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

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Wednesday 13 May 2020

Notice of Meeting

Dear Member

Cabinet

The **Cabinet** will take place remotely at **3.00 pm** on **Thursday 21 May 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

Emergency Cabinet Portfolio Responsibilities During Covid-19

Cllr Shabir Pandor	Leading the immediate response to the pandemic. Leading recovery strategy. Public Health.
Cllr Peter McBride	Immediate support to business. Planning the post-pandemic inclusive economy.
Cllr Viv Kendrick	Statutory responsibility for children's social care Safeguarding our most vulnerable children throughout the pandemic.
Cllr Musarrat Khan	Statutory responsibility for vulnerable adults Responsible for vulnerable adult social care, and safeguarding our most vulnerable adults throughout the pandemic.
Cllr Carole Pattison	Working with schools to maintain services. Planning for return to school.
Cllr Graham Turner	Financial oversight Resources
Cllr Naheed Mather	Council staff, including staff wellbeing
Cllr Cathy Scott	Engaging and supporting voluntary sector capacity for immediate responses to the pandemic. Strengthening place-based working for the future. North Kirklees
Cllr Rob Walker	Engaging and supporting voluntary sector capacity for immediate responses to the pandemic. Strengthening place-based working for the future. South Kirklees

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: Interests

1 - 2

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.

3: 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.

4: Questions by Elected Members (Oral Questions)

Cabinet will receive any questions from Elected Members (via remote access).

In accordance with Executive Procedure Rule 2.3 (2.3.1.6) a period of up to 30 minutes will be allocated.

5: Questions by Members of the Public (Written Questions)

Due to current covid-19 restrictions, Members of the Public may submit written questions to the Leader and/or Cabinet Members.

Any questions should be emailed to executive.governance@kirklees.gov.uk no later than 10.00am on 20 May 2020.

In accordance with Council Procedure Rule 11(5), the period allowed for the asking and answering of public questions shall not exceed 15 minutes.

6: Ad Hoc Scrutiny Report - Future arrangements for the Council's Residential Housing Stock 3 - 64

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)

7: COVID-19 - Impact upon Council finances 65 - 78

To receive an update on the impact of COVID-19 upon the Council's finances, broader local government sectoral impact, national Government financial support to date, and emerging actions taken/required in light of the above.

Contact – Eamonn Croston, Service Director (Finance)

8: Devolution Deal for West Yorkshire - Review, Scheme and Consultation 79 - 184

To consider a report seeking endorsement of the Governance Review and approval that a public consultation exercise is undertaken on the draft scheme by Constituent Councils and the Combined Authority.

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

9: 2020/2021 Road Surfacing Programme - Large Schemes over £250k 185 - 204

To consider a programme of road resurfacing schemes for 2020/2021.

Contact: Daniel Smith, Principal Engineer

10: The Huddersfield Blueprint – Land assembly 205 - 210

To consider the options available to the Council for the acquisition of property to help deliver regeneration of one of six key areas in The Huddersfield Blueprint, and a proposed course of action to achieve that.

Contact: Richard Hollinson/Peter Steniulis, Economy and Infrastructure

11: Exclusion of the Public

To resolve that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following item of business, on the grounds that it involves the likely disclosure of exempt information, as defined in Part 1 of Schedule 12A of the Act.

12. The Huddersfield Blueprint - Land Assembly 211 - 244

Exempt information under Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006 as the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information), and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

It is considered that the disclosure of the information would be contrary to confidential terms and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information and providing greater openness and transparency in relation to public expenditure in the council's decision making.

An exempt appendix in relation to Agenda Item 10.

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: 21 May 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.

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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 to 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: 21st May 2020

Title of report: COVID-19 impact on Council finances

Purpose of report:

To update Cabinet on the impact of COVID-19 on the Council's finances, broader local government sectoral impact, national Government financial support to date, and emerging actions taken/required in light of the above.

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. The report is for information only
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)</u>?	Key Decision – N/A Private Report/Private Appendix – No
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name	Rachel Spencer-Henshall – 13 May 2020
Is it also signed off by the Service Director for Finance?	Eamonn Croston – 12 May 2020
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft – 13 May 2020
Cabinet member portfolio	Cllr Graham Turner

Electoral wards affected: All Ward councillors consulted: None

Public or private: Public

Has GDPR been considered? Yes

1. Summary

- 1.1 The Council has responded rapidly and effectively over the past 8 weeks to the COVID-19 crisis. It has put in place an organisational wide range of measures in collaboration with key partners, and taking on board Government direction to spend 'whatever it takes' in priority areas to support and protect the borough's most vulnerable residents, and support the national effort to protect the NHS and businesses.
- 1.2 These measures, alongside other financial impacts from Government social distancing measures, is having a significant impact on the Council's finances as illustrated at Appendix A attached; illustratively a forecast cost impact of between £34m and £65m over the short term (upto 12 months). The range of potential cost impacts reflects two illustrative scenarios. The first is an accelerated easing of current national lockdown measures (6 month scenario) versus a more extended transitional phase (12 month scenario).
- 1.3 The potential range illustrated at Appendix A is consistent with early sectoral benchmarking of the financial impact of COVID-19 across comparable Councils, informed by emerging local, regional, national and international societal and economic impacts, and emerging national Government measures in response to this. To date, Government has implemented an unparalleled level of individual and business financial support following on from the initial package of measures set out as part of the 11 March 2020 budget announcement.
- 1.4 Government has committed to compensating Councils, and has allocated some £3.2 billion COVID-19 funding to date to the local government sector nationally. The Council's share is £24.3m. All Councils are also now submitting monthly financial impact returns to help Government assess both the emerging monthly impacts, and full year forecasts.
- 1.5 The impact of the funding allocations to date would adjust the cost impact on the Council to between £9.4m and £40.4m, and emphasizes the consistent local government sectoral message back to Government that more funding to Councils will be needed in due course in 2020/21.
- 1.6 The Council is taking early measures where it can to release further revenue resources to financial resilience reserves in light of the predicted global economic recession and longer-term impact on Council Medium Term Financial Strategy, and this will be subject of a separate report to Cabinet in early June setting out in more detail, specific measures being taken as part of the closure of accounts process for 2019/20.
- 1.7 COVID-19 financial impacts will continue to be reviewed in light of further emerging local, regional and national intelligence through 2020/21, as part of overall in-year financial monitoring reported in the corporate member arena through established annual Council planning cycle and governance processes.
- 1.8 This will also include a more I review of current approved multi-year Council revenue

and budget plans, including early preparation for the forthcoming 2021/22 budget round.

2. Information required to take a decision

2.1 Council response to COVID-19

- 2.1.1 The chronology of the emerging global pandemic crisis dates back as recently as December 2019 following official reports of a COVID-19 outbreak in Wuhan, China. By January 2020, UK had reported its first two officially confirmed positive cases, originally contracted from outside the UK. The first confirmed COVID-19 transmission within the UK was early February 2020, and at this time Government introduced a range of voluntary restrictions.
- 2.1.2 The Budget announcement on 11 March included measures intended to offer an unparalleled range of financial support to individuals and businesses in light of the emerging global and UK economic impact being felt from the pandemic crisis. By 20th March, Government ordered all pubs, cafes, restaurants, bars and gyms to close and further financial support measures were announced at the same time, including the furloughing scheme to support 80% of the wages of employees temporarily sent home from firms hit by the crisis.
- 2.1.3 On 23 March, Government announced a nationwide lockdown, including the identification of about 1.5 million vulnerable people who would likely need hospital treatment, to 'shield themselves' by voluntarily staying at home for 12 weeks to avoid getting the virus.
- 2.1.4 The above measures were followed up with emergency primary legislation passed by Parliament on 25 March through the Emergency Coronavirus Act, to give UK Government unprecedented powers to in its bid to curb the coronavirus pandemic. The legislation lasts for 2 years and is subject to 6 monthly review.

A link to the detail of the Emergency Coronavirus Act can be found here :

[Coronavirus Bill: what it will do - GOV.UK](#)

- 2.1.5 The Council has responded swiftly and effectively in light of the above, and has been front and centre of the local response to the emerging pandemic crisis, ensuring the continued provision of essential services, support and protection to the borough's most vulnerable residents and households, alongside the Council's commitment to support the national effort to protect the NHS and support businesses.
- 2.1.6 The Council has taken on board early Government direction for local authorities to spend 'whatever it takes' on priority services where COVID-19 measures were impacting on the most vulnerable; including social care, housing, rough sleeping and education, and that the Council would be financially compensated in due course.
- 2.1.7 This has entailed a significant short-term re-configuration of Council service activity, and temporary revisions to corporate/member governance arrangements using executive powers to enable quick and effective decision making and timely operational implementation in response to the rapidly developing COVID-19 crisis.

2.1.8 A consolidated report was presented to Cabinet on 1 May 2020 which set out the key decisions taken through the early weeks of the emerging crisis. The relevant link to the Cabinet Agenda is shown below :

[Agenda for Cabinet on Friday 1st May 2020, 3.00 pm | Kirklees Council](#)

(Item 6 – ‘Decisions taken during the COVID-19 Pandemic to date’ report)

- 2.1.9 Council measures to date have been undertaken in collaboration with key Partners, including health, education, 3rd sector leaders, local communities, key providers and suppliers. The Council has also been supported by representative business and community organisations and more broadly by local government sectoral interest groups including Local Government Association (LGA) and the Special Interest Group of Metropolitan Authorities (SIGOMA).
- 2.1.10 There has also been ongoing collaboration at a regional level through the Leeds City Region/West Yorkshire Combined Authority, and the Local Resilience Forum which is part of the national network for ‘top down’ emergency planning from Government.
- 2.1.11 A whole system partnership approach has been paramount to the effective delivery of the local response and support to the national effort to date, and will be going forward. Equally critical has been the effective mobilisation of local community groups, networks and volunteers. This local approach also resonates strongly with the Council’s Partnership and Place agendas, and the role of Councillors as community leaders, with enhanced funding allocated to existing ward Councillor budgets from £20k to £50k per ward in 2020/21, funded from earmarked reserves.
- 2.1.12 Alongside this, Council staff have been flexibly deployed where appropriate into priority activities to support Council activity, in particular to support and protect the borough’s most vulnerable children and adults. This has included collaborative working in partnership with Kirklees Neighbourhood Housing (KNH), and Kirklees Active Leisure (KAL).
- 2.1.13 The Council is also monitoring on a weekly basis the ongoing impact of COVID-19 on overall staff capacity and this is also being factored into Council measures on current staff deployment across the organisation. To put this into context, at any one time currently, upwards of 20% of Council staff (about 1,400 staff) fall within one of the following categories e.g. self-isolation, vulnerability (shielding), or sickness absence directly COVID-19 related, beyond ‘business as usual’. This is being monitored , managed and reviewed pro-actively through the corporate business continuity group, reporting directly to Executive Leadership Team twice weekly.
- 2.1.14 The attached link to the Council’s website illustrates the sheer scale and extent of the Council response to date across the whole breadth of its activities ‘working with’ a plethora of partners, communities and stakeholders :

[Coronavirus | Kirklees Council](#)

Essential guidance for local authorities on all aspects of coronavirus support can also be found on the GOV.UK website. See below link :

[COVID-19 guidance for local government](#)

2.1.15 Government has also issued a number of Procurement Policy notes setting out information and guidance for public bodies on payment of their suppliers to ensure service continuity during and after the current COVID-19 outbreak. A link to the most recent Note 02/20 is included below for reference :

[Procurement Policy Note 02/20: Supplier relief due to COVID-19 - GOV.UK](#)

2.1.16 The Council is working with a range of contracted services and suppliers, to ensure timely and appropriate payments that will deliver service continuity and future sustainability, including the social care provider market, home to school transport, educational including early years provision, and leisure activity. These current arrangements are subject to ongoing review.

2.2 Revenue impact

2.2.1 Revenue budget plans for 2020/21, including indicative plans for following 2 years, were approved at Budget Council on 12 February 2020. The financial impact COVID-19 across the organisation's activities could not have been anticipated at the time the budget plans were approved for the 2020/21 financial year, given the chronology of events set out in paras 2.1.1 to 2.1.3 earlier.

2.2.2 Appendix A attached sets out a high level summary of a potential range of spend impacts in 2020/21, above and beyond approved budget plans, which are specifically attributable to measure taken in light of COVID-19.

2.2.3 Overall, the potential range of revenue cost impacts are indicated in the range £34m to £65m as noted at Appendix A, over the next 12 months.

2.2.4 These are acknowledged to be somewhat fluid forecasts at this time and will remain thus over the coming months; informed short term by transitional arrangements from Government on the emerging national recovery plan, and medium term in light of more structural impacts and subsequent national Government policy informing the 2020 Spending Review in Autumn, which will set out public expenditure intent for 2021/22.

2.2.5 Council officers have implemented processes to capture COVID-19 related costs across the totality of Council activity. In addition, Government has requested monthly returns on the financial impact of COVID-19, starting from April 2020, to help inform Government intelligence on the scale of financial impact on Councils.

2.2.6 There will be some activity that has reduced or temporarily ceased as a result of the national lockdown measures and subsequent local response e.g. premises related non-staffing costs, car mileage and other transport related costs. Any temporary reduction in spend will have some impact in mitigating the overall scale of additional COVID related spend, and this will be assessed in more detail as part of ongoing monthly monitoring through the remainder of 2020/21.

2.2.7 The emerging financial impact on Council finances is also significant across a range of Council income streams. National lockdown measures are having a material short-term impact on fees and charges across organisational service activity. To give some illustrative examples, car parking income losses are currently estimated to be upwards of £90k per week, and education catering income about £80k per week.

- 2.2.8 In addition to the above, there will be emerging pressures on council tax income. Nationally, the number of working age people claiming Universal Credit has doubled since the national lockdown came into force. Overall, national unemployment is currently about 4% compared to 2% pre-COVID. This in turn is anticipated to increase significantly, the number of working age claimants eligible for the Council's council tax reduction (CTR) support scheme beyond budgetary predictions pre-COVID-19.
- 2.2.9 The Council has implemented measures to enhance support to existing and new CTR working age claimants in 2020/21 through the Government Hardship Fund (see also para 2.7.3). However, any underlying growth in working age CTR claimants that would have an adverse impact on the Council Tax Base (CTB). There is also likely to be increased pressure on income collection rates and resultant arrears due to additional volatility on household income for some of our most vulnerable households.
- 2.2.10 Council tax income budgetary assumptions for 2020/21 also reflect underlying growth in the council tax base from a net increase in housing supply across the borough; equivalent to 1,100 Band D properties. Clearly COVID-19 has impacted on the construction industry and at this stage, it is anticipated that there will be an overall slowdown in growth assumptions in-year, from budgeted.
- 2.2.11 The economic impact is also clearly felt across the borough's businesses. And while Government has introduced a number of financial support measures (see also para 2.7.4), it is anticipated that there could be an overall reduction in business rates income in light of current challenging economic conditions over the short and possibly medium term.
- 2.2.12 Any in-year deficit or surplus on council tax income and business rates income is carried forward into the following financial year through the Collection Fund. This means there is a timing delay when the financial impact of COVID-19 on the Collection Fund would hit Council finances; effectively 2021/22.
- 2.2.13 The only exception is the grant compensation the Council receives from Government in relation to national business rate reliefs granted in 2020/21. If business activity reduces in-year, any corresponding reduction in compensating grant will impact on Council finances in 2020/21.
- 2.2.14 The financial impact of any s Collection Fund deficit rolled forward into 2021/22 would also extend to other precepting authorities, namely the Office of Police & Crime Commissioner and Fire & Rescue Authority. This is because the Council also collects and pays over the relevant council tax income relating to these precepting bodies, including their share of the overall Collection Fund deficit rolled forward into 2021/22.
- 2.2.15 The Housing Revenue Account (HRA) is a statutory ring-fenced account which manages all income and expenditure in relation to landlord services to the Council's 22,000 tenants and 1,000 leaseholders. Day to day management of landlord services is provided by the Council's arms length management organisation, Kirklees Neighbourhood Housing (KNH).
- 2.2.16 To date, Government funding support to Councils has concentrated on general fund COVID financial impacts. For Councils with HRA's like Kirklees, there are potential financial impacts on income collection and rent arrears for some of the Council's most

vulnerable tenants who may also be experiencing additional volatility with regard to household income.

2.2.17 The Government has acknowledged this and the monthly Council financial impact returns have been updated now to include specific reference to HRA impacts. This includes COVID financial impacts on arms length management organisations i.e. KNH, as ultimately KNH as a wholly owned company of the Council, and any KNH financial risk is ultimately the Council's HRA financial risk.

2.2.18 The Council is also monitoring closely the impact of COVID-19 on the financial resilience of other organisations that have ongoing financial arrangements with the Council, such as Kirklees College, and joint ventures for which the Council is a part shareholder, namely Kirklees Stadium Development Limited.

2.3 Capital impact

2.3.1 The Council budget plans approved at Budget Council in February 2020 included the recommendation to undertake a more fundamental review of the current 5 year capital planning framework during Summer 2020, and the intention still is to undertake this review, with a view to re-profiling the existing multi-year plans over a more realistic longer time frame. Clearly, emerging COVID impacts will influence some of the re-profiling as well, in conjunction with an overall affordability review as part of the broader annual re-refresh of the Council's multi-year plans.

2.3.2 The Council is continuing to deliver baseline capital programmes across its operational asset base, including highways, education, corporate landlord capital activity. On some baseline activity, current social distancing measures means officers are reviewing how schemes are prioritised. In terms of strategic priorities, programmes and schemes, developer/partner as well as on-house capacity, and emerging local, regional and national economic and infrastructure considerations and funding opportunities and broader economic recovery plans, will clearly be in scope as part of the broader strategic capital plan review.

2.4 Council Treasury Management

2.4.1 The impact of COVID-19 on Council finances has added some volatility and unpredictability on Council daily cashflow management. As the emerging scale of the Government's response to COVID-19 began to materialise, access to short term liquidity in the financial markets was an immediate issue, as inter-authority lending practically ceased overnight. In response, Government implemented a number of early measures to fund Councils 'upfront' at the start of 2020/21 across a range of grant funding streams, and as a result of this, liquidity access in the money markets has eased.

2.4.2 Senior Council finance Officers will continue to monitor and proactively manage the Council's cashflow and treasury management requirements through 2020/21, in conjunction with our external treasury management advisors, Arlingclose, and will set this out in more detail as part of the 2019/20 annual review of treasury management activity report, in due course.

2.5 Sectoral analysis

- 2.5.1 A Yorkshire & Humberside COVID-19 financial impact survey at the start of April summarised the overall forecast cost impact as reported by 21 Local Authorities, including Kirklees at an estimated £900m eventual cost. After factoring in the surveyed Councils local share of the £3.2billion Government COVID-19 funding allocated to date, this was adjusted to about £600m. On average, about 1/3rd of the forecast cost impact was spend related, about 2/3rds was income loss related.
- 2.5.2 The high level analysis also showed the cost impact expressed as a proportion of annual net revenue budgets at an individual Council level. The range was between 9% to 18% across the 8 metropolitan Councils included in the survey (after factoring in local shares of the £3.2bn additional funding to date). Kirklees share was about 15%.
- 2.5.3 The Special Interest Group of Metropolitan Authorities (SIGOMA) analysed the Ministry for Housing, Communities & Local Government (MHCLG) financial impact returns submitted by SIGOMA Councils for the 15 April deadline; 36 metropolitan Councils and 8 unitary Councils. SIGOMA concluded that across the 44 Councils surveyed, after factoring local shares of the £3.2bn funding to date, there would be a shortfall of about £1.35bn. This is consistent with the earlier Yorkshire/Humberside survey.

2.6 Government funding support

- 2.6.1 There have been numerous financial support measures put in place by Government to support individuals and businesses through the emerging COVID-19 crisis. The Council report to Cabinet on 1st May set out a range of national measures implemented locally for 2020/21. This included an extension of 100% business rate reliefs for all businesses with a rateable value of upto £51k, and for specific businesses in retail, hospitality and leisure above £51k rateable value.
- 2.6.2 The report also notes the two COVID-19 related Government grant schemes available to eligible businesses at £10k/£25k. Councils have administered these locally on Government's behalf. To date (as at 13 May 2020), Kirklees Council has paid out in excess of £80m to over 7,000 eligible businesses in just over 5 weeks, which is a significant achievement and testament to the Council's commitment to deliver the grant payments as quickly as possible to support the borough's eligible businesses at this critical time.
- 2.6.3 The report also makes reference to an enhanced £4.9m Hardship Fund scheme for working age residents claiming Council tax Reduction (CTR) support, plus additional funding for the Council's discretionary Local Welfare Provision Scheme.
- 2.6.4 Government has provided two tranches of £1.6 billion COVID-19 funding to local government to date ; £3.2 billion in total. Tranche 1 was allocated largely on the current adult social care formula , and as such was more weighted to Councils with statutory social care responsibilities. The Council's share is £12.2m. The main emphasis at the time was around immediate pressures in social care. It was announced alongside the £1.3 billion national NHS funding allocation to support a range of measures to free up non-urgent bed spaces for COVID-19 patients..

- 2.6.5 Tranche 2, £1.6 billion funding was allocated pro-rata to Council populations and is intended to recognise a broader sweep of financial impacts on universal provision including fees & charges income loss, and explains why district councils received a bigger share this time, overall. The Council's share is £12.1m.
- 2.6.6 Other Government measures include the staff furloughing scheme administered through HMRC which went live on 20th April, compensating businesses for 80% of eligible staff costs up to a monthly salary cap of £2,500; also includes eligible self-employed workers. It is estimated that this will cost Government about £8 billion a month, and at the time of writing this report, was for an initial period covering 19 March to 30 June 2020.
- 2.6.7 The business Interruption Loan Scheme is also now live. This includes an 80% Government underwrite for loans awarded by participating banks. Subsequent to this, Government announced a 100% loan underwrite scheme for eligible small businesses, up to a maximum £50k loan.

The link below to the relevant Government website sets out in more detail, the current range of financial support available to individuals and businesses :

[Support for those affected by COVID-19 - GOV.UK](#)

- 2.6.8 Government also announced £370m funding support to be allocated direct by government departments to charities providing key services and supporting vulnerable people during a crisis. A further £360m was also to be allocated to small and medium sized charities, including through a grant to the National Lottery Community Fund to support organisations working in local communities, including those delivering food, essential medicines and providing financial advice during the current COVID-19 crisis.
- 2.6.9 Government funding announcements are ongoing, such as the very recent 'top up' or discretionary fund; national funding allocation about £650m or 5% 'top up' on the original national £12.3 billion national business grant allocation. The Council's share is anticipated to be about £6m and at the time of writing this report, is waiting on more detailed Government guidance on how it is to be administered locally.
- 2.6.10 Government has also announced schools funding for exceptional costs associated with COVID-19 for the period March to July 2019, and subject to a current proposed funding allowance or cap of between £25k and £75k per educational establishment depending on the number of pupils and nature of provision; mainstream, special and alternative .

3. Implications for the Council

- 3.1 Working with People**
- 3.2 Working with Partners**
- 3.3 Place Based Working**
- 3.4 Climate Change and Air Quality**
- 3.5 Improving outcomes for children**

The issues highlighted in this report are set out in the overall context of the short term impact on current approved Council budget plans.

Existing approved budget plans were developed to ensure that resources were allocated in the areas that would further improve outcomes for individuals and communities as a whole.

To facilitate this, resources were allocated in areas that allowed the Council to maximise contributions to the Council's strategic priorities of working with people, working with partners and delivering Administration priorities with regard to outstanding children's services, tackling climate change and investing in our places.

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

Financial

- 3.7 The Council remains committed to fulfilling its long terms ambitions for Kirklees residents, but needs strong Government backing and support not just for the short term, but longer term as well. This was the key sectoral message to Government, for a longer term and sustainable funding commitment from 2021/22 onwards, even before the COVID-19 crisis. The current crisis and the local government frontline response has brought this message into even starker focus.
- 3.8 Senior officers at both a local and regional level are currently reviewing a whole range of potential and emerging social and economic impacts and what this means for residents, local communities, Council resources and service delivery, partners, supplier and provider sustainability, businesses, health and education sectors.
- 3.9 Government's £3.2 billion COVID-19 funding to date, and the Council's share at £24.3m, is welcome, as is the other financial support. However, Government will need to continue to honour its commitment to compensating Councils that continue to be at the frontline of local support to the national effort during what is an unprecedented global crisis.
- 3.10 Alongside the above, the Council is also exploring other mitigating measures where it can, given the unprecedented circumstances, including early proposals to bolster further the Council's financial resilience reserves as part of the 2019/20 final accounts process.
- 3.11 Government has also confirmed that the Review of Relative Needs and Resource and 75% business rates retention will no longer be implemented in 2021/22. This will allow Councils to focus on meeting the immediate public health challenge posed by the pandemic. Government will continue to work with councils on the best approach to the next financial year, including the approach to the 2021/22 local government finance settlement.
- 3.12 Given the unprecedented global and national situation, which remains fast moving and volatile, beyond the immediacy of the current COVID-19 crisis, the longer term prognosis for the economy, future tax revenues, Government fiscal policy and public services funding is particularly uncertain, and is likely to remain thus for some considerable time, and certainly beyond autumn 2020.
- 3.13 The medium and longer-term economic and societal impact and implications for the Council's Medium-Term Financial Strategy, revenue and budget plans, will be reviewed over the coming months, acknowledging the fluid and volatile environmental

context within which said plans will be reviewed, and as transitional arrangements start to be rolled out by Government as part of the national recovery plan.

Council Financial Resilience

- 3.14 The Council's budget plans approved at Budget Council in February 2020 included consideration of the Council's key corporate risks, and the overall adequacy of Council financial reserves, and the rationale for holding those reserves. This also included a benchmark using the Chartered Institute of Public Finance & Accountancy (CIPFA) financial resilience index, which indicated that our reserves held, as a proportion of annual net revenue budget, at 34%, (as at 31 March 2019) was largely similar to the majority of the other 35 metropolitan Councils benchmarked against.
- 3.15 This was in a pre-COVID-19 context, and while Government has re-affirmed its commitment to compensate Councils fully in due course, Council officers are taking some early prudent measures as part of the 2019/20 year end accounting process to release more revenue resources into financial resilience reserves.
- 3.16 These measures will be set out in more detail in a forthcoming early 2019/20 closedown review report to Cabinet in early June. The 2019/20 financial outturn position is currently being finalised, and it is anticipated that there will be some element of COVID-19 financial impact on the finalised 2019/20 year end position, albeit at the back end of the 2019/20 financial year.

Statutory responsibilities of the Council's Chief Financial Officer (CFO)

- 3.17 There are a range of safeguards in place that mitigate against local authorities over-committing themselves financially. One of the safeguards currently under scrutiny nationally are CFO s114 statutory powers. This refers specifically to s114 of the Local Government Finance Act 1988 which requires any CFO in England and Wales to report to all the authority's Councillors if there is or is likely to be unlawful expenditure or an unbalanced budget.
- 3.18 This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year. The issue of a s114 notice cannot be taken lightly and has serious operational consequences. The authority's full Council must meet within 21 days to consider the s114 notice and during that period the authority is prohibited from entering into new agreements involving the incurring of expenditure.
- 3.19 In practice, s114 notices have been relatively few and far between; the most recent example being Northamptonshire County Council back in 2018. There has been discussion recently across the local government sector about how COVID-19's financial impact might play out in relation to potential s114 notices being issued more extensively within the next 12 months. CIPFA's COVID-19 Financial Bulletin issued on 15 April 2020 includes the following helpful and measured advice:

"We (CIPFA) are also in discussion with government on the present risk that some local authorities may not be able to reach a balanced budget position. To that end, we urge any authorities alive to the possibility of an unbalanced budget position due to COVID-19 to alert MHCLG (Ministry for Housing, Communities & Local

Government) at the same time as the council executive. Any prohibitions on spending should not be imposed until MHCLG have responded with what support and advice they are able to offer. At this difficult time, section 114 notices should continue to be used only as a last resort.“

4 Consultees and their opinions

Not applicable

5 Next steps and timelines

To present this report to Cabinet on 21 May, and the early 2019/20 closedown review report on 2 June. The finalised 2019/20 financial outturn and rollover report will be considered by members in due course later in June/early July.

Regular financial monitoring reports will be reported to Cabinet monthly, and published quarterly. A review of current multi-year revenue and capital budget plans will commence through early Summer informed by national, regional and local intelligence including COVID-19 impacts, in preparation for the forthcoming 2021/22 budget round.

6 Officer recommendations and reasons

To note the contents of this report which sets out an early high level overview of the emerging COVID-19 impact on the Council's finances.

7 Cabinet Portfolio Holder's recommendations

I would like to thank officers who have worked very hard on this report to ensure we have captured all the relevant data and information that we have at this moment in time.

The Council's financial situation will evolve as time goes on, as the immediate and longer term impacts of the pandemic become clearer.

Whilst this is a high level report, the very nature of the current COVID-19 outbreak means that some assumptions on the impact on the current budget, have to be made, these are based on the best information and intelligence we have at the moment. We will continue to monitor and record all extra spending and falls in income due to COVID-19, and fully expect as promised that these costs will be covered by the government.

8 Contact officer

James Anderson – Head of Accountancy
Sarah Hill – Finance Manager

9 Background Papers and History of Decisions

Approved budget plans 2021/22 – Budget Council 12 February 2020
Gov.uk - support for those affected by COVID-19
Gov.uk – COVID-19 guidance for local government

10 Service Director responsible

Eamonn Croston – Service Director- Finance

APPENDIX A

<u>COVID-19 IMPACT - high level forecasts</u>				
2020/21				
			£000	£000
GENERAL FUND (Net Revenue Budget £302m)			6 month	12 month
			scenario	scenario
Additional Spend			12,890	23,390
Income Loss			10,000	20,000
Total cost			22,890	43,390
HRA (Annual turnover £91m)				
Income loss			1,500	3,000
2021/22				
COLLECTION FUND				
Council Tax (£189m annual income)				
In-year deficit rolled forward into 2021/22			6,250	12,500
Business Rates (£51m Council Share)				
in-year deficit rolled forward into 2021/22			3,500	6,825
			9,750	19,325
Bottom Line - Council Financial Pressure			34,140	65,715
Government COVID-19 Funding offset to date			(24,300)	(24,300)
Council Financial Pressure after funding applied			9,840	41,415

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Name of meeting: Cabinet
Date: 21st May 2020

Title of report: Devolution Deal for West Yorkshire – Review, Scheme and Consultation

Purpose of report:

To seek Member endorsement of the Governance Review and approve that a public consultation exercise is undertaken on the draft scheme 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 <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 The Chair of Overview & Scrutiny Management Committee has agreed that this be exempt from call-in on the grounds of urgency, for the reasons set out in paragraph 3.6 of this report.
Date signed off by <u>Strategic Director</u> & name Is it also signed off by the Service Director for Finance IT and Transactional Services? Is it also signed off by the Service Director for Legal Governance and Commissioning Support?	Jacqui Gedman, Chief Executive 12/05/20 Eamonn Croston 12/05/20 Julie Muscroft 13/05/20
Cabinet member portfolio	Cllr Pandor, Leader of the Council

Electoral wards affected: ALL

Ward councillors consulted: As stated in paragraph 4.2, the draft report was discussed with the Public Health Emergency Group in early May, which includes all the group leaders.

Public or private: Public

Has GDPR been considered? YES

1. Summary

- 1.1. The West Yorkshire “minded-to” Devolution Deal was announced as part of the Budget on 11th March 2020. Subject to consultation and statutory process, this will lead ultimately to the adoption of a mayoral combined authority model with additional functions, and will require an Order of the Secretary of State.
- 1.2. Subsequent to the Budget announcement, the Combined Authority and each Constituent Council:
 - Endorsed the “minded to” Deal agreed.
 - Agreed to be party 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.
 - Authorised 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.
 - Authorised the Combined Authority’s Managing Director, in consultation with the Chief Executive of each Constituent Council, and on behalf of each Constituent Council and the Combined Authority to prepare a draft Scheme for consideration by the Constituent Councils and the Combined Authority, subject to the outcome of the Review.
- 1.3. Following these approvals this report seeks to consider:
 - the outcome of the statutory Review, which has been undertaken jointly by the Constituent Councils and the Combined Authority;
 - whether an Order of the Secretary of State would likely improve statutory functions; and
 - the draft Scheme.
- 1.4. Subject to authorisation of Combined Authority and each Constituent Council, it is proposed that a consultation and engagement exercise with partners and stakeholders is undertaken on the draft Scheme. Following this exercise, it is proposed that Combined Authority and each Constituent Council receive a report in August 2020 to consider the outcome of the consultation and resolve to submit a summary of responses to the Secretary of State.
- 1.5. The structure of the consultation will be based on previous consultations undertaken by other Mayoral Combined Authority’s (MCA). However, it should be noted that due to the current pandemic, the proposed consultation process will operate differently to similar consultations carried out by other MCAs. Consideration has been given to how the consultation will be promoted and how individuals who do not have online access may be able to participate. Further details are provided in paragraphs 2.24 and 2.25. In addition, the Consultation Institute have been procured to provide quality assurance and external challenge of the full consultation process, including the survey questions.

2. Information required to take a decision

- 2.1. The Deal will devolve a range of powers and responsibilities to West Yorkshire Combined Authority, supporting the region to drive economic growth and prosperity

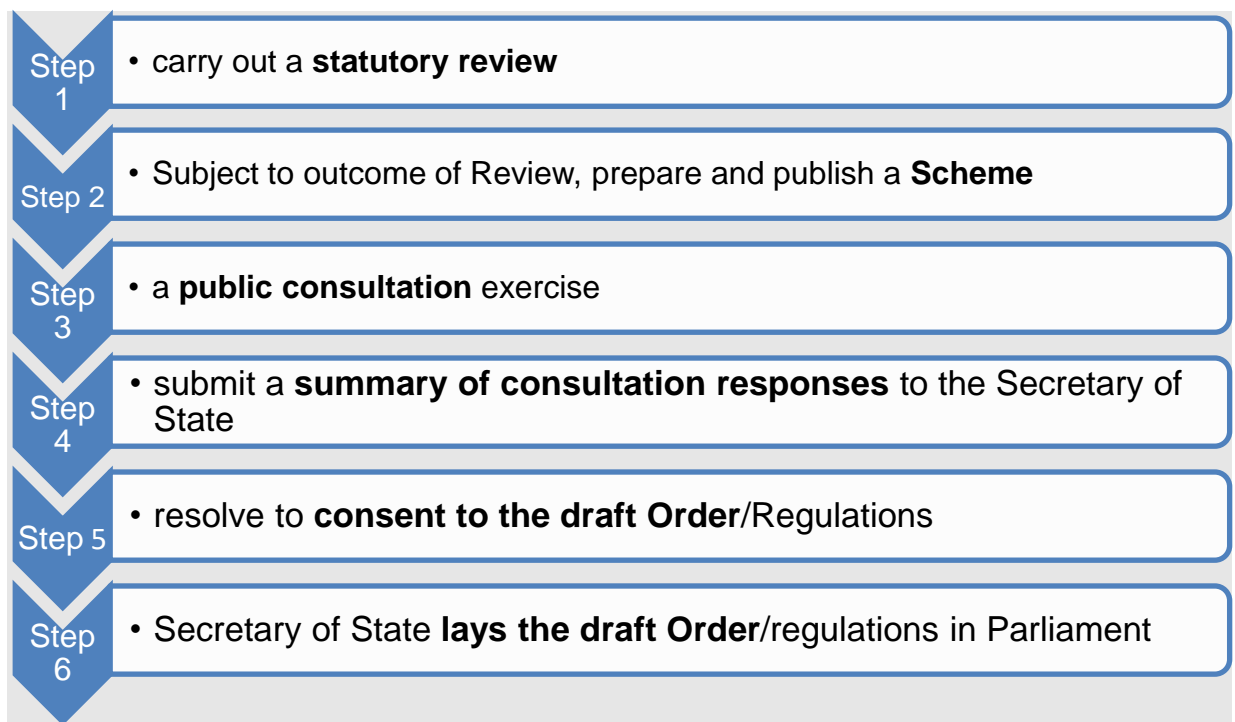
within its communities and across the north. It will build upon the area's history of collaboration to maximise this investment and increase its contribution to the national economy.

- 2.2. The 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.
- 2.3. The initial funding for the financial year 2020/2021 will be available prior to the first Mayoral election, subject to: the establishing legislation being in place; and a revised Assurance Framework being approved. The revised Assurance Framework will consider opportunities to accelerate decision making at times when a more agile approach is required, including through the officer delegation scheme.

Process for enacting the deal

- 2.4. 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) adopting a mayoral combined authority model (S107A/B)
 - b) the Mayor to carry out and delegate mayoral general Functions (S107D)
 - c) the joint exercise of general functions by the Mayor (S107E)
 - d) Changes to the constitutional arrangements of a Combined Authority (including voting, membership, funding arrangements) (S104)
 - e) Delegation of transport-related functions to the Combined Authority (S104), and
 - f) Delegation of some general local authority functions concurrently to the Combined Authority (S105).
 - g) Delegation of public authority functions to the Combined Authority (S105A)
 - h) The Mayor to exercise functions currently carried out by a police and crime commissioner(S107F).
- 2.5. Each aspect listed in 2.4 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.
- 2.6. It was previously agreed that the process set out in the flow chart below be 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.

2.7 Flow chart of proposed process:



2.8 The following sections of the report provides: a summary of the Governance Review; a summary of the Scheme; and detail of the proposed consultation exercise. Full documents are available in the appendices to this paper.

Governance Review

2.9 Section 112 of the 2009 Act provides that where one or more of the authorities which undertook the Review conclude that the exercise of the power to make an Order under S104 or 105 would be likely to improve the exercise of statutory functions in West Yorkshire, they may prepare and publish a scheme relating to the exercise of the power in question – that is, the making of an order in relation to with new transport-related functions, concurrent functions with local authorities and changed constitutional arrangements, (including those changes related to adopting a directly elected mayoral model). A summary is provided here, with the full Governance Review available at [Appendix 1](#).

2.10 The Secretary of State may only make an order under S104 or S105, if they consider that to do so is likely to improve the exercise of statutory functions in the Combined Authority’s area. In making any such order, the Secretary of State must have regard to the need:

- To secure **more effective and convenient local government for the area**; and
- to reflect the **identities and interests of our local communities**

2.11 The review has found that the economic evidence provides a rationale to continue to work across the West Yorkshire area, recognising that it continues to operate as a strong and coherent functional geography in its own right. It has a strong and diverse sectoral mix with significant growth potential, underpinned by notable

economic assets and infrastructure, and through its links with the wider Leeds City Region, Yorkshire and the Northern Powerhouse.

- 2.12 Despite its economic successes, West Yorkshire is still a net spender of UK tax revenues, and there are significant challenges in relation to securing its ambitions to promote faster and more inclusive growth, achieving a zero-carbon economy and delivering a 21st century transport system for the area. And there is not enough local control over the policies which affect our economy.
- 2.13 The idea of West Yorkshire authorities working together on a range of transport and economic activities is not new. Leeds City Region was a pilot forerunner city region, the City Deal was secured in 2012 and £1bn Growth Deal was agreed in July 2014. This success has enabled the Combined Authority (established in 2014), the five West Yorkshire councils, and the Leeds City Region Enterprise Partnership ('the LEP') to make a strong start.
- 2.14 The minded-to devolution deal represents a significant step forward in delivering more and better jobs to the area. It delivers significant new responsibilities and investment that will benefit our communities and businesses across the region. It means that decisions previously taken centrally can now be taken closer to the people affected and gives the area greater financial freedom and flexibility to manage our investment choices according to local priorities. The MCA will promote local democracy through direct democratic accountability in exercising locally more of the levers of change that will drive economic growth. The review notes that the devolution deal is dependent on the establishment of an MCA and concludes that this is the appropriate mechanism by which the powers and funding proposed can be devolved to West Yorkshire.
- 2.15 The review concludes that:
- current regional governance arrangements - based on a non-mayoral combined authority - do not represent the best model in terms of delivering the long-term ambitions of the authorities within the area for economic growth and delivery of public services;
 - there is limited practical scope for the existing governance arrangements to be meaningfully strengthened, short of creating a mayoral combined authority;
 - a change is required to enable the West Yorkshire authorities to pursue their economic policy agenda at greater pace, while continuing to collaborate with the wider Leeds City Region, Yorkshire and the North in pursuit of shared economic objectives; and
 - the statutory criteria for preparing and publishing a Scheme are met, i.e., that making an Order under S104 and 105 will likely:
 - **improve the exercise of statutory functions in that area.**
 - In addition, establishing an MCA model of governance for West Yorkshire will:
 - **have a positive impact on the interests and identities of local communities** – these proposals build on established regional governance arrangements which cover a coherent functional economic area and which represent the views and interests of local communities; and

- **secure more effective and convenient local government** by reducing complexity and streamlining the delivery of public services within the area.

- 2.16 The review proposed that a scheme is published that confirms:
- Any MCA should cover the area of West Yorkshire;
 - A West Yorkshire Mayor would be elected in May 2021;
 - The mayor would become a member of the Combined Authority, and Chair meetings of the authority;
 - Each council will continue to appoint a member to the new MCA, along with political representatives from opposition groups, non-constituent members from City of York Council and a member of the LEP would be appointed; and
 - the Mayor and MCA will exercise specific statutory functions, and hold some powers concurrently with West Yorkshire local authorities. No functions are being removed from those councils. Where existing functions currently held by West Yorkshire local authorities are to be shared with the Mayor or the MCA, this must be agreed by the constituent councils.

Preparing a draft Scheme

- 2.17 As proposed within the Review, a draft Scheme has been prepared. The Scheme will form the basis for a revised Order establishing the Mayoral Combined Authority. A summary is provided below with the full Scheme available at [Appendix 2](#).

Scheme

- 2.18 The Scheme will form the basis for a revised Order establishing the mayoral combined authority. In addition to proposals relating to constitutional changes, the delegation of transport related functions and general local authority functions, the Scheme contains proposals relating to the adoption of a mayoral model, and the transfer of functions of a public authority to the Combined Authority, in accordance with S107B(2) and S105B(4) respectively. It contains 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.
- 2.19 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. In addition, local protocols may be established to ensure wider engagement and support for decisions and council approvals.

2.20 The 'minded to' deal set out that responsibility for West Yorkshire Police and Crime Commission (PCC) functions would be taken by the Mayor from 2024. Because the PCC elections have subsequently been delayed until May 2021, there is now an opportunity for any newly elected Mayor to potentially exercise PCC functions in the period after May 2021, rather than from May 2024 as originally proposed.

Consultation

2.21 It is proposed that once the draft Scheme has been considered by Constituent Councils and the Combined Authority a wider public consultation with business and other stakeholders is undertaken. 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.

2.22 Following this, a summary of consultation responses will be brought back to the Constituent Councils and the Combined Authority to approve before the Scheme and summary of responses are submitted to the Secretary of State.

2.23 In line with other Mayoral Order consultations undertaken elsewhere in England, the primary consultation channel used will be an online survey asking respondents their views on the draft Scheme. The link to the survey and all associated documents will be hosted on the Combined Authority's Your Voice consultation and engagement website, plus West Yorkshire council's websites and will be co-branded by all partners.

2.24 Given the current Coronavirus situation, a communications plan will be developed, in partnership with local councils, to promote the consultation to the widest possible audiences using a range of digital and non-digital channels. These will include a combination of:

- Social media – including paid Facebook content
- Press releases targeting local and regional media
- Development of a toolkit so that councils and other partners can promote the consultation via their channels
- Potential local radio advertising and/ or interviews
- Direct engagement with community networks and equalities groups to improve accessibility
- Development of an animation and associated assets explaining what devolution means in simple, accessible language
- Mailshots to target postcodes
- Direct e-shots to an extensive stakeholder list

2.25 Due to the current social distancing guidelines face-to-face consultation channels are not possible. In order to enhance the accessibility of the consultation for groups and individuals who may not be able to access digital channels, a specialist consultant has been procured to support effective targeting of particular postcode areas and equality groups. Contact has also been made with community and equalities groups and business representative organisations to be sure they have an opportunity to respond and share the consultation with their members to gather their views.

2.26 To ensure independence of process, specialist consultants have been commissioned to analyse the results and produce the final report. The Consultation

Institute have also been asked to provide independent quality assurance and recommendations on the process adopted.

- 2.27 It is proposed that the consultation exercise will launch on 25th May for eight weeks, closing on the 19th July.
- 2.28 The draft consultation questions are available at [Appendix 3](#).

Next Steps

- 2.29 With regard to next steps, it is proposed that the public consultation on the draft Scheme is launched on 25th May. Following this, a summary of consultation responses as well as any further representations from Constituent Councils will be brought back to the Constituent Councils and the Combined Authority for consideration and approval before the Scheme is submitted to the Secretary of State, along with the summary of the consultation responses including any representations made on behalf of Constituent Councils will be submitted to the Secretary of State.
- 2.30 Details of the Scheme would then be embodied in the draft statutory Order to establish a mayoral combined authority, and consents sought in due course from each of the Constituent Councils and the Combined Authority in respect of the draft Order and any related Regulations.

Further Considerations

Overview and Scrutiny

- 2.31 On 22nd May members of the Combined Authority's Overview and Scrutiny Committee will hold a briefing session to consider a report which outlines the devolution deal along with the draft scheme, and draft consultation questions. As part of that session, consideration will also be given to future opportunities for Overview and Scrutiny during the devolution implementation process. In addition, the Committee is considering the design of the scrutiny structure in the Mayoral Combined Authority based on lessons learned in West Yorkshire since 2014 and in other MCAs to date.

Future of the Yorkshire Leaders Board

- 2.32 Throughout the devolution process to date, West Yorkshire Leaders have been clear that while securing a strong devolution deal for West Yorkshire is their immediate priority, it is vital to maintain a collective vision for devolution across the whole of Yorkshire.
- 2.33 The Yorkshire Leaders Board has been a key vehicle through which the entire region has been able to collaborate over recent months and years. As part of the Deal, Government has committed to continuing to work with all parts of Yorkshire to achieve shared ambitions on devolution, including exploring opportunities for developments beyond the current Deal in the future.
- 2.34 In order to support this work, and reflecting the strong Yorkshire brand and its cultural heritage, Government will provide £200,000 in 2020/21 to support the more

formal establishment of the Yorkshire Leaders Board as a means of facilitating greater collaboration on a Yorkshire-wide basis. This is a positive step in ensuring continued dialogue with Government on the future of the region, and will enable councils and combined authorities to build upon the already excellent cross-border partnership work being undertaken.

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 to make 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

As part of the Deal text, the Government 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 consider 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)

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 within the Deal are considered as part of the Review and subject to future reports.

It is proposed that this decision is exempt from call-in on the grounds of urgency as any delay caused by the call-in process would prejudice the Combined Authority's and Constituent Councils' interests as delaying the start of the statutory Review

process, which would have a significant detrimental impact on the proposed timeline set out in Appendix 4.

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.

There will be staffing implications arising from the need to move at pace to undertake the necessary statutory process and to move to a mayoral model.

In due course, it is anticipated that the establishment of the Mayoral Combined Authority will have staffing implications in terms of additional resources to deliver the ambition of the Deal and these will be considered at the appropriate point to ensure operational effectiveness and efficiency of the Combined Authority.

We understand that the Combined Authority have carried out an Equality Impact Assessment (EIA) for the consultation.

4. Consultees and their opinions

- 4.1 The Leader of the Council supports the recommendations.
- 4.2 The draft report was discussed at the Chief Executive's meeting with the Public Health Emergency Group in early May, which includes all the group leaders. Although not all members of the group agreed with all of the proposals set out in the proposed scheme, the Group Leaders were all in agreement that the matter should go out for consultation
- 4.3 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). As set out the consultation process and methodology will include digital and other appropriate means in order to ensure accessibility. At the current time, the Coronavirus pandemic impacts on consultation methodologies and the consultation approach has taken account for this.

5. Officer Recommendations

- 5.1 To consider the Governance Review attached as Appendix 1 to this report and endorse its conclusions, including that an Order under S104 and S105 in relation to the changes to constitutional arrangements considered in the Review and the delegation of additional functions to the Combined Authority would be likely to improve the exercise of statutory functions in relation to the Combined Authority's area.
- 5.2 To consider and comment on the draft Scheme for the establishment of the Mayoral Combined Authority, attached as Appendix 2 to this report.

- 5.3 To agree that a public consultation exercise is undertaken on the proposals contained in the Scheme and comment on the draft consultation questions, which are attached as Appendix 3 to this report.
- 5.4 To agree that engagement with the Combined Authority and other Constituent Councils should progress as described in this report and (subject to agreement to recommendations 5.1 – 5.3) to agree that the Managing Director of the Combined Authority shall, in consultation with the Chief Executive and Leader of this Council, be authorised to take any steps to finalise the Scheme and progress the public consultation exercise as set out above.
- 5.5 To note the updated timetable set out in Appendix 4 to this report and the next steps including, subject to the approval by the Constituent Councils and Combined Authority, the submission of a summary of the consultation responses to the Secretary of State in August/September 2020 and subsequently consent to any draft Order in September 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.
- 5.6 To resolve that this decision is exempt from call-in on the grounds of urgency, for the reasons set out in paragraph 3.6 of this report and note the agreement of the Chair of Overview and Scrutiny Management Committee.

6. Cabinet Portfolio Holder's recommendations

- 6.1 The Leader of the Council supports the recommendations at Paragraph 5 above which will support his vision to secure additional investment and opportunities for Kirklees and to take decisions affecting our communities within the region.
- 6.2 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.

7. Appendices

Appendix 1 – Governance Review
Appendix 2 – Draft Scheme
Appendix 3 – Draft Consultation Questions
Appendix 4 – Timetable for implementation

8. Contact officer

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9. Background Papers and History of Decisions

The Devolution Deal is referenced as a background document within this report.

10. Service Director responsible

Jacqui Gedman – Chief Executive –

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West Yorkshire Authorities

Governance Review

Undertaken in accordance with Section 111 of the Local Democracy Economic Development and Construction Act 2009

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Executive Summary

On 11 March 2020, a ‘minded-to’ Devolution Deal was agreed between government and local authority Leaders of West Yorkshire, comprising Bradford, Calderdale, Kirklees, Leeds, and Wakefield Councils, and West Yorkshire Combined Authority (‘the Combined Authority’). The deal agrees a significant shift of powers, funding and responsibility from Whitehall to the region in return for establishing the role of a directly elected Mayor for the area of West Yorkshire.

The additional powers and funding afforded through the deal, including £1.14 billion of additional investment over 30 years, would help to drive productivity by enabling additional investment in our towns, cities and rural areas in their infrastructure, skills, business, housing & regeneration, and in cultural and heritage assets, and by boosting trade, innovation, and inward investment.

The purpose of this governance review, undertaken in accordance with Section 111 of the Local Democracy, Economic Development and Construction Act 2009 (the 2009 Act) is to look at the exercise of statutory functions in West Yorkshire with a view to deciding whether to prepare and publish a scheme with new functions and changed constitutional arrangements, including a directly elected mayor. A public consultation would then be carried out on the proposals set out in the scheme. The Secretary of State would be provided with a summary of consultation responses and would need to consider whether an order should be made under the 2009 Act to establish a Mayoral Combined Authority (MCA) for the area.

Under section 112 of the 2009 Act, the review needs to conclude that the exercise of the power to make an order to establish an MCA for the West Yorkshire area would be likely to improve the exercise of statutory functions in relation to the West Yorkshire area.

The review has found that the economic evidence provides a rationale to continue to work across the West Yorkshire area, recognising that it operates as a coherent functional geography. It has a strong and diverse sectoral mix with significant growth potential, underpinned by notable economic assets and infrastructure, and through its links with the wider Leeds City Region, Yorkshire and the Northern Powerhouse.

Despite its economic successes, West Yorkshire is still a net spender of UK tax revenues, and there are significant challenges in relation to securing its ambitions to promote faster and more inclusive growth, tackle the climate emergency and deliver a 21st century transport system for the area. And there is not enough local control over the policies that affect our economy.

The idea of West Yorkshire authorities working together on a range of transport and economic activities is not new. Leeds City Region was a pilot forerunner city region, the City Deal was secured in 2012 and £1 billion Growth Deal was agreed in July 2014. This success has enabled the Combined Authority (established in 2014), the five West Yorkshire councils, and the Leeds City Region Enterprise Partnership (‘the LEP’) to make a strong start.

The ‘minded-to’ devolution deal represents a significant step forward in delivering more and better jobs to the area. It delivers significant new responsibilities and investment that will benefit our communities and businesses across the region. It means that decisions previously taken centrally can now be taken closer to the people affected and gives the area greater financial freedom and flexibility to manage our investment choices according to local priorities. Establishing an MCA for the area will promote local democracy through direct democratic accountability in exercising locally more of the levers of change that will drive economic growth. The review notes that the devolution deal is dependent on the adoption of an MCA model of governance and finds that this is the most appropriate mechanism by which the powers and funding proposed can be devolved to West Yorkshire.

The review concludes that:

- current regional governance arrangements - based on a non-mayoral West Yorkshire Combined Authority - do not represent the best model in terms of delivering the long-term ambitions of the authorities within the area for economic growth and delivery of public services;
- there is limited practical scope for the existing governance arrangements to be meaningfully strengthened, short of adopting an MCA model of governance;
- a change is required to enable the West Yorkshire authorities to pursue their economic policy agenda at greater pace, while continuing to collaborate with the wider Leeds City Region, Yorkshire and the North in pursuit of shared economic objectives;
- the statutory criteria for preparing and publishing a scheme are met, i.e., the making of an order under S104 and S105 to enable the adoption of an MCA model of governance for the area of West Yorkshire will likely **improve the exercise of statutory functions in that area**;
- in addition, establishing an MCA model of governance for West Yorkshire will:
 - **have a positive impact on the interests and identities of local communities** – these proposals build on established regional governance arrangements which cover a coherent functional economic area and which represent the views and interests of local communities; and
 - **secure more effective and convenient local government** by reducing complexity and streamlining the delivery of public services within the area.

It is therefore proposed that a scheme is published (a draft scheme is included at Appendix A) that confirms:

- an MCA should cover the area of West Yorkshire;
- a West Yorkshire Mayor would be elected in May 2021;
- the mayor would become a member of the Combined Authority, and Chair meetings of the authority.
- each council will continue to appoint a member to the new MCA, along with political representatives from opposition groups, and non-constituent members from the LEP and City of York Council would continue to be appointed; and
- the Mayor and MCA will exercise specific statutory functions, and hold some powers concurrently with West Yorkshire local authorities. No functions are being removed from those councils. Where existing functions currently held by West Yorkshire local authorities are to be shared with the Mayor or the MCA, this must be agreed by the constituent councils.

Purpose of Review

West Yorkshire Leaders have agreed with Government that fulfilling the local economic priorities and drawing down significant additional powers and funding through the West Yorkshire Devolution Deal raises the question about the on-going appropriateness of regional governance arrangements which are currently based on the (non-Mayoral) Combined Authority, the LEP, and West Yorkshire's Police and Crime Commissioner (PCC). As part of the Deal, Leaders have therefore committed to consider the creation of a new, directly elected West Yorkshire Mayor, acting as Chair to West Yorkshire Combined Authority by May 2021 (and in addition ex officio PCC by 2024).

West Yorkshire's councils, along with the Combined Authority, have therefore commissioned this review to look at whether strengthening existing collaboration arrangements by adopting an MCA model of governance would be the best way of improving delivery of a 21st century transport system, and more inclusive and cleaner growth across the City Region, and exercising PCC functions. Because the PCC elections have subsequently been delayed until May 2021, there is now an opportunity for any Mayor to exercise PCC functions from May 2021, rather than from May 2024 (as originally proposed in the West Yorkshire Devolution Deal).

To ensure compliance with the relevant legislation contained in the 2009 Act, the Review considers whether an MCA is the best governance model and would be likely to:

- Improve the **exercise of statutory functions** in the area of West Yorkshire;
- Secure **more effective and convenient local government** for the area; and
- have a positive or neutral impact on the **identities and interests of our local communities**

Methodology for the Governance Review

The governance review has comprised the following:

- West Yorkshire’s ambition and context, covering the area’s devolution journey and the devolution deal
- Economic assessment of:
 - a) the existence of a Functional Economic Market Area across West Yorkshire; and
 - b) the region’s economic strengths, challenges and opportunities
- Assessment of the current governance arrangements across West Yorkshire
- The case for change
- The devolved functions in scope
- An options appraisal that considers the alternative governance structures which could be pursued in the light of the above evidence
- Consideration of whether the preferred option meets the statutory tests
- Conclusions

Ambition

West Yorkshire local authorities, the Combined Authority and the LEP want our region to be recognised globally as a place with a strong, successful economy where everyone can build great businesses, careers and lives supported by world-class transport, housing and digital connectivity.

Securing more devolved powers and funding is a central enabler and we will deliver our ambitions by:

- Tackling the climate emergency
- Boosting productivity
- Enabling inclusive growth; and
- Delivering 21st century transport

West Yorkshire, a core part of the wider Leeds City Region, and located at the heart of the Northern Powerhouse, is an internationally significant economy in its own right comprising the five metropolitan areas of Bradford, Calderdale, Kirklees, Leeds and Wakefield, and which has:

- a £55.4 billion economy – bigger than 9 EU countries
- 2.3 million people
- 1.1 million jobs and nearly 92,000 businesses – West Yorkshire is the second largest LEP area by employment outside of the South East
- 1.6% of the land area of England
- a predominantly urban character but with 9% of the population living in the 38% of the geography defined as a DEFRA Rural Area.

Whilst overall, West Yorkshire - and the wider Leeds City Region - has been relatively successful in making the transition from a predominantly industrial to a more diverse economy there remain significant challenges, including in terms of labour market participation, skills and levels of economic activity. Well-co-ordinated, targeted, and locally determined investment and interventions are needed to address these issues.

West Yorkshire authorities are of the view that a radical devolution of powers and funding to local areas is needed to respond to our opportunities and address these challenges. Greater local control of the levers of growth, productivity and inclusion would enable West Yorkshire communities and businesses to be better served.

West Yorkshire Context

West Yorkshire has been on a considerable devolution journey to date and the following significant steps have already been taken in securing devolved powers and funding to the area:

- 2004 to 2009: Leeds City Region Concordat, expressing the shared local commitment to working together differently in the interests of the economy of the whole city region and all its diverse communities; establishment of the Leeds City Region Leaders Board, empowered to discharge, on behalf of the member Councils, the promotion and improvement of the economic wellbeing and competitiveness of the City Region; and the adoption of a City Region Development Plan to deliver Leeds City Region Leaders' shared ambition.
- Multi-Area Agreement (2008) – Leeds City Region was one of the first wave partnerships to agree freedoms and flexibilities with government around transport and skills.
- City Region Forerunner Pilot status (2009) - recognised the importance of the Leeds City Region economy to the North and that, without an ambitious package of devolution and local governance reform with particular reference to transport, skills and economic development, its full potential would not be realised.
- 2012 Leeds City Region City Deal – was a step change for the devolution of powers and funding from Government to the City Region, including initial funding and freedoms to build, manage and sustain a local £1 billion West Yorkshire Plus Transport Fund, and Leeds City Region to deliver a 'NEET free' City Region.
- 2014 - Following the establishment of the Combined Authority (a key condition of the City Deal), the first Leeds City Region Growth Deal - the largest secured in the country - which fully capitalised the £1 billion West Yorkshire Plus Transport Fund.
- 2015 – an initial, first stage Leeds City Region and West Yorkshire devolution deal with a focus on flexibilities including around skills, transport, employment and business support.

Building on these achievements, the 2020 West Yorkshire Devolution Deal provides the region with the opportunity to accelerate the delivery of local ambitions for a 21st century transport system and for faster, cleaner and more inclusive economic growth, provided it can be shown that the way it is all managed is fit for purpose.

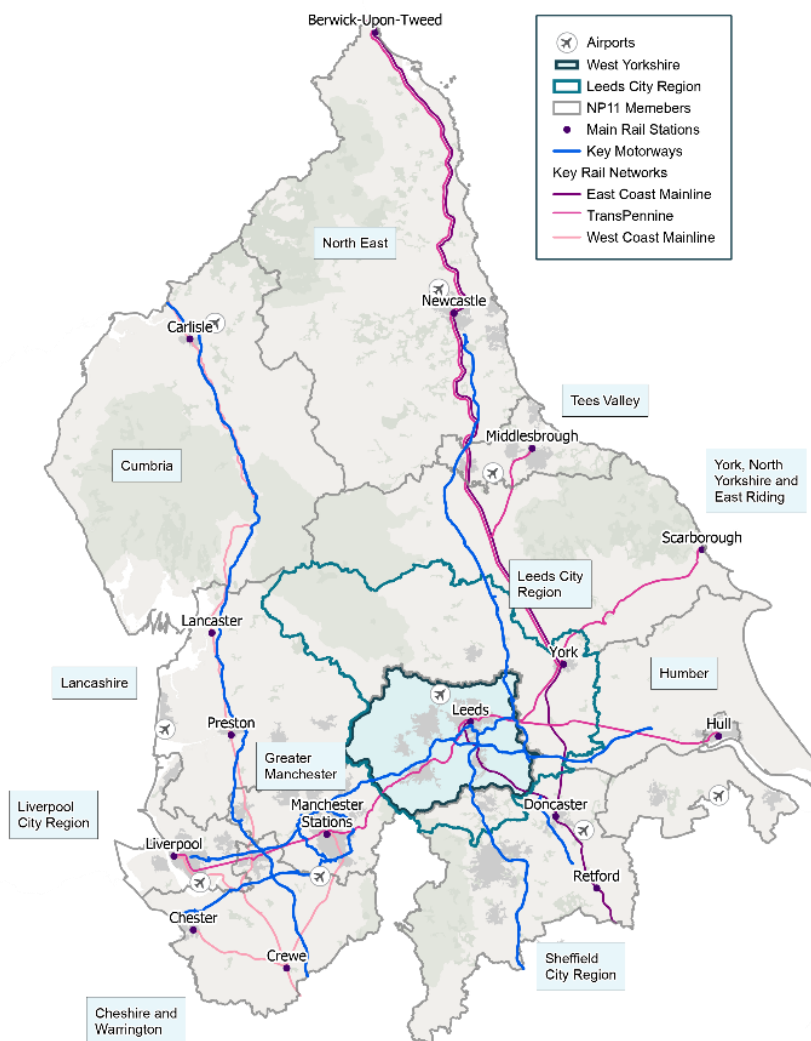
West Yorkshire Economy

This section provides an assessment of:

- the existence of a Functional Economic Market Area across West Yorkshire; and
- the region’s economic strengths, challenges and opportunities

Like all areas, the West Yorkshire economy also faces significant challenges as well as strengths in terms of achieving our full growth potential.

The following economic assessment is drawn from a broad survey of available data and intelligence, primarily analysis of published data from the Office for National Statistics and other official sources to provide an understanding of economic performance on a range of indicators.



A coherent, diverse and resilient region

West Yorkshire has an economically coherent, diverse and resilient economy that possesses a unique combination of economic strengths, assets and opportunities, including the following:

- An economy that values diversity, talent, and youth as the key to our future, exemplified by:
 - these distinctive strengths cited as a key reason for Channel 4 choosing Leeds as its new home;
 - Kirklees’ Outstanding rated Huddersfield New College, which is ranked number one in England for Equality and Diversity; and
 - the University of Bradford, which has been identified as the best in the country for Social Inclusion.
- Home to substantial renewable and low-carbon energy capacity in on-shore wind, biomass, energy-from-waste and micro-generation; leading manufacturers in the low-carbon supply chain and strong environmental consultancy expertise, which will contribute towards our ambition to become a net-zero carbon city region by 2038, with significant progress by 2030, in order to play our part in limiting average global temperature rise to between 1.5 and 2.0 degrees Celsius.
- A thriving digital and tech hub cluster - employment in the digital sector in West Yorkshire has increased by 48% between 2015-18, faster than any other LEP area and six times the rate of growth seen in London since 2015 (8%). The cluster has the capability and potential to pioneer the next generation of technological change to transform outcomes for society, business and individuals across the region, including to become the most digitally connected and inclusive region in country.
- An economy that is focused on the future – for example the city of Bradford is the youngest city in the UK, with almost a quarter of the population under the age of 18. The City Region has the highest concentration of Higher Education institutions outside of London with some 7 universities, producing 30,000 graduates annually, of which 13,000 are in STEAM subjects.
- Leading business clusters e.g. Health-Tech, Fin-Tech and Digital Health. Also, in terms of sectors, the UK’s largest regional finance centre, 140,000 jobs in the health economy, and more manufacturing jobs than anywhere in the North (with 13.5% of output vs 10.1% nationally), notably in textiles, food & drink, aerospace components, automotive engineering, printing & publishing and construction fabrication, and based on a core of precision engineering.
- Associated key assets that will enable the formation of the next wave of leading knowledge-based industries, clusters and businesses, including:
 - Leeds University’s NEXUS;
 - Huddersfield University’s 3M Buckley Innovation Centre;
 - the Wolfson Institute for Applied Health Research at Bradford Royal Infirmary; and
- At the centre of the UK, within one hour’s drive of 7 million people, and at the heart of national railway and motorway networks, which provides easy access to global markets and means that Leeds City Region is ideally placed as a location for the logistics industry. Moreover, the City Region is a major connectivity hub for the Northern Powerhouse, with Leeds alone typically having more train passengers than anywhere else in the North (100,000 per day), equivalent to London Kings Cross.
- Outstanding historic and cultural assets enhancing both quality of life and economic growth (by £565m p.a.), including:

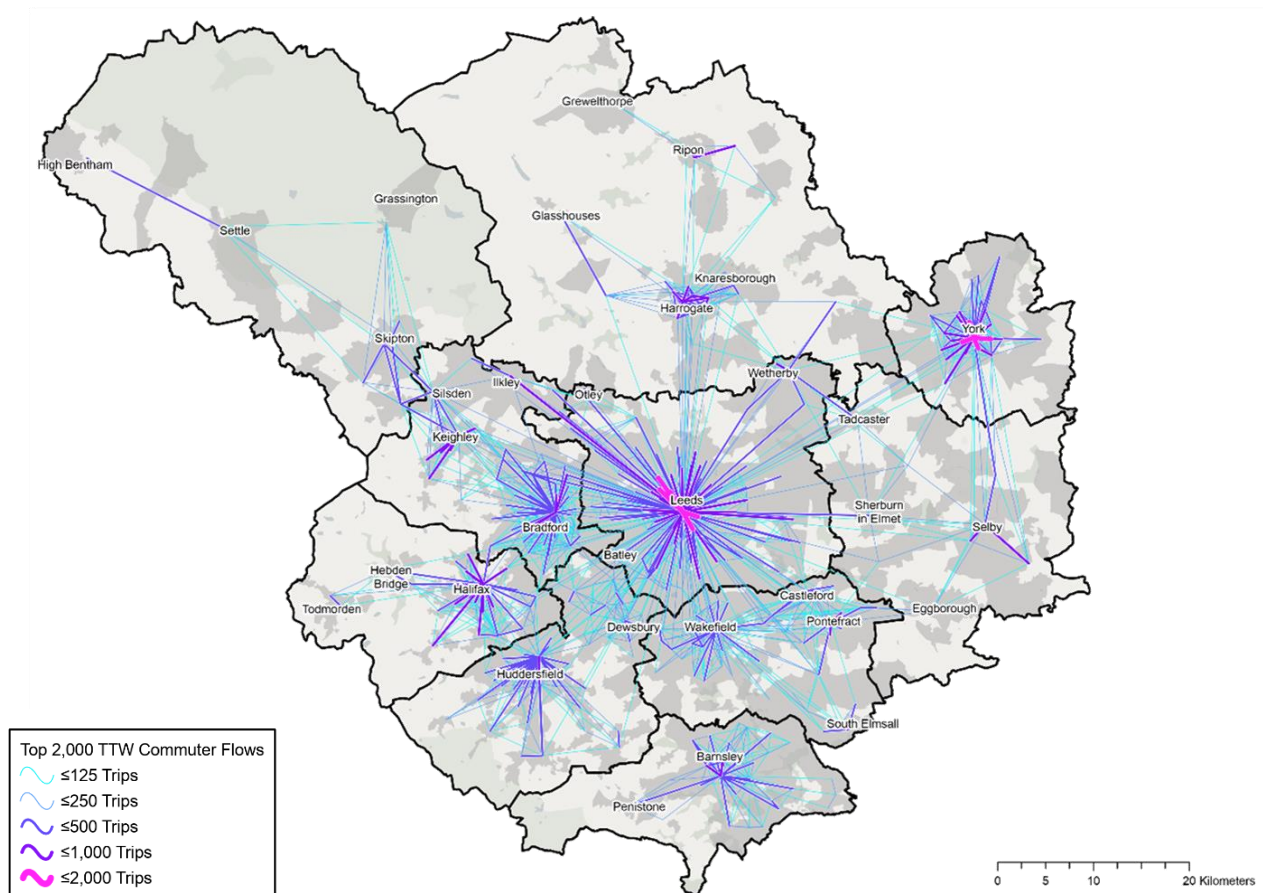
- the Sculpture Triangle which includes the internationally renowned Hepworth in Wakefield;
- Calderdale's historic, recently restored Halifax Piece Hall, which attracted 5 million visitors since reopening in 2017;
- Bradford's bid for 2025 City of Culture status, and Leeds 2023; and
- the role of sport and heritage across the region as distinctive economic drivers and the key to the identity of the place.

A functional economic market area

To improve productivity and jobs in those urban areas with several centres, such as West Yorkshire, and the wider Northern Powerhouse, there is a well-established evidence base which demonstrates the need to better connect the key towns and cities to reduce congestion, reduce journey times (shrink distances) between places, and improve freight transfer¹.

Although Leeds City Region is the area’s recognised functional economic market area, West Yorkshire represents its core, and in its own right evidences strong elements of economic self-containment but with clear linkages and interdependency with the wider City Region economic footprint in terms of a wider labour and housing market area.

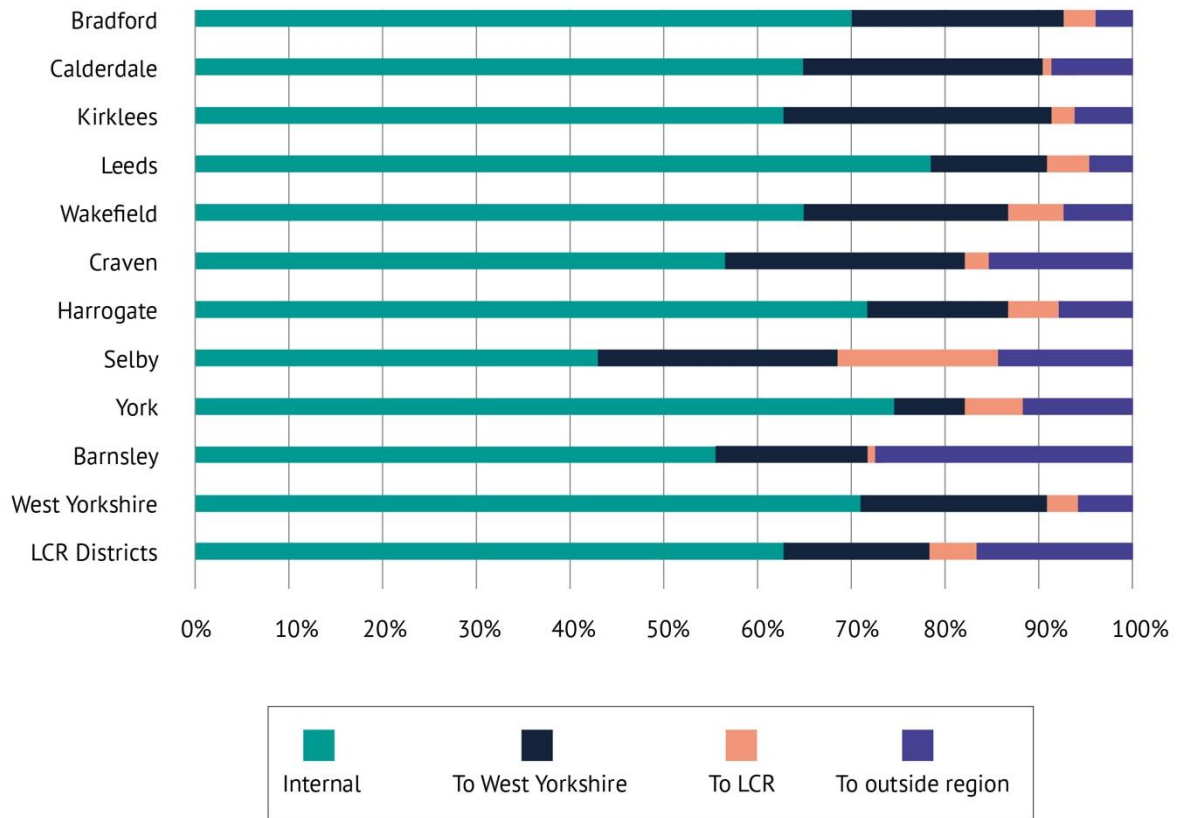
The map below reveals the economic context of West Yorkshire and the wider City Region via commuter flows. It highlights the top 2,000 travel to work-flows originating and terminating within the City Region (with colour, from blue to purple, representing strength of the flow) against a background of ‘urban’ areas. Flows are based on 2011 Census data and include all modes of transport.



¹ EU DG for Regional Policy (2012). Also SERC for the Northern Way (2009) found that a 20 minute reduction in journey times between Leeds and Manchester would generate productivity benefits (using wages as a proxy) in the region of 1.5% for West Yorkshire districts, after controlling for the skill, age, gender, and occupational mix of places.

The table below shows that a large proportion (70%) of West Yorkshire residents in work live and work in their home district, and that over 90% of West Yorkshire residents in work live and work in West Yorkshire. Only 5% of West Yorkshire commuters work outside the City Region compared to 17% of commuters in the remaining Leeds City Region Districts.

West Yorkshire and Leeds City Region commuting destinations

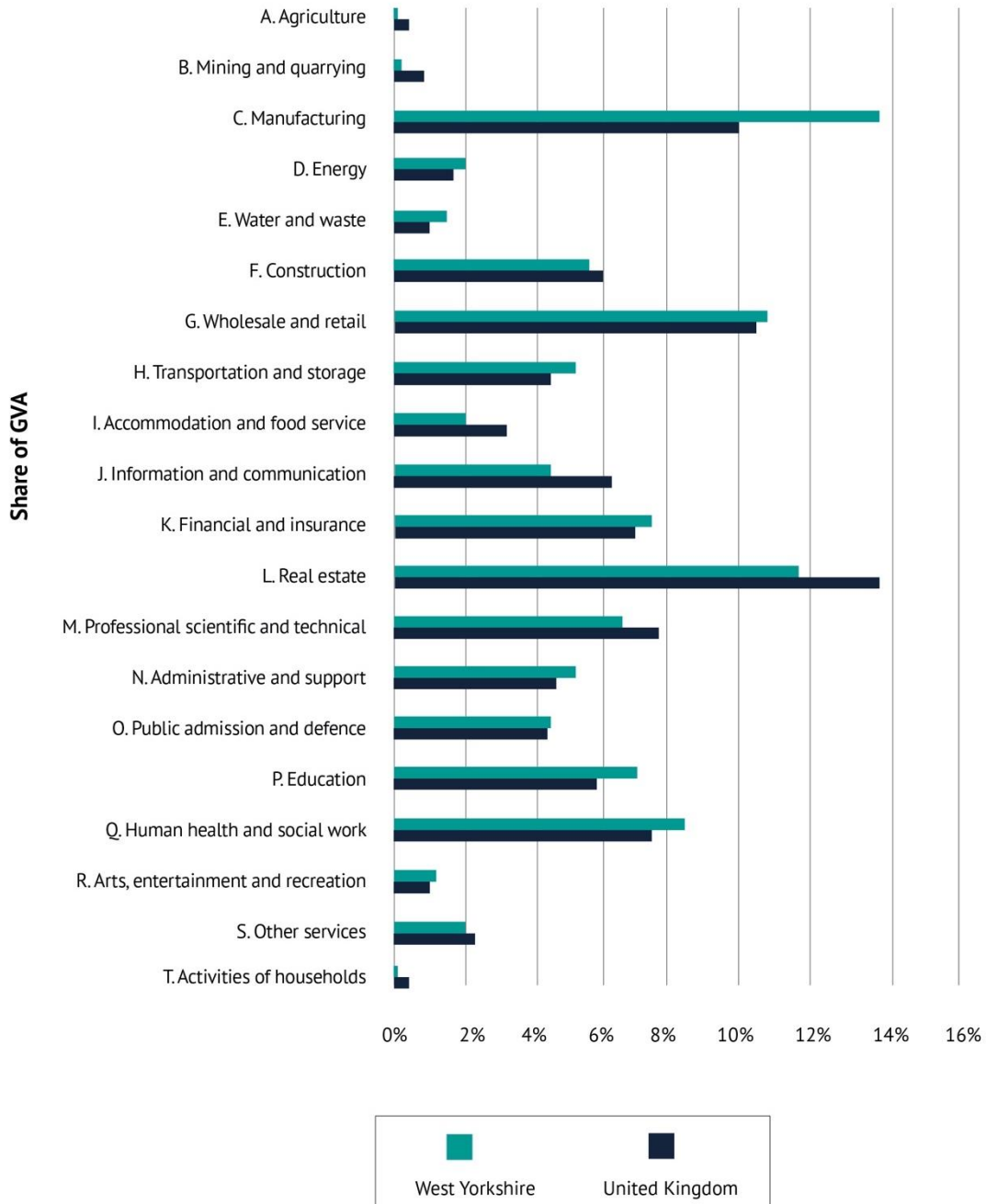


Economic Profile

(a) Structure

West Yorkshire’s diverse economic structure closely resembles that of the UK:

GVA by broad sector, 2017



Source: Office for National Statistics, 2018

However, this masks a broad range of specialisms across districts as illustrated by the table below. The prevalence of machinery & transport component manufacturers in multiple districts

emphasises the region's importance in supply chains. In many districts, this often higher-value activity sits alongside sectors where lower skilled jobs often dominate such as food production and more basic manufacturing industries. Knowledge intensive services are more prevalent in Leeds, though Bradford and Calderdale have at least some degree of specialism here.

Top 5 location quotients for West Yorkshire districts (district employment share >0.9%)

Rank	Bradford	Calderdale	Kirklees	Leeds	Wakefield
1	Water collection, treatment and supply	Insurance & pension funds	Manufacture of textiles	Advertising and market research	Warehousing and support activities for transportation
2	Printing and reproduction of recorded media	Manufacture of machinery and equipment	Manufacture of furniture	Auxiliary financial services activity	Manufacture of other non-metallic mineral products
3	Manufacture of machinery and equipment	Manufacture of furniture	Manufacture of machinery and equipment	Financial services	Manufacture of food products
4	Manufacture of food products	Manufacture of other non-metallic mineral products	Manufacture of fabricated metal products	Computer programming & consultancy	Manufacture of rubber and plastic products
5	Financial services	Financial services	Wholesale trade	Landscaping & building services	Wholesale trade

Source: Business Register & Employment Survey, Office for National Statistics, 2019

West Yorkshire is home to almost 92,000 businesses. In line with the UK as a whole, 99.5% of these are SMEs.

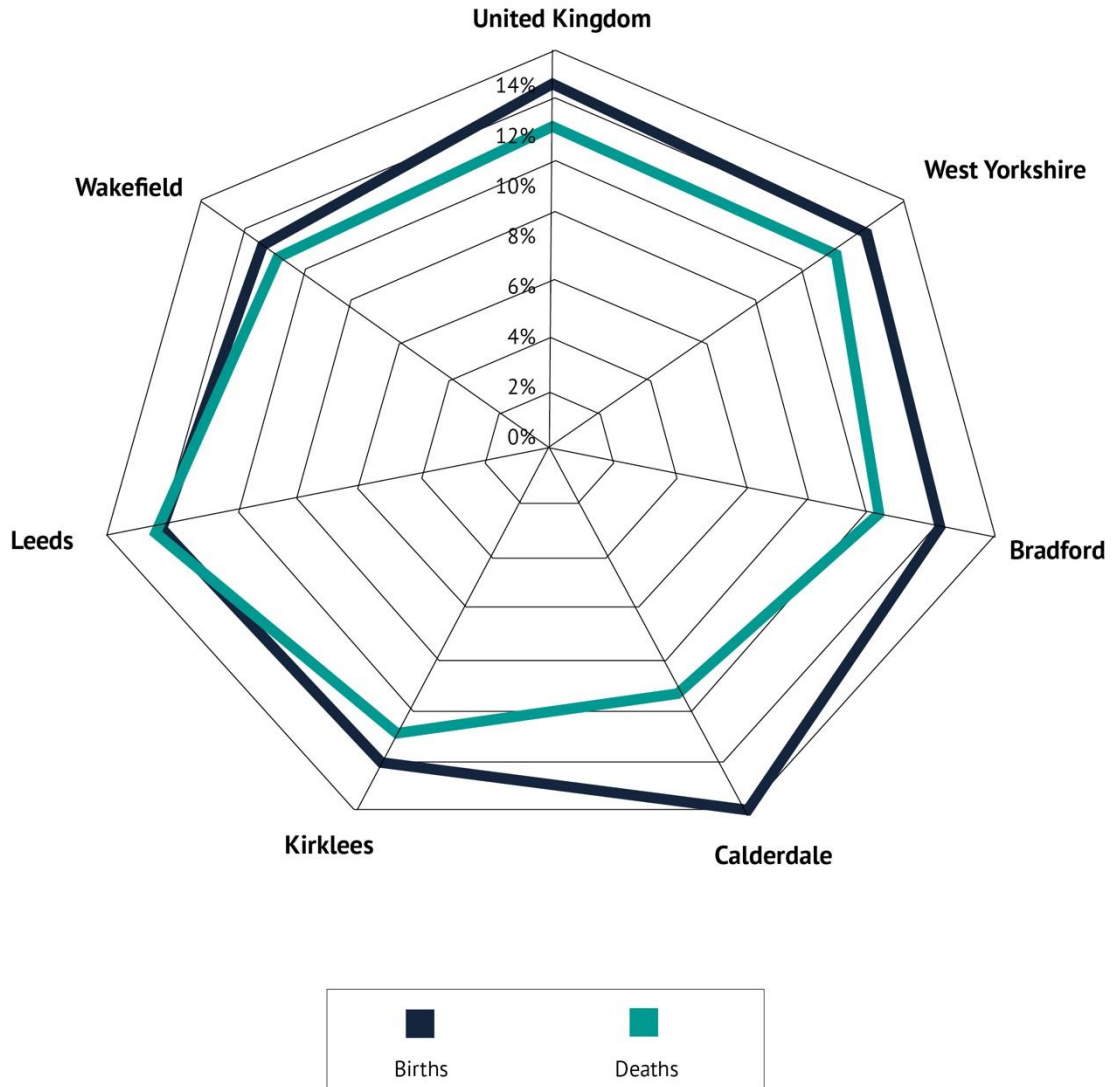
However, the area has relatively fewer micro businesses and more small and medium size firms. Businesses with 10-249 staff constitute 16.9% of our business base, compared to 15.2% nationally. This pattern is more pronounced among the manufacturing base. 30% of 5,800 manufacturers employ 10-249 staff, compared to 22% nationally.

The number of businesses in West Yorkshire has increased by 18.5% since 2014, ahead of national growth (17%). Transport & storage has increased from 3,000 in 2014 to 5,000 in 2018, an increase of 69%, compared to a 44% increase nationally. Both the UK and our region have seen a substantial increase in businesses in the energy sector in recent years, though the number of businesses in the sector remains small in absolute terms (200 in West Yorkshire as of 2019).

The area's business base is relatively stable with the combined business birth and failure rate, (or churn rate) at 23.6% in West Yorkshire and 24.4% in the UK. (A higher churn rate can indicate a more dynamic business base).

Within West Yorkshire, Leeds is the only district where the churn rate is higher than the national rate, albeit only marginally, at 24.9%, suggesting a relatively high degree of dynamism in the economy despite low net growth in the business base. Away from Leeds, business failures were generally below the UK average in most districts suggesting a relatively stable business base.

Business births and death rates



Source: *Business Demography, ONS 2018*

(b) Employment

The number of jobs in West Yorkshire rose to 1.1 million in 2018, an increase of 40,000 (3.8%) on 2015. This is faster than the 3.5% growth across England and 3.3% across Great Britain over this period. Within West Yorkshire, Leeds (8%) and Wakefield (5%) have seen the strongest growth with a more mixed picture elsewhere.

(c) The role of public transport

Within this area, the quality of public transport, and in particular local bus networks, have multiple impacts on the regional economy, amongst them:

- They join up our towns, cities and rural areas and allow people to access jobs, services and learning and leisure opportunities across the area, therefore affecting productive activities. In metropolitan areas, bus networks are estimated to generate £2.5 billion in economic benefits against public funding of £0.50 billion. More than 50% of this benefit is attributable to user benefits from access to jobs, training, shopping and leisure activities².
- They can increase participation in economic activity by providing affordable access to jobs and education. This is particularly important for our most deprived areas.
- Conversely, the effect of service cuts may have dramatic consequences in terms of labour market participation; research suggest that 11% of those who use bus as their means of travel to work would either change jobs or leave the labour market if there was no bus service available.

In addition the rail network offers the following economic benefits:

- Labour market mobility;
- Facilitating housing development;
- Social mobility; and
- Easing road congestion.

². PTEG (2013). *The Case for the Urban Bus. The Economic and Social Value of Bus Networks in Metropolitan Areas*: "...around £1.3bn reflect user benefits from access to jobs, training, shopping and leisure opportunities. The remaining benefits accrue to other transport users and society at large, through decongestion, reduced pollution, lower accident rates, improved productivity and the stand-by value of bus

Challenges

The headline economic data summarised below indicates that for a sub region of its scale and demographic composition, and despite its strengths and assets, West Yorkshire is not punching at its weight and is falling behind.

1. Growth

In recent years, West Yorkshire's economic growth has outpaced that seen in all other core city LEP areas, with the exception of Greater Birmingham & Solihull, at an average of 3.5%. Despite this, average annual growth has remained below UK levels since 2012. In the years preceding the recession, its GVA growth rate of 4.6% was below the national average, and lower than other northern core city LEP areas.

Within the area, GVA growth was at, or above, national levels in only Leeds and Calderdale prior to the financial crisis of 2008, though across West Yorkshire as a whole growth was a little below the national average. This gap has widened since the recession, with growth averaging 2.8% per year since 2009 compared to 3.3% nationally. Wakefield has seen growth outpace UK levels over that period, however.

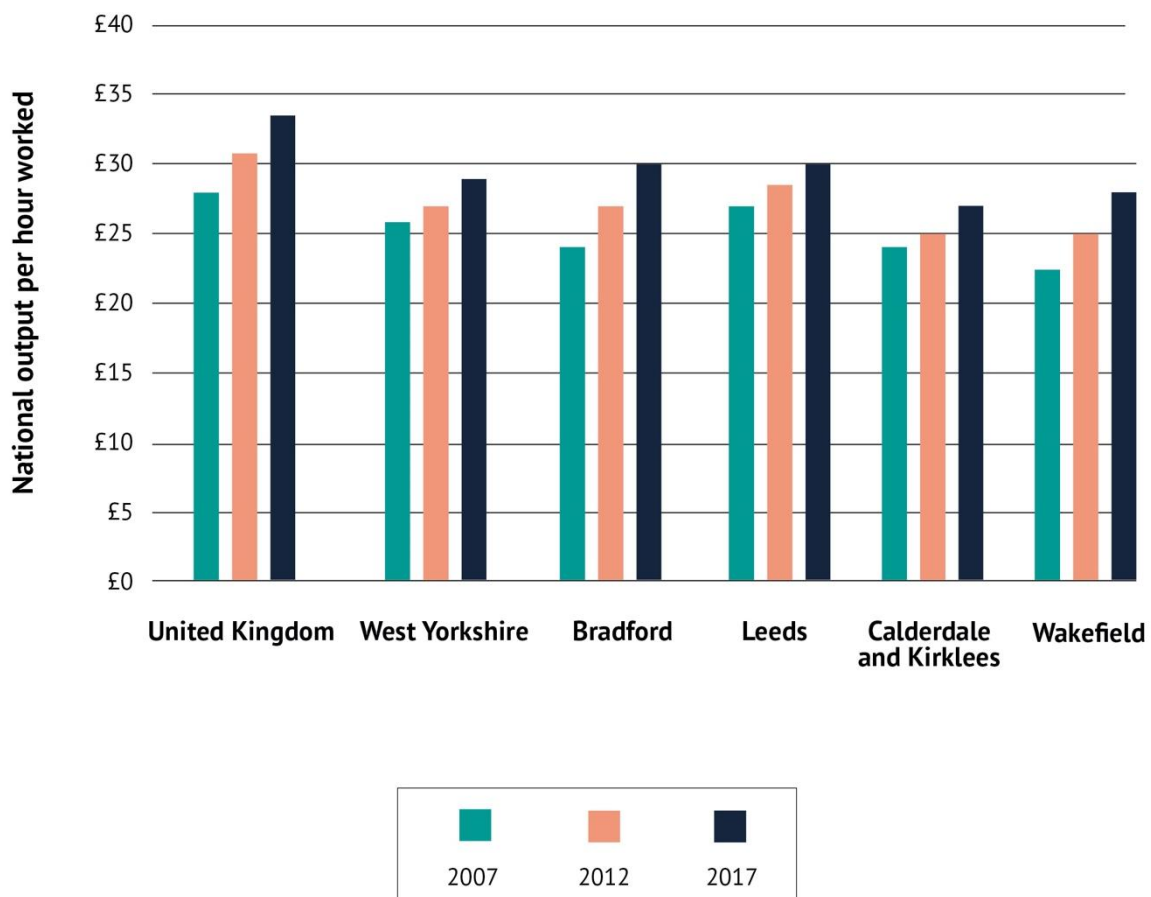
Area	GVA (£m), 2017	Compound annual growth rate, 2000-8	Compound annual growth rate, 2009-17	Share of West Yorkshire GVA
Bradford	10,031	4.0%	2.3%	18.9%
Calderdale	4,774	4.9%	3.3%	9.0%
Kirklees	7,650	3.6%	3.0%	14.4%
Leeds	23,252	5.4%	2.7%	43.8%
Wakefield	7,326	4.0%	3.5%	13.8%
West Yorkshire	53,033	4.6%	2.8%	-
England	1,562,694	4.9%	3.5%	-
UK	1,819,754	4.9%	3.3%	-

2. Productivity

Whilst UK productivity growth has been below trend since the recession, local productivity has persistently lagged behind UK levels. In 2008, output per hour in West Yorkshire was £25.65, about 89.6% of UK output. In 2017, output per hour in West Yorkshire had risen to £29.29, though is just 87% of UK levels. In value added terms, if productivity in West Yorkshire matched UK levels the economy would be £7.9 billion larger.

Although in absolute terms productivity is increasing in all parts of West Yorkshire, all areas have productivity levels below the UK average. In Leeds and Bradford it is now close to 90% of the UK average, but this falls to around 83% elsewhere in the area.

A range of factors influence this relative productivity underperformance. ONS research suggests that West Yorkshire has a higher proportion of firms with relatively low productivity compared to the country as a whole, and London in particular. This creates a long tail of underproductive firms.



Source: Office for National Statistics, 2019

3. Diversity and Inclusion

18.2% of the population are Black, Asian, Minority Ethnic (BAME), compared to 14.6% in England. One in nine (11%) business owners/directors is from a minority background in West Yorkshire. Whilst this is similar to England as a whole, the region has a higher share of business

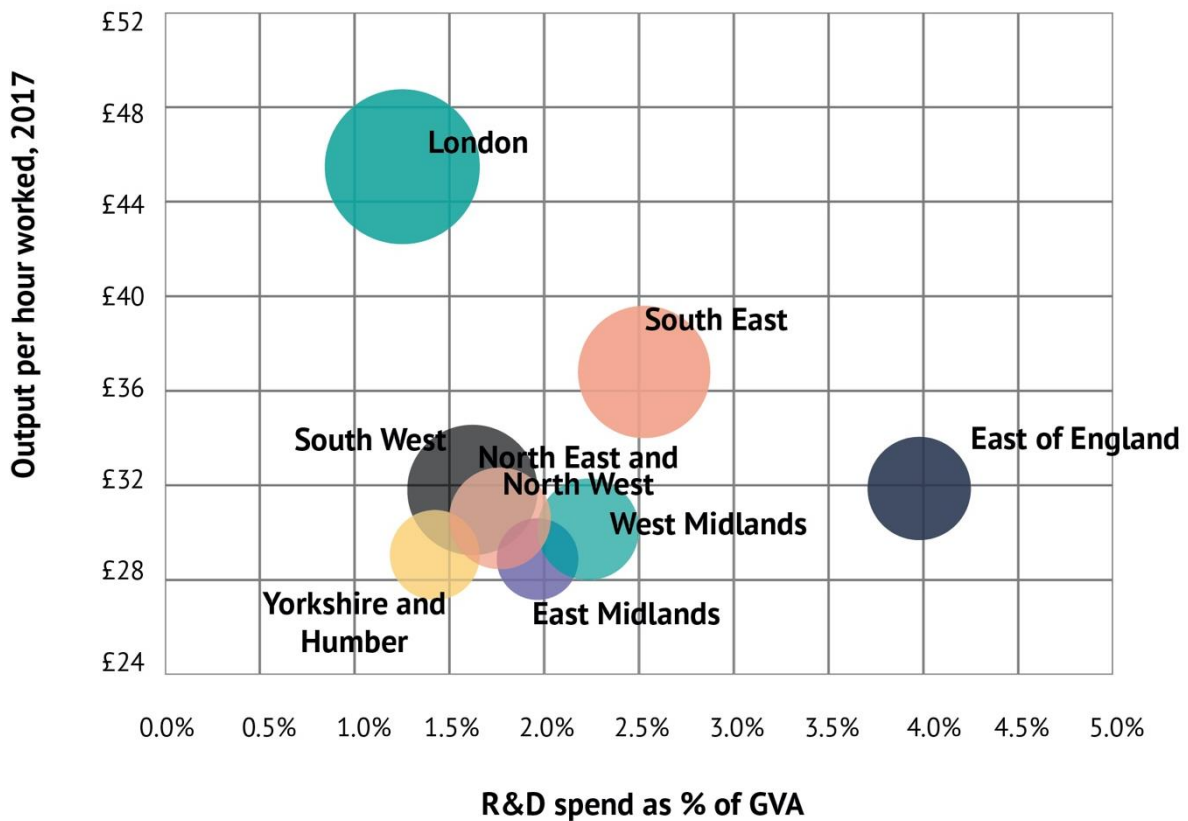
leaders from Asian backgrounds (8.7% compared to 6.8%). This is particularly true in Bradford and Kirklees, where 17% and 10% respectively of businesses owners are Asian.

The proportion of business leaders from ethnic minority backgrounds is therefore lower than the share of all workers from those backgrounds. Whilst this is true in most similar LEP areas, it does suggest that people from such backgrounds are under-represented in senior business positions.

A number of additional inclusion and deprivation related issues are identified in the Place challenge below.

4. Innovation

The national industrial strategy sets out the ambition for the UK to spend 2.4% of GDP on research and development (R&D). Although the 2014 Research Excellence Framework (REF) identified 23% of West Yorkshire HEI research as world leading, and 42% as internationally excellent, Yorkshire & Humber as a whole spends only 1.4% of GVA on R&D - less than any other English region. This is economically significant, and the chart below shows the generally positive correlation between R&D spend and productivity, though London is an outlier in this regard.



Source: Gross Expenditure on R&D, 2017 Office for National Statistics, 2019

5. Trade

The Yorkshire & Humber region accounts for 7.7% of UK goods exported in 2018, broadly in line with its 7% share of UK businesses. However, whilst the number of exporters has increased by 25% since 2013, it has remained relatively stable since 2016.

On average, Yorkshire & Humber goods exporters exported goods worth £1.49m in 2018, up from 1.25m in 2016. However, the value of goods exports per exporter remains lower than in other English regions other than London.

In total, West Yorkshire exported goods worth £6.17 billion in 2018. 10.6% of West Yorkshire goods went to the US compared to 15% across other core city areas and over 20% in the West Midlands. West Yorkshire is similarly underexposed to other key markets such as China, Germany and Singapore, though has a higher share of trade with Ireland and Canada.

6. Place

More than one in five people living in West Yorkshire (22% or almost 517k) live in areas defined as being amongst the most deprived 10% in England, and within the region there is considerable spatial variation. Relative levels of deprivation - and wider place-based challenges - in West Yorkshire have increased in recent years, which can be characterised as follows:

- 13% of West Yorkshire households are in fuel poverty.
- People born in Yorkshire & the Humber have significantly shorter life expectancies at birth compared to England average. The social gradient in life expectancy is steeper in Yorkshire & the Humber; people who live in more deprived neighbourhoods have shorter lives than those in less deprived areas and the difference is more pronounced here compared to the England average.
- West Yorkshire contains 162km of canals and 734km of statutory main rivers. 17k residential properties in West Yorkshire face a 1 in 100 year flood risk (Flood Zone 3) and a further 17,000 properties are in an area with a 1 in 1,000 year risk. Over 5,000 businesses are located in Flood Zone 3 with an additional 5,000 located in Flood Zone 2.
- Between 2001 and 2011, West Yorkshire (similar to national trends) has seen a decrease in the proportion of owned (outright & mortgage) and social rented properties, and near 5.2% increase in the number of privately rented properties.
- Housing sales in West Yorkshire are still recovering from the 2008/09 recession and prices in the areas lag behind the England average (£160,000 vs £240,000) - although this is skewed by the high prices in London and the South-East - and over the last 20 years the gap between house prices in Yorkshire and the Humber and England has widened. Locally there is considerable spatial variation in average house prices, and house price growth, even at sub-district level. These factors correlate with deprivation, which in turn means inequality of the wealth effect.
- Rates of active travel (walking and cycling) - important for public health, quality of life, the environment, and with implications for productivity - are lower than the England average.
- Gross median hourly pay for full-time jobs in West Yorkshire is 92% of the national average. All districts in West Yorkshire pay below the England average. The figure for Leeds is close to parity (96% of the national average) with the remaining districts occupying a fairly consistent level at 88 to 89% of the national average.
- 24% of jobs in West Yorkshire pay less than the Living Wage Foundation's Living Wage rate, which is intended to reflect the level of pay people need to get by. In contrast, for Oxfordshire LEP it is 13%. The largest number of low-paid people is in Leeds but Kirklees and Wakefield have higher proportions of low-paid people.
- West Yorkshire has more than its fair share of skills-based deprivation. Based on the Index of Multiple Deprivation 2019, 22% of neighbourhoods in the region are among the 10% most deprived nationally in relation to skills, with Bradford (33%), and Wakefield

(28%) the worst affected. However, all districts have more than their fair share of skills deprivation

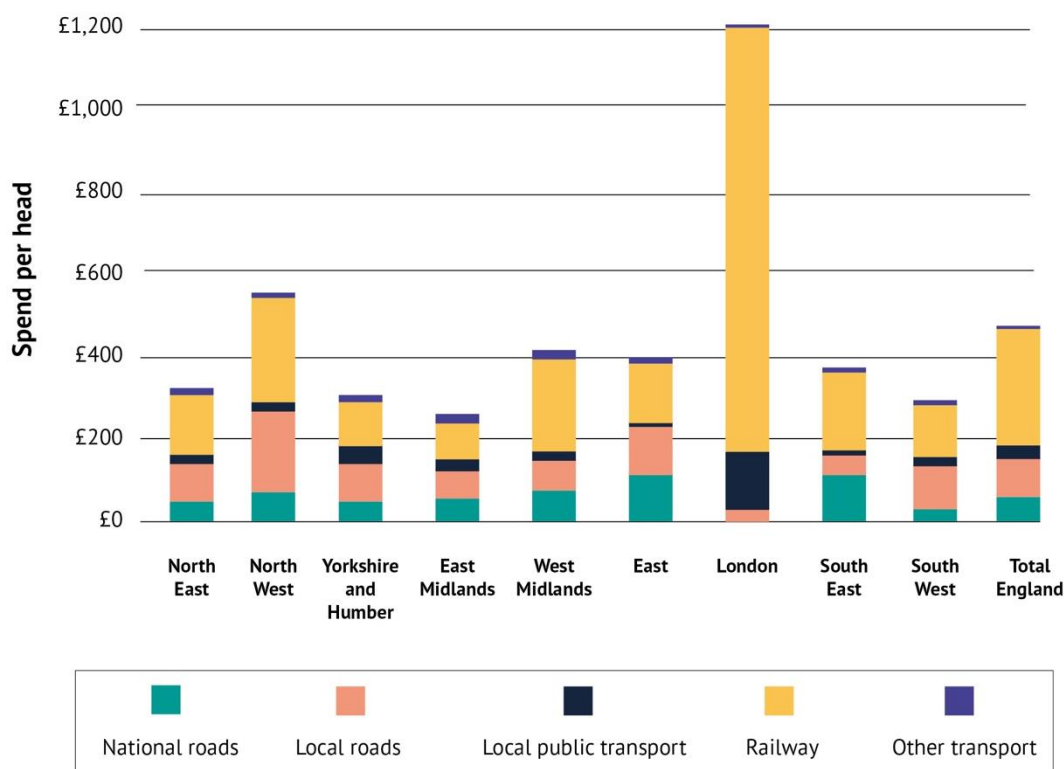
7. People

- West Yorkshire generally performs poorly in terms of skills supply - the proportion qualified at level 4 and above is 6 points lower than the national average – 33% of people aged 16-64 are qualified to NVQ4+ locally, compared to 39% nationally. Meanwhile the proportion qualified below level 2 is 5 points higher (27% in West Yorkshire and 22% nationally).
- The qualification profile at district level is quite disparate within West Yorkshire. For example, only 25% of the population in Wakefield is qualified to level 4. In Bradford there are significantly more people qualified below level 2 than qualified at level 4 and above. Leeds and Calderdale perform significantly better. The proportion of people qualified at level 4+ in Leeds is 13 points higher than in Wakefield. Nonetheless, all districts underperform against the national average on higher level qualifications. This helps explain why despite the area having a large HE sector, the extent to which it currently addresses local skills needs is limited, with graduate retention rates low relative to some comparable areas.
- The area has seen a strong recent improvement in its labour market performance but still has a significant number of people who are excluded from the labour market, with disadvantaged groups most at risk: employment in manual roles (semi-skilled operatives, labourers) saw decline in recession and also shows signs of further contraction following a period of recovery.
- Although West Yorkshire has a deficit of higher skilled employment, recent employment growth has nonetheless been driven by expansion of higher skilled occupations: the number of people employed in these roles has grown by 98,000, or 28%, over the last 15 years, four times the overall rate of employment growth.
- 44% of people working in the region are employed in higher skilled roles, versus a national average of 48%. Only in Leeds is the skills profile similar to the national average. Employment in professional roles is particularly low at 20% of the total compared with national average of 23%. Employment in middle-skilled, service-intensive and manual roles are all proportionately higher in the region than nationally.

8. Infrastructure

- Low levels of public sector investment have left the supply of infrastructure lagging behind what is needed to support a world-leading economy. For example, transport investment totalled £315 per head in Yorkshire & Humber in 2017/18, below the average for England of £475. This is skewed by London (£1,019 per head), but only the East Midlands had lower investment levels than Yorkshire & Humber.

Transport investment per head- English regions, 2017-18



Source: *Country and Regional Analysis, HM Treasury, 2018*

- The volume of traffic is increasing and infrastructure improvements are not keeping pace which means congestion continues to be a problem (with longer journey times and reduced averaged speeds). This has both economic and environmental impacts; it disrupts or delays the movement of people and goods, and it contributes to increased pollution and carbon emissions.
- Public transport is a key opportunity to reduce congestion, however only around 1 in 10 residents of West and North Yorkshire commute by bus, and bus passenger journeys in the area have declined by 13% since 2009/10. This trend is similar for other regions outside London, except the South East and South West. One reason for the decline in bus usage is the reduction in services. The number of bus miles operated in the Yorkshire and Humber Region has reduced by 14% between 2009/10 and 2017/18. This is one and a half times the England average.
- Almost 1 in 5 residents of West Yorkshire live within 1km of one of the area's 69 rail stations, however data from the last census revealed that rails modal share of commuters is just 4% (less than the national average). Rail use, both nationally and locally is growing, despite recent poor performance indicators (Transport Focus survey results).

reveal that passengers perceptions of rail journeys, stations, and services in West Yorkshire are below average for similar metropolitan areas). Station usage data reveals that growth has been less strong in West Yorkshire compared to England overall. Leeds station accounts for 43% of all station entries and exits in West Yorkshire.

- Access to Superfast Broadband falls to 69% in the 20% most deprived areas and only 3% of properties have access to Full Fibre Broadband (FFBB). Access to FFBB improves as the deprivation decile improves with 7% of properties in the 5th decile and above being connected.

Understanding current governance arrangements

The Combined Authority and the LEP work in partnership with one another - and with local councils and business - to seek to ensure everyone in our region benefits from a strong, successful economy and a modern accessible transport network. These ambitions will be driven by a forthcoming Local Industrial Strategy and Strategic Economic Framework which will capture and align economic policy making across the city region.

Combined Authorities, LEPs and PCCs

(a) Combined Authorities

Because the geographic areas covered by functional economic market areas (illustrated by, for example, travel to work areas) are typically significantly larger than the areas of individual local authorities, there is considered likely to be scope for improvements to be made to the exercise of some statutory functions and economic outcomes through joint decision making and close co-ordination of delivery activity across these economic areas.

All combined authorities are statutory ‘bodies corporate’ with legal personality and exercise functions as set out in orders and primary legislation. CAs may be made as either non-mayoral or mayoral – the mayoral variant has a directly elected mayor that personally exercises and/or delegates specific (“mayoral”) functions, in addition to being a voting member, and Chair, of the Combined Authority.

The constituent district authorities need not cede any of their functions to their combined authority, although they may choose to do so, or to share appropriate functions with the combined authority, where this would demonstrably improve the exercise of those functions. The combined authority model provides a way to take on powers and funding which would otherwise be managed from Whitehall.

The combined authority model therefore allows groups of relevant authorities to work closely together on a voluntary basis to create a strategic economic framework and policies to deliver, for example, improvements in transport and other infrastructure across their sub-regions and economic investment activity. It is intended to support improved strategic decision making and leadership on these and other issues.

As a combined authority has a separate legal identity from its constituent authorities it is able to hold budgets, employ staff and enter into contracts (e.g. to act as accountable body for funding distributed by government) and, in the case of West Yorkshire Combined Authority, to collaborate with local authorities within the wider Leeds City Region functional economy. The activities of a combined authority are governed by its members, a majority of whom must be elected members of the constituent local authorities, ensuring its local democratic mandate. A combined authority makes the delivery of strategic decisions more streamlined and efficient, e.g. by removing the requirement for each district authority to ratify the same decision separately.

(b) LEPs

From 2011, local enterprise partnerships (LEPs) were established as a public-private sector partnership. There are 38 LEPs across England. They are business led partnerships between local authorities and local private sector businesses. Each is tasked to play a central role in

determining local economic priorities and undertaking activities to drive economic growth and job creation, improve infrastructure and raise workforce skills within the local area. LEP boards are led by a business Chair and board members are local leaders of industry, educational institutions and the public and third sectors.

(c) Police and Crime Commissioners

PCCs were elected for the second time in May 2016 in 40 force areas across England and Wales. Every force area, including West Yorkshire, is represented by a PCC, except Greater Manchester and London, where PCC responsibilities lie with the Mayor.

The PCC does not run operational policing, that is the role of the Chief Constable; the role of the Commissioner is to be the voice of the people for the area, hold the police to account, set the policing budget and produce a Police and Crime Plan for the area.

Under the terms of the Police Reform and Social Responsibility Act 2011, PCCs will:

- appoint (and will be able to dismiss) the Chief Constable. The Chief Constable will appoint all other officers within the Force;
- set out a five-year police and crime plan (the Plan), although it may be refreshed each year and may be fully revised at the Commissioner's discretion;
- determine local policing priorities, publish the plan, set a local precept and set the annual Force budget (including contingency reserves) in consultation with the Chief Constable. The Plan will need to take account of national policing challenges, set out in the national 'Strategic Policing Requirement';
- receive the policing grant from the Home Office, various grants from the Ministry for Housing Communities and Local Government and the local precept (as well as any other funding streams);
- commission policing services from the Chief Constable (or other providers - in consultation with the Chief Constable). These services shall be set out in the Plan where the Commissioner's objectives and funding will be publicly disclosed;
- publish the Plan, which will remain a public document, including any updates or amendments made, during the five-year period;
- publish an annual report at the end of the financial year, which will set out progress made by the Commissioner against the objectives set out in the Plan;
- publish annual financial accounts alongside the annual report, including showing how resources were used to address priorities and how value for money was secured;
- have a general duty to regularly consult and involve the public and have regard to the local authority priorities; and
- be able to require a report from the Chief Constable at any time about the execution of their functions

West Yorkshire Combined Authority

The 2013 Review of West Yorkshire governance arrangements relating to transport, economic development and regeneration concluded that West Yorkshire Integrated Transport Authority and West Yorkshire Passenger Transport Executive should be abolished and a combined authority for the area created, both as the best option for the area going forward in terms of delivering the 2012 City Deal, and because it would be likely to improve:

- the exercise of statutory functions relating to economic development, regeneration and transport in the area;
- the effectiveness and efficiency of transport; and
- the economic conditions in the area.

In making the order to create the Combined Authority, the Secretary of State also had regard to the need to: secure more effective and convenient local government for the area; and to reflect the identities and interests of the area's local communities. On that basis, West Yorkshire Combined Authority was created in April 2014. Membership is comprised of elected members of the West Yorkshire partner councils of Bradford, Calderdale, Kirklees, Leeds and Wakefield, plus York and the Chair of the LEP. Voting members are: five elected members, one appointed by each of the five constituent West Yorkshire councils, and three elected members agreed by the constituent councils to reflect the balance of political parties across the Combined Authority area.

In addition there is: an elected member appointed by City of York Council (which is a non-constituent member of the Combined Authority) and the Chair of the LEP (these members are non-voting except where the Combined Authority has resolved to give them a vote on any issues).

Currently, West Yorkshire has a non-mayoral combined authority. The West Yorkshire Devolution Deal commits, subject to a statutory review, to the Combined Authority being made Mayoral with a directly elected Mayor to be elected by the voters of West Yorkshire by May 2021.

Supporting structures

The work of the Combined Authority (and the LEP) is supported through an integrated officer body and various Committees and advisory panels (comprising council members and private, other public, and third sector representation) including:

- Transport Committee, with supporting joint and district consultation sub-committees;
- West Yorkshire and York Investment Committee;
- Overview and Scrutiny and Governance and Audit Committees; and
- Advisory Panels: Business, Innovation and Growth; Employment and Skills; Green Economy; Inclusive Growth and Public Policy; and Place.

Functions

The Combined Authority exercises a combined range of specific statutory duties, powers and functions for economic development & regeneration and transport.

It works closely with the LEP to develop, shape and deliver policies that meet the needs of employers in the region, and this is enabled through the General Power of Competence which the Combined Authority exercises in respect of promoting economic development and regeneration.

The Combined Authority is the statutory body created under the Transport Act 1968 to secure public transport services and facilities required for the sub region. The five District authorities currently exercise local highways functions, including highways maintenance and traffic management. Under the Transport Act 1985, the Combined Authority is also responsible for procuring public passenger transport services following the de-regulation of the bus market. The Combined Authority has a duty as the Local Transport Authority to 'secure or promote the provision of a system of public transport which meets the needs of the area' and delivers public

services to the people of West Yorkshire via the Metro branded network of bus stations, travel centres and public transport information.

Amongst its other transport duties, the Combined Authority also:

- prepares the Statutory Local Transport Plan for the area, and other related plans and strategies (including for bus, rail and freight) and manages the local transport allocation from Department for Transport
- is responsible for administering the English National Concessionary Travel Scheme for subsidising public transport;
- is party to rail franchise agreements;
- is responsible for reviewing rail passenger services and advising Department for Transport under the Railways Acts.

Combined Authority transport functions are funded by:

- the transport levy placed on the District Authorities
- Department for Transport rail and other grants
- Devolved funds, e.g. Department for Transport major scheme grant funds, Growth Deal funding (until 2021), West Yorkshire+ Transport Fund gainshare funding (post 2021), enabling significant delivery including:
 - an additional 2,000 park and ride spaces at 14 West Yorkshire rail stations bringing the total to around 7,000, encouraging rail use and reducing car journeys into our town and city centres
 - rail stations at Apperley Bridge, Kirkstall Forge and Low Moor, opened with almost £27 million of investment from the Combined Authority, and which people used to make almost ¾ million journeys in 2018/19.
 - £60 million of investment in cycling and walking schemes across the region over the past five years. 67km of new and improved cycling and walking with more than 2.3 million trips made on the infrastructure to date.
 - £79 million invested in building eight new college facilities and refurbishing two further facilities, expected to deliver a £600m impact over the next five years
 - £45 million from the Growth Deal invested into creating ten Enterprise Zone sites across the Leeds City Region deliver over 1.5 million square feet of new commercial space
 - £4 million invested into creating a district heat network in Leeds City Centre providing low cost, low carbon heating to almost 2,000 homes as well as a number of businesses

Leeds City Region LEP

In 2011, the LEP was established as one of the first in the country as a public-private sector partnership.

The LEP brings together business and council leaders to ensure that services and investment are well co-ordinated across the City Region and support businesses to grow, eg through the Growing Places Fund, Inward Investment, Skills, Low Carbon and Inclusive Growth.

From March 2020, in order to comply with Government's requirement that LEP areas can no longer be partly overlapping, the geography of the LEP was changed to cover the West Yorkshire

district areas of Bradford, Calderdale, Kirklees, Leeds and Wakefield only and membership of the LEP Board now reflects that change whilst continuing to be known as Leeds City Region LEP.

West Yorkshire PCC

The West Yorkshire PCC was first elected in 2012 and again 2016 and his term of office is now due to end in May 2021 following the cancellation of the May 2020 elections. The PCC is supported by a Deputy PCC and an Office of the PCC (OPCC). The OPCC employs a number of statutory and core staff in addition to other staff that support wider service provision under the direction and control of the PCC.

The West Yorkshire Police and Crime Plan 2016-21 is built around delivering the following four key outcomes:

- tackle crime and anti-social behaviour;
- safeguard vulnerable people;
- make sure criminal justice works for communities; and
- support victims and witnesses.

The Plan also sets out 16 priorities for the OPCC, West Yorkshire Police and partners, identified by people and partners from across West Yorkshire through the consultation exercise 'Your Plan, Your Priorities'. The Plan priorities are shown in the following table:

Burglary	Domestic Abuse	Human Trafficking and Modern Slavery	Radicalisation
Child Sexual Abuse	Drugs and Alcohol Misuse	Major Threats	Road Safety
Community Cohesion	Hate Crime	Mental Health	Sexual Abuse
Cyber Crime	"Honour" Based Violence	Missing People	Strategic Policing Requirement

Case for change

The Combined Authority arrangements within West Yorkshire provide a framework for collaboration that is currently limited to economic development and transport, and available funding streams which are similarly constrained. West Yorkshire authorities have undertaken an assessment of the opportunities and challenges existing across the region demonstrating that access to a broader range of powers and devolved funding is needed to achieve the area's full growth potential.

The 'minded-to' West Yorkshire devolution deal

Government and West Yorkshire authorities have agreed an ambitious 'minded-to' devolution deal that will provide the area with significant new powers and funding to increase opportunities and living standards through inclusive growth and productivity improvements. The content of this deal expands on the model seen in other areas with a clear focus on clean and inclusive growth and driving increased productivity.

The deal is described as 'minded-to' as the proposals are subject to formal consent by the individual councils and parliamentary approval of the relevant legislation to implement the proposals over the coming months.

Governance

The economic and social challenges facing the region need to be addressed and opportunities maximised if the area is to grow and prosper. The powers and funding available through existing membership of the Combined Authority do not provide sufficient scope to tackle the key long-term, entrenched issues facing the West Yorkshire identified above in relation to growth, productivity, diversity and inclusion, innovation, trade, place, people and infrastructure. There is strong evidence that strengthened governance arrangements in the West Yorkshire area, with additional powers and funding, will deliver significant economic outcomes locally and improve the contribution of the area to the Northern Powerhouse and national economy.

For example, a compelling headline case for governance reform in the City Region has been made by the OECD³ which recognises that: "Institutional factors are crucial in ensuring successful consultation and co-ordinating among stakeholders within regions, with other regions and central government...thus, governance matters."

The OECD further concluded that in Leeds City Region - which was seen to be particularly affected by its polycentricity, geographic dispersion, and institutional complexity - it was challenging to generate effective communication, strong co-ordination and a shared sense of purpose in response to the challenges it then faced. Therefore, it was recommended that the City Region would benefit from strengthened and more established regional governance arrangements.

Moreover, the West Yorkshire authorities have an opportunity through the 'minded-to' devolution deal to take on a greater level of local control and responsibility for a number of key drivers of economic growth with an unprecedented range of additional powers and funding. This opportunity does not exist within the existing the Combined Authority arrangements as Government has been clear that strong, accountable governance exercised through a mayoral combined authority is an essential prerequisite of any further devolution of powers and functions to a city region.

³ Promoting Growth in All Regions, OECD, 2012

Under the terms of the deal a Mayoral West Yorkshire Combined Authority with a new directly elected mayor for the area will provide a stable and directly accountable platform for devolution of resources and a wider range of powers from central government. The MCA will exercise a broader range of functions as detailed below, with the Mayor exercising certain powers with personal accountability to the electorate, devolved from central Government and set out in legislation. The Mayor may choose to delegate function(s) to members of the Combined Authority. No constituent council functions will be removed from those councils.

The Mayor will chair Combined Authority meetings within which each of the five constituent authorities will appoint one member. Three elected members will continue to be agreed by the constituent councils to reflect the balance of political parties across the Combined Authority area.

The MCA will be able to 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

The relationship with business is integral to the proposed arrangements, with the LEP represented on the Combined Authority through a non-voting member, and the Mayor represented on the LEP Board.

It is anticipated that decision making will generally be by way of consensus and with clear voting arrangements set out in the constitution for the occasions where it is not possible for all constituent members to agree.

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); and
- Setting a levy.

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

- The spatial development strategy will require the consent of the members of 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; and
- The Combined Authority will be able to amend the Mayor's transport strategy if a majority of members agree to do so.

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.

The Mayor and the Combined Authority will be scrutinised and held to account by the Combined Authority’s Overview and Scrutiny and Governance and Audit Committees. The 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.

Functions

The deal specifies that the new MCA would continue to exercise the range of current Combined Authority functions in relation to economic development regeneration and transport - outlined elsewhere in this review (save for the Mayor taking responsibility for preparing the transport plan and strategies).

The new MCA and Mayor would exercise distinct new functions. These would be devolved from central Government and set out in legislation and draw down from Whitehall significant new funding streams. No transfer would be required of statutory responsibility from local authorities to the MCA or Mayor as a result of the deal.

The various powers in scope, and their rationale, are considered in the grid below and encompass a broad set of ambitions covering:

- Finance and Investment
- Transport
- Skills and Employment
- Innovation
- Trade and Regional Business Support
- Housing and Planning
- Culture Heritage and Digital
- Climate, flooding and the environment
- Public Service Reform

Functions – Finance and Investment	Economic Challenge Addressed	Rationale
<p>Power for the Mayor to:</p> <ul style="list-style-type: none"> charge business rate supplement (subject to ballot); and set a precept on council tax to fund Mayoral functions <p>Power for the Combined Authority to borrow up to an agreed cap for non-transport functions</p>	<p>1,2,3,4,5,6,7,8</p>	<p>The Mayoral Combined Authority will be able to utilise the new functions (and existing Combined Authority powers and devolved funding, eg borrowing for transport functions) in relation to charging a business rates supplement and borrowing powers to create a fully devolved, flexible single pot to be named the West Yorkshire Investment Fund (WYIF), covering all devolved budgets, and in line with an agreed assurance framework to ensure that all funded interventions are aligned to the balanced economic outcomes for the area. This will transform the region's capacity to drive its ambitions of faster, more inclusive and greener growth and delivery of a 21st century transport system. The WYIF would comprise a number of devolved income streams, including from the following funds agreed in the deal:</p> <ul style="list-style-type: none"> £38m per annum to the Combined Authority for 30 years (25% capital and 75% revenue), to capitalise the WYIF, subject to five-yearly gateway assessments to confirm that the investment has contributed to economic growth; The Combined Authority will be able to use capital receipts from asset sales as revenue funding for public service transformational initiatives; Combined Authority powers to borrow (within limits agreed with HMT) for its new functions will allow the Combined Authority to invest in economically productive infrastructure; Powers to raise a Strategic Infrastructure Tariff would enable the Combined Authority to raise funding for strategic infrastructure and would operate alongside any local forms of developer contributions; and Mayoral 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. Flood risk management 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; and A £25 million Heritage Fund to support the British Library in establishing a potential 'British Library North'. In addition, the Mayoral power to set a precept on local council tax bills would help pay for the Mayor's work (and no other Combined Authority functions). A precept would offer greater transparency to West Yorkshire residents in relation to the funding of Mayoral functions.

Functions - Transport	Economic Challenge Addressed	Rationale
<p>Power for the Mayor to:</p> <ul style="list-style-type: none"> draw up a local transport plan and strategies request local regulations requiring large fuel retailers to provide Electric Vehicle charging points implement bus franchising in the area; and pay grants to bus service operators <p>Combined Authority transport powers to set up and coordinate a Key Route Network (KRN) on behalf of the Mayor, along with:</p> <ul style="list-style-type: none"> powers to collect contributions from utility companies for diversionary works needed as a result of highways works carried out on the Key Route Network; and powers to operate a permit scheme designed to control the carrying out of works on the Key Route Network 	<p>2,6,8</p>	<ul style="list-style-type: none"> The additional powers devolved to the Mayoral Combined Authority will unlock the devolution of the following transport related funds and funding flexibilities: A consolidated local transport budget, devolved to the Mayor, including all relevant devolved highways funding, starting with a five-year, integrated transport settlement beginning in 2022/23 from a wider £4.2bn envelope. £317m to the Combined Authority from the Transforming Cities Fund to deliver the projects included in the Leeds City Region bid; to take forward the next stage of development of the Outline Business Case for the redevelopment of Leeds station, subject to endorsement of the current business case, which will deliver improvements both in track and services and in the station's accessibility and environment; and up to £500,000 to support Bradford's master planning work to explore the regeneration opportunities of potential NPR services. <p>In addition to the ability to pay grants to bus service operators, access to franchising powers under the Bus Services Act 2017 will provide the opportunity for the Mayor to specify bus services in West Yorkshire as part of an integrated local transport system and help to facilitate the delivery of smart, simple integrated ticketing across the city region.</p> <p>Through the Automated and Electric Vehicles Act, the Mayor's 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 will be beneficial in terms of promoting lower carbon transport modes.</p> <p>The establishment of a statutory Key Route Network (KRN) would build on existing local arrangements to enable better collaborative decision-making on major strategic transport issues. The identified KRN will be collaboratively managed at the West Yorkshire level by the respective local highway authorities in partnership with the Combined Authority on behalf of the Mayor (who would be responsible for the overall coordination of the collaborative arrangements). There will be no transfer of statutory responsibility for such roads from the existing highway authorities. Responsibility for resourcing maintenance and operational management of the network would remain the responsibility of the respective local highway authorities.</p>

Functions - Economic development and Skills	Economic Challenge Addressed	Rationale
<ul style="list-style-type: none"> • Mayor to have the functional power of competence • Combined Authority duty to prepare an assessment of economic conditions • Combined Authority adult education and skills functions 	<p>2,3,7</p>	<p>The Mayor will not have the general power of competence, however the Mayor will have, as an ancillary power, a functional power of competence which complements the Combined Authority’s existing powers and enables the Mayoral CA to do things appropriate or incidental to, or connected with, the Mayor’s and Combined Authority’s functions. It will also aid the delivery of the comprehensive programme of collaboration with Government departments and national agencies which is envisaged in the deal, in order to build on West Yorkshire’s economic strengths and assets and address its weaknesses, including in relation to: transport; skills and employment; innovation; trade and regional business support; housing and planning; culture, heritage and digital; climate, flooding and the environment; and public service reform (for example to explore the feasibility and opportunities around an ‘Act Early’ Health Institute).</p> <p>The Combined Authority’s powers to prepare an assessment of economic conditions will underpin the pending Local Industrial Strategy and ensure that regional policy making is evidence based and takes account of current and emerging economic conditions, including for example in respect of providing business support.</p> <p>By devolving the annual Adult Education Budget and conferring the relevant powers on the Combined Authority, the provision of adult skills in West Yorkshire will be better aligned with locally determined priorities to ensure the skills system is demand led so that all our residents have the skills required to help businesses to grow, innovate and diversify. A workforce that has transferable and relevant skills is a prerequisite to delivering inclusive growth within the region.</p>

Functions - Housing and planning and regeneration	Economic Challenge Addressed	Rationale
<p>Mayoral powers:</p> <ul style="list-style-type: none"> statutory spatial planning powers to produce a West Yorkshire Spatial Development Strategy (SDS) - exercisable with the unanimous consent of the constituent authorities power to designate a Mayoral Development Area and then set up a Mayoral Development Corporation (subject to the consent of the constituent council affected by the exercise of the function) housing and land acquisition powers to support housing, regeneration, infrastructure and community development and wellbeing. <p>Combined Authority housing and regeneration powers in relation to:</p> <ul style="list-style-type: none"> 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 seeking consent to raise a Strategic Infrastructure Tariff 	<p>6,7,8</p>	<p>An SDS for West Yorkshire (supported by the proposed additional Mayoral and Combined Authority housing and development powers) would enable a common strategic vision for spatial planning across the area to be agreed and implemented, ensuring policy decisions are made more effective by reducing the impact of administrative boundaries. This enhanced coordination would also allow the individual local planning authorities to develop their individual local plans with a common base in evidence and strategy.</p> <p>SDSs in particular are considered effective in cementing this joint-working as the local plans of constituent members have to be in general conformity with them, whilst democratically accountable governance arrangements (such as requiring unanimous agreement from districts) can help ensure that the SDS is truly a common vision.</p> <p>The scope and preferred approach to developing any West Yorkshire SDS is a matter for local agreement, in line with the National Planning Policy Framework. Because the MCA would be given powers over other areas of strategic policy, such as strategic transport powers, an SDS could help ensure that there is a corresponding land-use policy tool to prevent coordination failure between land-use policy and these other policy areas.</p> <p>In the context of climate crisis, it is a regional SDS's ability to coordinate key strategic policies to tackle the pressing issues in a cross-boundary way that provides significant value added when compared to a local plan, including by providing strategic co-ordination 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.</p> <p>In addition, £3.2m will be devolved to the MCA to support development of a pipeline of strategic 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, with a national £400m envelope, and future funding streams. 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.</p>

Functions – Police and Crime Commissioner (PCC)	Economic Challenge Addressed	Rationale
PCC functions to be exercised by the Mayor or the Mayor's appointed Deputy Mayor for Policing	3,6,7	<p>Would enable opportunities to be explored for efficiencies through wider strategic public service integration.</p> <p>Improved functional effectiveness by strengthening links such as between inclusive growth and community safety and cohesion, eg by diverting vulnerable people (for example care-leavers) away from the criminal justice system by ensuring they have a structured pathway towards personal wellbeing, relevant and transferable skills, and access to good work and building on West Yorkshire OPCC strategies around reducing reoffending and victims already developed and in place.</p>

Criteria

This section sets out the local and legislative criteria against which possible regional governance options are then considered.

Local requirements

- Add value to West Yorkshire’s delivery of outcomes **through clear, transparent and accountable regional decision making**;
- **Enable control over additional funding and powers** which would otherwise be managed from Whitehall (such as in the current Devolution Deal, and future Deals);
- **Work more effectively in partnership** with others, such as:
 - with local authorities at West Yorkshire / Leeds City Region and Yorkshire level, e.g. in delivering a comprehensive approach to delivering faster, greener and more inclusive growth; and
 - across the North of England, for example on the Transport for the North agenda, including HS2, Northern Powerhouse Rail and rail franchising.
- Ensure strategic decisions eg on economic investment, planning and transport are made at the **most appropriate administrative level, and as locally as possible**; and
- **Enable efficiency savings to be realised**, either financial savings from devolved project and programme delivery, also co-ordination, time and transaction cost savings through reduced fragmentation of decision making and strategic planning.

Statutory tests

Section 112 of the 2009 Act provides that where one or more of the authorities which undertook the review conclude that the exercise of the power to make an order under S104 or 105 would be likely to improve the exercise of statutory functions in West Yorkshire, they may prepare and publish a scheme relating to the exercise of those functions. The Secretary of State may only make an order (under S104 or S105) if they also consider that to do so is likely to **improve the exercise of statutory functions** in the Combined Authority’s area. In making any such order, the Secretary of State must have regard to the need:

- To secure **more effective and convenient local government** for the area; and
- To reflect the **identities and interests of our local communities**

Governance options

This Section examines the effectiveness of existing governance structures at the West Yorkshire level and considers their appropriateness against that of other possible governance models. An assessment of the following three options is provided below:

- Option 1 - Do nothing / business as usual
- Option 2 - Strengthen existing arrangements
- Option 3 – An MCA

Option 1 - Do nothing / business as usual

The (non-mayoral) combined authority model in West Yorkshire has demonstrated several strengths:

- Enabled the historic fragmentation of previous regional governance arrangements to be addressed by establishing a single, integrated regional authority bringing together statutory economic development and transport functions;
- Created the opportunity for various types of collaborative effort, including a stronger shared sense of strategic purpose between partners on the challenges of promoting faster, cleaner and more inclusive growth and the delivery of a 21st century transport system;
- Been able to effectively and efficiently discharge significant devolved powers and funding, including those agreed the 2012 City Deal, and to fulfil ambitions set out in the Leeds City Region Strategic Economic Plan (SEP) , such as proposals for a £1 billion West Yorkshire Plus Transport Fund; and has
- Provided a visible, stable and streamlined body corporate to which Government has been demonstrably confident in devolving significant further powers and funding, such as via the £1 billion 2014 Growth Deal, which would otherwise have been controlled by Whitehall.

The PCC model and West Yorkshire PCC have delivered various benefits:

- Provided stronger and more transparent local accountability of the police, e.g., the West Yorkshire PCC has been directly elected by the public to hold the Chief Constable to account, making the police answerable to the communities they serve.
- Ensuring community needs are met as effectively as possible and improving local relationships through building confidence and restoring trust, which is a key aspect of promoting social cohesion and maintaining public order.
- Working in partnership across a range of agencies at local and national level to ensure there is a unified approach to preventing and reducing crime, including sharing learning and best practice.

The following are however considered to be drawbacks of maintaining the status quo / business as usual:

- Foregoes co-ordination benefits of having strategic powers on skills, planning, housing, economic development transport within a single streamlined authority, and in some instances West Yorkshire may not be able to take forward strategic infrastructure schemes;
- Retaining existing separate Combined Authority and PCC governance arrangements potentially hinders further exploring opportunities for efficiencies and collaboration through more alignment and integration, e.g. in terms of links between inclusive growth and community cohesion.
- The powers and funding on offer through the West Yorkshire Devolution Deal are conditional upon the adoption of a directly elected Mayor.

Option 2 – Strengthen existing arrangements

Under this option, the existing non-mayoral Combined Authority would be further strengthened through the exercise of additional powers, duties and functions, including for example the following:

- Power to borrow up to an agreed cap for non-transport functions;
- Adult education and skills functions;
- Duty to prepare an assessment of economic conditions;
- Housing functions relating to compulsory purchase, plus provision of housing and land, land acquisition and disposal, and development and regeneration of land; and
- Ability to seek consent to raise a Strategic Infrastructure Tariff.

The above functions would need to be devolved to the Combined Authority via secondary legislation, and therefore would require Government (and local) approvals to make the relevant order. Moreover, a number of the functions are only meaningful if accompanied by devolved funds, for example the Adult Education Budget needs in practice to be devolved to the area to give effect to the related functions. There is however currently no evidence that Government is either likely to consent to the transfer of these additional functions to the Combined Authority or provide additional devolved funding in order to make these functions meaningful, outside of a Mayoral devolution deal.

Under this option, the benefits of promoting collaboration with - and potentially integrating the Combined Authority and PCC staffing structures - could be also explored, e.g., in order to seek to secure some overall efficiency savings. However, the main governance reform driver in terms of streamlining public decision-making arrangements would not be deliverable because the Combined Authority would first need to have in place a directly elected Mayor in order to take on and exercise PCC powers on an ex officio basis.

Option 3 - A Mayoral Combined Authority

This option would require the existing Combined Authority to become an MCA.

The adoption of an MCA model of governance with an elected Mayor for West Yorkshire will enable the area to unlock the additional benefits of the 'minded-to' devolution deal through the

additional powers and funding from government, as described above. An MCA is the government's preferred governance mechanism for the greater transfer of powers and funding, and in line with other devolution deals the West Yorkshire deal is dependent on adopting an MCA model of governance.

In addition to the Combined Authority's existing 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 - the following value is added from West Yorkshire moving to a mayoral combined authority model:

- the 30-year gainshare funding mechanism agreed in the deal provides the basis for the long term approach needed to address the long standing economic challenges facing the region, as well as building on the area's significant assets and strengths;
- an opportunity to draw together a range of devolved and other funding sources into a flexible West Yorkshire Investment Fund programme to enable a holistic approach to tackling shared priorities and driving growth;
- greater local accountability and decision-making power, working in partnership with the Government, constituent councils and the LEP;
- a unified and influential voice to strengthen conversations with government, national agencies and business leaders in the development of local growth policy, strategic interventions, securing a greater share of national resources and influencing national decision making;
- greater visibility and influence as part of the group of mayoral combined authorities with an increasing level of national influence and access to important initiatives only available to these authorities;
- alignment of decision-making at a strategic level across a broader range of statutory functions, including skills, planning, housing, economic development transport and under a coherent strategy, appraisal framework and investment programme;
- consistency in the governance arrangements for strategic transport and other infrastructure assets that span across a wider geography;
- an important role and voice across the Northern Powerhouse, by 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;
- closer working across the wider public sector on integrating functions and services, including PCC powers, and providing innovative solutions to the challenges of reducing financial resources and new and improved ways of working; and
- a stable and accountable platform underpinned by statutory powers to access greater devolved powers and funding delegated from government as part of future deals to enable locally devised interventions.

Conclusions

To ensure the effective exercise of statutory functions across the area of West Yorkshire, adopting an MCA model of governance for the area (Option 3) is considered optimal. An MCA for the area offers greater flexibility and accountability, and moreover devolved powers and funding, than can be provided through either continuing with the existing arrangements (Option 1) or strengthening existing arrangements (Option 2).

The new MCA governance model, along with the additional devolved powers and funding resulting from the 'minded-to' deal, would better enable the area to pursue its objectives of promoting faster, more inclusive and cleaner growth and delivering a 21st century transport system.

It is therefore concluded that:

- current regional governance arrangements - based on a non-mayoral Combined Authority for West Yorkshire - do not represent the best model in terms of delivering the long-term ambitions of the authorities within the area for economic growth and delivery of public services;
- there is limited practical scope for the existing governance arrangements to be meaningfully strengthened, short of adopting a mayoral combined authority model;
- a change is required to enable the West Yorkshire authorities to pursue their economic policy agenda at greater pace, while continuing to collaborate with the wider Leeds City Region, Yorkshire and the North in pursuit of shared economic objectives;
- the statutory criteria for preparing and publishing a scheme are met, i.e., the making of an order under S104 and S105 to enable the adoption of an MCA model of governance for the area of West Yorkshire is the best option and will be likely to **improve the exercise of statutory functions in that area**;
- in addition, establishing an MCA model for West Yorkshire will:
 - **have a positive impact on the interests and identities of local communities** – these proposals build on established regional governance arrangements which cover a coherent functional economic area and which represent the views and interests of local communities ; and
 - **secure more effective and convenient local government** by reducing complexity and streamlining the delivery of public services within the area.

It is therefore proposed that a governance scheme is published (a draft scheme is included at Appendix A) that confirms:

- A mayoral combined authority should cover area of West Yorkshire;
- A West Yorkshire Mayor would be elected in May 2021;
- The Mayor would become a member of the Combined Authority, and chair meetings of the authority;
- Each constituent council will continue to appoint a member to the new mayoral combined authority, along with political representatives from opposition groups, and non-constituent members from the LEP and City of York Council would be appointed; and

- the Mayor and MCA will exercise specific statutory functions, and hold some powers concurrently with West Yorkshire local authorities. No functions are being removed from those councils. Where existing functions currently held by West Yorkshire local authorities are to be shared with the Mayor or the MCA, this must be agreed by the constituent councils.



Find out more

westyorks-ca.gov.uk

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All information correct at time of writing (May 20)

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Scheme setting out proposals for changes to the governance and functions of the West Yorkshire Combined Authority

Section 112 Local Democracy, Economic Development and Construction Act 2009

Preamble

This scheme has been jointly prepared by:

- City of Bradford Metropolitan District Council,
- Borough Council of Calderdale,
- Council of the Borough of Kirklees,
- Leeds City Council,
- Council of the City of Wakefield, and
- West Yorkshire Combined Authority

This Scheme sets out proposals to change the governance arrangements of the West Yorkshire Combined Authority (the Combined Authority), by adopting a mayoral model (with the Mayor exercising the functions currently exercised by the Police and Crime Commissioner for West Yorkshire) and making related changes to constitutional arrangements.

It also sets out proposals for the Combined Authority to be delegated additional functions.

Interpretation

In this Scheme:

“the 2008 Act” means the Housing and Regeneration Act 2008,

“the 2009 Act” means the Local Democracy, Economic Development and Construction Act 2009,

“the 2011 Act” means the Police Reform and Social Responsibility Act 2011,

“the 2014 Order” means the West Yorkshire Combined Authority Order 2014 (SI 2014/864),

“the Combined Authority” means the West Yorkshire Combined Authority,

“Constituent Councils” means

- City of Bradford Metropolitan District Council,
- Borough Council of Calderdale,

- Council of the Borough of Kirklees,
- Leeds City Council,
- Council of the City of Wakefield

“Deputy Mayor for Policing and Crime” means the deputy mayor for policing and crime for the Combined Area,

“Combined Area” means the area consisting of the areas of the Constituent Councils,

“LEP” means the Leeds City Region Enterprise Partnership,

“Mayor” means the mayor for the Combined Area,

“Mayoral Function” means any function which is the responsibility of the Mayor, other than a PCC Function,

“PCC Function” means any function carried out by a PCC, which is exercisable by the Mayor,

“MCA” means the mayoral combined authority,

“Non-Mayoral Function” means any function of the Combined Authority which is not a Mayoral Function or a PCC Function,

“PCC” means police and crime commissioner,

“Review” means the review carried out the West Yorkshire Authorities under section 111 of the 2009 Act in 2020, and

“West Yorkshire Authorities” means the Constituent Councils and the Combined Authority.

Introduction

- 1.1 On 11th March 2020, the West Yorkshire Authorities agreed a “minded to” devolution deal with HM Government. The deal details £1.8bn of government investment (including £1.14bn over 30 years), which will be subject to local influence and decision making, enabling spend on local priorities, together with a range of devolved functions. This devolution deal is subject to adopting the model of a directly elected mayor (Mayor) over the Combined Area (West Yorkshire) that is, becoming a mayoral combined authority (MCA).
- 1.2 The West Yorkshire Authorities must also follow relevant statutory procedures to adopt the model of a directly elected mayor, and secure changes to the constitutional arrangements set out in the 2014 Order (which established the Combined Authority) and the additional functions set out in the deal.
- 1.3 The West Yorkshire Authorities therefore conducted a review under section 111 of the 2009 Act (the Review) in relation to:
 - changing constitutional arrangements of the Combined Authority, and
 - the delegation to the Combined Authority of additional functions under section 104 and section 105 of the 2009 Act (transport-related functions of the Secretary of State and functions concurrent to local authorities).
- 1.4 Having considered the findings of the Review, the West Yorkshire Authorities concluded that an Order by the Secretary of State to make the changes considered in the Review, including delegating additional functions to the Combined Authority, would be likely to improve the exercise of statutory functions in relation to the Combined Area. The West Yorkshire Authorities have therefore resolved to prepare and publish this Scheme under section 112 of the 2009 Act.
- 1.5 In addition, to secure the devolution of new government investment and the range of additional functions set out in the devolution deal, the West Yorkshire Authorities have included the following proposals in this Scheme:
 - to adopt the model of an MCA for the Combined Authority, and
 - for the Combined Authority to be delegated functions under section 105A of the 2009 Act (functions of a public authority).
- 1.6 It is also proposed that the functions currently exercised by the PCC for West Yorkshire (the PCC Functions) will be exercised by the Mayor from 2021. The postponement of the PCC elections to May 2021 has created a potential opportunity to transfer those functions to the Mayor by that time, subject to feasibility.
- 1.7 Proposals contained in the Scheme will be subject to public consultation from 25 May 2020 to 19 July 2020.

-
- 1.8 As set out below, it is proposed that the Combined Authority will continue to exercise the functions conferred on the Combined Authority by the 2014 Order, as well as the new additional functions described in this Scheme.
 - 1.9 Any transfer to the Combined Authority, or to the Mayor, of existing functions or resources currently held by any Constituent Council must be by agreement with the Constituent Council.

2 Proposed MCA for West Yorkshire

2.0.1 The following part of the Scheme sets out how it is proposed that the Combined Authority will operate and discharge its functions as an MCA.

2.1 Geography

2.1.1 The area of the Combined Authority as MCA shall remain the Combined Area, as defined by the 2014 Order - that is, the area consisting of the areas of the Constituent Councils (West Yorkshire).

2.2 Name

2.2.1 It is proposed that the name of the Combined Authority as an MCA remains West Yorkshire Combined Authority.

2.3 Election of Mayor

2.3.1 It is proposed that the first Mayor will be elected in May 2021. The Mayor will be elected by the local government electors for the Combined Area (West Yorkshire).

2.3.2 As set out in the 2009 Act, the Mayor is to be returned under the simple majority system ('first past the post'), unless there are three or more candidates. If there are three or more candidates, the Mayor is to be returned under the supplementary vote system.

2.3.3 It is proposed that the initial term of the Mayor will be 3 years. Each subsequent mayoral term will be 4 years.

2.3.4 The 2009 Act provides that the Mayor will be entitled to the style of "Mayor" and the title of the Mayor will be the West Yorkshire Combined Authority Mayor.

2.4 Membership

- 2.4.1 It is proposed that the current membership arrangements for the Combined Authority are retained as set out in the 2014 Order, with the addition of the Mayor who by virtue of their office will be a member of the Combined Authority. The Combined Authority as MCA shall therefore comprise the following eleven members:
- the Mayor,
 - 5 elected members from Constituent Councils (one appointed by each Constituent Council),
 - 3 additional elected members for political balance jointly appointed by the Constituent Councils,
 - 1 elected member appointed by the City of York Council (the Non-Constituent Council), and
 - 1 person nominated by the Leeds City Region Enterprise Partnership (the LEP Member).
- 2.4.2 Of these, the elected member appointed by the City of York Council and the LEP Member are required by statute to be non-voting – see further below.
- 2.4.3 Other than in relation to the Mayor, no changes are proposed to the membership arrangements set out in the 2014 Order. These shall continue to apply to members of the Combined Authority other than the Mayor, in relation to:
- substitute arrangements (one for each member)
 - appointment arrangements and
 - terms of office.

2.5 Role of the Mayor

- 2.5.1 As provided by the 2009 Act, the Mayor by virtue of their office will be the Chair of the Combined Authority.
- 2.5.2 The Mayor will be responsible for functions of the Combined Authority which are Mayoral Functions, as set out below, and also exercise the PCC Functions.

Deputy Mayor

2.5.3 The 2009 Act requires the Mayor to appoint one of the members of the Combined Authority as a Deputy Mayor, who will act in place of the Mayor if for any reason the Mayor is unable to act or the office of Mayor is vacant. Provisions within the 2014 Order relating to the appointment of a Chair and Vice Chair of the Combined Authority from amongst its members will therefore no longer apply, and will be omitted; the Deputy Mayor will chair meetings of the Combined Authority in the absence of the Mayor.

Deputy Mayor for Policing and Crime

2.5.4 Where an Order provides for the Mayor to exercise PCC Functions, the Secretary of State must by Order authorise the Mayor to appoint a Deputy Mayor for Policing and Crime – see further paragraph 3.6 (PCC Functions).

2.6 Partnership Arrangements

2.6.1 As an MCA, the Combined Authority will continue to explore opportunities for further collaboration with partner councils, including Harrogate Borough Council, Craven District Council, Selby District Council, City of York Council and North Yorkshire County Council, and across the whole of Yorkshire through the Yorkshire Leaders' Board. The Combined Authority may invite representatives from any partner council to attend (and speak) at any meeting of the Combined Authority.

2.6.2 The Combined Authority may enter into joint arrangements with other local authorities in respect of Non-Mayoral Functions, under S101(5) Local Government Act 1972 and, it is proposed that arrangements for the Combined Authority as MCA provide that Mayoral Functions may also be carried out under joint arrangements – see paragraph 2.7.2.5.

2.6.3 It is proposed that the current governance arrangements of the Leeds City Region Enterprise Partnership (“the LEP”) will be revised to include the Mayor as a member of the LEP Board to ensure continued recognition of the LEP’s importance in the design and delivery of local economic strategies.

2.7 Decision-making arrangements

2.7.1 Decisions of the Combined Authority

2.7.1.1 The Combined Authority will be responsible for any function of the Combined Authority which is not the responsibility of the Mayor (any Non-Mayoral Function). Decisions on Non-Mayoral Functions will be taken by the Combined Authority, (that is, at a meeting of the members of the Combined Authority acting collectively), or taken in accordance with arrangements agreed by the Combined Authority, including:

- by a committee or sub-committee of the Combined Authority which has delegated authority for the function, or
- under joint arrangements agreed by the Combined Authority, or
- by an officer with delegated authority.

2.7.1.2 No business of the Combined Authority will be transacted at a meeting unless the Mayor (or the Deputy Mayor acting in place of the Mayor) and at least three members of the Combined Authority appointed by a Constituent Council who are not members appointed for political balance, are present at the meeting.

2.7.1.3 The following voting arrangements will apply at meetings of the Combined Authority:

- Un-weighted voting based on one member one vote,
- The Non-Constituent Member and the LEP Member must be non-voting (a requirement of section 85(4) of the Local Transport Act 2008) but could individually be given a vote on some or all issues voted upon, subject to agreement of the Voting Members (in accordance with section 85(5) of the Local Transport Act 2008),and
- The Mayor (or Deputy Mayor acting in their place) will not have a second or casting vote.

2.7.1.4 The Combined Authority aims to reach decisions by consensus. If it is not possible to reach a consensus on a matter that requires a decision, the matter will be put to the vote.

2.7.1.5 Any matter that comes before the Combined Authority will be decided by a simple majority of the members of the Combined Authority present and voting (whether a motion or an amendment), unless otherwise provided for in legislation or as set out below.

2.7.1.6 Where the decision relates to any new Non-Mayoral Function which the Combined Authority acquires pursuant to the Deal, or where otherwise

required by the Combined Authority's constitutional arrangements, that majority must include the vote of the Mayor.

2.7.1.7 For the following decisions, the simple majority of members must include three of the five members of the Combined Authority appointed by a Constituent Council (who are not appointed for political balance):

- approving the Combined Authority's budget (other than any decision which relates to the Mayor's budget, which is subject to the statutory provisions referred to in paragraph 4.3), and
- setting a levy.

2.7.2 Decisions of the Mayor

2.7.2.1 In accordance with the 2009 Act, any Mayoral Function will be exercisable only by the Mayor except where the Mayor delegates such a function to:

- the Deputy Mayor,
- another Member of the Combined Authority,
- an officer of the Combined Authority,
- under joint arrangements – see paragraph 2.7.2.4, or
- the Deputy Mayor for Policing and Crime, where provided for by Order.

2.7.2.2 It is proposed that any member or officer of the Combined Authority may assist the Mayor in the exercise of Mayoral Functions, but that the Mayor cannot delegate to their political advisor.

2.7.2.3 It is proposed that some decisions in respect of Mayoral Functions will require the consent of the member appointed by any Constituent Council directly affected by the decision, (who is not appointed for political balance). This consent requirement applies to the following:

- a) The designation of any area of land as a Mayoral Development Area leading to the establishment, by Order, of a Mayoral Development Corporation (the consent of the relevant national park authority is also required if the land falls within the designated national park area) (see paragraph 3.5.2);
- b) The compulsory purchase of land or buildings by the Mayor (see paragraph 3.5);
- c) Any decision that could lead to a financial liability falling directly upon that Constituent Council; and

- d) Such other matters as may be contained in the Combined Authority’s constitutional arrangements and agreed with the Mayor.

2.7.2.4 The Mayor will be required to consult the Combined Authority on any policy or strategy, relating to the exercise of a Mayoral Function, and this will be subject to the following specific conditions:

- a) The Spatial Development Strategy will require the consent of each of the five members of the Combined Authority appointed by a Constituent Council (who are not appointed for political balance)
- b) The Combined Authority will be able to amend the Mayor’s transport strategy if a majority of members agree to do so.

2.7.2.5 It is proposed that in relation to the Mayoral Functions, joint arrangements under S101(5) of the Local Government Act 1972 are provided for by Order, in accordance with S107E of the 2009 Act.

2.7.2.6 Decision-making arrangements in respect of the Mayor’s budget for Mayoral Functions are set out in paragraph 4.3 of this Scheme.

2.7.3 PCC Functions

2.7.3.1 Decision-making arrangements in respect of PCC Functions are set out in paragraph 3.6.

2.8 Scrutiny Arrangements

2.8.1 The Mayor and the Combined Authority will be scrutinised and held to account by the Combined Authority’s Overview and Scrutiny Committee(s).

2.8.2 In accordance with the 2009 Act, the Combined Authority ensures that the Overview and Scrutiny Committee has power to:

- (a) review or scrutinise decisions made, or other action taken, in connection with the any functions which are the responsibility of the Combined Authority;
- (b) make reports or recommendations to the Combined Authority with respect to the functions that are the responsibility of the Combined Authority;

- (c) make reports or recommendations to the Combined Authority on matters that affect the Combined Area or the inhabitants of the Combined Area.
- 2.8.3 As an MCA, the Combined Authority's arrangements must also ensure that the Overview and Scrutiny Committee has power to:
- (a) to review or scrutinise decisions made, or other action taken, in connection with the discharge by the Mayor of any Mayoral Functions,
 - (b) to make reports or recommendations to the Mayor with respect to the discharge of any Mayoral Functions,
 - (c) to make reports or recommendations to the Mayor on matters that affect the Combined Authority's Area or the inhabitants of the Combined Area.
- 2.8.4 The Committee's power to "call-in" a decision (that is, direct that a decision is not to be implemented while it is under review or scrutiny by the Committee, and recommend that the decision be reconsidered) extends to decisions taken by the Mayor in connection with Mayoral Functions.
- 2.8.5 The overview and scrutiny arrangements currently established for the Combined Authority will be retained, subject to any amendments to reflect:
- the introduction of the Mayor (such as a requirement for the Mayor to respond to reports or recommendations made by any Overview and Scrutiny Committee);
 - the scrutiny of additional Mayoral and Non-Mayoral Functions; and
 - any statutory provisions
- 2.8.6 The Mayor and the Combined Authority may also seek to enhance scrutiny and develop wider conference with all elected members in the Combined Area (West Yorkshire) to engage on key issues.
- 2.8.7 There will be separate oversight and scrutiny arrangements in respect of PCC Functions, which will be carried out by a Police and Crime Panel – see further paragraph 3.6.

2.9 Audit

- 2.9.1 The Combined Authority will retain its current Governance and Audit Committee, which carries out the statutory functions of an audit committee in accordance with the 2009 Act, which include:
- reviewing and scrutinising the Combined Authority's financial affairs,

- reviewing and assessing the Combined Authority's risk management, internal control and corporate governance arrangements,
- reviewing and assessing the economy, efficiency and effectiveness with which resources have been used in discharging the Combined Authority's functions, and
- making reports and recommendations to the Combined Authority in relation to reviews the Committee has conducted.

2.9.2 It is proposed that membership of any audit committee may include co-opted members.

2.10 Appointments - political advisors

2.10.1 It is proposed that the Mayor may appoint one person as the Mayor's political adviser.

2.11 Standing Orders

2.11.1 It is proposed that the Combined Authority will continue to make standing orders for the regulation of its proceedings and business and may vary or revoke any such standing orders.

2.12 Remuneration

2.12.1 It is proposed to amend the arrangements in the 2014 Order (which provides that no remuneration is to be paid by the Combined Authority to members of the Combined Authority, other than for travel and subsistence) to provide that an allowance may be paid to:

- the Mayor,
- the Deputy Mayor, (provided that they are not a Leader of a Constituent or Non-Constituent Council, or the Chair of the LEP)
- the Deputy Mayor for Policing and Crime.

The Combined Authority shall approve a scheme for allowances, following consideration of a report from an Independent Remuneration Panel, which the Combined Authority may appoint.

3 Functions of the Combined Authority as MCA

- 3.0.1 The prime purpose of conferring functions on the Combined Authority is to improve the exercise of statutory functions in relation to the Combined Area. In pursuit of this prime purpose, the Combined Authority will take on those functions set out in the “minded to” Devolution Deal (and retain those functions which were previously exercised by the Combined Authority in respect of the Combined Area).
- 3.0.2 Mayoral Functions and PCC Functions will be the responsibility of the Mayor, and are exercisable only by the Mayor, unless delegated by the Mayor. Mayoral Functions are listed in paragraph 3.1, and PCC Functions addressed in paragraph 3.6.
- 3.0.3 All other functions of the Combined Authority will be Non-Mayoral Functions – see further paragraph 3.2.
- 3.0.4 Where any Mayoral or Non-Mayoral Function is concurrent with any Constituent Council, (that is, where Constituent Councils share any function), arrangements for their exercise will be a matter for agreement between the Combined Authority and a Constituent Council.
- 3.0.5 It is proposed that the Constituent Councils, Public Authorities and the Combined Authority will agree operating protocols for the exercise of concurrent functions by the Combined Authority where considered appropriate. These protocols will recognise the strategic role of the Combined Authority and safeguard the role of Constituent Councils in local decision making and delivery.

3.1 Functions exercised by the Mayor - overview

3.1.1 It is proposed that the Mayoral Functions will be:

a) **Transport**

- I. Power to draw up a local transport plan and strategies

- 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 operators.

b) Housing and planning (see further paragraph 3.5 below)

- I. Housing and land acquisition powers to support housing, regeneration, infrastructure and community development and wellbeing
- II. Power to designate a Mayoral Development Area and then set up a Mayoral Development Corporation

- III. Statutory spatial planning powers to produce a Spatial Development Strategy

c) Finance (see further paragraphs 4.2 and 4.5 (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)
- II. Power to charge **business rate supplement** (subject to ballot)

3.1.2 For the purposes of the discharge of Mayoral Functions it is also proposed that the Mayor may exercise the ancillary power set out under section 113A of the 2009 Act (general power of combined authority). By law, the Mayor may not exercise this power to borrow money.

3.1.3 As stated above, it is also proposed that the Mayor exercises **PCC Functions** – see paragraph 3.6.

3.2 Non-Mayoral Functions - overview

3.2.1 Non-Mayoral Functions to be exercised by the Combined Authority include any function conferred on the Combined Authority by the 2014 Order, with the exception of specified functions relating to the local transport plan only (see paragraph 3.3.1).

3.2.2 In addition to the functions of the Combined Authority conferred by the 2014 Order, it is proposed that the Combined Authority exercise the following additional Non-Mayoral Functions:

- a) **Transport-related 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) (see further paragraph 3.3.3)
 - b) **Transport-related powers** to collect contributions from utility companies for diversionary works needed as a result of highways works carried out on the Key Route Network (see further paragraph 3.3.3)
 - c) Powers to operate a permit scheme designed to control the carrying out of works on the Key Route Network (see further paragraph 3.3.3)
 - d) **Adult education and skills functions** (see further paragraph 3.4)
 - e) **Housing functions** relating to compulsory purchase, plus provision of housing and land, land acquisition and disposal, and development and regeneration of land. (see further paragraph 3.5)
 - f) **Economic development** – duty to prepare an assessment of economic conditions (see further paragraph 3.5.3.2)
 - g) **Finance** – power to borrow up to an agreed cap for non-transport functions (see further paragraph 4.4).
 - h) The power to seek consent to raise a **Strategic Infrastructure Tariff** (see further paragraph 4.6).
- 3.2.3 Notwithstanding the above, any Constituent Council and the Combined Authority may, enter into arrangements under Section 101 of the Local Government Act 1972 and/or Section 9EA of the Local Government Act 2000 and the Local Authorities (Arrangements for Discharge of Functions) (England) Regulations 2012 to allow the delegation of functions from a Constituent Council to the Combined Authority. Any such delegation arrangement will require the agreement of the Combined Authority and the relevant Constituent Council.
- 3.2.4 The Combined Authority may also enter into joint arrangements with any Constituent Council or other local authority, in respect of Non-Mayoral Functions, in accordance with S101(5) of the Local Government Act 1972.

3.3 Transport

3.3.1 The Mayor will be given the functions in Part 2 of the Transport Act 2000 to produce a Local Transport plan and strategies. Members of the Combined Authority will be able to amend the Local Transport Plan and strategies if a majority of members agree to do so.

3.3.2 Consolidated Transport Budget

3.3.2.1 The Mayor will be responsible for a devolved and consolidated multi-year local transport budget for the Combined Area (West Yorkshire) including all relevant devolved highways funding, to enable greater surety of funding, more effective and efficient long-term asset management and procurement arrangements. This budget will be fully devolved and provide a firm funding settlement for a five-year period starting in 2022/23. This Mayoral budget is separate from the existing 20-year transport funding (West Yorkshire plus Transport Fund) that has already been agreed with Government.

3.3.2.2 It is proposed that the Combined Authority will be able to exercise the functions of a minister of the Crown contained in Section 31 of the Local Government Act 2003 to pay grants to the Constituent Councils for exercising highway functions. This function is a Mayoral Function exercisable concurrently with a Minister of the Crown.

3.3.3 Roads

3.3.3.1 The Combined Authority will take on highways powers to set up and coordinate a Key Route Network (KRN) on behalf of the Mayor. The strategy for the KRN will be developed, agreed and coordinated by the Combined Authority on behalf of the Mayor. The Combined Authority will be the Highway Authority for the KRN for the purposes of exercising the powers of the Highways Act 1980 and the relevant other primary and secondary legislation.

3.3.3.2 In partnership with Constituent Councils, 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 Combined Area (West Yorkshire).

3.3.3.3 It is proposed to grant the Combined Authority functions in relation to the KRN as more particularly set out below. These will enable the KRN to be defined and allow the KRN roads to be strategically managed and

coordinated at the West Yorkshire level by the Combined Authority on behalf of the Mayor. However, unless otherwise agreed locally, all operational responsibility for highways will remain with the Constituent Councils. As such the specific functions of the Combined Authority which relate to operational management of the roads within the KRN will only be exercised with the unanimous approval of the five members of the Combined Authority appointed by a Constituent Council (who are not appointed for political balance).

3.3.3.4 The Combined Authority will be granted the following powers:

- a) Powers equivalent to those contained within the Road Traffic Regulation Act 1984 in relation to traffic orders (including sections 1, 2(4), 9, 23 and 65) and the power to enter into agreements as if it were a traffic authority pursuant to section 121A. The Combined Authority will only exercise such functions with the unanimous approval of the five members of the Combined Authority appointed by a Constituent Council (who are not appointed for political balance);
- b) Powers contained in the New Roads and Street Works Act 1991, the Traffic Management Act 2004 and the Traffic Management Permit Scheme (England) Regulations 2007 to enable the Combined Authority to manage street works and issue permit schemes to manage disruption and bid to the Secretary of State for Transport to seek approval to operate a lane rental scheme in relation to KRN roads, including seeking contributions from utility companies through lane rental and exercising the power to create an updated lane rental scheme as needed (subject to the Secretary of State's agreement) together with powers relating to moving traffic offences. The Combined Authority will only exercise such functions with the unanimous approval of the five members of the Combined Authority appointed by a Constituent Council (who are not appointed for political balance).
- c) The Combined Authority will be granted, in respect of the KRN, powers in relation to the enforcement of bus lane contraventions pursuant to the Bus Lane Contraventions (Penalty Charges, Adjudication and Enforcement) (England) Regulations 2005. The Combined Authority will only exercise such functions with the approval of the five members of the Combined Authority appointed by a Constituent Council (who are not appointed for political balance). The outcome will be to ensure a consistent approach to the enforcement, application of penalty charges etc. of bus lanes.

3.3.3.5 The Combined Authority will be granted functions equivalent to the below, concurrently with the relevant Constituent Council, unless otherwise stated:

- a) Section 6 of the Highways Act 1980 (enabling the Secretary of State or Highways England to delegate or enter into an agreement with a county council, metropolitan district council or London borough council in relation to the construction, improvement or maintenance of trunk roads). It is proposed that the section should be modified to include the Combined Authority amongst the authorities to which such functions may be delegated, to support better integration between local and national networks, or the equivalent legislative provision in order to achieve the aim of better integration.

- b) Section 8 of the Highways Act 1980 (enabling local highway authorities and Highways England to enter into agreements with other such authorities in relation to the construction, improvement, maintenance etc. of a highway for which any party to the agreement is the highway authority). It is proposed that the section be modified to allow the Combined Authority to be a party to such agreement as if it were a local highway authority, with the consent of any affected highway authority, or the equivalent legislative provisions in order to allow the Combined Authority to be party to such agreements.

3.3.3.6 Under the Automated and Electric Vehicles Act 2018, 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 Area.

3.3.4 Buses

3.3.4.1 The Combined Authority will be granted powers under section 154 of the Transport Act 2000 to make grants to bus operators.

3.3.4.2 As an MCA, the Combined Authority will become a franchising authority under the Transport Act 2000. This Act provides for the Mayor to carry out functions in relation to making, varying or revoking a franchising scheme.

3.4 Adult Education / Skills and Employment

3.4.1 It is proposed that the Combined Authority will be given devolved functions in respect of Adult Education and will control the Adult Education Budget (AEB) from the academic year 2021/2022 subject to readiness conditions and successful passage through Parliament.

- a) These functions include those set out in the following sections of the Apprenticeships, Skills, Children and Learning Act 2009: section 86 (education and training for persons aged 19 or over and others subject to adult detention);
- b) section 87 (learning aims for persons aged 19 or over: provision of facilities);
- c) section 88 (learning aims for persons aged 19 or over: payment of tuition fees);
- d) section 90 (encouragement of education and training for persons aged 19 or over and others subject to adult detention);
- e) section 100 (provision of financial resources)

3.4.2 The Combined Authority will also have the responsibilities and functions under sections 15ZA, 15ZB, 15ZC, 18A(1)(b), 514A and 560A of the Education Act 1996 (duties and powers related to the provision of education and training for persons over compulsory school age)

3.4.3 In addition, the Combined Authority will also have the following authority functions to be held concurrently with Constituent Councils:

- a) sections 10 and 12 of the Education and Skills Act 2008 to ensure that its functions are exercised so as to promote the effective participation in education and training of relevant persons in its area aged 16 and 17, and to make arrangements to enable it to establish (so far as possible) the identities of such relevant persons.
- b) sections 68, 70, 71 and 85 of the Education and Skills Act 2008 to make available to young persons and relevant young adults such support services as it considers appropriate to encourage, enable and assist the effective participation of such persons in education and training.
- c) section 13A of the Education Act 1996 to ensure that their education and training functions are exercised with a view to promoting high standards, fair access to opportunity for education and training, and the fulfilment of learning potential.
- d) section 51A of the Further and Higher Education Act 1992 to require relevant institutions in the further education sector to provide appropriate education to specified individuals aged between 16 and 18 years.

3.5 Housing and Planning Functions

3.5.1 Housing

3.5.1.1 In order to exercise the functions outlined in the “minded to” Devolution Deal, it is proposed that the Combined Authority will be granted the following powers concurrently with the Constituent Councils or Homes England as appropriate.

3.5.1.2 It is proposed that the Combined Authority will be granted devolution of the objectives and functions of Homes England under section 2(1) of the Housing and Regeneration Act 2008 (to be exercised only in respect of the Combined Area) and the following powers contained in the 2008 Act will be exercised by the Combined Authority concurrently with Homes England:

- a) Section 3 (principal power);
- b) Section 4 (general powers);
- c) Section 5 (powers to provide housing or other land);
- d) Section 6 (powers for regeneration, development or effective use of land);
- e) Section 7 (powers in relation to infrastructure);
- f) Section 8 (powers to deal with land etc);
- g) Section 9 (acquisition of land);
- h) Section 10 (restrictions on disposal of land);
- i) Section 11 (main powers in relation to acquired land);
- j) Section 12 (powers in relation to, and for, statutory undertakers);
- k) Section 19 (power to give financial assistance);
- l) Paragraphs 19 and 20 of Schedule 3 (powers in relation to burial grounds and consecrated land etc.)
- m) Paragraphs 1,2,3,4,6,10 and 20 of Schedule 4 (extinguishment or removal powers for the HCA)

3.5.1.3 These functions will be Non-Mayoral with the exception of the specific Homes England compulsory purchase powers in section 9 of the 2008 Act (see below).

3.5.1.4 The objectives in section 2(1) of the 2008 Act are to provide the Combined Authority with the necessary powers:

- a) to improve the supply and quality of housing;
- b) to secure the regeneration or development of land or infrastructure;
- c) to support in other ways the creation, regeneration and development of communities or their continued well-being; and

- d) to contribute to the achievement of sustainable development and good design.

3.5.1.5 The functions in this section include powers enabling the achievement of the above objectives. Such powers include the power of compulsory purchase contained in section 9 of the 2008 Act (subject to the authorisation of the Secretary of State). In order to achieve the objectives above, it is proposed that the Combined Authority should also have the benefit of exemption from section 23 of the Land Compensation Act 1961, which is enjoyed by Homes England under section 23(3)(d) of that Act.

3.5.1.6 As set out above, it is proposed that the exercise of the compulsory purchase power contained in section 9 of the 2008 Act, will only be exercisable by the Mayor with the consent of the member of the Combined Authority appointed by the Constituent Council (who is not appointed for political balance) for the area(s) of land to be compulsorily acquired and the Secretary of State.

3.5.1.7 It is proposed that the Combined Authority should be granted the power to acquire land for the development of housing under section 17 of the Housing Act 1985 and the associated section 18. It is proposed that the power to acquire land compulsorily under Section 17(3) of the Housing Act 1985 will be a Mayoral Function but will require the consent of the member of the Combined Authority appointed by the Constituent Council (who is not appointed for political balance) for the area(s) of land to be compulsorily acquired and the Secretary of State.

3.5.1.8 The conferral of such powers on the Combined Authority will be entirely without prejudice to the exercise of those powers by the Constituent Councils which will exercise those powers concurrently.

3.5.2 Mayoral Development Corporation

3.5.2.1 It is proposed that the Mayor will have the power to designate an area a Mayoral Development Area (“MDA”) and so create a Mayoral Development Corporation (“MDC”) to help drive regeneration and expedite housing delivery on complex schemes in the area. The advantage of MDCs is that they have most of the powers of an Urban Development Corporation but are controlled locally rather than by the Secretary of State.

3.5.2.2 It is proposed that Part 8, Chapter 2 of the Localism Act 2011 be modified so that references to the GLA, Greater London and the London Mayor would include the Combined Authority and the Mayor. This would enable the Combined Authority to have functions for the Combined Area corresponding

to the following functions contained in the Localism Act 2011 that the Mayor of London has:

- a) Section 197 (designation of Mayoral development areas);
- b) Section 199 (exclusion of land from Mayoral development areas);
- c) Section 200 (transfers of property etc. to a Mayoral development corporation);
- d) Section 202 (functions in relation to town and country planning);
- e) Section 204 (removal or restriction of planning functions);
- f) Section 214 (powers in relation to discretionary relief from non-domestic rates);
- g) Section 215 (reviews);
- h) Section 216 (transfers of property, rights and liabilities);
- i) Section 217 (dissolution: final steps);
- j) Section 219 (guidance by the Mayor);
- k) Section 220 (directions by the Mayor);
- l) Section 221 (consents);
- m) Paragraph 1 of Schedule 21 (membership);
- n) Paragraph 2 of Schedule 21 (terms of appointment of members);
- o) Paragraph 3 of Schedule 21 (staff);
- p) Paragraph 4 of Schedule 21 (remuneration etc: members and staff);
- q) Paragraph 6 of Schedule 21 (committees); and
- r) Paragraph 8 of Schedule 21 (proceedings and meetings).

3.5.2.3 It is proposed that the Mayor's power to designate an area a MDA under Section 197 of the Localism Act 2011 will require the consent of the member of the Combined Authority appointed by the Constituent Council (who is not appointed for political balance) whose local government area contains any part of the MDA.

3.5.2.4 It is further proposed that the Mayor's power to exclude land from a MDA under Section 199 of the Localism Act 2011 will require the consent of the member of the Combined Authority appointed by the Constituent Council (who is not appointed for political balance) whose local government area contains any part of the area to be excluded from the MDA.

3.5.2.5 It is also proposed that the London Mayor's power under section 202 of the Localism Act 2011 to decide that a MDC should have certain planning functions in relation to the whole or part of a MDA should be modified in

relation to the Mayor so that the Mayor can only exercise this power with the consent of the member of the Combined Authority appointed by the Constituent Council (who is not appointed for political balance) whose local government area contains any part of the MDA concerned.

3.5.3 Economic Development and Regeneration

3.5.3.1 For the avoidance of doubt, the Combined Authority currently has the general power of competence pursuant to Section 1 of the localism Act 2011 exercisable for the purposes of economic development and regeneration which it will retain as an MCA.

3.5.3.2 It is proposed that the Combined Authority will have a duty to prepare an assessment of economic conditions under section 69 of the 2009 Act, concurrently with the Constituent Councils.

3.5.3.3 The Combined Authority will be granted the power to exercise concurrently with the Constituent Councils the functions of the Constituent Councils to compulsorily acquire land for development and other planning purposes under section 226 of the Town and Country Planning Act 1990 and the associated powers under sections 227, 229, 230, 232, 233, 235-241 of the Town and Country Planning Act 1990. The Combined Authority's exercise of such powers will in each instance be subject to the consent of the member of the Combined Authority appointed by the Constituent Council (who is not appointed for political balance) in whose area the property is located.

3.5.3.4 The conferral of such powers on the Combined Authority will be entirely without prejudice to the exercise of those powers by the Constituent Councils which will exercise those powers as previously.

3.5.4 Strategic Place Partnership

3.5.4.1 It is proposed that the Combined Authority and Homes England will establish a Strategic Place Partnership to work together to identify and develop key opportunities for housing delivery. The creation of the partnership does not require any new statutory provision.

3.5.5 Planning

3.5.5.1 It is proposed that the Mayor will have the power to create a statutory Spatial Development Strategy for the Combined Area (West Yorkshire). This will coordinate strategic land-use planning with strategic transport planning

providing a framework to achieve a strategic level change in environmental planning policy to reduce carbon emissions and tackle the climate emergency.

3.5.5.2 The development of the scope and preferred approach to a Spatial Development Strategy will require an inclusive and collaborative approach to be taken by the Mayor together with other members of the Combined Authority and the Constituent Councils. Its approval will require the consent of each of the five members of the Combined Authority appointed by a Constituent Council (who are not appointed for political balance).

3.5.5.3 It is proposed that the Mayor will have the functions for the Combined Area corresponding to the following functions contained in the Greater London Authority Act 1999 (“the 1999 Act”) which the Mayor of London exercises in relation to Greater London or where appropriate such sections will apply subject to appropriate modifications:

- a) Section 334 (the spatial development strategy);
- b) Section 335 (public participation);
- c) Section 336 (withdrawal);
- d) Section 337 (publication);
- e) Section 338 (examination in public);
- f) Section 339 (review of matters affecting the strategy);
- g) Section 340 (review of the strategy);
- h) Section 341 (alteration or replacement);
- i) Section 342 (matters to which the Mayor is to have regard);
- j) Section 343 (ability of the Secretary of State to make regulations);
- k) Section 344 (amendments to the Town & Country Planning Act 1990);
- l) Section 346 (monitoring and data collection);
- m) Section 347 (constituent councils to have regard to the strategy); and
- n) Section 348 (Mayor’s functions as to planning around Greater London)

3.5.5.4 The exercise of any of the functions corresponding to the functions in sections 33(public participation), 336 (withdrawal), 337 (publication) and 341 (alteration or replacement) of the 1999 Act by the Mayor will require the consent of each member of the Combined Authority appointed by a Constituent Council (who are not appointed for political balance).

3.6 PCC Functions

3.6.1 Legislative Context

3.6.1.1 The Police Reform and Social Responsibility Act 2011 (the 2011 Act) established the position of PCC for West Yorkshire and specifies the core functions of a PCC. By Order under the 2009 Act these may be exercised by the Mayor.

3.6.1.2 An order providing for the Mayor to exercise the functions of a PCC must provide that there is to be no directly elected PCC in the Combined Authority area from a specified date.

3.6.2 Proposals

3.6.2.1 The Mayor will carry out the functions conferred on the PCC for West Yorkshire under Part 1 of the 2011 Act or any other Act (whenever passed) (the PCC Functions) in relation to the Combined Area, which corresponds to the West Yorkshire police area. This will provide for a single directly accountable individual responsible for the discharge of the PCC's functions, which will be consistent with the current PCC model and ambition for local people to have a single point direct accountability. Key PCC Functions are:

- securing the maintenance of an efficient and effective police force and holding the chief constable to account,
- issuing a police and crime plan, and
- appointing, suspending or calling on a chief constable to retire or resign.

3.6.2.2 In accordance with the 2009 Act, any PCC Function is to be taken to be a function of the Combined Authority exercisable by the Mayor acting individually, or by a person acting under arrangements with the Mayor in accordance Schedule 5C of the 2009 Act – see further below.

3.6.2.3 Under the 2011 Act, the PCC for West Yorkshire is a Corporation Sole carrying out the functions provided for in the 2011 Act. As set out above, it is proposed that the PCC Functions will be exercised by the Mayor who will have the sole responsibility for the PCC Functions. However, the following will transfer to the Combined Authority as legal entity although the decision-making in respect of these functions, after the transfer, will remain with the Mayor:

- Properties, Rights and Liabilities
- Appointments
- Borrowing
- Contracts

3.6.3 Deputy Mayor for Policing and Crime

3.6.3.1 Where an Order provides for the Mayor to exercise PCC Functions, the Secretary of State must by order authorise the Mayor to appoint a Deputy Mayor for Policing and Crime. The 2009 Act precludes the appointment as Deputy Mayor for Policing and Crime of:

- the Deputy Mayor;
- any person listed in section 18(6) of the 2011 Act; or
- any other person of a description specified by order.

3.6.4 PCC Functions

3.6.4.1 A Mayor may delegate any PCC Function to a Deputy Mayor for Policing and Crime, with the exception of functions reserved by Order in accordance with the 2009 Act as exercisable only by the Mayor, as follows:

- issuing a police and crime plan;
- calculating a council tax or budget requirement;
- appointing, suspending or calling on a chief constable to retire or resign; and
- any other function specified by Order.

3.6.4.2 PCC Functions that may only be exercised by the Mayor and/or the Deputy Mayor for Policing and Crime are:

- determining police and crime objectives;
- attendance at a meeting of a Police and Crime Panel in compliance with a requirement by the panel to do so;
- preparing an annual report;
- appointing a local auditor under section 7 of the Local Audit and Accountability Act 2014 (“the 2014 Act”); and
- deciding whether to enter into a liability limitation agreement under section 14

3.6.4.3 In addition, the Mayor, must by order be authorised to arrange for any other person to exercise any PCC Functions, such as an officer of the Combined Authority, but such an order must prevent the Mayor from arranging for a person to exercise:

- Any PCC Function if the person is listed in section 18(6) of the 2011 Act
- Any PCC Function listed in section 18(7) of the 2011 Act, or
- Any other PCC Function specified by order.

3.6.4.4 The Deputy Mayor for Policing and Crime must also by order be authorised to arrange for any other person to exercise any PCC Functions exercisable by the Deputy Mayor for Policing and Crime, but such an order must prevent the Deputy Mayor for Policing and Crime from arranging for a person to exercise

- Any PCC Function if the person is listed in section 18(6) of the 2011 Act,
- Any PCC Function of a kind listed in section 18(7)(b),(c) or (d) of the 2011 Act, (determining police and crime objectives, attending at a meeting of the Police and Crime Panel in compliance with a requirement, or preparing an annual report to a Policing and Crime Panel), or
- Any other kind of PCC Function specified by order.

3.6.5 Transfer of properties, rights and liabilities

3.6.5.1 All property, rights and liabilities which are property, rights and liabilities of the PCC for West Yorkshire will transfer and vest in the Combined Authority, subject to any exceptions to be agreed. However, all decisions relating to PCC Functions (and relating to assets and liabilities etc.) will be for the Mayor unless delegated as set out above. The Order will also provide for:

- all functions in relation to such property, rights and liabilities to be exercised by the Mayor;
- all decisions relating to such property, rights and liabilities to be made by the Mayor;
- any receipts arising from such property, rights and liabilities (whether arising from their use, sale, disposal or otherwise) are to be paid into the Police Fund kept by the Mayor by virtue of section 21 of the 2011 Act.

3.6.6 Continuity

3.6.6.1 The transfer of the functions of the PCC of West Yorkshire, and the transfer of property, rights and liabilities, do not affect the validity of anything done before the abolition or transfer.

3.6.6.2 The Combined Authority is to be substituted for the PCC for West Yorkshire in any instruments, contracts or legal proceedings which relate to any of the functions, property rights or liabilities transferred and which were made and commenced before the transfer and anything which was made or done by the PCC for West Yorkshire in connection with any of the functions, property rights or liabilities transferred before the transfer has effect as if made or done by the Combined Authority, subject to any exceptions to be agreed.

3.6.7 Staff of the Police and Crime Commissioner

3.6.7.1 The staff of the PCC of West Yorkshire will transfer under a statutory transfer order which will replicate the characteristics of a TUPE transfer.

3.6.8 Police and Crime Panel

3.6.8.1 Scrutiny of the discharge of PCC Functions will be performed by a Police and Crime Panel established in relation to the Combined Area by order in accordance with the 2008 Act, which carries out functions of a police and crime panel (as set out in section 28 and section 29 of the 2011 Act) to effectively scrutinise the actions and decisions of the Mayor and Deputy Mayor for Policing and Crime, and enable them to be held to account in public.

3.6.8.2 These functions include reviewing:

- a draft police and crime plan,
- an annual report,
- proposed senior appointments,
- any proposed precept for PCC Functions, (including a power of veto), and
- the appointment, suspension or removal of the chief constable.

3.6.8.3 In accordance with the 2011 Act, the Secretary of State must also by order provide for the Police and Crime Panel to have power to suspend the Mayor, so far as acting in the exercise of PCC Functions, in circumstances corresponding to those mentioned in section 30(1) of the 2011 in relation to a PCC.

3.6.8.4 In accordance with section 29 of the 2011 Act, the Police and Crime Panel may require the Mayor and members of staff to attend before the Panel to answer any question which appears to the Panel to be necessary in order for

it to carry out its functions. If the Panel requires the Mayor to attend, it may also request the chief constable to attend on the same occasion. The Panel may also require the Mayor to respond in writing to any report or recommendation the Panel makes to the Mayor.

3.6.8.5 The Police and Crime Panel will exercise the same functions under sections 28 and 29 of the 2011 Act, as police and crime panels under the PCC model, but with some minor modifications, such as reflecting that the Panel only scrutinises the policing component of the precept, which forms a separately identifiable component of a wider Combined Authority precept, rather than the whole precept.

3.6.8.6 The Police and Crime Panel may by order have oversight functions in relation to any Mayoral Function that is exercised by the Deputy Mayor for Policing and Crime. Any such order may disapply or modify provisions relating to the Overview and Scrutiny Committee, in relation to any Mayoral Function coming within the remit of the Panel.

3.6.9 Police Fund

3.6.9.1 The Mayor will be required to maintain a separate fund in relation to receipts arising and liabilities incurred in the exercise of PCC Functions (the Police Fund). The Police Fund will be kept separate to the Mayor's General Fund (see paragraph 4 below) and all receipts arising will be paid into it, and liabilities incurred in the exercise of PCC Functions must be paid out of it.

3.6.9.2 Money paid into the Police Fund will be reserved for policing. For example, receipts from the sale of police assets would have to be spent on matters relating to policing. In line with statutory guidance for PCCs, as set out in the 'Revised Financial Management Code of Practice' for policing, the Mayor would have to publicly account for expenditure from the Police Fund.

3.6.9.4 The Police Fund, which will include precept income, will also include reserves maintained for policing and crime reduction. The Local Government Finance Act 1992 requires billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. Police reserves should be maintained in accordance with the relevant guidance, agreed accounting principles and locally agreed financial regulations and schemes of governance.

3.6.9.5 The Mayor is responsible for expenditure on PCC Functions. Money in the Police Fund can only be spent on PCC Functions and matters that are incidental to the PCC Functions.

3.6.9.6 Decisions on the sale of police assets and reinvestment of receipts must be made by the Mayor and money paid into Police Fund.

3.6.10 Borrowing

3.6.10.1 The Mayor will be ultimately responsible for decisions relating to borrowing in relation to PCC Functions, (as laid out in the ‘Revised Financial Management Code of Practice’ for Policing), but may delegate them in practice. The cost of such borrowing will be met from the Police Fund and as above kept separate to the discharge of other Combined Authority functions, which are not PCC Functions. This does not detract from the legal status of the Combined Authority as the borrowing party.

3.6.11 Contracts

3.6.11.1 Decisions on entering into contracts regarding police matters are functions of a PCC under the PCC model (with scope for some delegation to the Chief Constable). As such and in keeping with the PCC model the Mayor will have ultimate responsibility for all contracts relating to police matters, although they may provide consent for contracts to be entered into by the chief constable or another to whom the Mayor personally delegates responsibility in accordance with statutory provisions, any agreements and protocols.

3.6.11.2 Decisions on the issuing of policing-related grants would also rest with the Mayor or anyone to whom they delegate responsibility.

3.6.12 Police and Crime Plan

3.6.12.1 The Police and Crime Plan which involves consideration of the strategic policing requirement is a key public facing deliverable. The provisions on police and crime plans as set out in the 2011 Act will still apply to the Mayor carrying out PCC Functions.

3.6.13 Policing Protocol

3.2.13.1 The Mayor will be required by order to have regard to the Policing Protocol issued by the Secretary of State under section 79 of the 2011 Act.

3.2.13.2 The Policing Protocol sets out ways in which relevant persons should, in the Secretary of State's view, exercise or refrain from exercising functions so as to encourage maintain or improve working relationships (including co-operative working) between relevant persons, and limit or prevent the overlapping or conflicting exercise of functions.

3.6.14 West Yorkshire Police

3.6.14.1 West Yorkshire Police will remain a distinct and separate organisation as set out in legislation.

3.6.15 Complaints about Conduct

3.6.15.1 The 2011 Act provides that the Secretary of State must by order make provision about the procedures for making, handling and investigating complaints about the conduct of the Mayor and Deputy Mayor for Policing and Crime.

3.6.16 Consequential amendment and modification requirements

3.6.16.1 The following consequential amendment and modification requirements of enactments may be required in their application to the Combined Authority with PCC Functions:

3.6.17 Primary Legislation

- Amendments to the Police Reform and Social Responsibility Act 2011
- Modifications to the Local Government Act 1972
- Police (Property) Act 1897
- Trustee Investments Act 1961
- Pensions (Increase) Act 1971
- Local Government (Miscellaneous Provisions) Act 1976
- Local Government, Planning and Land Act 1980
- Local Government Finance Act 1988
- Road Traffic Act 1988
- Local Government and Housing Act 1989
- Police Act 1996

- Police Reform Act 2002
- Proceeds of Crime Act 2002
- Railways and Transport Safety Act 2003
- Local Government Act 2003
- Local Government and Public Involvement in Health Act 2007
- Local Democracy, Economic Development and Construction Act 2009
- Police Reform and Social Responsibility Act 2011
- Local Audit and Accountability Act 2014

3.6.18 Secondary legislation

- Motor Vehicles (Third Party Risks) Regulations 1972
- Official Secrets Act 1989(Prescription) Order 1990
- Police (Disposal of Sound Equipment) Regulations 1995
- Police (Property) Regulations 1997
- Health and Safety (Enforcing Authority) Regulations 1998
- Motor Vehicles (Driving Licences) Regulations 1999
- Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order 1999
- Motor Vehicles (Access to Driver Licensing Records) Regulations 2001
- Police and Criminal Evidence Act 1984 (Drug Testing of Persons in Police Detention) (Prescribed Persons) Regulations 2001
- Police Regulations 2003
- Docking of Working Dogs' Tails (England) Regulations 2007
- REACH Enforcement Regulations 2008
- Elected Local Policing Bodies (Specified Information) Order 2011
- Policing Protocol Order 2011
- Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012
- Police Appeals Tribunals Rules 2012
- Police and Crime Commissioner (Disqualification) (Supplementary Provisions) Regulations 2012
- Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012
- Local Government Pension Scheme Regulations 2013

- Local Audit (Auditor Resignation and Removal) Regulations 2014
- Combined Authorities (Mayors) (Filling of Vacancies) Order 2017

3.7 Miscellaneous

- 3.7.1 For the avoidance of doubt, the Combined Authority will be a body specified for the purposes of Section 33 of the Value Added Tax Act 1994. This will entitle the Combined Authority to claim refunds of Value Added Tax charged on supplies to, and acquisitions or importations by the Combined Authority.

3.8 Information Sharing

- 3.8.1 It is proposed that sections 17A and 115 of the Crime and Disorder Act 1998 should be amended to give the Combined Authority the same standing as a Local or Public Authority for the purpose of information sharing, given that the Mayor will be exercising PCC Functions.

Finance and Investment

4.1 Levy

- 4.1.1 The Combined Authority will continue to have the power to issue a levy to its Constituent Councils in respect of transport functions under section 74 of the Local Government Finance Act 1988 (levies) and in accordance with the Transport Levying Bodies Regulations 1992.

4.2 Precept

- 4.2.1 It is proposed that the Secretary of State makes an Order to provide for the costs of the Mayor for the Combined Area that are incurred in, or in connection with, the exercise of Mayoral Functions to be met from precepts issued by the Combined Authority under section 40 of the Local Government Finance Act 1992, and also provide for a precept for PCC Functions exercised by the Mayor, subject to any transitional provisions.
- 4.2.2 That is, the Mayor will have the power to issue a Council Tax Precept on behalf of the Combined Authority in relation to Mayoral Functions and PCC Functions.
- 4.2.3 The council tax requirement calculated under S42A of the Local Government Finance Act 1992 will consist of separate components for the Mayoral Functions and PCC Functions. The components will appear separately on council tax bills, and any monies paid to the Mayor by a billing authority in respect of the PCC Functions component of a precept must be paid by the Mayor into the Police Fund – see paragraph 3.6 above.
- 4.2.4 Any precept in relation to Mayoral Functions will be subject to scrutiny and amendment under the procedure relating to the Mayor’s budget, as set out below.
- 4.2.5 The precept in relation to PCC Functions will be subject to scrutiny by the Police and Crime Panel – see paragraph 3.6.

4.3 Mayor's budget

- 4.3.1 The Combined Authority will follow the procedure set out in the Combine Authorities (Finance) Order (SI 2017/611) (the Finance Order) to approve the Mayor's budget. The Finance Order provides that each year, the Mayor must prepare a draft budget in respect of Mayoral Functions by 1 February, setting out the Mayor's spending plans and how the Mayor intends to meet the costs of Mayoral Functions, and including the relevant amounts and calculations to be used for the purpose of determining the precept.
- 4.3.2 In accordance with the Finance Order, if the Mayor fails to present a draft budget to the Combined Authority by 1 February, the Combined Authority must determine the relevant amounts and calculations. The Mayor is not excluded from voting on this decision, which would be decided by a 2/3 majority.
- 4.3.3 The Combined Authority must review any draft budget, and may make a report on it, to include any changes the Combined Authority thinks the Mayor should make to the draft budget. The Mayor does not vote on this decision, and the default simple majority voting arrangement would apply. (If the Combined Authority does not make a report before 8 February, the Mayor's draft budget shall be deemed to be approved).
- 4.3.4 Where the Combined Authority makes a report, the Mayor will then decide whether to make any changes to the draft budget and notify the Combined Authority of the reasons for their decision, and where changes are made, the revised draft budget.
- 4.3.5 The Combined Authority may then:
- approve the Mayor's draft budget, containing any revisions the Mayor has chosen to make, (default simple majority voting arrangement applies) or
 - veto the draft budget, and approve a budget incorporating the Combined Authority's recommendations set out in its report to the Mayor (it is proposed that a 5/8 majority of the members of the Combined Authority excluding the Mayor would be required for this.)
- 4.3.6 The Mayor's budget will also be scrutinised by the Combined Authority's Overview and Scrutiny Committee. The Mayor may change their draft budget further to any recommendations received from the Overview and Scrutiny Committee, and in accordance with the procedure set out in the Finance Order.

4.4 Borrowing

- 4.4.1 It is proposed that West Yorkshire Authorities will consent to Regulations being made pursuant to section 23(5) of the Local Government Act 2003 to extend the Combined Authority's existing borrowing powers (for transport functions) to other priority infrastructure projects, including but not limited to: highways, housing, investment and economic regeneration, as relevant to the exercise of the Combined Authority's functions, both Mayoral and Non-Mayoral, within agreed limits.

4.5 Business Rate Supplement

- 4.5.1 It is proposed that the Mayor will have the power, with the agreement of the Combined Authority and in consultation with the business community, to raise a Business Rate Supplement to fund infrastructure investment. The Combined Authority will be a levying authority for the purposes of the Business Rates Supplement Act 2009 and the Constituent Councils shall be deemed to be acting jointly through the Combined Authority in accordance with Section 2(3) of the Business Rates Supplement Act 2009.

4.6 Strategic Infrastructure Tariff

- 4.6.1 The Combined Authority will be able to seek consent to raise a Strategic Infrastructure Tariff to enable it to raise funding for strategic infrastructure.

4.7 Mayor's General Fund

- 4.7.1 The Finance Order will require the Mayor to keep a fund (to be known as the Mayor's "General Fund") in relation to receipts arising, and liabilities incurred, in the exercise of the Mayor's Mayoral Functions. All of the Mayor's receipts in respect of the exercise of the Mayoral Functions must be paid into the General Fund, and the Mayor's expenditure in respect of Mayoral Functions must be paid out of the General Fund. The Mayor must keep accounts of payments made into or out of the General Fund.



westyorks-ca.gov.uk

West Yorkshire Combined Authority

40-50 Wellington House,
Wellington Street,
Leeds,
LS1 2DE

All information correct at time of writing (May 20)

West Yorkshire Devolution - Public Consultation

What will a devolution deal mean for West Yorkshire?

On 11 March 2020, a 'minded to' devolution deal was agreed between HM Government and West Yorkshire. Implementation of this deal is being done jointly between Bradford, Calderdale, Kirklees, Leeds and Wakefield Councils, West Yorkshire Combined Authority and the Leeds City Region Enterprise Partnership (LEP).

Devolution is the transferring of money and powers from central Government. This will enable decisions that are a priority for West Yorkshire to be made locally. These decisions will be made by a mayoral combined authority and Mayor, who will be elected to serve local people, communities and businesses.

Each Local Authority in West Yorkshire and the Combined Authority have carefully considered the 'minded to' devolution deal along with the proposals for implementation and have decided that the introduction of a mayoral combined authority and election of a Mayor would benefit the whole area.

Public consultation

Subject to the West Yorkshire Devolution Deal being implemented, work has begun to set out how it will help meet the priorities related to the economic and infrastructure development of the region: transport, education and skills, planning and housing, and, potentially, Police and Crime Commissioner functions.

Structures will be put in place to give each of the five West Yorkshire councils representation, to work with the Mayor and exercise these new functions as a mayoral combined authority.

It is proposed that the mayoral combined authority will continue to be called the West Yorkshire Combined Authority. The West Yorkshire Combined Authority will retain its current functions and powers, and these will be complemented by the devolution deal.

We have set out the detail of how this will work, our proposals and ambitions. We want to know what you think.

To include: governance information and paper/form completion instructions inc. closing date

How will it work?

To implement the deal we are proposing the following:

- The first Mayor for West Yorkshire will be elected in May 2021 by the residents of the five West Yorkshire council areas: Bradford, Calderdale, Kirklees, Leeds and Wakefield
- The initial term of the Mayoral will be for 3 years, to 2024. Then each mayoral term will last for 4 years to align with other mayoral combined authority elections in England
- The Mayor will be supported in their operations and functions by the West Yorkshire Combined Authority as a mayoral combined authority
- The deal will provide control and influence of £1.8bn funding and a range of devolved powers to focus and invest in our towns, cities and rural areas, for: infrastructure, skills, business, housing and regeneration, cultural and heritage assets.
- Decisions on funding, operations and functions of the mayoral combined authority will be made in agreement by the five councils of West Yorkshire working together with the Mayor
- The mayoral combined authority will have a total of 11 Members:
 - eight voting members from the constituent councils expected to include the five leaders of each council (Bradford, Calderdale, Kirklees, Leeds and Wakefield), and three members chosen in collective agreement to reflect as far as practical the political parties among the constituent councils
 - the Mayor
 - plus, two non-voting additional members which will include an elected member from City of York Council and a member of the Leeds City Region Enterprise Partnership (LEP) board
- Police and Crime Commissioner functions will be passed to the mayor who will be able to appoint a Deputy Mayor for Policing and Crime to delegate some functions
- The mayor will also have functions relating to transport, housing and planning and finance
- The mayoral combined authority will have non-mayoral functions of transport-related powers, adult education and skills functions, housing functions, economic development and finance
- The mayoral combined authority will exercise responsibility for overview and scrutiny of its, and the Mayor's, functions, as well as exercises to audit. The Mayor's Police and Crime Commissioner functions will be scrutinised by a Police and Crime Panel.

Detail of the governance, scrutiny and auditing arrangements are set out in the scheme [\[hyperlink\]](#).

Q1a. Do you agree or disagree with our proposals for the devolution arrangements of the Mayor, mayoral combined authority, and the councils, working together?

Strongly agree

Agree

Neither agree
nor disagree

Disagree

Strongly
disagree

Don't know

Q1b. Please use the space below to tell us more about your answer:

DRAFT

Transport

The deal will give the Mayor and mayoral combined authority responsibilities for significant investment in transport infrastructure and services, including public transport. This will help create effective and efficient long-term asset management and procurement to deliver a 21st century transport system for West Yorkshire.

It is proposed that this will be done by:

Devolving powers to the Mayor to:

- produce a Local Transport Plan and strategies
- manage a multi-year local transport budget
- have access to franchising powers for bus services that would enable the Mayor to decide what bus services are provided (routes, timetables and fares) which would have many benefits including smart, simple, integrated ticketing across West Yorkshire. There will be a separate process and consultation if the Mayor decides to consider franchising.
- request the provision of electric vehicle charging points that are beneficial to promoting lower carbon transport

Devolving powers to the mayoral combined authority to:

- set up a Key Route Network across West Yorkshire on behalf of the Mayor to enable a consistent approach to the management of that network, building on the existing Key Route Network of local roads.
- mitigate disruption on the Key Route Network with a permit scheme to help plan and manage utility and highway works.
- enter into agreements with local highway authorities for construction, improvement and maintenance. The expectation is that all operational responsibility for highways will remain with the constituent Councils. So, the use of these powers will need to be agreed with constituent authorities.
- make grants to bus operators

These powers will unlock transport funds and funding flexibilities that will build on successful funding bids in the region that include the £317m Transforming Cities Fund recently awarded to the Leeds City Region.

Q2a. Do you support or oppose this proposal to devolve transport powers to a West Yorkshire Mayor and mayoral combined authority?

Strongly support

Support

Neither support nor oppose

Oppose

Strongly oppose

Don't know

Q2b. Please use the space below to tell us more about your answer:

Skills and employment

The deal will give the mayoral combined authority powers to help people and businesses in West Yorkshire access the skills and support necessary to reach their ambitions and opportunities for our economy, through control of £63 million annually from the government's Adult Education Budget.

The proposal is for:

- promoting better access to adult education
- better business support that ensures the provision of skills meets demand
- giving our residents the skills our businesses need to grow, innovate, diversify, and be productive

Devolved control of the Adult Education Budget will give us greater influence over the adult skills and training to better meet the needs of the economy. It will also help deliver inclusive growth in the region by unlocking potential and progression, allowing as many people as possible to contribute to our region's prosperity.

Please note: a separate public consultation on the Adult Education Budget is planned for [date].

Q3a. Do you support or oppose this proposal to devolve skills and employment powers to a West Yorkshire mayoral combined authority?					
Strongly support	Support	Neither support nor oppose	Oppose	Strongly oppose	Don't know
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q3b. Please use the space below to tell us more about your answer:
--

Housing and planning

The deal will give the Mayor and mayoral combined authority powers to look at planning across the West Yorkshire area to ensure that: there is enhanced coordination in decisions; decisions are not impacted by council boundaries; and add value by addressing cross-boundary issues.

The proposal is that this will be done by granting powers to the Mayor and mayoral combined authority to exercise functions alongside the West Yorkshire Councils or Homes England, as appropriate.

Devolved powers and funding to the Mayor that include:

- compulsory purchase powers
- powers to produce a spatial development strategy for West Yorkshire
- designate an area of land as a mayoral development area and set up a mayoral development corporation to focus on that area's community regeneration and sustainability

Devolved powers to the mayoral combined authority to:

- improve the supply and quality of housing
- secure regeneration or development of land or infrastructure
- support in other ways the creation, regeneration and development of communities
- contribute to the achievement of sustainable development and good design

The mayoral combined authority will provide a pipeline plan of housing sites in West Yorkshire, to bring more land into development for the delivery of housing on brownfield sites. Regeneration powers will allow compulsory purchase and land acquisition and disposal to support infrastructure and community development and wellbeing.

This includes providing coordination to infrastructure planning such as broadband and utilities management, and energy and risk planning, which includes flood risk management.

Q4a. Do you support or oppose this proposal to devolve housing and planning powers to a West Yorkshire Mayor and mayoral combined authority?

Strongly support

Support

Neither support nor oppose

Oppose

Strongly oppose

Don't know

Q4b. Please use the space below to tell us more about your answer:

Police and Crime Commissioner Functions

The 'minded to' devolution deal announcement included the transfer of Police and Crime Commissioner functions and powers to the Mayor in 2024.

Currently we are exploring the potential to transfer the functions and powers of the Police and Crime Commissioner to the Mayor ahead of the agreed 2024 timeline, possibly as early as 2021. This will deliver enhanced outcomes for the public by strengthening joined up working across public services, for example between inclusive growth and community safety and cohesion. Joining police and crime functions with oversight of other public services in the mayoral combined authority should also promote further collaboration within the area. A mayor exercising police and crime functions will continue to provide a single, directly accountable individual who is responsible for securing an efficient and effective police force in West Yorkshire, in the same way the Police and Crime Commissioner does currently.

It is proposed that the Mayor will have Police and Crime Commissioner functions to:

- issue a police and crime plan
- set the police budget including the council tax requirements
- undertake Chief Constable dismissals, suspensions and appointments

The Mayor will appoint a Deputy Mayor for Policing and Crime to delegate functions like:

- determining police and crime objectives
- attending meetings of a Police and Crime Panel
- preparing an annual report
- decisions for auditing and liability limitations

These functions will be transferred from the existing West Yorkshire Police and Crime Commissioner and Office of the Police and Crime Commissioner, to the Mayor. A Police and Crime Panel will scrutinise the actions and decisions of the Mayor/Deputy Mayor for Policing and enable the public to hold them to account.

Q5a. Do you support or oppose this proposal to transfer Police and Crime Commissioner functions to a West Yorkshire Mayor and mayoral combined authority?					
Strongly support	Support	Neither support nor oppose	Oppose	Strongly oppose	Don't know
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q5b. Please use the space below to tell us more about your answer:

The devolution deal agrees a significant shift of powers, funding and responsibility from central government to West Yorkshire. The additional powers and funding would help to drive productivity by enabling additional investment in our towns, cities and rural areas such as infrastructure, skills, business, housing and regeneration, cultural and heritage assets, and by boosting trade, innovation and inward investment. The scheme proposes the full details of how the new functions and changed arrangements will be carried out by the West Yorkshire Mayor and mayoral combined authority.

Are there any comments you would like to make that you do not feel you have addressed in this consultation survey? Please provide detail:

To include: about you information – business and individual applicable

Appendix 4: Indictive 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 	W/c 18 May 2020	Each Constituent Council, and the Combined Authority
2	Publish Scheme	25 May 2020	Constituent Councils and the Combined Authority jointly
3	Consultation	25 May 2020 - 19 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	August/September 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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Name of meeting: Cabinet

Date: 21 May 2020

Title of report: 2020/2021 Road Surfacing Programme - Large Schemes over £250k

Purpose of report: This is a key decision to seek approval for a programme of road resurfacing schemes for 2020/2021. These are schemes that each requires spend of more than £250,000 on the road network

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?	Yes Spend on capital plan is over £250k in spend Affects more than 1 ward
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u>	Key Decision - Yes
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name	Karl Battersby - 20.03.20
Is it also signed off by the Service Director for Finance?	Eamonn Croston - 20.03.20
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft - 11.05.20
Cabinet member portfolio	Cllr Rob Walker - Culture and Environment Cllr Graham Turner - Corporate

Electoral wards affected: Ashbrow, Almondbury, Dalton, Dewsbury South, Holme Valley South, Newsome.

Ward councillors consulted:

Public or private: Public

Has GDPR been considered? The report contains no personal data and is GDPR compliant

1. Summary

Road resurfacing works are proposed within the Highways Capital Plan for the following roads:

Scheme	From	To	Ward	Scheme Estimate	Programme	Plan
A62 Leeds Road	Bradley Road	Cooper Bridge Road	Ashbrow	£495,000	Principal* Roads	DS/25/64221/CAB
B6432 Firth Street	B6432 Colne Road	A629 Wakefield Road	Dalton Newsome	£340,000	Roads Connecting Communities	DS/25/64091/CAB
A62 Castlegate	Outcote Bank	Castlegate Loop	Newsome	£435,000	Principal Roads	DS/25/64551/CAB
Mill Street East	Saville Road	Warren Street	Dewsbury South	£405,000	Roads Connecting Communities	DS/25/65328/CAB
Highlands Avenue/Highcroft Crescent	Somerset Road	Wormald Street	Almondbury	£300,000	Unclassified Roads	DS/49/99999/CAB
A6024 Woodhead Road, Holme Moss	Summit car park	250m towards Holme Village	Holme Valley South	£1,000,000	Principal * Roads Programme	DS/49/99999/CAB

** Joint (Kirklees and Calderdale Councils) challenge fund bid submitted to the Department of Transport was successful.

2. Information required to take a decision

2.1 Annual surveys of road condition identify the backlog of road repairs. The current backlog by road classification is shown in Table 2. These schemes will repair roads and improve the backlog of repair.

Table 2

Road Type	Backlog of adopted road network that requires immediate repair.	Year on year performance of road condition
A Roads	6km (3%)	Steady state
B&C Roads	8km (3.4%)	Steady state
Other roads (U)	250km (21%)	Declining

2.2 The funding source is the Department for Transport highway maintenance grant allocation administered through the West Yorkshire Combined Authority. Road surfacing schemes consider the needs of all road users, hence elements of road safety e.g. improved skid resistance, network management, drainage etc. are included in the schemes.

The council was successful in its joint challenge fund bid with Calderdale Council for:

A62 Leeds Road Bradley including resolving the ongoing flooding of the carriageway at Cooper Bridge. Combined with slope stabilisation, drainage repairs and carriageway

resurfacing at A6024 Woodhead Road Holme Moss. Total scheme cost is £2.84m with a DFT contribution of £2.03m. The implications on the capital plan of the outcomes of the bid will be reflected in subsequent capital plan revisions.

The schemes will be discussed during Utility Liaison Meetings held with Highways Network Management and Coordination team and any necessary utility works will be carried out prior to the resurfacing. A Section 58 Protection has been issued for the extents of the proposed surfacing, which will provide a five-year protection from planned utility excavations with the exception of emergency situations and connects to customers.

2.3 We are aware that these schemes may cause significant difficulties for road users. Officers will be in discussion with local councillors about the proposed improvements, and how delay and disruption can be minimised where possible. Early contractor involvement should help mitigate some of the problems which the works will cause.

2.4 A62 Leeds Road, Bradley/Cooper Bridge

2.4.1 The works comprise of drainage improvements to prevent flooding under the Railway Bridge and lane incursion, footway repairs and road resurfacing.

2.4.2 Subject to Cabinet Approval, works are programmed to start in 20/21.

2.4.3 Proposed actions to minimise disruption:

- Advanced variable messaging signs will be erected informing drivers about the intended works and to expect delays.
- Working at off-peak times to minimise the impact of the work to through traffic.
- Local and digital media will be used to inform road users of road closures, progress and potential for delay and disruption.
- The method of work will involve a mixture of weekday working off-peak, evening and weekend working.

2.5 B6432 Firth Street, Huddersfield

2.5.1 The works comprise road resurfacing, footway repairs and reconstruction of the existing traffic calming features.

2.5.2 Subject to Cabinet Approval, works are programmed to start July 2020.

2.5.3 Proposed actions to minimise disruption:

- Advanced vehicle messaging signs will be erected informing drivers about the intended works and to expect delays.
- Working off-peak times to minimise the impact of the work to through traffic.
- Working outside of University term dates to minimise the impact on the University.
- Local and digital media will be used to inform road users of local road closures, the progress and potential for delay and disruption.
- A road closure will be put in place to allow the works to be carried out safely. The timings of this closure will be considered in order to minimise the impact on local businesses as much as reasonably practicable.
- The method of work will involve a mixture of weekend work, weekday work through the off-peak period and night shifts between the hours of 7pm and 7am.
- Side roads will be closed as necessary.

2.6 A62 Castlegate, Huddersfield

2.6.1 The works comprise road resurfacing, drainage works and a lane-drop road marking and signing scheme which also improves the efficiency of this busy traffic signalled junction.

2.6.2 Subject to Cabinet Approval, works are programmed to start summer 2020.

2.6.3 Proposed actions to minimise disruption:

- Advanced vehicle messaging signs will be erected informing drivers about the intended works and to expect delays.
- Working at off-peak times to minimise the impact of the work to through traffic.
- A temporary road closure of the outer Ring Road will be necessary to allow the works to be undertaken safely and for the programme to be expedited, reducing disruption to a minimum. Traffic will be diverted along the inner Ring Road whilst works take place.
- Some sections of the work will require junctions onto Castlegate to be closed to allow work to be carried out safely. The timings of these closures will be considered in order to minimise disruption to local residents and through traffic.
- The works will be phased, and access to the maximum amount of the Outer Ring Road will be maintained as much as is possible. Residents and businesses within the affected area will be updated regularly.
- The method of work will be night shifts between the hours of 7pm and 5am.
- Local and digital media will be used to inform road users of local road closures, the progress and potential for delay and disruption.

2.7 Mill Street East, Dewsbury

2.7.1 The works comprise road resurfacing, footway repairs and drainage repairs.

2.7.2 Subject to Cabinet Approval, works are programmed to start summer 2020.

2.7.3 Proposed actions to minimise disruption:

- Advanced vehicle messaging signs will be erected informing drivers about the intended works and to expect delays.
- Working off-peak times to minimise the impact of the work to through traffic.
- Local and digital media will be used to inform road users of local road closures, the progress and potential for delay and disruption.
- A road closure will be put in place to allow the works to be carried out safely. The timings of this closure will be considered in order to minimise the impact on local businesses as much as reasonably practicable.
- The method of work will involve a mixture of weekend work, weekday work through the off-peak period and night shifts between the hours of 7pm and 7am.
- Side roads will be closed as necessary.

2.8 Highlands Avenue/Highcroft Crescent, Almondbury

2.8.1 The works comprise road resurfacing, kerbing and footway works, upgrading of the street lighting and drainage repairs.

2.8.2 Subject to Cabinet Approval, works are programmed to start in Summer 2020.

2.8.3 Proposed actions to minimise disruption:

- Advanced vehicle messaging signs will be erected informing drivers about the intended works and to expect delays.
- A temporary road closure will be in place for the duration of the works with access for residents only.

2.9 A6024 Woodhead Road, Holme Moss

2.9.1 The works comprise road resurfacing, drainage improvements and slope stabilisation.

2.9.2 Subject to Cabinet Approval, it is anticipated at this time that works are programmed to start in 20/21.

2.9.3 Proposed actions to minimise disruption:

- Advanced vehicle messaging signs will be erected informing drivers about the intended works and to expect delays.
- Portfolio and local council briefing
- A road closure will be put in place to allow the works to be carried out safely.
- Local and digital media will be used to inform road users of local road closures, the progress and potential for delay and disruption.
- Close liaison with Derbyshire County Council.

3. Implications for the Council

3.1 Working with People

Schemes will be developed in conjunction with communication, consultation and feedback from the community and their representatives.

3.2 Working with Partners

Maintenance and improvements to the transport network are vital for the development of local businesses and helps develop Kirklees as a quality place where people want to live, work and visit.

3.3 Place Based Working

These works are part of a programme of road resurfacing that is shaped to follow good asset management practice, and will be delivered in consultation with our Local Councillors and Communities to minimise the impact of these works on the local network.

3.4 Climate Change and Air Quality

There is likely to be no ongoing impact and changes for the roads resurfacing works however whilst works are taking place the permit scheme helps the council minimise delay and disruption from works, including: a reduction in the average duration of works on permit streets and days of disruption saved through permit application assessments. The reduction in average work days, and days of disruption, contribute to the Council's response to the climate emergency as it provides a reduction in carbon through reduced

numbers of works vehicle movements and less congestion and disruption during works. This will clearly provide a benefit to public transport and active travel journeys. The permit scheme will apply to all schemes delivered on the network so these benefits should not only be realised for the roads resurfacing works but all works delivered in 2020/21. Resurfacing of these roads will also reduce the need for ongoing and increasing amounts of maintenance work which causes delay, disruption to road users and with road surfaces that are more hazardous to low carbon modes of transport.

3.5 Improving Outcomes for Children

There will be no impact

Investing in our roads and footways infrastructure in and around our district, will expand opportunities for children to enjoy their environment and increase opportunities for active travel, which the improved network provides, to access their schools and local facilities.

3.6 Other

These works are part of a detailed capital plan that will be managed and monitored by the service in accordance with 3.10 of the Council's Financial Procedure Rules that delegates authority to manage the Plan at Service Director level.

4. Consultees and their opinions

Consultation will be undertaken with local businesses/residents and the local ward Councillors. A further information letter will go out to all frontage properties in advance of each scheme starting, detailing the programme for the works.

5. Next steps and timelines

Officers will progress the design and construction of the works.

6. Officer recommendations and reasons

That Cabinet approves the large scheme road resurfacing programme.

Reasons:

The schemes improve important local routes and reduce the maintenance backlog.

7. Cabinet Portfolio Holder's recommendations

Re-read both the Highways Capital Plan and Maintenance Schemes Reports. Agree both and cannot wait for the required capital to enable the much needed improvement programmes to start as good quality roads are key to our future regeneration and growth.

8. Contact officer

Dan Smith
Principal Engineer- Highways & Operations
Tel: 01484 221000
Email: daniel.smith@kirklees.gov.uk

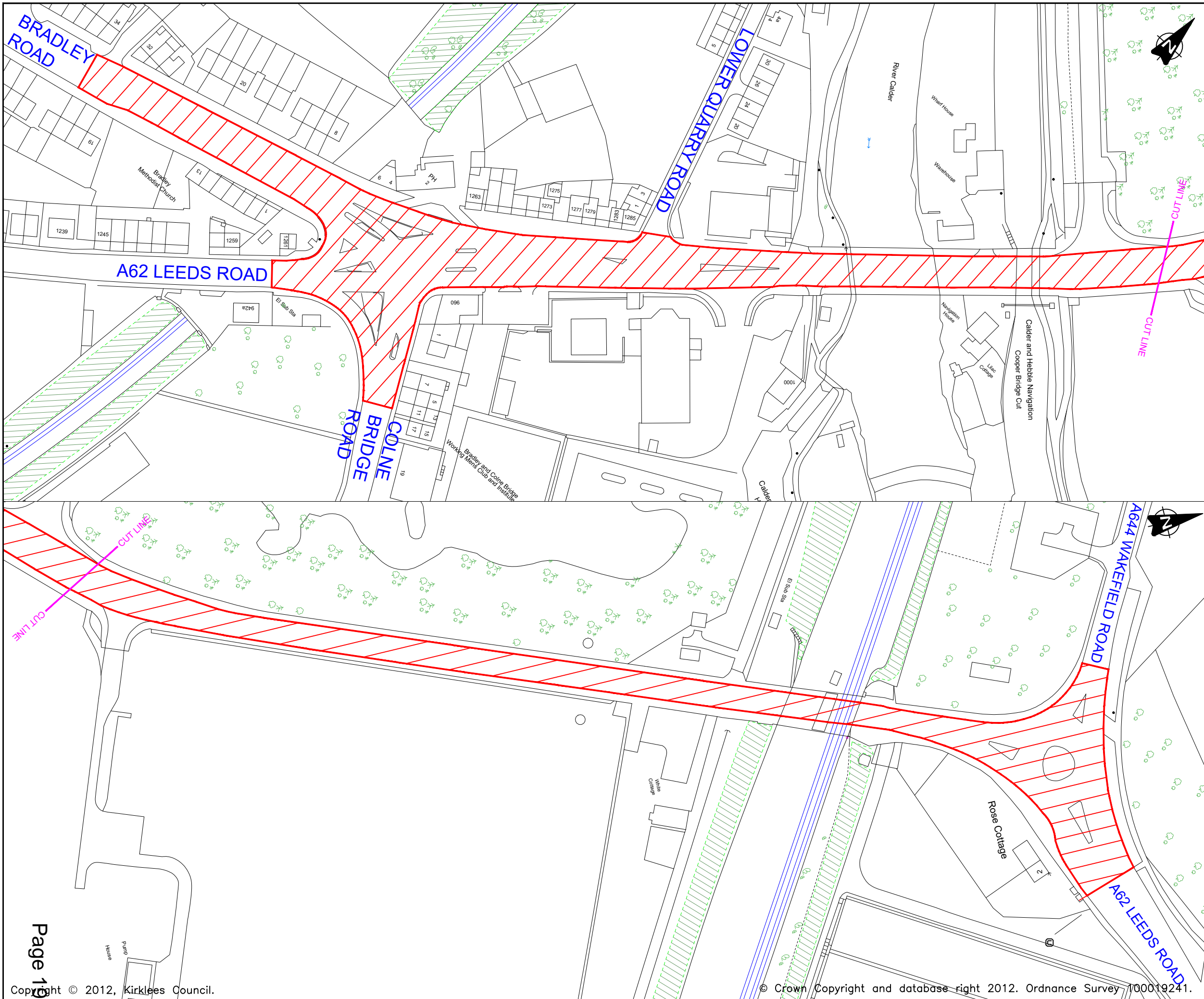
9. Background Papers and History of Decisions

Papers:
Plans

10. Service Director responsible

Sue Procter, Service Director Environment
Tel: 01484 221000
Email: sue.procter@kirklees.gov.uk

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REF.	DATE	REVISIONS



Directorate of Place
Civic Centre 3, Market Street
Huddersfield, HD1 2TG

SECTION
PLANNED MAINTENANCE

DRAWN	CHECKED
DS	DS

SCALE	PROJECT NO.	DATE
NTS	25/64421	FEB 20

PROJECT
A62 LEEDS ROAD,
BRADLEY

TITLE
PROPOSED EXTENTS OF
HIGHWAY IMPROVEMENT SCHEME

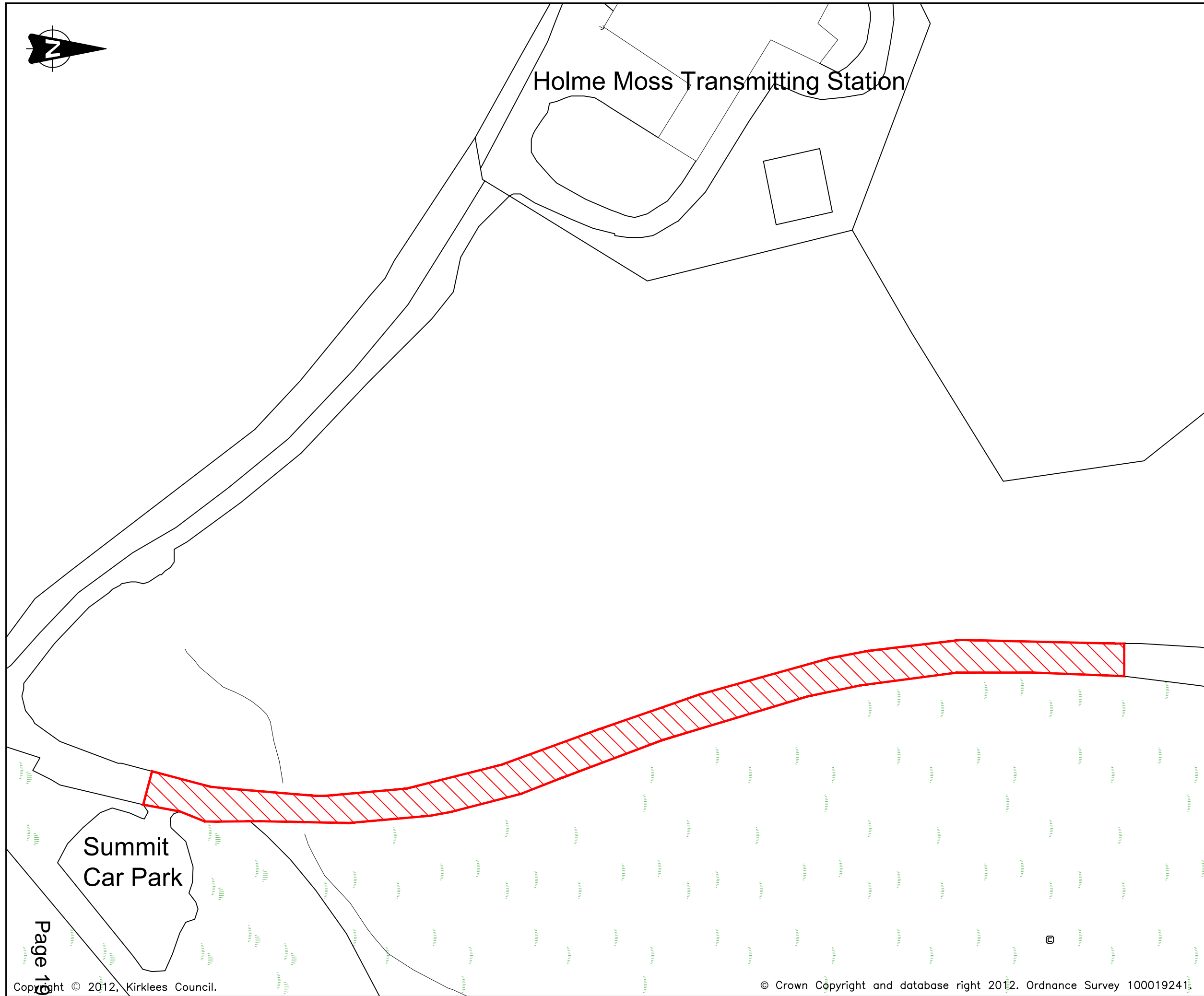
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Holme Moss Transmitting Station



REF.	DATE	REVISIONS



Directorate of Place
Civic Centre 3, Market Street
Huddersfield, HD1 2TG

SECTION
PLANNED MAINTENANCE

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SCALE	PROJECT NO.	DATE
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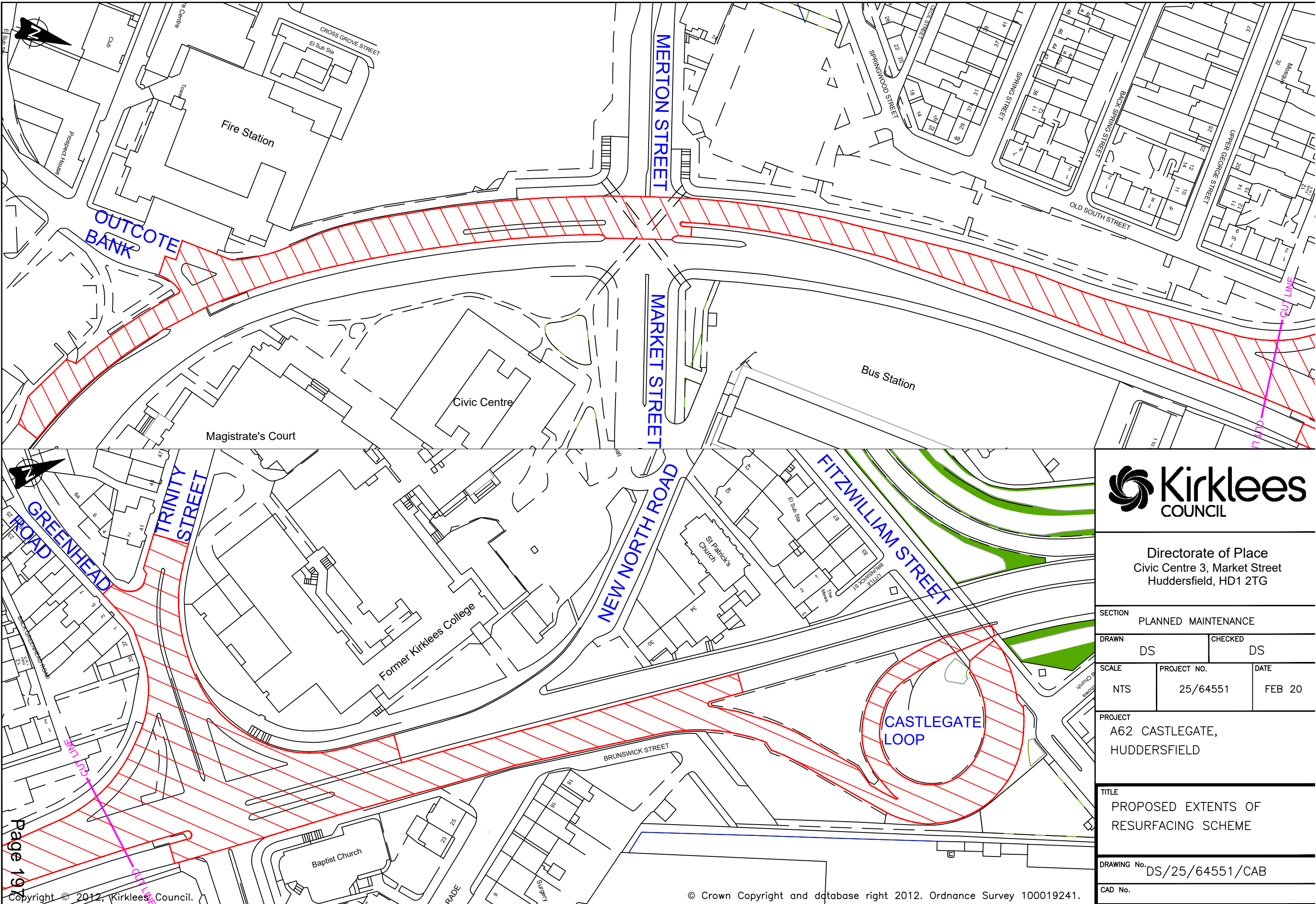
PROJECT
A6024 WOODHEAD ROAD,
HOLME MOSS

TITLE
PROPOSED EXTENTS OF
HIGHWAY IMPROVEMENT SCHEME

DRAWING No. DS/49/99999/CAB

CAD No.

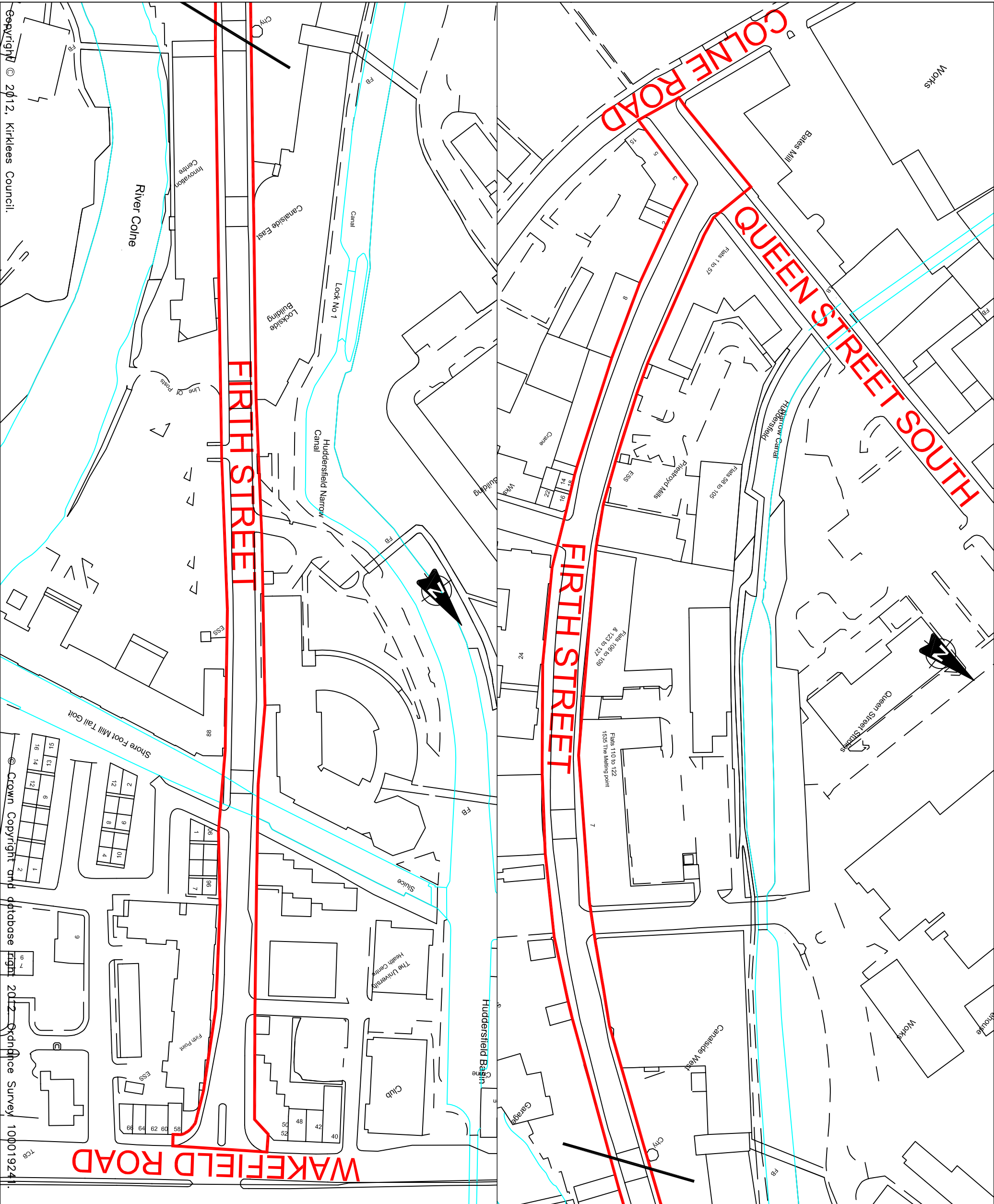
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Directorate of Place
Civic Centre 3, Market Street
Huddersfield, HD1 2TG

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SCALE	PROJECT NO.	DATE			
NTS	25/64551	FEB 20			
PROJECT					
A62 CASTLEGATE, HUDDERSFIELD					
TITLE					
PROPOSED EXTENTS OF RESURFACING SCHEME					
DRAWING No. DS/25/64551/CAB					
CAD No.					

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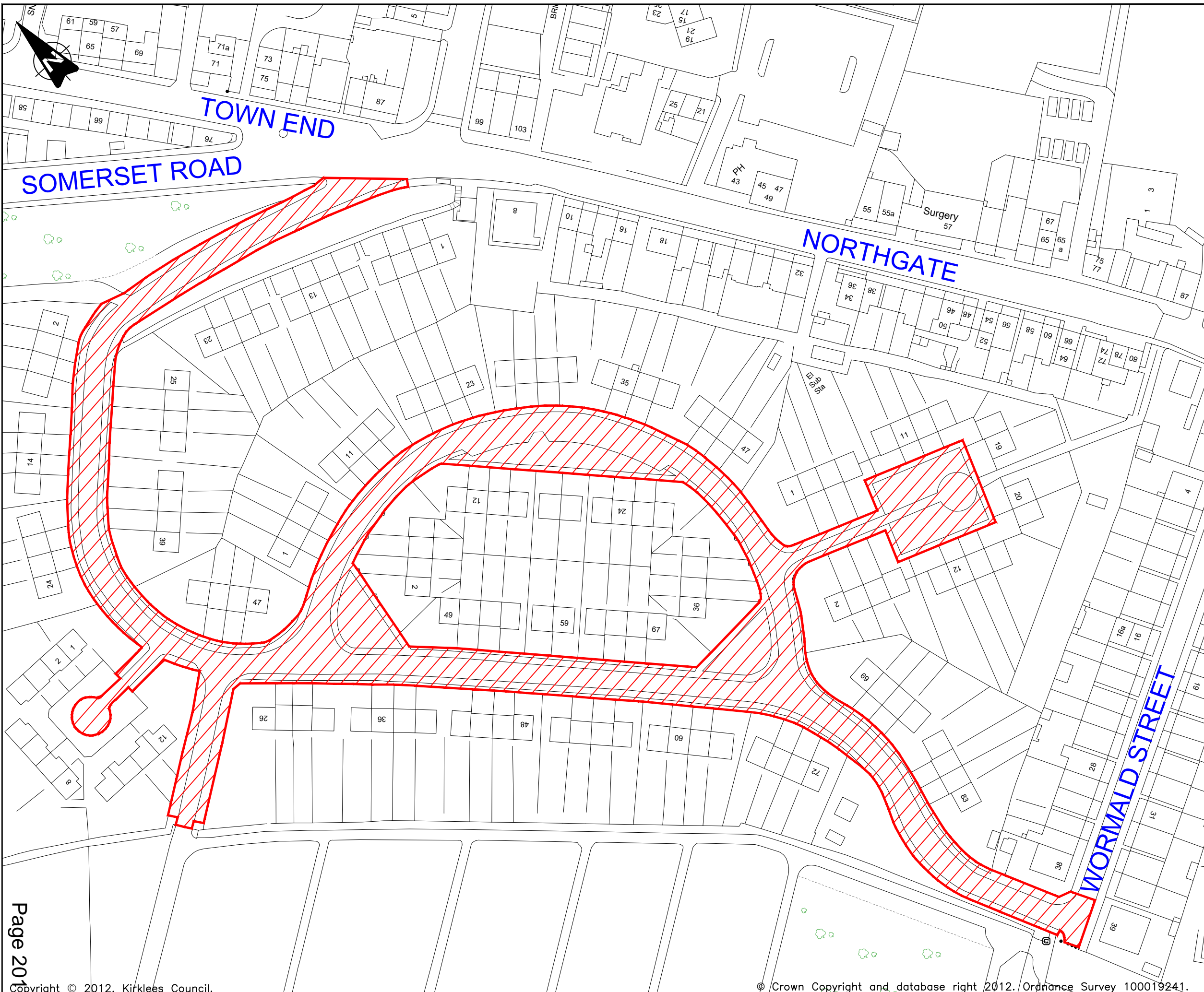
Directorate of Place
Civic Centre 3, Market Street
Huddersfield, HD1 2TG

SECTION	PLANNED MAINTENANCE
DRAWN	DS
CHECKED	DS
SCALE	PROJECT NO.
NTS	25/64091
DATE	FEB 19

PROJECT
B6432 FIRTH STREET,
HUDDERSFIELD

TITLE	PROPOSED EXTENTS OF RESURFACING SCHEME
DRAWING No.	DS/25/64091/CAB
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REF.	DATE	REVISIONS



Directorate of Place
Civic Centre 3, Market Street
Huddersfield, HD1 2TG

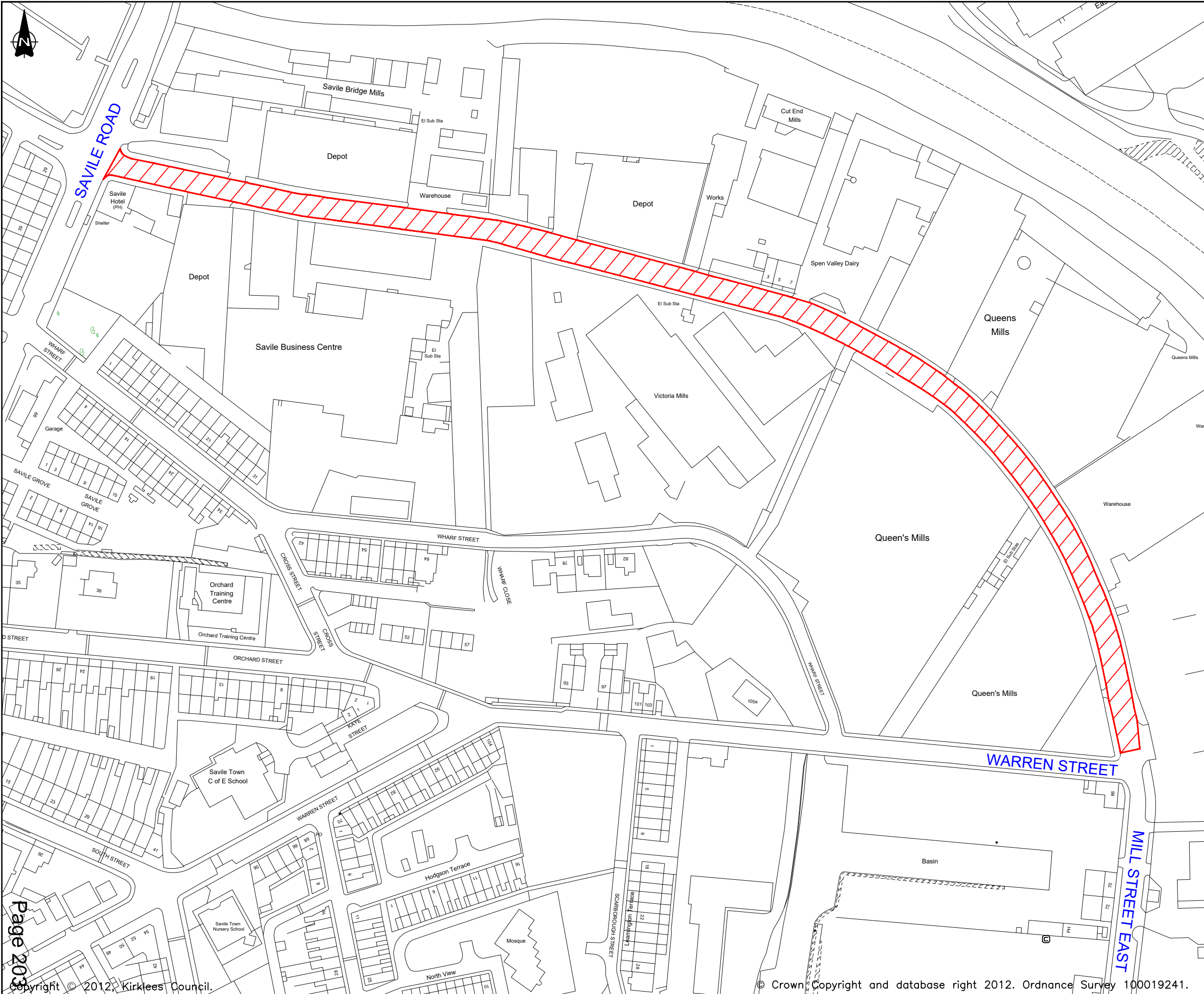
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DRAWN	DS	CHECKED DS
SCALE	PROJECT NO.	DATE
NTS	49/99999	FEB 20

PROJECT
HIGHLANDS AVENUE
INC. SIDE STREETS,
ALMONDBURY

TITLE
PROPOSED EXTENTS OF
HIGHWAY IMPROVEMENT SCHEME

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REF.	DATE	REVISIONS



Directorate of Place
Civic Centre 3, Market Street
Huddersfield, HD1 2TG

SECTION PLANNED MAINTENANCE

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SCALE PROJECT NO. DATE
NTS 25/65328 FEB 20

PROJECT MILL STREET EAST,
DEWSBURY

TITLE PROPOSED EXTENTS OF
RESURFACING SCHEME

DRAWING No. DS/25/65328/CAB

CAD No.

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Name of meeting: Cabinet
Date: 21 May 2020
Title of report: The Huddersfield Blueprint – Land Assembly

Purpose of report: The report requests that Cabinet considers the options available to the council for the acquisition of property to help deliver regeneration of one of six key areas in The Huddersfield Blueprint, and sets out a proposed course of action to achieve that.

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?	Yes - Is it likely to result in spending exceeding £250k
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports)?	Key Decision – Yes Public report and private report/ appendices
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name	Karl Battersby (Strategic Director Economy and Infrastructure) – 06/05/2020
Is it also signed off by the Service Director for Finance?	Eamonn Croston – 12/05/2020
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft – 12/05/2020
Cabinet member portfolio	Cllr Peter McBride - Economy Cllr Graham Turner - Corporate

Electoral wards affected: Newsome

Ward councillors consulted: No

Public or private: Public report and private report with appendices

Exempt information under Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006 as the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information), and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings. It was considered that the disclosure of the information would be contrary to confidential terms and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information and providing greater openness and transparency in relation to public expenditure in the council's decision making.

Has GDPR been considered? Yes. No personal or sensitive data, or other information covered by GDPR, is included in this report.

1. Summary

- 1.1 The Huddersfield Blueprint sets out a ten-year vision to create a thriving, modern-day town centre. It aims to deliver five key objectives: a vibrant culture, art, leisure and nightlife offer; thriving businesses; a great place to live; improved access; and enhanced public spaces. The Blueprint focusses on regenerating six key areas: Station Gateway; St Peter's; Kingsgate and King Street; the Civic Quarter; and a new Cultural Heart in the Queensgate and Piazza area.
- 1.2 The proposed property acquisition will help meet Blueprint objectives and help deliver regeneration of one of its six key areas.

2. Information required to take a decision

- 2.1 It is proposed that the council acquires a strategic property in Huddersfield town centre. In the private part of today's agenda is a detailed report with appendices, containing information that is exempt in accordance with Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006.

3. Implications for the Council

3.1 Working with People

- 3.1.1 Public consultation on a draft Huddersfield Blueprint document has taken place through:
 - Place Standard interviews – around 1,000 responses were received through town centre interviews and Place Standard focus groups, 12 August to 20 September 2019; and
 - Huddersfield Blueprint on-line questionnaire and a staffed exhibition for 12 weeks, between 15 July and 6 October 2019.

3.2 Working with Partners

- 3.2.1 The draft Blueprint was subject to early engagement with internal and external stakeholders, including council Members, from 9 August 2018 to 6 September 2019 including a launch event in June 2019.
- 3.2.2 Following the consultation and engagement, Cabinet on 25 February 2020 gave approval to a revised Huddersfield Blueprint and to proceed with the statutory planning process to convert the Blueprint to a Supplementary Planning Document (SPD). To comply with planning legislation, it was subject to a formal consultation process between 2 March and 30 March 2020, including on-line during the period of lockdown for Covid-19. Planning officers have analysed the comments received and amended the document where required, preparing a report for Cabinet (on 26 May 2020) to seek approval to adopt the Huddersfield Town Centre Blueprint SPD.

3.3 Place Based Working

- 3.3.1 It is recognised that one size does not fit all and whilst Huddersfield is a principal centre for the district, it has its own distinctiveness which needs to be harnessed and built upon. The use of the Place standard tool provided a valuable tool to shape and inform the

Blueprint. This seeks to bring new uses to the town centre and act as a catalyst for regeneration making it a place that people want to use for a variety of uses helping the vitality and vibrancy of the area.

3.4 Climate Change and Air Quality

- 3.4.1 The Huddersfield Blueprint contains a strong focus on improving public transport, walking and cycling including high quality public spaces and better connections across Huddersfield to improve active/ sustainable travel. This will contribute to reducing emissions and improved air quality.
- 3.4.2 The Blueprint will also celebrate Huddersfield's heritage by bringing historic buildings back into re-use, which will also contribute to the climate change agenda through reducing the need for new build.

3.5 Improving outcomes for children

- 3.5.1 The Blueprint has families and young people at its heart. The vision includes Huddersfield as a busy family-friendly town centre that stays open for longer with a unique culture, arts and leisure offer and thriving businesses.

3.6 Covid-19

- 3.6.1 The potential impacts of the coronavirus pandemic on the proposed property acquisition are considered in detail within the private report as this is exempt information. Irrespective of Covid-19 and its impacts, there is a need to bring the property into public ownership as it is in a key location in the town centre and its development in the medium term will help deliver the vision in The Blueprint.

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

- 3.7.1 Legal: The Council's Disposals and Acquisitions Policy sets out the general principles that govern strategic acquisitions, including having regard to prudent commercial practices. External consultants have been appointed to provide a valuation for the proposed acquisition, and a draft valuation is contained within the private report as it is exempt information.
- 3.7.2 Financial: On the agenda for today's Cabinet agenda (21 May 2020) is a report on the high-level impact of Covid-19 that has significant short- and medium-term implications across the council's currently approved revenue and capital budget plans.
- 3.7.3 Officers are seeking external funding to cover the costs of the proposed acquisition. It would be beneficial to have planning permission by the time of final grant approval, and it is therefore proposed to appoint a specialist planning consultancy to prepare and submit an application. Cabinet is requested to consider that the council underwrites the costs of acquisition and planning consultancy if external funding is not forthcoming or is delayed. Funding is currently available under the Strategic Acquisition Fund in the council's approved Capital Plan for 2020/21. The capital and revenue implications of acquisition are contained within the private report as this is exempt information.
- 3.7.4 Officers are exploring the potential for a joint venture/ partnership with private investors/ developers for developing the property following acquisition, and a further report will be brought to Cabinet in due course.

3.7.5 Human Resources: The HR implications of the proposed acquisition are contained within the private report as this is exempt information.

4. Consultees and their opinions

4.1 Officers in Disposals & Acquisitions, Legal Services and Strategic Finance have been consulted and their opinions are reflected in this report.

5. Next steps and timelines

5.1 If the officer recommendations are approved, officers will seek to appoint a planning consultancy and to acquire the property as soon as possible. This will allow the council to meet Blueprint objectives and help deliver regeneration of one of its six key areas.

6. Officer recommendations and reasons

6.1 Acquisition of the property will provide an opportunity for the council to control ownership in a key part of the town centre and support the implementation of The Huddersfield Blueprint.

6.2 The rationale for council acquisition of the property is that:

- i) The development of the property is a key strategic priority for the council (irrespective of The Huddersfield Blueprint being adopted as an SPD); and
- ii) It is only commercially feasible for the property to be developed if the council acquires it, for the reasons set out in the private report.

6.3 A decision on the proposed acquisition is sought at today's meeting in order to meet the timescales for external funding applications.

6.4 Cabinet is requested to:

- a) Consider the content of the public report and the private report at appendix A and other information in appendices B to D;
- b) Approve acquisition of the property as shown in the location plan in private appendix B and detailed in the site plan red line boundary in appendix C, for up to a purchase price as stated in the private report at appendix A, paragraph 3.6.3;
- c) Approve the required capital funding for the property acquisition and the planning consultancy from the Strategic Acquisition Fund in the council's approved Capital Plan for 2020/21, if external funding is either delayed or is not forthcoming;
- d) Delegate authority to the Strategic Director Economy and Infrastructure and Service Director - Legal, Governance and Commissioning to negotiate and agree terms for acquisition of the property identified in the private report appendix A and appendix C, subject to contract, clean and marketable title free from any encumbrances, structural / condition surveys of the property, and vacant possession;
- e) Delegate authority to the Service Director - Legal, Governance and Commissioning to enter into and execute any agreements or instruments relating to the acquisition of the property identified in the private report A and appendix C;

- f) Delegate authority to the Service Director - Economy and Skills to undertake the strategic and operational management of the property following acquisition, working with the Service Director - Legal, Governance and Commissioning; and
- g) Delegate authority to the Service Director - Economy and Skills to apply for planning permission and any other statutory consents that may be required to develop the property in line with the feasibility report at private appendix D.

7. Cabinet Portfolio Holder's recommendations

- 7.1 The Portfolio Holder for Economy and the Portfolio Holder for Corporate support the officer recommendations.

8. Contact officers

Richard Hollinson, Head of Major Projects
richard.hollinson@kirklees.gov.uk 01484 221000 ext. 74158

Peter Steniulis, Economic Resilience Project Manager
peter.steniulis@kirklees.gov.uk 01484 221000 ext. 74696

9. Background Papers and History of Decisions

- 9.1 Background paper: The Huddersfield Blueprint – Next Steps, report to Cabinet 25 February 2020.
- 9.2 The history of decisions relating to the property to be acquired is contained within the private report as this is exempt information.

10. Service Director responsible

Angela Blake, Service Director - Economy and Skills
angela.blake@kirklees.gov.uk 01484 221000 ext. 71076

11. Attachments

Private Appendix A – Private report on the proposed property acquisition
Private Appendix B – Location plan
Private Appendix C – Site plan with red line boundary plan for the proposed acquisition
Private Appendix D – Feasibility report

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