulator scrutiny.	* Please note, the Council is a Registered Provider

3	Contractual obligations / implications		Direct control no contract.		A contract that is relationship and function based. The Almo needs to provide assurance to its board, tenants and the Council, but this can be difficult to receive and evaluate. There is the opportunity to flex agreements to achieve required outcomes.		Legal specification will be required and open to some level of interpretation which may create conflict. Work will not occur without recompense. As part of the Economic Standards a Registered Provider Is required to meet all legal and regulatory obligations.
4	New legislation compliance & variations to level of service		Fully flexible.		Flexible, subject to company separation.		Provider responsible for complying to legislation and setting own service standards.
5	Use of the Housing Revenue Account		The Housing Revenue Account in Kirklees is in a relatively healthy position to positively impact on Kirklees tenants, leaseholders and residents. A move in-house would retain the ability to control this important attribute.		Strategic management of the Housing Revenue Account remains under the ownership of the Council and is managed by KNH on an operational basis. Almo's are a separate entity and sometimes persuasion to use the HRA in a particular way is required.		The use of the HRA in the Registered Provider model is fully externalised with the Council having no influence over its use. The Council would retain the HRA for it's PFI and some retained funded services.
6	Future social housing growth		Options to maximise the HRA borrowing opportunities within capacity constraint and access Homes England funding.		The Council have the ability to use the HRA and its borrowing potential to provide appropriate funding for the Almo.		Options to borrow to build and access Homes England funding. More likely to attract capacity to deliver but banks and construction companies would view the Council as having lower risk.

7	Regeneration - neighbourhood renewal, skills and employment		The Council provides critical ability to align with other community initiatives, the skills and employment agenda and focus on wider communities not just housing tenants.		The Almo's core purpose and skill set is not to deliver development.		Focus is on managing and maintaining tenancies.
8	Responding to climate emergency		Has the ability to control carbon footprint. Can make Council owned land available for initiatives such as zero carbon properties.		Asset management strategy belongs to Council - Asset management and green investment would be delegated to Almo.		Would be determined by the board's strategy for the future but unlikely to include approaches such as Passivhaus.
9	GDPR implications		Becomes a Service within Council and eliminates questions that do currently occur.		Existing arrangements would continue e.g. retention schedules and information sharing agreements which acknowledge that the Council owns all data and systems.		The Registered Provider would become their own data controller with responsibilities direct to the ICO. Any incidents would not be reported to the Council and the risk area is transferred over.
10			Would not need a range of separate arrangements such as information's sharing agreements and how KNH work with / documentation with partners would follow local established arrangements.		Any issues leading to fines imposed by the Information commissioner's office (ICO) would be applied to the Council, which also brings reputational risk.		The key risk to the Council is how and when data is transferred. There would be a need to go through every record and delete appropriately before transfer. Time implications for this are significant.

Tenants							
1	Impact on current and future tenants		At least as good engagement and improved service quality		Model accepted by tenants		Potential to drive efficiencies may impact on services delivered. Likely innovation but need to meet Consumer Standards.
2			Integration of the landlord and housing management / maintenance function means the Council provides continuity as it remains the landlord as well as becoming housing manager.		A somewhat unclear demarcation. On some things tenants and leaseholders will be engaged by the Council. Clarity would be brought by a single entity consulting them on all matters.		Less political ability to influence outcomes for tenants.
3			A very clear model of responsibility and accountability.				Clarity of responsibilities, but not linked to wider council initiatives.
4	To ensure impact on vulnerable tenants is mitigated		Council's reason for being is clear in its support of vulnerable people.		Tenants are primary focus including creating sustainable tenancies.		Existing tenants transfer as secure tenants with retained rights (e.g. Right to buy) .Likely to look at financial bottom line in terms of policies and approaches which could lead to changing approaches to housing vulnerable tenants.

5	To ensure impact on leaseholders is mitigated	Access powers via internal Services e.g. Use of Environmental act to gain access for gas. This is potentially quicker as serve notice, seek warrant for entry and gain access within a tonight.	Almo's can access the powers of their host local authority.	Face the same challenges as other models, but would need to take a protracted injunction route. For example, Registered Providers do not currently access Council's Environmental team's services and would look to rely on tenancy agreements which means the process can take longer.
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Finance

1	Cost implications to change	Opportunity costs of distraction from core services whilst TUPE and structure settle.	No transition costs.	Complex transaction but model capable of leveraging additional investment.	It is noted that there have been no stock transfers since the 2015 deadline set by the Government. This deadline was part of a 2013 agreement to assist new stock transfers by writing off debt on Council's with Housing revenue Accounts. This also suggests that without some significant element of Government subsidy to write off Housing Revenue Account debt going forward, for Councils like Kirklees with Housing Revenue Account debt currently at circa
		A range of Council Services undertake work for the Housing Revenue Account. This positively impacts on the Council's General fund and economies of scale.	The Almo via the Housing Revenue Account utilises a range of Services provided by the Council. This contributes positively to the Council's general fund.	After transfer existing Council supported Services may be provided through the Registered Provider's own mechanism with subsequent significant financial impacts on council General fund.	
				Arduous regulatory process. Tenant ballot required ahead of transfer.	
				Potential debt write off from Government (if new initiatives appear) and capital receipt to Council from transaction.	

							£170m, stock transfer would not be attractive to institutional investors.	
2	Maintaining financial resilience - Cost implications for future running		Improved strategic alignment and minimisation of duplication leading to improved efficiency. Opportunity to integrate support services and unify management structures should produce costs savings .		Current largely self-sufficient management and governance structure of company, and costs of client activity.		The organisational will have to operate within its own financial restraints.	
			Improved economies of scale and financial resilience e.g. from procurement.		Potential access to funding not available directly to the Council.		Costs may be higher, not lower to the Council & efficiency gains lost.	
			Access to favourable borrowing opportunities.				Potential to build a long term business plan for the housing stock.	It is noted that the Housing Revenue Account requires those holding it to develop a robust 30 year business plan.
			Potential loss of access to alternative funding sources.				Access to Homes England funding more likely over time.	
3			Majority of contracts in the Council's name creating a seamless change with most suppliers. Specific contracts supporting KNH may need novation.					

Operational practice							
1	Penalties for Non-Compliance		Reputational penalties issued from the Housing Regulator (Regulatory Notice) and potential for tenants to choose housing management provider (if real failing)		Reputational penalties issued from the Housing Regulator (Regulatory Notice). As the Council is a Registered Provider, any penalties for the Almo are attributed to the Council .		Regulatory Judgements and Notices can result in intervention by the Regulator.
2	Issues created by client and contractor split		Fully integrated- no requirement		Yes, but with some "soft" areas.		Difficulties as outlined in sections above e.g. alignment with strategy.
3	Housing management operations		In direct control.		As in house solution, but with potential of conflict between client and operational functions.		Not applicable as have no control.
							Registered Provider - please note this has been answered from a viewpoint of there would be no 'responsibility'. It could be possible to gain some limited influence through contractual methods / a partnership agreement in order to support mutually advantageous outcomes / approaches.

4	Property maintenance operations		Effectiveness depends on control of inputs and outputs.		As in house solution, but with potential of conflict between client and construction contractor functions.		Would require Council restructure as almost all routine and a large proportion of planned repairs and improvements currently carried out by KNH Property Services.	
Commercial and value for money								
1	Trading & commercialisation		Local Authorities have a general power to trade, but may require creation of new vehicles to trade in commercial sector.		As the company already exists it has more freedom (already) than the local authority.		Not applicable / dependent on it's structure. If registered Charity then often limited by charitable objectives.	A return to in-house provision would improve the partial exemption position for the Council.
2	Value for money		Potential for very good. Although, depending on management- as with KNH, restructuring and change always presents risk.		Unlikely to achieve beyond good.		Not applicable - but note the potential impact on tenant rents.	
3	Practicality & Achievability of the option		Fully achievable, but requires effort to obtain outcomes.		Current position.		Serious doubts about achievability without impacts.	
HR								
1	Workforce implications are understood and mitigated where possible		Potential loss of some key employees with related knowledge, skills and experience.		Current 'known' situation with existing relationships and removal of uncertainty.		TUPE rights apply but there is the potential loss of key staff as well as a potential drive to reduce unit cost impacting on ability to deliver quality services or future initiatives.	
2			Change may lead to short term impact on quality of service to tenants and broader performance given recent restructures.		Settled state should lead to skills retention and consistent performance in the short term.			

3

A single employer / entity would rationalise and simplify a complex employee relations arrangement between the organisations which can cause tensions.

Overall Risk

Summary

Appendix G – DCLG extract from ‘Updated guidance for Councils considering the future of their ALMO housing management services’

‘The Government believes that the decision to take ALMO housing management functions back ‘in-house’ should remain a local one. Councils in England are currently required to seek consent from the secretary of state under section 27 of the Housing Act 1985 where it seeks to transfer all or part of its housing management functions to an ALMO. There is no requirement for a council to seek consent when taking ALMO housing management functions back in-house. Government does not propose to alter these arrangements.

Future arrangements

Government does not believe in imposing any unnecessary additional regulations or burdens on councils. The Government does not consider it necessary to impose upon all councils with ALMO’s a mandatory duty to hold a ballot of their tenants when considering taking housing management functions back from their ALMO’s.

However, in line with the principles set out in the Review document, Government considers that in the interests of fairness and consistency, councils that had held ballots to gauge tenant opinion before transferring their housing management functions to an ALMO should also similarly hold a ballot when considering taking housing management functions back from the ALMO. This is important as it allows tenants to express their opinion in a similar manner to the original ballot.

For those councils that did not hold a ballot to test tenants’ opinions but chose to use an alternative method, they may of course choose to hold a ballot. There are no plans to require those councils to follow a particular course of action.

However, it is expected that the consultation exercises undertaken by all councils considering the future of their ALMO’s should be as comprehensive as that undertaken when transferring those functions to the ALMO originally. This could be either through a ballot or a full survey or other locally appropriate method’.

Appendix H – Financial Implications Review

Purpose of report

High level overview of the potential financial implications and impacts in relation to future options for the delivery of operational housing management and property services to circa 22,000 Kirklees tenancies and 1,000 leaseholder services.

1. Summary

This overview considers, at a high level, potential financial impacts/implications in relation to 3 scenarios :

- i) Large Scale Stock Transfer (LSVT)
- ii) KNH brought back ‘in-house’
- iii) Current operational housing management arrangements remain as is

2. Information required to make a decision

i) Large Scale Voluntary Transfer (LSVT)

WHAT IS THE PROCESS ?

- LSVT – transfer of 500 or more tenanted & leasehold properties to a usually new Registered Provider (RP) of social housing, who is registered and regulated by the regulator of Social Housing.
- Cannot go ahead without majority tenant ballot in favour of said transfer, and the consent of the secretary of state (s32-34 Housing Act 1985 and/or HA 1985, s43)
- Secretary of State would need to ensure the following conditions are met when deciding whether to grant consent to the transfer :
 - That the proposal offers value for money
 - Accords with government policy
 - Has the support of the tenants involved
 - Provides them with the protection of a regulated landlord
- When stock is transferred, **the related debt will need to be repaid**
- If the value of the transferred stock is insufficient for full repayment, central government will need to cover the shortfall. This is a process known as overhanging debt write-off.
- Any requesting LSVT would need to adhere to the process set out in the Ministry of Housing, Communities & Local Government (MHCLG); Housing Transfer Manual for it to be considered by the secretary of state.

Transfer Value (TV)

- *If there was a successful tenants' ballot, the Local Housing Authority (LHA) and RP will negotiate the price (or transfer value); effectively the capital receipt the LHA would receive and which it can use to pay down associated debt*
- *This receipt would be based on a transfer value calculation using a discounted cashflow model for social housing (TV Model)*
- *MHCLG would need to be satisfied that the TV had been acceptably optimized in respect of the balance between maximising transfer value, minimizing debt write-off and securing additional private investment which delivers growth, and the requirement for over-hanging debt write-off is accordingly justified*
- There would also be an extensive transfer contract, which would contain the terms of the sale of the housing stock, and the relationship between the LHA and the RP. The LHA will be asked to provide warranties covering certain matters affecting transferred stock.
- It will also contain service-level agreements where either party is to provide services to the other.

- The transfer contract will also detail the treatment of net preserved right to buy receipts as transferring secure tenants have their statutory right to buy preserved by HA1985 s171A. There is usually a sharing mechanism for such receipts.
- The transferring organisation will need to have secured funding from private investors

WHAT IS THE REALITY

- There has been no Government enabled annual stock transfer programme since 2016.
- LSVT has largely fallen into disuse in recent years due in large part to the introduction of LA HRA self-financing in 2012 which increased LA housing debt. Kirklees HRA current debt is about £170m.
- Recent relaxation of the HRA borrowing cap has also reduced the argument for LSVT going forward where the 30 year self-financing business case properly stacks up in terms of fulfilling future investment needs allied to new build potential.
- Also, a perceived lack of certainty of tenant support for transfer in what are largely urban authorities that remain stock owners.
- Protracted timescale for the LSVT process to complete; anywhere between 2 to 3+ years would not be unrealistic.
- Short term impact on existing capital investment proposals, pending transfer.
- One-off transactional costs associated with the transfer process itself are likely to be significant ; £2m - £3m plus, over the period
- HRA currently buys in about £9m services from the general fund. Over time, while there will be SLA's in situ post transfer, there will be a number of SLA costs that the Council will effectively have to absorb e.g. costs of democratic core, and additional officer time furnishing the contracts. In time, it is increasingly likely that the RP will seek to scale back inherited LHA provided activity over time. Could cost the Council £1m plus, over time, from having to absorb relatively fixed cost overheads.
- An illustrative 50:50 sharing agreement on prescribed future RTB sales would still see a reduction in Council RTB's from current that support general fund capital activity, in the order of £3m-£4m per annum.
- RP's typically seek to maximize service charges (existing and new), maximize rent potential (e.g. mixed tenure/differential rents on re-lets), over time. Also, may seek to divest housing assets not making a positive contribution to the business plan bottom line, over time.
- RP would require new governance, new board, attractive salaries to meet skills base required; further investment need realistically up to £1m per annum.
- The new RP may typically need 5 to 10 years to maximize 'efficiency & effectiveness' from a standing start.

- Some Councils who have previously LSVT'd their housing stock are now considering re-creating HRA's as they want to build their own social housing.
- Kirklees Council would still retain a Housing Revenue Account for the balance of Excellent Homes for Life PFI units, for the duration of the contract (which runs until June 2034).
- Continuing impact of Homelessness pressures e.g. Subsidy loss through bed and breakfast accommodation. Current Council pressure circa £0.5m to £1m per annum. Flexibility to work with RP post LSVT to address temporary accommodation housing need may be significantly constrained.

ii) Stay as is

- Existing KNH Housing Management Fee incorporates resource requirement to furnish the operation of the Company and ensure all relevant statutory Company law and associated governance requirements are met. Estimated housing management costs for specific governance of the Company is circa £500k.
- Current Pay grades across KNH organisation largely mirror Council equivalents. However, there are some pay differentials at the highest management tiers compared to nearest 'equivalent' Council posts that are reflective of prevailing market conditions in the ALMO/Housing sector.
- Current Management Agreement allows for a shared 'surplus dividend' payment between KNH and the sole shareholder (the Council) providing that the dividend payment is used by the Council for purposes that accord with the objects of the Company. This is factored into the Council's MTFP currently.
- As a TECKAL company, KNH can pursue other market activity providing that its core activity remains at no less than 80% of total annual turnover of the Company. Current extra market activity is quite small (e.g. boiler servicing to private households, KNH Living)
- Conversely, the stay as is option in itself could result in significant future additional investment requirement for the organization to upskill in key identified areas; in particular around governance, culture and strengthened Partnership working. Could be in the range £100k - £500k per annum.

iii) Bring KNH back In-House

- Company no longer exists – governance resource requirement to furnish Company requirement goes. Any associated savings re-cycled back into HRA, over time. Extent of realizable savings in practice will depend on transferrable skills identification from posts affected, and whether or not the Council has requirement for these skills in areas where there are identified skills/capacity gaps that could be matched to the individuals affected. This may straddle general fund as well as pure HRA activity. Likely to impact more on corporate type KNH roles (across all grades) & more operational senior KNH management roles.

Sustainable HRA savings in the range £250k - £500k, over a 2 year period. Some likely redundancy costs over the short-term (£100k-£300k).

- TUPE protection (pay, terms & conditions) would apply in the first instance for KNH posts transferred back into the Council. In most instances, this would be minimal impact because KNH pay and terms mirror Council. Higher graded posts more likely to require medium term re-alignment through appropriate Council policy & processes.
- Dividend option would cease. Current MTFP assumption is circa £500k annual Council dividend 'target' (general fund). Council would at this point want to review alternative options within existing ring-fence 'tolerances' to mitigate this impact.
- Localism Act 2011 and general competency powers would give the Council potentially greater flexibility to expand future commercial activity of services brought back in, beyond the current 20% Teckal Company limit, if it so chose to.
- There will be one-off transitional costs associated with the 'bring back' in-house option, which are not anticipated to be significant (e.g. £150k - £200k).

3. Implications for the Council

- (i) Working with people
- (ii) Working with partners
- (iii) Place based working
- (iv) Improving outcomes for children
- (v) Other (e.g. Legal/Financial or Human Resources)
See above.

4. Consultees and the opinions

N/A

5. Next steps and timelines

N/A

6. Officer recommendations and reasons

For the ad hoc Scrutiny panel to note and discuss the contents of this report.

7. Cabinet Portfolio holder's recommendations

As above

8. Contact Officer

Eamonn Croston, Service Director - Finance

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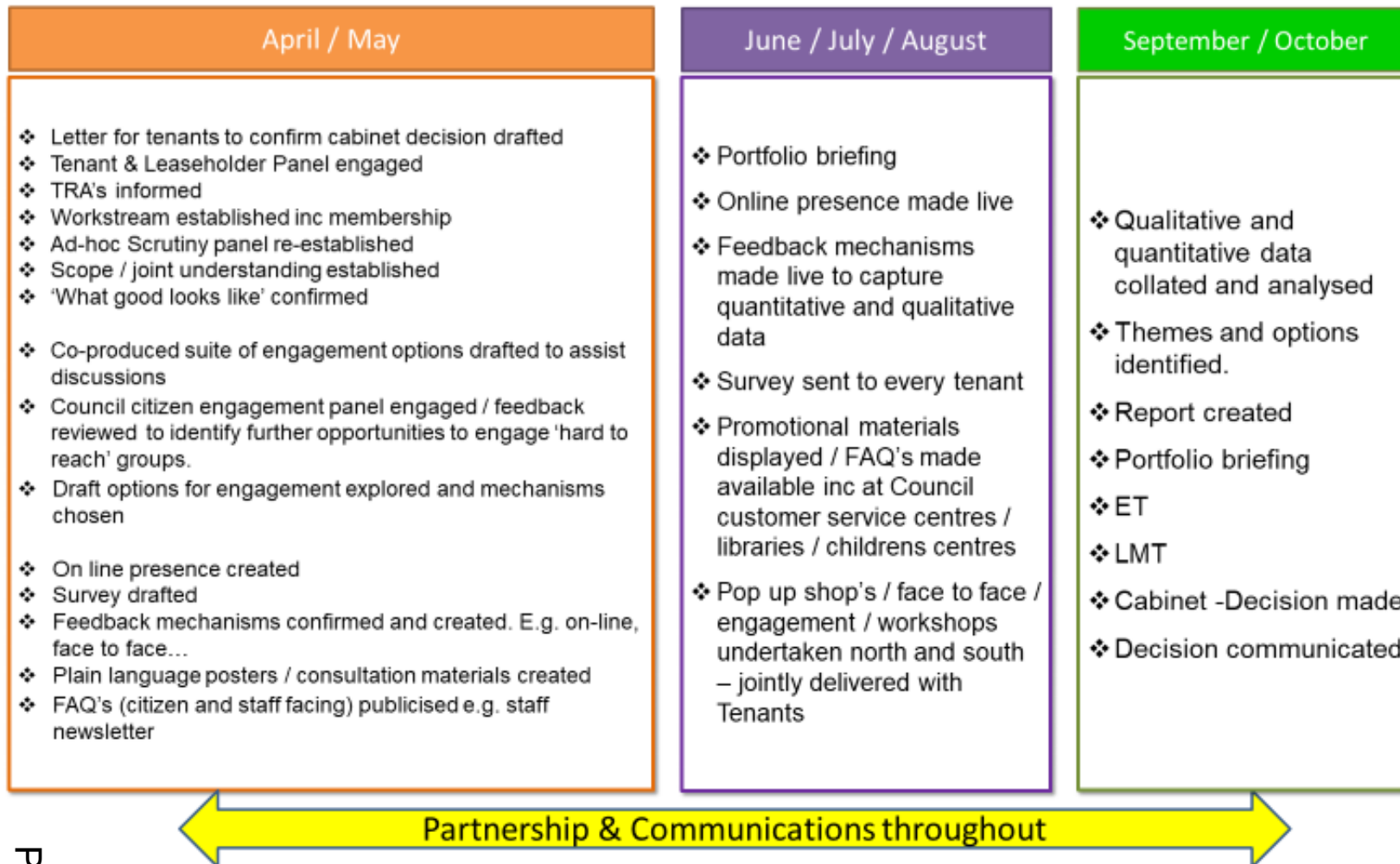
9. Background Papers and History of Decisions

Source material for LSVT analysis Public Law Today. Link below :

<https://publiclawtoday.co.uk/lexisnexis/556-lexis-lg/lexis/localgov/housing/39222-housing-stock-transfers-key-issues>

Service Director responsible Eamonn Croston, Service Director for Finance

Approach to Tenant Engagement Model 2020



Name of meeting: Cabinet
Date: 24 March 2020
Title of report: West Yorkshire Devolution Deal – Review of Governance Arrangements

Purpose of report:

To seek Member endorsement to the “minded to” West Yorkshire Devolution Deal and to seek approval for a statutory Review to be undertaken by Constituent Councils and the Combined Authority

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?	No
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports)?	Key Decision – No Private Report/Private Appendix – No
The Decision - Is it eligible for call in by Scrutiny?	Not Applicable – This is not a key decision If no give the reason why not
Date signed off by <u>Strategic Director</u> & name	Jacqui Gedman, Chief Executive – 16/3/2020
Is it also signed off by the Service Director for Finance	Eamonn Croston – 16/3/2020
Is it also signed off by the Service Director for Legal, Governance and Commissioning	Julie Muscroft – 16/3/2020
Cabinet member portfolio	Cllr Pandor – Leader of the Council

Electoral wards affected: All

Ward councillors consulted: N/A

Public or private: Public

Has GDPR been considered? Yes

1. Summary

- 1.1 The West Yorkshire “minded to” Devolution Deal announced in March 2020 offers the opportunity for the region to receive functions and funding additional to that received under previous Deals in return for adopting the model of a directly elected Mayor by May 2021. The Deal has the potential to benefit the region by unlocking central government funding to allow more local and accountable decision making.
- 1.2 The “minded to” Deal is the starting point ultimately to the adoption of a Mayoral Combined Authority model with additional functions which will require an Order of the Secretary of State. Each council and the Combined Authority will need to agree specific actions as part of the statutory procedures which must be followed before the Secretary of State may grant such an Order. These are set out in more detail below but include carrying out a statutory Review of constitutional arrangements and functions for the proposed electoral area and preparing and adopting a Scheme which will then go out to public consultation. Councils will subsequently have the opportunity to consider the representations received before deciding to submit the Scheme to the Secretary of State setting out proposed arrangements, along with a summary of consultation responses. The consent of each Council and the Combined Authority will subsequently be required to the making of the Order.
- 1.3 This report seeks members endorsement to the “minded to” Deal. It also seeks authority for a statutory Review to be undertaken, jointly by Constituent Councils and the Combined Authority, and for a further report to be prepared in due course including a draft Scheme for consideration (subject to the outcome of the Review).

2. Information required to take a decision

- 2.1 The Deal will devolve a range of powers and responsibilities to the West Yorkshire Combined Authority, supporting the region to drive economic growth and prosperity within its communities and across the North of England. It will build upon the area’s history of collaboration to maximise this investment and increase its contribution to national economies.
- 2.2 The Local Authorities of the West Yorkshire Combined Authority and Government have agreed an initial devolution deal which will provide powers and funding to enable the region to make progress as a significant step forward towards achieving that ambition.
- 2.3 The City Region partnership has grown and strengthened over more than a decade, from the Leeds City Region Leaders Board to the West Yorkshire Combined Authority working with the Leeds City Region Local Enterprise Partnership (LEP).
- 2.4 The West Yorkshire Councils and Leeds City Region LEP secured the area’s City Deal in 2012 and a £1bn Growth Deal in July 2014. This success has enabled the City Region to make a strong start:
 - bring close to £3 billion public and private sector investment into the region to boost growth and jobs
 - set to create 20,600 jobs and add £2.1 billion a year to the economy by 2031
 - putting in place a £1 billion package of transport investment to upgrade transport links, making it easier for people and businesses to get around
 - helping 4,800 businesses to grow since 2011, unlocking close to half a billion pounds of private sector investment

- creating over 4,300 work opportunities for young people aged 16-24, including 3,837 apprenticeships adding an expected £1.4 billion to the economy by 2020 as a result of work over the past four years.
- 2.5 West Yorkshire's ambition is to go much further to address historic and emerging challenges, including the need to improve air quality and tackle the climate emergency. With a population of over 2.3 million people and a GVA of over £55bn p.a., West Yorkshire offers enormous potential. Sizeable parts of West Yorkshire enjoy a great quality of life, good wages, and lower living and housing costs, and for many the region is a great place to live, work, visit and invest. But substantial long-term investment and greater powers are needed, to tackle the challenges facing the region, and to harness its huge economic opportunity for the benefit of people in the region and for the whole UK.
- 2.6 The West Yorkshire deal will unlock significant long-term funding and give the region greater freedom to decide how best to meet local needs and create new opportunity for the people who live and work there. This agreement is the first step in a process of further devolution. The Government will continue to work with West Yorkshire on important areas of public service reform and infrastructure investment, to support inclusive economic growth in towns, cities and rural areas whilst tackling the climate emergency.
- 2.7 The following section of the report provides a summary of the key elements of the "minded-to" Deal in terms of key devolved powers and funding commitments; a description of the Mayoral Combined Authority model, the process for its establishment and to provide for other associated changes set out in the Deal; the Review geography and scope; and the key elements of any subsequent Scheme. A copy of the Deal is attached as Appendix 1 to this report.

2.8 Deal proposals

2.8.1 West Yorkshire devolution – what it means for Kirklees

2.8.1.1 The £1.8billion deal will mean far greater decision-making powers allowing the West Yorkshire region to set its own priorities.

2.8.1.2 As part of the devolution deal, the Government has awarded £317million of Transforming Cities Fund money. This represents a larger allocation, both in cash and per head, than any of the other areas that submitted a bid.

2.8.1.3 It is enough to fund every scheme in the 'low' scenario. In Kirklees this includes:

- Enhancements to the A638 in Dewsbury to improve public transport and active travel.
- Connecting employment and skills in Dewsbury.
- Developing Huddersfield Railway Station and employment land around it to maximise the benefits of the Trans Pennine Route (TRU) upgrade.

2.8.1.4 We have also negotiated a number of freedoms which will allow us to take decisions on a West Yorkshire level on how to prioritise expenditure on the additional resources this brings to the region. This means our 'high' scenario can be fully funded, allowing us to progress schemes such as:

- North Kirklees Growth Zone (Dewsbury – Batley - Tingley)
- Further funding for improving Huddersfield Station ready for TRU

2.8.2 The devolution deal includes the following headline commitments:

- £38m for 30 years into West Yorkshire Investment Fund with a 25%/75% capital/revenue split
- Government commitment to work with West Yorkshire to develop modern mass transit system through access to a new five-year integrated transport settlement
- £317m from the Transforming Cities Fund to dramatically improve access to public transport, cycling and walking
- Access to bus franchising powers
- Control of the £63m annual Adult Education Budget for West Yorkshire to closer align spending on skills to the opportunities and needs in the local economy
- A £25M heritage fund to support the development of a British Library North in Leeds
- £500,000 of Government funding to support master planning in Bradford City Centre to maximise regeneration opportunities from Northern Powerhouse Rail
- £75,000 to support the creation of a Digital Skills Partnership
- The creation of a West Yorkshire Mayor to be elected in May 2021
- A commitment to work towards policing and crime powers to be transferred to the Mayor in 2024
- Government commitment to engage with the Combined Authority on priorities emerging from the Future Ready Skills Commission
- Access to the Government's new Brownfield Regeneration Fund to support housing growth and £3.2m to support the development of a pipeline of housing sites across West Yorkshire
- £200,000 funding to support the work of the Yorkshire Leaders Board.

2.8.3 Under the deal, West Yorkshire Combined Authority would retain its current powers in relation to economic development, regeneration and transport functions (with the Mayor taking responsibility for preparing the transport plan and strategies). Working with the Mayor, these will be strengthened with additional powers as set out in legislation:

- Finance – power to borrow up to an agreed cap for non-transport functions
- Adult education and skills functions
- Economic development – duty to prepare an assessment of economic conditions
- Housing functions relating to compulsory purchase (subject to the consent of the constituent council affected by the exercise of the function), plus provision of housing and land, land acquisition and disposal, and development and regeneration of land
- Transport powers to set up and coordinate a Key Route Network on behalf of the Mayor (unless otherwise agreed locally, all operational responsibility for key Route Network roads will remain with the constituent councils)
- Powers to collect contributions from utility companies for diversionary works needed as a result of highways works carried out on the Key Route Network
- Powers to operate a permit scheme designed to control the carrying out of works on the Key Route Network
- The Combined Authority will be able to seek consent to raise a Strategic Infrastructure Tariff.

2.8.4 The directly elected Mayor for the West Yorkshire Combined Authority will autonomously exercise their new functions with personal accountability to the electorate, devolved from central Government and set out in legislation. These functions will be:

- The functional power of competence
- Housing and planning
 - i Statutory spatial planning powers to produce a spatial development strategy; exercisable with the unanimous consent of the constituent authorities

- ii Power to designate a Mayoral Development Area and then set up a Mayoral Development Corporation (subject to the consent of the council in whose area this would apply)
- iii Housing and land acquisition powers (subject to the consent of the council in whose area this would apply) to support housing, regeneration, infrastructure and community development and wellbeing.
- Finance:
 - I Power for the Mayor to set a precept on council tax to fund Mayoral functions (resulting from the setting of the Mayoral budget as set out below),
 - ii Power to charge business rate supplement (subject to ballot)
- Transport:
 - i Power to draw up a local transport plan and strategies (The Combined Authority will be able to amend the Mayor's transport strategy if a majority of members agree to do so)
 - ii Power to request local regulations requiring large fuel retailers to provide Electric Vehicle charging points
 - iii Bus franchising powers
 - iv Ability to pay grants to bus service operators
- Police and Crime Commissioner functions from the Mayoral election in 2024.

2.9 Mayoral Combined Authority model

2.9.1 To secure the functions and funding set out in 2.8 above, the Government requires a Mayoral Combined Authority to be established with the election of a directly elected Mayor by 2021 for the area of the five West Yorkshire authorities of Calderdale, Bradford, Kirklees, Leeds and Wakefield.

2.9.2 As reflected in the Deal, the proposed Mayoral Combined Authority will provide local accountability and exercise decision-making including over newly-devolved functions and funding in relation to transport, skills, economic development and regeneration and allow for strategic prioritisation and integrated policy development across the Combined Authority's area.

2.9.3 Appendix 2 outlines the key features of any Mayoral Combined Authority.

2.9.4 Paragraphs 11- 29 of the Deal (Appendix 1) include the proposed constitutional arrangements. Key features of the constitutional arrangements are:

- **Membership:**

Voting members to include:

- i The elected Mayor
- ii Five elected members, one appointed by each of the five Constituent Councils
- iii Three elected members agreed by the Constituent Councils to reflect the balance of political parties across the Combined Authority area.

- i In addition there will be:

An elected member appointed by the city of York Council (which will remain as a non-constituent member of the West Yorkshire Combined Authority).

- ii The Chair of the Leeds City Region LEP

These members will be non-voting unless the Combined Authority resolves to give them a vote on any issue.

- **Voting arrangements in relation to non-mayoral functions:**

The Mayor will have one vote as will all other voting members of the Combined Authority. Any questions that are to be decided by the combined Authority are to be decided by a simple majority of the members present and voting, unless otherwise provided for in legislation. Where the decision relates to a new function which the Combined Authority acquires pursuant to the Deal, or where required by the Authority's constitution, that majority must include the vote of the Mayor.

In addition, for the following decisions the majority of members must include the consent of three of the five members for the Constituent Councils (but not that of the three additional Constituent Council members appointed for political balance):

- i Approving the Combined Authority's budget (excluding decisions which relate to the Mayor's budget)
- ii Setting a levy

- **Constraints on the Mayor's decision-making**

The Mayor will be required to consult the Combined Authority on their strategies, and this will be subject to the following specific conditions:

- i The spatial development strategy will require the unanimous consent of all five members for the Constituent Councils (but not that of the three additional Constituent Council members appointed for political balance)
- ii The Combined Authority will be able to amend the Mayor's budget if five eighths of the members agree to do so;
- iii The Combined Authority will be able to amend the Mayor's transport strategy if a majority of members agree to do so

2.10 Process

2.10.1 The Local Democracy, Economic Development and Construction Act 2009 (the 2009 Act) sets out statutory processes to be followed before any Order is made to:

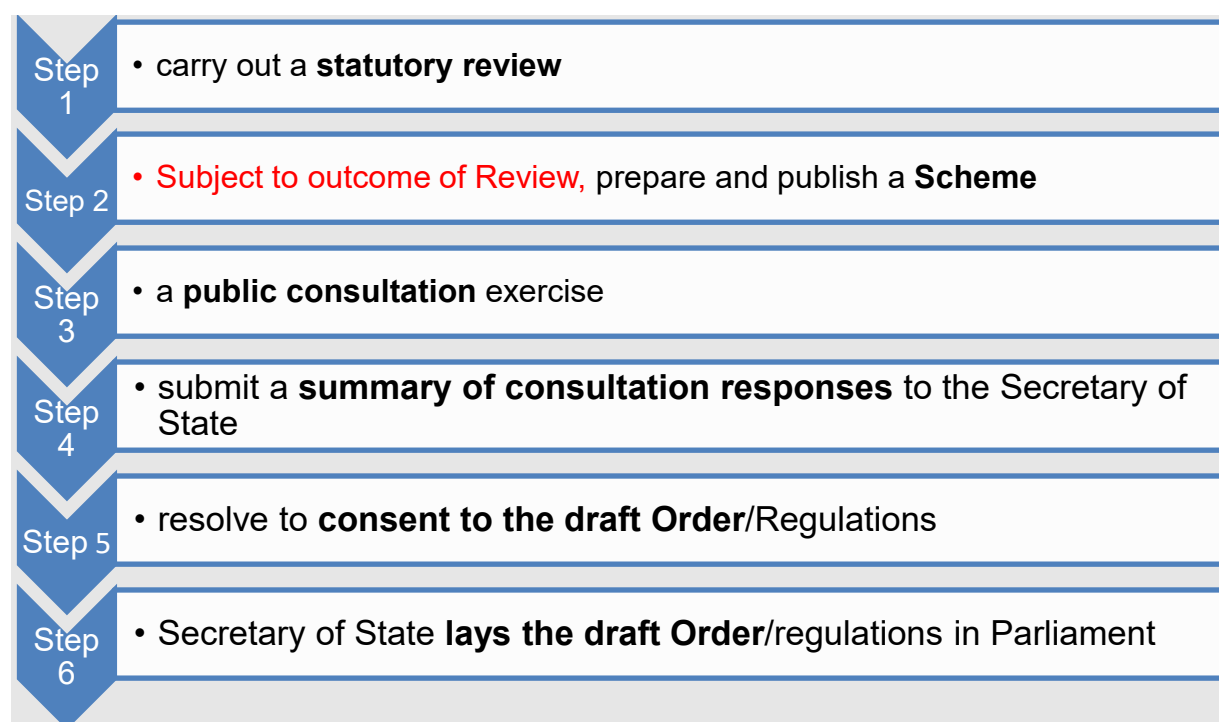
- a) adopt a Mayoral Combined Authority model
- b) provide for the Mayor to carry out and delegate mayoral general functions
- c) provide for the joint exercise of general functions by the Mayor
- d) change the constitutional arrangements of a Combined Authority (voting, membership)
- e) delegate Secretary of State functions to the Combined Authority, and
- f) delegate Local Authority functions concurrently to the Combined Authority.

2.10.2 Each aspect listed in 2.10.1 above has a specific statutory procedure to be followed. In addition, the consent of each Constituent Council and the Combined Authority is required to any Regulations giving the Combined Authority powers to borrow for non-transport functions.

2.10.3 It is proposed that the process set out in the flow chart below is followed. This process addresses all statutory procedural requirements, facilitates an understanding of the overall impact of the changes, and maximises engagement with stakeholders including the public. Further details about each step are set out in Appendix 3.

2.10.4 Flow chart of proposed process:

Flow chart of proposed process:



2.10.5 Appendix 4 to this report is a timeline which outlines the main decisions and estimated timescales involved in obtaining the necessary secondary legislation to implement the 2020 Deal. Significant parts of the process are outside of the control of the Constituent Councils and the Combined Authority (the Secretary of State drafting the Order and placing it before Parliament).

2.10.6 The proposals in this report do not include any proposals to progress at this time, the transfer of either Police and Crime Commissioner functions or fire and rescue functions to the Combined Authority. However, the Deal anticipates that the responsibility for PCC functions will be taken on from 2024 but this will be subject to a separate statutory process.

2.11 Review area

2.11.1 The proposed area of the Review is the Combined Authority's area, namely the area which comprises the constituent Councils of Bradford, Calderdale, Kirklees, Leeds and Wakefield. It is proposed that the Combined Authority jointly carries out the review with the Constituent Councils.

2.11.2 Options to enable wider collatoration will be explored as part of the Review including the wider City Region, Yorkshire and the North.

2.12 Review scope

2.12.1 The Review will be required to test the proposition, including by drawing on evidence from stakeholders, that any Order relating to the proposed constitutional arrangements or conferral of functions to the Combined Authority would be likely to improve the exercise of statutory functions.

2.12.2 Specifically, the Review will need to consider the relevant systems, structures and procedures that are in place across the area to make decisions, set strategy, manage delivery, assess performance and report on progress. Analysis of options (such as leaving existing governance unchanged, strengthening or restructuring existing governance arrangements, or adopting a Mayoral Combined Authority model) would be undertaken.

2.12.3 Any final report of the Review process which concludes that the proposed revised constitutional arrangements and the additional functions proposed to be exercised by the Combined Authority would be the most beneficial option in terms of improved outcomes would in effect provide the Business Case for the Mayoral Combined Authority arrangements. It would inform the preparation of a Scheme of governance.

2.13. Carrying out the review and preparing a draft Scheme

2.13.1 It is proposed that the Combined Authority's Managing Director, in consultation with the Chief Executive of each Constituent Council carries out a Review on behalf of the Constituent Councils and the Combined Authority.

2.13.2 It is also proposed that the Combined Authority's Managing Director be asked to prepare a draft Scheme for consideration by the Constituent Councils and the Combined Authority, subject to the outcome of the Review. It is proposed that a project group of officers drawn from the Constituent Councils and the Combined Authority contribute to the Review and to drafting the Scheme. The project group will be multi-disciplinary and provide expertise including on transport, economic development, and other relevant functions.

2.14 Scheme

2.14.1 Subject to the findings of the Review, the Scheme would form the basis for a revised Order establishing the Mayoral Combined Authority. It would contain information on:

- proposed membership, voting and any other constitutional arrangements;
- functions to be conferred on the Mayoral Combined Authority and how they are exercised, that is, by the Combined Authority, concurrently with Constituent Councils or by the Mayor (including any constraints or limitations to the Mayor's powers);
- any changes to the way in which the Combined Authority will be funded, including power for the Mayor to issue a precept, or prudential borrowing powers for functions other than transport;
- practical arrangements, including any property transfers and ensuring transparency via enhanced scrutiny arrangements.

2.14.2 It will be important to ensure that any revised sub-regional arrangements secure and enhance effective working arrangements between the Mayoral Combined Authority and the Constituent Councils and their democratic arrangements, to facilitate a joined-up and collaborative approach to policy, delivery and decision-making.

3. Implications for the Council

3.1 Working with People

The premise of the Deal is on bringing funding and functions to a more local level. Dependent on the findings of the Review, the consultation on the Scheme will provide a further opportunity for input from stakeholders.

3.2 Working with Partners

The Review will consider how systems, structures and procedures support the area's

decisions, set strategy and manage delivery in collaboration across a range of partners in West Yorkshire. Inclusive Growth is a key priority for West Yorkshire Combined Authority and the LEP. Although there are no immediate implications on Inclusive Growth arising as a direct result of the report, the Review and Scheme to be commissioned and consulted upon will look at the potential for Mayoral Combined Authority governance arrangements to deliver West Yorkshire's Inclusive Growth ambitions.

3.3 Place Based Working

The Review will address how appropriate governance structures reflect the needs and opportunities across the West Yorkshire area and the places within it.

3.4 Climate Change

Should the Review and Scheme progress, the Devolution Deal announced in the March Budget includes measure to collaborate around a Spatial Development Strategy, and resources for flood prevention and amelioration measures. As part of the Deal text, the Government has welcomed West Yorkshire's commitment to becoming a net zero carbon economy by 2038, with significant progress by 2030. Although there are no immediate implications on Clean Growth arising as a direct result of the report, the Review and Scheme to be commissioned and considered and consulted upon will look at the potential for Mayoral Combined Authority governance arrangements to deliver West Yorkshire's clean growth ambitions.

3.5 Improving outcomes for children

Should the Review and Scheme progress, the Devolution Deal announced in the March Budget includes measures around funding and functions focused on skills and education, including careers advice, apprenticeships and Further Education.

3.6 Other (eg Legal/Financial or Human Resources)

Statutory processes need to be followed, before any Order or regulations may be made to implement the Deal.

S101(5) Local Government Act 1972 provides that two or more Local Authorities (defined to include a Combined Authority) may discharge any of their functions jointly and may arrange for the discharge of those functions by an officer of one of the authorities.

The Deal includes a number of flagship funding arrangements including £38m for 30 years into the West Yorkshire Investment Fund, £317m from the Transforming Cities Fund and control over the £63m annual Adult Education budget. The implications of these and the other funding provisions contained with the Deal will be considered as part of the Review and subject to future reports.

4. Consultees and their opinions

4.1 The Leader of the Council supports the recommendations.

4.2 As part of the statutory process, as set out above, public consultation is required, with the results summarised and submitted to the Secretary of State before an Order creating the West Yorkshire Mayoral Combined Authority can be made (Appendices 3 and 4 set out more detail on the proposed process and timeline). A future report will seek authorisation to undertake a public consultation on an adopted governance Scheme and set out the consultation process and methodology including digital and other appropriate means in order to ensure accessibility.

5. Next steps and timelines

- 5.1 With regard to next steps, the first step is the governance review.
- 5.2 Subject to the outcome of the statutory Review a draft Scheme is prepared for consideration by Constituent Councils and the Combined Authority before the wider public consultation with business and other stakeholders. It is proposed that there is one consultation exercise co-ordinated by the Combined Authority, but that this is led by each Council in relation to their district. Following this, a summary of consultation responses will be brought back to the Constituent Councils and the Combined Authority to approve before the Scheme is submitted to the Secretary of State.
- 5.3 Details of the Scheme would then be embodied in the draft statutory Order to establish a Mayoral Combined Authority, and any relevant consents sought in due course from the Constituent Councils and the Combined Authority in respect of the draft Order and related Regulations.

6. Officer recommendations and reasons

- 6.1 To note and endorse the “minded to” Deal announced in March 2020 and attached as Appendix 1 to this report.
- 6.2 To agree that Kirklees Council should be party, together with the Combined Authority and four Constituent Councils of Bradford, Calderdale, Leeds and Wakefield to a Review of the Combined Authority’s constitutional arrangements and of the functions carried out by the Combined Authority over the Combined Authority’s area, as set out in paragraph 2 of this report and pursuant to S111 of the Local Democracy, Economic Development and Construction Act 2009.
- 6.3 To authorise the Combined Authority’s Managing Director in consultation with the Chief Executive of each Constituent Council, to carry out the Review on behalf of each Constituent Council and the Combined Authority.
- 6.4 To authorise the Combined Authority’s Managing Director in consultation with the Chief Executive of each Constituent Council to prepare a draft Scheme for consideration by the Constituent Councils and the Combined Authority, subject to the outcome of the Review and on behalf of each Constituent Council and the Combined Authority.
 - 6.4.1 Accordingly, to authorise Kirklees Council’s Chief Executive to act as the consultee on behalf of the Council for these purposes.
 - 6.4.2 To note that it is proposed that there is one public consultation exercise co-ordinated by the Combined Authority, and to authorise Kirklees Council’s Chief Executive to lead on this consultation exercise in relation to the Kirklees area; And following this a summary of consultation responses to be reported back to the Cabinet/Council to approve and/or endorse before the Scheme is submitted to the Secretary of State.
- 6.5 To note the provisional timetable set out in Appendix 4 to this report and the next steps including, if appropriate, the submission of a summary of the consultation to the Secretary of State by the end of July 2020 so that a Mayoral Combined Authority model and associated changes may be adopted and implemented by May 2021 as set out in the Deal.

- 6.6 To delegate authority to the Chief Executive, in consultation with the Leader, and the Service Director, Legal, Governance & Commissioning to take any action and decisions necessary, which would ordinarily fall to be taken by the Cabinet, to ensure progress of the required statutory process and procedural steps for the timely progress of the Deal. That authority to be exercised only in extremis should there be disruption/cancellation of decision making Cabinets/Council meetings but excluding authority to take the decision to give required consent to an Order.

Reasons

Each constituent council member of the West Yorkshire Combined Authority is seeking authority to commence a joint Statutory Review and subject to the outcome of that to prepare a draft Scheme and to enable formal public consultation with stakeholders on that Scheme.

7. Cabinet Portfolio Holder's recommendations

- 7.1 The Leader of the Council supports the recommendations at Paragraph 6 above and notes that the "minded to" West Yorkshire Devolution Deal agreed on 11 March 2020 will support his vision to secure additional investment and opportunities for Kirklees and to take decisions affecting our communities within the region.
- 7.2 The Leader thanks all Kirklees councillors from across different parties in working together with us on this to deliver such a ground-breaking deal for West Yorkshire. Along with other West Yorkshire authorities, there will be an opportunity for Full Council to comment on the devolution arrangements in forthcoming meetings.

8. Appendices

Appendix 1 – Deal

Appendix 2 – Key features of a Mayoral Combined Authority

Appendix 3 – Proposed process

Appendix 4 – Timeline

9. Contact officer

Julie Muscroft – Service Director, Legal Governance and Commissioning – julie.muscroft@kirklees.gov.uk – 01484 221000

Kate McNicholas – Head of Policy, Partnerships and Corporate Planning – kate.mcnicholas@kirklees.gov.uk – 01484 221000

10. Background Papers and History of Decisions

There are no background documents referenced in this report.

11. Service Director responsible

Jacqui Gedman – Chief Executive –

jacqui.gedman@kirklees.gov.uk – 01484 221000

West Yorkshire Devolution Deal

Subject to ratification of the deal by all partners and the statutory requirements referred to within this document, including the consent of all councils affected and parliamentary approval of the secondary legislation implementing the provisions of this Deal.



Signature page



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The Rt Hon Rishi Sunak MP
Chancellor of the Exchequer



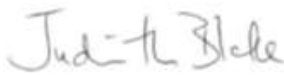
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Simon Clarke MP
Minister of State at the Ministry of
Housing, Communities and Local
Government



.....
Cllr Shabir Pandor
Leader of Kirklees Council



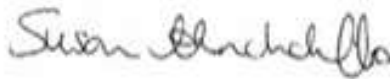
.....
Cllr Denise Jeffery
Leader of Wakefield Council



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Cllr Judith Blake
Leader of Leeds Council



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Cllr Tim Swift
Leader of Calderdale Council



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Cllr Susan Hinchcliffe
Leader of Bradford Council and Chair of
the West Yorkshire Combined Authority

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Introduction

- 1) This document sets out the terms of a proposed agreement for a Devolution Deal between the government and the Local Authorities of West Yorkshire, comprising Bradford, Calderdale, Kirklees, Leeds, and Wakefield Councils, and the West Yorkshire Combined Authority. This agreement is subject to ratification by those Councils and the Combined Authority, and to the statutory requirements for making the secondary legislation implementing the provisions of the Deal. These statutory requirements include those Councils and the West Yorkshire Combined Authority consenting to the legislation and Parliament approving it. Once that legislation is made the Devolution Deal will be confirmed.
- 2) The deal will devolve a range of powers and responsibilities to the West Yorkshire Combined Authority, supporting the region to drive economic growth and prosperity within its communities and across the North of England. It will build upon the area's history of collaboration to maximise this investment and increase its contribution to national economies.
- 3) Through partnership, West Yorkshire is determined to unleash its full economic potential and in doing so raise living standards for its communities and make a full contribution to the UK economy. The Local Authorities of the West Yorkshire Combined Authority and Government have agreed an initial devolution deal which will provide powers and funding to enable the region to make progress as a significant step forward towards achieving that ambition.
- 4) West Yorkshire is strongest when it works together to deliver for all its communities. Its partnership has grown and strengthened over more than a decade, from the Leeds City Region Leaders Board to the West Yorkshire Combined Authority working with the Leeds City Region Local Enterprise Partnership (LEP).
- 5) The West Yorkshire Councils and Leeds City Region LEP secured the area's City Deal in 2012 and a £1bn Growth Deal in July 2014. This success has enabled the City Region to make a strong start:
 - bringing close to £3 billion public and private sector investment into the region to boost growth and jobs
 - set to create 20,600 jobs and add £2.1 billion a year to the economy by 2031
 - putting in place a £1 billion package of transport investment to upgrade transport links, making it easier for people and businesses to get around
 - helping 4,800 businesses to grow since 2011, unlocking close to half a billion pounds of private sector investment
 - creating over 4,300 work opportunities for young people aged 16-24, including 3,837 apprenticeships adding an expected £1.4 billion to the economy by 2020 as a result of work over the past four years.

- 6) West Yorkshire's ambition is to go much further to address historic and emerging challenges, including the need to improve air quality and tackle the climate emergency.
- 7) With a population of over 2.3 million people and a GVA of over £55bn p.a., West Yorkshire offers enormous potential. Sizeable parts of West Yorkshire enjoy a great quality of life, good wages, and lower living and housing costs, and for many the region is a great place to live, work, visit and invest. But substantial long-term investment and greater powers are needed, to tackle the challenges facing the region, and to harness its huge economic opportunity for the benefit of people in the region and for the whole UK.
- 8) The West Yorkshire deal will unlock significant long-term funding and give the region greater freedom to decide how best to meet local needs and create new opportunity for the people who live and work there. This agreement is the first step in a process of further devolution. The Government will continue to work with West Yorkshire on important areas of public service reform and infrastructure investment, to support inclusive economic growth in towns, cities and rural areas whilst tackling the climate emergency.
- 9) The forthcoming Leeds City Region Strategic Economic Framework, which includes the Local Industrial Strategy, will set out a robust evidence base and shared long-term priorities for boosting productivity, tackling the climate emergency and enabling inclusive growth. This will inform how West Yorkshire uses these significant new powers and responsibilities to maximise their long-term contribution to regional and national prosperity.
- 10) As a Mayoral Combined Authority, West Yorkshire will have an important role and voice across the Northern Powerhouse, and will be a key partner of central government to drive regional growth and productivity, joining the existing Mayoral Combined Authorities and engaging with Government as a Mayoral Combined Authority from the date of this deal – 11 March 2020.

Summary of the devolution deal between the Government and the Local Authorities of West Yorkshire, comprising Bradford, Calderdale, Kirklees, Leeds and Wakefield Councils and the West Yorkshire Combined Authority (collectively “West Yorkshire”)

The Government and West Yorkshire are minded to agree an ambitious devolution deal which will provide the area with significant new powers and funding to increase opportunities and living standards through inclusive growth and productivity improvements. A devolution agreement is contingent upon West Yorkshire proceeding through the steps necessary to establish the new Mayoral Combined Authority.

This devolution agreement includes:

- A new, directly elected West Yorkshire Mayor, acting as Chair to the West Yorkshire Combined Authority.
- Control of a £38 million per year allocation of gainshare investment funding over 30 years (25% capital, 75% revenue), to be invested by the West Yorkshire Combined Authority to drive growth and take forward its priorities.
- A five-year integrated transport settlement starting in 2022/23 and exploring the case for West Yorkshire Mass Transit.
- New powers on transport, including bus franchising and control of a Key Route Network.
- Devolution of Adult Education powers and the Adult Education Budget to allow West Yorkshire to shape local skills provision to respond to local needs.
- £317 million from the Transforming Cities Fund, with flexibilities on spend.
- A £25 million Heritage Fund to support the British Library in establishing a potential ‘British Library North’.
- New powers on housing and planning, including statutory spatial planning, compulsory purchase and Mayoral Development Corporations.
- £3.2m to support the development of a pipeline of housing sites across West Yorkshire, with a Strategic Place Partnership with Homes England and the opportunity to bid into a new £400m Brownfield Fund.
- Up to £500,000 for the Bradford Station Masterplan and funding for the next stage of development of the Outline Business Case for Leeds station redevelopment.
- £75,000 for a West Yorkshire Local Digital Skills Partnership, subject to approval of a local proposal.
- £101 million Government funding for West Yorkshire flood risk management schemes, with an ongoing partnership with the Environment Agency on identifying and addressing flood risk management requirements in West Yorkshire.
- A West Yorkshire pilot of emerging green infrastructure benchmarks.
- Agreement to work towards the transfer of Police & Crime Commissioner functions to the Mayor, with a view to electing the first Mayor with these functions in 2024.
- Commitment to working in partnership to explore an “Act Early” Health Institute.
- Strengthened collaboration and partnership with Government, particularly: the Ministry for Housing, Communities and Local Government; HM Treasury; Department for Education; the Department for Work and Pensions; the Department for Business, Energy and Industrial Strategy and its agencies UKRI and Innovate UK; the Department for International Trade; and the Department for Culture, Media and Sport, on West Yorkshire’s ambitions on local growth, skills, education, employment, decarbonisation, innovation, business growth, trade, digital and culture, as well as consideration of how West Yorkshire can go further on devolution.

More detail on these commitments is given in the main body of the document below.

The Deal will support delivery of the Leeds City Region Local Industrial Strategy and the wider Strategic Economic Framework for the region. Further powers may be agreed over time and included in future legislation.

Governance

- 11) West Yorkshire has already taken bold steps in securing effective and accountable governance arrangements. The Leeds City Region LEP was part of the first wave of LEPs established in 2010 and, in recognition of the City Region's extraordinary growth potential, secured in July 2014 the country's largest Growth Deal. As part of the city deals process, the West Yorkshire Combined Authority was created in April 2014, with Bradford, Calderdale, Kirklees, Leeds and Wakefield as constituent councils, and the City of York Council as a non-constituent council. The Chair of the Leeds City Region LEP is also appointed to the Combined Authority.
- 12) A key advantage of the Mayoral Combined Authority model is its joint governance arrangements for key growth levers such as transport, skills, economic development and regeneration, which allow for strategic prioritisation across its area and integrated policy development. In addition, a directly elected Mayor provides greater local accountability and decision-making power, working in partnership with the Combined Authority and constituent councils.
- 13) As part of this agreement, West Yorkshire will adopt the model of a directly elected Mayor over the Combined Authority's area, with the first Mayoral election in May 2021. The new Mayor will be elected by the local government electors for the areas of the constituent councils of the Combined Authority – Bradford, Calderdale, Kirklees, Leeds and Wakefield. The Mayor will have an initial three-year term. From 2024, Mayoral terms will last four years.
- 14) The West Yorkshire Combined Authority will comprise the following members:

Voting members:

 - the elected Mayor
 - five elected members, one appointed by each of the five constituent councils
 - three elected members agreed by the constituent councils to reflect the balance of political parties across the Combined Authority area.

In addition there will be:

 - an elected member appointed by the City of York Council (which will remain a non-constituent member of the West Yorkshire Combined Authority)
 - the Chair of the Leeds City Region LEP

These members will be non-voting unless the Combined Authority resolves to give them a vote on any issues.
- 15) The West Yorkshire Combined Authority will explore opportunities for further collaboration with its neighbouring councils, including Harrogate, Craven, Selby, York and North Yorkshire County Council, and across the whole of Yorkshire through the Yorkshire Leaders Board. York will remain as a non-constituent member and the Mayoral Combined Authority may invite representatives from other partner councils to attend (and speak) at any Mayoral Combined Authority meeting.

- 16) The Mayor and the other Combined Authority members will be required to work together. Specifically:
- The Mayor will provide overall leadership and chair Combined Authority meetings;
 - The Mayor may choose to delegate function(s) to members of the Combined Authority. Where this is the case the member to which a specific Mayoral function has been delegated will exercise that function on behalf of the Mayor;
 - More generally, members of the Combined Authority may also act to support and advise the Mayor in the exercise of Mayoral functions;
 - The Mayor may appoint one person as the Mayor's political adviser;
 - The Combined Authority may establish an independent remuneration panel to recommend allowances payable to the Mayor.
- 17) Functions contained in this deal document will be devolved to the Mayoral Combined Authority by the Government. Some of these functions will be exercisable by the Mayor and some by the Combined Authority. Where these functions are local authority functions they will be held concurrently with the local authorities in the area to ensure joined up decision making. Arrangements for the concurrent exercise of the functions will be a matter for agreement between the Combined Authority and the constituent councils.
- 18) The West Yorkshire Combined Authority will retain its current powers in relation to economic development, regeneration and transport functions (with the Mayor taking responsibility for preparing the transport plan and strategies). Working with the Mayor, these will be strengthened with additional powers as set out in legislation:
- Finance – power to borrow up to an agreed cap for non-transport functions
 - Adult education and skills functions
 - Economic development – duty to prepare an assessment of economic conditions
 - Housing functions relating to compulsory purchase (subject to the consent of the constituent council affected by the exercise of the function), plus provision of housing and land, land acquisition and disposal, and development and regeneration of land
 - Transport powers to set up and coordinate a Key Route Network on behalf of the Mayor (unless otherwise agreed locally, all operational responsibility for Key Route Network roads will remain with the constituent councils)
 - Powers to collect contributions from utility companies for diversionary works needed as a result of highways works carried out on the Key Route Network
 - Powers to operate a permit scheme designed to control the carrying out of works on the Key Route Network
 - The Combined Authority will be able to seek consent to raise a Strategic Infrastructure Tariff

- 19) The directly elected Mayor for the West Yorkshire Combined Authority will autonomously exercise their new functions with personal accountability to the electorate, devolved from central Government and set out in legislation. These functions will be:
- The functional power of competence
 - Housing and planning
 - i. Statutory spatial planning powers to produce a spatial development strategy; exercisable with the unanimous consent of the constituent authorities (see consent requirements below)
 - ii. Power to designate a Mayoral Development Area and then set up a Mayoral Development Corporation (see consent requirements below)
 - iii. Housing and land acquisition powers (see consent requirements below) to support housing, regeneration, infrastructure and community development and wellbeing.
 - Finance:
 - i. Power for the Mayor to set a precept on council tax to fund Mayoral functions (resulting from the setting of the Mayoral budget as set out below),
 - ii. Power to charge business rate supplement (subject to ballot)
 - Transport
 - iv. Power to draw up a local transport plan and strategies (The Combined Authority will be able to amend the Mayor's transport strategy if a majority of members agree to do so)
 - v. Power to request local regulations requiring large fuel retailers to provide Electric Vehicle charging points
 - vi. Bus franchising powers
 - vii. Ability to pay grants to bus service operators
 - Police and Crime Commissioner functions from the Mayoral election in 2024.
- 20) No constituent council functions are being removed from those councils. Where existing functions or resources currently held by the constituent authorities are to be shared with the Mayor and the Combined Authority, this must be agreed by the constituent councils. The Combined Authority may exercise functions in relation to its area and may exercise functions outside its area, subject to and in accordance with statutory provisions.
- 21) Proposals for decision by the Combined Authority may be put forward by the Mayor or any Combined Authority Member. The Mayor will have one vote as will other voting members of the Combined Authority. Any questions that are to be decided by the Combined Authority are to be decided by a simple majority of the members present and voting, unless otherwise provided for in legislation. Where the decision relates to a new function which the Combined Authority acquires pursuant to the deal, or where required by the Authority's constitution, that majority must include the vote of the Mayor.

- 22) In addition, for the following decisions the majority of members must include the consent of three of the five members for the constituent councils (but not that of the three additional constituent council members appointed for political balance):
- Approving the Combined Authority's budget (excluding decisions which relate to the Mayor's budget)
 - Setting a levy
- 23) The Mayor will be required to consult the Combined Authority on her/his/their strategies, and this will be subject to the following specific conditions:
- The spatial development strategy will require the consent of the members for each of the five constituent councils (but not that of the three additional constituent council members appointed for political balance)
 - The Combined Authority will be able to amend the Mayor's budget if five eighths of the members agree to do so;
 - The Combined Authority will be able to amend the Mayor's transport strategy if a majority of members agree to do so.
- 24) The following decisions by the Mayor will require the consent of the Combined Authority member (but not the member appointed for political balance), or substitute member acting in that member's place, appointed by the constituent council in whose area the decision will apply:
- the designation of any area of land as a Mayoral development area leading to the establishment, by order, of a Corporation (the consent of the relevant national park authority is also required if the land falls within the designated national park area);
 - the compulsory purchase of land or buildings by the Mayor;
 - any decision that could lead to a financial liability falling directly upon that constituent council; and
 - such other matters as may be contained in the Combined Authority constitution and agreed with the Mayor.
- 25) The Mayor and the Combined Authority will be scrutinised and held to account by the Combined Authority's Overview and Scrutiny Committee(s). The Overview and Scrutiny arrangements currently established for the Combined Authority will be retained, subject to any amendments required to reflect the introduction of the Mayor and any new statutory provisions. The Mayor and the Combined Authority may also seek to enhance scrutiny and develop wider conference with all elected members in the Combined Authority's area to engage on key issues.
- 26) The West Yorkshire Combined Authority Mayor will also be on the board of the LEP, alongside local authority representatives appointed by the constituent councils of the West Yorkshire Combined Authority, recognising the importance of the private sector in delivering West Yorkshire's growth strategies.
- 27) Economic growth is a shared endeavour and is vital in delivering a successful Northern Powerhouse. The Mayor, Combined Authority and LEP will continue to work very closely with the Government for the benefit of the public.
- 28) The West Yorkshire Combined Authority and the LEP commit to working with partners across the North of England to promote opportunities for pan-Northern

collaboration, including the Yorkshire Leaders Board, Transport for the North and the NP11, to drive productivity and build the Northern Powerhouse.

- 29) The proposals in this devolution deal are subject to ratification by each constituent council and the Combined Authority. The implementation of the deal will require consultation with local communities and business on the proposals. Implementation is also subject to the Secretary of State for the Ministry of Housing, Communities and Local Government being satisfied that the required statutory tests have been met, the consent of each constituent council and the Combined Authority and parliamentary approval of the required secondary legislation.

Finance and Investment

- 30) The West Yorkshire Combined Authority will create a fully devolved funding programme covering all budgets for devolved functions (“West Yorkshire Investment Fund”), accountable to West Yorkshire Combined Authority.
- 31) The joint ambition will be to give the West Yorkshire Combined Authority a Single Pot to invest in its economic growth. This pot will comprise a flexible, multi-year settlement providing the West Yorkshire Combined Authority the freedom to deliver its growth priorities, including the ability to re-direct funding to reflect changing priorities, whilst upholding its statutory duties.
- 32) The West Yorkshire Combined Authority will develop a robust Single Pot Assurance Framework, in line with national guidance, to be signed off by the Ministry of Housing, Communities and Local Government (MHCLG) Accounting Officer prior to funding being released. Within this Assurance Framework, West Yorkshire Combined Authority will demonstrate an objective means with which to assess interventions and programme design so that these are aligned to their balanced economic outcomes for the area.
- 33) The West Yorkshire Combined Authority will use the West Yorkshire Investment Fund to deliver a programme of transformational long-term investment. Government agrees to allocate £38m per annum for 30 years (25% capital and 75% revenue) which will form part of the West Yorkshire Investment Fund. This will be subject to five-yearly gateway assessments to confirm that the investment has contributed to economic growth. Once the Order is made establishing a Mayoral Combined Authority and the Combined Authority has its Assurance Framework signed off, the Combined Authority may have access to the Investment Fund prior to Mayoral Elections, subject to the agreement with Government of suitable caps.
- 34) The West Yorkshire Combined Authority will have the flexibility to secure substantial private and public sector leverage. The Combined Authority will also be able to use capital receipts from asset sales as revenue funding for public service transformational initiatives.
- 35) The West Yorkshire Combined Authority will be given powers to borrow for its new functions, which will allow it to invest in economically productive infrastructure, subject to an agreed cap with HM Treasury. The Combined Authority will agree overall debt limits with HM Treasury, and update HM Treasury about any deviation from its underlying borrowing plans in order to support HM Treasury in its duty to monitor and forecast changes in the fiscal aggregates. The West Yorkshire Combined Authority will also provide information, explanation and assistance to support the Office for Budget Responsibility in its duty to produce economic and fiscal forecasts for the UK economy.
- 36) The costs of the Mayoral Combined Authority will be met from within the overall resources of the Combined Authority. To support the Mayoral Combined Authority in its early stages, Government will provide £250,000 in Mayoral Capacity Funding in 2020/21, once the establishing legislation is made and the Assurance Framework agreed with Government. Any future Mayoral Capacity Funding will be subject to decisions at the Spending Review, in line with arrangements made for other Mayoral Combined Authorities.
- 37) The Mayor will have the power to set a precept on local council tax bills to help pay for the Mayor’s work. This precept can only be raised for Mayoral functions.

- 38) The Mayor will have the power to introduce a supplement on business rates for expenditure on a project or projects that will promote economic development in the area, subject to a ballot of affected businesses.
- 39) The West Yorkshire Combined Authority will be able to seek consent to raise a Strategic Infrastructure Tariff. This would allow the Combined Authority to raise funding for strategic infrastructure and would operate alongside any local forms of developer contributions.
- 40) In addition to the funding provided in this deal, and in recognition of the ambitions for closer collaboration across Yorkshire reflecting the Yorkshire brand and its cultural heritage, Government will provide £200,000 in 2020/21 to support the establishment of a Yorkshire Leaders' Board, as a practical step for facilitating greater collaboration on a Yorkshire-wide basis. This is in the context of the Government continuing to work with areas to achieve its ambitions to secure devolution deals for the whole of Yorkshire, and exploring future opportunities with the Leaders Board.

Transport

- 41) A new, directly elected West Yorkshire Mayor and the West Yorkshire Combined Authority will exercise the following powers and functions devolved from central government.

Consolidated transport budget

- 42) The Mayor will be responsible for a devolved and consolidated local transport budget for the area of the West Yorkshire Combined Authority, including all relevant devolved highways funding.

Transforming Cities Fund

- 43) The Government will provide the West Yorkshire Combined Authority with an allocation of £317m from the Transforming Cities Fund to progress all schemes within their 'Low' scenario. In line with flexibility provided to other Mayoral Combined Authorities, West Yorkshire Combined Authority will have scope to prioritise investments above this level. They will also have the ability to assure all Transforming Cities Fund schemes locally irrespective of cost. This builds on the Government's ongoing £173.5m investment in the Leeds Public Transport Improvement Programme.

Transport settlement

- 44) The Government is committing to a five-year, integrated transport settlement with West Yorkshire Combined Authority starting in 2022/23 from a wider £4.2bn envelope. As part of the process of agreeing this settlement, the Government commits to working with the West Yorkshire Combined Authority to explore the case and options for funding Transforming Cities Fund schemes in its core and high scenarios, and a modern, low-carbon West Yorkshire Mass Transit System. Further details on the process for agreeing these settlements will be set out in due course. Resource funding for areas, including West Yorkshire Combined Authority, to support and prepare for these settlements will be considered at Spending Review.

Roads

- 45) The Mayor and the West Yorkshire Combined Authority will take on highways powers to set up and coordinate a Key Route Network on behalf of the Mayor, building on the existing Key Route Network of local roads. The strategy for the Key Route Network will be developed, agreed and coordinated by the Combined Authority on behalf of the Mayor.
- 46) In partnership with constituent authorities, the Combined Authority and the Mayor will develop a single strategic asset management plan, and where practical, work towards streamlined contractual and delivery arrangements across the city region. Unless otherwise agreed locally, all operational responsibility for highways will remain with the constituent Councils.
- 47) West Yorkshire constituent authorities are able to issue permit schemes to manage disruption. New permit schemes across all roads went live in March 2020. By taking on powers over local roads held concurrently with constituent authorities, the Combined Authority will also be able to issue permit schemes to manage disruption, and bid to the

Secretary of State for Transport to seek approval to operate a lane rental scheme, including seeking contributions from utility companies through lane rental, subject to the Combined Authority making a request to the Secretary of State for Transport. The Combined Authority may exercise this power to create an updated lane rental scheme as needed, subject to Secretary of State agreement.

- 48) The West Yorkshire Combined Authority has requested powers relating to moving traffic offences. The Secretary of State has indicated that this year he will consider the issue of implementing Part 6 of the Traffic Management Act 2004 for authorities outside London. In addition, the Government welcomes the city-region's investment in a centralised Urban Traffic Management Control system to improve the resilience and reliability of its key route network and will discuss further opportunities for investment in the context of the Spending Review.
- 49) The West Yorkshire Combined Authority will also be able to enter into agreements with Government, other Local Authorities and Highways England, including to determine shared priorities for its strategic and key road networks.
- 50) Through the Automated and Electric Vehicles Act, the Mayor will have the power to request from the Secretary of State local regulations requiring large fuel retailers to provide Electric Vehicle charging points within the Combined Authority area.
- 51) Government recognises the importance of good links to the motorway network to the economy of West Yorkshire, and will work with the Combined Authority and Local Highways Authorities on the implementation of RIS2 and the development of RIS3, including support for those projects on the strategic road network that help deliver and mitigate the impacts of strategic site allocations as identified in Local Plans. This will include considering any case that the city region may bring forward for de-trunking part or all of the M606 and M621, or exploring alternative ways in which management of these roads can be made more responsive to local priorities. It will also include a shared agreement with Highways England on the timeliness of planning application decisions as the region continues to grow and sees investment in housing and employment sites.

Buses

- 52) Government is committed to delivering improved bus services across the country. It is providing over £200m in 2020/21 and has committed £5bn for buses and cycling over the course of the Parliament. It will publish a national bus strategy in due course.
- 53) As a Mayoral Combined Authority, the West Yorkshire Mayor has access to franchising powers in the Bus Services Act 2017. This will provide the opportunity to develop high-quality bus services as part of an integrated local transport system and help to facilitate the delivery of smart, simple integrated ticketing across all local modes of transport in the city region. West Yorkshire will continue to work with relevant partners – Transport for the North, bus and rail operators and the Department for Transport – to realise this ambition.
- 54) Government will consider the making of relevant regulations to facilitate the transfer of bus functions and funding through the Bus Service Operator Grant to the Mayor, should these regulations be sought in future, subject to approval of a business case.

Rail

- 55) Government will work in partnership with the West Yorkshire Combined Authority so that their priorities can be taken into consideration in future decisions on their commuter network. These priorities will need to be coordinated and compatible with surrounding areas and national priorities.
- 56) Government recognises the region's ambitions for further devolved powers. This issue is being considered by the ongoing Williams Review of Rail.
- 57) Government recognises the aspirations of West Yorkshire for the redevelopment of Leeds station and is working closely with Leeds City Council and the Combined Authority to take forward improvements both in track and services and in the station's accessibility and environment. Subject to endorsement of the Leeds Existing Station Programme Strategic Business Case, funding will be provided to take forward the next stage of development of the Outline Business Case.
- 58) Government also recognises the aspirations of West Yorkshire in relation to Northern Powerhouse Rail and HS2. It will continue to work with the West Yorkshire Combined Authority in seeking to align major rail investment with existing stations and services in the city region. Government commits to providing funding of up to £500,000 to support Bradford's master planning work to explore the regeneration opportunities of potential NPR services. Government will make £100,000 immediately available to fund the first phase of work.

Active Travel

- 59) As mentioned above, the region is developing a transport pipeline and a key part of this will be to include how the region can meet its carbon targets. A major component of this will be a focus on sustainable transport schemes. The West Yorkshire Combined Authority commits to: prioritising investment in the cycling and walking networks identified through relevant Local Cycling and Walking Infrastructure Plans (LCWIPs) and partner council's own cycling and walking strategies, and to follow the latest Department for Transport cycle infrastructure design guidance [LTN2/08 successor], where practical, for all future cycling and walking schemes to deliver a step-change in high-quality active travel provision in the city region. Government recognises that local schemes can be innovative and push the boundaries of best practice and recognises the Combined Authority's role leading innovation in highways and street design beyond guidance. Government will work with the Combined Authority on options for greater local autonomy in implementing measures within existing legislation and consider options for potential changes to enforcement powers.

Skills and Employment

Adult Education

- 60) The Government will fully devolve the Adult Education Budget (AEB) to the West Yorkshire Combined Authority from academic year 2021/22 subject to readiness conditions and successful passage through Parliament. These arrangements do not cover apprenticeships or traineeships, even though the latter is funded through the AEB.
- 61) Prior to full devolution taking place the Government will work with West Yorkshire to support their preparations for taking on the relevant functions.
- 62) Upon devolution the West Yorkshire Combined Authority will be responsible for making allocations to providers and the outcomes to be achieved, consistent with statutory entitlements. The Government will not seek to second guess these decisions, but it will set proportionate requirements about outcome information to be collected in order to allow students to make informed choices.
- 63) The Government will consult with the West Yorkshire Combined Authority on any proposed changes to a funding formula for calculating the size of the grant to be paid to the combined authority for the purpose of exercising the devolved functions.
- 64) In order to proceed with devolution the Government needs to be assured of the following readiness conditions:
 - a. The Secretary of State for Education and appropriate accounting officer are assured that the West Yorkshire Combined Authority is operationally ready to administer the adult education budget and is satisfied the required statutory tests have been met
 - b. Parliament has legislated to enable transfer to the West Yorkshire Combined Authority of the current statutory duties on the Secretary of State to secure appropriate facilities for further education for adults from this budget and for provision to be free in certain circumstances
 - c. Agreement to a memorandum of understanding between the Department for Education and the West Yorkshire Combined Authority that provides appropriate assurance that the named parties will work together to ensure the future financial stability of the provider base, including for sharing financial risk and managing provider failure.
 - d. Learner protection arrangements are agreed between parties.
- 65) Following on from the development of the first part of the National Retraining Scheme, Get Help to Retrain, which was rolled out to West Yorkshire in 2019, Government is committed to remain engaged with West Yorkshire to ensure the scheme continues to develop to meet the needs of those who will use it in the local area. In addition, Government will seek views from areas across the country, including from West Yorkshire, on the development of the National Skills Fund to ensure that it effectively helps local people to respond to the changing labour market.

Skills and Education

- 66) The West Yorkshire Combined Authority is currently supporting the Future-Ready Skills Commission which is focusing on post 16-education through to adult skills and career development. Government agrees to consider the findings of this work and engage with the Combined Authority on emerging priorities; for example, via the MCA/GLA Advisory Group.
- 67) Local planning and co-ordination of the skills system is essential to support the delivery of provision that meets the needs of local people and local employers. The West Yorkshire Combined Authority is already working to support providers to deliver on strategic local priorities through the locally established programme of Delivery Agreements.
- 68) The Government recognises the role that the LEP's Employment and Skills Panel (Skills Advisory Panel) will continue to play in bringing together local providers and employers to pool knowledge on skills and labour market needs, and to work together to understand and address key local challenges; and will continue to support the Employment and Skills Panel including funding in the financial year 2020/21 so that they can continue to build their analytical capability sustainably.
- 69) The Government also recognises the important role that the West Yorkshire Combined Authority has to play across the post-16 skills policy agenda to support the ongoing reform to the technical education system across the country – including through the introduction of T-Levels and the National Skills Fund. The Government will work with the West Yorkshire Combined Authority to explore opportunities for alignment of local and national programmes.
- 70) The Government will work with West Yorkshire to ensure that local priorities shape the provision of local careers advice, through direct involvement and collaboration with the Government in the design of local careers and enterprise provision for all ages, including through further collaboration on the work of the Careers and Enterprise Company and the National Careers Service.
- 71) The West Yorkshire Combined Authority and Government will work together to maximise investment in apprenticeships and promote the benefits of apprenticeships to employers. The Government will support West Yorkshire to convene employers so they can increase the number of apprenticeships available in the Combined Authority area, including via levy transfers.
- 72) The Government recognises the vital role that local Further Education (FE) institutions play in providing skills for people from across the region. Government recognises that further investment is needed in these institutions to ensure that the facilities are up to a standard that will allow providers to deliver on the ambition to create a world leading technical education offer in this country. The Government is committed to providing the investment that is needed into FE colleges and will seek to target this investment into the areas where it is most required to deliver quality further education.

Employment

- 73) The Government recognises the need to ensure that various groups across West Yorkshire facing challenges in accessing and progressing in the labour market have access to appropriate support. There are a number of groups across the region that are

underrepresented in the labour market, including women, people from BAME groups, and those with a disability or health condition. West Yorkshire and Government will continue to work together to prioritise support for these groups including through ongoing engagement with local Jobcentre Plus. The Government and the region will also work together to better target support for these groups by understanding and utilising the analysis provided to the Skills Advisory Panel alongside the ongoing local work on the development of the Leeds City Region Inclusive Growth Framework.

- 74) As part of the development of the Leeds City Region Local Industrial Strategy Government is committed to working with the region on strategic priorities in relation to people including how to provide the targeted support needed for people who are furthest away from the labour market, and those in low pay who need support to stay in work and progress.

Innovation

- 75) Innovate UK will work in partnership with the West Yorkshire Combined Authority to:
- Drive improved outcomes from the public investment into innovation, through better alignment of national and local strategies to leverage the benefits of co-investment or parallel investment to accelerate the path to impact. Government will work with West Yorkshire stakeholders to ensure they are aware of and considering national programmes and priorities, and that Innovate UK is aware of and considering regional capabilities and investments.
 - Ensure that companies with the ambition and potential to grow and scale are supported. Government will work in partnership with business-facing networks and develop strategic relationships with the Leeds City Region LEP to better reach those SME businesses who would benefit from Innovate UK support.
 - Increase insight and awareness within Innovate UK of West Yorkshire research and innovation capabilities identified through the Local Industrial Strategy.
- 76) The West Yorkshire Combined Authority and Government will establish the West Yorkshire Innovation network through the Connecting Innovation programme. This network will provide a dual-hub for the community of innovative entrepreneurs, start-ups and SMEs in the West Yorkshire ecosystem. This dual-hub will be anchored through a physical presence at the NEXUS Innovation centre (University of Leeds) and the 3M Buckley Innovation Centre (University of Huddersfield) initially, with further regional opportunities to be explored in the future. This network will bring together business support services from the Leeds Growth Hub, local Universities and the Innovate UK 'family' (including Knowledge Transfer Network, Enterprise Europe Network and Catapult network). Activities will be supported through regular 1-2-1 meetings, drop-in surgeries and workshops for our innovation community and in order to raise aspirations and improve the chances of success, for our businesses competing for UK Research and Innovation (UKRI) funding.
- 77) Innovate UK, the Department for Business, Energy and Industrial Strategy (BEIS) and UKRI will work closely with the West Yorkshire Combined Authority and the Leeds City Region LEP to support development of the Local Industrial Strategy, particularly building on local strengths in health tech and data analytics and on the existing MoU with Innovate UK. This will:
- Improve data sharing and referrals:
 - Develop improved business intelligence to better target the right support at businesses with the potential to grow
 - Mechanisms will be explored, and, where possible, established for Innovate UK to share details of businesses who have applied for Innovate UK funding with the LEP
 - Marketing and promotion:
 - Co-designing and delivering targeted local events and workshops to support business led innovation
 - Access to expertise:

- Innovate UK will provide expert opinion on value for money into local investment decisions
 - Recognise the Leeds City Region 'Connecting Innovation' programme as a primary gateway for joined up innovation support in the region
 - Better understand, facilitate and coordinate existing local private sector networks and explore opportunities for the private sector to take a more central role in innovation support
 - Developing co-investment opportunities
 - Regular Innovate UK senior management roundtable discussions with the West Yorkshire Mayor's Office
 - Drive innovation diffusion, particularly around leadership and management practices and technology adoption for those SMEs with growth potential, through schemes such as Innovate2Succeed
 - Explore opportunities for the region to benefit from future Government funding opportunities
- 78) UKRI will work towards building a stronger regional relationship with West Yorkshire, over and above the existing relationship with Innovate UK.
- 79) BEIS is working with UKRI to develop an ambitious Place Strategy for UK research and development to support the strengths of all parts of the UK. Government will engage with industry, the scientific community and civic organisations across the country to develop this strategy and will engage with West Yorkshire, particularly around the areas of health-tech, data and tackling the climate emergency.
- 80) BEIS commit to working with the West Yorkshire Combined Authority to explore opportunities to build capacity for local SMEs to enable them to access national funding competitions from Innovate UK and others.

Trade and Regional Business Support

- 81) The Department for International Trade (DIT) are committed to working with West Yorkshire and other regions in the North to have a joint plan and working arrangements to 'level up' the North. The exact structure and format of these arrangements will be subject to wider discussion about the governance arrangements around trade and investment activity in the Northern Powerhouse.
- 82) DIT will work with the West Yorkshire Combined Authority to establish an international trade forum which will agree a joint plan and seek to join up activity around key sector and market priorities across West Yorkshire. The extent to which this will allow additional activity will be subject to the agreement of additional funds for the Northern Powerhouse in the budget.
- 83) Government will ensure West Yorkshire receive an appropriate share of export support through the Northern Powerhouse Enhanced International Trade Adviser (ITA) delivery contract and Internationalisation fund. DIT and the Combined Authority will define and agree metrics to measure the performance of export support delivered in West Yorkshire, and look at options for dedicated ITA resource for the West Yorkshire region, particularly when linked to the mission/campaign activity set out in the joint plan.
- 84) DIT will look to embed International Trade Advisors in growth hubs, where relevant and agreed in devolution deals in 2020/21.
- 85) The joint plan between DIT and the West Yorkshire Combined Authority will ensure there is coherent and effective support for businesses of all sizes and experiences.
- 86) DIT and the West Yorkshire Combined Authority will work more collaboratively specifically on areas such as:
 - National trade initiatives: DIT have a comprehensive programme of nationally delivered initiatives. Market-focused teams in DIT (UK & Overseas) will make best endeavours to ensure that the Combined Authority have early warning of these events and activities to support the delivery of initiatives and the engagement with regional businesses.
 - Regional trade partners: Government will continue to work with Enterprise Growth Solutions as the current export delivery contractors for DIT. This will facilitate influence over the key trade activities they deliver over the coming 12 months and to identify specific activities where Government and the Combined Authority can work in partnership. This will then transition in to developing a strong relationship with the new contractors following the award of the new Enhanced ITA contract, due to commence in 2021.
- 87) DIT and the West Yorkshire Combined Authority will work together in the transition of the new contract for the delivery of the Enhanced International Trade Advisor services across the Northern Powerhouse area. It will be important to build effective joint working arrangements to enable delivery of the plan agreed between the West Yorkshire Combined Authority and DIT.
- 88) DIT will support – but not fund – Mayoral visits which are part of the agreed trade and investment plan. In addition, the Mayor, Combined Authority members and West

Yorkshire business leaders will be invited to join where relevant UK overseas trade missions including Ministerial-led trips.

- 89) As part of the agreed plan between West Yorkshire and DIT, and subject to alignment with wider Northern Powerhouse strategies and national campaigns, DIT will seek to support market plans around China, India and other opportunities arising from Northern Powerhouse insights and alignment with national activity.
- 90) West Yorkshire will develop a fintech initiative with Hangzhou in China. Government will consider how best to support this as part of a Northern Powerhouse-wide programme and the UK Fintech Bridge programme.
- 91) DIT currently set a joint FDI target for the Leeds City Region LEP KAM programme and would work with West Yorkshire if agreed through a forward plan and build effective indicative targets to measure progress. DIT could collaborate to identify a target list of investors suitable for opportunities in the region.
- 92) To promote specific commercial opportunities from across the UK to investors overseas, West Yorkshire will take forward their successful Tissue Regeneration & Wound Care proposition from the HPO programme. The Combined Authority is also invited to submit up to two nominations to participate in Round 2 of the programme.
- 93) DIT and the West Yorkshire Combined Authority will work together to ensure that, where appropriate, the West Yorkshire offer is adequately reflected as part of the overall Northern Powerhouse proposition to international businesses and will consider how the GREAT campaign can support this as part of work to promote Northern Powerhouse opportunities.

Growth Hub

- 94) The Leeds City Region growth hub (Growth Service) is the primary one-stop shop for regional business support. In 2018/19, the Growth Service supported over 3,200 businesses, and has supported over 14,000 since its launch in July 2015. West Yorkshire will continue to develop the regional offer, and work with Government and the private sector to ensure it is effectively joined up with the wider growth hub network and the full range of Government initiatives, such as the Made Smarter programme. This will enable the Growth Hubs to reach an even larger proportion of the region's substantial SME stock and provide more intensive support to fuel productivity growth and improve business resilience.
- 95) West Yorkshire is committed to building on the existing strong working relationships with the other Growth Hubs in Yorkshire and Humber, including via its role leading the regional cluster and by continuing to contribute effectively to both the national and Northern Powerhouse Growth Hub networks. The West Yorkshire Combined Authority recognises the importance of making the national Growth Hub offer more consistent and impactful, and is committed to sharing good practice from its own Growth Service delivery over the last four years.

Made Smarter

- 96) Made Smarter is the UK Industrial Digitalisation programme that aims to boost UK manufacturing productivity through the development and adoption of industrial digital technology. West Yorkshire will work with Government to ensure the region takes best

practice and learning from the North West Made Smarter adoption pilot to maximise impact and build on the local work led by the Leeds City Region Made Smarter Board.

Business growth

- 97) Government will support businesses in West Yorkshire through its national programmes to boost productivity, as launched in the Business Productivity Review. These include peer-to-peer networks to facilitate the sharing of best practice between SME business leaders covering productivity enhancing measures such as people management and technology adoption and access to leadership and management training through the Small Business Leadership Programme.
- 98) As part of the development of the Leeds City Region Local Industrial Strategy Government will continue to work with the region on strategic priorities in relation to Business Support and Ideas, including how to provide targeted support to SMEs and supporting businesses to de-carbonise and promote positive behaviours.

Housing and Planning

Housing

- 99) The West Yorkshire Combined Authority will have broad powers to acquire and dispose of land to build houses, commercial space and infrastructure, for growth and regeneration. They will be able to invest to deliver housing for the area.
- 100) The Mayor will have land assembly and compulsory purchase powers, subject to the agreement of the West Yorkshire Combined Authority member (but not the member appointed for political balance) where the relevant land is located, and to the consent of the Secretary of State for Housing, Communities and Local Government.
- 101) The Mayor will have the power to designate a Mayoral Development Area and to create Mayoral Development Corporations, which will support delivery on strategic sites in the West Yorkshire area. This power may be exercised only with the consent of the Combined Authority member(s) (but not the member(s) appointed for political balance) who represent the area in which the Development Corporation is to be established, and the consent of the National Park Authority, if relevant.
- 102) As a Mayoral Combined Authority with strong spatial planning powers, the West Yorkshire Combined Authority will be eligible to bid for a newly established Brownfield Housing Fund, with a £400m envelope. If successful, this funding will support the Combined Authority in bringing more land into development for delivery of housing on brownfield sites beyond existing local plans.
- 103) The West Yorkshire Combined Authority and Homes England will establish a Strategic Place Partnership to work together to identify and develop key opportunities for housing delivery. Government will, subject to annual reporting, provide £3.2m to the West Yorkshire Combined Authority across 2020/21 and 2021/22 to support development of a pipeline of housing sites across the region. Government will explore the potential for investment into housing propositions that emerge from development of this pipeline, including through the Brownfield Housing Fund and future funding streams.

Planning

- 104) The Mayor will receive strategic planning powers. This will give the Mayor the power to create a statutory Spatial Development Strategy for West Yorkshire. This will coordinate strategic land-use planning with strategic transport planning and provide an ambitious framework to achieve a strategic level change in environmental planning policy to reduce carbon emissions and tackle the climate emergency. The scope and preferred approach to a Spatial Development Strategy is a matter for local agreement, in line with the National Planning Policy Framework. This Spatial Development Strategy will need to be approved by a unanimous vote of the five members of the Combined Authority individually appointed by the constituent authorities. This, along with local plans, will act as the framework for managing planning across West Yorkshire.
- 105) In the context of climate emergency, a Spatial Development Strategy provides the ability to coordinate key strategic policies to tackle pressing issues across local government boundaries, adding significant value compared to relying solely on local plans. The Spatial Development Strategy will set a common strategic vision and provide strategic policies to tackle pressing issues including strategic coordination on

energy policy, regeneration, renewal and retrofitting, modal shift, utilising broadband infrastructure, strategic waste management, flood risk management, developing and enhancing blue and green infrastructure and ensuring policies deliver biodiversity net gains. Ambitions on these priorities will be more effectively achieved when planned for at the cross-boundary level.

Culture, Heritage and Digital

Cultural strategy

- 106) The Government recognises local plans to use culture, creative and tourism sectors to drive inclusive and sustainable growth, and will work with West Yorkshire to support an ambitious local cultural framework that makes the most of the distinctive natural and cultural assets to enhance pride and wellbeing, and develop the local visitor economy, alongside improving talent and investment in the area.
- 107) The Leeds City Region cultural framework has been developed with the cultural agencies, the culture ALBs in the region and local authorities, all of whom will work together to ensure its effective implementation.
- 108) The Government welcomes the focus West Yorkshire is putting on the role of culture on promoting wellbeing and economic growth, and will work in partnership with the region to support the cultural ambitions of the region.

Heritage

- 109) In recognition of West Yorkshire's ambition for the conservation and re-use of heritage buildings, the Government will provide West Yorkshire Combined Authority with £25m to establish a Heritage Fund. This will support the work of Leeds City Council with the British Library on establishing a potential 'British Library North'. The funding will be paid into the West Yorkshire Combined Authority Investment Fund in 2020/21. It is provided by Government on the understanding that the West Yorkshire Combined Authority will provide this funding where needed to enable the British Library to find an appropriate site in Leeds for a British Library of the North.

Digital skills

- 110) The Department for Culture, Media and Sport (DCMS) continues to support the development of Local Digital Skills Partnerships (Local DSPs) in six trailblazer regions which bring together cross-sector partners to design, develop and coordinate the delivery of innovative digital skills programmes to upskill the current workforce, tackle digital inclusion and raise awareness of the importance of digital skills regionally.
- 111) DCMS are in early dialogue with West Yorkshire, firstly, to provide an update on the lessons and experience gained from launching the first six Local Digital Skills Partnerships and the impact they have had so far. Secondly, to progress a West Yorkshire Local DSP informed by learning from the first six DSPs, for which DCMS will provide £75,000 subject to the development and approval of a local proposal.

Digital enterprise

- 112) Recognising the importance of the Digital Enterprise programme to West Yorkshire, Government will work with the area to take best practice from the project and subsequently explore how it might be extended and scaled up going forward.

Climate, Flooding and the Environment

113) Government welcomes West Yorkshire's commitment to becoming a net zero carbon economy by 2038, with significant progress by 2030. Government will continue to develop its partnership with the Combined Authority to support the region's emission reduction ambitions and improve the resilience of businesses and communities facing the impacts of climate change.

Flood risk management

114) Schemes worth at least £101m will be taken forward in West Yorkshire over the course of the six-year programme, as a result of the announcement by the Chancellor at Budget of a £5.2bn envelope.

115) The West Yorkshire Combined Authority and the Yorkshire Regional Flood and Coastal Committee will continue to work with the Environment Agency (EA) to explore and understand the local water and flood management needs of the West Yorkshire area, including Natural Flood Management.

116) The West Yorkshire Combined Authority and the EA have developed a pipeline of schemes for flood resilience and Natural Flood Management in West Yorkshire. Any projects taken forward through this pipeline will be shaped by the involvement of the West Yorkshire Combined Authority, its constituent authorities and Yorkshire RFCC – and their respective investment priorities – working with the EA and local delivery bodies, businesses and community groups.

117) The West Yorkshire Combined Authority and RFCC will also work with the EA to prioritise and direct funding to flood schemes within the region during the next six-year programme within the £5.2bn envelope, within the terms of Defra's partnership funding policy. There will also be close partnership working between the EA and the West Yorkshire Combined Authority to identify and secure new funding for flood defence schemes from within the existing pipeline from a range of public and private sources.

Zero Emission Strategic Infrastructure Investment Framework

118) The region's success in becoming a net zero carbon economy by 2038 will depend on reducing emissions from transport, buildings, industry, power generation and land. West Yorkshire Combined Authority will develop a Zero Emission Strategic Infrastructure Investment Framework for the region, with support from Government, where appropriate, to provide feedback as the concept develops.

119) This framework will provide direction for infrastructure investment priorities and policies, and provide long-term confidence to those wishing to invest in the region. It will provide an evidence base, upon which the region can prioritise and shape investment in infrastructure. It will support the creation of high-quality green and blue infrastructure, high-quality low carbon developments, zero emissions transport infrastructure, and decarbonisation of energy.

Green Infrastructure

120) The West Yorkshire Combined Authority will work with the Government to explore the potential for an innovative Green Infrastructure Standards pilot. This is in line with the Combined Authority's ambitions regarding Green and Blue Infrastructure and the importance of delivering green infrastructure to provide a range of benefits such as improved health, wellbeing, climate change adaptation and mitigation and nature conservation and enhancement. The pilot will use the emerging green infrastructure benchmarks, mapping and design guidance being developed by Defra and Natural England, to help West Yorkshire to become an exemplar of good green infrastructure delivery, benefitting the economy, people and the environment of the city region, and helping to deliver biodiversity net gain and net zero carbon.

Low carbon energy

121) Government recognises the Combined Authority's progress in developing plans to reduce carbon emissions across West Yorkshire. Government agrees to work with West Yorkshire and to support progress on:

- Public sector decarbonisation
- Building retrofit, including addressing fuel poverty
- Heat decarbonisation
- Building the regional capacity to attract investment that helps the region achieve its net zero carbon ambitions.

Public Service Reform

- 122) Government supports West Yorkshire in its ambition for public service reform. Government commits to working with the region to explore initiatives to improve the delivery of public services jointly with its constituent authorities, such as how best to support residents with multiple complex needs. Where appropriate, and as part of its levelling up agenda, Government will also consider devolving further powers to the Combined Authority to support public service reform, in relation to the statutory duties held by its constituent authorities.
- 123) Government commits to working in partnership across Departments and having further discussions with West Yorkshire to explore the feasibility and opportunities around an “Act Early” Health Institute, based in the region. The institute would be a whole system test bed to evaluate the long-term health and economic consequences of early life interventions and build an evidence base on long-term outcomes for children.
- 124) The Government, West Yorkshire Combined Authority and the Police & Crime Commissioner for West Yorkshire will work together with the aim of agreeing a governance model and timetable for transferring the exercise of Police & Crime Commissioner functions to the Mayor, with a view to electing the first Mayor with these functions in 2024.

West Yorkshire's commitments underpinning the Deal

- 125) The West Yorkshire Combined Authority will work with Government to develop a full implementation plan, covering each policy agreed in this Deal, to be completed ahead of implementation. This plan must be approved by Government prior to delivery. Any issues of concern with the subsequent delivery of this Deal will be escalated to Ministers and Leaders to resolve, in keeping with the letter and spirit of devolution.
- 126) The West Yorkshire Combined Authority will be accountable to local people for the successful implementation of the Devolution Deal. Consequently, Government expects West Yorkshire to monitor and evaluate its Deal in order to demonstrate and report on progress. Government will work with the constituent members of the Combined Authority to develop a monitoring and evaluation plan that meets local needs and helps to support future learning, which must be approved by Government prior to delivery. Where relevant, this will include the coordination of metrics, methodologies and areas of focus with other local areas in order to secure the most useful evidence base across the full range of devolution deals.
- 127) The West Yorkshire Combined Authority will be required to evaluate the impact of the West Yorkshire Investment Fund. The Combined Authority and Government will jointly commission an independent assessment of the economic benefits and economic impact of the investments made under the scheme, including whether the projects have been delivered on time and to budget. This assessment will be funded by the Combined Authority, but agreed at the outset with MHCLG and HM Treasury, and will take place every five years. The next five-year tranche of funding will be unlocked if Government is satisfied that the independent assessment shows the investment to have met the objectives and contributed to economic growth. The gateway assessment should be consistent with the HM Treasury Green Book, which sets out the framework for evaluation of all policies and programmes. The assessment should also take into account the latest developments in economic evaluation methodology. Government would expect the assessment to show that the activity funded through the scheme represents better value for money than comparable projects, defined in terms of a Benefit to Cost ratio and considered in the strategic context of local ambitions for inclusive growth across the whole geography.
- 128) As part of the implementation of the deal, the West Yorkshire Combined Authority and Government will agree a process to manage local financial risk relating to the deal provisions.
- 129) Prior to the first Mayoral elections, Government will work with the West Yorkshire Combined Authority to develop and publish a guide to the deal, which will aim to give the public and stakeholders – including Parliament – a clear understanding of: the powers and funding that are being devolved to West Yorkshire; where accountability sits as a result of this deal; and how decisions are made. This is consistent with the guides published for other Mayoral deals (which can be viewed at <https://www.gov.uk/government/publications/devolution-and-mayors-what-does-it-mean>).
- 130) The West Yorkshire Combined Authority and its members will continue to adhere to their public sector equality duties, for both existing and newly devolved responsibilities.

Appendix 2: Key features of a mayoral combined authority

Role of the Mayor

By law, for all mayoral combined authorities:

- the Mayor is Chair of the Combined Authority,
- the Mayor cannot be a constituent Council member- a vacancy arises if Council member is elected as Mayor, and
- the Mayor must appoint a Deputy Mayor to act in their absence.

Functions carried out by the Mayor

A Mayor is responsible for carrying out “mayoral general functions”, on behalf of a mayoral combined authority. These are defined by a bespoke Order for each mayoral combined authority, reflecting the relevant Deal.

A Mayor also has statutory power to exercise bus franchising functions and may (subject to an Order) exercise Police and Crime Commissioner (PCC) functions.

Constraints on the Mayor

An Order may prescribe conditions or limitations on how a Mayor carries out their general functions, such as a requirement that the function is exercised subject to the consent of a relevant local authority.

Decisions made by the Mayor will be subject to overview and scrutiny arrangements, including call-in.

Mayoral decision-making arrangements

Mayoral general functions are exercisable by a Mayor in their individual capacity unless delegated by the Mayor:

- to the Deputy Mayor,
- to another Combined Authority member,
- to a Combined Authority officer,
- to a committee of the Combined Authority - but only where this has been authorised by the Order, or
- under joint arrangements – again, only as authorised by the Order.

Non-Mayoral functions

Any function of a mayoral combined authority for which the Mayor is not accountable, is the responsibility of the mayoral combined authority, (that is, may be discharged collectively by all members of the mayoral combined authority, or delegated to committees or officers).

Appendix 3: Proposed process

Step 1: Statutory review (S111 of the 2009 Act)

The Combined Authority and the five constituent councils must **carry out a review** of any matter in respect of which the Secretary of State may make an Order relating to the constitutional arrangements for, or the transfer of functions to, the Combined Authority. A review may also include any other matter which the Combined Authority can decide itself, without needing an Order.

Step 2: prepare and publish a draft Scheme (S112 (1) of the 2009 Act)

If, further to the review, one or more of the constituent councils or the Combined Authority conclude that the an Order relating to constitutional arrangements or the transfer of functions to the Combined Authority would be likely to improve the exercise of statutory functions in the Combined Authority's area, they may **prepare and publish a Scheme** relating to any such Order. The proposal to adopt a Mayoral model and to transfer other public authority's functions to the Combined Authority would also be set out in the Scheme.

Step 3: Public consultation on the proposals contained in the Scheme

A public consultation exercise is required before the Secretary of State makes an order relating to constitutional arrangements or the transfer of functions to the Combined Authority. It is proposed that the Combined Authority and the constituent councils would jointly carry out a consultation exercise in connection with any Scheme.

Step 4: Submitting consultation responses to the Secretary of State

A **summary of the consultation responses** must be submitted to the Secretary of State with the draft Scheme. When deciding whether to make any Order relating to constitutional arrangements or the transfer of functions, the Secretary of State must consider whether the Order is likely to improve the exercise of statutory functions in the Combined Authority's area. The Secretary of State must also have regard to the need to

- reflect the identities and interests of local communities, and
- secure effective and convenient local government.

Step 5: Consent to a draft Order/regulations

Some aspects of the Deal (for example, the allocation of general functions to the Mayor) require the Combined Authority and the constituent councils to **consent to a draft Order/Regulations**.

Step 6: Secretary of State lays the draft Order/regulations in Parliament

Once required consents are given, the Secretary of State will lay any draft Order/regulations before Parliament for approval.

Appendix 4: timeline

Step	Action/Decision	When – proposed timescales	Who
1	Carry out statutory Review	April - May 2020	Each Constituent Council and the Combined Authority jointly
	Consider Review outcome and resolve: <ul style="list-style-type: none"> that an Order would be likely to improve statutory functions agree Scheme for publication agree to consult public on the Scheme 	May 2020 (estimate 19 – 21 May)	Each Constituent Council, and the Combined Authority
2	Publish Scheme	End May 2020	Constituent Councils and the Combined Authority jointly
3	Consultation exercise	End May 2020 - early July 2020	Constituent Councils and the Combined Authority jointly
4	Consider outcome of consultation and resolve to submit a summary of responses to the Secretary of State	End of July 2020	Each Constituent Council And the Combined Authority
5	Secretary of State approves proposals set out in Scheme and decides to lay draft Order/Regulations	September 2020	Secretary of State
5	Consent to Order/Regulations	End of September 2020	Each Constituent Council and the Combined Authority
6	Order/Regulations laid	October 2020	Secretary of State
	Order/Regulations made and final deal published	December 2020/January 2021	Secretary of State
-	Notice of Mayoral Election	March 2021	Mayoral Combined Authority
-	Election of Mayor	May 2021	-

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