

Public Document Pack



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

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Monday 19 June 2023

Notice of Meeting

Dear Member

Cabinet

The **Cabinet** will meet in the **Meeting Room 3 - Town Hall, Huddersfield** at **2.00 pm** on **Tuesday 27 June 2023**.

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 Masood Ahmed	Cabinet Member – Environment
Councillor Paul Davies	Cabinet Member – Corporate
Councillor Eric Firth	Cabinet Member – Transport
Councillor Viv Kendrick	Cabinet Member - Children (Statutory responsibility for Children)
Councillor Musarrat Khan	Cabinet Member - Health and Social Care (Statutory responsibility for Adults)
Councillor Naheed Mather	Cabinet Member – Culture and Greener Kirklees
Councillor Carole Pattison	Cabinet Member - Learning, Aspiration and Communities
Councillor Cathy Scott	Cabinet Member - Housing and Democracy (Deputy Leader)
Councillor Graham Turner	Cabinet Member – Regeneration

Agenda

Reports or Explanatory Notes Attached

Pages

1: Membership of Cabinet

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

2: Minutes of Previous Meetings

1 - 16

To approve the Minutes of the Meetings of the Cabinet held on 14 March and 11 April 2023.

3: Declarations of Interest

17 - 18

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.

4: 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.

5: Deputations/Petitions

The Cabinet will receive any petitions and/or 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 submit a petition at the meeting relating to a matter on which the body has powers and responsibilities.

In accordance with Council Procedure Rule 10, Members of the Public must submit a deputation at least three clear working days in advance of the meeting and shall subsequently be notified if the deputation shall be heard. A maximum of four deputations shall be heard at any one meeting.

6: Questions by Members of the Public

To receive any public questions.

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

Any questions must be submitted at least three clear working days in advance of the meeting.

7: 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.

8: Appointment of Cabinet and Portfolios (Notice Under Article 7) 19 - 20

To note the appointment of Cabinet Members and portfolio allocations, in accordance with Articles 7.2.4 and 7.3.4 of the Constitution.

Contact: Andrea Woodside, Governance

9: Council Financial Outturn and Rollover Report 2022/23 21 - 98

To give consideration to the Financial Outturn and Rollover Report 2022/23.

Contact: James Anderson, Accountancy

10: 2023/24 to 2027/28 Council Capital Plan - Proposed allocation of capital funding from the Directorate for Children's Achieve and Aspire Strategic Priorities of the capital plan 99 - 106

To consider the approval of school capital projects, to be funded from the 2023/24 to 2027/28 Children's Achieve and Aspire Strategic Priorities in the Capital Plan.

Contact: Martin Wilby, Education, Places and Access

11: Housing Delivery Plan Update 107 - 126

To consider the report and receive an update on the disposal of sites in the Housing Delivery Plan.

Contact: Adele Buckley, Housing Growth and Regeneration

12: Round 2 Levelling Up Funding (LUF2) and Local Centres Investment 127 - 134

To consider progress and next stages of the local centres programme.

Contact: Simon Taylor, Town Centre Programmes

13: Surplus Property Disposals 2023/24 135 - 144

To consider the proposed Capital Receipts Schedule for 2023/24 to be brought forward for delivery.

Contact: Daniel McDermott, Assets and Estates

14: Kirklees Cultural Heart - part of the Huddersfield Blueprint - Gateway 3 145 - 168

To receive an update on the progress of the Cultural Heart Programme and consider approval to progress the delivery of parts of the adopted master plan to the next stage at Gateway 4.

15: Exclusion of the Public

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

16. Kirklees Cultural Heart - part of the Huddersfield Blueprint - Gateway 3

169 -
192

Exempt information 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. And where information is subject to an obligation to confidentiality.

To consider the exempt information in relation to Agenda Item 14.

Contact Officer: Andrea Woodside

KIRKLEES COUNCIL

CABINET

Tuesday 14th March 2023

Present: Councillor Shabir Pandor (Chair)
Councillor Paul Davies
Councillor Eric Firth
Councillor Viv Kendrick
Councillor Musarrat Khan
Councillor Naheed Mather
Councillor Carole Pattison
Councillor Cathy Scott
Councillor Graham Turner

Observers: Councillor Bill Armer

Apologies: Councillor Will Simpson

159 Membership of Cabinet

Apologies for absence were received on behalf of Councillor Simpson.

160 Minutes of Previous Meetings

RESOLVED – That the Minutes of the Meetings held on 14 and 21 February 2023 be approved as a correct record.

161 Declarations of Interest

No interests were declared.

162 Admission of the Public

It was noted that exempt information was submitted in respect of Agenda Items 18 and 19 (Minute No.s 176 and 177 refer).

163 Deputations/Petitions

Cabinet received a deputation from Nick Willock in respect of Agenda Item 11.

A response was provided by the Cabinet Member for Regeneration and the Cabinet Member for Corporate Services.

164 Questions by Members of the Public

No questions were asked.

165 Questions by Elected Members (Oral Questions)

No questions were asked.

166 Affordable Housing and Housing Mix Supplementary Planning Document (SPD)

Cabinet gave consideration to a report which sought the adoption of the Affordable Housing and Housing Mix Supplementary Planning Document, and the revocation of the Affordable Housing Supplementary Planning Guidance (2008) and Interim Affordable Housing Policy (2020).

The report advised that the Supplementary Planning Document (SPD) provided guidance on the implementation of the Kirklees Local Plan 'Housing Mix and Affordable Housing' Policy (LP11) (Appendix 1) which seeks to ensure provision of affordable housing in new housing developments and ensure that the housing mix (bedroom numbers) meets local needs. It was noted that the SPD would be used as a material planning consideration for housing planning applications including seeking to ensure a mix of new homes to meet local needs and when securing affordable housing as part of the determination of planning applications, and that it would replace the guidance as set out in the Council's Interim Affordable Housing Policy, as approved by Cabinet on 14 January 2020) and SPD2 (Affordable Housing) which was adopted in 2008.

Cabinet noted that the document would provide consistency, greater clarity and improve certainty for housebuilders, developers, agents and affordable housing providers in the planning application process. The report advised that the document would assist applicants in the early design and layout of residential development to identify key matters likely to be raised at pre application stage, and would assist in the delivery of policy compliant schemes and ensure an improved mix of house sizes for Kirklees residents to reflect local need.

RESOLVED –

- 1) That the Affordable Housing and Housing Supplementary Planning Document be adopted.
- 2) That the Affordable Housing Supplementary Planning Guidance (2008) and Interim Affordable Housing Policy (2020) be revoked.
- 3) That authority be delegated to the Strategic Director (Growth and Regeneration) to make any further minor modifications to the documents that relate exclusively to factual updates, grammatical and formatting corrections for the purposes of publishing the documents.

167 Building Community and Voluntary Capacity through Integrated Approaches - Grant Funding Distribution to Anchor Organisations

Cabinet gave consideration to a report which provided information on the current Community Anchor provision and requested an extension of the current £180,000 funding level for a twelve month period in order to allow work to combine existing Voluntary and Community Sector contracts to take place.

The report advised that a place based model, bringing together Primary Care Networks, the Council, and the voluntary, community and social enterprise (VCSE) sector to develop local support arrangements to promote independence, health and wellbeing of local residents had been developed to achieve closer integration between health and social care. Cabinet noted that a contract to strengthen the VCS

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network had been approved on 27 July 2021, enabling a grant distribution of £360,000 over a two year period, and that this had commenced on 1 September 2021 with a robust VCSE led selection process to identify the key lead anchors across Kirklees, who had commenced work on 1 October 2021. The report advised that the current provision was due to end on 31 March 2023 and approval was therefore sought to continue existing arrangements to make a grant payment of £180,000 over an additional twelve month period to enable the current community anchors to further develop the offer that supports the PCNs as part of the integrated model. The report advised that the model had attracted national attention as an example of good practice and had proved to be invaluable in reaching and supporting vulnerable individuals.

Cabinet noted that, subject to approval, the contract would be extended with effect from 1 April 2023 and that a report would be submitted to Scrutiny during September 2023 to report on the outcomes of a further period of delivery.

RESOLVED –

- 1) That approval be given to the continued distribution of grant funding and that a total of £180,000 for the period April 2023 to March 2024 be made available to anchor organisations in Kirklees.
- 2) That authority be delegated to the Service Director (Communities and Access Services) to manage the financial and performance arrangements and ensure clear financial oversight.

168

Educational Outcomes - Academic Year 2021/2022

Cabinet received a report which provided an overview of statutory outcomes for learners during the 2021-2022 academic year. The statistics provided in the report set out information on the attainment and progress of learners who took assessments in the academic year 2021-2022. The appendices to the report provided a detailed breakdown of the data for learners within ethnic and gender groups, and those defined as disadvantaged by free school meal status, those in receipt of SEND support and those with an ECHP.

Cabinet were advised that while the outcomes had declined from the last set of national data in Key Stage 1, Phonics and Key Stage 2, this was in line with the national trend. The report indicated that Key Stage 4 outcomes were making good improvement, meeting national or above national performance across most metrics.

It was noted that analysis of the data had demonstrated the need for continued alignment to the Kirklees Learning Strategy with the SEND Transformation Plan to support quality first teaching provision within schools and identify, train and resource support in mainstream schools. Cabinet were informed that work was also ongoing to link and strengthen the Learning Strategy with the Learning Skills and Employment Plan to ensure economic prosperity for residents.

The report advised that it was imperative that the Council and wider partners work together to ensure the provision of educational opportunities that support children, young people and their families to realise their full potential.

RESOLVED – That the Kirklees Annual Educational Quality and Standards Report be received and noted.

169 Asset Rationalisation Savings

Cabinet gave consideration to a report which set out proposals for the rationalisation of council assets and the relocation of services to enable the reutilisation or disposal of assets.

The report outlined the rationalisation that had taken place across a number of assets in 2022/2023 as part of the current realignment of working patterns to assist with changes for the future operation on the Council. The report also outlined proposals for the closure of assets in 2023/2024 to ensure better utilisation of existing assets and to facilitate the delivery of the Corporate Landlord Facilities Management savings target for asset rationalisation during 2023/2024. It was noted that the proposed demolition of old and inefficient buildings, and investment in remaining stock, would contribute towards reducing the Council's carbon footprint and commitment towards net zero by 2030. Cabinet were advised that options for additional asset reutilisation changes to meet further savings targets for 2024/2025 would be developed and submitted to a future meeting of Cabinet if considered to be feasible.

Cabinet were advised that rationalisation schemes in regards to Huddersfield Library, Queensgate Market, Perseverance House and the former West Town Family Centre, Dewsbury, had been undertaken in 2022/2023. The report advised that, in order to deliver significant revenue savings in 2023/2024, rationalisation proposals in regards to Kirkgate Buildings, Riverbank Court and Flint Street North would assist in creating a core Civic Campus in Huddersfield.

RESOLVED –

- 1) That the decisions taken previously with regards to the closures of Huddersfield Library and Queensgate Market, as part of the preparation work for the delivery of the Cultural Heart, be noted.
- 2) That the demolition of Perseverance House and West Town Family Centre, previously authorised as part of the Corporate Landlord Baseline capital programme, be noted.
- 3) That approval be given to proposals in relation to Flint Street North Offices, Kirkgate Buildings and Riverbank Court, as detailed in the report, to achieve savings targeted for 2023/2024.
- 4) That authority be delegated to the Service Director (Development, Growth and Regeneration) to implement the closures and undertake any works required to achieve the stated proposals and savings.
- 5) That authority be delegated to the Service Director (Development, Growth and Regeneration) in relation to the use of the Strategic Asset Utilisation Investment Capital Programme line of the Council's approved capital plan, as set out at paragraphs 2.16 to 2.18 of the considered report.
- 6) That officers be authorised to investigate and develop the proposals for 2024/2025, as detailed in the report, and subsequently submit the proposals to Cabinet later in the year.

170 2023/2024 Proposed allocation of funding from Children's Directorate Achieve & Aspire baseline section of the Capital Plan

Cabinet gave consideration to a report which identified projects to be funded from the Achieve and Aspire Capital Maintenance Baseline section of the Capital Plan. Cabinet were asked to give approval to the projects to enable project delivery in 2023/2024.

The report advised of a total budget of £4.35m, with a further reprofiling of £150k as part of Quarter 3 financial monitoring, resulting in an overall budget for 2023/2024 of £4.5m. Paragraph 2.6 of the report set out the proposed distribution of the allocation, which included essential fire safety works, essential physical adaptations and urgent condition needs based projects. Appendix A to the report set out a business case which outlined the process for identifying the condition needs of individual schools and how the condition programme would be designed, procured, and implemented. A prioritised list of urgent condition works required to be undertaken in schools during 2023/2024 were set out at Appendix B.

RESOLVED –

- 1) That approval be given to the business case, as set out at Appendix A to the report, which outlines the rationale for the schools' condition works programme, the availability of funding, the selection process and the main categories of work, thereby enabling the projects to be designed, procured and implemented.
- 2) That approval be given to the detailed list of proposed works in schools for 2023/2024, as attached at Appendix B.
- 3) That approval be given to the delegation of authority to officers, as set out at paragraphs 2.12 to 2.14 of the considered report.

171 Highways 2 year detailed Capital Plan allocation 2023/24 and 2024/25 City Regional Sustainable Transport Settlement funds, all other funding for Highways including council borrowing and any additional grant monies
(Under the provision of Council Procedure Rule 36(1), Cabinet received a representation from Councillor Armer)

Cabinet gave consideration to a report which advised of the 2023/2024 and 2024/2025 City Regional Sustainable Transport Settlement funding availability, details of the performance of the road network and the proposed highways capital plan programmes for 2023/2024 and 2024/2025. The report also set out planned works for all highway assets groups and measures to improve road safety or create better places through improvement works. It was noted that the highways capital plan for 2023/2024 and 2024/2025 was a detailed programme of works to be implemented in 2023/2024, with provisional schemes identified for 2024/2025.

The report provided a breakdown of information on (i) funding incomes (ii) budget areas and scheme identification (iii) maintenance of structures, streetlighting and he locality based unclassified roads programme and (iv) integrated transport network management, safe roads, flood management and drainage. Appendix A to the report set out the scheme list for the highways year 2 detailed capital plan

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2023/2024 and 2024/2025, Appendix B set out highways resourcing statement outturn for 2023/2024.

RESOLVED –

- 1) That approval be given to the budget and scheme allocations as set out within the detailed two year capital plan to the sum of £24, 408,044 and £19, 736,576 for 2023/2024 and 2024/2025 respectively, as set out at Appendices A and B, to enable the spend on the schemes identified to improve the highway network and increase road safety.
- 2) That authority be delegated to the Service Director (Highways and Streetscene) in consultation with the Cabinet Member (Environment), and any other Cabinet Member deemed to be relevant by the Strategic Director (Environment and Climate Change), to enable any amendments to be made to identified schemes, the addition of future schemes and funding allocations (within £24,408,044) for those schemes (in accordance with Financial Procedure Rules), for the purposes of expediting efficient delivery of the programme and spend of the available budgets and to allow the anticipated outcomes and achievements to be realised.
- 3) That approval be given to accelerate spend of the City Regional Sustainable Transport Settlement borrowing and accelerate the two year forward programme through delegation to the Service Director (Highways and Streetscene) in consultation with the Cabinet Member (Environment).
- 4) That authority be delegated to (i) the Service Director (Highways and Streetscene) in consultation with the Service Director (Legal, Governance and Commissioning) to agree and negotiate terms and (ii) the Service Director (Legal, Governance and Commissioning) to enter into any funding agreements and other documentation to enable individual projects and schemes to proceed.

172 Corporate Financial Monitoring Report, Quarter 3, 2022/23

Cabinet received the Corporate Financial Monitoring Report Quarter 3, 2022/2023. The report set out the Council's current budget position, summarising the significant cost of living pressures at £17.1m and an overall forecast overspend of £29.4m, reflecting an overall reduction in overspend of £4.9m compared to Quarter 2.

The report advised that (i) the Council's revised General Fund controllable (net) revenue budget 2022/2023 was £343.6m, and the budget included planned (net) revenue savings in-year of £2.5m (ii) the revised budget is net of a number of planned transfers from reserves during the year, with the most significant being £6.4m from revenue grants reserve, £1.3m from development funding reserves and £1.2m from covid reserves (iii) there is a forecast overspend of £29.4m against the £343.6m revised budget at Quarter 3, equivalent to 8.6% and (iv) there has been a reduction of £4.9m in the forecast overspend position since Quarter 2.

The report provided information in regards to (i) cost of living pressures (ii) budget information for directorates (iii) general fund reserves (iv) collection fund (v) housing revenue account (vi) capital and (vii) 2022/2023 budget proposals. Appendices 1 to 7 provided a breakdown of the outline financial monitoring position.

RESOLVED –

- 1) That, in regards to the General Fund; (i) the forecast revenue outturn position at Quarter 3 be noted (ii) the forecast year end position on corporate reserves and balances at Quarter 3 be noted (iii) it be noted that regular monitoring and review of corporate reserves in 2022/2023 will be reported to Cabinet within the quarterly financial monitoring cycle (iv) approval be delegated for the proposed temporary operational measures, as set out at paragraph 3.7.7, to the relevant Strategic Director in consultation with the relevant Cabinet Member/s, having taken account of relevant powers and duties and an obligation to consult and engage (v) it be agreed that if a decision is made in relation to fees and charges which amends a previous Cabinet decision, as set out at paragraph 3.7.10 of the report, such a decision would have the effect of changing any previous decision and (vi) it be noted that the Council would continue to work collaboratively with KAL to support KAL's financial sustainability over the medium term.
- 2) That the forecast position on the Collection Fund as at Quarter 3 be noted.
- 3) That the Quarter 3 forecast Housing Revenue Account position and forecast year-end reserves position be noted.
- 4) That, in regards to Capital; (i) the Quarter 3 forecast capital monitoring position for 2022/2023 be noted (ii) approval be given to the re-profiling of the 2022/2023 capital plan as set out in the report (Appendix 5 refers) (iii) approval be given to £250k retrospectively for urgent building and repair works at Healds Road Childrens Homes (iv) approval be given to £40k traffic calming measures outside Magdale House Childrens Home and for funding to be transferred from the Best Start Capital plan into the Highways Capital Plan for implementation (v) approval be given to £80k from the play strategy playable spaces programme line towards funding the shortfall in repairing an existing sand based pitch at Storthes Hall (vi) approval be given to £1.265m grant funding from Network Rail allocated towards funding Council staff to cover the Trans-Pennine Route Upgrade (vii) approval be given to £500k section 106 funding towards the delivery of affordable homes at Kenmore Drive and (viii) approval be given to £2.3m Local Authority Housing Fund to provide accommodation for families with housing needs who have arrived in the UK via Ukrainian and Afgan resettlement/relocations schemes, with £2.4m match-funding funded from the 2023/2024 Housing Revenue Account Capital Plan, to be incorporated into the next iteration of the capital plan at outturn.

173 6-10 Westgate, Dewsbury - Dewsbury Revival Grant Scheme (DRGS) Grant Offer

Cabinet gave consideration to a report which sought grant support from the Dewsbury Revival Grant Scheme in respect of property at 6-10 Westgate, Dewsbury. The report advised that Saleem Holdings Ltd, who owned the freehold to the property wished to apply for a grant of £671k towards its refurbishment, the creation of two commercial units and three residential apartments. It was noted that, if approved, the property would be the first to receive grant funding for residential conversion through the Dewsbury Revival Grant Scheme and that the development

would create a good example of the restoration of a heritage building and the use of vacant upper floor space to create good quality town centre living.

The report advised that the project was part of a larger long term plan to introduce new high quality housing into the Daisy Hill area with the aim of creating a new residential area to deliver improvements, enhance the town's heritage assets and support the town centre economy. Cabinet were informed that, due to the abnormal costs of converting a heritage building and also relatively low property values, the project would not be viable without the grant support.

It was noted that, subject to approval, on site construction would commence during April 2023, with completion scheduled for February 2024.

Cabinet gave consideration to the exempt information at Agenda Item 18 (Minute No. 176 refers) prior to the determination of this item.)

RESOLVED –

- 1) That approval be given to providing, in principle, a Dewsbury Revival Grant Scheme grant to Saleem Holdings Limited of £671k as owner towards the redevelopment of 6-10 Westgate project, as detailed in the exempt Appendices 5 and 6 of the report) and that details of the subsidy be published on the national transparency database,
- 2) That authority be delegated to the Strategic Director (Growth and Regeneration), in consultation with the Service Director (Legal, Governance and Commissioning) to agree the grant agreement and other documentation necessary to enable the project to proceed and for the Service Director (Legal, Governance and Commissioning) to enter into the documentation on behalf of the Council.

174 Proposed Acquisition of Affordable Homes off Owl Lane and Chidswell Lane, Dewsbury

Cabinet gave consideration to a report which sought authority to acquire new build homes from a development site at Shaw Cross, Dewsbury, in order to enable the provision of additional affordable homes. The report set out the business case for the acquisition of fourteen one bedroom new build flats from Barratt Homes on a site off Owl Lane, Shaw Cross, to be owned by the Council and managed by the Homes and Neighbourhoods Service.

The report explained that the homes would be acquired using funds from the Housing Revenue Account Capital Plan Council Housebuilding Budget and managed within the Housing Revenue Account. It advised the Section 106 planning obligation relating to this site required the developer to provide affordable housing and that registered providers were enabled to acquire the stock at a significant discount to the open market value and build costs.

An exempt appendix to the report set out information regarding the financial and negotiating position. It was noted that, subject to approval, negotiations would progress with the aim of completing the purchase by the end of June 2023.

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Cabinet gave consideration to the exempt information at Agenda Item 19 (Minute No. 177 refers) prior to the determination of this item.)

RESOLVED –

1) That approval be given to the acquisition of fourteen flats (as detailed in the report) (or similar types as may be submitted) at Shaw Cross, Dewsbury, and that authority be delegated to the Strategic Director (Growth and Regeneration) in consultation with the Service Director (Legal, Governance and Commissioning) to negotiate, draft and enter into contract with the vendor, and complete their purchase.

2) That authority be delegated to the Strategic Director (Growth and Regeneration), in consultation with the Service Director (Legal, Governance and Commissioning) to seek agreement from the Secretary of State or Homes England, as appropriate, to enable the Council to charge LHA rates in these properties, within the scope of the definition of Affordable Rent.

3) That it be agreed that, where agreement from the Secretary of State of Homes England is not granted, the Council shall charge target (social) rent for the dwellings.

4) That approval be given to the new dwellings vesting within the Housing Revenue Account and for the properties to be let at target rents of LHA rates within the scope of Affordable Rent.

175 Exclusion of the Public

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

176 6-10 Westgate, Dewsbury - Dewsbury Revival Grant Scheme (DRGS) Grant offer

(Exempt information 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.)

The exempt information was noted prior to the consideration of Agenda Item 15 (Minute No. 173 refers).

177 Proposed Acquisition of Affordable Homes off Owl Lane and Chidswell Lane, Dewsbury

(Exempt information 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 any particular person (including the Authority holding that information). It is

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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.)

The exempt information was noted prior to the consideration of Agenda Item 16 (Minute No. 174 refers).

Contact Officer: Yolande Myers

KIRKLEES COUNCIL

CABINET

Tuesday 11th April 2023

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

Observers: Councillor John Taylor

Apologies: Councillor Naheed Mather

178 Membership of Cabinet

Apologies for absence were received on behalf of Councillor N Mather.

179 Declarations of Interest

No interests were declared.

180 Admission of the Public

Cabinet noted the submission of exempt information, as set out at Agenda Item 10 (Minute No 187 refers).

181 Deputations/Petitions

No deputations or petitions were received.

182 Questions by Elected Members (Oral Questions)

Under the provision of Executive Procedure Rule 2.3, Cabinet received the following questions:

Question from Councillor J Taylor

“Do you believe we have an adequate housing supply for the next five years?”

A response was provided by the Cabinet Member for Regeneration (Councillor Turner)

Question from Councillor J Taylor

“I have been attempting to get answers about the use of some Section 106 money in Highburton that was handed over by the developer. I’ve had confirmation from the legal department that there is no legal objection to the money being released. I’ve met with officers from Children’s Services and School Planning who have confirmed that there is no need for further school places in the local area. The legal team have informed me that the money can be used for other purposes by the schools specifically named in the Section 106 agreement. In 2024 the money will be given back to the developer if it hasn’t been used. Please can you get an answer as to when this money will be released?”

A response was provided by the Cabinet Member for Learning, Aspiration and Communities (Councillor Pattison).

Question from Councillor J Taylor

“I have a question on the Council’s policy on public transport. The provision in the housing estate in Highburton was that they would be provided with one metro card per household for one year and the money for that was handed over by the developer to Metro. On that estate, only one household came forward who wanted two metro cards. However, they were told they could only have one and the rest of the money was subsequently handed back to the developer. Due to the nature of the housing estate, it was never going to be a sustainable use of those funds. This is a Kirklees policy, rather than a national one, can I ask that you look at this policy again?”

A response was provided by the Cabinet Member for Resources (Councillor Turner).

183 Safe and Inclusive Community Fund

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

Cabinet gave consideration to a report which sought approval for the Safe and Inclusive Community Fund; a grant scheme which invested in community activities, delivered by individuals and community organisations, to meet the council and its partners’ shared outcome within the Kirklees Communities Partnership Plan 2022 - 2027.

The report advised Cabinet that funding was often received at short notice for specific outcomes and directed priorities. External funding had already been received this year (2022/23) from the Home Office, Safer Streets, and the Violence Reduction Unit. Similar programmes were expected in the future to also include violence against women and girls. The intention would be that where appropriate, these additional funds would be used in accordance with the grants scheme as set out in the report rather than setting up a new scheme each time funds were received, which was inefficient and time consuming.

Cabinet noted that grants between £200 and £50,000 would be made available to individuals and community organisations in the Kirklees Voluntary, Community, and

Social Enterprise sector who were working to meet the shared outcomes and priorities within the Kirklees Communities Partnership Plan 2022 – 2027. The total grant awards would not total more than £1,000,000 in any financial year. However, the actual amounts could be lower dependent on the availability of external sources or exceeded under certain circumstances.

RESOLVED –

- 1) That approval be given to the establishment of the Safe and Inclusive Community Fund that supports the delivery of the Kirklees Communities Partnership Plan 2022-2027.
- 2) That approval be given to the Service Director, Communities and Access Services, in consultation with the relevant Portfolio Holder, to award grants in accordance with the process set out in the considered report via the Panel mechanism.
- 3) That authority be delegated to a service manager or above to make decisions in relation to the fund.
- 4) That authority be given to amend the fund rules as appropriate to ensure effective administration, review, and monitoring in accordance with the relevant council procedure rules and external fund criteria and guidelines.

184 Grant Offer to St Peter’s Church for the Development of Multi-Functional Event Space in St Peter’s Gardens

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

Cabinet gave consideration to a report which provided an update on St Peter’s Gardens scheme and a request to provide St Peter’s Church with a grant for the delivery of a multi-use event space in St Peter’s Gardens, Huddersfield.

Cabinet noted that the ambitious Huddersfield Blueprint regeneration vision which launched in June 2019 was a ten-year vision to create a thriving, modern-day town centre that would be accessible, busy, inclusive, family-friendly, sustainable and a safe environment that will stay open longer.

St Peter’s Gardens sat within the St Peter’s key area and its redevelopment was included as one of the key projects of the Blueprint, edged by an aspiration to build and create modern co-working spaces and studios in the surrounding area.

Cabinet was asked to consider granting to St Peter’s Church, a registered charity, the sum of £121,900 which was currently allocated in the ‘Golden Routes Capital Programme’ and £350,000 from WYCA’s UK Shared Prosperity Fund to enable delivery of a multi-functional event space in St Peter’s Gardens. A total grant of £471,900 would be used to deliver Phase A which consisted of the approved multi use events space adjacent to the Church and within the gardens.

RESOLVED –

- 1) That approval be given to grant to St Peter's Church £121,900 to deliver a multi-use event space in St Peter's Gardens.
- 2) That approval be given to grant to St Peter's Church £350,000 from Kirklees' UKSPF programme to deliver a multi-use event space in St Peter's Gardens.
- 3) That approval be given for the capital allocation of £45,000 from the Golden Routes Capital Programme to fund the delivery of highway improvement works on Byram Street as detail in section 2.4 of the considered report.
- 4) That authority be delegated to the Strategic Director, Growth and Regeneration, in consultation with the Service Director, Legal Governance and Commissioning, to agree the grant agreement and other documentation necessary to enable the project to proceed and for the Service Director Legal, Governance and Commissioning to enter into the aforementioned documentation on behalf of the Council.

185 Procurement of fire safety remedial works to Council Housing 6-storey, low-rise and retirement living scheme blocks

Cabinet gave consideration to a revised approach to the procurement and delivery of fire safety remedial works to 6-storey, low rise and retirement living scheme blocks and to endorse the direct award of contract for Hebden Court and Buckden Court to Fortem Solutions Limited.

Cabinet was advised that following its approval for the contract award for fire safety improvements to low-rise residential blocks on 5 April 2022 and following contract negotiations at pre-contract stage, it was mutually agreed not to proceed because the contract changes requested would have resulted in material changes outside the original scope of procurement.

The report proposed that the packages of work under the previous tender be taken forward under three distinct and separate programmes, one for each of the block types, to support an approach that enabled risks, costs, and delivery to be well managed. The three programmes were at differing stages and needed to be decoupled from one another and dealt with separately. The three programmes would be (i) 6-storey blocks (ii) Retirement Living Scheme blocks and (iii) Low-rise blocks.

Cabinet was advised that following approval, the council would need to formally engage with tenants about the plans and how this would affect them. Details of the proposed engagement were contained within paragraphs 4 and 5 of the considered report.

RESOLVED –

- 1) That approval be given to the direct award of fire remedial works to two 6-storey blocks to Fortem Solutions Ltd.
- 2) That approval be given to the packaging and delivery of the remaining ten 6-storey blocks, retirement living schemes and low-rise blocks.
- 3) That approval be given to enter into formal engagement with affected residents as set out in section 5 of the considered report.

Cabinet - 11 April 2023

- 4) That authority be delegated to the Strategic Director Growth and Regeneration and the Service Director, Finance to sign off and agree the final costs prior to contract award for the direct award to Fortem Solutions Limited.
- 5) That authority be delegated to the Strategic Director Growth and Regeneration in consultation with the Service Director, Legal and Governance to award future tenders for packages, subject to the production of a robust and affordable business case.
- 6) That the results of the Stage 1 Integrated Impact Assessment be noted.

186 Exclusion of the Public

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

187 Procurement of fire safety remedial works to Council Housing 6-storey, low-rise and retirement living scheme blocks

(Exempt information relating to Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006 namely that it contains information relating to the financial and business affairs of the Council and a third party. It is considered that the disclosure of the information would adversely affect the commercial interests of a third party 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 in the Authority's decision making).

RESOLVED - The exempt information was noted prior to the consideration of Agenda Item 8 (minute no 185 refers)

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KIRKLEES COUNCIL			
COUNCIL/CABINET/COMMITTEE MEETINGS ETC			
DECLARATION OF INTERESTS			
Name of Councillor			
Item in which you have an interest	Type of interest (eg a disclosable pecuniary interest or an "Other Interest")	Does the nature of the interest require you to withdraw from the meeting while the item in which you have an interest is under consideration? [Y/N]	Brief description of your interest

Signed: Dated:

NOTES

Disclosable Pecuniary Interests

If you have any of the following pecuniary interests, they are your disclosable pecuniary interests under the new national rules. Any reference to spouse or civil partner includes any person with whom you are living as husband or wife, or as if they were your civil partner.

Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner, undertakes.

Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses.

Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority -

- under which goods or services are to be provided or works are to be executed; and
- which has not been fully discharged.

Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.

Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.

Any tenancy where (to your knowledge) - the landlord is your council or authority; and the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.

Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -

- (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
- (b) either -

the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or

if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

KIRKLEES COUNCIL NOTICE UNDER ARTICLE 7 OF KIRKLEES COUNCIL CONSTITUTION

I give notice under Article 7.2.4 and 7.3.4 of the Kirklees Council Constitution that I wish to make the changes to the Cabinet portfolio of functions described below, including the Councillors appointed as Deputy Leader and with Statutory Responsibility for Children.

Executive Functions and Delegations to the Cabinet and others including officers will remain as set out within Part 3 of the Council's Constitution.

Name	Description of Portfolio or other responsibility
Shabir Pandor	Leader
Cathy Scott	Deputy Leader and Housing and Democracy
Carole Pattison	Learning, Aspiration and Communities
Graham Turner	Regeneration
Viv Kendrick	Children (Statutory responsibility for Children)
Masood Ahmed	Environment
Naheed Mather	Culture and Greener Kirklees
Musarrat Khan	Health & Social Care (Statutory responsibility for Adults)
Paul Davies	Corporate
Eric Firth	Transport

Shabir Pandor
Leader of the Council

Signed



Date 25/05/2023

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Name of meeting: Cabinet

Date: 27 June 2023

Title of report: Council Financial Outturn & Rollover Report 2022/23 incorporating General Fund Revenue, Housing Revenue Account, Capital and Treasury Management

Purpose of the Report

To receive information on the Council’s 2022/23 financial outturn position for General Fund Revenue, Housing Revenue Account (HRA) and Capital Plan, including proposals for revenue and capital rollover from 2022/23 to 2023/24. This report also includes an annual review of Council Treasury Management activity.

Key decision – is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes
Key decision - is it in the <u>Council’s Forward Plan (key decisions and private reports)</u>?	Key decision - Yes
The Decision - Is it eligible for “call in” by Scrutiny?	Yes
Date signed off by Strategic Director & name	Rachel Spencer Henshall
Is it also signed off by the Service Director for Finance?	Dean Langton – Yes
Is it also signed off by the Service Director – Legal, Governance & Commissioning?	Julie Muscroft – Yes
Cabinet member portfolio - Corporate	Cllr Paul Davies

Electoral wards affected: All

Councillors Consulted: None

Public or private: Public

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

1. Summary

1.1 General Fund

- 1.1.1 The Council's revised General Fund controllable (net) revenue budget for 2022/23 was **£350.5m**. The budget included planned (net) revenue savings in-year of £2.5m.
- 1.1.2 The revised budget is net of a number of planned transfers to and from reserves during the year, with the most significant being £2.7m from Specific Risk reserves, £2.1m from COVID reserves, £2.1m from Development Funding reserves, £1.4m from the Demand reserve and £1.3m from the Social Care reserve.
- 1.1.3 Council spend was £377.5m in 2022/23, which reflects an overspend of £27.0m; equivalent to 7.7%. This was attributable in part to specific Cost of Living pressures above budgeted assumptions that are set out in detail in this report.
- 1.1.4 The revenue outturn position is summarised at Appendix 1 and in Table 1 below. Headline variances are described in more detail in sections 1.2 to 1.8.

Table 1 - Overview of 2022/23 General Fund revenue outturn position

	Revised Budget	Outturn	Total variance	Variance split:	
				Cost of Living	Other
	£000	£000	£000	£000	£000
Children & Families	97,321	103,844	6,523	2,875	3,648
Adults & Health	116,709	118,153	1,444	-	1,444
Environment & Climate Change	38,556	48,549	9,993	915	9,078
Growth & Regeneration	20,905	23,484	2,579	-	2,579
Corporate Strategy, Commissioning & Public Health	52,091	54,168	2,077	712	1,365
Central Budgets	24,898	29,300	4,402	10,553	(6,151)
General Fund Total	350,480	377,498	27,018	15,055	11,963

1.2 Cost of Living Pressures - Context

- 1.2.1 The 2022/23 budget plans were approved on 16 February 2022 and reflected the Administration's priorities and Council ambition in the Council Plan, including acknowledgement of the impact of the global pandemic and emerging global recovery, global supply issues, pent up consumer demand pressures on cost inflation, and labour supply recruitment and retention issues across all sectors of the economy.
- 1.2.2 Based on prevailing national and international macro-economic forecasts, it was anticipated that a number of these pressures would be transitory rather than structural in nature and this was factored accordingly into Council forward budget plans.

- 1.2.3 However, the Russian invasion in Ukraine in February 2022 delivered a further global shockwave with significant structural global and national macro-economic and societal impacts that are continuing to have an impact.
- 1.2.4 As at April 2023, Consumer Price Index (CPI) inflation was 8.7%; by far in excess of the Government's 2% target. The Bank of England bank rate also increased by 0.25 percentage points to 4.5% on 11 May 2023; the twelfth rise recorded since December 2021. This has pushed the rate to its highest since 2008. There is potential for further rises in the remainder of 2023 to attempt to counteract inflationary pressures in the economy.
- 1.2.5 A finance update report to Corporate Scrutiny Panel (CSP) on 5 July 2022 set out an early review of a number of key macro-economic factors that were likely to impact on the Council's in-year financial position, including significant price uplifts to gas and electricity, fuel and food.
- 1.2.6 The report presented to CSP also recognised the significant impact of Cost of Living pressures on residents, households, communities and businesses, and made reference to a range of current national government and Council 'hardship' support measures for the district's residents and businesses.
- 1.2.7 Subsequently, the Quarterly Financial Monitoring reports to Cabinet and the MTFS Update report and annual Budget Report to Cabinet and Council have set out projected impacts from the range of Cost of Living pressures on the Council's bottom line; whilst also recognising the ongoing volatility of forecasts in the current economic environment. The final cost of living impacts in 2022/23 amounted to a total of £15.1m as per Table 1. The pressures are considered in more detail below.

Pay award +£8.6m

- 1.2.8 The local government sector national employer representatives agreed a pay award for 2022/23 of a flat rate £1,925 to directly employed Council employees. This resulted in an overspend of £8.6m when compared to the budgeted uplift level of 2%.

Energy inflation +£5.6m

- 1.2.9 Unprecedented inflationary increases in energy prices resulted in an overspend of £2.0m for Council direct costs, shown within Central Budgets. Initial in-year projections were greater than this, but forecasts gradually reduced over time to year-end reflecting the relative stabilisation of the energy market, the impact of the Government's Energy Bill Relief Scheme on estimated bills, and a review of energy consumption estimates including in-year management actions to reduce energy consumption across a number of Council buildings.
- 1.2.10 There was a further overspend of £2.9m within Children & Families (Learning Services) due to costs borne by the Council in excess of annual RPI relating to energy charges for PPP 1 and 2 contracts with 19 schools. While there is a base budget available, the unprecedented energy price uplift in 2022/23 significantly increased these costs.
- 1.2.11 There was also a £0.7m energy pressure on Kirklees Active Leisure (KAL) budgets; aligned to Corporate Services (Sports and Physical Activity). The Council has provided extensive support to KAL through the pandemic period 2020-22 and also in 2022/23, with earmarked Government COVID funding totalling £9.5m to date, alongside a Sports England grant of around £1m.

Fuel/Food inflation +£0.9m

- 1.2.12 Within Environment & Climate change, there was a catering pressure of £0.3m due to increasing food costs, and a further £0.6m pressure on Transport services due to high fuel prices.
- 1.2.13 In addition to the Cost of Living pressures noted above, there were other pressures across Directorates in 2022/23. These are summarised in sections 1.3 to 1.8 below.

Directorate Outturn Overview

- 1.2.14 In addition to the Cost of Living pressures noted above, which affected directly the Council's own cost base, there were other similar pressures across Directorates in 2022/23 which resulted in an overspend of c£12m. Some of these pressures were:-
- i) also related to the broader impact of the Cost of Living crisis on residents ability to afford to use Council services or which created additional demand for those services;
 - ii) a consequence of the continuing recovery from the impacts of the COVID Pandemic. This was particularly the case with car parking where, in addition to there being less capacity, there was less than anticipated use;
 - iii) due to the additional costs of transformation where the Council is taking action to reduce costs in the longer term but which require short term additional costs. An example of this is in relation to the Corporate Landlord where the Council is taking action to reduce its longer term property costs but is incurring additional holding costs pending the disposal of properties.
- 1.2.15 In recognition of the expectation that some of these pressures would persist into the current financial year, additional budget provision was made as part of the approved Budget for 2023/24. At the same time, action was taken in advance of the budget to increase various fees and charges which, at this stage, appear to be delivering additional income in line with budgeted levels. These matters aside, however, there remain various structural budget issues that will need to be considered in the development of the Council's budget for 2024/25.
- 1.2.16 Further detail of the variances by each Directorate is provided in sections 1.3 to 1.8 below.

1.3 Children & Families +£3.6m

High Needs

- 1.3.1 There was an in-year spend on High Needs spend in excess of the Dedicated Schools Grant (DSG) funding allocation of £13.6m (equivalent in-year deficit in 2021/22 was £12.8m). The overall DSG Deficit was £28.8m at 31 March 2023. This is off track with the Safety Valve modelled projections by £5.8m. The increase in costs was mainly due to rising complexity and demand in mainstream schools. The latest 5 year management plan projection still reflects an overall in-year balanced budget position by 2026/27 with a projected remaining balance of DSG deficit now at £1.4m; significantly reduced from the baseline starting point £35m deficit projection at year end 2021/22 prior to the Council's participation in the Safety Valve Round 2

Programme in February 2022.

- 1.3.2 Quarterly reports are submitted to the ESFA to highlight the progress towards the safety valve planned position and the Council continues to have regular meetings with the ESFA Safety Valve Team to track progress. The management plan also allows for some flexibility to review spend and funding profiles over the lifetime of the Plan, with appropriate DfE Safety Valve agreement where circumstances permit.
- 1.3.3 Costs continue to increase in relation to High Needs expenditure. The two main areas with additional cost pressures are Mainstream Top-Ups and Independent School Places. Mainstream top ups have increased by £1.5m due to increases in complexity and top up rates to reflect pay awards. The vast majority of Education, Health & Care Plans (EHCP) awarded are now at Band A or Band A exceptional which is the highest level of funding provided. Independent School Places costs are increasing by approximately £0.5m due to rising numbers and placement costs; including an element of placement costs that relates to Cost of Living impacted inflationary increases.
- 1.3.4 As part of the signed DSG deficit agreement, and the Council's continuing contribution towards the in-year DSG deficit savings target, £1.4m of costs that would otherwise have been recharged from Learning & Early Support to the High Needs block have instead been absorbed. Due to the timing of the management agreement, the 2022/23 costs have been offset from demand reserves drawdown, and the intention is to build the additional cost absorption into subsequent service budget development for 2023/24 onwards.

Learning +£2.3m

- 1.3.5 The School Improvement Grant reduced significantly in 2022/23 (£429k 21/22, £175k 2022/23). To mitigate the impact of this, the service is developing a new Challenge and Support approach with the Education and Learning Partnership Board and exploring ways to maximise income generation.
- 1.3.6 Traded Service income has reduced since the pandemic. The service is looking to redesign its offer.
- 1.3.7 Post 16 Transport continues to be a pressure. Additional budget of £0.6m was invested for 2022/23, but the activity was still £0.8m overspent in-year. Increases in fuel costs contributed in part to this overspend position. At the end of March 2023, 388 children use the service; an increase of 174, or 81%, since the end of March 2022. The increase in Post 16 Transport costs has been netted off from vacancy management across the service.
- 1.3.8 There was an overspend of £0.7m in the Special Educational Needs and Disability Assessment and Commissioning Team (SENDACT). This was primarily due to the use of agency staff to cover vacancies and sickness absence. It should be noted that agency usage is now at a minimum and has ended in March 2023 as the substantive posts have now been successfully recruited to.
- 1.3.9 There was also an overspend of £0.8m on Special Educational Needs and Disability Inclusion Fund (SENDIF). The overspend was a result of the continued increase in the numbers of children accessing the system and a rising complexity of need in these cases. Work is ongoing within the service to redesign the approach to SENDIF which will be co-produced with partners.

- 1.3.10 Educational services for Vulnerable Children (Education Psychologists) overspent by £0.3m at year end. This was due to the use of Locum Educational Psychologists to cover substantive vacancies and provide additional support to help manage the increasing workload for this team as a result of the continuing increase in the number of requests for EHCP assessments.

Family Support & Child Protection +£1.0m

- 1.3.11 The £1.0m overspend within Child Protection and Family Support was largely a result of increased volumes and complexity of need on demand led Children with Disability Service (CDS) Agency Homecare Packages. The main area of this budget relates to Demand Led Sufficiency. Costs also increased because of Orchard View being unavailable at the moment and alternative placements needing to be utilised. The service is also experiencing increasing numbers of UASC (Unaccompanied Asylum Seeking Children).
- 1.3.12 The service continues to ensure that children only become looked after when this is necessary resulting in the number of looked after children (LAC) reducing during 2022/23 from 610 to 603. This is testament to the quality of practice from early support services, social work interventions and other creative and innovative practice. It is important to note that LAC numbers have been maintained at the same position as they were 12 months ago at 63.3 per 10,000 which must be seen in the context of significant demand increases being experienced in many local authorities currently. Kirklees performance remains strong as highlighted in our 12-month average rate which is 62.9 per 10,000 compared to Statistical Neighbours (SN) rate of 92 and England at 70.
- 1.3.13 It is also important to note that decision making about children entering care continues to be overseen by senior managers providing scrutiny and challenge to children's plans. In addition, there is robust oversight of children's permanence plans which prevents children remaining in care unnecessarily. Over the previous 12 months the Council continued to see a large number of children living with carers through special guardianship orders and Kirklees performance, when compared to SN and England, above average.
- 1.3.14 The service also achieved an in-year vacancy management saving of £1.4m; this has helped to mitigate other in year pressures across the service.

Resources, Improvements & Partnerships +£0.3m

- 1.3.15 There was an overspend of £0.3m within Resources, Improvements and Partnerships. This was a result of increased costs in Internal Residential Homes due to staff shortages, sickness and the use of agency, casual bank and overtime to manage these shortages. In-year measures were put in place to manage this situation and the costs were reduced demonstrated by a lower overspend than anticipated earlier in the year. The service will continue to look at ways to reduce the use of agency and overtime to control the overspend with a view to significantly reducing this in 2023/24. In addition to these increases in costs, an uplift to foster carer payments is included in the figures.

1.4 Adults and Health +£1.4m

- 1.4.1 The overall position for Adults was an overspend of £1.4m. Variances have been seen across key demand-led headings, notably on Independent Sector Home Care, on Independent Sector Residential & Nursing Placements, and on Self Directed Support.
- 1.4.2 One of the main headline demand led variances was around Self-Directed Support, with an underspend of £3.4m. Significant elements of this related to Older People (£1.5m under), predominantly on Direct Payments, and also on Learning Disability (£1.9m under), largely on commissioned services. Against these, the Physical Disability client group was overspent against its budget by £0.5m, mainly on Direct Payments.
- 1.4.3 An overspend was seen on Independent Sector Residential & Nursing placements of £1m. This was mainly on the Learning Disability cohort at £0.7m (due to higher prices), and on the Older People cohort (£0.6m) around increased volumes. Work continues with providers in the care home market around key pressures, and trends in the short and long term. Working with partners continues to be important.
- 1.4.4 Independent Sector Home Care also overspent by £1.1m. Within this variance Learning Disability was £0.4m over (due to activity levels and on unit costs) and Older People was £0.7m over (higher unit costs).
- 1.4.5 Other headline variances were around employees (with an overspend of £1.4m). Pressures have continued in relation to recruitment and retention in the workforce, resulting in the use of agency staff where necessary. There were also smaller variances across a number of other headings, and an overspend of £0.8m due to the need to cover an increase in the level of bad debts being seen.
- 1.4.6 There has been significant work carried out as part of the Market Sustainability and Fair Cost of Care national programme, which was focused on the markets for Home Care and for Independent Sector Residential and Nursing Placements. Work around this will continue into next year.
- 1.4.7 The year also saw activity and spend around discharge funding. This has been a programme undertaken with Health partners to enable more timely discharge from hospitals. Work around this also continues into 2023/24.
- 1.4.8 There is also work being undertaken to understand the timing and impact of the national Charging Policy Reforms, and to ensure best use of the national funding allocations for Social Care. Alongside the increased Cost of Living impacts on providers there is a sustained impetus for working collaboratively in a strategic manner, ensuring that the Council continues to address the issues in the market, whilst bringing the best outcomes for the residents of Kirklees.

1.5 Environment and Climate Change +£9.1m

Environmental Strategy and Climate Change +£3.3m

- 1.5.1 There was an overspend of £2.9m on Schools Transport in the main linked to an increase in the number of routes to out of area schools and increased costs. A further £3.2m was built into Schools Transport base budgets as part of the approved 2023/24 Budget Report to Council to address these pressures. It should be noted that this additional budget also relates to the Post 16 elements of Schools Transport; referred to at paragraph 1.3.7.

- 1.5.2 There was also a £0.3m overspend within Licensing resulting from a shortfall of income.

Highways and Streetscene +£3.2m

- 1.5.3 There was an overspend of £1.2m within Highways, with approximately £0.6m of the additional costs relating to hired vehicles, materials and subcontractors within Highways operations. The remaining £0.6m pressure was on General Maintenance reactive works.
- 1.5.4 There were also pressures of £1.1m within parking largely due to multi storey and other site closures and lower than budgeted parking fees and fines income. Adverse Weather budgets were overspent by £0.6m due to above average gritting, night patrol actions and snowfall.
- 1.5.5 Within Waste services there was a net underspend of £0.2m. This was attributable to an underspend in the waste contract due to reduced tonnage sent to landfill, offset in part by additional costs for hired staff and external hire vehicles for recycling and waste strategy initiatives. Transport Services had an overspend of £0.5m due to the increased costs of running an aging fleet.

Culture and Visitor Economy +£2.6m

- 1.5.6 Within Catering there was a pressure of £1.2m due to a shortfall in income.
- 1.5.7 There were also overspends of £0.8m in Markets, £0.3m in Town & Public Halls and £0.3m in Bereavement largely due to reduced income. It should be noted that the income base budget for Markets was adjusted downwards by £0.3m as part of the approved 2023/24 Budget Report to Council.
- 1.5.8 Caretaking and Cleaning had an underspend £0.4m; mainly because of additional ad hoc and specialist cleaning.

1.6 Growth and Regeneration +£2.6m

Development +£2.2m

- 1.6.1 Within Development, there was an overspend of £2.5m on Property. This included overspends in Corporate Landlord due to greater than expected cost of repairs (£0.2m), cleaning of council buildings (£0.2m) and compliance inspections (£0.1m). There are also some residual costs related to COVID, including the PPE store (£0.3m) and homeworker furniture (£0.1m).
- 1.6.2 A further £0.9m of the overspend relates to Commercial Properties. This includes rents that are unachievable (£0.7m), greater than expected NNDR charges (£0.3m) & repairs (£0.1m).

Skills & Regeneration +£0.4m

- 1.6.3 There was a £1.0m overspend in Planning and Building control due to lower than expected demand for planning and inspections. This was largely offset by smaller underspends elsewhere within Skills & Regeneration including Major Projects (£0.3m) and Employment and Skills (£0.4m).

1.7 Corporate Strategy, Commissioning and Public Health +£1.4m

Strategy & Innovation (break-even)

- 1.7.1 There was an overspend of £0.5m within IT. This related to annual application and infrastructure contract inflation, plus inflation on other spend areas; offset in part by temporary underspending on staffing.
- 1.7.2 There was also an overspend of £0.5m within Intelligence and Performance, relating to hired staff costs and consultancy spend to cover some vacancies.
- 1.7.3 The 2023/24 Annual Budget report noted proposals to implement a Council flexible capital receipts policy from 2022/23 onwards. This included the anticipated use of in-year capital receipts against 2022/23 transformation related base budget costs, thereby releasing equivalent revenue resource. This was actioned at year end, resulting in a £0.9m underspend within Transformation.

Public Health & People +£0.9m

- 1.7.4 There was an overspend of £0.9m within People Service. This largely related to staffing overspends within both HR, with regards to succession planning, and HD-One, for specific projects.

Governance & Commissioning -£0.2m

- 1.7.5 Within Governance and Commissioning, there was an underspend of £0.5m in relation to increased charges to capital and reduced external costs. This was offset in part by directorate savings targets unachieved.

Finance -£0.2m

- 1.7.6 Within Finance there was a £0.4m underspend in Welfare and Exchequer. This included underspends on grant payments, due to alternative sources of funding, and lower than budgeted staffing costs.

Benefit Payments +£0.9m

- 1.7.7 There was a £0.9m overspend on subsidy benefit payments relating to homelessness. The underlying cost pressure of £2.3m was offset by £1.4m of Homelessness Grant.

1.8 Central Budgets -£6.2m

- 1.8.1 The 2022/23 Annual Budget Report included a provision of £4.0m, reducing by £1.0m per annum over the subsequent 2 years, reflecting the protracted recovery of service income from sales fees and charges and commercial rents as a result of COVID over the medium term. The full £4.0m contingency was released from central budgets in-year to offset service losses held within Directorates.
- 1.8.2 There was also a pressure of £0.5m from a review of central budget income targets. This was offset in full by a £0.5m underspend resulting from the mini budget announcement in September of the reversal in the National Insurance 1.25% uplift from 6 November 2022.
- 1.8.3 As part of the Final Local Government Finance Settlement on 6 February 2023, it was announced that £100m would be distributed across councils from the 2022/23

business rates levy account. Kirklees' allocation was £0.7m, and this income is recognised in central budgets in 2022/23.

- 1.8.4 The Council's revenue budget includes estimates of various un-ringfenced grants from government which can be used to support overall general fund spend priorities. A surplus of £0.6m of these grants was received in 2022/23 compared to the budgeted estimates. This surplus is held within central budgets.
- 1.8.5 There was also an underspend of £0.8m in relation to anticipated returned levy funding from the Leeds City Region business rates pool and a £0.3m surplus on the Insurance Fund that was transferred to general fund at year end.
- 1.8.6 Within Joint Committees, there was an overspend of £0.3m. In the main, this related to pressures within the Coroners budget.
- 1.8.7 In line with last year's closedown process, an exercise was conducted to capitalise £1.3m of costs previously allocated to revenue in-year, within allowable accounting rules and existing Council policies. This released revenue within Central Budgets, which was then transferred into earmarked reserves. (see also paragraph 1.12.14).

Flexible Capital Receipts

- 1.8.8 The Council's flexible capital receipts strategy was applied in relation to £2.9m of transformation related spend (see also paragraph 1.12.15). These costs met the criteria for qualifying expenditure of *funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation*, set out at paragraph 3 of the Flexible Capital Receipts strategy which can be found at Appendix 10.

1.9 General Fund Reserves

- 1.9.1 General Fund reserves and balances have decreased through 2022/23 by £70.2m; from £166.8m at the start of the year to £96.6m as at 31 March 2023. This compares to a projected year end figure of £98.8m assumed in the 2023/24 Annual Budget Report; equating to a difference of only £2.2m.
- 1.9.2 The difference from the Budget Report projections reflects additional net drawdowns of £5.5m in-year, including £3.8m from School balances, offset by a lower than anticipated revenue overspend. Estimates in the budget report assumed an overspend of £30.3m, in line with Quarter 2 projections. The final overspend position of £27.0m reflects a £3.3m reduction from this estimate; thereby reducing the impact on general balances by this amount.
- 1.9.3 Of the £70.2m in-year reduction in General Fund Reserves, £27.7m relates to transfers approved in the 2022-27 Annual Budget report. The remaining £42.5m balance of movement is broken down as follows:
- i) £11.4m planned net drawdowns from reserves during the year, including the £3.8m from Schools Balances as noted in 1.9.2 above. The most significant drawdowns to support Directorate spending were £2.7m from Specific Risk reserves, £2.1m from COVID reserves, £2.1m from Development Funding reserves and £1.3m from the Social Care reserve.
 - ii) Drawdown of £1.4m from the demand reserve to offset annual General Fund costs previously recharged to High Needs block, now absorbed by Learning

Services as part of the Council contribution to the overall Safety Valve funding agreement (paragraph 1.3.4).

- iii) Drawdown of £2.7m from Specific Risk reserves to fund the creation of a bad debt provision with regards to KSDL, as currently negotiations are taking place between shareholders regarding restructuring.
- iv) Transfer of the 2022/23 overspend of £27.0m against unallocated reserves at year end.

1.9.4 The reserves summary, as set out in Appendix 2, also reflects the re-direct in year of £27.0m from existing earmarked reserves into unallocated reserves to offset the in-year overspend.

1.9.5 The unallocated reserves balance at 31st March 2023 was £47.1m; equivalent to 12.6% of the 2023/24 net revenue budget. There is also a further planned drawdown of £24.6m of unallocated reserves in 2023/24 to balance the overall budget position; approved in the Annual Budget report to Cabinet and Council in February and March 2023 respectively. This leaves a remaining unallocated reserves balance of £22.5m, or 6.0%, of the 2023/24 net revenue budget.

1.9.6 Unallocated reserves within the range of 5% to 10% are considered adequate from an external auditor’s perspective, to manage a typical range of budget risks relative to a Council’s size and complexity. However, over-reliance on one off revenue reserves to support annual balanced budgets over the medium term is not a financially sustainable strategy and the significant depletion in reserves over time leaves the Council very exposed to financial risks.

1.9.7 The s151 Officer’s view is that 5%, or £18.7m, has to be considered the absolute minimum level of unallocated reserves for this council to hold at any one time. For a Council of this size and complexity, every opportunity must be taken over the next couple of years to replenish unallocated reserves further, thereby reducing the council’s exposure to financial risks over the medium term.

1.10 Collection Fund

1.10.1 The Collection Fund accounts separately for council tax and business rates income and payments. Table 2 below summarises the financial performance of the Collection Fund in 2022/23.

Table 2 – Collection Fund Summary

Collection Fund Outturn (Council Share)	Council Tax	Business Rates	Total
	£000	£000	£000
(Surplus)/Deficit at 1 April 2022	744	13,398	14,142
Re-payments to/(from) General Fund 22/23	(1,026)	(15,135)	(16,161)
In year Financial Position	1,729	490	2,219
(Surplus)/Deficit at 31 March 2023	1,447	(1,247)	200
Planned Repayments to general fund 23/24	282	1,737	2,019
Adjusted (Surplus)/Deficit	1,729	490	2,219

1.10.2 The in-year Council Tax performance was a £1.7m deficit (0.8% of budgeted income). This position was largely due to reduced income because of higher than budgeted

exemptions and Single Person Discounts. There was also an increased bad debt provision requirement, resulting from slower than anticipated debt repayments linked to Cost of Living pressures on residents.

- 1.10.3 The local Council Tax Reduction (CTR) scheme supports some of the borough's households on low incomes, is means tested and eligible claimants receive up to 80% discount from their full council tax liability. The local scheme only applies to those of working age. The national pension age scheme means there is no such minimum payment and eligible pensioners can receive up to 100% discount.
- 1.10.4 At the end of March 2023 the working age CTR claimant numbers were in the region of 23,400. This represents a reduction of 1,100 since 31 March 2022, however this is also an increase since January 2023; where the numbers had dipped to around 23,100. CTR figures remain volatile going forwards into 2023/24, with the potential of a further rise over time as prevailing economic conditions are likely to mean increased unemployment rates and further growth in households eligible for CTR.
- 1.10.5 The in-year Business Rates performance was a net £0.5m deficit (1.0% of budgeted income).
- 1.10.6 Budget plans assumed an element of post-COVID recovery in Business Rates income in 2022/23. However, this estimated growth was not seen in-year, with Kirklees' total non domestic rateable value increasing by only 0.1% between 31 March 2022 and 31 March 2023. Approximately £1.5m of additional budgeted Business Rates income was therefore not achieved. Moving forwards, the 2023/24 Business Rates budget does not include this element of growth, and so this pressure is not expected to wash through to next financial year.
- 1.10.7 Furthermore, there was a requirement at year end to add an additional £0.4m (Kirklees share) into the appeals provision in relation to a reduction in RVs for museums. Similar reductions are expected to be happening nationwide, in response to a successful precedent case against the Valuation Office.
- 1.10.8 Government continued to provide further expanded reliefs in 2022/23 due to the economic impacts of COVID on specific business sectors. Eligible occupied retail, hospitality and leisure properties received a 50% relief, up to a cash limit of £100,000 per business. The overall amount of reliefs awarded in-year, including these expanded reliefs, was less than budgeted; thereby resulting in an underspend on this element of in the region of £1.5m for Kirklees. This offset, in part, the pressures outlined in the paragraphs above.
- 1.10.9 Charges to the General Fund each year from the Council (the billing authority) for Council Tax and Business Rates, and to the major precepting authorities (Fire & Rescue Authority, West Yorkshire Mayor Police and Crime Commissioner) are based on estimates. Actual income collected year on year will vary. These timing differences result in actual surpluses or deficits which are rolled forward year on year through the Collection Fund, and 'settled' over following years, through relevant payment adjustments to the General Fund/major precepting authorities.
- 1.10.10 The approved 2023/24 revenue budget included a repayment of £2.0m from the Collection Fund to General Fund in 2023/24; based on the estimated Collection Fund performance in 2022/23, as outlined in the above paragraph.
- 1.10.11 The net effect of the above adjustments leaves a Collection Fund deficit of £2.2m at the start of 2023/24.

1.11 Housing Revenue Account

- 1.11.1 The Council's Housing Revenue Account (HRA) accounts for all Council housing related revenue expenditure and income in a separate statutory (ring-fenced) account.
- 1.11.2 The HRA is reporting a deficit of £1.7m after a transfer from reserves of £4.5m. The deficit follows a review of inflationary pressures, where there was an increase in the contribution from HRA reserves by £1.8m and a commitment to in-year efficiency savings of £3m.
- 1.11.3 The main variances are as follows:
- i) Repairs and Maintenance – Deficit of £1.7m (Deficit of £2.5m less in year budget increase of £936k for inflation).
 - ii) Homes and Neighbourhoods Management costs underspend of £2.2m (Surplus of £1.4m following in year budget increase of £736k for inflation)
 - iii) Special services overspend of £1.3m which includes sheltered heating, communal cleaning, and concierge where charges should be passed on to tenants and leaseholders as part of a service charge. This is being reviewed further.
 - iv) Overspend for depreciation where the forecast is £1.1m more than initially budgeted for. This is based on the increased valuation of HRA properties and the increased cost of asset replacements.
 - v) Increased loss of rental income due to void properties of £832k. This is due to the time properties are left empty, but a piece of work is being carried out to assess how much of the void rent loss relates to properties where tenants have been decanted for the purpose of future demolition.
- 1.11.4 HRA reserves balance at 31 March 2023, which includes providing for business risks and investment needs, is £44.4m. A summary of the HRA outturn and reserves position can be found at Appendix 3.

1.12 Capital

- 1.12.1 The Council's revised capital budget programme for 2022/23 totalled **£179.3m** across a range of schemes and programmes.
- 1.12.2 The nature of capital programmes and funding means that with some schemes, there is greater potential for variations in-year; for example timing of external funding being secured, or the size and complexity of specific schemes meaning longer lead in times than originally profiled in capital budget plans. In recognition of this, Council Financial Procedure Rules (FPR's) allows greater in-year flexibility for Cabinet to amend existing Programme and scheme allocations between years.
- 1.12.3 A revised budget of £184.2m was reported as part of the Quarter 3 Corporate Financial Monitoring Report on 14 March 2023. Subsequent application of the FPR flexibility in-year through quarterly financial monitoring reporting largely contributed to a revised capital budget of £179.3m. The budget has decreased by £4.9m since Quarter 3 due to budget being re-profiled into latter years of the plan (-£10.7m) offset by increased grants and contributions (+£5.8m). A breakdown of the budget changes including the re-profiling requests since Quarter 3 can be found in Appendix 5.

- 1.12.4 The 2022/23 capital outturn was £146.2m, which is about £18m higher than equivalent capital outturn spend in 2022/23 of £128.2m. The variance at year end is £33.1m.
- 1.12.5 The capital outturn position is summarised in Table 3 below and Appendix 4. Headline variances are described in more detail in sections 1.12.8 to 1.12.13. Of the total £146.2m actual spend, £72.6m relates to strategic priorities, £67.2m relates to baseline capital spend, the balance of £6.4m to projects of a one-off nature.

Table 3 – Capital Outturn 2022/23

By Category	Revised Capital Budget £000	Outturn £000	Variance £000
Aspire & Achieve	14,886	11,464	(3,422)
Best Start	1,504	991	(513)
Independent	5,992	3,413	(2,579)
Sustainable Economy	114,953	90,193	(24,760)
Well	3,612	3,257	(355)
Safe & Cohesive	5	0	(5)
Clean & Green	5,097	4,601	(496)
Efficient & Effective	4,580	5,191	611
General Fund	150,629	119,110	(31,519)
Strategic Priorities	9,395	8,842	(553)
Operational	19,320	18,260	(1,060)
Housing Revenue Account	28,715	27,102	(1,613)
Total Capital Budget	179,344	146,212	(33,132)

- 1.12.6 Capital expenditure at year end was funded by the following sources of finance; borrowing £67.2m (46%), grants and contributions £48.1m (33%), capital receipts at £7.7m (5%), General Fund Reserves at £0.3m, Major Repairs Reserve (HRA) at £18.8m (13%) and HRA reserves/revenue contributions at £4.1m (3%). This is shown in more detail at Appendix 7 (a).
- 1.12.7 Actual borrowing costs incurred in 2022/23 are largely consistent with treasury management budget assumptions. Treasury management budgetary assumptions are reviewed annually as part of the annual budget refresh and take account any changes in the profiling and quantum of capital spend to be funded from borrowing over the periodically refreshed multi-year capital plans.

Sustainable Economy -£24.8m

- 1.12.8 Headline rollover proposals relate to underspends mainly within Sustainable Economy. The majority of this relates to Strategic Priority schemes. The Cultural Heart programme underspent by £8.5m due to Gateway 3 being pushed back from January 2023 to June 2023 and consequently the expenditure profile has been slower than the original forecast and approved budget.
- 1.12.9 Huddersfield Town Centre Action Plan underspend of £6.1m, was made up of various under and overspends, the largest underspends being £3.5m on the Huddersfield Station Gateway and £1.9m on Estate Buildings HAZ scheme. Dewsbury Town Centre Action Plan's (£2.5m) largest variance was on Sustainable Transport which is funded by grant. The underspend of £1.3m was due to awaiting payment now anticipated in

April. The Transforming Cities Fund underspend of £2.7m is a result of significant slippage on achieving planning consent and the subsequent development of full business case on the Heckmondwike Bus Station scheme (£0.6m).

- 1.12.10 Underspends within Baseline Capital plans are largely found within the Highways Capital Plan which is funded mainly via CRSTS grant. Highways underspent by £2.5m, with the majority of slippage within the Principal Roads programme area. Corporate Landlord Asset Management baseline plan experienced delays in the programming of several schemes due to longer lead in times from material shortages in the market and limited internal and external design and delivery resourcing availability, leading to an underspend of £2.2m.

Aspire and Achieve -£3.4m

- 1.12.11 An underspend of £1.1m relates to New Pupils Places in Primary/Secondary Schools linked to delays in programme delivery on Manor Croft, an outstanding final account agreement on King James's Academy Schools and denied lender consent on the Thornhill Community Academy PPP scheme. Also disputes in final accounts, holding retention payments on contracts and lack of resources both internally and in the external market has led to the deferral of schemes from the Capital Maintenance programme leading towards an underspend of £2.1m.

Independent -£2.6m

- 1.12.12 Slippage on the Knowl Park House new build scheme of £1.4m contributed towards the overall underspend within the Adults capital plan. There were also delays on the Carephones Digital Switchover (£0.6m) and Carefirst System Replacement (£0.4m) projects, requiring these underspends to be rolled forward into the following financial year.

Housing Revenue Account -£1.6m

- 1.12.13 There was an underspend within Compliance of £0.6m due to slippage but all works are contractually committed. The Adaptations programme underspend of £0.5m was due to delays in not clearing out the backlog as quickly as anticipated. The Remodelling/High Rise variance of £0.4m underspend was due to the commencement of the Harold Wilson Court scheme being delayed, with the start on site now projected for June 2023. Council House Building however overspent by £0.4m as a result of works being completed sooner than anticipated.

- 1.12.14 In line with last year's closedown process, an exercise was conducted to capitalise £1.3m of costs previously allocated to revenue in-year, within allowable accounting rules and existing Council policies. The funding released revenue resources, thereby helping to offset in-year pressures and maximise the roll forward earmarked reserves for use in 2023/24 and beyond (see paragraph 1.8.7). Funding of this additional capitalisation year end spend was met via un-ringfenced capital receipts.

- 1.12.15 Under the flexible capital receipts policy, £3m for Transformation Capitalisation was set aside in the budget for transformation costs. At year end £2.9m revenue transformation costs were capitalised, an underspend of £0.1m. These were funded from in-year capital receipts (see also paragraph 1.8.8).

- 1.12.16 Capital rollover proposals total £34.5m. The £1.4m difference between the £34.5m capital rollover requested and the overall outturn variance of £33.1m relates to the in-year revenue capitalisation exercise (£1.3m), the underspend on the Capitalisation

Transformation line (£0.1m) and grant schemes funded by resources in year whereby the overspend is not rolled forward. The Revenue Capitalisation and Capitalisation Transformation expenditure were met via uncommitted capital receipts corporately, they do not affect original service rollover proposals.

Capital Rollover Proposals

- 1.12.17 When the Council approved the Capital Investment Plan on 8th March 2023 for the multi year period from 2022/23 to 2030/31, it made provision for a level of investment of £1.1bn within the Annual Budget Report (£829.8m General Fund, £273.3m HRA) for the period 2023/24 to 2030/31.
- 1.12.18 The proposal is to effectively re-profile planned spend totalling £34.5m from 2022/23 to 2023/24; £32.9m General Fund and £1.6m HRA. This largely reflects deferred spend against existing schemes rolled forward into future years.
- 1.12.19 The capital plan has now been updated to take account of the capital rollover totalling £34.5m from 2022/23 and changes in the estimated levels of resources available. The revised multi-year capital plan for 2023-24 to 2030/31 set out in this report, including re-profiled planned spend, stands at £1.2bn.
- 1.12.20 The draft capital plan 2023/24 including slippage, rephasing and any new planned investment, is shown at Appendix 7(a) and 8(b) and summarised in Table 4 below:

Table 4 – Updated Capital Plan 2023/24-2030/31

Capital Plan – Primary Outcomes	23/24 £m	24/25 £m	25/26 £m	26/27 £m	27/28 – 30/31 £m	Total £m
Aspire & Achieve	21.0	22.4	25.0	11.0	4.3	83.7
Best Start	2.9	0.0	0.0	0.0	0.0	2.9
Independent	8.1	2.8	4.5	4.7	1.3	21.4
Sustainable Economy	154.6	156.5	130.2	71.0	200.7	713.0
Well	5.3	2.6	1.7	0.7	0.0	10.3
Clean & Green	12.5	10.4	11.1	0.1	8.4	42.5
Efficient & Effective	6.8	6.0	1.0	1.0	0.9	15.7
General Fund	211.2	200.7	173.5	88.5	215.6	889.5
HRA - Independent	48.7	51.1	63.4	58.3	90.6	312.1
Council Total	259.9	251.8	236.9	146.8	306.2	1201.6

** categorisation here by primary outcome for illustrative purposes, acknowledging that in many instances capital investment delivers multiple outcomes.*

- 1.12.21 Updated Capital budget plans include significant investment within the Sustainable Economy outcome (£713m). This reflects the Council’s ambition to regenerate and celebrate the heritage of Huddersfield Town Centre as part of the Cultural Heart programme (£254m). Progress on the Cultural Heart is regularly reviewed by Cabinet through the gateway process with key milestones for progressing the programme. There is also significant investment on transport schemes totalling £101m, of which £95m is funded via the West Yorkshire plus Transport Fund (WY+TF) alongside Council underwrite of existing and forthcoming schemes such as the A62 Smart Corridor, Huddersfield Southern Corridor and Holmfirth Town Centre Access Corridor Improvement Programme.
- 1.12.22 As part of Round 2 of government’s flagship Levelling Up Fund to create jobs and boost the economy, the government pledged £5.6 million for a public-private

regeneration which will see the derelict former textile mill in Marsden turned into retail, office and apartments complex. Plans include retaining the mill's façade with the remainder of the building being partially demolished to create a new building, which would support both local businesses and the town centre. The additional funding is reflected in the Regeneration of Smaller Town Centres Capital Plan which stands at £28m overall.

- 1.12.23 In October 2022, Cabinet approved a package of funding known as UK Shared Prosperity Fund (UKSPF) from the Mayoral Combined Authority to Kirklees Council to deliver local communities, and place and business initiatives. In addition to last year, a total of £0.9m has been added across the Capital Plan (£0.2m 2023/24, £0.7m 2024/25) to support schemes for Safe and inclusive Town Centres, St Peters Garden, Digital Hub investment, Playzone Ravensthorpe, Town Centre Business Advisor Programme and New English project.
- 1.12.24 In November 2022 the Department for Education announced an additional £447m in capital allocations for Energy Efficiency for schools on top of the Devolved Formula Capital (DFC) already allocated to eligible establishments in 2022-23. Kirklees received an additional £1.68m in 2022/23 which is now built into the revised 2023/24 DFC Capital Plan.
- 1.12.25 The Changing Places Fund is intended to invest up to £30 million nationally over 3 financial years from 2021/22 to increase the number of Changing Places toilets in existing buildings that are accessible to the public and small-scale infrastructure which are not covered by new building rules introduced in 2020. As part of the government's plans to increase the provision of Changing Places toilets, Kirklees was awarded £0.3m funding (£89k as part of Round 1 and £0.2m as part of Round 2) toward toilet provision to meet the needs of disabled children and adults with complex care needs who need carer support, appropriate equipment and more space, allowing all disabled people being able to take part in everyday activities with the same dignity as everyone else.
- 1.12.26 The Department for Education allocates funding each year to help maintain and improve the condition of school buildings and grounds. The school condition allocations (SCA), with funds paid to eligible bodies responsible for maintaining school buildings, have been announced with the Council receiving an additional £0.2m this financial year. The government grant allocations built into the 5 year Capital Plan approved by Council in March 2023 have been reviewed. Previously indicative annual grant assumptions for Capital Maintenance grant allocations have been revised from 2024/25 onwards within the updated Plan (+£0.1m p.a.). The principle to be adopted in applying the Capital Plan is that annual expenditure must be within the confirmed grant allocation (once received) rather than the current indicative Capital Plan figure.
- 1.12.27 A part of the Budget 2023, the Department of Transport (DfT) announced £200m for highways maintenance for the financial year 2023/24. £6.5m was allocated to the West Yorkshire Combined Authority and Kirklees was awarded £1.3m from this allocation. The additional Pot-hole funding is reflected in the updated Highways Plan in 2023/24, under Local Community Roads.
- 1.12.28 The Housing Revenue Account (HRA) multi-year capital plan stands at £312.1m, split £121.6m strategic priorities and £190.5m baseline allocations. The main elements of the multi-year HRA capital plan are:

High Rise	£56.1m
Additional Council Houses	£49.4m (Council Housing and Housing Growth)

Housing Capital Plan	£74.6m (Inc Estate Improvements & Fuel Poverty)
Building Safety	£98.7m (Inc six storeys, Low rise and RLS)
Ashbrow	£9.6m

- 1.12.29 To help address growing demand for affordable housing needs in Kirklees, the capital plan supports a Council House Building and Housing Growth programme (£49.4m). This programme has been reprofiled to address capacity and delivery. The Local Authority Housing Fund, for the provision of Refugee Housing accommodation for families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement and relocation schemes is shown separately within the Plan at £4.7m.
- 1.12.30 The capital baseline includes the revised building safety investment of £98.7m overall, reflecting the Councils commitment to safe and compliant housing stock delivered in accordance with regulatory requirements within the HRA. A report was taken to Cabinet on 11 April 2023 seeking approval for a revised approach to the procurement and delivery of fire safety remedial works to 6-storey (£36m), low rise (£25m) and retirement living scheme blocks (£25m) and to endorse the direct award of contract for Hebden Court and Buckden Court to Fortem Solutions Limited.
- 1.12.31 The HRA plan also includes Adaptations at £17.3m; to give disabled people better freedom of movement into and around their homes and to give access to essential facilities within the home. It enables people to live safely and independently and prevents or delays the need for residential care. The balance of baseline funding supports a range of life cycle investment in existing housing stock in line with longer term HRA business plan requirements. Continued investment in a new replacement assets and maintenance system at £1.8m is also included in the overall plan.

Additional Borrowing Proposals

- 1.12.32 The Council's Capital Assurance Board acts as a strategic group, overseeing all capital projects to ensure sound governance and project management is applied to both initial development of proposals and delivery of schemes. This report includes a number of specific capital schemes reviewed by the Board which are recommended for Cabinet approval in line with Council Financial procedure Rules. All the proposals detailed below request additional borrowing.

Parking Machines +£0.9m

- 1.12.33 Approval and investment are sought to replace the bulk of the Council's estate of parking ticket machines, to protect an income stream, reduce costs, enhance capabilities and functionality and reduce carbon emissions. Kirklees Council operates an estate of around 140 parking ticket machines in pay and display on and off-street parking areas in Huddersfield, Dewsbury and Holmfirth. This tangible asset has not had an overall refresh for many years, rather machines have been replaced and repaired ad-hoc often with second-hand parts. Consequently, the Council operates 10 different types of machines.
- 1.12.34 It is proposed to upgrade and replace our machine estate of approximately 140 parking machines in 10 tranches, over the next 2 years, at a cost of £910k. This would involve the immediate replacement of 24 obsolete machines which are no longer supported and for which parts are no longer available as well as the replacement of a further 26 machines for which parts are becoming very difficult to source. Further tranches would involve subsequent replacement of machines lacking functionality such as coin payment only, solar powered, no data management software. Further expansion of pay

and display machines will be identified as part of the Parking Strategy. An Executive Summary is appended to this report (Appendix 8).

- 1.12.35 Cabinet is requested to approve £0.9m for replacement parking ticket machines (£0.3m 2023/24, £0.6m 2024/25). The replacement of parking machines is seen in the context of the Huddersfield and Dewsbury Blueprints for regeneration, as well as the development of a broader parking strategy for Kirklees.

Burial provision in North Kirklees +£0.5m

- 1.12.36 An Immediate pressure point has been identified at Dewsbury Cemetery which will be full to new muslim burials by the end of 2023. The construction of a new burial ground is required to ensure the Council is able to continue to provide burial services within the north of the district for its residents. The development of a new burial ground will help to meet the identified shortfall in Burial capacity in the north of the district, to meet the burial needs of residents and communities.
- 1.12.37 The initial investment required for planning Authority fees and development support is needed in stages as the project progresses. Drawdown of this funding will be controlled via gateway decisions from a project board under delegated authority. The income received from a new cemetery is not additional income, but a continuation of existing income which is already part of the budget. An Executive Summary is appended to this report (Appendix 9).
- 1.12.38 Cabinet is requested to approve £0.5m for the land acquisition and development of a new cemetery in North Kirklees (£0.1m feasibility 2023/24, £0.4m land acquisition 2024/25). Provision of a new cemetery will bring some certainty to communities that there is a provision for loved ones and a facility that respects cultural values and requirements.

New Street Public Realm +£0.5m

- 1.12.39 The improvement to New Street (Ramsden Street to Cloth Hall Street), was identified in the recently published 'Huddersfield Blueprint' as the street is considered to be strategically important to the regeneration of the town centre. The main objectives of the scheme are to enhance the public space by creating a safe, modern and vibrant street to encourage shoppers and retail activity. Improvements include the introduction of new CCTV cameras, decorative lighting, high quality granite paving, bespoke street furniture, as well as trees and landscaping with works being delivered by the Highway Operations team.
- 1.12.40 The New Street Public Realm scheme is currently on site with an original allocation of £5.3m in the Capital Plan. The initial scheme did not include decorative lighting, the inclusion of which was agreed to after the initial budget had been approved by Cabinet in October 2018. Also, the rise in inflation has seen a significant increase on the costs of materials which is contributing to the current budget pressure of £0.5m required to complete the scheme. The final scheme which is currently being constructed on site has been consulted on and agreed with key stakeholders and businesses within the town centre. The scheme will significantly enhance this town centre public space with the provision of new granite paving, decorative lighting, new CCTV cameras and bespoke street furniture including landscaped planters and trees.
- 1.12.41 Cabinet is requested to approve the additional £0.5m funding for the existing project, in order to complete the landscaped public space on New Street contributing to the delivery of the Huddersfield 'Blueprint'.

1.12.42 A number of amendments to the Capital Plan which have no additional borrowing attached, were also approved by the Capital Assurance Board. These are noted below:

- i) As part of the Cultural Heart programme, Kirklees traded services provide technical support to the external consultants, ensuring that when the scheme is transferred back to the Council, the Council can maintain and operate it. The proposal is to top slice £1m (£0.4m 2023/24, £0.3m 24/25, £0.3m 25/26) from the overall programme to address internal fees.
- ii) The A62 Smart Corridor is predicted to overspend by £1.7m overall. In order to manage this, sufficient borrowing will be diverted from the Huddersfield Southern Corridors scheme within the WYTF plan to ensure scheme project completion.
- iii) £60k was released from the Asset Strategy Plan towards an Accessibility to Public Spaces and Places scheme in Kirklees. The scheme involves 90 accessibility reviews conducted over a three-year contract period, the production of a set of Design Principles specific to Kirklees Council and a consultant based future skills programme.

1.12.43 Cabinet is requested to approve the £1m top slice from the Cultural Heart programme for internal fees, transfer of £1.7m from Huddersfield Southern Corridors to manage the overspend for the A62 Smart Corridor, and £60k for Accessibility to Public Spaces and Places project, all with net nil borrowing additionality.

1.12.44 Officers will continue to review capital budget profiles in year, and any further re-profiling movements between years will be reported to Cabinet as part of the quarterly financial monitoring arrangements through 2023/24, in accordance with Financial Procedure Rules 3.10-3.15. This approach acknowledges the growing complexities and challenges over the upcoming years in delivering to this scale of ambition.

1.12.45 Future multi-year capital plan updates will also be presented periodically to Council as part of the annual budget strategy update and annual budget approval reports to Cabinet and Council as a matter of course as part of the annual planning cycle. All schemes will be reviewed in respect of deliverability, priorities, financial risk and other risks and opportunities as appropriate.

1.12.46 While provision has been made in the Revenue Budget to cover the expected costs of borrowing, as with other aspects of the Council's Strategy, this will continue to be reviewed as revenue resources are themselves under considerable pressure, and close scrutiny will be essential to ensure borrowing fulfils the criteria of being affordable, prudent and sustainable.

2 Information required to take a decision

2.1 The Appendices accompanying this report provide a more detailed breakdown of the outturn financial monitoring position, as follows:

Appendix 1 summarises, by service area, the General Fund revenue outturn position in 2022/23;

Appendix 2a summarises the General Fund reserves and balances movements in-year;

Appendix 2b details the purpose of each reserve;

Appendix 3 summarises the HRA revenue outturn position including movements in HRA reserves in-year;

Appendix 4 summarises by Council priority Outcome, the capital outturn position in 2022/23

Appendix 5 sets out the key capital budget changes between Quarter 3 financial monitoring report and outturn, for 2022/23

Appendix 6 provides a schedule of prudential indicators for 2022/23, applicable to affordability and prudence;

Appendix 7a summarises the updated capital plan 2023/24, taking into account rollover, grant changes and additions. A funding summary is also included;

Appendix 7b shows the detailed capital plan updated for 2023/24 including rollover, by Council Priority Outcome;

Appendix 8 sets out the proposal for £0.9m additional borrowing to be added to the Capital Plan for procurement of the replacement parking ticket machines;

Appendix 9 sets out the proposal for £0.5m additional borrowing to be added to the Capital Plan for new burial provision within North Kirklees;

Appendix 10 details the Council flexible capital receipts strategy;

Appendix 11 is the Annual Report on Treasury Management activity to Corporate Governance and Audit Committee, 16 June 2023.

3 Implications for the Council

3.1 The report provides summary information on the overall financial performance against annual Council revenue and capital budgets in 2022/23, incorporating as well an overall updated capital plan for 2023-24. These budgets support the overall delivery of the following Council objectives and Priorities within available resources:

- i) Early Intervention and Prevention (EIP)
- ii) Economic Resilience (ER)
- iii) Improving Outcomes for Children
- iv) Reducing demand of services

3.2 Working with People

3.3 Working with Partners

3.4 Place Based working

3.5 Climate Change & Air Quality

3.6 Improving Outcomes for Children

3.7 Financial Implications for the people living or working in Kirklees

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

- 3.8.1 The Council has a statutory duty to balance its budget under section 31A of the Local Government and Finance Act 1992 and to take any necessary steps in-year to ensure this. Section 151 of the Local Government Act 1972 requires the Council to make proper arrangements for the administration of its financial affairs including budgetary control.
- 3.8.2 As outlined in section 1.2 of this report, a number of key assumptions incorporated into the budget plans for 2022/23 and key spend and funding assumptions for future years were impacted by the volatile global and national economic conditions. Significant inflationary pressures affected both revenue and capital budgets, and the Cost of Living crisis and its impacts on local residents and businesses was notable in the in-year performance of the Collection fund.
- 3.8.3 The external crises of 2022/23 also compounded long-running structural challenges for the council. This included historic central government underfunding, when compared to local authorities with similar characteristics and challenges to Kirklees. The 2023/24 Local Government Financial Settlement, finalised in February 2023, continues to leave Kirklees at a relative disadvantage and failed to mitigate many of the Cost of Living cost increases faced by the Council. Government expectation is that Councils use their reserves to mitigate these pressures.
- 3.8.4 While the Council has transferred £27.0m from existing earmarked reserves into unallocated reserves to offset the in-year overspend, over-reliance on “one-off” revenue reserves to support annual balanced budgets over the medium term would not be financially sustainable, and any significant depletion in reserves over time would leave the Council very exposed to financial risks.
- 3.8.5 The approved 2023/24 budget includes sustainable savings of £18.6m, plus the utilisation of £24.6m in unallocated reserves as a short-term stability measure largely to address the unprecedented Cost of Living pressures.
- 3.8.6 The Council must ensure that it delivers the £18.6m savings proposals in 2023/24, alongside maintaining overall plans within the approved budget envelopes. This will be supported by appropriate and robust member and officer stewardship, monitoring and review, and will form the basis of overall in-year financial reporting in the corporate member arena through established annual Council planning cycle and governance processes.
- 3.8.7 Preparation must also begin early to formulate further budget proposals for 2024/25. The approved 2023/24 Annual Budget report included a forecast £25.2m budget gap for 2024/25, in addition to £11.5m of identified savings in view.
- 3.8.8 An updated baseline position for both revenue and capital multi-year plans will be incorporated into the Council’s medium term financial strategy (MTFS) report to be presented to Council later in the year. This will then provide the financial planning framework for the development of subsequent budget proposals to inform 2024/25 and future years.
- 3.8.9 The Equality Act 2010 creates the Public Sector Equality Duty (PSED). The Council utilises Integrated Impact Assessments to address these duties and these form part of the annual Council Budget Setting report. This report reflects the outturn position and as such, further reference is not required at this stage.

4 Consultees and their opinions

This report has been prepared by the Service Director Finance, in consultation with the Executive Team.

5 Next Steps

Subject to member approval, capital rollover proposals and the update of the 5 year capital plan will be incorporated into in year financial monitoring in 2023/24, and reported quarterly to Cabinet from Quarter 1 onwards.

6 Cabinet portfolio holders recommendations

The portfolio holder agrees with the recommendations set out in this report.

7 Officer recommendations and reasons

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

General Fund

- 7.1 note the revenue outturn position for 2022/23 including Cost of Living impacts;
- 7.2 note the application of the Councils flexible capital receipts strategy to the value of £2.9m applied against eligible transformation in 2022/23; as approved in the 2023/24 Annual Budget report in March 2023;
- 7.3 note the Government's £13.5m funding contribution on 31 March 2022 towards the Council's Dedicated Schools grant (DSG) deficit;
- 7.4 note the year end position on corporate reserves and balances;
- 7.5 re-affirm the proposed use of pre-existing reserves and endorse the proposed use of new reserves as set out in section 1.9 in this report
- 7.6 note the regular monitoring and review of corporate reserves in 2023/24 to be reported to Cabinet as part of the Quarterly financial monitoring cycle;

Collection Fund

- 7.7 note the year end position on the Collection Fund;

HRA

- 7.8 note the HRA revenue outturn and reserves position 2022/23;

Capital

- 7.9 note the Council capital outturn position for 2022/23;
- 7.10 approve the £34.5m capital rollover from 2022/23 to 2023/24;
- 7.11 approve the revised capital plan for the period 2023/24 onwards after taking into account rollover, the re-phasing of schemes and changes to grant assumptions;

- 7.12 approve £0.9m for replacement parking ticket machines (£0.3m 2023/24, £0.6m 2024/25).
- 7.13 approve £0.5m for the land acquisition and development of new burial provision in North Kirklees for (£0.1m feasibility 2023/24, £0.4m land acquisition 2024/25).
- 7.14 approve an additional £0.5m funding for the existing New Street Public Realm project, in order to complete the landscaped public space contributing to the delivery of the Huddersfield 'Blueprint'.
- 7.15 approve £1m top slice of the Cultural Heart programme for internal fees, transfer of £1.7m from Huddersfield Southern Corridors to manage the overspend for the A62 Smart Corridor, and £60k for Accessibility to Public Spaces and Places project, all with net nil borrowing additionality.

Treasury Management

- 7.16 note the Review of Treasury Management activity for 2022/23

8 Contact Officer

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Safaira Majid, Senior Finance Officer
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9 Background papers and History of Decisions

Annual budget report 2023-28 to Budget Council, March 2023
Budget Strategy Update Report to Council, September 2022
SEND transformation plan update Report to Cabinet, 26 July 2022
CIPFA's Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes 2021 edition
CIPFA's Prudential Code for Capital Finance in Local Authorities 2021 edition
Public Works Loan Board Website.
Local Authorities Property Fund & Factsheet

10 Service Director responsible

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Corporate Revenue Budget Monitoring 2022/23 – Outturn

	Annual					Variance breakdown:	
Strategic Director portfolio responsibilities	Controllable Budget (Net)	Planned use of reserves	Revised Budget	Outturn	Variance	Cost of Living Pressures	Business as Usual
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Child Protection & Family Support	43,838	176	44,014	45,057	1,043		1,043
Resources, Improvements & Partnership	17,827	309	18,136	18,391	255		255
Learning & Early Support & Schools	29,642	5,529	35,171	40,396	5,225	2,875	2,350
Sub Total (Children & Families)	91,307	6,014	97,321	103,844	6,523	2,875	3,648
Customers and Communities	9,904	(2,792)	7,112	7,168	56		56
ASC - Older People and Physical Disabilities	14,944	2,643	17,587	19,983	2,396		2,396
ASC - Learning Disabilities and Mental Health	78,083	244	78,327	78,769	442		442
Adults Sufficiency	12,741	942	13,683	12,233	(1,450)		(1,450)
Sub Total (Adults & Health)	115,672	1,037	116,709	118,153	1,444	-	1,444
Environmental Strategy & Climate Change	7,798	628	8,426	11,728	3,302		3,302
Highways & Streetscene	32,565	1,062	33,627	37,441	3,814	624	3,190
Culture & Visitor Economy	(3,908)	411	(3,497)	(620)	2,877	291	2,586
F&CC Management & Support	-	-	-	-	-		-
Sub Total (Environment & Climate Change)	36,455	2,101	38,556	48,549	9,993	915	9,078

Corporate Revenue Budget Monitoring 2022/23 – Outturn

Strategic Director portfolio responsibilities	Annual					Variance breakdown:	
	Controllable Budget (Net)	Planned use of reserves	Revised Budget	Outturn	Variance	Cost of Living Pressures	Business as Usual
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Skills & Regeneration	3,447	2,908	6,355	6,755	400		400
Homes & Neighbourhoods	-	-	-	-	-		-
Development	14,368	188	14,556	16,729	2,173		2,173
Management & Support	(6)	-	(6)	-	6		6
Sub Total (Regeneration & Growth)	17,809	3,096	20,905	23,484	2,579	-	2,579
Strategy & Innovation	17,103	290	17,393	17,405	12		12
Public Health & People	8,106	689	8,795	10,404	1,609	712	897
Governance & Commissioning	13,960	652	14,612	14,410	(202)		(202)
Finance	7,331	2,173	9,503	9,291	(212)		(212)
Benefit Payments	1,787		1,787	2,657	870		870
Former KNH Resources	-	-	-	-	-		-
Sub Total (Corporate Strategy, Commissioning & Public Health)	48,287	3,804	52,091	54,168	2,077	712	1,365
Central	25,469	(571)	24,898	29,300	4,402	10,553	(6,151)
General Fund Total	334,999	15,481	350,480	377,498	27,018	15,055	11,963

Revenue Reserves Summary

	Reserves position as at 1st April 2022	Budget report Approved Movements	Revised reserves position at 1st April 2022	MTFS Approved Transfers	Planned Net Drawdown in-year	Unplanned use of Reserves (Forecast Variance)	Transfer to unallocated reserves	Reserves position as at 31st March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Statutory (School Reserves)								
Schools Balances	(15,503)	-	(15,503)		3,836	-	-	(11,667)
Public Health	(1,442)	-	(1,442)		538	-	-	(904)
Total Statutory	(16,945)	-	(16,945)	-	4,374	-	-	(12,571)
Earmarked								
Ward Based Activity	(1,286)	-	(1,286)		47	-	-	(1,239)
Active Travel	(2,000)	-	(2,000)		15	-	1,900	(85)
Mental Health	(639)	-	(639)		460	-	-	(179)
Place Standard	(1,000)	-	(1,000)		41	-	-	(959)
Sub Total (member led)	(4,925)	-	(4,925)	-	563	-	1,900	(2,462)
Apprenticeship Levy	(2,915)	-	(2,915)		(216)	-	-	(3,131)
Transformation	(4,166)	-	(4,166)		(548)	-	875	(3,839)
Demand Reserve	(17,352)	-	(17,352)		1,400	-	5,202	(10,750)
Development Funding	(12,186)	4,641	(7,545)	(1,500)	2,149	-	6,048	(848)
Revenue Grants	(18,821)	-	(18,821)	-	616	-	8,869	(9,336)
Stronger Families Grant	(1,524)	-	(1,524)		384	-	-	(1,140)
Social Care Reserve	(1,285)	-	(1,285)		1,285	-	-	-
Other	(3,645)	-	(3,645)	-	652	-	1,297	(1,696)
Specific Risk Reserves	(5,860)	1,000	(4,860)	-	2,700	-	2,160	-
COVID Reserves	(30,062)	22,033	(8,029)	1,500	2,122	-	667	(3,740)

	Reserves position as at 1st April 2022	Budget report Approved Movements	Revised reserves position at 1st April 2022	MTFS Approved Transfers	Planned Net Drawdown in-year	Unplanned use of Reserves (Forecast Variance)	Transfer to unallocated reserves	Reserves position as at 31st March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Earmarked reserves sub-total</i>	<i>(102,741)</i>	<i>27,674</i>	<i>(75,067)</i>	-	<i>11,107</i>	-	<i>27,018</i>	<i>(36,942)</i>
<i>Unallocated reserves</i>	<i>(47,108)</i>	-	<i>(47,108)</i>	-	-	<i>27,018</i>	<i>(27,018)</i>	<i>(47,108)</i>
<i>Total usable reserves (excludes statutory)</i>	<i>(149,849)</i>	<i>27,674</i>	<i>(122,175)</i>	-	<i>11,107</i>	<i>27,018</i>	<i>(0)</i>	<i>(84,050)</i>
<i>Grand Total All Reserves</i>	<i>(166,794)</i>	<i>27,674</i>	<i>(139,120)</i>	-	<i>15,481</i>	<i>27,018</i>	<i>(0)</i>	<i>(96,621)</i>

Appendix 2b

RESERVE	DESCRIPTION
School Balances	Statutory reserves relating to both individual schools' balances/deficits carried forwards.
Public Health	Timing issues on Public Health grant spend commitments (Public health grant is statutorily ring-fenced)
Ward Based Activity	Set aside reflecting timing issues on ward-based activity spend commitments
Place Partnership	To encourage Place specific local initiatives
Mental Health (including Domestic abuse)	To support a number of local area based mental health initiatives.
Place Standard	Set aside to support the resourcing of emerging Place Standard action plans.
Apprenticeship Levy	Set aside to fund future payments into the Apprenticeship levy
Transformation	Set aside for strategic transformation developments over the next 12 to 24 months.
Demand Reserve	Set aside to mitigate the impact/volatility of a range of potential demand risks on statutorily provided service activity
Development Funding	To address the scale of development costs required to support targeted development and the upscaling of capital investment activity and major project activity over the MTFP.
Revenue Grants	Represents grants and contributions recognised in the Comprehensive Income and Expenditure Statement before expenditure has been incurred.
Stronger Families	Set aside reflecting timing issues on expenditure commitments supporting a range of Stronger Families activity, funded from external grant.
Social Care	Set aside to cover phased rollout of a range of social care expenditure commitments as agreed at Cabinet, August 2018.
Specific Risk Reserves	Set aside to manage specific risks, including the potential risk of future loan defaults and managing the volatility surrounding treasury management budgets with respect to both potential changes in interest rates and the level of delivery of the capital plan.
COVID Reserves	Specific reserve set aside to cover the costs of the Council's COVID response including specific COVID grants recognised in the Comprehensive Income and Expenditure Statement before expenditure was incurred.
Other	A range of smaller reserves earmarked for specific purposes.
Unallocated Reserves	General reserve to support Council working capital and cashflow requirements, and unbudgeted/financial resilience risks highlighted in the Council's corporate risk register.

Appendix 3

HOUSING REVENUE ACCOUNT 2022/23 - OUTTURN

	Annual		
	Revised Budget	Forecast	Variance
	£'000	£'000	£'000
Repairs & Maintenance	28,458	30,966	2,508
Housing Management	42,355	42,550	195
Other Expenditure	26,692	27,332	640
Total Expenditure	97,505	100,848	3,343
Rent & Other Income	(94,804)	(94,590)	214
Revenue Contribution to Capital Funding	0	4,020	4,020
Planned transfer from HRA Reserves	(2,701)	(8,590)	(5,889)
Total	0	1,688	1,688

HRA RESERVES

	Balance at 31 March 2022	Approved Movement in Reserves	Balance at 31 March 2023
	£'000	£'000	£'000
Set aside for business risks	(4,000)		(4,000)
Forecast in Year Surplus/Deficit		1,688	1,688
To support the Capital Investment Programme		0	0
Planned Drawdown from reserves		8,590	8,590
Set aside to meet investment needs (as per HRA Business Plan)	(49,200)		(49,200)
Working balance	(1,500)		(1,500)
Total	(54,700)	10,278	(44,422)

	Revised Budget £'000	Outturn £'000	Variance £'000	Variance %
<u>General Fund</u>				
Aspire & Achieve	14,886	11,464	(3,422)	(23%)
Best Start	1,504	991	(513)	(34%)
Independent	5,992	3,413	(2,579)	(43%)
Sustainable Economy	114,953	90,193	(24,760)	(22%)
Well	3,612	3,257	(355)	(10%)
Safe & Cohesive	5	0	(5)	(100%)
Clean and Green	5,097	4,601	(496)	(10%)
Efficient & Effective	4,580	5,191	611	13%
GENERAL FUND TOTAL	150,629	119,110	(31,519)	(21%)
<u>Housing Revenue Account</u>				
Strategic Priorities	9,395	8,842	(553)	(6%)
Baseline	19,320	18,260	(1,060)	(5%)
HOUSING REVENUE TOTAL	28,715	27,102	(1,613)	(6%)
CAPITAL PLAN TOTAL	179,344	146,212	(33,132)	(18%)

Breakdown of Capital Budget Changes since Q3

Appendix 5

	£'000	£'000	£'000
QUARTER 3 CAPITAL BUDGET			184,185
Increase in Grants/Contributions/Other			
General Fund:			
Sustainable Economy			
Highways	1,409		
UKSPF Digital Hub	20		
Clean & Green			
Trees for Climate	4,298		
Well			
Play Strategy S106	140		
Total		5,867	
Re-profiling / Virements between Years			
General Fund:			
Aspire & Achieve			
Children and Families SEND	(550)		
Sustainable Economy			
Dewsbury Riverside	116		
Property Investment Fund - 103 New Street	(540)		
Vehicle Replacement Programme	(1,468)		
Housing Growth - Site Development	(149)		
Highways	(2,392)		
Leeds City Region Revolving Fund	(300)		
SURP	(245)		
Clean & Green			
Waste Strategy	(160)		
Trees for Climate	(4,524)		
Climate Emergency - Green Travel	(100)		
Huddersfield Heat Network	(100)		
Well			
Play Strategy-Playable Spaces/S106	(230)		
Efficient & Effective			
One Venues (One Venues Development)	(20)		
One Venues (Sustainability of Major Town Halls - Service funded)	(46)		
Total Re-profiling		(10,708)	
Total Change in Budget			(4,841)
CAPITAL OUTTURN BUDGET			179,344

Breakdown of Capital Budget Changes since Q3 (cont'd)

Appendix 5

	£'000	£'000	£'000
Change in Budget - Funding Breakdown:			
Borrowing		(3,214)	
Borrowing (self-financed)		(46)	
Revenue Reserves		(245)	
Grant (Grants & contributions/S106)		(1,336)	
Change in Budget			(4,841)

Capital Expenditure, Capital Financing Requirement and External Debt

The table below draws together the main elements of Capital Plan expenditure and financing arrangements. The table also shows the Capital Financing Requirement (CFR), which is the Council’s underlying external indebtedness for a capital purpose, compared with the expected borrowing position.

	2021/22	2022/23	
	Actual	Strategy Estimate*	Actual
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Capital Expenditure			
General Fund	106,005	199,900	119,110
HRA	22,217	53,200	27,102
Sub-total (excl. PFI)	128,222	253,100	146,212
General Fund - PFI	1,675	1,800	1,834
HRA – PFI	201	300	336
Total	130,098	255,200	148,382
Financed by -			
Borrowing	57,316	122,700	67,239
PFI	1,876	2,100	2,170
Other	70,906	130,400	78,973
Total	130,098	255,200	148,382
CFR as at 31 March			
General Fund excl PFI	556,100	610,700	616,977
General Fund PFI	39,400	35,500	35,483
HRA excl PFI	166,000	177,300	168,015
HRA PFI	45,200	42,700	42,670
Total CFR	806,700	866,200	863,145
External debt as at 31 March			
Borrowing (excl interest accrued)	468,900	586,600	613,802
Other LT Liabilities	88,300	81,800	81,700
Total debt	557,200	668,400	695,502

*From 22/23 strategy.

The difference between the CFR and total debt reflects the amount of internal balances that are being “borrowed” to finance capital indebtedness.

Limits to Borrowing Activity

The first key control over the Council’s borrowing activity is a Prudential Indicator to ensure that over the medium term, net borrowing will only be for a capital purpose. Net external borrowing should not, except in the short-term, exceed the total CFR. This allows some flexibility for limited early borrowing for future years. As can be seen from the table above, the Council kept its total debt within the CFR and this has also been the case in previous years.

A further two Prudential Indicators control overall level of borrowing. These are the Authorised Limit and the Operational Boundary. The Authorised Limit represents the limit beyond which borrowing is prohibited. It reflects the level of borrowing which, while not desired, could be afforded in the short-term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3(1) of the Local Government Act 2003.

The Operational Boundary is based on the probable external debt during the course of the year. It is not a limit and actual borrowing could vary around this boundary for short times during this year.

	2021/22	2022/23	
	Actual (max) <u>£m</u>	Limits/ Boundary <u>£m</u>	Actual (max) <u>£m</u>
<u>Authorised limit for external debt (per strategy)</u>			
Borrowing	726.7	804.4	804.4
Other Long Term Liabilities	93.3	86.8	86.8
Total	820.0	891.2	891.2
<u>Operational boundary for external debt</u>			
Borrowing	468.9	784.4	613.8
Other Long Term Liabilities	88.3	81.8	81.7
Total	557.2	866.2	695.5

The Council was well within its Authorised limit and Operational Boundary for the year.

There is also a limit on HRA indebtedness set by the Department for Communities and Local Government under the recent HRA self-financing reform. The limit is set at £247.6 million for the HRA CFR, excluding PFI liabilities. The actual HRA CFR excluding PFI liabilities as at 31 March 2023 is £168.0 million which is well within the limit.

Affordability Prudential Indicators

Ratio of financing costs to net revenue stream

This indicator identifies the cost of capital (borrowing costs net of investment income) against the net revenue stream. The net revenue stream for General Fund is defined as the amount to be met from un-ringfenced government grants and local taxpayers, and for HRA it refers to the total HRA income (rent, other income and grant).

	2021/22	2022/23	
	Actual	Estimate	Actual
<u>Ratio of financing costs to net revenue stream</u>			
General Fund	5.63%	6.52%	6.60%
General Fund excl PFI	3.42%	4.67%	4.65%
HRA	32.15%	31.25%	31.70%
HRA excl PFI	30.96%	30.26%	30.74%

The actual for the General Fund in 2022/23 compared to 2021/22 is significantly larger due to an increase in financing costs from the additional borrowing in the capital plan with the net revenue stream remaining on a similar level to the previous year.

Capital Plan Expenditure Summary

Capital Plan Expenditure Summary	Outturn 2022/23 £'000	Revised Capital Plan					2027/28- 2030/31 £'000	Total £'000
		2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000			
General Fund:								
Aspire & Achieve	11,464	20,970	22,434	25,022	11,000	4,250	83,676	
Best Start	991	2,890	50	0	0	0	2,940	
Independent	3,413	8,105	2,797	4,550	4,650	1,322	21,424	
Sustainable Economy	90,193	154,668	156,498	130,158	71,005	200,695	713,024	
Well	3,257	5,312	2,539	1,693	725	0	10,269	
Clean & Green	4,601	12,502	10,351	11,075	100	8,444	42,472	
Efficient & Effective	5,191	6,787	5,993	982	980	900	15,642	
General Fund Capital Plan	119,110	211,234	200,662	173,480	88,460	215,611	889,447	
Housing Revenue Account:								
Independent - Strategic Priorities	8,842	21,420	17,298	31,379	25,550	25,937	121,584	
Independent - Baseline	18,260	27,302	33,855	32,010	32,760	64,610	190,537	
HRA Capital Plan	27,102	48,722	51,153	63,389	58,310	90,547	312,121	
TOTAL EXPENDITURE	146,212	259,956	251,815	236,869	146,770	306,158	1,201,568	

Capital Plan Funding Summary

Appendix 7 a)

General Fund Funding Summary	Outturn 2022/23 £'000	Revised Capital Plan					Total £'000
		2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28- 2030/31 £'000	
<i>Direct / Earmarked Contributions to Schemes</i>							
Capital Grants/Contributions	46,931	98,503	111,425	85,024	38,207	33,618	366,777
Earmarked Capital Receipts	3,387	7,021	7,540	7,990	9,591	990	33,132
Service Funded Prudential Borrowing	1,213	13,340	8,050	7,626	100	2,050	31,166
Revenue Contributions	255	348	349	0	0	0	697
<i>Pooled Resources</i>							
Non-Earmarked Capital Receipts	1,298	4,000	4,000	4,000	4,000	4,000	20,000
Corporate Prudential Borrowing	66,026	88,022	69,298	68,840	36,562	174,953	437,675
GENERAL FUND FUNDING	119,110	211,234	200,662	173,480	88,460	215,611	889,447

Housing Revenue Account Funding Summary	Outturn 2022/23 £'000	Revised Capital Plan					Total £'000
		2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28- 2030/31 £'000	
Capital Grants/Contributions	1,159	6,041	1,488	3,446	3,896	5,746	20,617
Earmarked Capital Receipts	3,037	4,728	4,144	7,240	4,500	1,835	22,447
Reserves / Revenue Contributions	4,020	21,685	20,902	22,479	23,507	61,385	149,958
Reserves - MRR	18,886	14,258	19,417	19,724	20,017	20,269	93,685
Corporate Prudential Borrowing	0	2,010	5,202	10,500	6,390	1,312	25,414
HRA FUNDING	27,102	48,722	51,153	63,389	58,310	90,547	312,121



GENERAL FUND CAPITAL PLAN			Revised Capital Plan					
	Funding	Outturn 2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28- 2030/31 £'000	Total £'000
ASPIRE & ACHIEVE								
Strategic Priorities								
New Special School for Woodley @ Almondbury	B/G	216	2,334	3,250	11,184	5,000	500	22,268
New Special School for J.Norton @ Deighton	B/G	251	1,349	9,378	3,485	500	0	14,712
District Sufficiency	T	467	3,683	12,628	14,669	5,500	500	36,980
Additionally Resourced Provisions / Satellite Provisions								
	G	0	2,100	1,950	4,150	0	0	8,200
Brambles Primary Academy	G	1,753	600	0	0	0	0	600
King James High School	G	579	260	0	0	0	0	260
Scissett Middle School	S10 6	92	116	0	0	0	0	116
Birkby Junior Expansion	G	4	6	0	0	0	0	6
Beaumont Academy	G	80	16	0	0	0	0	16
North Huddersfield Trust School	G	146	2,024	700	150	0	0	2,874
Manor Croft Academy	G/ Cont	2,255	780	0	0	0	0	780
Thornhill Community Academy	G	105	567	0	0	0	0	567
Secondary Places Basic Need	G/B	0	0	702	1,500	1,500	0	3,702
<i>New Pupil Places in Primary/Secondary Schools</i>	T	5,014	4,369	1,402	1,650	1,500	0	8,921
Libraries & Public Buildings								
Almondbury Library	B	290	372	1,954	303	0	0	2,629
	B		55	0	0	0	0	55
<i>Libraries & Public Buildings</i>	T	290	427	1,954	303	0	0	2,684
Strategic Priorities Total		5,771	10,579	17,934	20,772	7,000	500	56,785

GENERAL FUND CAPITAL PLAN			Revised Capital Plan					
	Funding	Outturn 2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28- 2030/31 £'000	Total £'000
ASPIRE & ACHIEVE								
Baseline								
Basic Need	G	432	562	500	500	500	500	2,562
Capital Maintenance	G/B	3,785	6,774	3,300	3,100	2,900	2,700	18,774
Devolved Formula Capital	G	837	2,453	700	650	600	550	4,953
Baseline Total		5,054	9,789	4,500	4,250	4,000	3,750	26,289
One Off Projects								
SEND Provision	G	639	602	0	0	0	0	602
One Off Projects Total		639	602	0	0	0	0	602
ASPIRE & ACHIEVE TOTAL		11,464	20,970	22,434	25,022	11,000	4,250	83,676
BEST START								
Strategic Priorities								
Homes for Children	B	0	1,049	0	0	0	0	1,049
Homes for Children (Magdale House)	B	257	18	0	0	0	0	18
Childrens Home - Healds Road	B	105	145	0	0	0	0	145
Our Space Grant Scheme	B	519	452	0	0	0	0	452
Young Peoples Activity Team Reprovision - Ravensthorpe	B	24	1,226	50	0	0	0	1,276
Strategic Priorities Total		905	2,890	50	0	0	0	2,940
One Off Projects								
Liquid Logic Portal	B*	86	0	0	0	0	0	0
One Off Projects Total		86	0	0	0	0	0	0
BEST START TOTAL		991	2,890	50	0	0	0	2,940



GENERAL FUND CAPITAL PLAN			Revised Capital Plan					
	Funding	Outturn 2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28- 2030/31 £'000	Total £'000
INDEPENDENT								
Strategic Priorities								
Commissioning Option Appraisals to facilitate outcomes of Specialist Accommodation Strategy	B	1	10	24	0	0	0	34
Cherry Trees	B	11	0	0	0	0	0	0
Knowl Park House	B	1,978	5,172	223	0	0	0	5,395
Red Laithes Court	B	5	95	0	0	0	0	95
Havelock St, Ravensthorpe	B	3	0	0	0	0	0	0
In-house Residential Old People homes	B	124	0	0	0	0	0	0
Day Services Support for Vulnerable Adults	B	128	500	2,500	4,500	4,500	1,322	13,322
Strategic Priorities Total		2,250	5,777	2,747	4,500	4,500	1,322	18,846
One Off Projects								
Adults Assistive Technology / IT	G/B	62	290	50	50	150	0	540
Carefirst System Replacement	B/R/G	782	967	0	0	0	0	967
Carephones - Digital Switchover	B	310	1,071	0	0	0	0	1,071
Highfields	B	1	0	0	0	0	0	0
Infection Prevention Control	B	8	0	0	0	0	0	0
One Off Projects Total		1,163	2,328	50	50	150	0	2,578
INDEPENDENT TOTAL		3,413	8,105	2,797	4,550	4,650	1,322	21,424





GENERAL FUND CAPITAL PLAN			Funding	Outturn 2022/23 £'000	Revised Capital Plan					Total £'000
					2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28- 2030/31 £'000	
SUSTAINABLE ECONOMY										
Strategic Priorities										
West Yorkshire plus Transport Schemes:										
A62 to Cooper Bridge Corridor Improvements										
	G	484	5,086	12,689	38,313	18,573	0	74,661		
A653 Leeds to Dewsbury Corridor (M2D2L)										
	G	459	3	0	0	0	0	3		
A629 Halifax Road Phase 5										
	G/B	669	1,834	5,218	1,853	0	0	8,905		
UTMC Urban Traffic Management										
	G	39	78	0	0	0	0	78		
Huddersfield Southern Corridors										
	G/B	1,430	7,716	280	0	66	0	8,062		
North Kirklees Orbital Route (NKOR)										
	G	4	0	0	0	0	0	0		
A641 Bradford Road Area 5 / Hudds Station Gateway Phase 1										
	G	60	0	0	0	0	0	0		
Corridor Improvement Programme:										
Holmfirth Town Centre Access Plan										
	G/B	505	4,092	1,900	16	5	6	6,019		
A62 Smart Corridor										
	G/B	11,789	2,148	963	0	0	0	3,111		
Fenay Lane										
	G	246	0	0	0	0	0	0		
CityConnect:										
CityConnect Cooper Bridge										
	G	206	9	0	0	0	0	9		
CityConnect Huddersfield Town Centre										
	B	4	60	0	0	0	0	60		
WYTF Rolling Fund										
	B	0	55	0	0	0	0	55		
<i>West Yorkshire plus Transport Schemes</i>		T	15,895	21,081	21,050	40,182	18,644	6	100,963	



GENERAL FUND CAPITAL PLAN			Revised Capital Plan						Total £'000
			2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28- 2030/31 £'000		
	Funding	Outturn 2022/23 £'000							
SUSTAINABLE ECONOMY									
Strategic Priorities									
Emergency Active Travel	G	934	691	0	0	0	0	691	
Transforming Cities Fund:									
<i>Rail-Bus Better Connected Stations:</i>									
Huddersfield Rail Station Access	B	37	452	0	0	0	0	452	
<i>TCF Main scheme:</i>									
Heckmondwike Bus Station	G	606	2,000	1,908	0	0	0	3,908	
Dewsbury/Cleckheaton Sust Travel Corridor	G	1,027	1,000	8,000	1,454	0	0	10,454	
Dews TC Walking & Cycling Imps	G/B	774	750	6,500	3,521	0	0	10,771	
Dewsbury Bus Station	G	36	0	0	0	0	0		
Huddersfield Rail Station Access	G/B	459	750	7,500	6,661	0	0	14,911	
A629 Wakefield Rd Sust Travel Corridor	G	295	158	0	0	0	0	158	
Huddersfield Bus Station	G	238	600	4,000	2,412	0	0	7,012	
Dewsbury/Batley/Tingley Sus Travel Corridor	G/B	397	1,000	4,000	1,103	0	0	6,103	
TCF SOC Development/Other	G/B	(214)	0	0	0	0	0	0	
<i>Transforming Cities Fund</i>	T	3,664	6,710	31,908	15,151	0	0	53,769	
Integrated Transport & Active Travel									
Transpennine Route Upgrade (Network Rail)	G	106	684	475	0	0	0	1,159	
Other WYCA Schemes	G	301	0	0	0	0	0	0	

GENERAL FUND CAPITAL PLAN			Revised Capital Plan					
	Funding	Outturn 2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28- 2030/31 £'000	Total £'000
SUSTAINABLE ECONOMY								
Strategic Priorities								
	Aspirational Regeneration of Major Town Centres - Feasibility	B	5	138	0	0	0	138
<i>Regeneration of Strategic Town Centres - Huddersfield :</i>								
	Holding pot	B	0	90	0	0	0	90
<u>Huddersfield Town Centre Schemes</u>								
	Huddersfield TC - Shop Front Grants	B	50	302	400	31	0	733
	The Northumberland Street Regeneration Project	B	1,221	685	0	0	0	685
	Huddersfield Market LUF match funding	R	0	2,000	0	0	0	2,000
	Huddersfield TC Design Framework	B	661	62	0	0	0	62
	Cultural Interventions - Growing Seeds	B	0	9	0	0	0	9
		T	1,932	3,058	400	31	0	3,489
<u>The George Hotel HAZ Scheme</u>								
	The George Hotel	B/G	3,382	116	322	0	0	438
	The George Hotel	B*	0	12,455	7,750	0	0	20,205
	Estate Buildings HAZ Scheme	B/G	1,759	3,791	0	0	0	3,791
	HAZ Complementary Initiatives	B/G	75	0	0	0	0	0
		T	5,216	16,362	8,072	0	0	24,434
<u>Huddersfield Public Realm Works</u>								
	New Street Public Realm Development	B	1,441	3,186	13	0	0	3,199
*	New Street Public Realm Development	B	0	500	0	0	0	500
	Huddersfield Town Centre Cameras	B	23	69	25	0	0	94
	Refurb of 2 New Street, Huddersfield	B	2	16	0	0	0	16

GENERAL FUND CAPITAL PLAN			Revised Capital Plan					
	Funding	Outturn 2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28- 2030/31 £'000	Total £'000
SUSTAINABLE ECONOMY								
Strategic Priorities								
	Huddersfield Public Realm Works	T	1,466	3,771	38	0	0	3,809
	Public Realm - Golden Route	B/G	120	950	65	27	0	1,042
	Huddersfield Town Centre	T	8,734	24,231	8,575	58	0	32,864
<i>Regeneration of Strategic Town Centres – Dewsbury:</i>								
	Better Spaces Strategy:		171					
	BS Phase 2 - Town Park	B/R/G	202	1,676	4,280	7,995	0	13,951
	BS Phase 2 - Public Art	B	87	21	0	0	0	21
		T	460	1,697	4,280	7,995	0	13,972
	Town Fund Accelerated Grant (TFAG)	G	6	0	0	0	0	0
	Heritage Action Zone	B/G	837	3,108	0	0	0	3,108
	Daisy Hill Neighbourhood	B/R/G	0	1,189	1,000	1,000	1,900	5,089
	Dewsbury Market Upgrade	B/R/G	682	0	7,275	5,215	0	12,490
	The Arcade	B/G	286	2,619	3,289	0	0	5,908

GENERAL FUND CAPITAL PLAN			Revised Capital Plan					
	Funding	Outturn 2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28- 2030/31 £'000	Total £'000
SUSTAINABLE ECONOMY								
Strategic Priorities								
<i>Regeneration of Strategic Town Centres - Dewsbury</i>								
Fibre Capability	G/R	2	296	0	0	0	0	296
Construction Skills Village	G/R	3	197	2,050	0	0	0	2,247
Creative Culture	G	0	816	459	309	0	0	1,584
Sustainable Transport	G	7	1,318	0	0	0	0	1,318
Building Revival	G/B	148	2,270	1,180	708	0	0	4,158
Dewsbury Town Centre	T	2,431	13,510	19,533	15,227	1,900	0	50,170
<i>Town Centre Action Plans</i>	T	11,170	37,879	28,108	15,285	1,900	0	83,172
<i>Smaller Towns & Villages</i>								
Batley Smaller Towns & Villages	B/G	102	5,898	8,359	0	0	0	14,257
Cleckheaton Smaller Towns & Villages	B	141	89	1,365	0	0	0	1,454
Holmfirth Smaller Towns & Villages	B	58	127	240	1,055	0	0	1,422
Heckmondwike Smaller Towns & Villages	B	45	215	300	935	0	0	1,450
Marsden New Mills Redevelopment Scheme	G	0	100	2,000	3,504	0	0	5,604
Other - Our Local Centres	B	167	0	0	0	0	0	0
<i>Regeneration and Greening of Smaller Towns and Villages</i>	T	513	6,649	12,514	6,494	1,000	1,380	28,037

GENERAL FUND CAPITAL PLAN			Revised Capital Plan					Total
	Funding	Outturn 2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28- 2030/31 £'000	£'000
SUSTAINABLE ECONOMY								
Strategic Priorities								
Cultural Heart	B	9,403	12,151	18,500	25,300	22,727	175,556	254,234
Strategic Acquisition Fund	B	2,608	1,989	0	0	0	0	1,989
Property Investment Fund:								
103 New Street	B**	2,220	542	0	0	0	0	542
Kingsgate Phase 2	B**	0	5,702	1,800	0	0	0	7,502
<i>Property Investment Fund</i>	T	2,220	6,244	1,800	0	0	0	8,044
Start Up and Retention Policy Capital Grants	Res	255	349	349	0	0	0	698
Dewsbury Riverside	B	1,158	2,920	2,000	2,000	600	0	7,520
Site Development	G/R cont	26	500	300	200	0	0	1,000
Public Realm Improvements	B	26	107					107
* Car Park Meters	B	0	320	590	0	0	0	910
Strategic Priorities Total		48,440	99,034	117,770	104,788	45,047	177,118	543,757



GENERAL FUND CAPITAL PLAN			Revised Capital Plan						Total £'000
			Funding	Outturn 2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	
SUSTAINABLE ECONOMY									
	Baseline								
	Housing Private	G/R	4,096	3,854	4,151	4,151	4,292	4,150	20,598
	Highways								
	Maintenance								
	Principal Roads	B/G	1,862	9,693	6,678	3,678	3,678	3,678	27,405
	Roads Connecting Communities	G	1,327	1,389	1,096	1,096	1,097	1,096	5,774
	Local Community Roads	B/G	8,170	7,481	5,483	4,453	4,453	5,012	26,882
	Structures	G	1,073	2,001	1,200	1,200	1,200	1,200	6,801
	Active Travel / PROW	B/G	150	0	0	0	0	0	0
	Streetlighting	B*/ G	1,864	1,354	1,000	1,000	1,000	0	4,354
	Locality Based U Roads Improvements	B	7,216	1,603	3,000	3,000	2,878	1,531	12,012
	<i>Highways Maintenance</i>	T	21,662	23,521	18,457	14,427	14,306	12,517	83,228
	Integrated Transport								
	Network Management	B/G	824	1,169	815	815	815	815	4,429
	Safer Roads	B/G	1,556	2,171	1,175	1,175	1,175	1,175	6,871
	Flood Management and Drainage Improvements	B/G s278	735	632	450	450	450	450	2,432
	Developer Funded Schemes	s278	1183	623	0	0	0	0	623
	<i>Highways Integrated Transport</i>	T	4,298	4,595	2,440	2,440	2,440	2,440	14,355
	<i>Highways Total</i>	T	25,960	28,116	20,897	16,867	16,746	14,957	97,583



GENERAL FUND CAPITAL PLAN			Revised Capital Plan						Total £'000
			Outturn 2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28- 2030/31 £'000	
SUSTAINABLE ECONOMY									
	Baseline								
	Corporate Landlord Asset Investment	B	8,811	9,865	8,083	1,000	933	1,020	20,901
	Corporate Landlord Compliance	B	340	1,996	1,450	1,000	1,000	1,000	6,446
	<i>Corporate Landlord</i>	T	9,151	11,861	9,533	2,000	1,933	2,020	27,347
	Corporate Landlord Suitability Programme	B	438	897	1,995	1,000	1,000	1,000	5,892
	Sustainability of Huddersfield Town Hall - Conditions	B	241	2,259	200	700	100	0	3,259
	<i>Corporate Landlord Asset Strategy Review</i>	T	679	3,156	2,195	1,700	1,100	1,000	9,151
	Bereavement	B	352	295	0	0	0	0	295
*	Burial Provision	B	0	100	400	0	0	0	500
	Vehicle Replacement Programme	B	838	4,433	66	0	1,250	1,250	6,999
	School Catering	B	90	494	200	200	200	200	1,294
	Baseline Total		41,166	52,309	37,442	24,918	25,521	23,577	163,767
	One-Off Projects								
	UKSPF Digital Hub / New to English / Business Advisor	G	20	24	72	0	0	0	96
	Housing (Regeneration)	R	500	24	0	0	0	0	24
	Strategic Asset Utilisation	B	2	1,027	55	15	0	0	1,097
	Operational Services Asset Mngt	B	0	1,008	276	276	276	0	1,836
	Asset Management Property Database	B	10	135	61	61	61	0	318
	Changing Places	G	0	189	122	0	0	0	311



GENERAL FUND CAPITAL PLAN			Revised Capital Plan						Total £'000
			Outturn 2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28- 2030/31 £'000	
SUSTAINABLE ECONOMY									
One-Off Projects									
	Leeds City Region Revolving Fund	B	0	661	550	0	0	0	1,211
	School Catering - Compliance Essential Works	B*	55	241	150	100	100	0	591
	Ward Based Activity	B	0	16	0	0	0	0	16
	One-Off Projects Total		587	3,325	1,286	452	437	0	5,500
SUSTAINABLE ECONOMY TOTAL			90,193	154,668	156,498	130,158	71,005	200,695	713,024
WELL									
Strategic Priorities									
	Spensborough Valley Leisure Centre	B	1,865	0	0	0	0	0	0
	Huddersfield Leisure Centre	B	13	4	0	0	0	0	4
	Dewsbury Sports Centre Priorities	B	0	54	185	0	0	0	239
	Strategic Priorities Total		1,878	58	185	0	0	0	243
Baseline									
	Kirklees Active Leisure	B*/B	(1)	331	150	0	0	0	481
	Play Strategy	B/G S106	1,380	4,923	2,204	1,693	725	0	9,545
	Baseline Total		1,379	5,254	2,354	1,693	725	0	10,026
WELL TOTAL			3,257	5,312	2,539	1,693	725	0	10,269



GENERAL FUND CAPITAL PLAN			Funding	Outturn 2022/23 £'000	Revised Capital Plan					Total £'000
					2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28- 2030/31 £'000	
CLEAN AND GREEN										
Strategic Priorities										
	Depot Works	B	4	0	0	0	0	0	0	0
	Waste Strategy	B	14	1,062	25	25	0	0	0	1,112
	Waste Management Plant/ Infrastructure	B	1,633	2,911	2,100	2,774	0	0	0	7,785
	Climate Emergency - Green Travel	B	45	987	0	0	0	0	0	987
	Air Quality	B	47	278	0	0	0	0	0	278
	Huddersfield Heat Network	G/B/ B*	221	1,076	7,200	7,526	0	2,050	0	17,852
	Trees for Climate Programme	G	2,527	5,805	926	650	0	6,294	0	13,675
	Strategic Priorities Total		4,491	12,119	10,251	10,975	0	8,344	0	41,689
Baseline										
	Environment & Strategic Waste	B	99	101	100	100	100	100	100	501
	Baseline Total		99	101	100	100	100	100	100	501
One Off Projects										
	Electric Vehicle Charge Points	G	11	282	0	0	0	0	0	282
	One Off Projects Total		11	282	0	0	0	0	0	282
CLEAN AND GREEN TOTAL				4,601	12,502	10,351	11,075	100	8,444	42,472



GENERAL FUND CAPITAL PLAN			Revised Capital Plan					
	Funding	Outturn 2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28- 2030/31 £'000	Total £'000
EFFICIENT AND EFFECTIVE								
Baseline								
Information Technology	B	1,148	909	900	900	900	900	4,509
One Venue Development	B	19	670	250	0	0	0	920
Sustainability of Major Town Halls - Service Development	B*	116	306	0	0	0	0	306
Baseline Total		1,283	1,885	1,150	900	900	900	5,735
One Off Projects								
Transformation Capitalisation	R	2,873	4,000	4,000	0	0	0	8,000
Information Technology (Digital)	B	1,035	902	843	82	80	0	1,907
One Off Projects Total		3,908	4,902	4,843	82	80	0	9,907
EFFICIENT AND EFFECTIVE TOTAL		5,191	6,787	5,993	982	980	900	15,642
GENERAL FUND CAPITAL PLAN TOTAL		119,110	211,234	200,662	173,480	88,460	215,611	889,447

FUNDING KEY:

B = Borrowing

B* = Service funded Borrowing

B** = Borrowing for provision of loans for development projects, covered by repayments

G = Grant

R = Capital receipts

S106 = Section 106 developer contributions

*= Borrowing Addition

			Revised Capital Plan					
HOUSING REVENUE ACCOUNT CAPITAL PLAN	Funding	Outturn 2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28- 2030/31 £'000	Total £'000
INDEPENDENT								
Strategic Priorities								
Housing Growth	H / R	2,835	2,260	1,138	600	600	2,400	6,998
LAHF - Refugee Housing	H / G	0	4,700	0	0	0	0	4,700
New Build Phase 1 - Ashbrow Extra Care	H/R/ Cont/ S106	1,472	6,210	3,390	0	0	0	9,600
Remodelling / High Rise	H/G	850	4,400	3,500	12,600	14,300	21,350	56,150
IT System (Universal Housing Replacement)	H	388	500	600	679	0	0	1,779
Council House Building	B/R	3,297	3,350	8,670	17,500	10,650	2,187	42,357
Strategic Priorities Total		8,842	21,420	17,298	31,379	25,550	25,937	121,584
Baseline								
Housing Capital Plan	H	12,800	12,450	12,650	12,812	12,812	12,812	63,536
Estate Improvements (Neighbourhood Investment)	H	422	958	990	1,100	1,100	1,100	5,248
Building Safety	H	1,787	3,613	2,263	2,263	2,263	2,263	12,665
Six Storey Blocks	H / G	0	4,518	8,382	5,500	5,500	12,100	36,000
Low Rise Blocks	H	0	500	2,500	2,500	2,500	17,000	25,000
Retirement Living Schemes	H	0	0	1,500	3,750	4,500	15,250	25,000
Fuel poverty	H	255	1,465	1,849	825	825	825	5,789
Adaptations	H	2,996	3,798	3,721	3,260	3,260	3,260	17,299
Baseline Total		18,260	27,302	33,855	32,010	32,760	64,610	190,537
HRA CAPITAL PLAN TOTAL		27,102	48,722	51,153	63,389	58,310	90,547	312,121

FUNDING KEY:

H = HRA revenue contribution/major repairs reserve
R = Capital receipts

S106 = Section 106 developer contributions
Cont = Other external contributions

B = Borrowing
G = Grant



Executive Summary

Procurement of Parking Machines

Background

- The Council's estate of around 140 parking machines in Huddersfield and Dewsbury is largely obsolete; in many cases machines are no longer supported by manufacturers and cannot be repaired, whilst in many others machines lack basic functionality including the facility to take contactless payments. Most machines are mains powered which has ongoing cost and carbon emission implications.
- The condition of the machines means that a major income stream is at risk and many of our machines can no longer take payment. This is in the context of an increased demand for parking revenue generation.
- As part of the developing parking strategy, and in order to both generate required additional income and realise other benefits around air quality and town centre design, it is likely that within the next 4 years the extent of the Council's pay & display areas will expand into new areas requiring further parking machine procurement and infrastructure

Through discussions with the Capital Assurance Board, £910k has been allocated for the purpose of procuring new parking machines. It is anticipated that a spend of £320k in 2023/24 and £590k in 2024/25 would be entailed.

Short Term Approach

Replacement of existing parking machines will take place over a two-year period commencing at the end of June 2023. Based on the Parking Services Operations Team's capacity to receive, install and commission machines we expect to take delivery in around 10 tranches of 14 machines at intervals.

Outcomes

- Replacement of existing machines will protect and maintain a primary income stream
- Intended replacement machines have improved functionality enabling users to make contactless payments whilst retaining the option to pay by cash in all locations
- New machines will also communicate data to the back office team alerting them to faults and issues, thereby making the overall parking operations function more efficient
- Intended replacement machines will be solar powered thereby reducing carbon emissions – currently most machines are mains powered
- The wider expansion of pay & display will enable the Service to fulfil its requirements for additional revenue in the current financial climate

Impact/Risk

- Within the current estate of obsolete parking machines there are around 50 which are either defunct or failing. These machines, if functional, would account for income of around £550k per annum so income to that amount is now being lost or is at immediate risk

- The overall income from the existing estate is around £1.5 million per annum. As the estate becomes progressively more derelict this entire income stream is ultimately at risk
- There is an expectation that Parking Services will deliver an *additional* £1.7 million by the end of 2024/25. Expansion of the pay & display estate is one of the most likely mechanisms to achieve this target, which will not be deliverable without the necessary investment in machines and infrastructure

Timescales

The following aspirational timeline is based around the approach to replace to existing estate of parking machines in Huddersfield and Dewsbury and thereafter to expand pay & display to other areas in line with the developing parking strategy

<p>2023/24</p>	<p>Securing funds to progress</p> <p>Procurement and installation of initial tranches of parking machines to replace those currently inoperative or about to fail (approximately 50 machines in batches of 14 – 4 batches)</p> <p>Ongoing development of parking strategy and identification of further pay & display areas; consideration of any further required expansion of pay & display machines</p>
<p>2024/25</p>	<p>Procurement of further 6 batches of machines (approximately 90 machines) to replace those lacking required functionality</p> <p>Ongoing development of parking strategy and identification of further pay & display areas; consideration of any further required expansion of pay & machines.</p>

Financial

The scope for this proposal is as previously outlined i.e. total capital investment of £910k. Breakdown of the investment is as follows:

- 2023/24 - £320k for initial tranches of parking machines
- 2024/25 – £590k for remaining tranches of parking machines

Executive Summary

Development of a New Burial Provision within the Dewsbury Locality

Background

- Dewsbury Cemetery is now approximately 12 months from reaching capacity on muslim burials.
 - Christian and other faith burials have between 10-15 years capacity based on current burial rates.
- In 2022 the Council sold off a parcel of land (adjacent to Dewsbury Cemetery) to the North Kirklees Muslim Burial Committee to help facilitate future muslim burial capacity within the Dewsbury locality.
 - Estimates would indicate that this parcel of land may provide up to 600 muslim burials, giving around 6 years of capacity.

Through discussions with the Capital Assurance Board, it has been agreed that the Council should initially consider providing alternative burial space within the Dewsbury locality, by first utilising a smaller site of around 1 hectare, facilitating up to 1,500 muslim only burials, which at current burial rates would secure around 10 years of additional capacity. Longer term there would still be a need to develop a much larger site in the North of the District, which may require the Council to acquire land in the absence of suitable Council owned land.

Short Term Approach – To develop a smaller parcel of land within the Dewsbury locality of around 1 hectare in size by 2024-26. Estimated cost: £500,000. Two sites identified (both sites would need detailed investigation to determine suitability):

- Dewsbury Crematorium, 0.6 Hectares (1.5 acres) & Long Lane, Dewsbury, 0.76 Hectares (1.87 Acres)

Note: This would be to a Muslim only burial provision, each individual site would provide around 1,500 burial plots (giving around 10+ years capacity at current burial rates).

Outcomes

- Provision of any new /additional burial capacity/cemetery irrespective of its size would bring some certainty to communities and demonstrate that the Council's commitment to future burial provision and a facility that respects cultural values and requirements.
- All aspects of this project (from inception to delivery) would be developed together with colleagues across other Directorates to enhance service delivery and deliver improved outcomes for communities, as well as providing work for internal Council services.
- This project fits with the Council's strategic asset strategy objectives to provide operational assets that would enable the delivery of effective and efficient services, working closely with partners and residents to deliver the best outcomes possible for our communities.
- A Cemetery is viewed as an essential requirement in many localities, with communities looking to the Council to provide such facilities. It is therefore important to provide a good quality environment and service to the customers choosing to use this service.

Impact/Risk

- Dewsbury Cemetery is within 12 months of capacity for Muslim burials, the implications of not been able to provide additional burial capacity would mean that Dewsbury based Muslims would have to travel to one of the Councils other cemeteries (Batley, Heckmondwike or Hey Lane all have dedicated Muslim burial sections), potentially having a detrimental impact on the Councils Environmental aspirations to achieve net zero, as it would be effectively increasing car journeys across the North of the district.

Timescales

The following aspirational timeline is based around the approach to develop a smaller site prior to progressing to a larger site a point in the future.

2023/24	Securing funds to progress Identification/narrowing of options = Preferred site/s. Land acquisitions (if required) Environmental RA and other necessary requirements to navigate.
2024/25	Designs/layout/planning and ALL approvals secured. Commencement of works on site.
2025/26	New smaller site opens to Muslim only burials.
2026/27	Back in scope: Determine feasibility of a larger site within North Kirklees.

Financial

The scope for this proposal has changed from the initial bid seeking over £1.5m funding for a large multi faith Cemetery to now seeking a smaller amount of £500,000 to provide a much-reduced burial provision specifically for Muslims, due to the immediate pressure identified. Breakdown of the £500,000 investment requested is as follows:

- 2023/24 - £100,000 (to cover: Site investigation works, suitability analysis, design, fees, and some approvals)
- 2024/25 - £400,000 (to cover: construction, fees, materials, and contingencies)

On average around 135 burials are undertaken in Dewsbury Cemetery per year of all faiths, generating around £310,000. Muslim burials account for around £250,000 of this figure.

- A Capital allocation of £500,000 is estimated to be required to enable the development/creation of a basic, yet practicable small (1 hectare) Muslim burial provision within the Dewsbury locality.
- By investing £500,000 in additional Muslim burial capacity would enable the Council to recover £750,000 over 3 years.

FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY

1. Government guidance allows the capitalisation of certain types of qualifying revenue expenditure in-year, funded from the flexible use of 'in-year' generated capital receipts. The original DCLG guidance covered the 2016-19 period, but this was subsequently extended by a further 3 years, to 2021/22, following the Autumn Statement announcement on November 17th, 2017. The Local Government Finance Settlement for 2021/22 extended these capital receipts flexibilities for a further three years, which will cover the period up to and including 2024/25.
2. Local authorities are given the power to use capital receipts from the sale of general fund land and buildings received in the years in which this flexibility is offered, to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of qualifying projects.
3. Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is: "Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility."
4. The extent to which capital receipts will actually be applied in-year will take into account the following factors: i) the amount of capital receipts actually generated in-year; ii) the amount of qualifying capitalisable revenue expenditure in-year; iii) the affordability of borrowing to fund the capital plan in-year, where current funding assumptions include use of in-year capital receipts to part fund the Councils annual general fund capital plan.
5. The Council will use the powers under the DCLG guidance on the flexible use of capital receipts to fund up to £3m qualifying transformation expenditure in 2022/23 and £4m in 2023/24 on the projects summarised in the table below. The proposals set out are 'in principle' and allow officers the flexibility to consider a range of funding options in-year that meet the intended objectives set out in the Council's budget strategy.
6. The capital receipts described above are not built into the Council's current/proposed capital programme and so the utilisation of these receipts for capital receipts flexibility will not have a detrimental impact on the Council's prudential indicators, as set out in the Council's Treasury Management Strategy. All schemes which are eventually deemed to qualify for capitalisation would have the required costs funded through capital receipts rather than revenue.
7. It is intended that officers will update members as part of the annual budget report to full Council each February, and finalised proposals for the flexible use of capital receipts to be incorporated into an annual early closedown review report for Cabinet consideration early April.

Table - Flexible Use of Capital Receipts Strategy

Project	Project Description	Service Transformation / Savings	Directorate	Actual Use of Receipts 2021/22 (£k)	Planned Use of Receipts 2022/23 (£k)	Planned Use of Receipts 2023/24 (£k)
Transformation Project Team	Delivery of Transformation Programme for Adult Social Care to achieve the medium term financial plan savings and bring about sustainable change in the way adult social care is delivered by the council.	Service transformation and efficiency savings	Adults	287	375	400
Demand & Capacity	Restructuring and reconfiguring of Adult Social Care services to meet current and forecast levels of demand.	Service transformation and cost reduction	Adults	220	100	150
Replacement of Adult Social Care case management system	Implementation of integrated customer-led social care case management system, delivering efficiency improvements and improved data, thereby achieving more positive results for service users.	Service transformation and efficiency savings	Adults	63	102	100
Occupational therapy & Moving and Handling staff	Funding for additional staff to reduce demand for more costly social care support over long term	Cost reduction	Adults	0	0	150
SEND Transformation - salary and consultancy costs	Implementation of SEND Transformation Plan. A comprehensive SEND Transformation Plan has been established and implementation of the multi-year programme is well underway. Work is founded on outcome / financial trajectories and the plans will continue to evolve over the lifetime of the 5 year programme.	Service transformation and cost reduction	Childrens	1,041	656	700
Resources and Waste Strategy - staff costs	Development of the council's Waste Strategy transformation agenda over the medium term.	Environmental improvements	Environment & Climate Change	129	140	200

Project	Project Description	Service Transformation / Savings	Directorate	Actual Use of Receipts 2021/22 (£k)	Planned Use of Receipts 2022/23 (£k)	Planned Use of Receipts 2023/24 (£k)
School Transport Transformation	Delivery of Transformation programme to achieve cost savings in delivery of School Transport	Efficiency savings	Environment & CC	0	0	150
Transformation Team Costs	Funding for Transformation and Culture Change team, providing council wide support in the delivery of service transformation and financial savings aligned to existing improvement programmes and the delivery of service reviews.	Transformational activity and efficiency savings	Corporate	1,090	1,570	1,700
Digital Transformation - staff costs, IT software & equipment	Identify opportunities to improve the efficiency of Information Government systems, including scanning of documents (procurement and training), development of new online resources to deliver thematic IG training, SAR digitalisation project, and other additional IG activity	Efficiency savings	Corporate	88	36	400
New Council Programme	Staff coaching in the delivery of Organisational Change	Transformational activity	Corporate	31	12	20
Business Transformation Partnership	Commissioning of consultants to support transformation projects, in particular the broader transformation and investment proposals in relation to SEND	Transformational activity	Corporate	143	0	0
The Knowledge Academy	Project Management training - transformation projects	Transformational activity	Corporate	34	0	0
NDC Capitalisation - pension costs		Cost reduction	Central	24	14	30
NDC Capitalisation - severance costs		Cost reduction	Corporate	11	0	0
				3,161	3,005	4,000



Name of meeting: Corporate Governance and Audit Committee

Date: 16 June 2023

Title of report: Annual Report on Treasury Management 2022/23

Purpose of report

Financial Procedure Rules (Section 9.5) require that the Council receives an annual report on Treasury Management activities for the previous financial year. The report to this committee reviews borrowing and investment performance before it is considered by Cabinet and Council.

Key Decision - Is it likely to result in spending or saving £500k or more, or to have a significant effect on two or more electoral wards?	Not applicable
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports)?	Yes
The Decision - Is it eligible for "call in" by Scrutiny?	Yes
Date signed off by Service Director	Dean Langton 8 June 2023
Is it also signed off by the Service Director - Finance?	As above
Is it also signed off by the Service Director for Governance and Commissioning Support?	Julie Muscroft 8 June 2023
Cabinet member portfolio	Cllr Paul Davies

Electoral wards affected: Not applicable

Ward councillors consulted: Not applicable

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 Council's treasury management operation for the year has followed the strategy approved by Council on 16 February 2022. Investments averaged £61.1 million and were largely deposited in instant access accounts earning an average interest rate of 1.92%.
- 1.2 Total external borrowing at 31 March 2023 increased by £144.9 million to £613.8 million (£468.9 million as at 31 March 2022). The Council took £70.0 million new Government long term loans from the Public Works Loan Board (PWLB) (see paragraph 2.6.3 for more detail) and an additional £35.0 million Local Authority medium term 2 to 3 year loans (see paragraph 2.6.4 for more detail). Temporary borrowing increased for the year by £60.5 million to £82.0 million (£21.5 million 31st March 2022). The average long-term borrowing rate for 2022/23 relating to all long-term debt on the balance sheet was 3.67%. Short-term borrowing rates averaged 1.34%.
- 1.3 In 2017/18 the Council approved a revision to its Minimum Revenue Provision (MRP) policy, which relates to the amount of revenue resources set aside each year to provide for its outstanding debt repayments over the longer term. This was done by updating its approach to Supported Borrowing from 2007/08 onwards, moving from a 4% reducing balance to an annuity basis in its repayment of debt.
- 1.4 In updating the approach the Council effectively over-provided in previous years the repayment of debt to the sum of £91.1 million. Within the Treasury Management Strategy 2018/19 the Council set out its approach to unwind this over-provision at £9.1 million each year over the next 10 years, starting from 2017/18 onwards.
- 1.5 Following approval within the 2018/19 Treasury Management Strategy there was a further increase in the un-winding in the General Fund MRP for 2022/23. The maximum amount of un-wind in any one year cannot be more than the overall annual MRP calculation, as otherwise the Council would end up in a negative MRP position, which is not allowable under accounting rules. The calculation estimated for 2022/23 was £13.7 million. The actual MRP calculation for 2022/23 was £17.2 million and hence the maximum unwind allowable. However, in 2022/23 the actual unwind was in-line with the budget at £13.7 million.
- 1.6 Treasury management costs incurred in the year include £10.8 million on net interest payments. The Council complied with its treasury management prudential indicators in the year.

2. Information required to take a decision

2.1 Background

- 2.1.1 The Council has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and operates its treasury management service in compliance with this Code and various statutory requirements. These require that the prime objective of the activity is to secure the effective management of risk, and that borrowing is undertaken on a prudent, affordable and sustainable basis.
- 2.1.2 Council Financial Procedure Rules require that the Council receives an annual report on Treasury Management activities for the year. Cabinet is responsible for the implementation and monitoring of the treasury management policies. Corporate Governance and Audit Committee undertake a scrutiny role with regard to treasury management.

- 2.1.3 In reviewing 2022/23 performance, reference will be made to the Treasury Management Strategy Report approved by Budget Council on 16 February 2022.

2.2 Borrowing and Investment Strategy 2022/23

- 2.2.1 The Council's overall Treasury Management Strategy prioritises security and liquidity of its investments before seeking a higher rate of return. which was adhered to in 2022/23. The Council aims to invest externally, balances of £30 million, largely for the purpose of managing day-to-day cash flow requirements. The investment strategy is designed to minimise risk and the Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

- 2.2.2 As outlined in the Treasury Strategy, the Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. The Council pursued its strategy of keeping borrowing and investments below their underlying levels, known as internal borrowing.

2.3 The Economy and Interest Rates_

- 2.3.1 The war in Ukraine continued to keep global inflation above central bank targets and the UK economic outlook remained relatively weak with the chance of a mild recession. The economic backdrop during the January to March period continued to be characterised by high energy and commodity prices, high inflation, and the associated impact on household budgets and spending.

- 2.3.2 Central Bank rhetoric and actions remained consistent with combatting inflation. The Bank of England, US Federal Reserve, and European Central Bank all increased interest rates over the period, even in the face of potential economic slowdowns in those regions.

- 2.3.3 Starting the financial year at 5.5%, the annual CPI measure of UK inflation rose strongly to hit 10.1% in July and then 11.1% in October. Inflation remained high in subsequent months but appeared to be past the peak, before unexpectedly rising again in February. Annual headline CPI registered 10.4% in February, up from 10.1% in January, with the largest upward contributions coming from food and housing. RPI followed a similar pattern during the year, hitting 14.2% in October. In February RPI measured 13.8%, up from 13.4% in the previous month.

- 2.3.4 The labour market remained tight albeit with some ongoing evidence of potential loosening at the end of the period. The unemployment rate 3mth/year eased from 3.8% April-June to 3.6% in the following quarter, before picking up again to 3.7% between October-December. The most recent information for the period December-February showed an unemployment rate of 3.7%. The inactivity rate was 21.3% in the December-February quarter, slightly down from the 21.4% in the first quarter of the financial year. Nominal earnings were robust throughout the year, with earnings growth in December-February at as 5.7% for both total pay (including bonuses) and 6.5% for regular pay. Once adjusted for inflation, however, both measures were negative for that period and have been so

throughout most of the year.

- 2.3.5 Despite household budgets remaining under pressure, consumer confidence rose to -36 in March, following readings of -38 and -45 in the previous two months, and much improved compared to the record-low of -49 in September. Quarterly Gross Domestic Product was soft through the year, registering a 0.1% gain in the April-June period, before contracting by (an upwardly revised) -0.1% in the subsequent quarter. For the October-December period was revised upwards to 0.1% (from 0.0%), illustrating a resilient but weak economic picture. The annual growth rate in Q4 was 0.6%.
- 2.3.6 The Bank of England increased the official Bank Rate to 4.25% during the financial year. From 0.75% in March 2022, the Monetary Policy Committee (MPC) pushed through rises at every subsequent meeting over the period, with recent hikes of 50bps in December and February and then 25bps in March, taking Bank Rate to 4.25%. March's rise was voted by a majority of 7-2, with two MPC members preferring to maintain Bank Rate at 4.0%. The Committee noted that inflationary pressures remain elevated with growth stronger than was expected in the February Monetary Policy Report. The February vote was also 7-2 in favour of a hike, and again with two members preferring to keep Bank Rate on hold.
- 2.3.7 Uncertainty continued to be a key driver of financial market sentiment and bond yields remained relatively volatile due to concerns over elevated inflation and higher interest rates, as well as the likelihood of the UK entering a recession and for how long the Bank of England would continue to tighten monetary policy. Towards the end of the period, fears around the health of the banking system following the collapse of Silicon Valley Bank in the US and purchase of Credit Suisse by UBS caused further volatility. Over the period the 5-year UK benchmark gilt yield rose from 1.41% to peak at 4.70% in September before ending the financial year at 3.36%. Over the same timeframe the 10-year gilt yield rose from 1.61% to peak at 4.51% before falling back to 3.49%, while the 20-year yield rose from 1.82% to 4.96% and then declined to 3.82%. The Sterling Overnight Rate (SONIA) averaged 2.24% over the period.
- 2.3.8 Arlingclose reduced its recommended maximum duration limit for unsecured deposits for all UK and Non-UK banks/institutions on its counterparty list to 35 days as a precautionary measure. No changes were made to the names on the list. As market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Council's counterparty list recommended by Arlingclose remains under constant review.
- 2.3.9 Local Authorities remain under financial pressure, but Arlingclose continues to take a positive view of the sector, considering its credit strength to be high. Section 114 notices have been issued by only a handful of Authorities with specific issues. While Arlingclose's advice for Local Authorities on its counterparty list remains unchanged, a degree of caution is merited with certain Authorities.

2.4 Investment Activity

- 2.4.1 CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20th December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represent balances that need to be invested until the cash is required for use in the course of business.

- 2.4.2 The Council's treasury management investments totalled £44.0 million as at 31 March 2023 (£78.9 million 31 March 2022). The Council invested an average balance of £61.1 million externally during the year (£37.9 million 2021/22). Interest income of £0.983 million was generated through these investments (£0.034 million 2021/22) and £0.379 million dividend income from the CCLA Property Fund (£0.349 million 2021/22). Appendix 1 shows where investments were held at the beginning of April 2022, the end of September 2022 and the end of March 2023, by counterparty, by sector and by country. The Council's average lending rate for the year was 1.92% (0.12% 2021/22).
- 2.4.3 The majority of investments were placed in liquid instruments such as instant access bank deposit accounts, DMO (Debt Management Office) and Money Market Funds (MMFs). MMFs offer greater diversification of counterparties, thus lowering risk as well as instant access.
- 2.4.4 The bank rate has increased from 0.75% at the beginning of the year to 4.25% at the end of March 2023. Short-dated cash rates, which had ranged between 0.7% to 1.5% at the beginning of April, rose by around 3.5% for overnight and 7 day maturities and 3.3% for 6 to 12 month maturities. By the end of March 2023, the rates on DMO deposits ranged between 4.05% and 4.15%.
- 2.4.5 The Council continues to hold £10 million investment in the Local Authorities Pooled Investment Fund (LAPF). The Local Authorities Property Fund was established in 1972 and is managed by CCLA Fund Managers. As at March 2023 there are assets under management of £1,203 million. The Fund aims to provide investors with regular revenue income and long-term price stability and it is an actively managed, diversified portfolio of UK commercial property. It principally invests in UK assets but may invest in other assets.
- 2.4.6 The fund returned a gross dividend yield of 3.09% in 2022/23 (3.25% 2021/22), which compares favourably with an average 1.92% on other short-term investments (see paragraph 2.4.2 above). Net income of £0.379 million was received by the Council in 2022/23 (£0.349 million in 2021/22).
- 2.4.7 Rapid rises in yields caused damage to property fund valuations with tighter financial conditions and challenges in some segments of commercial estates such as offices and high street shops which saw commercial property values fall during 2022, with a large fall in the final quarter.
- 2.4.8 Strategic fund investments are made in the knowledge that capital values will move both up and down over time. Unrealised cumulative capital losses of £1.1 million will not have an impact on the General Fund as the Council is utilising a Government statutory override for pooled investment funds. Under the Regulations, gains and losses resulting from unrealised fair value movements, that otherwise must be recognised in the income and expenditure account under IFRS9, are not currently charged to the revenue account, and must be taken into an unusable reserve account.
- 2.4.9 The DHLUC published a consultation on the IFRS9 pooled investment fund statutory override for English Authorities which was due to expire with effect from 31 March 2023. The override will be extended for two years and therefore remain in place for the 2023/24 and 2024/25 financial years.

2.5 Borrowing Update

- 2.5.1 CIPFA's 2021 Prudential Code is clear that Local Authorities must not borrow to invest primarily for financial return and that it is not prudent for Local Authorities to make any investment or spending decision that will increase the Capital Finance Requirement (CFR) and so may lead to new borrowing, unless directly and primarily related to the functions of the Council. PWLB loans are no longer available to buy investment assets primarily for yield unless these loans are for refinancing purposes.
- 2.5.2 Borrowing is permitted for cashflow management, interest rate risk management, to refinance current borrowing and to adjust levels of internal borrowing. Borrowing to refinance capital expenditure primarily related to the delivery of a Local Authority's function but where a financial return is also expected is allowed, provided that financial return is not the primary reason for the expenditure. There are no aspects of the Council's current multi-year plan that are expected to be in breach of the Code.
- 2.5.3 The cost of both long and short-term borrowing rose dramatically over the year, with rates at the end of March 2023 over 3.0pp higher than those at the beginning of April 2022. Rate rises have been driven primarily by inflation and the need for central banks to control this by raising interest rates. PWLB rates remain volatile and well above historical norms. The PWLB 10 year maturity certainty rate stood at 4.33% at 31 March 2023, 20 years at 4.70% and 30 years at 4.66%.
- 2.5.4 A new HRA PWLB rate of gilt yield plus 0.4% (0.4% below the currently available certainty rate) was announced on 15 March 2023. The discounted rate is to support Local Authorities borrowing for Housing Revenue Accounts and the delivery of social housing and is expected to be available from June 2023, initially for a period of one year.

2.6 Borrowing Activity

- 2.6.1 In terms of borrowing, long-term loans maturing greater than one year totalled £512.8 million and short-term loans maturing within 12 months (excluding interest accrued) totalled £101.0 million (£442.3 million and £26.6 million 31 March 2022), an overall increase of £144.9 million. Appendix 2 details repayments of long-term loans during the year and short-term loans outstanding as at 31 March 2023.
- 2.6.2 The Council has an increasing CFR due to the capital programme and an estimated borrowing requirement as determined by the Liability Benchmark, which also takes into account usable reserves and working capital. The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. Having considered the appropriate duration and structure of the borrowing need based on realistic projections, it was decided to take a combination of short-term borrowing and longer-term repayment loans.
- 2.6.3 The Council borrowed £70.0 million of new long-term EIP loans from the PWLB in 2022/23. These loans were taken throughout the year.

	Amount £m	Rate %	Start date	Maturity date
PWLB (538379)	20.0	2.60	9 Aug 22	9 Aug 42
PWLB (594601)	15.0	4.10	31 Jan 23	31 Jan 38
PWLB (594848)	15.0	3.99	1 Feb 23	1 Feb 37

PWLB (608189)	20.0	4.15	21 Mar 23	21 Mar 38
Total	70.0			

An EIP loan pays back principal over the life of the loan, and the interest associated with the loan goes down as the principal outstanding reduces.

- 2.6.4 As the bank base rate rose significantly during the period along with PWLB rates, the Council took advantage of medium-term loans over a 2 to 3 year time frame, achieving slightly lower interest rates for the period compared to the PWLB and securing the funds needed. The table below shows £35.0 million of loans taken during 2022/23, there is a further 3 year loan of £5.0 million taken in 2021/22 still outstanding at 31 March 2023.

	Amount £m	Rate %	Start date	Maturity date
Crawley Borough Council	5.0	0.50	1 Apr 22	2 Apr 24
South Yorkshire Mayoral Combined Authority	10.0	1.50	1 Apr 22	1 Apr 25
Leicester City Council	5.0	0.75	13 Apr 22	12 Apr 24
Leicester City Council	10.0	2.00	15 Jul 22	15 Jul 25
Oxfordshire County Council	5.0	2.00	15 Aug 22	15 Aug 25
Total	35.0			

- 2.6.5 Fixed rate loans account for 88.02% of total long-term debt (see also Appendix 5) giving the Council stability in its interest costs. The maturity profile for all long-term loans is shown in Appendix 3 and shows that no more than 6.44% of all 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 any one particular future year, when interest rates might be at a relatively high level.
- 2.6.6 The primary source of the Council's borrowing is from the Governments PWLB representing 71.27% of total external borrowing.
- 2.6.7 The Council continues to hold £61.5 million of LOBO (Lender's Option Borrower's Option) loans which represents 11.56% of total external borrowing. LOBO loans are where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option to propose an increase in the interest rates during the year.
- 2.6.8 The table below sets out the actual external borrowing requirement against estimated requirements;

	2021/22 £m actual	2022/23 £m forecast	2022/23 £m actual
General Fund CFR - Non PFI	556.1	618.0	617.0
PFI	39.4	35.5	35.5
HRA CFR - Non PFI	166.0	175.3	168.0
PFI	45.2	42.7	42.7
Total CFR	806.7	871.5	863.2
Less: PFI debt liabilities	84.6	78.2	78.2
: Other deferred liabilities	3.6	3.6	3.5
Borrowing CFR	718.5	789.7	781.5
External borrowing:			
PWLB Loans	313.3	358.9	379.0
LOBOs	61.5	61.5	61.5
Loan Stock (Fixed Rate)	7.0	7.0	7.0
Other LT Loans (Fixed Rate)	45.6	44.3	44.3
Other MT Loans (Fixed Rate)	20.0	40.0	40.0
Temporary borrowing	21.5	74.0	82.0
Total External borrowing	468.9	585.7	613.8
Internal borrowing *	249.6	204.0	167.7
Investments	78.9	30.0	44.0

* This is the amount the Council still needs to borrow to fund its capital programme (and which is currently being funded from internal resources such as reserves and working capital)

2.6.9 In terms of debt rescheduling, the premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Council's portfolio and therefore unattractive for debt rescheduling activity in 2022/23.

2.6.10 The average long-term borrowing rate for 2022/23 for the Council's long-term loans outstanding was 3.67% (3.84% 2021/22).

2.7 Trends in treasury management activity

2.7.1 Appendix 4 shows the Council's borrowing and investment trends over the last 6 years. This highlights the current trend of borrowing shorter and longer term to fund cashflow.

2.8 Risk and Compliance Issues

2.8.1 The Council reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy, including the prudential indicators. Details can be found in Appendix 5. Indicators relating to affordability and prudence are highlighted in this appendix.

- 2.8.2 When the Council has received unexpected monies late in the day, officers have no alternative but to put the monies into the Barclays Business Reserve Account overnight. The largest daily amount deposited in this account overnight as a result of unexpected late receipts was £2.1 million. Whilst this is not an ideal situation, the Council is still within investment limits as per the Treasury Management Strategy which is set at £10.0 million per counterparty.
- 2.8.3 In line with Council Treasury Management Strategy, the Council has not placed any direct investments in companies as defined by the Carbon Underground 200.
- 2.8.4 The Council is aware of the risks of passive management of the treasury portfolio and, with the support of the Council's consultants (Arlingclose), has proactively managed the debt and investments over the year.
- 2.8.5 The CIPFA Code of Practice requires that treasury management performance be subject to regular member scrutiny. The Corporate Governance and Audit Committee performs this role and members have received reports on strategy, half yearly monitoring and now the outturn for the year 2022/23. Training was provided to Members in November 2022.

Looking ahead – Treasury Management developments in 2023/24

2.9 Re-financing/re-payment of current Long-Term Borrowing

- 2.9.1 As outlined within the Council approved Treasury Management Strategy 2023/24, the Council will continue to look to repay existing long-term debt when the opportunity arises where it becomes beneficial for the Council to do so.
- 2.9.2 Council officers will liaise with the Council's external Treasury Management advisors, Arlingclose, to review lender options, and proceed if they are considered to be in the longer-term best interests of the Council.

2.10 Loan Funding Sources

- 2.10.1 The Council may be presented with additional sources of long-term funding at certain points in time, beyond those currently listed in the Council's current Treasury Management Strategy. These may be at preferential rates of interest and therefore the Service Director Finance (Section 151 Officer) will look to maximise the use of source funds when it is preferential to do so.

2.11 Investment Opportunities

- 2.11.1 The Service Director Finance, supports the approach that the borrowing and investment

strategy for 2023/24 continues to place emphasis on the security and liquidity of the Council's balances.

- 2.11.2 The investment in the CCLA property fund (see paragraphs 2.4.5 to 2.4.9) is part of a longer-term investment strategy to mitigate against any short-term market volatility or risk. As this fund has no defined maturity date its performance and continued suitability in meeting the Council's investment objectives is regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a longer period total returns will exceed cash interest rates.

2.12 New Borrowing

- 2.12.1 As mentioned previously, the Council has an increasing CFR due to the capital programme. The Council's current approach to fund the capital plan is to use a combination of short and longer-term borrowing. Unfortunately borrowing rates remain high and are likely to continue to rise in the near term. As short and medium-term rates remain slightly lower over a shorter time frame compared to longer-term, the Council will continue to borrow this way to minimise borrowing costs, although resulting in a higher proportion of debt that is not fixed over longer periods.
- 2.12.2 The base rate is expected to continue to rise during 2023/24. Long-term PWLB loans will be taken if gilt yields drop and the opportunity to take those fixed rate loans are presented.
- 2.12.3 The Council's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short and long-term borrowing will be maintained considering the appropriate duration and structure of the borrowing need based on realistic projections, and with ongoing consultation with Arlingclose.
- 2.12.4 As noted in the recent 2023/24 Treasury Management Strategy report, the Council will also consider the opportunity to arrange forward starting loans (with alternative lenders as these are not available through the PWLB), where the interest rate is fixed in advance but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. Again, this would only be undertaken after having considered the appropriate duration and structure of the borrowing need based on realistic projections, and with ongoing consultation with Arlingclose.

3. Implications for the Council

3.1 Working with People – N/A

3.2 Working with Partners – N/A

3.3 Place Based Working – N/A

3.4 Climate Change and Air Quality – N/A

3.5 Improving outcomes for children - N/A

3.6 Financial Implications for the people living or working in Kirklees – N/A

3.7 Other (e.g. Legal/Financial) – Any changes in assumed borrowing and investment requirements, balances and interest rates will be reflected in revenue budget monitoring reports during the year.

4. Consultees and their opinions

This report was considered and endorsed at Corporate Governance and Audit Committee on 16 June 2023 and will be submitted to Cabinet for consideration on 27 June 2023. Arlingclose, the treasury management advisors to the Council, have provided the economic context commentary contained in this report.

5. Next steps and timelines

5.1 Following consideration at Cabinet, this report will be presented to Council on 12 July 2023.

6. Officer recommendations and reasons

6.1 Having read this report and the accompanying Appendices, Cabinet are asked are asked to note the treasury management performance in 2022/23 as set out in this report, prior to its submission to Council;

7. Cabinet portfolio holder's recommendations

The Cabinet portfolio holder notes the borrowing and investment performance as detailed in this report.

8. Contact officer

James Anderson	Head of Accountancy
Rachel Firth	Finance Manager

9. Background Papers and History of Decisions

CIPFA's Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes 2021 edition
CIPFA's Prudential Code for Capital Finance in Local Authorities 2021 edition
Public Works Loan Board Website.
Treasury Management 2022/23 Strategy Report approved by Council on 16 February 2022.

10. Service Director responsible

Dean Langton	01484 221000
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APPENDIX 1

Kirklees Council Investments 2022/23											
Counterparty	Credit Rating Mar 2023*	1 April 2022				30 September 2022			31 March 2023		
		£m	Interest Rate	Type of Investment	£m	Interest Rate	Type of Investment	£m	Interest Rate	Type of Investment	
Specified Investments											
Barclays	Bank	F1/A+	0.0	N/A	Instant Access	0.0	N/A	Instant Access	0.5	3.57%	Instant Access
Aberdeen Standard	MMF**	AAAmf	8.9	0.51%	Instant Access	10.0	2.14%	Instant Access	0.2	4.06%	Instant Access
Aviva	MMF**	Aaa-mf	10.0	0.51%	Instant Access	10.0	1.94%	Instant Access	8.3	4.12%	Instant Access
Deutsche	MMF**	AAAmf	0.0	0.49%	Instant Access	0.0	1.78%	Instant Access	10.0	4.16%	Instant Access
Goldman Sachs	MMF**	AAAmf	3.3	0.48%	Instant Access	7.3	1.97%	Instant Access	0.0	4.01%	Instant Access
PCC for Devon & Cornwall	Local Authority		10.0	0.60%	Local Authority	0.0	N/A	Local Authority	0.0	N/A	Local Authority
PCC for Dorset	Local Authority		10.0	0.60%	Local Authority	0.0	N/A	Local Authority	0.0	N/A	Local Authority
Leeds City Council	Local Authority		0.0	N/A	Local Authority	5.0	2.00%	Local Authority	0.0	N/A	Local Authority
PCC for West Yorkshire	Local Authority		0.0	N/A	Local Authority	3.0	2.20%	Local Authority	5.0	4.65%	Local Authority
Northamptonshire Council	Local Authority		0.0	N/A	Local Authority	0.0	N/A	Local Authority	5.0	4.50%	Local Authority
PCC for West Mercia	Local Authority		0.0	N/A	Local Authority	0.0	N/A	Local Authority	3.0	4.60%	Local Authority
PCC for Warwickshire	Local Authority		0.0	N/A	Local Authority	0.0	N/A	Local Authority	2.0	4.60%	Local Authority
Debt Management Office	Cent Govt		26.7	0.55%	Cent Govt	36.0	2.02%	Cent Govt	0.0	N/A	Cent Govt
CCLA	Property Fund		10.0	N/A	Property Fund	10.0	N/A	Property Fund	10.0	N/A	Property Fund
			78.9			81.3			44.0		
Sector Analysis											
			£m	%age		£m	%age		£m	%age	
Bank			0.0	0%		0.0	0%		0.5	1%	
MMF**			22.2	28%		27.3	34%		18.5	42%	
Local Authorities/Cent Govt			46.7	59%		44.0	54%		15.0	34%	
Property Fund			10.0	13%		10.0	12%		10.0	23%	
			78.9	100%		81.3	100%		44.0	100%	
Country analysis											
			£m	%age		£m	%age		£m	%age	
UK			56.7	72%		54.0	66%		25.5	58%	
MMF**			22.2	28%		27.3	34%		18.5	42%	
			78.9	100%		81.3	100%		44.0	100%	

*Fitch short/long term ratings, except Aviva MMF (highest Moody rating). See next page for key. ** 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.

Key – Fitch’s credit ratings:

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

Appendix 2

Long-term loans repaid and short-term loans outstanding 31 March 2023

Long-term loans repaid during 2022/23

	Amount £000s	Rate %	Date repaid
Repayments on annuity loans			
PWLB (496956)	404	4.58	29 Sep 22
PWLB (496956)	413	4.58	29 Mar 23
Repayments on EIP loans			
PWLB (340221)	250	1.63	27 Apr 22
PWLB (439173)	250	1.66	17 May 22
PWLB (373440)	250	1.46	12 Jul 22
PWLB (487385)	250	2.28	22 Aug 22
PWLB (313112)	250	1.64	5 Sep 22
PWLB (493145)	250	1.98	9 Sep 22
PWLB (340221)	250	1.63	27 Oct 22
PWLB (439173)	250	1.66	17 Nov 22
PWLB (373440)	250	1.46	12 Jan 23
PWLB (538379)	500	2.60	9 Feb 23
PWLB (487385)	250	2.28	21 Feb 23
PWLB (313112)	250	1.64	6 Mar 23
PWLB (493145)	250	1.98	9 Mar 23
Total	4,317		

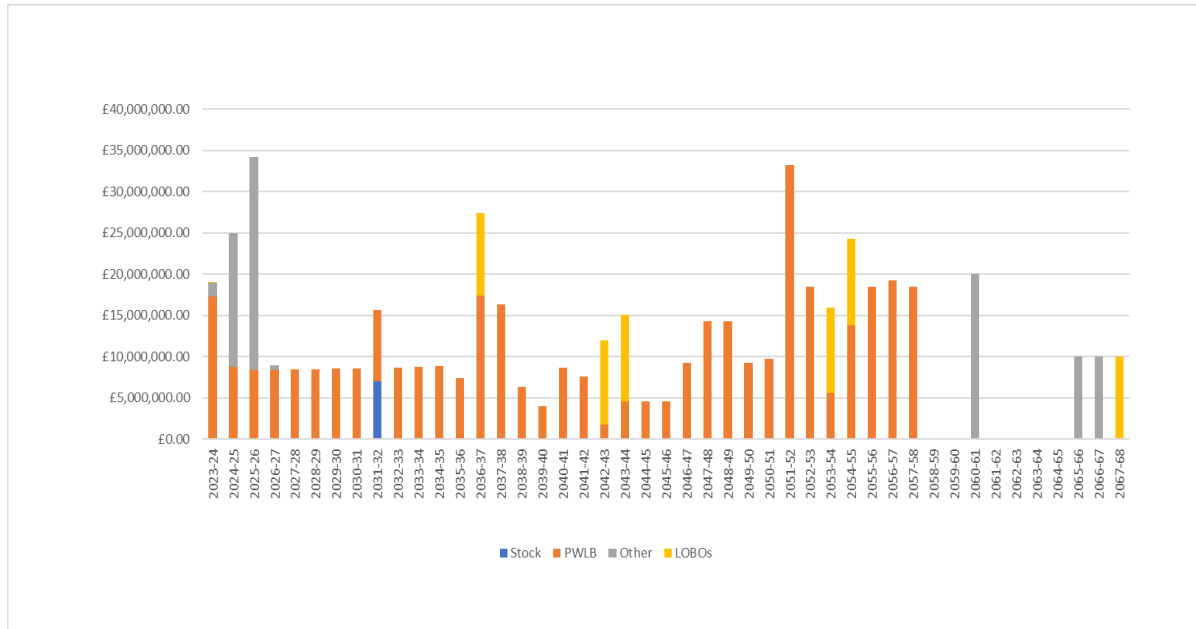
Short-term loans outstanding 31 March 2023

	Amount £000s	Rate %	Length (days)
Temporary borrowing from the Money Market			
West Yorkshire Combined Authority	10,000	0.80	276
West Sussex County Council	5,000	4.05	365
East Suffolk Council	5,000	3.60	182
South Lanarkshire Council	5,000	3.45	121
West Yorkshire Combined Authority	5,000	4.00	350
Spelthorne Borough Council	5,000	3.55	90
West Yorkshire Combined Authority	5,000	3.70	181
Warwickshire County Council	5,000	4.00	364
Rotherham Metropolitan Council	5,000	4.25	33
Ashfield District Council	5,000	4.55	92

Warwickshire County Council	5,000	4.50	364
Portsmouth City Council	5,000	4.50	61
Medium-term loans due to mature in the next twelve months	15,000		
Local lenders/Trust Funds	2,027		
Total Temporary borrowing	82,027		
Long-term loans due to mature in the next twelve months	18,997		
Total	101,024		

Kirklees Council Loan Maturity Profile (All Debt)

Appendix 3



Appendix 4

Kirklees Council - Borrowing and Investment Trends

At 31 March	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Investments	44.0	78.9	37.1	52.0	39.1	36.1
ST Borrowing (excl interest accrued)	101.0	26.6	50.0	53.2	11.8	20.8
LT Borrowing	512.8	442.3	375.8	373.7	384.1	392.4
Total Borrowing	613.8	468.9	425.8	426.9	395.9	413.2
Net debt position	569.8	390.0	388.7	374.9	356.8	377.1
<u>Capital Financing Requirement (excl PFI)</u>						
General Fund	617.0	556.1	500.1	461.6	436.6	420.3
HRA	168.0	166.0	170.3	175.3	175.3	182.8
Total CFR	785.0	722.1	670.4	636.9	611.9	603.1
Less deferred liabilities (non PFI)	3.5	3.6	3.6	3.7	3.9	4.1
Borrowing CFR	781.5	718.5	666.8	633.2	608.0	599.0
Balances “internally invested”	167.7	249.6	241.0	206.3	212.1	185.8
Ave Kirklees’ investment rate for financial year	1.9%	0.1%	0.1%	0.7%	0.7%	0.3%
Ave Base rate (Bank of England)	2.3%	0.2%	0.1%	0.7%	0.7%	0.3%
Ave LT Borrowing rate (1)	3.8%	1.9%	2.3%	2.4%	2.5%	2.5%

(1) Based on average PWLB rate throughout the year on a 25 to 30 year loan (less 0.2% PWLB certainty rate) repayable on maturity

APPENDIX 5

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 2022/23	Actual 2022/23
Interest at fixed rates as a percentage of net interest payments	60% - 100%	88%
Interest at variable rates as a percentage of net interest payments	0% - 40%	12%

The interest payments were 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 2022/23	Actual Levels 2022/23
Under 12 months	0% - 20%	4%
12 months to 2 years	0% - 20%	5%
2 years to 5 years	0% - 60%	11%
5 years to 10 years	0% - 80%	11%
More than 10 years	20% - 100%	69%

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

Total principal sums invested for periods longer than 364 days

The Council has not invested any sums longer than 364 days.



Name of meeting: Cabinet
Date: 27 June 2023
Title of report: 2023/24 to 2027/28 Council Capital Plan – Proposed allocation of capital funding from the Directorate for Children’s Achieve and Aspire Strategic Priorities in the capital plan.

Purpose of report: This report will identify potential school capital projects, for Member approval, to be funded from the 2023/24 to 2027/28 Children’s Achieve and Aspire Strategic Priorities in the capital plan to support the council SEND transformation plan.

Key Decision - Is it likely to result in spending or saving £500k 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 £500K.
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 – 8 June 2023
Is it also signed off by the Service Director for Finance?	Dean Langton - Service Director for Finance- 14 June 2023
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft - Service Director for Legal Governance and Commissioning -15 June 2023
Cabinet member portfolio	Cllr Viv Kendrick - Children (Statutory Responsibility for Children) Cllr Carole Pattison - Learning, Aspiration & Communities

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 Special Education Needs and Disabilities (SEND) is a priority programme for Kirklees and is designed to maximise outcomes for children, young people, parents and carers.
- 1.2 To increase local sufficiency of SEND places, and linked to the Kirklees SEND Transformation Plan, a first phase of Additionally Resourced Provisions based at six mainstream schools was approved by Kirklees Cabinet and the Department for Education (DfE) Regional Director earlier in 2023.
- 1.3 Further opportunities for increasing local sufficiency of SEND places have been developed in the form of Special School satellite sites.
- 1.4 £8.2m additional High Needs Provision Capital Grant has been successfully secured via the Safety Valve initiative and is already within the capital plan to support this work.
- 1.5 Officer delegated authority to allocate capital expenditure to projects supporting the SEND Transformation Plan was approved by Cabinet in December 2022 and has been used to progress some of the early projects.
- 1.6 There is now an opportunity to:
 - a. Seek Cabinet approval for capital investment in identified projects detailed within this report.
 - b. Note the revised Financial Procedure Rules, June 2023 which includes wider authority for Service directors to transfer resources within capital programme areas. which is set out in paragraph 2.16 and in the recommendations in this report.

2. Information required to take a decision

Background information

- 2.1 Our vision for children and young people in Kirklees is that they have the best start in life. Our aspirations for children and young people with SEND are no different to those we hold for all children.
- 2.2 Our partnership across Education, Health and Social Care aims to improve the lives and life chances of children and young people (aged 0-25) with SEND. We will achieve this through delivering our SEND Transformation Plan which focuses on early identification of needs, key strategic investment to flexibly increase capacity and sufficiency, effective transitions for our children as they grow, and a focus on inclusivity across all our settings and provision.
- 2.3 A key strand of the SEND Transformation Plan is 'Sufficiency', which includes improving the volume / availability of local places across a graduated approach model including Additionally Resourced Provision and Special School satellite sites.
- 2.4 Additionally Resourced Provision (ARP) is a provision in a mainstream school, designed to provide specialist and targeted support for children with special educational needs and disabilities (SEND).
- 2.5 Special School satellite sites are managed by an existing special school which deploys its staff to provide provision on another site, such as utilising spare capacity within a mainstream school. However, satellite sites do not need to be limited to existing school sites.
- 2.6 Each Special School and ARP specialises in a particular area of special educational need. Places are allocated according to the specific needs of the child or young person and taking into account parents views.
- 2.7 Since approvals to establish ARPs were given by Cabinet on 17 January 2023 and the DfE Regional Director in February 2023, work has been progressing in

partnership with our schools to identify the work required to ensure a high quality and safe environment is established to support the needs of pupils.

2.8 Having these high quality safe environments within our local school system not only supports the outcomes of children and young people but also helps to bring confidence for parents to preference local SEND provision.

2.9 In order to ensure that the Local Authority can discharge its statutory duty to provide sufficient places for children with SEND, the Department for Education announced the allocation of the High Needs Provision Capital Grant in March 2022 as follows:

2022/23 £4.996M

2023/24 £4.626M

The 2022/23 allocation was then increased by £8.2M to £13.196M as part of the High Needs Safety Valve agreement reported to Cabinet in July 2022. This combined grant funding is available to support the Kirklees SEND Transformation Plan.

Identified capital projects to support SEND sufficiency

2.10 We have worked with Schools and Capital Delivery colleagues to identify the following priority works.

a. Netherhall St. James (VC) CofE Infant and Nursery School ARP

Provision for up to 12 children with complex communication and interaction needs, approved by Cabinet, 17 January 2023. Work is required for classrooms and toilets remodelling including the creation of sensory and regulation spaces. Estimated cost £160,000

b. Netherhall Learning Campus High School ARP

Provision for up to 20 young people with complex communication and interaction needs, approved by Cabinet, 17 January 2023. Work is required on external fencing and gate automation, classroom refurbishment, remodelling of existing toilets, alongside outdoor regulation spaces and play spaces. Estimated cost £240,000

c. Old Bank Academy ARP

Provision for up to 16 children with cognition and learning needs, approved by the DfE Regional Director, 1 February 2023. Work is required on internal improvements including adapting toilets, external fencing and outdoor play spaces. Estimated cost £203,000.

d. Beaumont Primary Academy ARP

Provision for up to 12 children with social, emotional and mental health needs, approved by the DfE Regional Director, 1 February 2023. Work is required on internal improvements including the creation of regulation space and external fencing Estimated cost £175,000

e. Carlinghow Academy ARP

Provision for up to 12 children with social, emotional and mental health needs, approved by the DfE Regional Director, 20 February 2023. Work is required on fencing, classroom refurbishment, kitchen area including the creation of regulation spaces. Estimated cost £212,500

f. Southgate Special School satellite provision located at Newsome Academy
Plans are well developed to provide additional places for Southgate Special School pupils with complex needs, utilising two unused classrooms at Newsome Academy. In time this could provide up to 20 places for children with complex needs. In order to enable this, work is required which includes establishing some toilet facilities and specifically for the provision, internal adaptations and external fencing. Estimated cost £200,000.

g. Woodley School and College post-16 satellite provision to be located at a retail shop and workshop in Huddersfield town centre. In time this could provide up to 16 vocational places for young people with autism. The provision is planned in a council-owned building and will include a retail shop, workshop, quiet room and classroom. Work required includes establishing toilet facilities for students and staff, a kitchen, replacement flooring, decoration and other minor works. Estimated cost £200,000.

2.11 The Netherhall schools and Carlinghow Academy are 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.

2.12 Whilst existing officer delegated authority has been used to progress the early stages of some projects listed above, in the interest of transparency the full programme of works currently in view is included.

Future projects

2.13 The projects identified above include work that requires completion before the provision opens. In some cases, such as Netherhall Learning Campus High School and Beaumont Primary Academy, further capital works are expected to be required at a later date.

2.14 Work is already commencing to drive phase 2 ARPs forward with a projected implementation of Summer 2024. Additional special school satellite site opportunities are also being explored.

2.15 As with this report, the intention is to return to Cabinet on a regular basis with updates on progress of the SEND Transformation plan and related spend. The Quarterly Financial Monitoring process and delegated decision notices on the Council's website also provide reporting opportunities.

Financial Delegations

2.16 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 capital projects outlined in this report, Members are asked to note authority provided in the Council's Financial Procedure Rules 3.12, dated June 2023, for Service Directors to:

- Transfer resources within a programme area without restrictions.
- Transfer resources between any project or programme area up to a maximum of £2,000,000 in any financial year.
- Transfer resources within programme areas between any year within the approved capital plan,

Subject to compliance with Financial Procedure Rules 3.12 to 3.16 [and notification to the relevant Cabinet Member and appropriate Ward Members]

- 2.17 This authority will also aid the implementation of fast-paced capital projects associated with the SEND Transformation Plan, including other facilities for Additionally Resourced Provision and satellite provision. The authority also replaces the need for delegated authority previously agreed by Members in December 2022.

3 Implications for the Council

Working with People

- 3.1 There is regular engagement with the school system about progress with the Kirklees SEND Transformation Plan and work continues with individual schools to expand the number of places available in Additionally Resourced Provision, Satellite Provision and Special Schools.

Working with Partners

- 3.2 In preparing each of these proposals, Children's Services and Capital Delivery Officers work 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.

Climate Change and Air Quality

- 3.4 Enabling more children to go to their local school will have a positive impact and support Kirklees climate change / air quality ambitions.

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 to meet the specific needs of children and young people helping to ensure they have the widest opportunities to fulfil their aspirations and ambitions.

Financial Implications for the people living or working in Kirklees

- 3.6 Local children for local schools is a key element of place-based working in Kirklees where schools play an important role in their community beyond the provision of education. Attending a local school where children and young people can walk or cycle has many advantages including reducing the cost of transport.

Financial implications

- 3.7 The identified capital investment is funded from High Needs Provision Capital Grant which includes an additional £8.2M allocated as part of the High Needs Safety Valve agreement.

Legal implications

- 3.8 Appropriate statutory and non-statutory significant change to schools and academies processes, including where appropriate 'prescribed alterations', have taken place related to the ARPs detailed in this report. It is possible to make modest expansions to special schools' places without the need for such processes, however, subject to the scale of future expansion, formal processes are likely to be required.

Other implications

- 3.9 An integrated impact assessment was undertaken in July 2022 and continues to be updated. It is considered that there are no adverse impacts arising from the proposals under this duty.

4 Consultees and their opinions

- 4.1 This report has been subject to consultation with the Portfolio Holders from 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 developments.
- 4.3 We have worked with each of the schools to identify priority works required and they are supportive of these proposals.

5 Next steps and timelines

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

Further updates will be brought to cabinet associated with the SEND Transformation Plan.

6 Officer recommendations and reasons

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

- (a) To consider and approve the proposed capital expenditure for the projects detailed in this report:
- i. Netherhall St. James (VC) CofE Infant and Nursery School ARP
 - ii. Netherhall Learning Campus High School ARP
 - iii. Old Bank Academy ARP

- iv. Beaumont Primary Academy ARP
- v. Carlinghow Academy ARP
- vi. Southgate special school satellite provision located at Newsome High School
- vii. Woodley School and College post-16 satellite provision

(b) In order to aid the implementation of further capital schemes associated with SEND Transformation Plan at pace, including facilities for Additionally Resourced Provision and satellite provision, Members are asked to note authority provided in the Council's Financial Procedure Rules 3.12, dated June 2023, for Service Directors to:

- Transfer resources within a programme area without restrictions.
- Transfer resources between any project or programme area up to a maximum of £2,000,000 in any financial year.
- Transfer resources within programme areas between any year within the approved capital plan,

Subject to compliance with Financial Procedure Rules 3.12 to 3.16 [and notification to the relevant Cabinet Member and appropriate Ward Members]

7 Cabinet Portfolio Holder's recommendations

We again wish to place on record our thanks to all the schools who have been working with the Council for the past few years, particularly those who are working to provide additional places for children with SEND.

We are proud of the strong partnership of schools in Kirklees whether they be maintained schools, church schools, single academy trusts or part of a multi academy trust. 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 additional investment in schools will help to ensure families in Kirklees continue to have access to an appropriate school place and children will also benefit from the improved facilities we are able to deliver with this investment.

Providing a range of places available locally for children with SEND such as Additionally Resourced Provision and Satellite Provision is a vital part of our Kirklees SEND Transformation Plan.

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

8 Contact Officers

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

9 Background Papers and History of Decisions

Our Kirklees Futures – Our approach to learning 2021-2030
<https://www.kirklees.gov.uk/beta/delivering-services/kirklees-futures.aspx>

SEND Transformation Plan 2021

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

Special Educational Needs and Disabilities (SEND) – Transformation plan update (including Safety Valve update), 26 July 2022:

<https://democracy.kirklees.gov.uk/documents/s47268/20220726%20Safety%20Valve%20and%20APR%20-%20Cabinet%20Report%20V2.pdf>

Making changes to provision for pupils with Special Educational Needs - final decision report, 17 January 2023:

<https://democracy.kirklees.gov.uk/documents/s49861/Making%20changes%20to%20provision%20for%20pupils%20with%20Special%20Educational%20Needs%20-%20final%20decision%20report.pdf>

Council Budget Report 2023/24 and future years; incorporating Capital, Treasury Management, General Fund Revenue and Housing Revenue Account (including Capital Plan), 21 February 2023

<https://democracy.kirklees.gov.uk/documents/s50465/Budget%20Book%20based%20on%20BUB%20v16.pdf>

10 Service Directors responsible

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



Name of meeting: Cabinet

Date: 27th June 2023

Title of report: Housing Delivery Plan Update

Purpose of report: To provide an update to Cabinet on progress and to recommend increased delegation of powers to dispose of sites in the Housing Delivery Plan to support the Council's capital receipt targets but also secure Housing Growth outcomes. This report should be read in conjunction with another report on the Cabinet agenda on the 27th June entitled Surplus Property Disposals 23-24.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes
Key Decision - Is it in the <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	David Shepherd – Strategic Director, Growth and Regeneration – 10/06/23
Is it also signed off by the Service Director for Finance?	Dean Langton
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft
Cabinet member <u>portfolio</u>	Cllr Graham Turner – Regeneration Cllr Cathy Scott – Housing and Democracy

Electoral wards affected: All

Ward councillors consulted: Ward councillors were consulted in 2018 prior to the original report establishing the programme of activity. This is an update report.

Public or private: Public

Has GDPR been considered? There is no personal data contained in this report.

1. Summary

Housing Growth and Regeneration have an important role to play in allowing Kirklees to build on its strengths and achieve its growth potential. There is a need to provide high quality housing on a scale and of a type that responds to the needs of a growing population and economy. The report approved at Cabinet on 29th August 2018 and subsequent update report to Cabinet on 20th January 2020 set out the approach to delivering the growth element of the Housing Strategy and provided a clear framework to guide activity to support Housing Growth.

We are focussed on delivering the maximum number of affordable and low carbon quality homes. The Housing Growth activity includes the development of 41 Council owned sites through a variety of projects and programmes and the delivery of Town Centre residential development at both Huddersfield and Dewsbury complementing wider Blueprint regeneration activity.

Support is also provided to assist private sector developers in bringing forward their sites. This includes site-specific planning advice, brokering contact with potential development or investment partners and advice in relation to overcoming barriers to development.

The activity covers the following projects and programmes.

- Supporting the delivery of Strategic Allocation sites
- Accelerated Construction Homes England grant funded Programme.
- Town Centre Living Programme
- Specialist and Supported Housing
- Affordable Housing
- Pipeline sites
- Registered Providers programme
- Brokerage service

In addition to the above the team in Homes and Neighbourhoods are delivering a Council New Build programme (currently focussed on regenerating smaller sites close to existing Council housing) and the Housing Buy Back Scheme.

Despite a very challenging period over the past three years, resulting in supply and workforce issues and ongoing inflation pressures, progress has been made across the programme. Appendix 1 provides a summary of this in relation to the various Housing Growth programmes and projects currently underway and in development.

Decisions are now needed for the following projects in the programme.

- Bradley Park is a key strategic site that has been progressed with technical support and a decision is now needed in order to move this project into the delivery of phase 1 of the site, as the first step in the delivery of multiple phases
- Following on from extensive feasibility work, where appropriate we are seeking to dispose of sites in the programme where this delivers housing growth outcomes.
- Work is undertaken to support the delivery of Affordable Home Ownership properties; this is at a cost to the service and proposals are set out in relation to charging fees for this service.

2. Information required to take a decision

2.1 Funding position

Significant work has taken place over the last three years to further develop the programme and options for delivering Housing Growth. Covid and other economic pressures have, as with all Capital projects, impacted viability of many schemes, some of which have paused, and many have increased in cost and delivery times have lengthened.

During this period work has continued to strengthen relationships with partners and create new partnerships to support positive outcomes and create capacity for delivery. This includes the successful work with West Yorkshire Combined Authority and Homes England which enabled us to secure grant funding of over £1M from the Housing Pipeline revenue fund to support the development of sites and bring them forward for delivery.

2.2 Strategic Partnerships

We are also active in the Strategic Place Partnership group, working with regional colleagues to drive forward work to support key strategic sites such as Bradley Park and Dewsbury Riverside; details are set out in Appendix 1. Work on Bradley Park is moving into preparation for delivery of phase 1 and this requires additional feasibility and development activity to support next steps, funding to support this has been identified and is recommended for approval as part of this report.

2.3 Pipeline sites

Utilising the Housing Pipeline revenue fund grant, option and feasibility work has progressed across many of the sites in the pipeline programme and we are now able to explore where appropriate the opportunity for disposal. Each site will be taken on merit and consideration will be given to supporting the Councils capital receipt target and securing housing growth outcomes.

2.4 Potential Site Disposals

Following on from 2.3 above, Members are reminded that at the Cabinet meeting of 29 August 2018 there were 41 sites identified for different schemes, all of different sizes and values. These are set out in the report which is in the background papers and to which there is a link at paragraph 9 below. As part of the ongoing management of the housing growth programme officers may decide that the optimum way of achieving new housing delivery would be to dispose of the sites to third parties. There is, however, a risk associated with this of the potential land banking of sites leading to a delay in housing delivery. A potential way to mitigate this risk would be to dispose of the site by way of a contract conditional on them obtaining planning permission for housing development so that only the committed would buy the properties due to the expenditure they would have to occur in obtaining planning permission. Other approaches which mitigate this risk would also be explored with legal colleagues prior to any disposal.

Officers will recommend that notwithstanding the amendments made to the Constitution as set out in paragraph 2.16 of item 7 of the report to the Corporate Governance and Audit Committee on 12 May 2023 (reserving to the Executive powers to approve any disposal where the value of the property exceeds £1m) Cabinet grant

authority to officers to be able to dispose of any of the 41 sites referred to in this paragraph on terms to be agreed, irrespective of value after consultation with the relevant portfolio holder but subject to all relevant policies and applicable legislation in doing so.

2.5 Overall delivery

The overall delivery position is set out in Appendix 1. Delivery through the programme is currently estimated at 2,124 units to be delivered by 2030 and we are currently on site or in contract for circa 800 homes.

2.6 Affordable / discounted market homes

First Homes became a mandatory Central Government requirement from 28 December 2021. They are a new Affordable Home Ownership (AHO) product to be delivered via Section 106 planning obligations on residential development sites. The Council is also involved in the sale process for other AHO properties, including Discount Market Sale properties and Starter Homes. Given the work involved and the capacity needed to carry this out it is proposed that the Council introduces a fee to cover reasonable costs of the Council for processing the sale of AHO secured via the planning system (First Homes, Starter Homes and Discount Market Sale). This work will be delivered by the Housing Growth team and Appendix 2 sets out the detail of the work and proposals for charging.

3. Implications for the Council

3.1 Working with People

The Housing Growth work covers a wide range of activity and the Council is working with a range of partners to deliver market and affordable housing which meets local needs, alongside specialist accommodation such as Extra Care schemes and supported accommodation for people with learning disabilities. There is therefore significant benefit to Kirklees citizens in providing access to housing across a range of tenures as part of a programme of quality housing developments. In addition, as part of the construction process, the benefits of the local supply chain and opportunities for apprenticeships and training is maximised at every opportunity.

3.2 Working with Partners

To deliver the significant number of new homes needed the Council is working with a wide range of partners in both the private and public sector such as Registered Providers, Homes England, West Yorkshire Combined Authority, private sector developers and investors.

Working with partners brings additional resources, expertise and capacity to deliver projects, as set out in section 2 above.

3.3 Place Based Working

The needs of Kirklees residents and communities varies widely and by using intelligence and information we are focussing our resources in the best way possible to achieve the best outcome for residents. The specialist housing including the Extra Care Housing programme is a good example of this where we are using information on housing needs

and age demographics to ensure best use of our sites and meet the needs of local communities.

We are also using Place Standard tool which has supported the work to progress the first phase on Dewsbury Riverside.

3.4 Climate Change and Air Quality

Taking into account the Climate Emergency resolution we are exploring all opportunities to encourage energy efficient building methods, supporting the delivery of low carbon housing. A key example of this is the work Thirteen group are delivering across five sites in Kirklees. The commitment on this project is to maximise improvements to environmental standards and delivery of low carbon homes across all five sites.

Our work on housing in town centres seeks to re-use existing assets for housing in sustainable locations within easy reach of strategic transport links via trains and buses. The proximity to town centre leisure and retail uses removes the need for car ownership.

3.5 Improving outcomes for children

Well designed, energy efficient housing built to nationally described space standards, and with (where applicable to the site) provision of open space on site helps provide children with the best start in life.

3.6 Financial Implications for the people living or working in Kirklees

This report requests approval of expenditure of £800,000 of capital funding for Bradley Park. This is required to support preparation for next steps and delivery of phase 1 including additional feasibility and development activity. This is fully covered by grant funding and is already factored into the Capital Plan.

There are no financial impacts on wider residents of Kirklees. Our focus is on well designed energy efficient homes such as those delivered by Keepmoat and Thirteen Group as set out in Appendix 1. This will result in savings on energy costs for tenants and residents living in these homes when compared to other, less energy efficient properties.

3.7 Other (eg Integrated Impact Assessment (IIA)/Legal/Financial or Human Resources) Consultees and their opinions

An Integrated Impact Assessment (IIA) has been carried out alongside the Cabinet Report. The IIA indicates that there will be a neutral impact on communities including people identified as having a protected characteristic under the Equality Act 2010 and satisfies the public sector equality duty imposed on the council. The IIA also sets out that there will be a neutral impact on the environment.

4 Consultation and Engagement

Engagement with ward members takes place on a site by site basis, as proposals for each site progress. For example, local ward members are informed when survey work takes place on site, and at key points during the development process e.g. when planning applications are made or when there is a start on site.

Portfolio holders are informed of progress on the overall housing growth programme via their regular briefing sessions, and specific, strategic issues and decisions in relation to each site are taken to them for a decision.

5 Next steps and timelines

The current position in relation to the range of Housing Growth programmes and projects is included in Appendix 1. Whilst rigorous project management and risk mitigation measures are in place across all of the Housing Growth projects the activity is subject to a range of external factors and risks which may impact adversely on delivery. We will continue to work closely with our partners in Homes England and WYCA to minimise risk across the programme and secure resources to bolster delivery of Housing Growth.

6 Officer recommendations

Cabinet is recommended to:-

- i. Approve Capital funding allocation of £800,000 for Bradley Park - required to support preparation for next steps and delivery of phase 1 including additional feasibility and development activity.
- ii. Note the progress being made as detailed in the Housing Delivery Plan Update as set out in Appendix 1 to the report.
- iii. Delegate to the Service Director – Development, in consultation with relevant portfolio holder, the Service Director -Finance and the Service Director – Legal, Governance and Commissioning, power to dispose of any of the 41 sites identified in the housing growth programme, as referred to in paragraph 2.4 of the report, to not only support the Council's capital receipt targets but also secure Housing Growth outcomes, irrespective of the value of the site and on such terms as officers deem most appropriate after consultation and the agreement of the relevant portfolio holder but subject to all relevant policies and applicable legislation in doing so. Where any of the 41 sites in the housing growth programme are also included in the appendix to the surplus Property Disposals Cabinet report 27th June 2023 these will be dealt with in line with recommendations in the Property Disposals report.
- iv. Delegate to the Service Director – Legal, Governance and Commissioning power to enter into all agreements necessary to effect any of those disposals referred to at (iii)
- v. Agree to the fee charging proposals as set out in Appendix 2 to the report to cover the work the Housing Growth Team are delivering in respect of Affordable Home Ownership properties, including Discount Market Sale properties, First Homes and Starter Homes.

7 Cabinet Portfolio Holder's recommendations

The Cabinet Portfolio Holder is pleased that the programme is taking positive steps towards delivering Housing Growth across key projects. Whilst there is still more to do we have momentum and in particular the work on the phase 1 of Bradley Park, the approach to disposal where this delivers housing growth outcomes and our continued work to support the delivery of home ownership properties supports the ongoing drive for growth across Kirklees.

It's well documented that we have a national housing shortage, and we are not immune from that shortage however we are doing all we can to deliver high quality homes for our residents by working with partners, developing land that the council owns and by working on innovative schemes across the borough.

A decent home helps to deliver so many outcomes, for our residents from better health to more social mobility and better education outcomes, it is beholden on this ambitious Cabinet to do all we can to deliver more homes, and I believe the strategy in this report alongside starting to develop phase 1 of Bradley will deliver much needed new homes.

By working with this strategy and our many partners we now have a pipeline of projects that are starting to deliver new homes and will continue to do so for many years to come.

8 Contact officer

Adele Buckley
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9 Background Papers and History of Decisions

Appendix 1 Housing Delivery Plan Update

Appendix 2 Affordable Home Ownership Fee Charging

Cabinet Report – Housing Delivery Plan. Approved 29th August 2018
<https://democracy.kirklees.gov.uk/documents/q5703/Public%20reports%20pack%2029th-Aug-2018%2016.00%20Cabinet.pdf?T=10>

Cabinet Report – Dewsbury Riverside Masterplan. Approved 19th March 2019

<https://democracy.kirklees.gov.uk/documents/q5613/Public%20reports%20pack%2019th-Mar-2019%2016.00%20Cabinet.pdf?T=10>

Cabinet Report – Housing Delivery Plan Update. Approved 20th January 2020

<https://democracy.kirklees.gov.uk/documents/q6297/Public%20reports%20pack%2020th-Jan-2020%2010.00%20Cabinet.pdf?T=10>

Dewsbury Riverside Development Strategy. Approved 25th February 2020

[Agenda for Cabinet on Tuesday 25th February 2020, 4.00 pm | Kirklees Council](#)

Cabinet report – Disposal of land at Kenmore Drive, Cleckheaton

[Agenda for Cabinet on Tuesday 26th May 2020, 5.00 pm | Kirklees Council](#)

Cabinet report - Registered Providers Clusters Programme - Update and Land Disposals

[Agenda for Cabinet on Tuesday 5th July 2022, 3.00 pm | Kirklees Council](#)

Cabinet Report – Residential Development in Huddersfield Town Centre. Approved 26th July 2022

<https://democracy.kirklees.gov.uk/documents/g7181/Public%20reports%20pack%2026th-Jul-2022%2015.30%20Cabinet.pdf?T=10>

10 Service Director responsible

Joanne Bartholomew
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Housing Growth and Regeneration

Housing Delivery Plan Update – Appendix 1

Cabinet Report – 27 June 2023

Cabinet report: Housing Delivery Plan Update

June 2023

Appendix 1

This report provides an overview of the various strands of activity relating to housing growth which are currently being progressed by the Housing Growth and Regeneration Service.

1 Strategic Allocations

1.1 Bradley Park –

The full allocation at Bradley Park will deliver around 2,000 units, including the homes to be delivered as part of the privately owned Bradley Villa Farm.

The Housing Growth team's current focus is on delivering a first phase on its own land. This, combined with the homes which have permission at Bradley Villa Farm, will deliver around 750 homes in a first Phase of which 20% (around 150) will be affordable.

Working with consultants, the Housing Growth team are currently undertaking detailed work on the highways access arrangements. Other preparatory work for the procurement of a development partner is also being progressed.

As set out in sections 1 and 2.2 of the Cabinet report, capital investment is required to support Bradley moving to the delivery phase. This support will fund the detailed investigative and enabling work that will allow the project to move forward to the point of procurement of a partner and then construction.

1.2 Dewsbury Riverside

The Dewsbury Riverside site is the largest housing allocation in the Kirklees Local Plan, which will deliver up to 4,000 homes alongside community infrastructure and open spaces. The Council owns approximately 30 hectares of the 160 hectare site, including a key access into the site and first phase of development.

Planning permission was granted at Strategic Planning Committee in November 2022 for the first phase of development at Dewsbury Riverside of up to 350 homes and supporting infrastructure on the Council's land. The Housing Growth Team are now working alongside Homes England, West Yorkshire Combined Authority (WYCA) and Network Rail, to explore funding and delivery partner options, along with working to maximise the sustainable transport connectivity that the new Ravensthorpe Railway Station will bring which is being built within and adjacent to the Dewsbury Riverside site as part of the Trans Pennine Route Upgrade.

Work is also on-going with the local community and Ward Cllrs to revise the masterplan for the site and realise the place making and sustainability opportunities, building on the innovative use of the Place Standard tool as part of the community engagement that was undertaken before the planning application on the Council's land was submitted. An Inclusive Communities Framework is being developed specifically for Dewsbury Riverside working with colleagues in the Communities Team and public engagement officers from Homes England in order to embed public engagement principles for every development stage at Dewsbury Riverside.



To deliver a key first phase of opening up the Dewsbury Riverside site for development, the allotments south of Ravensthorpe Road required relocation. The Housing Growth team have worked with existing allotment holders, Council officers in the Allotment and Capital Delivery teams, and local external partners AHR Architects and Casey to construct replacement allotments close to the original location within the Dewsbury Riverside site. Construction was completed in April 2023 of the 43 new allotment plots to replace the existing 25 plots, with 17 new designated parking spaces, water supply across the site, and replacement sheds and greenhouses for existing tenants.



2 Town Centre Living

2.1 Huddersfield Town Centre Living Plan

In July 2022, Cabinet endorsed the Huddersfield Town Centre Living plan which set out the vision for delivering high quality residential development in Huddersfield town centre, linked to the wider delivery of the Huddersfield Blueprint.

The first step in the delivery of this vision is for the Council to demonstrate the quality of homes which can be delivered in the town centre using its own assets – Estate and Somerset buildings.



At the same time as endorsing the Town Centre Living plan, Cabinet gave approval for the Council to enter into an exclusivity agreement with Thirteen Group Limited for a period of up to eighteen months, whilst they undertake feasibility and viability work on the building to establish if they can deliver a high-quality residential product in these refurbished buildings. This feasibility work is currently in progress.

A further report will be brought to Cabinet when the outcome of Thirteen’s work is complete.

2.2 103 New Street

This development supports the regeneration of a landmark building as part of the Blueprint vision for Huddersfield Town Centre. A council loan has supported the redevelopment of the building for 75 student accommodation units.

2.3 Daisy Hill Dewsbury

The Daisy Hill Neighbourhood project is a key element of the Dewsbury Blueprint, and one of the 9 schemes in the Dewsbury Town Investment Plan that have received funding from the Towns Fund.

Following approval of the Towns Fund by central government, work has been progressing to acquire key properties in the Daisy Hill area to create commercially viable opportunities for developers of high quality, sustainable homes in the future that will contribute to the regeneration of the Daisy Hill area and wider Dewsbury town centre alongside the other Town Investment Plan projects.

Housing Growth officers have also been working with colleagues at WYCA and Homes England to assess the potential development options for the Daisy Hill neighbourhood area, including compiling technical and financial viability evidence to inform the nature of development and engagement with the development market. This work will be progressed further throughout 2023.

aid the development for the affordable homes on both sites, and Section 106 monies provided by the Council assisted in ensuring the scheme remained viable.

Union Gardens, Liversedge is a brownfield site that previously had planning permission for housing, but progress had stalled. The Council worked in partnership with the registered provider to secure Homes England funding, enabling them to deliver accommodation for vulnerable adults with learning and physical disabilities. The twelve units are a mixture of one and two bed apartments as well as a two-bedroom detached bungalow. This type of accommodation means we can now facilitate a move back to Kirklees for some individuals who had been placed elsewhere.

3.1 Extra Care

Ashbrow

The Ashbrow scheme will deliver 98 market (for sale) homes, 13 homes for affordable rent and 50 homes within a Council Extra Care scheme.

The project, particularly the Extra care scheme, has been very challenging to get started, in the context of the volatile construction market conditions caused by the pandemic, Britain leaving the EU, and the war in the Ukraine. Despite this, however, the Extra Care scheme started on site late in 2022, and the development is now progressing to programme. It is due to be complete in September 2024. The Extra Care scheme will provide much needed accommodation for the district's older population who have both a housing need and care need. It will deliver specialist accommodation, each with its "own front door", allowing people to live independently for longer, and with the potential to free up large Council housing which is being underoccupied.



A number of market and affordable homes on the site are already complete and are occupied, thereby contributing to meeting overall housing need.

The Extra Care scheme under construction

Kenmore Drive

The Council is working in partnership with Housing 21 to deliver the site at Kenmore Drive, Cleckheaton. The scheme will deliver 80 Extra Care affordable homes for rent.

Good progress was made on this scheme over the course of 2022, and in December 2022 the Council disposed of the site to Housing 21, at the same time entering into a grant agreement

to contribute £500k of s.106 funds to support delivery of the homes (Cabinet approval for this having been secured in May 2020). Housing 21 have also secured a substantial grant from Homes England for the scheme.

Unfortunately, early in 2023, immediately prior to work starting on site, Housing 21's contractor went into administration. Housing 21 are currently looking at alternative routes to construct the scheme. They have stressed to the Council and to Homes England their commitment to delivering the scheme, however it is possible that it will be the end of 2023 before they have a building contract in place. The Housing Growth team will continue to work with Housing 21 throughout 2023 in order to ensure that this important scheme is delivered.

4 Registered Providers Programme

The Council is working with Thirteen Housing Group, one of Homes England's strategic partners, to deliver around 200 affordable homes on five sites located across the district. The focus for these sites is on delivering energy efficient, net carbon zero ready homes. Thirteen bring resources and expertise to the Council's housing delivery programme, particularly in relation to the strategic funding they receive from Homes England for housing delivery.



Cabinet approval was secured in July 2022 to dispose of the sites to Thirteen Group. Thirteen are working on the sites as a programme, with the most advanced site being Main Avenue at Cowlersley. A design and build contractor has been identified for this site, and a planning application will be made in 2023, with work expected to start in mid 2024.

Illustrative impression

On the other sites in the programme, Thirteen are having pre-application discussions with the Local Planning Authority about their proposals. Applications have also been made for One Public Estate Brownfield Housing Fund grant, to make two of the more difficult, brownfield sites more viable. The outcome of these grant applications is expected in summer 2023.

5 Accelerated Construction Programme

The Council has successfully secured an allocation of grant investment from Homes England's Accelerated Construction Programme to develop homes on the Soothill site. There is a requirement for the homes to be built using Modern Methods of Construction at an agreed accelerated pace of delivery.



Homes under construction at Soothill

5.1 Soothill

The Council are working in partnership with Keepmoat to deliver 254 market (for sale) homes and 65 affordable homes on the Soothill, Batley.

Site infrastructure works funded by Homes England were completed in the summer of 2022. The homes are now under construction, with the first completions of both market and affordable homes having occurred at the end of April. The homes on the site are being built at an accelerated pace of 5.4 homes per month, with overall completion of the site due by 2027.

6 Housing Brokerage Service

The Housing Brokerage Service operates to provide assistance, where needed, for stalled housing development sites across Kirklees. Officers in the Housing Growth Team can be contacted via: Housing.Regeneration@kirklees.gov.uk and are happy to consider issues that are a barrier to development.

The team can provide advice around development viability issues, the Council's pre-application planning process, and explore opportunities for external funding from third parties such as WYCA and Homes England.

The team also work closely with colleagues in the Planning Policy Team to understand which sites have not started or stalled and can provide information about these to interested developers to encourage partnership working to unlock sites.

Over recent years the team have assisted a number of landowners/developers in bidding for the WYCA Brownfield Housing Fund to unlock brownfield sites. Specific sites where the Brokerage Team have been involved in discussions include; Newsome Mills, Westgate Cleckheaton, former Midlothian Garage site, New Mill Road, Holmfirth.

7 Pipeline sites

A number of sites have been identified for potential disposal where this will support Housing Growth outcomes. In many cases these sites are in strong market areas and the Council has already been approached by developers and or registered providers in relation to a number of the sites. The Council is currently looking at options on a site by site basis to enable the sites to be brought forward for housing and delivered quickly alongside introducing mechanisms to manage the risk of potential land banking.

As set out in sections 1 and 2.3 of the Cabinet report, following on from extensive feasibility work, where appropriate we are seeking to dispose of sites in the programme where this supports delivery of housing growth outcomes.

Overall Delivery position

Live or completed projects	Units to be delivered 2022/26
Union Gardens- complete	12
Nabcroft Lane - complete	19
Ashbrow - onsite	161 – incl 50 Extra Care
Kenmore Drive	80 Extra Care
Soothill - onsite	319
Registered Provide Clusters – In planning	207
Estate / Somerset Buildings	44
103 New Street – partial completion	75
total	917

Strategic Sites	Units to be delivered 2024/2030
Dewsbury Riverside – PP granted	First phase 350
Bradley Park – viability work underway	First phase 474
total	824

Pipeline Sites	Units to be delivered 2024/2028
Gomersal School	48
Upper Clough	40
Flint St	45
Fenay Lane	190
total	383

Delivery through the programme estimate	Units to be delivered 2022/2030
Cumulative total	2,124

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Appendix 2 - Housing Delivery Plan Update June 2023

Affordable Home Ownership Fee Charging

1.0 Introduction

1. Increasing home ownership for First Time Buyers in the UK has been a cross party policy since the 1990s and is a current Government priority.
2. The Government has introduced several initiatives targeted at First Time Buyers. This has included a number of Affordable Home Ownership (AHO) schemes where private developers build properties that can be purchased at a discount below market value by buyers who meet certain qualifying criteria.
3. These initiatives have included Starter Homes and Discount Market Sale Homes which were led by a previous Government.
4. First Homes, which is the current government's preferred discounted market tenure, were introduced in May 2021 and became a mandatory Central Government requirement from 28 December 2021.
5. They are to be delivered via Section 106 planning obligations on residential development sites. One quarter (25%) of all affordable homes secured by Section 106 planning obligations will be First Homes.
6. Central Government has established mandatory national criteria relating to the delivery of First Homes. Local authorities can choose to introduce their own local eligibility criteria. The Council's First Homes Position Statement and eligibility criteria can be found here: <https://www.kirklees.gov.uk/beta/planning-applications/pdf/first-homes-position-statement.pdf>
7. It is the developer's responsibility to sell First Homes to eligible applicants. However, the Council will be involved in the sales process for First Homes, both at initial sale stage and any subsequent resales as well as having other ongoing responsibilities, such as approving letting requests.
8. The Council is also involved in the sale process for Starter Homes and Discounted Market Sale properties.
9. During the sales process of these AHO properties, the Local Authority is required to review applications from potential purchasers, along with accompanying evidence, to assess their eligibility against the agreed criteria and issue necessary approval documents confirming that the sale has been undertaken in accordance with requirements of the S106 agreement.

2.0 Charging a Fee

10. In the context of the significant on-going and future burden on officer time, it is recommended that a fee is charged to cover the legal and administrative costs incurred in relation to the process of administering the sale of AHO properties.

11. Failure to implement an appropriate fee will result in the Council picking up the cost of its administration in ensuring the delivery of AHO properties. The burden of administering these properties is in perpetuity; therefore, it is essential that an appropriate fee is levied to cover all subsequent re-sales too.
12. The Council estimates that this process takes approximately 11.2 hours for an initial sale and 13.5 hours for a resale. This is based on officer experience of processing Starter Homes and Discount Market Sales Properties.
13. A cost schedule has been prepared by Finance colleagues with input from Housing Growth and Legal Services officers. Based on the cost schedule, the following fees are proposed to be charged:

For initial sales = £348.73

For resales = £394.79

14. The fees set out above will be applied to all future sales, unless the S106 agreement states otherwise, to cover the costs associated with that individual sale.
15. The money will be split between Housing Growth and Legal Services in the following way:

	Housing Growth	Legal Services
Initial Sale	£202.40	£146.32
Resale	£248.47	£146.32

16. The fee will be paid by the Seller (the developer in the first instance and the current owner for all subsequent sales). Where historic S106 Agreements state that the Buyer will pay, this will still stand.
17. Where historic S106 Agreements specify a sum in perpetuity of £250, the money will be split £104.68 to Housing Growth and £146.32 to Legal Services.
18. The Council will not issue the final Compliance Certificate until it is in receipt of the fee.
19. Fees and charges must be reviewed at least once per annum. Service Directors have authority to implement new charges and amend existing fees and charges to achieve budget targets, to account for changes in legislation and market conditions, in consultation with the appropriate Strategic Director, relevant Portfolio Holder and Chief Finance Officer.



Name of meeting: Cabinet
Date: 27th June 2023
Title of report: Round 2 Levelling Up Funding (LUF2) and Local Centres Investment

Purpose of report:

To set out and agree the next steps for investment in previously agreed local/small centres including those projects to be funded via additional funding (in particular Levelling Up Fund Round 2) announced by DLUHC for Batley and Marsden.

Key Decision - Is it likely to result in spending or saving £500k or more, or to have a significant effect on two or more electoral wards?	Yes
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 – 7 th June 2023
Is it also signed off by the Service Director for Finance?	Dean Langton – 12 th June 2023
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft – 14 th June 2023
Cabinet member <u>portfolio</u>	Councillor Graham Turner – Portfolio Holder for Regeneration – 5 th June 2023

Electoral wards affected: Batley, Cleckheaton, Colne Valley, Heckmondwike, Holme Valley South

Ward councillors consulted: Those in Batley, Cleckheaton, Heckmondwike and Holmfirth are actively engaged in the local centres programme. Ward Councillors in Marsden are aware of Marsden Levelling Up Round 2 bid and have been part of a recent place standards exercise. They were briefed on the items in this cabinet report on 5th June 2023.

Public or private: Public.

Has GDPR been considered? Yes.

1. Summary

This report seeks Cabinet agreement to the progress with the next stages of the local centres programme. This builds upon key milestones that have been achieved recently. Firstly, the announcement from the Department for Levelling Up Homes and Communities (DLUHC) that both Batley and Marsden will receive significant sums of central government grant (a combined total more than £21m (including Council match funding) plus further private sector investment. Allowing officers to progress the identified schemes and, in the case of Marsden, ensuring that this and other identified investment is carried out in a planned way. The second milestone relates to the previously identified centres of Cleckheaton, Heckmondwike and Holmfirth where place standard and masterplan exercises are largely complete. The report seeks further endorsement for the identified projects and to move to the

project development stage utilising the identified sums from the overall allocation of £10m which cabinet approved in March 2021.

2. Information required to take a decision.

Background

2.1 Investment in Local Centres represents an exciting opportunity to strengthen key towns and villages across Kirklees. Cabinet agreed at its meeting of 16th March 2021 the following summarised matters:

1. To agree the next tranche of town centres for investment namely: Batley, Cleckheaton, Holmfirth, and Heckmondwike
2. All to benefit from additional £1.5m per centre allocated as part of the Council's Capital Plan
3. To delegate authority to the Strategic Director for Growth and Regeneration to approve individual plans and projects in consultation with the Portfolio holder regeneration.
4. To agree the generic list of project or programme types that funding can be used towards
5. To note and/or agree timeframe for delivery; staffing resources to support this initiative and general governance arrangements.

2.2 The full report can be found at the link below:

<https://democracy.kirklees.gov.uk/documents/s40077/V5%20Final%20Small%20Centres%20Cabinet%20Report%2016th%20March%202021.pdf>

2.3 This programme is a large undertaking with 4 consultation and masterplan activities being undertaken either at the same time or in quick succession. The progress to date is set out in table 1 below:

Table 1 - Local Centres – Progress to Date

Centre	Core Exercise		Dates Undertaken or Completed
Batley	Place Standard	Round 1	12 th July – 9 th Aug 2021
		Round 2 - Prioritisation	February 2022
	Masterplan Consultation		21 st Oct – 21 st Nov 2022
	Masterplan Adoption		Summer 2023
Cleckheaton	Place Standard	Round 1	1 st Sept – 11 th Oct 2021
		Round 2 - Prioritisation	June 2022
	Masterplan Consultation		29 th June – 29 th July 2022
	Masterplan Adoption		10 th Feb 2023
Heckmondwike	Place Standard	Round 1	4 th Oct – 8 th Nov 2021
		Round 2 - Prioritisation	June 2022
	Masterplan Consultation		19 th May - 19 th June 2023
	Masterplan Adoption		Late Summer 2023
Holmfirth	Place Standard	Round 1	6 th Sept – 31 st Oct 2022
		Round 2 - Prioritisation	May 2022
	Masterplan Consultation		17 th Nov – 17 th Dec 2022
	Masterplan Adoption		26 th May 2023

2.4 As part of this exercise, in each centre, a series of priority projects have been identified for development and delivery. Table 2 below highlights these:

Table 2 - Local Centres – Priority Projects

Centre	Key Project Identified	Intended Next Step
Batley	Commercial Street Phase 1	Now a LUF2 project
	Commercial Street Phase 2	Now a LUF2 project
	Market Place	Now a LUF2 project
	Tesco Link	Now a LUF2 project
<hr/>		
Cleckheaton	Savoy Square & Market	Procure multi-dis team to design scheme – Summer 23
	Spenn Bottoms & Park Entrance	Procure multi-dis team to develop a feasibility study for the area – Summer 23
	Market Place	Being delivered through TCF - A638 scheme, following full business case approval from WYCA – Likely delivery - Autumn 23
<hr/>		
Heckmondwike	This requires finalisation following analysis of consultation results which ended on 19 th June 2023.	Examination of consultation feedback on Masterplan
Holmfirth	Access Plan	Being Delivered through WYCA funding – Starting Summer 2023.
	Towngate	Procure multi-dis team to develop options for the site – Summer 23
	Gateway & wayfinding Project	Undertake feasibility study for options and estimated costs – Autumn 23
	River Holme Masterplan	Procure multi-Dis team to develop a feasibility study for the area – Summer 23

External Funding

- 2.5 As with all town centre programmes officers continue to identify external funding sources to help deliver projects. The local centres and major projects services have been successful in bidding to government for several funding streams in particular Levelling Up funding (Round 2), the UK Shared Prosperity Fund (UKSPF), Transforming Cities Fund (TCF), Street for People and Active Travel Funds. All of which, as highlighted below, will assist in delivering on core masterplan objectives.

Levelling Up Funding (LUF2)

- 2.6 In early 2022 central government announced the second round of Levelling Up Funding (LUF2). The process was competitive. Kirklees submitted 4 bids in total. In the early announcements (late 2022) Batley was selected. A project worth £14.385m is now funded with a grant of £12.0032m coming from LUF2. A further announcement was made in the budget in March 2023 for Marsden which allocated £5.605m to the redevelopment of New Mill. Details of both projects are set out below in paragraphs 2.9 to 2.12.

UK Shared Prosperity Fund (UKSPF)

- 2.7 To help with project development in the local centres programme a number of bids have been made to UKSPF. As a result, the following have been secured:
- £120,000 additional masterplanning/feasibility resource – this will be shared between small/ local centres (Marsden) and Station to Stadium to support project development and masterplan work.
 - £285,000 – towards project development in Cleckheaton and Holmfirth.

- 2.8 Members are referred to the cabinet report and decision relating to UKSPF from 11th October 2022. See link below:

Active Travel Fund 4 (ATF4)

- 2.9 On 22nd March 2023 Active Travel England gave notice that the West Yorkshire Combined Authority had been awarded £23m from the Active Travel Fund Tranche 4 (ATF4). ATF4 is a capital funding opportunity to support the uptake of active travel (walking, wheeling and cycling) for everyday trips.
- 2.10 The successful award to Kirklees is for £2.3m. This is for two schemes to upgrade towpaths along the Huddersfield Narrow Canal Phase 3 (Slaithwaite to Marsden) and the Huddersfield Broad Canal (Aspley Marina to Cooper Bridge) to support residents to walk and cycle more easily providing health and environmental benefits. Schemes will be delivered in partnership with the Canal and River Trust over 2023/24 and 2024/25. Kirklees will also benefit from participation in an ATF4 West Yorkshire School Streets project. Kirklees will enter into a grant agreement with the West Yorkshire Combined Authority to draw down ATF4 funds.

The Batley Project

- 2.11 The Batley LUF2 project consists of a town centre wide programme of interventions which can be split into five elements:
1. Commercial Street – Phase 1 – a series of street scape improvements between Market Square and Wards Hill – particularly tackling some of the issues of parking outside of allocated bays and anti-social driver behaviour.
 2. Commercial Street – Phase 2 – adjustments to Commercial Street between Wards Hill and Hick Lane to create a better visitor/customer environment balancing this with needs of businesses.
 3. A Public Realm link between the Tesco car park and Commercial Street.
 4. Improvements to Market Square and Market Place public realm areas to create better and modern public space which is fit for the future.
 5. A refit of the former JBL building on Commercial Street

The Marsden Project

- 2.12 New Mill on Broughton Road in Marsden has been awarded LUF2 funding. This project is a private sector led project with funding awarded as gap to address viability issues associated with the redevelopment of this substantial mill complex. The Council in this instance will act in its role as responsible body and will administer the grant allocated to it by DLUHC. The concept scheme proposes a mix of commercial, retail, and residential space across the mill complex. A level of demolition is proposed.
- 2.13 The timeframe for delivery on both was March 2025 but officers understand that due to a variety of factors this is likely to be extended to March 2026.

Discussion

- 2.14 Strategically the Local Centres Programme has so far been successful. Through place standard and masterplan engagement it has connected the Council, through ward members, with local communities to shape a longer-term vision and strategy for local town centres. The process has identified, or is in the process of identifying, a series of interventions to strengthen individual towns.
- 2.15 From a funding perspective the initial commitment has levered in an additional £18m of combined LUF2 and UKSPF funding. This figure is further expanded by the private sector investment that will need to be put into Marsden New Mill which potentially takes this figure beyond £30m. We can add to this the prior investment from WYCA in Holmfirth of approximately £5.2m for the access scheme and the WY Local Transport Plan Streets for People Funding (going into the Batley programme) of £1m. In addition, a significant capital investment is being made into

Heckmondwike bus station of potentially £4.9m meaning investment from outside the Council into our identified local centres projects is over £40m once the ATF4 funding is included and is in addition to investment in stations and the rail line as part of Trans-Pennine Route Upgrade.

Levelling Up – Round 2 Awards

- 2.16 To enable this part of the overall programme to continue to move forward and hit key deadlines set by DLUHC officers are seeking agreement from Cabinet to accept external funding of just over £12m from the Government to support delivery of the Batley Town Centre LUF project and likewise accept external funding of £5.605m to support delivery of the Marsden project. In the case of the latter, Members should note that the Council will act as Accountable Body for the grant and administer it accordingly.
- 2.17 To assist with this, on both projects, it is necessary to ask Cabinet to delegate authority to the Strategic Director Growth and Regeneration and the Service Director Legal, Governance and Commissioning to finalise and execute all necessary legal agreements with the Council's project delivery partners including DLUHC and authorise them to spend grant plus, in the case of Batley, any identified match funding, to deliver the identified LUF projects. This includes the setting up of the appropriate governance arrangements for the oversight and delivery of the projects.

Local Centres Projects

- 2.18 It can be seen from the tables in section 2.3 and 2.4 that progress has been made on engagement, master planning and project identification on all the originally identified centres of Batley, Cleckheaton, Heckmondwike and Holmfirth. Officers are moving into the project development and delivery phase for most of the centres. Cabinet is asked to note the identified projects (Table 2) which will now be developed and delivered.

Marsden

- 2.19 Marsden is potentially a new addition to the local centres programme. This is brought about by the award of funding set out above as well investment in the station and line as part of the Trans Pennine Route Upgrade (TRU). This combination means that Marsden, in the opinion of officers, requires some support particularly in terms of visioning, master planning and setting a future strategy for improvements to the main centre that complement the investment identified. The ward has recently undergone a place standard exercise which is helpful and will provide a source of community-based information to support this. It also has community-based groups who can help lead the work if that is required.
- 2.20 To complete the masterplan work, officers recommend that some of the UKSPF funding identified in section 2.7 be used to deliver this. Officers are open to utilising experience within local community-based groups and will work with the ward Councillors and the Portfolio holder for Regeneration to explore this possibility.
- 2.21 Once the master planning is complete and projects identified further funding will be required to assist with delivery. Officers will pursue funding opportunities external to the Council to develop and deliver those identified. A further report to Cabinet will be necessary where any allocation is required from the Council's own capital programme.

3. Implications for the Council

Financial Implications

- 3.1 If Cabinet decides to accept the recommendation the Council will become the Accountable Body for the LUF2 grants. In addition, should the recommendation be accepted then it is also committing to the match funding totalling £2.382m. This will be taken from the Council's small centres capital allocation of £1.5m and the remaining Streets for People Fund which was an allocation made from the West Yorkshire Local Transport Fund.

Working with people

- 3.2 Collaborating with partners is key to ensuring the Council get the best outcomes for citizens, communities, and Kirklees as a whole. As part of the local centres programme considerable engagement through place standards and master planning has been undertaken. This process will continue as projects move through the development phases. In Batley further engagement with businesses and town centre users will be required as the schemes get developed in more detail. This should help shape the projects.

Working with Partners

- 3.3 The Council has engaged with members of the public and landowners, businesses, and stakeholders during development of Masterplans this will continue as individual interventions are worked up. Officers will continue to develop relationships with partnerships/colleagues in DLUHC and the developers/property owners in Marsden as part of the levelling up agreements.

Place Based Working

- 3.4 The development of the Local Centres Masterplans is informed by Place Standard engagement exercises. This has already engaged town centre stakeholders, businesses, and users to help shape the overall approach to redeveloping the identified areas. Each masterplan in turn has used this information to formulate proposals which strengthen individual centres.

Climate Change and Air Quality

- 3.5 Both climate change and air quality will be considerations of masterplans and projects moving forward, informing the planning processes and the future detailed design work.. For example, the promotion of better connectivity through the area and to surrounding communities particularly via active travel will contribute to reducing adverse transport derived impacts on communities and improve public health.

Improving outcomes for children

- 3.6 All masterplans seek to create more family friendly environments. Additionally, streets and spaces will be designed with all generations in mind making them both safe and inclusive at the same time.

Cost of Living Crisis

- 3.7 Improved local centres will create a more attractive environment for businesses to thrive helping to stimulate the creation of a variety of new job opportunities.

Other

- 3.8 At this stage there are no additional legal or financial implications to this work. However, moving forward into the next steps there will be the need to put in place additional resources to develop the propositions this will include legal and procurement.

4. Consultees and their opinions

As noted in various sections above engagement has been at the heart of local centre programme development. This will continue through the next stage of the masterplan and project delivery.

5. Officer recommendations and reasons

Officers recommend that:

1. Cabinet notes the content of this report.
2. Cabinet agrees to accept external, LUF2, funding of £12.0032m from the Government to support delivery of the Batley Town Centre Levelling Up project. Subject to the terms and conditions of the grant funding agreement.
3. If Cabinet agree recommendation 2 then the required match funding identified in 3.1 is authorised to be allocated to the project and used for development and delivery.

4. Cabinet agrees to accept external LUF2 funding of £5.605m to support delivery of the Marsden Levelling Up project and for the Council to act as Accountable Body for the LUF2 grants. Subject to the terms and conditions of any grant funding agreement.
5. Cabinet delegates authority to the Strategic Director Growth and Regeneration and the Service Director Legal, Governance and Commissioning to finalise and execute all necessary legal agreements with the Council's project delivery partners and to put in place the necessary governance and assurance arrangements to ensure the projects identified are delivered.
6. Where Cabinet agree recommendations 2 and 3 above Cabinet also authorises the Service Director for Development to develop and deliver the identified scheme for Batley.
7. That cabinet agrees to utilise the identified UKSPF funding to develop a masterplan for Marsden that draws on recent place standard outcomes.
8. In accordance with previous recommendations relating to masterplans in the cabinet decision from 16th March 2021 that final sign off of any masterplan for Marsden is delegated to the Strategic Director Growth and Regeneration in conjunction with the Portfolio Holder for Regeneration.
9. Cabinet notes the programme of priority projects in the local centres programme at Table 2 of this report and agrees to the continued development and delivery of these and any other agreed as part of the Heckmondwike masterplan exercise, subject to the necessary funds being in place.
10. Subject to necessary funding being in place cabinet authorises officers to develop and deliver any projects for Marsden that are agreed as part of the Masterplan process outlined recommendation 8.

Reasons: To ensure the continued regeneration of the identified town and village centres.

11. Cabinet Portfolio Holder's recommendations

The Cabinet Portfolio Holder for Regeneration very much welcomes the levelling up money for both Marsden and Batley. This along with the ambitions of the cabinet to invest in our small towns, will revitalise and regenerate our small-town centres. We will ensure that we will consult and work with the local communities to ensure that the investment meets the needs of those living, working, and using these small-town centres.

These are ambitious plans and will take a lot dedicated officer time to deliver, and I would like to thank officers for the work they have done in both securing the external funding and developing these exciting projects so far.

I fully endorse the recommendations in this report and look forward to a bright and exciting future for the projects contained within the report.

12. Contact officer(s)

Simon Taylor – Head of Town Centre Programmes

13. Background Papers and History of Decisions

Cabinet Report – 16th March 2021 – Investing in Small Town Centres
Cabinet Report – 11th October 2022 - UK Shared Prosperity Fund

14. Service Director responsible

Joanne Bartholomew – Service Director Development and Co-Vid Recovery

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Name of meeting: Cabinet
Date: 27th June 2023

Title of report: Surplus Property Disposals 2023/24

Purpose of report:

The purpose of this report is to seek approval and delegated authority from Cabinet for bringing forward the proposed Capital Receipts Schedule for 2023/24, delivering a targeted level of capital receipts in alignment with the Council’s emerging Corporate Property Strategy, and in response to the Council’s approved budget and Capital Strategy.

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 implications exceeding £250k and covers all wards.
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	David Shepherd – Strategic Director for Growth and Regeneration – 26/05/2023
Is it also signed off by the Service Director for Finance?	Dean Langton – Service Director for Finance – 30/05/2023
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft – Service Director for Legal, Governance and commissioning – 15/06/2023
Cabinet member portfolio	Cllr Paul Davies – Corporate

Electoral wards affected: All Wards

Ward councillors consulted: No

Public or private: Public

Has GDPR been considered? There is no personal data within the report.

1. Summary

- 1.1 This report, in alignment with the Council's emerging Corporate Property Strategy, and in response to the Council's approved budget and Capital Strategy, presents a proposed Capital Receipts Schedule for 2023/24 to be brought forward for delivery.

2. Information required to take a decision.

- 2.1 As part of the Council's approved budget, the Capital Strategy presents a £4m minimum 2023/24 in-year target for capital receipts; money received from the sale of property assets (land and buildings).
- 2.2 Through the development of the Council's Corporate Property Strategy, a review of the estate has identified an initial register of surplus property, which is property no longer required to support organisational delivery requirements.
- 2.3 The surplus property register has been assessed to identify those property interests that should be released for disposal. It is government policy that local authorities should dispose of surplus property wherever possible.
- 2.4 The property interests identified for disposal have been assembled to form the Capital Receipts Schedule (CRS) for 2023/24, which is presented as **Appendix A** for consideration.
- 2.5 The property interests identified on the CRS each require further evaluation to determine the appropriate legal process, market value, the mode of disposal, and possible timings, to allow a forward delivery programme to be developed and accelerated to achieve the in-year target.
- 2.6 Assurance and progress will be monitored, with risks and issues managed by exception through a new Corporate Property Board. This is to be established as a first step toward the governance arrangements associated with the Council's emerging Corporate Property Strategy. This forum will report progress into leadership and strategic groups/boards such as the Capital Delivery Board and Modern Organisation Board.
- 2.7 The accelerated approach to property disposals will have an increased demand on the Assets and Estates service area, compounding existing capacity issues. Work is already being prioritised and certain workflows will need to be reviewed and expectations managed.
- 2.8 To assist in relieving this pressure, the response times for all enquiries and requests (including focus reviews) are proposed be set to 90 days. Time-limited, urgent, and statutory enquiries and requests will be managed by exception by the Strategic Manager for Assets and Estates and where appropriate in consultation with the Head of Corporate Landlord and Capital, and the Service Director for Development. This will be reviewed on an ongoing basis, balancing internal resources, available capacity across wider services, and access to consultancy support.
- 2.9 The delivery of the CRS will use a proactive and planned approach, with clear lines of communication, management of risks and issues, and inherent assurance/progress monitoring. To ensure seamless delivery, interdependencies and key stakeholders need to be identified and engaged at the earliest opportunity, with resource and capacity requirements actively monitored and planned for. (e.g., Legal Services).

- 2.10 Work is underway with the Transformation Team to aid in this accelerated approach, to consider project management style support and reviewing the required capacity and gearing up needs across key services such as Legal Services. There may also be opportunities to consider wider service linkage, where the needed skills and expertise may be present in-house and could be re-prioritised to support the required activity.
- 2.11 As sites are evaluated, key strategic partners will be consulted as appropriate, covering off any initial first refusal and/or private treaty opportunities.

3. Implications for the Council

3.1 Working with People

The planned approach for delivery will require key council services to work closely together proactively.

3.2 Working with Partners

As part of the process for bringing forward disposals, key partners will be made aware to help identify any collaborative opportunities.

3.3 Place Based Working

Disposals are often a catalyst for development, which will make our places more attractive and vibrant.

3.4 Climate Change and Air Quality

Disposal of surplus property reduces the council's estate and carbon footprint, contributing to our commitment towards net zero.

3.5 Improving outcomes for children

None

3.6 Finance

The generation of capital receipts supports the Council's Capital Strategy and more specifically the delivery of the Capital Programme (and, where appropriate, the transformation of services through the Flexible Capital Receipts Policy), safeguarding service delivery into the future. Releasing assets for disposal will, equally, contribute to the savings required in the Council's Revenue Budget by reducing the cost of holding assets.

3.7 Financial Implications for the people living or working in Kirklees

None

3.8 Legal

Unless approved otherwise, the disposal of property assets will need to be in accordance with the scheme of officer delegation and the relevant statutory framework which applies to the particular asset. The Council has the legal power to dispose of assets generally under section 123 of the Local Government Act 1972 usually for the best consideration that can reasonably be obtained. Where it is proposed that an asset is disposed of at an undervalue, the General Disposal Consent 2003 (contained within circular 06/93) and the Subsidy Control Act 2022 (and associated regulations) must be assessed, and, where applicable, complied with. Housing assets may only be disposed of in accordance with The General Housing Consents 2013 issued pursuant to section 32 of the Housing Act 1985.

Alongside the Localism Act 2011, which may highlight certain sites for listing as an Asset of Community Value, the Council's approach to Community Asset Transfer will

also need to be considered. Both disposal routes require additional lead-in and determination time, and need to be highlighted as a significant risk should applicable sites be targeted for disposal within year, or within a specific timeframe.

3.9 Integrated Impact Assessment

An Integrated Impact Assessment has been carried out as part of the Council Budget setting process and is published on the Council's website.

4. Consultees and their opinions

4.1 This report has been subject to consultation with the Council's Executive Team (ET), Leadership Management Team (LMT), and the Portfolio Holder for Corporate services, and their comments have informed the contents of this report.

4.2 Ward members will be engaged and informed of progress on a property-by-property basis.

5. Next steps and timelines

5.1 Following this report, and subject to approval, instruction will be given to proceed at pace with the required further evaluation of the properties listed within the CRS, forming an accelerated programme for delivery.

5.2 It is anticipated that a progress update and proposals for the 2024/25 CRS will be integrated as part of the Council's budget setting process and used to inform the 2024/25 budget report.

5.3 The Corporate Property Strategy is currently under development, it is planned to be brought forward for consideration 2023/24 Q4.

6. Officer recommendations and reasons

In alignment with the emerging Corporate Property Strategy, and to support the immediate demand on capital receipts it is recommended that Cabinet delegate to the:

- (i) Strategic Director for Growth and Regeneration in consultation with the relevant portfolio holder, Service Director – Legal, Governance and Commissioning, power to dispose of any land and property identified within the Capital Receipts Schedule 2023/2024 to support the Council's income targets, irrespective of the value of the site and on such terms as officers deem most appropriate,
- (ii) Service Director – Legal, Governance and Commissioning power to enter into all agreements necessary to effect any of those disposals referred to at (i) above.

7. Cabinet Portfolio Holder's recommendations

7.1 The portfolio holder for Corporate Services is fully supportive of the approach outlined in this report.

8. Contact officer

Daniel McDermott: Strategic Manager – Assets & Estates – 01484 221000 – Daniel.McDermott@Kirklees.gov.uk

9. Background Papers and History of Decisions

Appendix A – Capital Receipts Schedule 2023/24

10. Service Director responsible

Joanne Bartholomew: Service Director – Development – Growth & Regeneration – 01484 210000 – Joanne.Bartholomew@Kirklees.gov.uk

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Appendix A - Capital Receipts Schedule

Asset Name	Alias	Address (Nearest)	Ward
19 Westgate	-	19 Westgate, Huddersfield, HD1 1NP	Newsome
2 Elm Street	-	2 Elm Street, Skelmanthorpe, Huddersfield, HD8 9BH	Denby Dale
22 Lower Fitzwilliam Street	Great Northern Street Motors	22 Lower Fitzwilliam Street, Huddersfield, HD1 6BE	Dalton
25A Edgerton Cemetery Lodge	-	25A Cemetery Road, Edgerton, Huddersfield, HD1 5NF	Greenhead
Bankfield Mills	WT Johnson	Bankfield Mills, Wakefield Road, Moldgreen, Huddersfield, HD5 9BB	Newsome
Batley Town Hall Annexe	-	Brunswick Street, Batley, WF17 5DT	Batley East
Challands Yard	A E Haywood and Sons Ltd	Lockwood Scar, Lockwood, Huddersfield, HD4 6BL	Newsome
Creative Lofts	-	15 Northumberland Street, Huddersfield, HD1 1RL	Newsome
Fartown Village Hall	-	Ball Royd Road, Fartown, Huddersfield, HD2 1AN	Ashbrow
Land at Flash Lane/Dunbottle Lane	-	Land at Flash Lane/Dunbottle Lane, Mirfield, WF14 0PH	Mirfield
Fletcher House Farm, Almondbury	-	Fletcher House Farm, Lumb Lane, Almondbury, Huddersfield, HD4 6SZ	Almondbury
Former Almondbury Library	-	Former Almondbury Library, Stocks Walk, Almondbury, Huddersfield, HD5 8XB	Almondbury

Appendix A - Capital Receipts Schedule

Asset Name	Alias	Address (Nearest)	Ward
Former Gomersal First School	-	Former Gomersal First School, Oxford Road, Gomersal, Cleckheaton, BD19 4JR	Liversedge & Gomersal
Former Holmfirth Council Offices	-	49-51 Huddersfield Road, Holmfirth, HD9 3JP	Holme Valley South
Gledhill Farm	-	Gledhill Farm, Kaye Lane, Almondbury, Huddersfield, HD5 8XU	Newsome
The Homestead	-	The Homestead, Hurst Knowle, Almondbury, Huddersfield, HD5 8SG	Almondbury
Ingfield Enterprise Centre	Ingfield Business Centre	Ingfield Enterprise Centre, Cherry Nook Road, Deighton, Huddersfield, HD2 1JD	Ashbrow
Land at Lumb Lane, Almondbury	-	Lumb Lane, Almondbury, Huddersfield, HD4 6SZ	Almondbury
Land at Providence Street, Earlsheaton, Dewsbury	-	Providence Street, Earlsheaton, Dewsbury, WF12 8HZ	Dewsbury East
Land at Raikes Lane/The Mount, Birstall, Batley	-	Raikes Lane/The Mount, Birstall, Batley, WF17 9QU	Birstall & Birkenshaw
Land at Rowley Hill, Lepton, Huddersfield	-	Rowley Hill, Lepton, Huddersfield, HD8 0JF	Almondbury
Land at St Andrew's Road	Former Perseverance House	St Andrew's Road, Huddersfield, HD1 6RZ	Dalton
Land opposite 13 Birchencliffe Hill Road	-	Birchencliffe Hill Road, Lindley, Huddersfield, HD3 3JS	Lindley
Land opposite Thornhill Lees Post Office (Rear of Bus Shelter)	-	Brewery Lane, Thornhill Lees, Dewsbury, WF12 9DZ	Dewsbury South

Appendix A - Capital Receipts Schedule

Asset Name	Alias	Address (Nearest)	Ward
Land at Leeds Rd / Old Fieldhouse Lane	-	Leeds Road, Huddersfield	Dalton
Leeds Road (HTFC)	-	Leeds Road, Huddersfield	Ashbrow
Longroyd Lane	-	Longroyd Lane, Longroyd Bridge, Huddersfield, HD1 4RL	Newsome
Lower Park Barn	-	Park Lane, Berry Brow, Huddersfield, HD4 6TR	Newsome
Millgate, Paddock	Continental Sports Workshop	Millgate, Paddock, Huddersfield, HD1 4SD	Greenhead
Netherton Village Hall	-	330-332 Meltham Road, Netherton, Huddersfield, HD4 7EX	Crosland Moor & Netherton
Nibshaw Lane	-	Nibshaw Lane, Gomersal, Cleckheaton, BD19 4PD	Liversedge & Gomersal
Land at Whitehouse Lane	NW Leeds Employment Hub	Whitehouse Lane, Yeadon, Leeds, LS19 7UE	N/A
Oxley Investors	-	Highfields Road, Huddersfield, HD1 5NG	Newsome
Primrose Hill Liberal Bowling Club	-	31 Malvern Road, Primrose Hill, Huddersfield, HD4 6DA	Newsome
Red Doles Lane	Dual Seal Glass	Red Doles Lane, Huddersfield, HD2 1YE	Dalton
Riverbank Court	-	Wakefield Road, Aspley, Huddersfield, HD5 9AA	Dalton

Appendix A - Capital Receipts Schedule

Asset Name	Alias	Address (Nearest)	Ward
Land at Second Avenue	RM Grylls	Second Avenue, Hightown, Liversedge, WF15 8JW	Liversedge & Gomersal
Scholes Cricket Club	-	Chapelgate, Scholes, Holmfirth HD9 1SX	Holme Valley South
Scott Lane / Northgate	-	Northgate, Cleckheaton, BD19 3NB	Cleckheaton
Land at Thewlis Lane	-	Thewlis Lane, Huddersfield, HD4 7AB	Crosland Moor & Netherton
Tunbridge Mills	-	Turnbridge Mills, Quay Street, Huddersfield, HD1 6QT	Dalton
Land at Croft Street	Adj. to Birkenshaw Liberal Club	Croft Street, Birkenshaw, Bradford, BD11 2HT	Birstall & Birkenshaw
Whitechapel School Easement	-	Whitechapel Road, Cleckheaton, BD19 6HR	Cleckheaton
Land at Wellington Street / Preston Street	-	Wellington Street, Batley, WF17 5JL	Batley East
Land at Knowles Road / Suffolk Street	-	Knowles Road, Batley, WF17 7RR	Batley East



Name of meeting: Cabinet

Date: 27th June 2023

**Title of report: Kirklees Cultural Heart,
part of the Huddersfield Blueprint – Gateway 3**

Purpose of report:

The purpose of this report is to give an update on the progress of the Cultural Heart programme now that it has reached Gateway 3. The programme has been to Cabinet a number of times with the last report being in September 2022 for Gateway 2 when the Outline Business Case, master plan and the Royal Institute of British Architects Stage 2 Report (RIBA 2) were approved.

This report requests approval to progress the delivery of parts of the adopted master plan to the next stage at Gateway 4. It is at this future Gateway 4 that approval will be sought to commence any construction and associated demolition on site.

The report also includes assumptions on associated council service budgets as part of preparing for the opening of the facilities and post opening operational costs.

<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? Decisions having a particularly significant effect on a single ward may also be treated as if they were key decisions.</p>	<p>Yes</p> <p>Expenditure >£500,000</p>
<p>Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u></p>	<p>Yes, published 25th May 2023</p> <p>Public Cabinet report with public and private appendices.</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.</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>David Shepherd – 12/6/23</p> <p>Dean Langton – 11/6/23</p> <p>Julie Muscroft – 13/6/23</p>

Cabinet member portfolio	<p>Cllr Graham Turner Regeneration Portfolio Holder,</p> <p>Cllr Paul Davies – Corporate Portfolio Holder</p>
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Electoral wards affected: **Newsome**

Ward councillors consulted: **Newsome ward councilors were consulted on the progress of the scheme as part of the public consultations for planning.**

Has GDPR been considered? **Yes**

Public or private: **Public Cabinet report with public and private appendices.**

The appendices to the Cabinet report are set out below and can be found by accessing the following link. Hard copies of the appendices can be provided upon request.

[Appendices](#)

In the public report where Appendices are private parts may be redacted or the Appendix may have been withheld.

Appendix 1, Royal Institute of British Architects Stage 3 Report, Executive Summary (public)

Appendix 2, Royal Institute of British Architects Stage 3 Report, (private)
Programme Board presentation
Part 1 & Part 2

Appendix 3, Statement of Community Engagement (public)

Appendix 4, Phasing Options Review (private)

Appendix 5, Phase 1 plan (public)

Appendix 6, Design Monitoring proposals (public)

Appendix 7, Phase 1, stage 1 tender report (private)

Appendix 8, Phase 1 Gateway 3 to Gateway 4 Capital Development Budget (private)

Appendix 9, Phase 1 Gateway 4 to Completion Capital Development Budget (private)

Appendix 10, RIBA 3 Sustainability Summary (public)

Appendix 11, Master Plan Social Value paper (public)

Appendix 12, Integrated Impact Assessment (public)

Certain appendices as annotated above are 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. And where information is subject to an obligation to confidentiality.

Summary

Launched in June 2019, the Huddersfield Blueprint aims to transform the town centre. As one of six key elements of the blueprint vision, the Cultural Heart will help to deliver many of the council's strategic social, economic, and cultural objectives by being a catalyst for change and regeneration in the town centre, creating a coherent, safe, inclusive, and family friendly cultural offer. Set on a central campus in the Queensgate and Piazza area the Cultural Heart will celebrate the heritage of Huddersfield while offering new cultural experiences for residents and visitors alike.

The council's investment in the Cultural Heart will create core facilities and stimulate the provision of ancillary facilities, services, and opportunities by private, third and academic sectors, helping to secure the future of existing businesses and attract new investment. This catalytic role will help in creating a platform to deliver inclusive economic growth and social vibrancy of Huddersfield and the wider Kirklees area for the benefit of all communities.

It is also encouraging that these changes are already happening with the council's commitment to the blueprint and the Cultural Heart being matched by Huddersfield University on their National Health Innovation Campus and will be significantly enhanced by the £1.5 billion Transpennine Route Upgrade now confirmed by Network Rail.

As a major transformational programme, progress on the Cultural Heart is regularly reviewed by Cabinet through the gateway process with key milestones for progressing the programme. This approach allows Cabinet to take stock of progress and consider factors such as changing market conditions, phasing, the developing design, affordability and stakeholder views. At each stage, Cabinet is invited to endorse the outcomes of the gateway and decide whether and how to move forward to the next gateway.

This report, and its appendices, mark the completion of work since Gateway 2 and covers matters associated with implementing the overall master plan determined at Gateway 2 and those parts of the programme that are being proposed for early delivery. Cabinet is asked to consider, note, and approve the items set out below to facilitate the next stage of delivery,

- The Royal Institute of British Architects Stage 3 Report (RIBA 3) for the master plan
- The principles of phasing, developed since the last Cabinet report
- Those elements to be delivered in Phase 1
- Extensions to the appointments of the delivery team for Phase 1
 - Strategic Delivery Partner/Project Manager
 - Architect
 - Multi-disciplinary Engineer
- The preferred design & build construction partner for Phase 1
- The principle of combining the museum & gallery
- The principles of 3rd party use of the gallery site (Queen St plot)
- The £5.62m Capital Development Budget to progress to the next gateway

- The assumptions on associated service costs in preparing for Phase 1 and the ongoing post opening operating costs.

1. Information required to take a decision

1.1 Master Plan

The RIBA 3 for the master plan and the individual assets within it has been completed.

The RIBA 3 Executive Summary can be found at Appendix 1.

The RIBA 3 presentation made to the Programme Board can be found at Appendix 2.

The full RIBA 3 (and its appendices) running to 1,775 pages is a very large document with an additional 1,210 drawings. Access to these private documents can be provided to Cabinet members separately.

During the RIBA 3 stage the design team have developed the spatial coordination of the master plan and the assets within it, all within the key principles of the original RIBA 2 master plan and the associated Capital Development Budget.

In addition to the public consultations there have been ongoing consultations and workshops with internal stakeholders as part of developing and concluding the RIBA 3 including,

- Libraries
- Museums & Galleries
- Events
- Venues
- West Yorkshire Archive Service (WYAS)
- Parks
- Highways
- Corporate Landlord
- Planning

1.2 Planning and Listed Building Consent

Following a pre-application presentation to the Strategic Planning Committee in August 2022 a planning and listed building consent (Queensgate Market & the library/art gallery) application for the master plan scheme was submitted and approved by the Strategic Planning Committee on the 2nd March 2023. The formal decision notice will be issued following the completion of the associated conditions.

Consultations have continued with various groups building on the two major public consultations in May and August 2022. Support for the programme from the public consultation ranged from 62-75% for the various assets with an average across the master plan of 68%. The full list of consultees was included in the Gateway 2 Cabinet report.

For the Statement of Community Engagement that accompanied the planning application see Appendix 3.

The planning application for the Cultural Heart was a significant undertaking amounting to over 7,000 pages and 212 drawings and the approval is a major milestone for the

programme. It has required numerous supporting assessments including traffic and a travel plan to promote the use of public transport working towards a low carbon economy and the councils 2038 Carbon Neutral Vision and policies.

1.3 Phasing

As set out in previous Cabinet reports one of the benefits of the gateway process is the opportunity it affords Cabinet to consider the strategic direction of the programme.

The Gateway 2 report to Cabinet on 21st September 2022 referred to the potential to consider reviewing delivery and phasing should market conditions change and align the programme with available funds.

Subsequent to the above, the annual Council Budget report for 2023/24 (and future years) referred to the scale of the financial challenges facing the council, partly as a result of the 'cost of living' crisis necessitating an affordability assessment of the overall council capital plan. This included opportunities for flexibility in programme/project delivery and re-phasing over a longer time frame, as part of the overall affordability review and subsequent multi-year capital plan update approved at Budget Council on 8th March 2023.

The above therefore provides relevant context for a review of the delivery strategy of the Cultural Heart – Huddersfield Blueprint programme.

The delivery strategy review has confirmed that the layout of the master plan provides the opportunity and flexibility to introduce phasing. See Appendix 4 for the Phasing Options Review. Therefore, Cabinet is requested to confirm that phasing should be adopted for delivery of the assets within the Cultural Heart master plan.

The approach for Phase 1 is set out in the following section and the timing and make-up of future phases will be regularly reviewed through the gateway process.

1.4 Phase 1

Phase 1 will be the planned repurposing of the Queensgate Market following its closure towards the end of last year. The Phase 1 delivery will therefore be,

- New library,
- Food hall (3rd party operator, procurement to commence Q3 2023),
- Events square/public realm and the associated service areas.

See Appendix 5 for a plan showing the Phase 1 red line boundary.

Demolition will only include those parts that are needed to facilitate Phase 1 with the remainder continuing to be used by lease holders and or the continuation of meanwhile uses.

1.5 Capital Delivery Resources

In accordance with the gateway process and subject to approval of this report the appointments of the existing delivery team will need extending to cover works from this Gateway 3 to Gateway 4. During this next stage the services required from the team will

vary as some of their current duties will pass to the design & build contractor. An update on the preferred contractor procurement is included later in this report in Section 1.6.

The initial proposals are for these appointments to be extended to Gateway 4 only. Then subject to approval of Gateway 4 the appointments would be extended to the completion and operation of Phase 1.

The financial commitment for the delivery team from this Gateway 3 to Gateway 4 is £1,552,143 as set out below.

1.5.1 Strategic Development Partner (SDP), Phase 1 & Master Plan

The SDP (Mace/Turner & Townsend) continues to be responsible for cost, development and programme management, and other support services including planning, procurement, BIM and carbon accreditation across the master plan and Phase 1.

The SDP was originally appointed under the SCAPE Place Shaping Framework. The council's procurement team have reviewed the appropriateness of a further extension under this framework and consider that it is more appropriate to use the NHS Shared Business Services Construction Consultancy Services Framework which has already been used for the appointment of the architects and engineers.

The financial commitment to extend the SDP fee from this Gateway 3 to Gateway 4 is £751,233.

1.5.2 Design Monitor Roles, Phase 1

The next stage of design responsibility (RIBA 4, detailed technical design) will fall to the design & build contractor. However, due to the specialist nature of the programme and Phase 1, and to provide the council with the assurance that the project is being developed in line with the design intent, as detailed within the RIBA 3, the recommendation is to retain the current designers (architect and engineer) in a monitoring role. See Appendix 6 for the paper from the SDP setting out the recommendation.

Both the architects and engineers are appointed under the NHS Shared Business Services Construction Consultancy Services Framework.

1.5.2.1 Architectural

FCB architects would review the contractors architectural design proposals relative to RIBA 4 and 5 including landscape design, access and heritage and conservation.

The financial commitment to extend the architects fee from this Gateway 3 to Gateway 4 is £138,218.

1.5.2.2 Multi-Disciplinary Engineer

Arup engineers would review the contractors engineering design proposals relative to RIBA 4 and 5 including civils, structures, services, fire safety, facades, acoustics, wind, security/counter terrorism measures and all other specialist elements.

The financial commitment to extend the engineers fee from this Gateway 3 to Gateway 4 is £321,692.

1.5.3 Others, Phase 1

- 1.5.3.1 Sustainability Consultant – to review and comment on all aspects of the contractor’s design and drive the standards forward that were established and developed through the RIBA 0-3 stages.
- 1.5.3.2 BREEAM – to lead the BREEAM assessment process on behalf of Kirklees Council, with the contractors BREEAM advisor feeding into the process throughout the projects remaining development and delivery.
- 1.5.3.3 Various – building control fees, consultations, branding, marketing, legal, surveys, etc

The financial commitment to extend the fees for others from this Gateway 3 to Gateway 4 is £341,000.

1.5.4 Capital Delivery Council Resources

Regarding council staff resources, as the delivery team are providing the resources for the programme the council resources currently directly engaged in the development are limited. The demands of the programme will be continually monitored, and any council resources engaged at the appropriate time in collaboration with Heads of Service.

1.6 Preferred Design & Build Contractor, Phase 1

With phasing the principles of the contractor procurement methodology approved at Gateway 2 remain valid and a 2-stage restricted competitive tender process has taken place to procure the design & build contractor for Phase 1.

The initial step in the procurement during January/February 2023 was a pre-selection process where contractors were asked to express an interest in being shortlisted for the tender. The interested parties’ submissions were then evaluated to restrict the tender process to suitably qualified contractors.

The 2-stage tender process that followed includes,

- **Stage 1.** The shortlisted contractors submitted bids including answers to pre-set quality and social value questions and pricing of minimum overheads, preliminaries, and profit (set by the SDP/Kirklees Council) and their fees for the pre-construction phase. These bids were evaluated and scored, and the successful contractor from this process is BAM Construction UK. See Appendix 7 for The Phase 1, Stage 1 Tender Report.
- **Stage 2.** Subject to Cabinet approval of this report the preferred contractor is to be appointed under a Pre-Contract Services Agreement (PCSA) for a limited period up to Gateway 4 only.

Following their appointment, the contractor and their design team will take responsibility for development of the RIBA 4 design and at the same time seek competitive costs from subcontractors (on an open book basis with the delivery team representing the council) in order to develop the proposed construction contract sum.

Subject to satisfactory completion of RIBA 4 and contract sum clarifications a recommendation to award the design & build construction contract to the preferred contractor and their team will be made to Cabinet at the next gateway, Gateway 4.

During the PCSA period it will be beneficial for the contractor to review and agree with the council a programme of surveys, enabling works, asbestos removal for Phase 1 and testing to the existing library building. The latter testing/survey is outside Phase 1 but as it is an essential part of the preparation for future phases an allowance has been included in the budgets.

The financial commitment associated with engaging the contractor and the allowances above are included in the Phase 1 Gateway 3 to Gateway 4 Capital Development Budget as set out in Section 1.10.3.

1.7 Council Services, Phase 1

The council services that will operate facilities in Phase 1 of the Cultural Heart are,

- Libraries
- West Yorkshire Archives
- Creative Developments (Events)

The food hall will be operated by a third party with the procurement process to commence in Q3 2023.

There will then be the requirement for facilities and operational management, maintenance, etc of the assets post opening (FM & Ops).

In progressing readiness for Phase 1 the services have reviewed their required activities and the additional service budgets, and these costs are set out in Section 1.10.5. There are three main categories of expenditure,

- Pre-opening costs
- Furniture, fixtures, and equipment (FF&E)
- Post opening operational costs

The strategy that the services will adopt in managing these costs is to,

- Wherever possible work within existing service budgets
- Minimise any additional spend
- Recognise that additional budget spend will require savings elsewhere in the council's budgets (and in this context, Cabinet should note the position on the Council's Medium Term Financial Plan for 2024/25 onward which already identifies a requirement to save £30m to achieve a balanced budget).

Given this strategy, whilst budgets are included in Section 1.10.5 the governance of actual spend, including monitoring, shall be via the Strategic Directors for Growth & Regeneration, for Adults and Health and for Environment & Climate Change, in consultation with the Service Director for Finance, where justification for the spend will be made to ensure activity is in line with affordability of the council's budget overall and the programme delivery.

1.8 Master Plan Developments

Considering the current economic constraints, phasing allows time to investigate enhancements, betterment to the master plan and to consider how each phase might be funded. One of these opportunities currently being explored is the combining of the museum and gallery into one building to provide the most cost effective solution in terms of capital spend and operational costs.

This in turn would free up a plot on Queens Street for other partner and commercial uses further enhancing the mix of complimentary uses in the development. A budget allowance for design fees to take both these matters forward of £200,000 is included in the Capital Development Budget. Both these proposals would be part of future phases and not Phase 1.

1.8.1 Museum & Gallery

A feasibility study has shown how the museum and gallery can be combined and accommodated in the new museum building. This work is still ongoing and will be reported back to Cabinet at the next gateway.

1.8.2 Queen St Plot

Moving the gallery into a combined facility with the museum will free up this plot for other uses. The original architectural intent of the master plan remains and therefore there is a need for an alternative building on this plot to protect the edge of the urban park and bring life to Queen Street.

The council is currently in discussions with Greenhead College and The Conway Education Trust who have expressed an interest in developing the site for a Science, Technology, Engineering, and Mathematics (STEM) facility.

Alternative potential uses for the plot include hotel and residential.

1.8.3 Vacant Possession

The council is the freeholder for the master plan site with all leases coming to an end (subject to service of appropriate notices) on timescales that accord with the development programme for the master plan, particularly with a phased approach.

Queensgate Market, the library and a number of the Piazza Mall retail units have already been vacated. Where appropriate, available retail units are being used on short term basis for meanwhile uses.

1.9 Outcomes

Building on the outcomes of gateway's 1 and 2 this report presents the outcomes of Gateway 3 and the targets for Gateway 4. It is anticipated that for future phases gateway's 3 and 4 will be repeated.

Gateway 3, June 2023

- RIBA 3 for the master plan
- Planning & listed building consent for the master plan
- Phasing concept
- Phase 1

- Preferred contractor, Phase 1
- Cost plan (project manager estimate), Phase 1
- Assumptions on service revenue/capital costs
- Surveys, ongoing
- The council has control of the Phase 1 site, and the necessary notices can be coordinated to facilitate vacant possession for the start on site.
- Combined museum & gallery feasibility ongoing
- Queen St Plot discussions ongoing

It is anticipated that any strip out and asbestos removal will be carried out with each respective phase. However, if strategically beneficial, selected works may be done in advance as enabling works for future phases.

Also, the procurement of third party operators will be coordinated with each respective phase. In line with market expectations the timing for the procurement of the Phase 1 food hall 3rd party operator will commence in Q3 2023. Soft market testing has confirmed that there is interest.

Gateway 4, Phase 1, Q4 2023

- Outcome of Pre-Contract Services Agreement process with the contractor including,
 - RIBA 4 stage design
 - Construction contract sum
- Cost plan, inclusive of construction contract sum
- Update on service revenue/capital costs
- Delivery programme
- Surveys, ongoing
- Enabling works
- Asbestos removal
- Early orders
- Vacant possession, Phase 1
- Request to start on site
- Combined museum & gallery design development
- Queen St Plot, development update

1.10 Phase 1 Budgets

1.10.1 Summary of Phase 1 costs

1.10.1.1 INCLUDED in the councils existing capital budget

Capital Development Budget	£
➢ Gateway 3 to Gateway 4	5.620m
➢ Phase 1 construction inc fees	44.224m

Service furniture, fixtures & equipment (FF&E) as advised by the service

	£
➤ Library (inc WYAS)	1.0m

1.10.1.2 Currently NOT INCLUDED in the council's/services budgets

Services budgets, as advised by the services,

<u>Pre-opening, revenue</u>	£
➤ Library	310k, over four years
➤ WYAS	258k – 580k, over three years
➤ Town events programme	465k – 870k, over two years
➤ FM & Ops	<u>Nil</u>
	Range 1.033m -1.76m

<u>FF&E, capital</u>	£
➤ Town Centre events	100k
➤ FM & Ops	Nil

Post opening operational annual costs, revenue

	£
➤ Events programme	370k, with focus to maximise 3 rd party income
➤ FM & Ops	<u>250k</u>
	620k pa

1.10.2 Capital Development Budget Spend to date

The approved programme Capital Development Budget allowed for in the council's capital plan up to and including this Gateway 3 is £18.055m,

	£
• Up to Gateway 2	7.551m
• Gateway 2 to Gateway 3	<u>10.504m</u>
Total	18.055m

However, with the introduction of phasing and Phase 1 becoming the current focus, there were items included in the Capital Development Budget that have not needed progressing at this time and are more appropriately dealt with as part of the next gateway or later phases. This has resulted in an underspend of £5.747m up to this Gateway 3.

1.10.3 Spend Gateway 3 to Gateway 4, Phase 1 & Master Plan

Subject to approval of this report the reallocation (no 'new' money is required) of £5.620m from the underspend will fund the capital work to Gateway 4 for the list of items set out below and as previously described in sections 1.5, 1.6 and 1.7. For the breakdown see Appendix 8, Phase 1 Gateway 3 to Gateway 4 Capital Development Budget,

- Delivery team fees
- Others fees
- Pre-Contract Services Agreement (PCSA)
- Allowance for enabling works
- Master plan developments

1.10.4 Master Plan

To accommodate phasing the council multi-year capital budget plans approved at Budget Council on 8th March 2023 included an additional £55.4m capital allocation and corresponding borrowing requirement, resulting in a revised £262m capital cost for the scheme, profiled over the years up to the 2030-31 period. This was linked to updated assumptions on cost inflation and project delivery timelines (completion by 2030/31 rather than 2025/26). The assumption at this stage is that the additional capital allocation will largely be met from other borrowing totalling £47.1m released from the overall capital plan.

As outlined in previous gateway reports the programme Capital Development Budget excludes any costs associated with council staff resource costs. It also excludes service pre-opening staff and support costs, furniture, fixtures and equipment capital costs (FF&E) and post opening operational costs, however, estimates associated with these items are included in the Outline Business Case approved at Gateway 2.

Whilst the Capital Development Budget for delivery of the assets within the master plan is budgeted to be funded from council prudential borrowing, phasing also allows further opportunities to investigate and consider other contributory funding options for capital and service revenue costs (Levelling Up, Arts Council England, etc) and possible 3rd party delivery of some assets.

Subject to future approval being given at Gateway 4 and the outcome of the contract sum negotiations with the preferred contractor the further Capital Development Budget commitment at that time, including delivery team fees and the construction contract sum is estimated to be £44.224m as set out in the Phase 1 Gateway 4 to Completion Capital Development Budget. See Appendix 9. The works are planned to start on site in Q1 2024 with completion expected by Q4 2025.

As with this Gateway 3 report, the Gateway 4 (Q4 2023, target) report will also include an update on the service costs, capital, and revenue, as advised by the individual services.

It is planned that the contractor's compound will be on the site of the former multi storey car park.

1.10.5 Service Cost Assumptions, Phase 1, as advised by the services

Unless otherwise noted the further revenue implications set out below are in addition to existing medium term financial plan (MTFP) budgeted revenue resources and will therefore need to be factored into emerging budget proposals to inform 2024/25 updated council budget plans. Also, consideration will need to be given to re-prioritisation of current year, 2023/24 revenue base budgets as necessary, to offset any additional revenue cost requirement in the current financial year. Also see 2.7.1.3 to 2.7.1.5

For the assets within Phase 1 the assumptions on service costs are influenced by the range of costs of Co-production, as advised by the services. The costs are,

- Library, also home for the West Yorkshire Archive Service (WYAS)
 - Library pre-opening £310,000 revenue resources required over four years
 - WYAS pre-opening £258,000 – 580,000 revenue resources required over three years
 - FF&E, an allowance of £1m (including £250,000 for WYAS) is included in the council's capital plan
 - Library operating costs to be met by the service
 - WYAS operating costs expected to be same as current funding to be met by the Joint Committees budgets to West Yorkshire Joint Services
- Food Hall, 3rd party operator
 - Within the programme Capital Development Budget there is an allowance of £1m for a contribution to the fit out of the food hall which will form part of the commercial arrangements with the 3rd party operator (procurement to commence Q3 2023) including responsibility for operating costs. Responsibility for maintenance of the old market hall envelope and other landlord costs will remain with the council.
- Events Square, Public Realm, service areas and assets facilities and operational management, maintenance, etc post opening (FM & Ops).
 - Pre-opening, none anticipated
 - FF&E, anticipated that existing equipment will be used
 - FM & Ops costs, £250,000 pa revenue resource required
- Town centre events programme development
 - Pre-opening programme development & planning in preparation for the opening of Phase 1, £465,000 - £870,000 revenue resources required, over two years
 - FF&E, estimate of £100,000 capital resource required but actual requirement will be part of events planning process
 - Post opening operational programme and costs to be developed, £370k pa revenue resource required, with focus to maximise 3rd party income

1.11 Town Centre Operational Management Board

To compliment the aspirations of the Huddersfield Blueprint, including the operational and facilities management, etc of the Cultural Heart, a Town Centre Operational Management Board has recently been established by the Service Director,

Development to review the management of the town centre and the associated budgets. The scope associated with the management of our town centres includes,

- Operational management
- Facilities management
- Information & Communication Technology (ICT)
- Cultural Content & Programming
- Data Intelligence & Visibility
- Key Stakeholders Voice/Survey

1.12 Sustainability

The Cultural Heart sustainability strategy has encompassed the councils 2038 Carbon Neutral Vision and policies encouraging sustainability and minimising the carbon footprint of the programme. It is recognised that a net zero economy, design, construction, and operation cannot be achieved overnight, but will be a process of incremental and positive actions to meet 2038 targets.

The established sustainability strategy KPI's set targets for the master plan, and these will be monitored as each phase is brought forward. See Appendix 10 for the RIBA 3 Sustainability Summary.

1.13 Social Value

The SDP, architect and engineer are delivering their social value (SV) commitments and the Social Value Portal is being used to measure the outputs. Social Value Portal is endorsed by the Local Government Association and helps us to procure, measure, manage and report SV via a single platform.

As part of the contractor procurement for Phase 1, and as set out at Gateway 2, in addition to the requirement for meeting fundamental SV minimum standards and working towards key targets it also proposed that they will also include establishing a Cultural Heart Trust Fund for cash contributions. The mechanism for administration of this fund is to be further explored and finalised during the PCSA process. For ease of reference the previously approved strategy is included again, see Appendix 11.

1.14 Risks

The risk management strategy for the Cultural Heart is supported by the programme gateway method of decision and delivery. At each gateway Cabinet are invited to review progress to date, reflect on the current and specific circumstances, and determine the most appropriate way forward for the overall programme.

As part of this process and to manage financial risks associated with debt servicing costs on new council borrowing, and so that overall borrowing can be managed, the adoption of phasing would allow borrowing to be timed and matched with affordability.

As reported previously the project manager maintains a risk register for the master plan and now for Phase 1.

The financial risk associated with this report is limited to the resource required to achieve Gateway 4, Phase 1, and the specified matters of master plan development.

However, as set out in sections 1.10.2 and 1.10.3 the capital development funds are already available due to an underspend on the monies previously allocated to achieve this Gateways 3.

2. Implications for the Council

2.1 Working with People

This report deals with the delivery aspect of one part of the blueprint. The blueprint was subject to a number of engagement exercises commencing in 2018 as part of the blueprint development and then again late in 2019 after the blueprint launch the council undertook a Place Standard exercise to benchmark public reaction to the approach and projects. The key report for this can be found by accessing the following link:

<https://howgoodisourplace.org.uk/huddersfield-town-centre/>

As part of initial development work into options around the core projects for the Cultural Heart a number of internal and external stakeholders have been consulted as a way of testing out and developing options and then in May and August during 2022 public consultations took place as part of the planning application process to help inform the design. This consultation included a drop-in centre, presentations and workshops with groups and interested parties.

2.2 Working with Partners

Collaboration and working together with partners are the key to ensuring the council get the best outcomes for citizens, communities, and Kirklees as a whole. In addition to the consultations already undertaken and the work with stakeholders there will also be third party operators as part of the Cultural Heart.

Phase 1 will include a food hall operator and soft market testing has shown that there is interest, and in line with market expectations the process of operator selection will commence in Q3 2023.

The form of the commercial arrangement and partnership with the operator has not yet been determined but will be influenced by further market engagement, the preferred operator selection process and what is in the best interest of the council.

The library, events square/public realm and service areas will be managed by the council.

2.3 Place Based Working

The development of the blueprint and the associated Place Standard exercise has already engaged town centre stakeholders, businesses, and users to help shape the overall approach to redeveloping Huddersfield Town Centre, including the plans for the Cultural Heart. The buildings and spaces to be delivered as part of the Cultural Heart create opportunity for wider use.

The Social Value Trust model (see Section 1.13) where it is proposed to establish a Cultural Heart Trust Fund for cash contributions will help strengthen community and voluntary sector partners who are delivering place-based working throughout Kirklees. Other opportunities for the communities of Kirklees will also be available through the programmes social value deliverables.

2.4 Climate Change and Air Quality

The reduction of carbon emissions and the minimization of air quality problems is a key objective for the blueprint. As set out in Section 1.12 the sustainability strategy and net zero requirements have been further developed building on the work that was done for Gateway 2.

Both Climate Change and Air Quality are key parts of the master plan and design. This in turn informed the planning application and the detailed design work.

In addition, climate change initiatives are associated with the delivery and promotion of other projects and programmes for example sustainable transport modes that help to reduce adverse transport derived impacts on communities and public health. Public transport can be used to access the Cultural Heart from both the railway station and the bus station.

2.5 Improving outcomes for children

The blueprint includes within it a key objective of providing a family friendly town centre. This means that uses, streets, and places will favour all age groups including children. Part of the strategy to renew the town is to bring in new uses that attract families and young people in a way the town does not at present. This means that the introduction of cultural activities and associated food and beverage offers need to be managed in a way that appeals to all age groups.

Additionally, streets and spaces are being designed with all generations in mind promoting safety and inclusivity and as part of the master plan the range of destinations that will be clustered in the Cultural Heart including the park, museum, art gallery, library, food hall and not least the venue will provide opportunities for children to explore, learn and have fun.

2.6 Financial Implications for the people living or working in Kirklees

When the assets that make up the Cultural Heart are operational and available for use by the residents of Kirklees, it is anticipated that a number of them will be free to use and being centrally located are easily accessible by public transport. The campus style development also means that there are many attractions in one place with a variety of offers that are family friendly and appealing to all age groups.

As well as a place for leisure the Cultural Heart will also create a variety of new job opportunities that are accessible by bus and train and these new 'workers' in the town centre will need the services that already exist thereby increasing spend in the town and supporting those businesses.

2.7 Other (Financial, Legal, IIA)

2.7.1 Financial

2.7.1.1 The council's existing multi-year revenue and capital medium term budget plans and financial strategies for 2023/24 and future years, approved at Budget Council on 8th March 2023, continue to acknowledge that this scheme is a significant strategic investment priority commitment to deliver major long term sustainable regeneration for the district.

2.7.1.2 Cabinet are being requested at this stage to formally commit to the drawdown of the £5.620m slippage from the existing £18.055m capital allocation approved

to date for the Cultural Heart programme, and as set out at sections 1.10.2 and 1.10.3 of this report. This will allow the Cultural Heart programme to progress from Gateway 3 to Gateway 4.

2.7.1.3 Cabinet is also requested to note the estimated additional revenue cost implications set out at Section 1.10.5, which are in the range of c£1.04m to c£1.8m, and that providing for these costs will, without any further consideration of income generating opportunities from the programme, need to be funded through the identification and re-prioritisation of existing revenue budgets in relation to any additional 2023/24 revenue cost commitments and factored into emerging budget proposals for 2024/25 and future years, as necessary.

This should be viewed in the context of the Council's Budget for 2023/24 which already includes a requirement to save £18.6m and the most recent Medium Term Financial Plan which identified a funding gap for £30.2m (this comprises a reported gap of £25.2m plus an additional £5m to reflect a change in assumption on future pay awards) after assuming implementation of savings of £11m. As Cabinet will appreciate, it is not possible at this stage of the financial planning cycle to say what further changes to services will be necessary to create the financial capacity to meet these additional costs.

2.7.1.4 Inevitably, this will also include consideration of options for future revenue operating costs relating to the combined museum/gallery proposal, which will be brought back to a future Cabinet for consideration. And again, options for future revenue operating costs, anticipated to be above existing revenue budget service provision, would then subsequently need to be incorporated into emerging 2024/25 and future year budget proposals.

2.7.1.5 The capital implications of any Fixtures, Fittings & Equipment (FFE) capital requirements in excess of current approved capital plan allocations referenced in this report, will also need to be considered as part of the development of future capital plan updates and it should be acknowledged that given the pressure on the Council's revenue budget, any need for capital investment for this project may well be at the expense of other capital projects if the Capital Programme is to remain prudent, affordable and sustainable.

2.7.1.6 The updated contingency inflation included within the revised £262m scheme capital allocation, now re-phased over the 2022-31 period, is considered prudent based on current market and inflationary conditions and will continue to be continuously reviewed as part of scheme development.

2.7.1.7 The Council's updated Treasury Management budgets approved at Budget Council on 8th March 2023 factored in future borrowing costs with an assumed public works loan board (PWL) Government long term borrowing rate at 5% over the MTFP period, and current indications are that, whilst current PWLB rates across all durations are above this, this percentage should not be exceeded over the medium term. Again, this will remain under constant review.

2.7.1.8 The £18.055m capital scheme cost commitment as noted in Section 2.7.1.2 above, reflects the totality of capital development costs that will have been incurred by Gateway 4, should Cabinet proceed to Gateway 4. It should be noted that under accounting rules, should the scheme not proceed at either Gateway 3 or subsequently Gateway 4, any development costs may need to be written off to revenue, in the absence of any resultant tangible asset to ascribe development costs to at some future point. To put this into context, the estimated balance of the Council's unallocated reserves (incorporating the Minimum Working Balance of £16.8m) at 1st April 2023 is c£22m. Equally,

consideration of this matter needs to be seen in context of the broader financial challenge faced by the Council, as set out above.

2.7.1.9 As noted also in previous scheme update reports presented to Cabinet, whilst this is acknowledged to be a key regeneration priority for the council's longer term ambition for the district's residents, it needs to be set against a volatile overarching financial context. In light of all the issues set out in this section, the consequences of prioritising and progressing this scheme at this stage, and potentially at the subsequent Gateway 4, need to be fully acknowledged and understood, given the scale of known financial challenges facing the Council over the MTFP.

2.7.2 Legal

Legal Services, and Addleshaw Goddard LLP (an external framework firm), are involved in the procurement process and appointment of the SDP, the wider team and the contractors in accordance with the council's Contract Procedure Rules.

There are a number of occupiers of the Piazza Shopping Centre who have security of tenure. Legal Services, and the external framework firm, are involved in the process to complete any relevant documentation in order to secure vacant possession of the Piazza Shopping Centre to enable delivery of the proposed programme prior to and after this Gateway 3 stage.

There are also occupiers outside the boundaries of the site who have rights to use the access and service areas associated with the Piazza Shopping Centre. Legal Services, and the external framework firm, will be involved in the process to complete any relevant documentation so that works can be carried out to these accesses.

Legal Services, and the external framework firm, will be involved in the procurement process and contractual arrangements with the third party operators in accordance with the council's Contract Procedure Rules.

There are a number of powers that the council will rely on to carry out this project.

2.7.3 Integrated Impact Assessment.

An Integrated Impact Assessment (IIA) has been undertaken to assess the impact of the proposed Cultural Heart programme and what needs to be considered in the design of the scheme. The IIA considers equality impact, covering the nine protective characteristics set out in the Equality Act 2010, plus environmental impact and the effects on low earners and unpaid carers.

The stage 1 assessment indicated that a stage 2 was required. The stage 1 and stage 2 reports are attached at Appendix 12.

3. Consultation & Engagement

Consultees are referred to earlier at section's 1.1, 1.2, 1.11, 2.1,2.2, 2.3 and 2.7.3.

Building on these consultations programme engagement has taken place with a wide range of stakeholders including, planning officers, member briefings, scrutiny (most recent 6th March 2023), press updates, public exhibitions, and extensive design development with council services.

A programme of this scale will continue to require regular engagement and consultation at various stages of the programme development.

4. Next steps and timelines

The key milestones and Gateways for the Cultural Heart programme are as set out below.

4.1	Programme Initiation		22 nd June 2021
4.2	Gateway 1 –	SOC	16 th November 2021
4.3	Gateway 2 –	OBC RIBA 2 design & master plan	21 st September 2022
4.4	Gateway 3 –	RIBA 3 design & master plan Phase 1 ➤ Scope of works ➤ Preferred design & build contractor	27 th June 2023
4.5	Gateway 4 –	Phase 1 ➤ RIBA 4 design ➤ Construction contract Sum ➤ Award design & build contract Master plan developments	Q4 2023, target
4.6	Start on site –	Phase 1 ➤ Demolition ➤ Construction	Q1 2024, target
4.7	Completion –	Phase 1	Q4 2025, target
4.8	Future Phases –	Repeats of gateway's 3 & 4	TBC

5. Officer recommendations and reasons

Cabinet is requested: to approve the following,

5.1 Design Development

To agree to proceed in line with RIBA 3 and the associated developments to the master plan.

Reason: So that the design and programme implementation can continue to next the next stage.

5.2 Phasing

To agree to implement phasing and phase 1 (new library, food hall, events square/public realm and the associated service areas) and to delegate to the Strategic Director Growth & Regeneration, in consultation with the Portfolio Holder for Regeneration, decisions on the programme timeline so that the Cultural Heart master plan and the associated strategic objectives can be completed within an appropriate timescale reflecting the council's financial position.

Reason: To achieve the strategic objectives as soon as is practical taking account of circumstance

5.3 SDP extension of appointment

To agree to extend the appointment of the Strategic Development Partner (project manager) to Gateway 4 under direct award from the NHS Shared Business Services Construction Consultancy Services Framework in compliance with the Contract Procedure Rules and the Financial Procedure Rules.

Reason: To continue the programme management services that have achieved this Gateway 3, retain knowledge gained and maintain the programme to deliver the strategic objectives as soon as is practical.

5.4 Architect and Engineer extension of appointment

To agree to extend the appointments of the architect and the engineer for the monitoring roles to Gateway 4 in compliance with the Contract Procedure Rules and the Financial Procedure Rules.

Reason: To continue the architectural and engineering services that have achieved this Gateway 3, retain knowledge gained, monitor the design & build contractors design and to maintain the programme to deliver the strategic objectives as soon as is practical.

5.5 Capital Development Council Resources

To allocate the necessary council staff and resources to support the programme and to note that in the absence of sufficient internal resources that additional external resources will be sourced from existing/future framework agreements.

Reason: To ensure that the programme is adequately resourced.

5.6 Construction Partner Procurement, Phase 1

To agree to appoint the BAM Construction UK under the Pre-Contract Services Agreement contract for the period up to Gateway 4.

Reason: To ensure timely progress on Phase 1 of the development, conclude RIBA 4 and agree the construction contract sum

5.7 Museum & Gallery

To agree in principle to the combining of the museum & gallery within the master plan.

Reason: So that the museum and gallery as part of the Cultural Heart programme can achieve the next stage.

5.8 Queen St Plot

To agree to explore interest from and negotiate with development partners to promote the alternative complimentary use for the Queen St Plot and to delegate authority to the Strategic Director for Growth and Regeneration to progress and draft contractual arrangements that will then be brought back to Cabinet at a future gateway.

Reason: So that the integrity of the master plan is retained, and complimentary uses incorporated into the master plan.

5.9 Capital Development Budget, Gateway 4, Phase 1 & Master Plan Developments

To approve the reallocation of the existing approved budget of £5.620m to progress from Gateway 3 to Gateway 4.

Reason: To ensure sufficient funds are available to progress the programme to the next stage.

5.10 Council Services Budgets

To note the service revenue and capital budgets and to delegate authority to the Strategic Directors for Growth and Regeneration, for Adults and Health and for Environment & Climate Change, in consultation with the Service Director for Finance, to determine the service budgets associated with Phase 1 acknowledging that, in doing so and in the context of the Council's Medium Term funding deficit, any additional budget provision required over and above existing budget provision will have to be met from savings elsewhere within the Council's budget.

Reason: So that services can prepare for the opening of Phase 1 and successfully operate the facilities.

5.11 Social Value

To note the delegated authority to the Strategic Director for Growth and Regeneration in consultation with the Portfolio Holder for Regeneration and the Portfolio Holder for Corporate to conclude the social value strategy for the Cultural Heart. This is to include the mechanism for administration of the Cultural Heart Trust Fund.

Reason: To ensure the best social value outcomes for the Cultural Heart.

5.12 Deliver the Programme to Gateway 4, Phase 1 & Master Plan Developments

Subject to approval on the matters above to delegate authority to the Strategic Director for Growth and Regeneration to work within approved budgets to deliver the programme to Gateway 4 including appointing third parties in compliance with the Contract Procedure Rules and the Financial Procedure Rules.

Reason: So that the Cultural Heart programme can achieve the next stage, Gateway 4.

6. Cabinet Portfolio Holder's recommendations

Cllr Graham Turner, the Cabinet Portfolio Holder for Regeneration, supports the recommendations and was briefed on the 23rd May 2023 and made the following comments,

'This is a lengthy and very detailed report, and I would like to thank all those involved in preparing it, and for the hard work in getting the project to this stage, so that we can now move on to the next exciting stage of Cabinets exciting and innovative plan to regenerate and redevelop the centre of Huddersfield for the next several generations of residents.

I fully support the details in the plan and the release of the required funding and officer time and the continued funding and support of our external partners to allow us to move from Gateway 3 to Gateway 4.

Receiving planning permission was a significant step towards delivering the Cultural Heart.

This has allowed us to move to appointing a contractor who will deliver Phase 1 of the project. This process is now well under way and is following due process.

As can be seen in the report we are working with Greenhead College on the possibility of creating a student learning facility on the Queensgate side of the site. Greenhead College are one of this country's finest sixth form colleges, and their wish to be involved in the Cultural Heart is much appreciated. This potential partnership demonstrates that by the council investing in our town centre we can attract external funding to help revitalise and regenerate Huddersfield town centre. A flagship building for student learning in the heart of Huddersfield will attract even more external investment and create more jobs and help stimulate the local economy.

This is an exciting development, and I am optimistic despite the challenges that lay ahead that we can, by working with our many partners, get this investment secured and deliver an exciting state of the art learning facility for our young people.

As we know we must now introduce phasing of the Cultural Heart, but that flexibility was always part of the original concept, with phasing we will deliver on Cabinets ambitions to redesign our town centre and develop a modern vibrant town centre.'

The Cabinet Portfolio Holder recommends that Cabinet accepts / endorses the officer recommendations.

Cllr Paul Davies, the Cabinet Portfolio Holder for Corporate, was also briefed on the 31st May 2023.

7. **Contact officer**

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Senior Responsible Officer
Cultural Heart
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8. **Background Papers and History of Decisions**

- **March 2019** – Cabinet Report - Assembling land and property – Huddersfield Town Centre (Piazza)
<https://democracy.kirklees.gov.uk/documents/s29122/Item%2014%20Land%20Assembly.pdf>
- **August - Oct 2019** - Huddersfield Blueprint Place Standard Exercise – Results
<https://howgoodisourplace.org.uk/huddersfield-town-centre/>
- **February 2020** – Cabinet report - Huddersfield Blueprint - Next Steps.
<https://democracy.kirklees.gov.uk/documents/s34958/Item%2015%20CAB%20-%202020-%20-%20071%20-%202020-02-25%20Cabinet%20Huddersfield%20Blueprint%20-%20Next%20Steps%20Final.pdf>
- **September 2020** Cabinet report Dewsbury and Huddersfield Town Centre Finance.
<https://democracy.kirklees.gov.uk/documents/s37506/Town%20Centre%20Finance%20Cabinet%20Report%20-%20Final%20Version.doc.pdf>
- **June 2021** – Cabinet report – Cultural Heart, part of the Huddersfield Blueprint – Next Steps.
<https://democracy.kirklees.gov.uk/documents/s41881/Delivering%20the%20Cultural%20Heart%20Cabinet%2022.6.21%20002.pdf>
- **November 2021** - Cabinet report, Cultural Heart, part of the Huddersfield Blueprint, Gateway 1.
<https://democracy.kirklees.gov.uk/documents/s43757/PUBLIC%20CUTLURAL%20HEART%20Cabinet%20Report.%20Final%2016.11.21.pdf>
- **September 2022** – Cabinet report – Cultural Heart, part of the Huddersfield Blueprint – Gateway 2.
<https://democracy.kirklees.gov.uk/documents/s48238/PUBLIC%20Cultural%20Heart%20Cabinet%20Report%2021.9.22.pdf>

9. **Service Director responsible**

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Agenda Item 16:

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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