

Public Document Pack



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

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Friday 22 May 2020

Notice of Meeting

Dear Member

Cabinet

A meeting of **Cabinet** will take place remotely at **3.00 pm** on **Tuesday 2 June 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	Responsible For:
Councillor Shabir Pandor	Leader of the Council
Councillor Viv Kendrick	Cabinet Member - Children (Statutory responsibility for Children)
Councillor Musarrat Khan	Cabinet Member - Health and Social Care
Councillor Naheed Mather	Cabinet Member - Greener Kirklees
Councillor Peter McBride	Deputy Leader and Cabinet Member for Regeneration
Councillor Carole Pattison	Cabinet Member for Learning, Aspiration and Communities
Councillor Cathy Scott	Cabinet Member - Housing and Democracy
Councillor Graham Turner	Cabinet Member - Corporate
Councillor Rob Walker	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: Minutes of previous meeting - 1 May 2020

1 - 6

To approve the Minutes of the meeting of the Cabinet held on 1 May 2020.

3: Interests

7 - 8

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

4: Admission of the Public

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

5: 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.

6: 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 Monday 1 June 2020.

In accordance with (i) Council Procedure Rule 11(5), the period allowed for the asking and answering of public questions shall not exceed 15 minutes. A maximum of 4 questions per person may be submitted.

7: Options on the future model for the management and maintenance of Kirklees Council Housing

9 - 74

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

Wards affected: All

Contact: Naz Parkar – Service Director for Growth & Housing

8: Viability Guidance Note

75 - 92

To seek approval for the publication of a Viability Guidance Note.

Wards affected: All

Contact: Kate Mansell, Economy and Infrastructure

9: Financial Outturn 2019-20 - Early Closedown Review

93 - 98

To consider proposals to review earmarked reserves as part of current 2019-20 final accounts process.

Wards affected: All

Contact: Eamonn Croston, Service Director – Finance

10: Kirklees Council Pet Policy 99 - 108

To seek approval of a new pet policy for Kirklees Council properties.

Wards affected: All

Contact: Noreen Beck / Sarah Clayton, Kirklees Neighbourhood Housing

11: Kirklees Music Ambition including Year of Music 2023 and Music Investment 109 - 120

To seek approval for (i) on-going investment into key music festivals and the Kirklees Concert Season and (ii) the approach and ambition for Year of Music.

Wards affected: All

Contact: Kath Davies, Cultural Development

12: 2020/21 – 2021/22 Corporate Landlord and Strategic Asset Utilisation Capital Plans - Proposed allocation of 2020/21 – 2021/22 Capital Funding 121 - 134

To consider potential projects to be funded from the 2020/21 & 2021/22 Strategic Asset Utilisation, Corporate Landlord Asset Investment, Compliance & Suitability Programme baselines & the Strategic Priorities section of the Capital Plan and seek Officer Delegations to manage the plans.

Wards affected: All

Contact: David Martin / Jonathan Quarmby, Corporate Landlord

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Contact Officer: Andrea Woodside

KIRKLEES COUNCIL

CABINET

Friday 1st May 2020

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

Apologies: Councillor Peter McBride

150 Membership of Cabinet

Apologies for absence were received on behalf of Councillor McBride.

151 Minutes of Previous Meetings

RESOLVED - That the Minutes of the meetings held on 14 January and 25 February 2020 be approved as a correct record.

152 Interests

No interests were declared.

153 Admission of the Public

All agenda items were considered in public session.

154 Written Questions

Cabinet received the following written questions from Members of the Council;

Question from Councillor Lukic to the Cabinet Member for Greener Kirklees (Councillor Mather)

Sands Lane, Sands Road and Hollinroyd Road in Dewsbury have long been fly tipping hotspots, and the problem is particularly acute at the moment.

Will Cabinet introduce covert camera surveillance here and at other hotspots to help catch more perpetrators?

The Cabinet Member replied thereto.

Cabinet - 1 May 2020

Question from Councillor Lukic to the Cabinet Member for Regeneration (Councillor McBride)

Would you please provide an update on the review of car parking charges in Dewsbury?

The Cabinet Member for Resources (Councillor Turner) replied on behalf of Councillor McBride.

Question from Councillor Lukic to the Leader of the Council (Councillor Pandor)

Under the devolution deal you have agreed, the Mayor of West Yorkshire is due to take over the responsibilities of the Police and Crime Commissioner.

As the PCC election due this year is not taking place, do you agree that the post should now be retired in 2021 when the first Mayor is elected?

The Leader of the Council replied thereto.

Question from Councillor Greaves to the Cabinet Member for Resources (Councillor Turner)

In regards to small business grants, by when will the outstanding claims be processed and paid out?

Will the businesses who have not yet submitted a claim be proactively contacted?

The Cabinet Member replied thereto.

Question from Councillor Greaves to the Cabinet Member for Greener Kirklees (Councillor Mather)

When will the Household Waste sites reopen and how will access and use be controlled?

The Cabinet Member replied thereto.

Question from Councillor Greaves to the Cabinet Member for Resources (Councillor Turner)

In respect of the impact of Covid 19, when will updated revenue and capital budget plans be released?

The Cabinet Member replied thereto.

Question from Councillor Lawson to the Cabinet Member for Greener Kirklees (Councillor Mather)

Can you put any figures to the amount of fly tipping clearances since 23rd March, the scale of any increase and the amounts of identifiable domestic versus business waste? Related to this, are there any figures on calls to the Council complaining about waste fires in domestic settings?

The Cabinet Member replied thereto.

Question from Councillor Lawson to the Cabinet Member for Greener Kirklees (Councillor Mather)

The rise in domestic waste will have increased, what financial impact has that had on the refuse collection service?

The Cabinet Member replied thereto.

Question from Councillor Lawson to the Cabinet Member for Culture and Environment (Councillor Walker)

How many reports of closed Rights of Way has the Council received and how many of these have been opened through enforcement action?

The Cabinet Member replied thereto.

Question from Councillor Lawson to the Cabinet Member for Health and Social care (Councillor Khan)

Do Council home care staff who deal with the most vulnerable residents have sufficient PPE to do their job safely and have they had appropriate training?

The Cabinet Member replied thereto.

Question from Councillor Lawson to the Cabinet Member for Resources (Councillor Turner)

Will money received so far from central government cover our expected extra Covid-19 spending?

The Cabinet Member replied thereto.

Question from Councillor Lawson to the Cabinet Members for Children's Services (Councillor Kendrick) and Health and Social Care (Councillor Khan)

Can you highlight what is being done to ensure vulnerable adults and children continue to get the protection they need during Lockdown?

The Cabinet Members replied thereto.

Cabinet - 1 May 2020

Cabinet received the following written questions from Members of the Public;

Question from Christine Hyde to the Leader of the Council (Councillor Pandor)

Are you including the costs of community Covid19 contact tracing and isolation in your estimates of the financial impact of Covid 19 on the Council?

The Leader of the Council replied thereto.

Question from Christine Hyde to the Leader of the Council (Councillor Pandor)

Are you setting up a community contact tracing and isolation strategy, pilot, or initiative in Kirklees? If not, why not? Will Kirklees Public Health be in the driving seat. If not, why not?

The Leader of the Council replied thereto.

Question from Christine Hyde to the Leader of the Council (Councillor Pandor)

What are the current covid19 death figures for Kirklees, including people who have died in care homes and at home?

The Leader of the Council replied thereto.

Question from Christine Hyde to the Leader of the Council (Councillor Pandor)

As you will know, West Yorkshire and Harrogate Integrated Care System has announced a fund to support community level interventions that reduce gaps in health outcomes for population groups in West Yorkshire and Harrogate. The focus is on groups who are most vulnerable to the direct health implications of COVID-19 and the indirect social implications of the control measures such as isolation and shielding.

Does the Cabinet support this fund? If so, please will you explain how this grant, which will apparently fund voluntary and community organisations' efforts at social prescribing for those most negatively affected by Covid 19, is in any way going to tackle these upstream causes of health inequalities?

The Leader of the Council replied thereto.

Question from Christine Hyde to the Leader of the Council (Councillor Pandor)

Is the Health and Social Care Scrutiny Committee going to do a Health Inequalities Assessment of the Coronavirus Act 2020? Or is the Cabinet itself doing this?

The Leader of the Council replied thereto.

155 Decisions taken during the COVID-19 Pandemic to date

Cabinet received a report which set out details of decisions which had been taken by the Chief Executive under delegated emergency powers from 16 March 2020, to date, due to the Covid-19 pandemic. The report also set out an outline of new Cabinet responsibilities targeted at dealing with the immediate consequences of the pandemic, namely protecting lives, livelihoods, and the most vulnerable members of the community; thereby laying the foundation for the recovery of Kirklees in the long term.

The report advised that, as a result of the pandemic, it had not been possible to comply with the requirements of the Local Government Act 1972 enabling decisions to be taken in the physical presence of members at meetings. Consequently, a number of decisions had been taken during this period, having regard to the powers within the constitution, including the emergency powers of the Chief Executive, and delegation to other senior officers.

Cabinet noted that decisions on the following matters had been made by the Chief Executive, in consultation with the Leader of the Council, and had been published online; (i) to commence the Governance Review for the West Yorkshire Devolution Deal (ii) proposals relating to non-domestic rates, which were required to enable the Council to operate new schemes to assist businesses (iii) a change to the Council's housing allocation scheme to suspend the full implementation of the enhanced lettable standard and the Home Starter Fund Pilot to increase options and availability of appropriate accommodation for homelessness to increase temporary capacity during the pandemic and in order to comply with requirements from Government (iv) the removal of the 80% limit on entitlements in the Council Tax Reduction Scheme and to allocate 100%, and to implement the Government's Council Tax Hardship Scheme at £150 in line with the Government's Council Tax Hardship Fund guidance (v) agreeing the Highway Capital Programme to enable aspects of highways work to commence quickly and (vi) an amendment of payments to school travel operators during the pandemic.

The report advised that, at the next meeting of Cabinet, a further report would be submitted which would detail the emerging impact of Covid-19 upon overall Council finances, and set out early proposals through the 2019/2020 final accounts process to support the Council's overall financial resilience.

RESOLVED –

- 1) That the decisions taken by the Chief Executive under Emergency Powers for the period from 16 March 2020 to date, as set out within the considered report and appendices relating to (i) West Yorkshire Devolution Deal – Review of Governance Arrangements (ii) Business Rates Discounts – additional retail reliefs 2020/2021 (iii) Housing Services Accommodation Update (iv) Covid-19 Government Hardship Fund 2020/2021 (v) Highways detailed Capital Plan 2020/2021 and 2021/22 and (vi) Payment of Operators – School Transport, be noted and endorsed.

Cabinet - 1 May 2020

- 2) That, pursuant to (1) above, other actions taken during this period, as set out in the schedule at Appendix 1 of the report, be noted and endorsed.
- 3) That detail regarding any other actions taken by Officers, in order to ensure that steps are in place to manage decisions moving forward, be noted.
- 4) That it be noted that further remote meetings of Cabinet, and other meetings, will be scheduled.
- 5) That the revision of Cabinet Portfolios in order to reflect emergency Cabinet Member responsibilities in supporting citizens, partners and businesses during this period, be noted as follows;
 - Councillor Pandor : leading the immediate response to the pandemic/leading recovery strategy/public health
 - Councillor McBride : immediate support to business/planning the post-pandemic inclusive economy
 - Councillor Kendrick : statutory responsibility for children's social care/safeguarding our most vulnerable children throughout the pandemic
 - Councillor Khan : statutory responsibility for vulnerable adults/responsibility for vulnerable adult social care/safeguarding our most vulnerable adults throughout the pandemic
 - Councillor Pattison : working with schools to maintain services/planning for return to school
 - Councillor Turner : financial oversight / resources
 - Councillor Mather : council staff, including staff wellbeing
 - Councillor Scott : engaging and supporting voluntary sector capacity for immediate responses to the pandemic / strengthening place-based working for the future / north Kirklees
 - Councillor Walker : engaging and supporting voluntary sector capacity for immediate responses to the pandemic / strengthening place-based working for the future / south Kirklees

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: 2nd June 2020
Title of report: Options on the future model for the management and maintenance of Kirklees Council Housing.

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

<p>Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?</p>	<p>Yes</p> <p>If yes give the reason why Council Housing is present in every ward. How and who manages it is a key strategic decision.</p>
<p>Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u></p>	<p>Key Decision – Yes/No Yes Private Report/Private Appendix – Yes/No No</p>
<p>The Decision - Is it eligible for call in by Scrutiny?</p>	<p>Yes/No or Not Applicable Yes</p>
<p>Date signed off by <u>Strategic Director</u> & name</p> <p>Is it also signed off by the Service Director for Finance?</p> <p>Is it also signed off by the Service Director for Legal Governance and Commissioning?</p>	<p>Richard Parry 20/05/20</p> <p>Eamonn Croston 19/05/20</p> <p>Julie Muscroft 19/05/20</p>
<p>Cabinet member portfolio</p>	<p>Cllr Cathy Scott</p>

Electoral wards affected: All

Ward councillors consulted: Leading Members

Public or private: Public **Has GDPR been considered?** Yes

1. Summary

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

2. Information required to take a decision

A. Strategic Context

- i. The central planks of the Kirklees' Housing Strategy 2018-23 are focussed around addressing housing need; promoting and delivering quality homes and places; and supporting and enabling housing growth which aligns with the Council's corporate plan priorities for people, place and partners. The strategy is based upon a partnership approach and the recognition that there are a number of general and specialist housing providers who all have an important contribution to make in working with citizens to design tailored responses that make a difference to their lives. A summary of the Housing Strategy can be seen at Appendix A.
- ii. The Council's vision is to work with people and partners using a place-based approach to achieve our shared outcomes. It is an approach that is driving different ways of working for the Council and its staff and recognises the diversity and strengths of the communities across Kirklees. By developing local connections and networks with citizens, community and other stakeholders there is an opportunity to tap into local strengths, knowledge and skills to develop bespoke solutions.

- iii. Given the rising potential demand for adult and children's social care, there has been significant emphasis placed on maximising the independence of individuals and families and the Council being clearer about its role in enabling this. The role of housing as a key enabler has become prominent in a way that has not previously happened. Alongside this, at a local, regional and national level, the link between health and housing is now strongly acknowledged across the system.
- iv. Place-based working recognises that council housing does not exist in isolation and that it forms part of a wider housing market in which there are opportunities to make connections, trial ideas and improve outcomes for citizens. There is increasingly strong evidence that those who are most likely to be exposed to the impact of poor quality housing are living in private rented and owner occupied housing <https://www.kirklees.gov.uk/beta/deliveringservices/pdf/HNA-report.pdf>. It is important that the Council takes a holistic view of housing, regardless of tenure type, if it is to improve outcomes for the most vulnerable citizens of Kirklees.
- v. The Government's Social Housing Green Paper and the Hackitt Review form important backdrops to the assessment of the delivery model for management and maintenance of council housing. The Green Paper, emphasises the need to tackle the stigma associated with social housing as well as strengthening the tenant's voice. Please see Appendix B for further detail.

B. Background and Introduction

- i. In December 2018 Cabinet received a report, following an independent review from Tony Reeves Consulting Ltd, commissioned by the Council in May 2018. The review looked at an options appraisal of the various models for managing and maintaining the Council's housing stock.
- ii. The recommendation of the independent review of management models was that there were only 2 feasible options for the delivery of the Council's housing management and maintenance services – for the Council to run services in-house or to stay as an Arm's Length Management Organisation (ALMO), with the option of a Registered Provider (RP) being discounted after due deliberation.
- iii. However, given the uncertainty around the national housing agenda at the time, the cabinet made some interim changes and held off a more definitive decision until there was greater clarity about the national regulatory and legislative landscape with a view to revisiting the issue in 12-18 months. The changes included strengthened governance arrangements between KNH and the Council (<https://democracy.kirklees.gov.uk/ieDecisionDetails.aspx?ID=6891>) :-
 - a) *The implementation of the changes to the Articles of Association as set out in Appendix 1 of the report and summarised in 5.2 of the report 'The Board approves the changes to KNH governance processes and Memorandum and Articles of Association. The changes to the Articles are as set out in appendix 1. In summary these are:*

The number of Board Members shall be nine; Six Board Members shall be Council Board Members; Three Board Members shall be Tenant Board Members; No more than

three Board Members shall be Tenants; No more than six Board Members shall be Local Authority Persons; A board member shall serve for no more than 9 years.

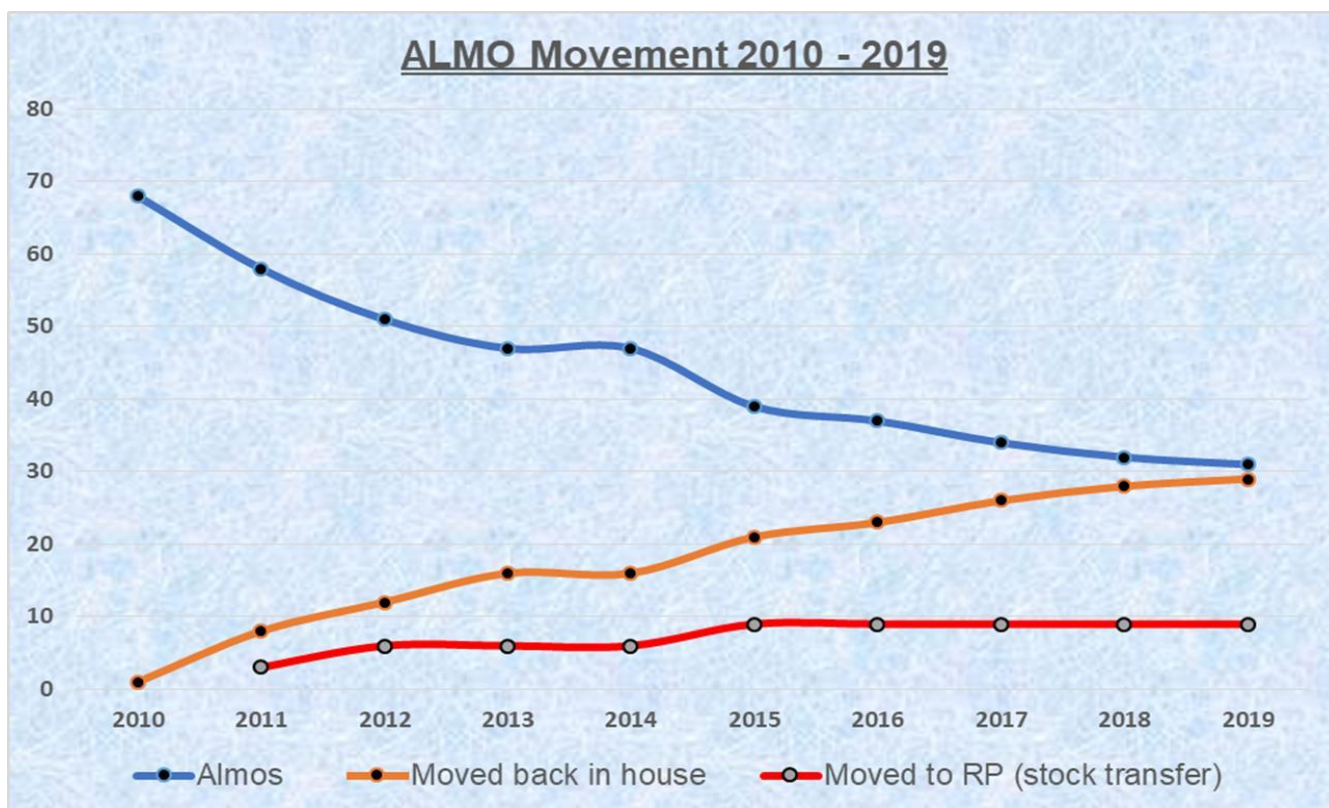
- b) *The role of the strengthened Board would be to oversee housing operations and to act as a single purpose vehicle to deliver the housing management and maintenance service.*
 - c) *That Housing Policy and Strategy, housing/asset investment and HRA Business planning matters would be determined by the Council, Cabinet or Council officers with advice from KNH officers.*
 - d) *These arrangements are interim for the next to 12-18 months and will remain under review until the regulatory and legislative landscape begins to settle.'*
- iv. Since Cabinet's decision to implement the above, the national housing policy context has become clearer than it was in 2018. The place based working agenda and initiatives such as Community Plus have developed and, as described previously, the contribution of housing to health and social care has become a much greater priority. Examples of recognition of Housing's critical relationship include, but are not limited to :-
- a) the Kings Fund paper Housing and health opportunities for sustainability and transformation partnerships
https://www.kingsfund.org.uk/sites/default/files/201803/Housing_and_health_final.pdf
 - b) Housing LIN (Learning and Improvement Network) 2019 paper 'The State of Ageing' which looks at the role of 4 key aspects including housing. It acknowledges 'a colossal demographic shift, living ten years longer than our parents' generation on average and nearly two decades longer than our grandparents' generation. This social revolution has implications for every part of our society and how we think about and live our lives'.
<https://www.housinglin.org.uk/News/New-report-looks-at-the-state-of-ageing-in-2019/>
- v. The Local Government Association (LGA) Corporate Peer Review in July 2019 recommended that the Council '**Prioritise a decision on the long-term future of the ALMO. If the ALMO is brought back in-house it will allow the Council to maximise the opportunity to embed place-based working into priority neighbourhoods. It would also provide much needed additional corporate capacity to deliver key Council objectives**'.
- vi. This recommendation has led the Council to initiate a re-consideration of the review conducted in 2018 alongside the challenge and support provided by the establishment of an Ad-Hoc Scrutiny Panel to consider the future options for the management of the Council's housing stock.
- vii. The report of the Ad Hoc Scrutiny Panel and its recommendations are to be found at an earlier item on this Cabinet meeting's agenda.
- viii. The focus of the independent review conducted by Tony Reeves Consulting Ltd was risk based and recognised that, as highlighted by the tragedy of Grenfell Tower, the Council retains full liability as landlord even though it is not directly managing the risks that give rise to this liability. Further risk review work was undertaken by the Council's audit team in 2019. Please see Appendix C for further detail.

- ix. Whilst this still remains the case and is an important consideration, there has been greater focus in this review on place based working and tenants in the whole context of their lives and how they engage with Council services as citizens as well as tenants.
- x. The assessment of options in this review also considered the contribution housing makes to the health agenda and how good quality housing underpins social care for children and adults.
- xi. The Government's national policy agenda is now very much focused on supporting Councils with Housing Revenue Accounts (HRA) to deliver new affordable housing, as well ensure its housing estates are renewed to a much higher compliance standard.
- xii. The intent from Government is clear. They have removed the HRA borrowing restriction; committed to ensure Council HRA business plans are appropriately funded to deliver on its national policy agenda; and have moved from an annual decrease in rent to a current position which allows an increase by CPI +1% over the 2020-2025 period.
- xiii. The Council has up-scaled its own house building programme, broader regeneration and renewal of its housing estates to improve the quality of place at the same time as investing in the existing Council housing stock.

C. Options Assessment

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

Figure 1



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

- f) Best use the available skills and capacity of the two organisations.

D. Transfer the Stock to a Registered Provider

- i. Registered Providers (RPs) as they are now known are predominantly not-for-profit organisations governed by an independent board and are regulated by the Regulator of Social Housing (RSH). Their purpose is to provide affordable housing and they draw the mainstay of their funding for new homes from Homes England to subsidise rents and private borrowing.
- ii. The sector has witnessed a significant amount of change over the last 2 decades and whilst many remain community based and focused, there are equally as many that are now large, complex regional and multi-regional businesses either as a result of mergers and acquisitions or through organic growth. Many associations now build private sale homes exposing them to market risks which, in turn, leads them to behave more commercially.
- iii. RPs form an important part of the housing market and as not-for-profit businesses there is an element of strategic alignment in this model. Much of this is achieved through Nominations Agreements whereby the Council is able to nominate applicants from its Housing Register to vacant properties that become available to let in line with the housing association's allocations policy. The approach of some RPs could also be influenced by the level of commercial activity they are engaged in. There are a number of positive working relationships in Kirklees with RPs, particularly addressing areas of more specialist need.
- iv. There are also opportunities to work in partnership with RPs whose housebuilding ambitions add to the district's affordable housing offer and whilst RPs make positive contributions to addressing housing need, this model was not considered to be suitable because:
 - a) Stock Transfer means the Council would transfer all its housing stock and staff to a completely separate entity and relinquish all control to the Board of the RP.
 - b) Once transferred, there is no opportunity to reverse the model should the strategic context or the policy environment change.
 - c) The Board has complete autonomy and independence, even where there are Council nominees sitting as Board members since their first duty, as non-executive directors of the company, is to ensure the interests of that business are protected. Conversely, all risks are transferred and the RSH ensures compliance with standards in line with the regulatory code.
 - d) A stock transfer would, therefore, mean the need to establish new relationships with both the board and the executive in order to attempt to influence outcomes are aligned with council priorities.
 - e) Stock transfers are complex transactions and incur the most cost especially at the start-up phase associated with due diligence and legal and valuation costs.
 - f) There has been little stock transfer activity in recent years and the few that have were dependent on debt write-offs from government. The current debt in the HRA is c.a. £170m which would be unattractive to funders and institutional investors.
 - g) There would be financial implications from the loss of income related to economies of scale for other Council Services and impact on the services they deliver.

- h) The rental income stream and the ability to influence investment is lost since there is no longer an HRA which is effectively transferred out to the RP.
- i) There is no direct line between strategic intent and operational delivery and hence the ability to adapt and respond particularly as priorities change.

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

- i. As stated earlier, ALMOs were created as a result of the government incentives provided through funding programmes for councils to transfer their stock into newly created organisations in the late 1990s/early 2000s in order to access investment into the decent homes standard. The decent homes programme ended in 2010/11 with no further transfers or funding since then except a small number that occurred prior to 2015. There is an established trend of ALMOs subsequently being dissolved and the activity transferred back to Councils.
- ii. The ALMO model is not dissimilar to the RP model, in that, the governance of the organisation falls to an independent board whose first duty as directors of the company is to the company itself.
- iii. In the ALMO model the relationship between the Council as the client and the ALMO as contractor is governed by a Partnership or Management Agreement and sets out the roles and responsibilities of each party. In practice and to avoid an overly contractual relationship the two parties tend to work by negotiation and in a spirit of partnership. This blurs the lines of responsibilities and accountability and hence this model is highly dependent on the strength of relationship at any given time and can lead to staff resource and capacity being taken up negotiating change and/or priorities. Please see Appendix D for further detail on the current relationship.
- iv. One of the benefits of an ALMO is that it is a single purpose organisation in that it provides only housing management and maintenance services which enable a focus on good quality housing services.
- v. However, council housing doesn't exist in isolation and most people live in privately owned or rented homes. The single focus can limit the ability of the ALMO model to influence the wider role housing plays in supporting people's health and well-being, their sense of security and safety and their sense of place. This is integral to the Council's strategy for place based working and ensuring citizens benefit from all the services available tailored to suit the circumstances in which they live. Further detail on tenant engagement implications can be seen at Appendix E.
- vi. Given the relationship between the ALMO and the Council's responsibilities can, at times, be blurred the ALMO model can duplicate the capacity and skills base by having it in a separate entity. There are inevitable overhead costs associated with running a separate organisation.
- vii. For these reasons, if the ALMO model were to be retained, it should be noted that this should not be viewed as a 'no change option' since the two organisations would need to clarify roles and responsibilities and to be clear about where accountabilities flow through to. In essence it would result in a more formal relationship that would be contractually led.

- viii. This inevitably requires the organisations to expend time and resources to negotiate between the two organisations and can create inflexibility and stymie the Council's ability to respond in an agile manner to the needs of tenants as citizens should the need or opportunity arise – changes to contracts, by their very nature, take time to resolve.

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

- i. In the in-house model, the Council not only owns the housing stock but manages and delivers both the strategic housing function and the housing management and repairs service.
- ii. In this model there is no client-contractor split of responsibilities - the services are governed by the Council's cabinet but the housing activity remains regulated by the Regulator of Social Housing. Risk management and assurance is the responsibility of the Council's Cabinet including accountability for oversight of performance of the overall housing service.
- iii. It is the model that offers the most direct line between strategic intent and operational delivery – the Council can align service delivery with the ambition that tenants and communities have for their homes and the places they live in without the duplication of decision-making by the Council's Cabinet and the Board of a separate entity.
- iv. Both the strategic investment and operational management decisions within the HRA are taken by the Council's cabinet and hence more closely aligns the Council's housing stock with broader housing priorities including the quantum and nature of new build.
- v. The in-house model enables the Council to engage directly with tenants to capture their views on both their home and their place. Evidence indicates there is a direct correlation between people's views about their area and how satisfied they are with their home – i.e. if you are dissatisfied with your local area, you are more likely to feel your home isn't suitable for your needs (source - <https://www.kirklees.gov.uk/beta/deliveringservices/pdf/HNA-report.pdf>). Many of the wider factors that determine satisfaction with place can be influenced by the Council but not by an ALMO.
- vi. It allows the Council to take a place based approach to delivery where the Council integrates the management of housing services with, where appropriate, wider service delivery enabling tailored responses to emerge through working more closely with tenants about their broader concerns. In-house means where a tenant has some feedback about waste collection services or community safety, there is a single organisation for the tenant to work with as a citizen as well as a tenant. Likewise in a directly managed service the Council's neighbourhood housing officer is able to gather intelligence and feedback from tenants and citizens who may raise concerns about the condition of private sector stock in their local area and enable advice and support to be available for landlords or, where necessary, enforcement action to be initiated. This approach would align with the strategic priority of improving quality and standards in the district's housing stock.

- vii. In-house more easily levers the contribution housing can make to health and social care by working alongside teams such as Community Plus, Thriving Kirklees and the Primary Care Networks. Additionally, the model is more easily understood by partners (the Council manages housing) and supports the faster development of initiatives such as step up & step down facilities or the linking of the housing offer to dementia hubs. It also enables greater co-ordination of joint approaches to support people who may be hoarding, for example.
- viii. With the in-house option, the Council can effect a shift from a property maintenance approach, building on 'your home your place', to an estate regeneration and investment model taking a longer term view of value for money by investing in the quality of place. It is better able to plan for and strategically invest in re-purposing, renewing and regenerating the stock to deliver specific priorities - e.g. reducing the carbon emissions of the homes, demolishing obsolete stock or meeting emerging patterns of need such as extra care for older people, wheelchair accessible bungalows or accommodation to prevent homelessness using innovative construction methods that help to reduce the carbon emissions of construction.
- ix. Unlike moving to an RP model, this is an approach that can be subsequently changed at a future date should circumstances require. A table showing comparisons of the options can be seen at Appendix F.

G. Conclusion

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

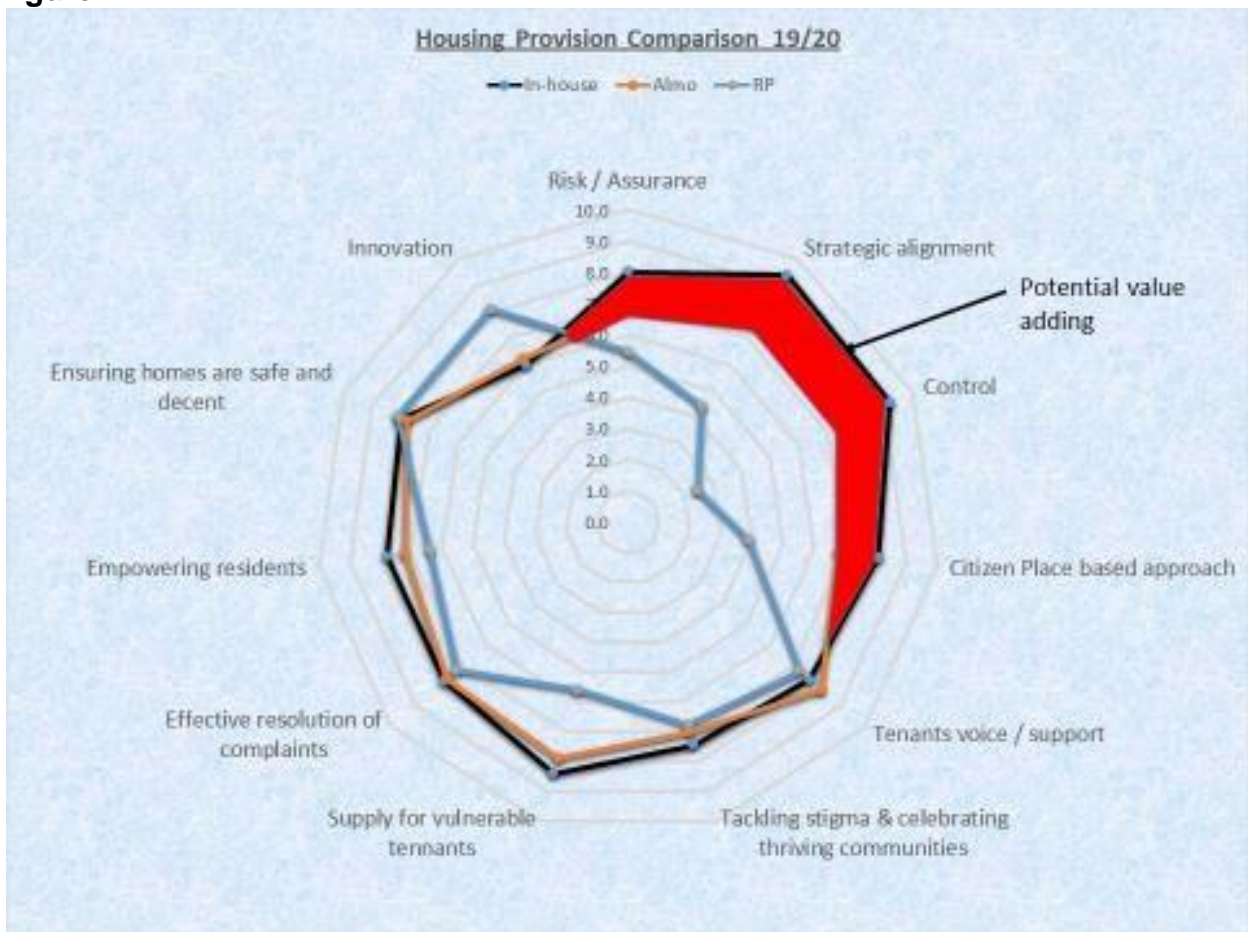
Table 1

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

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

iii. As part of the process, the project board looked at a number of criteria which combined key aspects of the Social Housing Green paper and business critical elements together with facets of a place based working approach. As the diagram below demonstrates, the in-house solution would provide a greater degree of control, clarity of accountability, responsibility and more flexibility in how resources are deployed to exploit the opportunities for housing to contribute to the health and social care agenda and it is the model that maximises the benefits of the HRA.

Figure 2



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

H. Engagement

- i. At one level, if agreed, the change would be as simple as a change in the organisation that provides a service to tenants. Ownership of the stock and rent payments remain unchanged as do the staff who tenants interact with as they would TUPE over. Guidance from DCLG 'The Government believes that the decision to take ALMO housing management functions back 'in-house' should remain a local one' – please see Appendix G.
- ii. If Cabinet are minded to change the way Housing is managed in Kirklees, it will be important to engage with tenants. This is because engagement is a key part of our commitment to place citizens at the heart of our approach.
- iii. Hearing the voice of the tenant would be at the heart of any engagement approach.
- iv. The tenant engagement process would need to capture the things that people feel are important about current arrangements, areas that they would like to see changed and to start to explore future arrangements, post implementation of the new model, for hearing the tenants' voice in decision making. There will be value in considering the role of the Ad Hoc Scrutiny Panel in the design of the engagement process.
- v. The approach to engagement would be to support the move to work with people and build relationships within a place based context by engaging tenants as citizens and enable the Council to take a whole systems approach to the feedback received. It should also enable the Council to directly hear an un-filtered view of what tenants as citizens are telling the Council.
- vi. In order to further enhance that approach, it is proposed that there would be 3 parallel work streams to engage with Councillors, tenants and the workforce. This would enable the joint intelligence to provide valuable insight and inform any future action and service delivery.
- vii. It is anticipated that engagement would be multi-faceted, include an approach based on the Place Standard methodology, be co-produced and jointly delivered with tenants. The impact of Covid19 is recognised and national advice and restrictions would shape the approaches used. It is anticipated that a range of methods would be used including electronic as well as face to face opportunities, if not physically possible then virtually, to share their views according to their preference. We would also have the opportunity to interact with / capture the views of those who get in touch with the Council / KNH, for example to report a repair.

I. Implications for the Council

□ Working with People

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

□ Working with Partners

- i. Kirklees enjoys strong partnerships with a range of mainstream and specialist housing providers and the proposed approach will continue to build on and strengthen these relationships to continue to develop bespoke solutions for providing affordable and supported housing with the communities of Kirklees.
- ii. The proposal offers the Council and its partners an opportunity to strengthen the links between Housing, Health and Social Care and to continue to integrate and provide the platform to positively impact further on outcomes for people / communities by working with them in a more holistic way.

□ Place Based Working

- i. An in-house model would enable closer integration of the various place based approaches and would minimise the duplication that some citizens will currently experience.
- ii. The approach would use the Place Standard methodology as part of the wider engagement plan and would align this piece of work with wider Council and partner ambitions for place based working. It is acknowledged the methodology would continue to evolve and adapt to challenges such as those posed by Covid19.
- iii. The Place Standard approach enables us to begin to develop a much more nuanced understanding of our diverse places both in terms of the challenges they face and, more importantly, the aspirations they have. Over time we are looking to develop a detailed picture which would increase our level of understanding in a way that:
 - Is based on local identity.
 - Facilitates a more cohesive and joined up response.
 - Is conversational and intended to bring citizens / tenants with us both in terms of dialogue and co-creating solutions.
 - Allows us to re-engage to understand the difference that has been made.

- iv. Tenant engagement on this scale would provide us with a unique opportunity to gain a wider and more detailed understanding of those places, the outcomes from which would inform wider thinking, policy agendas and budget setting moving forward.
- v. The place standard explores 14 themes that focus on both the physical and social environment and the relationships between people and their surroundings, and is used to assess and improve the quality of a place. (Physical environment = the buildings, streets, public spaces and natural spaces that make up a place and the social environment = the relationships, social contact and support networks that make up a community).
- vi. It provides a framework to facilitate conversations to help identify what's good about a place, what needs to improve and what citizens / tenants can contribute. It helps focus on priorities for action and encourages a very collaborative approach (working with not doing to) as it enables communities, public agencies, voluntary groups and others to work together to identify their priorities for a particular place that need to be targeted to improve people's health, wellbeing and quality of life.
- vii. One of the benefits of the place standard is that it's consistent and provides a baseline which can be re-assessed to see how well places are performing. In developing our approach it is recognised that there should be opportunity to go back to communities to 'sense check' and report back on conclusions, proposals and actions as a result of the information contributed by communities.

□ **Climate Change and Air Quality**

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

□ **Improving outcomes for children**

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

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

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

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

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

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

NATURE OF CHANGE

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

K. Consultees and their opinions

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

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

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

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

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

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

L. Next steps and timelines

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

Current plans are that engagement activity will take place from June through to August/September and report back in September/October. The mechanisms used would be within the parameters of any national restrictions imposed due to Covid-19 virus at that time. An overview of the proposed approach can be seen at Appendix I.

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

M. Officer recommendations and reasons

- a) That the Cabinet note the outcome of the options assessment for the management and maintenance of the housing stock.
- b) That the Cabinet approves 'in principle' changing the model to an in-house delivery of the council housing management and maintenance services by transferring activity undertaken by KNH back to the Council. This option provides the greatest degree of control, influence and strategic alignment with place based working. It also offers a greater degree of assurance whilst enabling the Council to promote and deliver its ambition for regeneration of its own housing stock in the context of the broader housing market.
- c) That the Cabinet approves the proposal to engage with tenants on the preferred model using a range of approaches including the place standard tool. Authority is delegated to the Strategic Director for Adults and Health to finalise and implement the approach.

N. Cabinet Portfolio Holder's recommendations

- a) That the preferred model is to directly manage the Council's housing stock, recognising that, in doing so, the approach needs to take the best of the ALMO model and combine this with the benefits that arise from in-house delivery.
- b) That engagement on this model should be carried out with tenants and with staff in KNH and the Council over the summer period
- c) Following the engagement exercise that a report on the outcome is brought back to Cabinet in September/October 2020 to inform the final decision on the future housing

management and maintenance of council housing in Kirklees. If the decision is then confirmed the report should also make recommendations on the matters required to progress to run Council housing services in-house on or before 31st March 2021.

O. Contact officer

Naz Parkar – Director for Growth & Housing

P. Background Papers and History of Decisions

The December 2018 Cabinet report made recommendations on the future direction of the management of the Council's housing service <https://democracy.kirklees.gov.uk/ieDecisionDetails.aspx?ID=6891>. Cabinet agreed recommendations including arrangements for:-

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

Documents shared with Scrutiny are published at :-

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

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

Appendix A – Kirklees Housing Strategy Summary

The full Kirklees Housing Strategy can be found at

<https://www.kirklees.gov.uk/beta/housing/pdf/kirklees-housing-strategy.pdf>

The key issues addressed in the strategy are summarised here:

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

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

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

- To meet the housing need of vulnerable people
- To improve housing quality and make the best use of existing housing
- To enable housing growth and the long term supply of market and affordable housing

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

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

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

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

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

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

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

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

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

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

Appendix B – Social Housing Green Paper

Background and Purpose

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

1. Ensuring Homes are Safe and Decent

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

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

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

2. Effective Resolution of Complaints

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

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

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

3. Empowering Residents and Strengthening the Regulator

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

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

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

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

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

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

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

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

4. Tackling Stigma and Celebrating Thriving Communities

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

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

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

5. Expanding Supply and Supporting Home Ownership

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

The Green Paper includes proposals for:

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

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

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

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

Appendix C

RISK SERVICES

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

1. Introduction

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

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

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

2. Background

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

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

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

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

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

3. Considering Risk.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Options Comparisons

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

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

5. Conclusions

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

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

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

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

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

M E Dearnley

Head of Risk

December 2019

The table below summarises issues and consequences

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

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

In the table, the following key is used.

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

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

Integration				
Clarity of Purpose	Part of Council – potential to stifle independence and initiative	A single purpose organisation can have clarity of purpose	If part of a larger group may mean that some local initiative is limited- or is multifunction outsourcer.	A single purpose organisation can have clarity of purpose but may be negated by wider corporate policy or issues
Contribution to outcomes, people place & partners	Greater flexibility to match these needs is achieved by this solution	The need for separation is likely to limit many opportunities	Limited opportunities, beyond those formally specified as requires hard structure	Limited
Ability to integrate activity to meet wider objectives	Unlimited	Separate structures are likely to substantially frustrate this. Limited scope to integrate by negotiation.	Separate structures are likely to substantially frustrate this. Limited scope to integrate by contract variation	Limited
Clarity of understanding or roles by service users	A very clear model of responsibility and accountability	A somewhat unclear demarcation	Clarity of responsibilities clearer than current arrangements	Clarity of responsibilities, but not linked to wider council
Operational Practice				
Penalties for NonCompliance	Not applicable	Theoretically possible but all funds of company already belong to council	A penalty regime for non-compliance is possible (although the contractor will charge a risk premium commensurate with expected losses)	Not applicable
Client & Contractor split	Fully integrated- no requirement	Yes, but with some “soft” areas.	Yes- “hard”	Not applicable
Housing management operations	Effectiveness depends on control of inputs and outputs	As in house solution, but with potential of conflict between client and operational functions	Well defined for work specified at time contract is let. Potential problems if need to change activity (e.g. to align with a policy or legislative change)	Not applicable
Property maintenance operations	Effectiveness depends on control of inputs and outputs	As in house solution, but with potential of conflict between client and construction contractor functions	Well defined for work specified at time contract is let. Risk of poor vfm for work not specified – as contractor has limited value incentives	Would require council restructure as almost all routine and a large proportion of planned repairs and improvements currently carried out by KNH BS
Flexibility	Fully in control of council to reshape	Company hierarchy and governance , and	Contract with formal variations only will	Not flexible within council needs

Potential for changes in organisational and operational structures	and realign for achievement of direct and indirect policy objectives	“contract” is block to any reshaping, though ultimately achievable on instruction of council as shareholder	substantially limit restructuring without compensation to contractor.(until retendering)	No opportunities for integration
Commercial & VFM				
Trading & commercialisation	LAs have a general power to trade, but may require creation of new vehicles to trade in commercial sector	As company already exists has more freedom (already) than the local authority	Not applicable	Not applicable
Operating Costs	Opportunity to integrate support services and unify management structures should produce costs savings	Current largely selfsufficient management and governance structure of company, and costs of client activity	Competition may drive down operating costs of function, but costs of client activity	Not applicable
Value for money	Potential for very good. (although risks of other outcomes, depending on management- as with KNH) ,and restructuring and change always presents risk	Unlikely to achieve beyond good	Unlikely to achieve beyond good	Not applicable (probable impact on client rents)
Practicality & Achievability	Fully achievable, but requires effort to obtain outcomes	Current position	Not a clear, active market for all activity	Serious doubts about achievability without impacts
SUMMARY				

Council with Almo



Appendix E – Tenant involvement Implications

1. Purpose

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

2. Overview

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

3. Context - Current Tenant Involvement Strategy

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

4. Current KNH Tenant Involvement Strategy Key Outcomes

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

5. Comparison

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

Tenant and leaseholder panel (TLP)

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

Service improvement and challenge (SIC) - Scrutiny

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

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

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

Digital Platform (<https://kirklees.tenant.digital/>)

All Housing providers are looking to maximising the use of technology to engage customers and improve access to services.

<p>The 'Get Involved' Platform could exist under this option. It would be included under Kirklees Councils IT and Communications strategies and would be accessed through the Kirklees Website.</p>	<p>The 'Get Involved' Platform allows tenants, residents, staff and partners to share and participate in a wide range of involvement opportunities.</p>	<p>The RP would decide its own channel access strategy and whether to continue with the 'Get Involved' platform.</p>
<p>The opportunity to integrate into other engagement platforms would be looked into.</p>	<p>The Platform is currently accessed through the KNH website and has the potential to be accessed directly through Kirklees Council's website.</p>	
<p>This approach offers the opportunity to connect people and wider services together, whilst still enabling tenants and leaseholders to have a direct voice. As with all Services, there would be a continued drive to put the tenant / leaseholder (citizen) first and designing interaction in an intuitive way that works for people.</p>		

Neighbourhood forums - North & South

Existing forums could continue to exist under all models and there are examples within RP's such as Together Housing.

<p>Forums meet quarterly and are an opportunity for TRA's, SV's and Ward Members to come together to talk about KNH activities including involvement opportunities and, the development of policies and procedures. This is envisaged as continuing to occur within an In-house option.</p>	<p>The RP would decide its own engagement strategy and whether to continue to use the forum approach.</p>
<p>Minutes from Forums are shared with the TLP to ensure that the voice of the tenant at a local level is also heard and able to influence service delivery and improvements. This could continue In-house</p>	<p>There is no requirement for the RP to invite Ward Members or the same partners' organisations to be part of the Forums.</p>
<p>Further guaranteed integration into the Council's Place based approach would enable links to wider agenda's and partners such as Health and Adult social care.</p>	<p>The Forums are also a platform for partners talk to TRA's and SV's on a range of different subjects. Recently forums have received presentations covering Prevent (Extremism), Modern Day Slavery and Hate Crime.</p> <p>As a singular focussed vehicle, there is no guarantee that RP's would engage in wider agenda's which would negatively impact on the range and depth of reach.</p>

Estate Based Surgeries

There are 2 estate based surgeries currently in Kirklees. They give tenants the opportunity to drop in to a location to speak with their Housing Officer. This could continue under all 3 options.

<p>In-house provides opportunities to further increase alignment with Place based working and other frontline services working in and around the estates e.g. Streetscene.</p>	<p>The surgery in South Kirklees is fortnightly and is well attended. The on in North Kirklees has recently changed its approach. In line with local feedback, and to become more responsive, it now happens at least once a month but the dates are determined by tenants and their needs. Both approaches are valued.</p>	<p>The RP would decide their own strategy and whether this should continue.</p>
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Estate inspections

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

<p>Estate Inspections take place at least on a quarterly basis. They are an opportunity for TRA's & SV's to walk their estate with Ward Members, the housing officer, estate caretaker and occasionally other partners such as the Police, Streetscene etc.</p>	<p>The approach would depend on the strategy chosen by the RP. If they decided to continue, the RP would decide whether or not Ward Members have a role to play in inspections.</p> <p>An example of an approach is Together Housing Group have 3 Estate Services Groups covering all regions, In conjunction with the Estate Teams. Meeting three times a year, the role of residents on these groups is to help improve grounds maintenance and cleaning services across estates.</p>
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Grant Scheme

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

<p>Current approach would be reviewed to see how impact could be maximised in tandem with other Council grant pots e.g. Up to You, Do Something Now and Growing Great Places. These share a similar criterion. Steps would be taken to ensure that outcomes were predominantly for the benefit of tenants.</p>	<p>Under the KNH Integrated Grant Scheme, TRA's can access two funding pots; TRA grant & the Social investment fund.</p>	<p>RP's would be under no obligation to retain the same grant arrangements. However, they could continue it, or create an alternative approach as it is linked to the RP's Social Value obligations.</p>
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	<p>The TRA Grant is designed to support the day to day activities of a TRA including room hire, payment of utility bills (where they have premises) and stationery. The TRA grant is awarded twice a year with allocations of up to £500 per award.</p>	
<p>The Social Investment Fund is open to TRA's to deliver projects in their communities that align to the 7 Kirklees Outcomes. There are 2 allocations of awards up to £2k per award. Applications are assessed by TLP.</p>		Place Based Working
<p>In-house delivery would enable the Council's strategic intent to be maximised and would not be dependent on relationships, or Board priorities, at any specific time. This would mean being able to utilise a greater range of resource whilst still ensuring tenants were the predominant beneficiaries.</p>	<p>KNH are currently supporting Kirklees Council to deliver place based working in particular in relation to the roll-out of the Place Standard. This work on Council estates managed by KNH is approached as part of the 'Your Home Your Place Investment Programme. KNH are continuing to explore how the Place Standards methodology can support grounds maintenance and other environmental works across estates. At present, 27 staff at KNH are trained on Place Standard toolkit.</p>	<p>An RP would be under no obligation to support place-based working or put Councillors at the heart of their strategy. Neither would they be required to share any plans for engagement to enable either a joined up approach or constructive input. The Council would not be able to access appropriate data and intelligence to inform wider strategies unless the RP agreed to include within their approach to GDPR.</p>
<p>Place based working recognises and builds on the strengths of Kirklees' towns and communities – each of which has its own unique local identity. Central to this is co-production which places Councillors at its heart and supports working within wards.</p>		<p>However, there are clear benefits for the RP to support the principles of Place based working e.g. avoidance of consultation fatigue among tenants, opportunity to align related priorities that would benefit the RP e.g. Playable Places Strategy etc</p>

There is a recognition that tenants are also citizens who engage with a range of Services and strategic partners, each of whom look to connect with them. Kirklees estates are also home for citizens who rent or have bought their own property. The mixed estates mean there is an opportunity to bring communities further together rather than provide artificial divides.

The opportunity to engage in an holistic way would mean a simpler relationship / engagement strategy. This would avoid potential duplication and consultation fatigue. Additional benefits would also include improved Housing links to the wider partnership including Health and connecting with approaches taken to coproduction by Adult Social Care and 'whole person, whole system and whole family'.

Annual Service Planning Conference

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

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

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

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

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

Surveys / Questionnaires

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

<p>The approach currently adopted could be continued In-house. There is also the opportunity to jointly harvest data and intelligence, in line with GDPR requirements, that enables strategy as well as operational delivery to be increasingly informed.</p>	<p>KNH administer a number of questionnaires and surveys that are both perception and transaction based. KNH continues to use the STAR (Satisfaction of Tenants and Residents) survey as the main method to understand tenant satisfaction levels and trends. Results are attached at appendix 4.</p>	<p>RP's are under no obligation to share the findings from any consultation with the Council.</p>
	<p>KNH also shares performance data with tenants through an Annual Report.</p>	

Fire Safety / Resident Engagement

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

<p>KNH have developed a Fire Safety Resident Engagement Framework. The strategy utilises the structures mentioned above to engage, update, consult and brief tenants on all aspects of fire safety. This includes work that will take place next year to recruit tenant Fire Safety Champions, establish a High Rise Forum and produce a High Rise newsletter. This could be replicated if an In-house provision is required.</p>	<p>An RP would identify and implement its own approach.</p>
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Additional 1

Regulator for Social Housing – Tenant Involvement and Empowerment Standard

www.gov.uk/guidance/regulatory-standards

1.1 Customer service, choice and complaints

1.1.1 Registered providers shall:

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

1.2 Involvement and empowerment

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

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

1.3 Understanding and responding to the diverse needs of tenants

1.3.1 Registered providers shall:

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

2.1 Customer service, choice and complaints

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

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

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

2.2 Involvement and empowerment

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

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

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

2.2.3 Where registered providers are proposing a change in landlord for one or more of their tenants or a significant change in their management arrangements, they shall consult with affected tenants in a fair, timely, appropriate and effective manner. Registered providers shall set out the proposals clearly and in an appropriate amount of detail and shall set out any actual or potential advantages and disadvantages (including costs) to

tenants in the immediate and longer term. Registered providers must be able to demonstrate to affected tenants how they have taken the outcome of the consultation into account when reaching a decision.

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

2.3 Understanding and responding to diverse needs

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

Additional 2

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

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

1.1 Neighbourhood management

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

1.2 Local area co-operation

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

1.3 Anti-social behaviour

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

2 Specific expectations

2.1 Neighbourhood management

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

2.2 Local area co-operation

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

- (a) identify and publish the roles they are able to play within the areas where they have properties.
- (b) co-operate with local partnership arrangements and strategic housing functions of local authorities where they are able to assist them in achieving their objectives.

Additional 3 TPAS: National Tenant Engagement Strategy

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

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

Appendix F – Options Comparison

Housing Approaches 2019 / 20

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

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

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

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

Legislative / compliance

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

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

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

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

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

1	Cost implications to change	Opportunity costs of distraction from core services whilst TUPE and structure settle.	No transition costs.	Complex transaction but model capable of leveraging additional investment.	It is noted that there have been no stock transfers since the 2015 deadline set by the Government. This deadline was part of a 2013 agreement to assist new stock transfers by writing off debt on Council's with Housing revenue Accounts. This also suggests that without some significant element of Government subsidy to write off Housing Revenue Account debt going forward, for Councils like Kirklees with Housing Revenue Account debt currently at circa £170m, stock transfer would not be attractive to institutional investors.
		A range of Council Services undertake work for the Housing Revenue Account. This positively impacts on the Council's General fund and economies of scale.	The Almo via the Housing Revenue Account utilises a range of Services provided by the Council. This contributes positively to the Council's general fund.	After transfer existing Council supported Services may be provided through the Registered Provider's own mechanism with subsequent significant financial impacts on council General fund.	
				Arduous regulatory process. Tenant ballot required ahead of transfer.	
				Potential debt write off from Government (if new initiatives appear) and capital receipt to Council from transaction.	

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

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

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

2		Change may lead to short term impact on quality of service to tenants and broader performance given recent restructures.		Settled state should lead to skills retention and consistent performance in the short term.			
3		A single employer / entity would rationalise and simplify a complex employee relations arrangement between the organisations which can cause tensions.					
Overall Risk							
Summary							

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

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

Future arrangements

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

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

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

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

Appendix H – Financial Implications Review

Purpose of report

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

1. Summary

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

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

2. Information required to make a decision

i) Large Scale Voluntary Transfer (LSVT)

WHAT IS THE PROCESS ?

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

Transfer Value (TV)

- *If there was a successful tenants' ballot, the Local Housing Authority (LHA) and RP will negotiate the price (or transfer value); effectively the capital receipt the LHA would receive and which it can use to pay down associated debt*
- *This receipt would be based on a transfer value calculation using a discounted cashflow model for social housing (TV Model)*
- *MHCLG would need to be satisfied that the TV had been acceptably optimized in respect of the balance between maximising transfer value, minimizing debt write-off and securing additional private investment which delivers growth, and the requirement for over-hanging debt write-off is accordingly justified*
- There would also be an extensive transfer contract, which would contain the terms of the sale of the housing stock, and the relationship between the LHA and the RP. The LHA will be asked to provide warranties covering certain matters affecting transferred stock.
- It will also contain service-level agreements where either party is to provide services to the other.
- The transfer contract will also detail the treatment of net preserved right to buy receipts as transferring secure tenants have their statutory right to buy preserved by HA1985 s171A. There is usually a sharing mechanism for such receipts.
- The transferring organisation will need to have secured funding from private investors

WHAT IS THE REALITY

- There has been no Government enabled annual stock transfer programme since 2016.
- LSVT has largely fallen into disuse in recent years due in large part to the introduction of LA HRA self-financing in 2012 which increased LA housing debt. Kirklees HRA current debt is about £170m.
- Recent relaxation of the HRA borrowing cap has also reduced the argument for LSVT going forward where the 30 year self-financing business case properly stacks up in terms of fulfilling future investment needs allied to new build potential.
- Also, a perceived lack of certainty of tenant support for transfer in what are largely urban authorities that remain stock owners.
- Protracted timescale for the LSVT process to complete; anywhere between 2 to 3+ years would not be unrealistic.

- Short term impact on existing capital investment proposals, pending transfer.
- One-off transactional costs associated with the transfer process itself are likely to be significant ; £2m - £3m plus, over the period
- HRA currently buys in about £9m services from the general fund. Over time, while there will be SLA's in situ post transfer, there will be a number of SLA costs that the Council will effectively have to absorb e.g. costs of democratic core, and additional officer time furnishing the contracts. In time, it is increasingly likely that the RP will seek to scale back inherited LHA provided activity over time. Could cost the Council £1m plus, over time, from having to absorb relatively fixed cost overheads.
- An illustrative 50:50 sharing agreement on prescribed future RTB sales would still see a reduction in Council RTB's from current that support general fund capital activity, in the order of £3m-£4m per annum.
- RP's typically seek to maximize service charges (existing and new), maximize rent potential (e.g. mixed tenure/differential rents on re-lets), over time. Also, may seek to divest housing assets not making a positive contribution to the business plan bottom line, over time.
- RP would require new governance, new board, attractive salaries to meet skills base required; further investment need realistically up to £1m per annum.
- The new RP may typically need 5 to 10 years to maximize 'efficiency & effectiveness' from a standing start.
- Some Councils who have previously LSVT'd their housing stock are now considering re-creating HRA's as they want to build their own social housing.
- Kirklees Council would still retain a Housing Revenue Account for the balance of Excellent Homes for Life PFI units, for the duration of the contract (which runs until June 2034).
- Continuing impact of Homelessness pressures e.g. Subsidy loss through bed and breakfast accommodation. Current Council pressure circa £0.5m to £1m per annum. Flexibility to work with RP post LSVT to address temporary accommodation housing need may be significantly constrained.

ii) Stay as is

- Existing KNH Housing Management Fee incorporates resource requirement to furnish the operation of the Company and ensure all relevant statutory Company law and associated governance requirements are met. Estimated housing management costs for specific governance of the Company is circa £500k.
- Current Pay grades across KNH organisation largely mirror Council equivalents. However, there are some pay differentials at the highest management tiers

compared to nearest 'equivalent' Council posts that are reflective of prevailing market conditions in the ALMO/Housing sector.

- Current Management Agreement allows for a shared 'surplus dividend' payment between KNH and the sole shareholder (the Council) providing that the dividend payment is used by the Council for purposes that accord with the objects of the Company. This is factored into the Council's MTFP currently.
- As a TECKAL company, KNH can pursue other market activity providing that its core activity remains at no less than 80% of total annual turnover of the Company. Current extra market activity is quite small (e.g. boiler servicing to private households, KNH Living)
- Conversely, the stay as is option in itself could result in significant future additional investment requirement for the organization to upskill in key identified areas; in particular around governance, culture and strengthened Partnership working. Could be in the range £100k - £500k per annum.

iii) Bring KNH back In-House

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

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

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

3. Implications for the Council

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

4. Consultees and the opinions

N/A

5. Next steps and timelines

N/A

6. Officer recommendations and reasons

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

7. Cabinet Portfolio holder's recommendations As

above

8. Contact Officer

Eamonn Croston, Service Director -
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v.uk Tel: 01484 221000

9. Background Papers and History of Decisions

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

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

Service Director responsible Eamonn Croston, Service Director for Finance

Potential Approach to Creating a Co-Produced Tenant Engagement Model – Stages 2020

Please note – The following is indicative and will evolve

May	June / July	August	September / Oct
<ul style="list-style-type: none"> ❖ Workstream established inc membership ❖ What 'good looks like' confirmed ❖ Draft options for engagement explored, branding considered / mechanisms chosen ❖ Survey drafted ❖ IT On line presence created e.g. web sites to host key info and Vlog from Senior Council Officer or Cabinet member ❖ Letter for tenants to confirm cabinet decision drafted ❖ Feedback mechanisms confirmed and created within Covid-19 restrictions at that time. E.g. on-line, virtual face to face, dedicated phone line, dedicated email address ❖ Plain language engagement materials created 	<ul style="list-style-type: none"> ❖ Ad-hoc Scrutiny panel re-established ❖ Joint understanding of scope established ❖ Tenant & Leaseholder Panel engaged ❖ TRA's informed ❖ Council citizen engagement panel engaged / feedback reviewed to identify further opportunities to engage 'hard to reach' groups. ❖ Promotional materials distributed / FAQ's (citizen and staff facing) publicised e.g. staff newsletter ❖ Portfolio briefing ❖ Online presence made live ❖ Feedback mechanisms made live to capture quantitative and qualitative data ❖ Survey sent to every tenant via postal system ❖ Council staff networks, e.g. BAME; Young People, engaged to extend reach to key communities ❖ Virtual drop in events / engagement / workshops undertaken – jointly delivered with Tenants 	<ul style="list-style-type: none"> ❖ Reminder sent to tenants via variety of mechanisms ❖ Data / Intelligence collation stepped up ❖ Early indicative feedback captured and shared appropriately ❖ Tenant & Leaseholder Panel / Tenant board members end of stage review 	<ul style="list-style-type: none"> ❖ Qualitative and quantitative data collated and analysed ❖ Themes and options identified. ❖ Report created ❖ Portfolio briefing ❖ ET ❖ LMT ❖ Cabinet (unless decision delegated) ❖ Decision made ❖ Decision communicated



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Name of meeting: Cabinet

Date: 2 June 2020

Title of report: Viability Guidance Note

Purpose of report: To seek approval to publish a Viability Guidance Note. The Note is intended to provide clarity to the process of commissioning or undertaking viability assessments in relation to planning applications for new housing development, with particular regard to the provision of affordable housing or other planning applications where compliance with planning policy is subject to a consideration of viability.

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. The Viability Guidance Note covers the whole of the District.
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports)?	Key Decision – Yes Private Report/Private Appendix – No
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by Strategic Director & name Is it also signed off by the Service Director for Finance? Is it also signed off by the Service Director for Legal Governance and Commissioning?	Karl Battersby - 18.05.20 Eamonn Croston - 20.05.20 Julie Muscroft - 20.05.20
Cabinet member portfolio	Councillor Peter McBride

Electoral wards affected: All wards.

Ward councillors consulted:

Public or private: Public

Has GDPR been considered? Yes. The report does not contain any personal data.

1. Summary

The Viability Guidance Note will provide a guide to the process of undertaking viability assessments in relation to planning applications for new housing development where compliance with planning policy is subject to a consideration of viability. It is particularly relevant to planning applications where the provision of affordable housing is contingent on a viability appraisal although it is equally applicable to other aspects of development where compliance with planning policy is dependent upon viability. These include infrastructure provision, extension/enhancement to the walking/cycling network and open space provision. The guidance would be made available to applicants on the Council's website.

This report seeks endorsement from Cabinet to adopt the Viability Guidance Note as formal guidance.

2. Information required to take a decision

The Kirklees Local Plan (KLP) (2019) establishes the Council's ambitious target to deliver a minimum of 31,140 homes over the plan period from 2013-31 to meet identified needs. On market housing sites of more than 10 homes, Policy LP11 of the KLP requires that 20% of the total units should be affordable homes. However, in accordance with Government guidance within the National Planning Policy Framework (the Framework), Policy LP11 acknowledges that the proportion of affordable housing may be less than 20% where viability evidence for specific applications demonstrates that there are development costs that would otherwise prejudice the implementation of the proposal.

There are also a number of other policies within the KLP, including a requirement for infrastructure provision (Policy LP4 of the KLP) extensions or enhancements to the core walking and cycling network (Policy LP23) and the provision of open space (Policy LP63) that are subject to a consideration of viability.

The Viability Guidance Note provides advice on the level of information that the Council require in order to commence discussions around development viability and how it will be evaluated. It will provide consistency and clarity to the process. It includes the following key points:

- i. The viability assessment should be prepared by a suitably qualified person and it will be independently assessed by a person/organisation approved by the Council;
- ii. It will be made publicly available in the interests of transparency;
- iii. It clarifies the Council's approach to specific appraisal inputs including how to determine land value, gross development values and development costs. It also makes clear that when agreeing land transactions, landowners and site purchasers should have regard to development plan policies and all other material planning considerations;
- iv. It includes a need for the developer to benchmark any costs against publicly available sources (such as the Building Costs Information Service (BCIS));
- v. It confirms that any abnormal costs should be clearly explained and supported by a Quantity Surveyor (QS) Cost Report;
- vi. In terms of developer profit, in accordance with National Planning Practice Guidance, it confirms that an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. This is not intended to be a rigid approach and it will depend upon the individual characteristics of the scheme and supporting evidence to justify why a particular return is appropriate;

- vii. It clarifies that unless there are clear and justifiable reasons not to, viability review mechanisms will be incorporated within Section 106 agreements for major developments. These provide the opportunity to determine whether the required returns have been exceeded and whether planning requirements could, in fact, be met;
- viii. It confirms that the Council will seek 100% of any net profit element (after any agreed developer profit) to be paid to the Council, unless the applicant can robustly justify a different percentage. It will be in the form of a financial contribution towards off-site housing provision or other policy requirements capped to an amount equivalent to the full cost of the mitigating benefit (including affordable housing provision) that has been reduced or waived.

3. Implications for the Council

The Kirklees Local Plan (KLP) sets out a vision and strategic objectives for the development of Kirklees up to 2031. In particular, in seeking sustainable housing and commercial growth, which is consistent with the aspirations of the Council's 2019 Corporate Plan. The KLP states that development will be expected to make a positive contribution towards the District's economic, social and environmental objectives. These include the provision of new homes which meet the housing needs of the community, offering a range of size, tenure and affordability and supports existing communities, as well as access to employment, public transport, shops and services and the protection and improvement of green space. Policies within the Local Plan also facilitate securing required infrastructure to support new development, including education facilities.

The KLP therefore contains policies that set out the specific requirements to achieve these objectives. These include:

Policy LP4: Infrastructure planning for strategic or local infrastructure needs, including highways, drainage, green space and education.

Policy LP11: Housing mix and affordable housing: requires a proportion of affordable homes of 20% of the total units on market housing sites for housing developments of more than 10 homes.

Policy LP23: Extensions of enhancements to the core walking cycling network.

However, the National Planning Policy Framework states that the Local Plan should not include such a scale of obligations and policy burdens that the viability of development is threatened. It also states that where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. Consequently, where an applicant intends to submit a planning application that is not policy compliant with regard to the requirements set out above .e.g. affordable housing, green space, education, off-site highway works etc, it will be supported by a viability assessment for the Council to consider.

This Viability Guidance Note will enable the Council to establish consistency both in the way it assesses viability assessments and in how it secures the required infrastructure to support new development. The introduction of a viability review mechanism and the requirement for the assessments to be made publicly available will ensure transparency in the planning process for the residents of Kirklees. It will also ensure that proposals meet strategic priorities to secure the best outcomes for Kirklees as a whole, whilst taking viability into account.

4. Consultees and their opinions

The development of this interim policy has involved following input from Development Management colleagues as well as advice from colleagues in the Housing Growth team with specific viability expertise.

5. Next steps and timelines

Following endorsement of the officer recommendation to approve the Viability Guidance Note, it would be published on the Council's website as guidance from the date of publication. It will immediately provide guidance to applicants on the level of information that the Council require in order to commence discussions around development viability and the Council's expectations.

At the next available opportunity, the Guidance Note will be brought to the attention of applicants and developers as part of the Council's Developer and Agent forums to guide them through the document.

Approval of the guidance will minimise delays in processing and determining planning applications. It will also give clarity to the viability process to ensure that the opportunities to secure infrastructure as a result of development, to benefit the District, is reasonably, openly and fairly secured.

6. Officer recommendations and reasons

- That Cabinet approve the Viability Guidance Note for publication on the Council's website to provide guidance to applicants on the submission of Viability Appraisals.

7. Cabinet Portfolio Holder's recommendations

Councillor McBride was briefed on the 16th February 2020 and was supportive of the Viability Guidance Note being presented to Cabinet for implementation by the Council as guidance.

8. Contact officer

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9. Background Papers and History of Decisions

None

10. Service Director responsible

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VIABILITY GUIDANCE NOTE

June 2020

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1.0 BACKGROUND

- 1.1 The Kirklees Local Plan (KLP) (2019) establishes the Council's ambitious target to deliver a minimum of 31,140 homes over the plan period from 2013-31 to meet identified needs. On market housing sites of more than 10 homes, Policy LP11 of the KLP requires that 20% of the total units should be affordable homes. This figure has been examined through the plan-making process and found to be a sound approach. It is based upon affordable housing needs evidence and a district wide assessment of the economic viability of land for housing.
- 1.2 Whilst the Council encourages a higher proportion of affordable housing on these market housing sites, Policy LP11 does acknowledge that the proportion of affordable housing may be less than 20% where viability evidence for specific applications demonstrates that there are development costs that would otherwise prejudice the implementation of the proposal. This document principally provides general advice to applicants on the level of information that the Council require in order to commence discussions around development viability.
- 1.3 The guidance is primarily intended for use in relation to applications for new housing development and the provision of affordable housing. However, the principles are also applicable to other applications where policy compliance is subject to a consideration of viability. Whilst not an exclusive list, these include infrastructure provision (LP4 of the KLP) extensions or enhancements to the core walking and cycling network (LP23) and the provision of open space (LP63).
- 1.4 In the context of national planning guidance, Paragraph 57 of the National Planning Policy Framework (the Framework) provides the following advice:
- 'Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.'*
- 1.5 This document is therefore intended to help applicants needing to commission or undertake viability assessment in order to minimise delays in processing and determining planning applications.

2.0 WHAT INFORMATION IS REQUIRED?

- 2.1 Planning Practice Guidance (PPG)¹ defines viability assessment as a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. It should be based upon the current cost of building out the site, including the key elements of gross development value, costs, land value and developer return.
- 2.2 The Council expect the viability assessment to follow the guidance on viability published in the PPG, alongside the Framework. A suitably qualified person, such as a RICS surveyor, should prepare it. A basic checklist of information to be included within a viability assessment is set out in Appendix 1.
- 2.3 The Council will also expect that it will be independently assessed by a person/organisation approved by the Council. The cost of the independent financial assessment shall be borne by the applicant as a separate cost to the planning application fee as set out at Appendix B of the Kirklees Interim Affordable Housing Policy – January 2020².

3.0 VIABILITY ASSESSMENT INPUTS

Land Value

- 3.1 The PPG clarifies that to define land value for any viability assessment, a benchmark land value (BLV) should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. This uplift is often referred to as 'existing use value plus' (EUV+).
- 3.2 BLV should be based upon the EUV. It should allow for a premium to landowners and also take account of the implications of abnormal costs, site-specific infrastructure and professional site fees. In accordance with the PPG, the cost of fully complying with policy requirements should be accounted for in the benchmark land value. In respect of potential risk, this is provided for in the assumed return for developers at the plan making stage and it is the role of developers to mitigate these risks.
- 3.3 EUV is the value of the land in its existing use. It is not the price historically paid or the price that may have been contractually agreed to be paid by the developer to the landowner. EUV is determined by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate, capitalised rental levels at an appropriate yield (excluding any hope value for development). It should be informed by market evidence of current uses, costs and values.

¹ Planning Practice Guidance: Viability Paragraph: 010 Reference ID: 10-010-20180724 <https://www.gov.uk/guidance/viability>

² <https://www.kirklees.gov.uk/beta/planning-policy/pdf/interim-affordable-housing-policy.pdf>

Sources of data can include land registry records of transactions; market reports; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams' locally held evidence. EUV should be benchmarked against both market values and sales prices of comparable sites in the locality.

- 3.4 The premium (the+ in EUV+) should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. It should provide a realistic incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. What is reasonable will be determined from market evidence. It might include benchmark land values from other viability assessments. It should then identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners.
- 3.5 When agreeing land transactions, landowners and site purchasers should have regard to development plan policies and all other material planning considerations, including any Community Infrastructure Levy (CIL) requirements (refer to Paragraph 3.17). Applicants are also reminded of guidance within the PPG that under no circumstances should the price paid for land be a justification for failing to accord with relevant plan policies.

Gross Development Values

- 3.6 Gross development value (GDV) is an assessment of the value of development. For residential development, it will be derived from any/all of the following: the sales values of any units, and any other buildings to be sold; the rental value of any units be rented out which are capitalised using a yield, ground rents, and any rents generated by commercial floorspace; or any other use to give an overall capital value. Grant and other external sources of funding should be considered where relevant.
- 3.7 Assumptions relating to development values should be justified with reference to up-to-date transactions and market evidence. These should relate to comparable new build properties that are within a reasonable distance from the site (where available). It should include a brief summary to explain how the identified sites are comparable and how the values have been interpreted or adjusted (as appropriate) to take into account any variations in, amongst other matters, scale, location, rents and yields.
- 3.8 Affordable housing mix, tenure and the proportion and affordability of specific affordable products (such as Starter Homes), as well as transfer values, should be based upon guidance within the Kirklees Interim Affordable Housing Policy – January 2020 referred to above.

Development Costs

- 3.9 Development costs can be defined as the total of all costs incurred from the start of the development project through to the construction phase and on to the final sale of the units. They should be based on current day figures.
- (a) *Build Costs*
- 3.10 A detailed breakdown of build costs should be provided to include at least the following:
- Preliminaries;
 - Demolition/ site clearance/ site preparation;
 - Base build costs;
 - Abnormal costs;
 - On-site infrastructure and utilities;
 - Offsite infrastructure;
 - Contractor's overheads and profit;
 - Design fees and professional fees; and
 - Contingencies
- 3.11 These should be benchmarked against publicly available sources such as the Building Costs Information Service (BCIS) or other appropriate data sets, or verified by independent cost consultants. Please note that BCIS excludes external areas, infrastructure and service provision costs, which will need to be added.
- 3.12 For the purposes of the assessment, abnormal costs are dependent on site-specific circumstances and may include decontamination, land stabilisation and land forming or raising.
- 3.13 Any abnormal costs should be clearly explained and supported by a Quantity Surveyor (QS) Cost Report. This should quantify the cost breakdown for the entire project and, if necessary, costed value engineering exercises looking at alternative design solutions prepared by a QS to demonstrate that the most cost-effective and appropriate design solution has been presented in the viability assessment.
- 3.14 The Council may, at the applicant's expense, request a QS cost report to justify the figures given in the viability, if one is not provided. Failure to provide a suitable cost report within a reasonable timescale may be deemed a breach of the "transparency" obligations set out in the PPG and, as such, the council may consequently choose to reject the applicant's viability claim.

(b) *Professional fees, marketing and finance*

- 3.15 These costs should be fully evidenced and validated having regard to the complexity of the proposal and the development.
- 3.16 When considering finance costs as part of the viability process, it will typically be assumed that all developers will incur generic average finance costs based on 'standard' market rates. The benefit of this standardised approach is that planning consent runs with the land, which may be sold to another party with different finance arrangements. It is also noted that any viability model should reflect that finance costs vary throughout the development period, with the majority of interest costs typically incurred during construction.
- 3.17 Where the applicant is submitting a viability appraisal to demonstrate that the proportion of affordable housing may be less than the 20% required by Policy LP11 of the Kirklees Local Plan as a consequence of development costs, evidence should also be provided by the applicant to demonstrate whether or not grant funding has been considered or could be available in order to deliver a policy compliant scheme.

(c) *Planning obligations and Community Infrastructure Levy (CIL)*

- 3.18 CIL is a system to charge developers to help pay for extra infrastructure across the district. The money can be spent on strategic infrastructure that benefits the Council's communities, including new schools, roads, transport services, sports facilities, playgrounds and green spaces. In accordance with the 2019 CIL Regulations, CIL and S.106 planning obligations can now be used to fund the same infrastructure projects. The Council's indicative Charging Schedule approved by the Planning Inspector within the Examiner's Report dated January 2020 is set out at Appendix 2.
- 3.19 Within any viability appraisal, any likely S106 planning obligations should be included as a development cost and be determined in accordance with the Kirklees LP and relevant guidance. These 106 requirements will need to be agreed with the Council before any assessment of the viability appraisal is commissioned. CIL charges, once adopted, should also be included. The appraisal should set out the amount of floorspace used to calculate the CIL liable development as well as the CIL rate used.
- 3.20 In the event that the required planning obligations/CIL render the scheme unviable, the Council may consider flexible arrangements in respect of their timing over the lifetime of the development. However, in accordance with guidance within the Framework and the PPG, where safeguards are necessary to make a development acceptable in planning terms and these cannot be secured, planning permission will not be granted for unacceptable development.

Developer Profit

- 3.21 The Council recognise that developers must receive a competitive return in order for a scheme to proceed. It is further appreciated that a sufficient level of profit is required in order to secure finance. However, as the PPG clarifies, viability helps to strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission.
- 3.22 For the purposes of plan making, the PPG confirms that an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. However, there are a number of factors that determine what a reasonable level of profit might be, including the availability of development finance, the state of the market and the consequent risk in proceeding with schemes, as well as development values and demand.
- 3.23 Consequently, the Council do not intend to adopt a rigid approach to profit levels. Whilst it is expected that it will fall within the 15-20% range of GDV, in determining the appropriate level for an individual scheme, regard will be had to the individual characteristics of that scheme. Supporting evidence must be provided from applicants and lenders to justify why a particular return is appropriate, having regard to site specific circumstances, market conditions as well as profits achieved on comparable schemes.

4.0 REVIEW MECHANISMS

- 4.1 The viability process is typically based upon presumed costs and values, as actual costs are generally unknown until after the scheme is built. Any subsequent reduction in planning requirements at application stage allows for a competitive return to a development and it can reasonably lower the development risk in order to bring a site forward. The PPG provides the following guidance:

‘Where contributions are reduced below the requirements set out in policies to provide flexibility in the early stages of a development, there should be a clear agreement of how policy compliance can be achieved over time. As the potential risk to developers is already accounted for in the assumptions for developer return in viability assessment, realisation of risk does not in itself necessitate further viability assessment or trigger a review mechanism. Review mechanisms are not a tool to protect a return to the developer, but to strengthen local authorities’ ability to seek compliance with relevant policies over the lifetime of the project’.

- 4.2 A review mechanism therefore provides the opportunity to determine whether the required returns have been exceeded and whether planning requirements could, in fact, be met. It will be based upon an accurate

assessment of viability at the point of delivery using the same methodology as the original assessment but based on current market conditions and the most reliable data available, including evidenced build costs and actual sale/rental values of completed units.

- 4.3 Consequently, unless there are clear and justifiable reasons not to, viability review mechanisms will be incorporated within Section 106 agreements on the following schemes:
- a) All major residential/mixed use applications³ which do not meet the strategic affordable housing target; and
 - b) All major applications where policy requirements are not met in full at the time permission is granted.
- 4.4 The trigger for the review will be set out within a Section 106 agreement at a stage to be agreed with the developer. On larger sites or phased developments, more than one review trigger may be appropriate. It must be prior to sale of the whole development to ensure that the review and any additional contribution arising from this are enforceable. It will typically be no later than the point at which 75% of homes are sold.
- 4.5 The general approach will be to seek 100% of any net profit element (after any agreed developer profit) to be paid to the Council, unless the applicant can robustly justify a different percentage. It will be in the form of a financial contribution towards off-site housing provision or other policy requirements. It will also be capped to an amount equivalent to the full cost of the mitigating benefit (including affordable housing provision) that has been reduced or waived.

5.0 VACANT BUILDING CREDIT

- 5.1 Vacant Building Credit (VBC) was introduced by the Government to provide an incentive for brownfield development on sites containing vacant buildings. Following two legal challenges in the High Court and Court of Appeal in 2015 and 2016, the policy was subsequently restored.
- 5.2 Paragraph 63 of the Framework provides advice on the approach to vacant buildings. It confirms that to support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount, equivalent to the gross floorspace of the existing buildings. The Council also

³ The threshold for a major residential development is the provision of 10+ dwellings or if the site area exceeds 0.5ha if the number of units is unknown. Major non-residential development includes development in excess of 1000 square metres or a site area of 1ha or more as well as the winning and working of minerals and waste development.

encourage the re-use or adaptation of vacant properties and the efficient use of previously developed land in sustainable locations. It will therefore look favourably upon VBC to encourage applicants to bring forward vacant buildings on brownfield sites along with sufficient evidence that any referenced building is vacant.

- 5.3 Any applicant wishing to claim VBC should state this clearly as part of their planning application and provide a justification for its application. If it is being claimed as part of a submitted viability assessment, it should set out the amount of VBC being applied for and how this has been calculated. VBC does not apply to vacant buildings that have been abandoned.

6.0 CONFIDENTIALITY

- 6.1 In accordance with the Framework, any viability assessment should be prepared on the basis that it will be made publicly available in the interests of transparency.

APPENDIX 1: BASIC CHECKLIST OF INFORMATION REQUIRED

Section A	Proposed Scheme Details	✓
	A brief explanation of the background and history of the scheme and why viability is an issue.	
	Gross Site Area, and calculation of net developable site area with explanatory table of areas used to calculate the net area.	
	Development density expressed in terms of dwellings per gross hectare. If the density is less than the minimum 35dph required in the LP then a supporting narrative as to why this is the case should be provided.	
	Number of residential units.	
	Number of habitable rooms.	
	Unit sizes.	
	Type and Mix of Unit numbers i.e. number of bedrooms, terrace, detached, semi etc. Supporting narrative to justify the choice of mix and comparison with SHMAA.	
	Scaled Floor plans and floorspace areas: Gross Internal Area (GIA) Net Saleable Area (NSA) Gross area of internal garages.	
	Split between proposed tenures	
Section B	Development programme	
	Timing of cost and income inputs including project/construction plans, land/development/letting information relating to pre-build, construction and marketing and sales/lettings periods. This information should be provided in the form of a sufficiently detailed cash flow spreadsheet that allows individual costs and income streams in the assessment to be tracked over time.	
	Growth assumptions for longer-term schemes informed by recognised market sources for the relevant area.	
Section C	Gross Development Value	
	Residential sales values, ground rents, sales rates (per month), assumptions regarding forward sales, grant or other income and supporting market evidence.	
	Rental values, yields and supporting evidence.	
	Anticipated value of affordable units based on evidence including details of discussions with Registered Providers and RP offers.	
Section D	Costs	
	A clear and evidenced explanation of all build and in particular abnormal costs associated with the development should be provided. This should be supported by a quantified cost report and value engineering exercise prepared by a suitably qualified Quantity Surveyor with explanations of costed	

	potential alternative design solutions that demonstrate the adopted solution is the most appropriate and cost effective.	
	Build costs.	
	Abnormal costs (including supporting evidence).	
	Details of other costs such as demolition (including supporting evidence)	
	Fees: Sales/ letting and marketing fees and professional fees (including supporting evidence).	
Section E	Profit	
	Profit on cost and value (value and percentage).	
	Return on Gross Development Value with supporting evidence based narrative (value and percentage).	
Section F	Benchmark Land Value If the site has already been purchased or is under contract at an agreed purchase price. The purchase price excluding Stamp Duty and VAT MUST be declared. A search at the land registry will be made as a matter of course to verify the purchase price. The Benchmark land value has to be established on the basis of Existing Use Value plus the MINIMUM Premium (EUV+) required for a reasonable landowner to treat. Market evidence justifying the existing land value and suggested premium must be provided	
Section G	Planning Contributions	
	CIL	
	Section 106 costs	
Section H	Development Finance	
	Finance Costs for the project and supporting market evidence based narrative for the adopted interest rate, arrangement fees	
Section I	Conclusion	
	Set out the findings of the appraisal and what affordable housing and other required policy contributions the scheme can support.	

Notes: Electronic as well as paper copies of the assessments should be submitted and in the interests of transparency, these should include the formula used to calculate outputs.

Cashflows should be provided to explain the timing and quantum of costs and income streams.

**APPENDIX 2: INSPECTOR APPROVED CILL CHARGING SCHEDULE
(Not yet adopted as of June 2020)**

Rates per square metre	
Residential Development (C3	Charge
Zone 1	£80
Zone 2	£20
Zone 3	£0
All other uses	£0 District wide
Dewsbury Riverside Strategic site	£0
Bradley Strategic site	£5

The zones are broadly set out (subject to the Inspector's requested modifications in relation to the strategic sites) on the charging map within the Council's Community Infrastructure Levy Draft Charging Schedule (Map 2019)

<https://www.kirklees.gov.uk/beta/planning-policy/pdf/cil-draft-charging-schedule.pdf>

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Name of meeting: Cabinet
Date: 2 June 2020
Title of report: Financial outturn 2019/20 – early closedown review

Purpose of the Report

To consider proposals to review earmarked reserves as part of current 2019-20 final accounts process

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
Key decision - is it in the Council's Forward Plan (key decisions and private reports)?	Key decision - Yes
The Decision - Is it eligible for “call in” by Scrutiny?	Yes
Date signed off by Strategic Director & name	Rachel Spencer Henshall - 21 May 2020
Is it also signed off by the Service Director for Finance	Eamonn Croston – 20 May 2020
Is it also signed off by the Service Director – Legal, Governance & Commissioning ?	Julie Muscroft – 21 May 2020
Cabinet member portfolio - Corporate	Give name of Portfolio Holders Cllr Graham Turner

Electoral wards affected: None
Ward Councillors consulted: None

Public or private: Public
Have you considered GDPR? Yes, not applicable

1. Summary

- 1.1 The Council's 2020-23 budget plans, approved at Budget Council on 12 February 2020, incorporated a number of actions as part of the Council's refreshed reserves strategy. This included the Chief Finance Officer (Service Director–Finance) recommendation that existing financial resilience reserves be maintained at £37.1m at the start of 2020-21.
- 1.2 The rationale for the above reflected continued uncertainty on the post 2020 national funding landscape for Councils, further uncertainty at UK's intended negotiated withdrawal from the EU, whilst at the same time the Council is facing continuing and significant challenges and service pressures over the medium term. It also took into consideration a range of risks recorded in the Council's updated corporate risk register, which was appended to the annual budget report. Since this time there has been heightened uncertainty caused by the ongoing COVID-19 pandemic and the resulting financial effects on the Council.
- 1.3 The 2020-23 annual budget report noted that there would be a further assessment of reserves requirements as part of the 2019-20 final accounts process. In line with Council Financial Procedure Rules, the Chief Finance Officer is required to report on any new reserves requirements to Cabinet.
- 1.4 The recent 'COVID-19 impact on Council finances' report to Cabinet on 21 May 2020 highlighted a forecast cost impact of between £34m and £65m over the short term (up to 12 months). The link to this report is set out below :

[COVID-19 Impact upon Council Finances report \(Item 7\)](#)
- 1.5 Government has committed to compensating Councils and has allocated £3.2 billion COVID-19 funding to date to the local government sector nationally. The Council's share is £24.3m; of which £12.2m was received in 2019/20, on 27 March, and the balance of £12.1m in 2020/21. The impact of the funding allocations to date would adjust the overall cost impact on the Council to between £9.7m and £40.7m.
- 1.6 As part of the 2019/20 final accounts process or early closedown review, Council officers have considered early measures to release further revenue resources to earmarked general fund revenue reserves in light of the heightened corporate risk assessment from the financial impact of COVID-19; not just through 2020/21, but also the longer-term structural impact on the Council Medium Term Financial Strategy.
- 1.7 The first proposal is to increase existing financial resilience reserves by up to £6.5m through a year-end review of capitalization opportunities and funding sources, within allowable accounting rules and existing Council policies where appropriate.

- 1.8 The second proposal is to set aside a specific reserve to support the costs of the Council's COVID-19 response in 2020-21.
- 1.9 Contributions to this reserve will be met from the transfer of the un-ringfenced government grant to support Covid-19 costs of £12.2m, received by the Council on 27th March 2020. The amount transferred will be adjusted for any COVID-19 related expenditure incurred in the period up to 31 March 2020, which will be identified as part of the 2019-20 final accounts process.

2. Information required to take a decision

- 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 of COVID-19 across the Council's activities could not have been anticipated at the time the budget plans were approved for the 2020/21 financial year.
- 2.2 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. The financial impact on Council finances is also significant across a range of Council income streams, with national lockdown measures having a material short-term impact on fees and charges across Council service activity.
- 2.3 There are also emerging pressures on council tax and business rates income. 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 in 2021/22.
- 2.4 Current very indicative high level forecasts estimate a cost impact of between £34m and £65m over the short term resultant from the impacts set out in paras 2.2 and 2.3 above; adjusted to between £9m and £34m net of the Council's share of Government funding of £24.3m to date.
- 2.5 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.
- 2.6 The 2019/20 year-end review of capital spend and funding has identified the potential release of a further £6.5m revenue resources. This includes £1.2m revenue rollover originally planned to fund capital public realm works, now to be funded from borrowing. A further £5.3m relates to the capitalisation of revenue costs within allowable accounting rules, including use of the Council's existing flexible receipts policy to capitalise transformation costs which can be funded from

in-year capital receipts. The above can be accommodated within existing overall budgeted resources.

- 2.7 It is proposed that the £6.5m revenue resources released. will be transferred at 2019/20 year end into to existing financial resilience reserves.
- 2.8 The proposal to roll forward the £12.2m COVID-19 Government grant funding into a specific reserve, net of any funding requirement to support any 2019/20 COVID-29 related costs, is purely a timing issue. The funding was released early by Government on 27 March and technically has to be accounted for in 2019/20 financial year.
- 2.9 However, as the funding largely relates to emerging COVID-19 costs through 2020/21, the appropriate accounting mechanism for rolling forward the balance of funding requirement is through a specific reserve. It is anticipated that the reserve will be wholly applied in 2020/21 to help offset significant and unbudgeted COVID-19 cost pressures in-year.

3. Implications for the Council

- 3.1 Working with People
N/A
- 3.2 Working with Partners
N/A
- 3.3 Place Based Working
N/A
- 3.4 Climate Change and Air Quality
N/A
- 3.5 Improving outcomes for children
N/A
- 3.6 Other (e.g. Legal/Financial or Human Resources)
 - 3.6.1 The approved 2020-23 budget plans re-affirmed the Council's reserves strategy, and the Council's refreshed approach to budget risk and general fund revenue reserves; directed at strengthening organisational flexibility and financial resilience over the medium to longer term. The measures set out in this report reflect additional, early measures through the 2019/20 final accounts process to strengthen the Council's financial resilience in light of the emerging COVID-19 impact on Council finances.
 - 3.6.2 The finalised 2019/20 revenue and capital outturn position and detailed report will be presented to Cabinet and Council in due course and will incorporate the proposals set out in this report.

4. Consultees and their opinions

The proposals set out in this report have been discussed at Executive Team.

5. Next steps

Subject to member approval, the recommendations in this report will be incorporated into the 2019-20 final accounts process, and subsequently reported on as part of the 2019-20 Financial Outturn report to Cabinet and full Council later in the summer.

6. Cabinet portfolio holder recommendation

The Cabinet portfolio holder supports the recommendations in this report.

7. Officer recommendations and reasons

7.1 Cabinet are asked to support the following Chief Finance Officer recommendations:

- i) to approve the COVID-19 Grant Reserve;
- ii) to note the capitalisation measures to release £6.5m revenue resources as part of the early closedown review 2019/20; and
- iii) to approve the subsequent transfer of the £6.5m released revenue resources to earmarked financial resilience reserves

8. Contact Officer

James Anderson, Head of Accountancy
james.anderson@kirklees.gov.uk

Sarah Hill, Finance Manager
sarahm.hill@kirklees.gov.uk

9. Background Papers and History of Decisions

COVID-19 impact on Council finances Report to Cabinet; 21 May 2020
Council Budget Strategy Update Report 2020-23
Annual budget report 2020-23 to Budget Council; 13 February 2020

10. Service Director responsible

Eamonn Croston, Service Director - Finance
Eamonn.croston@kirklees.gov.uk

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Name of meeting: Cabinet
Date: 26th May 2020

Title of report: Kirklees Council Pet Policy

1. Purpose of report:

- 1.1 This report is to obtain approval from Cabinet for a new Pets Policy for Kirklees Council (KC) properties to be implemented by Kirklees Neighbourhood Housing and Pinnacle Group. (See Appendix 1)
- 1.2 It is essential that KC has a robust policy to enable effective management of pet associated issues and to provide clear guidance on pet ownership for both officers and tenants.
- 1.3 The policy will replace an existing KNH Good Pet Keeping Guide with a more robust and consistent approach to enable responsible pet ownership in KC tenanted properties. It also gives KNH and Pinnacle Group officers the ability to be clearer with tenants where accommodation or choice of pets are not suitable.

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, it affects council tenants in all wards
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u>	Yes
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name	Karl Battersby - 18.05.20
Is it also signed off by the Service Director for Finance?	Eamonn Croston - 18.05.20
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft - 20.05.20
Cabinet member portfolio lead for Housing and Democracy	Cllr Cathy Scott

Electoral wards affected: All wards

Ward councillors consulted: Cllr Cathy Scott, Portfolio lead for Housing and Democracy

Public or private – Public

Has GDPR been considered? - Yes

2. Summary

- 2.1 The report outlines a proposal for the introduction of a new KC Pet Policy developed for approval by the Council. It is essential that KC has a robust policy to enable effective management of pet associated issues and provide clear guidance on pet ownership for both officers and tenants.
- 2.2 The policy will replace an existing KNH Good Pet Keeping guide with a more robust and consistent approach to enable responsible pet ownership in KC owned properties. It also gives KNH and Pinnacle Group officers the ability to be clearer with tenants where accommodation or choice of pets are not suitable.

3. Information required to take a decision

- 3.1 A Good Pet Keeping guide, developed by KNH in September 2012, was designed to provide pet owners with guidance on their roles and responsibilities to both their pets and neighbours.
- 3.2 Over the years it became apparent that this guide is no longer robust enough and a transparent KC Pet Policy is required to support effective tenancy management and enforcement action where needed in both KNH and Pinnacle Group managed properties.
- 3.3 There has been an increase in concerns raised regarding the level of potentially dangerous dogs in high rise accommodation, flats with shared communal space and the impact this has on communities and people's quiet enjoyment of their homes.
- 3.4 Problems with dog fouling and nuisance from pets is prevalent in parts of some neighbourhoods, particularly in and around communities with shared communal space.
- 3.5 There is inconsistency in the current approach in granting permission for the keeping of pets in varying property types, despite tenants needing permission being a condition in the KC Tenancy Agreement and outlined in the KNH Good Pet Keeping guide.
- 3.6 The proposed new KC Pet Policy provides a clear and balanced approach in relation to pet keeping. It also ensures relevant controls are in place to prevent issues of pet nuisance escalating, including information on suitable property types.

The key aims of the new KC Pet Policy are:

- To ensure pets are kept in line with the terms of the policy and the KC tenancy agreement
- That suitable property types are identified in relation to keeping cats and dogs
- That tenants are clear about their roles and responsibilities in relation to keeping pets
- To provide clear guidance to Officers
- To ensure complaints about nuisance pets can be dealt with swiftly and effectively and in accordance with all associated policies and good practice guidance.
- To ensure that all tenants are treated in a fair and equitable way.

4. Proposal

- 4.1 KNH and Pinnacle Group acknowledge that pets can offer significant benefits to their owners and consider that properly managed pets contribute positively to tenants' lives in terms of companionship, enhancing wellbeing and improving quality of life.
- 4.2 In most cases, tenants who keep pets do so responsibly and in a manner that does not adversely affect their neighbours, their community or people who have reason to visit them.
- 4.3 However, KNH and Pinnacle Group must act to prevent and deal with situations where problematic issues relating to pets adversely affects the safety or quality of life of neighbours, the wider community or other people who have reason to visit including officers.
- 4.4 The Council also has a responsibility to ensure it takes appropriate action where it feels pets are subject to inappropriate or irresponsible pet ownership, where the pet is adversely affected.
- 4.5 The scope of the new KC Pet Policy proposals covers the areas outlined below and links to the current KC Tenancy Agreement, the Anti-social Behaviour Policy and the KNH Good Practice guide on responsible pet keeping.
- Relevant legislation – Dangerous Dogs Act, Animal Health and Welfare Act and the Dangerous Wild Animal Act.
 - Permissions
 - Type of pets that can be kept and accommodation suitability
 - Existing tenants with pets
 - Conditions under which permission will be granted or refused
 - Tenant responsibilities
 - Dangerous Dogs and Index of Exempt dogs
 - Actions that will be taken where pets are kept inappropriately or cause nuisance to neighbours
 - Assistance Pets – e.g. guide dogs
 - How pet associated tenancy management issues will be addressed.
 - Micro chipping and neutering requirements

5. Implications for the Council

- 5.1 **Working with People**
It is acknowledged that the keeping pets have positive impact on people lives and offers significant benefits including enhancing wellbeing.
- 5.2 **Place Based Working**
The proposed policy will deliver outcomes that in addition to supporting sustained and successful tenancies will enhance wellbeing and improve quality of life for individuals as well as families.

5.3 Climate Change and Air Quality

The proposal in this report will not have any impact on climate change or air quality.

5.4 Improving outcomes for children

There are no implications for improving the outcomes for children.

5.5 Legal Implications

This will reduce the likelihood of legal action against KC due to the behaviour of pets in council accommodation.

5.6 Financial implications

There are no financial implications associated with this policy.

6. Consultees and their opinions

- 6.1 KNH Neighbourhood Forum representatives, KNH Tenant and Leaseholder Panel, Pinnacle Group and KC Adult Social Care (in respect of extra care housing) have all been consulted and contributed to the development of the new KC Pet Policy. Cllr Cathy Scott - Portfolio lead has been consulted and is supportive of the policy.

7. Next steps and timelines

- 7.1 Approval of the proposed KC Pet Policy at Cabinet in May 2020 will be followed by policy implementation in June 2020.

8. Officer Recommendations and reasons

- 8.1 That Members support and approve the proposed new KC Pet Policy.

9. Cabinet Portfolio Holder's recommendations

- 9.1 That Members approve the KC Pet Policy for the reasons outlined in this report.

10. Contact officers

Noreen Beck - Service Manager KNH – noreen.beck@knh.org.uk 01484 221000
Sarah Clayton - Head of Service KNH – sarah.clayton@knh.org.uk 01484 221000

11. Background Papers and History of Decisions

- 11.1 Appendix 1 - Kirklees Council Pet Policy

12. Service Director responsible

- 12.1 Karl Battersby, Service Director, Growth and Housing
karl.battersby@kirklees.gov.uk 01484 221000

Appendix 1

Kirklees Council Pet Policy

1.0 Introduction

- 1.1 Kirklees Neighbourhood Housing (KNH) and Pinnacle Group acknowledge that pet ownership can bring a great deal of pleasure, enjoyment and companionship to tenants and improve their wellbeing and quality of life. Generally, KNH and Pinnacle will allow its tenants to keep pets where the property type is suitable, the Tenancy Agreement is complied with and the animal's welfare is assured.
- 1.2 This policy has been developed following consultation with tenants and incorporates good practice outlined by the RSPCA and Pets Advisory Committee Guidance.

2.0 Policy Statement

- 2.1 This policy sets out the Kirklees Council (KC) approach to the keeping of pets to ensure that tenants are aware of their roles and responsibilities in relation to their tenancy, their pets welfare and neighbouring communities. It also provides guidance to officers when dealing with pet related enquires.
- 2.2 There are many laws concerning the keeping of animals which we expect our tenants to abide by. The most common are listed below but all applicable legislation applies:
 - Dangerous Dogs Act 1991
 - Animal Health and Welfare Act 1984
 - Dangerous Wild Animal Act 1976
- 2.3 This policy also links to and should be read in conjunction with the following documents:
 - KC Tenancy Agreement
 - Anti- Social Behaviour Policy and Procedure
 - KNH Good Practice Guidance on responsible Pet Keeping

3.0 Policy Scope – Permissions

3.1 Permission will be required to keep cats or dogs in Council accommodation as outlined in the table below:

House Type	Number of Cats and Dogs
House	Maximum 2 cats or dogs in total
Bungalow	Maximum 2 cats or dogs in total
Low rise flats up to 2 storeys with own access	Maximum 2 cats or dogs in total
KNH low rise with communal access	Maximum 1 cat or dog in total
6 Storey and above accommodation	KNH managed properties. Maximum 1 cat – no dogs allowed
KNH Retirement Living Schemes	1 dog or cat where the wellbeing of the tenant is identified
Pinnacle Group Extra Care Housing	Assistance pets only
Pinnacle Group low rise accommodation with communal access	Assistance pets only

3.2 Tenants transferring to alternative accommodation

Permission will be required to continue to keep pets if a tenant moves to an alternative KNH or Pinnacle managed property.

3.3 Tenants with pets prior to the implementation of the Policy

Where a tenant has a pet prior to the implementation date of this policy an application for retrospective approval will be required in all cases and will only be granted in the following circumstances:

- The animal is being kept in accordance with this policy
- The property is suitable for keeping the existing animal as outlined in the policy. If the tenant has pets over the policy limits prior to implementation, when the pet subsequently dies, permission will not be granted to replace the pet.
- Existing pets must not be causing a nuisance, annoyance or frightening anyone within the property, communal area or to others in the locality of the property.

3.4 All permissions granted are conditional on tenants making sure that their pets do not:

- Stray, roam or foul internal or external public areas
- Injure, annoy, frighten or cause nuisance to anyone
- Breed additional animals in the property

3.5 **Permission for keeping a pet will not be granted in the following circumstances:**

For any pet type to which Section 1 of the Dangerous Dogs Act 1991 or Dangerous Wild Animals Act 1975 applies including dogs placed on the Index of Exempt Dogs as follows:

- **Pit Bull Terrier**
- **Dogo Argentino**
- **Fila Brasileiro**
- **Japanese Tosa**

If it is found that a tenant has an exempt dog, the matter will be reported to West Yorkshire Police immediately who deal with the dog in accordance with their current policies and procedures.

3.6 **Permission will also not be granted for:**

- Any non - domestic animals, such as but not limited to wild animals, primates, livestock, poultry, horses, sheep, goats or pigs, as these are not animals suitable to keep in a domestic property or garden.
- Keeping dogs in accommodation of 6 storeys or above.
- To keep any animal after it has caused a nuisance or annoyed, frightened or attacked anyone unless they have permission in writing from the Council or their representatives.
- Where a tenant or another member of the household has previously had tenancy enforcement action taken against them or have been convicted in relation to their previous ownership of any animal or have previously left a pet behind at the end of a tenancy.

4:0 **Exemptions not requiring permission**

4.1 **Small Animals**

Tenants will not need permission to keep up to two small pets such as birds, hamsters, rabbits, guinea pigs fish and non-venomous reptiles, dependent on the suitability of the property. However, if more than two animals are to be homed, permission will be required.

4.2 **Assistance pets**

If a tenant requires a pet for assistance, service or support i.e. a registered guide dog or hearing dog these may be kept regardless of the type of property, but must be obtained from a recognised agency, with evidence of this provided on request.

4.3 **All Pet Owners Must:**

- Where it is not clear whether their pet is or is not permitted by the policy, seek permission from KNH or Pinnacle.

- Make arrangements for their animal's care when not in the property.
- Always take full responsibility for their own pets.
- Ensure litter trays are frequently cleaned to avoid damage to the home and the home is free from all animal faeces and noxious odours.
- Ensure that dogs are kept on a lead outside the home including within internal and external communal areas.
- Ensure their pets are always kept under control inside the home when visitors, contractor's, postal workers and KC/KNH/Pinnacle officers are in attendance.
- Ensure their pets do not foul or urinate in the internal communal areas or foul in the external areas and to clean up if they do. If fouling or urine is not cleaned up pet owners may be charged for any clean up required and repeated action will be classed as a nuisance under the terms of this policy.
- Cats and dogs must be microchipped for identification purposes and evidence of microchipping must be provided upon request.
- Cats and dogs must be neutered as soon as possible in accordance with veterinary guidance and in any event before they are 12 months old
- Take responsibility for any visitor pets in accordance with the expectations of this policy.

5.0 Nuisance

- 5.1 Tenants must make sure that no animal that is kept or brought into the home causes any nuisance, annoys or frightens anyone, this includes any visitor's pets.

The tenants will also be responsible for visitor's pets in and around their home.

- 5.2 Any tenant keeping a pet is fully responsible for any nuisance the pet may cause. Nuisance will be treated as anti-social behaviour and the appropriate action to remedy the behaviour will be taken promptly by KNH or Pinnacle.

- 5.3 Tenants must take and pay for all reasonable steps that KNH or Pinnacle considers necessary to prevent any animal in the home from causing harm, nuisance and annoying or frightening anyone.

- 5.4 Tenancy enforcement action will be taken in all cases of breaches to the policy and tenancy agreement where tenants allow animals to cause a nuisance, this includes and is not limited to causing injuries to others, noise nuisance, smells, fouling, damaging property and allowing dogs off leads in communal areas.

6.0 Advice and Information

- 6.1 General advice and information will be provided to tenants on request or where a tenant needs support to care for a pet or where a pet is causing a nuisance by referring them to local specialists in animal welfare for example the RSPCA, local PDSA.

7.0 Monitoring and Review

This policy will be formally reviewed in 2025 or earlier if subject to legislative change.

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Name of meeting: Cabinet

Date: 2 June 2020

Title of report: Kirklees Music Ambition including: Year of Music 2023 and Music Investment

Purpose of report:

This report will seek to gain approval for:

- on-going investment into key music festivals and the Kirklees Concert Season
- the approach and ambition for Year of Music.

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 This will impact on more than two wards as it is about adopting a place-based approach across Kirklees to develop and sustain music in the district.
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)</u>?	Yes
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name	Karl Battersby – 19 May 2020
Is it also signed off by the Service Director for Finance?	Eamonn Croston - 21 May 2020
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft – 22 May 2020
Cabinet member <u>portfolio</u>	Cllr Walker – Culture and Environment

Electoral wards affected: All

Ward councillors consulted: None

Public or private: Public

Has GDPR been considered? Yes

1. Summary

1.1 The Council currently has a Music Policy, approved in February 2018, which expands on the 'world class music' priority set out in the Culture Kirklees vision also approved by Cabinet in October 2016. Culture Kirklees laid out the outcomes and future direction for the Creative Development Team and Museum and Galleries.

1.2 The vision for music, as highlighted in the music policy, states:

Kirklees is a district of world class music that stands proud on its rich and diverse musical heritage. Music is the beat of our heart, the sound of our communities and it is the pulse of our towns and villages.

Kirklees is a place where everyone can hear world class music through our festivals and programming; where children and young people have access to world class musical experiences and education; and where the next generation of musicians and music professionals can build and sustain a high-quality career, with access to the very best industry advice, career opportunities and performance routes.

1.3 The Council has committed to the delivery of a Year of Music in 2023 to complement Leeds' Year of Culture.

1.4 The Council currently strategically invests in 3 key festivals – Cleckheaton Folk Festival; hcmf// - Huddersfield Contemporary Music Festival; and Marsden Jazz Festival - to deliver a diverse music festival offer and contribute to the Council's 7 shared outcomes.

1.5 The Council is currently in a partnership to deliver the Kirklees Concert Season with Opera North. This partnership is now in its 17th Year.

1.6 The Cabinet is asked to approve investment into music with the focus on our longest continually running festivals and the partnership with Opera North to deliver the Kirklees Concert Season, for three years with option to extend until 2024, taking us beyond the 2023 Year of Music and to ensure we can ensure legacy.

1.7 The Cabinet is asked to approve the approach to a Year of Music. It is anticipated that the Year of Music will be funded through existing budget streams.

1.8 The Cabinet is made aware a further paper will be presented with greater detail on the programme for Year of Music 2023.

2.1 Information required to take a decision: Investment in music festivals

2.1.1 Kirklees Council has invested in various music festivals through previous grant schemes and commissions. The previous Community Grants Scheme was cut in 2016.

2.1.2 Investment into three festivals continued through an approved plan attached to the Music Policy. These festivals are Cleckheaton Folk Festival, Marsden Jazz Festival and Huddersfield Contemporary Music Festival. This funding has acted as seed core funding to enable these festivals to lever additional money from national and international funders, partners and agencies. This investment also provides a 'vote of confidence' in the festivals as they build their corporate sponsorship and business relationships.

- 2.1.3 The investment (awarded as a grant) from the Creative Development budget breaks down as follows: Cleckheaton Folk Festival £5k; Jazz Festival £5k; and Huddersfield Contemporary Music Festival £30k.
- 2.1.4 In 2018, the £40,000 investment in these festivals levered an additional £1,197,020 of funding and earned income – approximately £30 generated per £1 of council investment.
- 2.1.5 Further to this, the 2018 economic impact of these festivals was reviewed. The report concluded that combined, the festivals have an economic impact of £2.2m to Kirklees (Appendix 1).
- 2.1.6 Investing in the festivals for three years with an option to extend for a further two, taking us up to 2024 provides security for them to build towards 2023 and ensures that the festivals are able to thrive beyond this year. It assures other funders and investors that the council is committed to working with the festivals thus increasing their confidence and interest in the music offer in the district. It further allows us to properly evaluate 2023 and confirm a programme of festivals in 2024.
- 2.1.7 Currently the funding is only agreed on an annual basis due to the budget setting process. The current approach means that the Council's financial system requires an annual agreement to be agreed between the Council and the organisation and then for the Council to approve this. The process can take several months and cause business disruption to the festivals and Concert Season impacting on the confirmation of funding from other funding bids as well as on business management and continuity. This impacts the Council in its delivery of its own programme, the Kirklees Concert Season, delivered in partnership with Opera North, and leads to direct risk to our own reputation and organisation.
- 2.1.8 It will be made clear in any investment agreement, that the Council's budget is set on an annual basis, and although we would support our commitment as much as possible, we are not in a position to guarantee funding until 2022, or 2024 with the extension of two years.
- 2.1.9 The investment agreement would also be clear on criteria and measures of success to ensure the best value and reach to meet with Council objectives, ambitions of Year of Music and to ensure we can adapt to changing circumstances.
- 2.1.10 In 2020, COVID 19 has impacted directly live music and live performance, due to the implications of social distancing. Depending on where the festival sits within the calendar has impacted their ability to respond, with Cleckheaton Folk Festival early on, ability to develop other strategies have been limited. However, the festivals and the Kirklees Concert Season which run later in the year are looking at online content and other strategies for delivery.
- 2.1.11 It is important to recognise that the creative sector is one of the first to respond with innovation and we need to embrace and support this in the district. We see now music in an online sphere, through gaming – gigs in Minecraft and in Fortnite, through social media, online gigs and streaming, we see 'take overs' and launches in new and innovative ways. We see online collaborations and music making and the need ever more for music and creativity for health and wellbeing - online choirs, music education online, which in turn has increased access. Global streaming itself has gone up by 12% in the COVID pandemic alone. New strategies are required for the festivals to survive in the current climate and also how we embrace these new areas and cultural areas for

experience. This also extends much broader into the Year of Music approach. See below.

2.1.12 By investing in music and with the focus on our longest continually running festivals and the Kirklees Concert Season also confirms our commitment to music and supports any bid to Arts Council England for other funding towards a Year of Music 2023.

2.1.13 Music contributes to the 7 Kirklees outcomes and:

- Economic development
- Social/cultural regeneration
- Cultural vibrancy
- A strong tourism base – locally, regionally, nationally and internationally
- Cultural and community provision
- Local priorities which seek to encourage vibrant sustainable communities that are active, lively and inclusive.

2.1.14 Approval in principle is sought to develop a three-year agreement with the option of extending for two years until 2024 (subject to confirmation annually through the budget process and is awarded as a grant):

- Cleckheaton Folk Festival at £5k per year
- Huddersfield Contemporary Music Festival at £30k per year
- Marsden Jazz Festival at £5k per year.

2.1.15 The Cabinet is made aware that this investment will be included within a paper to be presented at a later date, this report will explain the Year of Music programme with detail of further approaches and requests for investment.

2.2 Information required to take a decision: Investment in the Kirklees Concert Season

2.2.1 Kirklees has seen Classical concerts and programmes in Huddersfield Town Hall since it first opened in 1881 with a three-day music festival, as well as at Dewsbury Town Hall. The current partnership investment has been developed with Opera North. Through delivering the programme together, it ensures Kirklees residents benefit directly and retain access to world leading classical programmes that otherwise would be unaffordable by the Council and would result in residents having to travel to access such a programme.

2.2.2 The current investment of £60k is the result of the transformation of the Creative Development Team's approach and prioritisation around the Council investment. The Kirklees Concert Season has moved beyond these historic savings to creating a proactive and sustainable delivery model. Therefore, the partnership working with Opera North is even more paramount to sustain the Kirklees Concert Season for residents of the district.

2.2.3 For the £60k investment, the Council is able to ensure it can deliver at least 6 classical orchestral concerts, 6 chamber concerts at Dewsbury Town Hall and on average, 12 organ concerts. It can effectively market the programme to local, regional and national press and deliver engagement programmes such as Sing Up! Choirs. It is also worth noting that through Opera North and their donors' programme, Kirklees has received £60K donation towards a school programme in the north of the district.

- 2.2.4 Approval in principle is sought to maintain this investment (in FPR is awarded as a grant) of £60k per year with Opera North to deliver the Kirklees Concert Season for three years with the option of extending until 2024. This would an agreement would be confirmed each year through the annual budget process.
- 2.2.5 See appendix 2 for further information on the approach, partnership and evaluation of the Kirklees Concert Season.
- 2.2.6 COVID 19 impacted both the end of the 2019/2020 season with the final concerts being cancelled, to the pre-season previous scheduled for May. However, like the festivals, we are looking to best practice on delivery of live classical music in safe and socially distanced ways, exploring online content and even reviewing the when the season should start is all part of our working partnership and how we keep music alive through these times. For example, Opera North has already produced a number of online music films that have been shared with Kirklees Concert Season audiences as well as via our other Council social media channels. We continue to assess and develop new approaches to the delivery and maintaining the music offer through the lock down and as and when this eases.
- 2.2.7 As per the Music festival investment, The Cabinet is made aware that this investment will be included within a paper to be presented at a later date, this report will explain the Year of Music programme with detail of further approaches and requests for investment.

2.3 Information required to take a decision: Approach to a Year of Music 2023

- 2.3.1 The approach taken to deliver a Year of Music is one that has already been piloted through the first WOVEN textiles festival and that is: 'instigated by the Council but owned by everyone'. This is about adopting and implementing a place-based approach to cultural development. This approach ensures that music which takes place across all the towns and villages of Kirklees is recognised and celebrated. By adopting this approach, Kirklees is doing something truly unique. It sets us apart from all other places.
- 2.3.2 In addition, as the Year of Music complements Leeds ambition to have a year of cultural celebrations in 2023, we recognise that we will be in strong competition for funding with our local authority partners in the region. This will assist in levering down additional funds from external agencies, trusts & funding bodies such as Arts Council England.
- 2.3.4 We also know that Kirklees does not have the infrastructure of other places. For example, we simply do not have the flat large green space to attract any major festival to the area. However, a place-based approach is about using a Year of Music as a catalyst to strengthen the community, increase resilience in the sector and develop opportunities for music to contribute in a more meaningful way to agendas such as health and wellbeing and community cohesion.
- 2.3.5 A number of steps have been taken already to galvanise the music sector and encourage joint working and partnership across sectors. For example, the ambition to deliver a Year of Music has been adopted by the Music Development Group, a group consisting of music organisations – voluntary and community sector groups and commercial organisations plus education institutes - working in partnership with the Council. The organisations represented include health, education, night time economy, tourism and are festivals, a venue, the University, the music education hub and a health and wellbeing charity.

2.3.6 As described in points 2.1.11 and 2.2.6, music has been impacted by COVID, yet we remain confident in working together to maintain our music offer. This continuous improvement and development shall continue beyond COVID and we shall embed the digital offer as a mainstay within the Year of Music to reach new audiences and meet with new established cultural behaviours and expectations. This will also help Year of Music to reach a regional, national and international audience, firmly placing Kirklees on the map as a place that lives music.

2.3.6 In addition to this, a number of sub-groups have been established to coalesce like-minded organisations to consider opportunities for programming, business and skills development, joint promotion and to share best practice and tackle issues.

2.3.7 These sub groups are:

- Music Classical Group
- Music Festivals Group
- Music Venues Group
- Rerezent – a group looking at music inclusivity
- Music Education Hub – already in existence but has adopted the lead for Year of Music for Children and Young People

2.3.8 Further to this, the first Business Rates Pool bid pilot secured £299,000 to deliver a number of programmes and initiatives. It has delivered:

- An alternative marketing campaign to support Marsden Jazz Festival to grow audiences through Air BnB and other approaches. This was to tackle the lack of overnight accommodation in the village to accommodate artists and audiences.
- The appointment of 3 part time roles to support the development of a Year of Music. These posts work on education, health, community and developing the mechanisms, processes and structures to measure success, evaluate impact and facilitate the groups and emerging networks. The funding for the posts comes to an end in early autumn 2020.
- To run a series of projects to increase opportunities for emerging musicians in both the Yorkshire Sound Women's Network and Huddersfield Contemporary Music Festival.
- To deliver a programme to place musicians in communities, to break down barriers to engagement. Roots to Inspire involved 4 artists and a number of different community groups. To watch the outcome of the project please go to: <https://www.youtube.com/watch?v=vl69A8pIGQA>
- To deliver an online project to uncover and celebrate the diversity of musical genres of Huddersfield, to support cultural cohesion and understanding of cultural differences. This pilot project will be expanded across the district for a Year of Music, working with independent oral historian Mandy Samra. Town Sounds is available at www.townsounds.co.uk.
- To develop a brand to act as a unifying identity for all music groups, genres and communities. The brand, developed in consultation with the sector, has resulted in the creation of a website. This website, www.musicinkirklees.co.uk acts as a

one stop shop for all things music in Kirklees and sign posts to the various festivals, venues, groups and so on.

- 2.3.9 The learning from the Business Rates Pool bid demonstrates how the Council's contribution maximises opportunities through doing only what the Council can do and to work in partnership with the sector to achieve our shared ambition and to deliver a Year of Music in 2023. Establishing a match fund to lever national funds for the Year of Music would enable us to continue on this trajectory and ensure sustainability is rooted within communities.
- 2.3.10 As an active partner to the music sector, the Council has acted as facilitator, co-ordinator and enabler of ideas, relationships and projects.
- 2.3.11 It is important to recognise the value the sector brings to the table and how, in terms of the wider community, the Council must not 'own' the agenda but play its role in empowering the music sector through understanding how the Council has the capacity to be both an enabler to music delivery, development and ambition.
- 2.3.12 Music is impacted by or impacts on various council services, e.g. Environmental Health, Parks and Green Spaces, Community Cohesion, Town Centres, Libraries and Town Halls, Children's and Adult Services and Public Health. The Year of Music agenda should not and cannot lie solely within the Culture and Tourism service, even if the central co-ordination sits within the Creative Development Team.
- 2.3.13 Therefore, for the Year of Music to be successful, it will require a full 'Team Kirklees' approach.
- 2.3.14 It is worth noting that as a result of taking this approach, even in the early stages, Kirklees has gained a reputation as a leading authority on music development. As a result of this, Kath Davies, Strategic Lead for Cultural Development, has been asked (and funded externally) to present the Kirklees case study on music at conferences within the UK and the USA, Sweden and Colombia thus raising the profile of the district and the Council.
- 2.3.15 The Cabinet is request to approve the approach taken to deliver Year of Music 2023, and is made aware that a paper will be presented at a later date, this report will explain the Year of Music programme with detail of further approaches and requests for investment.

2.4 Added value of Year of Music and music investment: application to UNESCO Creative City Status 2021.

- 2.4.1 Kirklees is in a strong position and will put itself forward in the next round of applications to the UNESCO Creative City programme in 2021. The requirements for the bid are to demonstrate:
- Political leadership
 - Ambition
 - Heritage
 - Sector buy in to the agenda
 - Investment
 - Commitment to Music.
- 2.4.2 There is no cost to the bid itself, however, there are expectations if you are successful, and these are:

- To participate in the network – this may be national meetings and may include an international conference. Due to COVID, we expect there to be online capabilities.
- To have a dedicated person within the authority or district who is responsible for reporting to and liaising with the wider network and UNESCO
- To maintain investment in music

2.4.3 The investment in music can be achieved through the festivals and Kirklees Concert Season but also through the Town Halls, any music programme delivered across the authority such as Play it Loud! in the Libraries and the Sound Space investment.

2.4.4 Through recent attendance and speaking at conferences (the Music Tourism Convention, Liverpool and the Music Cities Forum, Norrkoping, Sweden), we have two contacts to share experiences and best practice with us about their UNESCO bidding process and what it means for their respective places:

- Kevin McManus, Head of UNESCO City of Music, Culture Liverpool
- Sandra Wall, UNESCO Music Co-ordinator, Norrkoping

2.4.5 Should we be successful, we would find out late 2022, giving us an added boost to help maintain momentum to deliver the Year of Music in 2023.

2.4.6 The status will also be of benefit in attracting investment and partners to the Sound Space, a key strategic ambition for Huddersfield, the Year of Music and our overall Music Policy and ambition.

3 Implications for the Council

3.1 Working with People

The whole programme is being led by and shaped by the people and communities whose activity and creative output have sustained the musical heritage and story of Kirklees across all the villages and towns. From participants and leaders of choirs, brass bands, to those individuals who run festivals and venues. We are continually taking the structure, form and shape of Year of Music from individuals, residents and communities and continue to expand this to ensure by the time the final programme is organised, every genre, community and resident will have supported, be aware of and understand how they can get involved. This can be from active engagement to simply attending a gig or festival programmed especially for the Year of Music.

3.2 Working with Partners

To date the project has worked with lots of various partners from within the Music Development Group to all the subgroups. These partners are from cultural, commercial, charity, VCS and the education sector.

Our partners will continue to grow and expand as we build the programme for Year of Music. The whole programme, although instigated by the Council, needs to be owned by everyone to maintain continued development and activity beyond 2023. Through partners we can support system change through the use of music.

3.3 Place Based Working

The whole approach of music and music development is based on the heritage of the district. Our distinctive rich and diverse musical story touches all communities. Kirklees is a district with a range and depth of music from brass bands, folk, sound systems and reggae, bhangra, rock and pop, choral, classical and contemporary – and everything in between. Our music infrastructure, festivals and programming covers the whole district, with localised activity borne out of community commitment and action.

Music, like textiles, makes sense and is understood by all, because its roots go deep and wide and it has entry points and contributes to health, education, economy, cohesion and community based tourism.

3.4 Climate Change and Air Quality

Through developing and strengthening the existing music offer, we provide a year round diverse programme of activity that means residents do not have to travel far to experience such events, artists/performers or to engage in specific activity such as training programmes or choirs. This is the basis for our community based tourism approach, developing the tourist within Kirklees and supporting a greater use of public transport to the main festivals for regional and national audiences.

In addition to this, we are beginning to think and explore a concept whereby we can develop programmes to offset the carbon footprint of international touring artists in the first instance. This is a significant task and we are in the early stages of this.

Further to this, we are working through our festivals and venues music sub groups to consider how we can improve the offer and reduce the impact on the environment of music, such as removing single use plastic at festival food catering stalls.

3.5 Improving outcomes for children

Working with all partners, led by the Music Education Hub with support from Evoke, the Local Cultural Education Partnership, we will use music as a tool to raise the aspirations of children and young people across Kirklees. For example, through schools' programmes and curriculum packs to engage young people in the musical heritage of the district. All festivals and venues will have a children's and young person's offer; this can include engagement programmes to 'under age' gigs.

We will also work with C&K careers to ensure that information about the whole A-Z of careers that are available in music is made available to young people. Music is a major industry and the workforce is diverse and far reaching.

We will also encourage young people to engage with music and learn music making in all forms. It is proven that young people who engage with learning an instrument or music making (such as dj etc) boost their attainment levels.

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

The approach will clearly lay out the approach for the Council and reinforce our role as a partner to enable, facilitate and lever investment into the district.

As the Year of Music programme develops, there may be specific directorate decisions on investment, however, these will be only made if delivering directly the outcomes for the Council.

The Financial Procedure Rule (FPR) 2.13 permits service director to approve grants subject to Corporate Procedure Rules/FPRs. FPR 20.8 says service directors can issue grants in accordance with a scheme of grants approved by cabinet. Therefore, the final partnership investment agreement will be made as grants in line with the approval of this report, and the investment laid out within it.

Legal powers for the grants will be s 1 Localism Act 2011 (general power of competence) or section 145 Local Govt Act 1972.

4 Consultees and their opinions

4.1 The music sector is behind the Year of Music concept and are already beginning to plan for activity, from booking Johns Smith Stadium, to the Grand Northern Ukulele Festival securing funding from Arts Council England to support their ambitions, to Townsounds being used as a pilot for a bigger ambition to the National Lottery Heritage Foundation.

4.2 There have been a number of public engagement sessions:

- Music Mapping & Consultation – Fiona Harvey
- Music Ecosystem Survey (infrastructure focussed) – Sound Diplomacy

Both available here: <https://www.kirklees.gov.uk/beta/arts-help-and-advice/pdf/music-policy-with-reports.pdf>

- Year of Music, Huddersfield Town Hall (June 2019) and Dewsbury Town Hall (July 2019) See appendix 3 for report.
- Growing Places – phase 1 - a creative engagement project within Queensgate Building to encourage open conversations (see appendix 4 for further information).
- Growing Places – phase 2 - this engagement has focussed on the concept of the Sound Space, however, the engagement has brought up valuable insights into the wider music ecology and Year of Music ecosystem thinking. This work is currently ongoing and will come to a close in March 2020.
- Huddersfield Place Standard – comments in the Play & Recreation section highlighted the need for ‘*a large music venue*’, and in the Social interaction section ‘*Music venue would be great.*’ Plans are to create a new Sound Space for Huddersfield, however, without the ecosystem around it being strong and resilient, the building itself will struggle.

4.4 The MUSiK brand was created in consultation with the sector and will act as a brand to galvanise the sector and raise the profile of all music genres and activity. This will be supported by the social media channels managed by the Council in addition to their ongoing management of the Creative Kirklees website, newsletter and social media.

4.5 Stakeholder engagement is ongoing, through the Music Development Group, the various sub groups and bi-annual music events that bring the community together. In 2018/19 consultation with the sector focussed around the Year of Music and what it could be, and the public engagement around the Sound Space. This year, we have an open space event planned for the summer, with the aim of engaging organisations in the Year of Music agenda to support

them in thinking what they can do and take account of. These are in addition to training programmes or more specific and targeted activity that has come out of the need from the sector to support skills development in line with Year of Music and strengthening the music economy.

4.6 An EIA will be produced on the Year of Music programme and will be inherent in any funding agreement.

5 Next steps and timelines

To develop a full delivery plan for 2023, with engagement, marketing and funding strategies.

6 Officer recommendations and reasons

Members are requested to:

- Approve the in principle three-year investment into Cleckheaton Folk Festival - £5k, Huddersfield Contemporary Music Festival - £30k, Marsden Jazz Festival - £5k and Opera North - £60k, for the reasons set out in the report at a total cost of £100k each year for three years, with the possible extension of a further two and note that it will be subject to confirmation annually through the budget process and review of agreement objectives and meeting targets and as described in the report at 2.1.8-2.1.9 .
- Approve the approach to the Year of Music 2023 in principle (including the UNESCO bid) and note that further details on programme and funding strategy will be brought back at a later date.

7 Cabinet Portfolio Holder's recommendations

Councillor Walker supports the ambitions laid out in the paper to bring the investment together with a Year of Music approach.

8 Contact officer

Kath Davies, Strategic Lead for Cultural Development – kath.davies@kirklees.gov.uk

9 Background Papers and History of Decisions

None

10 Strategic Director responsible

Karl Battersby – Strategic Director for Economy and Infrastructure – karl.battersby@kirklees.gov.uk

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Name of meeting: Cabinet
Date: 2nd June 2020

Title of report: 2020/21 – 2021/22 Corporate Landlord and Strategic Asset Utilisation Capital Plans - Proposed allocation of 2020/21 – 2021/22 capital funding

Purpose of report: This report will identify potential projects, for Member approval, to be funded from the 2020/21 & 2021/22 Strategic Asset Utilisation, Corporate Landlord Asset Investment, Compliance & Suitability Programme baselines & the Strategic Priorities section of the Capital Plan and seek Officer Delegations to manage the plans.

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 – this report proposes significant expenditure in excess of £250K.
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 – Strategic Director for Economy and Infrastructure – 19/05/20
Is it also signed off by the Service Director for Finance?	Eamonn Croston – Service Director for Finance – 22/05/20
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft – Service Director for Legal, Governance and Commissioning – 15/05/20
Cabinet member portfolio	Corporate - Cllr Graham Turner

Electoral wards affected: All

Ward councillors consulted: No

Public or private: Public

Has GDPR been considered? There are no GDPR implications relating to this report.

1. Summary

- 1.1 This report will identify projects or themes to be funded in financial years 2020/21 and 2021/22 from (a) Corporate Landlord Asset Investment Programme (b) Corporate Landlord Compliance Programme (c) Corporate Landlord Suitability programme (d) Strategic Asset Utilisation programme and (e) a number of accommodation related schemes identified as Strategic Priorities. All of the referenced funding programmes are contained in the Five Year Capital Plan approved by Council on 12th February 2020.
- 1.2 Members will be asked to consider and approve the baseline programmes along with the named projects as shown in **Appendix A** so that they can be designed and implemented, and to authorise delegated powers for officers to manage the programmes within the overall budget envelopes.

2. Information required to take a decision

(a) Background

- 2.1 The Corporate Landlord portfolio of assets includes, for example, Office Accommodation, Library and Information Centres, Children's Centres, Residential Homes, Town Halls, Public Halls, Sports and Leisure facilities, Museums, Crematoriums, Cemeteries, Car parks, Depots and Parks.
- 2.2 On 12 February 2020 Council allocated funding from the approved Capital Plan to the Corporate Landlord Asset Investment baseline of £4.232M for 2020/21 and £4.3M for 2021/22. The Corporate Landlord Suitability Programme was allocated £1M per annum commencing from 2021/22. Strategic Asset Utilisation was allocated £150K for 2020/21 only whilst the Compliance programme has an allocation of £1M in each of financial years 2020/21 and 2021/22. This report details how it is proposed to spend the allocated funds.
- 2.3 Due to the size and complexity of the Council's portfolio, which includes many heritage assets, a system of prioritisation is required to ensure that the available funds are targeted at the buildings with the highest need. A rolling programme of condition surveys, together with local intelligence, is used to determine a prioritised list of schemes. Potential projects are brought forward for pre-scheme feasibility studies to identify more detailed cost estimates and scheme priority. The draft programme is also considered by the Asset Strategy team to ensure that the proposed investment aligns with the key objectives emerging from the Council's Corporate Asset Strategy.
- 2.4 A new Corporate Asset Strategy is being developed during the course of 2020 to reflect the Councils' aims and ambitions which go beyond achieving warm, dry, safe and secure buildings. We aim to add value and to utilise land holdings and properties to achieve our vision for Kirklees which is to be a district which combines a strong, sustainable economy with a great quality of life – leading to thriving communities, growing businesses, high prosperity and low inequality where people enjoy better health and high-quality services throughout their lives. This will be achieved whilst meeting the Council's Climate Emergency aims and objectives. The emerging asset strategy has been taken into consideration when prioritising the projects selected for the programmes detailed in this report.
- 2.5 Whilst the Corporate Landlord Asset Investment and Compliance baseline budgets addresses condition, health and safety and legislative issues, dedicated funding to address the suitability of buildings to deliver the services operating from them has not been specifically available. This has been addressed by Council through the allocation of £1M

per annum from 2021/22. This will help to deliver the outcomes expected from our buildings, by facilitating refurbishments or remodelling to ensure that they remain fit for purpose and suitable for the delivery of the Council's objectives.

2.6 To aid planning, improve capital outturn and project delivery a two year condition and compliance programme has been developed and proposed for approval. This consists primarily of named schemes for implementation but also some generic pots have been allocated for groups of buildings such as depots and libraries, with the detailed schemes to be agreed with the individual services during the course of the financial year. The suitability programme for 2021/22 has been split into themes, with details of the individual projects to be added in due course as the office accommodation strategy for the Council evolves and sets. The delegated powers proposed in paragraphs 2.18 to 2.20 will be used in relation to the above.

(b) Proposed Corporate Landlord Asset Investment Condition Programme allocations for 2020/21 - 2021/22

2.7 As previously mentioned, the five year Capital Plan 2020/21 - 2024/25 was approved by Council on 12 February 2020 and this allocated £4.232M to the Corporate Landlord Asset Investment baseline for 2020/21 and £4.3M for 2021/22.

2.8 The proposed programme for the next two financial years is summarised in the table below:

Corporate Landlord Condition Programme 2020/21 and 2021/22	2020/21 (£000K)	2021/22 (£000K)
Works to address urgent condition issues at Huddersfield Central Library including full re-roofing of the building, refurbishment of the Art Gallery floor and a new lift.	250	870
Major refurbishment of Cliffe House, Shepley to address significant condition and H&S issues (Scheme previously approved by Cabinet and contract let).	800	200
New cremators and abatement equipment at Dewsbury and Huddersfield with associated front of house improvements (Scheme previously approved by Cabinet and contract let).	1000	500
Replacement of life expired roofs, windows and other fabric works at various buildings.	796	920
Mechanical works including boiler and heating system replacements at various buildings plus improvements to kitchens at Aged Persons Homes.	491	380
Major refurbishment of Kirkgate Building to address condition and H&S issues.	200	500
Health and Safety works at Depots and Parks.	40	170
Health and Safety works at closed church yards and cemeteries, repairs to structures and demolitions of life expired buildings.	75	260
Libraries investment programme to address condition needs (including significant investment at Cleckheaton Library)	340	200
Programme of repairs to Huddersfield Bus Station Car Park	100	100
Risk Pot, advanced surveys and feasibility works	140	200
Total	£4.232m	£4.30m

As can be seen from the table, the proposed programme of works falls into three main categories of investment:

- Urgent condition works to address or prevent the deterioration of the asset e.g. replacement roofs and roof coverings, boilers and heating systems, fabric repairs and electrical works;
- Health and safety works to address legislative requirements and ensure that assets remain safe for use e.g. repairs to boundary walls, demolition of failed structures, improvements to parks, depots, car parks etc.;
- Major investment to improve the condition of key Council assets including existing schemes at Cliffe House and Dewsbury and Huddersfield Crematoriums (both previously approved by Cabinet) and new schemes at Huddersfield Central Library and Kirkgate Buildings.

2.9 The scheme at Huddersfield Central Library represents an initial Blueprint investment of £1.12m to reroof the whole of the building and to address associated issues within the Art Gallery on the top floor. This will involve new ceilings, lighting, environmental controls and security that will help deliver a modern art gallery experience. Other works are proposed to the lift and the Reference Library. These are the first steps in a major overhaul of the building in the coming years as part of the proposed Queensgate Cultural Quarter.

2.10 The scheme at Kirkgate Buildings represents a proposed £700k investment to bring this building up to a modern, fit for purpose standard for a core office location. Works would include provision of improved toilet and kitchen facilities, redecoration, new fixtures and fittings and remodelling to improve the layout of the building for office use. This aligns to the Council's office accommodation strategy and the emphasis on valuing staff by providing appropriate facilities.

2.11 The detailed programme naming individual buildings and locations is attached at **Appendix A** to this report.

(c) Corporate Landlord Compliance programme for 2020/21 and 2021/22

2.12 The compliance programme for the past two years has predominately been focused on fire safety measures in the Council's sleeping risk accommodation. Extensive works have been undertaken throughout our portfolio of Children's Homes and Aged Person's Homes and a major refurbishment of our outdoor adventure facility at Cliffe House is currently on site.

2.13 The next two years will focus on the Council's core office accommodation portfolio, our much valued heritage Town Halls and buildings leased to third parties for the delivery of social care activities. A programme of works involving our portfolio of maintained schools will also begin on a risk assessed basis.

2.14 All works will be based of a building by building Fire Risk Assessment, supported where necessary by a fire compartmentation study. Typical works will include improved fire compartmentation, repair or replacement of fire doors, new fire alarms and improvements to means of escape. Individual projects will be developed and designed on a rolling programme throughout the two year period using the delegated powers requested in paragraphs 2.18 to 2.20 of this report. The proposed programme is shown in **Appendix A**.

(d) Proposed Strategic Asset Utilisation Fund for 2020/21

2.15 It is proposed to allocate £150K from the 2020/21 Strategic Asset Utilisation Fund to works at High Street Building and Civic Centre 1 to relocate the Council's Civil Enforcement Parking team to existing available space within High Street Buildings and Civic Centre 1.

These spaces would be refurbished to meet the needs of the Parking Service, including the provision of a safe and secure space for the counting and storage of money. This will enable its current location at Albion Street Offices to be converted to the new home for the Council's Youth Offending Team under a separate project (see below). This in turn will facilitate the closure of Somerset Building, Huddersfield due to its condition and suitability.

(e) Proposed Corporate Landlord Suitability Programme for 2021/22

- 2.16 A new programme of works will be introduced from 2021/22 to improve the suitability of existing accommodation to enable it to be fit for purpose for the services being delivered from the location as well as providing modern welfare facilities for staff and visitors. Typical works would include improved disability provision, ensuring that kitchens, toilets and showers are provided or refurbished and supplying modern furniture, fittings and equipment to facilitate mobile and agile working across the Council. Further details of the proposed allocations of funding is provided at **Appendix A**. Officers from Corporate Landlord and Asset Strategy will work with Services to determine the allocation of funding across the Council's portfolio of buildings using the delegated powers requested in paragraphs 2.18 to 2.20 below.

(e) Proposed Strategic Priority Schemes

- 2.17 The Council's approved Five Year Capital Investment Plan contains a number of strategic priority projects that are the responsibility of the Corporate Landlord and Asset Strategy teams to deliver. The schemes detailed below are currently in development and are moving towards delivery in the coming months:

- Vine Street Depot, Huddersfield – This depot is the Council's primary depot hub in South Kirklees serving a number of key operational services such as Transport and Waste. A £500K scheme is proposed to refurbish and remodel the welfare facilities at Vine Street in order to bring the office accommodation and welfare facilities up to modern standards and create additional capacity for increased staff numbers and fleet vehicles. £485K is funded in the new Capital Plan with £15K spent in 2019/20 on development costs – total £500K. The scheme is currently in design with a proposed tender during the summer, with start on site programmed for September 2020;
- Albion Street, Huddersfield – A £325K scheme (£185K from Strategic Priorities and £140K from the Condition programme) to relocate the Youth Offending Team from Somerset Buildings to the Albion Street Offices, which will provide a modern, bespoke space that will meet the needs of the Youth Offending Team, close to the Social Care and Children's Services teams which operate out of Civic Centre One. This Service provides support to young people (and their families) aged between 10-18 who are involved with the Police (Pre-Court) and those ordered by the Court to sentences in the community or in a secure unit. This scheme is currently in design and is targeted for a start on site in early 2021, once the Civil Enforcement Parking team have been relocated to their new accommodation;
- Slaithwaite Town Hall – This building is a core office and service delivery hub, with a number of key Council and partner organisations operating from it. A scheme is proposed to refurbish those parts of the building that have not been improved in recent times in order to increase the capacity of the building and provide modern, flexible, fit for purpose office accommodation. The works would include strengthening the floor structure, improved disability access and facilities, a new heating distribution system and remodelling inefficient office accommodation. The project is at an early stage of development and has an indicative budget of £1.09m (£950K from Strategic Priorities

and £140K from the Condition programme). Subject to the delivery of an effective design that can be accommodated within the proposed budget, this scheme would be expected to start on site in mid-2021.

(f) Financial Delegations

- 2.18 In order to aid the implementation of the Corporate Landlord & Asset Strategy Capital programmes described in this report, Members are requested to delegate authority in accordance with the Council's Financial Procedure Rules 3.16 dated June 2019, to the Service Director - Economy and Skills to manage the implementation of the identified works within the respective agreed total programme budgets.
- 2.19 Delegated powers would include the authority to:
- add new urgent projects to the programmes detailed in this report without prior Cabinet approval providing that the total cost of the programmes remains within the approved capital allocations set by Council;
 - transfer resources between the Corporate Landlord / Asset Strategy funding streams / programmes without restrictions to enable efficient delivery of projects;
 - Slip, delete or reallocate budget between projects during the course of the two financial years providing that the total cost of the programmes remains within the approved capital allocations set by Council to enable the effective management of the programmes concerned over the two year period.
- 2.20 Significant amendments to the approved programmes under delegated powers will be reported to Cabinet through the Quarterly Financial Monitoring process or through delegated decision notices on the Council's website.

3. Implications for the Council

3.1 Working with People

Schemes proposed in the condition and compliance element of the programmes are developed to prevent severe disruption to service delivery e.g. by preventing part or total failure of boilers, roofs, access etc. These works ensure that our buildings and facilities are warm, dry, safe, secure and fit for purpose in line with our corporate asset strategy key objectives. The impact of such works on the operation of individual buildings is discussed and agreed in consultation with the relevant Services in order to limit the effect on day to day operation of front line services.

The schemes named within the suitability and strategic element of the programme have been developed together with Directorates to enhance service delivery and deliver improved outcomes for communities. These schemes fit with our strategic asset strategy objectives to provide operational assets that value our staff, enable the delivery of effective and efficient services and work closely with partners and residents.

3.2 Working with Partners

Collaboration and working together with partners has been key to ensuring we are still improving accommodation for staff and service delivery. Many partners share space with the Council in key buildings that we are wishing to invest in – for example, Locala at Slaithwaite Town Hall and the CCG in CC1. These collaborative discussions with partners

continue to provide solutions for increased integration of services to provide a better intelligence led outcome focused service delivery.

3.3 Place Based Working

We continue to invest in the creation of community assets to facilitate place based working for both council staff, partners and communities. The proposed modernisation of Slaithwaite Town Hall will enable more front line delivery services to operate from this building, serving the communities in which they are based, and enable closer working with a key partner such as Locala. Investment in Libraries and Town Halls will ensure that these much valued buildings continue to be available to serve their local communities.

3.4 Climate Change and Air Quality

A key objective of the proposed corporate asset strategy is to ensure that we invest and manage our assets to ensure the Council's Carbon Neutral Vision is supported and enhanced. The condition and refurbishment schemes identified in this report will ensure that we are replacing inefficient roofs, boilers, heating and electrical systems with modern, energy efficient materials and equipment that will contribute to an ever reducing carbon footprint for the Council. The refurbished buildings will be fit for purpose, modern, energy efficient buildings with due consideration given to green technologies where feasible and appropriate.

3.5 Improving outcomes for children

There is a separate Schools Condition programme funded by government grant that deals with investment in our maintained schools. Investment in assets such as Parks, Libraries, and Children's Centres through the Corporate Condition programme will help deliver better services for Children.

3.6 Financial / Regulatory

All of the programmes identified in this report require council prudential borrowing. All of the funding streams are identified in the Council's Five Year Capital Plan that was approved by the Council on 12th February 2020 and the revenue impact has been incorporated into the Council's Medium Term Financial Plan, approved at the same meeting.

The Corporate Landlord Asset Investment programmes seek to maintain compliance with building related legislative requirements e.g. fire safety, asbestos, water quality etc. Failure to undertake the works will lead to significant damage to buildings, equipment and belongings e.g. significant water ingress through a failed roof or the closure of a building due to a boiler or heating system failure during the winter months. All works will comply with relevant disability legislation where applicable.

All works undertaken as a result of this report will be procured in accordance with the Council's Contract Procedure Rules and Financial Procedure rules.

4. Consultees and their opinions

The programmes outlined in this report have been subject to consultation with officers from the affected services and the Economy and Infrastructure Senior Leadership Team.

5. Next steps and timelines

Subject to approval of the proposed 2020/21 – 2021/22 capital programmes, officers from Corporate Landlord, Asset Strategy and the Council's Technical Services will ensure that the programmes are updated and the projects concerned are developed, designed, procured and implemented.

6. Officer recommendations and reasons

Members are requested to:

- (a) Consider and approve the programmes of work for 2020/21 – 2021/22 as detailed in **Appendix A** of this report;
- (b) Consider and approve the proposed delegated powers to officers as outlined in paragraphs 2.18 to 2.20 of this report, which are as follows:
 - add new urgent projects to the programmes detailed in this report without prior Cabinet approval providing that the total cost of the programmes remains within the approved capital allocations set by Council;
 - transfer resources between the Corporate Landlord / Asset Strategy funding streams / programmes without restrictions to enable efficient delivery of projects;
 - Slip, delete or reallocate budget between projects during the course of the two financial years providing that the total cost of the programmes remains within the approved capital allocations set by Council to enable the effective management of the programmes concerned over the two year period.
- (c) Authorise officers to design, tender and implement the delivery of the projects and work streams identified in **Appendix A**.

These programmes of work are required to ensure the health and safety of residents and staff using the Council's extensive portfolio of assets and to prevent the deterioration of our buildings and structures, many which are listed.

7. Cabinet Portfolio Holder's recommendations

This report sets out the Council's investment proposals for its large portfolio of assets, many of which are heritage, over the next two years. As the Corporate Portfolio Holder with responsibility for finance, it is important that the Council maintains and improves its buildings for the benefits of residents and staff. The capital spend proposed is significant and will benefit local contractors, suppliers and workers. It is vital that we encourage the local economy to start moving again, to build confidence and to play an important part in the economic recovery of the borough and the region.

As a consequence I recommend that Cabinet:

- (a) Considers and approves the programmes of work for 2020/21 – 2021/22 as detailed in **Appendix A** of this report;
- (b) Considers and approves the proposed delegated powers to officers as outlined in paragraphs 2.18 to 2.20 of this report, which are as follows:

- add new urgent projects to the programmes detailed in this report without prior Cabinet approval providing that the total cost of the programmes remains within the approved capital allocations set by Council;
 - transfer resources between the Corporate Landlord / Asset Strategy funding streams / programmes without restrictions to enable efficient delivery of projects;
 - Slip, delete or reallocate budget between projects during the course of the two financial years providing that the total cost of the programmes remains within the approved capital allocations set by Council to enable the effective management of the programmes concerned over the two year period.
- (c) Authorise officers to design, tender and implement the delivery of the projects and work streams identified in **Appendix A**.

8. Contact officer

Jonathan Quarmby – Strategic Manager for Corporate Landlord – Corporate Landlord FM
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David Martin - Head of Service for Corporate Landlord and Capital – Economy and Skills
Service Tel: 01484 221000 - Email: david.martin@kirklees.gov.uk

9. Background Papers and History of Decisions

Council 12 February 2020: Five Year Capital Plan

10. Service Director responsible

Angela Blake - Service Director - Economy and Skills - Tel: 01484 221000 - Email:
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11. Attachments

Appendix A – Proposed Corporate Landlord Condition, Compliance and Suitability Programmes, Strategic Asset Utilisation Programme and Strategic Priorities schemes for 2020/21 & 2021/22.

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Project	Ward	2020/21	2021/22	2022/23
SUSTAINABLE ECONOMY - CORPORATE LANDLORD ASSET INVESTMENT PROGRAMME				
Capital Plan preparation costs - Advance surveys/feasibility studies/asbestos surveys/condition surveys/programme management	Various	£10,000	£50,000	-
Risk pot for emergency additions to the Capital Plan/Balance for high tenders	Various	£130,000	£150,000	-
Albion Street, Huddersfield - Condition works associated with the project to covert this building to a new home for the Youth Offending Team e.g. roof, windows and fabric repairs.	Newsome	£90,000	£50,000	-
Almondbury Children's Centre and Library - Replacement of the roof coverings	Almondbury	£90,000	-	-
Byram Buildings and Arcade - Roof repairs	Newsome	£297,000	-	-
Cawley Yard - Demolition of life expired structure. Welfare improvements through refurbishment of remaining facilities.	Liversedge & Gomersal	£35,000	£50,000	-
Chinese Centre, Huddersfield - Demolition and site clearance.	Newsome	-	£60,000	-
Civic Centre 1 - Refurbishment of stairwells and communal areas to address condition issues.	Newsome	£150,000	£150,000	-
Civic Centre 3 - Replacement boilers and Building Energy Management System (BEMS)	Newsome	£100,000	£200,000	-
Civic Centre 3 - Replacement windows	Newsome	-	£400,000	-
Cleckheaton LIC - Replacement flat roof and windows	Cleckheaton	£200,000	£100,000	-
Cleckheaton LIC - Replacement boilers	Cleckheaton	£85,000	-	-
Cliffe House - Major refurbishment of this listed building to address significant condition and H&S issues.	Kirkburton	£800,000	£200,000	-
Council Car Parks investment programme - Resurfacing of two floors at Huddersfield Bus Station.	Newsome	£100,000	£100,000	-
Cowcliffe Hill garage site - Rebuild retaining wall	Ashbrow	£25,000	-	-
Dewsbury and Huddersfield Crematoria - Replacement cremators	Dewsbury West & Ashbrow	£1,000,000	£500,000	-
Gomersal Public Hall - re-roof due to deterioration of the existing.	Liversedge & Gomersal	-	£120,000	-
Greenhead Park Bandstand - structural repairs	Greenhead	-	£50,000	-
High Street Buildings - Re-roof	Newsome	£150,000	-	-
Huddersfield Central Library - Major condition project as the first stage of the Blueprint investment in this building. Works will include complete replacement of the roof, associated works on the Art Gallery floor and general environmental improvements, replacement of the rear passenger lift and relocation of the Reference library.	Newsome	£250,000	£870,000	-

Project	Ward	2020/21	2021/22	2022/23
Huddersfield Town Hall - Replacement boilers	Newsome	£206,000	-	-
Kirkgate Buildings - Condition works to refurbish and remodel this core office accommodation location.	Newsome	£200,000	£500,000	-
Oakwell Hall - Roof repairs	Birstall	£19,000	-	-
Pavilions - H&S works at Albert Morton Memorial Pavilion.	Cleckheaton	-	£50,000	-
Scissett Baths - Replacement pool roof	Denby Dale	-	£200,000	-
Slaitthwaite Town Hall - Heating distribution replacement & floor strengthening	Colne Valley	£20,000	£120,000	-
Southlees - Roofing works	Almondbury	£20,000	-	-
Tolson Museum - Replacement boilers	Almondbury	-	£60,000	-
Various Aged Persons' Homes - Provision of full catering kitchens (£80K) and refurbishment of kitchens to common areas (£30K).	Various	£110,000	-	-
Various Closed Church Yards / Cemeteries - Structural H&S works and compliance	Various	£50,000	£50,000	-
Various Libraries - general condition works	Various	£55,000	£100,000	-
Various Parks and Depots -Urgent compliance and H&S works to upgrade supporting walls, structures, lighting and footpaths.	Various	£40,000	£120,000	-
Various locations - Structural and boundary walls repairs	Various	-	£50,000	-
	TOTAL	£4,232,000	£4,300,000	£0
CORPORATE LANDLORD - COMPLIANCE PROGRAMME				
Fire safety improvements in core office accommodation locations including Civic Centre 1, Civic Centre 3 and Kirkgate Buildings.	Various	£300,000	£300,000	
Fire safety improvements in the Town Hall portfolio including Dewsbury TH and Huddersfield TH.	Various	£300,000	£300,000	
Fire safety improvements in Council buildings leased to third parties for social care activities.	Various	£200,000	£200,000	
Fire safety improvements in maintained schools on a risk assessed basis including buildings with multi storeys.	Various	£200,000	£200,000	
		£1,000,000	£1,000,000	£0
SUSTAINABLE ECONOMY - CORPORATE LANDLORD SUITABILITY PROGRAMME				
Wellbeing improvements - Provision of new furniture, fittings and equipment to facilitate 21st Century working and a transition to mobile and agile working.	Various	-	£350,000	-
Suitability and Wellbeing improvements at Depots and Parks - Locations to be agreed with the Services.	Various	-	£350,000	-
Suitability and Wellbeing improvements - Office Accommodation portfolio - Showers, Welfare, Kitchens and improvements for disabilities - Locations to be determined by Corporate Landlord / Asset Strategy.	Various	-	£300,000	-

Project	Ward	2020/21	2021/22	2022/23
	TOTAL	£0	£1,000,000	£0
SUSTAINABLE ECONOMY - STRATEGIC ASSET UTILISATION PROGRAMME				
High Street Buildings - Internal refurbishment - Relocation of Civil Parking Enforcement Team	Newsome	£100,000	-	-
Civic Centre 1 - Former counting house refurbishment - Relocation of Civil Parking Enforcement Team	Newsome	£50,000	-	-
	TOTAL	£150,000	£0	£0
SAFE AND COHESIVE - STRATEGIC PRIORITIES				
Youth Offending Team - Internal refurbishment works for relocation to Albion Street Parking Office	Newsome	£185,000	-	-

Project	Ward	2020/21	2021/22	2022/23
ACHIEVEMENT - STRATEGIC PRIORITIES				
Slaithwaite Town Hall - Extensive condition and refurbishment in a core office accommodation location to provide modern facilities for the Council and its partners.	Colne Valley	£200,000	£400,000	£350,000
CLEAN AND GREEN - STRATEGIC PROIRITIES				
Depot Works - Vine Street Depot	Dalton	£460,000	£25,000	-