

Public Document Pack



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

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Monday 6 December 2021

Notice of Meeting

Dear Member

Cabinet

The **Cabinet** will meet in the **Council Chamber - Town Hall, Huddersfield** at **3.00 pm** on **Tuesday 14 December 2021**.

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".

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.

Cabinet Members:-

Member	Responsible For:
Councillor Shabir Pandor	Leader of the Council
Councillor Paul Davies	Cabinet Member - Corporate
Councillor Eric Firth	Cabinet Member - Town Centres
Councillor Viv Kendrick	Cabinet Member - Children (Statutory responsibility for Children)
Councillor Musarrat Khan	Cabinet Member - Health and Social Care
Councillor Peter McBride	Cabinet Member for Regeneration
Councillor Naheed Mather	Portfolio Holder - Environment
Councillor Carole Pattison	Cabinet Member for Learning, Aspiration and Communities
Councillor Cathy Scott	Deputy Group Leader and Cabinet Member - Housing and Democracy
Councillor Will Simpson	Labour - Secretary & Cabinet Member - Culture and Greener 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 - 8

To approve the Minutes of the Meeting of the Cabinet held on 12 October 21.

3: Admission of the Public

Most agenda items will be considered in public session, however, it shall be advised whether Cabinet will consider any matters in private, by virtue of the reports containing information which falls within a category of exempt information as contained at Schedule 12A of the Local Government Act 1972.

4: Deputations/Petitions

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

In accordance with Council Procedure Rule 10 (2), Members of the Public should provide at least 24 hours' notice of presenting a deputation.

5: Questions by Members of the Public

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

6: Questions by Elected Members (Oral Questions)

Cabinet will receive any questions from Elected Members.

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

7: Declarations of Interest

9 - 10

Cabinet Members will be asked to advise if there are any items on the Agenda in which they have a Disclosable Pecuniary Interest, which would prevent them from participating in any discussion or participating in a vote upon the item, or any other interests.

8: Building Safety, Compliance Report. Anthony Brown, RM Consulting: April 2021

11 - 20

To consider the outcome of an independent review of safety and compliance.

Wards affected: all wards

Contact: Asad Bhatti – Head of Building Safety

9: Amendment to Tenancy Agreement from Monthly to Weekly Debit

21 - 42

To consider varying the Council's Tenancy Agreement to replace the monthly payment (debit) period with a weekly one.

Wards affected: all wards

Contact: Lisa Ramsden – Service Manager, Neighbourhood Operations, Housing Management

10: Housing Revenue Account (HRA) rent and service charge setting report and key housing challenges 43 - 54

To consider the annual setting of rent and service charge increases for 2022-23.

Wards affected: all wards

Contact: Jacqui Fieldhouse – Head of Finance, Homes and Neighbourhoods

11: 2021/22 to 2025/26 Council Capital Plan - Proposed allocation of capital funding from the Directorate for Children's Achieve and Aspire Strategic Priorities and Basic Need funding sections 55 - 64

To consider schools projects to be funded from the 2021/22 to 2025/26 Achieve and Aspire Strategic Priorities and Baseline Need funding sections of the Council's Capital Plan.

Wards affected: all wards

Contact: Martin Wilby – Head of Service for Education, Places and Access

12: White Rose Forest - Northern Forest and Urban Tree Challenge grant agreements 65 - 76

To consider the White Rose Forest – Northern Forest and Urban Tree Challenge funding agreements.

Wards affected: all wards

Contact: Guy Thompson - Programme Director White Rose Forest

13: Community Asset Transfer of Dunromin, 20a Ravens Lodge Terrace, Scout Hill, Dewsbury, WF13 3EF 77 - 106

To consider the Community Asset Transfer of Dunromin, 20a Ravens Lodge Terrace, Scout Hill, Dewsbury to the 20:20 Foundation.

Wards affected: Dewsbury West

Contact: Giles Chappell – Asset Strategy Officer

14: Community Asset Transfer of Netherton Moor Community Centre 107 - 134

To consider the Community Asset Transfer of Netherton Moor Community Centre to Netherton Community Centre Community Interest Company.

Wards affected: Crossland Moor and Netherton

Contact: Mark Varley – Asset Strategy Officer

15: Half yearly monitoring report on Treasury Management Activities 2021-22 135 - 156

To receive the Half Yearly Monitoring report on Treasury Management activities 2021-22.

Wards affected: all wards

Officer: James Anderson – Head of Accountancy Service

16: New Inclusion & Diversity Strategy 2021-23 Recovery through Inclusion and Annual Report 2020-21 157 - 210

To consider the Council's Inclusion and Diversity (I&D) Strategy 2021-23, and to note the I&D 2020-21 Annual Report.

Wards affected: all wards

Contact: David Bundy – Corporate Policy Officer, Policy, Partnerships and Corporate Planning.

17: Supporting the recruitment, retention and valuing the contribution of social care staff in Kirklees this Winter 211 - 218

To consider using funding from the NHS to support the adult social care sector.

Wards affected: all wards

Contact: Richard Parry – Strategic Director for Adults and Health

18: Transport Services Capital Investment Vehicle Replacement Programme (VRP); 21/22 - 25/26 - Proposed Expenditure 219 -
226

To consider the Transport Services Capital Investment Vehicle Replacement Programme (VRP); 21/22 - 25/26.

Wards affected: all wards

Contact: Nick Clegg-Brearton – Fleet and Transport Manager

19: Procurement Options for Waste Management 227 -
316

To consider the key outcomes and recommendations of the Outline Business Case for the procurement of a new Waste Management Contract.

Wards affected: all wards

Contact: Nigel Hancock – Programme Manager

20: Exclusion of the Public

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

21. Transport Services Capital Investment Vehicle Replacement Programme (VRP); 21/22 - 25/26 - Proposed Expenditure 317 -
320

(Exempt information relating to Part 1 of Schedule 12A of the Local Government Act 1972, namely that the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making).

To receive exempt information in relation to Agenda Item 18

22. Procurement Options for Waste Management

321 -
422

(Exempt information relating to Part 1 of Schedule 12A of the Local Government Act 1972, namely that the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making).

To receive exempt information in relation to Agenda Item 19

23. Building Safety, Compliance Report. Anthony Brown, RM Consulting: April 2021

423 -
480

(Exempt information relating to Part 1 of Schedule 12A of the Local Government Act 1972, namely that the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making).

To receive exempt information in relation to Agenda Item 8

Contact Officer: Yolande Myers

KIRKLEES COUNCIL

CABINET

Tuesday 12th October 2021

Present: Councillor Shabir Pandor (Chair)
Councillor Paul Davies
Councillor Eric Firth
Councillor Viv Kendrick
Councillor Musarrat Khan
Councillor Peter McBride
Councillor Carole Pattison
Councillor Cathy Scott
Councillor Will Simpson

In attendance: Councillor Martyn Bolt
Councillor James Homewood
Councillor Amanda Pinnock
Councillor John Taylor
Councillor Harpreet Uppal

Apologies: Councillor Naheed Mather

82 Membership of Cabinet

Apologies for absence were received on behalf of Councillor Mather.

83 Declarations of Interest

No interests were declared.

84 Admission of the Public

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

85 Deputations/Petitions

Cabinet received a Petition from Angela Howard, representing the residents of Oak Road, which asked Kirklees Council for further clarification around the re-routing of traffic along Oak Road as part of the A62 to Cooper Bridge Corridor Improvement Scheme.

86 Questions by Members of the Public

No questions were received.

87 Questions by Elected Members (Oral Questions)

Cabinet received the following questions in accordance with Executive Procedure Rule 2.3;

Question from Councillor Bolt

“Can the Leader clarify for myself and the Council, how when and why he and his Deputy asked instinctive partners whose stated business role is to influence, communicate and affect reputation, to hold back on any announcements for the controversial Cleckheaton development until after the elections?”

A response was provided by the Leader of the Council (Councillor Pandor)

Question from Councillor Bolt

“As we are in National Lorry Week, does the Leader agree with me that a pro-active authority should recognise the need for our community and commerce to have efficient transport facilities?”

A response was provided by the Leader of the Council (Councillor Pandor)

Question from Councillor J Taylor

“This Council’s administration decided to close the Democracy Commission working party. There was work in progress and I was promised a report that would show who was picking up that work and where that work was going to be progressed. I suggested that we hold another meeting of the working group, and yet we still haven’t had a meeting arranged or had any contact about dates. When are we going to see some progress on the Democracy Commission?”

A response was provided by the Cabinet Member for Housing and Democracy (Councillor Scott)

Question from Councillor Bolt

“Can you tell me if you are satisfied that the Council is doing everything in its power to ensure homes are available for families if needed?”

A response was provided by the Leader of the Council (Councillor Pandor)

Question from Councillor J Taylor

“When place standard was initially introduced, we talked to people who didn’t ordinarily want to talk to the Council. We now seem to have slipped back to doing much more online. We need to hear the voice of people who don’t ordinarily take the time to engage with the Council. How are we going to make the step-change, going back to the principles we started with, so that we don’t let down our communities because we are only hearing those voices that we always hear?”

A response was provided by the Leader of the Council (Councillor Pandor)

Question from Councillor J Taylor

“I went to the Lindley ward for the launch of the Snow Dog’s initiative by Kirkwood Hospice and I was surprised that there wasn’t more involvement from Kirklees. Can

we talk to our cultural team about what they can do to get behind Kirkwood Hospice and turbocharge this initiative?"

A response was provided by the Cabinet Member for Culture and Greener Kirklees (Councillor Simpson)

Question from Councillor Bolt

"The Secretary of State for Transport is due to announce that he is seeking to make a bid for £50m to improve lorry parks across the country, therefore making the profession more attractive. Will you join me in putting together a bid within Kirklees for this newly announced £50m to see if we can not only improve Dewsbury, but let's have somewhere else in Kirklees for our hard-working lorry drivers?"

A response was provided by the Leader of the Council (Councillor Pandor)

88 A62 to Cooper Bridge Corridor Improvement Scheme

(Under the provision of Council Procedure Rule 36(1) Cabinet received representations from Councillors Bolt, Homewood, A U Pinnock, J Taylor and Uppal).

Cabinet considered a report which sought approval in principle to the A62 to Cooper Bridge Corridor Improvement scheme, to accept and spend funding from the West Yorkshire plus Transport fund and to agree in principle land acquisition as part of a land assembly.

The report advised that long journey times and poor air quality was experienced in the Cooper Bridge area and on the A644 and A62 nearby. The A62 and A644 had been identified as key routes which, through improvements, could support the creation of jobs in the area, relieve congestion, reduce journey times for general traffic and improve pedestrian and cycling accessibility.

Cabinet was informed that an outline business case had been prepared for submission to the Combined Authority to seek grant funding of £10m to develop the scheme to full business case submission. Cabinet was advised that the proposed scheme would require third party land to enable the construction of a new roundabout and targeted highway widening.

Appended to the considered report were (i) a general arrangement drawing showing the latest scheme design and (ii) the Consultation Outcome Report.

Resolved -

- 1) That approval be given in principle to the scheme.
- 2) That approval be given to accept and enter into any agreement with the West Yorkshire Combined Authority for the funding to work up the A62 to Cooper Bridge Scheme to full business case.

- 3) That approval be given to incur expenditure in the working up of the scheme if the Council's application to the West Yorkshire Combined Authority for funding is successful.
- 4) That authority be delegated to the Strategic Director Growth & Regeneration to negotiate and agree the terms of any agreements that may be necessary to work up the A62 to Cooper Bridge Scheme including the funding agreement with the West Yorkshire Combined Authority.
- 5) That authority be delegated to the Service Director – Legal, Governance & Commissioning to enter into the grant agreement with the West Yorkshire Combined Authority for the funding of the A62 to Cooper Bridge and any other relevant agreements and documents to which the Council is party.
- 6) That authority be given for the acquisition of land in principle as part of a land assembly.
- 7) That it be noted the design team's commitment to work with and place shape the scheme with residents and businesses.
- 8) That it be noted the land negotiations would commence subject to funding approval of the outline business case.
- 9) That it be noted that the project would return to Cabinet to secure authority to make compulsory purchase orders in relation to the scheme, where necessary.

89 Dewsbury Town Deal - Next Steps

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

Cabinet considered a report which outlined the next stage of the Dewsbury Town Invest Plan Project Delivery, which included details of the 9 identified projects that had been agreed in principle.

The report advised that the individual projects were at different stages of development but that the government had set a challenging timetable for delivering the business cases, being 12 months for the 9 projects. As the accountable body, the Council through the assurance process, would be responsible for determining what an acceptable business case would be.

Cabinet was advised that the projects would be overseen by the Dewsbury Town Deal Board and would be managed within the Council by the Dewsbury Blueprint Board, with project approvals being considered by Cabinet as appropriate.

RESOLVED -

- 1) That the details of the identified Town Investment Plan projects be agreed.
- 2) That the assurance process for agreeing / authorising business cases for individual projects be agreed.
- 3) That authority be given to the Strategic Director Growth and Regeneration, in consultation with the portfolio holders for Regeneration and Town Centres, to agree business cases and once agreed submit the required information to the Ministry of Housing, Communities and Local Government (MHCLG) to access the funding required for individual projects.

Cabinet - 12 October 2021

- 4) That authority be given to the Strategic Director Growth & Regeneration and the Council Section 151 Officer to utilise identified project funds, both council match funds and grant received from MHCLG as part of the Town Deal, to assist in the development of business cases or help facilitate early project delivery.
- 5) That authority be given to the Strategic Director Growth & Regeneration to approve grants of up to £100,000 per recipient to progress Town Investment Plan project delivery.
- 6) That authority be given to the Service Director Legal Governance and Commissioning to finalise and enter into all appropriate contracts, deeds and documents in relation to the receipt of grants from MHCLG.
- 7) That it be noted the engagement of consultants to assist with the development of business cases and the project governance arrangements are noted and agreed for the development and delivery of projects alongside the assurance process.

90 **Our Council Plan 2021/23**

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

Cabinet considered the 2021/23 'Council Plan' which set out the Council's ongoing commitment to People, Partners, Place, and its Shared Outcomes.

The report advised that the plan set out the Council's approach to recovery following the Covid-19 pandemic, seeing actions being delivered across the short, medium, and long term.

Cabinet was advised that the plan was an overarching one which formed part of the Council's Policy Framework. The Council Plan set out how the Council would deliver against its shared outcomes and identified how it would shape its work in the coming years.

RESOLVED -

- 1) That approval be given for the 'Achieving our Outcomes' report and recommend it to Council for approval at its meeting on 13 October 2021.
- 2) That approval be given for the priority actions for incorporation into the Council Plan as the Cabinet's priorities.
- 3) That approval be given for the Council Plan and recommend it to Council for approval at its meeting on 13 October 2021.
- 4) That in consultation with the Leader of the Council, authority be given to the Chief Executive to make any required amendments.

91 **Financial Assistance for the Kirklees Care Association and Financial support to the local adult care sector**

Cabinet considered a report which proposed two key interventions to support the local care market in the provision of care by (i) financial assistance to develop a strategic development partner in the form of a local care association known as Kirklees Care Association and (ii) providing short term funds to help enable providers make the transition to the new longer term market position.

The report advised that in line with the Vision for Social Care, the 'Home First' approach had resulted in the expansion of the local domiciliary care market which provided a greater opportunity to support people to remain in their own homes. It was noted that the predicted future demand for care homes would be for people with more complex support needs, who would stay for a shorter period of time.

Cabinet was advised that the development of a strategic partner in the Kirklees Care Association would allow the Council to build a stronger relationship with a key external partner to support co-produced sector change. It was noted that the hardship and innovation grant support scheme would allow the Council to provide support to providers locally who were seeking to diversify or needed the required investment to improve the range of care available locally.

RESOLVED -

- 1) That authority be delegated to the Strategic Director Adults and Health to administer grant funding up to £119k for the development of a strategic partner in the Kirklees Care Association for the years 2021/22 and 2022/23 and into 2023/24 in accordance with Financial Procedure Rule 22.12 the cost to be borne equally between the Council and NHS Kirklees CCG.
- 2) That authority be delegated to the Strategic Director Adults and Health to design and oversee a hardship and innovation grant support scheme for the local adult social care sector up to £500k from the existing Council budget for 2021/22.
- 3) That Cabinet notes the broader pressures in the care home system.

92 Proposal for delivering more affordable homes through Right to Buy (RTB) buyback

Cabinet considered a report which outlined the issues with the Right to Buy buyback programme and sought approval to introduce a capped negative Net Present Value under certain circumstances when purchasing properties from the open market.

The report advised that approximately 200 council homes were lost through the Right to Buy each year, impacting on the Council's ability to rehouse those most in need of affordable housing. The Council had found it challenging to grow its housing stock through the purchase of Right to Buy buyback properties due to house price increases, meaning the Council could not exercise the right of first refusal as it could not offer market value for many properties.

Cabinet was advised that approval to purchase properties with a negative Net Present Value would help meet increased demand for affordable housing within Kirklees, including specialist housing for particular groups such as Afghan refugees, people with physical disabilities and existing tenants who needed to relocate.

RESOLVED -

That approval be given to property purchases with a negative Net Present Value as set out in Table 1 of the report and include in the 30-year business plan.

93 Update of the medium term financial plan 2022-23 and following years

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

Cabinet considered a report which set out the financial planning framework for subsequent development of budget proposals for consideration at Budget Council for the financial year 2022/23, and future years.

The report advised that Cabinet had commenced work to develop the budget for 2022/23 and beyond and would be looking to develop proposals that continued to build on the ambition for inclusive investment that supported Council priorities.

Cabinet was advised of the following amendment to the text of the report; paragraph 1.5.3 delete text ‘...Huddersfield Market High Street Funding Bid at £18m...’ and at paragraph 1.8.6 insert text ‘...and consider options for the previously unsuccessful Huddersfield Market High Street Fund Bid at £18m...’.

RESOLVED -

In noting that officers would consider options for the previously unsuccessful Huddersfield Market High Street fund bid at £18m;

- 1) That the funding and spend assumptions informing the updated budget forecasts be noted.
- 2) That the current and forecast earmarked reserves and general balances as set out at Appendix B be noted.
- 3) That it be noted that authority be delegated to the Chief Executive and Service Director for Finance, in consultation with the Leader and Cabinet Portfolio Holder, on the preferred option for Business Rates Pool arrangements for 2022/23.
- 4) That the updated multi-year capital budget plans as set out at Appendix D be noted
- 5) That approval be given to the financial planning framework as set out in Section 1.4 of the report.
- 6) That the corporate budget timetable and approach set out at Appendix F be noted.
- 7) That authority be delegated to the Strategic Director Corporate Strategy, Commissioning and Public Health to agree the approach to budget consultation and relevant timescales in consultation with the Portfolio Holder for Corporate Services.

94 Kirklees Council Access Strategy 2021 - 2026

Cabinet received the Council’s Access Strategy 2021 - 2026, which had been redesigned given the requirements of citizens and communities had changed following the pandemic and as services recovered.

The report advised that central to the Access Strategy was how it could support several shared outcomes (i) addressing inequalities, building inclusion (ii) working across the life course and in the places that people live and (iii) local capacity building – building on the strengths and local resources.

RESOLVED -

That the Access Strategy 2021-26, as set out at Appendix 1, be approved and be implemented from October 2021.

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: 14th December 2021

Title of report: Building Safety, Compliance Report. Anthony Brown, RM Consulting: April 2021

Purpose of report:

This report outlines the outcome of an independent review of safety and compliance commissioned by Kirklees Council and conducted by Anthony Brown of Robust Management Consulting during February 2021 to May 2021. The review resulted in an improvement plan with 48 recommendations and a focus on 6 key areas of priority:

1. Compliance Governance and Oversight
2. Management information and delivery of compliance services to Non HRA properties
3. Fire Safety
4. Asbestos Management
5. Water Hygiene
6. Passenger Lift Safety

The report provides an update on progress against all recommendations.

<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</p> <p>Spending in excess of £250k and affects all electoral wards</p>
<p>Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u></p>	<p>Key Decision – Yes</p> <p>Public Report - Yes</p> <p>Private Appendix – Yes – (Appendix 1)</p>
<p>The Decision - Is it eligible for call in by Scrutiny?</p>	<p>Yes</p> <p>If no give the reason why not</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>Julie Muscroft: 06/12/2021</p>
<p>Cabinet member portfolio</p>	<p>Give name of Portfolio Holder/s</p> <p>Cllr Cathy Scott - Housing and Democracy</p>

Electoral wards affected: All

Ward councillors consulted: No

Public or private: Public report with private Appendix 1

Appendix 1 is private in accordance with Schedule 12A Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006 namely it contains information relating to the financial and business affairs of third parties (including the Authority holding that information). It is considered that the disclosure of the information would adversely affect those third parties including the Authority and therefore the public interest in maintaining the exemption, which would protect the rights of an individual or the Authority, outweighs the public interest in disclosing the information and providing greater openness and transparency in relation to public expenditure in the Authority's decision making.

Has GDPR been considered? Yes

1.0 Background and Summary

- 1.1 Compliance and Building Safety remains a key organisational priority, since 2017 we have invested significantly in additional competency/resource and systems to better establish reliable compliance performance and a management system to effectively manage risk in the 6 key areas of building safety compliance across Council Housing:
- Fire safety
 - Asbestos Management
 - Gas safety
 - Electrical safety
 - Water Hygiene
 - Lifts and Lifting equipment
- 1.2 During this period, we introduced independent scrutiny through the appointment of a 3rd party auditor (Mazars) and established a performance reporting consistent to the Homes and Communities Agency's Home Standard which was the regulator at that time. This oversight is now the responsibility of the since established Social Housing Regulator.
- 1.3 Audits highlighted a number of common themes and made 37 key recommendations to improve the way we manage our data, demonstrate competency, establish and maintain a programme of statutory inspection/reinspection and gear up delivery of remediation and improvement programmes.
- 1.4 In late 2020 major regulatory reform was announced in the publication of the White Paper on Social Housing, Draft Building Safety Bill and the Fire Safety Bill revision.
- 1.5 This prompted the council to commission a further independent review into Compliance and Building Safety as part of its due diligence of the transfer of engagements of KNH to Kirklees Council.
- 1.6 In January 2021 Kirklees Council appointed Anthony Brown of Robust Management Consulting to undertake a root and branch review across all areas of compliance and building safety with a focus on existing arrangements for:
- Governance and oversight of compliance and building safety activities
 - The integrity and robustness of property and asset information

- Performance management of compliance and building safety
- Compliance performance across the big 6 and the risk being carried by the organisation

1.7 Officers spent 4 months in a series of interviews with Robust Management Consulting and shared significant amounts of information to assist in the review, which resulted in the attached report and improvement plan (appendix 1)

2.0 Findings of the Report

2.1 The report identified a number of areas of improvement placing significant risk on the organisation, namely:

- Poor data integrity and lack of system integration
- Overdue delivery of fire safety remedial actions
- Water Hygiene: lack of visibility of risk across domestic dwellings, completion of communal re-inspection programmes and review dwellings included, completion of remedial actions
- Asbestos management: poor data management, completion of inspection and re-inspections programmes

2.2 Overall the report made recommendations to establish 3 lines of defence to avoid any regulatory breaches:

3rd Line of Defence: Establish independent and objective assurance to the executive management team and the Cabinet through internal and external audit that reports to the Building Safety Assurance Board (BSAB)

2nd Line of Defence: The delivery of operational compliance services underpinned through formally agreed policy and process, effective performance monitoring and guidance/training to the 1st line

1st Line of Defence: Establish the responsibility of operational line managers to effectively identify, manage and control risk, timely delivery of compliance inspection and remediation programmes, further ensuring adequately qualified resources to undertake the allocated compliance functions

2.3 The review identified 48 individual recommendations which form the basis of the improvement plan:

- | | |
|--|-------------------|
| • Cross Cutting; Governance and oversight: | 7 recommendations |
| • Property and Assets in Management: | 9 recommendations |
| • Compliance and Performance: | 3 recommendations |
| • Fire Safety: | 8 recommendations |
| • Electrical Safety: | 3 recommendations |
| • Gas Safety: | 2 recommendations |
| • Asbestos Safety: | 6 recommendations |
| • Water Hygiene: | 6 recommendations |
| • Passenger Lift Safety | 4 recommendations |

- 2.4 All recommendations were assigned to lead officers and during the implementation period we combined 6 recommendations from the compliance review relating to data validation, asset controls and the provision of performance information as they overlapped and related to the same outcome; we have therefore reduced the original number from 48 to 42.
- 2.5 We added 13 recommendations that remained outstanding from previous Mazars audits to prevent duplication and therefore established an improvement plan with a total of 55 recommendations and at the time of writing, 31 have been completed and signed off by the independent consultant

Recommendations	Not Started	In Progress	Complete	Superseded	Total	% Complete
Compliance Review	2	13	27		42	64%
Mazars	0	4	4	5	13	50%
All Actions	2	17	31	5	55	62%

- 2.6 Overall the improvement plan remains on programme as we continue to complete recommendations by priority and key areas of the improvement plan. The estimated completion date of the overall plan is 29/09/23 and coincides with the estimated completion of outstanding FRA remedial works to low rise blocks, this is however subject to contractor capacity, uninterrupted access and specialist materials.
- 2.7 Given the priority relating to FRA work actions, we also track the completion of every high priority action (AA) and those to High Rise blocks notified to the Regulator, on a weekly basis to ensure we are fully sighted on progress and can resolve possible delays at the earliest opportunity.

Fire Risk Action Summary - 19/11/21			
AA Fire Risk Actions			
Category	Starting Figure	Current Total 19/11/21	Anticipated Completion Date
Grand Total	272	86	30/03/22

Fire Risk Action Summary 19/11/21			
High Rise Fire Risk Actions			
Category	Total	Current Total 19/11/21	Anticipated Completion Date
Grand Total	1121	735	28/03/2022

2.8 As part of the ongoing dialogue with the Regulator of Social Housing and self-referral made in January 2021, we advised her of the compliance review commissioned in early January 2021, we provided further updates in February, May and September, sharing the full report in October. We met with the Regulator on 3rd November 2021 during which we provided overview and a detailed update against the review including:

- The background and context to the Compliance Review
- The key issues identified within the report
- The overdue fire safety remedial actions that the Council became aware of as part of its due diligence for Transfer
- Current numbers of overdue fire safety actions
- Further detail on the timescales for the high, medium and low risk fire safety actions to be completed
- The plans to remediate the issues identified and timescales for this.
- Any mitigations that are in place to mitigate the risk to tenants in the interim.

2.8 The Regulator has noted the work that has been undertaken by the Council since the service has come back in house and the progress with delivering the actions in the improvement plan to date. The Regulator also recognised that there is still work to be done to deliver our action plan and has asked for a monthly update on progress up to March 2022. This will assure them that our plans are being delivered before they formally conclude on these matters. Whilst there is still some on-going assurance to provide to the regulator, good progress is being made and there is a strong internal framework of assurance and increase in capacity will enable support to be made available where and when it is needed.

3.0 Conclusions

3.1 The review of Compliance and Building Safety has provided a timely opportunity for a detailed assessment of our safety management system, it coincides with major regulatory reform following Grenfell and the introduction of clear guidance in the form of the Building Safety Bill 2020, Fire Safety Act 2021, MHCLG Consolidated Advice Note 20 Jan 2020, The Social Housing White Paper 2020 and aligns well to the Building Safety Transition Plan published by MHCLG in October 2021.

3.2 The review makes recommendations that allow us to tackle a number of issues that will improve the way we keep our tenants safe, meet our statutory obligations, demonstrate compliance and provide assurance to residents, the Cabinet and other stakeholders..

3.3 The known costs of delivering the improvement plan have been accounted for in the 30-year HRA Business Model alongside other investment streams that seek to address the quality of the home and the quality of the places that council tenants live in. These investment streams include:

- Decarbonising our housing stock to achieve net zero
- Damp and Disrepair to contribution the health and well-being of our tenants
- New council house building and acquisitions to help address the acute shortage of affordable housing
- Regeneration and renewal of high-rise buildings
- Cyclical replacement programmes – boilers, windows, kitchens, bathrooms etc
- Cyclical environmental programmes
- A new lettable standard to improve the tenant's experience of their home

- 3.3 The ongoing improvement plan has delivered significant and tangible benefits, in particular; a robust governance structure with a focused Assurance Board, reliable asset data and an asset structure that clearly identifies all properties with a compliance requirement, an inspection programme with clearly defined dates and a prioritised remediation programme and forward plan aligned to the current Regulatory Framework.
- 3.4 There is a firm organisational commitment from all services in particular, legal, procurement and IT, to ensure that Building Safety and Compliance remains a corporate priority and is supported through a robust governance structure and the resources required to deliver and embed the improvement plan.

4.0 Implications for the Council

4.0.1 Working with People

The review will deliver improvements in the way we share information with residents, consult on proposals and establish a building safety case for all buildings in scope and those deemed higher risk, it aligns to the recommendations of Chapter`s 1 and 5 of the Social Housing White Paper 2020:

1. *To be safe in your home. We will work with industry and landlords to ensure every home is safe and secure*
5. *To have your voice heard by your landlord, for example through regular meetings, scrutiny panels or being on its Board. The government will provide help, if you want it, to give you the tools to ensure your landlord listens.*

4.0.2 Working with Partners

A multi-agency approach is required for the delivery of the compliance and building safety programme, relationships internally, and with external partners are key to success. The Council cannot deliver programmes on its own; partners will play a vital part in shaping and delivering successful outcomes

4.0.3 Place Based Working

Consultation informs a Placed based approach; we continue to develop our overall engagement plan in consultation with the Housing Advisory Board and members of the Tenant and Grants Panel (TAG). Project specific consultation is underway in collaboration with Partnership colleagues as we develop remediation programmes across all areas of compliance specific to individual estates and blocks, those are reinforced with updates on communal notice boards and face to face interactions as well as building safety updates on our website

4.0.4 Climate Change and Air Quality

Fire Safety remediation programmes that affect the fabric of the building are designed to achieve compliance to Part L of the current Building Regulations therein achieve the best possible U Value and thermal rating.

4.0.5 Improving outcomes for children

The compliance review will deliver safer, compliant homes and support the best start for children living in Council Housing

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

Our current assessment of Building Safety remediation to blocks with communal areas requires £30m of Capital provision, this is addition to the £57m allocated the high-rise building safety programme

The Review has identified a critical requirement to strengthen resources in order to deliver the sizeable programme of inspection and remediation, we have therefore created a new building safety function that consists of 27 new posts at an additional overhead cost of £1.4m per annum. And further investment of almost £0.5m has been made to increase capacity in other teams that will be involved in engaging and supporting tenants whilst works are being delivered. We have also established a comprehensive workforce development plan that will equip staff with the skills and qualification required to demonstrate competency. Recruitment to the new structure commences in December 2021 however temporary appointments are being made as an interim measure to support the existing team and programme delivery.

The review makes recommendations in accordance to the current Regulatory Framework:

- Building Safety Bill 2020
- Fire Safety Act (FSO) 2021
- MHCLG Advice Note 2020
- Building Regulations Part B and L
- Social Housing White Paper 2020
- Gas Safety Regulations 1998
- The Control of Asbestos Regulations 2012
- The Electrical Safety Regulations 2019
- HSE ACOP L8: Water Quality
- Lifting Operations and Lifting Equipment Regulations (LOLER) 1998

5.0 Consultees and their opinions

Supporting business cases and outline options have been presented to the Growth and Regeneration Directorate's Senior Leadership Team, the Portfolio Holder, and the Council's Executive Team. Responses and views have been considered and considered prior to finalising this report.

We continue to consult, engage and communicate with tenants and all stakeholders as we develop compliance remediation programmes ensuring this feedback is used to shape delivery. As each phase of the fire safety remediation programme to low rise blocks develops, we will share proposals with residents and ward councillors confirming running orders for blocks, extent of works and sequence of delivery, we will continue to share progress with those affected throughout the delivery stage. We expect to commence works to 6 story blocks in April 2022 and will therefore aim to commence engagement in March.

6.0 Next Steps

To ensure the ongoing delivery of:

- The improvement plan
- Performance reporting to the Building Assurance Board, Health and Safety Oversight Board and the Housing Advisory Board and the Cabinet
- Continued engagement and dialogue with the Regulator to ensure regular updates on progress
- The new Building Safety
- Structure to add capacity and capability
- Fire safety remediation programme commencing in April 2022

7.0 Officer Recommendations and Reasons

7.0.1 That Cabinet:

- (a) Consider the review and its findings.
- (b) approve the direction of the improvement plan.
- (c) Comment on and note progress with delivery of the remediation actions.

7.0.2 Reasons:

Kirklees Council remains wholly accountable as the landlord and Registered Provider for the safety of council housing residents and therefore should be fully sighted on all risks associated to building safety with the potential to cause injury, harm or inconvenience; it is therein duty bound to ensure existing and proposed arrangements are adequate and proportionate with respect to tenant safety.

8.0 Cabinet Portfolio Holder's Recommendations

Keeping the council's tenants safe is the highest priority. I am pleased to see that we have better understood the building safety issues in the council housing stock through this review and that the council has, since the transfer of engagements, acted as quickly in driving the actions required as a result of the findings and recommendations. I fully support the approach to keeping our tenants safe and meeting our obligations detailed against the regulations and ongoing, inspection, repair and improvement programmes.

9.0 Contact Officer

Asad Bhatti: Head of Building Safety
Tel: 01484 221000 and ask for Asad Bhatti
Email: asad.bhatti@kirklees.gov.uk

10.0 Background Papers and History of Decisions

11.0 Service Director responsible

Naz Parkar, Homes and Neighbourhoods

12.0 Supplementary information:

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Name of meeting: Cabinet

Date: 14th December 21

Title of report: Amendment to Tenancy Agreement from Monthly to Weekly Debit

Purpose of report: To seek Cabinet approval to vary the Council's Tenancy Agreement in order to replace the monthly payment (debit) period with a weekly one. It is proposed this change takes effect from April 2022.

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 – affects all Wards.
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)</u> ?	Key Decision – Yes Private Report/Private Appendix – /No
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name	David Shepherd - 17 th November 2021
Is it also signed off by the Service Director for Finance?	Eamonn Croston – 6 th December 2021
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft – 6 th December 2021
Cabinet member portfolio	Cllr Cathy Scott - Housing and Democracy

Electoral wards affected: All Wards

Ward councillors consulted: No

Public or private: Public

Has GDPR been considered? Yes

1. Summary

In 2016 the Tenancy Agreement for Council Tenants was changed from a weekly to a monthly debit period following a Cabinet decision. At the time many Local Authorities reviewed ways to reduce the impact of Welfare Reform and the roll out of Universal Credit (UC).

The change to a monthly rent debit was seen as a way to support tenants who would receive benefit payments directly on a monthly basis, rather than benefit being paid directly to their rent account weekly. The purpose behind aligning rent payments to monthly benefit payments was to make budgeting easier for tenants, mitigate the risk of rent arrears increasing and ultimately prevent tenants from losing their homes.

Following the change to the Tenancy Agreement, an unforeseen issue was identified with the Housing Benefit processing system. It could not align monthly payments to rent accounts without significant changes to its IT infrastructure, at a cost in excess of a £100k.

The cost was prohibitive, and the housing rent accounting system had to remain debiting rent payments weekly, whilst the Tenancy Agreement was based on a monthly payment period. This meant many processes that could be automated within the rent accounting system require manual and labour-intensive interventions by staff

Despite efforts to manage this, it impacts on the service we deliver and creates confusion for many tenants. Documentation needs to communicate monthly payments in line with the Tenancy Agreement, but also quote a weekly rent amount. The annual rent increase letter is an example of this, when sent, it prompts a surge of contact from tenants wanting clarity on what they should pay and when.

A new Housing IT system (CX Civica) is being implemented in 2022. It was envisaged the new system would remedy the existing issues, but Civica has advised that if monthly tenancies remain in place, the new rent accounting system will not be utilised effectively. Further, the existing inefficiencies, potential for inconsistencies and manual interventions would continue if Kirklees failed to align the Tenancy Agreement and rent charging period.

Aligning the Tenancy Agreement to a weekly debit period will improve the service for our tenants and avoid the confusion caused by differing rent debit periods.

It is acknowledged the recommendation made to amend the Tenancy Agreement from a Monthly to Weekly Debit period will reverse the decision made by Cabinet in 2016.

Despite the initial challenge of Welfare Reforms and the roll out of UC, Homes & Neighbourhoods (H&N) has worked to strengthen its relationship with the Department of Works & Pensions. This has enabled joined up working practices, and our officers have gained valuable experience of the UC claims process.

This approach supports tenants to make rent payments and take up the budgeting advice offered. The impact of Welfare Reform is therefore no longer a key driver for a monthly debit period.

2. Information required to take a decision

2.1 Welfare Reform & Universal Credit

The key driver for changing from a weekly to a monthly Tenancy Agreement was the roll out of Universal Credit, this commenced in Kirklees in June 2015. Tenants who had been used to budgeting on a weekly or fortnightly basis, received a month's worth of benefit payments in one lump sum to budget with.

This was a key change to how benefits were paid and posed a challenge for many tenants. It was also thought to pose a significant risk for collection of rental income. It was therefore seen as beneficial for both the tenant and the organisation to have a monthly rent debit period that aligned to when UC income was received.

The collection of rent from UC claimants remains a challenge, and the delays in DWP processing claims continues to impact on rent arrears. However, six years on from its implementation, tenants and staff have become more experienced in managing UC payments. The expectation that UC claimants would pay rent monthly in-line with the new Tenancy Agreement does happen in cases where tenants can manage their budgets but remains problematic for those who can't.

To support tenants who claim UC, H&N has worked closely with the DWP and holds Trusted Partner status. This gives H&N staff access to the Landlord Portal to verify the rent the tenant must pay to ensure the correct amount of benefit is paid to them.

As Trusted Partner, the DWP has also appointed H&N to identify tenants who are unlikely to pay their rent due to vulnerability or support needs. In these circumstances, a direct payment can be requested from benefit payments for rent and arrears and is paid directly to their rent account by DWP. This prevents the risk of homelessness and encourages the tenant to access support to budget and to manage their finances.

2.2 Management of a Monthly Tenancy Agreement

Managing a monthly tenancy agreement with a weekly rent account presents a number of key challenges.

- The monthly condition of the Tenancy Agreement means monthly rent payments should be made in advance to avoid arrears. This is a challenge for tenants especially those paid in arrears by Universal Credit or have a low income.
- At tenancy sign up the new tenant should pay a month's rent in advance
- Communication with tenants, such as the annual rent increase letter display the weekly rent amount, and a monthly payment amount. This is not clear and causes confusion for many tenants.
- The manual processes involved in trying to make a monthly tenancy agreement work within a weekly accounting system is resource intensive. Officers spend valuable time on manual interventions that should be spent engaging with, and supporting tenants faced with financial hardship.

This is not an exhaustive list of the challenges faced but it was envisaged that the implementation of the new Housing IT system (CX Civica) would resolve some of the existing issues.

Advice from CX Civica is that the Income Management module will not be utilised effectively and the inefficiencies, potential for inconsistencies, and manual interventions would continue if Kirklees Council does not align the Tenancy Agreement and rent charging period.

This means the opportunity to enhance the rent income service to support our tenants could be lost, and existing issues would remain.

All other financial systems linked to the rent accounting system are weekly and amending the Tenancy Agreement from a monthly to weekly debiting period is seen as the best option.

A weekly charging period is also easier to communicate if we need to discuss or write to tenants about rent payments.

The proposed amendment will ensure the Tenancy Agreement aligns with the rent accounting module when the new CX Civica housing system is implemented.

2.3 Options for consideration

Option 1 – To change the Tenancy Agreement from a Monthly to Weekly Debit Period

All financial systems linked to rental income are managed on a weekly basis, an amendment to the monthly Tenancy Agreement is seen as the best option to ensure the Tenancy Agreement and account management systems align with each other. There is opportunity to improve services by utilising the new Housing IT, CX Civica system to its full extent.

This option requires consultation with tenants regarding the proposed changes, the Service Director of Homes & Neighbourhoods reviews feedback from tenants and provides final sign off for the amendment to the Tenancy Agreement. Should the consultation raise any significant

issues these will be fully considered by the Portfolio Holder who will consider these in conjunction with the Service Director of Homes & Neighbourhoods.

If the change is approved this will provide clarity for tenants about payment and charging periods.

There is a budget consideration for this proposal as approximately 22,000 tenants will require notification of the proposed amendment.

The cost of sending the initial letter, followed by the formal notice of variation by 2nd class post will be £30,360. This cost can be reduced by half (£15,180) if the first letter is sent with the annual rent increase letter.

There will be legal costs to vary the Pinnacle PFI Contract, these are unknown until Legal Services has reviewed the full detail of the contract.

Option 2 – Leave the Councils Tenancy Agreement for Monthly Debit as it is

The Tenancy Agreement could remain as it is. This is not believed to be the best option as the differing payment periods is confusing for tenants, and difficult for staff to communicate accurate arrears figures.

The management of the rent accounts with the current arrangement is challenging and requires the manual intervention of processes that could be automated. The time taken with manual processes could be better used supporting tenants faced with financial difficulties.

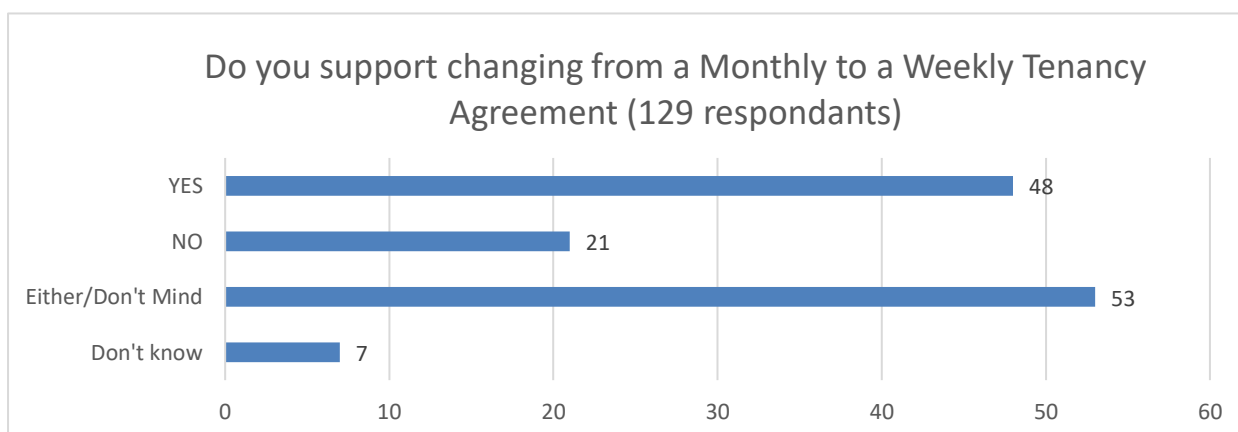
The advice from CX Civica is that the new system will not be utilised effectively if Kirklees failed to align the Tenancy Agreement and rent charging period. The existing inefficiencies, potential for inconsistencies and manual interventions would continue.

3. Implications for the Council

- **Working with People**

Consultation about the proposal has been undertaken with tenants making contact with H&N to access services, they were invited to feedback on the proposal.

129 tenants agreed to provide feedback, and **53 (41%)** said they didn't mind either a monthly or weekly Tenancy Agreement, **48 (37%)** supported a weekly agreement, **21 (16%)** did not support the change, and **7 (6%)** tenants said they were unsure.



Although this is not the full statutory consultation process that will be required if Cabinet approves the recommendation, it does provide some initial feedback from tenants, who appear supportive of the change to a weekly Tenancy Agreement.

To vary conditions of a tenancy agreement requires a full consultation exercise, and there is a duty under Section 103 of the Housing Act 1985 to consult tenants affected by a change in the terms of the tenancy agreement.

Legal Services has advised of the following process must be undertaken to meet this requirement:

- Letter sent to all affected tenants advising them of the proposed change, with a period for and deadline for making comment about the change.
- A requirement for the comments to be assimilated into a reporting mechanism in the final decision- making process
- Once decision is made the tenancy amendment is served giving the required 4 weeks' notice before effecting the change.

The statutory process gives tenants opportunity to comment on the proposed variation and requires the Council to consider these comments. It is requested that the Service Director of Homes and Neighbourhoods reviews consultation feedback and, subject to any significant objections, authorises the amendment to the Tenancy Agreement.

It is crucial that the tenants voice is heard in relation to the proposal made. To ensure tenants have every opportunity to feedback comments, the Communications Team will utilise all available communication methods to publicise the consultation period, including social media, website, press release, telephone contact, and face-to-face.

- **Working with Partners**

We will work with a range of internal and external stakeholders to ensure we capture the tenants voice about the proposed changes.

This report was discussed with the Tenant Advisory Grant Panel on the 24 November 21, and the panel were supportive of the recommendation made.

H&N's, Customer Support and Information team handle in excess of 1300 calls a week from H&N's customers. The team will work proactively to inform tenants of the proposed change and capture their feedback.

- **Place Based Working**

Housing teams deliver a range of services out in our communities, in Community HUB meetings, with Fusion, Customer Service Centres, Libraries etc and will be in a position to assist with informing tenants about the consultation period.

Our Partnerships team work closely with tenant and leaseholder representatives, and this will provide the opportunity to discuss the proposal directly with those groups.

The ability to work with an IT system that will automate, existing manual process will free up officer time to spend out in the communities, supporting tenants.

- **Climate Change and Air Quality**

There will be no change to Climate Change and Air Quality if this proposal is approved.

- **Improving outcomes for children**

Providing support to tenants to manage their tenancy is a key objective. We are aware of the impact of losing a home can have on a family. Tenants faced with financial hardship are fully supported and we offer support from Housing, Money Advice Unit, Employment Support Team and Young People Pathways teams.

Ensuring these vital services are delivered efficiently ensures families can sustain their tenancy and in turn help to keep more children in their homes. The knock-on effects of those faced with financial hardship or homelessness is well known, and this can impact on children's health, education and general wellbeing.

- **Other (Legal/Financial or Human Resources)**

There is a budget consideration for this proposal as approximately 22,000 tenants will require notification of the proposed amendment.

The cost of sending the initial letter, followed by the formal notice of variation by 2nd class post will be £30,360. This cost can be reduced by half (£15,180) if the first letter is sent with the annual rent increase letter.

There will be legal costs to vary the Pinnacle PFI contract, these are unknown until Legal Services has reviewed the full details of the contract.

An Integrated Impact Assessment has been completed to ensure the proposal does not impact negatively on people with protected characteristics.

4. **Consultees and their opinions**

- The report was discussed with the Tenant Advisory Grant Panel on the 24 November 21, and they were supportive of the proposal.
- The proposal was discussed with Councillor Scott, the Portfolio Holder on 30 November.
- Consultation about the proposal has been undertaken with tenants making contact with H&N to access services, they were invited to feedback on the proposal.
- 129 tenants agreed to provide feedback, and **53 (41%)** said they didn't mind either a monthly or weekly Tenancy Agreement, **48 (37%)** supported a weekly agreement, **21 (16%)** did not support the change, and **7 (6%)** tenants said they were unsure.

5. **Next steps and timelines**

Prepare implementation plans for Option 1, subject to the Cabinet decision.

Following the statutory period of consultation with tenants and full consideration of the feedback from tenants, subject to no major issues being raised in this consultation, the implementation of the amended Tenancy Agreement will be in April 2022. The Service Director of Homes & Neighbourhoods may make any necessary changes to the proposal as raised by the consultation responses, the matter may need to be referred to Cabinet for further consideration if major issues are raised.

Officer recommendations and reasons

6. Cabinet is requested to approve Option 1 - to change the existing Tenancy Agreement from a monthly to weekly debit period.

This approval is subject to the period of consultation with tenants and evaluation of the issues raised in that consultation. The Service Director of Homes & Neighbourhoods has delegated authority to consider feedback from tenants and provides final sign off for the amendment to the Tenancy Agreement in consultation with the Portfolio Holder. The Service Director of Homes & Neighbourhoods will decide whether to implement Option 1 by serving Notice of Variation of tenancy.

If Option 1 is to be followed following evaluation of the consultation, the variation of the terms of the conditions of tenancy shall take effect from 1 April 2022

This change will align the agreement with the rent accounting system and provide much needed clarity to tenants about when they should pay rent.

Manual interventions by officer will reduce as processes can be automated within the new Housing IT system.

7. Cabinet Portfolio Holder's Recommendation

8. The Cabinet Portfolio Holder recommends that Cabinet approves Option 1 - to change the existing Tenancy Agreement from a monthly to weekly debit period.

The Cabinet Portfolio Holder also notes the following;

- tenants can choose whether to make payments weekly or monthly
- the proposal will align the Tenancy Agreement with rent accounting system within the new Housing IT System

9. Contact officer

Lisa Ramsden – Service Manager – lisa.ramsden@kirklees.gov.uk Ex: 72919

10. Background Papers and History of Decisions

Cabinet Report – 23 August 2016

11. Service Director responsible

Naz Parkar, Service Director Homes & Neighbourhoods

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EIA STAGE 1 – SCREENING ASSESSMENT

PROJECT DETAILS

Name of project or policy:	
Amendment to Tenancy Agreement from Monthly to Weekly Debit	
Directorate:	Senior Officer responsible for policy/service:
Growth & Regeneration	Naz Parker/David Shepherd
Service:	Lead Officer responsible for EIA:
Homes & Neighbourhoods	Lisa Ramsden
Specific Service Area/Policy:	Date of EIA (Stage 1):
Tenancy Agreement	24/11/2021

Brief outline of proposal and the overall aims/purpose of making this change:

The purpose of making the amendment to the Tenancy Agreement (TA) is to provide clarity to Social Housing Tenants around the payment schedule for their rent. The existing condition of the TA is for the tenant to pay rent monthly and in advance, this can make budgeting difficult for those in receipt of benefits and/or low income. As the existing rent account system debits rent on a weekly basis, this causes confusion for tenants when letters, rent account statements etc show a weekly rent amount they need to pay rather than a monthly amount as outlined in the TA.

ASSESSMENT SUMMARY

Theme	Calculated Scores						Stage 2 Assessment Required
	Proposal	Impact	P + I	Mitigation	Evidence	M + E	
Equalities	6	3.7	9.7	2.5	2	4.5	No
Environment		4.7	4.7	0	4	4	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)	YES
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

WHAT LEVEL OF IMPACT DO YOU THINK YOUR PROPOSAL WILL HAVE ON...	Level of Impact Please select from drop down
Kirklees employees within this service/directorate? (overall)	Positive
Kirklees residents living in a specific ward/local area?	Neutral
Please tell us which area/ward will be affected:	All Ward areas
Residents across Kirklees? (i.e. most/all local people)	Neutral
Existing service users ?	Neutral

Each of the following groups?		Please select from drop down
<i>(Think about how your proposal might affect, either positively or negatively, any individuals/communities. Please consider the impact for both employees and residents - within these protected characteristic groups).</i>		
...age	What impact is there on Kirklees employees /internal working practices?	Positive
	What impact is there on Kirklees residents /external service delivery?	Neutral
...disability	What impact is there on Kirklees employees /internal working practices?	Positive
	What impact is there on Kirklees residents /external service delivery?	Neutral
...gender reassignment	What impact is there on Kirklees employees /internal working practices?	Positive
	What impact is there on Kirklees residents /external service delivery?	Neutral
...marriage/ civil partnership	What impact is there on Kirklees employees /internal working practices?	Positive
	What impact is there on Kirklees residents /external service delivery?	Neutral
...pregnancy & maternity	What impact is there on Kirklees employees /internal working practices?	Positive
	What impact is there on Kirklees residents /external service delivery?	Neutral
...race	What impact is there on Kirklees employees /internal working practices?	Positive
	What impact is there on Kirklees residents /external service delivery?	Neutral
...religion & belief	What impact is there on Kirklees employees /internal working practices?	Positive
	What impact is there on Kirklees residents /external service delivery?	Neutral
...sex	What impact is there on Kirklees employees /internal working practices?	Positive
	What impact is there on Kirklees residents /external service delivery?	Neutral
...sexual orientation	What impact is there on Kirklees employees /internal working practices?	Positive
	What impact is there on Kirklees residents /external service delivery?	Neutral
...those in poverty or low-come	What impact is there on Kirklees employees /internal working practices?	Positive
	What impact is there on Kirklees residents /external service delivery?	Neutral

...unpaid carers	What impact is there on Kirklees employees /internal working practices?	Positive
	What impact is there on Kirklees residents /external service delivery?	Neutral

WHAT LEVEL OF IMPACT DO YOU THINK YOUR PROPOSAL WILL HAVE ON...		Level of Impact	
		Please select from drop down	
Kirklees Council's internal practices ?		Neutral	
Lifestyles of those who live and work in Kirklees?		Neutral	
Practices of suppliers to Kirklees council?		Neutral	
Practices of other partners of Kirklees council?		Neutral	
Each of the following environmental themes ? (Please select from the drop down list)			
	People	Partners	Places
...clean air (including Climate Changing Gases)	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
...Clean and plentiful water	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
... Wildlife and habitats	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
...Resilience to harm from environmental hazards	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
... Sustainability and efficiency of use of resources from nature	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
...Beauty, heritage and engagement with the natural environment	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
... Resilience to the effects of climate change	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
...Production, recycling or disposal of waste	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
... Exposure to chemicals	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2

HOW ARE YOU USING ADVICE AND EVIDENCE/INTELLIGENCE TO HELP YOU?

Please select YES
or NO

Equality Themes

Have you taken any **specialist advice** linked to your proposal? (Legal, HR etc)?

	...employees?	Yes
Do you have any evidence/intelligence to support your assessment (in section 2) of the impact of your proposal on...	...Kirklees residents?	Yes
	...service users?	Yes
	...any protected characteristic groups?	Yes

Please list your **equalities** evidence/intelligence here [you can include hyperlinks to files/research/websites]:

Consultation and feedback from staff highlights the difficulties they experience when trying to provide clarity and support to tenants about their rent account. The report was shared with the Tenants Advisory Grant Panel on the 24/11/21, they are supportive of the recommendation made. Feedback from tenants about the proposal is being sought when tenants access a range of Homes & Neighbourhoods Services. If Cabinet approve the recommendation there is a statutory obligation to enter into a period of consultation with all tenants about the change where they will have opportunity to provide feedback. To ensure the consultation period is well publicised, a Communications Plan will be prepared to ensure that all tenants have the

	Please select from drop down
To what extent do you feel you are able to mitigate any potential negative impact of your proposal outlined on the different groups of people?	TO SOME EXTENT
To what extent do you feel you have considered your Public Sector Equality Duty?	FULLY

Environmental Themes

Have you taken any **specialist advice** linked to your proposal?

	...Kirklees Council practices?	Yes
Do you have any evidence/intelligence to support your assessment (in section 2) of the impact of your proposal on...	...resident and worker lifestyles?	Yes
	...Practices of Supplier to Kirklees Council?	Yes
	...Practices of other Kirklees Council partners?	No

Please list your environmental evidence/intelligence here [you can include hyperlinks to files/research/websites]:

The proposal made does not impact on the environmental themes.

	Please select from drop down
To what extent do you feel you are able to mitigate any potential negative impact of your proposal on the environmental issues identified?	FULLY

Integrated Impact Assessment – Stage 2 Assessment and Action Plan

Project Details

Name of project or policy:	
Amendment to Tenancy Agreement from Monthly to Weekly Debit	
Directorate:	Senior Officer responsible for policy/service:
Growth & Regeneration	Naz Parkar/David Shepherd
Service:	Lead Officer responsible for EIA:
Homes & Neighbourhoods	Lisa Ramsden
Specific Service Area/Policy:	Date of EIA (Stage 1):
Tenancy Agreement	24/11/21
EIA (Stage 1) reference number:	Date of EIA (Stage 2):
	26/11/21

Stage 1 Assessment Summary

Theme	Calculated Scores						Stage 2 Assessment Required
	Proposal	Impact	P + I	Mitigation	Evidence	Overall	
Equalities	6	3.7	9.7	2.5	2	4.5	No, but completed

A) Equalities Impact – Evidence from Engagement

CONSULTATION WITH KEY STAKEHOLDERS				COMPLETE THIS DETAIL WHEN YOU HAVE DONE YOUR CONSULTATION	
REF No.	Which key stakeholders have you/are you consulted/ing with?	Why have you/are you consulted/ing them (or not?) and what were you/are you looking to find out?	How did you/are you planning to consult them? Date and method of planned consultation	Actual Date of Consultation	Outcome of consultation What have you learned? Do you have actions to complete that will help mitigate any unnecessary negative impact on groups? [move to section B if you do]
1	Tenants	We are seeking initial feedback on the proposal to change the Tenancy Agreement from a weekly to Monthly Debit	When accessing our services we have asked tenants if they wish to feedback on the proposal. Tenants can access our services by telephone, attending the customer service centres, at the Tenants home, or during a meeting at a tenant/resident forum.	24 th -26 th Nov 21	<p>Consultation about the proposal has been undertaken with tenants making contact with H&N to access services, they were invited to feedback on the proposal.</p> <p>129 tenants agreed to provide feedback, and 53 (41%) said they didn't mind either a monthly or weekly Tenancy Agreement, 48 (37%) supported a weekly agreement, 21 (16%) did not support the change, and 7 (6%)</p>

					tenants said they were unsure.
2	Tenants	If Cabinet approve the recommendation made, there is a statutory requirement in accordance with S103 Housing Act 1985. This will include the delivery of a preliminary notice to all tenants along with details of the proposed change to the Tenancy Agreement.	<p>A letter will be sent to all tenants in February 21, and this will provide full details of the amendment to be made and how to feedback any comments.</p> <p>Whilst we do not hold information around the protected characteristics of all of our tenants, we will ensure that all Tenants are supported so they can provide feedback.</p> <p>If we do hold information this will be considered to ensure that consultation is undertaken in an inclusive way.</p>	TBC	

B) Equalities Impact – Action Planning

Equalities Impact - ACTION PLAN			Complete this section when you have actually carried out some actions		
REF.No [from section A]	What actions are you going to do as a result of carrying out your consultation?	What do you think these actions will achieve? Will they mitigate any adverse impact on protected groups? Will they foster good relations between people? Will they promote equality of opportunity?	What did you actually do?	When did you do this?	What was the actual outcome? Have you mitigated any negative impact? Have you ensured good relations exist? Have you promoted equality of opportunity?
1	We are seeking initial feedback on the proposal to change the Tenancy Agreement from a weekly to Monthly Debit, this feedback will be used to provide information for Cabinet to assist them with the decision making process.	<p>This action will provide the Tenants voice in response to the proposal made to ensure our decision-making processes are inclusive and demonstrate that we work with, rather than doing to our Tenants.</p> <p>Housing systems contain a range of information about our Tenants when they have given consent to store it. This information can include information about vulnerability, language barriers, preferred method of contact, and disabilities. This information is</p>	When accessing our services we have asked tenants if they wish to feedback on the proposal. Tenants can access our services by telephone, attending the customer service centres, at the Tenants home, or during a meeting at a tenant/resident forum	24 th -26 th Nov 21	<p>The majority of tenants who wished to comment on the proposal stated that they didn't mind either a weekly or monthly Tenancy Agreement (41%) or supported the proposal (37%)</p> <p>16% of Tenants did not support the change, and 6% of Tenants said they were unsure.</p> <p>Undertaking this initial consultation shows that we are keen to hear our Tenants voice so they have input into the decisions made that directly affect them.</p>

		considered to ensure support is provided to tenants by our officers and enable tenants to provide feedback.			
2	<p>If Cabinet approve the recommendation made, there is a statutory requirement in accordance with S103 Housing Act 1985. This will include the delivery of a preliminary notice to all tenants along with details of the proposed change to the Tenancy Agreement.</p> <p>Following the statutory period of consultation with tenants and full consideration of the feedback from tenants, subject to no major issues being raised in this consultation, the implementation of the amended Tenancy Agreement will be in April 2022. The Service Director of Homes & Neighbourhoods may make any necessary changes to the proposal as raised by</p>				

	<p>the consultation responses, the matter may need to be referred to Cabinet for further consideration if major issues are raised.</p>				

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Name of meeting: Cabinet
Date: 14th December 2021
Title of report: Housing Revenue Account (HRA) rent and service charge setting report and key housing challenges

Purpose of report:

This report provides the financial context and basis for the annual setting of rents and service charges as well as for the HRA budget, which will be considered by cabinet on 18th January 2022.

This report is for a decision for the annual rent and service charge increases for 2022-23, which will form part of the budget proposals.

<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 If yes give the reason why Proposed total increase is in excess of £250k and affects all electoral wards</p>
<p>Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u></p>	<p>Key Decision – Yes Public Report - Yes Private Report/Private Appendix – No</p>
<p>The Decision - Is it eligible for call in by Scrutiny?</p>	<p>Yes</p>
<p>Date signed off by <u>Strategic Director</u> & 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?</p>	<p>David Shepherd: 6th December 2021 Eamonn Croston: 6th December 2021 Julie Muscroft: 6th December 2021</p>
<p>Cabinet member portfolio</p>	<p>Give name of Portfolio Holder/s Cllr Cathy Scott - Housing and Democracy</p>

Electoral wards affected: All

Ward councillors consulted: No

Public report

Has GDPR been considered? Yes

1. Summary

- 1.1 Given the need to invest in Tenant Safety, High Rise remediation & regeneration, decarbonising the council's housing stock, embarking on a retrofit programme and building new council homes, the report is seeking Member approval for an average of £2.91 per week (4.1%, CPI + 1%) increase in dwelling rents in 2022/23 and for the proposed garage rents and other service charges an annual uplift of between 0.02p and 0.84p (4.1%) and Extra Care services - Intensive Housing Management a proposed annual increase of between 98p and £2.50 per week (4.1%) with the exception of Extra Care services - Night Time Security, which has a proposed annual increase of £1.19 per week (6.6%).
- 1.2 The report aims to provide context in terms of the key challenges for the Housing Revenue Account including the CPI + 1% rent increase.
- 1.3 The appendix to the report sets out the full schedule of proposed weekly dwelling rent, service and other charge increases to Council tenants for 2022/23, noting that these will be calculated on a basis that matches the billing period to the number of weeks in the year (i.e., 52 weeks for 2022/23) Appendix 1.

2. Information required to take a decision

2.1 Background

- 2.1.1 The Government has confirmed it has clear expectations of a revised national rent setting policy. The expectation is that following the 1% reduction in rents for 4-years from April 2016 to March 2020 (For Kirklees, cumulative £24.3m) Councils will increase rents by CPI + 1% from April 2020 for five years. The lost rental income from the 4-year reduction cannot be recouped fully during the lifetime of the HRA Business Plan but was partially recouped from the MTFP savings achieved.
- 2.1.2 The Government's Social Housing White Paper emphasis on tenant safety has resulted in a strengthened focus on investing in areas of compliance, especially in relation to fire regulations, but also asbestos, water hygiene, electrical testing, gas, and other safety related services. This has meant a tightening of regulations and new requirements in particular fire safety leading to a significant increase in expenditure for this workstream in the asset management strategy. This will provide reasonable assurance that tenants can remain safe in their own homes.
- 2.1.3 The White Paper also expects providers to strengthen the Tenant's Voice and that engagement mechanisms ensure their views are heard, influence decision making at the highest level and are acted upon. Homes and Neighbourhoods have recently carried out a stakeholder engagement exercise to obtain feedback about the current service and future expectations, in particular our tenants and leaseholders and the feedback is being used to shape service design.
- 2.1.4 In addition to the rent increase, the removal of the borrowing cap will provide for additional borrowing, so that resources can be directed to areas where statutory and regulatory requirements must be met, but also it will provide for additional investment into improving the quality and standard of existing Council homes and to invest in addressing the acute shortage of affordable housing by building and acquiring new council housing. In Kirklees around 200 properties per year are being sold through the Right to Buy. The Council is actively engaged in accessing Government funding and is committed to increasing the number of houses built and to improving their quality through using energy efficient materials and build methods with a commitment to be carbon neutral by 2030 and are embarking on a retrofit programme and ensuring we lever government funding through the

SHDF. This will increase the number of homes available to let and to buy, which will help to reduce homelessness and improve living conditions for existing and future tenants and residents.

2.2 Options

2.2.1 Rental Income will reflect the increase of CPI + 1% which will be applied for five years as per the Government announcement in October 2017. The table below summarises the effects of the increase for the HRA Business Plan. If the proposed increase was reduced by 0.5% to 3.6% (CPI + 0.5%) the impact would mean a reduction in income of £11m over the 30-year life of the plan.

Effect on the HRA business plan	Annual Income	incremental Increase in income	Annual Increase in income	Reserve bal (end 30 yrs) Min £15m	Loan bal at (end 30 yrs)	Additional income over 30 yrs	Impact on 30yr BP
	£000	£000	£000	£000	£000	£000	£000
CPI + 1% = 4.1%	84,894	376	3,080	27,216	212,797	90,094	-
CPI + 0.5% = 3.6%	84,518	375	2,704	27,209	223,761	79,130	10,964
CPI = 3.1%	84,143	2,329	2,329	27,202	234,725	68,166	21,928
No increase	81,814	-	-	27,159	302,891	-	90,094

2.3 Costs/comparisons

2.3.1 To put the reduction of £11m income into context, budgeted expenditure includes the following:

- Capital compliance budget for 2022-23 £8.7m
- Council House building for 2022-23 - 100 units £10.9m
- Council House building and Housing Growth for the next 5 years £93.5m
- Baseline capital plan including component replacements for 2022-23 £25m
- Additional resources for front line housing and compliance £1.9m
- Increased staffing costs and increased employers NI contributions 1.25%

2.3.2 The Intensive Housing Management service charge provides a manager presence in the extra care schemes and the provision of a housing related support service to tenants to help them maintain their tenancies. The cost of this service will increase due to increments paid to staff delivering these services and the increase in national insurance. Of the total cost of this service tenants pay for 80% and the charge is also eligible for housing benefit. An increase of 4.1% is proposed.

2.3.3 There are two service charges which are commissioned by the Council's Adult Social Care. Nighttime Security service charge provides a staff presence in the extra care schemes overnight and to respond to emergency calls made by tenants during the night. The charge that tenants pay for this service amounts to 50% of the total cost and the service charge is eligible for housing benefit. The total cost of this service needs to increase by more than an inflationary amount as costs are increasing due to an uplift to the National Living Wage and an increase in national insurance. An increase of £1.19 per week (6.6%) is proposed.

2.3.4 Gas and water are supplied to the Extra Care properties by the council and tenants are charged for the amount they consume. The tariffs applied to calculate tenants charges are based on those paid by the council under its bulk supply contracts and no management of

administration charge is included. The current tariffs charges were set a number of years ago although the council has entered into new bulk supply contracts subsequently. Information obtained by officers forecasts an increase in gas prices for 2022-23 of 55%. When added to an existing shortfall between the tenant gas tariff and the current council gas tariff; the overall increase could be in the region of 85%. No forecast information has been provided for water supply tariffs however there is a current shortfall between the tenant tariff and council tariff of 8%. Shortfalls between tenant tariffs and council tariffs have previously been minimal due to effective procurement of bulk supplies with shortfalls being absorbed by the HRA. Officers are recommending that tenant tariffs are increased in line with council tariffs from 1st April 2022 as it is not equitable to use the HRA to subsidise Extra Care tenant's outgoings on running their homes in the light of the difficulties in the energy market.

2.3.5 The impact of the COVID 19 pandemic meant that there were estimated losses more than £2m associated with the delivery of Housing and Property services, which were not recoverable, and the current economic recovery is seeing an increase in inflation affecting procurement of materials and increased staffing costs through the increase in national insurance contributions, the living wage and wage inflation more broadly.

2.4 The proposed changes to rent and service charges for 2022/23, as set out above, will be effective from 4th April 2022.

2.5 The HRA is a ring-fenced account and must live within its means. Its main income source is rents. Forecast income must be provided to:

- Service HRA Debt which stands at £163m
- Improve the standard of the current stock over the longer term.
- Provide a high-quality housing management and housing repair service.
- To drive strategic investment in the council house building programme

2.6 Expected impact/outcomes, benefits & risks (how they will be managed)

2.6.1 The rent increase and wider key housing challenges set the broader financial context for the HRA budget discussions in January 2022.

2.6.2 The proposed CPI + 1% rent increase for 2022/23 will directly impact on around 30% of Council tenants not in receipt of housing benefit. Those in receipt of Universal Credit will see their housing cost element increase in line with the rent increase (once the claimant notifies DWP of the change).

2.6.3 As part of HRA self-financing settlement, central government's debt allocation to Kirklees was £216 million. This was based on a nationally modelled assumption that Kirklees HRA would have sufficient future rental income streams to be able to service this level of debt, provided it continued to uplift rents annually in line with national rent guidelines. The debt cap has now been removed but future rental income streams need to be sufficient to enable the Council to build up resources to be able to maintain and improve the standards of the existing housing stock over the longer term.

2.6.4 The new average weekly HRA dwellings rent for 2022/2023 is £74.09, based on a 52-week billing period and incorporating the CPI + 1% increase which still places Kirklees as a landlord charging the third lowest rent in the country as a whole. The following table summarises the actual proposed increases with the average increase being £2.91 per week. The increases range from £2.57 per week for a one-bedroom property to £3.63 per week for a four or above bedroom property.

2.6.5 The average difference between an increase of 4.1% (CPI + 1%) and an increase of 3.6% (CPI + 0.5%) is 0.35p per week, which is 0.31p for a one-bedroom property and 0.44p for a four or above bedroom property.

Average Weekly increases	1 Bed	2 Bed	3 Bed	4 Bed	Average
	£	£	£	£	£
Current	62.80	74.17	83.50	88.58	71.18
CPI - 3.1%	64.75	76.47	86.09	91.33	73.39
Increase of	1.95	2.30	2.59	2.75	2.21
CPI + 0.5% - 3.6%	65.06	76.84	86.51	91.77	73.74
Increase of	2.26	2.67	3.01	3.19	2.56
CPI = !% - 4.1%	65.37	77.21	86.92	92.21	74.09
Increase of	2.57	3.04	3.42	3.63	2.91

2.6.6 Comparative rent data

Comparative private rented property prices in Kirklees (data taken from Rightmove website 1st December 2021)

	1 bedroom	2 bedroom	3 bedroom	4 bedroom
Rent Per week	£100	£121	£137	£183

The LHA allowance is the amount at which benefits will be capped. There are two different local housing allowance areas in Kirklees:

- Kirklees (covers 96% of our area)
- Bradford and South Dales (covers parts of Birkenshaw and a small area around it)

Local Housing Allowance Rates from 1 April 2021 to 31 March 2022					
Area	1 bed shared	1 bed self-contained	2 bedroom	3 bedroom	4 bedroom
Kirklees	£56.50	£85.00	£103.56	£126.58	£162.25
Bradford and South Dales	£68.30	£80.55	£103.56	£120.82	£141.53

2.6.7 It is proposed that the annual increases to average weekly garage rent and other service charges for 2022/23, as attached at Appendix 1, continue to be increased in line with the same Consumer Price Index (CPI) figure (September snapshot) which for 2022/23 is between 0.02p and 0.84p (4.1%), calculated over a 52 week billing period. This is consistent with what most social landlords in the country are proposing.

2.6.8 It is proposed that charges for Extra Care Services – Intensive Housing Management are increased by 0.98p and £2.50 (4.1%) and Extra Care Services – Night Care Service by £1.19 per week (6.6%), this is because there is no local flexibility, as uplift rates are explicitly tied into the contract terms agreed to deliver the service.

3. Implications for the Council

3.1 Working with People by providing direct support to tenants

3.1.1 The rollout of Universal Credit (UC) started in June 2015 and is ongoing with 32% of tenants currently in receipt of UC, 38% partial or full Housing Benefit (HB) and 30% in

receipt of no benefits and so there will be two additional posts dedicated to supporting tenants transitioning from Housing Benefit to Universal Credit. As of 30th September 2021, there were 6238 tenants who were not in receipt of any benefits of which 4565 (73%) of those tenants are already on an arrangement to pay by Direct Debit. The Money Advice team will support these tenants to assess whether they will be eligible for any benefits and will support them to claim any entitlements and to put in place an arrangement to pay by Direct Debit. Contact details for support and an information leaflet will be sent out to all tenants with the statutory increase notice.

3.1.2 Tenants will have access to a Housing Support Fund where they may be able to access support for fuel poverty and gaps in benefit claims, where KC have been awarded funds of £3.7m. Some Tenants will have access to the Home Starter Fund for furniture provision, where assessments are made on specific need and there are also funds available for vulnerable renters, primarily for private renters, where KC have been awarded £212k.

3.2 Working with Partners

Homes and Neighbourhoods Income Management resources are being made available and targeted towards new and transitioning UC claimants to ensure that they receive the support that they need to successfully make the change and keep in control of their rent accounts. The waiting period is around 5 weeks before the first payment is received, although tenants can now claim an advance payment. There are significant strategic and operational challenges in dealing with the estimated total of 14,744 claimants in receipt of benefits in Kirklees Council tenancies and as UC continues to be rolled out in Kirklees, with increased risks associated with managing the HRA, cashflow and income collection rates. The Homes and Neighbourhoods Income Management team work with partners to oversee the delivery of a set of action plans designed to directly mitigate the impact of welfare reform changes such as UC on tenants through a dedicated debt advice team that adopts a restorative approach to debt management.

3.3 Place Based Working

Homes and Neighbourhoods have recently carried out a stakeholder engagement exercise. Suggestions from tenants were practical and covered a wide range of services. The analysis of the feedback from this engagement and satisfaction surveys tells us that our tenants want to live in high quality accommodation in communities that are clean and safe, and a lot of the conversations were around getting the basics right i.e., getting a repair done in a timely and respectful way and making improvements to communication. This feedback will be fed into future service improvements and the budget setting process, where additional resources are required to build capability alongside investing in new integrated systems to drive the services transition to working in a place based model that is agile and mobile.

3.4 Climate Change and Air Quality

3.4.1 We have an ambition to build to a low carbon standard using Modern Methods of Construction (MMC) and thereby achieve carbon zero for occupation, reducing reliance on electric powered heating to achieve carbon reductions significantly. Master planning will play a major part in establishing green space and natural habitat. The proposed regeneration of Berry Brow is however `out of town` so transport links are critically important to encourage the use of public transport and adoption of other modes of travel. The location of the site presents an opportunity to build a `green` development of which there are a number of examples regionally.

3.4.2 Traditional construction will generate around 60 tonnes of carbon per unit whereas a number of MMC systems have established zero carbon in manufacturing and assembly.

We will however generate carbon emissions in demolition, waste generation and site preparation and at this stage is difficult stage to determine actual impacts. We will however carefully design works to reduce embodied carbon where possible.

3.4.3 Fire Safety remediation programmes that affect the fabric of the building are designed to achieve compliance to Part L of the current Building Regulations therein achieve the best possible Value and thermal rating.

3.5 Improving outcomes for children

3.5.1 The current baseline capital plan is forecast to invest £105m over the next five years, which includes resources set aside for component replacements, estate improvements, compliance, fuel poverty and adaptations. Investing in our council properties will improve living conditions by provide a warm and safe home for our tenants to live in, which will improve outcomes for children.

3.5.2 The Money Advice team work closely with tenants to assess whether they are entitled to benefits and then support them to claim entitlements. This relieves poverty in the household and therefore supports children to have a better start in life, which improve outcomes.

3.6 Other (eg Legal/Financial or Human Resources)

3.6.1 A number of key policy announcements have been made following the enactment of the Welfare Reform and Work Act 2016 and the Housing and Planning Act 2016. The implications of the new legislation have been included within the 30-year financial modelling for the HRA and are summarised below in section 4. The budget proposals for 2022/23-2024/25 result from a review of the HRA with the key objective to deliver a balanced 30-year HRA business plan.

3.6.2 The approval of the above recommendations will ensure that a balanced HRA is achieved which means the Council is compliant with the Local Government and Housing Act 1989.

3.6.3 The Equality Act 2010 (Section 149) requires the Council to have due regard to the need to:

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.

3.6.4 It is believed that the proposals to change rents and other charges set out in this report will not have an unduly adverse impact on any persons in any of the nine protected characteristics namely, age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion, or belief, sex and sexual orientation. All tenants affected by any approved changes to rents and other charges will be notified of the specific changes to their charges and be provided with information and guidance on how to access information and guidance on housing and other benefits.

4. Consultees and their opinions

4.1 Awareness of the CPI + 1% rent increase has been communicated to Tenant and Resident Associations through a briefing note sent out on 15th November 2021 and discussed at the Tenant Advisory and Grants Panel on 24th November. TRA's were notified of the proposed changes and based on the information communicated to them as part of the proposed budget for 2022/23 we have not received any feedback opposing the rent

increase. The Tenant Advisory and Grants Panel felt that the proposed increase is excessive but recognised that an increase is required to fund the costs associated with compliance, new build, management and maintenance of properties and were willing to support an increase of 3.6% (CPI + 0.5%) if this was linked to targeted improvements. Individual tenants will be formally notified of the approved changes by letter and in accordance with the statutory 4-week notice period.

5. Next steps and timelines

In order to comply with the requirements of the Local Government and Housing Act 1989 to have a balanced HRA and the Welfare Reform and Work Act 2016 and the rent standard which requires registered providers to comply with specified rules about their levels of rent set under section 194(2A) of the Housing and Regeneration Act 2008; to implement the increase of CPI + 1% subject to Cabinet approval, Council officers will prepare for the implementation of rents and service charge changes from 4th April 2022 as set out in Appendix 1 and the issuing of prior notification letters to individual tenants in accordance with the statutory 4 week notice period.

6. Officer recommendations and reasons

That Members, in order to comply with the requirements of the Local Government and Housing Act 1989 to have a balanced HRA and the Welfare Reform and Work Act 2016 and the rent standard, increase the proposed rents by an average of £2.91 per week (4.1%) and service charges payable by between 0.02p and 0.84p per week (4.1%) for social housing from 4th April 2022, which are contained within this report.

That Members approve the charges for Extra Care Services – Intensive Housing Management increased by between 0.98p and £2.50 (4.1% - CPI + 1%) and Extra Care Services – Night Care Service increased by £1.19 per week (6.6%) in line with increases to the National Living Wage.

The approval of the above recommendations will ensure that a balanced HRA is achieved which means the Council is compliant with the Local Government and Housing Act 1989.

That Members note the national and local financial challenges outlined above in preparation for the HRA budget discussions in January 2022.

7. Cabinet Portfolio Holder's recommendations

The Cabinet Portfolio Holder Councillor Cathy Scott recommends that:

7.1 Cabinet approve the proposed rent increase by an average of £2.91 per week (4.1%) and service charges payable by between 0.02p and 0.84p per week (4.1%) for social housing from 4th April 2022, which are contained within this report.

7.2 That Members approve the charges for Extra Care Services – Intensive Housing Management increased by between 0.98p and £2.50 (4.1% - CPI + 1%) and Extra Care Services – Night Care Service increased by £1.19 per week (6.6%) in line with increases to the National Living Wage.

7.3 That Members note the national and local financial challenges outlined above in preparation for the HRA budget discussions in January 2022.

8. Contact officer

Jacqui Fieldhouse, Head of Finance, Homes and Neighbourhoods

Tel: 01484 221000 Ext 79267
Email: Jacqui.fieldhouse@kirklees.gov.uk

9. Background Papers and History of Decisions

Each year the rent increase proposals for the following financial year will be recommended to Cabinet for approval.

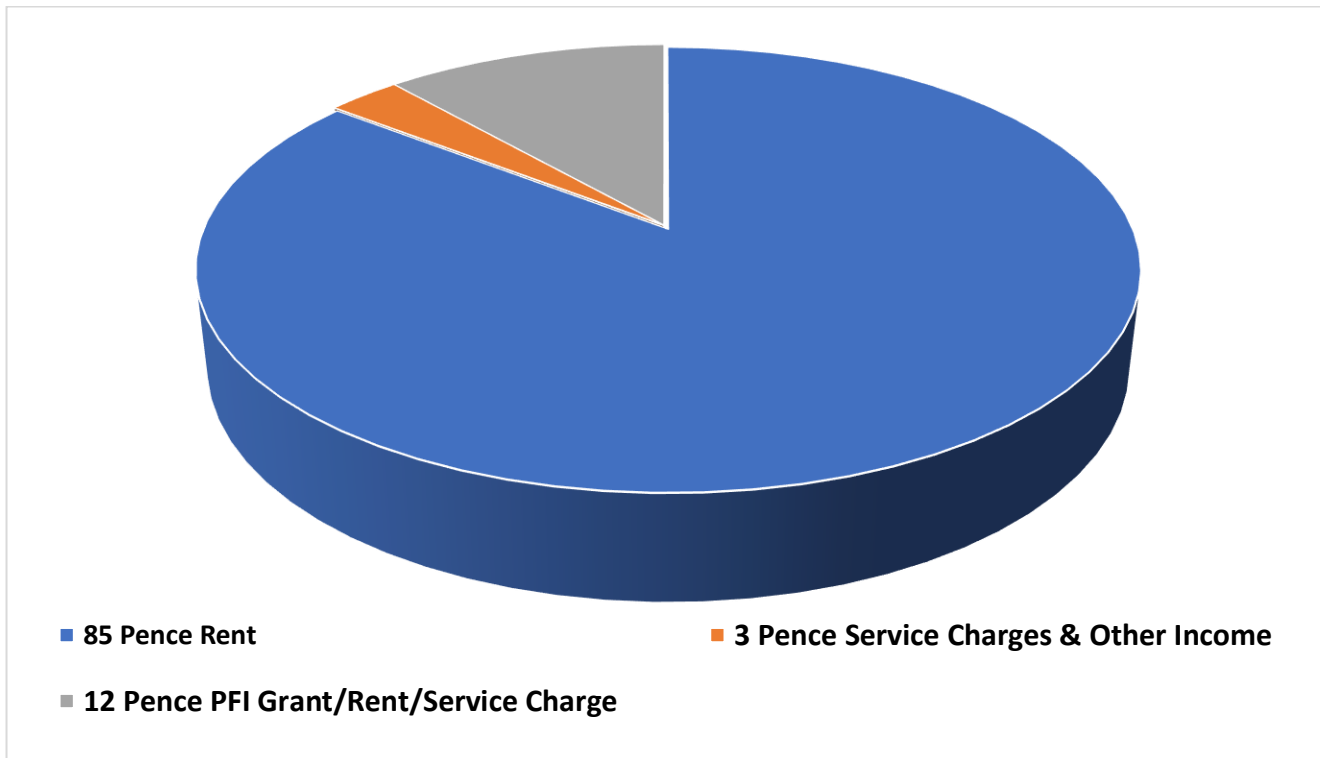
10. Service Director responsible

Naz Parkar, Director of Homes and Neighbourhoods

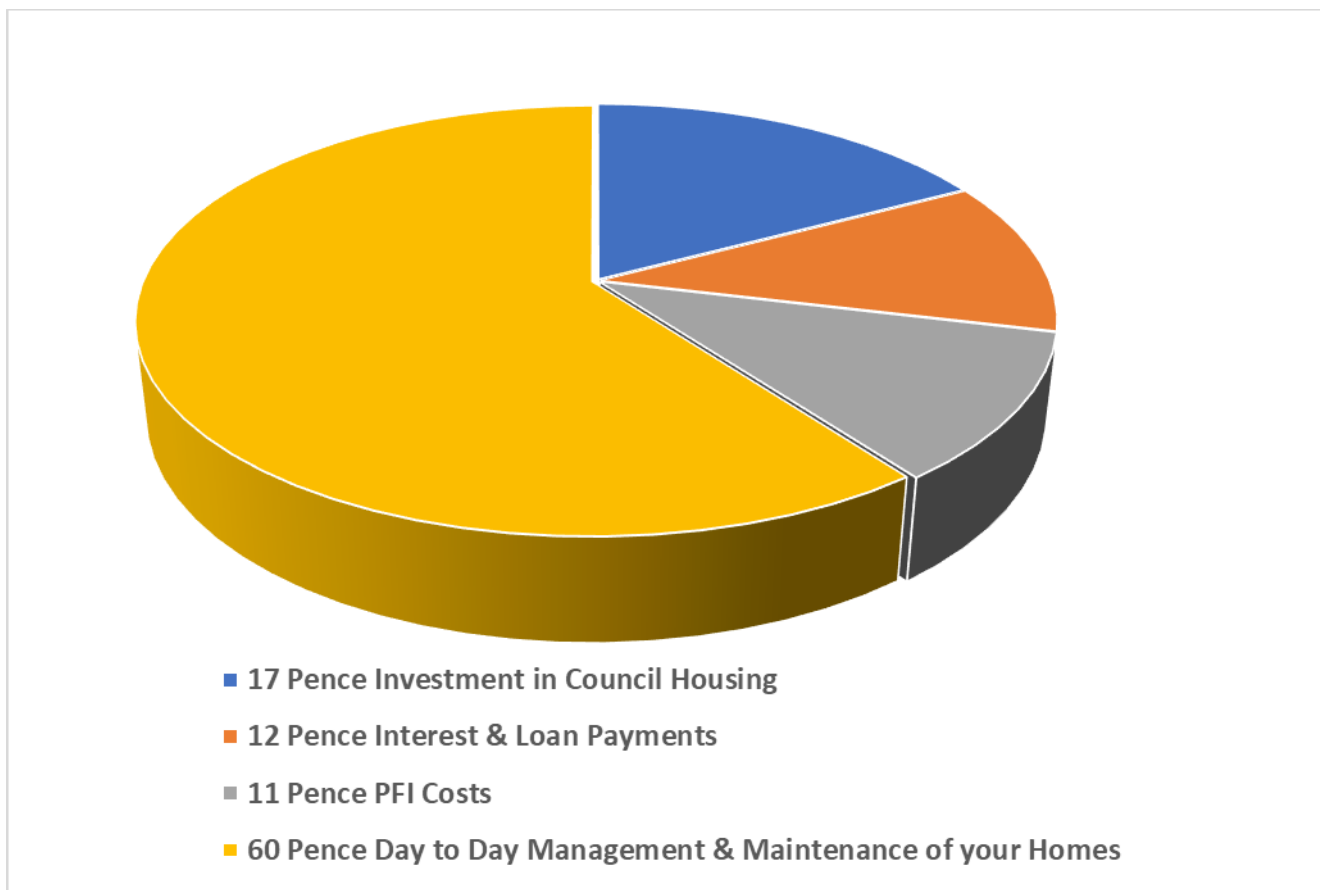
Schedule of Weekly Rent and Service Charges for 2022/23

	Schedule as at 5 April 2021 £		Schedule as at 4 April 2022 £		Increase %
RENTS					
Average Dwelling Rent	71.18		74.09		4.1
Split:					
Average 1 Bedroom Rent	62.80		65.37		4.1
Average 2 Bedroom Rent	74.17		77.21		4.1
Average 3 Bedroom Rent	83.50		86.92		4.1
Average 4 and Over Bedroom Rent	88.58		92.21		4.1
Garage Rents (Excl VAT)	5.33		5.55		4.1
Housing Benefitable Service Charges					
Concierge	2.26 to 14.71		2.35 to 15.31		4.1
Door Entry Systems	0.40		0.42		4.1
Communal Cleaning	0.91 to 7.06		0.95 to 7.35		4.1
Communal Cleaning (contract extension)	1.56		1.62		4.1
Window Cleaning	0.20 to 2.34		0.21 to 2.44		4.1
Sheltered Housing:					
Scheme Management	12.95		13.48		4.1
Scheme Coordinator	4.77		4.97		4.1
Furnishings	16.68, 17.77		17.36, 18.50		4.1
PFI Service Charges					
Communal Cleaning	10.00 to 13.61		10.41 to 14.17		4.1
Communal Utilities	2.05 to 10.90		2.13 to 11.35		4.1
External Lighting (General Needs Only)	1.60 to 2.38		1.67 to 2.48		4.1
Grounds Maintenance	2.69 to 6.99		2.80 to 7.28		4.1
Intensive Housing Management (Extra Care Only)	23.88 to 60.91		24.86 to 63.41		4.1
Management and Admin	1.21 to 1.22		1.26 to 1.27		4.1
Night Time Security (Extra Care Only)	18.03		19.22		6.6
Property Management (Extra Care Only)	20.37		21.21		4.1
R&M Com fac&ut cost	4.78 to 10.92		4.98 to 11.37		4.1
Other Charges					
Parking Spaces	4.59		4.78		4.1
Other Utilities charges	13.55, 18.93		14.11, 19.71		4.1
Older People Support	6.95, 19.53		6.95, 20.33		4.1
Council Tax	4.59, 7.20		4.73, 7.42		2.99
Gardening	3.06		3.19		4.1
Sheltered heating :					
Bedsit	9.63		10.02		4.1
1 bed	11.03		11.48		4.1
2 bed	12.37		12.88		4.1
3 bed	13.58		14.14		4.1

HRA INCOME (Based on current 2021-22 budget)



HRA EXPENDITURE (Based on current 2021-22 budget)



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Name of meeting: Cabinet
Date: 14th December 2021
Title of report: 2021/22 to 2025/26 Council Capital Plan – Proposed allocation of capital funding from the Directorate for Children’s Achieve and Aspire Strategic Priorities and Basic Need funding sections of the Capital Plan.

Purpose of report: This report will identify potential schools’ projects, for Member approval, to be funded from the 2021/22 to 2025/26 Achieve and Aspire Strategic Priorities and Baseline Basic Need funding sections of the Council’s Capital Plan.

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 result in capital expenditure significantly in excess of £250K.
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u>	Key Decision - Yes Public Report
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name	Mel Meggs – Strategic Director for Children’s Services – 10/11/2021
Is it also signed off by the Service Director for Finance?	Eamonn Croston - Service Director for Finance- 06/12/2021
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft - Service Director for Legal Governance and Commissioning - 06/12/2021
Cabinet member portfolio	Cllr Viv Kendrick - Children (Statutory Responsibility for Children) Cllr Carole Pattison - Learning, Aspiration & Communities Cllr Paul Davies - Corporate

Electoral wards affected: All wards

Ward councillors consulted: Yes

Public or private: Public

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

1. Summary

- 1.1 This report will provide information relating to specific individual school related capital projects identified to be funded from the Directorate for Children's Services Achieve and Aspire Section of the Council's Five-Year Capital Plan, which was approved by Council on 8th September 2021.
- 1.2 Members will be asked to consider and approve the projects identified in the report, along with the highlighted capital allocation for each scheme. In some instances, Members will be asked to note investment that has already been approved by Officers using authority previously delegated by Cabinet.

2. Information required to take a decision

- 2.1 For three years, a pupil population bulge has been moving through the Secondary School phase in Kirklees. Evidence suggests this is a time limited bulge with the size of the Year 7 cohorts entering most secondary schools starting to return to more normal levels after 2023/24. Through engagement with secondary schools between 2016 and 2018, it was agreed that this bulge could be managed by the existing school system without creating any new high schools.
- 2.2 The introduction of one or more new high schools would have required significant capital investment and with the population peak being temporary, threatened to destabilise the future secondary school system post the bulge period. Too many school places can create school budget sustainability challenges. The size of a high school required to ensure it was viable would also have been disproportional to the expected levels of local need even at the height of the population peak.
- 2.3 A number of secondary schools have therefore been offering bulge classes for the past three years and further bulge classes will be needed for the next two to three more years. The cumulative impact of these bulge classes, each of which will stay with the school for a five-year period, is placing pressure on the available facilities of some schools. Capital investment is therefore required to address some of the more acute pressures to ensure a high-quality education offer is sustained. Whilst some of the investment is targeted to support bulge class arrangements, future generations of pupils will also benefit from the investment in better facilities.
- 2.4 In two geographical locations the population pressures are expected to continue for a little longer and they are also close to strategic housing development sites which over time will have an upward impact on the demand for school places. In these two areas, Dewsbury and North Huddersfield, it is considered prudent to introduce a modest amount of additional secondary school places on a permanent basis. Further details including the evidence which underpins this is contained in the published Kirklees School Place Planning documents:
<https://www.kirklees.gov.uk/beta/schools/school-organisation-and-planning.aspx>
- 2.5 Local authorities have a statutory duty to ensure there are sufficient school places (section 14(1) of the Education Act 1996) across the whole school sector. To discharge this duty Local Authorities work with maintained schools and academies to secure suitable solutions. Whilst academies receive revenue funding directly from central government and can apply for capital funding for repairs and maintenance,

they are not provided with capital funding to address the basic need for additional school places.

- 2.6 In order to ensure that the Local Authority can discharge its statutory duty to provide sufficient secondary school places, Council approved the inclusion of £6M of corporate borrowing in the Five-Year Capital Plan, which was subsequently reprofiled in the Financial Monitoring Report Q2 at Cabinet on 16th November 2021 as follows:

Financial Year	2021/22	2022/23	2023/24	Total
Secondary Basic Need	£487K	£4.513M	£1M	£6M

In addition, a small baseline budget of £604K in Financial Year 2021/22 comprising of basic need government grant was identified for small quick win investment schemes (of which £6K relates to previous schemes, leaving £598K for new investment).

- 2.7 This report outlines the proposed first phase of the proposed investment in secondary school places at Manor Croft Academy and Thornhill Community Academy as well as identifying quick win schemes at Westborough High School and North Huddersfield Trust.

(i) Manor Croft Academy – permanent expansion of 150 places

- 2.8 Manor Croft Academy have provided a bulge of 30 pupils for the past three years to support additional demand for places resulting from the local child population bulge. The local population bulge is expected to continue towards 2023/24. The school is also close to the Chidswell Strategic Housing development site. For these reasons it is proposed that the school permanently expands by 30 pupils a year from a 180-place intake to 210. In time, this will increase the capacity of the school by 150 pupils from 900 to 1050 places. Officers have been working jointly with the Academy and Delta Academies Trust to identify a suitable scheme to enable the expansion described above to occur. The identified scheme involves an extension to an existing dining room space to accommodate the increase pupil numbers, six additional classrooms with associated toilet provision, and a modest car park extension.
- 2.9 This school is part of the Council's Grouped Schools Public Private Partnership (PPP) 1 Contract with Kirklees School Services Limited (KSSL) hence the PPP1 Provider will manage the design, procurement and delivery of the expansion works through the contractual variations process. A temporary modular classroom solution is expected to be required to support the admission of 30 additional pupils in September 2022, which will be provided by the Council using modular accommodation from within the Council's existing fleet.
- 2.10 Initial feasibility work has indicated that the package of works described in paragraph 2.8 including all professional and legal fees, furniture, equipment and the provision of the temporary modular accommodation will be £3.2M. Delta Academies Trust, of which Manor Croft Academy is part of, has agreed to contribute £500K towards the project for works not covered by the Council's statutory duty to provide school places. This means that the Council's contribution to the project is £2.7M. Members are requested to authorise this expenditure from the £6M allocation in the Council's Capital Plan for additional secondary school places.

2.11 Subject to Cabinet approval, start on site will begin in April / May 2022 with the work delivered in stages and expected completion of the overall project before the arrival of the September 2023 intake of additional pupils.

(ii) Thornhill Community Academy – managing pupil bulges

2.12 Thornhill Community Academy have offered a bulge of 20 pupils per year for the past three years to support additional demand for places resulting from the local child population bulge. This bulge is expected to continue for two further years, 2022/23 and 2023/24.

2.13 A significant shortage in dining provision has been identified in a benchmarking exercise that compares the existing size to the guidelines within the relevant Building Bulletin for secondary schools. Officers have been working with the school to identify a suitable capital scheme to address this shortfall which would involve an extension into an existing courtyard area adjacent to the current dining room.

2.14 This school is part of the Council's Grouped Schools PPP1 Contract with KSSL hence the PPP1 Provider would manage the design, procurement and delivery of the expansion works through the contractual variations process. An initial feasibility study has indicated a budget requirement of £600K including all professional fees and legal costs. Members are requested to authorise this expenditure from the £6m allocation in the Council's Capital Plan for additional secondary school places.

(iii) North Huddersfield Trust School – managing pupil bulges

2.15 North Huddersfield Trust School have provided a bulge of 30 pupils for the past two years to support additional demand for places resulting from the local child population bulge. The local population bulge is expected to continue towards 2023/24 and the school is also closely located to the Bradley Strategic Housing development site.

2.16 It was identified that with rising pupil numbers the school did not have sufficient pupil toilets to meet the current standards contained in the Department for Education Building Bulletin guidance. Officers have worked with the school to identify a suitable scheme to provide additional pupil toilets by remodelling existing internal spaces.

2.17 This school is part of the Council's Grouped Schools PPP1 Contract with KSSL hence the PPP1 Provider will manage the design, procurement and delivery of the expansion works through the contractual variations process. The scheme, which is estimated at around £250K, is currently at tender stage and is capable of being delivered during term time. Members are requested to note that this scheme is being funded through 2021/22 Baseline Basic Need grant using delegated authority provided by Cabinet on 13th April 2021.

(iv) Westborough High School – Managing the pupil bulge

2.18 Westborough High School have agreed to provide a bulge of 20 pupils for the past three years to support additional demand resulting from the local child population bulge. This bulge is expected to continue towards 2023/24. Officers have been working with the school to identify the pressures and constraints generated by the larger numbers of pupils being educated on the school site, which has led to the

identification of a number of small improvements to address the flow of pupils around the school site and expansion of the outdoor dining facilities.

- 2.19 It is estimated that the combined scheme will cost around £104K including all professional fees. Due to the small nature of the improvement works required, delivery of the scheme has been delegated to the school. Members are requested to note that this scheme is being funded through 2021/22 Baseline Basic Need grant using delegated authority provided by Cabinet on 13th April 2021.

Investment in the primary sector

(i) Reinwood Infant and Nursery School and Reinwood Junior School

- 2.20 Bulge classes have been working their way through Reinwood Infant and Nursery School and Reinwood Junior school for a number of years. The last bulge class will leave the Junior school in July 2022.
- 2.21 The two schools are based on the same site and have been working closely together and sharing facilities as appropriate to facilitate the bulge classes. The nursery class from the infant school has been accommodated in a rented modular building whilst their accommodation was used for older pupils and a further rented double modular classroom has been available on site to support the bulges.
- 2.22 In order to return the two schools to their original status prior to the bulge years, capital investment is required for remodelling and reinstatement works. It is proposed to relocate the nursery class back into the infants' main school building where it was originally located, therefore enabling the removal of the temporary nursery modular. This requires remodelling of space which has been used as classrooms including age-appropriate toilets.
- 2.23 The space occupied by the former nursery modular would be reinstated for the benefit of the pupils. In addition, in summer 2022 the two modular classrooms used by the Junior School would be removed and the area re-instated for the benefit of pupils including the retention and upgrade of an enclosed link.
- 2.24 It is estimated that the combined cost of all the reinstatement and remodelling works is in the region of £215K. Members are requested to consider and approve an allocation of £215K from the 2021/22 Baseline Basic Need allocation of £604K, which sits in the Achieve and Aspire section of the Council's Capital Plan.

(ii) Headlands CE (VC) J I and N School - Nursery provision

- 2.25 A failing temporary classroom that has been as a nursery class at Headlands CE (VC) J I & N School for many years has been identified through condition assessments as being at the end of its economic life. Due to building work over the years since it was installed, the temporary classroom is landlocked and can only be removed through demolition.
- 2.26 Officers have been working with the school for some time to identify a suitable solution. A detailed option appraisal has considered a range of options including the provision of another temporary modular, remodelling and extension of an existing classroom and a new build solution. Given the ongoing need for the nursery provision,

Officers are recommending the replacement of the failed temporary classroom with a permanent new build, which has been estimated at round £650K.

- 2.27 It is proposed that this is funded from the Capital Maintenance line within the Achieve and Aspire Section of the Council's Capital Plan, which is funded by capital grant from the Government to deal with urgent condition and health and safety items. This temporary classroom is beyond repair and without its replacement the school would face the loss of its nursery provision. Members are requested to authorise the allocation of £650K from the Capital Maintenance fund for this scheme.

Financial Delegations

- 2.28 The construction market is particularly volatile at present due to a combination of material and labour shortages, which means that successfully tendering for a contractor at an affordable price is more difficult than in previous years. In order to aid the implementation of the schemes outlined in this report in paragraphs 2.8 to 2.27, Members are requested to delegate authority in accordance with the Council's Financial Procedure Rules 3.10 – 3.13 dated May 2021 to the Service Director for Development and the Service Director for Learning and Early Support to increase or decrease the budget allocations to the schemes stated in this report to facilitate the delivery of the tendered schemes providing that the total resources allocated to the programme areas is not exceeded.

Further investment in schools in 2022/23

- 2.29 A second phase of investment in secondary school places is currently being developed and a further report will be brought forward in 2022 to allocate the remaining funds from the £6M capital allocation for secondary basic need.
- 2.30 In addition, there may be further quick win investment projects in the primary and secondary sectors that could be developed and delivered during Financial Year 2022/23 under delegated powers if granted from a Baseline Basic Need allocation of £500K in 2022/23 (comprising £466K of government basic need grant and £34K corporate borrowing).
- 2.31 Members are requested to delegate authority to the Service Director for Development and the Service Director for Learning and Early Support to identify, develop and implement capital projects using the Baseline basic need £500K allocation in Financial Year 2022/23. Any schemes developed and delivered under this delegation would be reported to Cabinet retrospectively.

3 Implications for the Council

Working with People

- 3.1 Should the proposals be approved, officers will work in close partnership with the schools and staff to ensure the delivery of excellent facilities that will help secure the outcomes for children both now and in the future. Since 2018 there has been regular engagement with the secondary school system, providing and updating evidence about population, cross border movement and other factors which impact on the demand for school places. The provision of bulge classes has been a planned approach and about planning for bulge classes to meet the expected population.

Working with Partners

- 3.2 In preparing each of these proposals, Children's Services and Capital Delivery officers have worked closely with the Senior Management of each school and, where appropriate, their respective Academy representatives to agree a package of works for each school.

Place Based Working

- 3.3 Schools are at the centre of their communities, delivering essential educational, health and well-being activities for children, parents and the wider community. The proposals in this report will deliver high quality school places to meet the needs of local pupils and will ensure that learners with SEND have access to a range of specialist provision across a variety of settings.

Climate Change and Air Quality

- 3.4 The new build accommodation being provided will be constructed using modern, energy efficient materials and equipment that will contribute to an ever-reducing carbon footprint for the Council and conform as a minimum to the requirements of Part 25b of the Building Regulations.

Improving outcomes for children

- 3.5 The proposals in this report are intended to improve outcomes for children by providing access to high quality facilities that enable the full breadth of the curriculum offer to be delivered thereby ensuring that young people have the widest opportunities to fulfil their aspirations and ambitions.

Financial implications

- 3.6 The proposed schemes at Manor Croft Academy and Thornhill Community Academy will, if approved, be funded from prudential borrowing that has already been included in the Council's Capital Plan, which is funded as part of the Medium-Term Revenue plan. The quick win schemes at North Huddersfield Trust School and Westborough High, plus the reinstatement project at the Reinwood Schools will be funded through Basic Need government grant, hence there is no impact on prudential borrowing. The permanent new build project at Headlands CE (VC) J I & N will be funded through Capital Maintenance government grant, and hence will have no impact on prudential borrowing. The proposed £500K Basic Need quick win programme for 2022/23 is predominately funded through government grant, with a small contribution of £34K from prudential borrowing, which is already incorporated in the Council's Capital Plan.

4 Consultees and their opinions

- 4.1 This report has been subject to consultation with the Portfolio Holders for Corporate, Children's and Learning, Aspiration and Communities, who support the proposed report and programme of works.
- 4.2 Local Ward Members have been informed of the proposed developments where they result in a permanent expansion of school places.

- 4.3 Following approval by Cabinet, consultation will continue with individual schools and where applicable their Academy Trusts throughout the development, design and implementation of each project.

5 Next steps and timelines

Subject to approval of the proposed schemes, officers from the Development Service and Children's Services will ensure that the projects concerned are developed, designed, procured and implemented in accordance with the Council's Financial and Contracts Procedure Rules.

There will be engagement with the Regional Schools Commissioner regarding the investment in academies.

6 Officer recommendations and reasons

To help ensure there are sufficient school places available and suitable school premises, members are requested to:

- (a) Consider and approve the proposed secondary school places capital allocation of £2.7M for the implementation of building work at Manor Croft Academy to enable the permanent provision of 150 additional secondary school places and an interim modular build solution for September 2022;
- (b) Consider and approve the proposed secondary school places capital allocation of £600K for the building work at Thornhill Community Academy to support an agreed bulge of pupils;
- (c) Note the basic need capital investment of £104K agreed under delegated authority from Cabinet on 13th April 2021 for Westborough High School to support additional pupils as part of agreed bulges of pupils;
- (d) Note the basic need capital investment of £250K agreed under delegated authority from Cabinet on 13th April 2021 for North Huddersfield Trust School for building works required to support agreed bulges of pupils;
- (e) Consider and approve the proposed basic need allocation of £215K for reinstatement and remodelling works at Reinwood Infants and Reinwood Juniors, to be funded from the 2021/22 £604K Basic Need funding programme;
- (f) Consider and approve the proposed capital allocation of £650K from the Capital Maintenance grant for a permanent new build replacement of a failed temporary classroom at Headlands CE (VC) J I & N School;
- (g) In order to facilitate the prudent and timely delivery of the secondary basic need programme and the 2021/22 Baseline Basic Need programme, Members are requested to delegate authority in accordance with the Council's Financial Procedure Rules 3.10 – 3.13 dated May 2021 to the Service Director for Development and the Service Director for Learning and Early Support to increase or decrease the budget allocations to the schemes stated in this report to facilitate

the delivery of the tendered schemes providing that the total resources allocated to the programme areas is not exceeded.

- (h) In order to facilitate the prudent and timely delivery of the 2022/23 Baseline Basic Need £500K programme, Members are requested to delegate authority to the Service Director for Development and the Service Director for Learning and Early Support to identify, develop and implement capital projects using the £500K allocation in Financial Year 2022/23, with approved schemes being retrospectively reported to Cabinet.

7 Cabinet Portfolio Holder's recommendations

We wish to place on record our thanks to the schools who have been working with the council for the past few years, particularly those who have agreed, in a coordinated way, to accept additional pupils.

We are proud of the strong partnership of schools in Kirklees highlighted once again in this report. Whether they be maintained schools, church schools, single academy trusts or part of a multi academy trust the collaboration is strong. As a Local Authority we are bound to ensure there are sufficient school places and our strong partnership has enabled this. We all share the same aims for the communities we serve which are captured in Our Kirklees Futures strategy.

This is important investment to ensure all families in Kirklees continue to have access to a school place. Generations of children in the future will also benefit from the improved facilities we able to improve with this investment.

We are therefore pleased to recommend that cabinet approve the Officer recommendations contained in this report in full.

8 Contact officers

David Martin – Head of Corporate Landlord and Capital - Tel: 01484 221000 – Email: david.martin@kirklees.gov.uk

Martin Wilby – Head of Service for Education, Places and Access – Tel: 01484 221000 – martin.wilby@kirklees.gov.uk

9 Background Papers and History of Decisions

2021/22 Council Capital Plan – Proposed allocation of 2021/22 capital funding from the Directorate for Children's Achieve & Aspire baseline section of the Capital Plan, 13 April 2021

School place planning documents including Securing sufficient school places 2020-23: <https://www.kirklees.gov.uk/beta/schools/school-organisation-and-planning.aspx>

SEND Transformation Plan 2021

<https://www.kirklees.gov.uk/beta/special-education/pdf/send-transformation-plan.pdf>

10 Service Directors responsible

Joanne Bartholomew – Service Director for Development - Tel: 01484 221000 –
Email: Joanne.Bartholomew@kirklees.gov.uk

Jo-Anne Sanders – Service Director for Learning and Early Support - Tel: 01484
221000 – Email: jo-anne.sanders@kirklees.gov.uk



Name of meeting: Cabinet Meeting
Date: 14th December 2021
Title of report: White Rose Forest – Northern Forest and Urban Tree Challenge funding agreements.

Purpose of report:

Kirklees Council as the lead organisation and accountable body for the White Rose Forest, has been offered further grant funding to support the White Rose Forest tree planting programme. The funds being offered are from the government’s ‘Nature for Climate’- Northern Forest programme and from the Forestry Commission’s Urban Tree Challenge Fund. Cabinet approval is required for Kirklees Council to accept these grant agreements, receive, and administer the funds.

1. The decisions being sought are as follows:

To confirm Kirklees Council’s role as the accountable body of the White Rose Forest and the Northern Forest Urban Tree Challenge Fund by granting an authority for Kirklees Council to –

- i. enter into a grant agreement with the Community Forest Trust for funding from the Nature for Climate - Northern Forest fund.
- ii. enter into a grant agreement with the Forestry Commission for funding from the Urban Tree Challenge programme.
- iii. receive capital and revenue funding from the ‘Nature for Climate Fund’ – Northern Forest fund and the Urban Tree Challenge Fund, both as the accountable body for the White Rose Forest and the Northern Forest Urban Tree Challenge Fund and as a grant recipient.
- iv. enter into both capital and revenue grant agreements (in its capacity as accountable body) with the other parties to the White Rose Forest Project and the Northern Forest Urban Tree Challenge Fund (from time to time).
- v. enter into grant agreements (in its capacity as accountable body) with third party landowners who are not party to the White Rose Forest Project joint venture agreement.
- vi. use the grant funding to recruit and, or procure the resources required to deliver the programme over multiple years.
- vii. pursue and secure further funding including match-funding opportunities to support the creation of the Northern Forest.

<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 This next tranche of secured grant funding offers Kirklees Council approximately £3.7m of funds towards the cost of tree planting in areas of North and West Yorkshire between 2021 and 2025.</p>
<p>Key Decision - Is it in the <u>Council’s Forward Plan (key decisions and private reports)?</u></p>	<p>Key Decision – Yes Private Report/Private Appendix –No</p>

The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name	David Shepherd – 24th November 2021
Is it also signed off by the Service Director for Finance?	Eamonn Croston – 23rd November 2021
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft – 15th November 2021
Cabinet member portfolio	Councillor Will Simpson – Culture and Greener Kirklees

Electoral wards affected: All wards

Ward councillors consulted: n/a

Public or private: Public

Has GDPR been considered? No details of third-party landowners contained in report.

1. Summary

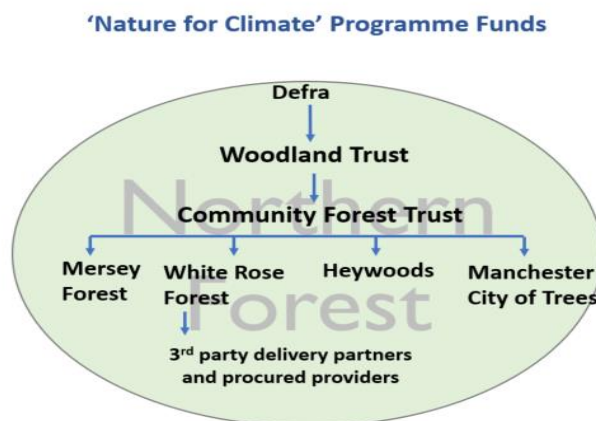
- 1.1 Kirklees Council has been the lead organisation and accountable body for the delivery of the White Rose Forest (WRF) programme since 2002. The WRF is a local authority based joint venture with over 30 members, led by a steering group of experts in the field. It is one of England's 13 Community Forests and is supported by a partnership of local authorities, national parks, national and local charities, Defra organisations and community enterprises.
- 1.2 The WRF Action Plan, officially launched on 17th November 2021 describes its vision and its plan for tree planting over the next four years. Its ambition is to plant trees across West and North Yorkshire to mitigate flood risk, support economic investment, improve public well-being, and adapt against the impacts of climate change.
- 1.3 The WRF and three other community forests are working in partnership with the Woodland Trust and the Community Forest Trust (CFT) in creating a Northern Forest (NF). Their aim is to plant 50 million trees over the next 25 years, transforming the landscape from Liverpool to Hull.
- 1.4 WRF activity is delivered through a myriad of different funding streams, including Trees for Climate, Northern Forest, Northern Gas Network and Forestry Commission's England Woodland Creation Offer, etc. The focus of this report is to inform Cabinet of the next tranche of grant funding offered to Kirklees Council from two funding sources; the government's 'Nature for Climate' – Northern Forest programme and the Urban Tree Challenge Fund administered by the Forestry Commission.
- 1.5 Kirklees Council is seeking authority to enter into this next phase of grant agreements which will help secure funds for the continued delivery of the WRF tree planting programme.

2. Information required to take a decision

Background

- 2.1 On 1st August 2000 the WRF was launched to create a "well wooded landscape" in West Yorkshire. Following this in 2002, Kirklees Council took the role of accountable body for the partnership which had formed and the WRF became a joint venture agreement with over 30 signatories committing to its tree planting ambition for West and North Yorkshire. The WRF Action Plan and the joint venture that underpins this was recognised in April 2018 by the Leeds city region Chief Executives as our contribution to the Northern Forest.
- 2.2 The WRF Action Plan – Planting for Our Future (2021 – 2025) outlines its aim to plant 3500 hectares of new woodland by 2025 under its Landscapes for Water and Green Streets programmes. Over the years the partnership which forms the WRF has identified the key phases to delivering a quality community forest scheme and this is now presented as the WRF Delivery Pathway. The Delivery Pathway offers a bespoke service to Stakeholders (landowners, tenants, community groups) their agents and signatories to the WRF joint venture, supporting them through the process from initial enquiry through to delivery of new trees and woodland. This helps ensure all tree planting schemes receive the best possible support through all the delivery stages.
- 2.3 In January 2018 the government announced its intention to provide investment to the creation of a Northern Forest. Grant funding was allocated to the Department of Environment Food and Rural Affairs (DEFRA) who then entered into an agreement with the Woodland Trust (WT) enabling them to work with the Community Forests in delivering this programme. This group has helped deliver the first three years of the DEFRA Northern Forest grant. This has confirmed to DEFRA that the community forest network is capable of planning and delivering programmes of woodland creation.

- 2.4 A more recent government announcement on 11 March 2020 launched a £640m 'Nature for Climate' Programme. This funding is to support climate mitigation programmes, sequestering and storing carbon from the atmosphere in trees and peat. The 'Nature for Climate' programme is part of an array of actions needed to reach the UK government target of net zero carbon by 2050 to help avoid dangerous global temperature rises.
- 2.5 **'Nature for Climate' – Northern Forest funds**
The Northern Forest now forms part of the delivery of the UK wide Nature for Climate Fund Programme which means DEFRA has profiled grant funding for the NF up to FY2024/25, although this is only released on a year-on-year basis.
- 2.6 To enable the funding to be passed down to all the delivery partners, including the WRF, the WT have worked with DEFRA to finalise a grant agreement which outlines the target outputs and funding allocations for the next four years. Further sub-grant and collaboration agreements will be put in place with each delivery partner i.e., the CFT and the four CFs; WRF, HEYwoods, Manchester City of Trees and Mersey Forest.
- 2.7 The diagram below shows the current flow of funding from Defra.



- 2.8 The funds the WRF receive will pay for the ongoing delivery costs of their Green Streets programme. This urban based tree planting programme aims to establish 1000 hectares of new tree canopy in our urban areas and along our major transport routes by March 2025. Its aims to improve air quality, expand and strengthen ecological corridors, encourage the uptake of active travel, reframing the urban space through placemaking interventions and to manage storm water through water sensitive design. The primary target for programme activity is based around –
1. Priority urban communities
 2. Key employment sites
 3. Key transport corridors.
- 2.9 Green Streets project activity seeks to secure the participation of local authorities in tree planting and increased community involvement and buy-in. The ongoing payment of NF grant monies will ensure the continuation and growth of this project activity covering the capital cost of the tree planting as well as some project officer costs carrying out engagement work and initial site assessments. This tree planting work will be delivered by our core local authority partners, who own much of the identified land. Two project officers will either be recruited or procured to support programme delivery.
- 2.10 The Green Streets programme is expected to plant 121.6 hectares of trees and 2,271 standard trees across the four-year delivery window using NF funding.
- 2.11 **Urban Tree Challenge Fund**

The Urban Tree Challenge Fund (UTCf) is offered by the Forestry Commission. The fund opened for applications on 26 April 2021 and closed on 25 July 2021. Five local authority partners worked with the Green Streets Development Officer to create a block bid. The local authorities involved are Kirklees Council, North Lincolnshire Council, Craven Council, Leeds City Council, and Wakefield Council. The bid asked for further urban tree planting funds for North and West Yorkshire and North Lincolnshire. The partnership was notified in early November the bid had been successful and funds of £622,223 would be awarded for 50 percent of the cost of standard tree planting in urban and peri-urban areas, between 2021 and 2023. The remaining costs are to be made up through match funding, either through revenue or capital contributions from each partner. Kirklees Council will take responsibility for this programme in its role as the accountable body for the WRF.

2.12 The UTCf funds will complement the Northern Forest funds as both programmes will contribute to the WRF target to plant two million urban trees by 2025. Together they will form a standard tree planting programme. The UTCf funds will be used to plant a total of 1042 standard trees by March 2023.

2.13 Options

Option 1- For Kirklees Council to pass over the responsibility of overseeing grant agreements and programme delivery to another authority or WRF partner organisation. If this option was chosen it would considerably delay the delivery of these new programmes as no other third party has requested to take on this role.

2.14 Option 2 – Pass over the management of these grant agreements to the Community Forest Trust (CFT), a WRF signatory based in Manchester. The CFT would be unable to manage the volume of activity across the Yorkshire and N Lincolnshire area as they do not have the capacity within their organisation to take responsibility for this. Passing over management to the CFT could be viewed as a significant shift away from the current structure of the WRF.

2.15 Option 3 – Do nothing and not be part of the ‘Nature for Climate’ - Northern Forest or Urban Tree Challenge programmes. This would provide significant reputational risk to Kirklees Council, in the light of its committed to tackling climate change and its 20 years standing as the WRF accountable body. It would also undermine the national programme given WRF is providing up to 25% of the land outputs.

2.16 Option 4 – The preferred option. To confirm Kirklees Council’s role as the accountable body of the White Rose Forest and the Northern Forest and Urban Tree Challenge Fund.

2.17 Cost breakdown

‘Nature for Climate’ - Northern Forest

The WRF funding allocation and the outputs expected from the new ‘Nature for Climate’ – Northern Forest grant arrangement are shown in the table below. Most of the funding is for capital expenditure, tree planting costs however there is a small revenue element to cover the cost of project development activity. This involves working with landowners to identify sites for future tree planting which will then be registered onto the Delivery Pathway. Some internal Kirklees Council administration costs will also be met through this revenue stream and some procurement of specialist services if required, will also be met through the revenue stream.

Target Outputs	2021 - 2025
Hectares of tree planting	121.6
Standard Tree Planting	2271

Funding Breakdown	2021 - 2025
Capital Funding	£3,065,923
Revenue Funding	£ 370,000
Total	£3,435,923

2.18 The funding shown above will be released to Kirklees Council yearly as Defra receives approval from Treasury. Kirklees Council will administer these funds for the lifetime of the programme making funding commitments with partners as appropriate and only as funds are confirmed.

2.19 Urban Tree Challenge Fund

At the time of drafting this report Kirklees Council had not received their grant agreement from the Forestry Commission, it is expected once due diligence checks are complete. The funding breakdown however is shown below:

	Leeds	Wakefield	Kirklees	Craven	North Lincolnshire	Total
Number of trees to be planted	232	105	890	26	233	1486
Grant funding available	£97,145	£43,967	£372,670	£10,887	£97,565	£622,234

2.20 As the lead organisation the WRF core team will take responsibility for managing the full programme grant, equating to £622,234. The Kirklees funding allocation is £372,670 with an expectation that 890 new trees will be planted in the Kirklees area by 2023.

2.21 As has happened in the past once Kirklees Council has entered into an agreement with the Forestry Commission, it will then draw up sub-agreements with the partner organisations delivering the project activity. These agreements pass the terms and conditions of each grant agreement on to each delivery partner helping to mitigate any liabilities and risks associated to receiving the grant funding.

2.22 Timescale

The Nature for Climate Northern Forest programme grant agreement is set to run until the end of March 2025. The UTCF programme is set to run until March 2023.

2.23 Expected impact/ outcomes, benefits & risks (how they will be managed)

Impact and benefit

Should approval be given for Kirklees Council to enter into these grant agreements the WRF, its stakeholders and the communities of North and West Yorkshire will benefit from receiving more investment for tree planting. These funds are needed to pay for the resources for tree planting and to pay for ‘boots on the ground’ engagement with landowners to find suitable sites for planting. It will also provide ongoing capacity to the partnership arrangements already in place delivering the WRF Action Plan across North and West Yorkshire.

2.24 Green Streets is focused on priority urban areas where we know that increasing tree canopy coverage will bring investment and health benefits for our economy and communities. We want to link priority communities to employment areas along key transport corridors, with trees, woodlands, and high-quality green infrastructure, including cycle paths and other active travel routes.

2.25 Outcomes

The funding received from both these programmes will contribute directly to the continued development and Vision of the White Rose Forest in North and West Yorkshire and therefore along with the other Community forests, support the Northern Forest initiative. The WRF has already played a significant role in contributing to the Government’s target to increase national tree cover, by planting 500,000 trees since 2018. The WRF Action Plan describes how the WRF could potentially increase tree cover in North and West Yorkshire from 11% to 19% by 2050 and therefore absorb half the remaining residual carbon dioxide emissions. The community forest is a process of widening and deepening everybody’s involvement in the planning, planting and management of trees and woodlands, to create healthy, inspiring, and resilient places for humans and nature to live side by side.

2.26 Key risks

Grant funding from key funders is currently released on a yearly basis and most funders are not issuing their grant agreements until late into a financial year. This presents several challenges. Planting trees is seasonal, it takes place between November and March so if a season is missed for whatever reason, i.e., delays with bird surveys, short supplies of tree saplings etc, the planting is then delayed for a whole year. The late confirmation of funding also reduces the delivery window in which to plan and organise the planting, as trees need to be ordered and sites prepared. For the WRF programme to be able to meet its targets it needs firm commitment to the funds for the lifetime of the programme. To address these issues the WRF partnership along with its Communities Forest partners have been collectively lobbying their funders to find ways to secure multi-year contracts which will offer continuity and some sustainability to the delivery of its programmes over the next 3 – 5 years. The WRF has recently been informed that Defra is now moving towards multi-year capital funding arrangements, so this should help mitigate some of the current funding issues.

2.27 Another risk arising from late receipt of grant agreements and funds is the restriction this puts on appointing resources for the programme. Without the commitment of long-term funding, it is difficult to commit to any long-term staffing plans, filling short term recruitment contracts is often problematic. The WRF core team, therefore, will continue to challenge key funders on the lateness of issuing yearly contracts and in the short term look at ways of filling any resource gaps in other ways like using short-term procurement exercises.

2.28 As the accountable body for a range of differently funded programmes it is Kirklees Council's responsibility to manage any risks which may arise in passing funding onto delivery partners. By passing on the terms and conditions of the original grant agreements to partners delivering the activity they can minimise these risks. In most situations the grant payments Kirklees Council pass on to delivery partners is following completion of their tree planting activity and after monitoring and evaluation has been carried out.

2.29 Evaluation

All the tree planting schemes funded through the WRF programme are asked to demonstrate the direct benefits of their funded activity back to the programme administrators. Results data is collected from all the schemes as progress is monitored and recorded on the programme's database – Kompass. Schemes are given clear output expectations which must all contribute to WRF tree planting targets.

2.30 The core administrative team report on programme performance to the WRF Management Board who act as the steering group to the programme in overseeing the implementation of the WRF Plan and its actions. Other evaluation reports are completed periodically for funders as set out in the terms and conditions of each grant agreement.

2.31 Sustainability

The sustainability of the WRF programme is wholly dependent on the availability of external grant funding, donations, and the possibility of other forms of match funding like future private sector investment. All programme activity is funded through external funding therefore the delivery window is dependent on each separately funded programme. The "Nature for Climate" Northern Forest programme is dependent on the success of the full 4-year capital programme being signed off by Treasury. The Urban Tree Challenge Fund is funded through the Forestry Commission and runs for 2 years up to 2023. The purpose of this report is to have the necessary key decisions in place to continue to secure the funding required to deliver the programme over the next few years and beyond 2025.

2.32 Services & agencies involved

Support for these key decisions will enable the Kirklees Major Projects Service to work with legal, finance and human resources to set up the appropriate mechanisms to act as an effective accountable body across North and West Yorkshire and for the UTCF programme this arrangement has been expanded to include North Lincolnshire.

3. Implications for the Council

3.1 Working with People

For Kirklees Council owned land, Streetscene will involve the local community and its representatives to fully understand how best to convert land if appropriate over to trees and woodlands. The goal is to establish well-designed urban treescapes and woodlands, considering community usage as well as providing opportunities for carbon sequestration, landscape improvement, improving air quality and biodiversity. Integrating access into urban woodlands is an essential prerequisite to good design. There will be a need to involve schools and communities in the identification of planting sites, collecting suitable tree seeds for growing, planting and aftercare. By creating new woodlands, a wide range of additional benefits can be achieved. Some of these relate to adaptation to the climate emergency. Others include health and well-being and air quality benefits, an increase in biodiversity and the improvement of ecological networks to improve resilience of our biodiversity

3.2 Working with Partners

The WRF is a joint venture agreement with 30 plus signatories including 9 local authorities. It is dependent on partnership working to function. Nationally, Kirklees Council has represented the WRF on the England's Community Forest Network and has worked with four other community forests to secure the latest phase of 'Nature for Climate' funds. It also worked in partnership with four other partner local authorities in bidding for the Urban Tree Challenge Funds. On a regional basis, Kirklees Council represents the North and West Yorkshire (White Rose Forest) on the Northern Forest Board, so conversations are ongoing with the Community Forest Trust (based in Manchester), The Woodland Trust and the other 3 community forests Mersey Forest, Manchester City of Trees and HEYwoods.

3.3 Place Based Working

Kirklees Council provides a Geographic Information System platform called Kompass for its partners to understand the spatial qualities of a given project site. Data sets are mapped to indicate for example if a given place if planted with trees might help reduce flooding, strengthen biodiversity corridors, or improve air quality where it matters. This background spatial information provides a starting point for the multi-disciplinary design process. Our priorities for land search include a Leeds city region wide dataset called Green Streets which shows areas of deprivation (worst 10%), areas of key employment sites and the key route network transport corridors that link them. Targeting planting opportunities in these areas will greatly contribute to positive economic and health outcomes

3.4 Climate Change and Air Quality

The WRF Plan fully supports the Kirklees Climate Emergency response, which was approved by Cabinet in November 2019.

3.5 The decisions required from this report will impact positively on the environment as they seek to sustain the funding needed for the White Rose Forest tree planting activity, which is a key part of the largest environmental regeneration initiative in England. Trees make a significant and essential contribution to removing residual carbon dioxide from the earth's atmosphere and are a key tool that can support our collective response to the climate emergency and nature crises we all face.

3.6 Improving outcomes for children

There will be a positive impact for the whole community include children, from increased tree planting across North and West Yorkshire. Trees help to create healthier open spaces and encourage activity outside which has positive outcomes for both mental and physical health.

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

Human Resources

The human resource cost associated to delivering both grant funded programmes will be recouped from the external funding awarded to Kirklees Council. An allocation of revenue funding is provided through the 'Nature for Climate' - Northern Forest funds, this will be used to pay for new project officers either recruited into Kirklees Council and/or by other delivery partner organisations. Funds

will also be used to cover some of the core team cost as well as other internal support costs. Some revenue may also be used to procure specialist technical services as and when required.

3.8 Legal

Advice from Legal services has been sought and received. The different elements have been teased out and informed the request for authorities within this report. Legal will need to have an input into:

Northern Forest

- (i) A grant agreement between DEFRA and the Woodland Trust and the proposed grant agreement between Woodland Trust and the Community Forest Trust re revenue and capital expenditure for Northern Forest Project;
- (ii) The entering into a grant agreement re capital and revenue expenditure with the Community Forest Trust (in its role as accountable body to the Woodland Trust) re:
 - (a) Kirklees Council's role as accountable body to the Community Forest Trust for the WRF part of the Northern Forest;
 - (b) as a grant recipient for the funded posts within Kirklees Council;
 - (c) as a grant recipient for capital projects taking place on Kirklees Council owned land;
- (iii) Kirklees Council as accountable body entering into capital and revenue expenditure grant agreements with the other parties to the WRF Project; and
- (iv) Kirklees Council as accountable body entering into capital grant agreements (approximately 15-20 in number) with non-local authority landowners for the planting of trees etc.

Urban Tree Challenge Fund

- a) The entering into a grant agreement with the Forestry Commission for funding from the Urban Tree Challenge Fund as accountable body for the Northern Forest Urban Tree Challenge Fund and as a grant recipient.
- b) Kirklees Council as accountable body entering into capital expenditure grant agreements with the other local authority partners for the Northern Forest Urban Tree Challenge Fund.
- c) as a grant recipient for capital projects taking place on Kirklees Council owned land.

Joint venture agreement

- (i) A revised WRF joint venture agreement to provide for the updating of the WRF and Northern Forest plans (and to provide for additional parties to join the project).

Northern Forest		
Item (I) - Consider DEFRA and Woodland Trust revenue and capital expenditure grant agreements	:	November 2021

Item (ii)	Entering into capital and revenue expenditure grant agreement with Community Forest Trust for WRF	:	December 2021
Item (iii) –	Entering into revenue and capital expenditure grant agreements with WRF joint venture partners for the funding of the Northern Forest.	:	January 2022
Item (iv) –	Entering into third party capital grant agreements with non-local authority landowners	:	Shortly after item (iii) is completed
Urban Tree Challenge Fund			
Item (v)	Entering into a grant agreement with the Forestry Commission		December 2021
Item (vi)	Kirklees Council as accountable body for the Northern Forest Urban Tree Challenge Fund entering into grant agreements with the other local authority partners		Shortly after item (v) is completed
Item (vii)	Revised Joint Venture Agreement	:	January 2021
Items (viii)	renewal of grant agreements and third-party grants	:	Each year during the duration of the White Rose Forest and the Northern Forest Projects

Project Duration - Assuming the Northern Forest and the Urban Tree Challenge Fund programmes are secured there will be instructions each year (2022/3 onwards) for:

- 1) A “renewal” of all the revenue grant agreements – both between Kirklees Council and the Community Forest Trust / Forestry Commission and between Kirklees Council (as accountable body) and the other parties. (Strictly speaking the grant agreements will not be renewed as the revenue granted will change considering inflation changes in public expenditure profiling etc).
- 2) A “renewal” of all the capital grant agreements - both between Kirklees Council and the Community Forest Trust / Forestry Commission and between Kirklees Council (as accountable body) and the other parties. (Strictly speaking the grant agreements will not be renewed as the capital granted will change considering both DEFRA's priorities in the taking forward of the Northern Forest and the priorities within the WRF project).
- 3) Third party grants to non-local authority landowners (probably in the region of 15 – 20 per annum) to fund capital projects.

It is likely that if the Northern Forest capital programme is secured over the following 4 years for the Northern Forest and until financial year 22/23 for the Urban Tree Challenge Fund, then there will likely be a need to secure the ongoing legal input into the project. Costs for this will be taken from the capital programme.

If the revenue costs are secured for this year, then the legal costs will be covered for revising the joint venture agreement in early 2022.

3.9 Financial

Advice from Kirklees Finance Team has been sought and received.

Kirklees Council has been acting as accountable body for the WRF since 2002 and over the last year has administered the funding associated to the Trees for Climate programme on behalf of the WRF partnership. These recent grant awards will be a continuation of the current arrangement Kirklees and the WRF have in place to draw down grant funding at appropriate times and pass this on to its delivery partners, who in the main are local authorities.

To ensure the grant terms and conditions do not result in any material financial risks for the Council the team will continue to work closely with legal colleagues, seeking advice on the content of the grant agreements and negotiating amendments to mitigate any potential risks, where required.

3.10 Do you need an Integrated Impact Assessment (IIA)?

No.

The targeting, design and consultation work of urban tree planting schemes will provide overwhelming positive impacts for our priority communities. The multi-disciplinary design approach will ensure that any negative impacts are reduced. For Forestry schemes over 2 hectares schemes will automatically require an Environment Impact Assessment.

4. **Consultees and their opinions**

A full consultation exercise was carried out during the development of the White Rose Forest Plan. This plan drives the activity of the programme as it sets out the programme's vision and goals. The Plan was formally launched on 17th November 2021. As the plan is updated and refreshed further consultation will be conducted with the wider partnership

5. **Next steps and timelines**

- Respond to the expected contract from the Community Forest Trust to secure the Northern Forest capital and revenue funding for 2021/22 onwards.
- Respond to the expected Forestry Commission contract for the Urban Tree Challenge Fund for funding for 2021/23.
- Set up new budget management systems for each newly funded programme.
- Carry out either a recruitment or procurement exercise to appoint any specialist support needed for the delivery of programme activity.
- Draft any relevant sub-grant agreements with delivery partners.
- Monitor progress of the new funded programmes and report back to the Council further into the programme delivery.

6. **Officer recommendations and reasons**

The officer recommends that Cabinet grant authority to Kirklees Council as the accountable body for the WRF, to -

- i. enter into a grant agreement with the Community Forest Trust for funding from the Nature for Climate - Northern Forest fund.
- ii. enter into a grant agreement with the Forestry Commission for funding from the Urban Tree Challenge programme.
- iii. receive capital and revenue funding from the 'Nature for Climate Fund' – Northern Forest fund and the Urban Tree Challenge Fund, both as the accountable body for the White Rose Forest and the Northern Forest Urban Tree Challenge Fund and as a grant recipient.
- iv. enter into both capital and revenue grant agreements (in its capacity as accountable body) with the other parties to the White Rose Forest Project and the Northern Forest Urban Tree Challenge Fund (from time to time).

- v. enter into grant agreements (in its capacity as accountable body) with third party landowners who are not party to the White Rose Forest Project joint venture agreement.
- vi. use the grant funding to recruit and, or procure the resources required to deliver the programme over multiple years.
- vii. pursue and secure further funding including match-funding opportunities to support the creation of the Northern Forest.

7. Cabinet Portfolio Holder's recommendations

The Cabinet Portfolio Holders recommends that Cabinet grant authority to Kirklees Council as the accountable body for the WRF, to -

- i. enter into a grant agreement with the Community Forest Trust for funding from the Nature for Climate - Northern Forest fund.
- ii. enter into a grant agreement with the Forestry Commission for funding from the Urban Tree Challenge programme.
- iii. receive capital and revenue funding from the 'Nature for Climate Fund' – Northern Forest fund and the Urban Tree Challenge Fund, both as the accountable body for the White Rose Forest and the Northern Forest Urban Tree Challenge Fund and as a grant recipient.
- iv. enter into both capital and revenue grant agreements (in its capacity as accountable body) with the other parties to the White Rose Forest Project and the Northern Forest Urban Tree Challenge Fund (from time to time)
- v. enter into grant agreements (in its capacity as accountable body) with third party landowners who are not party to the White Rose Forest Project joint venture agreement.
- vi. use the grant funding to recruit and, or procure the resources required to deliver the programme over multiple years.
- vii. pursue and secure further funding including match-funding opportunities to support the creation of the Northern Forest.

8. Contact officer

Guy Thompson, Programme Director White Rose Forest – guy.thompson@kirklees.gov.uk Tel no – 01484 221000

9. Background Papers and History of Decisions

A report was presented to Cabinet on 13th July 2020 ([Agenda for Cabinet on Monday 13th July 2020, 3.00 pm | Kirklees Council](#)) which sought authorisation for Kirklees Council and the WRF team to enter into an agreement for Trees for Climate funding for the WRF programme.

10. Service Director responsible

Edward Highfield – Service Director of Skills and Regeneration



Name of meeting: Cabinet

Date: 14th December 2021

Title of report: Community Asset Transfer of Dunromin, 20a Ravens Lodge Terrace, Scout Hill, Dewsbury, WF13 3EF.

Purpose of report: This report requests that Cabinet considers and approves the Community Asset Transfer of Dunromin, 20a Ravens Lodge Terrace, Scout Hill, Dewsbury to the 20:20 Foundation.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	No
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u>	No
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name	David Shepherd - 26/11/21
Is it also signed off by the Service Director for Finance?	Eamonn Croston - 02/12/21
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft – 29/11/21
Cabinet member portfolio	Cllr Paul Davies (Corporate)

Electoral wards affected: Dewsbury West

Ward councillors consulted: Cllr Mumtaz Hussain, Cllr Darren O Donovan, Cllr Mussarat Purvaiz

Public or private: Public.

Has GDPR been considered? Yes. There are no GDPR implications.

Summary

- Dunromin is a small single storey brick building (net internal area 34m²) built prior to 1955 by Dewsbury Corporation for use as a polling station. More recently the building has been occupied by the Scout Hill Tenants and Residents Association (now renamed Scout Hill Action Group). The primary focus of Scout Hill Action Group is to support tenants and residents with estate management related matters.
- The property is located at 20a Ravens Lodge Terrace, Dewsbury adjoining the A644 Huddersfield Road. The land forms part of a larger area acquired by the Corporation in 1920 for the provision of housing. The building is in good condition having undergone a full programme of refurbishment works in 2016.
- In 2017 the Council granted a lease to Starr Zaman and Tanny Hussain, being the trustees for the time being of Scout Hill Action Group for a term of ten years at a peppercorn rent. Plan Reference 17-0266, which is attached in Appendix A, shows the lease demise indicated by a red line. The tenant is responsible for the full repairing and insuring of the building. Use of the building is restricted to a meeting place for members of the local community for social, cultural, educational activities or recreational purposes.
- Scout Hill Action Group works in conjunction with the 20:20 Foundation to manage the day to day running of the building and activities delivered from it. The Foundation was established in 2002 by a group of parents and carers with the aim of creating a community hub that would serve the Scout Hill, Pilgrim and wider areas of Dewsbury West. The Foundation has adopted a Small Charity Constitution.
- 20:20 Foundation has submitted an application for the transfer of the Dunromin building under the Councils Community Asset Transfer policy. Scout Hill Action group is aware of and supports the application.
- It is proposed that the asset is transferred by the grant of a 125 year lease at a peppercorn rent to 20:20 Foundation. It is envisaged that the trustees of Scout Hill Action Group will surrender their lease in respect of the premises prior to a new lease being granted to 20:20 Foundation.

1. Information required to take a decision

Council Policy

- 1.1 The Council's updated Community Asset Transfer Policy was approved by Cabinet in September 2020. The Policy supports groups to transfer assets from the Council at nil consideration in order to further local social, economic and environmental objectives. A copy of the Community Asset Transfer Policy is attached in Appendix B.
- 1.2 The Policy allows for assets to be transferred either through a long-term lease or, in exceptional circumstances, a freehold transfer. Both options will normally be subject to covenants that restrict the use of the asset to community use. The Policy allows an element of commercial use if this is considered necessary for a successful business model.

1.3 Whilst the Dunromin building remains the base from which Scout Hill Action Group continues to operate, the 20:20 Foundation has developed a range of community activities that are now delivered from the property. These include:

- Community café/Food preparation
- IT workshops
- Adults with learning difficulties and disability
- Asian Women's Group
- Asian Men's Group
- Youth and 'Recycled Teenager' sessions
- Youth Sports sessions
- Saturday school

Alongside the regular programme of activities, the Foundation organises events during the year to engage with and bring members of the community together. Events include day trips where residents have an opportunity to socialise, engage with others and learn more about the other services available at Dunromin.

1.4 Located on the outskirts of Dewsbury town centre with good public transport links, Dunromin is well placed to support the nearby community of Scout Hill, Dewsbury Moor, Ravensthorpe, Westborough and West Town.

1.5 In 2019 20:20 Foundation submitted an expression of interest for the transfer of Dunromin, under the Community Asset Transfer Policy. The Trustees were invited to develop a full application and business plan which was finalised in July 2021. The application and business plan have been assessed by officers taking into consideration the community engagement and intended use of the asset, governance and capacity of the applicant group, funding and the financial viability of the project.

1.6 20:20 Foundation currently holds Kirklees GAP (Grant Access Point) registration. Foundation representatives are working with officers within the Councils Third Sector team to obtain Community Interest Organisation (CIO) status, which is a requirement of taking an Asset Transfer.

1.7 Scout Hill Action Group is aware of the application submitted by 20:20 Foundation. At a meeting held on the 12 November 2021 the Trustees passed a resolution to surrender the existing lease agreement subject to Cabinet approving the community asset transfer of Dunromin to 20:20 Foundation.

Options

The Council have the following options:

a) Refuse the request for an asset transfer

The Community Asset Transfer Policy supports the Council's ambitions allowing local people and communities greater control over local assets. Asset Transfer provides applicants with the security needed to secure investment in facilities and develop the services delivered from them.

For these reasons officers are of the opinion that this is not the recommended option.

- b) Transfer the site either freehold or leasehold with restrictive covenants for community use with an exception of up to 30% commercial use in line with other Community Asset Transfers and in line with the Community Asset Transfer Policy.

The freehold of the site can be transferred; however, officers are of the opinion that this is not appropriate. Whilst transfers can contain covenants to ensure that the site is restricted to community use and remains available to the community, a freehold transfer limits the Council's ability to intervene in circumstances where 20:20 Foundation failed to fulfil its obligations.

Officers are of the opinion that the grant of a long leasehold for a period of 125 years in accordance with the Community Asset Transfer Policy 2020 is appropriate. The grant of a long leasehold gives the 20:20 Foundation the security needed to satisfy grant funder requirements. The lease will include a restrictive covenant that the site is used for community use with provision, if required, for the Trust to sub-let up to 30% of any buildings space for commercial use to support the running and long-term sustainability of the facility.

The grant of a long lease provides the Council with remedies in the event that there is a breach of the terms of the lease.

Officers are of the opinion that the lease should be on the basis of a peppercorn rent for the full term, with 20:20 Foundation being responsible for the full repair and insuring of the site.

Officers further recommend that the offer of a lease to 20:20 Foundation should be conditional on:

- i. 20:20 Foundation applying for and securing Community Interest Organisation (CIO) or other appropriate incorporated status prior to completion of the lease agreement.
- ii. The surrender of the existing lease agreement by Scout Hill Action Group.
- iii. 20:20 Foundation entering into a Polling Station Agreement which gives the Council the right to use the building for a polling station on election days.

- c) Transfer the site without restrictive covenants in place

Whilst this approach has not been previously adopted by the Council, it is recognised that, subject to Cabinet approval, the Community Asset Transfer Policy does allow the transfer of assets without restrictive covenants. There is however a risk that the site could be lost as a community facility were covenants not included in the transfer.

Officers are of the opinion that this should not be the recommended option on the grounds that the future use of the site as a community facility could be lost to the local community.

Valuation

1.8 Unrestricted Value

The unrestricted value is the best price reasonably obtainable for the property and should be expressed in capital terms. It is the market value of the land as currently defined by the RICS Valuation – Global Standards 2017 – VPS 4, except that it should take into account any additional amount which is or might reasonably be expected to be available from a purchaser with a special interest (a "special purchaser"). When assessing unrestricted value, the valuer must ignore the reduction in value caused by any voluntary condition imposed by the authority. In other words, unrestricted value is the amount that would be paid for the property if the voluntary condition were not imposed (or it is the value of the property subject to a lease without the restriction).

The unrestricted value of Dunromin is: £30,000 (thirty thousand pounds)

1.9 Restricted Value

The restricted value is the market value of the property having regard to the terms of the proposed transaction. It is defined in the same way as unrestricted value except that it should take into account the effect on value of any voluntary condition(s).

The restricted value of Dunromin is: £30,000 (thirty thousand pounds)

1.10 Voluntary Conditions

A voluntary condition is any term or condition of the proposed transaction which the authority chooses to impose. It does not include any term or condition which the authority is obliged to impose, (for example, as a matter of statute), or which runs with the land. Nor does it include any term or condition relating to a matter which is a discretionary rather than a statutory duty of the authority.

The value of voluntary conditions in the proposed transaction is: £ Nil

1.11 Amount of discount given by the Council

The difference between the unrestricted value of the land to be disposed of and the consideration accepted (the restricted value plus value of any voluntary conditions).

The amount of discount in the proposed transaction is: £30,000 (thirty thousand pounds)

The Local Government Act 1972 General Disposal Consent (2003) means that specific consent of the Secretary of State is not required for the disposal of any interest in land/buildings at less than best consideration which the authority considers will help it to secure the promotion or improvement of the economic, social or environmental wellbeing of its area.

Following assessment, Council officers are confident that the asset transfer of Dunromin to 20:20 Foundation will continue to promote the social well-being of the Dewsbury West Ward.

2. Implications for the Council

- **Working with People**

The proposals for the asset transfer of Dunromin have been developed in conjunction with the 20:20 Foundation. Community Asset Transfers involve supporting community initiative and helping communities to solve their own problems. Community consultation is a key part of the asset transfer process, ensuring that the asset meets the needs of the community. Ward Members are consulted as part of the Cabinet reporting process and are given opportunity to make representations on behalf of the community.

The current tenant Scout Hill Action Group is aware of the application by 20:20 Foundation and supportive of the proposed transfer.

- **Working with Partners**

Partnership working is crucial to the success and sustainability of community asset transfers within Kirklees. Officers work collaboratively with the applicant group, council services and Locality, a national charity, in the development of asset transfer proposals. Locality is a national charity working with community foundations at a local level to ensure that they are strong and successful.

Groups are actively encouraged and provided with necessary support to ensure that partnership opportunities are fully explored.

- **Place Based Working**

Community Asset Transfer supports Place Based Working, providing an opportunity for a more efficient and effective use of buildings and land currently owned by the council. It gives local people and communities greater control over local assets and the services delivered from them and provides new opportunities to develop and improve land and buildings for local social, economic and environmental benefit. The Community Asset Transfer Policy has been updated to ensure it is consistent with the Council's Vision of giving local people and communities' greater control over local assets and the services delivered from them.

The asset transfer process, as set out in the updated policy, requires that full community consultation and engagement is carried out as part of an asset transfer application. This ensures that local residents, stakeholders and businesses have a say and inform how community assets can help shape their places.

- **Climate Change and Air Quality**

There will be no impact on Climate Change and Air Quality.

- **Improving outcomes for children**

Community assets play a crucial role in the delivery of services to all members of the community, including young people.

The transfer of community assets can maximise their use and provide a place for children, their families, communities and services to work together to provide positive childhood experiences.

- **Other (eg Legal/Financial or Human Resources)**

Under the proposals the Council will be forgoing a potential capital receipt of £30,000 were the building to be disposed of on the open market. There are no revenue income or expenditure implications.

Do you need an Integrated Impact Assessment (IIA)?

An IIA has been completed and is attached at Appendix C.

3. Consultees and their opinions

Cllr Mumtaz Hussain responded:

I support the Transfer of the site with restrictive covenants for community use in line with other Community Asset Transfers.

The asset transfer of the site should be transferred; and I am if the Opinion and take into consideration the great community work and support offered to community initiatives over the last 4/5 years from this venue. The group is an established group with a very high governance and a 5/5 GAP registration done only in Feb 2020. The elected members are in constant contact with both user, trustees and community. I believe this proves the asset transfer should be approved with the covenants. To date council representatives, officers and third sector partnerships have benefited immensely from the work and project by 20:20 foundation. Most notably the continued support for the TRA's, the Foodbank, the inclusive nature of the program and the reach to the wider community of north Kirklees in the initiatives lead by 2020 foundation

A community transfer should enable the group to be supported and the ability to fulfil its obligations, without any undue restrictions.

Whilst transfers can contain covenants to ensure that the site is restricted to community use and remains available this is always the main priority for the group. I fully support the transfer in my ward of Dewsbury West.

Cllr Mussarat Purvaiz responded:

I would back and support the Transfer of the site for freehold for community use for a Community Asset Transfers.

I have been involved in supporting the group and have been impressed with the work done by the group in supporting the community needs, we the elected representatives have seen the support offered first hand by the 20:20 foundation in supporting the community. We are in regular contact with group representatives and community champions.

I fully support the transfer to 20:20 foundation.

Cllr Darren O Donovan responded:

I am supportive of this asset transfer. 20:20 foundation have been and continue to be integral to community engagement, community development and support for local people in our ward. They are part and parcel of the development of other groups in our ward and provide support to them.

They continue to be our lead Covid response organisation in the ward and have plans going forward.

Kirklees Homes and Neighbourhoods responded:

Homes and Neighbourhoods supports the application. This is in recognition of the valuable work the organisation undertakes in the community including their work with and on behalf of local tenants and residents and looks forward to further joint working following the transfer.

4. Next steps and timelines

- 4.1 Subject to Cabinet approval, Officers will complete negotiations and agree terms of the transfer and associated surrender and instruct the Service Director - Legal, Governance and Commissioning to enter into and execute the lease.

5. Officer recommendations and reasons

It is recommended that:

- 5.1 Authority be delegated to the Director of Development to negotiate and agree terms for the grant of a 125 year lease of Dunromin, 20a Ravens Lodge Terrace, Scout Hill, Dewsbury, WF13 3EF, being the land and buildings shown edged red on Plan reference 17-0266 and enter into a deed of surrender for the existing lease to the Scout Hill Action Group for the reasons set out in the body of the report.
- 5.2 Authority be delegated to the Service Director - Legal, Governance and Commissioning to enter into and execute all necessary documentation in connection with the grant of a 125 year lease of Dunromin, 20a Ravens Lodge Terrace, Dewsbury to 20:20 Foundation and the surrender of the current lease to Scout Hill Action Group and enter into a Polling Station Agreement.

6. Cabinet Portfolio Holder's recommendations

Community Asset Transfer is an excellent example of place-based working. It acknowledges the importance of community assets and the significant role they play in providing local services and support to our communities.

I support the officer recommendation for the grant of a 125 year lease to 20:20 Foundation (Option B) under the Community Asset Transfer policy. The grant of the lease provides 20:20 Foundation with the long term security to ensure the continued success of the project and the services it delivers.

I therefore recommend that Cabinet support the officer recommendations set out above and that:

- Authority be delegated to the Director of Development to negotiate and agree terms for the grant of a 125 year lease of Dunromin, 20a Ravens Lodge Terrace, Scout Hill, Dewsbury, WF13 3EF, being the land and buildings shown edged red on Plan reference 17-0266 and enter into a deed of surrender for the existing lease to the Scout Hill Action Group for the reasons set out in the body of the report.
- Authority be delegated to the Service Director - Legal, Governance and Commissioning to enter into and execute all necessary documentation in connection with the grant of a 125 year lease of Dunromin, 20a Ravens Lodge Terrace, Dewsbury to 20:20 Foundation and the surrender of the current lease to Scout Hill Action Group and enter into a Polling Station Agreement.

7. Contact officer

Giles Chappell
(Giles.Chappell@kirklees.gov.uk)
(01484) 221000

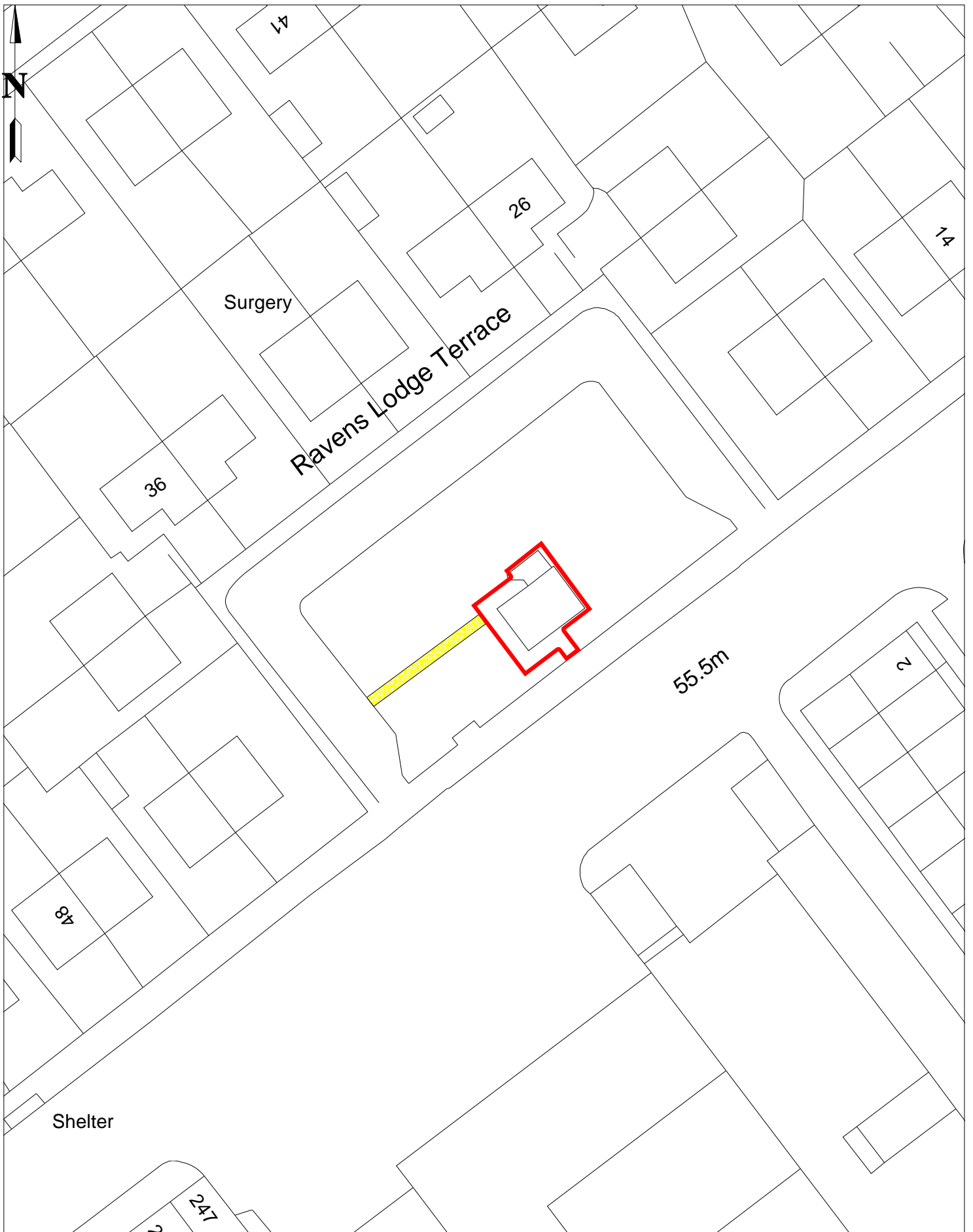
8. Background Papers and History of Decisions

Appendix A - Red Line Boundary plan (Ref.17-0266)
Appendix B - Community Asset Transfer Policy 2020
Appendix C - Integrated Impact Assessment

9. Service Director responsible

Joanne Bartholomew (Service Director for Development & Covid Recovery)
(Joanne.Bartholomew@kirklees.gov.uk)
(01484) 221000

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**PHYSICAL RESOURCES
& PROCUREMENT**

Plan No: 17-0266

Scale: 500

Required by:

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Community Asset Transfer Policy

September 2020

Introduction: our aspirations for communities and the role of asset transfers

Community Asset Transfer (CAT) is the transfer of ownership and management of public land and buildings from the Council to a community organisation. Assets are transferred at less than market value for local social, economic or environmental benefit.

The primary purpose of CATs in Kirklees is to invest in communities, and we will go the extra mile to help communities achieve their aspirations. This means:

- transfers are a way to empower communities;
- we will find ways to promote asset transfers in our place-based community engagement work as an option for communities to achieve their aspirations; and
- we will build and maintain a relationship with groups before, during, and after transfer to ensure that the asset continues to be available for the community.

As part of the vision for Kirklees to be a great place to live, work, and invest, the Council works with communities to build community capacity and realise community aspirations for their places. CATs are one way in which our communities can be enabled to realise these aspirations and deliver our [shared outcomes](#). By unlocking the power of community, CATs help to [build a more inclusive local economy](#) and enable [people to live in better health for longer](#).

Community-owned and community-run assets act as a catalyst for realising local aspirations by:

- improving local assets: community groups investing in and/or attracting investment for improving local assets;
- supporting local initiative: supporting and building on local community initiative and enthusiasm, which encourages community participation and volunteering; and
- building new connections: local citizens and groups developing new partnerships in their communities (including to support community cohesion).

We have delivered CATs since 2013. As of August 2020 there have been a total of 21 successful CATs across Kirklees.

Recognising the benefits they can deliver, we want to ensure that all our CATs are sustainable. We also want to be transparent with organisations interested in CATs. In line with these commitments, this policy sets out a robust process and offer that has been developed in accordance with the knowledge, skills, and experience we have gained since CATs were introduced in 2013.

This Policy sets out our framework for enabling and managing CATs, specifically:

- why we transfer assets;
- what assets will be considered for transfer;
- the eligibility criteria;
- the conditions of transfer; and
- how requests will be processed.

‘We’re Kirklees’

‘We’re Kirklees’ is our name for the way local people, organisations, and places can work together to deliver our vision for Kirklees and our Seven Shared Outcomes, which are set out in our [Council Plan \(2020-21\)](#). ‘We’re Kirklees’ means we’re:

- **Working with people, not doing to them:** organisations working together with people and communities to enable them to solve problems and make the most of their strengths and opportunities;
- **Working with partners:** organisations sharing knowledge, skills, and resources to work smarter together; and
- **Place-based working:** recognising that each town, village, and community has its own unique strengths and opportunities that can help them solve problems locally, and working to support and enable these.

Eligibility and Conditions for Sustainable CATs

Eligible assets

The assets made available for Community Asset Transfer (CAT) will be at the discretion of the Council, but may include public service buildings and land, such as civic halls, community centres, heritage assets, libraries, open spaces, and parks. Assets which are still required strategically by the Council cannot be made available for transfer.

Assets might be identified as of potential community benefit by the Council or by communities themselves, and the Council encourages community discussions about local aspirations and how local assets might support those.

Eligible organisations

An organisation is eligible if their primary purpose is social, charitable, or community benefit, which can include:

- a [charity](#);
- a [community interest company](#);
- a [cooperative](#)([link](#));
- a [social enterprise](#); or
- an [unincorporated association](#) (although would need to be incorporated to complete a transfer).

The Council may consider and prioritise expressions of interest for asset transfer to Town and Parish Councils, acknowledging the advantages of democratically elected governance and representation.

Expressions of interest are welcomed from any community organisation that meets the following criteria:

- their primary purpose must be for community benefit;
- they must be open to and demonstrate an inclusive approach to all members of the wider community;
- they must have the skills and capacity to effectively manage the asset and deliver services;
- they must be financially stable and able to demonstrate good governance by operating through transparent and accountable processes; and
- the proposals for the asset must be clear (so the group can demonstrate all of the above),

The Council will encourage collaboration between community organisations and the sharing of assets to optimise both social value and value for money across the District. Applications will not be considered where an asset transfer is likely to compete with and potentially compromise an existing community facility.

If two or more expressions of interest are received the Council will work with the interested parties to develop options and understand the best way forward for the asset. Where appropriate, parties may be encouraged to collaborate and submit a joint application. We will invite viable proposals to proceed to the full application stage.

Conditions of transfer

To ensure that the property transferred is retained by the community for community benefit (e.g. the purpose for which the CAT was approved), assets will be transferred by the grant of a long term leasehold rather than freehold. In exceptional circumstances the Council may consider the transfer of a freehold interest.

The lease will be agreed for a nominal annual rent. It will include legal provisions (covenants) to ensure that the asset is restricted to community use, and may include provisions to ensure it remains open to community use (with a minimum number of hours of community use as agreed between the parties).

In some cases, these provisions will allow some commercial use, when that supports the sustainability of the business model and thereby the community benefit. Cabinet will decide when commercial use is appropriate as part of the application process.

In the final agreement, the Council may reserve the right to use the asset where it is required to deliver a statutory function or strategic ambition, e.g. as a library or on occasions for a polling station during elections or emergency planning purposes.

Upon completion of the transfer, the organisation will be fully responsible for:

- upkeep, repair and maintenance of the asset;
- all running costs, including insurance; and
- compliance with statutory inspections, health and safety requirements, and other relevant legislation.

Following asset transfer, organisations are encouraged to allow other community groups to use the space in the asset (which might also generate income for the organisation). To ensure the asset is of maximum possible community benefit, the group controlling the asset should not discriminate between groups based on protected characteristics (e.g. sex, disability, race, sexual orientation, gender assignment, religion, etc.).

The CAT application process

1. Initiating a CAT application with an Expression of Interest

A CAT application must begin with an expression of interest from a community organisation.

Eligible organisations (see 'Eligible Organisations' above) can submit expressions of interest relating to any Council-owned asset they believe to be of potential community benefit and which is eligible as per this policy.

To submit an expression of interest an Eligible Organisation need not be managing or operating from the asset.

The Council may also advertise surplus assets inviting expressions of interest for asset transfer.

The Expression of Interest form can be found here:

- <http://www.kirklees.gov.uk/beta/community-assets/community-asset-transfers.aspx>

2. Assessment of an Expression of Interest

The Council will decide if both:

- a) the asset in question is available for CAT; and
- b) the group expressing interest is suitable and/or ready for CAT.

If a group is not ready for CAT, they will be signposted to additional support from the Council or other partners.

Council officers will aim to assess expressions of interest within four weeks of receiving them.

If the Council accepts an expression of interest, the applicant group will be invited to submit a full application (see below).

Acceptance of an expression of interest does not commit the applicant or the Council to the transfer of an asset.

3. Full Application

Applicants invited to submit a full application will receive support from the Council either directly or through external organisations commissioned by the Council. Applicants will also be encouraged to access support from other organisations.

The Full Application Form can be found here:

- <http://www.kirklees.gov.uk/beta/community-assets/community-asset-transfers.aspx>

The full application must include detailed information about the applicant group and a fully detailed and robust business case. Applicants invited to progress to this stage can apply to the Council for a grant of up to £5,000 to assist with professional or legal costs associated

with the development of the application. In large or more complex cases, applicants may be invited to apply to the Council for a grant of up to £10,000.

The following information must be included in all full applications:

- the legal structure of the applicant group;
- the experience and skills of the Board/Managing Group and their capacity to manage the asset;
- the proposed use of the asset and how this will support the Council's objectives and benefit the community;
- evidence that the local community has been consulted and the application reflects the needs identified in that consultation;
- budget/financial projections for the group and its use of the asset in question; and
- details of any condition works needed to the asset and the source and availability of capital grant funding.

Failure to provide the required information will lead to an application being delayed or rejected.

We will agree a timescale for submitting a full application with the applicant. Typically, we will expect an application to be submitted within six weeks, but we will agree a timescale that reflects the size and complexity of the asset, since applicants will likely require longer to compose applications for bigger and more complex assets.

Applications are assessed by council officers and partners in accordance with a [scoring matrix](#), which is available online.

The following financial support is offered by the Council:

i. Development Grant

Applicants invited to progress to full application stage can apply to the Council for a grant of up to £5,000 to assist with professional or legal costs associated with the development of the application. In larger, more complex cases, applicants may be invited to apply to the Council for a grant of up to £10,000.

ii. Support towards capital works

Where assets require urgent condition works or physical adaptations to improve accessibility, applicants can apply to the Council for a grant. Any request for grant funding must be made at the Full Application stage and set out clearly within the applicant's business plan. The grant application will be considered by the Council's Cabinet in conjunction with the CAT application. Examples of urgent condition works/accessibility works could include boiler replacement, roofing works, window replacement, ramps, steps, and accessible toilets.

The Council will continue to consider requests for loans to match fund external grants or financing (which may include a groups cash reserves) for the development of assets.

Applications can be made at the Full Application stage and also following completion of a transfer. Applications must be supported by a full business plan evidencing the applicant's ability to repay the loan over the agreed term.

Other information on external sources of funding is available on request.

iii. Revenue grant

The Council will pay a two stage revenue grant to each successful applicant following completion of the transfer. The grant will be calculated based on the previous operational running costs (excluding staffing) for the asset.

A grant equivalent to 15% of the average running cost will be paid on completion of the transfer and a further grant equivalent to 5% the following year.

4. Cabinet Approval

If the application is satisfactory, officers will then seek the approval and authority of the Council's Cabinet ([link](#)) for the Council to carry out the asset transfer.

5. Finalising the terms of the asset transfer

Following Cabinet approval, Council officers will work with the applicant to draw up heads of terms for all the documents that form part of the asset transfer. These documents will comprise of some or all of the following:

- (a) Lease (or in exceptional circumstances a freehold transfer deed);
- (b) Polling station agreement;
- (c) Emergency planning agreement;
- (d) Grant Agreement; and/or
- (e) Loan Agreement

When heads of terms have been agreed, the Council's legal department will draw up all the required documents, and then negotiate and agree the terms of the documents with the applicant's solicitors.

6. Completion

When the documents are in an agreed form, they can then be completed, and the asset transfer will then come into effect.

Indicative Timescales

The full process can take 10-12 months.

Stage	Who is responsible	Indicative Timescale
1. Initiating a CAT application with an Expression of Interest (EOI)	Applicant	N/A (initiates CAT application)
2. Assessment of an Expression of Interest	Council Officers	4 weeks
3a. Full Application & Business Case (Composition)	Applicant	6-12 weeks (a longer period may be agreed dependent on the size and complexity of the asset)
3b. Full Application & Business Case (Assessment)	Council Officers	4 weeks
4. Cabinet Approval	Council Officers Cabinet	6 – 10 weeks
5. Finalising the terms of the Asset Transfer	Council Officers	6 – 8 weeks
6. Completion	Council Officers Applicant	12 weeks

All timescales are only indicative. It is acknowledged that CATs may be delayed for a number of reasons, including:

- complexity and size of the asset being transferred;
- further research required to support the application;
- legal processes involved;
- capacity and availability of people; and/or
- Council Service Reviews.

Changes from the previous policy

This policy supersedes our 2017 Community Asset Transfer Policy. The key changes since then are summarised below.

The change	Our old policy	Our new policy	Why was this change made?
All transfers are with long leaseholds by default	The Council used to transfer buildings differently to land, with buildings transferred freehold and land on long leaseholds.	Our default presumption is now to transfer all assets (land and buildings) on a long leasehold. Freehold transfers will be considered in exceptional circumstances and will be at the discretion of the Council.	Long leaseholds ensure that the asset remains available to the community by providing the Council with remedies in the event that the applicant does not fulfil their obligations with respect to the management of the asset or there is a breach of the terms of the lease. The grant of long leaseholds still gives applicants the security needed to satisfy grant funders.
More financial support for applicants invited to the Full Application stage	We used to offer a grant of up to £5,000 to cover legal costs and fees associated with the application.	In exceptional cases the Council will now offer up to £10,000.	Some cases require extra support because of their size and complexity.
More financial support for successful applicants	We used to offer a grant in the first year after a transfer equivalent to 15% of the asset's running cost (excluding staffing costs).	We now offer a grant in the first and second year after a transfer. The first year grant remains at 15%. The second year grant is 5%.	This will provide extra post-transfer support that will assist with the running of the transferred asset and increase the likelihood of sustainable asset transfer.

	<p>We used to offer applicants a loan option for up to £100,000 match funding towards capital improvements to the asset. Loan applications had to be submitted at the full application stage of the process. Applications would not be considered post transfer.</p>	<p>The Council will now offer an option of grant funding and loans.</p> <p>Groups will be able to apply for a grant to fund urgent condition works or physical adaptations to improve accessibility. Examples of these works may include boiler replacement, roofing works, window replacement, ramps, steps, and accessible toilets.</p> <p>The Council will now consider requests for loans to match fund external grants and financing, prior to and following completion of the asset transfer, for groups wanting to develop assets.</p>	<p>The introduction of a grant will further support the viability of community asset transfers, allowing groups to invest in urgent condition/accessibility works where needed to bring assets back into use.</p> <p>Post transfer loans will provide added flexibility to groups intending to carry out capital improvements to assets, ensuring that they remain available for public use and sustainable in the long term.</p>
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<p>More proactive strategic approach to CATs</p>	<p>We used to transfer assets primarily when they were surplus to our service requirements. Assets were also sold to raise funds for important Council services.</p>	<p>We will now also encourage community groups in our community engagement to proactively identify assets they need to solve local issues and to achieve community aspirations.</p> <p>Where asset transfers aren't possible, groups will be signposted to support within or external to the council to ensure that we build on their aspirations for their communities.</p>	<p>As set out in the Corporate Plan (link), we're now working more with people and doing less to or for them, working more in place-based ways led by local community aspirations and valuing the diversity of perspective and identities that make up local places. This requires that we proactively encourage community organisations to think about the assets they need to achieve these aspirations.</p>
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EIA STAGE 1 – SCREENING ASSESSMENT

PROJECT DETAILS

Name of project or policy:	
Community Asset Transfer -Dunromin, 20a Ravens Lodge Terrace, Scout Hill, Dewsbury, WF13 3EF	
Directorate:	Senior Officer responsible for policy/service:
Growth and Regeneration	Joanne Bartholomew (Service Director for Development & Director Covid Recovery)
Service:	Lead Officer responsible for EIA:
Development	Giles Chappell
Specific Service Area/Policy:	Date of EIA (Stage 1):
Community Asset Transfer Policy	01/11/2021

Brief outline of proposal and the overall aims/purpose of making this change:

The transfer of the property Dunromin, 20a Ravens Lodge Terrace, Scout Hill, Dewsbury, WF13 3EF by way of the grant of a long leasehold in accordance with the Councils Community Asset Transfer Policy 2020 for the promotion and improvement of social, economic and environmental wellbeing.

ASSESSMENT SUMMARY

Theme	Calculated Scores						Stage 2 Assessment Required
	Proposal	Impact	P + I	Mitigation	Evidence	M + E	
Equalities	4	4.2	8.2	2.5	4	6.5	No
Environment		4.7	4.7	0	10	10	Yes

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)	YES
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

WHAT LEVEL OF IMPACT DO YOU THINK YOUR PROPOSAL WILL HAVE ON...	Level of Impact Please select from drop down
Kirklees employees within this service/directorate? (overall)	Neutral
Kirklees residents living in a specific ward/local area?	Very Positive
Please tell us which area/ward will be affected:	Dewsbury West
Residents across Kirklees? (i.e. most/all local people)	Neutral
Existing service users ?	Very Positive

Each of the following groups ?		Please select from drop down
<i>(Think about how your proposal might affect, either positively or negatively, any individuals/communities. Please consider the impact for both employees and residents - within these protected characteristic groups).</i>		
...age	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Very Positive
...disability	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral
...gender reassignment	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral
...marriage/ civil partnership	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral
...pregnancy & maternity	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral
...race	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral
...religion & belief	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral
...sex	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral
...sexual orientation	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral
...those in poverty or low-come	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral

...unpaid carers

What impact is there on Kirklees **employees**/internal working practices?

Neutral

What impact is there on Kirklees **residents**/external service delivery?

Neutral

WHAT LEVEL OF IMPACT DO YOU THINK YOUR PROPOSAL WILL HAVE ON...		Level of Impact	
		Please select from drop down	
Kirklees Council's internal practices ?		Neutral	
Lifestyles of those who live and work in Kirklees?		Neutral	
Practices of suppliers to Kirklees council?		Neutral	
Practices of other partners of Kirklees council?		Neutral	
Each of the following environmental themes ? (Please select from the drop down list)			
	People	Partners	Places
...clean air (including Climate Changing Gases)	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
...Clean and plentiful water	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
... Wildlife and habitats	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
...Resilience to harm from environmental hazards	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
... Sustainability and efficiency of use of resources from nature	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
...Beauty, heritage and engagement with the natural environment	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
... Resilience to the effects of climate change	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
...Production, recycling or disposal of waste	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
... Exposure to chemicals	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2

HOW ARE YOU USING ADVICE AND EVIDENCE/INTELLIGENCE TO HELP YOU? Please select YES or NO

Equality Themes

Have you taken any specialist advice linked to your proposal? (Legal, HR etc)?	Yes	
...employees?	No	
Do you have any evidence/intelligence to support your assessment (in section 2) of the impact of your proposal on...	...Kirklees residents?	Yes
	...service users?	Yes
	...any protected characteristic groups?	No
Please list your equalities evidence/intelligence here [you can include hyperlinks to files/research/websites]: Officer have engaged with representatives of 20:20 Foundation, Dewsbury West Ward Members and the Councils Third Sector, Community Plus and Cohesion teams.		

	Please select from drop down
To what extent do you feel you are able to mitigate any potential negative impact of your proposal outlined on the different groups of people?	TO SOME EXTENT
To what extent do you feel you have considered your Public Sector Equality Duty?	FULLY

Environmental Themes

Have you taken any specialist advice linked to your proposal?	No	
...Kirklees Council practices?	No	
Do you have any evidence/intelligence to support your assessment (in section 2) of the impact of your proposal on...	...resident and worker lifestyles?	No
	...Practices of Supplier to Kirklees Council?	No
	...Practices of other Kirklees Council partners?	No
Please list your environmental evidence/intelligence here [you can include hyperlinks to files/research/websites]: The outcome of the Stage 1 Integrated Impact Assessment indicates a negative Environmental Impact based on the lack of specialist advice and evidence to support the action being taken. There are no environmental implications to the transfer of the asset. The extent of the transfer is limited to the Dunromin building. The building is modest in size and in a good state of repair having undergone refurbishment in 2012. A Stage 2 assessment is therefore not required.		

	Please select from drop down
To what extent do you feel you are able to mitigate any potential negative impact of your proposal on the environmental issues identified?	FULLY

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Name of meeting: Cabinet

Date: 14th December 2021

Title of report: Community Asset Transfer of Netherton Moor Community Centre.

Purpose of report: This report requests that Cabinet considers and approves the Community Asset Transfer of Netherton Moor Community Centre to Netherton Community Centre CIC.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	No
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u>	No
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name	David Shepherd – 26/11/2021
Is it also signed off by the Service Director for Finance?	Eamonn Croston – 02/12/2021
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft – 30/11/2021
Cabinet member portfolio	Cllr Paul Davies (Corporate)

Electoral wards affected: Crosland Moor and Netherton

Ward councillors consulted: Cllr Erin Hill, Cllr Manisha Kaushik, Cllr Mohammad Sarwar

Public or private: Public

Has GDPR been considered? Yes, GDPR has been considered. The information in this report does not identify any individuals.

1. Summary

- 1.1 Netherton Moor Community Centre is located at Rowan Avenue Mews, Netherton, Huddersfield, HD4 7WH. The freehold of the site is owned by the Council. Plan Reference 19-0047, which is attached in Appendix A, shows the boundary of the site indicated by a red line.
- 1.2 The property is a purpose built single storey community centre that was constructed in the early 1970's. It is of brick construction with a pitched tile roof. Externally the property has exclusive use of a grassed amenity area which is fenced off from the remaining open space. The building is in good condition.
- 1.3 It is a well-used community centre. For the last 16 years it has been successfully run and managed by a community organisation and is currently managed by Netherton Community Centre Community Interest Company (The "CIC").
- 1.4 It is proposed that Netherton Moor Community Centre is transferred to the CIC by way of a 125 year lease.
- 1.5 The CIC is managed by a local Board of Directors. All Board Members are from the local community and, as such, have a strong commitment to the area and a good understanding of local needs.
- 1.6 The board have experience of the community asset transfer process and building management having successfully completed an asset transfer of Honley Community Centre in April 2017.

2. Information required to take a decision

Council Policy

- 2.1 The Council's Community Asset Transfer Policy was approved by Cabinet in September 2020. The Policy supports groups to transfer assets from the Council at nil consideration in order to further local social, economic and environmental objectives. A copy of the Community Asset Transfer Policy is attached in Appendix B.
- 2.2 The Policy allows for assets to be transferred either through a long-term lease or, in exceptional circumstances, a freehold transfer. Both options are subject to covenants that restrict the use of the asset to community use. The Policy allows an element of commercial use if this is considered necessary for a successful business model.
- 2.3 In 2019 the Board Members of the CIC submitted an expression of interest for the transfer of Netherton Community Centre under the Community Asset Transfer Policy.
- 2.4 In line with the Policy, the Board Members were invited to develop a full application and business plan and submitted these in September 2021. The business plan includes details of financial planning, the CIC's governance, policies and intended use for the community centre.
- 2.5 The application and business plan have been assessed by officers, taking into consideration: the community engagement and intended use of the community centre, governance and capacity of the applicant group, funding, and the financial viability of the project.

Applicant: Netherton Community Centre CIC

- 2.6 The CIC board members have experience of the community asset transfer process and building management having successfully achieved an asset transfer of Honley Community Centre in April 2017.
- 2.7 The CIC was originally set up as Netherton Tenants and Residents Association in 2005 under a Memorandum and Articles of Association set out by Kirklees Federation of Tenants and Residents Associations. In 2005 it was agreed with Kirklees Neighbourhood Housing that they would take on responsibility for the management and maintenance of Netherton Moor Community Centre.
- 2.8 Since 2005, the CIC have invested over £35,000 into the centre in repairs and improvements to the building including: a new fire alarm, energy efficient lighting, a new kitchen, new toilet facilities and a new boiler.
- 2.9 Alongside running the community centre, the organisation began hiring out equipment for community events in order to raise extra income. This became a significant area of business and in February 2016 it was established as a not-for profit company limited by guarantee. Profits from this business activity have been invested back into the community centres at both Netherton and Honley, allowing improvement works to be undertaken.
- 2.10 In 2018 Netherton Community Centre Ltd changed its status to a Community Interest Company (CIC).
- 2.11 The equipment hire business then grew significantly and a separate company was established in 2020 (Yorkshire Event Power Ltd.) to manage and develop this further.

The Asset

- 2.12 Netherton Moor Community Centre is located at Rowan Avenue Mews, Netherton, Huddersfield, HD4 7WH. The freehold of the site is owned by the Council. Plan Reference 19-0047, which is attached in Appendix A, shows the boundary of the site indicated by a red line.
- 2.13 The property is a purpose built single storey community centre that was constructed in the early 1970's. It is of brick construction with a pitched tile roof. Externally the property has exclusive use of a grassed amenity area which is fenced off from the remaining open space. The building is in good condition.

Community Use Activities

- 2.14 The CIC caters for a diverse range of groups. The activities that are delivered at the centre include:
- Girl Guides
 - Breakfast and After School Club
 - Ballroom Dancing
 - Scouts
 - Over 65s Lunch Club.
- 2.15 The CIC have plans to develop further provision at the centre, in particular youth provision and activities for young people. In the short term, they intend to replicate the

youth club that they have set up at Honley Community Centre at the Netherton Community Centre.

2.16 The CIC's Strategic Objectives for Netherton Community Centre are as follows:

- To provide a community resource centre for the people of Netherton, providing meeting and conference spaces for education, social, health and leisure opportunities as well as access to advice and information
- To ensure the long-term viability of the facility by ensuring that it is sustainable via income generated from hiring, enterprises and accessing community grants and funding
- To work in partnership with key agencies to develop the Community Centre to meet new and future needs by considering the development of its physical structure and the nature of services which can be offered.

Options

2.17 The Council have the following two options:

a) Refuse the request for an asset transfer

2.18 The Community Asset Transfer Policy supports the Council's ambitions allowing local people and communities greater control over local assets and the services delivered from them.

2.19 Refusal of the Asset Transfer would restrict the CIC's ability to secure grant funding to improve the facility and in turn potentially affect the long-term viability of the site and the services delivered from it. Therefore this is not the recommended option.

b) Transfer the community centre either freehold or leasehold with restrictive covenants for community use with an exception of up to 30% commercial use in line with other Community Asset Transfers and in line with the Community Asset Transfer Policy.

2.20 Whilst freehold transfers can contain covenants to ensure that the site is restricted to community use and remains available to the community, a freehold transfer limits the Council's ability to intervene in circumstances where the CIC failed to fulfil its obligations.

2.21 Officers are of the opinion that the grant of a long leasehold for a period of 125 years, in accordance with the Community Asset Transfer Policy 2020, is appropriate. The grant of a long leasehold gives the CIC the security needed to satisfy grant funder requirements. The lease will include a restrictive covenant that the site is used for community use with provision, if required, for the CIC to sub-let up to 30% of any buildings space for commercial use to support the running and long-term sustainability of the facility.

2.22 It is advised that the lease should be on the basis of a peppercorn rent for the full term, with the CIC being responsible for the full repair and insuring of the site.

2.23 The lease will reserve rights for the Council to use the Community Centre for the purpose of an Electoral Polling Station.

2.24 The grant of a long lease provides the Council with remedies in the event that there is a breach of the terms of the lease.

- 2.25 **Recommended Option** – Option B, transferring Netherton Moor Community Centre to Netherton Community Centre CIC by way of a 125 year lease, is the recommended option. It will enable the CIC to access grant funding to further improve the community offer for residents, whilst protecting the community status of the asset by way of appropriate restrictive covenants and the Council's ability to intervene if necessary.

Valuation

Unrestricted Value

- 2.26 The unrestricted value is the best price reasonably obtainable for the property and should be expressed in capital terms. It is the market value of the land as currently defined by the RICS Valuation – Global Standards 2017 – VPS 4, except that it should take into account any additional amount which is or might reasonably be expected to be available from a purchaser with a special interest (a "special purchaser"). When assessing unrestricted value, the valuer must ignore the reduction in value caused by any voluntary condition imposed by the authority. In other words, unrestricted value is the amount that would be paid for the property if the voluntary condition were not imposed (or it is the value of the property subject to a lease without the restriction).

The unrestricted value of Netherton Community Centre is: £120,000

Restricted Value

- 2.27 The restricted value is the market value of the property having regard to the terms of the proposed transaction. It is defined in the same way as unrestricted value except that it should take into account the effect on value of any voluntary condition(s).

The restricted value of Netherton Community Centre is: £120,000

Voluntary Conditions

- 2.28 A voluntary condition is any term or condition of the proposed transaction which the authority chooses to impose. It does not include any term or condition which the authority is obliged to impose, (for example, as a matter of statute), or which runs with the land. Nor does it include any term or condition relating to a matter which is a discretionary rather than a statutory duty of the authority.

The value of voluntary conditions in the proposed transaction is: £ Nil

Amount of discount given by the Council

- 2.29 The difference between the unrestricted value of the land to be disposed of and the consideration accepted (the restricted value plus value of any voluntary conditions).

The amount of discount in the proposed transaction is: £120,000

- 2.30 The Local Government Act 1972 General Disposal Consent (2003) means that specific consent of the Secretary of State is not required for the disposal of any interest in land/buildings at less than best consideration which the authority considers will help it to secure the promotion or improvement of the economic, social or environmental wellbeing of its area.

- 2.31 Following assessment, Council officers are confident that the asset transfer of Netherton Moor Community Centre to Netherton Community Centre CIC will continue to promote the social well-being of the Crosland Moor and Netherton Ward.

3. Implications for the Council

- **Working with People**

- 3.1 The proposals for the asset transfer of Netherton Moor Community Centre have been developed in conjunction with the Board Members of Netherton Community Centre CIC.

Community Asset Transfers involve supporting community initiative and helping communities to solve their own problems. Community consultation is a key part of the asset transfer process, ensuring that the asset meets the needs of the community. Ward Members are consulted as part of the Cabinet reporting process and are given opportunity to make representations on behalf of the community.

- **Working with Partners**

- 3.2 Partnership working is crucial to the success and sustainability of community asset transfers within Kirklees. Officers work collaboratively with the applicant group, council services and Locality, a national charity, in the development of asset transfer proposals. Locality is a national charity working with community foundations at a local level to ensure that they are strong and successful. Groups are actively encouraged and provided with necessary support to ensure that partnership opportunities are fully explored.

- **Place Based Working**

- 3.3 Community Asset Transfer supports Place Based Working, providing an opportunity for a more efficient and effective use of buildings and land currently owned by the council. It gives local people and communities greater control over local assets and the services delivered from them and provides new opportunities to develop and improve land and buildings for local social, economic and environmental benefit. The Community Asset Transfer Policy has been updated to ensure it is consistent with the Council's Vision of giving local people and communities' greater control over local assets and the services delivered from them.

The asset transfer process, as set out in the updated policy, requires that full community consultation and engagement is carried out as part of an asset transfer application. This ensures that local residents, stakeholders and businesses have a say and inform how community assets can help shape their places.

- **Climate Change and Air Quality**

- 3.4 There will be no impact on Climate Change and Air Quality.

- **Improving outcomes for children**

- 3.5 Community assets play a crucial role in the delivery of services to all members of the community, including young people. The transfer of community assets can maximise their use and provide a place for children, their families, communities and services to work together to provide positive childhood experiences.

- **Other (eg Legal/Financial or Human Resources)**

- 3.6 Under the proposals the Council will be forgoing a potential capital receipt of £120,000. There are no revenue income or expenditure implications.

Do you need an Integrated Impact Assessment (IIA)?

3.7 Yes. IIA attached at Appendix C

4. Consultees and their opinions

Ward Member Comments

Cllr Manisha Kaushik

I fully support the community asset transfer of Netherton Moor Community Centre to Netherton Community Centre CIC.

Cllr Mohammad Sarwar

I am in full support of this community asset transfer.

Kirklees Homes and Neighbourhoods

Homes and Neighbourhoods supports the application. This is in recognition of the valuable work the organisation undertakes in the community including their work with and on behalf of local tenants and residents and looks forward to further joint working following the transfer.

5. Next steps and timelines

5.1 Subject to Cabinet approval, Officers will complete negotiations and agree terms of the transfer and instruct the Service Director - Legal, Governance and Commissioning to enter into and execute the transfer.

6. Officer recommendations and reasons

It is recommended that:

6.1 Authority be delegated to the Director of Development to negotiate and agree terms for the grant of a 125 year lease of Netherton Community Centre, Rowan Avenue Mews, Netherton, Huddersfield, HD4 7WH for the reasons set out in the body of the report.

6.2 Authority be delegated to the Service Director - Legal, Governance and Commissioning to enter into and execute all necessary documentation in connection with the grant of a 125 year lease of Netherton Community Centre to Netherton Community Centre CIC.

7. Cabinet Portfolio Holder's recommendations

I welcome this asset transfer to Netherton Community Centre CIC.

I am sure this community asset transfer will be a great success and will join the list of the many transfers we have completed over the last few years.

Asset transfers give communities the chance to develop community capacity and ensure that the needs of the community are at the heart of the buildings we transfer.

This transfer is also an excellent example of place-based working, and how working with partners like the CIC and a local community's residents can take ownership of a valuable and well used community asset.

I support option B as set out in this report and therefore recommend that Cabinet support the officer recommendations set out above and that:

- *Authority be delegated to the Director of Development to negotiate and agree terms for the grant of a 125 year lease of Netherton Community Centre, Rowan Avenue Mews, Netherton, Huddersfield, HD4 7WH for the reasons set out in the body of the report.*
- *Authority be delegated to the Service Director - Legal, Governance and Commissioning to enter into and execute all necessary documentation in connection with the grant of a 125 year lease of Netherton Community Centre to Netherton Community Centre CIC.*

8. Contact officer

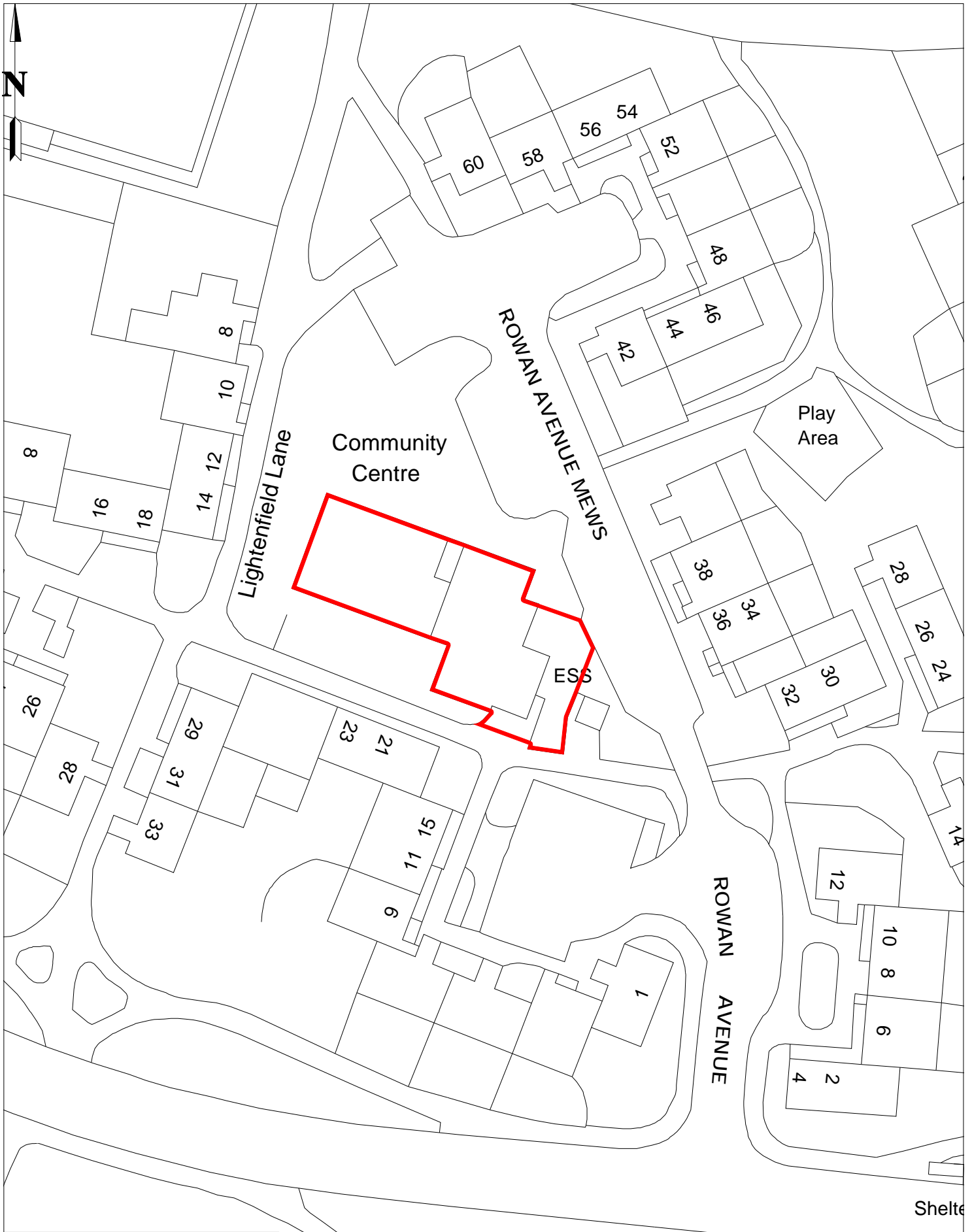
Mark Varley (Asset Strategy Officer)
mark.varley@kirklees.gov.uk
(01484) 221000

9. Background Papers and History of Decisions

Appendix A - Red Line Boundary plan (Ref.19-0047)
Appendix B - Community Asset Transfer Policy 2020
Appendix C - Integrated Impact Assessment

10. Service Director responsible

Joanne Bartholomew (Director of Development)
joanne.bartholomew@kirklees.gov.uk
(01484) 221000



STRATEGIC ASSETS

Plan No: 19-0047
 Scale: 500
 Required by:

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Community Asset Transfer Policy

September 2020

Introduction: our aspirations for communities and the role of asset transfers

Community Asset Transfer (CAT) is the transfer of ownership and management of public land and buildings from the Council to a community organisation. Assets are transferred at less than market value for local social, economic or environmental benefit.

The primary purpose of CATs in Kirklees is to invest in communities, and we will go the extra mile to help communities achieve their aspirations. This means:

- transfers are a way to empower communities;
- we will find ways to promote asset transfers in our place-based community engagement work as an option for communities to achieve their aspirations; and
- we will build and maintain a relationship with groups before, during, and after transfer to ensure that the asset continues to be available for the community.

As part of the vision for Kirklees to be a great place to live, work, and invest, the Council works with communities to build community capacity and realise community aspirations for their places. CATs are one way in which our communities can be enabled to realise these aspirations and deliver our [shared outcomes](#). By unlocking the power of community, CATs help to [build a more inclusive local economy](#) and enable [people to live in better health for longer](#).

Community-owned and community-run assets act as a catalyst for realising local aspirations by:

- improving local assets: community groups investing in and/or attracting investment for improving local assets;
- supporting local initiative: supporting and building on local community initiative and enthusiasm, which encourages community participation and volunteering; and
- building new connections: local citizens and groups developing new partnerships in their communities (including to support community cohesion).

We have delivered CATs since 2013. As of August 2020 there have been a total of 21 successful CATs across Kirklees.

Recognising the benefits they can deliver, we want to ensure that all our CATs are sustainable. We also want to be transparent with organisations interested in CATs. In line with these commitments, this policy sets out a robust process and offer that has been developed in accordance with the knowledge, skills, and experience we have gained since CATs were introduced in 2013.

This Policy sets out our framework for enabling and managing CATs, specifically:

- why we transfer assets;
- what assets will be considered for transfer;
- the eligibility criteria;
- the conditions of transfer; and
- how requests will be processed.

'We're Kirklees'

'We're Kirklees' is our name for the way local people, organisations, and places can work together to deliver our vision for Kirklees and our Seven Shared Outcomes, which are set out in our [Council Plan \(2020-21\)](#). 'We're Kirklees' means we're:

- **Working with people, not doing to them:** organisations working together with people and communities to enable them to solve problems and make the most of their strengths and opportunities;
- **Working with partners:** organisations sharing knowledge, skills, and resources to work smarter together; and
- **Place-based working:** recognising that each town, village, and community has its own unique strengths and opportunities that can help them solve problems locally, and working to support and enable these.

Eligibility and Conditions for Sustainable CATs

Eligible assets

The assets made available for Community Asset Transfer (CAT) will be at the discretion of the Council, but may include public service buildings and land, such as civic halls, community centres, heritage assets, libraries, open spaces, and parks. Assets which are still required strategically by the Council cannot be made available for transfer.

Assets might be identified as of potential community benefit by the Council or by communities themselves, and the Council encourages community discussions about local aspirations and how local assets might support those.

Eligible organisations

An organisation is eligible if their primary purpose is social, charitable, or community benefit, which can include:

- a [charity](#);
- a [community interest company](#);
- a [cooperative](#)([link](#));
- a [social enterprise](#); or
- an [unincorporated association](#) (although would need to be incorporated to complete a transfer).

The Council may consider and prioritise expressions of interest for asset transfer to Town and Parish Councils, acknowledging the advantages of democratically elected governance and representation.

Expressions of interest are welcomed from any community organisation that meets the following criteria:

- their primary purpose must be for community benefit;
- they must be open to and demonstrate an inclusive approach to all members of the wider community;
- they must have the skills and capacity to effectively manage the asset and deliver services;
- they must be financially stable and able to demonstrate good governance by operating through transparent and accountable processes; and
- the proposals for the asset must be clear (so the group can demonstrate all of the above),

The Council will encourage collaboration between community organisations and the sharing of assets to optimise both social value and value for money across the District. Applications will not be considered where an asset transfer is likely to compete with and potentially compromise an existing community facility.

If two or more expressions of interest are received the Council will work with the interested parties to develop options and understand the best way forward for the asset. Where appropriate, parties may be encouraged to collaborate and submit a joint application. We will invite viable proposals to proceed to the full application stage.

Conditions of transfer

To ensure that the property transferred is retained by the community for community benefit (e.g. the purpose for which the CAT was approved), assets will be transferred by the grant of a long term leasehold rather than freehold. In exceptional circumstances the Council may consider the transfer of a freehold interest.

The lease will be agreed for a nominal annual rent. It will include legal provisions (covenants) to ensure that the asset is restricted to community use, and may include provisions to ensure it remains open to community use (with a minimum number of hours of community use as agreed between the parties).

In some cases, these provisions will allow some commercial use, when that supports the sustainability of the business model and thereby the community benefit. Cabinet will decide when commercial use is appropriate as part of the application process.

In the final agreement, the Council may reserve the right to use the asset where it is required to deliver a statutory function or strategic ambition, e.g. as a library or on occasions for a polling station during elections or emergency planning purposes.

Upon completion of the transfer, the organisation will be fully responsible for:

- upkeep, repair and maintenance of the asset;
- all running costs, including insurance; and
- compliance with statutory inspections, health and safety requirements, and other relevant legislation.

Following asset transfer, organisations are encouraged to allow other community groups to use the space in the asset (which might also generate income for the organisation). To ensure the asset is of maximum possible community benefit, the group controlling the asset should not discriminate between groups based on protected characteristics (e.g. sex, disability, race, sexual orientation, gender assignment, religion, etc.).

The CAT application process

1. Initiating a CAT application with an Expression of Interest

A CAT application must begin with an expression of interest from a community organisation.

Eligible organisations (see 'Eligible Organisations' above) can submit expressions of interest relating to any Council-owned asset they believe to be of potential community benefit and which is eligible as per this policy.

To submit an expression of interest an Eligible Organisation need not be managing or operating from the asset.

The Council may also advertise surplus assets inviting expressions of interest for asset transfer.

The Expression of Interest form can be found here:

- <http://www.kirklees.gov.uk/beta/community-assets/community-asset-transfers.aspx>

2. Assessment of an Expression of Interest

The Council will decide if both:

- a) the asset in question is available for CAT; and
- b) the group expressing interest is suitable and/or ready for CAT.

If a group is not ready for CAT, they will be signposted to additional support from the Council or other partners.

Council officers will aim to assess expressions of interest within four weeks of receiving them.

If the Council accepts an expression of interest, the applicant group will be invited to submit a full application (see below).

Acceptance of an expression of interest does not commit the applicant or the Council to the transfer of an asset.

3. Full Application

Applicants invited to submit a full application will receive support from the Council either directly or through external organisations commissioned by the Council. Applicants will also be encouraged to access support from other organisations.

The Full Application Form can be found here:

- <http://www.kirklees.gov.uk/beta/community-assets/community-asset-transfers.aspx>

The full application must include detailed information about the applicant group and a fully detailed and robust business case. Applicants invited to progress to this stage can apply to the Council for a grant of up to £5,000 to assist with professional or legal costs associated

with the development of the application. In large or more complex cases, applicants may be invited to apply to the Council for a grant of up to £10,000.

The following information must be included in all full applications:

- the legal structure of the applicant group;
- the experience and skills of the Board/Managing Group and their capacity to manage the asset;
- the proposed use of the asset and how this will support the Council's objectives and benefit the community;
- evidence that the local community has been consulted and the application reflects the needs identified in that consultation;
- budget/financial projections for the group and its use of the asset in question; and
- details of any condition works needed to the asset and the source and availability of capital grant funding.

Failure to provide the required information will lead to an application being delayed or rejected.

We will agree a timescale for submitting a full application with the applicant. Typically, we will expect an application to be submitted within six weeks, but we will agree a timescale that reflects the size and complexity of the asset, since applicants will likely require longer to compose applications for bigger and more complex assets.

Applications are assessed by council officers and partners in accordance with a [scoring matrix](#), which is available online.

The following financial support is offered by the Council:

i. Development Grant

Applicants invited to progress to full application stage can apply to the Council for a grant of up to £5,000 to assist with professional or legal costs associated with the development of the application. In larger, more complex cases, applicants may be invited to apply to the Council for a grant of up to £10,000.

ii. Support towards capital works

Where assets require urgent condition works or physical adaptations to improve accessibility, applicants can apply to the Council for a grant. Any request for grant funding must be made at the Full Application stage and set out clearly within the applicant's business plan. The grant application will be considered by the Council's Cabinet in conjunction with the CAT application. Examples of urgent condition works/accessibility works could include boiler replacement, roofing works, window replacement, ramps, steps, and accessible toilets.

The Council will continue to consider requests for loans to match fund external grants or financing (which may include a groups cash reserves) for the development of assets.

Applications can be made at the Full Application stage and also following completion of a transfer. Applications must be supported by a full business plan evidencing the applicant's ability to repay the loan over the agreed term.

Other information on external sources of funding is available on request.

iii. Revenue grant

The Council will pay a two stage revenue grant to each successful applicant following completion of the transfer. The grant will be calculated based on the previous operational running costs (excluding staffing) for the asset.

A grant equivalent to 15% of the average running cost will be paid on completion of the transfer and a further grant equivalent to 5% the following year.

4. Cabinet Approval

If the application is satisfactory, officers will then seek the approval and authority of the Council's Cabinet ([link](#)) for the Council to carry out the asset transfer.

5. Finalising the terms of the asset transfer

Following Cabinet approval, Council officers will work with the applicant to draw up heads of terms for all the documents that form part of the asset transfer. These documents will comprise of some or all of the following:

- (a) Lease (or in exceptional circumstances a freehold transfer deed);
- (b) Polling station agreement;
- (c) Emergency planning agreement;
- (d) Grant Agreement; and/or
- (e) Loan Agreement

When heads of terms have been agreed, the Council's legal department will draw up all the required documents, and then negotiate and agree the terms of the documents with the applicant's solicitors.

6. Completion

When the documents are in an agreed form, they can then be completed, and the asset transfer will then come into effect.

Indicative Timescales

The full process can take 10-12 months.

Stage	Who is responsible	Indicative Timescale
1. Initiating a CAT application with an Expression of Interest (EOI)	Applicant	N/A (initiates CAT application)
2. Assessment of an Expression of Interest	Council Officers	4 weeks
3a. Full Application & Business Case (Composition)	Applicant	6-12 weeks (a longer period may be agreed dependent on the size and complexity of the asset)
3b. Full Application & Business Case (Assessment)	Council Officers	4 weeks
4. Cabinet Approval	Council Officers Cabinet	6 – 10 weeks
5. Finalising the terms of the Asset Transfer	Council Officers	6 – 8 weeks
6. Completion	Council Officers Applicant	12 weeks

All timescales are only indicative. It is acknowledged that CATs may be delayed for a number of reasons, including:

- complexity and size of the asset being transferred;
- further research required to support the application;
- legal processes involved;
- capacity and availability of people; and/or
- Council Service Reviews.

Changes from the previous policy

This policy supersedes our 2017 Community Asset Transfer Policy. The key changes since then are summarised below.

The change	Our old policy	Our new policy	Why was this change made?
All transfers are with long leaseholds by default	The Council used to transfer buildings differently to land, with buildings transferred freehold and land on long leaseholds.	Our default presumption is now to transfer all assets (land and buildings) on a long leasehold. Freehold transfers will be considered in exceptional circumstances and will be at the discretion of the Council.	Long leaseholds ensure that the asset remains available to the community by providing the Council with remedies in the event that the applicant does not fulfil their obligations with respect to the management of the asset or there is a breach of the terms of the lease. The grant of long leaseholds still gives applicants the security needed to satisfy grant funders.
More financial support for applicants invited to the Full Application stage	We used to offer a grant of up to £5,000 to cover legal costs and fees associated with the application.	In exceptional cases the Council will now offer up to £10,000.	Some cases require extra support because of their size and complexity.
More financial support for successful applicants	We used to offer a grant in the first year after a transfer equivalent to 15% of the asset's running cost (excluding staffing costs).	We now offer a grant in the first and second year after a transfer. The first year grant remains at 15%. The second year grant is 5%.	This will provide extra post-transfer support that will assist with the running of the transferred asset and increase the likelihood of sustainable asset transfer.

	<p>We used to offer applicants a loan option for up to £100,000 match funding towards capital improvements to the asset. Loan applications had to be submitted at the full application stage of the process. Applications would not be considered post transfer.</p>	<p>The Council will now offer an option of grant funding and loans.</p> <p>Groups will be able to apply for a grant to fund urgent condition works or physical adaptations to improve accessibility. Examples of these works may include boiler replacement, roofing works, window replacement, ramps, steps, and accessible toilets.</p> <p>The Council will now consider requests for loans to match fund external grants and financing, prior to and following completion of the asset transfer, for groups wanting to develop assets.</p>	<p>The introduction of a grant will further support the viability of community asset transfers, allowing groups to invest in urgent condition/accessibility works where needed to bring assets back into use.</p> <p>Post transfer loans will provide added flexibility to groups intending to carry out capital improvements to assets, ensuring that they remain available for public use and sustainable in the long term.</p>
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<p>More proactive strategic approach to CATs</p>	<p>We used to transfer assets primarily when they were surplus to our service requirements. Assets were also sold to raise funds for important Council services.</p>	<p>We will now also encourage community groups in our community engagement to proactively identify assets they need to solve local issues and to achieve community aspirations.</p> <p>Where asset transfers aren't possible, groups will be signposted to support within or external to the council to ensure that we build on their aspirations for their communities.</p>	<p>As set out in the Corporate Plan (link), we're now working more with people and doing less to or for them, working more in place-based ways led by local community aspirations and valuing the diversity of perspective and identities that make up local places. This requires that we proactively encourage community organisations to think about the assets they need to achieve these aspirations.</p>
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EIA STAGE 1 – SCREENING ASSESSMENT

PROJECT DETAILS

Name of project or policy:	
Community Asset Transfer - Netherton Moor Community Centre	
Directorate:	Senior Officer responsible for policy/service:
Growth and Regeneration	Joanne Bartholomew (Service Director for Development & Director Covid Recovery)
Service:	Lead Officer responsible for EIA:
Development	Mark Varley
Specific Service Area/Policy:	Date of EIA (Stage 1):
Community Asset Transfer Policy	01/11/2021

Brief outline of proposal and the overall aims/purpose of making this change:

The transfer of the property Netherton Community Centre, Rowan Avenue Mews, Netherton, Huddersfield, HD4 7WH by way of the grant of a long leasehold in accordance with the Councils Community Asset Transfer Policy 2020 for the promotion and improvement of social, economic and environmental wellbeing.

ASSESSMENT SUMMARY

Theme	Calculated Scores						Stage 2 Assessment Required
	Proposal	Impact	P + I	Mitigation	Evidence	M + E	
Equalities	4	4.2	8.2	2.5	4	6.5	No
Environment		4.7	4.7	0	10	10	Yes

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)	YES
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

WHAT LEVEL OF IMPACT DO YOU THINK YOUR PROPOSAL WILL HAVE ON...	Level of Impact Please select from drop down
Kirklees employees within this service/directorate? (overall)	Neutral
Kirklees residents living in a specific ward/local area?	Very Positive
Please tell us which area/ward will be affected:	Netherton and Crosland Moor
Residents across Kirklees? (i.e. most/all local people)	Neutral
Existing service users ?	Very Positive

Each of the following groups ?		Please select from drop down
<i>(Think about how your proposal might affect, either positively or negatively, any individuals/communities. Please consider the impact for both employees and residents - within these protected characteristic groups).</i>		
...age	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Very Positive
...disability	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral
...gender reassignment	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral
...marriage/ civil partnership	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral
...pregnancy & maternity	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral
...race	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral
...religion & belief	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral
...sex	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral
...sexual orientation	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral
...those in poverty or low-come	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral

...unpaid carers	What impact is there on Kirklees employees /internal working practices?	Neutral
	What impact is there on Kirklees residents /external service delivery?	Neutral

WHAT LEVEL OF IMPACT DO YOU THINK YOUR PROPOSAL WILL HAVE ON...		Level of Impact	
		Please select from drop down	
Kirklees Council's internal practices ?		Neutral	
Lifestyles of those who live and work in Kirklees?		Neutral	
Practices of suppliers to Kirklees council?		Neutral	
Practices of other partners of Kirklees council?		Neutral	
Each of the following environmental themes ? (Please select from the drop down list)			
	People	Partners	Places
...clean air (including Climate Changing Gases)	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
...Clean and plentiful water	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
... Wildlife and habitats	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
...Resilience to harm from environmental hazards	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
... Sustainability and efficiency of use of resources from nature	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
...Beauty, heritage and engagement with the natural environment	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
... Resilience to the effects of climate change	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
...Production, recycling or disposal of waste	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2
... Exposure to chemicals	Neutral Score: 2	Neutral Score: 2	Neutral Score: 2

HOW ARE YOU USING ADVICE AND EVIDENCE/INTELLIGENCE TO HELP YOU?

Please select YES or NO

Equality Themes

Have you taken any specialist advice linked to your proposal? (Legal, HR etc)?	Yes
...employees?	No
Do you have any evidence/intelligence to support your assessment (in section 2) of the impact of your proposal on...	Yes
...Kirklees residents?	Yes
...service users?	Yes
...any protected characteristic groups?	No
Please list your equalities evidence/intelligence here [you can include hyperlinks to files/research/websites]: Officers have engaged with representatives of Netherton Community Centre CIC, Netherton and Crosland Moor Ward Members, the Councils Third Sector, Community Plus and Cohesion teams.	

	Please select from drop down
To what extent do you feel you are able to mitigate any potential negative impact of your proposal outlined on the different groups of people?	TO SOME EXTENT
To what extent do you feel you have considered your Public Sector Equality Duty?	FULLY

Environmental Themes

Have you taken any specialist advice linked to your proposal?	No
...Kirklees Council practices?	No
Do you have any evidence/intelligence to support your assessment (in section 2) of the impact of your proposal on...	No
...resident and worker lifestyles?	No
...Practices of Supplier to Kirklees Council?	No
...Practices of other Kirklees Council partners?	No
Please list your environmental evidence/intelligence here [you can include hyperlinks to files/research/websites]: The outcome of the Stage 1 Integrated Impact Assessment indicates a negative Environmental Impact based on the lack of specialist advice and evidence to support the action being taken. There are no environmental implications to the transfer of the asset. The extent of the transfer is limited to the community centre building. The building is in a good state of repair with the applicant having invested in energy efficient lighting and a replacement boiler. The grant of a long lease under the Community Asset Transfer policy will provide the applicant with the security to invest in further improvements that will deliver energy efficiencies. A Stage 2 assessment is therefore not required.	

	Please select from drop down
To what extent do you feel you are able to mitigate any potential negative impact of your proposal on the environmental issues identified?	FULLY

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Name and date of meeting: Corporate Governance and Audit Committee
26 November 2021

Cabinet
14 December 2021

Council
19 January 2022

Title of report: Half Yearly Monitoring report on Treasury Management activities 2021/22

Purpose of report

The Council has adopted the CIPFA Code of Practice on Treasury Management. It is a requirement of the Code that regular reports be submitted to Members detailing treasury management operational activity. This report is the mid-year for 2021/22 covering the period 1 April to 30 September 2021.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	No
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	Key Decision: Yes Private Report/Private Appendix: N/A
The Decision - Is it eligible for call in by Scrutiny?	No
Date signed off by Strategic Director and name	N/A
Date signed off by Service Director	Eamonn Croston – 16 November 2021
Is it also signed off by the Service Director Legal Governance and Monitoring?	Julie Muscroft – 16 November 2021
Cabinet member portfolio	Corporate Cllr Paul Davies

Electoral wards affected: N/A

Ward councillors consulted: N/A

Public or Private: Public

GDPR: This report contains no information that falls within the scope of General Data Protection Regulations.

1 Summary

- 1.1 The report gives assurance that the Council's treasury management function is being managed prudently and pro-actively. External investments, including £10.0 million invested in the Local Authorities Pooled Investment Fund (LAPF), averaged £37.6 million during the period at an average rate of 0.49%. Investments have ranged from a peak of £68.8 million and a low of £16.6 million both in April. The high investment balance in April was due to receiving a restart grant of £22.4 million from Central Government but this was paid out to local businesses in mid-April.
- 1.2 Balances were invested in line with the approved treasury management strategy (see Appendix 1), in instant access accounts or short-term deposits.
- 1.3 The treasury management revenue budget is £24.3 million. This is covered in more detail at paragraph 2.18 later in this report.
- 1.4 In-year treasury management performance is in line with the treasury management prudential indicators set for the year (see Appendix 4).

2 Information required to take a decision

- 2.1 The treasury management strategy for 2021/22 was approved by Council on 10 February 2021. The over-riding policy continues to be one of ensuring the security of the Council's balances. The Council aims to invest externally balances of around £30 million, largely for the purpose of managing day-to-day cash flow requirements, with any remaining balances invested "internally", offsetting borrowing requirements.
- 2.2 The investment strategy is designed to minimise risk, with investments being made primarily in instant access accounts or short-term deposits, with the major British owned banks and building societies, or Money Market Funds. Diversification amongst counterparties is key. The additional cash received in April was mainly invested in the Debt Management Office (DMO) which is an Executive Agency of Her Majesty's Treasury.

Economic Context

- 2.3 *The following economic update has been provided via our external advisors Arlingclose (paragraphs 2.4 to 2.9 below):*
- 2.4 The economic recovery from coronavirus pandemic continued to dominate the first half of the financial year. By the end of the period over 48 million people in the UK had received their first dose of a Covid-19 vaccine and almost 45 million their second dose.
- 2.5 The Bank of England (BoE) held Bank Rate at 0.1% throughout the period and maintained its Quantitative Easing programme at £895 billion, unchanged since the November 2020 meeting. In its September 2021 policy announcement, the BoE noted it now expected the UK economy to grow at a slower pace than was

predicted in August, as the pace of the global recovery had shown signs of slowing and there were concerns inflationary pressures may be more persistent. Within the announcement, Bank expectations for GDP growth for the third (calendar) quarter were revised down to 2.1% (from 2.9%), in part reflecting tighter supply conditions.

- 2.6 Government initiatives continued to support the economy over the quarter but came to an end on 30th September 2021 for the remaining 1.6 million workers still on the furlough scheme at that point.
- 2.7 The latest labour market data showed that in the three months to July 2021 the unemployment rate fell to 4.6%. The employment rate increased, and economic activity rates decreased, suggesting an improving labour market picture. Latest data showed growth in average total pay (including bonuses) and regular pay (excluding bonuses) among employees was 8.3% and 6.3% respectively over the period. However, part of the robust growth figures is due to a base effect from a decline in average pay in the spring of last year associated with the furlough scheme.
- 2.8 Annual CPI inflation rose to 3.2% in August, exceeding expectations for 2.9%, with the largest upward contribution coming from restaurants and hotels. The Bank of England now expects inflation to exceed 4% by the end of the calendar year owing largely to developments in energy and goods prices. The Office of National Statistics' (ONS') preferred measure of CPIH which includes owner-occupied housing was 3.0% year/year, marginally higher than expectations for 2.7%. The easing of restrictions boosted activity in the second quarter of calendar year, helping push GDP up by 5.5% quarter on quarter (final estimate vs 4.8% quarter on quarter initial estimate). Household consumption was the largest contributor. Within the sector breakdown production contributed 1.0% quarter on quarter, construction 3.8% quarter on quarter and services 6.5% quarter on quarter, taking all of these close to their pre-pandemic levels.
- 2.9 Inflation worries continued during the period. Declines in bond yields in the first quarter of the financial year suggested bond markets were expecting any general price increases to be less severe, or more transitory, that was previously thought. However, an increase in gas prices in the UK and EU, supply shortages and a dearth of HGV and lorry drivers with companies willing to pay more to secure their services, has caused problems for a range of industries and, in some instance, lead to higher prices. The 5-year UK benchmark gilt yield began the financial year at 0.36% before declining to 0.33% by the end of June 2021 and then climbing to 0.64% on 30th September. Over the same period the 10 year gilt yield fell from 0.80% to 0.71% before rising to 1.03% and the 20-year yield declined from 1.31% to 1.21% and then increased to 1.37%.

Investment Performance

- 2.10 The Council invested an average balance of £27.6 million externally (excluding the LAPF) during the period (£43.4 million in the first six months of 2020/21), generating £4k in investment income over the period (£64k in 2020/21). The LAPF investment of £10.0 million generated £180k of dividend income (£155k

in 2020/21). Appendix 7 shows a comparative average net monthly balances invested over the last 3 years.

- 2.11 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. Balances were invested in instant access accounts, short term deposits and the LAPF. Appendix 1 shows where investments were held at the start of April, the end of June and September by counterparty, by sector and by country.
- 2.12 The Council's average investment rate for the period was 0.49%. This is higher than the average in the same period in 2020/21 of 0.41%. This is mainly due to the dividend returns on the LAPF investment. Returns on liquid cash balances were 0.01% and 3.60% on the LAPF (after deducting charges). The actual gross dividend yield quoted from the fund on Net Asset Value was 3.91% at the end of September for the last 12 months, and the fund size was £1,296.7 million (4.36% and £1,155.8 million respectively for the 12 months to September 2020).
- 2.13 Appendix 3, provided by Arlingclose, compares the Council's performance against other Local Authorities at the end of September. In order to gain better rates of return, the majority of Local Authorities with a higher rate of return have further external investments creating a more diverse portfolio.

Borrowing Performance

- 2.14 Long-term loans at the end September totalled £404.2 million (£384.4 million 31 March 2021) and short-term loans £5.9 million (£40.9 million 31 March 2021).
- 2.15 Fixed rate loans account for 85.2% of total long-term debt giving the Council stability in its interest costs. The maturity profile for fixed rate long-term loans is shown in Appendix 2 and shows that no more than 10.1% of fixed rate debt is due to be repaid in any one year. This is good practice as it reduces the Council's exposure to a substantial borrowing requirement in future years when interest rates might be at a relatively high level.
- 2.16 The mid-year liability benchmark highlights that there is an expectation of new additional long term borrowing of £76.6 million. Having considered the appropriate duration and structure of the Authority's borrowing need based on realistic projections, the Council decided to take advantage in the fall of external borrowing rates and borrowed two £10.0 million 20 year EIP loans from the PWLB in April and July. This is in addition to the £10.0 million borrowed in March 2021. These loans provide some longer-term certainty and stability to the debt portfolio. Further detail on the reduction in PWLB interest rates is covered in paragraph 2.26.
- 2.17 Appendix 5 sets out in year repayments on long term borrowing and also further re-payments for the next 6 months.

Revenue Budget Monitoring

2.18 The treasury management revenue budget is £24.3 million. Forecasted outturn is currently in line with budget. The change in Minimum Revenue Provision (MRP) policy allowed for a planned release of £9.1 million MRP budget over-provision in 2021/22. The budget strategy update report 2022/23 re-affirmed the decision taken in the annual budget report in February 2021 to forward profile the release of the MRP over-provision with an additional £4.6m, in light of estimated medium term COVID impacted pressures on the Council finances. The MRP policy is to provide for MRP on the basis of the asset life to which external borrowing is incurred. The MRP calculation is used to determine the amount of revenue resources that need to be set aside annually by the Council to meet its debt obligations.

Prudential Indicators

2.19 The Council is able to undertake borrowing without central government approval under a code of practice called the Prudential Code. Under this Code, certain indicators have to be set at the beginning of the financial year as part of the treasury management strategy.

2.20 The purpose of the indicators is to contain the treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decision impacting negatively on the Council's overall financial position. Appendix 4 provides a schedule of the indicators set for treasury management and the latest position.

Borrowing and Investment – General Strategy for 2021/22

2.21 The Capital Financing Requirement (CFR) represents the Council's underlying need to finance capital expenditure by borrowing or other long-term liability arrangements.

2.22 An authority can choose to finance its CFR through internal or external borrowing or a combination of the two.

2.23 Forecast changes in the Capital Financing Requirement (CFR) and how these will be financed are shown in the balance sheet analysis at Table 1 below:

Future Treasury Management Strategy

- 2.28 The Council's overall Treasury Management Strategy will continue to maintain a relatively low risk strategy giving priority to security and liquidity, and as such invest an average of around £20 million externally in relatively short-term, liquid investments through the money markets, for the purpose of managing day-to-day cash flow requirements. Any remaining balances, net of investment in the LAPF, will be used internally, offsetting borrowing requirements. The investment strategy is designed to minimise risk, investments being made primarily in instant access accounts or short-term deposits, with the major British owned banks and building societies, or Money Market Funds.
- 2.29 The Treasury Management Code of Practice ensures management practices are in place for non-treasury management activity in addition to the existing 12 Treasury Management Practices (TMPs). This is identified at the end of this report (Appendix 6).
- 2.30 In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These followed the Public Accounts Committee's recommendation that the prudential framework should be further tightened following continued borrowing by some Authorities for investment purposes. In September CIPFA issued the revised Codes and Guidance Notes in draft form and opened the latest consultation process on their proposed changes.
- 2.31 The main changes include:
- Clarification that Local Authorities must not borrow to invest primarily for financial return and defining acceptable reasons to borrow money.
 - For service and commercial investments, in addition to assessments of affordability and prudence, an assessment of proportionality in respect of the Authority's overall financial capacity (i.e. whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services).
 - Prudential Indicators, new indicator for net income from commercial and service investments to the budgeted net revenue stream. Inclusion of the liability benchmark as a mandatory treasury management prudential indicator. CIPFA recommends this is presented as a chart of four balances – existing loan debt outstanding; loans CFR, net loans requirement, liability benchmark – over at least 10 years and ideally cover the Authority's full debt maturity profile.
 - Excluding investment income from the definition of financing costs.
 - Incorporating ESG (Economic, Social, Governance) issues as a consideration within TMP 1 Risk Management.
 - Additional focus on the knowledge and skills of officers and elected members involved in decision making
- 2.32 The Council's objective when borrowing is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. PWLB is the primary source of borrowing alongside cheaper short term borrowing for a mixed portfolio of debt.

- 2.33 PWLB rates remain historically relatively low, although rates have fluctuated by margins around 1% over the last 30 months, as illustrated in the PWLB borrowing rates table at Appendix 7. In light of current inflationary pressures and likelihood of MPC uplifts in base rate over the coming months, this may add some increased short-term volatility on PWLB rates. Officers will continue to review funding options going forward in conjunction with its external advisors.
- 2.34 Budget developments for 2022/23 and future years include significant regeneration activity which provides potential for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields, with blending funding approaches alongside the PWLB.
- 2.35 Current MRP policy calculates MRP on new assets during the construction phase, however in light of the aforementioned significant regeneration activity the Council will consider appropriate revisions to its MRP methodology to align the timing of MRP charges to the point new assets become operational.

Risk and Compliance issues

- 2.36 In line with the investment strategy, the Council has not placed any direct investments with companies as defined by the Carbon Underground 200.

3 Implications for the Council

- 3.1 Treasury management budget forecast will continue to be reported as part of the overall quarterly financial monitoring reporting cycle to Cabinet, through the remainder of the year.

4 Consultees and their opinions

This report was considered and endorsed at Corporate Governance and Audit Committee on 26 November 2021 and will be presented to Cabinet on 14 December 2021. Arlingclose, the treasury management advisors to the Council, have provided the economic context commentary contained in this report.

5 Next steps

Following consideration at Cabinet, this report will be presented to Council on 19 January 2022.

6 Officer recommendations and reasons

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

- 6.1 Note the half-year treasury management performance in 2021/22 as set out in the report;

7 Contact officer

James Anderson	Head of Accountancy Service	01484 221000
Rachel Firth	Finance Manager	01484 221000

8 Background Papers and History of Decisions

CIPFA's Prudential Code for Capital Finance in Local Authorities.

CIPFA's Code of Practice on Treasury Management in the Public Services.

CIPFA's Treasury Management in the Public Services – Guidance notes

The treasury management strategy report for 2021/22 - Council 10 February 2021

Council Budget Strategy Update Report 2022/23 – Council 13 October 2021

Annual Report on Treasury Management 2020/21 - Annual Financial Outturn and Rollover Report 2020/21; Council 23 July 2021

9 Service Director responsible

Eamon Croston 01484 221000

Kirklees Council Investments 2021/22												
Counterparty	Approved Strategy Limit £m	Approved Strategy Credit Rating	Credit Rating Sept 2021*	1 April 2021 (opening)			30 June 2021			30 September 2021		
				£m	Interest Rate	Type of Investment	£m	Interest Rate	Type of Investment	£m	Interest Rate	Type of Investment
Specified Investments												
LAPF Property Fund	10.0	-	-	10.0	-	***	10.0	-	***	10.0	-	***
DMO Govt	Unlimited	-	F1+/AA-	0.0	-	-	0.0	-	-	0.0	-	-
Santander Bank	10.0	F1	F1/A+	5.0	0.30%	35 Day Notice	0.0	0.10%	35 Day Notice	5.0	0.10%	35 Day Notice
Barclays Bank	10.0	F1	F1/A+	0.6	0.01%	Deposit	0.0	0.01%	Deposit	0.0	0.01%	Deposit
Aberdeen Standard MMF**	10.0	AAA-A	AAA	8.6	0.01%	MMF	10.0	0.01%	MMF	10.0	0.01%	MMF
Aviva MMF**	10.0	Aaa-A2	Aaa*	7.0	0.01%	MMF	9.6	0.01%	MMF	6.1	0.01%	MMF
Deutsche MMF**	10.0	AAA-A	AAA	5.9	0.01%	MMF	9.9	0.02%	MMF	10.0	0.02%	MMF
Goldman Sachs MMF**	10.0	AAA-A	AAA	0.0	0.00%	MMF	4.0	0.00%	MMF	0.0	0.00%	MMF
				37.1			43.5			41.1		
Sector analysis												
Property Fund	10.0			10.0	27%		10.0	23%		10.0	24%	
Bank	10.0 each			5.6	15%		0.0	0%		5.0	12%	
MMF**	50.0			21.5	58%		33.5	77%		26.1	64%	
Central Govt	Unlimited			0.0	0%		0.0	0%		0.0	0%	
				37.1	100%		43.5	100%		41.1	100%	
Country analysis												
UK				15.6	42%		10.0	23%		15.0	36%	
MMF**				21.5	58%		33.5	77%		26.1	64%	
				37.1	100%		43.5	100%		41.1	100%	

*Fitch short/long term ratings, except Aviva MMF (Moody rating). See next page for key. The use of Fitch ratings is illustrative – the Council assesses counterparty suitability using all 3 credit rating agencies, where applicable, and other information on credit quality.

**MMF – Money Market Fund. These funds are domiciled in Ireland for tax reasons, but the funds are made up of numerous diverse investments with highly rated banks and other institutions. The credit risk is therefore spread over numerous countries, including the UK. The exception to this is the Aviva Government Liquidity Fund which invests directly in UK government securities and in short-term deposits secured on those securities.

***Specialised property fund available for Local Authority investors.

Key – Fitch’s credit ratings:

Appendix 1 Continued

		Long	Short		
Investment Grade	Extremely Strong	AAA	F1+		
		Very Strong		AA+	
				AA	
	Strong	AA-			
		A+		F1	
		A			
	Adequate	A-		F2	
		BBB+			
		BBB			
Speculative Grade	Speculative	BBB-	F3		
		Very Speculative		BB+	
				BB	
	Vulnerable	BB-		B	
		B+			
		B			
	Defaulting	Defaulting		B-	C
				CCC+	
				CCC	
CCC-					
		CC			
		C			
		D	D		



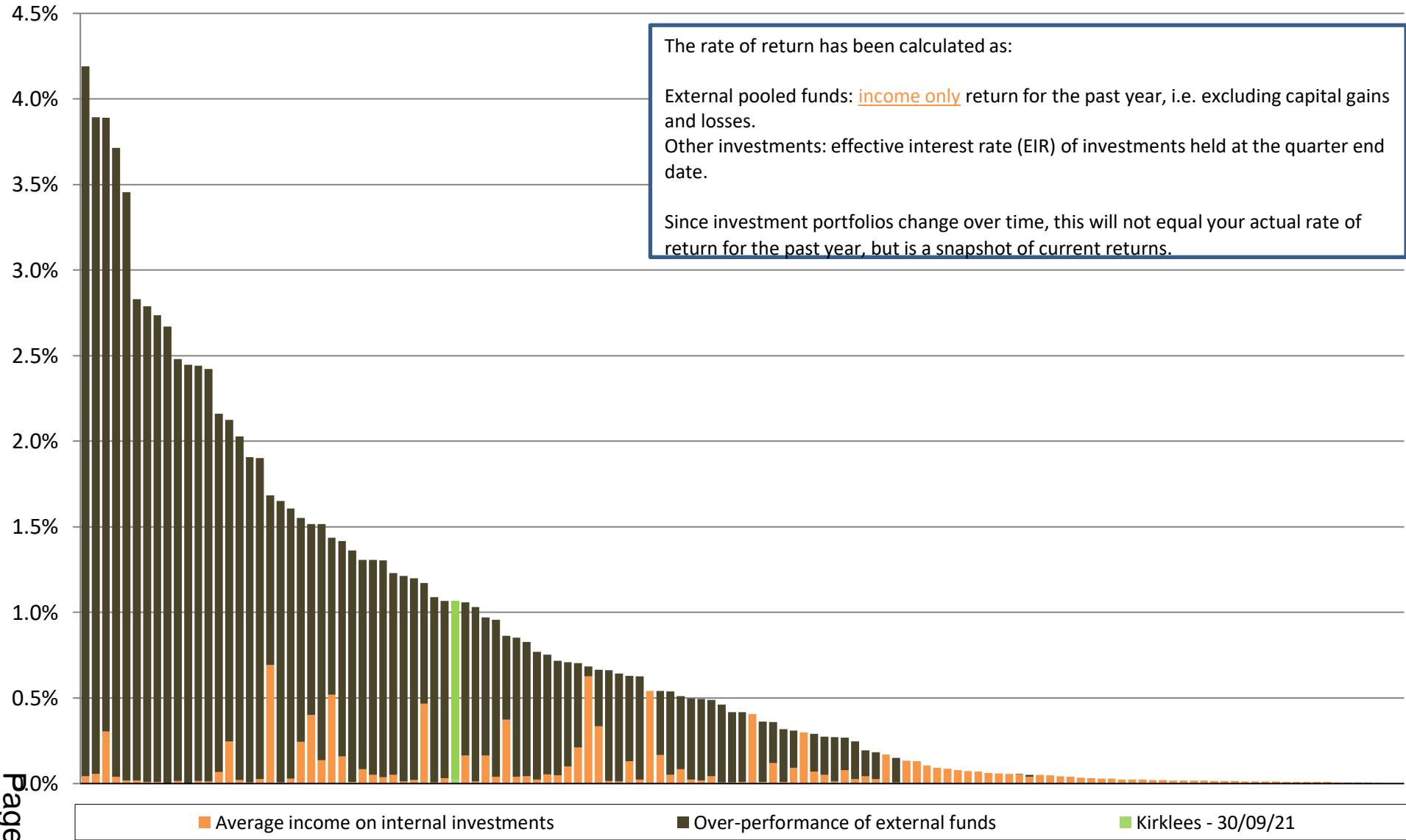
Income Only Return on Total Investments (Internal plus External Funds)

The rate of return has been calculated as:

External pooled funds: income only return for the past year, i.e. excluding capital gains and losses.

Other investments: effective interest rate (EIR) of investments held at the quarter end date.

Since investment portfolios change over time, this will not equal your actual rate of return for the past year, but is a snapshot of current returns.



Treasury Management Prudential Indicators

Interest Rate Exposures

While fixed rate borrowing can contribute significantly to reducing the uncertainty surrounding future interest rate scenarios, the pursuit of optimum performance justifies retaining a degree of flexibility through the use of variable interest rates on at least part of the treasury management portfolio. The Prudential Code requires the setting of upper limits for both variable rate and fixed interest rate exposure:

	Limit Set 2021/22	Estimated Actual* 2021/22
Interest at fixed rates as a percentage of net interest payments	60% - 100%	84%
Interest at variable rates as a percentage of net interest payments	0% - 40%	16%

*The estimated actual is within the limits set.

Maturity Structure of Borrowing

This indicator is designed to prevent the Council having large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate	Limit Set 2021/22	Estimated Actual 2021/22
Under 12 months	0% - 20%	3%
12 months to 2 years	0% - 20%	1%
2 years to 5 years	0% - 60%	5%
5 years to 10 years	0% - 80%	4%
More than 10 years	20% - 100%	87%

The limits on the proportion of fixed rate debt were adhered to.

Total principal sums invested for periods longer than 364 days

The Council will not invest sums for periods longer than 364 days.

Long-term loans repaid during the period 01/04/21 to 30/09/21

	Amount £000s	Rate %	Date repaid
Salix - Annuity	321	0.00	1 April 21
PWLB (313112) - EIP	250	1.64	6 Sept 21
PWLB (496956) - Annuity	386	4.58	29 Sept 21
Total	957		

Long-term loans to be repaid during the period 01/10/21 to 31/03/22

	Amount £000s	Rate %	Date to be repaid
Salix - Annuity	490	0.00	1 Oct 21
PWLB (340221) - EIP	250	1.63	27 Oct 21
PWLB (373440) - EIP	250	1.46	12 Jan 22
PWLB (475156) - Maturity	6,458	8.63	14 Feb 22
PWLB (313112) - EIP	250	1.64	4 Mar 22
PWLB (496956) - Annuity	395	4.58	29 Mar 22
Total	8,093		

TREASURY MANAGEMENT PRACTICES

The following Treasury Management Practices (TMPs) set out the manner in which the Council aims to achieve its treasury management policies and objectives, and how it will manage and control those activities.

1. TMP 1 Risk management

The Service Director - Finance will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

(i) Credit and counterparty risk management

The Council regards a prime objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments, methods and techniques are listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

(ii) Liquidity risk management

The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to which are necessary for the achievement of its business/service objectives. The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

(iii) Interest rate risk management

The Council will manage its exposure to fluctuations in interest rates with a view to containing its net interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements.

It will achieve these objectives by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. The above are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

(iv) Exchange rate risk management

The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

(v) Refinancing risk management

The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

(vi) Legal and regulatory risk management

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1(i) Credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the Council.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

(vii) Fraud, error and corruption, and contingency management

The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption, or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

(viii) Market risk management

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

2. **TMP2 Performance measurement**

The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its Treasury Management Policy Statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery and of other potential

improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document.

3. **TMP3 Decision-making and analysis**

The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule to this document.

4. **TMP4 Approved instruments, methods and techniques**

The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 Risk management.

Where the Council intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. The Council will seek proper advice when entering into arrangements to use such products.

5. **TMP5 Organisation, clarity and segregation of responsibilities, and dealing arrangements**

The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, and for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principles on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the Service Director - Finance will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The Service Director - Finance will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangement for absence cover. The present arrangements are detailed in the schedule to this document.

The Service Director - Finance will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegation to the Service Director - Finance in respect of treasury management is set out in the schedule to this document. The Service Director - Finance will fulfil all such

responsibilities in accordance with the Council's policy statement and TMPs and, as a CIPFA member, the Standard of Professional Practice on Treasury Management.

6. **TMP6 Reporting requirements and management information arrangements**

The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and the transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum, the Council will receive:

- an annual report on the strategy and plan to be pursued in the coming year
- a mid-year review
- an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's Treasury Management Policy Statement and TMPs.

The present arrangements and the form of these reports are detailed in the schedule to this document.

7. **TMP7 Budgeting, accounting and audit arrangements**

The Service Director - Finance will prepare, and the Council will approve and, if necessary, from time to time amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at a minimum be those required by statute or regulation, together with such information as will demonstrate compliance with the TMPs. Budgeting procedures are set out in the schedule to this document. The Service Director - Finance will exercise effective controls over this budget, and will report any major variations.

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being. The present form of this function's accounts is set out in the schedule to this document.

The Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices. The information made available under present arrangements is detailed in the schedule to this document.

8. **TMP8 Cash and cash flow management**

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Service Director - Finance and, with the exception of Secondary Schools' bank accounts, will be aggregated for cash flow purposes. Cash flow projections will be prepared on a regular and timely basis, and the Service Director - Finance will ensure that these are adequate for the purposes of monitoring compliance with TMP1(i)

Liquidity risk management. The present arrangements for preparing cash flow projections are set out in the schedule to this document.

9. **TMP9 Money laundering**

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will ensure that staff involved in treasury management activities are fully aware of their responsibilities with regards this. The present safeguards, including the name of the officer to whom any suspicions should be reported, are detailed in the schedule to this document.

10. **TMP10 Training and qualifications**

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The present arrangements are detailed in the schedule to this document.

The Service Director - Finance will ensure that Members of the committee providing a scrutiny function have access to regular training relevant to their responsibilities.

11. **TMP11 Use of external service providers**

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times. However, it also recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources.

When it employs such service providers, it will ensure it does so for reasons which will have been submitted to full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies.

Where services are subject to formal tender or re-tender arrangements, legislative requirements and the Council's Contract Procedure Rules will always be observed. The monitoring of such arrangement's rests with the Service Director - Finance, and details of the current arrangements are set out in the schedule to this document.

12. **TMP12 Corporate governance**

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Council has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury

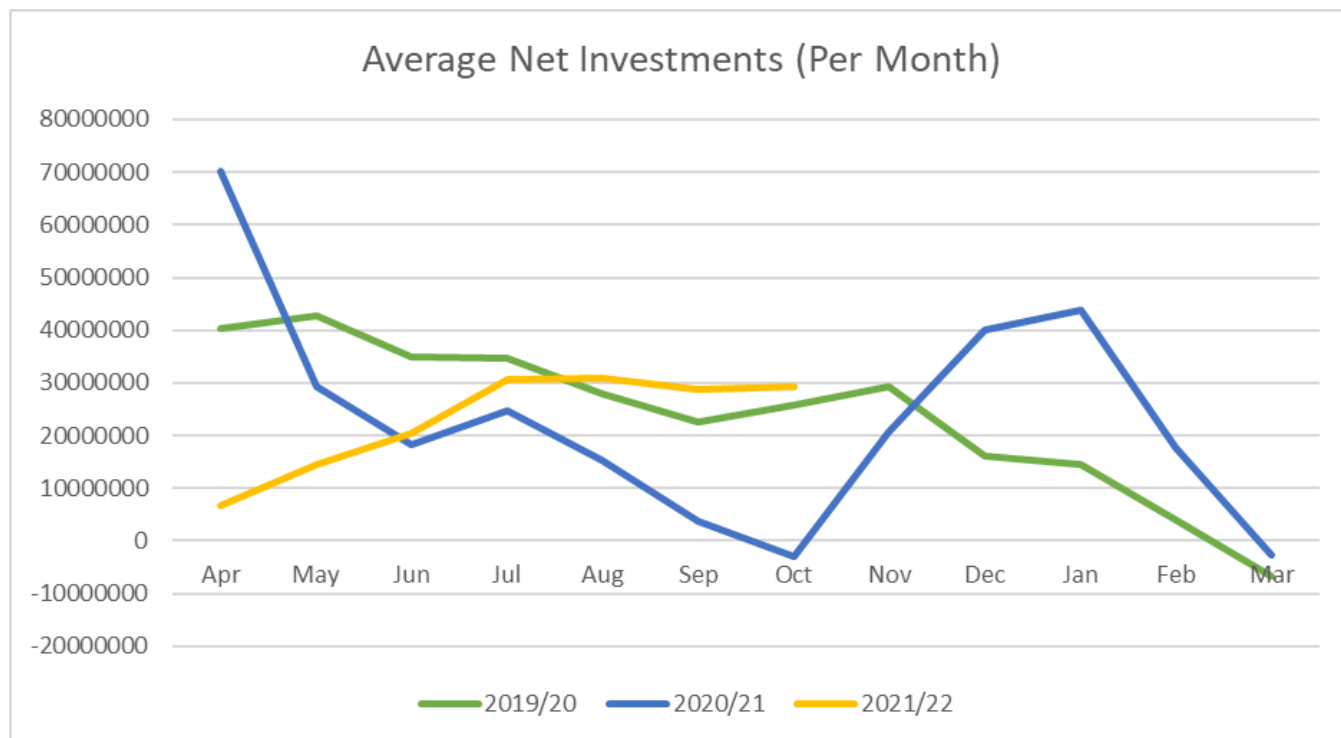
management, and the Service Director - Finance will monitor and, if necessary, report upon the effectiveness of these arrangements.

Management Practices for Non-Treasury Investments

The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

The Council will ensure that all investments are covered in the Capital and Investment Strategies, and will set out where appropriate, the Councils risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that of treasury management.

The Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisations risk exposure.



PWLB Borrowing Rates %								
	30/09/21	31/03/21	30/09/20	31/03/20	31/10/19	09/10/19	08/10/19	29/03/19
Annuity								
15 years	1.87	1.74	2.09	2.24	2.50	2.30	1.27	1.93
20 years	2.07	1.97	2.27	2.40	2.67	2.46	1.45	2.09
30 years	2.31	2.26	2.58	2.69	3.00	2.79	1.78	2.44
50 years	2.38	2.38	2.76	2.84	3.20	2.99	1.98	2.58
Maturity								
15 years	2.28	2.22	2.56	2.66	2.96	2.76	1.75	2.39
20 years	2.38	2.35	2.72	2.84	3.16	2.95	1.94	2.54
30 years	2.36	2.37	2.74	2.79	3.18	2.97	1.96	2.57
50 years	2.17	2.20	2.60	2.59	3.05	2.82	1.81	2.43
EIP								
15 years	1.86	1.72	2.09	2.26	2.51	2.30	1.29	1.89
20 years	2.04	1.95	2.26	2.40	2.66	2.45	1.44	2.07
30 years	2.28	2.22	2.56	2.68	2.97	2.77	1.76	2.38
50 years	2.39	2.39	2.77	2.87	3.21	3.00	1.99	2.59



Name of meeting: Cabinet

Date: 14 December 2021

Title of report: New Inclusion and Diversity Strategy 2021-23 *Recovery through Inclusion* and Inclusion and Diversity Annual Report 2020-21

Purpose of report:

To seek approval for the Council’s Inclusion and Diversity (I&D) Strategy 2021-23, and to note the I&D 2020-21 Annual Report. The strategy outlines the proposed approach for addressing the key strategic issues on I&D for the Council. This version is presented with the 2020-21 Annual Report setting out progress on the last strategy as it comes to an end.

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 Has a significant effect on two or more electoral wards
Key Decision - Is it in the <u>Council’s Forward Plan (key decisions and private reports)?</u>	Yes Private Report/Private Appendix – No
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> and name	Rachel Spencer-Henshall, Strategic Director for Corporate Strategy, Commissioning and Public Health: 1 November 2021
Is it also signed off by the Service Director for Finance?	Eamonn Croston, Service Director – Finance: 1 November 2021
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft, Service Director – Legal, Governance and Commissioning: 1 November 2021
Cabinet member portfolio	Leader of the Council

Electoral wards affected: All

Ward councillors consulted: No

Public or private: Public

Has GDPR been considered? Yes. The Strategy and Report contain no personal information relating to individuals. Pictures are GDPR compliant.

1. Summary

The Equality Act 2010 requires the Council to have regard to have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

As part of the Equality Act there is the Public Sector Equality Duty which requires the Council to set out its equality objectives, at least every four years. One of the ways in which we put the duty into practice is by setting out our Inclusion and Diversity strategy and identifying our key strategic objectives for inclusion and diversity in Kirklees.

Our existing strategy, entitled *From Equality to Inclusion*, expires this year. Much has changed since the last strategy was published, not least the global pandemic, which has had a disproportionate impact on equality groups, bluntly exposing pre-existing inequalities. There have also been a number of national and international incidents which have shone a light particularly on gender or race inequalities. The proposed new strategy, *Recovery through Inclusion*, recognises the adverse impact of the pandemic and focuses on the recovery phase we are now in, ensuring we have the correct strategic focus to support both communities and our workforce who have endured the greatest impact over the past 18 months.

The strategy has an emphasis on key elements of our processes that need fixing, which will help us support communities and employees more effectively. It is predicated on the need to embed inclusion throughout everything we do and to proactively consider the equality implications for our citizens and employees, from the inception of new areas of work right through to their conclusion.

This new strategy builds upon a strong foundation of inclusion being given an organisational priority, and a variety of projects that have sought to tackle long-standing inequalities. The annual report outlines the outcomes from these projects and sets out the impact those activities have had on inclusion across the organisation and in communities.

The 2020-21 Annual Report reflects on the progress made over the past 12-18 months, building on areas of improvement from 2019-20 and outlines the work undertaken under the Council's Tackling Inequalities programme over the past year.

2. Information required to take a decision

There are fundamental internal processes that need to be improved in order for the Council to better serve its communities and workforce. The draft strategy is proposing four key themes to help address these:

- **Collecting and sharing information** - making better use of data and insight to improve service development and project plans to tackle inequalities and promote inclusion more effectively. This intrinsically links to work on a new Council Data and Insight Strategy which will support the effective and efficient delivery of services, help identify opportunities for creating better ways of working and building new products and support the better understanding of the needs and assets of individuals and communities.

- **Understanding and working with the Community** - continue our approach to learning from communities via lived experience, co-producing solutions and place-based working. The aforementioned better use of data will help the organisation to understand its communities' needs more effectively. However, we need to go further than this and build on the recent work that has taken place to understand the lived experience of some communities, which helps us to tackle inequalities via co-production and enabling community-led solutions. This enhanced qualitative data will augment the quantitative data we already have and provide an evidence base for delivering change.
- **Responsive services and customer care** - mainstreaming inclusion into service planning and using tools such as Integrated Equality Impact Assessments to maximise the impact for communities. This is particularly pertinent to how we develop responsive services and continuously improve customer care to all our communities.
- **Diverse workforce development** - build on our targeted interventions such as the BAME Leadership programme and Project Search for people with learning disabilities as well as develop Cultural Confidence training for all employees and achieve an appropriate equality accreditation.

In addition to the key areas already mentioned, there are four priority action areas outlined in the draft strategy – namely: Inclusion First; Project Search; Culturally Confident Colleagues; and Inclusion Allies. As with last year's priority actions, these four are aligned to our seven shared outcomes and they are areas of work we can immediately start to work on.

Duration of the Strategy

It is proposed that the duration of the strategy is 2021-23, matching that of the Council Plan approved at Council in October 2021, with its recovery focus.

Action Plan

The Strategy will have a detailed supporting action plan (the basic outline of which is in Appendix D of the draft strategy) and as with the existing strategy an I&D Annual Report will be produced each year reviewing progress at the same time.

Annual Report (2020-21)

The annual report (attached) focuses on **Achievement, Impact, and Areas for Improvement**. It firstly looks back at the following key themes from the current strategy 'From Equality to Inclusion: 2017-2021':

- A committed and diverse workforce
- Taking a positive and inclusive approach to everything we do
- Zero tolerance on abuse, harassment, bullying and violence
- Demonstrating our commitment through the way we do things in Kirklees
- Inclusive policies
- Spreading the word about inclusion and diversity
- Listening and acting for ongoing improvement

Some highlights include:

- The introduction of name blind recruitment

Applications for Council vacancies do not show names or any other personal characteristics to the recruiting panel. This removes any potential for bias in the shortlisting process.

➤ West Yorkshire and Harrogate Health and Care Partnership Anti-Racism Movement

The Movement garnered support from 584 organisations and community allies across West Yorkshire and Harrogate and saw six local districts (Bradford district and Craven; Calderdale, Kirklees, Leeds and Wakefield) make their own commitments to becoming anti-racist organisations. The Leader of the Council, Cllr Shabir Pandor is the Movement's Ambassador

➤ A BAME leadership programme

This helps to address long standing areas of under-representation at middle-senior management level (Grades 13 and above)

The Kirklees Diversity Awards

The inaugural Kirklees I&D Awards took place in February 2020 celebrating the work of community groups, business and individuals.

➤ The growth of the partnership-based Diversity = Innovation Network

This is a group of employers and businesses in the Kirklees district that is focused on reaping the opportunities of the diversity advantage in the labour market and enterprise.

➤ LGBT Pride and the 40th anniversary of London Pride coming to Huddersfield

The anniversary marked a widely applauded act of solidarity with the local LGBT+ community, which was facing police harassment in the form of an attempt to close down a Huddersfield venue, the Gemini Club. The attendant publicity saw the club keep its licence and a number of charges being dropped against members of the LGBT+ community.

➤ South Asian History Month

The inaugural Sangam festival took place in July and August 2021 as a community festival celebrating South Asian arts, culture and heritage that brought people together to enjoy heritage and multi-arts events in a spirit of celebration, positivity and harmony.

➤ The Iroko Project

An innovative eight-month community-led initiative seeking to uncover inequalities and racism, improve the relationship between the council and Black and African Caribbean communities and build a framework to continue these relationships and identify systemic changes that will benefit Black and minority ethnic communities for generations.

The Annual Report also outlines the range of work that has taken place across the organisation as part of a tackling inequalities programme, focusing on:

- The Health Checks pilot project

The pilot's focus is on increasing access for groups less likely to take up the NHS Health Check and who are at most risk of poor health outcomes. The impact of project is being evaluated by the University of Huddersfield and will be available in Autumn 2022.

- The Council as an Inclusive Employer

The aim has been to attract and retain a workforce which represents the communities we serve. A workforce who are supported, well managed, developed and rewarded as individuals who respond with pace and innovation as we transform the way we work. Achievements have included: the introduction of name blind recruitment; virtual work experience; improvements to apprentice recruitment; the introduction of Project Search.

- The Breaking Barriers project.

In October 2020, Conscious Youth developed Breaking Barriers in conjunction with Kirklees Council. The suite of projects (Voices to Action Campaign; Conscious Boys; Stepping up and Stepping out; and Back To Our Roots) was designed to educate, inform, and involve young adults in developing their life skills, cultural knowledge, leadership, potential and aspirations to want better for themselves. The programme is aimed at black communities but remains open to all that are interested.

3. Implications for the Council

3.1 Working with People

The essence of the new strategy is about improving outcomes for people who live and work in Kirklees, particularly those who are impacted by inequalities.

3.2 Working with Partners

Although the strategy places an emphasis on addressing deficits in internal processes, it also recognises that partnership working will be crucial to the effective implementation of the strategy – not least in terms of utilising partnership-based data and intelligence.

3.3 Place-based Working

If we are to better understand the needs of our communities and work more collaboratively with them on solutions to inequalities, this must be done in a place-based manner, given the district's diversity.

3.4 Climate Change and Air Quality

Climate change is an integral part of our Integrated Equality Impact Assessment process and revising and embedding this will be crucial to the success of inclusion becoming more of a reality in service planning and delivery.

3.5 Improving outcomes for children

As age is one of the protected characteristics, the strategy and its priorities will incorporate actions that will benefit children across the district when implementing new services, projects and programmes of work.

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

The implementation of the strategy will be taken forward within existing budgets and draw upon the established capacity across the organisation.

The I&D Strategy is a statutory plan which forms part of the Council's Policy Framework under Article 4 of the Constitution. It requires full Council to approve or adopt it following Cabinet's approval and recommendation to full Council.

4. Consultees and their opinions

The development of the strategy has involved active engagement with Overview Scrutiny and Management Committee, each Directorates' senior leadership team, the cross-service Inclusion and Diversity Hub, the Council's Employee Networks and the Tackling Inequalities Programme Board. The key pieces of feedback from this engagement include the need to:

- Embed I&D more across all services, so it becomes everyone's responsibility.
- Make learning and development on I&D mandatory throughout an employee's time with the Council, i.e., from induction onwards.
- Ensure Integrated Equality Impact Assessments are an expectation for all services to complete and are built into service planning, project management and decision-making processes, with data and outcomes fed back to service areas.
- Ensure Employee Networks are supported with additional time and capacity to help to continue to deliver their outcomes, and to explore the idea of 'allyship'.
- Develop a culturally confident workforce that understands the needs of different equality groups and can provide support as well as feel able to have "difficult" conversations when the need arises.
- Construct a communications plan to regularly update residents and partners on new developments in line with the Strategy.

5. Next steps and timelines

19 January 2022: Council

Subject to approval by Cabinet and Council, the I&D Strategy and Report will be published on the Council's website.

6. Officer recommendations and reasons

The proposed new I&D Strategy and Report requires full Council approval and the report is for information and to note. Cabinet is asked to:

- Agree the new Inclusion and Diversity Strategy 2021-23 and the priority areas set out within and recommend it to council for approval
- Note the Inclusion and Diversity Annual Report 2020-21 and in particular note the progress made on Inclusion and Diversity, as outlined in the report and recommend it to Council information and noting.
- Refer both reports to Council on 19 January 2022 for approval and noting respectively.

7. Cabinet Portfolio Holder's recommendations

That the new I&D Strategy be approved by Cabinet and recommended to full Council for approval, and for the Annual Report to be noted and referred to full Council.

8. Contact officer(s)

David Bundy, Corporate Policy Officer, Policy, Partnerships and Corporate Planning

Sarah Harris, Strategic Lead, Inclusion and Diversity, Policy, Partnerships and Corporate Planning

9. Background Papers and History of Decisions

The current I&D Strategy is available on the Council's website:

[Inclusion and Diversity Strategy 2017-21](#)

The previous Strategy was approved by Council on 13 September 2017.

[Decision on previous strategy](#)

10. Service Director responsible

Naz Parkar, Service Director for Homes and Neighbourhoods

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Kirklees Council

Inclusion and Diversity

Strategy 2021/23



Recovery through inclusion



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Introduction

Kirklees Council is proud to be diverse and inclusive.

Our strength comes from recognising, respecting and valuing our differences across the community, and being proud of the people and places that make Kirklees special.

We are in a key phase of recovery, and inclusion is at the heart of this. We have all been affected by the pandemic in some way, navigating the same storm but in very different boats. The values of inclusion, kindness and pride are key to how we move on to create communities where people can be themselves, feel valued for the contribution they bring, and in which we are proud to live and work.

The new Council Plan sets out the overarching approach to recovery, with inclusion at the heart of what we do across the organisation, framing all our work within our ambitions for achieving an **inclusive recovery**.

Background

As the existing Inclusion and Diversity Strategy comes to an end and we work on a new one, it is timely to take stock of where we are as an organisation and a community.

The 2017-21 Inclusion and Diversity Strategy looked to modernise the Council's approach to equality, and move beyond compliance with legislation to build stronger, safer, more resilient communities. The Action Plan (which was refreshed and revised regularly) read alongside the Strategy details some key activities which took place, and the Annual Report contains the outcomes achieved. An overview can be found at Appendix C. The 2019 audit from Inclusive Employers also provided a useful steer on where it was felt efforts should be concentrated in order to have the most impact.

Key achievements we are building on include:

- **A committed and diverse workforce:** Further strengthening how we recruit and support staff with protected characteristics
- **Positive and inclusive approach:** Developing further the Diversity = Innovation Network, and Kirklees Diversity Awards
- **Zero tolerance:** additional training for staff to support colleagues and learn more about hate crime
- **The way we do things in Kirklees:** More inclusion-focussed events, and expansion of the 'Passport' system for reasonable adjustments
- **Inclusive policies:** Building on developments to the Integrated Equality Impact Assessments to a full rework, incorporating improvements to the collection and use of intelligence
- **Spread the word:** Partnership work continuing across the district through anti-racist work, and with the new West Yorkshire Mayor
- **Listen and act:** Further developments for the employee networks

At the beginning of the 2017-21 Strategy, it was certainly not anticipated that the period would cover a pandemic, and a shift towards crisis management and business continuity which saw the entire organisation tilt on its axis towards entirely new ways of working. The pandemic shone a light on, and exacerbated, the pre-existing inequalities faced by sections of our workforce and our communities which manifested themselves in devastating new ways, so we knew then that inclusion had to be at the heart of our recovery.

This new Inclusion and Diversity Strategy centres around that recovery. The lessons learnt from the pandemic have shown that there are elements of our processes which need fixing, to ground us in our communities and make sure we are thinking about citizens at the beginning of every conversation about what we want to achieve. We want to equip our staff to work within the Inclusive Communities Framework to support communities who need additional support with their own post-pandemic recovery. There are lessons for us around how we listen to, build relationships with, learn from, and are allies for one another to bring about a confidence in kindness. We can capture the resilience in our communities and inspire them.

Our core approach

Our core approach in this Strategy is to strive to:

- Be a committed and diverse workforce, built on dignity and respect for colleagues and citizens
- Be responsive to customers' needs, enhancing our evidence base on inequalities and communities to determine local priorities
- Actively improve internal processes that support the effective, data-driven delivery of Council services for all citizens
- Ensure that inclusion is at the forefront during budget decision-making, service design and delivery, and recovery in the post-pandemic world
- Integrate inclusion and diversity in all Council services
- Work with partners across the district and wider region to improve outcomes for Kirklees' citizens

Underpinning this approach are the organisation's fundamental values of:

- **Inclusion** – just as we have come together as an organisational community, we want to make sure that we use that experience to ensure our overarching culture encompasses diversity and equality in our working lives, and in our work with communities across the district
- **Kindness** – Using a relational approach and emotional intelligence to foster wellbeing, creativity and productivity
- **Pride** – Seeing positive outcomes from the inclusion and kindness we have shown colleagues and citizens will shape the next steps in a truly inclusive recovery

The inclusion and diversity work we aim to deliver through this Strategy will not stand in isolation. Priorities link clearly with those in the Place Standard Framework; the Inclusive Communities Framework, Joint Health and Wellbeing Strategy, and Inclusive Economic Strategy which are currently being refreshed; Kirklees Futures; the Access to Services Strategy; plus, the People Strategy and Data and Insight Strategy in development.

Key themes driving the new strategic focus

Collecting and sharing information

- Effective use of data and insight has a major part to play in achieving our ambitions for Kirklees, supporting evidence-led decision making.
- The aims of the new Data and Insight Strategy align with this Inclusion and Diversity Strategy
- Apply local data and analysis to programmes of work, plans and policies
- Integrated Equality Impact Assessments – making these work for the whole organisation. These should not be considered as an extra thing we have to do – instead they are a crucial starting point for making sure we are delivering what the community wants and needs, and doing no harm, to protected characteristic groups and the environment

Understanding and working with the Community

- We want to challenge assumptions about our people and communities, and work hard to understand others
- Continue the great work focussing external engagement on everyday experience
 - Place-based work across the district
 - The Iroko Project – engaging the Black African and Caribbean community in Kirklees to understand the lived experience around inequalities and co-produce community-led solutions
 - Listening circles in employee network groups
 - BAME Elders Housing research
- Use the data we have from this to plan service delivery and design

Responsive services and customer care

- Integrate equality planning into how we develop Council services, ensuring that we support all communities, and welcome new people to those communities
- With the Corporate Plan having inclusion at its core, ensure that other plans such as the Procurement Strategy (with its social value principles) and Community Asset Transfer Plan respond in the same way, not least because of the PSED
- Again, use tools such as the IEIAs to make the impact on people the focus of our work – if we're not having an impact on the community, why are we doing it?
- Individual Services can demonstrate how they are going to be inclusive within their own action plans

Diverse workforce development

- Build on success in this area (e.g. BAME Leadership Programme, name-blind applications, the early stages of Project Search)
- Recommendations from Inclusive Employers
- Cultural confidence– create a comprehensive programme of training for all staff at all levels. Responsibility lies with managers to ensure that training is bespoke and developmental for all staff, linking with personal and team objectives
- Strengthen and develop the employee networks

Priority actions

For the three priority areas from last year, we will be continuing to work on those which have not yet concluded and embedding good practice where it has been established.

Health Checks	Breaking Barriers	Inclusive Employers
<ul style="list-style-type: none"> ➤ Due to the pandemic, work on this project was delayed. ➤ Delivery of the programme began in November 2021 targeting four areas in Kirklees to encourage citizens to access health and wellness information and treatment in a community setting 	<ul style="list-style-type: none"> ➤ This is a partnership project with Conscious Youth ➤ The project aimed to build capacity for BAME young people in Kirklees to develop the confidence and skills to take on leadership roles and address structural inequalities in civic organisations across Kirklees, and has established projects such as the Leadership Programme, Conscious Boys, Stepping Up Stepping Out, and Voices to Action 	<ul style="list-style-type: none"> ➤ Progress continues towards achieving the audit recommendations ➤ Next steps for this year include developing our employee networks, continuing workplace profiling, and recruitment changes such as name-blind applications, workshop-based selection, and attendance at work fairs ➤ Enhancing Organisational Development to develop allyship programmes, and make progress towards a recognised equality accreditation

There are a number of goals and ambitions we have in relation to inclusion and diversity over the duration of this Strategy. Within it, we will have four new **priority actions**:

1. Inclusion First
<p>This priority action area will ensure we consider diversity and inclusion at every step of the process as we reshape Council services in a post-pandemic world. This will require all services to incorporate inclusion in the first stage of project development, service delivery and organisational change. We know that inclusion and diversity is an essential first step in thinking about how services work well for Kirklees' citizens.</p>
<ul style="list-style-type: none"> ➤ We will redevelop the Integrated Equality Impact Assessments to use as an essential tool to scope new projects, and refocus inclusion at the heart of budget decision-making, service development and organisational change. ➤ We will work alongside the Access to Services Strategy, and the developing Data and Insight Strategy to identify new opportunities for the application of data to all our work, making sure gaps or inequalities are identified, and we can work better alongside the communities who need our support the most
<p>Impact Putting Inclusion First will mean we are making better decisions for our communities. We can be confident that we are not just listening to our citizens, but taking action centred on their needs. Reworking our processes to realign inclusion as a first thought, rather than an after-thought, will mean the impact is felt more strongly in communities which need it the most, especially during this crucial phase of recovery. Our communities will feel valued, included and better served by their Council.</p>

2. Project Search
<p>This priority action is the pilot of an internship programme for young adults with learning disabilities and autism. It builds on our commitment to diversify the workforce, and support one of the most underrepresented groups across Council staff. We want to strengthen our support for neurodiverse staff and listen to feedback to ensure that our systems and procedures work for all.</p>
<ul style="list-style-type: none"> ➤ We will seek to diversify our workforce and develop inclusion across teams, working with one of the most under-represented groups within our community ➤ We will have sustainability in mind, looking at how we can build on the project in future years.
<p>Impact Adults with learning disabilities account for less than 9% of the workforce in Kirklees. During lockdown, young people were hit particularly hard, being more likely to be away from paid work than any other group.</p>

This project will turn this under-represented group into colleagues and valued team members, opening up opportunities for them, and for wider teams to learn from the interns. This priority action will be truly life-changing for those young people who we support to their first jobs, and onwards to the wider workforce.

3. Culturally Confident Colleagues

Just as we want to go beyond compliance in our work towards a more inclusive Kirklees, we recognise that being culturally competent is not enough – we want staff to feel **confident** working with all colleagues and citizens and being respectfully curious. We define this as having the knowledge and skills to understand your own cultural values, and then using these to create respectful interactions with others, through listening to, learning about and understanding their cultural values.

It is every employee's responsibility to make sure we understand one another and the wider community. Cultural confidence training will become a core element of our essential induction and refresher training, focussed by managers to ensure training is bespoke to individuals.

- We will go beyond being 'competent' in understanding our colleagues and communities; we should be **confident** that we are taking steps to listen, to learn, and to have difficult conversations and take action as a result.
- We will develop person-centred inclusion and diversity training for staff which will equip them with that confidence, and to not allow a fear of using the wrong language get in the way of doing our best work
- We will develop Our Kirklees Welcome, using a strengths-based approach, including the incorporation of inclusion into the development of appraisals
- We will obtain a recognised equality accreditation

Impact

Culturally confident colleagues make great allies. We are clear that we will lead from the top across the district to become an inclusive employer of choice. This happens when we celebrate our diversity, learn from others, and take pride in confidently spreading the word that Kirklees represents and values everyone.

4. Inclusion Allies

This priority action builds on the success of the Employee Networks. As more people join Employee Network members on their own inclusion journeys, we want to recognise those staff who really champion diversity across the organisation, broadening Network membership to include a new tier of allies.

Successes in new models of inclusion work, such as through the Iroko Project, can form the basis of how we broaden activities to other network groups. Support from allies will be crucial for this.

- We will add a tier of Inclusion Allies to our Employee Networks, a ‘critical mass’ of staff who do not necessarily identify with a particular protected characteristic group, who want to make a difference, lending their support to Networks as and when needed, and listening to the challenges staff often face, and being able to take positive steps to advocate for inclusion across the organisation.
- We want Inclusion Allies to spread the word; to use their privilege to speak up when others are not heard, all the while ensuring that the lived experiences of people with protected characteristics have priority.
- We will train and support Inclusion Allies to be effective allies to all underrepresented voices, building their confidence with appropriate terminology and tools.
- Each network will decide how they want allies to interact with their network, ensuring the voices of those with protected characteristics are not lost in a larger membership group.

Impact

Inclusion Allies will be expected to model inclusive behaviours and values across their sphere of influence, challenging exclusion, and advocating for diversity and inclusion across the organisation and communities.

Allies are essential to make inclusion an everyday reality for employees and citizens, and to create an environment where everyone is represented and valued.

Impact and monitoring

The full impact of inclusion and diversity projects can take some time to be truly felt and measured. By prioritising a number of early actions, we hope to create an environment where processes are reshaped, where pilot projects are established, and where the value and practical work of inclusion can reach wider and deeper across the organisation.

An annual report will continue to be submitted to Councillors and Senior Management, with additionally quarterly progress reports. Measuring the impact of inclusion and diversity measures is challenging, but success measures are expected to include:

The redevelopment of Integrated Equality Impact Assessments, creating an online tool, linked to the tableau dashboard.
Training and awareness events and activities to reframe the process of Integrated Equality Impact Assessments as an early stage activity in scoping out changes to services, policies and strategies.
Improved sharing of data across the Council and with partners to inform inclusion work
Ten Project Search interns completing internships across Council departments
At least 50% of Project Search interns securing future employment with the Council
Development of a suite of 'Cultural Confidence' learning and development opportunities, including training for managers on supporting their staff with inclusion and diversity training and opportunities (such as Employee Networks)
Improvement in the inclusion and diversity elements of 'Our Kirklees Welcome', linking measuring and rewarding inclusion activities in 1to1s and appraisals
The creation of Inclusion Allies, an extra tier to Employee Networks
Enhancement of the Inclusion and Diversity Hub
Attain an appropriate equality accreditation mark
Managers will be trained and supported to ensure that their staff can access all Employee Networks
Go beyond mandatory pay gap reporting to develop the reporting of pay discrepancies for other protected characteristic groups

Appendices

Appendix A: Some Definitions

Equality is about creating a fairer society where everyone can participate and has the same opportunity to fulfil their potential.

Equality is focused within a legislative framework – the main piece of legislation is the Equality Act 2010. The Act is designed to address unfair discrimination, harassment and victimisation; advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.

There are nine ‘protected characteristics’ covered by the Equality Act: age, disability, gender reassignment (transgender), marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex (gender) and sexual orientation.

Diversity involves more; it is about valuing the full range of differences between people in the workplace and the wider society.

Promoting diversity acknowledges that entry into the workplace, and an employee reaching their potential once there or a customer’s ability to access council services and opportunities can be impacted / influenced by a range of factors beyond the characteristics included within the equality legislation, including social, economic and educational background, professional background, hierarchal level, working styles. It involves an understanding of the perceptions and experiences of others – employee / customers belonging to minority and majority groups (and the impact of conscious and unconscious bias).

Diversity is also a description of the way an organisation looks and how well it serves its customers / population. It paints a picture of different types of people at different levels in the organisation and how well different customer needs are met in service planning, commissioning and delivery. This is the result of ‘harnessing and valuing difference’. – The legislation is an important element but the scope of diversity goes further than the ‘legal minimum’. It should be noted that diversity must be valued without (negatively) stereotyping difference so as to avoid any / perpetuating any inequalities.

Inclusion within the equality and diversity context:

- is about including all people
- is about the culture, environment and processes operated by the organisation
- is measured by how people feel (results from how people are involved)
- requires effort to be achieved.

Inclusion is about the individual’s experience and the extent to which they feel valued and included. Working to achieve inclusion involves effectively managing change and a continuous effort to maintain diversity.

Appendix B: Legal requirements

When public authorities carry out their functions, the Equality Act says they must have due regard or think about the need to do the following things:

- eliminate unlawful discrimination
- advance equality of opportunity between people who share a protected characteristic and those who don't
- foster or encourage good relations between people who share a protected characteristic and those who don't.

Having due regard means public authorities must consciously consider or think about the need to do the three things set out in the public sector equality duty. It's the courts who decide if a public authority has done enough to comply with the duty.

The Equality Act says public authorities should think about the need to:

- remove or reduce disadvantages suffered by people because of a protected characteristic
- meet the needs of people with protected characteristics
- encourage people with protected characteristics to participate in public life and other activities

The equality duty covers the nine protected characteristics: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Public authorities also need to have due regard to the need to eliminate unlawful discrimination against someone because of their marriage or civil partnership status. This means that the first aim of the duty applies to this characteristic but that the other aims (advancing equality and fostering good relations) do not apply.

Public authorities are required to monitor and publish all of the protected characteristics of their employees

- It is a mandatory requirement for all larger public sector employers, with 250 or more employees, in England to publish statutory calculations every year showing how large the pay gap is between their male and female employees

Specific duties

Public authorities also have specific duties under the Equality Act to help them comply with the public sector equality duty.

Public authorities must do the following:

- publish equality information at least once a year to show how they've complied with the equality duty
- prepare and publish equality objectives at least every four years

The Annual Report will provide this information.

Appendix C: Key successes from the 2017-2021 Inclusion and Diversity Strategy

Of the seven key areas in the last Inclusion and Diversity Strategy, there has been significant progress, of which colleagues should be considerably proud. Inclusion never stops, though, and this table sets out where we are now, but crucially where we hope this work will develop in the future. More details on the achievements and plans relating to the 2017-2021 Inclusion and Diversity Strategy are available in the [2020-21 Action Plan](#).

I&D Policy Statement Area	What has been achieved	What next
A committed and diverse workforce	<ul style="list-style-type: none"> ➤ Name-blind recruitment implemented ➤ Data collection across all equality groups has improved ➤ Virtual work experience programmes ➤ Creation of a BAME leadership programme ➤ Early development of Project Search – internships for young people with learning disabilities ➤ Development of an improved careers website 	<ul style="list-style-type: none"> ➤ Continue to encourage reporting of protected characteristics, supporting services through the upcoming Data and Insight Strategy to develop effective data monitoring measures ➤ Move Project Search to be a priority area for this Strategy ➤ Launch the new Careers website, with a focus on inclusion and diversity
Positive and inclusive approach	<ul style="list-style-type: none"> ➤ Diversity Calendar of important events to celebrate through the Corporate Calendar ➤ Creation of the Kirklees Diversity Awards ➤ Achievement of the Inclusive Employers Bronze Standard ➤ Founder member of the Kirklees Diversity = Innovation Network, which shares best practice across the public, private and voluntary sector in Kirklees 	<ul style="list-style-type: none"> ➤ Benchmarking of our internal I&D processes through the IE Bronze Standard has given us a series of areas to progress in order to reach an even higher standard ➤ Develop our collaboration with partners and learn from best practice across sectors
Zero tolerance	<ul style="list-style-type: none"> ➤ Hate crime awareness – campaigns have taken place to encourage crime awareness and the reporting of hate incidents 	<ul style="list-style-type: none"> ➤ Hate crime awareness campaigns to be included in Learning and Development programmes and incorporated into the People Strategy

		<ul style="list-style-type: none"> ➤ Training for managers to support staff experiencing hate crime incidents
The way we do things in Kirklees	<ul style="list-style-type: none"> ➤ A series of events aimed to improve inclusion and diversity across the organisation and wider community: <ul style="list-style-type: none"> ○ National Inclusion Week ○ LGBT Pride (40th anniversary of London Pride coming to Huddersfield) ○ Black History Month ○ Our inaugural South Asian History Month ○ Mental Health Week ○ Men's Health Week ➤ Creation of Working Carers Passports 	<ul style="list-style-type: none"> ➤ I&D events continue to feature in the Corporate Calendar, in collaboration with the Communications Team, incorporating new methods of qualitative evidence capture, such as restorative listening circle feedback ➤ Development and increased awareness of the Working Carers Passport
Inclusive policies	<ul style="list-style-type: none"> ➤ Inclusion and Diversity has been made an organisational priority, with a commitment to address structural inequalities that exist within the Council and the district ➤ Kirklees Welcome has an increased emphasis on inclusion and diversity 	<ul style="list-style-type: none"> ➤ Development of Integrated Equality Impact Assessments ➤ Improvements to the collection and use of qualitative data and intelligence
Spread the word	<ul style="list-style-type: none"> ➤ Networking with local partners, such as through the Diversity = Innovation Network ➤ External-facing events, such as the Inclusion and Diversity Awards ➤ Articles on the staff intranet from senior officers on topics such as the menopause, working carers, living with cancer ➤ Founding member of the West Yorkshire Mayor's Fair Work Charter programme 	<ul style="list-style-type: none"> ➤ Continue to develop partnership work through the Diversity = Innovation ➤ Continue work with the West Yorkshire Mayor on I&D matters, including the Fair Work Charter ➤ Support partners to develop their social value work, and encourage them to strive to go beyond compliance with inclusivity ➤ Continue progress towards the aims of the West Yorkshire Race Equality Network, such as

	<ul style="list-style-type: none"> ➤ Significant partnership work through the West Yorkshire Race Equality Network 	<p>through the Health Inequalities Academy and the Root Out Racism campaign</p>
Listen and act	<ul style="list-style-type: none"> ➤ Increased activity and joint working / support for the employee networks 	<ul style="list-style-type: none"> ➤ Clear guidance for managers that staff should be encouraged to get involved with the networks ➤ Consideration of next steps for the networks

Appendix D: Inclusion and Diversity Action Plan

Priority Area	Outcomes / Objectives (what are we looking to achieve?)	Activity (what are we going to do?)	Performance measures (how are we going to assess progress?)	Timeframe* <small>(*depends upon the decision on the duration of this Strategy)</small>
Inclusion First	<p>Employees feel confident they are considering inclusion as an essential first step in thinking about how services work for communities; through project development, service delivery and organisational change.</p> <p>Systems change across the institution will have inclusion at its heart, with staff proud that they can put their community knowledge into action to best serve citizens.</p>	<p>Redevelop Integrated Equality Impact Assessments (IEIAs), through an integrated online platform where officers can access relevant insight to enable them to develop services in partnership with communities.</p> <p>Alongside the Data and Insight Strategy, scope new opportunities for the application of data to all our inclusion work. Use IEIA development to create a tableau of data, where IEIAs can be utilised and evaluated as dynamic documents and systems</p> <p>Support and work with Children’s Services to address recommendation 4 (Tackling Growing Inequalities) of the Kirklees Futures Strategy, such as with working class communities.</p>	<p>New Integrated Equality Impact Assessment process</p> <p>Evidence of the application and consideration of relevant data and insight through the IEIA</p> <p>A sample of IEIAs to be submitted to a relevant group for quality assurance and monitoring</p>	<p>New process in place by January 2023</p> <p>Evaluation of the use of IEIAs and the generation of relevant data for future project scoping by September 2023</p>

<p>Project SEARCH</p>	<p>Workplace diversity is enhanced by targeting the underrepresented group of young adults with learning disabilities and / or autism, creating meaningful opportunities for them to enhance our teams.</p>	<p>Establish an internship programme for young adults with learning disabilities and autism.</p> <p>Put in place strategies to ensure the sustainability of the project in future years, and our continued support for this area of the workforce</p>	<p>At least 50% of interns secure employment with Kirklees Council</p>	<p>Pilot project completed by September 2022</p>
<p>Culturally Confident Colleagues</p>	<p>Employees feel confident interacting with people different to themselves, understanding their own cultural values and those of colleagues and citizens, enabling them to represent and value everyone</p>	<p>Develop person-centred I&D training for staff which will equip them to work confidently alongside culturally different colleagues and citizens</p> <p>Develop Our Kirklees Welcome, using a strengths-based approach, including the incorporation of inclusion into the development of appraisals</p> <p>Create a shared understanding of inclusion, building confidence and skills, with ongoing training in line with restorative principles</p> <p>Establish a blended approach to colleague development including 'bite size' resources, self-service guides, short topic learning sessions, longer</p>	<p>Survey-based – include a diversity question in the Pulse Survey – to benchmark ahead of implementation of this Strategy, and then afterwards</p> <p>All staff to complete some element of inclusion training</p>	<p>First survey January 2022</p> <p>Training developed 2022</p> <p>Follow-up survey January 2023</p> <p>All staff to have undertaken some inclusion training by January 2023</p>

		programmes, action learning sets or listening circles		
Inclusion Allies	Employees are encouraged to join at least one Employee Network, either as a member or ally, or undertake personal development opportunities in order to champion diversity across the organisation and wider society	<p>Create an Allies Network to support and amplify the work of the Employee Networks</p> <p>Train and support Allies Network members to be effective allies to all underrepresented voices, building their confidence with appropriate terminology and tools.</p> <p>Ensure the voices of employee network members are prominent, even with increased ally membership</p>	<p>Membership details of Networks gathered, differentiating between those sharing a protected characteristic and allies.</p> <p>Training developed for allies to respectfully support and champion people with a protected characteristic, fostering good relationships across groups</p>	<p>Membership open immediately</p> <p>Training developed 2022</p> <p>Survey of networks carried out NIW 2022</p>

ACHIEVING INCLUSION

Kirklees Council

Inclusion and Diversity

Annual Report 2021



A review of equality, inclusion, and diversity activities 2020/21



Introduction

This annual report on Inclusion and Diversity in the Council has two primary aspects to it. Firstly, it reflects on the areas of improvement set out in the last annual report and establishes what progress has been made. Secondly, the report outlines the range of work that has taken place across the organisation as part of a tackling inequalities programme, which has begun to address some of the systemic issues adversely impacting on our communities. These issues were bluntly exposed by the Covid pandemic. Our response to this was to place inclusion at the heart of all that we did in the initial phase, where we had to meet a range of needs quickly and effectively, while also taking into account the disparate nature of our communities and the uneven spread of the virus.

Addressing areas of improvement from the last annual report

The current I&D Strategy – ‘From Equality to Inclusion: 2017-2021’ and the previous annual report were constructed around the following key themes:

- A committed and diverse workforce
- Taking a positive and inclusive approach to everything we do
- Zero tolerance on abuse, harassment, bullying and violence
- Demonstrating our commitment through the way we do things in Kirklees
- Inclusive policies
- Spreading the word about inclusion and diversity
- Listening and acting for ongoing improvement

The current I&D Strategy was constructed around the following eight themes.

Summary of actions from the last annual report:

- Need equality profile information on all nine protected characteristic groups.
- Need to attract apprentices and improve the profile of the workforce especially at grade 12 and above from BAME communities.
- Better prepare care leavers for apprenticeships by piloting paid work experience one day a week.
- On the gender pay gap, recruitment for all posts is open and inclusive. The Council is committed to reducing the gender pay gap and will take additional initiatives to address this further.

1. A committed and diverse workforce

1.1 Achievement

Introduction of name blind recruitment

This has been introduced for all vacancies across the Council. In practice, this means all applications for Council vacancies do not show names or any other personal characteristics to the recruiting panel. This removes any potential for bias in the shortlisting process.

Improved data collection across all equality groups

We now capture information on sexual orientation and religion. This has been the case for the last two municipal years, which is in addition to the existing categories we had for age, gender, disability, and ethnicity. However, non-reporting – especially in the sexual orientation category – remains a noticeable weakness in the data and the organisation needs to engender greater confidence in employee declarations in this regard.

Virtual work experience

The pandemic drastically reduced the amount of contact the Council's apprenticeship recruiters could have with local schools and colleges. In response, a pilot virtual work experience scheme saw Year 10 pupils from three schools in areas of deprivation across Kirklees engage on a range of online activities, supported by colleagues drawn from a range of services. The feedback from the pilot programme was very positive and the scope of the engagement was widened. Four work experience programmes have now taken place.

Apprentice recruitment

The Council now has a more developed apprenticeship scheme. However, due to Covid, face-to-face recruitment fairs in sixth forms and FE colleges could not take place, with the result that applications were down this year on previous years across all protected characteristic groups.

BAME leadership programme

The cohort for the level 5 Solace leadership programme this year was five colleagues, with a further colleague taking up a Level 7 BAME Fellowship with the West Yorkshire and Harrogate Partnership.

For the previous year, statistics as of 22 December 2020 show that:

- 79 BAME colleagues attended priming sessions (3 attended non-BAME sessions)
- 33 (46%) either attended further courses or had further discussions with Learning & Organisational Development (L&OD)
- 13 (18%) Fully engaged (i.e., attended more than one session or had ongoing discussions with L&OD)
- 13 (18%) engaged (i.e., brief discussions e-mails with L&OD)
- 18 (25%) attended career focus
- 4 attended BAME Interview Skills
- 12 (15%) attended introduction to management.

Project Search

With only 9% of people with learning disabilities in paid work in Kirklees, the Council entered into a partnership with DFN Project Search, a national organisation, and Kirklees College to provide 10, one-year internships.

Careers site

Just been launched in September 2021, this is a new landing page for job vacancies and is intended to serve as an improved showcase for careers with the council. The site has an inbuilt focus on services with ongoing recruitment and retention issues, with content changing regularly to reflect this. The site also features a section on inclusion and diversity in the recruitment process and represents a significant improvement on the previous offer.

1.2 Impact

Introduction of name blind recruitment

The new name blind recruitment process will be evaluated in January 2022, a year after its introduction, to assess its impact.

Virtual work experience

Over 100 young people took part in three courses, with a further course reserved solely for care leavers. Feedback has been overwhelmingly positive and many of the Year 10 pupils have gained valuable insights into the many areas of employment the Council can offer.

BAME leadership programme

As an example of the impact of the leadership programme, a BAME colleague decided to take part in two training courses: Introduction to Management and Career Focus for BAME colleagues. They reported having really enjoyed the courses and found that they helped them to focus on what they'd learned in their career to date as well as giving valuable opportunities to share thoughts and feelings with co-workers, as well as exploring barriers to progression and how these could be overcome. The Personal Development Plan was of particular value, as it allowed them to map out what they could realistically achieve within a certain time period.

This led onto a career focus course that included a smart options test designed to highlight career direction options that in turn led to them attending an Introduction to Project Management course, which clarified the direction they wanted to take. In terms of training progression, they have now successfully completed an Approved Project Management qualification leaving them optimistic about the future and hoping for an opportunity to work within a project team.

Project Search

The programme, which started in October 2021, is running from the Council's High St building, with Kirklees College delivering training support from there as well. Fifteen internship roles have been identified across the Council, and each intern will undertake two placements each, on a rotational basis.

Improved data collection across all equality groups

Improved insight into the workforce profile across the organisation. The figures for 2021 reflect the integration of former KNH employees into the Council's overall workforce with the addition of a fifth directorate – Growth & Regeneration, adding a further 793 employees to the total headcount.

The percentage gender balance shows some slight movement from the previous year, all other protected characteristic groups have remained fairly static in percentage terms across the last two years:

2021 Marital Status	Headcount	%
Civil Partnership	34	0.4
Cohabiting	504	6.0
Divorced	289	3.4
Married	3188	37.9
Separated	86	1.0
Single	2248	26.7
Widow	68	0.8
Unknown	1989	23.7

2020 Marital Status	Headcount	%
Civil Partnership	22	0.3
Cohabiting	283	4.0
Divorced	234	3.3
Married	2899	41.2
Separated	60	0.9
Single	1792	25.5
Widow	63	0.9
Unknown	1675	23.8

2021 Disability	Headcount	%
Not Disabled	6550	77.9
Disabled	326	3.9
Unknown	1530	18.2

2020 Disability	Headcount	%
Not Disabled	5814	82.7
Disabled	244	3.5
Unknown	970	13.8

2021 Ethnicity	Headcount	%
White	6376	75.9
BME	1219	14.5
Unknown	811	9.6

2020 Ethnicity	Headcount	%
White	5529	78.7
BME	1014	14.4
Unknown	485	6.9

2021 Gender	Headcount	%
Male	2896	34.5
Female	5510	65.5

2020 Gender	Headcount	%
Male	2106	30.0
Female	4922	70.0

2021 Sexual Orientation	Headcount	%
Bisexual	40	0.5
Gay Man	47	0.6
Gay Woman / Lesbian	31	0.4
Heterosexual / Straight	2811	33.4
Other	16	0.2
Unknown	5461	65.0

2020 Sexual Orientation	Headcount	%
Bisexual	7	0.1
Gay Man	13	0.2
Gay Woman / Lesbian	4	0.1
Heterosexual / Straight	1239	17.6
Other	4	0.1
Unknown	5761	82.0

2021 Religion	Headcount	%
Buddhist	12	0.1
Christian	1356	16.1
Jewish	1	0.0
Muslim	228	2.7
Sikh	33	0.4
Any Other	100	1.2
None	1256	14.9
Unknown	5420	64.5

2020 Religion	Headcount	%
Buddhist	5	0.1
Christian	777	11.1
Jewish	1	0.0
Muslim	94	1.3
Sikh	18	0.3
Any Other	61	0.9
None	479	6.8
Unknown	5593	79.6

We can now report every quarter on seven protected characteristic groups, enabling the organisation to analyse gaps in the workforce profile and target interventions appropriately.

1.3 Areas for improvement

We now report on seven of the nine protected characteristic groups, but work is underway to incorporate the final two areas of gender reassignment and pregnancy/maternity. It is envisaged that the new Data Strategy currently in development will support services to develop data monitoring measures to capture the full range of protected characteristics.

We require improved take up of Project Search from services across the Council to offer a variety of internships.

The most recent gender pay gap for 2021 shows that while the mean gender pay gap is down 0.5% against the previous reported figure of 9.8% in favour of males. However, the median pay gap for males is up by 2.9% against the previous reported figure of 12.4%. In terms of bonus pay, this shows that 0.57% of males received a bonus, as opposed to 0.81% of female employees.

Summary of areas from the last annual report:

- The Council needs to tap into the external support and challenge from organisations such as Inclusive Employers to enhance best practice and address under performance.
- The I&D Hub will continue to provide leadership and extra capacity; however, all services need to incorporate I&D as part of their service priorities and day to day activities.

2. Taking a positive and inclusive approach to everything we do

2.1 Achievement

Diversity calendar

Now part of Corporate Calendar, which means that I&D events form part of ongoing Council plans. We now use a diversity calendar to help plan events throughout the year, which is linked to our Corporate Calendar and plans and celebrates diversity.

Kirklees Diversity Awards

The event celebrated the diverse nature of Kirklees by recognising and rewarding organisations and teams that are passionate about inclusion and diversity. It also honoured organisations that promote outstanding inclusion and diversity, and individuals who have been acknowledged for their contributions and commitment to improving practices and making working environments more inclusive.

Inclusive Employer Bronze Standard

The Council has attained the Inclusive Employer's Bronze Standard. This was recognition for the Council's progress on diversity as an employer and covers areas such as positive engagement with staff at all levels on inclusion; developing and supporting employee networks; embedding inclusion in recruitment and training processes; and demonstrating how we are continuously learning and drawing on best practice.

Diversity = Innovation Network

This is a group of employers and businesses in the Kirklees district that is focused on reaping the opportunities of the diversity advantage in the labour market and enterprise. Participation in the network allows officers and managers to share best practice in open forum meetings with other D=I members, participation in the planning and delivery of themed webinars, and greater interaction between public, private and Voluntary and Community Sector (VCS) organisations.

The D=I network is the business aspect of the Council of Europe's Intercultural Cities programme (ICC).

2.2 Impact

Inclusive Employer Bronze Standard

The award has given us a benchmark on our internal I&D processes, which we've begun to build on and will be reflected in our 2021/22 strategy.

Diversity = Innovation Network

The network, which includes all major Kirklees anchor institutions and businesses, along with representatives of the local VCS, has strengthened partnership working around inclusion and diversity. Sharing best practice on this agenda has been very successful, with webinars being organised by different members on a variety of topics, including ‘George Floyd – one year on’ and ‘Reflections on 10 years of the Equality Act and the Public Sector Equality Duty’ and a planned future event looking at financial inclusion.

The network has developed a Charter, which now boasts 15 signatory organisations. This is a commitment to mainstream diversity and interculturalism into each respective organisation.

2.3 Areas for improvement

The Council is now tapping into the external support and challenge from organisations such as Inclusive Employers as well working with partners via the Diversity = Innovation Network. However, learning from best practice elsewhere needs to be ramped up and embedded as a way of working, along with increased collaboration with partners.

Over the last 2 years, inclusion has been given a much higher profile within the organisation, and services have been engaged with and asked to incorporate inclusion via fora such as the Kirklees Leadership Forum – where managers have been asked to offer internships under Project Search and to recruit apprentices in line with the agenda set by the virtual work experience programme.

3. Zero Tolerance on abuse, harassment, bullying and violence

Summary of actions from the last annual report:

- Need to raise employee and management awareness to combat under reporting of hate crimes.
- Equip managers to better support staff experiencing such incidents.
- Better understanding of people’s perception of bullying and harassment.

3.1 Achievement

Hate crime awareness and reporting

Several campaigns, both internal to the Council and externally in the community at large, have taken place over the past 18 months to increase hate crime awareness and encourage reporting of incidents. This work is continuing and will be included in learning and development programmes and incorporated into the People Strategy.

3.2 Impact

Hate crime awareness and reporting

Across the five established monitoring strands (disability, faith, race, sexual orientation and transphobic) there has been an increase in reported incidents in each one apart from transphobic, which fell by 3.8% across Kirklees.

Although this is concerning, the increase across the other four areas, which ranged from 16% for race, 37% for disability, 53% for faith to 56% for sexual orientation, can be seen as positive due to increased awareness and publicity campaigns. There was a particular focus on this in National Hate Crime Awareness Weeks in 2019 and 2020; nonetheless, this is an issue that will need to be reinforced and revisited on a regular basis and there is a need to ensure information reaches our dispersed workforce.

3.3 Areas for improvement

Hate crime awareness and reporting

Greater awareness among all employees about the process of reporting incidents is required – under reporting is a national issue particularly on hate crimes.

Consideration is now underway about how awareness is increased and how managers are equipped to support their staff experiencing such incidents.

4. Demonstrating our commitment through the way we do things in Kirklees

Summary of actions from the last annual report:

- Improve communication about working carers' passports to managers and employees, along with improved monitoring of their effectiveness.
- National Inclusion Week involvement needs to be the basis of a more coordinated approach to celebrating and promoting good I&D practice throughout the whole year.

4.1 Achievement

National Inclusion Week

We continue to highlight and take part in National Inclusion Week (NIW), with this year's theme being 'united for inclusion'. The week began with the Council's Executive Team discussing the importance of inclusion and what it meant to them both as individuals and leaders with the organisation. Activities during the week ranged from the importance of valuing staff to anti-racism, a quiz, and Coffee Roulette, where people were 'matched' with other colleagues from across Kirklees, profiling the employee networks and a webinar hosted by the Diversity = Inclusion network and led by a speaker from the Equality and Human Rights Commission looking at the first 10 years of the Equality Act/public sector equality duty.

The LGBT Pride

The Council and particularly its LGBT+ network lent its support to the success of 2021 Pride events. This year marked the 40th anniversary of London Pride coming to Huddersfield in a widely-applauded act of solidarity with the local LGBT+ community, which was facing police harassment in the form of an attempt to close down a Huddersfield venue, the Gemini Club. The attendant publicity saw the club keep its licence and a number of charges being dropped against members of the LGBT+ community.

Black History Month

Events taking place this year included Stories of Protest – a primary school history project; an exploration of black lives in the library archives and the Windrush Achievement Awards – an online event to celebrate the contribution of the Caribbean community to cultural and economic life in West Yorkshire. The month culminated in a celebration led by the Iroko Project, which promoted both Black History Month and the co-production work happening here in Kirklees by the Black African and Caribbean communities, the Iroko Ambassadors and the project's Community Change leadership graduates. The far-reaching and exciting programme of work was shortlisted for a European Diversity Community Project Award after a successful three-way nomination that embraces the Kirklees BAC community, Amber & Greene and Kirklees Council.

South Asian History Month

The inaugural Sangam festival took place in July and August 2021 as a community festival celebrating South Asian arts, culture and heritage that was intended to bring people together to enjoy heritage and multi-arts events in a spirit of celebration, positivity, and harmony. Over four weeks in the summer, events were held to commemorate and celebrate history and culture and give a wider understanding of the diverse heritage that links the UK with South Asia. The four-week festival covered the history of the South Asian communities in Kirklees and the contribution immigration has made to both local and national life – starting with the Sikh warrior memorial in Greenhead Park, which commemorates the service, suffering and sacrifice of Sikhs in both World Wars.

Other events during the month covered mental health and wellbeing support – with emphasis on the impact of the pandemic on the South Asian communities; music, in particular the evolution of Bhangra music and dance; and the important place of food in South Asian culture – with particular emphasis on Bangladeshi and Bengali cuisine.

4.2 Impact

National Inclusion Week

Active involvement in this week continues to help highlight the importance of inclusion and raise its profile across the organisation. This year all the activities were online, which in some respects gave greater reach. For example, the D=I webinar had over 75 attendees from a variety partner organisations and other local authorities, with free tickets available via Eventbrite. As a result of many of the activities, including the webinar and Coffee Roulette, new relationships have been formed between people from different backgrounds and some will lead on to further collaborative work on inclusion.

4.3 Areas for improvement

Reaching the dispersed workforce

Due to the pandemic, National Inclusion Week this year was virtual. In one respect this gave us greater reach with partners external to the Council, however, there is a real concern that the information and organised activities did not reach frontline workers and those members of staff who do not have access to IT at work. It is hoped that this will be partly addressed the future by the introduction of a MySpace App, which will give employees smartphone access.

While it is positive that the [working carers'] passports are in place, communication about them to managers and employees needs to be improved and their effectiveness needs to be monitored.

Our involvement in National Inclusion Week needs to be the basis of a more coordinated approach to celebrating and promoting good practice on I&D throughout the whole year. As stated earlier in this report we are now members of Inclusive Employers which will help in respect of external support and resources.

The Council now regularly promotes and celebrates a number of events and themed days and weeks in its Corporate Calendar, for example Mental Health Week, Black History Month, Pride, LGBT History Month, Men's Health Week. These events are now far better coordinated, and we work in collaboration with the Council's Communications Team, who promote them both internally and externally on a range of media that encompass different methods of qualitative evidence capture, for example restorative listening circle feedback.

5. Inclusive policies

Summary of areas from the last annual report:

- While the People Strategy is explicit about the importance of I&D and this being part of our cultural transformation, work is still needed to embed this and make it a reality.
- Need to ensure a stronger I&D focus across a range of work areas – for example through looking at inclusive recruitment, inclusive communication, inclusive leadership and management, induction etc.

5.1 Achievement

The new Council Plan 2021/23 has inclusion as a key value, stating that there will be equal access to opportunities, removing barriers and discrimination and the promotion of a culture of inclusion and diversity. This principle runs throughout all the shared outcomes within the plan and agreed priorities. The revised People Strategy also has inclusion running throughout it, but with a particular focus on supporting under-represented sections of the workforce – either through recruitment or internal development. Examples of these include: the introduction of name blind recruitment; Project Search, which provides work experience and training to young people with learning disabilities to improve employment prospects and life skills; BAME Leadership Programme, intended to address traditional areas of under-representation at senior management level (Grades 13 and above). Also in development is the Kirklees Inclusive Communities Framework, which is being co-produced with partners and communities and is intended to improve community safety and cohesion.

5.2 Impact

There has been real progress in key strategic documents incorporating inclusion as part of their principles and specified outcomes. As demonstrated with the examples above, the principles are being translated into practice via a range of programmes and interventions to address inequalities and under-representation.

5.3 Areas for improvement

While the People Strategy is explicit about the importance of inclusion and diversity and this being part of our cultural transformation, much more work is still needed to embed this and make it a reality.

We will need to ensure a stronger I&D focus across a range of work areas – for example through looking at inclusive recruitment, inclusive communication, inclusive leadership and management, induction etc.

The induction programme has been relaunched under the title Our Kirklees Welcome and is designed to offer a warm welcome to colleagues that are either new or returning to work for the Council, as well those changing roles internally.

Our Kirklees Welcome covers the first 12 months' employment, with a greater emphasis on I&D than was previously the case.

6. Spreading the word about inclusion and diversity

Summary of areas from the last annual report:

- Need to improve our internal and external communications on I&D to raise awareness of good practice, call people and services to action and engage communities and partners to collaborate more effectively in the future.

6.1 Achievement

Kirklees has been recognised for its positive work on the inclusion and diversity agenda by a number of national and international award nominations.

EUSS

As a result of the decision to leave the European Union, the UK government introduced the European Union Settlement Scheme, which established a form of indefinite leave to remain for EU citizens living in the UK. In Kirklees, this led to a programme of engagement with a range of communities, employers, and faith groups to ensure maximum take up of the scheme. For many people, this required an inclusion-based approach, with information translated into EU languages and family groups contacted by schools and other locally based organisations. The work was recognised with a nomination for a Local Government Association Award.

Iroko Project

The Iroko Project is an innovative eight-month community-led initiative seeking to uncover inequalities and racism, improve the relationship between the council and Black and African Caribbean communities and build a framework to continue these relationships and identify systemic changes that will benefit Black and minority ethnic communities for generations.

The project takes a culturally responsive co-production approach, where the Black and Caribbean communities design, create, and spotlight their important issues. They share their lived experiences, their challenges, and their strengths and identify the steps and actions they feel will bring about impactful change. The Project has enjoyed a high level of support, with 111 attending its formal launch and over 200 pre-ordering tickets for the culmination of the Project's first phase at the end of Black History Month on 29 October. Iroko was been shortlisted for best community project at the European Diversity Awards 2021.

The Project's achievements included:

- The pilot and evaluation of a new engagement framework focused around:
 - a) #HearMyVoice, (Community Engagement) – which had 99 attendees;
 - b) #SupportMyVoice (Community Action Planning) – with 77 attendees; and
 - c) #GrowMyVoice (Community Capacity Building) – 65 attendees.
- The co-production of a 12-month action plan developed with Black communities
- Growing a reference group of community leaders who can continue to cultivate a relationship with the council, helping to build capacity in the community and ensure the communities voice is represented.
- Introducing learning and development for employees focused on improving skills in inclusion and cultural competence in anti-racist practice

Kirklees Apprenticeships for All/Project Search

The Council's strategic lead for employability and promoting inclusivity and diversity won the HR Champion of the Year and the 2021 European Diversity Awards for his work in developing the Council's apprenticeship programme and in supporting a range of anchor institutions to attract, grow and support apprenticeships across the region. In addition, he was also instrumental in getting the Council to sign up to DFN Project Search, an internationally-acclaimed programme that helps young people with learning disabilities and autism to access the world of work.

6.2 Impact

The Council, along with Kirklees Citizens Advice and Law Centre (KCALC) obtained Home Office funding to raise awareness and provide support for those needing to access the European Union Settlement Scheme. The Council's Community Cohesion Team worked closely with a team of locally recruited community connectors and also ran street stalls and other information raising initiatives to ensure information on EUSS was disseminated as widely as possible to communities, including schools, employers, and faith groups. This led to 16,910 EUSS applications from Kirklees residents, which exceed the Home Office's estimated figure of 13,000, out of the total figure, 14,690 were determined by the 30 June deadline, with 45% of applicants granted settled status, 37% pre-settled and 13.1% still be decided at the deadline date. The scale of the engagement work undertaken here in Kirklees led the Home Office to use the programme we developed as an exemplar for other authorities, including the use of individual Kirklees residents' case studies. The work of the Council, KCALC and other partners in raising EUSS awareness and supporting applicants from our citizens was shortlisted for a Local Government Chronicle Award.

On a broader plain, the Council plays a full part in the Diversity=Innovation network, which was formed under the auspices of the Council of Europe's Intercultural Cities (ICC) programme. The D=I network is comprised of major anchor partnership organisations, including Huddersfield University, West Yorkshire Police, major local private sector employers – including Syngenta and Cummins Turbo Technologies and local further education and sixth form colleges. Part of its work involves both sharing good practice and collaborating on a range of projects and programmes, for instance planning and participation in webinars on such topics as policing, financial inclusion and a retrospective on the public sector equality duty and the Equality Act on the 10th anniversary of its enactment. Following the inaugural Kirklees, I&D Awards in February 2020, we are now working with the D=I network to deliver the second Awards in September 2022. These will focus on the role of I&D in pandemic recovery and the work of individuals and organisations that has been undertaken both during and after the pandemic itself.

Over the past year, the Council has increased its messaging on I&D internally, with a number of articles by senior officers on topics including the menopause, working carers, highlighting Project Search – a work experience initiative for people with learning disabilities - and also promoting staff wellbeing, particular in light of the pandemic.

A Kirklees Leadership Forum in September 2021 was devoted exclusively to inclusion and diversity, which informed senior and middle management about the work of the Tackling Inequalities Programme, progress on the three priority areas from 2020 (e.g. improving health check participation, becoming a more inclusive employer and the Breaking Barriers programme), and the progress of the Iroko Project, which focused on the Kirklees Black African and Caribbean community and was instrumental in creating relationships built on trust and mutual benefit between members of the Black community and the Council.

The Council is also a founding member of the West Yorkshire Mayor's Fair Work Charter programme, and several officers will be contributing to the work of this major regional initiative over the coming months – a sign that the importance of our I&D work is being recognised at a regional level.

6.3 Areas for improvement

In terms of the Iroko Project, there is a recognition of the need for greater skills and awareness across the organisation to respond to the needs of Black African and Caribbean communities, who having suffered the effects of inequalities for many years saw them exacerbated by Covid.

There is also a wider requirement for the whole organisation to become more culturally confident, enhancing understanding and across all employees to meet the needs of all protected characteristic groups more effectively.

7. Listening and acting for ongoing improvement

Summary of actions from the last annual report:

- Our commitment at the beginning of 2017 to rejuvenate all employee networks has seen progress by the Young Employees Network and the Black and Minority Ethnic Network. However, more work still needs to take place to support all the other networks to enable them to thrive, with increased recognition by services and managers of the positive contribution made by networks to the Council's core business.

7.1 Achievement

Our commitment to rejuvenate all the employee networks, first set out in 2017, continues to gain impressive results, with the Young Employees, BAME and Working Carers Support Networks all making changes to their leadership structures and widening their offer to both existing members and newcomers. The Disabled Employee Network took a leading role in consultations for the return to office working and changes to recruitment processes, while the LGBT+ Network made important contributions to this year's Pride celebrations – which marked 40 years since London Pride came to Huddersfield.

Moves commenced last year to encourage attendance and involvement in network activities have also continued, with the active support of senior management network champions and the Chief Executive.

Whilst the YEN and BAME Networks continue to be the most active, the other networks have been provided with additional support and are now far more visible and confident, which has enabled them to attract more members and independently organise events. There is also greater collaboration across networks, for example YEN support for some Working Carers Support network activities.

As will be seen in the work undertaken jointly between the Working Carers Support Network and the Young Employees Network (below), and previous work on menopause awareness and mental health wellbeing support, network intersectionality is developing on a shared experience basis, something that has been particularly noticeable during the pandemic in relation to YEN and issues of isolation and anxiety.

7.2 Impact

Young Employee Network

YEN is composed of all Council employees aged 30 or under. The Network is led by a team of leads and two co-chairs who commit their time, alongside their jobs to delivering the networks priorities and championing young people in Kirklees. Here are some examples of the work we have done and continue to do:

- Empowered staff to talk about and improve their health and wellbeing through the Men's Minds Matter and Working Women's Wellness events.
- Helped managers find new ways to support their young employees through the Manager's Meet-Up workshop, leading to young employees taking over as Head of IT for a week.

- Supported age diversity and recruitment of young employees through attending apprenticeship recruitment events and enabling young employees to be consulted on our new recruitment system.
- Helped young employees get to know each other through regular socials and our weekly virtual 'Tea'n'Talks'.
- Mental Health Awareness week activities such as the wellbeing walks
- Built the power of employees' voices by facilitating discussions across the staff networks.
- Shaped Council strategy on inclusion and diversity through our membership of the Inclusion and Diversity Hub.
- Hosted themed workshops for young employees with guest speakers, recent examples include our Climate Change and Pensions Workshops.
- Built the profile of young employees in the Council through the best Young Employee Network Awards yet, with the largest number of attendees to date.
- Made a difference to lives through volunteer hours organised and delivered through YEN and fund raising for local charities.
- Annual activities to champion and celebrate local democracy week.
- Supported the Council's Kickstart Scheme and Virtual Work Experience offer.

YEN is also currently engaged in 'succession planning' and will soon be recruiting to vacancies within its leadership team, including that of co-chair. Any employees aged 30 and under can apply for these roles and take a leading part in helping the network deliver on its priorities and further their skill set at the same time.

The Working Carers Support Network

The Working Carers Support Network (WCSN) aims to support Kirklees employees who have the additional responsibility of caring for a family member or friend in an unpaid capacity alongside their day-to-day role with the council.

The network offers monthly virtual meetings for members to catch up and benefit from peer support from other working carers. The meetings also provide the opportunity for guest speakers to provide information about support that is available for working carers both through the council and through local charities and organisations.

The network also enables working carers to be able to share their experiences and ideas with council officers and our two Network Director Champions, who continually work to ensure that Kirklees Council is an inclusive and supportive employer of and for working carers.

The Working Carers Support Network as an employee network is run by its members, supported by two co-chairs.

While the Working Carers' Passport is still operational across the organisation, there is still work to do to ensure it is applied consistently and enjoys recognition across all services and directorates.

LGBT network

The LGBT employee network works to ensure the wellbeing of its membership, and also that no Council employee suffers from discrimination as a result of their sexual orientation or gender identity. If needed, help in this regard can be sought anonymously via the network chairs.

The network feels that representation in the workforce is something is a paramount requirement for an inclusive employer. It works across the Council to mark notable periods such as LGBT History Month and Pride, with events for both Council staff and residents alike. The main aim is to showcase the contribution that LGBT staff make to Kirklees, everything that the Council has done to make itself an inclusive and welcoming place in which LGBT employees can thrive, and to focus forwards on what can still be done to improve even further. The network promotes awareness and education around the LGBT community and bolsters wider allyship.

During the pandemic, regular meetings have become more important than ever, giving members the chance to connect and facilitate that all-important social interaction, albeit digitally. Further to this, and despite the coronavirus restrictions, the network has maintained the work needed to deliver virtual Kirklees Pride 2021, and it continues to work with the Kirklees senior leadership teams on further improving the experience of LGBT staff, with a particular focus recently being on that of non-cis-gendered employees.

In terms of who can join our network, membership is open to anyone who both works for the Council and is a member of the LGBT community.

Disabled Employees Network

The network has spent a large part of its time supporting members during the pandemic, but there have also been a wide range of consultation and further support activities, including the following:

- Provided 1 to 1 and group support to members of the network on ad hoc issues arising in the workplace
- Supported development of a state-of-the-art design for disabled living at Cherry Trees respite care centre for people with learning disabilities in Shepley.
- Supported managers in areas such as, how to approach a conversation with a disabled employee around disability and adjustments, providing information and signposting to other information resources
- Participating in citizen engagement sessions to provide a disability perspective.
- Supporting the organisation to improve its document accessibility more generally
- Provided views from members to our strategic director to support the organisation's recovery plan
- Input into new recruitment processes and guidance on approaches for managers to enable a more inclusive recruitment process from start to finish (current focus on reasonable adjustments and making info available to managers around what may be able to be offered).

BAME Network

Over the past year, the Network has increasingly used social media to access its work with colleagues. It continued to steer on Learning and Development, Inclusion and Diversity, Cultural Events, Health & Wellbeing Awareness and Anti-Racism campaigns where BAME staff could talk about their lived experiences and others were able to listen and share thoughts and feelings. The Network also engaged with local BAME communities through its collaborative work with the Iroko Project to build infrastructure with communities' groups. The pandemic continued to have a significant effect on the Network's cultural events, but virtual meetings have given it the opportunity to demonstrate, deep dive and explore our cultural richness and the amazing contributions various cultures had made in enriching society. The Network's varied and exciting programme began in May 2021 with the Local History Month' project.

May 2021 – Local History Month

In May the 'Local History Month' project was launched as a partnership collaboration between Kirklees Libraries, Local Studies, West Yorkshire Archive Service, Kirklees BAME Employee Network, and the Councils' Cohesion Team – all working alongside Dr Hannah Rose-Murray of Edinburgh university – whose research this piece of work is built upon. Due to the Covid 19 restrictions, a virtual tour was created that highlighted several venues and sites across Kirklees during the 19th Century where Black African American Abolitionists came to campaign to end the cruel Transatlantic Slave Trade. The project was very successful with lots of people joining the live event on 20 May 2021 – plus many more viewing the recording in the following weeks. The project was well received and therefore, it was decided to continue the theme of 'Abolition' into Black History Month and the International Women's Festival in March 2022.

June 2021 – Windrush Week

For the first time ever in Kirklees history, an official Windrush Design flag flew from each of the four Town Halls across Kirklees. The week's theme was aptly named 'Flagtastic Windrush Week in Kirklees' with a range of complimentary activities suggested and promoted through the specially designed brochure.

Once again, the BAME Network worked closely with Kirklees Libraries and the Cohesion Team to deliver the programme. A select handful of Elders and Council Staff engaged in a photo opportunity alongside the Mayor of Kirklees with a promotional clip being released thereafter. It is envisaged that the flag flying will become an annual event each June during Windrush Week in Kirklees – creating a true legacy.

July 2021 - Kirklees South Asian Heritage Month

The inaugural Kirklees South Asian Heritage Month was launched in the House of Commons in July 2019. The celebrations ran from 18 July to 17 August, celebrating South Asian Heritage Month, a month of activity to explore the shared cultures and histories of the UK and South Asia. This event was a great success for its vibrancy, colour, splendour, and impressive opulence.

September 2021 – Health & Wellbeing Awareness

This year's Know Your Numbers! Campaign was low-key due to the pandemic. However, we had the opportunity to remind members of the importance of the UK's biggest blood pressure testing and awareness week.

October 2021 – Black History Month

Staying with the theme of Abolition (also bringing awareness of up-to-date social justice movements) the BAME Network once again partnered with Kirklees Libraries and the Cohesion Team to develop two main projects: The story of Ellen Craft (a black female abolitionist who visited Kirklees with her husband in the 1900s, a small exhibition has been created and toured four libraries and a community centre during October. It is aimed at primary aged children (also offered as a school classroom visit). It again creates a legacy as it is available for bookings beyond October and BHM.

Secondly, the internal staff offer was a virtual presentation entitled 'The Power of Platform' delivered by Andrew Muhammad (AKA the Investigator). Over 55 employees logged on to watch in the live chat room at lunchtime on Wednesday 20 October with lots of engagement and discussion afterwards. The attendance was very diverse in terms of ethnic background, gender, age, and role within the organisation. Feedback has been extremely positive, and the recording is still available to view on the Councils' YouTube Channel.

In addition, each Wednesday during October complimentary content was released onto the staff intranet for staff to engage with. This concluded with a quiz and prize draw on Friday 29 Oct.

Furthermore, support and guidance/sharing were given to Locala who wanted to start to embed BHM within their organisation and subsequently organised a small walking tour of the abolitionist virtual tour for some staff on 16 Oct.

31 October Local Community Group-Cycle of Life

Finally, on Sunday 31 October, a local community group, Cycle of Life, which promotes Black male wellbeing via a weekly cycle activity also rode the abolitionist route. A more formal evaluation meeting between partners is planned in November so that learning and planning for BHM 2022 can begin much earlier.

8. Areas for improvement

All networks will need continued support moving forward and part of this will be about exploring allyship. To link in employees who want to make a difference and actively support protected characteristic groups would be a powerful way to help the networks progress even further.

8.1 Tackling Inequalities Programme and priority areas 2020/21

The continuing focus on tackling inequalities over the past year was heightened by the disproportionate impact of the pandemic on certain communities and particular equality groups, plus the murder of George Floyd and the resurgence of the Black Lives Matter movement. This next section outlines the main areas of work that have been undertaken to address some of these inequalities.

Over the last year, this programme has included projects already outlined in this report, including Project Search and the Iroko Project, it has also had a focus on anti-racism in the workplace building on the outcomes of the employee listening circles (see 7.1 and 7.3, above and 8.2, below). Whilst it is very positive that inclusion is being discussed in key forums, there is still a need to ensure this is happening throughout the whole organisation at all levels and with all employees.

8.2 Achievement

Set out below are the three priority areas agreed by Cabinet and Council in October 2020.

Health Checks pilot project

The National Health Service Health Check programme has been delivered in General Practices in Kirklees since March 2012. The Health Check offers a cardiovascular disease risk assessment and personalised advice to all individuals aged 40-74, who do not have pre-existing cardiovascular disease or related conditions. It is offered once every five years to all eligible individuals.

Data shows that a high proportion of people experiencing health inequalities (e.g. BAME groups, people living with mental health conditions or those living in areas of greater deprivation) don't access the National Health Service Health Checks at the same rate as the general population. In February 2020, Kirklees Public Health commissioned Kirklees Council (Wellness Service) to develop and deliver a pilot project to look at ways of maximising the impact of the health checks programme. The aim of that pilot is to find innovative ways to target and reach those most at risk and provide more person-centred support for health improvement, leading to better health outcomes for people.

The pilot runs for six months and began in early November 2021.

In the winter of 2020, a series of focus groups facilitated by Healthwatch provided feedback to shape the Health Checks pilot.

In spring 2021, engagement with clinical directors and practice managers in the [Kirklees Primary Care Networks](#) identified Batley & Birstall, Viaduct and Greenwood PCNs as pilot areas.

In summer 2021, five Wellness Health Coaches (who can support individuals on a 1:1 basis to develop personally tailored health and wellbeing goals) were recruited and completed a 10-week training programme to deliver Health Checks.

In October 2021, Health Checks promotion and targeted invitations to community venues commenced.

Inclusive Employer

The aim has been to attract and retain a workforce which represents the communities we serve. A workforce who are supported, well managed, developed and rewarded as individuals who respond with pace and innovation as we transform the way we work.

Our commitment to advancing equalities in everything we do to further foster an inclusive culture where all people feel their differences are valued, respected, and accepted is clear.

Among the achievements a named blind recruitment process has been operational for 12 months (see section 1.1 for details).

Breaking Barriers

In 2020 the murder of George Floyd and the Black Lives Matter movement echoed that of the Stephen Lawrence case emphasising the need for targeted work to close the gap on racial inequality and promote an anti-racist culture. In Summer 2020, 'Conscious Youth' were approached by the leaders of Kirklees Council to discuss how we could work collaboratively to start identifying ways to create a positive change in Kirklees and develop a programme with the aim to: 'Redress historical injustice and inequalities to make a step-change in improving outcomes for young black people in Kirklees and to support public agencies to be fair and inclusive service providers.'

In October 2020, Conscious Youth developed Breaking Barriers in conjunction with Kirklees Council. The suite of projects was designed to educate, inform, and involve young adults in developing their life skills, cultural knowledge, leadership, potential, and aspirations to want better for themselves. The programme is aimed at black communities but remains open to all that are interested. Projects include:

- Voices to Action Campaign ([Voices to Action – Conscious Youth](#)) Youth-led social action to highlight the lived experiences of black and minority young people living in Kirklees. The campaign provides a safe and accessible platform for **ALL** young people to talk openly about race, culture and identity and Break Barriers!)
- Conscious Boys ([Conscious Boys – Conscious Youth](#)) grassroots youth-led initiative focused on improving the educational attainment and resilience of boys aged 11-18 years old. Conscious Boys is focused on delivering meaningful engagement and positive youth-led activities that range from self-development workshops to voice and influence.
- Stepping up and Stepping out ([Our services – Conscious Youth](#)) programme of six workshops to support young people to set goals, build resilience, care for and about themselves and those around them and identify strategies for building a positive future.
- Back To Our Roots ([Back to our Roots, a youth-led initiative by Conscious Youth](#)) youth-led initiative, creating an all-year programme of history and cultural events and activities relevant to local young people. The project is led by a steering group of young people of African and Caribbean heritage and aims to engage the wider community and improve cultural understanding.

Supported by Kirklees Council seed funding, Conscious Youth were successful in securing funding for the next phase of the Breaking Barriers programme. Since October 2020 they have raised over £150,000 (additional funding) including funding from Amazon, Paul Hamlyn, and Ellis Campbell Foundation and in-kind work from Wild PR.

In 2021, Conscious Youth formed a youth steering group of 14 young people for 'Voices to Action and Back to Our Roots'.

Achievements

On International Men's Day 2020, Conscious Youth launched the 'Conscious Boys' project by recording a series of four introductory podcasts targeting young black men. The podcasts highlighting the life experiences of black men from different walks of life and were aired throughout Black History Month 2021. This programme of workshops with young men at risk of exclusion and exploitation was piloted in conjunction with North Huddersfield Trust School. The project was delayed due to the pandemic, however Conscious Youth started working with Year 10 at the school in June 21 and are still working with that cohort now they have progressed to Year 11.

Through the Stepping Up and Stepping Out project in North Huddersfield Trust School, six young black males were identified for additional support to prevent them from school exclusions. They will be receiving one-to-one mentorship from a new staff member starting in October 2021.

During Black History Month 2020, Conscious Youth launched their 'Back to our Roots Black History Month' Programme and delivered a series of four educational webinars. Additionally, they produced seven mini videos on local role models and three 'in conversation' live interviews with local sporting celebrities. This activity engaged over 43,000 people, 73% of whom were from Kirklees. The audience split in the target age range (13-30) was 39% male and 50% female.

In Spring 2021, Conscious Youth was granted accreditation of their level 3 blended learning leadership programme by the Institute of Leadership Management. The leadership programme will launch in October 2021 and be available to 30 young people aged 16-30 from marginalised communities (Black, Asian and minority ethnic). The programme involves other local key partners (Kirklees Council, Amazon, NHS, Transpennine Express, Kirklees Active Leisure and C&K Careers) who will support recruitment, delivery and participant sponsorship and mentorship.

In September 2021, Conscious Youth was chosen as Amazon's BEN (Black Employee Network) charity to support. Amazon has allocated a community engagement representative to support the organisation's work by providing mentorship, resources, and delivery support for the leadership programme.

8.3 Impact

Health checks pilot project

The pilot's focus is on increasing access for groups less likely to take up the NHS Health Check and who are at most risk of poor health outcomes. The impact of project is being evaluated by the University of Huddersfield and will be available in Autumn 2022.

Inclusive Employer

We have developed an approach that captures quantitative data to direct and measure interventions in this space. As part of the initial scoping activity, data analysis shows that:

- The proportion of disabled starters was 11% in Sep 2020 - Aug 2021, compared to only 4% in Sep 2019 - Aug 2020.
- The proportion of LGBTQ+ starters was 42% in Sep 2020 - Aug 2021, a significant increase compared to 13% in Sep 2019 - Aug 2020.
- BAME colleagues were twice as likely to have an Employee Relations Case raised in Sep 2020 - Aug 2021, with 2.3% as opposed to 1.05% for White colleagues. This is part of a consistent similar picture across the three years from 2018-2021.

Breaking Barriers

Over the past year, Conscious Youth has worked collaboratively with public, private and third sector partners to help further inform and support their work. Partners now include Amazon (Black Employee Network), NHS Huddersfield and Calderdale, Cummins Turbo Technologies, Transpennine Trains, Huddersfield New College, Kirklees College, North Huddersfield Trust, The University of Huddersfield, Ellis Campbell Foundation, C&K Careers, Kirklees Active Leisure (KAL) and the Paul Hamlyn Foundation.

To date, Voices to Action has engaged with 580 young people via social media and face-to-face across Kirklees. Voices to Action has also published a blog. The success of their activism has meant that they have partnered with [‘In place of war’](#) a worldwide organisation that empowers young people to take action on things that matter to them. Conscious Youth, with Voices to Action and nine other organisations from across the U.K. will take part in ‘100 Agents of Change’.

Since June 2021, through Stepping up and Stepping out, Conscious Youth have worked with 65 of the most disengaged and vulnerable young people at North Huddersfield Trust, covering topics such as inequality, attitude, racism, and discrimination. When this work began in June 2021, 43% of those young people said they did not fully understand what racism was and did not feel they could challenge it. By September 2021, 91% better understood racism and felt confident to challenge it appropriately. Additionally, feedback from school staff indicates that the programme has been successful in creating a positive change in the attitude of participants and has improved attendance.

Two young women from the Stepping up and Stepping out programme have joined the Conscious Girls initiative to combat isolation and loneliness and are receiving further mentorship. One boy on the programme was permanently excluded from school. However, due to the relationship built with Conscious Youth, will join the Conscious Boys initiative, and receive 1-2-1 support to get back on track.

Feedback from the ‘Back to our Roots Black History Month Programme’ showed that the audience found the material engaging, thoughtful and inspiring.

8.4 Areas for improvement

Health checks pilot project

The pilot is a chance to understand what works and what does not to test out new and innovative ways of working with minimal risk. For example, will communities be more likely to take up health checks if they are provided at workplaces, faith settings, sports venues or libraries and could greater engagement with health coaches have a positive impact on health inequalities? By autumn 2022, the project expects to have recommendations for the future design and delivery of health checks within Kirklees that will positively influence the tackling inequalities agenda.

Breaking Barriers

In winter 2021, Conscious Youth will create a programme board for partners and stakeholders. This programme board will help support the direction of the programme, establish new relationships, and discover areas of collaboration.

8.5 Regional impact

The West Yorkshire and Harrogate Health and Care Partnership responded promptly to the heightened risks Covid posed to ethnic minority communities and people, including health and care staff. Resources for those in high-risk roles were produced to support and advise colleagues on health risks and how to mitigate them.

The [West Yorkshire Race Equality Network](#) was a critical partner in developing and delivering the Partnership's priorities, providing constructive challenge and support whilst bringing people's lived experience into discussions. Kirklees played a key role in this work and the Council's Leader, Cllr Shabir Pandor, became the ambassador for the Partnership's [Anti-Racism Movement](#).

Working in partnership with other local authorities in the region and the wider NHS health and social care sector, the following work was successfully undertaken:

- The development of a Racial Inequalities Training package.
- Recruitment was overhauled across the entire Partnership to emphasise the importance of inclusive processes and to encourage diverse talent, this was supported by the launch of an award-winning Fellowship Programme and a Health Inequalities Academy.
- The Health Equity Fellowship demonstrates the Partnership's commitment to tackling health inequalities and promoting a more equitable West Yorkshire.
- The launch of the Partnership's [Anti-Racism Movement](#) in August 2021. The Movement garnered support from 584 organisations and community allies across West Yorkshire and Harrogate and saw six local districts (Bradford district and Craven; Calderdale, Kirklees, Leeds and Wakefield) make their own commitments to becoming anti-racist organisations.

ACHIEVING INCLUSION

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Name of meeting: Cabinet

Date: 14th December 2021

Title of report: Supporting the recruitment, retention and valuing the contribution of social care staff in Kirklees this Winter

Purpose of report:

To approve the use of funding the Council will receive from the NHS to support the adult social care sector this Winter and seek approval for the Director of Adults and Health to have a delegated authority, in consultation with the Section 151 officer and the Cabinet member for Adults and Health, to design an appropriate approach to utilising this and other short-term funding to support the adult social care sector.

<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 The Council will receive additional short-term funding from the NHS or DHSC to support workforce and other challenges faced by the adult social care sector in Kirklees.</p>
<p>Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u></p>	<p>Key Decision – Yes</p> <p>Private Report/Private Appendix –No</p>
<p>The Decision - Is it eligible for call in by Scrutiny?</p>	<p>No</p> <p>If no give the reason why not The Chair of Overview and Scrutiny Management Committee has agreed that this decision can be exempt from call in given the urgency of the need to implement the distribution of NHS funding to the adult social care providers and onwards to their frontline care staff, and the proximity to the Christmas/New Year period.</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 – Strategic Director for Adults & Health, 3rd December 2021</p> <p>Eamonn Croston, 6th December 2021</p> <p>Julie Muscroft, 3rd December 2021</p>
<p>Cabinet member portfolio</p>	<p>Cllr Musarrat Khan, Health and Social Care</p>

Ward councillors consulted: None

Public or private: Public

Has GDPR been considered? Yes, no personal or sensitive data is included in this report.

1. Summary

- a) The adult social care system across Kirklees is under severe pressure. Recruitment and retention issues and staff wellbeing and sense of being valued are at the core of these challenges. Many front-line care workers in domiciliary care and care/nursing homes are paid the National Living Wage, or on a scale pegged to the NLW. The NLW is due to increase to £9.50 in April 2022.
- b) Competition from other sectors also employing large numbers of staff at National Living Wage level and above becomes even more acute during the Christmas period, as seasonal recruitment takes place, potentially increasing staff attrition still further. Evidence across the social care sector indicates that basic pay is the single biggest influence in staff turnover. This pressure has already led to the closure of some providers in West Yorkshire with others at significant risk of closure.
- c) If social care support is either not available, has to be scaled back due to staff shortages or if staff are feeling under increased pressure and undervalued this presents significant risks to all elements of the Kirklees health and care system, particularly
 - Reduction in quality of life and independence for the individuals who should be receiving care.
 - Increased pressure on informal carers who frequently have to make up for any shortfalls in formal care
 - Acute trusts through increased admissions and delays in safe discharges
 - Pressure on community and primary health care as vulnerable adults become increasingly frail without appropriate social care support
- d) Through the West Yorkshire Integrated Care System NHS partners have agreed to use available NHS funding in 2021/22 to address social care workforce pressures. This funding is being provided to bring forward the benefits of the uplift in the National Living Wage due on the 1st April 2022 for the lowest paid care workers in domiciliary, residential and nursing care homes across West Yorkshire to ensure all staff are receiving at least the 2022 National Living wage rate from 1st December 2021 at the latest. This funding will
 - Enable more front-line care workers feeling valued for their work by the whole health and care system
 - Support recruitment and retention in those services that have a significant impact on preventing admission and supporting timely and safe discharge from hospital to ongoing care and support.
- e) It is anticipated that the funding for Kirklees will be around £2.0m.
- f) The funding will be passported to CQC registered providers of domiciliary care, residential and nursing care to cover the additional staffing costs they incur in bringing forward the uplift in the National Living Wage from 1st December at the latest.
- g) Providing support from across the West Yorkshire system in this way in 2021/22 would be a non-recurrent commitment that would provide a significant boost to system resilience for this Winter. The cost of the National Living Wage uplift from April 2022 is

being factored into the budget setting of all Council in West Yorkshire for 2022/23 and beyond.

- h) The Government has provided a number of short-term funding packages over recent months. These are always announced with a requirement that the funding is utilised almost immediately, and for very specific purposes. The recent Adult Social Care White Paper, People at the Heart of Care, outlined a number potential additional short-term funding opportunities.

2. Information required to take a decision

Background

- a) The last 18 months has been hugely challenging for staff working across the health and social care sectors. NHS staff have been more visible in the coverage of the pressures and their contribution to tackling the pandemic and the role of the social care staff, whilst hugely evident to people who use social care services, has not received the same coverage.
- b) The pressures of the pandemic, alongside longstanding issues with pay and competition for staff from other sectors, have come to a head, particularly in the context of seasonal workforce recruitment in the retail and hospitality sectors. This will result in additional recruitment and retention challenges and further pressure on the health and care sector, which impacts on hospital discharge, community care service delivery and quality of care received by local people.
- c) NHS England chief executive NHS England Amanda Pritchard said problems in a “very stretched” social care system were leading to major discharge delays in NHS hospitals. She added that the NHS is “inextricably linked” to extreme pressures in domiciliary care, so support to those services would help speed up and improve discharges and free up beds [November 2021].
- d) The single biggest factor affecting staff turnover in social care is basic pay, but closely followed by feeling valued; and then opportunity for progression [Skills for Care Survey, November 2021]. Pride and sense of place in the system are also important.
- e) The Governments concern has led to the recent announcement of the Social Care Workforce Recruitment and Retention Fund. The guidance on the use of this funding focusses on establishing longer term solutions to recruitment and retention challenges such as occupational health and wellbeing, establishing shared staff banks, local recruitment initiatives.

Kirklees Position

- f) The total adult social care workforce in Kirklees is estimated at 10,500 full time equivalent employees working across 130 care homes, 66 domiciliary care agencies, and range of other care providers. There are:
- 2,150 domiciliary care workers supporting 3,100 service users
 - 3,070 care workers in care/nursing homes supporting 3,950 Care/Nursing home residents.
- g) The current funding crisis is due to a number of over lapping factors: demographic and social pressures, outdated funding formulas, inflationary pressures and rising costs, and the prevalence of short-term funding in lieu of a long-term solution.
- h) Workforce pressures are increasing further in 2021, even after a sustained period of strain on the social care workforce. Workforce pressures and insecure funding are interlinked.
- i) The labour shortage in social care is currently a critical risk

- Providers are reporting having more vacancies and fewer applicants – and this is placing a burden on existing staff to take extra shifts and go longer without holidays – which is unsustainable and unfair on a workforce that has faced unprecedented challenges in the last 20 months.
 - To match demographic growth in demand for adult social care the workforce would need to increase by 35-50% in the next decade. In Kirklees in the last 6 months, the number of people working in care homes has fallen by 5% and in domiciliary care the number has fallen by 2%.
 - Social care covers a range of skilled roles, but the level of remuneration does not reflect this. The majority of the workforce involved in direct care delivery is comparatively under-valued and underpaid and this has significant consequences in terms of staff recruitment, retention and long-term job satisfaction.
 - Turnover rates in staff are lower, where wages are higher: for those earning £9.50 per hour and over, turnover rates are currently 25.5%. However for staff on zero hours contracts it is 31.8%; for staff with less than one year of experience 38.2% and staff under the age of 20 it is 43.7%.
 - The lack of pay parity with NHS counterparts can also be a barrier to integrated working including the development of new blended roles and genuinely viable careers pathways for staff
 - The impact of Brexit and less easy access to European labour markets is now being felt with shortages reported in all local authority areas in the country.
 - The full impact of making Covid vaccination a requirement from 11 November 2021 for employment in care homes is yet to be seen.
 - Supermarkets are now advertising for shop assistants at £9.36 - £10.70 per hour with 10% off their shopping if they shop in store – more pay for less demanding work, without constant requirements for updating skills, wearing PPE and more social hours. The graph in Appendix 1 clearly shows the increase in problems keeping/attracting staff in domiciliary care when retail re-opened in July.
- j) Each care home has an agreed safe staffing ratio with CQC. Over the last few months only a few have flagged they are at significant risk, this is in large part because care home providers scale back admissions rather than risk breaching the ratios. Similarly domiciliary care providers do not accept contracts for packages of care if they do not have sufficient staff. There has been a general trend toward high levels of need in those receiving adult social – as the complexity of needs increases the staffing ratios required to provide safe and effective care change.
- k) The National Living Wage is currently £8.91 and is a core component of the care cost calculations every local authority uses to set the rates it pays care providers. The Government has announced that the NLW will rise to £9.50 from April 2022. All local authorities are factoring this into their budget planning for 22/23.

Supporting adult social care providers

- l) All local authorities are already engaged in a range of activity to support the care providers in their areas. And the care providers are active partners in the dialogue about how to respond to these systemic challenges.
- m) The Association of Directors of Adult Social Services and the Local Government Association have just published a statement on the interventions that could be most helpful in alleviating workforce capacity issues in adult social care. The Council is reviewing its current response against this list. The ADASS Region is also undertaking a stock take of activity to tackle the workforce issues of recruitment, retention, and staff wellbeing. This analysis will specifically identify opportunities for ICS level support.

West Yorkshire Integrated Care System Funding for Adult Social Care

- n) Through the West Yorkshire Integrated Care System NHS partners have agreed to use available NHS funding in 2021/22 to address social care workforce pressures. This funding is being provided to bring forward the benefits of the uplift in the National Living Wage due on the 1st April 2022 for the lowest paid care workers in domiciliary, residential and nursing care homes across West Yorkshire to ensure all staff are receiving at least the 2022 National Living wage rate from 1st December 2021 at the latest.
- o) The core aims of this funding are to:
- Bring forward the benefits of the uplift in the National Living Wage due on the 1st April 2022 for the lowest paid care workers in domiciliary, residential and nursing care homes across West Yorkshire to ensure all front-line care workers are receiving at least the 2022 NLW from December 2021 at the latest.
 - More front-line care worker feeling valued for their work by the whole health and care system
 - Support recruitment and retention in those services that have a significant impact on preventing admission and supporting timely and safe discharge from hospital to ongoing care and support.
- p) The funding would be distributed to all CQC registered social care providers of domiciliary care, residential and nursing care, which therefore includes those with whom the local authority does not have existing contracts, and all those that are contracted to provide CHC funded packages.

Conditions on use of the funding

- q) Each of the 5 places in West Yorkshire will put in place a suitable mechanism to ensure the funding is used for the purpose for which it has been allocated. Section 75 Agreements that have been in place for a number of years between each Local Authority and their respective Clinical Commissioning Group. This provides the most appropriate route in Kirklees to ensure there is partnership oversight of how the funding is used. We have recently submitted a BCF Plan that has to meet national guidance and is subject to a regional and national assurance process. Local action to support recruitment and retention in adult social care was a requirement of the regional planning process. An updated Section 75 Agreement has to be in place by 31st January to receive full national approval for the BCF Plan. This funding will be incorporated through either; an additional 'scheme specification' or a 'deed of variation'.
- r) All funding must be passported directly to CQC regulated care providers by the Local Authorities, and a grant agreement put in place between the Local Authority and the care provider (based on the process used for the Infection Control Fund, Workforce Capacity Fund). The Agreement will include the opportunity to sample payments to ensure that staff wages are being increased appropriately.
- s) All CQC registered providers who receive the funding must provide a written guarantee that the funding will be used to cover the additional staffing costs they incur in bringing forward the uplift in the National Living Wage from 1st December at the latest.

Additional staffing costs include:

- increased NI and pension contributions
- reasonable contributions to maintain pay differentials
- admin costs related to the additional payments.

Time scales

- t) It is crucial that the message about this funding and how it will be used is communicated to the social care staff who will benefit, and to the wider system and the public, before Christmas. Not doing that will undermine the value of the investment through the very difficult few months ahead.

3. Implications for the Council

- **Working with People**

The adult social care sector is a critical part of how we support many of the most vulnerable residents of Kirklees. Our Vision for Social Care sets out our vision. Co-production and working with people to create greater personal choice and control over how people achieve their long-term care and support outcome are priorities for achieving our vision. And ensuring that 'social care workers are respected, valued and empowered in their roles' is at the forefront of how we can deliver the vision.

- **Working with Partners**

Adult social care is delivered by hundreds of independent sector providers. The Council has a duty under the Care Act to promote diversity and quality in adult social care services through a vibrant and responsive local market. We work closely with Kirklees Care Association, which represents many of our care homes, and the (domiciliary care) Registered Managers Network to deliver on this duty, and they will be crucial part of the implementation of the proposals in this paper.

- **Place Based Working**

The funding for social care providers to enable them to bring forward the uplift in National Living Wage is available for all CQC registered providers working in Kirklees. The other support that is available to providers is more tailored to the specific places in which the providers operate. An example is the recruitment support offer provided by the Council's In2Care team. They provide a bespoke offer to all providers and make extensive use of locality and neighbourhood networks, especially through social media, to connect local people with local employment opportunities in social care.

- **Climate Change and Air Quality**

This proposal will have limited impact, but will should enable people to remain in their normal residence mitigating the need for transfers to more specialist accommodation.

- **Improving outcomes for children**

This proposal is specifically targeting social care staff working with adults. Although it will impact on outcomes for children by (a) ameliorating the impact of low wages on care workers with dependent children, although this will be tempered by the impact of the Universal Credit taper, and (b) supporting more adults with children/grandchildren to receive the care and support they need.

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

The NLW Uplift funding will be

- held in the existing Better Care Fund pooled budget between the Council and Clinical Commissioning Group which has a well-established Section 75 Agreement.
- distributed to CQC registered adult social care providers in line with procedures that have been used recently to distribute other short term national funding – Adult Social Care Infection Control Fund and Workforce Capacity Fund.
- is limited to financing the cost of the uplift in the National Living Wage up to the 31st March 2022. The implications of the uplift from 1st April are being factored into the Council budget setting process for 2022/23.

Providing the Director of Adults and Health with the delegated authority, in consultation with the Section 151 officer and the Cabinet member for Adults and Health

Health, to design an appropriate approach to utilising this and other short-term funding to support the adult social care sector will maximise its impact and the timely distribution across the sector over this Winter.

Do you need an Integrated Impact Assessment (IIA)?

The Stage 1 Assessment does not indicate that a full Integrated Impact Assessment is required.

4. Consultees and their opinions

Bringing forward the proposed uplift of the National Living Wage has widespread support amongst local NHS partners, care home and domiciliary care providers.

The proposal is also due to be discussed at the West Yorkshire Health and Care Partnership Board meeting on the 7th December.

5. Next steps and timelines

- Subject to final approval through the relevant local NHS bodies the funding will be released to Council's across West Yorkshire as soon as possible.
- We expect to be able to notify the local eligible CQC registered care providers before Christmas of the process for them claiming the funding.
- The Section 75 Pooled Budget Agreement between the Council and Kirklees CCG will be signed by the end of January 2022.

6. Officer recommendations and reasons

That Cabinet

- a) Approve the use of the available NHS funding to bring forward the benefits of the uplift in the National Living Wage due on the 1st April 2022 for the lowest paid care workers in domiciliary, residential and nursing care homes for adult across Kirklees to ensure all staff are receiving at least the 2022 National Living wage rate from 1st December 2021 at the latest.
- b) Approve the Director of Adults and Health to delegated authority, in consultation with the Section 151 officer and the Cabinet member for Adults and Health, to design an appropriate approach to utilising short-term funding to support the adult social care sector over this Winter.

7. Cabinet Portfolio Holder's recommendations

That Cabinet accept the Officer recommendations.

8. Contact officer

Richard Parry, Strategic Director for Adults & Health

9. Background Papers and History of Decisions

None

10. Service Director responsible

Michelle Cross, Service Director – Mental Health, Learning Disabilities and Provider Services

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Name of meeting: Cabinet
Date: 14th December 2021
Title of report: Transport Services Capital Investment Vehicle Replacement Programme (VRP); 21/22 - 25/26 - Proposed Expenditure

Purpose of report:

- The purpose of the report is to seek Cabinet approval to proceed with the expenditure of £6.25m from the agreed Capital Plan for the Vehicle Replacement Programme (VRP) in 21/22 - 25/26. There may be a requirement to drawdown some of the later year's capital to meet commitments. The proposed expenditure will replace ageing Euro 4 and 5 standard vehicles with electric vehicles and the latest greener Euro 6 models¹, including purchasing a number of electric vehicles for Waste Services for sustainable transport development purposes, this includes an Electric Refuse Collection Vehicle (E-RCV).
- Members will be requested to delegate authority to the Service Director - Highways and Streetscene, to manage the implementation of the Capital Investment VRP within the agreed budget (in accordance with the Council's Financial Procedure Rules 3.9 to 3.14 dated May 2021). Capital investment is a continuation to the previous three-year Capital Investment VRP which was agreed by Cabinet on 11 December 2018.

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 (Published 12 November 2021) Overall cost is £6.25m for 21/22 to 25/26
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)</u>?	Key Decision – Yes Public report and private appendices
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & 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?	2 December 2021 Colin Parr (Strategic Director - Environment and Climate Change) 30 November 2021 Eamonn Croston (Service Director – Finance) 29 November 2021 Julie Muscroft (Service Director - Legal, Governance and Commissioning)
Cabinet member portfolio	Cllr W Simpson - Cabinet Member for Culture and Greener Kirklees

¹ Euro 6 is the latest standards introduced by the European Commission to regulate the level of pollutants released from the tailpipes of vehicle engines. Euro 6 aims to reduce the levels of harmful emissions including nitrogen oxide (NOx), carbon monoxide and particulate matter - soot from diesel engines.

Electoral wards affected: All

Ward councillors consulted: None

Public or private: Public, all appendices private.

- These appendices are recommended to be taken in Private because the information contained within them is considered to be exempt information under Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006, as they contain information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that it would not be in the public interest to disclose the information contained in the appendices as disclosure could potentially adversely affect overall value for money and could compromise the commercial confidentiality of the bidding organisations and may disclose the contractual terms, which is considered to outweigh the public interest in disclosing information including, greater accountability, transparency in spending public money and openness in council decision-making.

Has GDPR been considered? No implications

1. Summary

- 1.1 The purpose of the VRP is to provide the capital fleet replacement programme with accurate figures as to when vehicles should optimally be replaced considering the maintenance history, depreciation value and the current age of the fleet. The Councils own comprehensive fleet datasets are used to create and support the programme.
- 1.2 The key objectives of maintaining an efficient VRP are:
 - Support the Council's Climate Emergency commitments and air quality improvement work
 - To ensure that all the Council services have a vehicle fleet that is fit for purpose, therefore minimising valuable vehicle maintenance downtimes to avoid critical service delivery disruptions.
 - Maintain and protect the Councils *Office of the Traffic Commissioners Operators* Licence.
- 1.3 The proposal includes planned expenditure to purchase a number of emerging specialist electric vehicles, an E-RCV, 3.5-ton waste van tipper, compact waste street sweeper and potentially a 4x4, assisting with our research and development into future sustainable transport, strengthening our transition to electric vehicles and a net zero fleet.
- 1.4 This report also highlights the vehicles which need to be replaced in 21/22 - 23/24, and to approve £6.25m expenditure, which is the agreed VRP Capital Plan baseline allocation for the next 5 years 21/22 – 25/26. Not replacing these vehicles would mean that the Council would continue to operate a higher number of pre-EURO 6 standard vehicles, not reducing tailpipe emissions where possible. The proposal would reduce our pre-EURO 6 fleet by approximately 56 vehicles (includes 33 HGV's). Continuing to operate these vehicles that are beyond their optimal lifespan would be contrary to our Climate Emergency commitments also put frontline operations at risk, both in terms of ensuring an efficient frontline delivery model and also in terms of financial challenges.

- 1.5 In order to aid the implementation of the VRP, members are requested to delegate authority in accordance with the Council's Financial Procedure Rules, 3.9 to 3.14 (dated May 2021) to the Service Director for Highways and Streetscene. This is to manage the procurement and implementation of the programme within the respective agreed total programme budgets.

Delegated powers would include the authority to:

- (i) Add new vehicles to the programme without prior Cabinet approval providing that the total cost of the programme remains within the approved Capital allocations set by Council.
 - (ii) Defer or delete the procurement of vehicles during the course of the period to enable the effective management of the programme; there were minor changes to the 18/19 – 20/21 replacement plan.
- 1.6 All virements, additions and deletions would be reported retrospectively to Cabinet in accordance with Financial Procedure Rule 3.14 dated May 2021. Please see Appendix A (Private) for list of vehicles purchased within the 18/19 – 20/21 Capital allocations.
- 1.7 All vehicles will be intended to be procured and phased into operational service by the end of each financial year, although some factors out of our control could delay this intent such as excessive vehicle manufacturer lead-times as a result of global market states. Please see Appendix B (Private) for list of vehicle categories to be replaced using the agreed Capital.

2. Information required to take a decision

2.1 Transition to a net zero fleet and future VRP

- Due to current technological and infrastructure challenges the Council are not yet in a position where it is viable for all of the Council's fleet to be electrically powered. However, where possible, the Council have made some significant improvements. From the £2million of Climate Emergency funding agreed to support Electric Vehicle take up and charging availability.
- £1m was invested in the addition of another 35 electric Light Commercial Vehicles (LCVs) to the fleet, bringing the total for electric LCVs up to 7.5 per cent, compared to 1 per cent in 2019. Also, 69 per cent of the Council's operated cars are now electrically or partially electrically powered, compared to 20% in 2019.
- The replacement vehicles of this proposed expenditure will greater our tailpipe emissions savings as these vehicles will be greener EURO 6 conventional diesel vehicles. These will replace either EURO 5 or earlier EURO category vehicles. The current EURO emission profile of our fleet is adversely impacted by the age of the vehicles. This includes a high proportion of refuse vehicles that are pre-EURO 6's. These refuse vehicles will be replaced using this proposed expenditure. The EURO 6 engine is a much greener engine variation, this will benefit local air quality through reduction in pollutants such as NOx, SOx, CO² and PM10's. These new vehicles will also ensure fuel consumption is optimised, because as engines get older, they begin to wear, and this adversely affects MPG.

- Our greatest challenge to overcome though is improving our infrastructure so that an increase in electric vehicle chargers can be accommodated and also to ensure that the electric vehicle technology meets the expectations of our operational delivery models. Replacing the vehicles contained within this report with electric alternatives isn't currently a viable option due to these factors. Therefore, to assist in our research and development of emerging electric vehicle technology and to support our journey to transitioning to electric vehicles, in-particularly specialist vehicle types, we propose that an electric RCV, a 3.5-ton van tipper, compact sweeper and potentially a 4x4 to be procured using this planned expenditure. This will give the authority the opportunity to independently use these vehicles on day-to-day operations, proving invaluable for collating vehicle usage data that we can analyse and use to map out potential future electric vehicle programmes.
- It is the Council's ambition to transition to a greener fleet and Transport Services are focused on leading the way regarding sustainable fleet options in support of the Councils Air Quality Strategy agenda and achieving 'net zero' carbon emissions by 2038. Currently, Transport Services are leading on the following sustainable transport projects to support the journey towards a net zero fleet:
 - (i) **Home Charging Pilot and the procurement of x 35 Electric vans** – This has taken our fully electric fleet to 60 vehicles (40 vans and 20 cars). Due to current charging infrastructure limitations, a home charging scheme is to be piloted in 2022 to support service operations for up to 25 electric vans. This should provide a fit for purpose, cost saving charging infrastructure compared to a limited capacity and costlier depot only infrastructure. 5 dual chargers have also been installed at Flint St. Highways depot; these chargers will support the remaining 10 electric vans.
 - (ii) **Vehicle to Grid Charging (V2G)** – In October 2021, two V2G chargers were installed at Vine St. depot and a further charger installed at Flint St. depot. V2G chargers enable energy to be pushed back to the power grid from the battery of an electric vehicle. V2G supports the Council's Climate Emergency commitments by allowing our energy system to balance more and more renewable energy.
 - (iii) **Electric Refuse Collection Vehicle (E-RCV) Demonstrations** – Earlier this year, the Council received an electric RCV to demonstrate. The vehicle completed limited service trials and was also used as part of an information display at the recent Kirklees COP 26 Roadshow held by the Council in Dewsbury in partnership with the Department for Business, Energy and Industrial Strategy.
 - (iv) **Electric Mechanical Sweeper Demonstrations** – Across last Winter the Council tested several new electric mechanical sweepers. This learning supports the procurement of a fully electric sweeper detailed in Section 1.3.
 - (v) **Hydrogen HGV Vehicle Considerations** – The Council are currently in the early stages of investigating alternative HGV combustion methods, this includes Hydrogen technology.
 - (vi) **Workshop staff Electric Vehicle (EV) maintenance Level 3 courses** – In-order for our Workshop staff to be qualified to undertake maintenance on our new fleet of electric vans, our Workshops staff are currently undertaking level 3 EV maintenance courses to prepare Transportation Services for the future needs of a greener fleet.

2.2 Optimal Fleet Replacement.

- There are currently approx. 160 vehicles that are over their replacement age profile, this equates to 20% of the vehicle fleet. The optimal fleet replacement timeframes per vehicle types as reflected in the VRP are as follows:

Table 1. VRP Vehicle Type Optimal Replacement Years.

Category	Optimal Replacement Year
RCV / HGV	8 Years
Small Vans	8 Years
Compact Sweepers	7 Years
Large Sweepers	8 Years
Tipper Vans	9 Years
Pickups	8 Years
Large Vans	7 Years
Minibus	9 Years
4x4's	9 years

- Please note - The Useful Economic Life (UEL) of a vehicle is the point at which depreciation and maintenance cost per mile meet one another and provides an indication of the theoretically most economical point at which to dispose of a vehicle. Our own fleet UEL datasets along with general vehicle conditions states (bodywork and corrosion) were used to calculate the above set timescales².

2.3 Service Disruption.

- Ageing vehicles are prone to breakdowns leading to increased maintenance downtimes, this puts significant pressures on the Transport Services Workshops. This then has adverse impacts on service delivery for frontline services, coupled with significant hire costs being incurred by Services in-order to cover vehicles that are off-the-road to ensure operations aren't affected.

2.4 Increased Maintenance Costs.

- Replacing vehicles is an exercise in risk management and operating ageing vehicles contributes to climate change, compromises air quality improvements and leads to increased maintenance costs and vehicle downtimes.

2.5 Vehicle Emissions.

- Operating vehicles within their optimal lifespan, supports maintaining lower vehicle emission standards. This is because as vehicles age, engines lose efficiency.

3. Implications for the Council

- 3.1 Road transport is a fundamental requirement of sustaining business needs. Healthy fleet management is a way for the Council to control costs, improve productivity, lower risk

² In 2020, an extensive data analysis project on optimal fleet replacement was carried out by Transport Services in-order to reprofile the VRP timeframes. These projected figures are based on the findings of that work.

and maintain compliance in our vehicle fleet. Road transport is also key to improving business efficiency and growth, investing to grow.. Approximately 20% of fleet is over its optimal replacement timescales.

- **Working with People**

A healthy VRP ultimately ensures that frontline services using vehicles to deliver their day-to-day operations do so effectively, minimising disruptions to residents and businesses.

- **Working with Partners**

Transport Services will continue to work with Council services to understand their current and future needs, by using more controlled methods of fleet replacement and adopting a strategic approach to vehicle replacement for critical service delivery (this involves a support and challenge approach and ongoing market research to understand all options of fleet availability). The Council will also work with Kirklees Climate Commission to share our learning to support other employers from across all sectors with their journeys toward net zero fleets.

- **Place Based Working**

As the Council seeks through this paper to continue its journey towards a net zero fleet, the Council is also working with all service areas to identify how our future fleet needs can also support the accelerated delivery of a place based approach to service delivery.

- **Climate Change and Air Quality**

Please see *Transition to a net zero fleet and Future VRP* in Section 2 of this report.

- **Improving outcomes for children**

Please see *Transition to a net zero fleet and Future VRP* in Section 2 of this report.

- **Other (eg Legal/Financial or Human Resources)**

The following were also considered: Human Resources, IT, Early Intervention and Prevention (EIP), Economic Resilience (ER), and reducing demand of services. If applicable, the outcomes of any consultations, assessments, considerations and implications considered necessary are contained within this report.

4. **Consultees and their opinions**

Procurement - Procurement of new vehicles will comply with the Council's Contract Procedure Rules 2021 and the Public Contracts Regulations 2015. The Council has a duty to obtain Best Value under the Local Government Act 1999.

5. **Next steps and timelines**

Transport Services will continue to manage the VRP and deliver the vehicles necessary to meet service needs working in conjunction with Procurement.

6. Officer recommendations and reasons

It is recommended that Cabinet approve the existing capital plan allocation of £6.25m for 21/22 to 25/26 to facilitate a Vehicle Replacement Programme (VRP). This includes a potential drawdown of future years funding to meet commitments.

Approve the officer delegations to the Service Director Highways and Streetscene to manage the implementation of the VRP within the agreed budget in accordance with the Council's Financial Procedure Rules 3.9 to 3.14 dated May 2021. This is to ensure that all planned vehicle expenditure can be authorised by the Service Director from now up until the next Cabinet report is raised for the next round of funding requests. The delegated powers would include the authority to ensure that unforeseen issues can be dealt with by exception to respond to timely and urgent fleet replacements.

7. Cabinet Portfolio Holder's recommendations

The Cabinet Portfolio Holder supports the recommendations, including that Cabinet approve the existing capital plan allocation of £6.25m for 21/22 to 25/26 to facilitate a Vehicle Replacement Programme (VRP). This includes a potential drawdown of future years funding to accelerate the outcomes detailed at Section 2 of this report.

This proposed expenditure and officer delegation is required to address the need to transform the Council's vehicle fleet to meet our Climate Emergency carbon reduction targets and replace vehicles which have been identified as essential to maintain operational delivery.

8. Contact officer

Nick Clegg-Brearton CMILT (Fleet and Transport Manager)
Email: Nick.Clegg-Breartobn@kirklees.gov.uk
Tel: 01484 221000

9. Background Papers and History of Decisions

Transport Services - 3-year Capital Investment Vehicle Replacement Programme 2018 – 2021.

10. Service Director responsible

Wendy Blakeley (Service Director Highways and Streetscene - Interim)
Email: wendy.blakeley@kirklees.gov.uk
Tel: 01484 221000

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Name of meeting: Cabinet

Date: Tuesday 14th December 2021

Title of report: PUBLIC REPORT WITH PRIVATE APPENDIX: Procurement Options for Waste Management

Purpose of report: To provide the key outcomes and recommendations of the Outline Business Case (OBC) for the procurement of a new Waste Management Contract and a decision is sought to approve the officer recommendations following endorsement by pre-decision Economy and Neighbourhood Scrutiny Panel on 30th November 2021.

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 Value over £250k
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)</u> ?	Key Decision – Yes Private Report/Private Appendix – Yes
The Decision - Is it eligible for call in by Scrutiny?	Not Applicable Endorsed by Pre-Decision Economy and Neighbourhood Scrutiny Panel on 30 th November 2021
Date signed off by <u>Strategic Director</u> & name	Colin Parr, 6 th December 2021 Eamonn Croston, 1 st December 2021
Is it also signed off by the Service Director for Finance?	Marc Ellis/Julie Muscroft, 2 nd December 2021
Is it also signed off by the Service Director for Legal Governance and Commissioning?	
Cabinet member portfolio	Councillor Naheed Mather - Environment

Electoral wards affected: All

Ward councillors consulted: No

Public or private: Public with Private Appendix

The report contains an appendix that is recommended to be taken in Private because the information contained is considered to be exempt information under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006.

It contains information regards the financial or business affairs of any person including the Council. It is considered that it would not be in the public interest to disclose the information contained in the report as disclosure could adversely affect overall ability to obtain value for money, compromise the commercial confidentiality and intellectual property of organisations mentioned in the report, may disclose contractual terms, and impact on any future legal action that may be required, which is considered to outweigh

the public interest in disclosing information including, greater accountability, transparency in spending public money, and openness in Council decision-making.

Has GDPR been considered? – Yes and there is personal or sensitive data; or other information covered by GDPR is included in this report.

1. Summary

- 1.1 The Kirklees Resources and Waste Strategy was approved by Full Council on 8th September 2021 which sets out the future ambition of the Council up to 2030. Our overall vision for Kirklees is to be a district that 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 through their lives.
- 1.2 More specifically related to this paper, this strategy also sets out the future requirements for waste treatment and processing services to enable the delivery of the above vision ambition. The Strategy also takes account of upcoming national regulation changes to waste collection and disposal services and is due to be published by government in the near future with potential for some bid funding available for local authorities.
- 1.3 The interim contract arrangements were agreed by Cabinet on 21st September and these facilitate the early implementation of some areas of the strategy and comprehensive capital investment in the facility to support the new contract and provide a reliable source of heat and power to the District Heat Network. A two-year extension also provides more time to procure a value for money solution from 2025.
- 1.4 A Strategic Business Case (SBC) shortlisted a long list of options to take forward into an Outline Business Case that evaluated 3 options. During the process of developing the OBC the options were refined to:
 - Option 1: Single integrated contract
 - Option 2: Lots
 - Option 3: Limited lots in-house
- 1.5 Following a number of workshops, condition surveys, support from consultants, development of a waste flow model and financial models, the option that currently delivers the best outcomes for the Council is Option 3, as detailed in the Outline Business Case report and summarised below in this report.

Further workstreams and due diligence is required to analyse the preferred option including the following:

 - Processing food waste
 - Bringing household waste sites in-house
 - Review of Material Recovery Facility requirements
 - Aligning with the District Heat Network (DHN)
 - Cultural Strategy
 - Communications Plan
- 1.6 A critical dependency for delivering the Strategy is the development of a Depot Strategy that needs to continue at pace to enable delivery of glass recycling in 2024 and food waste collections in 2025.
- 1.7 Cabinet are being asked to approve the OBC and officer recommendations as follows:
 - Selection of Option 3 and proceed to a pre-procurement phase.
 - HWRCs and closed landfills are delivered in-house, subject to further detailed consideration in advance of procurement.
 - Procurement route is Competitive Dialogue process.

- Delegated authority to Strategic Director for Environment & Climate Change, and Service Directors for Legal, Governance and Commissioning and Finance to commence procurement in Autumn/Winter 2022.
- Oversight is provided by a Project Board and a new Member Reference Group.
- An update to be provided to Scrutiny and Cabinet in Autumn 2022.

1.8 A full business case to be presented to Cabinet in Spring 2024 requesting approval to appoint a preferred bidder.

2. Information required to take a decision

2.1 The Council are in year 24 of a 25-year waste PFI contract that was procured on a design, build, finance, operate and maintain contract. This includes:

- Energy from waste (EFW) facility;
- Material recovery facility (MRF);
- 2 Waste transfer stations (WTS);
- 5 Household waste recycling centres (HWRC);
- 2 Closed landfill (CL) sites.

All the above waste management facilities are operated and maintained by the contractor, Suez Kirklees R&R Ltd. The contract was initially set up to deliver maximum diversion from landfill.

2.2 The contract has recently been extended for a 2-year period through the agreed interim arrangements and now ends on 31 March 2025 with ownership of fully operational and maintained assets to be handed back to the Council at expiry.

2.3 The Kirklees Resources and Waste Strategy determines the requirements of future waste processing services identified below and this was approved by Full Council on 8th September 2021.

2.4 There is however still a great deal of uncertainty for the future of waste services due to the emerging national policy and legislation (National Resource and Waste Strategy and Environment Act 2021) that will bring long term waste treatment challenges. Local recycling targets are yet to be determined by national government which will require the future service delivery models to be flexible enough to adapt to changes in waste composition, fluctuating markets and citizen behaviour.

2.5 The initiatives that are dependent on the OBC or disposal procurement are identified in table 1 below, as noted with a *:

Table 1

Material(s)	Recycling Rate
Current recycling rate (2020/21)	26.7%
*Additional plastics in green bin (accelerated via interim contract)	
*Glass collection (trial collections 2022)	
*Food waste collection	
*Nappy recycling service	
*Investment in HWRCs to achieve 70% recycling rate	
*Additional garden waste collections	
Reduce & Reuse Initiatives	
Forecast Recycling Rate for 2025:	55 - 56 %

2.6 The treasury has very recently announced that more than £300m has been outlined for councils to set up free food waste collections from 2025. How local authorities will bid, and how far this funding will stretch nationally is yet to be published.

2.7 A strategic business case (SBC) was developed in Q1 of 2021 which shortlisted 3 preferred delivery options:

- **Option 1:** Re-procure an integrated contract to include all facilities – EFW (inc. WTS in south), MRF, Household Waste Recycling Centres, WTS in north, Closed Landfills
- **Option 2:** Re-procure facilities in lots – EFW (inc. WTS in north & south), MRF, HWRCs, Closed Landfills.
- **Option 3:** Re-procure only the EFW at contract end in 2023 and bring MRF, HWRCs, & Closed Landfills in-house.

2.8 The viable options from the SBC were carried forward into the OBC to evaluate the waste treatment contract re-procurement model that is attractive to the current market and offers best value for Kirklees Council to deliver its strategy. The highlights of the OBC are identified in section 4 below.

2.9 The detailed OBC to support this decision is included alongside this report in Appendix 1.

2.10 Consultants

2.10.1 Specialist waste industry experts for legal, financial and technical elements of the process have been procured to provide specialist advisory services and assist in the procurement of new services. They are being supported by key in-house officers from Legal Services, Strategic Finance and Waste Strategy who are required to have a complete understanding of the contractual documentation to establish a knowledgeable contract management team for the new services.

2.11 Condition Surveys

2.11.1 Technical surveys were completed on the EFW and MRF plants in 2017 which established the facilities to be in good condition at that time and if future maintenance was to be consistent with historical maintenance, incorporated with some refurbishment they could continue operating efficiently up to 25 years beyond 2023 up to 2048.

2.11.2 More recent surveys were completed by our appointed technical consultants (Wood Group UK) during the planned shutdown period of the EfW in May 2021 which on initial inspection confirmed that the facilities still appeared to be maintained in good condition. These initial findings will be formalised with a report after Suez have provided the necessary technical information required by the interim contract arrangements and the interim contract includes a comprehensive capital investment in the facility in order to support the new contract from 2025.

2.11.3 The EFW technology meets current air emission requirements and upcoming changes to BREF requirements.

2.12 Outline Business Case

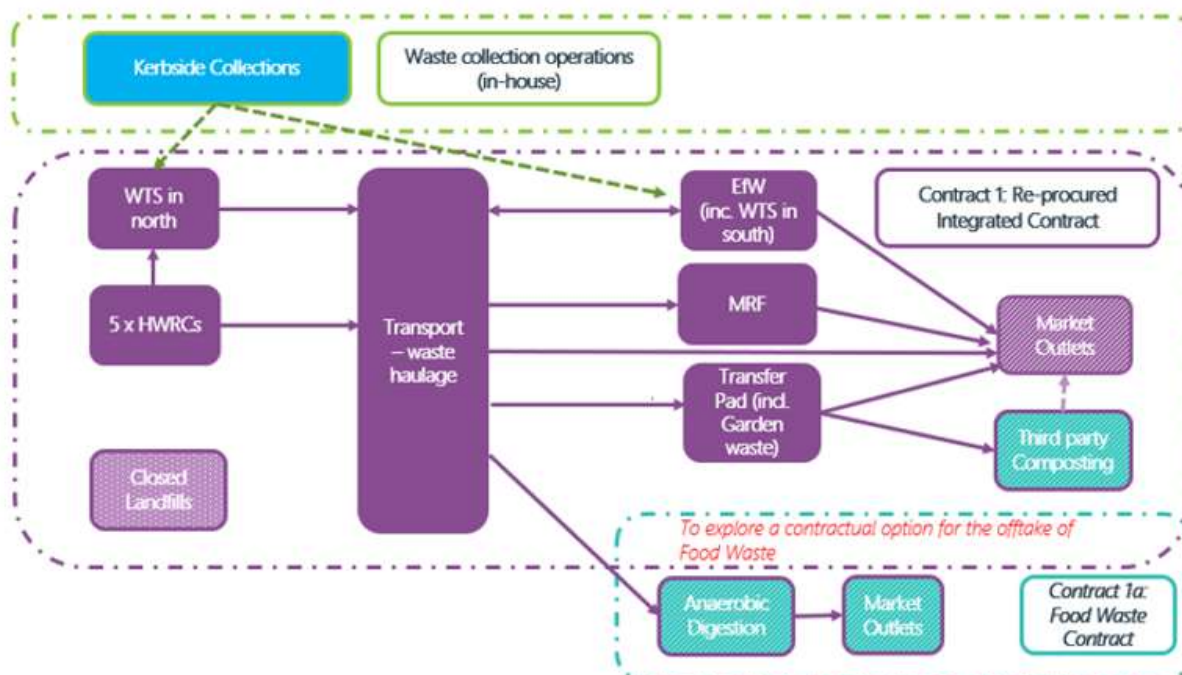
2.12.1 The OBC was developed by Wood Group UK PLC and supported by a wider project team that comprised of Council Officers across multiple departments, DEFRA -WIDP, Legal advisors (Bevan Brittan LLP) and Financial advisors (New Networks). The purpose of the OBC was to identify the optimal route for the procurement of a new waste treatment and disposal Services Contract to replace the existing integrated PFI contract which is approaching its expiry date; to identify the most appropriate strategy for the continuation of waste management services and identifies the preferred technology and future contracting structure for the Council.

2.13 Options

2.13.1 Option 1- Single Integrated Contract (Not Recommended)

This option was identified within the SBC and assumes that the Council will reprocure all of the existing services within a single integrated contract. The reprocured Contract will require an option to incorporate the treatment of any food waste separately collected, following the implementation of the Councils proposed collection service changes.

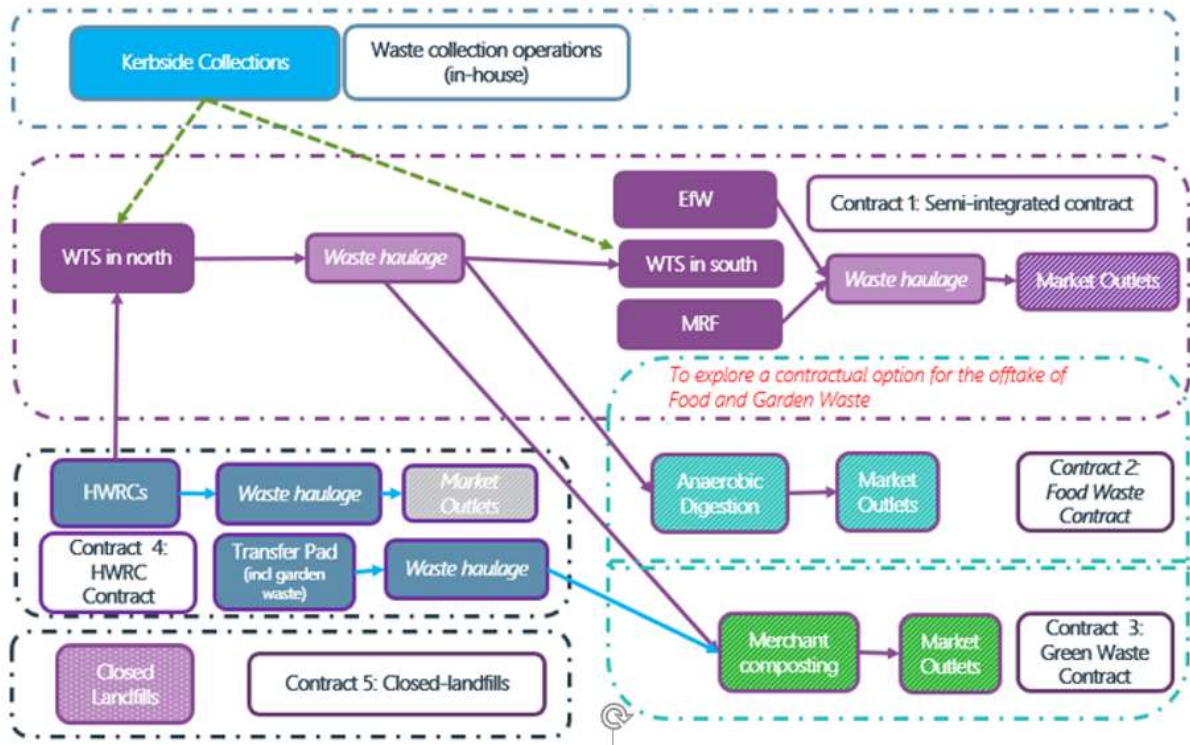
Option 1 Service Map



2.13.2 Option 2 - Lots (Not Recommended)

This option assumes that the Council will reprocure all of the existing services across multiple separate Contracts. This solution was identified to allow smaller specialist waste management companies to be directly involved in the delivery of the Contracts and broaden the potential bidders away from the limited market of combined waste management service providers.

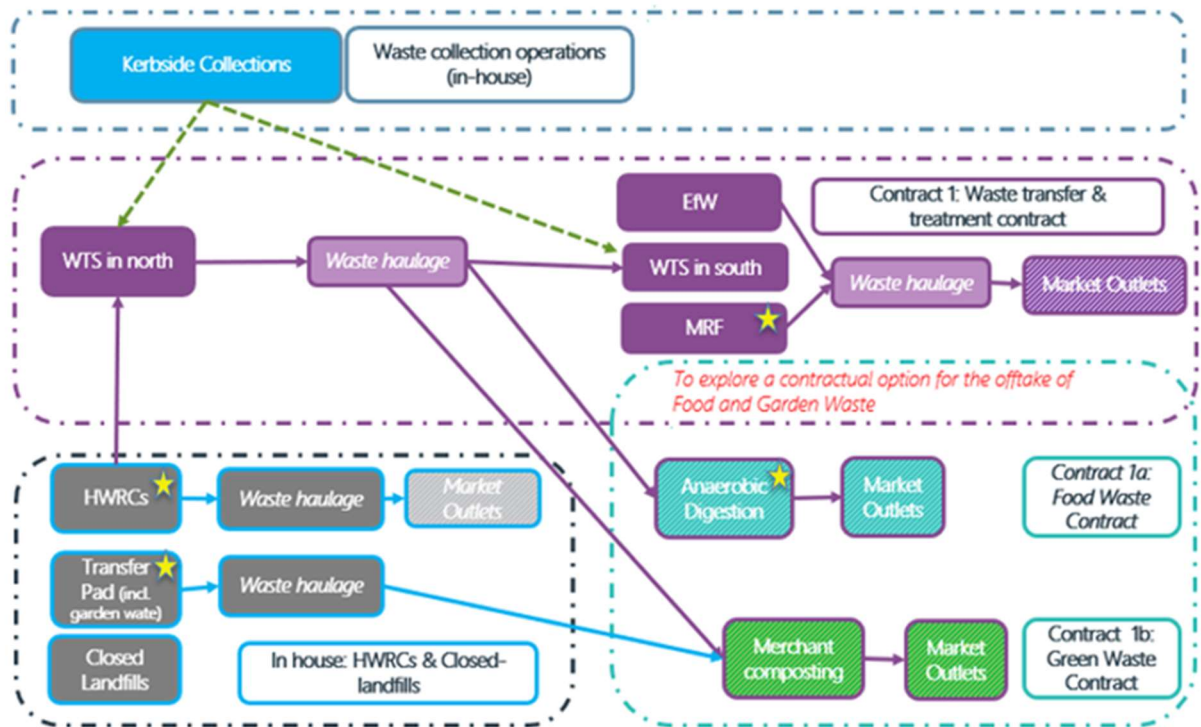
Option 2 Service Map



2.13.3 Option 3 Limited Lots In-house (Recommended)

This option also disaggregates the Contract, but the Council will assume the responsibility for delivering certain aspects of the services. Option 3 was developed following the completion of the SBC to attempt to reduce the number of complex contract interfaces that would be required under option 2, whilst still retaining the overarching aim to disaggregate the contracts to smaller packages to make them more widely appealing to the market and allow the HWRC performance to be managed effectively.

Option 3 Service Map



2.13.4 Each contract option is anticipated to have a 10-year duration with the option for a further 5 year extension.

2.13.5 A strategic variation (Contingency Option) of a 2-year extension on the existing contract needs to be retained as the assessment notes a number of key advantages, including time for the council to;

- Resolve current limitations within the current contract with respect to handover of assets and contract expiry
- Concentrate on other concurrent service changes
- Explore the feasibility of bringing HWRC services in-house

2.13.6 The necessary extension period has now been secured through the agreed interim arrangements.

2.14 Evaluation of Options

2.14.1 The preferred option must deliver a compliant and reliable waste service, suitable for the next 15 years, flexible to adapt to statutory changes, and supporting Kirklees aspirations for social value, climate change, affordability and environmental protection.

2.14.2 An assessment of the Options involved evaluation of:

- Qualitative Criteria: market interest; consents; procurement; contract duration, management and flexibility.
- Commercial Considerations: time to procure; condition surveys; MRF upgrades; District Heat Network alignment; depot space; Anaerobic Digester plant.
- Economic considerations: level of investment; impact of resource and waste strategy.

- Financial assessment, waste flow modelling including future service requirements.
- Technical considerations: site interfaces; permits; upgrades separate food waste and mixed plastics; site contamination.
- Market testing on potential supplier interest in the options.
- Various workshops discussed the configuration and risks associated with each option and how they would:
 - Contribute to the climate emergency and reduce carbon emissions.
 - Achieve value for money quality of collected products.
 - Provide flexible solutions for the MRF to meet future recycling targets.
 - Support local jobs and job growth with good working conditions.
 - Facilitate waste minimisation to meet recycling and landfill targets.
 - Provide opportunities to increase recycling of our waste.

2.15 Selection of the Preferred Option

2.15.1 At the various workshops the configuration and risks associated with each option were discussed. A consensus emerged which coalesced around Option 3 as the preferred option.

2.15.2 The key evaluation factors which led to discounting options 1 & 2 were:

2.15.3 Option 1 (integrated):

- Performs poorly on the “contract management and flexibility” criteria for the HWRC and Landfill Monitoring service.
- There would be a reduced frequency of re-procurement to test best value on HWRC/landfill elements
- Contractor’s can lose focus on the smaller HWRC service elements compared to the larger treatment facilities (EfW/MRF), and it is challenging to incentivise them in a proportionate manner for this more public facing service.
- Whilst it is cheaper to integrate the HWRC service in Option 1, having it as a separate service in option 3 allows flexibility in the ability to modify service requirements as they change over time.
- The additional cost within Option 3 is largely enhanced pension costs if the service were run in-house (an outsourcing option could still be used), which is a positive societal contribution compared to potentially lower private sector pension costs.

2.15.4 Option 2 (Lots):

- Some of the separate packages may be too small for bidder interest.
- Higher procurement costs/complexity for up to 6 contracts.
- Council has to procure and monitor multiple contractors and interfaces.
- The Council would have to act as mediator for shared-site issues between contactors.

2.15.5 Option 3 (Limited Lots In-house) Preferred Option

Option 3 has a number of contractual boundaries and interfaces associated with the overall delivery of the waste management services and at the various workshops a consensus emerged around Option 3 as being the preferred option as it satisfied the Council appetite to take control of the HWRC services.

This option also continues to have the ability to meet the selection criteria identified at the SBC stage.

2.15.6 Option 3 benefits:

- Flexibility of service provision and future efficiency.
- The Council will have complete control over the HWRC service which had significant limitations for residents to recycle more materials.
- Significant limitations during Covid causing political damage.
- Supporting local employment.
- Opportunities in public facing roles: apprenticeships, project search (etc).
- Opportunities for improved employer operating model with a blended workforce

2.16 Option 3 Further Analysis in Pre-Procurement Phase

2.16.1 Within option 3 there are a number of key interfaces and considerations that require further analysis as part of the pre-procurement process. The affected services or facilities are indicated in the service map above with a yellow star and their associated issues are outlined in the following:

2.16.2 Household Waste Recycling Centres (HWRCs) - There is a growing interest in local authorities bringing services back in-house and a separate business case will be developed to evaluate this. There is little market interest in running public facing facilities and a key benefit for the Council will be retaining complete control over the service, offering the flexibility to adapt to changes in policy and operational practice to meet requirements. The business case will assess the available options of delivering the HWRC services which may include:

- In-house via direct service organisation (DSO) or Local Authority Trading Company;
- Local Authority partnership operation;
- Outsourced - if in-house options are not viable;

2.16.3 Treatment of Food Waste - A feasibility study for building our own Anaerobic Digester (AD) to process food waste on the site at Emerald Street, Huddersfield has concluded that the site is unsuitable for substantial development. The nearest merchant facility is in Doncaster and the nearest with capacity is in Derbyshire.

2.16.4 A separate business case will now be developed for processing food waste through an AD or in vessel composting (IVC) facility which is subject to research that DEFRA are conducting on the availability and development of facilities, potentially on a regional basis if deemed viable. Partnership facilities are being explored with nearby local authorities

2.16.5 The development of a new food waste treatment facility is estimated to take a minimum of 4 years, therefore an interim solution to the introduction of separate food waste collections is to incorporate the offtake into the main contract with the flexibility to move to any alternative availability if a better value option can be provided by a regional or local facility that becomes available in the future.

2.16.6 Material Recovery Facility (MRF) Provision - A review of the current MRF facility will be undertaken to address the following areas:

- High contamination (>30%) of green bins is an issue currently being addressed

- Limited merchant market in area. When Kirklees is full, we transported to Northeast and Midlands
- No known plans for nearby merchant facilities or local authority partnership working/need
- Modernisation improvements to the existing facility (built in 2001)
- Providing higher quality jobs for our residents with more opportunities for development
- A two-shift pattern could maximise throughput

Further analysis of the level of investment required in the MRF will be necessary in early 2022 following clarification from the Environment Act 2021.

2.16.6 District Heat Network (DHN) - The procurement of the new services will be closely aligned with the DHN to ensure the EfW facilities are a reliable source for the offtake of heat and energy, to provide heat and hot water to the council's own Huddersfield town centre premises and other public and private sector partners. The network will provide benefits of reduced energy prices, future energy security and local economic benefits including the creation of employment opportunities.

2.16.7 The network should provide competitively priced energy and has assumed that the cost of energy will be 10-15% cheaper than business as usual and it will save an estimated 2,600 tonnes per year of carbon dioxide when compared against the status quo.

2.16.8 In order to provide this the EfW will also require a guarantee of sufficient feed stock and this requirement will need to be included in the procurement specification.

2.16.9 A Communications Strategy will actively engage with residents, children, businesses and communities in a way that works for them, using a place-based approach which is engaging, straightforward and visible. To minimise the amount of waste we produce and maximise recycling we must all work together. A common and shared understanding of the Waste Hierarchy and our own roles and responsibilities within it is essential in the journey to achieve our Zero Waste ambitions. Clear, proactive, and on-going communication and engagement with our residents, communities, and businesses is paramount to enable a sustained change in mindset. Working with our people, partners, and places to deliver this strategy will enable us to continue to listen and learn from each other.

1.16.10A Cultural Strategy will set a precedent of good practice by improving our own facilities and working practices across all of our operations to lead the way to reduce waste, reuse materials, and increase recycling

2.17 Procurement Process & Timeline

2.17.1 The various procurement routes available are explored. Experience within the waste sector would suggest that the following 2 procurement procedures are extensively used and the process understood by potential participants in the tender process;

- competitive dialogue (CD)
- competitive procedure with negotiation (CPN)

2.17.2 It is recommended that further consideration be given to the use of the competitive dialogue procedure within the forthcoming procurement. This will allow dialogue to be conducted prior to the initial tender such that tenders do not embark on sacrificial work or develop solutions that are not reflective of the Councils' wishes or needs.

2.17.3 A project timetable has been prepared and assumes that the procurement will commence in autumn 2022, allowing 9 months for a pre-procurement phase. An 18-month period is proposed for the procurement process leading up to identification of a preferred bidder. Approximately 3 months is allocated to contract award, and 6 months for a mobilisation and TUPE process. Including contingency time, this timetable allows over 3 years from OBC approval in December 2021 to commencement of new services on 1st April 2025.

2.17.4 A high level time line is outlined in Appendix B.

3. Implications for the Council

3.1 Working with People

3.1.1 The outline business case has been developed following feedback from a comprehensive public engagement exercise on the Councils strategy in Autumn 2020 which was the most successful public engagement exercise undertaken by the council with almost 8,000 responses.

3.2 Working with Partners

3.2.1 The engagement process includes Suez (current waste disposal contractor), other waste disposal operators in the market and government bodies to gain a full understanding of the opportunities available to provide the best service possible for Kirklees residents. Focussed on delivering a Waste Hierarchy approach to waste management alongside zero waste to landfill.

3.2.2 A Soft Market Testing (SMT) exercise was completed back in 2016/17 to identify availability of the market and their associated costs to gain valued information on realistic and value for money options available to the Council. To bring this up to date a further SMT exercise was completed in May 2021 to identify the current market interest in new service contract and gain feedback on the 3 OBC options. Throughout the procurement process supplier events will be held to ensure continued engagement with the markets.

3.2.3 DEFRA and Local partnerships continue to bring extensive public and private sector waste management experience to the project. Their background of providing support to local authorities in managing operational waste Private Finance Initiative (PFI) contracts, with access to network groups and experience of contract management reviews, will facilitate in securing value for money from the new waste contract.

3.2.4 The Infrastructure Projects Authority continue to play a role of project assurance and the Council will participate in its assessment and review processes.

3.3 Place Based Working

3.3.1 The only public facing service delivered by the waste disposal contract is operation and management of the HWRC sites. The consultation delivered to Kirklees residents in 2020 included a section on HWRCs. Whilst the MRF is not a public facing facility, residents expressed their views on what should and should not be included in the green bin for recycling. This consultation has directly contributed to the following provisions for Kirklees residents:

- HWRC: Longer opening hours in Summer
- MRF: More recycling materials accepted in the green bin

3.4 Climate Change and Air Quality

- 3.4.1 The strategy itself plays a key role in tackling climate change and improving air quality and its measures will have a reduction upon both. The procurement will make use of existing facilities that currently meet what is considered to be best practice and the EFW plant emissions to air are set to be within the current and known future environmental permit emission limits. A core element of the environment agency permit is to undertake robust monitoring of emissions from the energy from waste facility. This permit will ensure that changes in the composition of processed waste will not have any impact on legislative limits.
- 3.4.2 A Strategic Environmental Assessment was completed as part of the development of the Strategic Outline Business Case and waste strategy. The environmental evaluation of the Strategic OBC identified no material differences in the environmental impacts between the options. A comparative environmental performance assessment was deemed to be of limited value and was not a viable means of comparison.
- 3.4.3 The Huddersfield Heat Network project is running in parallel to the procurement and will link facilities to the EfW facility.

3.5 Improving outcomes for children

- 3.5.1 Community engagement is a critical required to improve recycling rates and the strategy details how we will continue to provide an extensive engagement programme within schools and deliver meaningful educational resources to empower children to make a difference both now and in the future. We will also work with colleges and universities to support entrepreneurship and skills development in relation to waste management / circular economy; encouraging and enabling young people to explore, innovate and set up new sustainable businesses within the district.

3.6 Financial

- 3.6.1 A service cost model was developed for option 1 and 3 based on the current contract requirements and operations. The table below identifies what is included and excluded in the modelling:

Includes	Excludes
<ul style="list-style-type: none"> • Based on the current operating model • Housing growth from Local Plan • Inflation • Costs associated with interim arrangements • More plastics, glass collections, food waste collections 	<ul style="list-style-type: none"> • Flexibility needed for front-line services and future targets Covid reaction times, political issues Jobs, apprenticeships, project search, place based etc. • Funding which could be available from Environment Bill: 'No Net New Burdens' funding is yet to be announced. Government will only fund Environment Bill changes from April 2023 onward. • Changes associated with District Heating Project are yet to be included E.g. cost of supplier licence, direct electricity provision, etc. • New Capital investment for MRF, EfW, AD, HWRCs, etc. • Sensitivity on pricing income such as electricity and recycling (incl. associated market risk)

3.6.3 Option 3 is assumed to deliver the same recycling and diversion rates as Option 1 but is more expensive. This is attributable to costs associated with the TUPE process and the net increase in overhead costs associated with contract management, material sales and administrative duties. On a qualitative assessment option 3 delivers the greater flexibility needed to accommodate the national requirements on recycling or sudden changes as evidenced during Covid.

3.6.4 A further detailed assessment needs to be undertaken to fully understand the benefits of in-house or a contracted-out operation within a separate HWRC contract. However, the preliminary financial assessment indicates that this is a more costly option than letting a single integrated contract.

3.6.5 Associated amendments to waste reception infrastructure would be required for glass and food waste collection, so a provisional capital allowance has been estimated for the two Waste Transfer Stations.

3.6.6 No new capital investment requirements are currently built into financial model. Investment levels and funding options will be covered as part of the pre-procurement phase. The provisional allocations for the MRF, EFW, AD (etc) within the Council's Capital Plan may need to be revised or flex to accommodate these requirements e.g. to cover improvements to the HWRC sites.

3.6.7 There is still uncertainty for the future of waste services due to emerging national policy and legislation. The Treasury Office have very recently announced that more than £300m Capital has been outlined for councils to set up free food waste collections from 2025 but there is currently no indication of how this will be allocated and revenue new burdens are yet to be considered.

3.7 TUPE of staff from HWRC sites

In-house operation of HWRC sites will impact on staffing costs (i.e. terms and conditions, LGPS pensions).

3.8 Legal

3.8.1 Legal services are engaged and are being supported by consultant Bevan Brittain to contribute to the development of the OBC and procurement process.

- 3.8.2 The Council has a duty of Best Value under section 3 of the Local Government Act 1999 a best value authority must make arrangements for continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In addition, the Council must comply with its fiduciary duty to taxpayers.
- 3.8.3 The Council in carrying out its functions must comply with the Public Sector Equality duty under section 149 Equality Act 2010 before exercising any decision on a particular policy or strategy is taken; namely it must have due regard to the need to:
- eliminate unlawful discrimination, harassment, victimisation;
 - advance equality of opportunity between persons who share protected characteristics and those who do not
 - foster good relations between those who share protected characteristics and those who do not.
- 3.8.4 Procurement of a new Waste Management Contract will be carried out in accordance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015.

3.9 Integrated Impact Assessment

- 3.9.1 An Integrated Impact Assessment has been completed for the development of the Kirklees Resource & Waste Strategy 2021-2030. The assessment has not identified specific issues with the strategy itself, but such is the scope and scale of the transformation of waste services detailed within the strategy, further IIAs will be required for several of the specific proposals detailed within the strategy.

4. Consultees and their opinions

- 4.1 As detailed in 3.1.1 the public engagement exercise fed into the development of the OBC.
- 4.2 Several workshops were held and they led to the development of the final options and identification of the preferred option, the attendees of the workshops included Portfolio Holders; Directors; Officers; Consultants and Defra.
- 4.3 The Procurement Options for Waste Management were presented to Economy and Neighbourhoods Scrutiny Panel on 30th November 2021. The panel members understood the process that identified the preferred option and endorsed the recommendations of this report.
- 4.4 The relevant Kirklees Portfolio Holders have been updated on progress to date on a regular basis and are supportive of this proposal.

5. Next steps and timelines

- 5.1 A project timetable has been prepared and assumes that the development of the procurement documentation will commence in January 2022 and that procurement will commence in autumn 2022, allowing 9 months for a pre-procurement phase.
- 5.2 Oversight of the procurement programme will be provided by a Project Board and a new Member Reference Group, any significant variance or delays in the programme will be reported to Cabinet.

- 5.3 Prior to the procurement being advertised an update will be provided to Scrutiny and Cabinet in the Autumn of 2022.
- 5.4 An 18-month period is proposed for the procurement process leading up to identification of a preferred bidder.
- 5.5 A full business case will be evaluated by a formal financial process before being presented to Cabinet in the Spring of 2024 requesting approval to appoint a preferred bidder.
- 5.6 Approximately 3 months is allocated to contract award, and 6 months for a mobilisation and TUPE process. Including contingency time, this timetable allows over 3 years from OBC approval in December 2021 to commencement of new services on 1st April 2025.

6. Officer recommendations and reasons

- 6.1 It is recommended that Cabinet approve the following recommendations of the outline business case;
- 6.2 - Option 3 proceeding to a pre-procurement phase.
- 6.3 - HWRCs and closed landfills are delivered in-house, subject to further detailed consideration in advance of procurement.
- 6.4 - Procurement route is Competitive Dialogue (CD) process.
- 6.5 - Delegated authority to Strategic Director for Environment & Climate Change, and Service Directors for Legal, Governance and Commissioning and Finance to commence procurement in Autumn/Winter 2022.
- 6.6 - Oversight is provided by a Project Board and a new Member Reference Group.
- 6.7 - An update to be provided to Scrutiny and Cabinet in Autumn 2022.
- 6.8 A full business case is to be presented to Cabinet in the Spring of 2024 requesting approval to appoint a preferred bidder.

7. Cabinet Portfolio Holder's recommendations

The Cabinet Portfolio Holder for Environment has been consulted with regards to the contents of the outline business case and the selection of option 3 and they support the officers' recommendations.

8. Contact officers

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9. Background Papers and History of Decisions

The Strategy went to full Council on 8th September 2021 and was approved. [Link](#)

The Interim Arrangements went to Cabinet on 21st September 2021 and were approved. [Link](#)

10. Service Director responsible

Wendy Blakeley – Service Director (Interim), Highways and Streetscene

11. Attachments

Public Appendix A - Outline Business Case Redacted

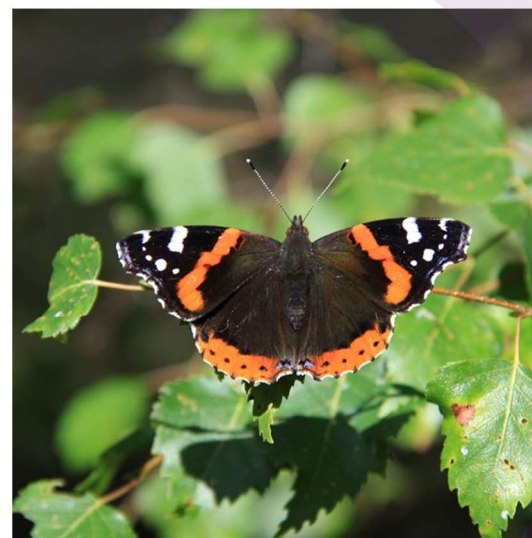
Public Appendix B - Procurement Time Line

Private Appendix C - Private report Procurement of Waste Treatment Service Contract

Private Appendix D - Outline Business Case

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Kirklees Council Outline Business Case



Report for

Kirklees Council

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Document revisions

No.	Details	Date
01	Draft Outline For Review	10-5-21
02	First Draft For Review	22-7-21
03	Bevan Brittan High Level Review of legal aspects. LH review.	31-07-21
04	Clean Copy (incl some comments). WA amends.	06-10-21

05	Clean copy with some comments. for finalising.	07-10-21
06	Tracked copy addressing comments	15-10-21
07	Updated with officer inputs	21-10-21

Executive summary

This Outline Business Case (OBC) was developed to support Kirklees Council to identify the optimal route for the procurement of a new waste treatment and disposal Services Contract. The draft project definition is that the preferred option must *“Deliver a compliant and reliable waste service, suitable for the next 15 years, flexible to adapt to statutory changes, and supporting Kirklees aspirations for social value, climate change, affordability and environmental protection.”*

The assumed starting point is that the Council will continue to enjoy the benefits of the existing waste management infrastructure secured under their PFI contract after it reverts to the Council on natural termination of the contract. Consideration of options that do not seek to utilise the existing infrastructure were examined by the Council earlier in the process.

The original contract expiry date was 31st March 2023. This OBC takes account of these interim arrangements and it is assumed that there will be a smooth exit from the existing contract in 2025.

The current integrated contract included for the design, build, finance and operation of the following facilities or services:

- Energy from Waste facility (EfW)
- Materials Recovery Facility (MRF)
- 2 x Waste Transfer Stations (WTS)
- 5 x Household Waste Recycling Facilities (HWRC)
- 1 x Transfer Pad (for garden and other wastes)
- Management of 2 x landfill sites (now closed)

The nature and layout of these facilities is such that the various services and activities are closely interlinked, as it was designed as an integrated service. There are two critical sites for the delivery of the Contract:

- Diamond Street – houses the EfW, MRF and the WTS in the south
- Weaving Lane – houses the WTS in the north and HWRC.

Wood Group carried out condition surveys of these two key facilities to determine the status of the plant and the degree and extent to which maintenance has been completed by the current contractor. A summary note on these visits is included in **Appendix D**.

There are a range of new and emerging national and local policies that will impact or influence the provision of the new services. An Environment Act is expected later in 2021 and will take forward and legislate the measures and proposals outlined in England’s Resource & Waste Strategy. It is currently not clear what systems the Government will chose to implement or their implementation timetable. The scope of funding support to Local Authorities also remains uncertain.

It is likely that these policies will affect the delivery of local waste services, more specifically the types and quantities of waste and recyclables being collected and bulked, the level of income from sales of recyclables, and waste composition changes to the feedstock for the EfW. These changes will also affect the direct and indirect carbon emissions, both positive and negative, from the waste service. This presents some risk; therefore, the Council will need to dialogue on this topic with bidders and seek to retain flexibility in future service provision to enable the implementation of any required changes.

The total Municipal Waste generation in 2019/2020 was 189,058 tonnes. Data from a compositional survey of household and HWRC waste streams was used in modelling the assumed future tonnages, and the potential to further increase recycling rates.

The SBC set out three options for packaging of the services as follows:

- Integrated Contract
- Multiple Disaggregated Contracts
- Disaggregation with some services delivered in house.

The detailed configuration of each of these options has been refined through the process of developing this OBC. There are three key factors that have informed the evolution of the options:

- Considerations on site constraints
- Considerations on in-house services
- Considerations on food and garden waste treatment

The Diamond Street facility currently consists of an Energy from Waste (EfW) facility, Transfer Station (WTS), and Materials Recycling Facility (MRF). The key issues which make splitting the Diamond Street site complex are;

- Vehicle Access - single weighbridge operator.
- Vehicle Tipping –shared tipping hall area for the MRF, WTS and EfW.
- H&S Responsibilities - difficult to align clear H&S responsibilities across different contractors in the same area, if the MRF and WTS are under the control of different contractors.
- Insurance - The MRF and WTS are the same large open structure, which is connected directly to the EfW bunker. It is not clear how separate insurance policies to cover the building can be provided.
- Drainage – The site is understood to have a combined drainage system. This would require review and potential upgrades to “split” the site.

Based on the original design intent for an integrated site, it is recommended to keep the Diamond Street site operating as a single integrated site.

The Weaving Lane facility currently consists of a Transfer Station (WTS) and an external Household Waste Recycling Centre (HWRC). It is considered feasible to split the HWRC and WTS activities on the site by, for example modifications for a new access gate to allow direct access to the HWRC lower yard without passing through the WTS yard, and installation of new drainage systems and trade effluent discharge permits. Any requirements for bulking of HWRC materials in the WTS service yard would need further investigation.

Three waste management assets are accessed from Emerald Street – a HWRC, waste transfer pad, and the Council’s depot for waste services. It is currently used for bin storage, trade waste vehicles street sweeping vehicles and office space. The pad is only accessible from the HWRC and it would be challenging to separate it out into a separate contract due to the impact on HWRC operations during access. There are also natural synergies with the HWRC service which also generates garden waste. It is therefore recommended to package the transfer pad and HWRC together.

The OBC workshop consultations identified several shortcomings and frustrations within the current services delivery model. Of particular concern were issues around the inflexibility of the existing arrangements to allow rapid endorsement of service variations in the light of changing circumstances, the absence of transparency around the realisation of the optimal value of recyclable materials and the

difficulties in ensuring the quality of services over time. The possibility of the Council taking control of all or part of the services, and thereby being able to operate with greater flexibility to meet changing circumstances was therefore considered to be of interest.

Insourcing or delivery in-house is when a service is under the control of the Council. Kirklees currently utilise a Direct Services Organisation (DSO) for the delivery of their waste collection services. There are a number of options for the delivery of waste management services by a Council directly, including various forms of Local Authority Trading Companies (LATC) which have greater potential to generate third party income.

Various criteria for insourcing versus outsourcing have been considered. In summary, the conclusion on whether it is considered preferable to continue to outsource each service area, or to bring it in-house, is as follows;

- **HWRC**- Potential to in-source, but more detailed analysis required.
- **Landfill monitoring**- In-source with direct council operations
- **Garden waste treatment** - Continue to outsource via waste disposal contractor arrangements (Note: local reception at Transfer Pad co-located within HWRC. Transport from pad to TLS/market to be arranged by contractor)
- **Food Waste treatment** - Continue to outsource
- **EfW, MRF, WTS** - Continue to outsource

It is recommended that the HWRC and Landfill Monitoring services be removed from the main waste services contract and subjected to further detailed consideration as to whether in-house or contracted out operational models best align with the medium-term aspirations of the council. This has been carried through into **Option 3**.

It is recommended that the procurement for waste treatment includes for the treatment of green waste and garden waste via third party composting facilities. However, the new treatment contract should include provision for this service element to be terminated (with sufficient notice) in event that the Council identifies it could realise lower costs, enhanced service delivery or greater flexibility through a direct procurement with specialist providers or in association with neighbouring authorities. These are issues that could be dialogued with bidders to explore the impact of such a variation. It is noted that the Council would bear some risks on interfaces with this arrangement, as the HWRC and associated transfer pad would sit outside the main contract in **Options 2 and 3**.

During the development of the SBC the Council held workshops to identify qualitative evaluation criteria for the assessment of the three technical options. The assessment of the commercial options considers the following criteria:

- **Market interest:** Will the option attract competitive bids?
- **Financial** (qualitative): Do the options incur differential costs or risks?
- **Consents:** How the options effect the site waste permits?
- **Interfaces:** How will Contracts/Lots interact with one another?
- **Procurement:** How complex/demanding is the option to procure?
- **Contract management and flexibility:** How complex/demanding is the option to manage, and how much flexibility is there for change?

- **Asset management and Operational Skills:** Who will fund and take risk on facility maintenance and upgrades, and does the operator have the required personnel skills?

The assessment of market interest was based on the views and experience of the project team, and includes information gathered from Soft Market Testing (SMT). A summary of the SMT results is provided as part of the Risk Workshop presentation slides (as reproduced in **Appendix E**).

A financial model was developed for the OBC, with the accompanying model provided in **Appendix C**. The workshop discussions concluded that no appetite exists for Option 2. Therefore, it was not financially modelled.

Option 1 assumes the Council reprocures all existing services within a single integrated contract. The timings of future potential changes to recycling services are built into the model. However, the cost of any new investment to accommodate these changes e.g. MRF, EfW, glass, HWRC, food, are not accounted for in the financial model. A future decision is required on whether the Council, or contractor, should finance these capital works.

A service cost model was developed to estimate the contractor's costs in delivering the waste treatment and disposal contract.

The MRF will require additional resources to support changes to the Environment Bill which will require separation of more material types in the MRF such as cartons and plastic pots, tubs and trays. This cost is not included within the financial modelling and will managed in a separate budget.

Associated amendments to waste reception infrastructure would be required for glass and food waste collection, so a provisional capital allowance has been allocated for the two Waste Transfer Stations.

The Council has an ambition for improved recycling performance at the HWRC sites. This will be subject to further consideration and design. This cost is not included within the financial modelling and will managed in a separate budget.

A further detailed assessment needs to be undertaken to fully understand the benefits of in-house or a contracted-out operation within a separate HWRC contract. However, the preliminary financial assessment indicates that this is a more costly option than letting a single integrated contract.

At the various workshops the configuration and risks associated with each option were discussed. A consensus emerged which coalesced around Option 3 as the preferred option. This option continues to have the ability to meet the selection criteria identified at the SBC stage (see Appendix A, section 3.6). Reasons the other options were not preferred were:

Option 1 (integrated):

- Performs poorly on the "contract management and flexibility" criteria for the HWRC and Landfill Monitoring service.
- There would be a reduced frequency of re-procurement to test best value on HWRC/landfill elements
- Contractors can lose focus on the smaller HWRC service elements compared to the larger treatment facilities (EfW/MRF), and it is challenging to incentivise them in a proportionate manner for this more public facing service.
- Whilst it is cheaper to integrate the HWRC service in Option 1, having it as a separate service in option 3 allows flexibility in the ability to modify service requirements as they change over time.

- The additional cost within Option 3 is largely enhanced pension costs if the service were run in-house (an outsourcing option could still be used), which is a positive societal contribution compared to potentially lower private sector pension costs.

Option 2 (Lots):

- Some of the separate packages may be too small for bidder interest.
- Higher procurement costs/complexity for up to 6 contracts.
- Council has to procure and monitor multiple contractors and interfaces.
- The Council would have to act as mediator for shared-site issues between contactors

Soft Market Testing and collective market intelligence from team members identified market constraints. Preferred Option 3 which requires waste contractors with experience in the operation and maintenance of EfW, MRF and WTS facilities and associated waste management services would be needed may only be of interest to XX to XX companies, and they will take a view on competing priorities and project risks when Kirklees goes to procurement, and one or more may choose not to bid.

The SMT exercise has suggested that there may be a larger potential bidder field for an EfW-only contract. However, the feasibility of being able to offer such an opportunity remains uncertain and would require detailed investigation of whether the MRF element could indeed be split out due to the physical and operational characteristics of the current site arrangement, and difficulties in sourcing site drawings and data. The extension to the current contract will facilitate this further investigation, and also allow further market engagement with specialist providers who did not respond to the original SMT. There may be also be potential for various companies to team up to provide a semi-integrated service (EfW + MRF + WTS), but no respondents flagged this opportunity in the SMT.

Under a separate project the Council is developing the business case for a heat network which aims to distribute low-carbon heat and electricity from the Energy-from-Waste facility to premises across the town centre. This network would be outside the scope of this procurement. However, there are technical considerations in retrofitting the current EfW which would need to be addressed in dialogue, and commercial and legal implications of connecting a heat network to the EfW.

The OBC assumes that the procurement of new suppliers for the delivery of waste services for Kirklees will allow the award of new contract(s) prior to the expiry of the existing contract, with commencement aligned to be immediately after expiry of the existing arrangements. The original contract was scheduled to conclude on 31 March 2023. Interim arrangements included a short contract extension of 2 years, taking the contract end date to 31 March 2025. An incumbent contractor would therefore be expected to take control of sites from 1st April 2025.

The various procurement routes available are explored. Experience within the waste sector would suggest that the following 2 procurement procedures are extensively used and the process understood by potential participants in the tender process;

- competitive dialogue (CD)
- competitive procedure with negotiation (CPN)

Both these procurement routes will allow for solutions to be developed in discussion with contractors, ensuring that value for money is achieved and that Council's objectives are met within medium to long term contracts awarded.

Under the CPN there is no opportunity to negotiate during the initial tender stage. It is only after submission that the negotiation begins. This can limit the ability of tenderers to fully understand the Council's views on solutions or approaches. It is recommended that further consideration be given to the use of the **Competitive Dialogue** procedure within the forthcoming procurement. This will allow dialogue to be conducted prior to the initial tender such that tenders do not embark on sacrificial work or develop solutions that are not reflective of the Councils' wishes or needs.

A project timetable that has been prepared assumes that the procurement will commence in autumn 2022, allowing 9 months for a pre-procurement phase. An 18-month period is proposed for the procurement process leading up to identification of a preferred bidder. Approximately 3 months is allocated to contract award, and 6 months for a mobilisation and TUPE process. Including contingency time, this timetable allows over 3 years from OBC approval in December 2021 to commencement of new services on 1st April 2025.

The successful progression into the procurement phase is predicated upon a number of factors including:

- Council approving OBC in December 2021.
- The Council has delegated the appropriate powers to allow the procurement to run, which would need to include an interim review or scrutiny before presentation for final endorsement or approval prior to contract award.
- By Autumn 2022, the Council is able to mobilise a procurement team, develop their tender strategy and data room, draft the principal documentation including, but not limited to, instructions to bidders, the proposed agreement and conditions of contract, detailed specifications, payment mechanism and performance management system, etc.
- In 2022, the Council taking clear and rapid decisions on risk sharing principles for the new contract, possibly without full or definitive information, to facilitate document drafting.
- Targeted dialogue, with bidders not raising issues which extend the number of meeting cycles required.
- A high quality of bid submissions which do not require significant dialogue or refinements following evaluation feedback.
- Where required external assurance will be provided by Local Partnerships, other local government associations will also be tracking progress through the Department for Environment, Food & Rural Affairs (DEFRA) Waste Infrastructure Delivery Programme (WIDP) contract management review and the Infrastructure Projects Authority (IPA) expiry health check and review.

Internal Council structures to manage the procurement project have been established. Technical subject matter expertise will be provided within the project and additional assurance is to be provided by the Waste Transformation Board & the Council's transformation team.

The contract expiry process will need to be managed alongside daily operations, putting pressure on internal resources as contract expiry will be resource intensive and requires specialist skills and knowledge. Support from internal and external technical, legal & financial services will also be required. Due to the long-term nature of waste contracts it is essential that robust record management and handover processes are in place to ensure knowledge of the contract is retained within the organisation.

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Appendix B	Waste Flow Modelling and Assumptions
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Appendix D	Site Visit Reports
Appendix E	Risk workshop presentation slides

1. Background

This chapter provides the information on the purpose of the OBC, project definition and the work that has been undertaken on the development of the project to date.

1.0 Introduction

This Outline Business Case (OBC) is being developed to support Kirklees Council to identify the optimal route for the procurement of a new waste treatment and disposal Services Contract to replace their existing integrated PFI contract which is approaching its expiry date. The OBC is the culmination of an extended project to identify the most appropriate strategy for the continuation of waste management services and future contracting structure for the Council.

A draft project definition was developed at a multi-disciplinary workshop held on 14 June 2021, stating that the preferred option arising from the OBC must:

Deliver a compliant and reliable waste service, suitable for the next 15 years, flexible to adapt to statutory changes, and supporting Kirklees aspirations for social value, climate change, affordability and environmental protection.

This OBC has been developed by Wood Group UK Ltd (technical advisors) on behalf of Kirklees Council, supported by a wider project team comprised of:

- Officer team, across multiple departments in Kirklees Council
- Guidance provided by Local Partnerships LLP (jointly owned by Local Government Association, HM Treasury and the Welsh Government)
- Legal advisors (Bevan Brittan LLP), as part of their high-level legal review on 31 July 2021.

1.1 Current Services

The Council currently operate their waste collection services in house using a Direct Services Organisation (DSO) approach. The in-house service collects residual, recyclable and garden waste from households and falls outside of the waste management services Contract re-procurement.

The collected wastes are delivered to the contractor who manages the waste treatment and disposal contract at several strategic points. The current contractor Suez Recycling and Recovery Kirklees Ltd is a subsidiary company of Suez. The current contract is due to expire on 31st March 2023. The Contract was originally procured in 1998 to provide the required waste management services to assist with the development of several assets across the district. It was a project financed contract with a PFI Grant.

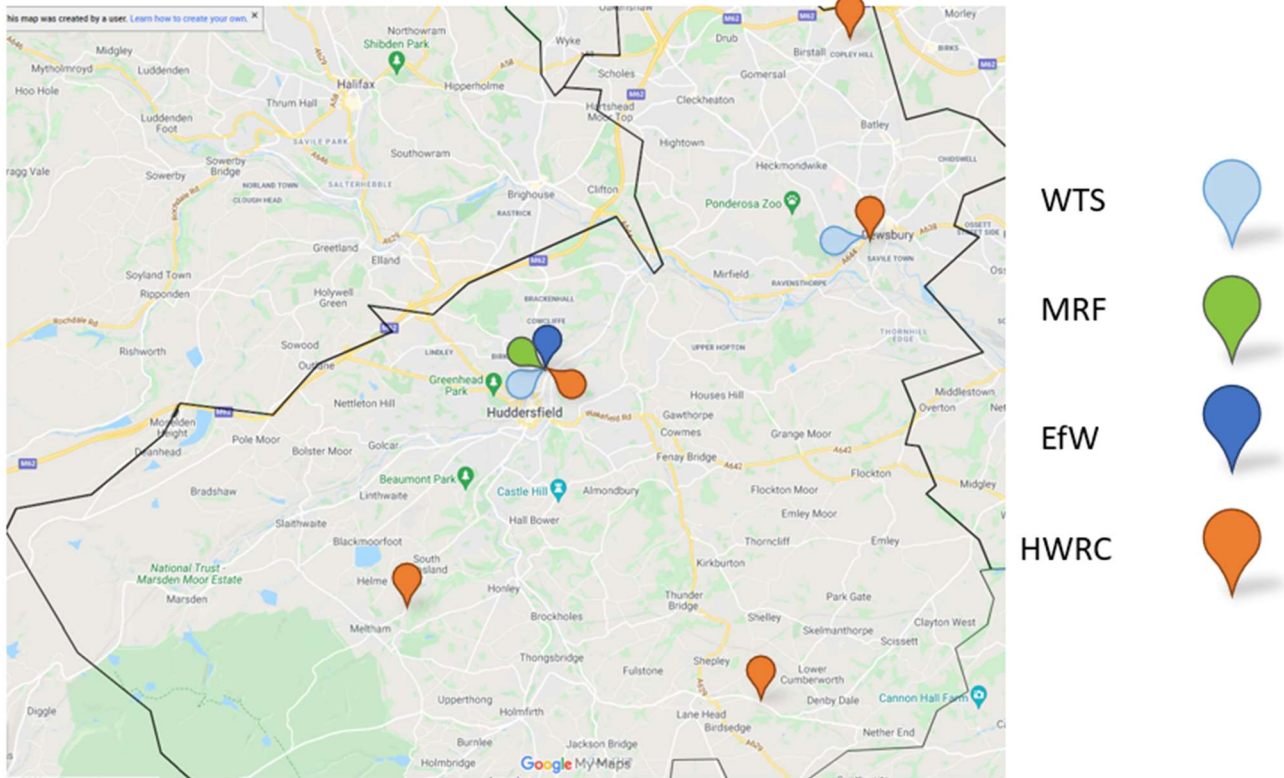
The contract included for the design, build, finance and operation of the following facilities or services:

- Energy from Waste facility (EfW)
- Materials Recovery Facility (MRF)
- 2 x Waste Transfer Stations (WTS)
- 5 x Household Waste Recycling Facilities (HWRC)

- 1 x Transfer Pad (for garden and other wastes)
- Management of 2 x landfill sites (now closed)

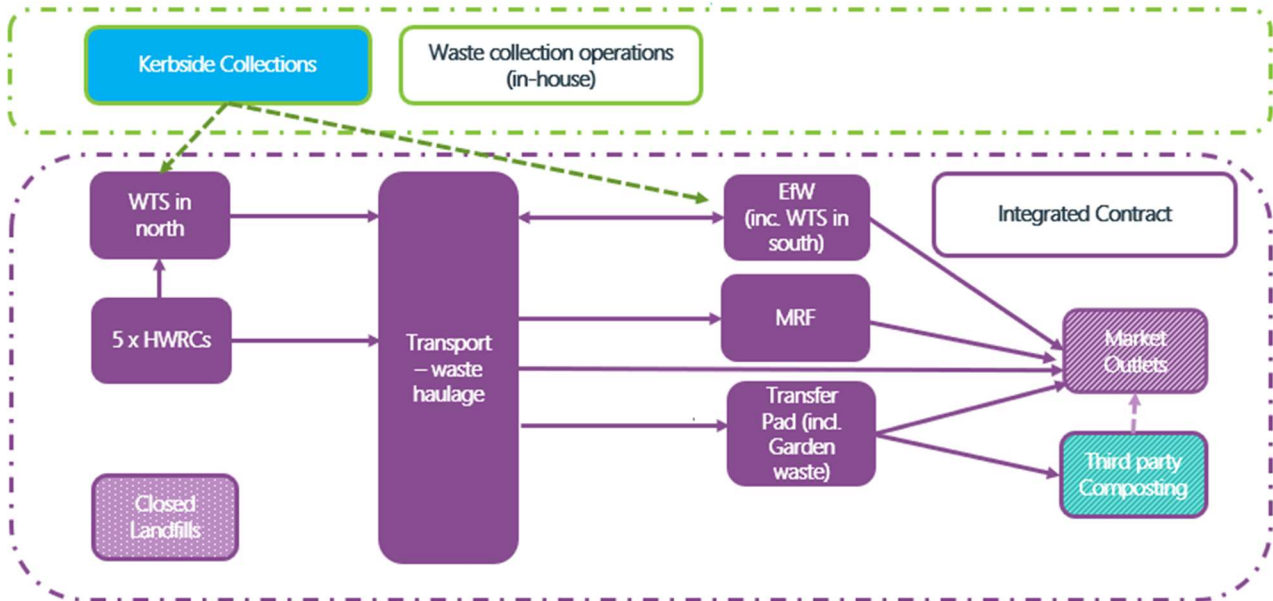
The location of current assets is shown below in Figure 1.1.

Figure 1.1 Current Contract Facilities



The current sites are wrapped under a single contract management structure. The current structures and interfaces, as understood, are set out in Figure 1.2 below.

Figure 1.2 Current Waste Contract Structure



There are two critical sites for the delivery of the Contract:

- Diamond Street – houses the EfW, MRF and the WTS in the south
- Weaving Lane – houses the WTS in the north and HWRC.

The nature and layout of these sites is such that the various services and activities are closely interlinked, as it was designed as an integrated service. This is considered further in the options analysis.

Kirklees requested Wood Group to carry out condition surveys of the key facilities to determine the condition of the plant and the degree and extent to which maintenance has been completed by the current contractor. Wood accordingly arranged to visit the EfW, MRF and WTS at Diamond Street, Huddersfield, and the WTS at Weaving Lane, Dewsbury. A summary note on these visits is included in **Appendix D**.

As part of the condition survey process, the Council has asked for data and facilitate access to the facilities used for the delivery of the services that will revert to the Council on termination of the current contract. The condition survey is expected to be concluded in November 2021.

A brief technical summary on types of waste facility that were visited is provided in the table below

Table 1.1: Technical overview of sites visited by Wood Group

Facility	Technical overview from site visits
Energy from waste facility (Diamond Street)	<p>The plant is a single line conventional EfW boiler with a Martin-style grate, installed 1999-2001.</p> <p>The grate is inclined at 15°, split into 3 lanes (left, centre & right).</p> <p>2 Bunker cranes in place, one in service, one spare</p> <p>Control room readings noted from the DCS screens:</p> <ul style="list-style-type: none"> • Waste CV 12.7 MJ/kg

Facility	Technical overview from site visits
	<ul style="list-style-type: none"> • NOx 183 mg/Nm³ • Steam Conditions to the Steam Turbine 400°C / 40 bar. • Power output 10.7MW • ACC pressure 0.15 bar a <p>The Site is capable of supplying steam to a district heating network from the medium pressure steam header. There is no further infrastructure on the site (heat exchangers, pumps, back-up fuel sources) which would allow a CHP network.</p>
Materials Recovery Facility (Diamond Street)	<p>Single line process for mixed dry recyclables. The targeted materials are paper, card and containers (plastic and cans). The MRF does not process glass which is collected separately via bring banks located across the Kirklees area.</p> <p>The process is a mainly manual operation with 4 picking cabins at various stages of the process to either remove contamination (negative pick) or to capture specific material (positive pick).</p> <p>The plant does not currently process non-target materials such as plastic films, which cause operational issues with the Auto-sort unit.</p> <p>The MRF was originally commissioned in 2001 but the process plant had a major refurbishment and upgrade about 10 years ago.</p> <p>The key processing units are:</p> <ul style="list-style-type: none"> • Bag Splitter • Trommel • Auto-Sort • Overband Magnet • Eddy Current Separator • Waste Baler <p>There is on-site storage for completed bales.</p> <p>The exact MRF shift pattern is currently being determined.</p>
WTS (Diamond Street)	<p>The WTS occupies a shared space with the MRF and is positioned between the MRF and the EfW. The EfW bunker is to the northern edge, the MRF in the area to the south of the WTS. Access and Egress doors are approximately on the east and western faces of the WTS.</p> <p>Access into/Egress from the WTS from the site roads is through roller shutter doors, controlled by a banksman.</p>
Other (Diamond Street)	<p>In addition to the MRF/WTS building, the Diamond Street site also includes a visitors' centre and administration block.</p>

Facility	Technical overview from site visits
Weaving Lane– WTS and HWRC	<p>The Weaving Lane site contains both a WTS and the HWRC, with access from a common entrance point.</p> <p>The WTS includes welfare offices, dual weighbridges, a large operational yard, and the main Transfer Station building.</p> <p>It was reported that the WTS had been refurbished after a fire in 2016.</p> <p>Access onto and around the working yard is controlled by a banksman. The yard includes push-wall bays for garden waste, street sweepings, and construction waste. There is also a mobile plant refuelling point.</p> <p>The HWRC is a split-level site, with public vehicles separated from HGVs at the site entrance. Access to the skip area for HGVs is through the WTS operations yard.</p>

1.1.1 Emerging drivers for waste management

There are several national and local policies that will impact or influence the provision of the new services and key drivers with direct relevance to this project are identified in table 1.2 below.

Table 1.2: Emerging drivers for waste management

Drivers	Relevance to Kirklees Council
25-year Environment Plan	<p>The Plan sets out several proposals to achieve the Government’s ambition to leave the environment in a better state than we found it, these include:</p> <ul style="list-style-type: none"> • Clean air targets to reduce emissions of damaging air pollutants by 2030 • Ending the sale of new petrol, diesel cars and vans by 2030 • Maintaining the continuous improvement in industrial emissions • Minimising waste, reuse materials as much as we can and manage materials at the end of their life to minimise the impact on the environment. • Ambition of zero avoidable waste by 2050 • Eliminating avoidable plastic waste by end of 2042 • Meeting all existing waste targets • Eliminate waste crime and illegal waste sites
National Resource & Waste Strategy (RWS)	<ul style="list-style-type: none"> • Collection service will need to be significantly expanded to meet government recycling targets • Deposit return scheme (DRS) is likely to reduce tonnages of items collected from households and impact waste composition • Plastic packaging tax will reduce the calorific value of EfW feedstock • Extended Producer Responsibility (EPR) should provide funding for dry recycling collection services

	<ul style="list-style-type: none"> Consistency of recycling collections will require compliance with minimum service standards for collections which includes weekly food waste collections, fortnightly recyclables, fortnightly compostable garden waste and fortnightly residual waste. Food waste collections are likely to be mandatory as part of the minimum service standards, with the food waste requiring an Anaerobic Digester facility which could be Council's own or partnership facility or haulage to merchant facility. Funding to be made available based on achieved levels of recycling
Circular Economy Package (CEP) as transposed	<ul style="list-style-type: none"> Meeting municipal waste recycling rate of 55% by 2025, 60% by 2030 and 65% by 2035 (target may be less than this when applied locally) Complying with landfill reduction targets: the proposals include a ban on landfilling materials separately collected for recycling and a binding target to reduce landfilled waste to 10% or less of all municipal waste generated (by weight) by 2035.
Climate Emergency/ UK Net Zero target	<ul style="list-style-type: none"> Increase the amount of electric vehicle charging points New service to implement use of electric vehicles Take off energy produced by EfW or Anaerobic Digestion (AD) facility to power increasing Council fleet of electric vehicles Environmental impact of new service to be considered and contribute to Kirklees being completely carbon neutral by 2038
Kirklees Council Resource & Waste Strategy	<ul style="list-style-type: none"> Implementation of reuse facility/shop at HWRC sites Introduction of new items collected at the kerbside such as glass, food, more plastics, paper cups and cartons will require sorting, bulking facilities and outlet markets Introduction of home composting will marginally reduce amounts of collected food waste Waste minimisation and reuse education programme to reduce waste levels, but expected to have a marginal impact on annual tonnages, particularly alongside housing growth estimations
Local Plan	<ul style="list-style-type: none"> New service will need to accommodate predicted waste growth from new build properties
District heat network project (DHN)	<ul style="list-style-type: none"> There is a desire to implement a DHN that can take heat from the EfW plant EfW will need sufficient guaranteed feedstock to supply the heat

1.1.2 Environment Bill

The Environment Bill (2021) is a key piece of legislation for delivering the commitments made in the 25 Year Environment Plan, and for setting long-term legally binding environmental targets, plans and policies for protecting and improving the natural environment in the UK.

The resulting Environment Act is expected later in 2021 and will take forward and legislate the measures and proposals outlined in England's Resource and Waste Management Strategy (RWMS), changing the way government, businesses and individuals produce and consume products. Together the national RWMS and Environment Bill aim to make it easier for people to recycle, improve recycle quality and make way for a more circular economy. These changes will reflect increased complexity in collection and disposal arrangements for Local Authorities. The Act is expected to allow the Government to:

- Deliver consistent and frequent recycling collections across England;
- Ensure councils operate weekly separate food waste collections, preventing food waste from going to landfill or being incinerated;
- Introduce clearer labelling on certain products so consumers can easily identify whether products are recyclable or not;
- Expand the use of charges on single use plastics, following the successful introduction of the carrier bag charge and will introduce a deposit return scheme on drinks containers, subject to consultation; and
- Introduce new extended producer responsibility schemes to make producers responsible for the full net costs of managing their products when they are ready to be thrown away.

The Bill was supported by a series of proposals, which are subject to consultation. Those of interest to the Council include the following:

- 'Consistency of Household and Business Recycling Collections in England'; a core set of materials to be collected by all local authorities and waste operators to make services more consistent across the country;
- 'Extended Producer Responsibility (EPR) for packaging'; and
- 'Introducing a Deposit Return Scheme (DRS)' to incentivise consumers to reduce litter and increase recycling.

Further details are set out in the Council's waste strategy. The second consultation started in April 2021, and it is currently not clear what systems the Government will chose to implement, nor what funding will be available to Local Authorities. This presents some risk; therefore, the Council will need to dialogue on this topic with bidders and seek to retain flexibility in future service provision to enable the implementation of any required changes.

These will impact on the delivery of future waste services, but until the consultations are complete, and the Government has provided its direction, there is uncertainty around what changes will result. It is likely that the outcomes will affect the delivery of local waste services, more specifically:

- The collection service implemented to ensure compliance with Minimum Service Standards;
- The waste collected under a DRS may reduce the quantity of waste and recyclables collected through the council's kerbside collection services and may also impact the composition through the removal of key recyclables;
- Impact on waste composition feedstock EfW (in particular the removal of food waste);
- Impact on expected contract income for the Contractor (recyclate income); and
- The infrastructure (depots and treatment facilities) in place to accommodate the above changes.

- These changes will also affect the direct and indirect carbon emissions of the waste service, and this may be either a carbon benefit or disbenefits. These net changes will depend on several factors including fuel type, mileage travelled, efficiency and performance of treatment facilities and the type of treatment process.

1.2 Overview of Strategic Business Case

The Council have already developed a Strategic Business Case (SBC), as presented in **Appendix A**, which has been approved under the existing governance processes. The SBC sets out the Councils preferred approach to utilise the existing energy from waste facility, and an indicative Contract term of 10 years plus up to 5 years extension.

These decisions have been tested with Council officers and members and have been identified as the preferred approach to the delivery of the service. The SBC set out the Councils preference to procure a replacement Contract or Contracts. Such contracts will include any requirements to refurbish, or upgrade and modify the existing infrastructure and facilities make fit for the delivery and treatment of wastes collected through the new collection approaches. The existing facilities and infrastructure along with the existing sites will transfer back to the Council on termination of the existing contract. In addition, with the proposed separate collection of food waste there will potentially be a requirement to develop or provide an Anaerobic Digester (AD) facility for the treatment of separately collected food waste, which may, if appropriate, be developed within Kirklees.

The SBC sets out three potential options for the delivery of the new services all based around a 10-year Contract standard term with the option for up to 5 years additional extension. The options identified consider how the elements of the existing service can be best packaged and delivered to ensure sufficient competition to drive best value form the market. The options considered are:

- New integrated Contract
- Multiple Disaggregated Contracts
- Disaggregation with some services delivered in house.

These options are considered in further detail in Chapter 3. In addition to these options there is consideration of a Strategic Variation within the existing contact, to extend the existing contract by up to 5 years. The decision on this was made during development of this OBC 2021.

1.3 Purpose of Outline Business Case

This OBC sets out the basis of determining a preferred option for the procurement of the replacement waste services contract, and the analysis underpinning the commercial case that the Council will adopt.

This OBC accepts the positions set out by the Kirklees Council within their SBC as the starting point for the assessment and therefore does not consider the formal 5-model “Green Book” in terms of the wider Strategic or Economic model aspects (as these are both finalised within the SBC). This OBC instead focusses on the Commercial, Financial and Management aspects.

The assumed starting point is that the Council will continue to enjoy the benefits of the existing waste management infrastructure secured under their PFI contract after it reverts to the Council on natural termination of the contract. Consideration of options that do not seek to utilise the existing infrastructure were examined by the Council earlier in the process.

The original contract expiry date was 31st March 2023. In Autumn 2021, the Council and Suez have agreed interim arrangements (explained later in this document) taking the contract to 31st March 2025. This OBC

sets out some for the rationale for these interim arrangements the modelling takes account of it. It is assumed that there will be a smooth exit from the existing contract in 2025.

2. Waste Arisings

This chapter provides an overview on the waste generated by the Council and the anticipated waste flows to be managed under the Contract.

2.0 Introduction

A waste flow model has been produced by Wood Group, projecting waste arisings from 2019/2020 through to 2045. A summary of the key elements of the model is provided in the sections below, with a full set of technical assumptions provided in **Appendix B**.

2.1 Baseline Arisings

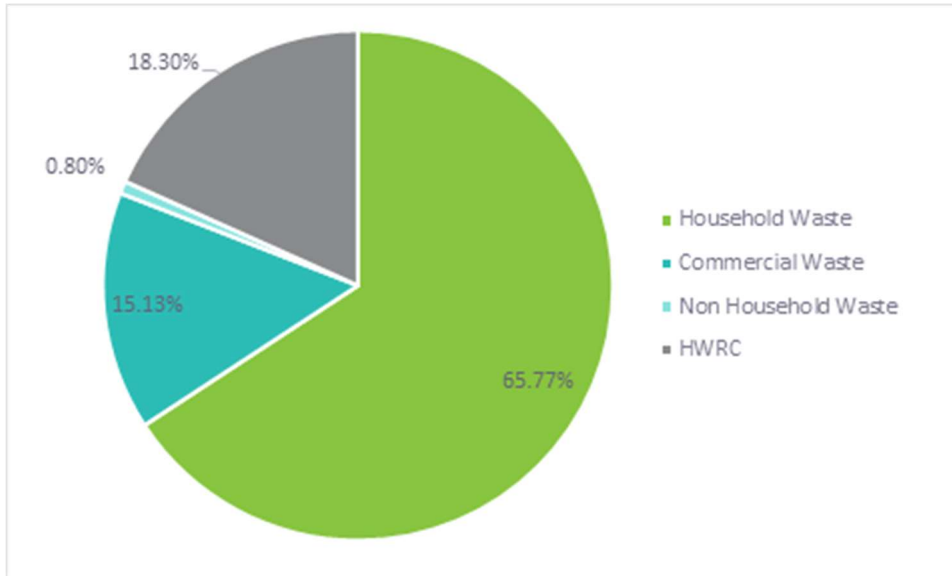
The background waste flows have been provided by Kirklees from 2019/2020, and are shown in table 2.1.

Table 2.1 Kirklees Council Waste Flows 2019/2020

Type	Category	Tonnes
Kerbside Refuse Collection	Household Waste	83,955
Kerbside Dry Recyclables	Household Waste	20,560
Organic Garden Waste (Kerbside Collected)	Household Waste	3,210
Other Scrap Metal	Household Waste	101
WEEE Recycling Collections	Household Waste	134
Street Cleaning	Household Waste	6,089
Litter Bins	Household Waste	1,876
Other Dry Recyclables (Bring Sites)	Household Waste	4,420
Household Bulky Collection	Household Waste	3,832
Household Waste Recycling Centres (HWRC)	Household Waste	34,763
C&I Recycling	Commercial Waste	221
C&I Residual	Commercial Waste	28,348
Clinical Waste	Non Household Waste	59
Plasterboard	Non Household Waste	81
Fly Tipped Council Land	Non Household Waste	36
Highway Maintenance	Non Household Waste	759
Rubble	Non Household Waste	478
Asbestos Collections	Non Household Waste	136
TOTAL		189,058

The total Municipal Waste generation in 2019/2020 was 189,058 tonnes. The tonnages detailed in table 2.1 are divided into four waste arising categories 'Household waste', 'Commercial waste', 'Non-Household waste', and 'HWRC'. The total baseline waste arising tonnages for each fraction can be seen in figure 2.1.

Figure 2.1 Distribution of Municipal Waste divided into main waste arising categories



2.2 Model Assumptions

2.2.0 Waste Composition

A compositional survey of household and HWRC waste streams was conducted for the Council in November 2020. This data was used in modelling the assumed tonnages of various fractions of each waste stream, and the potential to increase recycling rates.

Some potential effects from the pandemic were noted in the survey, such as more cardboard packaging. It is assumed this composition will continue due to a move to on-line purchasing. The model does not seek to change or evolve the waste composition in the future as this is challenging to predict. Therefore, it is assumed that any future changes would not generally result in a drop-in recycling performance (or that any DRS/EPS schemes would continue to target similar materials, and not result in further diversion of residual waste beyond that modelled).

2.2.1 Waste growth

The projected percentage increase of households (from ONS data) was used as an indicator for the increase in waste generation. It is assumed that the waste generation per household are not reduced over the timespan. Thus, if the number of households increases by 1% the waste generation is also increased by 1%.

Overall, the anticipated increases in household numbers in the Kirklees Council area between 2019 and 2045, could lead to about a 10% increase in waste arisings, or 0.5% per year. Historic waste growth rates have not consistently tracked housing growth and can include confounding factors such as changes in collection schemes. However, in the absence of other reliable indicators it is commonly used in projections.

The waste yield per capita or household is influenced by several factors, including the growth of the economy and impacts of economic activity, legislation, environmental awareness and waste reduction initiatives, all of which may influence an individual's behaviours.

Economic growth and increasing economic activity can have an inflating effect on the quantity of waste generated per capita and more generally, increased consumption and affluence in a population often results in higher levels of waste generation. However, in the future this may be tempered by increased awareness of environmental issues or external factors. This balance is more challenging to predict, so no additional economic growth is included in the model.

Another factor that could influence waste generation is the impact of the COVID-19 pandemic. Whilst the underlying data used is the 2019-20 data (concluding just ahead of the pandemic) the longer-term impacts of the pandemic on waste generation are at present unclear.

2.2.2 Future performance assumptions

The model assumes continued use of current Council waste assets, at similar performance levels. Therefore, the current waste processing facilities are utilised in the future (MRF and HWRCs), with most of the residual waste being sent to an Energy from Waste (EfW) facility.

The modelled performance of the MRF is 90% capture of paper, card, ferrous and non-ferrous containers, and 70% capture of HDPE/PET bottles. When pots, tubs and trays are added to the dry recyclable mix, the modelled capture rate is 65%.

The timing and nature of future changes to the recycling services is subject to final Council approvals. In carrying out the waste flow modelling the following assumptions have been made.

HWRC diversion

It is assumed that the HWRC has an improved recycling rate in 2024 resulting from a new service specification, meaning that 6% of the waste is diverted from EfW and is recycled instead.

Collecting Plastic Pots Tub and Trays

It is estimated that in 2022 the addition of plastic pots, tubs and trays to the range of materials recycled will increase the amount of plastic collected. This has been modelled by increasing the capture rate of plastic waste from ~17% in 2023 to 29% in 2024 in order to divert it from residual waste.

Glass Collection

By introducing a separated kerbside collection of glass bottles and containers it is estimated that 75% of the glass currently collected from the Bring sites will be diverted into the kerbside collection.

Food Waste Collection

In 2025 the collection of separate food waste is assumed. The separated food waste is modelled to start at the lower collection rate of 1 kg/household/week but rising to 1.5 kg/household/week with a linear increase from 2025-2030. This has been modelled by increasing the capture percentage over that period.

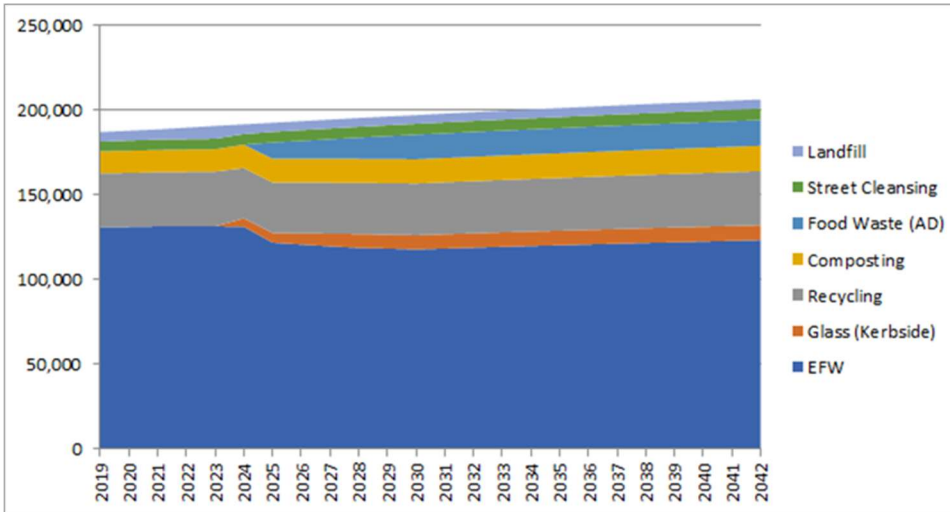
Garden Waste Collection

Collection of garden waste may change around 2025, however there are no details of the form of this change which is still dependent on government regulations. The change may be associated with stopping the subscription model to providing a universal service as part of the overall waste collection scheme. The impact of this change has not been quantified or modelled.

2.3 Future waste flow projection

As a consequence of the above modelling assumptions the future annual output tonnages to primary treatment destinations are shown in figure 2.2.

Figure 2.2 Waste flows (tonnes) and destinations, 2019 - 2043



The modelled waste arisings trajectory is summarised for every five year in table 2.2. The results of the future performances assumptions are included i.e., the reduction of Kerbside Residual Waste and HWRC from 2024-2029 being diverted into Kerbside Recyclables, Garden waste, and Food waste.

Table 2.2 Household and municipal waste trajectory for every five years, 2019-2043

	2019	2024	2029	2034	2039	2043
Total Waste Arisings [tonnes]	188,737	193,363	198,027	202,286	206,065	208,807
Kerbside Household Residual Waste [tonnes]	87,030	87,710	73,087	73,549	74,924	75,920
Kerbside Household Recyclables [tonnes]	17,254	17,640	18,065	18,454	18,799	19,049
Kerbside Household Garden Waste [tonnes]	3,441	3,526	3,611	3,688	3,757	3,807
Kerbside Household Food Waste [tonnes]	0	0	13,548	14,778	15,054	15,254
HWRC [tonnes]	34,547	35,394	36,247	37,027	37,719	38,220
Non-Kerbside Residual Waste [tonnes]	41,372	42,386	43,409	44,342	45,171	45,772
Non-Kerbside Recyclers [tonnes]	4,656	1,340	1,372	1,402	1,428	1,447
Non-Kerbside Special Landfill [tonnes]	136	139	143	146	148	150
Non-Kerbside Landfill [tonnes]	81	83	85	87	88	89
Non-Kerbside MRF [tonnes]	221	226	232	237	241	244

3. Delivery Options

This chapter explains in detail the alternative strategic options considered within the OBC. It sets out the key considerations influencing the structure of the options, and the anticipated structure and interfaces within each option.

3.0 Development of options from SBC to OBC

The SBC set out three options for packaging of the services as follows:

- Integrated Contract
- Multiple Disaggregated Contracts
- Disaggregation with some services delivered in house.

The detailed configuration of each of these options has been refined through the process of developing this OBC. There are three key factors that have informed the evolution of the options, as further assessed in the subsequent sections below:

- Considerations on site constraints
- Considerations on in-house services
- Considerations on food and garden waste treatment

3.1 Considerations on site constraints

When determining future approaches to the delivery of services, the current site constraints are an important factor. The site layouts and related considerations are explored in the sections below.

3.1.0 Diamond Street Site

The Diamond Street facility currently consists of an Energy from Waste (EfW) facility, Transfer Station (WTS), and Materials Recycling Facility (MRF). Note the environmental permit and previous contract refers to “Vine Street” for these facilities, but to avoid confusion with the nearby Vine Street Council depot, “Diamond Street” is commonly used in council communications and is also used in this report.

The main access, site weighbridges, site perimeter and roads sit within the MRF/WTS operations; the EfW is an island within the site.

There are two environmental permits, one for the EfW, and one for the remainder of the site including the MRF/WTS.

All waste arriving at the site goes over the weighbridge then progresses along the canal-side road to the WTS. Entry to the tipping hall is controlled by traffic signals and a banksman. The waste is then tipped within the WTS, either into the EfW bunker, WTS storage bays, or the MRF input bays. Vehicles, either empty, or with loads from the MRF or WTS, leave the WTS along the railway-side road, then across the weighbridge to exit the site.

The current layout and operational splits are shown in Figure 2.1 (see accompanying key below).

Figure 3.1 Diamond Street Layout

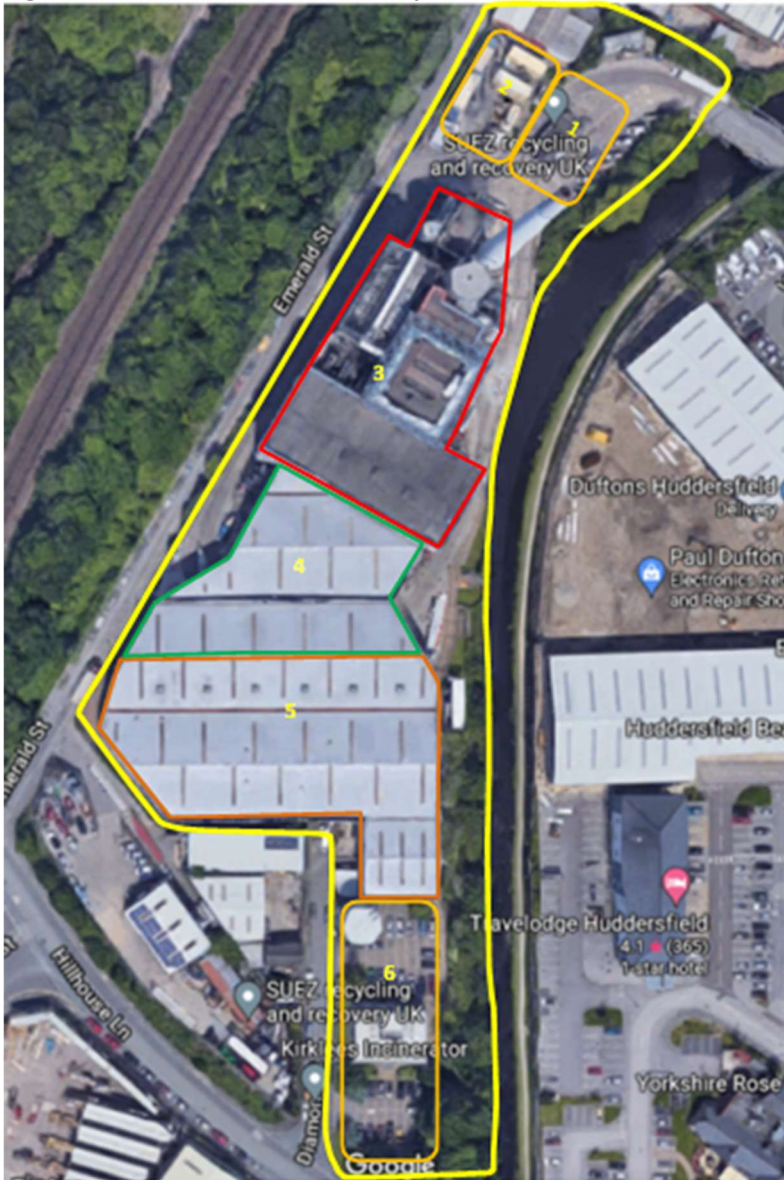


Figure Key:

	Area
1.	In – Out Weighbridges; Weighbridge Office.
2.	Site Workshops
3.	EfW
4.	Transfer Station
5.	MRF
6.	Amenities: Offices, parking, Visitor Centre, plus MRF firewater tank

The key issues which make splitting the Diamond Street site complex are;

- Vehicle Access - The site has a constrained one-way system and needs to deal with vehicles on a first-come, first-served basis. This means that, provided the weighbridge operator has a performance obligation to process vehicles, all vehicles should be able to progress onto the site without hinderance.
- Vehicle Tipping – There is a shared tipping hall area for the MRF, WTS and EfW.

- H&S Responsibilities - The site has shared roads and a shared tipping hall area. It would be difficult to align clear H&S responsibilities across different contractors in the same area, if the MRF and WTS are under the control of different contractors.
- Insurance - The MRF and WTS are the same large open structure, which is connected directly to the EfW bunker. It is not clear how separate insurance policies to cover the building can be provided if there are separate contractors involved. If there is a fire event in the shared tipping hall it may not be clear if this is associated with the MRF, the WTS or the EfW.
- Drainage – The site is understood to have a combined drainage system. This would require review and potential upgrades to “split” the site.

Based on the original design intent for an integrated site, it is recommended to keep the Diamond Street site operating as a single integrated site.

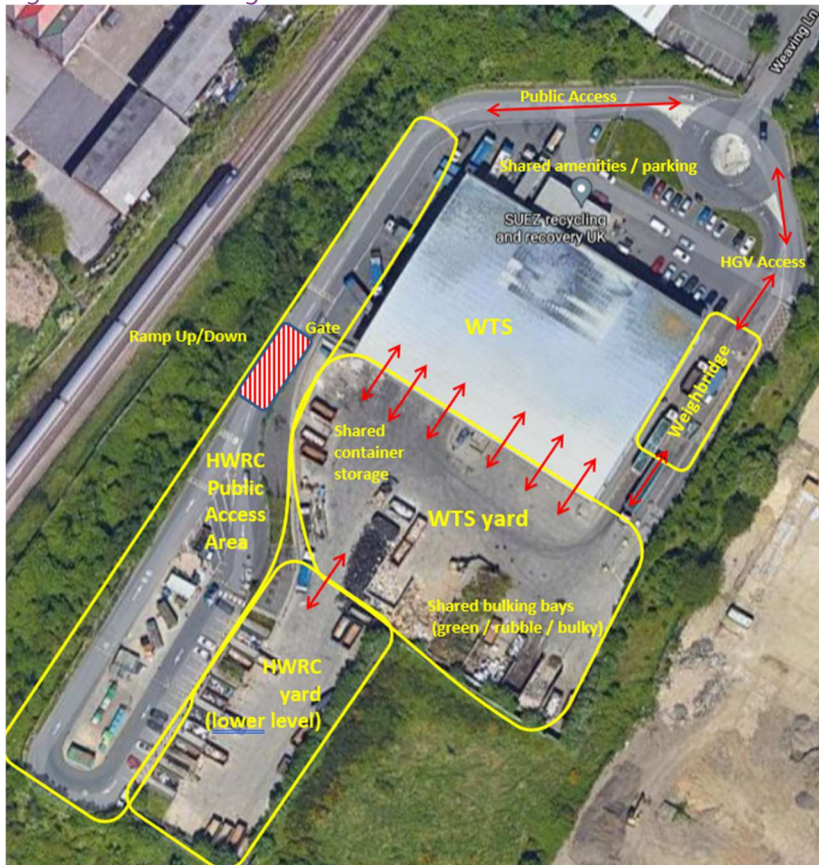
3.1.1 Weaving Lane Site

The Weaving Lane facility currently consists of a Transfer Station (WTS) and an external Household Waste Recycling Centre (HWRC).

Public traffic is separated from works traffic at the roundabout, with works traffic diverted left to the weighbridge, public traffic diverted right to the HWRC. The public is kept segregated from all the site activities and is restricted to a narrow area of site along the western edge of the site.

The current Weaving Lane site layout is shown in figures 1.2

Figure 3.2 Weaving Lane Site



It would be possible to split the HWRC and WTS activities on the site by:

- Creating an access lane direct to the HWRC service vehicles through a gate on the western edge of the WTS. This access lane would allow direct access for service vehicles to the HWRC lower yard without passing through the WTS yard. The access lane would restrict access to the common fuelling system which may require modification.
- Installation of new drainage systems and trade effluent discharge permits.

These modifications are relatively minor, and it is considered possible to separate the HWRC operations from the WTS operations. Any requirements for bulking of HWRC materials in the WTS service yard would need further investigation.

3.1.2 Emerald Street Site

Three waste management assets are accessed from Emerald Street – a HWRC, waste transfer pad, and the Council’s depot for waste services. The depot is one of the sites being explored for potential alternative uses. It is currently used for bin storage, trade waste vehicles street sweeping vehicles and office space.

The transfer pad is used for tipping of kerbside garden waste, street sweeping waste solids, and gully waste solids. The pad is also used for transfer loading street cleaning waste in the south. All street sweeping vehicles discharge water at consented discharge locations, then tip off waste solids at the compost pad. Any gully emptying completed by the Council’s highways team undertake the same process

The pad is only accessible from the HWRC and it would be challenging to separate it out into a separate contract due to the impact on HWRC operations during access. There are also natural synergies with the HWRC service which also generates garden waste. It is therefore recommended to package the transfer pad and HWRC together.

Figure 3.1 Emerald Street



3.2 Considerations on In-house services

3.2.0 Introduction

The workshop consultations identified several shortcomings and frustrations within the current services delivery model. Of particular concern were issues around the inflexibility of the existing arrangements to allow rapid endorsement of service variations in the light of changing circumstances, the absence of transparency around the realisation of the optimal value of recyclable materials and the difficulties in ensuring the quality of services over time. The possibility of the Council taking control of all or part of the services, and thereby being able to operate with greater flexibility to meet changing circumstances was therefore considered to be of interest.

Insourcing or delivery in-house is when a service is under the control of the Council. Kirklees currently utilise a Direct Services Organisation (DSO) for the delivery of their waste collection services. There are a number of options for the delivery of waste management services by a Council directly, including various forms of Local Authority Trading Companies (LATC) which have greater potential to generate third party income.

Kirklees Council could therefore seek to in-source one or more elements of their waste service requirements that is currently included within their wastes service contract with the private sector, and the sections below present various considerations for the Council services.

The future scope and shape of the overall procurement model and whether to continue as a single comprehensive service awarded within a single lot or dividing the current services into multiple service areas to be let individually or as multiples is discussed below. However, there are other considerations around whether the Council may wish to directly run some of or all the services rather than engage private sector contractors. This section contains some of the issues considered when exploring the appetite and ability of the Council to directly provide and run their waste management services.

An Institute for Government Report on outsourcing (June 2020) identified four tests in which insourcing could be considered:

- The market from which the service is being procured is not healthy or competitive.
- The Local Authority needs flexibility to make frequent or significant changes to the design and scope of the service, in view of changing policy and budget priorities.
- The Local Authority lacks the commercial skills to procure or manage an outsourced contract successfully.
- The service could be improved and/or savings made by integrating it with another service

In addition, it has been identified that the following additional criteria may also apply:

- i. Extent of Control that could be exercised by the Council
- ii. Risk Ownership and transfer
- iii. Deliverability within timeframe (services to be operational by April 2023 when existing contract expires)
- iv. Level of innovation and flexibility to adjust for uncertainty
- v. Capability to provide contingencies (e.g. in the event of a facility becoming unavailable)

3.2.1 Overall comparison on outsourcing versus in-house options

The following Table 3.1 sets out a general assessment of outsourcing and insourcing against each evaluation criterion.

Table 3.1: Matrix evaluation

Criteria	Outsourced considerations	In-house (DSO) considerations
The market from which the service is being procured is not healthy or competitive	<p>There is no evidence to suggest that the waste market is uncompetitive, subject to price fixing or subject to a market collapse in companies willing to engage.</p> <p>Market testing indicated an interest in all services, albeit more limited for an integrated service. However, there could be a limited number of bidders for smaller scale services such as separate HWRC management.</p> <p>However, the waste sector is currently going through a period of consolidation and change which has seen increased activity in both mergers and acquisitions and private equity investment. This may impact on the market's interest in the sector and approach to risk. Soft Market Testing and early market engagement has suggested that there is interest and capacity at the present time, however the positions that will be taken by future owners or these respondents are uncertain.</p>	<p>The waste tonnages in Kirklees Council are broadly in alignment with the capacity of the existing infrastructure that will revert to the council on expiry of the existing contract. However, a DSO would need be competing with private waste service providers in order to gain access to offtake markets for recyclables and disposal or treatment capacity for residues and non-treatable wastes. Given the relatively low waste volumes to be managed by the Council there is a risk that they may be amongst the first customers affected by falls in market prices, when compared to larger operators with greater access to UK and overseas markets on more competitive terms.</p>
The local authority needs flexibility to make frequent or significant changes to the design and scope of the service, in view of changing policy and budget priorities	<p>Government policy is currently entering a period of transition and there remains much uncertainty around both the scope of future policy and the timetable for implementation. It is therefore currently challenging to draft and award a contract without recognising that substantial changes may be required over the lifetime of any contract.</p> <p>Once a contract is signed, the scope of contract variations is generally restricted, as the service has been publicly procured. Reaction to changing circumstances can therefore be difficult but the Council can seek to build flexibility into contract documentation, including the specification, to prioritise or adapt services to foreseeable potential changes.</p> <p>In managing a change, the Council may encounter both the cost of the change as well a cost to manage the change, and full transparency of contractor costs can be difficult to assess in practise.</p>	<p>Where there is no formal contract in place, as in the case of a DSO, then there is maximum flexibility to adapt and deliver service change, albeit that the council would be required to directly cover all costs associated with the design and implementation of any required service changes.</p> <p>However, insourcing does not result in flexibility at zero cost; management resources will need to be deployed to structure and manage each change.</p>
Local Authority Skills	<p>There are no immediate concerns with the Councils ability to procure and subsequently manage the waste services. Kirklees officers have demonstrable experience in managing the delivery of the current outsourced services through the management of the existing contract arrangements. However, it is noted that modern contracts typically require more monitoring than older style contracts, so additional resources may be required.</p>	<p>The Council do not have direct experience in the management and operation of waste treatment and disposal services, although they do have skills in managing the in-house waste collection services. There are transferable skills in management, HR support, and vehicle drivers, but expertise in the operation and management of complex waste management infrastructure would have to be developed and/or recruited.</p>

		The Council have considerable experience in general procurement but additional expertise in waste specific areas related to process plant operation and maintenance and securing offtake contracts for recyclables and residues will be required. Specialist external support would likely be required for operation and maintenance of the MRF and EfW, and the availability of such services is unknown at present.
Service improvement through integration with another service	A medium contract term could allow the Council to focus on delivering wider service changes and infrastructure developments, whilst making use of the technical support, innovation and expertise available within the private sector.	<p>Council could seek synergies with the collection services, for example in having multi-skilled cover for unexpected absences at the HWRCs.</p> <p>Savings from integrated central support services (HR etc) may take time.</p> <p>Other improvements may become apparent once collection service changes are implemented and could be introduced to facilitate the collection of other recyclable materials.</p>
Resilience for unforeseen events	Larger contractors often have effective contingency plans and access to a pool of resources from other public and private contracts, which can be drawn upon for managing unforeseen events like a pandemic, driver shortage, or major equipment outage. They are often able to upskill and redeploy within their workforce whilst relying on vehicles/plant/manpower from within their wider business and rapid resupply from trusted national partners.	In house service provision may not be able to readily access additional or alternative resources due to the limited scale of their operations.
Extent of Control exercised by the Council	<p>Services are delivered by a contractor and administered by a client team against a clearly defined specification and service contract. The contractor agrees to deliver the specified services for a defined sum. If services are not delivered to the specified standards a performance deduction to the payment may be made, or general contractual remedies applied. It is the contractor's responsibility to deliver the services for the agreed costs. Typically, only if the Council requires services that differ from those specified in the contract or there is a change in law, is a change in the payment regime applicable.</p> <p>Council initiated changes would need to go through a defined process of negotiation and the necessary corporate approvals process which may take a considerable time to conclude.</p>	<p>The direct delivery of waste services by the Council should allow for the rapid development of service changes without the need for negotiations with an external body. Any amendment and variation will be subject to the Councils rules and procedures.</p> <p>The standards for the service and management structure would need to be agreed within the DSO and Council, alongside a budget, as in any other delivery model.</p> <p>Liaison with trade unions is advisable due to potential changes in terms and conditions and any service changes.</p> <p>Amendments to the daily work programme may be deliverable from day to day, providing these changes neither diminish the overall service performance nor require additional budget. Where changes require additional budget, then these would need to</p>

		<p>be approved through normal council procedures.</p> <p>For large scale changes (e.g., requirement for new infrastructure or plant), any changes will be subject to the same lead times as outsourced services.</p> <p>There is a risk that with the direct control there is a loss of clear lines of communication and service management, and that directors and/or elected members may be tempted to short-circuit the management structure to speak directly to those delivering the services.</p>
<p>Risk Ownership</p>	<p>The Competitive Tendered commissioning model has a clear assignment of risk ownership between the Council and contractor.</p> <p>Tenderer's solutions are evaluated and against the stated evaluation criteria. Included within the technical criteria, the Council assesses the competency of contractors to complete the services across a suite of Service Delivery Plans.</p> <p>The risk of delivering the service rests with the private contractor, who takes responsibility not only for delivering services, but also in the areas of</p> <ol style="list-style-type: none"> 1. health and safety 2. legal compliance with permits and planning 3. anagement and training 4. acquisition of all necessary licences and permits 5. insurances 6. vehicle maintenance and licencing 7. facility maintenance 8. management and sale of recyclables and products arising from the service 9. risks associated with recyclable market fluctuations. <p>The Council would need to satisfy itself that the Contractor can deliver the services in a safe and legally compliant manner. This is affected through the procurement exercise itself and then through ongoing contract management.</p> <p>The Council is not liable for breaches made by the Contractor.</p> <p>Through the current integrated contract, there are dedicated Safety, Health, Environment, HR, Accounts and Quality departments. They support the operations managers and directors providing expert advice on corporate and contract specific issues.</p>	<p>As the service is currently privately outsourced there are two "pots" of risk to consider: that of transitioning the service to an in-house delivery model, and that of delivering the service.</p> <p>The transition will entail many activities. The Council will have to invest in resources to ensure they have the appropriate and legally robust management structures in place. These structures need to be fully accountable for the risks the Council will become responsible for as a waste facility operator and waste services provider.</p> <p>The delivery of the waste service under an in-house model would expose the Council to several new liabilities and risks that it was not exposed to previously. These liabilities include direct health and safety responsibilities (noting that the waste sector has a higher-than-average accident rate) operation and maintenance of facilities, securing and monitoring recycle markets and direct responsibility for any shortfall in performance.</p>
<p>Deliverability within timeframe</p>	<p>The process to procure a competitively tendered service is set out within regulations and all procurements must be compliant in order to avoid</p>	<p>It will be challenging to bring the waste services in-house before expiry of the current contract in April 2023, given the current gaps</p>

	<p>the risk of challenge. Investment in new services will not commence until after formal award of a contract.</p> <p>Waste management contractors are experienced in mobilising new contracts and implementing service change. Many have dedicated teams to manage such processes together with established sub-contractors to manage the communications and logistics. They are therefore able to deploy a skilled labour force to this critical period, including HR, communications and procurement specialists within weeks of an award being formalised.</p>	<p>in data on the current assets and services, and the provisions for their transfer set out within the existing contract, but deliverable with sufficient dedicated resources.</p> <p>The Council would need to establish a fully resourced and dedicated team to manage the transition.</p> <p>The Council would need to plan in establishing a management structure that enables efficient delivery of service requirements</p> <p>Service delivery plans will need development which clearly sets out how the services will be delivered and method statements and procedures for day-to-day operations. There would be a need to draw on Council support functions promptly including HR (including TUPE), Procurement, IT, Customer Services etc.</p>
Level of innovation	<p>Contracted services can bring innovation and investment to service delivery, and contracts can be drafted to provide for continuous improvements in service over time. A new contracted option may open more opportunities to explore and exploit innovation with limited risk to the council.</p> <p>Contractors can be innovative in proposing new solutions across services which are cost effective. However, the financial benefits of innovation they later implement within the contract after award may not be fully shared with the Council.</p>	<p>In-house service providers are single entities and unconstrained by contractual obligations with a client. Therefore, they may be able to rapidly adapt and innovate. They may be able to share knowledge with other Council functions, or to amend services to adopt innovative working methods or new technologies. However, such opportunities may be constrained by employees' terms, investment approval processes, access to sufficient resources to invest in innovative solutions, and the approach to risk within the authority.</p>
Capability to provide contingencies	<p>Private sector operators, with a portfolio of projects, have access to a far wider network of support for the implementation of contingency plans, without incurring additional costs.</p> <p>Given that the Contractor will be required to maintain service standards throughout the contract period, the costs of implementation of the contingency plan will have been included within the tendered costs.</p>	<p>The DSO will not have long-term relationships with contingency providers (e.g., during periods of facility unavailability) and in the worst-case materials may need to be combusted or landfilled, on more expensive terms (as dictated by short term market drivers)</p> <p>Implementation of the contingency plan will have a direct cost to the Council. This may necessitate holding reserves for unplanned expenditure at short notice and negotiating contacts for support to be drawn upon when required. Alternatively, contingency stores and equipment may be held in reserve, although never required.</p>

3.2.2 Evaluation per waste service area

Workshop discussions and a high-level assessment has considered whether it is feasible or desirable to take some of the waste operations in-house. After taking into consideration the practicalities around split

operations at some of the waste facility sites the following work packages were identified as being appropriate for consideration:

- 1) EfW, MRF & WTS
- 2) Garden waste composting
- 3) Food waste treatment
- 4) HWRC x 5 and Transfer Pad
- 5) Landfill monitoring

With regards to the criteria above, the council currently does not have the **Local Authority Skills** required to operate and manage complex waste management infrastructure such as an EfW, Anaerobic Digester or MRF, nor experience in the processing, manufacture and marketing of recyclables, food waste digestate or garden waste compost (items 1 to 3 above). Neighbouring authorities have expertise in these areas and, if required, could offer learning opportunities to Kirklees teams, or indeed, the service could be shared between more than one authority. The degree of **Risk Ownership** would be very high, as the consequences of any facility failures and alternative treatment would fall solely on the Council. The Council would also not have ready **Capability to provide contingency** as it would not have control of similar facilities elsewhere (which the private sector typically does), nor established relationships.

In-house operation of the HWRC sites remains a possibility, with benefits against the criteria for **Extent of Control exercised by the Council** and **Flexibility for change**. However, it must be recognised that the requirement to identify, secure and monitor outlets for the deposited materials is not without challenges on **Local Authority Skills**, and **Risk Ownership** would be very different to the current contract, with the Council taking on of risk around commodity prices. There is a need to further understand the benefits of in-house or a contracted-out operation (within a separate HWRC contract) which requires further detailed assessment. The **Deliverability within timeframe** will need detailed analysis and assessment as there are a lot of activities involved in transitioning this service, which will involve multiple Council departments.

Landfill monitoring services are already undertaken by the Council (**Local Authority Skills**) and the addition of further sites to their portfolio with the expiry of the existing contract should be feasible.

A summary of the conclusions on whether it is considered preferable to continue to outsource each service area, or to bring it in-house, is shown in Table 3.2.

Table 3.2 Summary of assessment for in-house operations

Service area	Summary conclusion
HWRC	Potential to in-source, but more detailed analysis required.
Landfill monitoring	In-source with direct council operations
Garden waste treatment	Continue to outsource via waste disposal contractor arrangements (Note: local reception at Transfer Pad co-located within HWRC. Transport from pad to TLS/market to be arranged by contractor)
Food Waste treatment	Continue to outsource
EfW, MRF, WTS	Continue to outsource

It is recommended that the HWRC and Landfill Monitoring services be removed from the main waste services contract and subjected to further detailed consideration as to whether in-house or contracted out operational models best align with the medium-term aspirations of the council. This has been carried through into **Option 3** below.

3.3 Considerations on food and garden waste treatment

When determining future approaches to the delivery of services, the introduction of food waste by the Council needs consideration. With the potential separation of HWRC operations from the main services contract, the management of garden waste also needs to be addressed. Related considerations are explored in the sections below.

3.3.0 Food waste treatment

The Council has completed an initial feasibility assessment for development of a new Anaerobic Digestion (AD) facility within the District. A recent review of the local plan identifies only one available site for waste management development. This is the area beyond the compost pad at Emerald St which is a former inert landfill site. Initial findings indicate the site would not be suitable for development of an AD due to the limited size of the developable area.

It is therefore recommended that the new procurement allows for the future offtake of food waste to third party treatment facilities. The new treatment contract could also have flexibilities built into it to allow food waste to be removed from the contract in event that the Council pursues a local or regional new-build solution. These are issues that could be dialogued with bidders to explore the impact of such a variation and give the Council the benefit of a pre-agreed fixed price for implementing a variation.

This recommendation has been carried through into **Options 1 to 3** below.

3.3.1 Garden waste treatment

The Council currently offers and will continue to offer a collection service for garden waste. Garden waste is also collected at the HWRCs. While a charge is made for the kerbside collection of Garden waste, National requirements for the collection and management of garden waste in England have recently been consulted on by government and their final form remains uncertain at the current time. This may require the introduction of a free garden waste collection, which if confirmed, in other Councils has led to an increase in garden waste arisings requiring management (due to some householders starting to divert it from their residual waste, or some reducing usage of their home composting units). This would also impact on wider infrastructure needs such as depot space required.

Collected garden waste is delivered to and bulked at the Transfer Pad (north of the Emerald Street HWRC). The current contractor then transports it to third party facilities for composting. There is no dedicated waste treatment facility that was developed under the current contract that will revert upon contract expiry. Alternative arrangements with a third party will therefore need to be secured on expiry of the existing contract. Consideration will need to be given to the waste transfer capacity at the existing TLS sites should a free garden waste service be required.

The future alternatives available to the Council are:

- a) The council develops its own dedicated composting facility and either operates it directly or lets a contract for operations
- b) The council procures a separate contract just for garden waste treatment
- c) The procurement for waste treatment includes for the treatment of garden waste via third party composting facilities

Alternative (a) would entail more risk in needing to find and purchase a suitable site, obtain planning and permitting, and procure a design and build contract. The current low tonnages generated by the Council (3-4k tonnes per year) would not warrant the costs involved, and not offer best value for money as such a facility would not benefit from economies of scale compared to large commercial operations. Operation of

the service in-house has been ruled out due, in part, to it being outside existing competencies of the Council's current workforce and contracting out of operations is likely to be expensive due to the small scale of the operations. It would also fall upon the Council to ensure product quality and compliance, market the compost product and identify and secure suitable outlets.

Alternative (b), although attractive, would require the Council to incur some additional costs for procurement and management of a separate garden waste treatment contract compared to alternative (c). Some UK councils have pursued this approach as it can increase competition from specialist providers, but this has generally been for county areas generating much larger volumes. For Kirklees it is considered that as the anticipated tonnages are low, tangible benefits may not be realised due to the need for a separate procurement and the subsequent separate contract management and administrative obligations. The main treatment bidders will seek to partner with specialist providers and are experienced in negotiating sub-contracts.

Alternative (c) mirrors current arrangements and has been demonstrated to deliver the council's requirements over several years. The inclusion of garden waste management within the contract consolidates the Council's project administration within a single waste services contract whilst allowing the benefits of the flexibility available from a market-based service offering. The contractor will be responsible for product quality and compliance and the marketing and distribution of the compost product. However, there are questions around the ability of such arrangements to provide flexibility if government policy impacts on the characteristics and quantities of garden waste. It is suggested that such eventualities could be managed through contract drafting that periodically requires such services to be market tested or withdrawn from the overall contract as a pre-determined variation on serving a notice.

In conclusion it is recommended that alternative (c) is pursued. The new treatment contract should include a provision and procedure for this service element to be terminated (with sufficient notice) in event that the Council identifies it could realise lower costs, enhanced service delivery or greater flexibility through a direct procurement with specialist providers or in association with neighbouring authorities. These are issues that could be dialogued with bidders to explore the impact of such a variation and give the Council the benefit of a pre-agreed fixed price for implementing a variation.

This recommendation has been carried through into the principal **Options 1 to 3** below.

It is noted that the Council would bear some risks on interfaces with this arrangement, as the HWRC and associated transfer pad would sit outside the main contract in Options 2 and 3. The arrangements would likely entail;

- The transfer Pad receives and stores garden waste, street sweeping (SS) and gully emptying (GE) solids. This pad could be separately operated by the Council. The transfer pad operator loads outgoing waste into HGVs.
- An HGV haulier transports waste to a treatment facility. Either the Transfer Pad operator or treatment contractor could organise this, but it is recommended that it may sit best with the latter, as they will control more of the interface and associated risks.
- The third-party composting site (currently located outside the district) receives the waste for treatment and then markets and find outlets for the compost products (meeting relevant PAS100 or other identified standards).

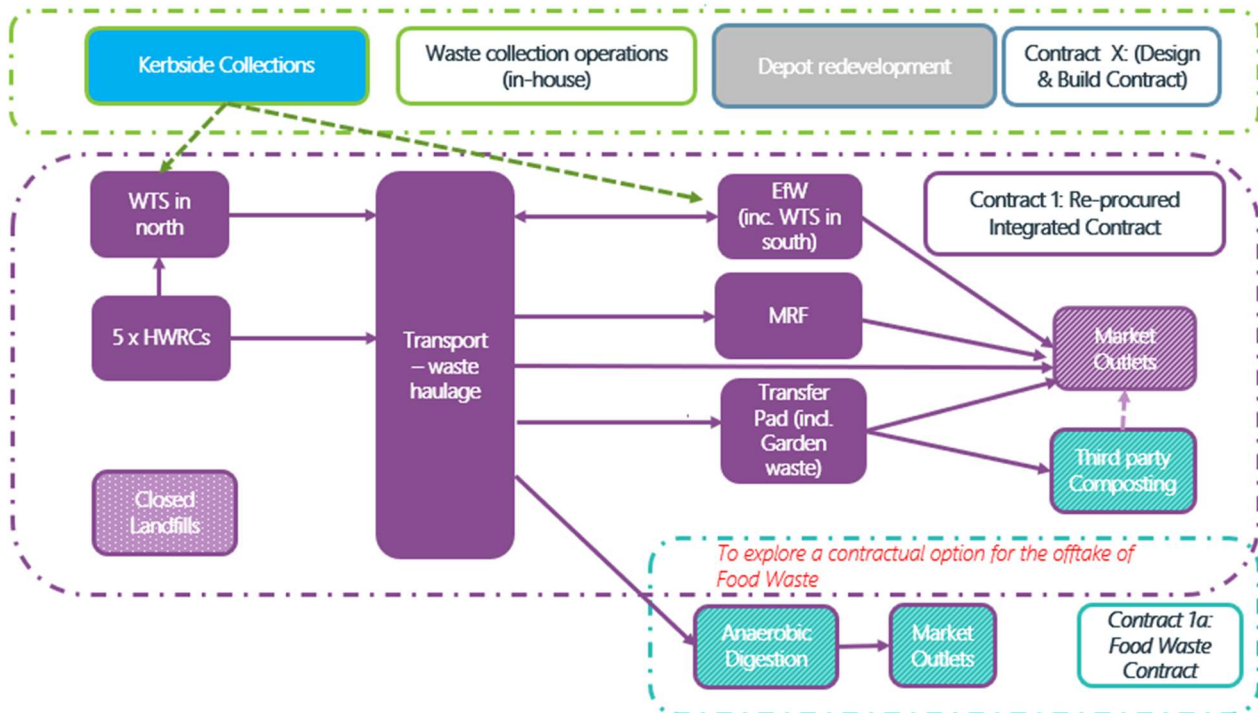
If a future procurement resulted in the composting site being sufficiently close for direct delivery by Council vehicles, then the interface arrangements could be updated accordingly.

3.4 Option 1: Single Integrated Contract

Option 1 was identified within the SBC and assumes that the Council will reprocure all the existing services within a single integrated contract.

The reprocured Contract will require an option to incorporate the treatment of any food waste separately collected, following the implementation of the Council's proposed collection service changes.

Figure 3.2 Option 1 service map



3.5 Option 2: Lots

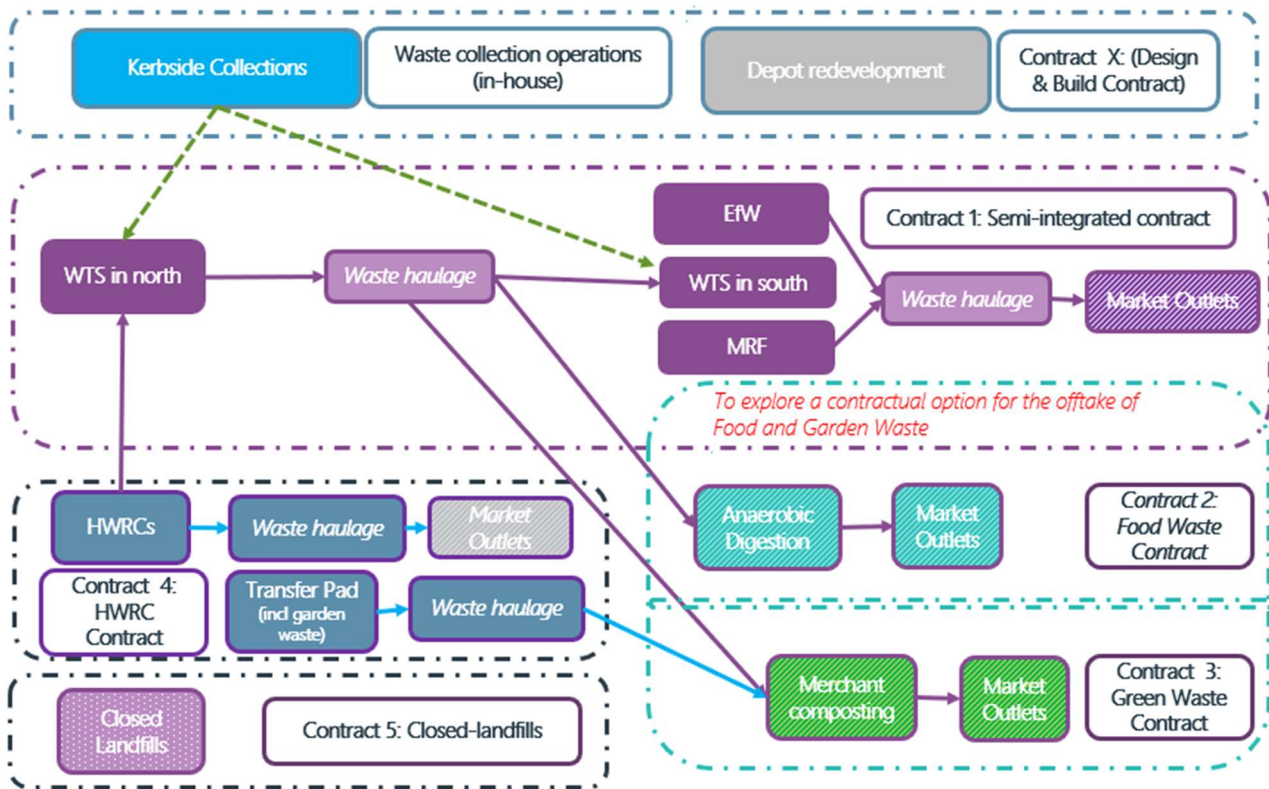
Option 2 assumes that the Council will reprocure all the existing services across multiple separate Contracts. This solution was identified to allow smaller specialist waste management companies to be directly involved in the delivery of the Contracts and broaden the potential bidders away from the limited market of combined waste management service providers.

The separation of the HWRC service element allows the Council to more effectively manage the performance of these public facing aspects of the waste service. Whether this is an outsourced or in-house operation will be subject to a separate business case.

The reprocured EfW treatment contract will require an option for food waste, as per Option 1.

There are challenges on the site permit boundary limitations and service interfaces between the operation of the EfW, WTS and MRF on Diamond Street that would arise from delivery of this Contract structure.

Figure 3.3 Option 2 service map



3.6 Option 3: Limited Lots & In-House

Option 3 also disaggregates the Contract, but the Council could assume the responsibility for delivering certain aspects of the services.

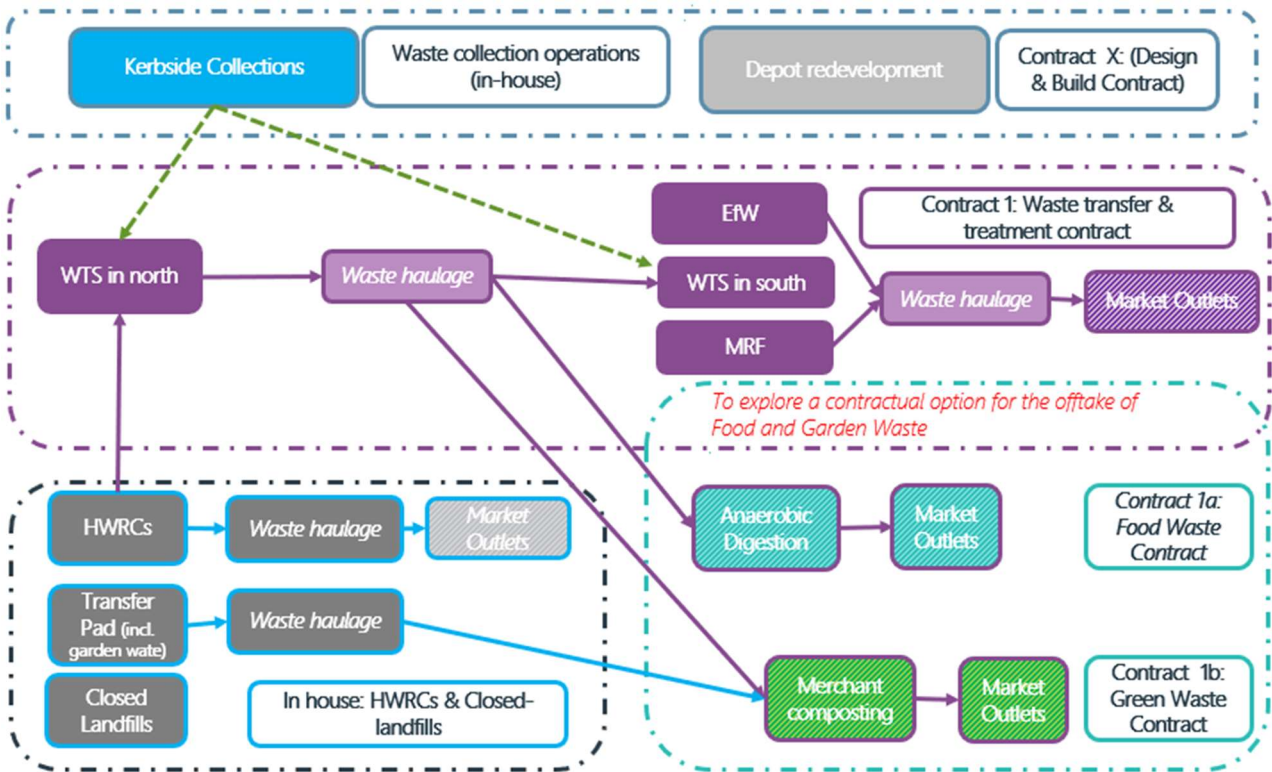
Option 3 was developed following the completion of the SBC to attempt to reduce the number of complex contract interfaces that would be required under option 2, whilst still retaining the overarching aim to disaggregate the contracts to smaller packages to make them more widely appealing to the market and allow the HWRC performance to be managed effectively.

The operation of the EfW would continue to be let in the commercial market however the remaining aspects of the services may be brought in house. The exact way those aspects will be delivered internally would need to be determined through further assessment, to include the Council's appetite for accepting risks.

The repurchased EfW treatment contract would require an option for food waste, as per Options 1 and 2.

The Diamond Street site is allocated within the main Contract as per the recommendation in section 3.2. The Weaving site could be split. The costs, practicalities and risks associated with this would need to be further considered, to identify the approach which will provide best value.

Figure 3.4 Option 3 service map



4. Options Assessment

This chapter sets out the evaluation of the options undertaken and the identification of the preferred option for the delivery of the services.

4.0 Qualitative Evaluation Criteria

During the development of the SBC the Council held workshops to identify qualitative evaluation criteria for the assessment of the technical options. These were considered in the development of the Options Appraisal for the commercial options identified. These criteria are vital to determining the most appropriate contractors to deliver the services and will form part of the tender evaluation. For the purposes of the assessment of the commercial options the following criteria were considered to be the key differentiators.

Figure 4.1 Options Assessment Qualitative Criteria

Category	Considerations
Market interest	Will the option attract competitive bids?
Financial (qualitative)	Do the options incur differential costs or risks?
Consents	How the options effect the site waste permits?
Interfaces	How will Contracts/Lots interact with one another?
Procurement	How complex/demanding is the option to procure?
Contract management and flexibility	How complex/demanding is the option to manage, and how much flexibility is there for change?
Asset management and Operational Skills	Who will fund and take risk on facility maintenance and upgrades, and does the operator have the required personnel skills?

4.1 Assessment of Options

The following section set out the assessment of the options against each of the above criteria.

4.1.0 Market Interest

The assessment of market interest is based on the views and experience of the project team, and includes information gathered from Soft Market Testing (SMT). A summary of the SMT results is provided in Figure 4.2, and as part of the Risk Workshop presentation slides (as reproduced in **Appendix E**).

Figure 4.2 Summary SMT results

XXXX

Table 4.1 Market interest assessment

	Strengths / advantages	Weaknesses / disadvantages
Option 1	<ul style="list-style-type: none"> High value contract should raise interest. SMT results: X respondents may tender for the integrated contract, however X of these do not appear to have prior experience in all elements. SMT: All respondents expected a long term Integrated contract of at least 10 years and up to 25 years 	<ul style="list-style-type: none"> Limiting market to larger waste management companies - those with proven track record in operating and maintaining EfWs. Some generally have a preference to build their own facilities and be reluctant to provide only O&M services. SMT results: For the X respondents likely to subcontract some elements, food would be the likely element. Only X indicated internal capability on food.
Option 2	<ul style="list-style-type: none"> Maximises market interest between smaller and larger waste management companies Opens competition up to specialist companies SMT results: Most respondents may tender, with X contractors opting to choose only some lots. SMT: Three current EfW operators also have integrated WTS & MRF capabilities. SMT: The preferred contract length depends upon the facility, some as short and 3 years up to long term options. 	<ul style="list-style-type: none"> Small value contracts may not have same level of interest from larger organisations – for example the separate HWRCs may be too small for bidder interest. Packaging of MRF with EfW may affect market interest SMT results: One specialist EfW operators would not want to operate WTS, and X would not want to operate MRF. Likely to sub-contract food as per option 1.
Option 3	<ul style="list-style-type: none"> More likely to attract specialist waste contractors. The large value contract area should raise interest SMT results: Most respondents would choose some lots, with X respondents potentially bidding for all lots (note that 1 of these do not appear to have prior experience in EfW operations). Could attract specialist sub-contractors for food waste, garden waste, street sweepings 	<ul style="list-style-type: none"> Packaging of MRF with EfW may affect market interest – see SMT results in option 2. Likely to sub-contract food as per option 1.
Strategic Variation (extension)	<ul style="list-style-type: none"> Enables more time to engage wider market and deliver a value for money outcome. 	<ul style="list-style-type: none"> Increase to current contract rates.

4.1.1 Financial Assessment

Table 4.2 Financial assessment

	Strengths / advantages	Weaknesses / disadvantages
Option 1	<ul style="list-style-type: none"> • Open competition should drive added value • Market testing value for money • Capex could be funded by Council • Financial support from Government bodies to support implementation of national strategy • Lower management costs for integrated contract • Diversion and recycling targets can be built into the contract negating the need for a separate incentive scheme 	<ul style="list-style-type: none"> • New bidders will not fully understand cost-base for facilities, and ongoing lifecycle costs, so may risk price • May result in change in risk profile on recycling market prices • Longer term contracts offer better value for money • Potential for increased gate fee and disposal costs
Option 2	<ul style="list-style-type: none"> • Maximises competition • May be able to leverage lower cost on more straightforward service elements • Allows market testing on value for money 	<ul style="list-style-type: none"> • New bidders will not fully understand cost-base for facilities, and ongoing lifecycle costs, so may risk price • Higher management costs for separate contracts • Duplicates overheads – multiple managers etc. • May result in change in risk profile on recycling market prices • In tender evaluation it can be more difficult to assess benefit of awarding multiple lots to single contractor
Option 3	<ul style="list-style-type: none"> • No payment of contractor profit margin for in-house elements 	<ul style="list-style-type: none"> • New bidders will not fully understand cost-base for facilities, and ongoing lifecycle costs, so may risk price • Need to assess value for money for in-house services • Higher management costs for separate contracts • LGPS pensions for in-house elements likely to increase wage costs and Terms & Conditions may not align to Council Single Status Handbook • Council takes risk on HWRC recycling market prices
Strategic Variation (extension)	<ul style="list-style-type: none"> • Existing contract maintenance costs remain with contractor • Retains value for money gate fee • Retains good value for money on basic contract requirements • Extension to current contract allows potential to lever in additional investment with 5 years longer payback time 	<ul style="list-style-type: none"> • Not market testing services to demonstrate value for money • Potential for changes to the current contract resulting in higher costs

4.1.2 Consents

Table 4.3 Consents assessment

	Strengths / advantages	Weaknesses / disadvantages
Option 1	<ul style="list-style-type: none"> No permit changes envisaged. No requirement to split more complex MRF/EfW elements 	<ul style="list-style-type: none"> Permit transfers needed. Need to consider liabilities for site contamination
Option 2	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Need to split site permit at WTS North for WTS & HWRC Need to consider liabilities for site contamination May need to split WTS South from MRF (combined permit)
Option 3	<ul style="list-style-type: none"> No requirement to split more complex MRF/EfW elements. 	<ul style="list-style-type: none"> Complicated to split site permit at WTS North for WTS & HWRC Council responsible for compliance on own sites Need to consider liabilities for site contamination
Strategic Variation (extension)	<ul style="list-style-type: none"> No permit changes or transfers needed 	<ul style="list-style-type: none"> None

4.1.3 Interfaces

Table 4.4 Interfaces assessment

	Strengths / advantages	Weaknesses / disadvantages
Option 1	<ul style="list-style-type: none"> One contract means no interface risk between different facilities and/or different contractors or site operators Clear assignment of overall responsibility with single interface between Council and Contractor 	<ul style="list-style-type: none"> None
Option 2	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Complicated to split sites between contractors with shared assets/amenities (see section 3.2) Multiple interfaces between contractors Increased likelihood of disputes between contractors
Option 3	<ul style="list-style-type: none"> Council has limited interfaces between itself and waste management service providers to manage 	<ul style="list-style-type: none"> Complicated to split sites with shared assets/amenities Council must manage HWRC interface with EfW and compost pad activities Council must manage some haulage arrangements to treatment/recycling/disposal
Strategic Variation (extension)	<ul style="list-style-type: none"> Present arrangements retained, with no interfaces between contractors 	<ul style="list-style-type: none"> None

4.1.4 Procurement

Table 4.5 Procurement assessment

	Strengths / advantages	Weaknesses / disadvantages
Option 1	<ul style="list-style-type: none"> • Similar service requirements to current provision, so familiar arrangements and understood by officers • Only one procurement to manage • Leverage more social value gains on large contract • Ability to Include materials/services not covered in existing contract • Re-procurement of facilities could be reconfigured more effectively with one operator • Opportunity to introduce modern contract and specification including KPIs, clear handback provisions and effective remedies 	<ul style="list-style-type: none"> • Procurement costs incurred for one major contract • Significantly limited tenderers for integrated contract which could arguably become just a few tenderers following an upcoming merger • Limited time available for procurement • Implementation of national waste strategy objectives could change what services are required and by when
Option 2	<ul style="list-style-type: none"> • Focus on smaller services (like HWRCs) not lost in wider contractual issues • Ability to Include materials/services not covered in existing contract • Opportunity to introduce modern contract and specification including KPIs, clear handback provisions and effective remedies 	<ul style="list-style-type: none"> • Higher procurement costs/complexity for up to 6 contracts • Capacity to manage concurrent procurements • Complicated TUPE assignments to Lots • Loses leverage for social value with multiple smaller value contracts
Option 3	<ul style="list-style-type: none"> • Similar service requirements to previous procurement • Simplified re-procurement process • Individual procurements can be configured to best match the life of the assets • Ability to Include materials/services not covered in existing contract • Opportunity to introduce modern contract and specification including KPIs, clear handback provisions and effective remedies 	<ul style="list-style-type: none"> • Some additional procurement costs incurred (up to 4 contracts) • Limited officer capacity to develop various detailed method statements for the operation of in-house services such as HWRCs. • As per Option 1, there are significantly limited tenderers for a semi integrated contract (MRF & EfW) which could arguably become just a few tenderers following an upcoming merger.
Strategic Variation (extension)	<ul style="list-style-type: none"> • No procurement costs (but will incur advisory costs) • Extending current contract by some period of years would tactically provide more time for a transition phase to move to a new contract. It would extend the new 	<ul style="list-style-type: none"> • Not a long-term solution - "Kicking the can down the road" • Need to consider legal scope of any variation

procurement timetable enabling the Council to use extra dialogue time to explore key commercial issues with bidders, as a means to achieving better VfM.

- Contingency option in event delays in implementing other options
- Allows time for potential clarity on national targets and collection options for Council, so can tie in with the national waste strategy.

4.1.5 Contract Management and flexibility

Table 4.6 Contract management assessment

	Strengths / advantages	Weaknesses / disadvantages
Option 1	<ul style="list-style-type: none"> • Ability to improve current arrangements via re-procurement, including adaptation for national waste strategy. • One contract is easier for Council to manage (e.g. more contracts means more monthly contractor meetings, payment checks, interface issues, etc.) • Enables improvements to management of contract with updated performance mechanisms e.g. inclusion of recycling performance targets, penalties and bonuses • Removes limitations of existing contract • Performance and contingency risks lies with contractor • Potential opportunity with an operate-only contract that contractor will take some recycling/investment risk • Opportunity to include district heating connection within contract • Single point of liaison in the event need to implement contingency arrangements 	<ul style="list-style-type: none"> • Unknown local and national waste strategy outcomes/collection system • Wraps up 'smaller' services into longer term contract required for EfW, hence reducing frequency of re-procurement to test best value / innovation. • Difficult to introduce flexibility if Council requirements change over time
Option 2	<ul style="list-style-type: none"> • Ability to improve current arrangements via re-procurement, including adaptation for national waste strategy. 	<ul style="list-style-type: none"> • Council must monitor multiple contractors and interfaces • Reporting complex due to multiple IT systems

	<ul style="list-style-type: none"> • A smaller lot allows changes more easily than if under one umbrella contract • A smaller lot with a clear and limited scope of requirements potentially allows more frequent retendering • Opportunity to include district heating within contract • Performance risk lies with contractor • Small contractors may be interested in bidding • Contingency risk lies with contractor 	<ul style="list-style-type: none"> • Additional contract management resources will need to be engaged by the Council
Option 3	<ul style="list-style-type: none"> • Ability to improve current arrangements via re-procurement, including change mechanisms to adapt to national waste strategy • Direct control over in-house operations • Flexibility to change in-house operations • More flexibility to introduce social value benefits within in-house service elements, when Council identifies opportunities. • EfW O&M could be re-procured prior to the finalisation of the national waste strategy • Limits contractual impacts of upcoming national waste strategy changes • Simple contract management allows better performance management • Opportunity to realign contract with modern waste management practice • Opportunity to include district heating within contract • Opportunity to include district heating within contract 	<ul style="list-style-type: none"> • Need internal governance for in-house elements • Council must manage offtake contacts for HWRC recyclables (or let separate contract) • Loss of direct synergies between facilities and services • Co-dependencies between elements of the contracts could lead to complex contract management • Risk of in-house facility performance lies with the Council. • Council has no direct contingency backup access to other local waste management facilities for services run in-house (but typically not required for HWRC services).
Strategic Variation (extension)	<ul style="list-style-type: none"> • Avoids risks from transition to new contractor(s). • Single point contact for implementation • Maximises current contract • Retains integrated nature of contract. 	<ul style="list-style-type: none"> • Annual extensions only (up to max 5 yrs). Need a minimum 2-year lead into any new procurement • Limited ability to improve current arrangements and adapt to national waste strategy.

- Allows time for council to concentrate on other services issues
- Allows time to prepare to bring services in-house
- Allows more time for procurements leading to potentially better outcomes

4.1.6 Asset Management and Operational Skills

Table 4.7 Asset management and Operational Skills assessment

	Strengths / advantages	Weaknesses / disadvantages
Option 1	<ul style="list-style-type: none"> • Assets will be managed/maintained by one new contractor • Synergies between facilities (shared maintenance & equipment) • Maximise remaining life expectancy of facilities -EfW has potential to operate for 25 yrs beyond 2023, subject to existing condition of assets. • Opportunity to include district heating 	<ul style="list-style-type: none"> • Council may be liable if condition of facilities not as expected / unexpected upgrades • Unknown infrastructure requirements to support new waste collection service
Option 2	<ul style="list-style-type: none"> • Maximise remaining life expectancy of facilities -EfW has potential to operate for 25 yrs beyond 2023 • Assets managed by specialist contractors • Changing contractors may encourage innovation with shorter Lot packages. 	<ul style="list-style-type: none"> • Council may be liable if condition of facilities not as expected / unexpected upgrades • Miss out on some synergies of shared maintenance & equipment) • Cycle of learning is broken when moving from one contractor to another on shorter term Lot packages
Option 3	<ul style="list-style-type: none"> • EfW/MRF (which require majority of maintenance activities) will be managed by single contractor (with shared equipment) • Council can sub-contract in-house elements • Maximises remaining life expectancy of facilities -EfW has potential to operate for 25 yrs beyond 2023, subject to existing condition of assets • Opportunity to include district heating 	<ul style="list-style-type: none"> • Council may be liable if condition of facilities not as expected / unexpected upgrades • Council takes all risk for maintenance and unexpected repairs/upgrades for in-house elements
Strategic Variation (extension)	<ul style="list-style-type: none"> • No change from present - managed by contractor (shared maintenance and equipment) 	<ul style="list-style-type: none"> • Reduced flexibility to improve/adapt current arrangements for government and local policy etc

- May be opportunity for investment in the MRF, giving potential flexibility to amend service/range of recyclables in short term.
- Age of plant/equipment might not be so attractive to market 2 years later – increased risk to incoming contractor.
- List of obsolete parts increases exponentially.

4.2 Financial Assessment of Options

A summary of the key elements of the financial model is provided in the sections below..

4.2.0 Approach to modelling

The waste flow compositions, growth projections and performance assumptions highlighted in Section 1 have been applied within the financial assessment of options. Information gathered from the condition survey process has been used to estimate lifecycle and annual maintenance costs for each type of waste facility. EfW performance is based on the 2019 Environmental Report.

In developing the financial model, Wood Group and officers have applied best estimates for specific cost categories e.g. insurance, environmental compliance, office expenses, utility & mobile plant, haulage, contract administration, sales team and general overhead. Revenues generated from material and energy sales is based on unit rates sourced from LetsRecycle, Ofgem etc.

Recent workshop discussions concluded that no appetite exists for Option 2 (see section 4.4 below). Therefore it has not been financially modelled.

4.2.1 Financial Assessment of Options

The Financial Model and Key Assumptions are summarised in Appendix C.

Examples of assumptions on which the service cost model is based, include:

- The contract is extended 2 years until 31st March 2025. A new contract is procured for a 10 year term with an option for an additional 5 years (potential end date 31st March 2040)
- Annual inflation is 1.5%
- Landfill diversion rates of circa 95% are maintained throughout the contract period based on the operational record from 2019-20 performance
- Sensitivities are considered for lower diversion rates.
- EfW availability is high, with only 3-4wks of planned downtime per annum.
- NNDR is treated as a pass through. The model applies actual costs.
- Waste growth is 0.5% p.a in accordance with predicted housing growth from Local Plan
- Recycling market prices are stable over the contract period

Recycling market pricing remains an unquantified risk, as market process for recyclates have been volatile over recent years, and further uncertainty from changes to post-Covid markets and the planned introduction of further influential UK policies on recyclates, such as DRS and minimum recycled plastic content on new products

4.2.2 Financial assessment Option 1

Option 1 assumes the Council reprocures all existing services within a single integrated contract. The timings of future changes to recycling services, as highlighted in 1.2.2, are built into the model. However, the cost of any new investment to accommodate these changes e.g. MRF, EfW, glass, HWRC, food, are not accounted for in the financial model. A future decision is required on whether the Council, or contractor, should finance these capital works.

The service cost model estimates the contractor's costs in delivering the waste treatment and disposal contract.

4.2.3 Financial assessment Option 3

Bringing the service in-house will increase internal management overheads and require a new sales team with the necessary skills to identify, let, and administer material offtake contracts. To mitigate some of this, the Council could explore inter-authority arrangements whereby nearby experienced local authorities can deliver some of these services on the Council's behalf. This could include management and administration of material offtake.

The number of materials collected at HWRC could equate to 40 items. Each material will require a contract in place with a re-processor setting out the duty of care associated with (end-of) waste transactions. Resources will also be required to carry out admin duties associated with multiple dispatches of materials, coordination of empty containers, and processing invoice payments/receipts.

Actual requirements will be dependent on the marketing strategy and length of off-take contracts. More resources being required if each batch of a material is pushed to market for the best daily individual price rather than obtaining flatter rates through a longer-term contract with a re-processor.

The expectation is that removing the HWRC service from the main contract will lower the contractor's general overheads.

The model assumes that the Council faces diseconomies of scale compared to other waste contractors operating a HWRC service in that it is inexperienced in managing the activity, the relatively small scale of the facilities, and the challenge in competing with the private sector to attract a skilled workforce e.g. sales team.

In addition to the above, a one-off capital cost is required to split the WTS and HWRC at Weaving Lane e.g. fencing and fuelling depot.

If the Council takes on responsibility for managing the remaining two closed landfill sites i.e. Hollins Hey and Honley Wood Northside, it is assumed this can be achieved at overall nil cost. Direct costs to the Council would increase but with a commensurate saving through the contractor payment mechanism.

4.2.4 Summary

Option 3 delivers the same recycling and diversion rates as Option 1 but is more expensive.

A further detailed assessment needs to be undertaken to fully understand the benefits of in-house or a contracted-out operation within a separate HWRC contract. However, the preliminary financial assessment indicates that this is a more costly option than letting a single integrated contract.

4.3 Selection of the Preferred Option

At the various workshops the configuration and risks associated with each option were discussed. A consensus emerged which coalesced around Option 3 as the preferred option. This option continues to

have the ability to meet the selection criteria identified at the SBC stage (see Appendix A, section 3.6), namely:

- Contribute to the climate change emergency agenda and reduce carbon emissions to meet targets.
- Achieve value for money in modernising facilities to ensure the quality of collected products achieve the best market value and financial benefit of EfW energy output is maximised.
- Provide technical solutions for the MRF that are reliable and use proven technology to process new waste streams and are flexible to meet future recycling landfill diversion targets.
- Support local jobs and job growth, providing opportunities for local third sector recycling businesses with good working conditions and living wage.
- Increase Social Value by reaching out to communities through school visits, apprenticeships, training, inclusion and diversity - different cultural groups and sub-groups, low income.
- Maximise use of the visitor centre to support community education on waste hierarchy, sustainability, waste avoidance and minimisation and influence culture / behaviour change.
- Improve customer service at HWRC sites with a customer focused system that is easy for residents to use.
- Prioritise reuse through education and reuse shops at HWRC sites, partnered with community groups to support community needs and low-income families.
- Facilitate waste minimisation to meet recycling and landfill targets.
- Contribute positively to the local circular economy. For example, helping local energy-intensive industries or extracting useful materials to be used locally.
- Provide opportunities to increase recycling of our waste.
- Affordability and deliverability.

Key reasons the other 2 options were not preferred were:

Option 1 (integrated)

- Performs poorly on the "contract management and flexibility" criteria for the HWRC and Landfill Monitoring service.
- There would be a reduced frequency of re-procurement to test best value on HWRC/landfill elements
- Contractors can lose focus on the smaller HWRC service elements compared to the larger treatment facilities (EfW/MRF), and it is challenging to incentivise them in a proportionate manner for this more public facing service.
- Whilst it is cheaper to integrate the HWRC service in Option 1, having it as a separate service in option 3 allows flexibility in the ability to modify service requirements as they change over time.
- The additional cost within option 3 is largely enhanced pension costs if the service were run in-house (an outsourcing option could still be used), which is a positive societal contribution compared to potentially lower private sector pension costs.

Option 2 (Lots)

- Some of the separate packages may be too small for bidder interest.
- Higher procurement costs/complexity for up to 6 contracts.
- Council has to procure and monitor multiple contractors and interfaces.
- The Council would have to act as mediator for shared-site issues between contractors.

A strategic extension to the current contract for a short period of time was considered desirable, as the assessment above notes a number of advantages, including time for council to;

- Resolve current limitations within the current contract with respect to handover of assets and contract expiry
- Concentrate on other concurrent service changes
- Explore the feasibility of bringing HWRC services in-house

There are a number of issues and risks to consider for Option 3, as covered in the next section of this report.

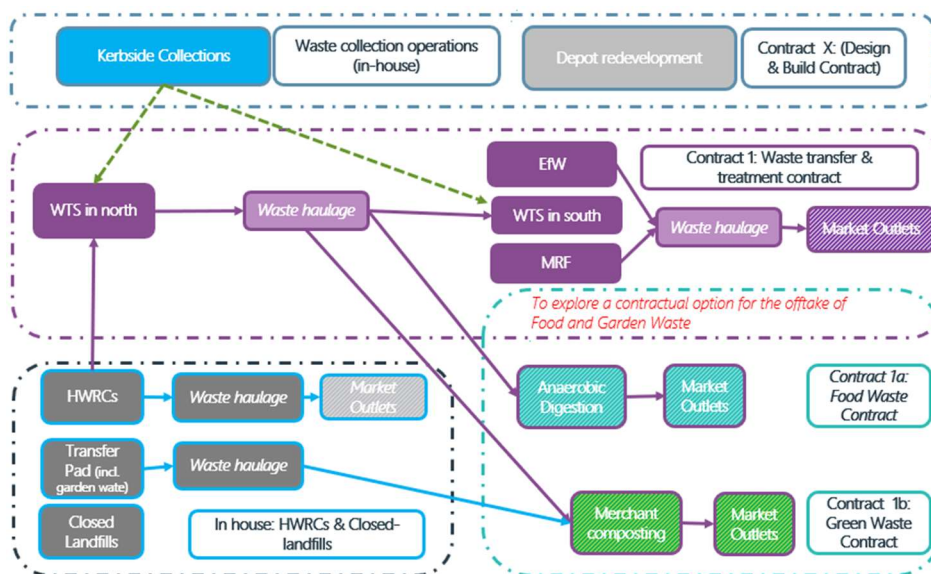
5. Preferred Option

This chapter sets out the considerations associated with the delivery of the Preferred Option.

5.0 Preferred Option interfaces

The Preferred Option (option 3), would have a number of new interfaces between different contracts, associated with the movement of waste from one service provider to another. A service map is set out in Figure 5.1.

Figure 5.1 Preferred Option service map



Amongst the key interfaces between service areas that will require more detailed consideration in future contract drafting and preparation are:

- Waste collection service delivery of waste to the WTSs. It is anticipated that this will be similar to the current arrangements, but with facility modifications to accommodate food waste.
- The Council may have to co-ordinate the loading of garden waste at the Transfer Pad into haulage vehicles. The best party to manage this haulage activity requires more detailed consideration. It is anticipated that the Contractor will manage delivery patterns/timings to third party composting outlets. The location of any offtake and opportunities for direct delivery will not be known until the contract is procured.
- Weaving Lane WTS interface with the separate HWRC service (whether outsourced or in-house);
 - Potential shared amenities.
 - Potential unhindered access of HWRC operator through WTS yard to collect HWRC containers (unless and until a new dedicated access is provided), subject to agreed transport plan

- Allowing movement and emptying of any HWRC waste containers into WTS (for example residual waste), with WTS contractor required to break down bulky items to render them suitable for energy recovery
- property/lease arrangements of different parties in relation to rights of occupation, access etc.
- potential contamination risk of recycled materials with different parties on the site and determining which party is responsible.
- The waste treatment contractor to provide contractual options for the separate offtake and treatment of food and garden waste through third parties. The waste treatment contractor will control these interfaces. If Council directs waste to a new arrangement, then they will take responsibility for the co-ordination of delivery patterns/timings between the Contractor and third party delivering or removing garden waste from the Transfer Pad. The Contractor would be required to manage movements from the northern Weaving Lane WTS.
- Waste treatment contractor to provide and manage market outlets for recycling etc.

The interfaces for other Service elements are:

- Waste collection service delivery of garden waste to Transfer Pad. This is anticipated to be as per the current arrangements, but the Council will need to manage interface with the HWRC operator, who will also be managing the pad. If the HWRC service is operated in-house this would be a purely internal interface so outside of the treatment contract. If there is a change in national policy requiring free collection, then the storage area may need revisiting to accommodate extra arisings.
- The Council will be required to arrange haulage for HWRC materials and procure and manage interfaces with re-processing and recycling outlets.

5.1 Technical considerations

Technical considerations that need to be managed as part of a future procurement process for the new Transfer and Treatment Contract include:

- Interfaces between separate service elements (as outlined above)
- Works required for splitting Weaving Lane HWRC, timing before or after contract award, and interim operating conditions if shared access.
- Permit transfers and application for new separate permit at Weaving Lane HWRC
- Contractual approach to upgrades of WTS required for reception and management of separate food waste and mixed plastics.
- Need to consider and assign historic and future liabilities for site contamination
- New bidders will not fully understand cost-base for facilities, and ongoing lifecycle costs, so may risk price
- Developing the best approach to build in scope for future flexibility in order to accommodate changes related to future change in law or changes to council services over the next 10-15 years.

With regards to the separate HWRC service, a number of considerations are noted within the assessment in section 4.2, and summarised below;

- Limited time available for service transition (either re-procure or in-source)
- Need to further assess value for money for in-house or contracted out services
- Limited officer capacity to develop Service Delivery Plans for in-house services
- The Council will be required to take risk on HWRC recycling market prices
- Need to develop internal governance and procedures for in-house elements
- The Council will have to secure and manage offtake contacts for HWRC recyclables (or let a separate contract)
- LGPS pensions for in-house elements likely to increase council payroll costs
- The Council will be responsible for permit and H&S compliance on their own sites
- The Council will have to directly manage some haulage arrangements associated with transfers between treatment/recycling/disposal facilities
- Risk of in-house facility performance lies with the Council.
- The Council has no direct contingency backup access to other local waste management facilities for services run in-house (but this may not be required for HWRC services if temporary service disruption is acceptable).
- The Council may be liable if the condition of facilities not as expected or unexpected repairs or upgrades are required
- The Council takes all risk for maintenance and unexpected repairs and upgrades for any in-house elements.
- Insurance and fire protection risk

5.1.0 Contract duration

The total EfW lifespan cannot be accurately predicted, but experience at other UK facilities indicates 40 to 50 years should be achievable. This would be around 25 years from 2023, or until around year 2048.

The SBC proposed that the contract has a 10 year duration with the option for up to a further 5 year extension. Key factors to consider in determining the length are;

- The extent of refurbishment required and which party is expected to fund it
- How material price risk will be shared between the parties and the duration of risk which contractor is expected to take
- The expected lifespan of any new equipment/vehicles used in the service, and seeking to avoid expensive replacements toward the end of the contract
- What sort of change protocol will be included in the contract targets and payment mechanism to accommodate and changes that extended producer responsibility, deposit return scheme and consistent collections

- The level of investment made by bidders in tendering, and their reluctance to regularly bid and potentially lose new contracts

The soft market testing requested industry views on the duration, which concurred with a range between 10 to 15 years. Focussing on the companies considered most likely to tender for EfW operations, and/or a semi-integrated services the responses were:

- *If the Authority wants the new contractor to fund and deliver any refurbishment works during the contract term, we would expect at least a 15 year contract term to allow sufficient time to recoup any investment.*
- *Minimum 15 year term with an option to extend beyond this. This allows for capital investment (e.g. refurbishment costs) to be written down over a reasonable period of time.*
- *Minimum term 10 years.*
- *Preference is long term contracts with an extension by mutual agreement. For the EfW, 10 + 5 years may be appropriate based on the residual life of the facility.*

A factor flagged by X respondents is the level of capital investment needed for upgrades or maintenance. This has been only broadly estimated in this OBC due to the time that has passed since the last condition survey in 2017. A condition survey is currently in progress and results will be available to support development of the pre-procurement phase. If the investment needed is significant then 10 years may be too short to repay without unaffordable gate fees. Alternatively, the Council could choose to use prudential borrowing funding for major upgrade refurbishment and this could be written into the next contract.

Whilst a longer term 15 year contract seems more attractive in order to lower the annual gate fee, the remaining life of the EfW facility also needs to be considered. A longer 15 year contract would leave around a remaining 10 year life for the EfW facility, a period in which it has potential to be less reliable as it ages. This may reduce bidder interest, and if there were no market interest in a new contract, then there is a risk the facility would need to be taken over by the Authority, or closed.

Another factor is the level of national changes in waste management that are expected within the next 10 years, until around year 2030. Such changes are likely to result in some contractual Change Events with the incumbent bidder, but with no ability to open market test the price for accommodating such changes. The opportunity to let a new contract sometime after 2030 would provide the Council with the opportunity to seek competitive quotes for a revised service. By that time the remaining lifespan of the EfW facility could also be assessed, and an informed choice made on whether to extend the 10 year period, or let a new contract. For this reason a new 10 year contract, with options for yearly extensions up to 5 year is still recommended.

5.1.1 Flexibility of facilities

The preferred option has considerable flexibility through the EFW and the MRF to cope with fluctuations in both material tonnages and composition, and the range of the HWRC network allows good access to the general public. The positioning of the TLS allows onward transport of materials to the required destinations, which would allow any contractor flexibility to place contracts for a variety of recovery/recycling processes.

It is understood that the EFW has already been upgraded to meet the tighter emissions limits proposed within the current BAT/Bref note.

Two foreseeable issues which would need to be considered through the procurement process are the possibility of an energy from waste tax, and any future requirements to retrofit Carbon Capture and Storage (CCS) on the EfW. There are no specific dates for either of these to come forwards, nor any details of what this may require, including specification, timescales for implementation, derogations and exceptions.

5.2 Risk management

The Council retains a live Project Risk Register in a RAID log (Risks, Assumptions, Issues, and Dependencies). This is periodically updated by officers, managed by the central Transformational Team, and regularly reviewed at the Waste Transformation Board.

A risk workshop was held on 14th June 2021 to discuss the current risks on the RAID log and identify any refinements or additions in relation to the emerging Preferred Option 3. Breakout groups were held on a number of themes as shown in Table 4.7.

Table 4.7 Themes & Categories for Risk analysis

Risk Category	Considerations
1. Programme Management	Internal delivery of waste transformation programme To include insourcing HWRC
2. Resources & Waste Strategy	National policy/strategy
3. Current Contract – Handback Phase	Expiry of current contract in April 2023
4. Waste Contract Procurement	Procurement activity for new contract
5. Infrastructure	Technical issues related to each waste asset – HWRCs, EfW, MRF, WTS, AD
6. Commercial	Contractual risk allocations for new contract - to be developed later with legal support (<i>not addressed in workshop</i>)

It is to be noted that the future procurement will itself require a series of detailed Contract Risk Registers and a risk matrix for the allocation of risk within a contract and separately developed around the delivery of each discreet work package or lot. These will focus on the allocation of contractual risks between the Council and Contractor(s). They will consider what happens in various circumstances, such as

- Physical condition and “Fitness for purpose” of operational plant and equipment transferred over, timebound limits of liability, Latent defects, etc.
- Change of law and Legislative or regulatory changes
- Changes in the volume of demand for services
- Changes in waste characteristics, including volume, CV and composition
- Electricity generation and price risk
- EfW performance, maintenance and lifecycle risk

- Protester action
- Industrial action
- Default by contractor or a sub-contractor
- changes in predicted recycle or energy income
- Financial and commercial risk profile changes (opex, inflation, insurance, interest, taxation)
- Force Majeure
- “Compensation Events”
- “Relief Events”
- Poor or Non-performance of services
- Termination due to default
- and many others.

This matrix and associated register will then be used to inform detailed drafting of the Contract conditions and can form the basis for early dialogue with bidders on how various risk are managed.

It is worth noting that many contract risks that are typical to major waste infrastructure projects have already been addressed or managed in Kirklees over the life of the existing contract. Risks that have been successfully managed under the current contract include;

- Planning permissions for new facilities
- Environmental permits
- Funding for new assets
- Design of complex waste treatment facilities
- Construction including management of ground conditions/contamination
- Latent defects after construction
- Ongoing operations and maintenance.

Some of these will carry through into the new contract, as well as those previously mentioned. Of particular interest will be those risks associated with the transfer of assets to an incoming contractor and the level of performance required under any new arrangements.

5.3 Market Competition

The project team has considered the SMT responses received by the Council, and collective market intelligence from team members engaged on other similar projects.

The Preferred Option would mean that waste contractors with experience in the operation and maintenance of EfW, MRF and WTS facilities and associated waste management services would be needed. Analysis would suggest that there are around X to X companies who could be potential bidders, but they will take a view on competing priorities and project risks when Kirklees goes to procurement, and X or more could choose not to bid.

The SMT exercise has suggested that there may be a larger potential bidder field for an EfW-only contract. However, the feasibility of being able to offer such an opportunity remains uncertain and would require detailed investigation of whether the MRF element could indeed be split out due to the physical and operational characteristics of the current site arrangement, and difficulties in sourcing site drawings and data. The deed of variation to the current contract facilitates this if desired, and also allow further market engagement with specialist providers who did not respond to the original SMT.

There may also be potential for various companies to bid together to provide a semi-integrated service (EfW + MRF + WTS), but no respondents flagged this opportunity in the SMT, so we do not have sight of their appetite for such strategic arrangements.

5.4 Environmental protection

5.4.0 Waste treatment

The proposed solution seeks to make best use of the exiting assets that have been developed and used in the delivery of the existing services for over twenty years. All of the identified options use a similar method of service delivery and only vary in their procurement and contract delivery structures. As such there are no material differences in the environmental impacts between the alternative structures. It was therefore agreed that comparative environmental performance was of limited value as a means of assessment between options and not a viable means of comparison. It was also noted that the Council have already undertaken Strategic Environmental Assessment as part of their development of the Strategic Outline Business Case and waste strategy that set the terms of reference for this OBC.

The technical solution seeks to deliver a sustainable waste management solution through a combination of reuse, recycling and recovery of collected municipal waste, and thus limits disposal to landfill to treated residues and fractions that cannot be treated by other means. The EfW facility emissions are understood to be compliant with the current requirements of the Environment Agency albeit that regulations may be periodically reviewed by government and other areas of improvement introduced around carbon capture and storage.

Carbon efficiency through the recovery of energy from the combustion of waste is continued and will be further enhanced through measures now included within the council's waste management strategy. These include the recovery of additional kerbside collected plastics for recycling in preference to combustion, the recovery of energy through the treatment of food waste through anaerobic digestion, which is potentially more carbon efficient, and further measures to increase the collection levels for recyclable materials at the kerbside.

5.4.1 Transport

Bulk transportation of materials is currently reliant upon diesel fuelled HGV vehicles. Although commercial scale operations are in their infancy, it is recommended that bidding contractors should be invited to explore the potential for powering their fleet with alternative fuels, within their tender submissions.

5.4.2 Heat network

Heat networks offer a way to make use of local 'wasted' energy and heat sources in a resilient and low carbon way.

Under a separate project the Council is developing the business case for a heat network which aims to distribute low-carbon heat and electricity from the Energy-from-Waste facility to premises across the town centre.

This will provide competitive advantages to the council, partners, businesses, and other users located in the town centre by cutting energy costs by an anticipated 10-15% and help maximise the added benefits to the district derived from how we process our waste. The heat network would also reduce carbon emissions associated with energy generation, increase energy security, and create construction and maintenance jobs. Heat offtake will also further increase the efficiency of the thermal conversion process.

This network would be outside the scope of this procurement. However, there are technical considerations in retrofitting the current EfW which would need to be addressed in the future procurement, including construction and installation of network connection infrastructure and any short-term disruption from site works to install the pipework.

There are also commercial and legal implications of connecting a heat network to the EfW, including the impact on electricity generation and heat demand risk.

5.5 Capital Impact

5.5.0 EfW Operation

5.5.1 MRF Modifications for sorting of Cartons and Plastic Pots Tubs and Trays

The MRF will require additional resources to support changes to the Environment Bill which will require separation of more material types in the MRF such as cartons and plastic pots, tubs and trays. For example, an initial capital allowance is likely to be required to allow the reconfiguration of the “phase 1” picking cabin with re-ordered metals capture, then a NIR scanner to target additional plastics. A full design for this modification will be needed to confirm that this option is deliverable. This cost is not included within the financial modelling and will be managed in a separate budget.

5.5.2 Glass Collection

The proposal is to change from glass largely being collected through the network of bring sites to being a separated kerbside collection of glass bottles and containers. This will incur a capital cost to provide households with additional glass recycling containers, and additional capital for the associated collection vehicles. This will be managed in a separate budget.

5.5.3 Food Waste Collection

The collection of separate food waste is a new service. This will require additional household containers and additional capital for the collection vehicles. This will be managed in a separate budget.

Associated amendments to waste reception infrastructure would be required, so a provisional capital allowance has been allocated for re-configured tipping bays at the two Waste Transfer Stations. Further investigation is required into containment, capacity and permitting implications.

5.5.4 HWRC Upgrades

The Council has an ambition for improved recycling performance at the HWRC sites. It is expected that to improve the recycling performance the HWRCs will require a programme of refurbishment/ upgrade, covering signage, layout, organisation of containers and similar arrangements. The overall aim would be to improve the waste segregation behaviours of the public using the sites. This will be subject to further consideration and design. This cost is not included within the financial modelling and will be managed in a separate budget.

5.6 Financial Issues

5.7 Procurement Approach

5.7.0 Procurement Options

The Public Contract Regulations 2015 implemented the EU Public Sector Procurement Directive 2014/24/EU. The different procurement procedures that can be used for the award of contracts are:

- The Open Procedure;
- The Restricted Procedure;
- Competitive Dialogue;
- Competitive Procedure with Negotiation; and
- Negotiated Procedure (without prior publication).

The adoption and use of the Open and Restricted procedures are generally reserved for relatively simple procurement exercises where the works and services being procured can be specified in detail or the services are being re-procured without substantial change or any need for innovation. The procedure does not allow for any negotiation or dialogue with bidders during the course of the procurement, with engagement being limited to items of clarification only. As a consequence, this procedure offers a direct response to the tender enquiry documentation with virtually no flexibility or opportunity to optimise specifications, shape bidder solutions, adjust risk allocation or modify price in relation to affordability. It is therefore not considered appropriate for the waste services which Kirklees Council will need to procure, as dialogue and negotiation will likely be required on a wide range of issues and risks (as noted in section 5.1).

The Competitive Dialogue and Competitive Procedure with Negotiation are procedures that are generally employed in circumstances where the contracting authority is unable or does not wish to fully specify its requirements and/or where there is risk and uncertainty on how the project may be delivered and/or financed (for instance bidders may have different ways of achieving a specified output depending on their risk appetite). Given the characteristic of the services and lots that will be included within the procurement the project team consider these options the most appropriate for the procurement of waste services required by Kirklees and are explored further below. The Council is satisfied that the requirements of regulation 26(4) of the PCR 2015 will be met by the new procurement, meaning it may use either Competitive Dialogue or Competitive Procedure with Negotiation.

Although once a more commonly used approach, the Negotiated Procedure is now only used in very limited circumstances, for example where the initial approach to a procurement has failed. This is primarily because the approach tended to result in lengthy and protracted negotiations late in the process, once a single bidder had been selected. In part due to the maturity and understanding of the Council's requirements it is not deemed appropriate for the Council's needs and is therefore not considered further in the sub-sections below.

5.7.1 Competitive Dialogue Procedure

The competitive dialogue (CD) procedure is reserved for relatively complex projects, recognising a need for dialogue with bidders to develop the final solution that meets the authority's procurement objectives and affordability requirements.

Competitive dialogue processes usually make use of an enhanced SQ stage to identify bidders with an appropriate level of financial standing and track record/experience in delivering projects of a similar nature,

whilst also limiting the number of bidders that will be invited to participate in dialogue (ITPD) to manageable and pragmatic level.

The CD process is conventionally conducted in a series of stages that allow a competitive process and bidder solutions to evolve up to the 'final tender' stage (ideally with at least 2 bidders remaining in the process to retain competitive tension). Deselection can be exercised at each stage (outline tenders, detailed solutions) which is commensurate with increasingly detailed solutions being submitted for evaluation. There is no limit to the number of dialogue events that are held during each stage although there is always a need to be fair and equitable to all bidders. When a contracting authority is satisfied that it has solutions that meet its requirements it formally declares the dialogue closed and invites those tenderers remaining to submit final tenders.

Competitive dialogue allows solutions, pricing and risk allocation to evolve through dialogue, although this can take time. As a consequence, the service specification will typically be more output orientated in nature. Competitive dialogue is best suited to situations where the contracting authority, at the outset of the tender process, cannot objectively define the technical means of satisfying its needs/objectives, wishes to remain technologically neutral or open to innovation at the outset and/or cannot specify the detailed legal or financial make-up of the project.

A key feature of the CD process is that it allows the contracting authority to drive up the technical content and quality of proposals and agree risk transfer issues during the dialogue phase so that they all meet a high or acceptable standard prior to close of dialogue. As a consequence, the bidder submitting the most economically advantageous tender should be awarded the contract.

Other features of CD are that it provides for greater flexibility (if required) at various stages of the procurement compared to CPN, e.g.

- negotiations under CD can commence immediately after the selection/prequalification stage, whereas under CPN no negotiations are permitted at this point
- after the submission of final tenders, the received bids can be clarified, specified and optimised at the request of the contracting authority but changes that can be accommodated at this point are very limited
- Once a preferred bidder has been selected from the evaluation of the bids, there is a further opportunity (though no requirement) to negotiate with the preferred bidder to confirm financial commitments or other terms contained in the tender in order to finalise the terms of the contract provided this does not materially modify essential aspects of the tender or the procurement requirements and risks distorting competition or causing discrimination

5.7.2 Competitive Procedure with Negotiation

The competitive procedure with negotiation (CPN) is a relatively new procurement vehicle however is becoming more prevalent in the procurement of Environmental Services. CPN is essentially a hybrid of the restricted procedure and competitive dialogue procedures designed to provide a more efficient alternative to competitive dialogue that limits the scope for negotiation, whilst giving more flexibility than the restricted procedure. A key feature of CPN is the ability to award the contract on the basis of initial tenders received without having to invoke and carry out a subsequent negotiation phase to improve the tenders. This means the procedure in theory could complete early after evaluating the initial tenders, thereby shortening the process for bidders and the procuring authority alike.

The CPN procedure, similar to the restricted procedure, can make use of a pre-qualification process (SQ) to identify bidders with an appropriate level of financial standing and track record/experience in delivering projects of a similar nature, whilst also limiting the number of bidders that will be invited to negotiate.

The contracting authority must have assembled a detailed input specification and all necessary information for supply to bidders at the point of tender that describe and establish the minimum requirements for the goods or services. These minimum requirements cannot be subject to negotiation, and this effectively limits the scope of the negotiation phase.

Bidders are invited to submit initial tenders that as a minimum fulfil the minimum requirements and these initial proposals may then be discussed and revised during negotiations. In CPN initial tenders are offered by bidders without a negotiation phase and those initial tenders are used as the basis of negotiations in a subsequent negotiation phase under this procedure (if required). The contracting authority is under no obligation to engage in negotiation and may award the tender following submission and evaluation at any stage of the process (initial, revised or final tender).

Negotiation may cover several cycles and involve re-issue of the procurement documentation and subsequent receipt of revised bid submissions. However, the contracting authority must be clear in the procurement documentation as to how many stages of negotiation may be undertaken. Following the closure of the negotiations, bidders are required to submit their final tender for evaluation. The CPN procedure does not provide for any negotiation after final tenders have been received.

5.7.3 Recommended procurement route

Experience within the waste sector would suggest that both the CD and CPN procurement procedures are extensively used and the process understood by potential participants in the tender process. These procurement routes will allow for solutions to be developed in discussion with contractors, ensuring that value for money is achieved and that Council's objectives are met within medium to long term contracts awarded. When making the choice of procedure decision, the Council should have formed a view on the likelihood of being able to award the Contract after the initial tender stage. If negotiation is required, then one of the main advantages of CPN is unlikely to be relevant.

The indicative procurement timeframes are set out in section 6.0. Given the work required to submit a tender, the initial period for tender returns under the CPN or CD would be in the order of twelve weeks; tenderers will require time to establish the basis of their solution (including inspection of the transferring facilities, and identifying off-takers and re-use partners), negotiate outline contractual terms so as to prepare prices, and write their outline Service Delivery Plans (SDPs).

Under the CPN there is no opportunity to discuss with tenderers their solution during this period. If (for example) bidders identify an issue early on in the process that they cannot accept (e.g. the risk profile on a certain issue), it will have a significant impact on their overall bid (e.g. price) and this inability under CPN to negotiate during the initial tender stage may not be the most effective use of time where the procurement timetable is constrained. It is only after submission that the negotiation begins. This can limit the ability of tenderers to fully understand the Council's views on solutions or approaches.

It would also appear prudent that consideration be given to the use of the **Competitive Dialogue** procedure within the forthcoming procurement. This will allow dialogue to be conducted prior to the initial tender such that tenders do not embark on sacrificial work or develop solutions that are not reflective of the Councils' wishes or needs. It is to be noted that although there can be a perception that CD can become unwieldy and protracted, both CD and CPN allow for a similar level of flexibility in how the dialogue/negotiation phase is structured/conducted. Indeed, CD can be used to deliver a "targeted" dialogue/negotiation phase with a limited list of negotiation/dialogue topics.

6. Contract Management

6.0 Timetable/Programme

The OBC assumes that the procurement of new suppliers for the delivery of waste services for Kirklees is required to allow the award of new contract(s) prior to the expiry of the existing contract, with commencement aligned to be immediately after expiry of the existing arrangements.

The original contract was scheduled to conclude on 31 March 2023. Interim arrangements included a short contract extension of 2 years, taking the contract end date to 31 March 2025. An incumbent contractor would therefore be expected to take control of sites from 1st April 2025.

The timetable assumes that the procurement will commence in autumn 2022, allowing 9 months for a pre-procurement phase. An 18 month period is proposed for the procurement process leading up to identification of a preferred bidder. Approximately 3 months is allocated to contract award, and 6 months for a mobilisation and TUPE process. Including contingency time, this timetable allows over 3 years from OBC approval in December 2021 to commencement of new services on 1st April 2025.

The successful progression into the procurement phase is predicated upon a number of factors including:

- Council approving OBC in December 2021.
- The Council has delegated the appropriate powers to allow the procurement to run, which would need to include an interim review or scrutiny before presentation for final endorsement or approval prior to contract award.
- By Autumn 2022, the Council is able to mobilise a procurement team, develop their tender strategy and data room, draft the principal documentation including, but not limited to, instructions to bidders, the proposed agreement and conditions of contract, detailed specifications, payment mechanism and performance management system, etc.
- In 2022, the Council taking clear and rapid decisions on risk sharing principles for the new contract, possibly without full or definitive information, to facilitate document drafting.
- Targeted dialogue, with bidders not raising issues which extend the number of meeting cycles required.
- A high quality of bid submissions which do not require significant dialogue or refinements following evaluation feedback.

Figure 6.1 Preferred Option service map

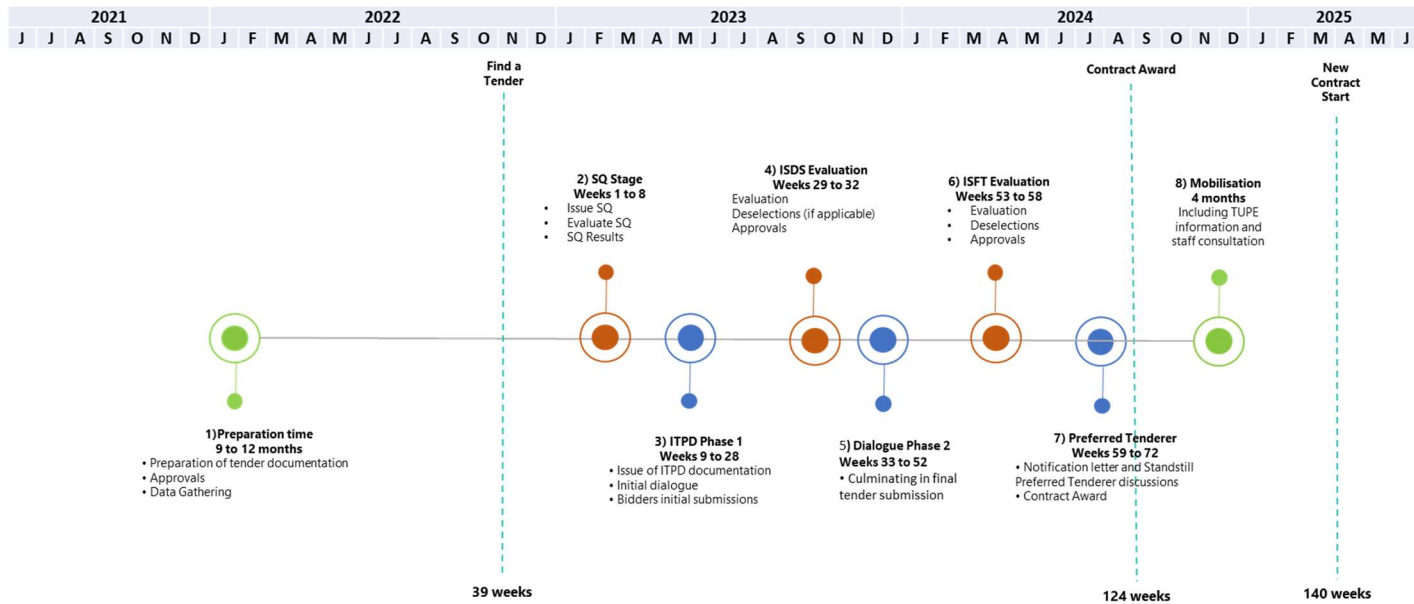


Table 6.1 Detailed Indicative Timetable

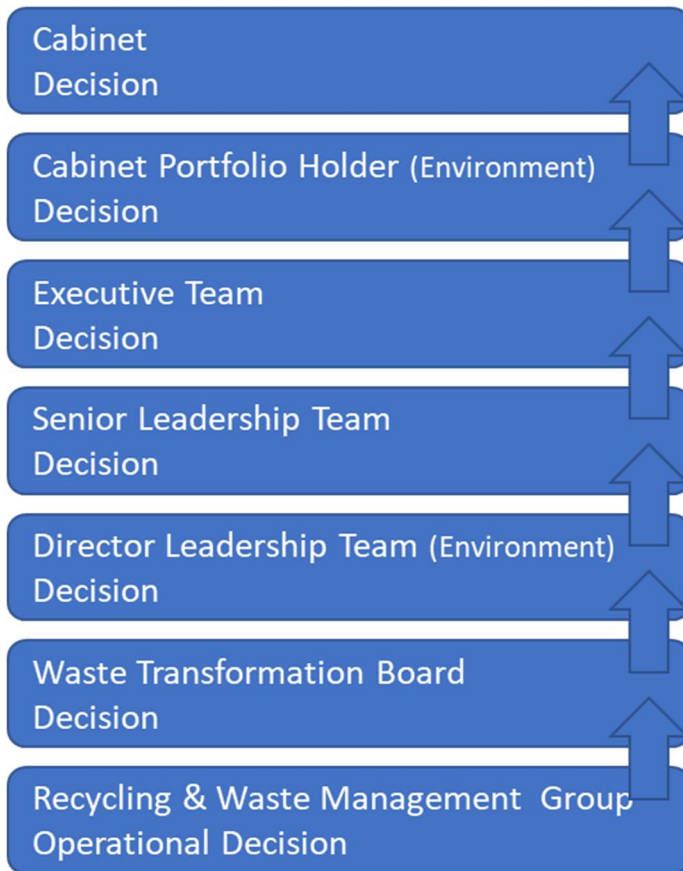
Activity	Commence	Complete
SQ Stage		
Deadline for production of required documentation	03/01/22	09/12/22
Prepare SQ & Descriptive documentation (SQ Stage)	12/12/22	27/01/23
Prepare FTS Contract Notice Notification	30/01/23	17/02/23
Publish Contract Notice on FTS		20/02/23
Publish SQ documentation		20/02/23
Tenderers prepare responses (30 days)	20/02/23	22/03/23
Receive SQ response		22/03/23
SQ evaluation & Approvals	22/03/23	26/04/23
Notify bidders		27/04/23
Dialogue Stage		
Issue ITPD and Interim Tender (ITPD and ISIT stage)		27/04/23
Dialogue Meetings Rounds 1	28/04/23	23/06/23 plus 4 weeks
Tenderers development of interim tender	28/04/23	21/07/23 plus 4 weeks
Close Dialogue		14/07/23
Issue ISIT		14/07/23
Interim Tender returned		21/07/23
IT clarifications & evaluation	24/07/23	28/08/23
Internal governance	21/08/23	28/08/23
De-selection/ notification		29/08/23
ISIT Feedback	30/08/23	06/09/23
Dialogue Meetings Round 2	07/09/23	26/01/24

Development of final solutions	07/09/23	16/02/24
Close Dialogue		02/02/24
Invitation to submit Final tender		02/03/24
ISIT Returned		16/02/24
Final Tender clarifications and evaluation (Final Tender stage)	19/02/24	11/03/24
Moderation	11/03/24	18/03/24
Issue recommendation report	18/03/24	25/03/24
Award Stage		
Notify results to tenderers		26/03/24
Standstill Period	27/03/24	10/04/24
Preferred Tenderer	11/04/24	11/07/24 up to November
Contract Award		12/07/24
Mobilisation	19/07/24	
Contract Start		April 2025

6.1 Governance Structures

The governance structure for Kirklees Council is typical of most single tier local authorities with collection and disposal responsibilities. As a result of its impact on all wards and the high value of waste disposal services, the Outline Business Case requires approval from Cabinet. The approvals pathway for the OBC from working group to Cabinet is shown in the figure below. Regular 6-weekly progress updates are provided at Management Group level, with key decisions pushed upwards toward Cabinet. Approval of the OBC requires a Cabinet decision before commencement of a procurement process. Cabinet is also expected to take a decision on appointment of preferred bidder before any contract documentation is signed.

Figure 6.2 Project governance structure



Historically, PFI waste projects were subject to Gateway Reviews in advance of all key milestones. This re-procurement exercise is not supported by PFI credits, however, it continues to benefit from limited central government support.

Some external assurance continues to be provided by Local Partnerships as part of the current PFI contract. Other local government associations are also tracking progress through the Department for Environment, Food & Rural Affairs (DEFRA), Waste Infrastructure Delivery Programme (WIDP), and the Infrastructure Projects Authority (IPA). These central government organisations have a particular interest in contacts coming to their natural expiry and the preparedness of local authorities for re-procurement and have completed a contract management review and expiry health check review specifically for Kirklees Council.

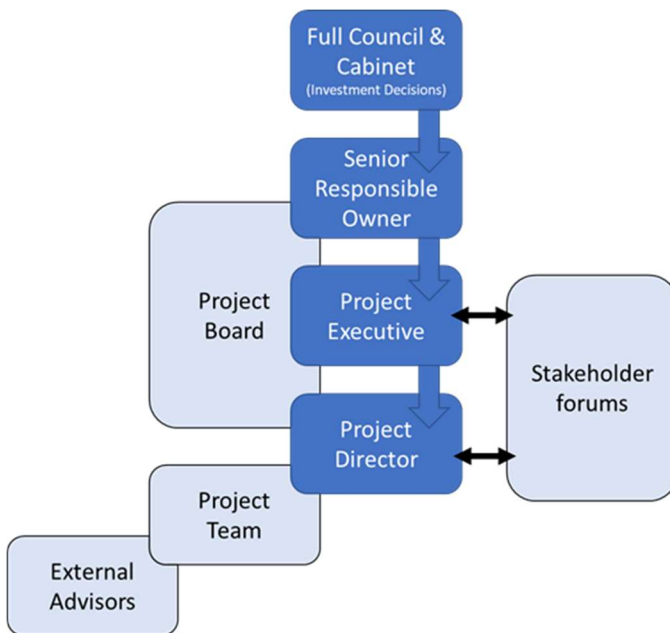
In November/December 2020 DEFRA completed a contract management review and the Infrastructure Projects Authority (IPA) completed a health check on contract expiry and re-procurement. The recommendations report from both these exercises have fed into the details of this OBC.

6.2 Management Structures

6.2.0 Council Oversight and Governance

Internal Council structures are set out in Figure 6.3. Technical subject matter expertise will be provided within the project and additional assurance is to be provided by the Waste Transformation Board & the Council's transformation team.

Figure 6.2 Project management structure



6.2.1 External and internal Support

The contract expiry process will need to be managed alongside daily operations, putting pressure on internal resources as contract expiry will be resource intensive and requires specialist skills and knowledge. Consultant advisors will provide specialist legal, financial and technical waste industry expertise to assist in the procurement process.

Support from internal technical, legal & financial services will also be required and throughout the procurement process consultants will work alongside key in-house officers to ensure that they fully understand the contractual documentation that is developed including specifics of the final tender submission. Due to the long-term nature of waste contracts it is essential that robust record management and handover processes are in place to ensure knowledge of the contract is retained within the organisation.

The following procured consultant advisors will provide relevant support and industry expertise instruction to the programme as required and development of documentation as requested.

- Technical - Wood Group UK Ltd
- Legal - Bevan Brittan LLP
- Financial – New Networks

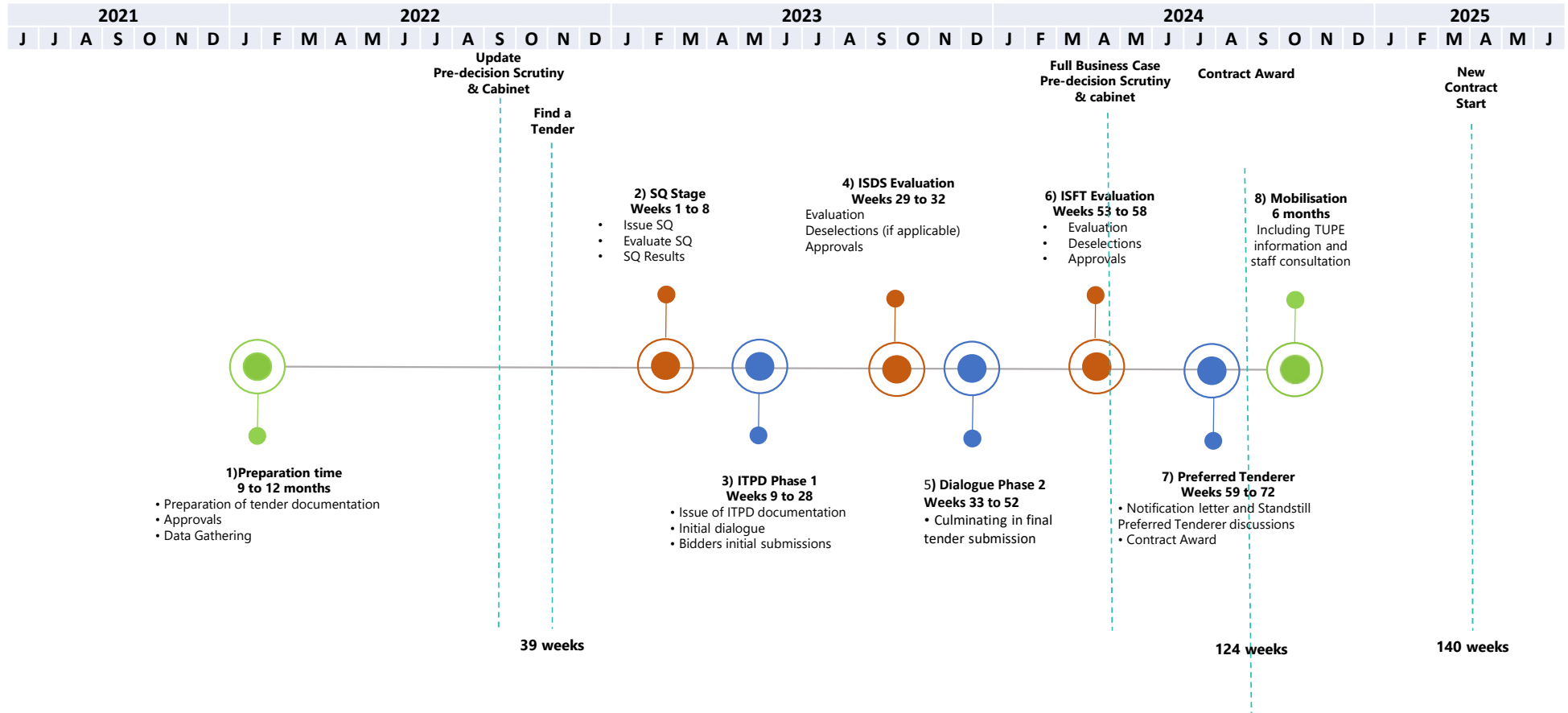
6.3 Procurement Strategy

Following approval of this OBC, a significant number of work packages will need to be completed before starting the procurement exercise. The more information that is available to bidders, the more interest received from the market, leading to an improved value for money position. The Council will have less than 12 months from December 2021 to prepare documentation for bidders to support the procurement exercise. Some examples of which are provided below:

- Detailed contract specification documents outlining the Council's requirements. This should not reflect what is delivered now, but what the Council expects to be delivered in future which would include new or amended services expected to deliver the requirements of the Kirklees Resources and Waste Strategy, as well as any emerging national requirements of the Environment Bill.
- Detailed service delivery plans outlining requirements for all services required in future at all associated sites.
- Data library (virtual) to support a value for money bid.
- Development of a shadow model detailing costs associated with the expected services. Whilst this OBC contains costs associated with current service delivery, it contains limited details of additional or amended services the Council require in future.
- Details associated with any linked Council projects such as the Huddersfield Heat Network.
- Any investment or refurbishment required for facilities such as the EfW, MRF, TSs, compost pad and HWRCs and the time it would take to implement facility improvements.
- Impact of energy prices and difficult to predict fluctuations.
- Contract requirements for market testing (e.g. recycling value, reprocessors, MRF capacity, etc)
- And more...

The above is not a complete list of pre-procurement preparations required to deliver a procurement start date in Autumn 2022. This OBC has highlighted a number of key themes to support development of a thorough procurement exercise. The pre-procurement phase will need to be delivered at pace to meet the challenging timescales presented. Interim arrangements allow more time to deliver a robust procurement exercise.

Appendix B - Procurement Time Line



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