



HILLINGDON
LONDON



Cabinet

Date: THURSDAY, 26 JULY 2012

Time: 7.00 PM

Venue: COMMITTEE ROOM 6 -
CIVIC CENTRE, HIGH
STREET, UXBRIDGE, UB8
1UW

**Meeting
Details:** Members of the Public and
Press are welcome to attend
this meeting

Councillors in the Cabinet

Ray Puddifoot (Chairman)
Leader of the Council

David Simmonds (Vice-Chairman)
Deputy Leader / Education & Children's Services

Jonathan Bianco
Finance, Property & Business Services

Keith Burrows
Planning, Transportation & Recycling

Philip Corthorne
Social Services, Health & Housing

Henry Higgins
Culture, Sport & Leisure

Douglas Mills
Improvement, Partnerships & Community Safety

Scott Seaman-Digby
Co-ordination & Central Services

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Agenda

- 1 Apologies for Absence
- 2 Declarations of Interest in matters before this meeting
- 3 To approve the minutes of the last Cabinet meeting 1 - 10
- 4 To confirm that the items of business marked Part 1 will be considered in public and that the items of business marked Part 2 in private

Cabinet Reports - Part 1 (Public)

- 5 Education and Children's Services Policy Overview Committee Review: Elective Home Education (Cllr Simmonds) 11 - 60
- 6 Corporate Services & Partnerships Policy Overview Committee Review: HillingdonFirst Card (Cllr Mills) 61 - 84
- 7 Council Tax Support - a localised scheme to replace Council Tax Benefit (Cllrs Bianco & Corthorne) 85 - 128
- 8 Approval for the Council, as a Member of Locata Housing Services Ltd, to vote to amend existing company memorandum and articles of association (Cllr Corthorne) 129 - 198
- 9 Statutory Proposals removing Special Resource Provision at Grange Park Infant & Nursery School (Cllr Simmonds) 199 - 222
- 10 Council Budget - 2011/12 Capital and Revenue Outturn (Cllr Bianco) 223 - 248
- 11 Council budget - 2012/13 Month 2 Capital and Revenue Monitoring (Cllr Bianco) 249 - 278

Cabinet Reports - Part 2 (Private and Not for Publication)

12	Primary School Capital Programme update (Cllrs Simmonds and Bianco)	279 - 296
13	Cranford Park Primary School & Wood End Park School - grant of leases for Academy conversion (Cllr Bianco)	297 - 306
14	Meals on Wheels Service: contract extension (Cllrs Corthorne & Seaman-Digby)	307 - 312
15	Supported Housing Programme & HRA Phase 2 (Cllr Bianco)	313 - 330
16	West London tender for Housing Support services (Cllrs Corthorne & Seaman-Digby)	331 - 346
17	Mental Health Accommodation Services: award of contract (Cllrs Corthorne & Seaman-Digby)	347 - 358
18	Site adjacent to South Ruislip Library (Cllr Bianco)	359 - 368
19	Support Planning and Brokerage and Personal Budgets Support Service: award of contract (Cllrs Corthorne and Seaman-Digby)	369 - 382
20	Voluntary Sector Leasing update (Cllr Bianco)	383 - 390

The reports listed above in Part 2 are not made public because they contains exempt information under Part 1 of Schedule 12A to the Local Government (Access to Information) Act 1985 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it.

21 Any other items the Chairman agrees are relevant or urgent

Minutes

Cabinet

Thursday, 21 June 2012

Meeting held at Committee Room 6 - Civic Centre,
High Street, Uxbridge, UB8 1UW



Published on:

Come into effect on: Immediately (or call-in date)

Members Present:

Ray Puddifoot (Chairman)
David Simmonds (Vice-Chairman)
Jonathan Bianco
Keith Burrows
Philip Corthorne
Henry Higgins
Douglas Mills
Scott Seaman-Digby

Members also Present:

Wayne Bridges
George Cooper
Judith Cooper
Brian Crowe
Peter Curling
Paul Harmsworth
Edward Lavery
John Morgan
Susan O'Brien
John Riley

558. APOLOGIES FOR ABSENCE

All Cabinet Members were present.

559. DECLARATIONS OF INTEREST IN MATTERS BEFORE THIS MEETING

Councillors Keith Burrows, George Cooper, Judith Cooper and Philip Corthorne all declared Personal Interests in Item 6 – Hillingdon Sports & Leisure Complex – Proposed Car Parking Charges. Councillor Keith Burrows left the room during the discussion and did not vote on the item. Councillors George Cooper, Judith Cooper and Philip Corthorne all remained in the room during the discussion and Councillor Philip Corthorne voted on the item.

560. TO APPROVE THE MINUTES OF THE LAST CABINET MEETING

The minutes and decisions of the Cabinet meeting held on 24 May 2012 were confirmed as a correct record.

561. TO CONFIRM THAT THE ITEMS OF BUSINESS MARKED PART 1 WILL BE CONSIDERED IN PUBLIC AND THAT THE ITEMS OF BUSINESS MARKED PART 2 IN PRIVATE

This was confirmed.

562. PROPOSED DESIGNATION OF ROCKINGHAM ROAD, UXBRIDGE [CONSERVATION AREA] AND RAISINS HILL, EASTCOTE [AREA OF SPECIAL LOCAL CHARACTER]

RESOLVED:

That Cabinet:

- 1. Approve in principle the proposed designation of the Rockingham Road Conservation Area and the Raisins Hill Area of Special Local Character, as illustrated in the maps included in Appendices 1 and 2 of the report.**
- 2. Instruct officers to undertake a period of consultation for 6 weeks with all Ward Councillors, local residents, owners and other interested groups within the proposed areas, and to report the responses to Cabinet in the autumn of 2012.**

Reasons for decision

Cabinet noted that as part of the Council's rolling review of the Borough's Conservation Areas, the area adjacent to Rockingham Bridge, Uxbridge had been surveyed by officers and was considered to meet the Council's criteria for designation as a Conservation Area. In addition, following a request for designation from residents, the Raisins Hill Estate, Eastcote had also been surveyed and was proposed for designation as an Area of Special Local Character. In accordance with Hillingdon's Statement of Community Involvement, public consultation on the proposals was being sought for a period of six weeks, to consider the views of local residents.

Alternative options considered and rejected

Cabinet could have decided not to consider designation, which may have left heritage assets unprotected and Members' and residents' concerns unaddressed, and would not have complied with the objectives set out in the Council and Service Plans. In addition, not to consult on the proposed designations, which have been contrary to English Heritage guidance and would not have complied with Hillingdon's Statement of Community Involvement (SCI).

Officer to action:

Nairita Chakraborty and Sarah Harper – Planning, Environment, Education and Community Services.

563. HILLINGDON SPORTS & LEISURE COMPLEX - PROPOSED CAR PARKING CHARGES

RESOLVED:

That Cabinet:

- 1. Note the comments received to the proposed car parking charges at Hillingdon Sports & Leisure Complex.**
- 2. Approve the implementation of the proposed car parking charges as indicated in Appendix A of the report with the following amendments:**
 - a) Car parking charges will take effect from 8am Monday to Sunday rather than the proposed 6am.**
 - b) The Leisure Operator has agreed to offer free parking to all health & fitness members who pay either monthly by direct debit or annually.**
 - c) The Leisure Operator has agreed to offer free parking for the regular coaches of Hillingdon Athletics Club and Hillingdon Borough Elite Swimming Team (HBEST).**
 - d) The Leisure Operator has agreed to offer free parking to the volunteer officials who help manage athletic and swimming events that are hosted at the complex.**
 - e) That the Council's standard charge for Non-residents is introduced from the 1st January 2013.**

Reasons for decision

Cabinet noted that the proposed car parking charges at Hillingdon Sports and Leisure Complex were intended to efficiently and effectively manage the car park area. This would prevent any unauthorised persons from being able to use the car park.

Alternative options considered and rejected

The Cabinet could have decided an alternative parking charge regime at Hillingdon Sports & Leisure Complex. If Cabinet had decided to take this option it could have resulted in additional financial burdens being placed on the Council as the Leisure Operator's financial bid to the Authority included car park income. Unauthorised parking would have then continued to take place on the site.

Officer to action:

Nicky McDermott – Planning, Environment, Education and Community Services.

564. CRC ENERGY EFFICIENCY SCHEME - PURCHASE OF CARBON ALLOWANCES 2011/12

RESOLVED:

That Cabinet:

- 1. Approve the purchase of allowances (estimated to be in the range of £320,000 to £362,000) from the Environment Agency to cover energy emissions (tonnes of carbon dioxide tCO₂) produced during the 2011/12 Financial Year and regulated by the CRC Energy Efficiency Scheme Legislation.**
- 2. Note that the final cost of allowances for 2011/12 will be reported to Cabinet in September 2012.**

Reasons for decision

Cabinet noted that the purchase of such allowances ensured that the Council complied with UK Legislation relating to energy efficiency.

Alternatives considered and rejected

Cabinet could have decided not to purchase and surrender allowances for its energy emissions (tonnes of carbon dioxide) regulated by CRC EES but would have then been in breach of the CRC Order and could have faced fines from the Environment Agency of £40 per tonne of carbon dioxide - a potential fine of £1.2m. (CRC Order Article 100 'Failure to surrender allowances.')

Officer to action:

Richard Coomber – Planning, Environment, Education and Community Services.

565. PLANNING OBLIGATIONS - QUARTERLY MONITORING REPORT

RESOLVED:

That Cabinet note the updated financial information attached as Appendix 1 to the report.

Reasons for decision

Cabinet noted that Circular 05/05 and the accompanying best practice guidance required local planning authorities to consider how they could inform Members and the public of progress in the allocation, provision and implementation of obligations whether they were provided by the developer in kind or through a financial contribution. The report detailed the financial planning obligations held by the Council and what progress was being made in allocating and spending those funds.

Alternative options considered and rejected

None.

Officer to action:

Nicola Wyatt – Planning, Environment, Education and Community Services.

566. LOCALISM ACT 2011: COMMUNITY RIGHT TO CHALLENGE

RESOLVED:

That Cabinet:

- 1. Note the anticipated commencement of the 'Community Right to Challenge' from 27 June 2012 and the potential implications for Council service provision as summarised in the report.**
- 2. Agree to set a time period for the year 2012/13 when the Council will formally receive Expressions of Interest under the right between 27 June 2012 and 31 August 2012.**
- 3. Agree to set time periods for subsequent years from 2013/14 when the Council will formally receive Expressions of Interest under the right between 01 May and 31 July each year.**
- 4. Agree to adopt the outline process for consideration of Expressions of Interest as detailed in this report.**
- 5. Delegate responsibility for further development of the process to the Deputy Chief Executive and Corporate Director for Central Services in discussion with the Leader of the Council and the Cabinet Member for Improvement, Partnerships & Community Safety.**

Reasons for the decision

Cabinet noted that the Community Right to Challenge (CRTC) was expected to come into force on 27 June 2012 after which the Council would be obliged to formally consider expressions of interest from voluntary or community bodies or from two or more members of Hillingdon Council staff, outlining how they could provide or assist in providing a service to residents currently provided by the Council.

Alternative options considered and rejected

Cabinet could have decided not to prepare or make provision for receipt of Expressions of Interest. This could have led to the Council not being ready to fulfil the requirements of the right to challenge and to deal with expression received.

Officer to action:

Kevin Byrne – Central Services

Special Urgency Provisions

This report had been circulated less than 5 working days before the Cabinet meeting and was agreed by the Chairman to be considered urgent.

567. PRIMARY SCHOOL CAPITAL PROGRAMME - UPDATE

RESOLVED:

That Cabinet:

- 1. Approve a further sum as outlined in the report for Mace fees to take the Phase 2 Permanent Schools from stage J to stage L.**
- 2. Approve the adjustment of the Mace survey fees to the cost outlined in the report.**
- 3. Delegate authority to the Deputy Chief Executive and Corporate Director of Planning, Environment, Education and Community Services, in consultation with the Leader of the Council and Cabinet Member for Finance, Property and Business Services, to place a building contract for Harefield Infant and Junior Schools.**
- 4. Approve the additional capital release of £3,740k for Mace fees for stages E-H £1,948k, and J-L £1,792k for Phase 2 Permanent programme.**

Reasons for decision

Cabinet received a progress report on the primary school capital programme and made a number of decisions to progress the programme, including making adjustments to the Mace survey and consultants fees and delegating the authority for the placing of a building contract for Harefield Infants and Junior School.

Alternative options considered and rejected

Cabinet could have decided to delay or not progress aspects of the building programme, which would have impacted upon the Council's ability to provide sufficient school places.

Officers to action:

Boe Williams-Obasi and Norman Benn - Planning, Environment, Education and Community Services

Exempt Information

This report was included in Part II as it contained information relating to the financial or business affairs of any particular person (including the Authority holding that information) and the public interest in withholding the information outweighed the

public interest in disclosing it (exempt information under paragraph 3 of Part 1 of Schedule 12A to the Local Government (Access to Information) Act 1985 as amended).

568. AUTHORITY FOR THE USE OF VOID TRANSFER FUNDS

RESOLVED:

That Cabinet

- 1. Approve that £520k of Void Transfer funds held by Paradigm should be used to cover the cost of adaptations at Cottesmore House and Minet Drive.**
- 2. Delegate authority to the Leader of the Council and Cabinet Member for Finance, Property and Business Services to decide the future uses of the Void Transfer Funds.**

Reasons for decision

Cabinet agreed to the use of the Void Transfer funds held by Paradigm to ensure the adaptation works costs at Cottesmore House and Minet Drive were covered to enable residents with high needs to move into accommodation which provided independent living instead of high cost residential care. The Funds were held by Paradigm under a legal agreement in a ringfenced arrangement, therefore the cost was not directly to the Council and there were no other identified budgets for this work.

Continued partnership working with Paradigm would also help deliver the supported housing programme and help achieve savings to the MTFF.

Cabinet delegated authority to the Cabinet Member to decide the future uses of the Void Transfer funds to aid efficiency.

Alternatives considered and rejected

Cabinet could have decided not to use Void Transfer Funds to pay for the adaptation works to Cottesmore House and Minet Drive and asked Paradigm to bear the cost of the works.

Officers to action:

Marcia Gillings – Planning, Environment, Education and Community Services.

Exempt Information

This report was included in Part II as it contained information relating to the financial or business affairs of any particular person (including the Authority holding that information) and the public interest in withholding the information outweighed the public interest in disclosing it (exempt information under paragraph 3 of Part 1 of

Schedule 12A to the Local Government (Access to Information) Act 1985 as amended.

569. DISPOSAL OF THE FORMER HAYES SWIMMING POOL SITE, HAYES

RESOLVED:

That Cabinet:

- 1. Agree to offer the property for leasehold disposal with a term of 150 years that contains an option to purchase the freehold for £1 on completion of the development for the permitted scheme use.**
- 2. Delegate authority to accept the most financially advantageous bid for the lease premium, to the Leader of the Council and the Cabinet Member for Finance, Property and Business Services, in conjunction with the Deputy Chief Executive and Corporate Director for Planning, Education, Environment and Community Services.**
- 3. Delegate all other decisions involved in the sale of this property to the Deputy Chief Executive and Corporate Director for Planning, Education, Environment and Community Services in conjunction with the Leader of the Council and the Cabinet Member for Finance, Property and Business Services.**

Reasons for decision

Cabinet noted that there were no service requirements for the former Hayes Swimming Pool and the best option would be to sell this site, by way of lease which would ensure the broadly proposed scheme was built and generated a capital receipt as a contribution towards the Council's Capital Receipts Programme.

Alternative options considered and rejected

Not to sell the freehold of the site to the highest bidder without a lease and to retain ownership of the building/site.

Officer to action:

Boe Williams Obasi – Planning, Environment, Education & Community Services.

Exempt Information

This report was included in Part II as it contained information relating to the financial or business affairs of any particular person (including the Authority holding that information) and the public interest in withholding the information outweighed the public interest in disclosing it (exempt information under paragraph 3 of Part 1 of Schedule 12A to the Local Government (Access to Information) Act 1985 as amended.

570. AWARD OF CONTRACT: PRIORY AVENUE, MARSHALL DRIVE AND HARLINGTON ROAD CARE AND SUPPORT SERVICE FOR PEOPLE WITH LEARNING DISABILITIES

RESOLVED:

That Cabinet:

- 1. Agree a single tender action for an award of contract for a care and support service based on properties in Priory Avenue, Marshall Drive and Harlington Road.**
- 2. Approve the award of a three year contract to Look Ahead Housing and Care from July 2012 for a new care and support service for young adults with complex needs (severe autism, learning disabilities and challenging behaviour) for a sum as detailed in the report.**

Reasons for decision

Cabinet noted that the award of the contract for this care and support service would provide accommodation for six young people with learning difficulties to live in supported housing and would provide an annual saving to the Council.

Alternative options considered and rejected

None.

Officer to action:

Paul Feven – Social Care, Health & Housing

Exempt Information

This report was included in Part II as it contained information relating to the financial or business affairs of any particular person (including the Authority holding that information) and the public interest in withholding the information outweighed the public interest in disclosing it (exempt information under paragraph 3 of Part 1 of Schedule 12A to the Local Government (Access to Information) Act 1985 as amended.

Special Urgency Provisions

This report had been circulated less than 5 working days before the Cabinet meeting and was agreed by the Chairman to be considered urgent.

IMPORTANT INFORMATION

DECISION AUTHORITY

Meeting after Cabinet, the Executive Scrutiny Committee fully endorsed all of Cabinet's decisions. These decisions will therefore come into effect from 5pm, Friday 29 June 2012.

MAJOR REVIEW: ELECTIVE HOME EDUCATION

Cabinet Member	Councillor David Simmonds
Cabinet Portfolio	Education & Children's Services
Officer Contact	Gill Oswell, Central Services
Papers with report	Education & Children's Services Policy Overview Committee Review of the Elective Home Education Policy

HEADLINE INFORMATION

Purpose of report	To receive the Education & Children's Services Policy Overview Committee on their review of Elective Home Education and consider its recommendations.
Contribution to our plans and strategies	Hillingdon Children's & Family's Trust Plan priorities: <ul style="list-style-type: none"> • Keeping children and young people safe • Ensure all children have a good start to life
Financial Cost	There are no direct cost implications arising from this report.
Relevant Scrutiny Committee(s)	Education & Children's Services
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

1. Welcomes the review of the Elective Home Education Policy from the Education & Children's Services Policy Overview Committee and gives formal approval to the updated EHE Policy;
2. Approves the recommendations of the Education & Children's Services Policy Overview Committee as set out below:
 - a). That an annual Borough network meeting take place between LBH EHE Parents and the local authority to enable networking to take place between different EHE groups.
 - b). That officers review the EHE correspondence which is sent to EHE parents to ensure that their tone is empathetic and their contents are not open to misinterpretation.
 - c). That EHE parents be provided with information on London Borough Exam Centres that will accept EHE children.
 - d). That Cabinet be recommended to approve the updated policy on Elective Home Education and that the policy be reviewed on an annual basis.

INFORMATION

Reasons for recommendation

The current Elective Home Education policy was agreed in 2009 in partnership with the Local Safeguarding Children's Board. The review gave Members and EHE parents the opportunity to update the Elective Home Education policy to better reflect a more balanced approach to both safeguarding issues and the rights of parents, as well as consider a number of other ways to improve information and communication between the Council and EHE parents.

Alternative options considered / risk management

The Cabinet could decide to reject all or some of the Committee's recommendations.

Supporting Information

1. The Terms of reference of the reviews were as follows:-
 - To look at the reasons why parents opt for EHE.
 - To analyse at what stage parents decide to opt for EHE.
 - To consider the needs of specific groups within the EHE Community for inclusion in the policy.
 - To look at all sources of good practice and to recommend a revised the policy to Cabinet.
2. The review took place between September 2011 and March 2012 and received evidence from Cllr Carol Melvin, an education Officer, safeguarding officer, a representative from the Home Education Advisory Service, parents providing EHE and children that had been home educated.
3. The recommendations of the review will enable the Local Authority to work in partnership with parents to ensure the best outcomes for children that are home educated.
4. The review initially focused on the concerns that had been highlighted by a small group of EHE parents, some being Hillingdon Residents. They had expressed concerns that unannounced 'safeguarding' ad-hoc visits to homes by Council officers were unlawful and unwelcome. Subsequently, the ad hoc visiting element of the Hillingdon EHE Policy has been on hold pending a full review of the policy before Cabinet at this meeting.
5. Following the completion of the witness sessions, the Committee sought advice from the Borough Solicitor and recommended that much wider consultation should take place with those parents who home educate their children and are registered with Hillingdon, seeking their views on the draft policy. Responses were received to this, which are summarised in the Committee's review report for information.
6. Based upon the legal advice set out in the Committee's report, Cabinet is recommended to approve the update policy, which has taken into full account the views of the variety of stakeholders involved.

Financial Implications

There are no direct cost implications arising from this report.

EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES

What will be the effect of the recommendation?

The Elective Home Education Policy is a valuable document in supporting those parents that choose to home educate and the outcomes of the review will offer the prospect of developing the relationship with parents that home educate.

Consultation Carried Out or Required

The Committee took evidence from a range of witnesses as described in the review report and consulted all the parents that home educate their children and are registered with the Council.

CORPORATE IMPLICATIONS

Corporate Finance

Corporate Finance has reviewed this report and confirms that there are no direct financial implications arising from the recommendations above.

Legal

The Borough Solicitor has reviewed the Elective Home Education Policy and his comments have been included in the Report of the Education and Children's Services Policy Overview Committee.

BACKGROUND PAPERS

None.

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Elective Home Education

Report of the Education & Children's Services Policy Overview Committee 2011/12

Elective Home Education



Members of the Committee

Cllr Catherine Dann (Chairman)
Cllr Judith Cooper (Vice Chairman)
Cllr John Hensley
Cllr John Riley
Cllr David Benson
Cllr Susan O'Brien
Cllr Peter Curling
Cllr Lindsay Bliss
Mr Anthony Little



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Also included within this review:

- **Appendix 1 – Views of EHE Parents and Young People**
- **Appendix 2 – Summary of responses from the wider consultation with all EHE parents**
- **Appendix 3 – Updated EHE Policy**

Review page 1

*Education & Children's Services Policy Overview Committee
Final Report on their review into Elective Home Education – 2011/2012*

Chairman's Foreword



I am delighted to present this review on Elective Home Education. The aim of the review was to look at the Council's Elective Home Education Policy and in particular to examine the balancing of both safeguarding issues and the rights of parents who choose to home educate their children.

The review looked at the draft policy as well as engaging with parents of EHE children to get their views on the relationship between the local authority and parents that home educate their children.

The views of the parents who took time to get involved in our review were considered important as the review acknowledged the rights of parents to choose to educate their children at home. The local authority has to work in partnership with parents to ensure that the support mechanisms are in place to guarantee the best education possible for EHE Children.

On behalf of the Committee, I would like to thank the external witnesses and officers for participating in the review. The Committee hopes that the recommendations can be supported by the Cabinet to improve the communication and information provided to Home Education parents.

Catherine Dann

Councillor Catherine Dann
Chairman of the Education & Children's Services Policy Overview Committee

Review page 2

*Education & Children's Services Policy Overview Committee
Final Report on their review into Elective Home Education – 2011/2012*

RECOMMENDATIONS

Following its review the Education and Children's Services Policy Overview Committee has made the following recommendations to Cabinet:

RECOMMENDATION 1: That an annual Borough network meeting take place between LBH EHE Parents and the local authority to enable networking to take place between different EHE groups.

RECOMMENDATION 2: That Officers review the EHE correspondence which is sent to EHE parents to ensure that their tone is empathetic and their contents are not open to misinterpretation.

RECOMMENDATION 3: That EHE parents be provided with information on London Borough Exam Centres that will accept EHE children.

RECOMMENDATION 4: That Cabinet be recommended to approve the updated policy on Elective Home Education and that the policy be reviewed on an annual basis.

BACKGROUND

Parents are required by law to ensure their children of a school age receive an appropriate full time education. In most instances this is achieved by registering their child with a school. However, some parents choose to educate their child other than at school: in the UK this is commonly known as Elective Home Education¹. Hillingdon currently have 93 children that are being home educated.

The Council has always fully acknowledged a parent's right to choose to educate their children other than at school and has procedures in place to support parents who opt to home educate.

Guidelines on EHE were issued by the previous Government in 2007 entitled "Elective Home Education – Guidelines for Local Authorities" and these state that each local authority should have a policy on EHE and that it should be regularly reviewed to enable it to reflect changes in legislation and to comply with the guidelines.

The EHE policy was applied to parents that elect to home educate their children, Local Authority Officers, OFSTED Local Safeguarding Children Board (LCSB) partners including Health, Housing, Police, Social Care and voluntary sector professionals and Schools and Academies.

Hillingdon's current EHE policy was agreed in 2009 in partnership with the Local Safeguarding Children's Board. The policy would now benefit from being generally updated and in relation to a balanced approach to both safeguarding issues and the rights of parents that opt to Home Educate.

¹ **Home schooling** or **home school** (also called **home education** or **home based learning**) is the education of children at home, typically by parents but sometimes by [tutors](#), rather than in other formal settings of [public](#) or [private school](#). Although prior to the introduction of [compulsory school attendance laws](#), most childhood education occurred within the family or community,^[1] home schooling in the modern sense is an alternative in [developed countries](#) to attending public or private schools.

OBJECTIVES OF THE REVIEW

The Committee's review has given Cabinet and the Council the opportunity to re-look at this policy, the way we engage with EHE parents and maintain dialogue with them for the best educational interests of their children who are educated at home.

The Committee was aware that some parents of EHE children had expressed some concern regarding unannounced ad-hoc 'safeguarding' visits to the homes of EHE children by Council officers. They felt that these visits were unlawful and unwelcome.

In shaping the review, Members sought to look at providing a better balance to both the safeguarding responsibilities of the local authority and the rights of parents to home educate their children

The Terms of Reference of the review were as follows:-

- To look at the reasons why parents opt for EHE.
- To analyse at what stage parents decide to opt for EHE.
- To consider the needs of specific groups within the EHE Community for inclusion in the policy.
- To look at all sources of good practice and to recommend a revised policy to Cabinet.

To meet the objectives of the review Members of the Committee held 3 meetings on 7 September, 19 October and 23 November 2011 where it considered a comprehensive range of information, evidence and sought the views of a number of witnesses:

- Councillor Carol Melvin
- The Borough Solicitor
- Deborah Bell – Education Services
- Paul Hewitt – Education Services
- Jane Lowe – Home Education Advisory Services
- 4x parents who opt for EHE
- 2x young people who receive EHE

A subsequent comprehensive consultation exercise was then undertaken on revised draft of the Council's EHE policy.

INFORMATION AND ANALYSIS

Reasons for Elective Home Education

The Committee considered the reasons why parents opt for home education. It was noted that it was a key aspect of a parent's choice in terms of educating their children and that there were a variety of reasons why parents chose to educate their children at home:

Reasons given for home education children include:

- Cultural or religious beliefs
- Distance or access to a local school
- Ideological reasons
- Dissatisfaction with the education system
- The inability or unwillingness of a child to go to school
- A short term option for a particular reason

The Committee was aware that these reasons should not have any bearing on the local authority's treatment of EHE parents and their families. The local authority's main interest should be how well EHE children are being educated.

Council Policy

At this meeting, the Committee also began to review the existing policy on Elective Home Education, which had been agreed in partnership with the Local Safeguarding Children's Board in 2009. The Committee considered how well balanced it was in relation to both safeguarding responsibilities and the legal rights of parents to educate their children at home.

Ofsted report

Part of the intelligence for this review was the Ofsted report on Local authorities and home education. Between September and December 2009, Ofsted inspectors visited a range of 15 local authorities, and parents and EHE children. The aim of the survey was to evaluate how well local authorities discharged their statutory duties to ensure the suitability of education for children and young people who were educated at home.

It was acknowledged in this survey that there were a wide range of approaches to EHE, ranging from a highly flexible autonomous approach, to a school structure morning, often with a variety of social and enrichment activities in the afternoon. It was also acknowledged that some parents had chosen to educate their children at home not for positive reasons, but in response to some unresolved difficulties.

Badman Review

Reference in the review's scoping report was made to the Badman Review which the previous Government had commissioned to look at altering the current legislation. The representative of the Home Education Advisory Service made the review aware of the many critics of the findings of the Badman Review, although Hillingdon's review only sourced the Badman review as background information for Members to further their knowledge and understanding of the issues around home education.

Considerations for Hillingdon

The Committee considered the current procedures and policy in place in Hillingdon and some of the concerns that had been raised by parents that home educate locally. In addition, the review gratefully sought the views of Councillor Carol Melvin, who had been contacted by a group of EHE parents.

As a result of this first meeting the Committee identified a number of key issues which the Committee would develop and consider in reaching any findings. These were:

- The need to involve home education parents in the consultation process, which would enable information to be disseminated to other home educating parents in the borough.
- The possibility of setting up an annual event for parents that home educate. This may assist with the consultation process and a good way to involve the parents and therefore improve communication with the Local Authority. This will also help with the perception of the current draft EHE policy.
- The information provided to EHE parents should be reviewed to make it more user friendly and to avoid it being misinterpreted.
- To look at investigating the possibility of setting up of a buddy system so that home education parents could receive support from local schools through the annual event.
- That research be undertaken to look at providing a list of those schools that would be prepared to allow home educated children to take their exams.
- The apparent conflict between Education Law and Children's law in relation to EHE and the safeguarding responsibilities which local authorities have for children.
- To forge a partnership of trust, mutual respect and understanding between parents and the local authority.

The Committee was acutely aware of the strength of feeling which exists amongst many EHE parents across the country, including within the Borough.

EVIDENCE & FINDINGS

In considering the evidence of witnesses, Members sought to ascertain views on how all parties could better balance the safeguarding responsibilities of the local authority and the rights of parents to home educate their children.

In considering the views from the Committee's witness sessions, it should be noted that the EHE parents and the former EHE pupils who provided evidence to the review were not wholly representative of the EHE community within Hillingdon. There were different types and methods of home education and the witnesses who helped Members in their review were one particular group of EHE parents and young people.

The review had heard evidence from Cllr Carol Melvin and other parents and from former EHE children who had chosen to be educated at home for positive reasons and thus the information received concentrated on the positive aspects of home education as these parents were making the choice to educate their children at home.

Attempts were made to engage with other EHE parents and young people, but unfortunately these attempts had been unsuccessful.

Matters raised by Cllr Melvin

Councillor Carol Melvin, on behalf of some EHE parents, provided the review with their views on EHE within the Borough.

It was noted that there were concerns from some EHE parents who had approached Cllr Melvin in February 2011. These concerns related to correspondence they had received from the local authority about the local authority's requirement to be satisfied that EHE children were safe and receiving a suitable education.

It was further noted that prior to receipt of this correspondence there had generally been a good relationship between these parents and the local authority although the Local Authority had not changed its standard letters.

The Committee was made aware that to enable the local authority to determine the appropriateness of an EHE's education, there was a requirement for an ongoing dialogue between parents and in the case of Hillingdon, the Council's EHE adviser. However, that there was no legal obligation on the parents' part to do this.

Councillor Melvin reported that announced visits by the EHE adviser had taken place with the EHE parents whom she represented, where the provision of education to children was discussed and parents provided reports on the education being provided. These were generally well received.

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However, the parents had expressed some concern regarding unannounced ad-hoc visits (when EHE families had not engaged with the Local Authority) which had been made by local authority officers and the language and the tone of correspondence sent. In response to this, Education Officers confirmed that a minority of EHE parents overall had expressed concern regarding un-announced visits.

Members were informed that in the main unannounced visits were carried out in exceptional circumstances and were not the norm. Most visits were by appointment and were generally well received.

One of the key findings of the Ofsted report on local authorities and home education identified that parents' attitudes to the local authority was affected and influenced by the tone of the local policy and guidance materials, and the approach of the relevant local authority officer who was responsible for this. This appeared to be the case in Hillingdon.

From the evidence given, it was clear that there was an element of distrust from some EHE parents regarding the motives of the local authority. It was acknowledged that there should be greater collaboration between the local authority and those parents of EHE children who were known to the authority, as this would engender trust and understanding and improve the relationship.

On a positive note, Members were pleased that there was now a better dialogue between the local authority and part of the EHE network. Whilst this was a good start, Members felt it should be maintained and improved on further. The EHE parents that had attended meetings during the review were a well organised network of parents who worked closely with the Home Education Advisory Service and it was apparent that the education which these children received was at a good standard. However, the Committee were conscious that the parents Cllr Melvin represented were a minority and not wholly representative of all EHE parents and children.

To continue this dialogue and partnership between the local authority and EHE parents, Members proposed that it would be good practice for an annual Borough EHE network meeting (event) to take place whereby interested parties could engage and discuss issues relating to EHE. This could look at ways of improving the processes which are currently used and which form part of the policy and would improve the trust between all parties.

Such an event would hopefully encourage other EHE parents to engage with the local authority and to share good practice with other parents.

RECOMMENDATION 1

That an annual Borough network meeting take place between LBH EHE Parents and the local authority to enable networking to take place between different EHE groups.

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Home Education Advisory Service

Particular mention should be made to the Home Education Advisory Service who provided information and evidence to the review and who represented the views of some of Hillingdon's EHE parents. The Home Education Advisory Service is a national registered charity that has endeavoured to improve relationships between home educators and local authorities. Their views both to the Committee and outside the Committee have been invaluable in helping the review look into this area.

General views of EHE Parents and EHE young people

At further meetings of the Committee, Members heard evidence from four EHE parents and from two former EHE children.

Generally the views provided the review with a positive insight into how parents organised the education of children at home and the relationship they had with the local authority.

The parents and former EHE young people which the Committee met were very enthusiastic and passionate about home education and gave positive explanations about children being educated at home.

The Committee was impressed at the excellent organisation which this network of EHE community had and on the whole, the good working relationship they had with the local authority.

As with any relationships, it was noted that there were disagreements and different points of views on issues, but from the evidence Members received there appeared to be a general welcoming of the advice and support given by officers of the Council to EHE parents.

Communication should of course be two-way and views of EHE parents and their advisers should be taken into consideration when updating the policy on EHE and the processes allied to this.

Views on the role of the Local Authority

Listening to the witnesses, the Committee did note an air of suspicion surrounding the role of the local authority with EHE and it was important that this role was clearly stated and explained to parents. The recommendation to hold an annual networking event would hopefully allay some of the EHE community's fears and build trust and confidence in the local authority.

Unfortunately most communication is written and as with any public authority writing to the general public, great care is needed to be taken to ensure that the right tone is taken with correspondence and officer contact to ensure that

the rights of the EHE parents and children is protected, whilst ensuring that the legal duties of the local authority are maintained.

Officers supporting the review had kindly supplied the Committee with examples of the annual letters which were sent to out to EHE parents and the Committee recommend that these letters be reviewed to ensure that the tone was empathetic and could not be misinterpreted.

RECOMMENDATION 2

That officers review the EHE correspondence which is sent to EHE parents to ensure that their tone is empathetic and their contents are not open to misinterpretation.

Examination Centres

An issue which came out of the review was the difficulties which home educated children had in relation to finding examination centres to take their exams. The costs were often prohibitive and journeys long and LEA schools were not always receptive to non-school children taking exams on their facilities.

Reference was made to the Pupil Referral Unit Providence Road, Yiewsley, which offers this facility for EHE children, both in the Borough and outside the Borough.

The review felt that more information should be provided to EHE parents and children on possible examination centres. Indeed the witnesses had asked that EHE groups be provided with a list of educational establishments which would allow EHE children and young people to take their exams. The Committee recommend this action be taken forward.

RECOMMENDATION 3

That EHE parents be provided with information on London Borough Exam Centres that will accept EHE children.

Review of the Elective Home Education Policy

One of the main objectives of the Committee's review was to look in more detail at the existing EHE policy and to recommend an updated version to the Council's Cabinet for approval.

The Committee noted that the attitudes of EHE parents would be influenced by the tone of the policy and guidance material and for this reason great care and attention should be given to updating it. The review in itself has provided

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an opportunity for EHE parents and their advisors to give their views on the local authority's existing policy.

The Committee felt that the local authority needed to make it clear as to what home educating parents should expect and not make the parents feel that if they did not comply with what was required, they would be legally forced to do so. Having ascertained that EHE parents would welcome a degree of relationship with the local authority, the updating of the policy offered the prospects of developing that relationship further, as well as the potential for any family to let the local authority know what support they would like to receive.

The witness sessions had highlighted some concerns that needed to be addressed in the policy, but the Committee felt on balance that the overriding principles and processes contained within it were generally acceptable.

Members were made aware of some concerns regarding the adequacy of the policy and the legality of some of its content and referred the matter to the Borough Solicitor for clarification. Members also agreed that the policy should be reviewed further and put out to a much wider consultation with all EHE parents within the Borough before being recommended for approval to the Cabinet.

The law relating to Elective Home Education and the law on the Safeguarding of Children

As mentioned earlier in this report, the previous Government issued a document called 'Elective Home Education - Guidelines for Local Authorities' back in 2007. These Guidelines aim to clarify the balance between the right of the parent to educate their child at home and the responsibilities of the local authority.

Although the Guidelines have helped to inform the formulation of the latest policy on Elective Home Education, there are nevertheless a number of grey areas of law which exist. In particular, the balance between the rights of parents to home educate their children and the local authorities' duties to safeguard the welfare of children living in their area is a difficult one to reconcile.

The Elective Home Education Policy forms part of the Hillingdon Children's & Family's Trust Plan in relation to P1 - Keeping Children & Young People safe and P2 - To ensure that all children have a good start to life. This area of EHE had caused the greatest debate within the home educating community and it is an area which the review required legal advice on.

The Guidelines primarily focus on the law and practice of home education but there is a separate section which deals with the issue of safeguarding. The

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Guidelines recognise that as with school educated children, child protection issues may arise in relation to home educated children.

The statutory powers conferred on local authorities allow them to insist on seeing children in order to enquire about their welfare where there are grounds for concern. However, such powers do not bestow on such authorities the ability to see and question children subject to elective home education in order to establish whether they are receiving a suitable education.

Subsequent to the October witness session, the representative of the Home Education Advisory Service wrote further in relation to the evidence she had provided Members with during the meeting and on aspects of the Council's draft policy on EHE. Particular concern was expressed regarding the recognised difficulties which local authorities have in relation to carrying out their safeguarding duties and the rights of parents who choose to home educate their children.

There were other concerns expressed regarding the adequacy of the policy and the legality of some of its content.

The review referred the correspondence to the Borough Solicitor, asking for his views and he was also requested to attend the Committee's meeting on 20 March 2012 to provide legal advice in relation to the draft policy.

Shortly before this meeting, the representative of the Home Education Advisory Service sent a further detailed letter to the Chairman of the Committee regarding the draft policy. The Borough Solicitor attended the meeting on 20 March and responded to the various points made in this letter.

Consulting on a revised policy

Following this meeting, a five week consultation exercise was undertaken with those parents which home educate their children and who are registered with Hillingdon, seeking their views on the draft policy. A total number of 11 written responses were received and they are summarised in Appendix 2 to this report.

It is a legal requirement of any consultation exercise which is undertaken by a Local authority that the product of consultation must be conscientiously taken into account before a decision is made.

Although the responses received only represent a minority of the registered home educating community in the borough, nevertheless they were properly considered by officers.

In particular, the Borough Solicitor has reviewed the responses and the law governing home education and safeguarding in detail. He has adjusted the

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policy by updating the law set out within it and has removed any references to outdated or irrelevant legislation.

There was a continuing theme of safeguarding throughout the policy which has also been removed and there is now a separate section on safeguarding which is consistent with the manner in which the 2007 Guidelines have been set out.

Finally, it is the view of the Borough Solicitor that the policy which Cabinet is being recommended to approve is now a lawful document.

The updated policy is attached to this report as Appendix 3.

RECOMMENDATION 4

Cabinet be recommended to approve the updated policy on Elective Home Education Policy and that the policy be reviewed on an annual basis.

CLOSING WORD / ACKNOWLEDGMENTS

The Committee's review has given an opportunity to review the Elective Home Education Policy and to ensure that it contained a balance of both safeguarding issues and the rights of parents.

The Committee heard directly from some of the parents that home educate, young people that had been home educated and from other professionals other than the Local Authority.

Finally, the recommendations that have been put forward will enable the Local Authority to work in partnership with parents to support mechanisms are in place to ensure the best outcomes for EHE Children,

Appendix 1

Summary of comments from EHE Parents

- Educating children at home had led to a positive experience for the children and positive development of the children. It had also enabled parents to impress their ethos and morals on their children.
- There was a preference to educate their children at home as parents could see how the children thrived and developed a thirst for learning.
- There was support given through a Home Education Network Group, where different activities such as swimming and craft were carried out together.
- A parent mentioned that they had had a positive relationship with the EHE Adviser and had never refused a request for an inspection, due to the approach and helpfulness of the adviser that had visited them. This positive experience had led the parent to encourage another EHE parent who was not known to the Authority to register, so that she too could be visited.
- Suggested that there was no official line of informing the LA on issues.
- From the witnesses' experience, officers within Education and Children's Services appeared to have a limited knowledge of Home Education.
- Unannounced visits from the LA generated negativity and such visits appeared to cast a feeling of suspicion over families who chose to educate their children at home.
- It was strongly felt that if a parent decided to home educate, this should not automatically present safeguarding issues in terms of the need for the involvement of Social Services. The allowing of home visits would not necessarily safeguard children.
- There was a strong belief that EHE families were not legally obliged to engage with the LA.
- Considered that the Local Authority's policy on EHE was being updated to suit the Council's position, as opposed to that stated in law.
- Concern was expressed regarding the tone of the letters which EHE parents had received which had said the failure of parents to respond to the letters, could result in children being placed into schools.
- Suggested that there was a need for roles to be clearly set out to enable open relationship between EHE parents and the LA.
- Suggested that the LA had the tools to intervene when there were problems in the care of children, as families were in receipt of services from different areas.
- Felt that all EHE families should not be viewed with suspicion.
- Indicated that there were a number of families home educating their children who did not want to be told what they should or should not teach.
- A parent suggested that they had had four visits in the four years of home educating their children and found the officers to be very polite

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but felt that the officers were not interested in what they taught but were more interested as to whether the children were healthy.

- Advised that parents were not being given practical support or advice and felt that instead, officers were checking up on them. This approach did not give parents any incentive to come forward.
- Suggested that support like providing a list of schools where children were able to take exams would be helpful and would lead to better rapport with the LA.
- Felt that more parents would be interested in working with the LA if they were provided with useful information.
- Advised that since the previous EHE officer had retired, the helpful advice and report on the progress of the children had ended. The parent then received a "threatening" letter after a number of years, and suggested that had the family's files been examined, it would have been seen that she had complied with the visits in past years.
- Advised that EHE parents were not obliged to register with the LA and the law did not imply that the LA must ensure education was taking place, nor did it mean that the LA could intervene in the lives of every individual child.
- Suggested that Section 9 of Education Act 1996 was irrelevant as, there was no situation anywhere in the law which justified intervention with every family. Felt that the paraphrase obscured and added to the confusion.
- Advised that some local authorities where parents' views were respected, had an informal get together which did build relationships.
- That parents who elected to home educate, retained the duty to educate their children and did not receive public money.

Comments from former EHE young people

- One of the former EHE young people referred to his eldest sister who had got into trouble at school as being one of the reasons his parents had given him the option of being home educated
- One of the former EHE young people had been taught at home from the age of 10 through to 16, and then went on to Uxbridge College and then onto University. The transition had been smooth and trouble-free
- He had been an average performer at school and home education gave him and his parents the freedom to teach him what he was good at, whilst ensuring he was taught the basic educational standards (English and Maths)
- One of the former EHE young people was now a parent and he home educated 4 children. The Council was aware of this and a visit took place annually.
- As a home educator he had taken the decision to work with the Council on elective home education whereas he understood some parents did not

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- The major benefit of home education for children was giving them the freedom to explore what they were really interested in and giving them an opportunity to learn more about these subjects
- This freedom had resulted in him acquiring the skills and knowledge to develop his interests into his chosen career
- The freedom and lack of restriction which elective home education brought, made him “think outside the box” and be innovative, which may not have happened if he had been in a classroom, within a school
- In response to a comment regarding elective home education and the lack of interaction / socialising with other children, the former EHE young person reported that this had not been an issue with him. When he was home educated there were 4 - 5 families who were jointly home educated. This meant that they shared knowledge, conversed together, socialised and exchanged views and opinions
- The groups of children would have sessions with specialised teachers once a week
- From the personal experience of being home educated, the former EHE young person believed he had matured quicker and had not been subjected to the peer pressure which sometimes happened with children at school
- Whilst being home educated, children did still come into contact with local children outside of school hours, so relationships and contact was still made with other children. The everyday issues which confronted children (i.e. bullying) did not just happen in schools.
- Experiences of home education had increased the motivation to study
- Specialist teachers were brought in to teach a small group of home educated children
- Physical education and sports lessons / activities were undertaken by home educated children with parents hiring sports halls and swimming pools in leisure centres. These were structured and took place sometimes 2 to 3 times a week
- Reference was made to the possible involvement of the local authority with home educated children and their parents and the possibility of establishing a network group. The witnesses said this could be where parents could tell the local authority what they wanted and parents could work with the local authority. This would be seen as a positive move and remove the suspicion which some parents had of the local authority
- Reference was made to the difficulties which home educated children had in terms of finding examination centres to take their exams. There were cost implications and LEA schools were not always receptive to non-school children taking exams on their facilities
- Financial and personal sacrifices were made by parents who home educated their children and this commitment and dedication was appreciated by the children and was a driving force behind them doing well with their education

- Reference was also made to parents who chose to educate their children at home for negative reasons and the need for the local authority to be mindful of their responsibilities to those children under the Education Act. These parents may not want be part of a network with other families and the local authority
- One of the witnesses was asked for his views if there was a legal requirement for home visits. He said that he personally chose to allow arranged visits for his children but he fully supported the rights of other home educating families who chose not to have home visits
- Members made reference to the health and safety and well-being of children who were home educated and the need for the authorities to safeguard these children. This could include inspections to assess the standard of education, visits from school nurses. Both witnesses did not agree with the general linking of health and safety and the safeguarding of children to just home educated children, as this also applied to children who were educated in schools.

Appendix 2

SUMMARY TO CONSULTATION RESPONSES

A five week consultation exercise was undertaken with those parents which home educate their children and who are registered with Hillingdon, seeking their views on the draft policy. A total number of 11 written responses were received and they are summarised below:

- Consultation should have sought views from the wider community not just those that home educate.
- Not sufficient time to respond to the consultation asked for further consultation before final document agreed.
- There was no framework of questions to respond to consultation.
- Would like to see clear distinction in the policy between welfare and education concerns.
- Policy seems to focus on child protection and gives a sense of suspicion towards those who home educate.
- The policy is confusing and is unclear and difficult to follow.
- The policy should state suitable definitions of the terms together with clear statements of applicable law.
- Parts of the policy are repetitious and needs to be shortened and combined for clarity.
- Query how point 3/10 of the policy would be actioned.
- Many statements contained in the policy had no place in the document.
- Reference made to parts of the policy that were felt to contain incorrect statements.
- Information section of the policy was out of date.
- The section on Children with Special Educational Needs requires re-writing as parents of children with SEN are fully entitled in law to home educate their child.

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HILLINGDON
LONDON

ELECTIVE HOME EDUCATION

London Borough of Hillingdon Policy

London Borough of Hillingdon
ELECTIVE HOME EDUCATION

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London Borough of Hillingdon ELECTIVE HOME EDUCATION

Part 1

Introduction

1.1 Elective home education is where parents or guardians decide to provide education for their children at home instead of sending them to school. It is not home tuition provided by a local authority or where a local authority provides education otherwise than at a school.

This policy is addressed towards parents of electively home educated children, Local Authority officers, OFSTED, LSCB (Local Safeguarding Childrens Board) partners including Health, Housing, Police, Social Care and Third Sector professionals and Schools and Academies.

For the purpose of this policy the definition of a parent (section 576 Education Act 1996) is a parent of the child or anyone who has parental responsibility or care of the child.

The policy is written with regard to the current Elective Home Education Guidelines for Local Authorities and should be read in conjunction with 'Ensuring Children's Rights to Education'. These policies can be downloaded from the links below:

<https://www.education.gov.uk/publications/standard/publicationDetail/Page1/DFES-00529-2007>

<https://www.education.gov.uk/schools/pupilsupport/parents/involvement/homeeducation/a0073367/elective-home-education-guidelines>

1.2 Home-educated children are those who, for a range of reasons, are being educated at home and in the community by parents, guardians, carers or tutors, and are not registered full time at mainstream schools, special schools, Pupil Referral Units (PRUs), colleges, children's homes with education facilities or education facilities provided by independent fostering agencies. Parents have a legal duty to ensure their children receive a suitable education, but are not obliged to send them to school.

1.3 The purpose of this policy is to encourage Hillingdon and home educating parents to work together to develop trust, mutual respect and a positive relationship that functions in the best educational interests of the child. The guidelines recognise that elective home education is a key aspect of parental choice and therefore the aim of this policy is to encourage good practice in relationships between Hillingdon and home educators by clearly setting out the legislative position, and by providing advice on the roles and responsibilities of Hillingdon and parents in relation to children who are educated at home. In doing this, Hillingdon recognises that parents who choose Home Education for their children take on a great commitment and for the majority these children have excellent experiences.

Reasons for Elective Home Education

1.4 Parents may opt for home education for various reasons. The reasons should not, in themselves, have a bearing on Hillingdon's treatment of home-educating families since Hillingdon's primary interest lies in how well the parents are providing education for their children at home and not their reason for doing so. The following reasons for home-educating are common but by no means exhaustive:

- Distance or access to a local school
- Religious or cultural beliefs
- Philosophical or ideological views
- Dissatisfaction with the system
- As a short term intervention for a particular reason
- A child's unwillingness or inability to go to school

1.5 When a parent offers an account of their dissatisfaction with the public system of education provision, Hillingdon may wish to use this information as part of its ongoing supervision of specific problems in certain areas.

Part 2

The law relating to Elective Home Education

2.1 All children have a fundamental right to education (Article 28 United Nations Convention of the Rights of the Child)

2.2 The responsibility for a child's education rests with their parents. In England, in accordance with Section 8 of the Education Act 1996, education is compulsory (for children aged 5 to 16), but schooling is not.

2.3 Article 2 of Protocol 1 of the European Convention on Human Rights states that:

No person shall be denied the right to education. In the exercise of any functions which it assumes in relation to education and to teaching, the State shall respect the right of parents to ensure such education and teaching is in conformity with their own religious and philosophical convictions.

This right is enshrined in English law. Section 7 of the Education Act 1996 provides that:

The parent of every child of compulsory school age shall cause him to receive efficient full-time education suitable-

(a) to his age, ability and aptitude, and

(b) to any special educational needs he may have,

either by regular attendance at school or otherwise.

2.4 Thus, where a child is educated at home the parental responsibility for children's education, coupled with Hillingdon's responsibility to make sure that there is adequate provision for education in their areas, brings Hillingdon and parents into a relationship (as discussed in Part 4 of these guidelines).

Parental rights and responsibilities

2.5 Parents may decide to exercise their right to home-educate their child from birth and so the child does not therefore need to be enrolled at school. However, as noted above, this right requires the parents to provide an efficient education suitable to the age, ability and aptitude of the child and home educating may offer distinctive benefits for some children and young people. An "efficient" education is not defined in the Education Act 1996 but has been broadly described as an education that "achieves that which it sets out to achieve". A "suitable" education in relation to a child, means efficient full-time education suitable to his age, ability and aptitude and to any special educational needs he may have. It is therefore recognised that there are many approaches to educational provision and what is suitable for one child may not be for another.

2.6 There is no legal definition of "full-time". Children in school normally spend between 22 and 25 hours working at school each week. This measurement of 'contact time' is not relevant to home education where there is often almost continuous one-to-one contact and where education takes place outside 'normal school hours'. Nevertheless, the type of educational activity can be varied and flexible. It should be borne in mind that home-educating parents are not required to:

- teach the National Curriculum
- have a timetable
- have premises equipped to any particular standard
- mark work done by their child
- set hours during which education will take place
- have any specific qualifications
- cover the same syllabus as any school
- make detailed plans in advance
- observe school hours, days or terms
- give formal lessons
- reproduce school type peer group socialisation
- match school, age-specific standards
- provide a broad and balanced education
- formally assess progress or developmental objectives

However, Hillingdon can offer advice and support to parents on these matters if requested.

2.7 An important point to note is that there are many, equally valid, approaches to educational provision. Hillingdon considers a wide range of information from home educating parents. Hillingdon respects a wide variety of ethos' as long as the education provided is efficient and suitable. The way in which parents provide information is entirely up to them. The information may be in the form of a parental report, specific examples of learning e.g. pictures/paintings/models, diaries of work, projects, assessments, samples of work, books, educational visits etc. Some EHE advisers have been privileged to hear children read their own poetry, listen to musical instruments being played and even be an audience for a play.

2.8 Having made the commitment to home educate, parents may reasonably seek to provide elements of the following characteristics:

- consistent involvement and presence of parents or other significant carers
- consideration of a philosophy or ethos (not necessarily a recognised philosophy)
- Commitment and enthusiasm, and recognition of the child's needs, attitudes and aspirations
- opportunities for the child to be stimulated by their learning experiences
- access to resources/materials required to meet the objectives of the parents – such as paper and pens, books and libraries, arts and crafts materials, physical activity, ICT and the opportunity for appropriate interaction with other children and other adults.

Hillingdon's Responsibilities:

2.9 Hillingdon respects parents rights to electively home educate. This is a great commitment. Where Hillingdon is aware of home-educated children within our area, we will provide information for the parents or guardians who have chosen to home-educate (see paragraphs 4.5-4.6). Hillingdon will also wish to make it clear to parents that if they choose to home-educate, they assume financial responsibility for their child's education, including the cost of public examinations, and that the child must continue to receive suitable education until the end of 'compulsory education' (ie the last Friday in June in the academic year in which they reach age 16).

2.10 If information exists which may cast doubt on whether an "efficient and suitable education" can be provided, Hillingdon will seek to gather any relevant information that will assist in reaching a properly informed judgement. This will include seeking from the parents any further information that they wish to provide explaining how they intend to provide a suitable education for their child(ren) and the parents will be given the opportunity to address any specific concerns that the Hillingdon EHE teacher has. The child will also be given the opportunity, but not required, to attend any meeting that may be arranged or express his or her views in some other way.

2.11 If, on considering the educational provision, several of the suggestions detailed in the section headed 'Parents Rights and Responsibilities' appear to be lacking, Hillingdon may choose to further investigate whether or not there is sufficient evidence that an efficient and suitable education is, in fact, being provided. The findings of any investigation will be made available to the parents promptly, specifying the reasons for concluding that there are grounds for concern that a suitable education is not taking place. If Hillingdon has such concerns, and the parents, having been given a reasonable opportunity to address these concerns and report back to the education authority, have not done so, Hillingdon will consider instituting formal attendance procedures in accordance with the provisions of Section 437 of the Education Act 1996.

2.12 Under Section 437(1) of the Education Act 1996, LAs can intervene if they have good reason to believe that parents are not providing a suitable education. Hillingdon anticipates that this will only be necessary in a minority of cases. This section states that:

If it appears to a local authority that a child of compulsory school age in their area is not receiving suitable education, either by regular attendance at school or otherwise, they shall serve a notice in writing on the parent requiring him to satisfy them within the period specified in the notice that the child is receiving such education.

Section 437(2) of the Act provides that the period shall not be less than 15 days beginning with the day on which the notice is served. For the avoidance of doubt, this period commences on the second day after the letter was posted using first class post.

2.13 Once this notice has been served, Hillingdon will consider all educational evidence provided by the parents demonstrating how their child is receiving a suitable education. In the event that Hillingdon considers that the education being provided is not suitable, then it will issue a second notice in accordance with Section 437(3) of the 1996 Act which states:

If –

(a) a parent on whom a notice has been served under subsection (1) fails to satisfy the local authority, within the period specified in the notice, that the child is receiving suitable education, and

(b) in the opinion of the authority it is expedient that the child should attend school,

the authority shall serve on the parent an order (referred to in this Act as a "school attendance order"), in such form as may be prescribed, requiring him to cause the child to become a registered pupil at a school named in the order.

2.14 Hillingdon sees the taking of the above measures as a last resort after all reasonable avenues have been explored to bring about a resolution of the situation. At any stage following the issue of the Order, parents may present evidence to Hillingdon that they are now providing a suitable and appropriate education and apply to have the Order revoked. However, if the Order remains in place and the parents do not comply with it, then Hillingdon can prosecute the parents in accordance with Section 443 of the Education Act 1996.

2.15 An Order continues to be in force for as long as the child is of compulsory school age. If there is a continued failure to register the child, Hillingdon EHE adviser & EWS has the option of referring to Social Care using a Common Assessment Framework. In exceptional circumstances, the case may be taken to the Family Proceedings Court instead of the Magistrates Court where an application can be made for an Education Supervision Order (ESO - under Section 36(5)a of the Children Act 1989). Where an ESO is in force with respect to a child, the duties of the child's parents under section 7 and 444 of the Education Act 1996 (duties to secure education of children and to secure regular attendance of registered pupils) are superseded by their duty to comply with any directions in force under the ESO.

2.16 However, parents' wishes to educate their children at home will be respected and, wherever possible, efforts will be made to resolve issues about provision by a process of ongoing dialogue before Section 437(3) is invoked. Only in extreme cases, where the education is clearly not efficient and suited to the age, ability and aptitude of the child, will an Order be served. More information about School Attendance Orders is contained in *Ensuring Regular School Attendance* paragraphs 6 to 16 (available at www.education.gov.uk/schools/pupilsupport/behaviour/attendance/a0010003/local-authority-duties-and-legal-measures-to-ensure-school-attendance).

2.17 Hillingdon also has the following additional responsibilities:

Section 10 of the Children Act 2004 sets out a statutory framework for cooperation arrangements to be made by local authorities with a view to improving the well-being of children in their area.

Section 11 of the 2004 Act sets out the arrangements to safeguard and promote the welfare of children. However, it is important to note that it does not place any additional responsibilities or responsibilities over and above Section 175 (1) of the Education Act 2002 as set out below.

Section 175 (1)

A local authority shall make arrangements for ensuring that their education functions are exercised with a view to safeguarding and promoting the welfare of children

2.18 All agencies working with children, young people and families are aware of Hillingdon's objective to ensure every child of compulsory school age is receiving a suitable education. However, Section 175(1) does not extend

Hillingdon's functions themselves, only that in the course of the functions conferred upon us should consideration be given to safeguarding and promoting children's welfare. Section 175(1) does not, for example, give Hillingdon powers to enter the homes of, or otherwise see, children undertaking elective home education.

2.19 Section 436A of the Education Act 1996 places a duty on Hillingdon to make arrangements to identify children in their area who are not receiving full time education suitable to the child's age, ability, aptitude and any special educational needs they may have.

2.20 Whilst clearly this is the duty of all parents primarily to ensure that their child receives an efficient full time education, Hillingdon welcomes all cooperation and transparency in demonstrating this. Of course, the vast majority of Hillingdon parents love, nurture, support and protect their children without involvement from or interest from the Local Authority.

Part 3

Clear policies and procedures

3.1 All parties involved in home education should be aware of their roles, rights and responsibilities and be clear about the standards expected of them. Hillingdon's policy aims to be clear, transparent and easily accessible.

3.2 Hillingdon has a named officer who has responsibility for "education otherwise than at school". She receives parental notification of home education intention and maintains a home education list. She is currently with the Education Welfare Service (EWS)

3.3 Hillingdon is able to provide guidance for parents and carers who request it. In addition, Hillingdon can organise training on the law and home education methods for all their Education Officers who have contact with home-educating families in their area should the need be identified.

De-registration of the Child from School

3.4 Any procedures for dealing with home-educating parents and children must be fair, non-judgemental, clear, consistent and timely, in order to provide a good foundation for the development of trusting relationships.

3.5 First contact between Hillingdon and home educators often occurs when parents decide to home educate and approach the school (at which the child is registered) and/or the authority to seek guidance about withdrawing their child from school. It is important that this initial contact is constructive and positive. However, while parents must inform the school in writing of their decision, they are not legally required to inform Hillingdon about their intention to home educate unless they wish to remove a child from a special school (see section 3.13 onwards). However, Hillingdon strongly requests that families inform the nominated officer (EWS). Schools in receipt of such information are required to

notify the LA by sharing it with the nominated officer (EWS).

3.6 De-registration of a child from a school in order to Electively Home Educate is covered by Regulation 8[1][d] of the Education [Pupil Registration][England] Regulations 2006. Parents who wish to home-educate their child who is registered at a maintained school or an independent school must inform the school formally and in writing of their intention to de-register. The school shall delete the child's name from their register from the date indicated in the written notification from the parents, guardians or legal carer, and inform Hillingdon EWS (giving the child's name and address) as soon as the ground for deletion is met in relation to that pupil, and in any event no later than deleting the pupil's name from the register as per Regulation 12[3] of the Education [Pupil Registration][England] Regulations 2006. Although they are under no obligation to do so, parents are encouraged to inform Hillingdon directly, to enable Hillingdon to check that the child's name has actually been removed from the school register.

3.7 Where the child is enrolled at a school, parents have a responsibility to inform that school in writing that they are withdrawing their child in order to educate them at home. Although parents are not legally obliged to notify Hillingdon of their intentions, it is recommended that they do so as early as possible, to ensure that support and advice can be offered as required or as requested. However, Hillingdon will bear in mind that, in these early stages, parents' proposals may not be detailed and they may not yet be in a position to demonstrate all the characteristics of an "efficient and suitable" educational provision (see 3.12 onwards). If this is the case, a reasonable timescale will be agreed for the parents/carers to submit their proposals. Mindful of the wishes of the majority of Hillingdon's EHE communities, Hillingdon will not require standard documentation from families. Hillingdon will hold a list of EHE families and children, when aware of them.

3.8 Hillingdon will assume that efficient educational provision is taking place, which is suitable for the child, unless there is evidence to the contrary. Where parents have notified Hillingdon or Hillingdon is otherwise made aware of a child's de-registration from school with the intention of being home educated, Hillingdon will acknowledge this notification.

3.9 The frequency with which Hillingdon will wish to contact parents to discuss their ongoing home education provision will vary depending on the individual circumstances of each family. It is for Hillingdon to decide how often to make contact with a family. However, Hillingdon will ordinarily make contact on an annual basis. Contact will normally be made by writing to the family to request an updated report or, if thought necessary, to seek a meeting. A written report will be made after such contact and copied to the family stating the strengths of provision and whether Hillingdon has any concerns about the education provision.

3.10 Where there are concerns about the efficiency or suitability of the education being provided for the child, more frequent contact may be required. Where concerns merit frequent contact, Hillingdon will discuss these concerns

with the child's parents, with a view to helping them improve their provision in the best interests of the child. Such discussions will be conducted in the spirit of respect and partnership working to seek an outcome satisfactory to all, particularly the child/ren.

3.11 Enquiry may also be made as to whether children educated at home are members of Community Groups (e.g Faith Groups, Sports Clubs, Uniformed Groups like the Cadets or the Scouts, Drama Groups etc.). Should a family choose to have no contact with the Local Authority whatsoever, or the child have no alternative Community links, the Local Authority may attempt to visit the family at home, by appointment or not.

Access to the home

3.12 Parents are not legally required to give Hillingdon's EHE adviser access to their home. They may, for example, choose to meet a Hillingdon representative at a mutually convenient and neutral location instead, or may choose not to meet at all. This is respected by Hillingdon entirely. Parents can provide evidence that a child is receiving an efficient and suitable education in a number of ways. It should be in any form sufficient enough to convince a reasonable person of its appropriateness for the child's age, aptitude and ability. Parents might, for example:

- write a report
- provide samples of work
- invite the Hillingdon EHE teacher to their home, with or without the child being present
- meet the Hillingdon EHE teacher elsewhere, with or without the child
- have the educational provision endorsed by a recognized third party
- provide evidence in any other appropriate form.

Children with Special Educational Needs

3.13 Parents' right to educate their child(ren) at home applies equally where a child has special educational needs (SEN) ((see Section 7 of the Education Act 1996). Some children with special educational needs are statemented but others are not. Section 319 of the Education Act 1996 gives local authorities a power to arrange special educational provision otherwise than in school where this is appropriate.

3.14 Where a child has a statement of special educational needs and is home-educated, it remains Hillingdon's duty to ensure that the child's needs are met. The statement must remain in force and Hillingdon will ensure that the child's SEN needs are met.

3.15 If the parents' arrangements are suitable, Hillingdon is relieved of its duty to arrange the provision specified in the statement. If, however, the parents' attempt to educate the child at home results in provision that falls short of meeting the child's needs, then the parents are not making 'suitable arrangements' and Hillingdon cannot conclude that they are absolved of their

responsibility to arrange the provision in the statement.

3.16 Even if Hillingdon is satisfied, we remain under a duty to maintain the statement and review it annually, following procedures set out in Chapter 9 of the SEN Code of Practice. Where Hillingdon is satisfied that the child's parents have made suitable arrangements it does not have to name a school in part 4 of the child's statement in accordance with Section 324(4A) of the Education Act 1996 though it will state the type of school it considers appropriate and go on to state that "parents have made their own arrangements under section 7 of the Education Act 1996".

3.17 The statement can also specify any provision that Hillingdon has agreed to make under section 319 to help parents to provide suitable education for their child at home. If the child to be deregistered is a pupil at a special school, the school must inform Hillingdon SEN team before the child's name can be deleted from the school roll and Hillingdon will need to consider whether everything is in place to make the home education suitable before amending part 4 of the child's statement.

3.18 A parent who is educating their child at home may ask Hillingdon SEN team to carry out a statutory assessment of their child's special educational needs and Hillingdon must consider the request within the same statutory timescales and in the same way as for all other requests. The views of the designated medical officer for SEN should be sought by Hillingdon where a child with a statement is educated at home because of difficulties related to health needs or a disability.

Part 4

Developing relationships

4.1 As noted in the Introduction, the central aim of this document is to assist Hillingdon and home educators to build effective relationships that function to safeguard the educational interests of children and young people; relationships that are rooted in mutual understanding, trust and respect.

4.2 Whilst there is no current legal obligation on Hillingdon or home educators to develop such relationships, doing so will often provide parents with access to support that is available (EHE adviser, web based provision and Education Welfare Officer) and allow Hillingdon to better understand parents' educational provision and preferences. A positive relationship will also provide a sound basis if Hillingdon is required to investigate assertions from any source that an efficient and suitable education is not being provided. This will be true whether or not parents are required to demonstrate that suitable home-education provision is being made available.

Acknowledging diversity

4.3 Parents' educational provision will reflect a diversity of approaches and interests. Some parents, especially those who have other children attending

school, may wish to provide education in a formal and structured manner, following a traditional curriculum and using a fixed timetable that keeps to school hours and terms. Other parents may decide to make more informal provision that is responsive to the developing interests of their child. One approach is not necessarily any more efficient or effective than another. Although some parents may welcome general advice and suggestions about resources, methods and materials, Hillingdon will not specify a curriculum which parents must follow.

4.4 Children learn in different ways and at different times and speeds. It is appreciated that parents and their children might require a period of adjustment before finding their preferred mode/s of learning. Parents are not required to have any qualifications or training to provide their children with an appropriate education. Their commitment to providing an efficient education that is suitable for their child may be demonstrated by them providing some indication of their objectives and resources.

Providing information for parents

4.5 The provision of clear information has an important role to play in the promotion of positive relationships. Hillingdon provides written information and website links for home-educating parents that is clear and accurate and which sets out the legal position, and roles and responsibilities, in an unambiguous and non-judgemental way. Contact details for home education support organisations are also provided. A selection of these is included in Part 5. All written information is available to parents in community languages and alternative formats on request. Also see section 5.3

4.6 As noted at paragraph 3.2 Hillingdon will provide parents who are, or who are considering, home-educating with a named contact within Hillingdon who is familiar with home education policy and practice and has an understanding, respect and appreciation of a range of educational philosophies. Hillingdon may invite the parents to meet with our named EHE officer to discuss their provision. Any such meeting will take place at a mutually acceptable location and the child concerned should also be given the opportunity to attend that meeting, or otherwise to express his or her views. Either during such a meeting, or otherwise, the parents and Hillingdon will seek to consider and agree what future contact there will be between them.

Contact with parents and children

4.7 Hillingdon acknowledges and celebrates that learning takes place in a wide variety of environments and not only in the home. Where the education is taking place in the home, it is desirable but not essential for a Hillingdon officer to have the opportunity to see the child in that learning environment, to enable them to see the provision at first hand. Seeing the child responding to the educational provision of the parents will provide a strong indication that an efficient and suitable education is indeed being provided. Hillingdon does not, however, have a legal right of access to the home and the matter should not and will not be forced. Some parents may not feel comfortable in allowing an

education officer access to their child or family home. Trusting relationships may need time to develop before a parent is happy to invite an officer to visit. It is only in the context of a supportive and trusting partnership that the opportunity to meet the child and visit the home will arise.

4.8 In any event, it should be and will be remembered that, where a parent elects not to allow access to their home or their child, this does not constitute a ground for concern about the education provision being made. Although it is recognised that the learning environment can have a bearing on the effectiveness of learning, Hillingdon will, in the vast majority of cases, be able to discuss and evaluate the parents' educational provision by alternative means. Parents might prefer, for example, to write a report, provide samples of work, have their educational provision endorsed by a third party (such as an independent home tutor) or provide evidence in some other appropriate form (see paragraph 3.12).

Safeguarding

4.9 The welfare and protection of all children, both those who attend school and those who are educated by other means, are of paramount concern and the responsibility of the whole community. As with school-educated children, safeguarding issues may arise in relation to home-educated children. If any safeguarding concerns come to light in the course of engagement with children and families, or otherwise, these concerns should immediately be referred to Social Care Hillingdon and/or Police, using the telephone & followed up with a CAF (Common Assessment Framework).

4.10 In terms of safeguarding the welfare of children who are educated at home by parents (and all Hillingdon children), all agencies will work together. Hillingdon Council Officers will take a lead on these issues because of our legal Safeguarding duty to Hillingdon children. Thus, when a practitioner or professional becomes aware that a child is being educated at home and there are grounds for concern about the welfare of the child, local information sharing arrangements will help them inform Hillingdon EHE adviser.

4.11 Concerns may arise where a child has been referred to Children's Social Care or the police for child protection reasons and the matter is under investigation, or where a child has been assessed as in need, or where the child is the subject of a supervision order. Hillingdon will also apply to the Court for a child assessment under the [Children Act 1989](#), if we have reasonable cause to do so.

Local authorities safeguarding responsibilities are specified in sections 17 and 47 of the Children Act 1989 and on a more strategic level in sections 10 and 11 of the Children Act 2004. The powers and duties under these provisions enable local authorities to insist on seeing children to enquire about their welfare where there are grounds for concern. (see paragraph 2.17)

In addition to these provisions, section 175 (1) of the Education Act 2002 also imposes a clear duty on Local Authorities to safeguard and promote the welfare

of children when exercising their educational functions. (see paragraphs 2.17 and 2.18)

While section 175 (1) of the 2002 Act is consistent with the safeguarding duties in the 1989 and 2004 Children Act legislation it does not give local authorities powers to enter the home of, or otherwise see children for the purposes of monitoring the provision of elective home education or for the purpose of monitoring the welfare of such children.

Hillingdon can in accordance with its safeguarding duties insist on seeing the child receiving EHE where there are reported child protection concerns.

4.12 Parents may choose to employ other people to educate their child, though they themselves will continue to be responsible for the education provided. They will also be responsible for ensuring that those whom they engage are suitable persons to have access to children. Parents will therefore wish to satisfy themselves by taking up appropriate references. Hillingdon would also recommend that parents apply to the Criminal Records Bureau for enhanced disclosure of pertinent records.

Reviewing policies and procedures

4.13 Hillingdon wishes to review all of these procedures and practices in relation to home education on a regular basis in consultation and partnership with parents to see if improvements can be made to further develop relationships and meet the needs of children and parents. Effective reviews, together with the sensitive handling of any complaints, will help to secure effective partnership. This policy will be reviewed annually as part of the regular cycle of review by the Education Welfare Service and the Hillingdon Safeguarding Children's Board. Exceptional review will take place in light of any changes in law or guidance.

Part 5

Support and resources

5.1 When parents elect to home-educate their children they assume financial responsibility for their children's education. There are a number of sources of advice and practical assistance available to such parents.

5.2 Hillingdon does not receive funding to support home educated families. As a minimum, Hillingdon will provide written information (which is also available through the internet) on home education that is clear and accurate and which sets out the legal position (see previous paragraphs 4.5-4.6). An information leaflet for EHE families is also available on the Hillingdon website along with details of national and local support groups (when known).

5.3 Annual visits are available by qualified senior teachers to advise and support EHE parents with academic input (not necessarily based on the National Curriculum).

5.4 Hillingdon has an officer with specific responsibility for supporting EHE families. She can be contacted on 01895 250858 educationwelfareservice@hillingdon.gov.uk 52 weeks per year, Monday to Friday 9.00 a.m until 5.00 p.m.

5.5 Additionally available in Hillingdon;

- Provision of reading or lending libraries with resources for use with the children, on home schooling and related topics
- Admission into community programmes (including local authority owned community and sports facilities)
- Access to resource centres (including local school resources where feasible)
- National Curriculum materials and curricula offered by other educational institutions
- Information about educational visits and work experience

The National Curriculum

5.6 Although home-educated children are not legally required to follow the National Curriculum it is thought that a number do, especially if the home-educated child has siblings attending school.

5.7 In addition, the DfE website at www.dfe.gov.uk will allow access to the National Curriculum and associated schemes of work, aimed at setting standards across all schools. Some documents are also distributed via Departmental publications which can be accessed through links on The Stationery Office site at www.the-stationery-office.co.uk or by telephoning Prolog on 0845 602 2260.

Flexi-schooling

5.8 "Flexi-schooling" or "flexible school attendance" is an arrangement between the parent and the school where the child is registered at school in the normal way but where the child attends the school only part time; the rest of the time the child is marked as Code B in the school register i.e. present at approved education but off-site. This is sometimes done as a short term measure for a particular reason. "Flexi-schooling" is a legal option provided that the head teacher at the school concerned and, in many cases, the EWS as well, agree to the arrangement. Regular and planned reviews are required for this arrangement. Some of the advantages and disadvantages of "flexi-schooling" are referred to on the Home Education UK's website at www.home-education.org.uk/articles-flexi-school.pdf.

Hillingdon's role in supporting work experience

5.9 Work experience is not a statutory requirement. However, usually all Key Stage 4 pupils undertake work experience in the last two years of compulsory schooling. Over 95% of Key Stage 4 pupils go on placements each year. The law relating to the employment of children generally places

statutory restrictions and prohibitions on employers in this regard. But where the employment is in accordance with arrangements made by Hillingdon EBP or a governing body these restrictions will generally not apply¹ where the work experience is arranged only with a view to providing pupils with work experience as part of their education in their last two years of compulsory schooling.

5.10 Children educated at home have no entitlement to participate in work experience under arrangements made by Hillingdon but we wish to encourage the parents of such children to explore this path if this is of interest to home educating parents and carers. Where home-educated children do participate in such schemes, consideration should be given to the extent to which such children are covered by, for example, insurance provision.

5.11 Schools and Hillingdon have a prime responsibility for ensuring pupils are placed in a safe environment for their work experience. Employers are responsible for carrying out risk assessments in respect of young people on work experience placements as if they were members of their staff.

Other Issues

Truancy Sweeps

5.12 When planning and running truancy sweeps, Hillingdon EWS will refer to the DfE "Guidance for Truancy Sweeps" and the Home Office guidance "Police Power to Remove Truants".

5.13 Those taking part in the sweeps, including police officers, should be fully familiar with this guidance. They should be aware that there is a range of valid reasons why school-age children may be out of school. In particular, they may encounter children who are educated at home and that these children can have legitimate and positive reasons to be out and about. By the same token, home-educating parents need to be aware that professionals involved in truancy sweeps will seek to verify any information given to them. To make sure this is a fast, non-invasive and efficient process, Hillingdon maintains a list of all school-age children known to them who are home-educated. This list is then checked by Hillingdon staff as part of a truancy sweep.

Traveller Children

5.14 Hillingdon is sensitive to the distinct ethos and needs of Traveller communities. Hillingdon's duty to ensure that children residing in this area are provided with suitable education (described elsewhere in these guidelines) applies equally to Traveller children residing with their families on temporary or unauthorised sites. Although Travelling children of school age have the same legal right to a school place as anyone else, it is obviously practically difficult to claim or seek these rights without a permanent or legal place to stop.

¹ see section 560 of the Education Act 1996, as amended by section 112 of the School Standards and Framework Act 1998

Therefore, when a Traveller family with children of school age move into the area they are strongly encouraged to contact School Admissions online through Hillingdon libraries.

5.15 Traveller children can be educated at home in the same way as other home-educated children. Therefore should it be necessary, before deciding to prosecute parents for failing to provide a “suitable and efficient” education for their children, Hillingdon may consider whether it would be appropriate to take the alternative route of making an application in the family proceedings court for an education supervision order (ESO) which would last one year and would enable an EWO to advise, assist and befriend both the child and the parents. Where an ESO is in force with respect to a child, the duties of the child’s parents under section 7 and 444 of the Education Act 1996 (duties to secure education of children and to secure regular attendance of registered pupils) are superseded by their duty to comply with any directions in force under the ESO.

5.16 Further guidance can be obtained from the DfE Guide to Good Practice on the education of Traveller children – “Aiming High: Raising the Achievement of Gypsy Traveller Pupils” which can be obtained from DCSF Publications (reference DfES/0443/2003). Another (external) source of information is www.gypsy-traveller.org/education/ or <http://www.education.gov.uk/schools/pupilsupport/inclusionandlearnersupport/mea/improvingachievement/a0012528/gypsy-roma-and-traveller-achievement>

Qualifications options

The following information sets out some of the options available to home-educating families who wish to provide opportunities for their children to study for recognised qualifications. This is not an exhaustive list, but sets out the main options available and provides contact details for relevant organisations. Please note that the following information is also liable to change from time to time.

Enrolment at a Further Education College

Some colleges may, at the discretion of the Principal, be willing to accept children of school age for full and part-time courses. This approach has the advantage that all the work and entry for qualifications is organised by the college, but it does require at least some attendance at classes which will not appeal to all home-educating families. If a student enrolls at a FE college, their parents will normally be liable to pay all of the course fees themselves. Colleges also have the discretion to waive fees, which they may do for low income families.

Self-Study

Many home educating families prefer not to enrol for attendance at a further education college but choose instead to work independently towards recognised qualifications. Because of compulsory internal controlled assessment components, there are many subjects and qualifications which are not available to external candidates unless an appropriate arrangement can be made with an approved centre which meets with the examining board's requirements. Some centres and examining boards may be willing to accept coursework which has been marked and authenticated by a private tutor. Thus, families who study for qualifications from home will need to:

- contact the relevant examination board to find out about their requirements;
- register with an approved centre for their child to be presented for the qualification; and
- pay a registration fee for each subject their child will take.

It may also be possible for a group of home educators to consider seeking approved status in their own right.

Correspondence Courses

Correspondence courses can be an option for students who prefer to work independently, though they will be required in most cases to follow a structured curriculum and programme of work. Correspondence courses offer a wide range of qualifications at different levels and the organisations offering these courses will advise about arrangements which need to be made for registering

with an examination centre and for marking and authenticating coursework. The cost of this option varies depending on the organisation and the qualification chosen, but can prove expensive.

There are an increasing number of organisations offering open and distance learning courses. The following contacts provide a useful start in finding a suitable course and organisation:

- The *Open and Distance Learning Quality Council* (ODLQC) is an independent body which accredits open and distance learning courses. The ODLQC produces a free information leaflet which lists all approved organisations and their courses. Contact:

16 Park Crescent, London, W1B 1AH
Tel: 020 7612 7090 Fax: 020 7612 7092.
Website: www.odlqc.org.uk
E-mail: info@odlqc.org.uk

- The *Association of British Correspondence Colleges* (ABCC) is a voluntary association of colleges which comply with a code of ethics. Contact:

PO Box 17926, London SW19 3WB
Tel: 020 8544 9559
Website: www.homestudy.org.uk

- The *British Accredited Open Learning* (BAOL) promotes quality and best practice in open, flexible and distance forms of learning. BAOL members work to a code of practice for open learning and are listed on the BAOL website. Contact:

95 Wilton Road, The 238 Building, London SW1V 1BZ
Website: www.baol.co.uk

Alternative qualifications

The internal assessment component of many UK qualification courses such as Standard Grades, National Qualifications and GCSEs can restrict the choice available to home educated students. The following qualifications have, however, been identified as particularly suited to home study students as they are not dependent on internal assessment and moderation.

International Certificate of Christian Education

Contact: Christian Education Europe
Marantha House, Unit 5, Northford Close, Shrivenham, Swindon,
Wiltshire, SN6 8HL
Tel: 01793 783783 Fax: 01793 783775
Website: www.christian-education.org
Email: admin@ncscboard.org.uk or cee@christian-education.org

Examining boards

The Assessment and Qualifications Alliance (AQA)

The AQA is one of three unitary examining bodies in England incorporating the now merged Associated Examining Board and the Northern Examinations and Assessment Board. The AQA also has responsibility for the City and Guilds' GNVQ qualification.

Contact: AQA, Devas Street, Manchester, M15 6EX

Tel: 0161 953 1180 Fax: 0161 273 7572

Website: www.aqa.org.uk

Email: mailbox@aqa.org.uk

Oxford Cambridge & RSA (OCR)

OCR is one of three unitary examining bodies in England incorporating the RSA (Royal Society of Arts), UCLES (University of Cambridge Local Examinations Syndicate), and MEG (Midland Examining Group).

Contact: OCR Information Bureau, General Qualifications:

1 Hills Road, Cambridge, CB1 2EU

Website: www.ocr.org.uk

Tel: 01223 553998 Fax: 01223 552627

Email: helpdesk@ocr.org.uk

OCR Information Bureau, Vocational Qualifications:

Progress House, Westwood Way, Coventry, CV4 8JQ

Tel: 024 7647 0033

Fax: 024 7646 8080

Email: cib@ocr.org.uk

Edexcel

Edexcel was formed in 1996 by the merger of BTEC and the University of London

Examinations and Assessment Council (ULEAC). Edexcel is one of the main examination boards for England and Wales.

Contact: Edexcel, Stewart House, 32 Russell Square, London, WC1B 5DN

Tel: 0870 240 9800 Fax: 020 7758 6920

Website: www.edexcel.org.uk

Email: enquiries@edexcel.org.uk

Useful contacts

Education Otherwise Association Limited

Nationwide charity for home education information and support. Subscription of £20 also entitles members to receive a handbook, UK and overseas contact list and bi-monthly newsletter, access to further resources, special interest and local groups and national gatherings

Website: www.education-otherwise.net

Email: enquiries@education.otherwise.net

Helpline: 0845 478 6345

Home Education Advisory Service

HEAS produces a range of publications and leaflets on different aspects of home education. Annual subscription [currently £12] gives access to the Advice-line, quarterly magazine, card for educational discounts, resources for loan and a regional list of other subscribers.

Address: P.O. Box 98
Welwyn Garden City
Hertfordshire
AL8 6AN

Website: www.heas.org.uk

E-mail: admin@heas.org.uk

Helpline: 01707 371854

Home Education UK

Website: www.home-education.org.uk

Home Education Resources

Website: www.homeeducationresources.com

The Home Service – a national Christian home education group

Website: www.home-service.org

Christian Home School

Website: www.christianhomeschoolers.com

Muddle Puddle – an independent site focusing on learning for 0-8 year olds

Website: www.muddlepuddle.co.uk

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Agenda Item 6

CORPORATE SERVICES & PARTNERSHIPS POLICY OVERVIEW COMMITTEE: OPERATION AND FUNCTION OF THE HILLINGDON FIRST CARD

Cabinet Member	Councillor Douglas Mills
Cabinet Portfolio	Improvement Partnerships & Community Safety
Officer Contact	Khalid Ahmed, Central Services
Papers with report	Corporate Services & Partnerships Policy Overview Committee review of the Operation and Function of the Hillingdon First Card

HEADLINE INFORMATION

Purpose of report	To receive the Corporate Services & Partnerships Policy Overview Committee's report on the review into the operation and function of the Hillingdon First Card.
Contribution to our plans and strategies	Putting our residents first.
Financial Cost	To be contained within budget
Relevant Policy Overview Committee	Corporate Services & Partnerships Policy Overview Committee
Ward(s) affected	N/A.

RECOMMENDATIONS

That Cabinet:

1. Welcomes the report from the Corporate Services & Partnerships Policy Overview Committee (as in Appendix 1) on the review into the operation and function of the Hillingdon First Card.
2. Accepts the recommendations of the Policy Overview Committee as reflected below:

Policy Overview Committee Recommendations

- a) That the Council's webpage for the Hillingdon First Card be redesigned during the general redesign of the Councils' public website.
- b) Officers investigate the use of notice boards around the Borough, such as in town centres, shopping areas, sports centres, libraries to publicise the Card and the businesses which were part of the scheme.

- c) That a re-promotion of the Business Directory part of the scheme take place, with officers working closely with the Hillingdon Chamber of Commerce.
- d) That when undertaking their annual review, Drek Associates be asked to investigate whether businesses on Industrial Estates, self employed businesses such as plumbers, electricians, painters and decorators etc, could be included in the Hillingdon First Card scheme, and report back to the Cabinet Member for Improvement, Partnership & Community Safety.
- e) That officers be asked to investigate whether the Borough's estate agents could be asked to provide home buyers and people looking to rent within the Borough, with information on the Hillingdon First Card scheme.
- f) That officers be asked to look at businesses having the option of promoting offers, rather than discounts as part of the business element of the scheme.
- g) That Hillingdon Chamber of Commerce be requested to consider using their Members' pages on their website for the promotion of the Hillingdon First Card.
- h) That officers, in consultation with the Cabinet Member for Improvement, Partnership & Community Safety be given flexibility on the ideas and suggestions on promoting Hillingdon First Card, to ensure that these added value and were contained within existing budgets.
- i) That officers be asked to look at introducing Quick Response (QR) codes on marketing material to increase the profile of Hillingdon First Card. This could include the use of QR codes on public notice boards, libraries and sports centres.

Reasons for recommendation

The Hillingdon First Card was launched in June 2009 and the review gave Members an opportunity to assess the impact of the Card and look at any possible areas and opportunities for the Card, which would further increase the success of the Card for residents, and also for those businesses who were part of the scheme.

The review has taken place during difficult economic times for residents and for local businesses and therefore it was an opportune moment to explore possible measures which could be introduced with the Hillingdon First Card which would provide extra help to both residents and to local businesses.

Alternative options considered / risk management

The Cabinet could decide to reject some or all of the Committee's recommendations.

Supporting Information

1. The Terms of Reference of the review were as follows:

- To examine the operation of the Hillingdon First Card since it was launched in June 2009.
- To review the services which the card is used for and to analyse data on usage of the card.

- To examine the possible expansion of the card into other areas, particularly in relation to businesses
 - To investigate the uses of other multi-application local authority smart cards and whether there were any uses which Hillingdon could consider
 - To explore with the Borough's Chambers of Commerce, local businesses, residents' groups, national companies and public utilities how the Hillingdon First Card could be used to help local businesses and residents during these difficult economic times
 - To review the publicity for the Hillingdon First Card, particularly in relation to local businesses who provide discounts
 - To explore with the business sector the concept of a business to business card which could provide discounts for businesses
 - To look at further ways of modernising and improving access to Council services through further utilisation of the Hillingdon First Card
 - To make recommendations to Cabinet based on the outcome of this review with the proviso that any proposals maintain the simple card administration and avoid any additional capital expenditure
2. The review took place between January 2012 and April 2012 and received evidence from the Council's ICT Strategist – ICT, Highways and Business Services, Customer Focus Project Officer, the Head of Corporate Communication, from a Marketing Consultant from Drek Associates and from the Chairman of Hillingdon Chamber of Commerce.
 3. The recommendations of the review will necessitate the Council's Communications Team and the Partnership and Business Engagement Team working closely together on the outcomes of the review and having the flexibility to implement the recommendations, in consultation with the Cabinet Member for Improvement, Partnerships & Community Safety, within existing budgets. Hillingdon Chamber of Commerce participated in the review and were willing to work in partnership with officers of the Council on some of the outcomes of the review.
 4. The review centred on a re-promotion of the Hillingdon First Card scheme and the recommendations will support this promotion.
 5. The review was carried out with the understanding that any suggested recommendations to Cabinet for any possible enhancements or additions to the card, would involve no additional extra costs to the Council. In addition, any possible enhancements and additions to the function of the Card, should not involve any cash handling due to the security issues this would raise.

Financial Implications

There are no direct financial implications arising from the recommendations contained within this report.

EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES

What will be the effect of the recommendations?

The Hillingdon First Card scheme is a hugely popular and successful privilege card for residents of the Borough and the outcomes of the review will add further value to the scheme, for the benefit of both residents and local businesses involved in the business element of the scheme.

Consultation Carried Out or Required

The Committee took evidence from a number of witnesses.

CORPORATE IMPLICATIONS

Corporate Finance

Corporate Finance confirms that there are no direct financial implications arising from this report.

Legal

When the Hillingdon First Card was launched back in 2009, the Council relied on the well-being power contained in Part I of the Local Government Act 2000 as the necessary legal power to introduce it for the benefit of Hillingdon residents and businesses.

The well-being power has been replaced by the general power of competence as set out in Part I Chapter I of the Localism Act 2011. This gives a local authority the power to do anything that individuals generally may do and it extends to providing a benefit for the area of the authority or persons resident or present in the area.

The general power of competence is not limited by the existence of any other power of the authority which overlaps it. Any enhancements and additions to the function of the Hillingdon First Card and any steps taken by the Council to promote its wider use would be covered by the general power of competence.

BACKGROUND PAPERS

None.

Operation and Function of the Hillingdon First Card



Report of the Corporate Services & Partnerships Policy Overview Committee 2011/12



Members of the Committee

CLlr Richard Lewis (Chairman)
CLlr Michael White (Vice-Chairman)
CLlr Beulah East
CLlr Neil Fyfe
CLlr Robin Sansarpuri
CLlr Raymond Graham
CLlr Shirley Harper-O'Neill
CLlr Richard Mills



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Chairman's Foreword

This Council's Hillingdon First Card was introduced to provide our residents with a privilege card to enable them to get preferential parking rates and discounts in local shop and businesses within the Borough. This has of course been extended to act as a library card and to give our resident's access to the Council's Waste Centres.

The Card has been hugely successful and very popular amongst residents. Our review provided an opportunity to revisit some of the functions and operations of the Card, and to look at any areas which could be improved to enhance the use of the Card.

The review found that the time was right to re-promote the benefits of the Card, and to have a re-look at the business element of the scheme, recommending minor amendments and suggestions for officers and our business partners to jointly work on.

I would like to sincerely thank the witnesses who gave evidence to the Committee and to the officers who so ably supported us during this review.

I am pleased to submit the review's recommendations to Cabinet for its endorsement.



Councillor Richard Lewis – Chairman of the Corporate Services & Partnerships Policy Overview Committee

A handwritten signature in blue ink that reads "R.A. Lewis".

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Corporate Services & Partnerships Policy Overview Committee

Final Report on the Operation and Function of the Hillingdon First Card

RECOMMENDATIONS

RECOMMENDATION 1: That the Council's webpage for the Hillingdon First Card be redesigned during the general redesign of the Councils' public website.

RECOMMENDATION 2: Officers investigate the use of notice boards around the Borough, such as in town centres, shopping areas, sports centres, libraries to publicise the Card and the businesses which were part of the scheme.

RECOMMENDATION 3: That a re-promotion of the Business Directory part of the scheme take place, with officers working closely with the Hillingdon Chamber of Commerce.

RECOMMENDATION 4: That when undertaking their annual review, Drek Associates be asked to investigate whether businesses on Industrial Estates, self employed businesses such as plumbers, electricians, painters and decorators etc, could be included in the Hillingdon First Card scheme, and report back to the Cabinet Member for Improvement, Partnership & Community Safety.

RECOMMENDATION 5: That officers be asked to investigate whether the Borough's estate agents could be asked to provide home buyers and people looking to rent within the Borough, with information on the Hillingdon First Card scheme.

RECOMMENDATION 6: That officers be asked to look at businesses having the option of promoting offers, rather than discounts as part of the business element of the scheme.

RECOMMENDATION 7: That Hillingdon Chamber of Commerce be requested to consider using their Members' pages on their website for the promotion of the Hillingdon First Card.

RECOMMENDATION 8: That officers, in consultation with the Cabinet Member for Improvement, Partnership & Community Safety be given flexibility on the ideas and suggestions on promoting Hillingdon First Card, to ensure that these added value and were contained within existing budgets.

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Corporate Services & Partnerships Policy Overview Committee

Final Report on the Operation and Function of the Hillingdon First Card

RECOMMENDATION 9: That officers be asked to look at introducing Quick Response (QR) codes on marketing material to increase the profile of Hillingdon First Card. This could include the use of QR codes on public notice boards, libraries and sports centres.

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Corporate Services & Partnerships Policy Overview Committee

Final Report on the Operation and Function of the Hillingdon First Card

BACKGROUND

The Hillingdon First Card was launched in June 2009 and the Card gives residents of the Borough preferential rates for Council parking and leisure facilities, access to libraries and the Council's Civic Amenity sites and offers discounts in local participating businesses.

From December 2009 to February 2010 a survey of residents was carried out which looked at how residents used the card and what they liked and did not like about the scheme. The findings of the survey were that overall residents liked the Hillingdon First Card, with the Council being praised for listening and looking after residents. However there were comments that there were not enough businesses involved in the scheme.

The review used the data received from this survey of residents as a starting point to look at the operation of the Hillingdon First Card and to look at further ways of promoting the benefits of the Card for residents of the Borough. Included in the review was a look at increasing the number of businesses who were part of the scheme which would benefit residents, and also benefit those businesses financially.

The review was undertaken during difficult economic times and therefore it was an opportune moment to explore possible measures which could be introduced with the Hillingdon First Card which would provide extra help to both residents and to local businesses.

The review was carried out with the understanding that any recommendations to Cabinet for any possible enhancements or additions to the card, would involve no additional extra costs to the Council. In addition, any possible enhancements and additions to the function of the Card, should not involve any cash handling due to security issues this would raise.

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Corporate Services & Partnerships Policy Overview Committee

Final Report on the Operation and Function of the Hillingdon First Card

OBJECTIVES

To review the operation and function of the Hillingdon First Card and to look at other possible areas and opportunities for the Card, which would further increase the success of the Card for residents, and also for those businesses who were part of the scheme.

The **Terms of Reference** of the review were as follows:

- To examine the operation of the Hillingdon First Card since it was launched in June 2009.
- To review the services which the card is used for and to analyse data on usage of the card.
- To examine the possible expansion of the card into other areas, particularly in relation to businesses
- To investigate the uses of other multi-application local authority smart cards and whether there were any uses which Hillingdon could consider
- To explore with the Borough's Chambers of Commerce, local businesses, residents' groups, national companies and public utilities how the Hillingdon First Card could be used to help local businesses and residents during these difficult economic times
- To review the publicity for the Hillingdon First Card, particularly in relation to local businesses who provide discounts
- To explore with the business sector the concept of a business to business card which could provide discounts for businesses
- To look at further ways of modernising and improving access to Council services through further utilisation of the Hillingdon First Card
- To make recommendations to Cabinet based on the outcome of this review with the proviso that any proposals maintain the simple card administration and avoid any additional capital expenditure

Supporting the Cabinet & Council's policies and objectives

The purpose of the Hillingdon First Card is 'First for residents, first for business, first for Hillingdon' which is central to this Council's vision.

To achieve the above objectives, Members held three meetings on 18 January, 6 February and 20 March when background reports and evidence were received to help Members in formulating the review's findings.

The information, evidence and findings of the review are set out in the next sections.

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Corporate Services & Partnerships Policy Overview Committee

Final Report on the Operation and Function of the Hillingdon First Card

INFORMATION AND ANALYSIS

The Committee's first meeting took place on 18 January 2012 when the Committee was provided with a presentation from the Council's ICT Strategist on the background to the Council's Hillingdon First Card Scheme.

The Purpose of the Card and why was it introduced?

The Council launched the Hillingdon First Residents' Card in June 2009, giving residents preferential parking rates and discounts in local shops / businesses (over 335 outlets around the Borough).

The Card also acts as a library card and gives residents access to the Council's waste centre. To be eligible for a Card a person needed to be a Hillingdon Resident, aged 18 and over, although drivers who were 17 years old could also request a card.

Hillingdon's First Residents' Card is the most extensive multi-application local authority smart card in the UK and one which other local authority's used as an example of excellence. The Card has won and been shortlisted for several awards which included:

- Local Government Chronicle ICT initiative of the Year Award 2010
- British Parking Association Innovation Award
- Government to Citizen Award 2010
- UK Ceed National e-Wellbeing Award

One of the main reasons for introducing the Card was to give residents greater satisfaction and a sense of belonging and a buy-in with the local community. From the findings of the Hillingdon First survey in February 2010, residents were full of praise for the Council for listening to and looking after residents by providing the privilege card.

Residents found that it was convenient having everything on one Card. The original publicity for the Card was very effective, as there was a high awareness of the Card. 42% of people who had been spoken to as part of the survey had recognised the Hillingdon First Card posters on the J C Decaux boards and about a third had seen articles in Hillingdon People.

More than half the residents spoken to, used their card more than once a week (61%) and of those, 84% used it when parking. This was very impressive.

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Final Report on the Operation and Function of the Hillingdon First Card

Other reasons for the Card's introduction included giving privileged rates to local residents for parking and leisure services, helping to promote local businesses during a difficult economic time, the promotion of 'well being' through increases in leisure facility and library usage, modernising and improving access to Council services

The Committee was informed that the tag line for the Card was 'First for residents, first for businesses, first for Hillingdon' and the Committee felt that this summed up perfectly the intention behind the Card.

How does the scheme operate?

The review was informed of the technical detail of how the Card operated.

- The card was a MiFare 4K Classic contact-less multi-application smartcard which had a small chip, segregated into pre-defined sections or 'applications'.
- The card chip contained data in each section that allowed access to a service. For example the parking section application communicates with the parking machine, via the card reader, to authenticate access to the tariff.
- The cards were encoded to a Local Authority Smartcard Standards e-Organisation profile which meant it was inter-operable with other Local Authority cards
- Overall scheme management was carried out using the ONYX Customer Relationship Management (CRM) system. This system had an interface with the library system and dedicated card management system.
- Requests for new cards, replacement cards and to cancel cards were carried out via the CRM. This could be done by residents online themselves, through the contact centre by phone or when visiting a library.
- There was also a dedicated Card Management System called Smart Connect that issued the card numbers, card history, stored the encoding data and processed the 'hot-list' of cards reported lost/stolen.
- Other systems linked to the Card Management System and involved in the scheme were the leisure management system and the parking management system.

Implementation of the Scheme

As parking is a key application of the Card, and potentially every adult resident is a car driver, it was important to ensure all residents were either

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Final Report on the Operation and Function of the Hillingdon First Card

sent a Card or had the opportunity to apply for one before parking rates increased. The merging of Council Tax and Library records created an initial data set of 143,000 residents.

The review was informed that the Council's data controller had advised that the use of the electoral register would breach the Data Protection Act because most residents when returning their electoral registration forms, opted not to allow their details to be used for other purposes.

The existing library membership number was switched by overnight interface on the library system to coincide with the delivery of the Card. This ensured the Cards would be recognised when presented at libraries.

The Council's card management system had a hot-list of stolen / lost / cancelled cards that it communicated to the parking system which was communicated to each parking machine daily.

When a Card was used for a parking transaction, the place, date and time of its last use was written back to the Card to prevent more than one customer using it.

Usage and the success of the Hillingdon First Card

The Committee was made aware of the wide usage of the Hillingdon First Card scheme from its introduction to the start of the review:

- 130,800 residents had presented their Hillingdon First Card to a card reader which represented two thirds of the adult population of the Borough
- 3,685,000 times a Card had been used for preferential parking rates at Council car parks
- 785,000 times a Card had been used in a library
- 154,000 times a Card had been used to access leisure services since April 2010
- 255,000 times a Card had been used to access civic amenity site

Outcomes and Benefits to the Council

The Committee was given a brief summary on the outcomes and the many benefits to the Council of the scheme which included:-

- Local branding and sense of local identity
- Increased parking revenue (increase in usage among non-cardholders as well)
- Free Christmas Parking in Uxbridge for Card Holders (flexibility)

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Final Report on the Operation and Function of the Hillingdon First Card

- Efficiencies through combining existing card schemes (Library + Leisure)
- Reduction in landfill waste
- Modernising access to Council services – 24/7
- Solar powered parking equipment which has reduced the use of electricity
- Improved quality of data for the Council's customer relationship management
- Scheme designed for resident self service online – low annual cost to run with few resources
- Supporting local businesses during difficult economic times
- Directory of 335 local business contacts that the Council could access
- Infrastructure in place to add more Council services and applications at low cost as and when required

At the first meeting of the review it was acknowledged that the Hillingdon First Card had been introduced for Hillingdon residents and that this should remain the main focus of the Card. The Committee noted from the outset that there would be no scope for extending the scheme to non-residents of the Borough and this included employees of businesses within the Borough.

To assist Members during the review they were provided with details of the survey which took place on the Hillingdon First Card in February 2010, and information on a similar scheme which was operated by Bracknell Forest Borough Council. For the final witness session, the Committee was provided with a presentation which had been provided to Bracknell Borough Council by Synthaeum Ltd, on Mobile Apps in relation to their privilege card.

EVIDENCE & ENQUIRY

For the witness sessions held on meetings on 18 January, 6 February and 20 March 2012, the Committee received evidence from:

- Darryl Wallace (ICT Strategist – ICT, Highways and Business Services, LBH)
- Ozan Hassan (Customer Focus Project Officer, LBH)
- Emma Hallett (Marketing Consultant – Drek Associates)
- David Holdstock (Ex Head of Corporate Communications, LBH)
- Mike Langan (Chairman of Hillingdon Chamber of Commerce)

Promotion and publicity for the Card

The Council's previous Head of Corporate Communications provided the Committee with the background to the consultation which took place before the Hillingdon First Card was introduced, together with details on the publicity campaign around the scheme.

In 2007 the Council undertook formal and informal consultation with residents and local businesses to find out views on a residents' privilege card. Three focus groups were held to see what the Card should offer, what the Card should be called, its appearance and so on. This gave residents an input into the design and shape of their Card scheme.

There was a three phased marketing and promotional campaign for the card.

Council's Public Website

Reference was made to the Hillingdon First Card's webpage on the Council's website, which provided residents with details of how to apply for a card, managing the card, how to use the card and also details on the Hillingdon First Directory. This was an interactive site but the review was made aware that the Council was in the process of redesigning its public website, and this could present an opportunity for officers to have a look at the design of the Hillingdon First Card web page.

The website could include further information on the many benefits of the Card, together with updated information on businesses which accepted the Card and the offers / discounts which were available.

<p>RECOMMENDATION 1: That the Council's webpage for the Hillingdon First Card be redesigned during the general redesign of the Councils' public website.</p>

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Corporate Services & Partnerships Policy Overview Committee

Final Report on the Operation and Function of the Hillingdon First Card

Members discussed with the Head of Corporate Communications other options which could be used in a re-publicising of the Hillingdon First Card. The Committee noted that any suggestions for the re-promotion for the Card, would have to be, as far as possible, within existing budgets, and be subject to there being value added to the scheme.

Re-promotion of the Card

A simple and effective way of promotion of the Card could be the use of a poster campaign, using the many notice boards around the Borough. There were notice boards in town centre and shopping centres throughout the Borough, as well as within Council facilities and establishments such as libraries, sports and leisure centres. A poster campaign could include information about the Card, together with details of the businesses who were part of the business element of the scheme.

Information on businesses participating in the scheme would remind residents of the many benefits which the Hillingdon First Card offered them, as well as showcasing those businesses who took part in the scheme.

Reference was made to the three phased marketing and promotional campaign which took place when the Card was introduced. The Committee felt that the time was now right to re-promote the Card and to keep residents up to date with the benefits of the Card.

In addition to using notice boards, reference was made to a leafleting campaign, which could include libraries, sports centres and shopping areas. The Head of Corporate Communications reported that marketing material had previously been sent to all signed up businesses but there had been varied levels of usage of this material and this could be an area which could be revisited.

RECOMMENDATION 2: Officers investigate the use of notice boards around the Borough, such as in town centres, shopping areas, sports centres, libraries, to publicise the Card and the businesses which were part of the scheme.

Business Element of the Scheme

The Committee received evidence from Emma Hallett, Marketing Consultant of Drek Associates who were responsible for the recruitment of business members to the scheme.

The business element of the scheme was introduced around the time of the down turn of the economy, so the recruitment of businesses had proved

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Corporate Services & Partnerships Policy Overview Committee

Final Report on the Operation and Function of the Hillingdon First Card

challenging, due to businesses trying to maintain their turnovers. However, the flip side of this was that residents did look at the benefits which the Card brought, to find the best value deals and offers which were out there. Ultimately this would benefit some businesses.

Businesses were included in the Hillingdon First Card scheme to get residents to shop locally, which would be beneficial for local traders, and hopefully for residents.

A Hillingdon First Card Business Directory was produced as part of the scheme. This was welcomed by residents as the Directory provided details of the 330 plus local business that offered discounts and offers to residents.

It was acknowledged that further work should be carried out on the Directory to enable residents to find out where the latest offers and discounts were and to have a re-look at the categories which businesses were put into. This work could take place in consultation with Hillingdon Chamber of Commerce and could be tied in with the redevelopment of the Council's Hillingdon First Card web pages.

RECOMMENDATION 3: That a re-promotion of the Business Directory part of the scheme take place, with officers working closely with the Hillingdon Chamber of Commerce.

Drek Associates, from their research, found that in these challenging economic times, residents would look for some benefit in owning the Hillingdon First Card. Predictably the major use of the Card was for discounted car parking charges, and this was hugely successful.

Of the current uses of the Card, the use of the Card by residents in local businesses was the least used. This did not constitute a failure as the business element of the card was not the primary use of the Card, but it was acknowledged that further work could take place around this area to increase usage for the benefit of residents, and local businesses.

In relation to businesses that were part of the scheme; the Committee was informed that they were generally appreciative of the initiative and many would like to support it. However, some businesses held back from either committing to a fixed term incentive or giving a too good an incentive, as this may only be giving a benefit to existing customers. This would not attract additional business or footfall to compensate for the loss profit from discounts given. In the present economic climate, this was even more of an issue to local businesses.

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Final Report on the Operation and Function of the Hillingdon First Card

An area which the Committee felt could be looked at could be linking the business element of the Hillingdon First Card scheme with Council wide events, such as family fun days which took part throughout the Borough. Local businesses could be showcased, which could possibly increase the footfall for these businesses. Linked into this could be the organisation or promotion awareness days to jog residents' awareness of the benefits and uses of the Card.

The Committee was informed that Drek Associates had spoken to over 1,000 Hillingdon businesses and of those 1,000, over 300 businesses in the High Street, trading areas and small shopping parades had signed up to the scheme. This was classed a successful return by the review and the work of Drek Associates was praised by Members.

Reference was made to a previous review on the Borough's Industrial Estates and it was felt that this could be an area of opportunity to get those businesses involved in the Hillingdon First Card scheme, as some of the businesses supplied goods and services to directly to residents.

Another possible area which could be given consideration was self employed businesses, such as plumbers, painters and decorators and electricians, who lived in the Borough. These businesses were not part of the Card scheme, so there could again be opportunities for these small businesses and for residents of the Borough.

Self employed businesses such as driving instructors could also be a possibility and could be included in Drek Associates' planned work on the possible recruitment of self employed businesses within the Borough.

RECOMMENDATION 4: That when undertaking their annual review, Drek Associates be asked to investigate whether businesses on Industrial Estates, self employed businesses such as plumbers, electricians, painters and decorators etc, could be included in the Hillingdon First Card scheme, and report back to the Cabinet Member for Improvement, Partnerships & Community Safety for any decision

Business owners' comments on the scheme

Business owners overall made positive statements about the scheme but there were also some negative comments. These included:

- There was a need for the continual promotion of the scheme
- The internet was important but many business owners recognised that customers responded best to visual promotions in shops

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Corporate Services & Partnerships Policy Overview Committee

Final Report on the Operation and Function of the Hillingdon First Card

- In many businesses total flexibility of offer was needed to reflect changing economic times and seasonal footfall
- Some businesses on the Borough's boundaries had expressed concern that their existing customers from adjoining local authorities were aggrieved at not receiving discounts and they may decide to shop elsewhere

The representative from Drek Associates reported to the Committee that as part of their annual review they could have a re-look at this area. Within the existing budget and resources there could be further opportunities to raise awareness and appreciation both for the businesses and residents

The Committee explored other possible areas of the business element of the scheme such as whether the Card could be applied to businesses such as insurance, car breakdown services, driving instructors and estate agents.

The advice given was that generally national businesses such as Insurance Companies, motor vehicle breakdown services were generally not receptive to joining the scheme because the Card would result in regional differentials in terms of price. This also applied to national chain stores, such as the many retailers in the Borough.

Another possible avenue of information could be the Borough's Estate Agents, supplying new home buyers and people renting property in the Borough, with information regarding the Hillingdon First Card scheme. This could be supplied in their sales and lettings packs.

RECOMMENDATION 5: That officers be asked to investigate whether the Borough's estate agents could be asked to provide home buyers and people looking to rent within the Borough, with information on the Hillingdon First Card scheme.

Hillingdon Chamber of Commerce

Mike Langan, Chairman of Hillingdon Chamber of Commerce, provided the Committee with his organisation's perspective and view of the Hillingdon First Card in relation to the business element of the scheme.

He reiterated the comments made by the representative of Drek Associates that the businesses which were part of the Hillingdon First Card scheme were mainly High Street businesses.

He agreed that there should be a further drive to get more businesses involved in the scheme and he endorsed the suggestions made by Drek Associates to achieve this.

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Reference was made to the Business Directory which he said was a very useful tool but further consideration was needed on the categories which businesses were listed under. This would make it easier for residents to identify all businesses who were part of the scheme, as it was not always clear.

Under the present economic climate with local businesses struggling, the business discounts which the Hillingdon First Card offered, did not suit all businesses and a request was made for some flexibility on this. Consideration could be given to changing the emphasis from discounts to offers, which would bring some flexibility for individual businesses, and possibly entice more businesses to get involved in the scheme. The present discounts given, did not generally give local businesses financial benefit, as the residents who produced the Cards were generally regular customers. Offers may change this, and increase the level of business.

RECOMMENDATION 6: That officers be asked to look at businesses having the option of promoting offers, rather than discounts as part of the business element of the scheme.

The Chairman of the Chamber of Commerce informed the Committee that the Hillingdon First Card website was very useful but this should not be the only means of promoting the Card. Not all residents had access to the internet so visual physical promotion of the scheme was additionally important to residents.

A discussion took place regarding the Card being solely for the benefit of residents and the Committee noted that the logo on the card did state 'the privilege card putting residents first'. Benefits for businesses would come from increased custom, although the Committee acknowledged that this was not always the case in the present economic climate. Particular mention was made in relation to those employees of local businesses who were not Borough residents, and the Chairman of the Chamber expressed the view that perhaps consideration could be given to these people having access to the car parking privileges that Hillingdon First Card residents had.

It was emphasised by the Committee that the onus should be on the businesses to provide cheaper car parking for its employees, and not the local authority, although the point was made that the privilege card was primarily a privilege card for residents.

The Chamber of Commerce had started a Members' pages on their website which contained information on all businesses which were Members of the Chamber. The Committee felt that this could be linked into promoting

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businesses which were part of the Hillingdon First Card Scheme, together with details of what offers, promotions or discounts they were currently giving Hillingdon First Card holders.

RECOMMENDATION 7: That Hillingdon Chamber of Commerce be requested to consider using their Members' pages on their website for the promotion of the Hillingdon First Card.

The Committee was informed that other possible measures which could be looked at, including looking at case studies of businesses who had found participation in the scheme, beneficial to them and to residents. The Chamber of Commerce offered to facilitate this if required.

Other areas which the Committee believed could be looked at as part of a communications campaign included continuing to use Hillingdon People to publicise the Card and the benefits the Card brought to residents. Case studies could be included in the publicity as a means of highlighting the advantages of the Card for residents and for the participating businesses.

As previously mentioned, the promotion of the Hillingdon First Card could be linked into Borough wide events such as Family Fun Days which could showcase local businesses that were part of the scheme. The organisation of promotional awareness days which would jog residents' awareness of the benefits of the Card, and what it can be used for. There could be a focus on district and local shopping area promotions, working closely with the businesses which were part of the scheme. .

All the promotional suggestions which had been discussed during the review, would involve a significant communications and promotional campaign, and the Committee noted that this should be flexible to enable officers to decide on the best approach to ensure that ideas and suggestions added value and were contained within existing budgets.

RECOMMENDATION 8: That officers, in consultation with the Cabinet Member for Improvement, Partnerships & Community Safety be given flexibility on the ideas and suggestions on promoting Hillingdon First Card, to ensure that these added value and were contained within existing budgets.

The use of ICT technologies for promotion

The Committee was provided with a session by the Council's ICT Strategist on possible telecommunications measures which could be used to market and promote the Card.

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Areas looked at included:-

- **Quick Response (QR) Codes** – These were essentially a compact barcode which were read by a barcode scanner, typically on a mobile device such as a smart phone or tablet. When QR Codes were read, the code displayed promotional material or can take the smart phone user to a specific webpage. This could be used to take people through to the Hillingdon First Card webpage
- QR Codes could be generated at zero cost and be included on websites and printed in promotional literature
- QR Codes could inform residents which shops and businesses were participating in the Hillingdon Card scheme
- The Hillingdon First Card QR Code could be displayed on public notice boards, in libraries and other Council establishments or even be displayed by businesses
- Reading this QR code takes the customer straight to the Hillingdon First directory webpage.



- **Mobile application (Apps)** was a term which was used to describe software that ran on smart phones and other mobile devices, often as a stand alone programme.
- Reference was made to Bracknell Forest Borough Council who had developed a mobile app for both Apple and Android devised to promote their local privilege card. Members were informed of the costs of this which would be prohibitive for the Hillingdon First Card at this time
- **SMS Text messaging** was used by the Council as a communication channel between the Council and residents. For example parents were informed of the confirmation of children's school places via SMS text rather than by post
- Businesses often used text messaging for marketing activity with messages including QR and other promotional codes
- The Council's current SMS Text contract costs were 4p per outbound message and 2p per inbound message. As an example, if 20,000 residents have provided a mobile phone number and indicated they would like to receive SMS Text updates, the cost would be £800.

The Committee again was made aware of the costs of some of the described initiatives and most of these were prohibitive because of budgetary constraints. However the use of QR codes was seen as an excellent

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initiative which would promote the Card and businesses at virtually zero cost to the Council.

RECOMMENDATION 9: That officers be asked to look at introducing Quick Response (QR) codes on marketing material to increase the profile of Hillingdon First Card. This could include the use of QR codes on public notice boards, libraries and sports centres.

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COUNCIL TAX SUPPORT - A LOCALISED SCHEME TO REPLACE COUNCIL TAX BENEFIT

Cabinet Member(s)	Councillor Jonathan Bianco Councillor Philip Corthorne
Cabinet Portfolio(s)	Finance, Property & Business Services Social Services, Health & Housing
Officer Contact(s)	Paul Whaymand, Deputy Director, Finance
Papers with report	Appendix A - Consultation Strategy Appendix B - Full list of options and models with financial outcomes Appendix C - Equalities Impact Assessment Appendix D - Relevant legislation, clauses and / or summaries

1. HEADLINE INFORMATION

Summary	This report seeks Cabinet approval to consult on the Council's preferred scheme and other options that are being considered for the delivery of a local Council Tax Support scheme, with effect from 1 April 2013. This local support scheme needs to be implemented because central Government is proposing to abolish Council Tax Benefits at the end of this financial year.
Contribution to our plans and strategies	Achieving value for money is an important element of the Council's medium term financial plan.
Financial Cost	The Government has announced that funding for the localisation of support to Council Tax will be 10% lower than funding for Council Tax Benefit. This equates to an estimated gross financial pressure of £2.25m in 2013/14 and £2.30m in 2014/15. The proposed scheme for consultation would mitigate this pressure in full and prevent the need for either an equivalent cut in service budgets or an increase in Council Tax for residents of the Borough.
Relevant Policy Overview Committee	Corporate Services & Partnerships and Social Services, Health and Housing
Ward(s) affected	All

2. RECOMMENDATION

That Cabinet agree to a 12 week consultation exercise being undertaken on the basis of the proposed scheme set out in paragraph 31.

Reasons for recommendation

The Local Government Finance Bill introduced the requirement for local authorities to design and implement a local support scheme for Council Tax from 1 April 2013 to replace Council Tax Benefit, which will be abolished under the Welfare Reform Act. Councils are required to consult widely on their proposals for a local scheme.

Alternative options considered / risk management

In considering the options for scheme design, the aim was to develop a simple scheme which minimises the impact across affected claimants, while protecting Council Tax payers. A possible scheme that will eliminate the shortfall and that fits with a wider range of policy considerations, is recommended as the basis for consultation and is set out at paragraph 31. However, there are considerably more variables which could be taken into account when designing a scheme and Appendix B includes a range of options for the scheme design that could also help to minimise the impact of the 10% cut in funding on the Council.

The Government are also introducing powers to amend or vary certain other Council Tax discounts and exemptions. If these powers were taken up they would impact mainly on Council Tax payers who own empty properties. If the Council decides to take up any of these powers this will be the subject to a separate report to Cabinet.

Risks

1. There is a risk that the scheme may not be ready within the timescales for delivery. However, to mitigate this, the Council has a dedicated project management resource and has identified key resources for the project team.
2. The speed of implementation may lead to a sub-optimal scheme design which may fail to deliver the required contribution or be overly complicated and increase the administrative burden.
3. There remains a risk that the Government may postpone the implementation date.
4. As a result of other changes contained within the Welfare Reform Act, there is a risk that these could lead to increased migration from high-rent areas and therefore an increase in the caseload. This is difficult to predict as existing customers affected by the local housing allowance (LHA) rent changes still have transitional protection, which ends in December 2012.
5. Due to the continued economic recession, there is a risk that the number of claimants requiring support continues to rise with a consequential increase in the net cost to the Council particularly in year increases that will need to be funded.
6. The implementation of a Council Tax support scheme also coincides with significant changes and additional administrative burdens in 2013 including;

- Introduction of Universal Credit.
 - Administration of the overall benefits cap limiting the overall total income for a benefit recipient to £500 / £350 per week (families / single).
 - Social sector rent restrictions for under occupancy.
 - Local delivery of the replacement scheme for Community Care Grants and Crisis Loans.
7. In addition, all of the above changes and the introduction of a local Council Tax Support (CTS) scheme may cause confusion to some claimants and some claimants will be directly affected by other welfare reform changes and reductions in expenditure.
 8. There is also an increased likelihood and risk that all of the changes may make collection of Council Tax due difficult and lead to a reduction in current collection performance.
 9. Interested groups or parties could mount challenges in the form of appeals, ombudsman investigations, valuation tribunals (deals with Council Tax appeals) and possibly judicial reviews. There is an inherent risk that we could fail in our duty under the Equalities Act 2010 and not have or fail to demonstrate that we have paid due regard to an equalities impact / affected group. This will be mitigated by the consultation and the equalities impact assessment.
 10. There is a possibility that the changes proposed for consultation within the report are not permissible or may need to be amended slightly as the Council has not yet received all of the detailed regulations. These will not be confirmed until the Local Government Finance Bill is finally approved later in this year.
 11. With an unprecedented level of change proposed there is a risk that there may be an adverse impact on the processing performance for claimants.

Policy Overview Committee comments

None at this stage

3. INFORMATION

Background

1. The Welfare Reform Act (WRA), which received royal assent on the 8 March 2012, abolishes both Housing Benefit and Council Tax Benefit and will be brought into force by means of commencement orders made by the Secretary of State. Housing costs will eventually be met through Universal Credit (UC). The current Housing Benefit administration will be transferred from local authorities to the Department for Work and Pensions (DWP) over a phased period currently expected to be from October 2013 to March 2017. A local Council Tax Support (CTS) scheme (note change of name from 'benefit') is to be administered by Local authorities from 1 April 2013.
2. The Local Government Finance Bill (LGFB) is the mechanism for introducing the new CTS scheme and is currently working its way through parliament. The Bill introduces a number of changes to Council Tax, introducing a local support scheme and also some technical reforms to discounts and exemptions.

3. Council Tax Benefit has previously been fully funded by the DWP; however, under the new arrangements funding will be reduced by 10%¹ of the total Council Tax Benefit bill. The saving required (nationally) is between £480m and £500m. Council Tax Benefit will be replaced by a locally designed 'discount' scheme (CTS) with Local authorities taking responsibility for the assessment and application of the new 'discount' (previously benefit).
4. Local authorities have the option to implement a local scheme which does not pass on this funding cut to those currently eligible for Council Tax Benefits. However, the cost of this protection would fall on the General Fund and would therefore be borne by Council Tax payers.
5. In 2011/12 Hillingdon paid out £25.9m in Council Tax Benefit this, after adjustment of overpayments (customer and technical), reduced to a net figure of £22.5m eligible entitlement. A 10% reduction based on these figures is £2.25m. However, assuming that demand for Council Tax Support will increase by about 1% per annum, the resultant gross pressure could be £2.3m in 2014/15.
6. The grant will be paid to both billing and major precepting authorities (i.e. the GLA in London), reducing each authority's Council Tax requirement and off-setting the reduction on the Council Tax base as a result of this policy. Council Tax support grant from central Government will now be applied as a discount to each billing authority's Council Tax base. Allocations will be set for the first two years following introduction and based on the Office of Budget Responsibility forecast on spending on Council Tax Benefits for 2013/14.
7. Currently approximately 21.6% of a resident's annual Council Tax bill is collected on behalf of the precepting body the Greater London Authority (GLA). All figures quoted above include the GLA precept. Therefore, the estimated pressure of £2.3m would be shared between Hillingdon and the GLA by this proportion.
8. The Government's aims with the overall Welfare Reform changes are to:
 - create the right incentives to get more people into work by ensuring work always pays;
 - protect the most vulnerable in our society, and;
 - deliver fairness to those claiming benefit and to the taxpayer.
9. The Government confirmed in the 2010 Spending Review that it will continue to support the most vulnerable whilst ensuring all sections of society who are able to do so contribute to the public sector deficit reduction.
10. The Government decided to localise Council Tax support to:
 - give local authorities a greater stake in the economic future of their local area;
 - provide local authorities with the opportunity to reform the system of support for working age claimants;
 - reinforce local control over Council Tax by enabling decisions taken locally about the provision of support with Council Tax is consistent with the driver for greater local accountability (referendums);

¹ This is currently expected to be a 10% reduction of the total eligible entitlement spent in 2011/12 per LA.

- give local authorities a significant degree of control over how a 10 per cent reduction on the current Council Tax Benefit cost is achieved, and;
- give local authorities a financial stake in the provision of support for Council Tax and create a stronger incentive for councils to get people back into work.

11. This report looks at options as to how to deal with the financial pressure of £2.3m in designing a local CTS scheme.

Issues

12. The Government has stated that councils will not be permitted to reduce Council Tax support for pensioners. This will be achieved by retaining default national rules for pensioners, with eligibility and rates defined in broadly similar regulations as those for Council Tax Benefit.

13. The Government has also said that Local authorities are expected to maintain an appropriate level of support for other 'vulnerable groups' that have not yet been clearly defined. However, the Government's response to the consultation 'Localising support for Council Tax in England', which was published in December 2011 refers to local authorities' responsibility towards vulnerable groups under various acts including;

- Child Poverty Act 2010;
- Disabled Persons (Services, Consultation and Representation) Act 1986
- Chronically Sick and Disabled Persons Act 1970, and
- Housing Act 1996.

14. The consultation response states that the Department for Communities and Local Government (DCLG) will work closely with Local authorities and representative groups to ensure that Local authorities understand their existing obligations. Final detail of this is yet to emerge.

15. The Government is expected to issue guidance to Local authorities, which will set out general principles on supporting work incentives.

16. The Council has 25,226 Housing Benefit and Council Tax Benefit claimants of which, approximately 21,698 are claims for Council Tax Benefit. It is important to note that claimants will have to claim their housing support costs at the DWP, as part of their overall benefits under Universal Credit. This may be confusing for the customer locally, as they will have to make a separate claim for CTS with their LA.

17. The Government wishes to reduce the need for people to have to repeatedly provide the same information to various public sector bodies and has made amendments to the LGFB, which were laid before parliament on the 17 May 2012.

18. Data sharing between the billing authority and the DWP and between other billing authorities will be an important way to reduce inconvenience to claimants, reduce complexity and minimise the administrative costs of the scheme.

19. The existing Council Tax Benefit scheme has been developed and refined over a number of years but is ultimately built upon the 'means tested' premise. Most non-working customers are currently eligible for full Council Tax Benefit even if they are working age. This means that they currently do not make any contribution to their Council Tax bill, as

their entire liability is met by benefits. Clearly if the Council introduces a requirement for this client group to make a contribution towards their Council Tax liability there is a risk it may lead to collection issues.

20. The Government is working with local government associations to look at how Local authorities can use the existing components of Council Tax Benefit in the design and administration of a local scheme. DCLG issued a statement of intent and guidance on 17 May 2012, which included their prescribed default scheme, which may be readily adapted by any local authority. The default scheme is broadly the existing Council Tax Benefit scheme and, if adopted or imposed by the Secretary of State, would mean the authority has to meet the 10% shortfall in funding.
21. It is the Government's intention that there will be a legal requirement to consult on the local scheme with the precepting authority and the public. Further information on this is included in Appendix A of this report.
22. The Local Government Finance Bill, which provides for local support schemes, is currently making its way through Parliament. Whilst significant detail, in the form of Statements of Intent, required to deliver a local scheme has been received by Local authorities, formal statute will not be laid until later in the year.
23. If the Council intends to introduce a local scheme it must make a decision on its design by 31 January 2013. Paragraph 34 sets out a draft timetable of key activities, which must be completed before the scheme is implemented.
24. Under Council Tax Benefit, guidance, good practice manuals and case law briefings are issued on a regular basis by the DWP. Under CTS this will all be the responsibility of the LA.
25. The Council's IT system for revenues and benefits delivery is provided by Northgate Information Systems (NIS), they provide systems for over 160 Local authorities. NIS have provided Local authorities with a position statement, which gives assurance they will have developed a tool, which will allow individual Local authorities to adjust the parameters for means testing under Council Tax Benefit for the development and implementation of a new local scheme within the necessary timescale.

Possible Scheme Design Options and Impacts

26. This report sets different options and elements of a proposed / possible scheme that has been designed to meet the funding shortfall. Officers have reviewed various parameters that could be adjusted within the constraints set out by the Government. These include:
 - pensioners should be no worse off;
 - local authorities should also consider ensuring support for other vulnerable groups, and;
 - local schemes should support work incentives and avoid disincentives to work.
27. The proposed principles of a local Hillingdon scheme for consultation include :
 - everyone will be liable to pay something (excluding protected groups)
 - making work pay
 - restrictions on maximum support

- simplified backdating arrangements
- expectation that other adult occupiers within the household will contribute
- simplified administration arrangements

28. There are a number of options that have been identified and explored as part of the process and could be incorporated into a new scheme, such as:

a. Restriction of Maximum support:

The most significant option is to restrict the maximum level of support. The options model compares the cost of support at 80% 85% and 90%. This report proposes a maximum support of 80%, as the savings would equate to the 10% cut in funding. However, the percentage could be set higher or lower than this as modelled in Appendix B Option 1.

b. Capping payments by Band:

Restrict support on larger properties by applying a cap at Band D. Claims would be worked out using a maximum liability of band D currently £1,419.65. Customers in all higher bands (E, F, G and H) could still apply but their eligibility would be based on a Band D liability and proportionally reduced. The impact of this option at different bands is modelled in Appendix B Option 2.

c. Re alignment of working age capital restrictions:

Make claimants pay more towards their Council Tax if they have savings by reducing the thresholds down from the existing maximum and minimum of £16,000 / £6,000. The impact of this change is modelled in Appendix B Option 3

d. Remove Second Adult Rebate:

Do not provide a Second Adult Rebate scheme; currently this scheme is awarded if the claimant is not entitled to Council Tax Benefit in their own right. They can be awarded up to 25% benefit if they have a second adult residing with them who is on a low income, as a form of compensation for losing single person discount. This option offers potential savings of £40,000 per annum impacting upon 153 claimants. Other options are considered in Appendix B – Option 4.

e. Applying a minimum award for working claimants:

Applying a minimum award of 50p, £1 or £2; if after assessment the claimant's weekly 'award' is less than the set minimum rate then they would receive no CTS support. The impact of this option is considered in Appendix B –Option 5.

f. Increase the excess income withdrawal:

All working customers to contribute more by increasing the excess income taper from 20% to 30% – this is the amount of money the claimant is expected to contribute from any excess income they have above their or their family's assessed needs. The impact of this option is modelled in Appendix B –Option 6

g. Reduce or remove working tax credits income disregards:

Those elements of earned income that are not included in the calculation of Council Tax Benefit. The impact of this option is modelled in Appendix B –option 7.

h. Child benefit disregarded:

Remove the child benefit disregard and include this, or a proportion of this, as income in the assessment. The impact of this option is modelled in Appendix B –option 8.

f. Non working claimants contribution:

Non-working claimants make a minimum contribution towards their Council Tax bill.

This could be a flat rate of £3.55 per week could be used as this is equivalent to the 2012/13 attachment of benefit (AOB) rate used to recover Council Tax arrears by the DWP. The impact of this option is modelled in Appendix B – Option 9.

g. All claimants with non-dependents:

There is currently the need to means test every occupant in the household and ensure that everyone in the household contributed to the Council Tax. To simplify this process we could implement a £5 flat rate for all non dependents who resides with the claimant to contribute to the claimants council tax liability. The impact of this option is modelled in Appendix B –Option 10.

29. From the review of all the possible options, a proposed scheme has been developed. However, taking account of the financial risk to the Council, the impact on all residents and the impact on claimants, the proposal is for the initial scheme to be in place for a two year period, during which time the scheme would be reviewed and revised, taking account of experience and system developments.

30. The proposed scheme is designed to be as simple as possible, whilst trying to achieve a scheme which absorbs the 'new' pressure and aligns to the governments overall intentions, whilst protecting vulnerable groups. Those vulnerable groups are as follows:

- Pensioners – the Government has prescribed the rules for assessing Council Tax support for pensioners, which is largely the existing Council Tax Benefit scheme.
- Claimants in receipt of a disability premium – the Council can prescribe that this vulnerable group of claimants is no worse off by using the default scheme, which is largely the existing Council Tax Benefit scheme.
- Similarly those entitled to War Widows pensions and war disabilities pensions will be protected from the proposed changes.

31. Proposed scheme for consultation:

- To restrict the maximum amount of support to all non-vulnerable to 80% (Pensioners would be unaffected). It is estimated that this would reduce expenditure by £2.26m, would affect 13,230 claimants and the average cost per claimant would be £4.38 per week (currently most Council Tax Benefit claimants pay no Council Tax).
- To remove Second Adult Rebate from people below pensionable age. Residents can currently claim Second Adult Rebate based on the income of any other adult in the household to compensate them for the loss of 25% Single Persons Discount. The estimated reduction in expenditure is £28k. It would affect 82 claimants and the average cost to claimants would be £6.55 per week.
- Introduce new capital restrictions to be aligned to the pensioner arrangements i.e. the capital limit will be £16k over which no support would be granted and between £10k and £16k support will be reduced to £1 for every £500 of capital savings. This would cost £6k but aligns with work incentives.
- Backdating will be restricted to 3 months, to align to the current pensioner arrangement.

- In total, it is estimated that this proposed scheme could reduce current expenditure by £2.3m.

Staffing

32. Our Housing Benefit staff are fully briefed on the known changes so far and all processing staff will be cross-trained to support a full administration of Council Tax liabilities and be able to process any reduction applied for.
33. The DWP has stated that staff will not be subject to TUPE as a result of the Housing Benefit changes. This means that the Council will most likely have to reduce staffing through redundancy.

Timetable for Implementation

34. The table below sets out the Council's proposed timetable for implementation.

Activity	Start date	End Date
Equality Impact Assessment		July 2012
July Cabinet		26 July 2012
Consultation Period	6 August 2012	26 October 2012
Analysis of Consultation Responses	29 October 2012	16 November 2012
Scheme to Cabinet for Approval		20 December 2012
Full Council		17 January 2013
Implementation Date		1 April 2013

FINANCIAL IMPLICATIONS

35. The replacement of Council Tax Benefit with CTS will effectively reduce the Council Tax base and therefore the yield for any given level of Council Tax. If the Government reduces the funding for the CTS by 10% and the Council adopts a CTS scheme broadly similar to the existing Council Tax Benefit scheme the cost will be approximately £2.25m in 2013/14, potentially rising to £2.30m in 2014/15. Part of this will fall on the GLA so the net impact on Hillingdon will be about £1.76m with effect from 2013/14.
36. The £2.25m funding gap is based on the assumption that the government applies a consistent 10% reduction to the existing Council Tax Benefit funding across the country. The Government has announced its intention to apply a damping adjustment to some allocations to limit the impact on the worst affected authorities by redistributing some of the funding from the least affected. On present calculations it appears unlikely that Hillingdon's allocation will be affected by this adjustment so an assumption of a 10% reduction remains the best estimate.
37. Hillingdon's CTS scheme is designed to pass on the costs to claimants, by restricting eligibility and/or individual entitlement as outlined in the report, with the aim of reducing the net pressure on the Council.
38. If costs are passed on this might affect Council Tax collection rates which would have a further impact on the Council Tax yield, although this is unlikely to be significant.

39. Current assumptions are that the funding will be fixed in advance for the year. This means that the Council will bear the risk of claims being different to budgeted levels in-year. It is not clear how funding will be determined in the medium term but unless future funding is linked to demand levels the Council will also bear the risk of changes in the numbers of claims due to economic conditions, demographics etc. In theory fixed-funding could also benefit the Council if claims reduce, but this is unlikely in the short term and current assumptions are for an annual increase of around 2%. With no additional funding this would create a further cost pressure for Hillingdon of about £449k a year.
40. The Council currently receives about £2.3m administration grant from the Department for Work and Pensions. This covers the administration of both the Housing Benefit and Council Tax Benefit scheme. In discussion with practitioner groups the DCLG has now recognised that administering a separate local Council Tax scheme will require approximately 75% of the resource currently deployed on Housing Benefit and Council Tax Benefit within local authorities. The CLG is currently undertaking a new burdens assessment with a representative sample of 32 Local authorities to assess the implications more fully.
41. In respect of transitional costs, new burdens funding of £84k has been received in 2012/13 to cover the cost of implementing the new Council Tax Scheme.

4. EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES

Equality Impact Assessment

In order to assess the equality impacts of any proposed Council Tax scheme an Equality Impact Assessment has been completed and this is attached at Appendix C.

The current caseload consists of the following customer groups

Pensioners	34%	of caseload
Disabled customers	4%	of caseload
Child in household	42%	of caseload
Working Age	20%	of caseload.

76% of the existing customer caseload receives full entitlement to Council Tax benefit. This means they currently do not have to budget for their annual Council Tax bill.

The Equality Impact Assessment will be revised following and scheme design changes as a result of the consultation process.

Maximising collection of Council Tax helps to maximise the provision of support and services for the Council's most vulnerable service users.

Customers with vulnerabilities or difficulties paying are offered support including extended payment arrangements and income benefit maximisation. In addition a full review of the Council's collection and recovery policies will be undertaken as part of the implementation of the local scheme.

Within Council Tax regulations a number of exemptions and discounts are available and offered for people with disabilities and severe mental impairment.

Consultation

It is the Government's intention that there will be a legal requirement to consult on the local scheme with the precepting authority and the public. Given the impact on the borough's residents any consultation will need to be accessible and proportionate.

This report sets out a consultation strategy for approval and is detailed in Appendix B. The Council will ensure that a high quality, co-ordinated consultation, which provides both online and offline opportunities to engage is carried out.

The consultation will engage with internal and external stakeholders, the third sector, Council Tax payers, Council Tax Benefit recipients and welfare rights group. This list is not exhaustive. The Council will also engage with a number of established forums representing claimants in the affected groups.

The Council has a community engagement framework, which sets a minimum time frame for consultation of 12 weeks.

The Council will also consult with the GLA on the broad options to consider for the new scheme design in order to meet the savings required.

5. CORPORATE IMPLICATIONS

Corporate Finance

This is a corporate finance report and the implications are detailed within the financial implications above.

Legal

As stated in the report, the Local Government Finance Bill is currently progressing through the House of Lords, having already been passed by the House of Commons. The Report accurately reflects the current provisions of the Bill which is expected to become law until later in the year.

In order for Hillingdon to meet the deadline of 1 April 2013 for introducing its own Council Tax Support Scheme, it needs to commence the consultation process without delay. The Borough Solicitor advises that the Consultation Strategy (Appendix A) complies with the legal requirements relating to consultation: Proposals should be consulted upon as widely as possible and the consultation to take place at a time when proposals are at a formative stage, giving consultees sufficient time to give an informed response. Further, the Council must then consider the outcome of the consultation before making its final decision on the Council Tax Support Scheme.

With regard to the Council's duties under the Equality Act 2010, the Equalities Impact Assessment highlights the potentially adverse effects that the current proposals may have on Borough residents. Depending on the outcome of the consultation, it may be necessary for the Council to conduct a further Equalities Impact Assessment before Cabinet makes its final decision.

Further, more detailed legal advice will, of course, be provided to Cabinet when it considers the Scheme that it wishes to implement for Hillingdon at its meeting in December 2012.

6. BACKGROUND PAPERS

NIL

Appendix A: Hillingdon's Proposals for Localised Council Tax Support Consultation Strategy

1. Length of consultation

The consultation period will commence on the 6 August until the 31 October.

2. Key Stakeholders

We will be using a variety of methods to ensure residents have the maximum opportunity to feedback their views on the proposals. In addition to this we will be directly contacting over 600 local groups and organisations that provide information, advice, support and/or advocacy for local people, including:

- Voluntary and Community Groups
- Black and Minority, Ethnic Groups
- Registered Housing Providers
- Tenants and Residents Associations
- Churches
- Members
- Libraries
- Uxbridge college/Brunel university
- CAB
- Job Centre Plus
- Hillingdon LINK

We will also be consulting with staff to ensure any enquiries are appropriately sign-posting to the relevant information and/or staff.

3. Consultation Activity

Hillingdon residents were made aware Hillingdon would be consulting on the proposals for Localised Council Tax Support in Hillingdon People (July/August edition). The article directs residents to the <http://www.hillingdon.gov.uk/hsgcounciltaxben> web-pages and told to visit the site in August to get further information relating to the proposals, including how to feedback. Residents have also been given a direct contact number to speak to a member of staff about the proposals and get further information. We will also publish a link to the proposals on the front page of Hillingdon Council's website and the 'Have your Say' web pages.

The following consultation material will be published:

- Details of the proposals and how to feedback
- On-line survey (standard and easy read)
- Paper based survey (standard and easy read)
- Frequently Asked Questions (standard and easy read)
- Direct contact details of staff leading on the consultation

Social Media

Twitter and Facebook will also be used to promote the consultation and direct residents to relevant web pages and consultation activity.

Maximising Residents Contributions

We will direct residents to the proposals and consultation material by including details in standard letters/bills that are going out within the consultation period.

The role of libraries

Information will be passed to Hillingdon's 17 libraries so that displays can be arranged for the duration of the consultation. Residents will be able to collect paper based surveys from the library. Library staff will be briefed so that they can advise residents on the proposals and sign-post them to the appropriate people for more information and to feedback their views.

Stakeholder Groups and Events

Key stakeholders (over 500 individuals and organisations) supporting individuals/groups in Hillingdon will be sent information via email. They will be offered the opportunity to have a member of staff talk to them and/or present to their customers the proposals. Feedback will be recorded at the meetings. We will be asking stakeholders to share the information with their customers in all of the standard communication methods they are currently using.

Groups and Forums

We will be presenting the proposals (standard and easy read version) and recording feedback at organised groups and forums during the 3 month consultation period, currently these include:

- Senate, 5 September
- Learning Disabilities Forum, 11 September
- Hillingdon Disabled Tenant and Residents Group, 18 September
- Learning Disabilities Partnership Board, 18 September
- Landlords Forum, 18 September
- Sheltered Housing Forum, 20 September
- Youth Council, September management meeting
- Disability Assembly, 8 October

Consultation Response

A summary of the consultation responses will be published following the 3 month consultation period.

Local Council Tax Support – options modelling

Option 1	Model 1	Model 2	Model 3
<p>Restriction of Maximum Support</p> <p>Principles Everyone will be liable to pay something (excluding protected groups) Restricts maximum support Simplified administration arrangements</p>	<p>Locally protection will only be afforded to pensioners , vulnerable claimants or partners who have a disability, those entitled to a widows war pension or War Disability Pension</p> <p>This scenario is the most equitable as it shares the amount of support available across the affected groups.</p> <p>At 80%, there is the following impact.</p> <p>Council Tax Collection rate is assumed at 75%</p> <p>Number of claimants affected 13,230</p> <p>Annual Savings = £2,261,000</p> <p>Average additional claimant cost per week/annum £4.38/£228</p>	<p>Locally protection will only be afforded to pensioners , vulnerable claimants or partners who have a disability, ,those entitled to a widows war pension or War Disability Pension</p> <p>This scenario is the most equitable as it shares the amount of support available across the affected groups</p> <p>At 85%, there is the following impact.</p> <p>Council Tax Collection rate is assumed at 75%</p> <p>Number of claimants affected 13,230</p> <p>Annual Savings = £1,701,000</p> <p>Average additional claimant cost per week/annum £3.29/£171</p>	<p>Locally protection will only be afforded to pensioners , vulnerable claimants or partners who have a disability, those entitled to a widows war pension or War Disability Pension</p> <p>This scenario is the most equitable as it shares the amount of support available across the affected groups</p> <p>At 90%, there is the following Impact.</p> <p>Council Tax Collection rate is assumed at 75%</p> <p>Number of claimants affected 13,230</p> <p>Annual Savings = £1,137,000</p> <p>Average additional claimant cost per week/annum £2.22/ £115.44</p>

Local Council Tax Support – Alternative options modelling

Option2	Model 1	Model 2	Model 3
<p>Capping Payments by Band</p> <p>Principles Does not meet any of the principles and is not means tested therefore not providing a 'fair' assessment of the household ability to pay. Likely to impact on families with children. Older working age customers may have to downsize, making an economic choice that is regularly made by low income workers.</p>	<p>Cap at Band D</p> <p>This means that all claims would be worked out using a max liability of Band D (£1,419.65) and would exclude bands E, F, G and H</p> <p>Would not affect pensioners but would impact on families.</p> <p>Number of claimants affected 1,166</p> <p>Annual Savings =£379,000</p> <p>Average additional cost per week/annum =£6.25/ £325.04</p>	<p>Cap at Band E</p> <p>This means that all claims would be worked out using a max liability of Band E (£1,735.13) and would exclude bands F, G and H</p> <p>Would not affect pensioners but would impact on families.</p> <p>Number of claimants affected 218</p> <p>Annual Savings =£68,531</p> <p>Average additional cost per week/annum =£6.04/£314.36</p>	<p>Cap at Band F</p> <p>This means that all claims would be worked out using a max liability of Band F (£2,050.61) and would exclude bands G and H</p> <p>Would not affect pensioners but would impact on families.</p> <p>Number of claimants affected 35</p> <p>Annual Savings = £10,112</p> <p>Average additional cost per week/annum = £5.55/£288.91</p>

Option 3	Model 1	Model 2	Model 3
<p>Re alignment of working age Capital Restrictions</p> <p>Principles Everyone liable to pay something and If people have sufficient/ excess savings is additional CTS required? Would lead to more money available to support those with greater need.</p>	<p>Decrease maximum capital level to £8,000 and the minimum level to £6,000 (from the current £16,000/£6,000)</p> <p>All capital would be disregarded under £6,000 but if the customer's capital exceeds £8,000 they no longer qualify.</p> <p>Number claimants affected 48</p> <p>Annual Savings = £38,301</p> <p>Average additional cost per week/annum = £15.34/ £797.94</p>	<p>Decrease maximum capital level to £10,000 and the minimum level to £6,000 (from the current £16,000/£6,000)</p> <p>If the customer's capital exceeds £10,000 they no longer qualify.</p> <p>Number claimants affected 38</p> <p>Annual Savings = £32,627</p> <p>Average additional cost per week/annum = £16.51/£858.60</p>	<p>Increase minimum capital level to £10,000 and leave maximum capital at £16,000, with support reduced to £1 in every £500 to be in line with pensioners.</p> <p>Number of claimants affected 62</p> <p>Annual additional Costs = - £5,910</p> <p>Average saving per week per week/annum = £1.83/ 95.32</p>

Option 4	Model 1	Model 2	
<p>Remove 2nd Adult Rebate</p> <p><u>Principles</u></p> <p>Expectations that other adult occupiers within the household will contribute The claimant could have significant income/savings but currently receive up to 25% reduction based on the second adult's low income. If the claimant has moderate income based household circumstances they could have an entitlement under the main scheme.</p>	<p>No second adult rebate payable including pensioners.</p> <p>Residents can currently claim Second Adult Rebate based on the income of any other adult in the household to compensate them fro the loss of 25% Single Person Discount caused by the presence of another adult on a low income. It is the income of the other adult that is used to calculate the reduction. In some cases the income of the main occupant is known. It is worth up to 25% of the CT liability.</p> <p>Number of claimants affected 82</p> <p>Annual Savings = £27,967</p> <p>Average cost per claimant per week/annum = £6.55/£341.06</p>	<p>No second adult rebate excluding pensioners.</p> <p>Residents can currently claim Second Adult Rebate based on the income of any other adult in the household to compensate them fro the loss of 25% Single Person Discount caused by the presence of another adult on a low income. It is the income of the other adult that is used to calculate the reduction. In some cases the income of the main occupant is known. It is worth up to 25% of the CT liability.</p> <p>Number of claimants affected 62</p> <p>Annual Savings = £20,468</p> <p>Average cost per claimant per week/annum = £6.34/£330.13</p>	

Local Council Tax Support – Alternative options modelling

Option5	Model 1	Model 2	Model 3
<p>Applying a minimum award for working claimants</p> <p>Principles Making work pay Having applied a 'means tested' process which assigned a level of need (less than £2 weekly) the Council then determines not to award this could be perceived as unfair. Leads to unequal treatment for entitlements.</p>	<p>Minimum award £2</p> <p>This limits the minimum award to £2. Currently we have to pay a claim if the claimant is entitled to 1p. It is uneconomical to pay claims at very low levels.</p> <p>Number claimants affected 80</p> <p>Annual Savings = £5,101</p> <p>Average additional cost per week/annum =£1.23/£63.76</p>	<p>Minimum award £1</p> <p>This limits the minimum award to £1. Currently we have to pay a claim if the claimant is entitled to 1p. It is uneconomical to pay claims at very low levels.</p> <p>Number claimants affected 24</p> <p>Annual Savings = £757</p> <p>Average additional cost per week/annum =£0.61/£31.54</p>	<p>Minimum award 50p</p> <p>This limits the minimum award to £.50. Currently we have to pay a claim if the claimant is entitled to 1p. It is uneconomical to pay claims at very low levels.</p> <p>Number claimants affected 9</p> <p>Annual Savings = £159</p> <p>Average additional cost per week/annum =£0.33/£17</p>

Local Council Tax Support – Alternative options modelling

Option 6	Model 1	Model 2	Model 3
<p>Increase the excess income withdrawal rate with income greater than DWP applicable amount</p> <p>Principles Does not make work pay but more people liable to pay something : Still means testing claimant but asking them to contribute more of their excess income. The working disregards within Universal Credit are more generous therefore the customer could reasonably contribute more.</p>	<p>Where income is higher than a person's needs allowance currently 20% of the excess is used to meet council tax liability. The calculation will be increased to 30% of the excess.</p> <p>Example: A couple with 2 children with an income of £350pw have an applicable amount of £248.01. They have £91.99 income above their applicable amount, 20% of this is £18.40 and 30% is £27.60 which would be paid towards their Council Tax.</p> <p>Number of claimants affected 2,542 (469 taken out of entitlement) Annual Savings = £504,759 Average additional claimant cost per week/annum = £3.82/198.56</p>	<p>Where income is higher than a person's needs allowance currently 20% of the excess is used to meet council tax liability. The calculation will be increased to 27.5% of the excess.</p> <p>Example: In the same scenario as Option 1 Council Tax Support would decrease to £2.46 per week.</p> <p>Number of claimants affected 2,542 (340 taken out of entitlement) Annual Savings = £401,562 Average additional claimant cost per week/annum = £3.04/157.97</p>	<p>Where income is higher than a person's needs allowance currently 20% of the excess is used to meet council tax liability. The calculation will be increased to 25% of the excess.</p> <p>Example: In the same scenario as Option 1 Council Tax Support would decrease to £4.76 per week.</p> <p>Number of claimants affected 2,542 (219 taken out of entitlement) Annual Savings =£284,296 Average additional claimant cost per week/annum =£2.15/111.84</p>

Local Council Tax Support – Alternative options modelling

Option 7	Model 1	Model 2	Model 3
<p>Reduce or remove working tax credits income disregards:</p> <p>Policy Will not make work pay and will not make everyone liable to pay something</p>	<p>Remove Working Tax Credit disregard of £17.10.</p> <p>Government want us to incentives work so this would be against their policy intentions. However, the Working Tax Credit income disregards in UC are sufficiently generous as to allow for a reduction in the earned income disregards applied to local CTS. 2,217 claimants are awarded WTC.</p> <p>Number of claimants affected 2,217</p> <p>Annual Savings =£361,173</p> <p>Average additional claimant cost per week/annum = £3.13/£162.91</p>	<p>Working Tax Credit disregard of £17.10 reduced by 75%.</p> <p>Government want us to incentives work so this would be against their policy intentions. However, the Working Tax Credit income disregards in UC are sufficiently generous as to allow for a reduction in the earned income disregards applied to local CTS. 2,149 claimants are awarded WTC</p> <p>Number of claimants affected 2,149</p> <p>Annual Savings = £269,243</p> <p>Average additional claimant cost per week/annum = £2.41/£125.29</p>	<p>Working Tax Credit disregard of £17.10 reduced by 50%.</p> <p>Government want us to incentives work so this would be against their policy intentions. However, the Working Tax Credit income disregards in UC are sufficiently generous as to allow for a reduction in the earned income disregards applied to local CTS. 2,099 claimants are awarded WTC</p> <p>Number affected 2,099</p> <p>Annual Savings = £178,303</p> <p>Average additional claimant costs per week/annum = ££1.63/ £84.95</p>

Local Council Tax Support – Alternative options modelling

Option 8	Model 1	Model 2	Model 3
<p>Removing child benefit disregard</p> <p>Principles Restrictions on Maximum support The working disregards within Universal Credit are more generous therefore the customer could reasonably contribute more.</p>	<p>Include 100% child benefit in calculation.</p> <p>Claimants in receipt of child benefit have this disregarded from their net income.</p> <p>Child benefit will be included in the total benefit cap, but we await guidance on whether it will be counted as income in Universal Credit.</p> <p>Number of claimants affected 2,471</p> <p>Annual Savings = £723,473</p> <p>Average additional claimant cost per week/annum = £5.63/£292.79</p>	<p>Include 50% of child benefit in calculation.</p> <p>Claimants in receipt of child benefit have this disregarded from their net income.</p> <p>Child benefit will be included in the total benefit cap, but we await guidance on whether it will be counted as income in Universal Credit.</p> <p>Number of claimants affected 2,198</p> <p>Annual Savings = £343,367</p> <p>Average additional claimant cost per week/annum = £3.00/£156.22</p>	<p>Include 25% of child benefit in calculation.</p> <p>Claimants in receipt of child benefit have this disregarded from their net income.</p> <p>Child benefit will be included in the total benefit cap, but we await guidance on whether it will be counted as income in Universal Credit.</p> <p>Number of claimants affected 2,065</p> <p>Annual Savings = £166,262</p> <p>Average additional claimant cost per week/annum = £1.55/£80.51</p>

Local Council Tax Support – Alternative options modelling

Option 9	Model 1	Model 2	Model 3
<p>Non working Claimants contribution</p> <p>Principles Restrictions on Maximum support Everyone will be liable to pay something.</p>	<p>Charge every non working claimant £3.55 per week equivalent to the maximum attachment of benefit rate used to recover overpayments.</p> <p>Number of claimants affected 9204</p> <p>Annual Savings = £1,274,293</p> <p>Average additional claimant cost per week/annum = £3.55/£184</p>	<p>Charge every non working claimant £2.00 per week similar to an attachment of benefit rate used to recover overpayments.</p> <p>Number of claimants affected 9204</p> <p>Annual Savings = £717,912</p> <p>Average additional claimant cost per week/annum = £2.00/£104</p>	<p>Charge every non working claimant £1.00 per week similar to an attachment of benefit rate used to recover overpayments.</p> <p>Number of claimants affected 9204</p> <p>Annual Savings = £358,956</p> <p>Average additional claimant cost per week/annum = £1.00/£52</p>

Local Council Tax Support – Alternative options modelling

Option 10	Model 1	Model 2	Model 3
<p>All claimants with non dependents</p> <p>Principles Restrictions on Maximum support</p> <p>.</p> <p>Equalities</p>	<p>Set a flat rate non dependent contribution of £5 per week. (this is currently means tested as part of Council Tax Benefit)</p> <p>Number of claimants affected 959</p> <p>Annual Savings = £187,000</p> <p>Average additional claimant cost per week/annum = £5.00/£260</p>	<p>Set a flat rate non dependent contribution of £2 per week. (this is currently means tested as part of Council Tax Benefit)</p> <p>Number of claimants affected 959</p> <p>Annual Savings = £74,802</p> <p>Average additional claimant cost per week/annum = £2.00/£104</p>	<p>Set a flat rate non dependent contribution of £1 per week. (this is currently means tested as part of Council Tax Benefit)</p> <p>Number of claimants affected 959</p> <p>Annual Savings = £37,401</p> <p>Average additional claimant cost per week/annum = £1.00/£52</p>



HILLINGDON
LONDON

Appendix C

Impact Assessment

STEP A) Description of what is to be assessed and its relevance to equality

What is being assessed? Please tick ✓

Review of a service Staff restructure Decommissioning a service

Changing a policy ✓ Tendering for a new service A strategy or plan

The London Borough of Hillingdon has reviewed the different options available in developing a local Council Tax support scheme, as it is required to do under the changes introduced as part of the 2010 Comprehensive Spending Review, and the subsequent Welfare Reform Act, Local Government Finance Bill and Local Government Resource Review.

The proposed scheme for 2012/13 is set out below, alongside the alternative options which were considered and subsequently discounted, due to adverse impacts involved in their implementation.

Who is accountable? E.g. Head of Service or Corporate Director

Paul Whaymand, Deputy Director, Finance

Date assessment completed and approved by accountable person

July 2012

Names and job titles of people carrying out the assessment

Nancy Le Roux, Senior Finance Manager - Corporate Finance

A.1) What are the main aims and intended benefits of what you are assessing?

Aims of proposed local Council Tax support scheme for 2012/13

The key aim for the local Council Tax Scheme (CTS) is to deliver a scheme affordable to the Council, which is simple and easy to understand for residents, and which is efficient to deliver and administer. This aligns with the Government's intentions for new schemes of this type.

National principles

The Statement of Intent published by CLG sets out the guidelines and constraints in designing a new local scheme. These include:

- No change in the current level of award for existing pensioners and an intention to provide similar protection for future pensioners;
- Consideration of continuing support for other vulnerable groups; and
- Local schemes should support work incentives, and in particular avoid disincentives to move into work.

Underpinning principles

The proposed principles of a local Hillingdon scheme include:-

- Everyone will be liable to pay something (excluding protected groups)
- Making work pay
- Restrictions on maximum support
- Simplified backdating arrangements
- Expectation that other adult occupiers within the household will contribute
- Residents will not receive assistance if they are found to commit a criminal offence
- Simplified administration arrangements

Scheme design

Pensioners and vulnerable groups (see table 6) will be unaffected by this change as their CTS will be calculated on the same basis as their Council Tax Benefit (CTB).

The initial scheme, for 'working age' customers on the current CTB scheme is set out below with the following modifications:

- Maximum Support will be capped at 80%;
- Removal of Second Adult Rebate
- Backdating will be restricted to 3 months, to align to the pensioner arrangement; and
- Capital restrictions will be aligned to the pensioner arrangements, i.e. the capital limit will be £16k over which no support would be granted

and between £10k and £16k, support will be reduced by £1 for every £500 of capital savings.

A.2) Who are the service users or staff affected by what you are assessing? What is their equality profile?

Total population of CTB claimants

In total, there are 105,631 properties within the Borough with a Council Tax liability (December 2011 figures).

Hillingdon has 21,478 households receiving Council Tax Benefit (April 2012 figures). Consequently, 20.3% of the Borough receive Council Tax Benefit.

Of a total 21,478 households receiving CTB, the breakdown of affected groups is as follows: 7,304 are pensioners, 821 are classed as vulnerable and 13,353 are working age (other). This information is provided in greater detail below:

Table 1 - Breakdown of current council tax benefit customer profile			
Type of Customer	Number	Yearly (£)	% of Total
Pensioners	7,304	£7,425,929	34%
Passported (IS, JSA, ESA)	8,531	£9,359,918	43%
Single workers	514	£324,168	1%
Single parents working	1,364	£1,025,388	5%
Families - workers	2,121	£2,282,280	10%
Single workers disabled	83	£68,432	0%
Families - workers with a disabled member	152	£157,300	1%
Single non workers	464	£409,032	2%
Single parents not working	263	£279,604	1%
Non working families	98	£94,692	0%
Single disabled non workers	512	£477,620	2%
Disabled non working families	72	£91,624	0%
Total		£21,995,987	100%

Age of claimants

Table 3- Breakdown of working age council tax benefit customer profile by age		
Age of Customer	Number	% of Total
18 to 21	227	1.7%
22 to 30	2393	17.9%
31 to 40	3935	29.5%

41 to 50	4150	31%
51 to 61	2648	19.9%
Total	13353	100%

The above table shows the breakdown of age ranges for CTB claimants who are of working age. The provisions of the proposed scheme for Hillingdon mean that pensioners continue to receive the same support as they have under CTB. As they are not affected by the proposed changes, they have been excluded from the table above.

Gender

Table 4- Breakdown of working age council tax benefit customer by gender		
Gender of Customer	Number	% of Total
Male	4,522	33.9%
Female	8,831	66.1%
Total	13353	100%

The data indicates that the largest group of claimants for CTB are women. As a result, any change to the support provided through this benefit is likely to impact women twice as greatly as men.

Ethnicity

Table 5 - Breakdown of working age council tax benefit customer by gender		
31	White - English / Welsh / Scottish / Northern Irish / British	4434
32	White - Irish	168
33	White - Gypsy or Irish Traveller	0
34	White - Any Other White background	179
35	Mixed / Multiple ethnic group - White and Black Caribbean	46
36	Mixed / Multiple ethnic group - White and Black African	25
37	Mixed / Multiple ethnic group - White and Asian	36
38	Mixed / Multiple ethnic group - Any Other Mixed / multiple ethnic background	36
39	Asian / Asian British – Indian	550
40	Asian / Asian British – Pakistani	433
41	Asian / Asian British – Bangladeshi	160
42	Asian / Asian British – Chinese	41
43	Asian / Asian British - Any other Asian background	353
44	Black / African / Caribbean / Black British – African	1321
45	Black / African / Caribbean / Black British – Caribbean	288
46	Black / African / Caribbean / Black British – Any other Black / African / Caribbean background	114
47	Other ethnic group – Arab	0

48	Other ethnic group – Any other ethnic group	1544
98	Any other	0
99	Not known/not provided	3626
Total		13353

The table above indicates CTB claimants by ethnicity. 2,583 households did not complete this information, amounting to the shortfall in working age households accessing CTB at the point of data collection (13,353).

Vulnerability

The classification of a vulnerable person for the purposes of Council Tax Scheme covers anybody in receipt of one or more or of the following premiums:

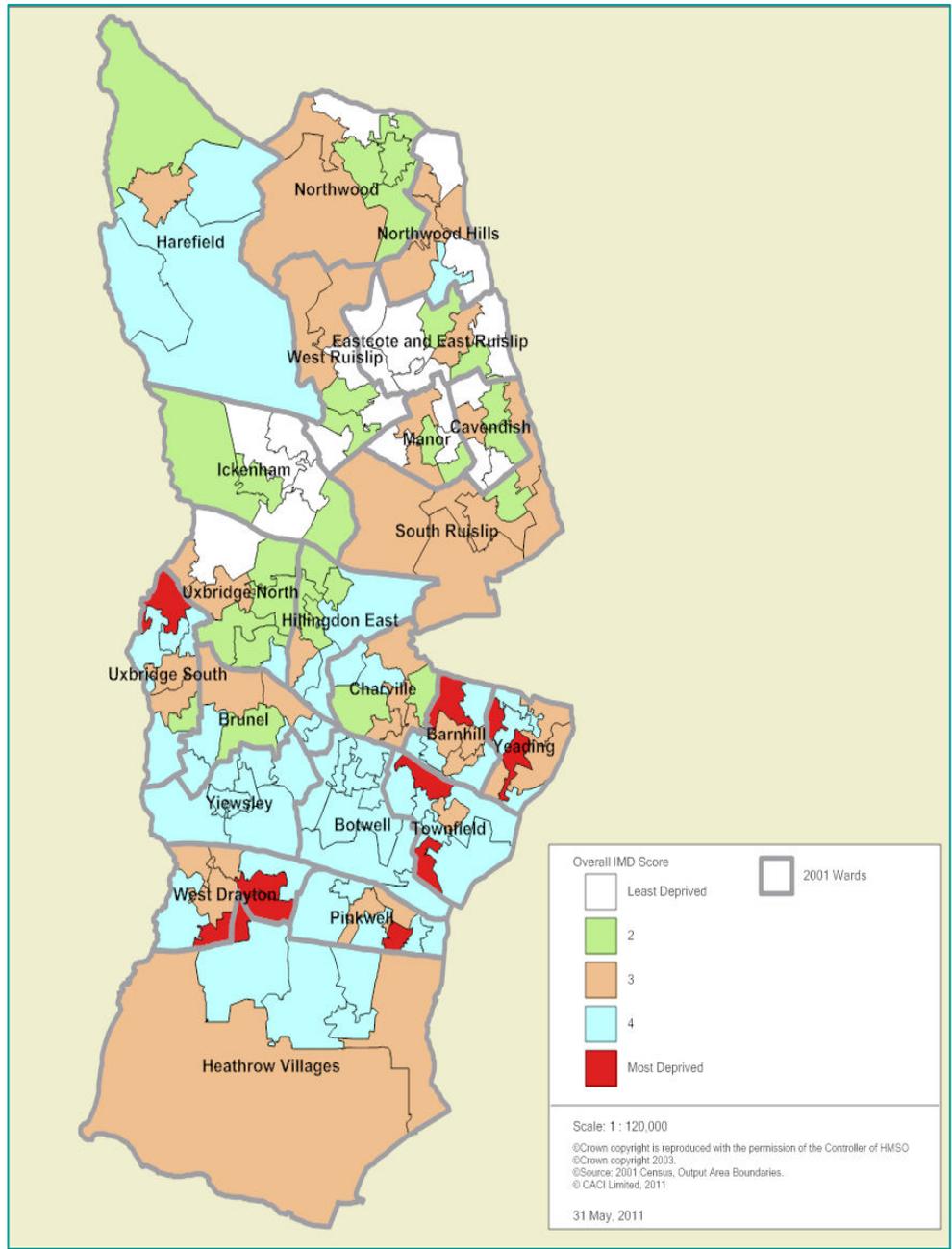
Table 6 – Classification of a vulnerable person
Disability Premium
Enhanced Disability Premium
Severe Disability Premium
Disability Premium for Dependents
Enhanced Disability Premium for Dependents
Disabled Earned Disregard
CT Disability Reduction
War Widows Pension
War Disablement Pension

As part of the design of the Council Tax Support scheme for Hillingdon, vulnerable persons will continue to receive the same level of support as under CTB. These individuals are not affected by the changes being introduced under the new scheme.

Deprivation

Council Tax Benefit is a means tested benefit; therefore, the group of claimants has a clear correlation to the 20.3% of the Borough.

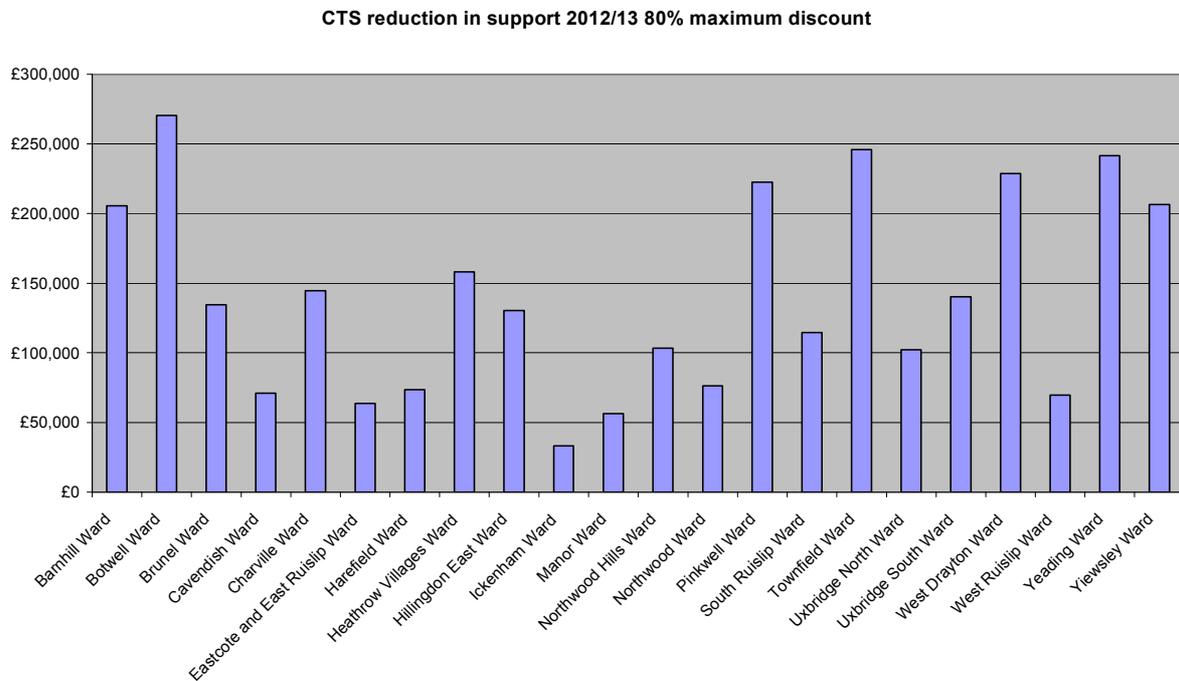
As such, it is likely the impact of the Council Tax Support scheme will align with the Borough-wide map of deprivation, below.



This analysis is supported by the ward-level analysis of the impact of introducing the scheme, overleaf.

Impact by geographical area

Table 6 – Loss of financial support by geographical area



The wards most affected by the changes are Barnhill, Botwell, Heathrow Villages, Pinkwell, Townfield, West Drayton, Yeading and Yiewsley. This aligns with the Index of Multiple Deprivation map above.

A.3) Who are the stakeholders in this assessment and what is their interest in it?

Stakeholders	Interest
<p>Council Tax Benefit claimants:</p> <ul style="list-style-type: none"> - Working Age - Pensioners - Vulnerable Groups - Men - Women <p>Local Interest Groups</p> <p>LB Hillingdon</p> <p>LB Hillingdon Housing Benefit and</p>	<p>Council Tax Benefit working age claimants will be the customers directly affected by the change in support.</p> <p>Voluntary and community groups who may work with the affected claimants.</p> <p>Overall impact on council budget</p> <p>The services and staff who will</p>

Council Tax services	administer the future scheme.
Precepting authorities	Collection and overall reduction in funding
Central government (Department of Work and Pensions, Communities and Local Government)	DWP and CLG have made requirements of councils to deliver this scheme for the financial year starting from April 2013.
Council tax payers	Financial pressure on other services from the council if the scheme is not delivered within budget..

A.4) Which protected characteristics or community issues are relevant to the assessment? ✓ in the box.

Age	✓	Religion or belief	
Disability	✓	Sex	
Gender reassignment		Sexual Orientation	
Marriage or civil partnership		Community Cohesion	
Pregnancy or maternity		Community Safety	
Race/Ethnicity		Other – please state: Working age residents	✓

STEP B) Consideration of information; data, research, consultation, engagement

B.1) Consideration of information and data - what have you got and what is it telling you?

Impact of specific Council Tax Support scheme proposals for customers

1. Overall impact of the scheme

In developing a local Council Tax support scheme, it has been a key principle to consider the impact on residents affected by the changes proposed. Many of the recipients of Council Tax support will also be affected by the wider benefit reforms.

The Council Tax Support scheme for Hillingdon will protect pensioners and vulnerable groups, including anybody in receipt of a disability-based benefit or war widows pension. These groups will continue to receive support at the same level as they have done under CTB.

In addition, the London Borough of Hillingdon will continue to monitor the impact of Welfare Reform changes taking place from April 2013, as it is recognised that these will put an additional financial burden on households reliant on Housing Benefit.

All working age CTB claimants will see their level of support reduce under the new CTS. Individuals receiving under approximately £3.50 in support per week will receive no support under the new system.

The London Borough of Hillingdon, therefore, proposes an initial scheme which will be adopted for the 2 years, during which time its impact alongside the broader sweep of Welfare Reforms will be monitored. At the end of this 2 year period, and depending on the impact on equalities and stakeholders, the current Council Tax Scheme will either be extended for another year, or the next phase of the Council Tax Scheme will be designed, consulted upon and introduced.

2. Restriction of Maximum Support to 80%

This will restrict the maximum amount of Council Tax reduction that the majority of working age residents claiming a reduction can receive.

Currently residents on either Income Support (IS), income based Job Seekers Allowance and income based Employment Support Allowance with no non-dependants receive Council Tax Benefit equal to 100% of their Council Tax liability.

CTB is currently received by 14,154 working age households of which 30% are low paid working households.

The proposed scheme is the most equitable in that it will equally affect all working age households not deemed vulnerable, irrespective of income. By applying a standard reduction to all working age claimants, the impact is spread across the widest possible group, thereby minimising the impact on each individual affected claimant

The proposed Council Tax support scheme will be the most efficient to deliver and the easiest to communicate to residents, as the main elements of the scheme will mirror the current Council Tax Benefit and Housing Benefit Schemes. In this way, residents can continue to claim for both schemes on one application form.

3. Removing second adult rebate

Second adult rebate (SAR) is a scheme that is not means tested on the householder. The scheme was introduced to compensate single Council Tax payers who do not qualify for Council Tax Benefit in their own right, and do not qualify for Single Persons Discount because they have a low income second adult(s) living with them. The second adult(s) is means-tested and depending on their income a reduction

between 7.5% and 25% is granted.

Removing second adult rebate would still afford protection for customers on low income through the means tested process as the majority receive SAR through a 'better buy' calculation. This change might have a minimal effect on collection as most of these customers are already paying up to 75% of their liability. There are currently 155 households in Hillingdon receiving second adult rebate, of which 30 are pensioners.

4. Alignment of working age backdating limits with those of pensioners

This proposal will limit backdating to three months for working age customers. The current Council Tax Benefit Regulations allow six months backdating providing applicants can show continuous good cause for not applying earlier. Many claims are received but do not meet the legal conditions to allow back date. In 2011/12 1396 applications were received of which 40% were awarded.

5. Realignment of working age capital restrictions

Under the proposed Council Tax Scheme, the capital limit over which no support would be granted will be £16k. Between £10k and £16k, support will be reduced by a tariff income of £1 for every £500 of capital savings. This is an increase on the current level of £6k, before a tariff income is applied and will be an additional incentive to work and save and the cost impact is immaterial.

Impact of alternative options for Council Tax support on stakeholder groups

1. Capping payments by band

Capping payment by band could predominantly affect families in need of larger accommodation or (for homeowners) affect the asset rich on a low income. It could make people move to smaller more affordable accommodation. There might be a need to increase bad debt provision as these debts may be difficult to collect. The 'capping' would also affect families in private rented accommodation who will have limited income to pay the difference. This option goes against the premise that CTS is based on income and ability to pay.

By capping the discount at Band D properties, the maximum support available to residents would be £1,419.65, if the scheme started in 2012/13.

There are currently 1,252 working age households in borough receiving Council Tax Benefit above Band D broken down as follows:

Band E - 1014
Band F - 197
Band G - 39
Band H - 2

54% of these households are currently receiving maximum Council Tax Benefit.

In addition, 936 (75%) of households are also receiving Housing Benefit and as such could also be subject to the Housing Benefit cuts introduced in April 2012 that imposed a cap on rent levels, and from April 2013 when the overall Benefit caps previously mentioned are introduced. In particular it could disproportionately impact on people who have larger families with 4 children or more affects 13%.

2. Applying a minimum award for working claimants

Applying a minimum award removes entitlement from those with an ability to pay (from those at the upper end of the low income bracket). These customers are already paying the majority of their council tax bill; however, this change would remove any entitlement to support. It does not remove the assessment burden as a full assessment would be required to determine the level of award and then advise the customer they have 'no entitlement'. The change would deliver minimal savings and would affect the 80 households in Hillingdon that receive less than £2 per week.

3. Increasing the excess income withdrawal rate

Increasing the current excess income withdrawal rate from 20% to 25% reduces entitlement in proportion to the customer's ability to pay. These customers already have income above their needs (the living allowance the Department for Work and Pensions assesses they need to live on) and currently pay something towards their council tax liability. Although, it may seem in conflict with Universal Credit (UC) and increasing incentives to work the government has stated in its response to the consultation to minimise the effect of UC and CTS being withdrawn simultaneously it has proposed higher earnings disregards; these are in addition to their original proposed disregards and are as follows;

- An additional earnings disregard to couples with children of £250;
- Increasing the child element in the earnings disregard from £2,700 to £4,000
- An increase in the minimum disregard per adult of £700, including for single claimants

However, UC will not be introduced for new claims until October 2013 for 'out of work' claims and April 2014 for 'in work' claims. Existing cases will migrate to UC between 2014 and 2017.. Increasing the withdrawal rate to 30% will affect 2542 claimants, the majority of whom are working, and of this some 469 will lose all existing entitlement to support.

4. Reducing or removing working tax credit disregards

Removing or reducing the working tax credit disregard affects households that currently have either the claimant or the partner working in excess of 30 hours weekly. Customers that are working less than 30 hours each week do not receive this income disregard. Working tax credit is being subsumed within UC, therefore, this option would need to be reviewed when the UC regulations are published and possibly amended for April 2014.

5. Removing child benefit disregard

Child benefit was fully included in the assessment of Housing Benefit and

Council Tax Benefit prior to November 2009 it then became fully disregarded. The Government policy aim at the time was to help meet national child poverty targets. The Council could consider removing the disregard, or allowing a % of the child benefit paid to be disregarded, as child benefit will be fully included in the assessment when the benefit cap is introduced in April

There are currently 3485 working households with children receiving Council Tax Benefit in Hillingdon, 39% of which are lone parents. This proposal would disproportionately affect low-income working households, and as a result is a disincentive to work. It also goes against the principles of Universal Credit of 'making work pay' as in-work households will not be subject to the overall Benefit cap from April 2013. Therefore, this is not being proposed as part of the Scheme.

6. All claimants with non-dependents

Restricting the increased non-dependent contributions to the working non-dependent could be a fair way of ensuring those non-dependants that are able to pay do so. It may be unreasonable for out of work non-dependants to pay an increased deduction as they are already on a very low-income. If they were forced to leave the family home this may lead to an increase in shared accommodation increasing pressure on the supply of housing for this group.

Consultation

B.2) Did you carry out any consultation or engagement as part of this assessment?

Please tick ✓ NO YES ✓

If yes, what did you do or are planning to do? What were the outcomes?

A full consultation with the public and special interest groups will be undertaken on the scheme design. In addition, local landlords and interested groups will be consulted on the proposed technical changes to exemptions and discounts. Finally, consultation will take place with precepting authorities.

B.3) Provide any other information to consider as part of the assessment

Legal context

The council has a public duty to pay due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations (Equality Act 2010)

Financial context

It is predicted that public sector funding will reduce by about 28% over the life of the current, with Hillingdon Council having to achieve over £60m savings over the four year period.

National policy context

As part of the Spending Review 2010, the Government announced that it intended to localise council tax benefit (CTB) from 1 April 2013 with a 10% reduction in expenditure. These plans were included as part of the terms of reference for the Local Government Resource Review and the Welfare Reform Bill contains provisions to abolish CTB.

On 17 May, CLG published a consultation on funding arrangements for the new scheme with responses due by 12 July 2012. On the same date a Statement of Intent was published detailing the proposed methodology for the design and operation of a local scheme for council tax support.

National impact assessments

This document has been developed in line with the impact assessments published at the national level by Communities and Local Government. These are listed below:

- *Local Government Finance Bill: Localising support for council tax – Impact assessment* (Communities and Local Government)
- *Local Government Finance Bill: Localising support for council tax – Updated impact assessment* (Communities and Local Government)
- *Localising support for council tax: Vulnerable people – Key local authority duties* (Communities and Local Government)

C) Assessment

What did you find in B1? Who is affected? Is there, or likely to be, an impact on certain groups?

C.1) Describe any **NEGATIVE** impacts (actual or potential):

Equality Group	Impact on this group and actions you need to take
Claimants in deprivation	<p>Council Tax Benefit is a means-tested benefit. As a result, any changes to its provision will affect the most deprived claimants in the borough.</p> <p>Additionally, CTB claimants are more likely to receive Housing Benefit (HB), which is also being reduced as part of the broader Welfare Reform agenda. In Hillingdon, 20,709 households receive HB. 4,560 of these are council tenants; 4,755 live with Registered Social Landlords, and 8,394 are private tenants (March 2012 figures)</p> <p>The scheme has been designed to protect vulnerable groups, and to avoid the creation of disincentives for claimants to work.</p>

	<p>Key provisions which would disproportionately affect low income households have been excluded from Hillingdon's scheme. These include capping support by band of property (75% of households at Band D and above receive Housing Benefit).</p> <p>The London Borough of Hillingdon will continue to monitor the impact of Welfare Reform changes taking place from April 2013, as it is recognised that these will put an additional financial burden on the most deprived households, or those reliant on Housing Benefit.</p>
Women	<p>Nearly two-thirds of Council Tax Benefit claimants are women. Therefore, any change to the provision of support through this scheme will by definition be twice as likely to affect women.</p> <p>Options which disproportionately affect lone parent households, such as removing Child Tax Credit disregard, have been excluded from the borough's new scheme.</p> <p>The London Borough of Hillingdon will continue to monitor the impact of Welfare Reform changes taking place from April 2013, as it is recognised that these will put an additional financial burden on the most deprived households, or those reliant on Housing Benefit.</p>

C.2) Describe any **POSITIVE** impacts

Equality Group	Impact on this group and actions you need to take
Working age	<p>The Council Tax Support scheme has been designed in such a way as to avoid the creation of disincentives to finding work.</p> <p>Options such as increasing the excess income withdrawal rate would serve as a disincentive to work. These have been excluded from the new scheme.</p>
Pensioners	<p>Pensioners are protected from changes in support introduced as part of the Council Tax Support scheme.</p>
Vulnerable groups	<p>Vulnerable groups (including individuals receiving disability benefits) are protected from changes in support introduced as part of the Council Tax Support scheme.</p>

D) Conclusions

Reducing spending on support for council tax is an important contribution to Government's programme of deficit reduction, saving £470 million a year in Great Britain from 2013-14 which, based on previous shares of expenditure equates to

£420 million a year in England. The London Borough of Hillingdon has taken care to design a scheme that is simple, efficient and meets the requirements made of it under the Government's statement of intent.

This is an important agenda, which also supports greater localisation. Vulnerable groups such as pensioners and those with disabilities will be protected from the changes.

Nonetheless, it is inevitable that some groups will be affected by the localisation of council tax, in addition to the broader changes under Welfare Reform.

The London Borough of Hillingdon, therefore, proposes an initial scheme which will be adopted for the 2 years, during which time its impact alongside the broader sweep of Welfare Reforms will be monitored. At the end of this 2 year period, and depending on the impact on equalities and stakeholders, the current Council Tax Scheme will either be extended for another year, or the next phase of the Council Tax Scheme will be designed, consulted upon and introduced.

Signed and dated:.....

Name and position:.....

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LEGISLATION

Local Government Finance Bill (taken from explanatory notes)

This Bill amends the Local Government Finance Act 1992 and makes provision for local authorities to establish their own, locally determined, council tax reduction scheme. According to the provisions of the Bill, the schemes are to be made by 31st January 2013 and will apply to the financial year 2013-14. (The commencement of the schemes can be altered by the Secretary of State.)

Each local authority is to make their own assessment as to which groups they consider to be in financial need and thereby entitled to a reduction to their council tax. The local authority's scheme must set out the classes of person who are entitled to a reduction, the level of reduction which is to apply to those classes and the procedure by which a person may apply for a reduction. The Secretary of State retains the power to prescribe classes of persons which must be included in a scheme and the reductions which must apply to them. The Secretary of State intends to use this power to ensure that reductions are provided for pensioners.

Local authorities must consult before making a scheme and each financial year it must consider whether to revise or to replace its scheme. Should a local authority fail to institute a scheme by 31st January 2013 a default scheme established by the Secretary of State will apply to that local authority for the financial year 2013-14.

A new power contained in the Bill will allow local authorities to set council tax discounts on dwellings of a particular kind as set out in regulations. In addition, local authorities will also be able to charge an 'empty homes premium' in respect of dwellings which have been empty for two years or more, with the amount of council tax payable increased by up to 50%.

Child Poverty Act (extract from explanatory notes)

Places a duty on local authorities and their partners to co-operate to tackle child poverty in their area, to carry out an assessment of the levels of child poverty in that area, and to prepare a joint local child poverty strategy; and Amends section 4 of the Local Government Act 2000 to require local authorities in England to have regard to the arrangements they have made to co-operate with their partners to reduce child poverty in their area, their local child poverty needs assessment and their joint child poverty strategy when preparing their Sustainable Community Strategy.

Enables an order under section 512ZB of the Education Act 1996 to provide for free school lunches and milk to be provided to prescribed school children whose parents are entitled to a prescribed social security benefit without extending the same entitlement to other school children within the same family.

Disabled Persons (Services, Consultation and Representation) Act 1986 (summary explanation)

This Act makes provisions to provide for the improvement of the effectiveness of, and the co-ordination of resources in, the provision of services for people with mental or handicap and for people with mental illness.

Section 1 explains the meaning of an authorised representative and

Section 2 sets out the rights of authorised representatives of disabled persons.

Section 3 makes provisions regarding the assessment by local authorities of needs of disabled persons.

Section 4 provides that services under Section 2 of the Act have a duty to consider the needs of disabled persons.

Section 5 applies to disabled persons leaving education.

Section 6 relates to the review of expected leaving dates from full time education of disabled persons.

The Chronically Sick and Disabled Persons Act 1970

This Act makes further provisions with respect to the welfare of chronically sick and disabled persons.

Sections 1 – 3 consider welfare and housing. Section 3 imposes duties on the housing authorities for those with special needs, chronically sick or disabled.

Sections 4 – 7 apply to premises open to the public.

Section 8 makes provisions relating to university and school buildings.

Section 13 relates to the youth employment service which requires at least one person to be responsible for the employment of young disabled persons.

Section 16 sets out the duties of the national advisory council under Disabled Persons (Employment) Act 1944. Section 17 and 18 make special provisions with respect to persons under 65.

Section 26 imposes a duty on every local educational authority to require special educational treatment for children suffering from autism or other forms of early childhood psychosis.

Section 27 imposes a duty on every local educational authority for special educational treatment for children suffering with acute dyslexia.

Housing Act 1996 (prevention of homelessness)

Households unable to meet their accommodation costs, and as a consequence become threatened with homelessness or homeless, may turn to the local authority for assistance with housing. The local authority has a statutory duty to prevent homelessness arising but where it is unable to do so a statutory housing duty may arise. In some circumstances that will entail the provision of emergency whilst enquiries into a household homelessness application is carried out.

Part 7 of the Housing Act 1996 as amended by the Homelessness Act 2002 sets out the main statutory housing duties to homeless households. A statutory housing duty only arises where a household is considered homeless or threatened with homelessness under the terms of the act and to have a 'priority need' for accommodation.

There are four categories of people that have a 'priority need' which can broadly be grouped into:

i) families

ii) a person who is 'vulnerable' as a result of old age, mental illness, learning or physical disability or other special reason.

Homelessness may arise where a household has:

i) no accommodation s/he can legally occupy

- ii) accommodation that s/he can legally occupy but cannot gain access to
- iii) has accommodation that s/he can occupy but it is not reasonable to continue to occupy that accommodation.

It has been established by case law that it is not reasonable for an applicant to continue to occupy accommodation if the cost of paying for it would deprive the applicant of the means to provide for 'the ordinary necessities of life'. The local authority is required to take into consideration the households whole financial resources to meet accommodation costs, any child support or other payments that the applicant is required to make, and all other reasonable living expenses. In determining 'affordability' of accommodation a financial assessment is undertaken and the household's income against expenditure is measured. Financial resources are allocated against priority expenditure of which rental or mortgage payments are considered the highest priority followed by gas, electricity, council tax and food and any income remaining left over is then allocated paid towards secured loans, followed by unsecured debts such as credit card, personal loans and overdrafts. The failure of a household to treat their rental or mortgage payment as priority expenditure may result in the household being found intentionally homeless should they lose that accommodation.

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Agenda Item 8

APPROVAL FOR THE COUNCIL AS A MEMBER OF LOCATA (HOUSING SERVICES) LIMITED TO VOTE TO AMEND THE EXISTING COMPANY MEMORANDUM AND ARTICLES OF ASSOCIATION

Cabinet Member	Councillor Philip Corthorne
Cabinet Portfolio	Social Services, Health and Housing
Officer Contact	Beatrice Cingtho, Head of Housing
Papers with report	1) Existing Memorandum of Association 2) Existing Articles of Association 3) Housing Committee Minute of 21 June 2001 authorising the setting up of the company

HEADLINE INFORMATION

Purpose of report	This report seeks Cabinet's approval for the Council, as a member of Locata Housing Services, to vote to amend the existing company memorandum and articles of association.
Contribution to our plans and strategies	Putting residents first
Financial Cost	There are no financial costs for the Council arising from the proposal to amend Locata Housing Services Ltd's company articles. However, if the company's directors were to resolve to distribute the accumulated surplus, the amount payable to London Borough of Hillingdon would be approximately £15k.
Relevant Policy Overview Committee	Social Care, Health and Housing
Ward(s) affected	All

RECOMMENDATION

That Cabinet approve for the Council, as a member of Locata Housing Services (LHS), to vote to amend the existing company memorandum and articles

INFORMATION

Reasons for recommendation

1. The Company Board believe that the company has reached a point where it needs to change to further benefit its founding members. The purpose of this report is to seek approval for the Council, as a member of LHS, to vote to amend the existing company memorandum and articles which will enable:
 - distribution of profits amongst the members
 - appointment of specialist directors to add relevant skills to the company's board and
 - simplification of director voting rights.
2. Enabling the distribution of profits will allow surplus funds to be paid to the Council and other members, where these funds are not required for further investment in LHS. The other changes to the LHS's articles will enable LHS to ensure that it is managed in the best possible way as it grows and moves forward. This will allow the Council, with the other members, to continue to lead innovation in the housing field.

Alternative options considered / risk management

3. Not to approve for the Council to vote to amend the memorandum and articles of association. This option is not recommended because the cash surplus generated by the company would continue to grow and remain 'locked up' within the company and the Board will not necessarily have the mixed skill base required to manage and lead the company.
4. Another option considered by the Board was to change the company from the current status of one limited by guarantee to a company limited by shares. This option was rejected as it would require a separate company to be set up and all staff and assets transferred to the new company. This option would also have tax implications, which could prove costly. The main benefit of a share holder company, compared to the current one limited by guarantee is the ability to raise money by selling shares. This is not something that the existing board of directors considers is necessary to take the company forward at this stage.
5. The proposed option is a less radical alternative which would achieve current member goals but does not preclude further changes in the future of the company if required.

Comments of Policy Overview Committee(s)

6. None at this stage

Supporting Information

7. On 7th December 1999, Housing Committee was advised of the need to review Allocation policy in light of a changing local and national housing agenda as choice based lettings schemes were being developed nationwide to meet the Governments policy objectives of offering choice to housing applicants. Local authorities were required in their allocation scheme to include a statement on their policy on offering people ...'a choice of accommodation or opportunity to express preferences about the housing accommodation to be allocated to them'. The Government also set a performance target for all local authorities to offer choice by 2010.

8. In December 2000, the Housing Committee resolved that a bid should be made to the then Department for the Environment, Transport and the Regions for pilot status and related funding to examine the potential for a West London choice based lettings system.
9. The bid for £1.1m of Government funding was successful and in partnership with 4 other West London Local Authorities (Brent, Ealing, Harrow, and Hounslow) and 3 Housing Associations (Ealing Family HA (now Catalyst), Paddington Churches HA (now Genesis) and the Paradigm Group, Housing Committee on 21 June 2001 approved Hillingdon joining with its partners to form the Central Lettings Agency joint venture company which was called Locata Housing Service. It was a company limited by guarantee to provide IT solution and support services to its founding members in relation to a Choice Based Lettings Scheme.
10. As part of the development of choice based lettings, a common allocations policy was agreed between the partners that allowed discretion to meet local requirements. This policy was agreed by Housing Committee in December 2001. The choice based lettings system was implemented as a pilot and on a phased basis initially for applicants requiring one bedroom properties in April 2002. This was extended by the Committee to include lettings to all properties in November 2002. Locata was one of the 27 pilot projects funded by the Government.
11. In the 10 years since its incorporation, LHS has sold its services far and wide around the UK and has become very successful by providing a range of services to no fewer than 285 organisations (70 Local Authorities and 215 Registered Providers). The cost of managing the lettings process has been substantially reduced for founding members like Hillingdon. It has also given us access to leading edge technology which gives customers with housing needs online access to comprehensive advice.
12. The Locata Board (on which Beatrice Cingtho, Head of Housing, sits for Hillingdon) now proposes that the Memorandum of Association and Articles of Association be amended to allow the following objectives to be achieved. Amendment of these documents is a decision for the members of LHS, including Hillingdon Council. The objectives are:
 - to enable the company to distribute to its members surpluses currently 'locked up' in the business.
 - To enable the Board to appoint independent directors so as to ensure that collectively the board has the necessary expertise and experience to manage an organisation that has grown considerably since its foundation 10 years ago.
 - To enable independent directors to be paid for their services. For the avoidance of doubt, directors appointed by each member (LA & RSLs) will continue to be unpaid.
 - To simplify director voting rights set out in section 6 of the current articles of association.
- 13. Amendments recommended to the existing Memorandum and Articles of Association**

The key clauses in the Memorandum and Articles which are proposed for amendment are:
- 14. Memorandum: Paragraph 5 Application of Income and Property**

This section is proposed to be deleted in order to remove restrictions on use or application of property and income. Without such restriction, the company can decide how to apply its income and property, including distributing surpluses to members

15. Memorandum: Paragraph 8 Winding Up

Following the principle of any surpluses being distributed to members, the current wording is proposed to be deleted and replaced with the following:

“if upon winding up or dissolution of the Company there remains, after satisfaction of all debts and liabilities, any property whatsoever, the same shall be distributed among the Members of the Company.”

16. Articles: Paragraphs 11.3 & 11.4 – Appointment & Retirement of Directors

The current Articles allow for independent directors to be appointed by independent members; however, since there are no independent members, there is no provision for the appointment of independent directors. There is a need to bring on additional skills at the Board level, but not necessarily new members, so a new article needs to be inserted between 11.3 and 11.4 as follows:

“The directors shall be entitled to appoint directors of the Company subject to there being no more than 3 such persons appointed pursuant to this Article 11.4 at any one time.”

The current wording of 11.3 is proposed to be amended by including after the words “Each director” and before “shall upon appointment” the words “other than those appointed pursuant to Article 11.4”. Current 11.4 to be renumbered 11.5.

17. Articles: Paragraph 12 – Disqualification & Removal of Directors

The converse of the new plan to appoint independent directors is provision for their removal. Insert a new article 12b as follows:

“A Director appointed by the Board under clause 11.4 shall and can be removed by a vote of a simple majority of the Board”

18. Articles: Paragraph 13 – Remuneration of Directors

If the Board wishes to capture additional skills by appointing the independent directors, then it will be necessary for those directors to be remunerated in some way. It is now common practice for public sector owned companies to appoint and remunerate independent directors and it is proposed that LHS does so too. For the purposes of clarification, the existing clause (numbered 13.1) ensures that directors appointed by the RSL and LA members will continue to be unpaid and only receive expenses. The existing clause should be re-numbered as 13.1 and a new clause 13.2 added as follows:

“Any Director appointed under paragraph 11.4 shall be entitled to a remuneration which will be fixed by the Board from time to time.”

19. Articles: Paragraph 15.1

The words “and Schedule 1 of the Housing Act 1996” is proposed to be deleted since this provision ceased to apply in England.

20. Articles: Paragraph 16.2 to 16.4 – Proceeding of Directors

In order to remove the complicated provisions for poll voting both paragraphs 16.3 and 16.4 need to be deleted and, in paragraph 16.2, delete the words “in the first place”. Voting on the Board will then be by show of hands. (The rules on quorum, requiring a percentage of local authority directors and RSL directors shall continue). Clauses 16.5 et seq to be renumbered accordingly.

Financial Implications

21. There are no immediate financial implications for Hillingdon from the proposal to amend Locata Housing Services Ltd's company articles. However, if the company's directors were to resolve to distribute the current accumulated surplus of £470k (excluding £350k for working capital), there would be a small amount payable to the London Borough of Hillingdon. This would amount to just under £15k being 1/8 of the current distributable amount. The appointment of specialist Directors would however, result in additional costs and this would reduce the distributable amount unless they are able to make a contribution to the business which would result in increased profits.
22. The company structure along with professional indemnity insurance for officers was designed from the inception of the company to minimise financial risk for the individual members. Consequently, the company currently remains as limited by guarantee. This restricts the liability of individual members of company to the minimal (guaranteed) sum of £10.00. Even if in the future Locata were to change the company structure and become a company limited by share, future liability would be restricted to the amount paid in for shares.

EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES

What will be the effect of the recommendation?

23. Whilst this proposal does not directly affect resident, bringing additional skills on to the Board will enable LHS to develop and improve social housing functions. The company provides, and will continue to provide, a cost effective method of delivering housing advice and assistance to residents. Permitting any surplus to be distributed to members will allow this funding to be targeted at supporting the most vulnerable residents in housing need who tend to be vulnerable or socially excluded

Consultation Carried Out or Required

24. None

CORPORATE IMPLICATIONS

Corporate Finance

25. Corporate Finance has reviewed this report and notes that there are no direct financial implications arising from the recommendations contained within this report.

Legal

26. The Council's power to participate in Locata is now contained in section 1 of the Localism Act 2011. Further, section 3 of the Act requires the Council to only engage in commercial activity via a Limited Company.

27. The report explains why changes to Locata's Articles of Association are required and the Borough Solicitor confirms that there are no legal impediments to the Council as a Member of Locata from authorising its Director to support the amendments.
28. However, a change in the Company's Articles of Association requires a special resolution of the Company Members - i.e. 75% of the Members of the company support the change.
29. Once a special resolution is passed the Company must file the Amended Articles of Association with the Registrar of Companies together with a copy of the special resolution. Failure to do so constitutes a criminal offence under sections 26 and 30 of the Companies Act 2006.

BACKGROUND PAPERS

Housing Committee report dated 21st June 2001



Company No:

The Companies Act 1985

COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL

MEMORANDUM OF ASSOCIATION

-of-

LOCATA (HOUSING SERVICES) LIMITED

1. NAME

The name of the Company is Locata (Housing Services) Limited (the "Company").

2. REGISTERED OFFICE

The Company's registered office is to be located in England.

3. OBJECTS

The objects of the Company shall be:-

- 3.1 carry on the businesses of letting agents, hirers and letters on hire, managers, maintainers, lessors and lessees of any property of any description whatsoever, whether real or personal, corporeal or incorporeal, and whether consisting of choses in rem or choses in action whether under hire purchase agreements or otherwise;

- 3.2 providing services of any nature to registered social landlords, local authorities and other third parties in connection with the provision of housing, property and accommodation including inter alia the maintenance, updating, management and organisation of databases and other electronic or computer systems whether for the processing and arrangement of details relating to properties or tenants or otherwise and the development or procurement of computer software and hardware in connection therewith;
- 3.3 providing, improving or managing housing to be kept available for letting or hostels;
- 3.4 providing land, amenities or services, repairing or improving buildings, for the benefit of those persons occupying houses or hostels provided or managed by the Company; either exclusively or together with other persons;
- 3.5 acquiring, or repairing and improving houses to be disposed of on sale, on lease or on shared ownership terms;
- 3.6 managing houses which are held on leases or other lettings (not being houses to be kept available for letting, but including dwellings on which a licence to occupy has been granted) or blocks of flats;
- 3.7 providing services of any description for owners or occupiers of houses in arranging or carrying out works of maintenance, repair or improvement, or encouraging or facilitating the carrying out of such works;
- 3.8 enabling or assisting any residents of Members of the Company or any other parties to acquire, or to acquire and enter into occupation of, houses;
- 3.9 to prepare, create, publish and distribute books, journals, pamphlets, magazines, films, tapers and other publications relating to the work of the Company and whether alone or together with any other person or persons.

4. **POWERS**

The Company shall have the following powers exercisable in furtherance of its said objects but not otherwise, namely:

- 4.1 to advertise, promote and distribute information regarding the letting of accommodation in whatever way the Company sees fit including by way of the development or the setting up of internet sites, technology, information and software packages, systems and products;
- 4.2 to collect and provide or procure the collection and provision of information counselling advice and guidance in furtherance of the said objects or any of them;
- 4.3 to promote encourage or undertake any form of research relevant to the objects of the Company and to publish and disseminate the results of such research;

- 4.4 to hold or arrange exhibitions meetings lectures classes seminars and training courses either alone or with other organisations and whether public or private;
- 4.5 to purchase, take on lease, or in exchange, hire or otherwise acquire real or personal property and rights or privileges, and to construct, maintain and alter buildings or erections;
- 4.6 to sell, let, license, mortgage, charge or dispose of or turn to account all or any of the property or assets of the Company;
- 4.7 to purchase or otherwise acquire plant and machinery including computer hardware and software, furniture, fixtures, fittings and all other effects of every description and to apply for registration of any patents, rights, copyrights, licences and the like;
- 4.8 subject to such consents as may be required by law to borrow and raise money in such manner as the Company shall think fit and to secure the repayment of any money borrowed raised or owing by mortgage charge lien or other security upon the whole or any part of the Company's property or assets (whether present or future) and also by a similar mortgage charge lien or security to secure and guarantee the performance by the Company of any obligation or liability it may undertake or which may become binding on it;
- 4.9 to receive any money on deposit or loan upon such terms as the Company may approve and to guarantee the obligations and contracts of any person or corporation;
- 4.10 to take and accept any gift of money, property or other assets whether subject to any special trust or not;
- 4.11 to draw, make, accept, endorse, discount, execute and issue promissory notes, bills, cheques and other instruments and to operate bank accounts;
- 4.12 to make any donations in cash or assets or establish or support or aid in the establishment or support of and to lend money (with or without security) to or for any charitable associations or institutions;
- 4.13 to undertake and execute or manage any trusts which may lawfully be undertaken, executed or managed by the Company;
- 4.14 to engage and pay any person or persons whether on a full-time or part-time basis or whether as consultant or employee to supervise, organise, carry on the work of and advise the Company and, subject to the provisions of clause 5 hereof, to make any reasonable and necessary provision for the payment of pensions and superannuation to or on behalf of employees or former employees and their wives, husbands and other dependants;

- 4.15 to insure and arrange insurance cover for and (so far as permitted by Companies Act 1985 section 310) to indemnify its members, officers, servants and voluntary workers from and against all such risks incurred in the proper performance of their duties as it shall consider appropriate and to pay any premium in relation to indemnity insurance in respect of liabilities of its Board Members or any of them which would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in respect of the Company **PROVIDED THAT** such insurance shall not extend to any liability in respect of an act or omission which such Board Member or Board Members knew or ought reasonably to have known was a breach of duty or trust or which was committed by such Board Member or Board Members recklessly without due regard as to whether such act or omission might be a breach of duty or trust;
- 4.16 to purchase or otherwise acquire or to encourage or promote any in any way support or aid the establishment and development of any subsidiary company established for the purposes of carrying on any trade or business which is a proper trade and business either for the purpose of raising funds for the Company or for the furtherance of the objects of the Company, and to subscribe to, purchase, or acquire in any other way, any chose in action (including but without prejudice to the generality of the foregoing any stock, share, security, unit, debenture or debenture stock in each case whether preferred, deferred or secured or unsecured) and to guarantee, indemnify and secure by mortgaging or charging all or any part of its assets the obligations and liabilities and to make available financial assistance or accommodation in any other way to any such subsidiary company;
- 4.17 to subscribe to become a member of or amalgamate or co-operate with any other organisation institution society or body not formed or established for purposes of profit (whether incorporated or not and whether in Great Britain or Northern Ireland or elsewhere) whose objects are wholly or in part similar to those of the Company and which by its constitution prohibits the distribution of its income and property amongst its members to an extent at least as great as is imposed on the Company under or by virtue of Clause 5 hereof and to purchase or otherwise acquire and undertake all such parts of the property assets liabilities and engagements as may lawfully be acquired or undertaken by the Company of any such organisation institution society or body;
- 4.18 to establish where necessary local committees (whether autonomous or not);
- 4.19 to pay out of funds of the Company the costs, charges and expenses of and incidental to the formation and registration of the Company;
- 4.20 to enter into any arrangements with any governments or authorities, supreme, municipal, local or otherwise, or any person or company that may seem conducive to the objects of the Company, or any of them, and to obtain from any such government, authority, person or company any rights, privileges, charters, contracts, licences and concessions which the Company may think it desirable to obtain and to carry out, exercise and comply therewith;

4.21 to act as agents or brokers and as trustees for any person or company and to undertake and perform sub-contracts and to do all or any of the above things in any part of the world, and either as principals, agents, trustees, contractors or otherwise, and either alone or jointly with others, and either by or through agents, sub-contractors, trustees or otherwise.

4.22 to do all such other lawful things as shall further the attainment of the objects of the Company or any of them;

PROVIDED THAT:

4.22.1 In case the Company shall take or hold any property which may be subject to any trusts, the Company shall only deal with or invest the same in such manner as allowed by law, having regard to such trusts.

5. APPLICATION OF INCOME AND PROPERTY

The income and property of the Company shall be applied solely towards the promotion of its objects as set forth in this Memorandum of Association and no portion thereof shall be paid or transferred directly or indirectly by way of dividend, bonus or otherwise howsoever by way of profit, to members of the Company and no director of the Company shall be appointed to any office of the Company paid by salary or fees, or receive any remuneration or other benefit in money or money's worth from the Company.

PROVIDED THAT nothing herein shall prevent any payment in good faith by the Company:

5.1 of reasonable and proper remuneration to any Member, officer or servant of the Company (not being a director) for any services rendered to the Company and of travelling expenses necessarily incurred in carrying out the duties of any member, officer or servant of the Company;

5.2 of interest on money lent by a Member or director of the Company at a rate per annum not exceeding two percentage points less than the base lending rate for the time being of the Company's clearing bankers or 3% whichever is the greater;

5.3 to any director of reasonable out-of-pocket expenses;

5.4 of fees, remuneration or other benefit in money or money's worth to a company of which a Member of the Company or a director may be a member holding not more than one hundredth part of the capital of such company;

5.5 of reasonable and proper rent for premises demised or let by any Member of the Company or any director for use by the Company.

6. **LIMITED LIABILITY**

The liability of the Members is limited.

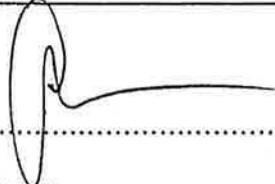
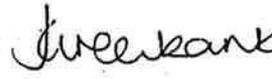
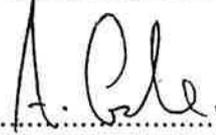
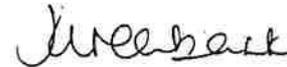
7. **MEMBER'S GUARANTEE**

Every Member of the Company undertakes to contribute to the assets of the Company, in the event of the same being wound up while he is a Member, or within one year after he ceases to be a Member, for payment of the debts and liabilities of the Company contracted before he ceases to be a member and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding £10.

8. **WINDING UP**

If upon the winding up or dissolution of the Company there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the Members of the Company for their own benefit, but shall firstly be applied towards the repayment of any monies paid to the Company by way of grant from the Department for Transport, Local Government and the Regions (or any similar or succeeding public or governmental authority) and any sums or property remaining thereafter shall be applied towards the costs of the Members in re-establishing the services provided and undertaken by the Company, whether by way of such services being performed by the Members personally, by another entity which succeeds to some or all of the functions of the Company, or otherwise.

We, the several persons whose names and addresses are subscribed are desirous of being formed into a Company in pursuance of this Memorandum of Company:-

<p align="center">NAMES, AND ADDRESSES OF SUBSCRIBERS</p>	<p align="center">Authorised Signatory</p>
<p>The Mayor and Burgesses of the London Borough of Brent Town Hall Forty Lane Wembley Middlesex HA9 9HD</p>	<p align="center"></p> <p>.....</p> <p>WITNESS to the above Signature:-</p> <p>SIGNATURE: </p> <p>NAME: JOANNE M. GREENBANK</p> <p>ADDRESS: 64 LENSFORD ROAD ST ALBANS AL1 3PT</p>
<p>The Council of the London Borough of Ealing Town Hall New Broadway Ealing London W5 2BY</p>	<p align="center"></p> <p>.....</p> <p>WITNESS to the above Signature:-</p> <p>SIGNATURE: </p> <p>NAME: JOANNE M. GREENBANK</p> <p>ADDRESS: 64 Lensford Road St Albans AL1 3PT</p>
<p>The Mayor and Burgesses of the London Borough of Harrow Civic Centre Harrow Middlesex HA1 2XG</p>	<p align="center"></p> <p>.....</p> <p>WITNESS to the above Signature:-</p> <p>SIGNATURE: </p> <p>NAME: JOANNE M. GREENBANK</p> <p>ADDRESS: 64 LENSFORD ROAD, ST ALBANS AL1 3PT</p>

The Mayor and Burgesses of the
London Borough of Hillingdon
Civic Centre
Uxbridge
Middlesex UB8 1UW



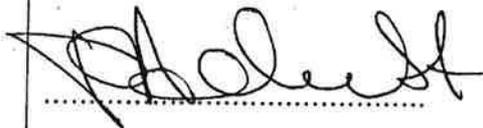
WITNESS to the above Signature:-

SIGNATURE: 

NAME: JOANNE M. GREENBANK

ADDRESS: 64 LEMS福德 ROAD,
ST ALBANS AL1 3PT

The Mayor and Burgesses of the
London Borough of Hounslow
The Civic Centre
Lampton Road
Hounslow TW3 4DN



WITNESS to the above Signature:-

SIGNATURE: 

NAME: JOANNE M. GREENBANK

ADDRESS: 64 LEMS福德 ROAD
ST ALBANS AL1 3PT

Paradigm Housing Group Limited
Hundreds House
24 London Road West
Amersham
Bucks HP7 0EZ



WITNESS to the above Signature:-

SIGNATURE: 

NAME: MARGARET DALE

35 HIGHFIELD CLOSE
ADDRESS: AMERSHAM
BUCKS HP6 6HQ

<p>Ealing Family Housing Association Limited St James' House 105-113 Broadway West Ealing London W13 9BE</p>	<p><i>E. Graves</i></p> <p>.....</p> <p>WITNESS to the above Signature:-</p> <p>SIGNATURE: <i>Phil Shemings</i></p> <p>NAME: PHIL SHEMMINGS</p> <p>ADDRESS: 92 HERMITAGE ROAD LONDON SE19 3JS</p>
<p>Paddington Churches Housing Association Canterbury House Canterbury Road London NW6 5SQ</p>	<p><i>Joanne M. Greenbank</i></p> <p>.....</p> <p>WITNESS to the above Signature:-</p> <p>SIGNATURE: <i>Joanne M. Greenbank</i></p> <p>NAME: JOANNE . M. GREENBANK</p> <p>ADDRESS: CALMSFORD ROAD ST. ALBANS AL1 3PT</p>

DATED this 17th day of APRIL 2002



Company No:

The Companies Act 1985

Company Limited By Guarantee And Not Having A Share Capital

ARTICLES OF ASSOCIATION

of

LOCATA (HOUSING SERVICES) LIMITED

1. INTERPRETATION

1.1 In these Articles:

'THE ACT' means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force

'THE ARTICLES' means the Articles of the Company

'CLEAR DAYS' in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect

"COMMUNICATION" means the same as in the Electronic Communications Act 2000

"ELECTRONIC COMMUNICATION" means the same as in the Electronic Communications Act 2000

'EXECUTED' includes any mode of execution

'INDEPENDENT DIRECTORS' means the directors appointed by the Independent Members pursuant to the Articles

'INDEPENDENT MEMBER' means a Member which is not an RSL Member or a Local Authority Member

'LOCAL AUTHORITY DIRECTORS' means the directors appointed by the Local Authority Members pursuant to the Articles

'LOCAL AUTHORITY MEMBER' means a Member which is a Local Authority as defined in Section 67(3) of the Local Government and Housing Act 1989

'OFFICE' means the registered office of the Company

'RSL DIRECTORS' means the directors appointed by the RSL Members pursuant to the Articles

'RSL MEMBER' means a Member which is registered as a social landlord pursuant to Section 1 of the Housing Act 1996

'THE SEAL' means the common seal of the Company

'SECRETARY' means the Secretary of the Company or any other person appointed to perform the duties of the Secretary of the Company, including a joint, assistant or deputy secretary

'THE UNITED KINGDOM' means Great Britain and Northern Ireland

Unless the context otherwise requires, words or expressions contained in these Articles bear the same meaning as in the Act but excluding any statutory modification thereof not in force when these Articles become binding on the Company.

2. MEMBERS

2.1 The subscribers to the Memorandum of Association of the Company and such other persons as are admitted to membership in accordance with the Articles shall be Members of the Company. No person shall be admitted a Member of the Company unless he or she is approved by the directors. Every person who wishes to become a Member shall deliver to the Company an application for membership in such form as the directors require executed by him or her.

2.2 A Member may at any time withdraw from the Company by giving at least 12 months' notice to the Company in writing duly signed to the Secretary and thereupon such Member shall be deemed to have ceased to be a Member from the date of expiration of such notice. Membership shall not be transferable and shall automatically cease if the Member, being a corporation, passes a resolution for winding-up (otherwise than for the purpose of a solvent amalgamation or reconstruction where the resulting entity assumes all of the obligations of the Member) or a court makes an order to that effect, or being a partnership is dissolved, or being an individual commits any act of bankruptcy, becomes incapable by reason of mental disorder or dies, or if the Member (whether a corporation or not) ceases to carry on its business or substantially the whole of its business, or becomes or is declared insolvent or commits any act of bankruptcy or convenes a meeting of or makes or proposes to make any arrangement or composition with its creditors or if a liquidator, receiver,

- (b) in the case of any other meeting by a majority in number of the Members having a right to attend and vote being a majority together holding not less than 95 per cent of the total voting rights at the meeting of all the Members.

The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.

The notice shall be given to all the Members and to the directors and auditors.

- 4.2 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

5. PROCEEDINGS AT GENERAL MEETINGS

- 5.1 No business shall be transacted at any meeting unless a quorum is present. A Member may be present in person or through a proxy for the purposes of determining the quorum. A quorum shall comprise not less than 60% in number of the Local Authority Members together with not less than 25% of the RSL Members.
- 5.2 A director shall, notwithstanding that he or she is not a Member, be entitled to attend and speak at any general meeting.
- 5.3 If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other time as the directors may determine (the "Adjourned Meeting").
- 5.4 The chairman, if any, of the board of directors or in his or her absence some other director nominated by the directors shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) be present within 15 minutes after the time appointed for holding the meeting and willing to act, the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he or she shall be chairman.
- 5.5 If no director is willing to act as chairman, or if no director is present within 15 minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.
- 5.6 The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for 14 days or more, at least 7 Clear Days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.

- 5.7 A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded:
- (a) by the chairman; or
 - (b) by at least two Members having the right to vote at the meeting;
- and a demand by a person as proxy for a Member shall be the same as a demand by the Member.
- 5.8 Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 5.9 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
- 5.10 A poll shall be taken as the chairman directs and he or she may appoint scrutineers (who need not be Members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 5.11 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such other time and place as the chairman directs not being more than 30 days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- 5.12 No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least 7 Clear Days' notice shall be given specifying the time and place at which the poll is to be taken.
- 5.13 A resolution in writing executed by or on behalf of each Member who would have been entitled to vote upon it if it had been proposed at a general meeting at which such Member was present shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more Members.

6. VOTES OF MEMBERS

6.1 On a show of hands Members present in person shall have one vote. Where a poll is demanded each class of Members shall together be entitled to cast the following number of votes (the "Voting Portion"):

- (a) Independent Members = 10
- (b) Local Authority Members = 65
- (c) RSL Members = 25

6.2 On a poll each Member shall be entitled to cast a vote which shall be calculated as follows:-

$$\frac{A}{B}$$

where

A = the Voting Portion of the class to which that Member belongs

B = the number of Members of same class voting on such poll

In calculating the above, fractions shall be taken into account in order to establish the overall percentage of those voting for and against any resolution.

6.3 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.

6.4 An instrument appointing a proxy shall be executed by or on behalf of the appointer and shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the directors may approve):

I/We _____ of _____

being a [Local Authority/RSL/Independent] Member of the above-named Company, hereby appoint

of _____ or failing him or her

of _____

as my/our proxy to vote in my/our name[s] and on my/our behalf at the annual/extraordinary general meeting of the Company to be held on [] 20[] and at any adjournment thereof.

Signed on 20[].

6.5 Where it is desired to afford Members an opportunity of instructing the proxy how he or she shall act the instrument appointing a proxy shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the directors may approve):

I/We of

being a [Local Authority/RSL/Independent] Member of the above-named Company, hereby appoint

of or failing him or her

of

as my/our proxy to vote in my/our name[s] and on my/our behalf at the annual/extraordinary general meeting of the Company, to be held on 20[], and at an adjournment thereof.

This form is to be used in respect of the resolutions mentioned below as follows:

Resolution No 1 +for +against

Resolution No 2 +for +against

+ strike out whichever is not desired.

Unless otherwise instructed, the proxy may vote as he or she thinks fit or abstain from voting.

Signed this day of 20[].

6.6 The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors may:

(a) in the case of an instrument in writing be deposited at the office or such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or

(b) in the case of an appointment contained in an electronic communication, where an address has been specified for the purpose of receiving electronic communications

- (i) in the notice convening the meeting, or
 - (ii) in any instrument of proxy sent out by the company in relation to the meeting, or
 - (iii) in any invitation contained in an electronic communication to appoint a proxy issued by the company in relation to the meeting, be received at such address not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote
- (c) in the case of a poll taken more than 48 hours after it is demanded, be deposited or received as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
 - (d) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the Secretary or to any director;

and an appointment of proxy which is not deposited, delivered or received in a manner so permitted shall be invalid.

In this regulation and the next, "address", in relation to electronic communications, includes any number or address used for the purposes of such communications.

- 6.7 A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Company at the Office or at such other place at which the instrument of proxy was duly deposited or, where the appointment of the proxy was contained in an electronic communication, at the address at which such appointment was duly received, before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

7. NUMBER OF DIRECTORS

- 7.1 Unless otherwise determined by ordinary resolution, there shall be no maximum number of directors and the minimum number of directors shall be two. The first directors shall be those persons delivered in the statement delivered pursuant to Section 10(2) of the Act who shall be deemed to have been appointed under the Articles. Future directors shall be appointed in accordance with the Articles.

8. ALTERNATE DIRECTORS

- 8.1 Any director (other than an alternate director) may appoint any other director, or any other person approved by resolution of the directors and willing to act, to be an alternate director and may remove from office an alternate director so appointed by him or her.
- 8.2 An alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his or her appointor is a member, to attend and vote at any such meeting at which the director appointing him or her is not personally present and generally to perform all the functions of his or her appointor as a director in his or her absence but shall not be entitled to receive any remuneration from the Company for his or her services as an alternate director. But it shall not be necessary to give notice of such a meeting to an alternate director who is absent from the United Kingdom.
- 8.3 An alternate director shall cease to be an alternate director if his or her appointor ceases to be a director; but, if a director retires by rotation or otherwise but is re-appointed or deemed to have been re-appointed at the meeting at which he or she retires, any appointment of an alternate director made by him or her which was in force immediately prior to his or her retirement shall continue after his or her re-appointment.
- 8.4 Any appointment or removal of an alternate director shall be by notice to the Company signed by the director making or revoking the appointment or in any other manner approved by the directors.
- 8.5 Save as otherwise provided in the Articles, an alternate director shall be deemed for all purposes to be a director and shall alone be responsible for his or her own acts and defaults and he or she shall not be deemed to be the agent of the director appointing him or her.

9. POWERS OF DIRECTORS

- 9.1 Subject to the provisions of the Act, the Memorandum and the Articles and to any directions given by special resolution, the business of the Company shall be managed by the directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this regulation shall not be limited by any special power given to the directors by the Articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.
- 9.2 The board of directors may following the passing of an appropriate resolution at a duly convened meeting of the board of directors, by power of attorney or otherwise, appoint any person to be the agent of the Company for the purpose of empowering such agent to negotiate, approve and/or enter into contracts or other transactions on behalf of the Company and on such conditions as they determine, including authority for the agent to delegate all or any of his or her powers.

10. DELEGATION OF DIRECTORS' POWERS

10.1 The directors may delegate any of their powers to any committee consisting of one or more directors. They may also delegate to any managing director or any director holding any other executive office such of their powers as they consider desirable to be exercised by him or her. Any such delegation may be made subject to any conditions the directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more Members shall be governed by the Articles regulating the proceedings of directors so far as they are capable of applying.

11. APPOINTMENT AND RETIREMENT OF DIRECTORS

11.1 Each Member shall be entitled to appoint one director at any time and to remove from office and replace any director which it has previously appointed.

11.2 Any appointment or removal of a director pursuant to Article 11.1 shall be in writing signed by or on behalf of the relevant Member and served on the Company at its registered office. Any such removal or appointment shall take effect as at the time of such lodgement at the registered office of the Company or such later time as may be specified in the notice. The Company shall arrange for a copy of any such notice to be sent to all other Members

11.3 Each director shall upon appointment be designated as an Independent Director, a Local Authority Director or an RSL Director in accordance with Article 1.

11.4 No directors shall be appointed or removed otherwise than pursuant to the Articles save as may be provided by law. No director shall be obliged to retire or resign upon the attaining of any specified age or by way of retirement by rotation.

12. DISQUALIFICATION AND REMOVAL OF DIRECTORS

12.1 The office of a director shall be vacated if:

- (a) he or she ceases to be a director by virtue of any provision of the Act or he or she becomes prohibited by law from being a director; or
- (b) he or she becomes bankrupt or makes any arrangement or composition with his or her creditors generally; or
- (c) he or she is, or may be, suffering from mental disorder and either:
 - (i) he or she is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1984; or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his or her detention or

for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his or her property or affairs; or

- (d) he or she resigns his or her office by notice to the Company; or
- (e) he or she shall for more than 6 consecutive months have been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his or her office be vacated; or
- (f) he or she shall be removed by the Member which appointed him or her pursuant to Article 11.

13. **REMUNERATION OF DIRECTORS**

- 13.1 The provisions of the Memorandum of Association as to the remuneration of directors shall apply.

14. **DIRECTORS' EXPENSES**

- 14.1 The directors may be paid all travelling, hotel, and other expenses properly incurred by them in connection with their attendance at meetings of directors or committee of directors or general meetings or separate meetings of the holders of debentures of the Company or otherwise in connection with the discharge of their duties.

15. **DIRECTORS' APPOINTMENTS AND INTERESTS**

- 15.1 Subject to the provisions of the Act and of the Memorandum of Association and Schedule 1 of the Housing Act 1996, the directors may appoint one or more of their number to the office of managing director or to any other executive office under the Company and may enter into an agreement or arrangement with any director for his or her employment by the Company or for the provision by him or her of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as the directors determine and, subject as aforesaid, they may remunerate any such director for his or her services as they think fit. Any appointment of a director to an executive office shall terminate if he or she ceases to be a director but without prejudice to any claim to damages for breach of the contract of service between the director and the Company.

- 15.2 Subject to the provisions of the Act and the Memorandum of Association and provided that he or she has disclosed to the directors the nature and extent of any material interest of his or her, a director notwithstanding his or her office:

- (a) may be a party to, or otherwise be interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate

promoted by the Company or in which the Company is otherwise interested;
and

- (c) shall not, by reason of his or her office, be accountable to the Company for any benefit which he or she derives from any such office or employment from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

15.3 For the purposes of Article 15.2

- (a) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified; and
- (b) an interest of which a director has no knowledge and of which it is unreasonable to expect him or her to have knowledge shall not be treated as an interest of his or her.

15.4 An Independent Director shall not be entitled (irrespective of the disclosure of the nature and extent of his or her interest) to vote at a meeting of the directors or a committee of the directors on any resolution concerning a matter in which he or she has, directly or indirectly, an interest or duty which is material. A Local Authority Director or an RSL Director shall be entitled to vote at a meeting of the directors or a committee of the directors on any resolution notwithstanding that he or she has, directly or indirectly, an interest or duty which is material provided that the nature and extent of such interest has been disclosed to the directors.

16. PROCEEDINGS OF DIRECTORS

16.1 Subject to the provisions of the Articles, the directors may regulate their proceedings as they think fit. A director may, and the Secretary at the request of a director shall, call a meeting of the directors. It shall not be necessary to give notice of a meeting to a director who is absent from the United Kingdom. A director who is also an alternate director shall be entitled in the absence of his or her appointor to a separate vote on behalf of his or her appointor in addition to his or her own vote.

16.2 Questions arising at a meeting shall be decided in the first place by a majority of votes on a show of hands and each director present and entitled to vote shall have one vote.

16.3 A poll may be demanded on or before the declaration of the result of a vote on a show of hands by any Local Authority Director present and entitled to vote at the meeting. The poll shall be conducted, including with respect to timing, at the direction of the chairman. Where a poll is demanded each class of directors shall together be entitled to cast the following number of votes (the "Voting Portion"):

- (a) Independent Directors = 10
- (b) Local Authority Directors = 70
- (c) RSL Directors = 20

16.4 On a poll each Director shall be entitled to cast a vote which shall be calculated as follows:-

$$\frac{A}{B}$$

where

A = the Voting Portion of the class of directors to which that Director belongs

B = the number of Directors of same class voting on such poll

In calculating the above, fractions shall be taken into account in order to establish the overall percentage of those voting for and against any resolution.

16.5 The quorum for the transaction of the business of the directors shall be not less than 50% of the Local Authority Directors (if any) and 25% of the RSL Directors (if any).

16.6 The directors may appoint one of their number to be the chairman of the board of directors and may at any time remove him or her from that office. Unless he or she is unwilling to do so, the director so appointed shall preside at every meeting of directors at which he or she is present. But if there is no director holding that office, or if the director holding it is unwilling to preside or is not present within 5 minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting. The chairman shall not be entitled to a casting vote on a vote on any proposed resolution.

16.7 All acts done by a meeting of directors, or of a committee of directors, or by a person acting as a director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.

16.8 A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors shall be as valid and effectual as if it had been passed at a meeting of directors as (as the case may be) a committee of directors duly convened and held and may consist of several documents in the like form each signed by one or more directors; but a resolution signed by an alternate director need not also be

20.2 The Company may give any notice to a Member either personally, by fax or by sending it by first class post in a prepaid envelope addressed to the Member at its registered address or by leaving it at that address or by giving it using electronic communications to an address for the time being notified to the company by the member. A Member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be given to it or an address to which notices may be sent using electronic communications shall be entitled to have notices given to it at that address, but otherwise no such Member shall be entitled to receive any notice from the Company.

In this regulation and the next, "address", in relation to electronic communications, includes any number or address used for the purpose of such communications.

20.3 A Member present, either in person or by proxy, at any meeting of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

20.4 Any notice if given personally shall be deemed served when delivered; if sent in an electronic communication shall be deemed served at the expiration of 48 hours after the time it was sent; if sent by fax shall be deemed served when despatched, and if served by first class post shall be deemed served two days after posting. In proving the service of any notice it will be sufficient to prove, in the case of a letter, that such letter was delivered to the address given for notice or properly stamped, addressed and placed in the post; or, in the case of a fax, that such fax was duly despatched to a current fax number of the addressee; or, in the case of a notice contained in an electronic communication, that such notice was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators.

21. WINDING UP

21.1 On the winding-up and dissolution of the Company the provisions of the Memorandum of Association shall have effect as if repeated in these Articles.

22. BY-LAWS

22.1 The directors may from time to time make such Rules and By-laws as they deem necessary or expedient or convenient for the proper conduct and management of the Company and for the purposes of prescribing the conditions of membership.

22.2 The Company in general meeting shall have power to alter or repeal the Rules and By-laws and to make additions thereto and the directors shall adopt such means as they deem sufficient to bring to the notice of Members of the Company all such Rules and By-laws, which so long as they shall be in force, shall be binding on all directors and Members of the Company provided nevertheless, that no Rule or By-law shall be inconsistent with, or shall effect or repeal anything contained in the Memorandum or Articles of the Company.

Ealing Family Housing Association Limited
St James' House
105-113 Broadway
West Ealing
London W13 9BE

.....*C. G. M. S.*.....

WITNESS to the above Signature:-

SIGNATURE: *Phil Sherrings*
NAME: PHIL SHERRINGS
92 Hermitage Road
ADDRESS: London SE19 3JS

Paddington Churches Housing Association.
Canterbury House
Canterbury Road
London NW6 5SQ

.....*Joanne M. Greenbank*.....

WITNESS to the above Signature:-

SIGNATURE: *Joanne M. Greenbank*
NAME: JOANNE M. GREENBANK
ADDRESS: 64 LENSFORD ROAD,
ST ALBANS AL1 3PT

DATED this 17th day of APRIL 2002

HOUSING COMMITTEE

Meeting held at the Civic Centre, Uxbridge
on Thursday 21 June 2001 at 7.30pm

Councillor Philip Corthorne (Chairman)
*Councillor Jim O'Neill (Vice-Chairman)

Councillors:	Ann Banks	*Mo Khursheed	Mike Usher
	George Cooper	Douglas Mills (substitute)	Andrew Vernazza
	Geoff Courtenay	Anne O'Shea (substitute)	Anthony Way
	Janet Gardner	Cathy Stocker	

Also in Attendance: Councillor Rod Marshall (Standing Order 30 (5))

* Denotes apologies submitted

The Chairman requested that his appreciation of the work of the former Chairman of the Committee, Councillor Andrew Retter, be recorded.

1. APPOINTMENT OF ADVISORY MEMBERS

RESOLVED – That the following advisory members be appointed to the Housing General Sub-Committee

Hayes Area Tenant Board - John Mansfield
Uxbridge Area Tenant Board - Jean White
Yiewsley/West Drayton Area Tenant Board - Beryl Knight
Hillingdon Disabled Tenants and Residents Association - Peter Kemp

2. MINUTES

The Minutes of the meetings held on 15 March and 17 May 2001 were signed by the Chairman as a correct record.

3. URGENT ITEM

The Chairman agreed to take a report concerning the establishment of a Central Lettings Agency joint venture company as urgent for the reasons set out in Minute 16 below.

4. CONSIDERATION OF REPORTS IN PUBLIC AND PRIVATE

The Committee confirmed that all business would be conducted in public.

5. SECTION 106 OF LOCAL GOVERNMENT FINANCE ACT 1992

The Sub-Committee was informed that the Borough Treasurer considered that no items on the agenda fell within the requirements of the Section 106 of the Local Government Finance Act 1992.

6. MINUTES OF HOUSING GENERAL SUB-COMMITTEE

The Minutes of the Housing General Sub-Committee held on 1 May and 31 May 2001 were noted.

RESOLUTIONS AND REPORTS

7. HOUSING REVENUE ACCOUNT BUDGET 2001/02 - UPDATE

The Committee considered a report detailing changes to the Housing Revenue Account budget position since the annual budget and rents were set at the February meeting.

It was reported that the Estates Clean Up Campaign programme was expected to be completed by December.

RESOLVED – That the revised Housing Revenue Budget Account budget for 2001/02, as set out in the report, be noted.

8. HOUSING GENERAL FUND SERVICES BUDGET 2001/02 - UPDATE

The Committee considered a report setting out the latest Housing General Fund revenue budget position for 2001/02 based on the Cash Limit allocated to Housing for its General Fund services by Council on 8 March 2001.

It was reported that, at this stage of the year, there was potential for significant variation on the main housing budgets of homelessness and benefits.

The current position regarding the use of consultants, agency staff and overtime was reported for information.

A member suggested that the new members of the Committee might wish to visit some of the properties used for temporary accommodation and the Colne Park Caravan Site. Officers agreed to arrange such visits.

RESOLVED – 1. That the current budget position and the pressures on it be noted.

2. That the current position regarding the use of Consultants, Agency staff etc as set out in Appendix A to the report be noted.

9. HOUSING CAPITAL PROGRAMME

The Committee considered a report which gave details of the provisional outturn for the Housing capital programme for 2000/01 and the latest position for 2001/02.

RESOLVED – 1. That the provisional outturn for the Housing capital programme for 2000/01 and the current position for 2001/02, as set out in this report, be noted.

2. That £8,000 be transferred from the LASHG Budget for 2001/02, to works to the Colne Park travellers site, to part fund the building of fire walls, as described in the report.

10. HOUSING STRATEGY AND BUSINESS PLAN 2002/03 - 2004/05

The Committee considered a report which set out the broad strategic objectives for the Housing Service. Those objectives were the basis of the Personal Performance Plan of the Corporate Director of Housing Services. They were then translated into strategic, management and operational objectives for the whole of the Service through individual performance plans. Those objectives would also be incorporated within the Business Plan for the Housing Revenue Account.

The objectives also formed the core of the Housing Strategy Statement which was currently being drafted for submission to the Government Office for London by 31 July 2001. An outline of the content of the statement was provided as an Appendix to the report.

It was agreed that officers should investigate strategies to reflect the changing needs of tenants aged over 50.

RESOLVED – 1. That the strategic objectives set out in the report be endorsed.

2. That officers investigate further strategies to reflect the changing needs of tenants aged over 50 complementing further the range of strategies and initiatives already being pursued.

11. HOUSING SERVICE ACTION PLAN 2000/01 - REVIEW

Members of the Committee had been provided with a copy of the draft Housing Service Performance Review Book 2000/01. The Committee considered a report summarising the key issues and drawing attention to the implications for the Housing Service Action Plan.

RESOLVED – 1. That the summary of performance and the implications for the Housing Action Plan be noted.

2. That the revised Best Value performance plans set out in Appendix 1 be noted.

12. OPTIONS FOR THE PROCUREMENT OF HOUSING ADVICE SERVICES

During the Best Value review of Homelessness and the Housing Register, one of the items within the action plan was to investigate further the procurement options for the provision of Housing Advice Services.

The Committee considered a report advising members of the outcome of those considerations and which recommended the partnership approach as the option which officers believed would enhance the level of services provided.

It was noted that in January 2001, a new service for single people aged between 16 and 25 opened. It was run by Project 2041 called the 'Navigator Centre' and was undertaking the Council's duty to provide advice and assistance to this age group.

It was agreed that Project 2041 should be invited to give a presentation at a future meeting.

- RESOLVED** – 1. That the options for procurement be noted.
2. That continued negotiations with prospective partners to provide advice services through a partnership arrangement be endorsed.
3. That Project 2041 be invited to give a presentation at a future meeting of Housing Committee.

13. ETHNIC MONITORING AND HOUSING ALLOCATIONS REVIEW

The Committee considered the fourth report on the outcome of ethnic monitoring of the Housing Register and of the people rehoused into Council and Housing Association properties since 1990 when data began to be collected.

The report showed a decrease in the number of applicants providing details of their ethnic background. Further encouragement would be given to applicants to provide information for the annual review.

The report reviewed the most significant aspects of the Housing Register and homelessness from initial application to decision making with regard to the allocation of resources and updated the Committee on the allocation review.

RESOLVED – That the following be noted:

1. The content of the report;
2. That officers will report annually on the outcome of equal opportunity, black and minority ethnic monitoring;
3. That Officers will review and implement ways to encourage more applicants to complete the ethnic monitoring section of their application forms.

4. That future reports will contain more information relating to Black and Minority Ethnic households e.g. Income and disability;

5. The new timescale for the allocation review.

14. HOMELESSNESS STATISTICS

Further to the resolution of the Council at its meeting held on 15 July 1999 the Committee considered statistical information relating to:

- (a) The numbers of acceptances into temporary accommodation;
- (b) The numbers in temporary accommodation.

RESOLVED – 1. That the report be noted.

2. That the Chairman and Party Leads and the Borough's 3 MPs be asked to write to the Minister for Local Government and the Regions to request additional support for Hillingdon to tackle the problems of homelessness.

15. E – SERVICES – FRAMEWORK FOR TARGETS, MILESTONES AND RESOURCES

At its meeting held on 22 March 2001, Policy Committee considered a report on e - services and resolved that Service Committees should receive quarterly reports on progress in delivering e - service targets.

The Committee considered the first of these reports which demonstrated that Housing Services had been proactive in embracing the potential for modernisation that electronic service delivery offered.

RESOLVED – 1. That Housing Services approach to e - Services be noted.

2. That the specific proposals outlined in this report be approved.

16. WEST LONDON PILOT FOR CHOICE BASED LETTINGS – CENTRAL LETTINGS AGENCY

Further to Minute 9 of the meeting held on 14 December 2000, The Committee considered a report which provided an overview of the organisational arrangements of the West London pilot for the choice based lettings, to be known as the Central Lettings Agency (CLA). It explained the status of the organisation, its interaction with each local authority and the connections between members of the CLA. It provided guidance on fiduciary and regulatory issues, especially the procurement of services. It provided an overview of the

timetable and the role that local authorities were expected to play within the Pilot project.

A similar report was being submitted to the Committee or Cabinet process in each of the five participating boroughs and the Management Boards of the partners RSLs.

RESOLVED – 1. That the London Borough of Hillingdon joins with its partners to form the Central Lettings Agency joint venture company.

2. That, subject to consultation with the Whips, the Chairman of Housing be delegated to represent the Council on the Board of Directors.

3. That the provision for a representative deputy be pursued during the completion of the partnership agreement

4. That it be noted that progress of the pilot project will be reported at each Committee cycle.

(The Chairman agreed to accept this item as urgent as work on the legal documents to establish the Central Lettings Agency (CLA) joint venture company was in its final stages. The timetable for the project was agreed by Government as a pre-requisite for the bid. To ensure compliance the partners needed to agree the legal and organisational structure before the end of July and this was the last Committee before that date.)

The meeting closed at 9.25 p.m.

WEST LONDON PILOT FOR CHOICE BASED LETTINGS - CENTRAL LETTINGS AGENCY

ITEM 10

*Contact Officer: Dorothy West
Telephone: 01895 440175*

REASON FOR URGENCY

Work on the legal documents to establish the Central Lettings Agency (CLA) joint venture company is in its final stages. The timetable for the project was agreed by Government as a pre-requisite for the bid. To ensure compliance the partners need to agree the legal and organisational structure before the end of July. As this is the last Committee before that date the Chairman has been asked to accept this as urgent.

SUMMARY

This report provides an overview of the organisational arrangements of the West London pilot for the choice based lettings, to be known as the Central Lettings Agency (CLA). It explains the status of the organisation, its interaction with each local authority and the connections between members of the CLA. It provides guidance on fiduciary and regulatory issues, especially the procurement of services. It provides an overview of the timetable and the role that local authorities are expected to play within the Pilot project.

A similar report is being submitted to the Committee or Cabinet process in each of the five participating boroughs and the Management Boards of the partners RSLs.

RECOMMENDATIONS

That the Committee:

- 1. Agrees that the London Borough of Hillingdon joins with its partners to form the Central Lettings Agency joint venture company.**
- 2. That the Chairman of Housing is delegated to represent the Council on the Board of Directors.**
- 3. Notes that progress of the pilot project will be reported at each Committee cycle.**

BACKGROUND

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Housing Committee – 21st June 2001

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1 The Committee approved participation in the pilot on the 14 December 2000. Officers from the five participating local authorities and the RSL partners have been working on proposals for the structure of the CLA, the legal documents, management arrangements and detailed operational proposals. A summary of the work to date on the operational proposals are set out in *Appendix One*.

2 The Committee is asked to approve participation of the London Borough of Hillingdon in the company described below. The establishment of a company to manage the letting of accommodation for the west London boroughs and other partners will be something of a first. If successful the pilot scheme will probably be followed by other authorities. It is vital that both the Members and officers fully appreciate the responsibilities that will arise from the establishment of the company.

WHAT IS THE PILOT?

3 The West London Partnership (the London Boroughs of Brent, Ealing, Harrow, Hillingdon and Hounslow) have been successful in obtaining support from Government to pilot the introduction of an open lettings systems, whereby internal and external applicants can exercise a personal choice in the properties to which they apply to be housed.

4 The bid commits each Borough to explore the operation of choice based lettings within its properties, and to examine how cross borough applications could be facilitated by such a system. It envisages a smooth transition from the existing systems to the choice based approach, with variations being fully tested before they are confirmed as new practice. Although it will be open to each Borough to develop its own version of the choice system, it is anticipated that a common system will be developed wherever possible.

5 Within the bid, signed off by each borough, there is commitment to trial options and to test their practical application, both within the member Borough and across the partnership. This requires clarity over the decision making process and the ability to co-ordinate action across the West London Partnership (the Partnership). This is discussed further below.

STATUS

6 The CLA has been created to provide a mechanism to deliver the Pilot and enable each of the partner Boroughs to move towards a choice based lettings system. Consideration has been given to the best method of delivery, within the constraints of the bidding process, and it is recommended that the CLA should be established as a joint venture company between the partner Boroughs, interested Registered Social Landlords and private sector organisations, who have or can support the Pilot. It will exist for the life of the Pilot and will be able to employ its own staff, procure services, and enter into contracts in its own right. This will give the CLA the ability to act as an

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autonomous organisation to deliver the individual and collective objectives of the partner Boroughs.

STRUCTURE

7 It is proposed to create the CLA as a Company Limited by Guarantee. This would operate as a standard company, but the liability of members would be limited by a £10 guarantee. What this means is that in the unlikely event that the company got into difficulties, then each partner Borough's liability would be limited to the £10 guarantee.

8 This is a standard vehicle, used by local authorities and RSLs to deliver joint ventures. It is a tried and tested format, and one that will be acceptable to Government.

9 Local Authorities have a number of specific powers to promote and participate in companies. For this project, the power which is appropriate for the type of company proposed here, is section 58 of the Housing Associations Act 1985. Although the West London Partnership would not be a Housing Association in the common usage of that term, the definition used in that Act simply requires it to be an organisation established for the purpose of, or amongst whose Objects or powers are included those of managing housing accommodation which does not trade for profit.

CONTROL

10 The CLA will be controlled through the partner Boroughs and will operate within a set of objectives agreed by them. The partner Boroughs will hold 70% of the membership with the rest being reserved for the RSLs and other partners. The partner Boroughs will have the ability to exercise control over the operation of the CLA through their membership rights and the ability to veto proposals that they do not agree with.

11 It is proposed to exercise control through a number of mechanisms:

- **Objectives**

The CLA will operate within a set of objectives agreed by the partner Boroughs. Draft objectives have been drawn up by representatives from each partner. The CLA will not be able to act outside of these, as such action would be ultra vires.

- **Memorandum and Articles of Association**

These are effectively the rules that govern the operation of the CLA, they are the standard system used to govern the operation of companies. They have

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been drafted by Trowers and Hamlins who are acting jointly for the partners on the establishment of the CLA. The documents will be the subject of detailed discussion with each partner Borough's legal department and formal approval by each Borough before they are adopted.

- **Membership agreement**

This document sets out, in straightforward terms, the rules for the operation of the CLA and the relationship between the partner Boroughs. It also protects the authorities against the Company forcing it to undertake any actions in breach of its own powers or policies. It is a live document that can be varied with the joint agreement of the members, without the need for formal approval through a Special General Meeting. This document will cover how new members are brought into the CLA, and the arrangements where one of the partners may wish to consider withdrawing, etc.

BOARD OF DIRECTORS

12 It is proposed to establish a Board of Directors undertaking the role of a scrutiny panel. The Board will comprise of a councillor from each of the partner Boroughs and Board Members from the RSLs. An Operational Board, comprised of officers from the partners, will report to the Board of Directors.

13 It is envisaged that the Board of Directors will meet 4-6 times per year and have specific tasks to discharge. For example approval of the business plan, the budget, the priorities for the CLA and the speed of the roll out of the cross borough lettings. The Board of Directors will receive reports from the Operational Board and the Director of the CLA on the operation of the Pilot and the delivery of the objectives.

14 The Operational Board will consist of officer representatives from each of the partners. Currently Hillingdon is represented by the Assistant Director (Strategy and Support Services). It will be responsible for driving the Pilot forward and resolving differences between the partners. It is envisaged that it will meet 6-8 times a year, ensuring the overall development of the Pilot. It will receive progress reports from each of the 5 work groups, established to develop the Pilot. It will supervise the work of the CLA Director and appraise his/her performance. It will determine the cost of the service and the charges to members. It will decide on the rules for admittance of new members and the charges that they should pay. It will supervise the procurement of services and establish standing orders and financial regulations for the CLA.

VOTING RIGHTS

15 Both the Directors and Operational Boards will operate to give the partner Boroughs an in built majority, ensuring that the CLA cannot develop services that run contrary to the Boroughs' objectives.

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REMUNERATION

16 Board members will not be paid but will receive travel and other reasonable expenses.

PROCUREMENT OF SERVICES AND THE OPERATION OF THE CLA.

17 Although each Borough's share in the CLA is less than 20%, it is possible that the view could be taken that, collectively, the Boroughs can influence the operation of the CLA. If this was the case, then it is arguable that the costs of the CLA would count against each Borough's capital and/or revenue expenditure. Therefore, it is proposed to apply for the Secretary of State to exempt the CLA from the controlled and influenced company regulations. It is assumed that this application will be successful, given the limited scope of the CLA. If the exemption is not agreed the project will have to be reviewed.

18 In terms of procurement, it is proposed that the CLA establish its own procedures for the procurement of services. This will enable it to move at speed to the procurement of services and recognises the potential complexity of trying to find a compromise between the different systems that operate within each of the partners. Adopting this approach would remove the CLA from the rigors of the Public Procurement Directive and speed up the overall process and reduce costs.

19 The CLA will, however, be subject to scrutiny from a variety of sources, in addition to the Board of Directors. It will appoint its own auditors, be reviewed by consultants appointed by Government and have its activities reviewed by the Audit Commission.

PROBITY

20 The proposed governance structure provides for the necessary division of responsibilities and builds in significant checks and balances. The CLA will be the subject of scrutiny by the partners, Government and the Audit Commission.

MEMBERSHIP

21 The existing members will have the ability to determine how and when new members should be admitted. Current membership comprises of the 5 London Boroughs, 4 RSLs, being, Paradigm, 1066, Paddington Churches HA and - Ealing Family HA, and commercial partners. Other RSLs supported the bid, but did not want to participate beyond a small financial contribution at that stage.

22 Any later entries into membership will need to commit to meeting their share of the development costs and bearing a proportionate share of future costs.

LEGAL IMPLICATIONS

23 There are no significant concerns about the legal documentation although there are some outstanding matters, relating to the day to day working of the company, that officers are working to resolve. It is largely a matter for the Committee to weigh up the advantages and disadvantages of establishing the company, appreciating the responsibilities that will arise. It is also important that the Council's representatives plays a full role in the company's affairs to maximise the benefits for the Council.

24 *The agreement will ensure that the local authorities combined retain a majority on the Board. However, it is vital that members appreciate that there is the potential for the Board of the CLA to pass resolutions that are not consistent with the objectives of member authorities. In those circumstances the Business Agreement does contain provision for that member not to comply with the resolution, providing an impact report is provided with 14 days of the Board resolution. For example where:*

- 1. *adherence to the resolution would require the council to make a significant amendment to its internal lettings policy in a manner which is not approved [by Hillingdon]***
- 2. *adherence to the resolution would cause the council to be in breach of relevant provisions of the Local Government & Housing Act 1989 or the Local Authorities (Companies order) 1995, see paragraph 27 below.***
- 3. *the resolution would increase the contribution made to the Company by [Hillingdon]***
- 4. *adherence to the resolution would cause the council to act ultra vires.***

Legal Powers

25 The Council has power under Section 58 of the Housing Association Act 1985 "to promote the formation or extension of a housing association". The term "Housing Association" is defined in Section 1 of the Act as "a society, body of trustees or company which is established for the purpose of, or amongst other objects or powers are included those of, providing, constructing, improving or managing, or facilitating or encouraging the construction or improvement of housing accommodation, and which does not trade for profit".

26 Section 58 therefore gives the Council power to establish a company to let local authority accommodation provided that it does not trade for profit.

Section 58 continues to even though the Housing Act 1996 repealed most of the Housing Association Act 1985.

27 Once a local authority sets up a company, the provisions of Part V of the Local Government and Housing Act 1989 apply. These place onerous requirements on the local company with regard to capital finance and the conduct of business. However, an application has been made to Government for the CLA to be exempt from the provisions of the 1989 Act. If this application is not successful the legal and financial basis of the company will be reconsidered. Therefore it is not necessary to give any further legal advice on the Act at this stage.

Liability of the Council and its Officers

28 The CLA will be a company limited by guarantee. If it is wound up the Council's liability is limited to £10, set out in the Memorandum of Association. However, the liability of the Council appointed Director (Chairman of Housing) can be more than £10 in the following circumstances:

1. If the company is wound up and it appears to the Court that any business of the company has been carried on with intent to defraud creditors or for any fraudulent purpose, the Court can order any party to such conduct to "make contributions to the company's assets as the Court thinks proper." This arises under Section 213 of the Insolvency Act 1986 - fraudulent trading.
2. If the company is wound up and it appears to the Court that before the commencement of the winding up a director of the company "knew or ought to have concluded that there was no reasonable prospect that the company would avoid going into insolvent liquidation and the [director] failed to take every step with a view to minimising the potential loss to creditors as he ought to have taken, the Court can order the director to "make any contribution to the assets of the company as the Court thinks proper." This liability arises under Section 214 of the Insolvency Act 1986 - wrongful trading.

29 It is important to note that case law - *Burgoine v London Borough of Waltham Forrest* 1996 - provides that the contractual indemnity from the Council on which officers and Members can usually rely if they are sued in the performance of their duties, will not apply to fraudulent or wrongful trading or other misconduct. In such circumstances the director of the Company appointed by the Council will be personally liable for any losses.

30 In addition there are numerous offences that can be committed by directors of companies under the Companies Act 1985 and other related legislation. If the Committee agrees the recommendations, the delegated Member and officers will be given training on these matters.

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RESOURCE IMPLICATIONS

Government Grant

31 The Government has awarded £1.1million in grant over the two year life of the pilot. These funds supplement resources currently deployed by the partner boroughs in delivering a lettings service. The grant is intended to meet most of the additional costs of the pilot.

32 The CLA must account for expenditure and demonstrate that the objectives of the pilot are fulfilled. The pilot may result in the wider adoption of choice based lettings. There will not be a requirement to repay the grant where the options of the pilot are fully tested.

Business Plan

33 There is a detailed business plan is being developed for Year One and an indicative Plan for Year Two. The plan will identify the likely costs and determines the level of resources to be allocated by the partners. Such resources are expected to include the attachment of existing staff engaged in the lettings service to spend some of their time on the pilot. Other resources may be allocated, such as wider administrative and office support, accommodation etc.. The plan will be reviewed in the Autumn.

Delivery

34 The pilot results form substantial work undertaken in the period July 2000 -April 2001, including the Committee's review of the Allocation policy. Significant progress has been made in this period to ensure that the CLA is well placed to deliver the objectives of the pilot. The CLA will have its own director and dedicated staffing resources, supported by officers from each borough and advisors as required.

BACKGROUND PAPERS

Housing Committee Minutes 14 December 2000
Draft legal documents for the Central Letting Agency:

- Articles of Association
- Memorandum of Association
- Members Agreement

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APPENDIX 1

CHOICE BASED LETTINGS PILOT SCHEME

Introduction

On 14 December 2000, Members were informed that the Council had joined with other West London Boroughs and registered social landlords to submit a bid to establish a "choice based lettings" pilot scheme, known as the West London Partnership. DETR confirmed that the bid was one of the twenty one that had been successful and granted £1.1 million to the Partnership.

The Pilot

The landlord members of the West London Partnership are the London Boroughs of Brent, Ealing, Harrow, Hillingdon and Hounslow, 1066 Housing Association, Paddington Churches Housing Association, Paradigm Housing Association and Ealing Family Housing Association. The pilot scheme commits each borough to explore the operation of choice based lettings within its properties, and to examine how cross-borough applications could be facilitated by such a system.

Over the period of the two year pilot, members will move away from allocating vacancies to advertising them and enabling those registered as applicants on the housing register and transfer list, to choose a property from those available. By the close of the pilot period, on the basis that the model has been fully tested and works, all vacancies amounting to approximately 6,500 per annum will be advertised.

It is intended to offer vacancies in Hastings, through 1066 Housing Association and in the midlands through Family Care and Housing, to people who live in West London. The potential for further partnerships to increase inter regional mobility are being explored through the LAWN initiative which seeks to develop partnerships on behalf of London boroughs with councils and RSLs who have vacant stock elsewhere in the country. Additional public and private sector landlords will be added as the pilot develops to increase choice for residents in West London. The promotion of lower demand areas will be supported by local employment and community information, provided by the recipient landlords.

A Central Letting Agency (CLA) will undertake administration of the advertisement and matching service, working on behalf of pilot members and others as the scheme develops. The CLA will maintain a central database of applicants that will be disaggregated to provide the equivalent of a housing register for each borough and registered social landlord. It will operate the choice based letting pilot for each landlord and collaboratively the partnership

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will explore how they can develop consistent systems that will standardise access to housing services across West London. The pilot will explore the potential for cross borough boundary lettings, and this will initially examine the feasibility of such an approach with one bedroom properties.

Working in Partnership

A Steering Group of representatives from each of the partners worked together to prepare the bid. The CLA will be created to provide a mechanism to deliver the pilot and to enable each of the partners to move towards a Choice Based Lettings System. Consideration has been given to the best method of delivery and it is recommended that the CLA should be established as a joint venture between the partner boroughs, the registered social landlords and representatives from relevant independent organisations. It will exist for the life of the pilot and it will be able to employ its own staff, procure services and enter into contacts in its own right. This will give the CLA the ability to act as an autonomous organisation to deliver the individual and collective objectives of the partners.

Since notification that the bid had been successful, the Steering Group has established officer project teams involving all of the partners to prepare the way in which the choice based letting system will work. They will be working over the forthcoming months with the intention of commencing operation of the CLA early in 2002. Early meetings of the project teams have identified a number of key issues that partners need to address:

a) Replacing the "Points Scheme" with Bands

The introduction of a choice based lettings scheme will require the amendment of any points based systems used by all of the boroughs and registered social landlords to establish the level of "housing need" for applicants (not applicable in Hillingdon). Although there are common threads, each partner currently uses a different scheme. Each partner will need to agree a new "banding system", that can demonstrate priority need has been taken into account. It will be possible to operate with each borough having its own banding structure. Each individual band will need to be sufficiently wide enough to avoid the problems that occur with the current points system, where applicants "chase points" to increase their chances of being offered a home.

There will clearly need to be a band(s) that comprises "emergency" cases and there will also need to be a band(s) that contains those applicants with very little or no housing need. For cross boundary lettings to be tested thoroughly within the pilot, it will be necessary for boroughs to establish so far as possible, common bandings and some degree of compromise may be required by all partners. A future report will be made to Members once the development work on the proposed bandings has been completed.

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b) Cross Boundary Lettings

Discussions in the project teams have identified that guidance will be required from each of the boroughs on how to deal with the cross boundary lettings issue. Each Council's current policy is to give priority to those on its own Housing Register and it will be necessary within the development of the pilot to open up choice to applicants from elsewhere. The success of the cross boundary lettings depends upon creating common policies and practices and the project teams are exploring all of the different approaches currently used by the boroughs.

Initially, each borough could consider offering a percentage of all vacancies to applicants from other borough Housing Registers. Although this may seem radical, it should be appreciated that applicants from this borough will have their own choice extended and may wish to move out of the borough. Safeguards could be introduced into the arrangements. For example, it could be agreed that cross boundary lettings will be encouraged, provided that no one borough becomes a net importer over a fixed period of time. Cross boundary lettings could also be restricted to a "like for like" or reciprocal basis. All boroughs achieve a reasonable balance of "in and out" lettings, therefore achieving approximately the same number of net lettings as would have been achieved through the individual lettings scheme. Members are asked to indicate their views on this issue.

c) Eligibility

It will be necessary to agree rules that determine the eligibility of applicants to be able to use the choice based lettings scheme. For example, each borough takes a common, but slightly different approach to deal with tenants that have applied for a transfer, but who have rent arrears. Special arrangements need to be developed to deal with homeless cases that have failed to choose a home within a reasonable time.

Some degree of compromise may be required by all partners to make the scheme successful. A future report will be made to Members once development work on the proposed bandings has been completed.

Conclusion

The establishment of the CLA will provide a range of benefits to the Authority, including:

- The ability to test the implication of Choice Based Lettings before general application as signalled in the Green Paper.
- The opportunity to influence the approach taken by DETR in its future application

- The potential to widen choice for residents of West London by formal links with Social landlords in lower demand areas.
- The potential for the removal of the administrative burden of operating a housing register and a transfer list, as these services will be provided by the CLA.
- The opportunity to gather real data on the demand for social housing, enabling the authority to plan for future investment.
- The opportunity to test a number of options within the pilot before committing to any significant changes.
- The potential to work with other social landlords and partner bodies, building on their experience of creating a CLA.
- The potential to address the Best Value agenda regarding competition and challenge, for example, joint procurement, joint working, private/public partnership.

STATUTORY PROPOSALS TO REMOVE SPECIAL RESOURCE PROVISION AT GRANGE PARK INFANT & NURSERY SCHOOL

Cabinet Member	Councillor David Simmonds
Cabinet Portfolio	Education & Children's Services
Officer Contact	Venetia Rogers, Planning, Environment, Education and Community Services
Papers with report	Copy of statutory notice (Appendix 1), Complete Proposals (Appendix 2), consultation responses (Appendix 3) & extract from statutory guidance (Appendix 4)

1. HEADLINE INFORMATION

Summary	The purpose of this report is to seek Cabinet approval of statutory proposals to remove the Special Resource Provision at Grange Park Infant and Nursery School
Contribution to our plans and strategies	Develop & improve education in our schools
Financial Cost	<p>The financial impact of the closure of this local Special Resource Provision (SRP) could be quite significant dependent on the alternative places that are found for the eight pupils. On average the cost of provision within a SRP is £16,000, whereas the cost of a placement in the Independent school sector is on average £44,000.</p> <p>In Hillingdon, all of the special schools are full, it is therefore likely that all of the eight pupils will need to be found a place in an Independent School. This will result in a potential increased cost of £224,000 in a full year, which will be met from the Dedicated Schools Grant.</p>
Relevant Policy Overview Committee	Education & Children's Services
Ward(s) affected	Potentially all, as this is a borough provision

2. RECOMMENDATION

That the Cabinet:

- 1) Acknowledges the outcome of the representation period, following publication of statutory notice.**
- 2) Approves the statutory proposals to remove special resource provision (the “SRP Unit”) at Grange Park Infant School, subject to the modification that implementation would be on 1st September 2012.**

Reasons for recommendation

This provision no longer meets the changing needs of pupils requiring specialist provision. The modification to the implementation date is recommended as there is a 4 week appeal period following determination.

Alternative options considered / risk management

There are four types of decision open to the Decision Maker. These are:

- To reject the proposals
- To approve the proposals
- To approve the proposals with a modification (e.g. the implementation date)
- To approve the proposals subject to them meeting a specific condition

If the local authority fails to decide proposals within two months of the end of the representation period, they must be referred to schools adjudicator for decision.

Policy Overview Committee comments

None at this stage.

3. INFORMATION

Supporting Information

3.1 Legal Background

Under the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2007, statutory proposals are required where it is proposed to remove provision that is recognised by the local authority as reserved for pupils with special educational needs. In the case of a Foundation school (which Grange Park Infant is), either the local authority or the Governing Body of a Foundation School can publish proposals. In this case, the Governing Body is the proposer and is therefore responsible for undertaking statutory consultation, deciding whether to proceed to publish statutory notices, and the publication of the statutory proposals. However, it is the responsibility of the LA to decide the proposals.

Under the Council's Constitution, where objections have been received, Cabinet will determine the proposals.

Before judging the relative merits of the proposals, the LA, as Decision Maker, should consider whether:

- Any information is missing
- Whether the published notice complies with statutory requirements
- Whether consultation was carried out prior to publication
- Whether the proposals are “related” to other published proposals

If the above is in order, the Decision Maker will consider the merits of the proposals, having regard to guidance issued by the Secretary of State. The guidance sets out the following list of factors (not intended to be exhaustive) that should be considered, which include:

- Consistency of proposals with LA duties to increase parental choice and secure diversity of provision
- That proposals will contribute to raising local standards
- That when proposals lead to children attending reserved SEN provision being displaced, that any alternative provision will meet the statutory SEN improvement test (see below). However, it is accepted that the importance of each factor will vary, depending on the type and circumstances of the proposals. All proposals should be considered on their individual merits.
- Any equal opportunity issues
- Impact upon travel

3.2 The Special Resource Provision

Grange Park Infant and Nursery School has a Special Resource Provision (SRP) for eight children with complex learning difficulties.

Pupils considered for the SRP must:

- Be the subject of an Educational Psychologist’s written Action Plus advice.
- Be undergoing a statutory assessment
- Have a statement of special educational need naming the Special Opportunities Class as placement. Admission to the SRP based on School Action Plus would normally be full time for a minimum of one term and a maximum of three terms.
- Have complex difficulties in learning or development, which may include Autistic Spectrum Disorder, and which require a high degree of adult support.

3.3 Reasons for the Governing Body’s Proposals

The reasons for the closure of the provision are set out in detail in the “Complete Proposals”, which are appended to this report (Appendix 2). These can be summarised as:

- The provision has evolved over a long period and over time the needs of the children have become more complex and the available accommodation and other facilities are no longer appropriate to their needs.
- The primary purpose of the SRP was to enable children with complex learning difficulties to have a period of assessment and experience integration with mainstream children; this is to aid their communication, interaction and academic achievement. It was intended to be a short-term placement (i.e. maximum of three terms) but in practice pupils stay much longer.
- When children leave, virtually all enter special schools, in which they could have been placed at the outset.

3.4 Further Supporting Information Regarding the Proposal Provided by the Governing Body

The Governing Body has provided the following information about the statutory process followed, responses to the consultation, its response to concerns raised, and the case for closure.

The Governing Body decided to undertake the statutory process at a meeting on 6 March 2012. The consultation document was published on 18 April and the consultation period ran until 5pm on 17 May.

As a result of the consultation two responses were received. Responses were issued and the concerns expressed were addressed in the Statutory Proposal. For clarity, the concerns and the schools response in the proposal document are reiterated here.

One concern was that the difficulties for the SRP could not have been overwhelming because it has been very successful for the many years it has been open. Since 2001 it has been judged to be 'Good' to 'Outstanding' by successive OfSTED Inspections. However, as the school responded, the school has adapted to the changing needs of the children over the years and has been largely dependent on the expertise of the lead professional in the classroom. It now requires a very large capital investment and relocation to enable the school to fully meet the needs of the children. The school is aware of the difficulties with budgets for all local authorities and are therefore also giving a practical solution to the current situation.

The school feels that if children continue to be allocated places into the SRP based on the trend that has been developing over recent years then the children's educational opportunities will be limited given that the children have not been able to achieve any integration into the mainstream setting.

A further concern expressed following the consultation was that part of the reason for the proposed closure was the school's expansion program. The difficulties associated with the expansion have added to the difficulties with the SRP. The consultation started by setting out the expansion because the school is aware that not all those reading the consultation would know that the school is expanding. Additionally, the need to demolish some accommodation within the unit during the expansion has further exacerbated the problems within the SRP.

Eight children in the SRP are on the autistic spectrum. The school is very conscious that any unusual noise or disruption to the children's routine is particularly difficult for those children to manage.

The Governing Body decided at its meeting on 15th May (provided no further consultation responses were received before 5pm on 17th May) to proceed to the Statutory Notice and Proposal Stage with the statutory representation period finishing on 11th July 2012. No representations were received during the statutory representation period.

3.5 Consideration of the Proposals with regard to Statutory Guidance

The Governing Body engaged solicitors to advise on and manage the statutory process. The documentation provided (Appendices 1 & 2) appears to include that prescribed by DfE guidance. The consultation period (Stage 1) was 4 weeks (rather than the 6 weeks recommended). However, the length is not prescribed in law.

In relation to the merits of the proposals, the key area for consideration is whether the proposals meet the Special Needs Improvement Test. Proposers need to demonstrate that alternative arrangements are likely to lead to improvements in the standard, quality and/or range of educational provision for children with special educational needs. In particular, this means the identification of the details of the specific educational benefits that will flow from the proposals (including improved access to education and associated services and improved supply of suitable places). An extract from the full guidance is appended to this report.

Both responses received to the consultation (from Breakspear Schools' Federation and the joint response from the Governor Representatives on Schools Forum & Hillingdon Governors Executive Committee expressed concerns about the proposals. Whilst acknowledging the difficulties with the existing provision, the main concern expressed was that about the capacity of special schools to absorb the additional demand resulting from the loss of these places and the possibility of increased costs if more children had, as a result, to be educated in the independent special school sector. Whilst the consultation document set out how children currently in the SRP will be educated, the main argument in relation to the special needs improvement test appears to be that, in future, pupils who might have been admitted to the SRP will be found places in special schools where the quality of the provision will be better.

However, as Hillingdon is experiencing rising rolls in primary schools, the number of pupils needing access to special school or other specialist provision will also increase and more places will be needed. The sufficiency of provision and the suitability of existing provision is being considered within the borough's overall school place planning strategy. New providers have already expressed interest in establishing additional special school provision within the borough and it is anticipated that this will form part of the strategy for ensuring sufficient provision.

The Governing Body response also makes reference to the impact of the expansion and, in particular, that of the building works. The possible closure of the SRP was not raised when the expansion proposals were being discussed with the school and did not form part of the statutory proposals published at that time.

Financial Implications

The financial impact of the closure of this local Special Resource Provision (SRP) could be quite significant dependent on the alternative places that are found for the eight pupils. On average the cost of provision within a SRP is £16,000, whereas the cost of a placement in the Independent school sector is on average £44,000. In Hillingdon, all of the special schools are full, it is therefore likely that all of the eight pupils will need to be found a place in an Independent School. This will result in a potential increased cost of £224,000 in a full year, which will be met from the Dedicated Schools Grant.

This has been a significant issue for schools, where they have seen a marked increase in the cost of Special Educational Needs placements over the last few years, as the resources required to fund the increased cost have to be top-sliced from the Primary and Secondary Schools budget. The main strategy that has been agreed is to review and where possible look to increase local provision, by expanding special schools and creating more SRP's. The proposed closure of this SRP will reduce the number of places available within Hillingdon.

4. EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES

What will be the effect of the recommendation?

Although there is a loss of provision, there will be no effect on the children currently attending the SRP because all of the children currently in the SRP are due to go to special schools from September 2012. No children were due to start in the SRP in September 2012.

Consultation Carried Out or Required

Details of the consultation and responses to it are set out in the Appendices 1, 2 and 3 and in the main body of this report.

5. CORPORATE IMPLICATIONS

Corporate Finance

Corporate Finance has reviewed this report and concurs with the financial implications set out above. Closure of the Grange Park Infant SRP will reduce capacity within the Borough potentially requiring additional places to be identified in Independent Special schools, as noted above this would result in significant additional costs for the DSG-funded schools budget.

Legal

The School Organisation (Prescribed Alterations to Maintained Schools)(England) Regulations 2007 apply to these proposals from the Governors of Grange Park Infant & Nursery School. Regulation 8 requires both the Governing Body and Cabinet to have regard to the statutory guidance issued by the Secretary of State. Relevant extracts from this Guidance are appended to this report.

With regard to the two objections received, the report shows that the existing pupils at the School are to be educated at different schools from September 2012 and that no children were allocated places at Grange Park School for the Academic Year 2012/13.

Corporate Property and Construction

Officers in the above have been consulted during the preparation of this report.

Relevant Service Groups

No other service areas should be affected by these recommendations.

6. BACKGROUND PAPERS

The Statutory Notice, complete proposals, and consultation responses (as attached).
DfE guidance "Making Changes to a Mainstream School (Other than Expansion, Foundation, Discontinuance & Establishment Proposals".



Grange Park Infant and Nursery School Statutory Notice of Proposal to close the Special Resource Provision

This Notice is published pursuant to The School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2007

The School

Grange Park Infant and Nursery School is a foundation school. Its address is given below
The school's current capacity is 458.

Alteration Description

The school proposes to close the Special Resource Provision. Reasons are given in the Full Proposal.

Current Special Resource Provision for Pupils with Special Educational Needs

Grange Park Infant and Nursery School has a Special Resource Provision for eight children with complex learning difficulties.

Pupils considered for the SRP must:

- Be the subject of an Educational Psychologist's written Action Plus advice.
- Be undergoing a statutory assessment
- Have a statement of special educational need naming the Special Opportunities Class as placement.
- Admission to the SRP based on School Action Plus would normally be full time for a minimum of one term and a maximum of three terms.
- Have complex difficulties in learning or development, which may include Autistic Spectrum Disorder, and which require a high degree of adult support.

Further Details about the current provision are contained in the Full Proposal.

Implementation

It is intended that the closure will be implemented by 30 July 2012. It would be implemented by both the school and the Local Authority. In the case of the Local Authority this would only be to the extent that it would no longer deal with the process for admissions to the Special Resource Provision and would no longer provide funding for it.

Full Proposal

A copy of the full proposal document is available from the school. Please contact the school on grangepkinf@hillindongrid.org or write to:

Grange Park Infant and Nursery School,
Hayes,
Middlesex,
UB4 8SF

Objections and Comments

Objections and Comments may be made to the Local Authority. Objections and Comments may be made by any person.

You have until 5pm on **11th July 2012** to make any comments or objections. These should be made to:

Anna Crispin
Chief Education Officer
Planning, Environment, Education & Community Services
London Borough of Hillingdon
4E/01 Civic Centre
Uxbridge
Middx UB8 1UW

It is the London Borough of Hillingdon which will make the decision on whether the proposal will be allowed.

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**Grange Park Infant and Nursery School
Statutory Proposal to close Special Resource Provision**

This is a Statutory Proposal pursuant to The School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2007

The School

Grange Park Infant and Nursery School is a foundation school. Its address is:

Grange Park Infant and Nursery School,
Hayes,
Middlesex,
UB4 8SF

The school's current capacity is 458

Alteration Description

The school proposes to close the Special Resource Provision.

Current Special Resource Provision for Pupils with Special Educational Needs

Grange Park Infant and Nursery School has a Special Resource Provision (SRP) for eight children with complex learning difficulties. This is known as Rainbow class. Admission to the SRP based on School Action Plus would normally be full time for a minimum of one term and a maximum of three terms.

The children gain admission into the Special Resource Provision through the Local Authority and the children come from a wide catchment area.

Pupils considered for the SRP must:

- Be the subject of an Educational Psychologist's written Action Plus advice.
- Be undergoing a statutory assessment
- Have a statement of special educational need naming the Special Opportunities Class as placement.
- Have complex difficulties in learning or development, which may include Autistic Spectrum Disorder, and which require a high degree of adult support.

We currently have five full time members of staff working in the classroom and two members of staff who work part time hours to cover lunch times.

One of the main functions of the class is the assessment and diagnosis of the children during their placement. The children's progress is closely monitored and the advice of specialists is always sought with the parent's permission.

The benefit of being in an SRP is that the children can access and experience learning in a mainstream classroom as well as a highly individualised educational programme similar to the environment of a Special School.

Children in SRP are allocated a place in the classroom because they are experiencing significant difficulties accessing the curriculum in a mainstream classroom, have

difficulties with learning, communication, control of emotions and behaviour, interaction and relationship skills, sensory and physical disabilities.

Placement in the special provision occurs through an agreement between the local Education Authority, the parents, the Governing Body of Grange Park Infant School and the requesting school where the child attends already. Sometimes the child is new to the authority.

Agreement is reached on the suitability of the placement and that a period of assessment should take place within the special provision. There is an expectation of involvement by the requesting school.

Pupils admitted at School Action Plus on the Special Educational Needs list (SEN), or on a statutory assessment placement remain on roll of the requesting school, with the expectation that a representative from that school remains part of the planning process for that pupil.

How the Proposal is likely to lead to an improvement in the standard, quality and range of the educational provision

We are of the view that the standard and quality of educational opportunities for the children will be improved on so many levels if the children were to be given a place in a Special School from the outset if it is appropriate. They will have improved access to services, including the curriculum, wider school activities and facilities and equipment and no further funding will have to be allocated to make health and safety improvements.

The specific educational benefits of improved access to specialist staff and accommodation are:-

The children will have a wider range of equipment to support their educational needs; for example access to new technologies which can often increase communication and access to the National Curriculum and the Early Years Foundation Stage Curriculum (EYFS).

The children will have access to specialist rooms such as sensory rooms, soft play rooms.

They will have immediate access to the outdoors, as an essential requirement for children functioning within the EYFS facilities; which at present they do not have.

The children's communication will be greatly improved as staff will have expertise in signing and Picture Exchange Communication (PECs) and be readily available.

The children require access to a range of therapies such as speech and language and occupational therapy which then require implementation of specific programmes, and for children on the Autistic Spectrum the programmes can be quite complicated and have to be delivered accurately to bring about a successful outcome for the children. A special school will have teaching assistants who are appropriately trained to deliver these programmes to a higher standard.

As well as the traditional therapies more forward thinking therapies that have shown to aid communication and calm children on the Autistic Spectrum such as music, art, massage and water therapy can be more easily accessible for the children. Normally parents would have to arrange these themselves.

The range of other children with similar needs will be wider and support the children's communication and social interaction; at present there are eight children with very diverse needs who are not always able to communicate with each other.

Children and parents will also have access to greater support from each other as a wider school community, for example attend assemblies, school celebrations, outings and after school clubs for children with Special Needs, and holiday clubs and wider range of experiences such as Activity Holidays which the SRP is unable to provide within Grange Park Infant and Nursery.

The children will be able to thrive in an environment that is fit for purpose on a long term basis as opposed to the children experiencing unnecessary change which they find difficult.

Reasons for the Proposed Permanent Closure of the Special Resource Provision

The classroom has evolved over a long period and over time the needs of the children have changed and have become more demanding beyond the capacity of the provision in terms of accommodation, specialist equipment required, the capacity to accommodate the range of equipment the children need to give them the appropriate range of experiences they require, for example specialist sensory rooms and purpose built soft play room.

Most of the children in the SRP are functioning at the same level as children in the Foundation Stage and below and they require the essential facility of continuous access to the outdoors, an essential recommended by the Early Years Foundation Stage Curriculum (EYFS). The present classroom does not have access to the outdoors, and is indeed one of the furthest rooms from the small playground dedicated for the SRP children.

As the children have become more complex, the range of expertise needed to meet the children's needs has also increased. To recruit staff with appropriate training, experience and qualifications to meet the high level of expertise required to run the very individualised education plans that the children require has proven to be very difficult. We feel that without recruiting and retention of staff would have to come with some form of enhanced salary payments which we are unable to meet within the budget given to the SRP. We will continue to experience a high level of turnover in the SRP, which is not good for the children who require continuity.

Throughout the day the children have visits from a range of therapists to implement their Individual Educational Plans. Whilst the school has been flexible in accommodating these visits beyond the confines of the classroom, in recent years the increased complexity of the children's needs has made this difficult.

Present access for the children is difficult and limited from the very busy staff car park for the various transport vehicles for the children. This causes congestion, inconvenience. Children need a high level of supervision as they are helped in and out of the vehicles.

Emergency evacuation for the children is presently very difficult as they have to exit onto the staff car park. We have erected temporary Harris Fencing to manage this. There is pending building work linked to the school expansion in this area and that is why a permanent solution has not been carried out.

The toilets are not purpose built disabled toilets for children. In the past some children would have been able to use the toilet facilities independently, now all the children are in nappies, including children who are aged seven. There is not enough room to accommodate this in the present space without compromising the already limited classroom space. This would need a capital funding to ensure that the toilet facilities were adequate.

The primary purpose for having the SRP is to enable children with complex learning difficulties to have a period of assessment and experience integration with mainstream children; this is to aid their communication, interaction and academic achievement. The children are meant to stay for a minimum period of one term and a maximum period of three terms; however no child has ever left (except 1) before the end of Key Stage 1, often having stayed for three years and on other occasions staying beyond Key Stage 1.

The percentage of children able to experience integration in any area of the curriculum or for social integration has been virtually none for the past eight years.

The percentage of children going onto Special Schools has been 99%. The children have gone onto Grangewood (SLD), Hedgewood (MLD), Hillingdon Manor (ASD) and some have gone onto schools out of borough. None of the children have returned to mainstream settings.

We know that the SRP has been very successful for the many years it has been open. Since 2001 it has been judged to be 'Good' to 'Outstanding' by successive OfSTED Inspections. We have adapted to the changing needs of the children over the years and have been largely dependent on the expertise of the lead professional in the classroom. It now requires a very large capital investment and relocation to enable the school to fully meet the needs of the children. We are aware of the difficulties with budgets for all local authorities and are therefore also giving a practical solution to the current situation. If children continue to be allocated places into the SRP based on the trend that has been developing over recent years we feel that the children's educational opportunities will be limited given what we have described above.

What Provision has been made for the children currently in the SRP?

There are nine children in the Special Resource Provision. Three children are going off roll and have been allocated their Special School places; all the other children are at various stages of the statementing process and the local authority is working with the school and families to ensure that the children's future placement meets their needs. Based on their current assessments all the children will go to Special Schools

Parents of children in the class were informed individually on Tuesday 20th March regarding the proposed closure of the Special Resource Provision.

The number of pupils for whom provision will be made outside the Local Authority is:-

1 (the child was placed outside the Local Authority in Spring 2012, through an appeals process well before the consultation documentation for the closure of the SRP was considered)

Details of the number of pupils for whom provision was made in the SRP during each of the 4 school years preceding the current school year:

2008 – 6 children

2009 – 8 children

2010 – 7 children

2011 – 7 children

Implementation

It is intended that the closure will be implemented by 30 July 2012. It would be implemented by both the school and the Local Authority. In the case of the Local

Authority this would only be to the extent that it would no longer deal with the process for admissions to the Special Resource Provision and would no longer provide funding for it.

Project Costs and how they will be met

There are no costs involved in the closure of the SRP

Consultation

Before publishing this proposal, the Governing Body of the school carried out a consultation process which complied with the requirements of the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2007

A copy of the consultation document is attached. A copy was sent to those on the consultation list and made available to others at the school.

The following persons were consulted:

- **the governing body of all schools**
- **the LA that maintains the school**
- **families of pupils, teachers and other staff at the school;**
- **any LA likely to be affected by the proposals, in particular neighbouring authorities where there may be significant cross-border movement of pupils;**
- **neighbouring authorities, the London Boroughs of Ealing, Harrow and Hounslow**
- **the governing bodies, teachers and other staff of any other school that may be affected**
- **families of Grange Park Junior School**
- **trade unions who represent staff at the school, including teaching and non teaching unions**
- **MPs whose constituencies include the schools that are the subject of the proposals or whose constituents are likely to be affected by the proposals**
- **Head of Education Psychology, Occupational Health, Behaviour Support Team, Special Needs Team, Speech and Language, Child Development Centre (CDC), Education Welfare Service, Children's Medical Clinics to consult the School Nurse, the school Library Service, Schools Travel Service, and General Practitioners**
- **all officers on the School Improvement Service in the London Borough of Hillingdon**

Only 2 consultation responses were received.

Views Expressed with the schools response

1. That part of the reason for the proposed closure was the school's expansion program.

It would be true to say that the difficulties associated with the expansion have added to the difficulties with the SRP. The consultation started by setting out the expansion because we are aware that not all those reading the consultation would know we are expanding. Additionally, the need to demolish some accommodation during the expansion has further exacerbated the problems within the SRP.

Eight children in the SRP are on the autistic spectrum, we are very conscious that any unusual noise or disruption to the children's routine is particularly difficult for those children to manage.

2. That because the SRP has been rated as outstanding by Ofsted the difficulties set out by the school in the consultation could not have been overwhelming.

Although it is true that Ofsted have rated the SRP as Outstanding, it has been at a huge price to staff and at the expense of provision for children in the main stream. The SRP has been outstanding despite the accommodation and resources provided by the local authority being totally inadequate to meet the needs of these children. The school's budget for this year was £123337 to staff, resource and manage this SRP, which should indicate the amount of subsidy we are shouldering from our main school budget.

The school is shouldering huge pressure to meet the very challenging needs of the children in inadequate facilities. The pressure on staff within the school is already considerable and the SRP is an additional burden which we are no longer willing to bear without significant capital investment and increased revenue funding.

3. That the special schools are full and that children need to travel outside the Borough

In fact, children from the SRP have succeeded in obtaining places in special schools. No parent of a child in the SRP has objected to its closure.

Objections and Comments

Objections and Comments may be made to the Local Authority. Objections and Comments may be made by any person.

You have until 5pm on **11th July 2012** to make any comments or objections. These should be made to:

Anna Crispin
Chief Education Officer
Planning, Environment, Education & Community Services
London Borough of Hillingdon
4E/01 Civic Centre
Uxbridge
Middx UB8 1UW

It is the London Borough of Hillingdon which will make the decision on whether the proposal will be allowed.

Original message ---

Subject: Fwd: Attn Chair of Governors - SRP

From: Grange Park Infant School <grangepkinf@hillingdongrid.org>

To: <kthapar@hillingdongrid.org>, <jkernoghan@hillingdongrid.org>

Date: Monday, 14/05/2012 5:07 PM

--- Original message ---

Subject: Attn Chair of Governors - SRP

From: Barbara Glen <bglen@hillingdongrid.org>

To: <grangepkinf@hillingdongrid.org>

Date: Monday, 14/05/2012 3:53 PM

Dear Chair of Governors,

Thank you for sending us your consultation on the proposed closure of the Special Resource Provision at Grange Park Infant and Nursery School. We discussed this proposal at our Governing Body meeting on 24th April.

We noted, in your consultation, that you are currently undergoing an expansion programme. It is unclear to what extent issues of space are the reason for the proposed closure, as there is no specific link in the document. However, the fact that the expansion programme is mentioned near the beginning of the document leads us to believe that it is probably the most significant reason for your desire to close the SRP. If this is the case, we did wonder whether the other factors you mention later in the consultation are actually of less importance than they appear.

In your consultation you proceed to set out a number of disadvantages of the Special Resource Provision for the children currently attending. We acknowledge that there would appear to be several factors which make accommodation and staffing of the unit less than ideal. However, we also note that Ofsted rated the unit either 'good' or 'outstanding', which suggests to us that these disadvantages were not of overwhelming significance, at least at the times when the inspections took place.

You suggest that the children in the SRP would be better off in special schools. However, as you are probably aware, the local authority's special schools are full. In these circumstances, the children, or others who would otherwise have gained a special school place, would have to be educated in private school provision. Not only is most of this provision out of borough, a clear disadvantage for the children themselves, but it is also extremely expensive. We estimate that the costs of an additional eight children in private special schools could amount to between £1½ - £1 million per annum, money which would, in effect, be top-sliced from the budgets of all schools in the borough. This would have a widespread and very significant negative impact.

Finally, please note that while we were in receipt of your consultation, passed

on to us by our Executive Headteacher, judging by past experience not all governing bodies would have received it via this route. Are you sure you have complied with the legal requirements in relation to this consultation?

Regards,

Barbara Glen
Chair of Governors, Breakspear Schools' Federation

--- Original message ---

Subject: Fwd: ATTN: CHAIR OF GOVERNORS,GRANGE PARK INFANT AND NURSERY SCHOOL - STATUTORY CONSULTATION ON THE PROPOSED CLOSURE OF THE SPECIAL RESOURCE PROVISION
From: Grange Park Infant School <grangepkinf@hillingdongrid.org>
To: <kthapar@hillingdongrid.org>, <jkernoghan@hillingdongrid.org>
Date: Tuesday, 08/05/2012 2:13 PM

--- Original message ---

Subject: ATTN: CHAIR OF GOVERNORS,GRANGE PARK INFANT AND NURSERY SCHOOL - STATUTORY CONSULTATION ON THE PROPOSED CLOSURE OF THE SPECIAL RESOURCE PROVISION
From: "exccommtteehg" <exccommtteehg@hillingdongrid.net>
To: grangepkinf@hillingdongrid.org
Date: Tuesday, 08/05/2012 12:30 PM

Dear Chair of Governors, Grange Park Infant School,

Governor representatives on Schools Forum and on the Hillingdon Governor Executive Committee would like to respond to your consultation regarding closing your SRP, highlighting concerns, as follows:

1. We understand that the Local Authority are strongly opposed to the closure of this SRP
2. Hedgewood and Grangewood are full (10% above their DfE recommended levels).
3. Without being able to provide future places at Hedgewood, Grangewood (or Grange Park if the SRP does close), pupils would have to be placed in very expensive independent/non-maintained schools in the Borough, or if they were full, then they would have out of Borough provision. All of these options would have a negative financial impact on the DSG, which would adversely effect all schools including yours.

4. Closing this SRP will create a precedent, which if followed by other schools, would have a disastrous effect on SEN provision in Hillingdon, and could also lead to budget cuts in all primary schools.

We would ask for you to take the above into consideration.

Yours faithfully,
Governor Representatives on Schools Forum and Hillingdon
Governors Executive Committee

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Extract from DfE Guidance - “Making Changes to a Mainstream School (Other than Expansion, Foundation, Discontinuance & Establishment Proposals)

Statutory Guidance – Factors to be Considered by Decision Makers (Paragraphs 4.15-4.16)

4.15 Regulation 8 of The Regulations provides that both the LA and schools adjudicator **must** have regard to guidance issued by the Secretary of State when they take a decision on proposals. Paragraphs 4.16 to 4.60 below contain the statutory guidance.

4.16 The following factors **should not** be taken to be exhaustive. Their importance will vary, depending on the type and circumstances of the proposals. All proposals **should** be considered on their individual merits.

EFFECT ON STANDARDS AND SCHOOL IMPROVEMENT

A System Shaped by Parents (Paragraphs 4.17-4.18)

4.17 The Government's aim, as set out in the Five Year Strategy for Education and Learners and the Schools White Paper Higher Standards, Better Schools For All, is to create a schools system shaped by parents which delivers excellence and equity. In particular, the Government wishes to see a dynamic system in which:

- weak schools that need to be closed are closed quickly and replaced by new ones where necessary; and
- the best schools are able to expand and spread their ethos and success.

4.18 The EIA 2006 amends the Education Act 1996 to place duties on LAs to secure diversity in the provision of schools and to increase opportunities for parental choice when planning the provision of schools in their areas. In addition, LAs are under a specific duty to respond to representations from parents about the provision of schools, including requests to establish new schools or make changes to existing schools. The Government's aim is to secure a more diverse and dynamic schools system which is shaped by parents. The Decision Maker **should** take into account the extent to which the proposals are consistent with the new duties on LAs.

Standards (Paragraphs 4.19-4.20)

4.19 The Government wishes to encourage changes to local school provision which will boost standards and opportunities for young people, whilst matching school place supply as closely as possible to pupils' and parents' needs and wishes.

4.20 Decision Makers **should** be satisfied that proposals for prescribed alterations will contribute to raising local standards of provision, and will lead

to improved attainment for children and young people. They **should** pay particular attention to the effects on groups that tend to under-perform including children from certain ethnic groups, children from deprived backgrounds and children in care, with the aim of narrowing attainment gaps.

Diversity (Paragraphs 4.21-4.23)

4.21 Decision Makers **should** be satisfied that when proposals lead to children (who attend provision recognised by the LA as being reserved for pupils with special educational needs) being displaced, any alternative provision will meet the statutory SEN improvement test (see paragraphs 4.55 - 4.59).

4.22 The Government's aim is to transform our school system so that every child receives an excellent education – whatever their background and wherever they live. A vital part of the Government's vision is to create a more diverse school system offering excellence and choice, where each school has a strong ethos and sense of mission and acts as a centre of excellence or specialist provision.

4.23 Decision Makers **should** consider how proposals will contribute to local diversity. They **should** consider the range of schools in the relevant area of the LA and whether the alteration to the school will meet the aspirations of parents, help raise local standards and narrow attainment gaps.

Every Child Matters (Paragraph 4.24-4.25)

4.24 The Decision Maker **should** consider how proposals will help every child and young person achieve their potential in accordance with “Every Child Matters” principles which are: to be healthy; stay safe; enjoy and achieve; make a positive contribution to the community and society; and achieve economic well-being.

4.25 This **should** include considering how the school will provide a wide range of extended services, opportunities for personal development, access to academic and applied learning training, measures to address barriers to participation and support for children and young people with particular needs, e.g. looked after children or children with special educational needs (SEN) and disabilities.

Equal Opportunity Issues (Paragraph 4.30)

4.30 The Decision Maker **should** consider whether there are any sex, race or disability discrimination issues that arise from the changes being proposed, for example that where there is a proposed change to single sex provision in an area, there is equal access to single sex provision for the other sex to meet parental demand. Similarly there needs to be a commitment to provide access to a range of opportunities which reflect the ethnic and cultural mix of the area, while ensuring that such opportunities are open to all.

NEED FOR PLACES

Provision for Displaced Pupils (Paragraph 4.31)

4.31 Where proposals will remove provision, the Decision Maker **should** be satisfied that there is sufficient capacity to accommodate displaced pupils in the area, taking into account the overall supply and likely future demand for places. The Decision Maker **should** consider the quality and popularity with parents of the schools in which spare capacity exists and evidence of parents' aspirations for those schools.

Travel and Accessibility for All (Paragraphs 4.35-4.36)

4.35 In considering proposals for the reorganisation of schools, Decision Makers **should** satisfy themselves that accessibility planning has been properly taken into account. Facilities are to be accessible by those concerned, by being located close to those who will use them, and the proposed changes **should not** adversely impact on disadvantaged groups.

4.36 In deciding statutory proposals, the Decision Maker **should** bear in mind that proposals **should not** have the effect of unreasonably extending journey times or increasing transport costs, or result in too many children being prevented from travelling sustainably due to unsuitable routes e.g. for walking, cycling etc. The EIA 2006 provides extended free transport rights for low income groups – see Home to School Travel and Transport Guidance re 00373 – 2007BKT-EN at www.education.gov.uk/publications. Proposals **should** also be considered on the basis of how they will support and contribute to the LA's duty to promote the use of sustainable travel and transport to school.

SPECIAL EDUCATIONAL NEEDS (SEN) PROVISION

Initial Considerations (Paragraphs 4.53-4.54)

4.53 SEN provision, in the context of School Organisation legislation and this guidance, is provision recognised by the LA as specifically reserved for pupils with special educational needs. When reviewing SEN provision, planning or commissioning alternative types of SEN provision or considering proposals for change, LAs **should** aim for a flexible range of provision and support that can respond to the special educational needs of individual pupils and parental preferences, rather than necessarily establishing broad categories of provision according to special educational need or disability. There are a number of initial considerations for LAs to take account of in relation to proposals for change. They **should** ensure that local proposals:

- a. take account of parental preferences for particular styles of provision or education settings;
- b. offer a range of provision to respond to the needs of individual children and young people, taking account of collaborative arrangements (including between special and mainstream), extended school and Children's Centre provision; regional centres (of expertise) and regional and sub-regional

provision; out of LA day and residential special provision;

- c. are consistent with the LA's Children and Young People's Plan;
- d. take full account of educational considerations, in particular the need to ensure a broad and balanced curriculum, including the National Curriculum, within a learning environment in which children can be healthy and stay safe;
- e. support the LA's strategy for making schools and settings more accessible to disabled children and young people and their scheme for promoting equality of opportunity for disabled people;
- f. provide access to appropriately trained staff and access to specialist support and advice, so that individual pupils can have the fullest possible opportunities to make progress in their learning and participate in their school and community;
- g. ensure appropriate provision for 14-19 year-olds, taking account of the role of local LSC funded institutions and their admissions policies; and
- h. ensure that appropriate full-time education will be available to all displaced pupils. Their statements of special educational needs will require amendment and all parental rights **must** be ensured. Other interested partners, such as the Health Authority **should** be involved.

4.54 Taking account of the considerations, as set out above, will provide assurance to local communities, children and parents that any reorganisation of SEN provision in their area is designed to improve on existing arrangements and enable all children to achieve the five Every Child Matters outcomes.

The Special Educational Needs Improvement Test (Paragraph 4.55)

4.55 When considering any reorganisation of provision that would be recognised by the LA as reserved for pupils with special educational needs, including that which might lead to some children being displaced through closures or alterations, LAs, and all other proposers for new schools or new provision, will need to demonstrate to parents, the local community and Decision Makers how the proposed alternative arrangements are likely to lead to improvements in the standard, quality and/or range of educational provision for children with special educational needs. All consultation documents and reorganisation plans that LAs publish and all relevant documentation LAs and other proposers submit to Decision Makers **should** show how the key factors set out in paragraphs 4.59 to 4.62 below have been taken into account by applying the SEN improvement test. Proposals which do not credibly meet these requirements **should not** be approved and Decision Makers **should** take proper account of parental or independent representations which question the LA's own assessment in this regard.

Key Factors (Paragraphs 4.56-4.59)

4.56 When LAs are planning changes to their existing SEN provision, and in order to meet the requirement to demonstrate likely improvements in provision, they **should**:

a. identify the details of the specific educational benefits that will flow from the proposals in terms of:

- i. improved access to education and associated services including the curriculum, wider school activities, facilities and equipment, with reference to the LA's Accessibility Strategy;
- ii. improved access to specialist staff, both education and other professionals, including any external support and/or outreach services;
- iii. improved access to suitable accommodation; and
- iv. improved supply of suitable places.

b. LAs **should** also:

- i. obtain a written statement that offers the opportunity for all providers of existing and proposed provision to set out their views on the changing pattern of provision seeking agreement where possible;
- ii. clearly state arrangements for alternative provision. A 'hope' or 'intention' to find places elsewhere is not acceptable. Wherever possible, the host or alternative schools **should** confirm in writing that they are willing to receive pupils, and have or will have all the facilities necessary to provide an appropriate curriculum;
- iii. specify the transport arrangements that will support appropriate access to the premises by reference to the LA's transport policy for SEN and disabled children; and
- iv. specify how the proposals will be funded and the planned staffing arrangements that will be put in place.

4.57 It is to be noted that any pupils displaced as a result of the closure of a BESD school (difficulties with behavioural, emotional and social development) **should not** be placed long-term or permanently in a Pupil Referral Unit (PRU) if a special school place is what they need. PRUs are intended primarily for pupils who have been excluded, although LAs can and do use PRU provision for pupils out of school for other reasons such as illness and teenage pregnancies. There may of course be pupils who have statements identifying that they have BESD who have been placed appropriately in a PRU because they have been excluded; in such cases the statement **must** be amended to name the PRU, but PRUs **should not** be seen as an alternative long-term provision to special

schools.

4.58 The requirement to demonstrate improvements and identify the specific educational benefits that flow from proposals for new or altered provision as set out in the key factors are for all those who bring forward proposals for new special schools or for special provision in mainstream schools including governors of foundation schools and foundation special schools. The proposer needs to consider all the factors listed above.

4.59 Decision Makers will need to be satisfied that the evidence with which they are provided shows that LAs and/or other proposers have taken account of the initial considerations and all the key factors in their planning and commissioning in order to meet the requirement to demonstrate that the reorganisation or new provision is likely to result in improvements to SEN provision.

OTHER ISSUES

Views of Interested Parties (Paragraph 4.60)

4.60 The Decision Maker **should** consider the views of all those affected by the proposals or who have an interest in them including: pupils; families of pupils; staff; other schools and colleges; local residents; diocesan bodies and other providers; LAs; the LSC (where proposals affect 14-19 provision) and the Early Years Development and Childcare Partnership if one exists, or any local partnership or group that exists in place of an EYDCP (where proposals affect early years and/or childcare provision). This includes statutory objections and comments submitted during the representation period. The Decision Maker **should not** simply take account of the numbers of people expressing a particular view when considering representations made on proposals. Instead the Decision Maker **should** give the greatest weight to representations from those stakeholders likely to be most directly affected by the proposals.

COUNCIL BUDGET - 2011/12 REVENUE AND CAPITAL OUTTURN

Cabinet Member	Councillor Jonathan Bianco
Cabinet Portfolio	Finance, Property and Business Services
Report Author	Paul Whaymand, Central Services
Papers with report	None

HEADLINE INFORMATION

Purpose of report	<p>The report sets out the Council's overall 2011/12 revenue & capital outturn position. The revenue outturn position was an underspend of £8,084k, an overall improvement of £2,323k on the month 11 forecast.</p> <p>The capital outturn for 2011/12 was £48,598k compared to a revised budget of £64,847k. This report recommends the rephasing of £13,016k into 2012/13, resulting in an underspend of £3,143k.</p>
Contribution to our plans and strategies	Achieving value for money is an important element of the Council's medium term financial plan.
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services and Partnerships
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

1. Note the revenue and capital outturn position for 2011/12;
2. Approves the final allocation of contingency budgets to Groups as set out in table 3;
3. Approves the rephasing of £10,890k of General Fund capital and £2,126k of HRA capital budgets into 2012/13 as set out in tables 6 and 7 and;
4. Note the annual treasury report at Appendix B.

INFORMATION

Reasons for Recommendations

1. The reason for the monitoring recommendation is to ensure that the Council achieves its budgetary objectives. The report informs Cabinet of the successful revenue and capital outturn position for 2011/12.
2. Recommendation 3 is intended to realign capital budgets for major projects, enabling these projects to continue into 2012/13.

Alternative options considered

3. There are no other options proposed for consideration.

SUMMARY

A) Revenue

- The outturn position for 2011/12 was an underspend of £8,084k, a £2,323k improvement on the month 11 forecast.
- The balances carried forward at 31 March 2012 were £23,313k as a result of the budgeted drawdown from balances (-£1,793k) and the in-year underspend (+£8,084k).
- In addition to the £23,313k of general reserves carried forward there are a number of earmarked reserves as follows:
 - £246k committed priority growth balances
 - £33k contingency carried forward for HS2
 - £391k unspent Leader's initiative
 - £494k Abbotsfield School
- Table 1 indicates the overall impact of the expenditure forecasts now reported on the approved budget and the resulting balances position.

Table 1

2011/12 Original Budget	Budget Changes		2011/12 (As at Outturn)		% Var of budget	Variances (+ adv/- fav)		
			Outturn Budget	Outturn		Variance (Outturn)	Variance (As at Month 11)	Change from Month 11
£'000	£'000		£'000	£'000		£'000	£'000	£'000
239,453	-17,038	Directorates Budgets on normal activities	222,415	214,321	-4%	-8,094	-5,924	-2,170
-42,915	17,038	Corporate Budgets on normal activities	-25,876	-28,129	9%	-2,253	-2,250	-3
196,539	0	Sub-total Normal Activities	196,539	186,192	-5%	-10,347	-8,174	-2,173
		Exceptional items:						
		Transfer from earmarked balance	0	-350		-350	-350	0
		Education initiatives	0	184		+184	+334	-150
		Insurance provision	0	2,429		+2,429	+2,429	0
0	0	Sub-Total	0	2,263		+2,263	+2,413	-150
196,539	0	Total net expenditure	196,539	188,455	-4%	-8,084	-5,761	-2,323
-194,746	0	Budget Requirement	-194,746	-194,746		0	0	0
1,793	0	Net total	1,793	-6,291		-8,084	-5,761	-2,323
-17,022		Balances b/f 1/4/011	-17,022	-17,022		0	0	0
		Transfer from earmarked reserves				0	0	0
-15,229	0	Balances c/f 31/3/12	-15,229	-23,313		-8,084	-5,761	-2,323

5. Table 2 shows further details on the budget, outturn and variance at directorate level. Further detail on each directorate is shown in Appendix A. The group figures exclude sums provided for in contingency which are set out in table 3.

Table 2

2011/12 Original Budget	Budget changes	2011/12 Outturn Budget	Directorate		2011/12 Outturn	% Var of budget	Variances (+ adv/- fav)		
							Variance (Outturn)	Variance (As at Month 11)	Change from Month 11
£'000	£'000	£'000			£'000		£'000	£'000	£'000
326,915	-19,523	307,392	SCHH	<i>Exp</i>	313,603	2%	+6,211	+5,147	+1,064
-199,190	5,438	-193,753		<i>Inc</i>	-202,189	4%	-8,436	-7,283	-1,153
127,724	-14,085	113,639		Total	111,414	-2%	-2,225	-2,136	-89
396,479	-18,492	377,988	PEECS	<i>Exp</i>	375,140	-1%	-2,848	-2,232	-616
-301,269	8,177	-293,092		<i>Inc</i>	-292,512	0%	+580	+18	+562
95,210	-10,315	84,895		Total	82,627	-3%	-2,268	-2,214	-54
9,511	10,148	19,659	CS	<i>Exp</i>	19,684	0%	+25	+89	-64
-6,578	-2,150	-8,728		<i>Inc</i>	-9,222	6%	-494	-557	+63
2,933	7,998	10,931		Total	10,462	-4%	-469	-468	-1
11,786	0	11,786	Contingency		9,847	-16%	-1,939	-1,106	-833
1,800	-636	1,164	Priority Growth		-29	-102%	-1,193	0	-1,193
239,453	-17,038	222,415	Sub-Total Normal Activities		214,321	-4%	-8,094	-5,924	-2,170

6. **Social Care, Health & Housing (SCH&H)** outturn was **an underspend of £2,225k (£89k improvement)**. The overall improvement in SCH&H from month 11 is higher than the £89k noted above, but much of this improvement has resulted in a reduced call in contingency rather than being reflected in the group position. The detail on contingency is explained in paragraph 9 below. The main reasons for the overall improvement including the reduced call on contingency were a successful outcome to negotiations regarding Mental Health transfers from Health (£373k), an improved bad debt provision relating to Housing Benefit (£380k), increased recharges to the HRA (£160k), an improved forecast for Housing Support (£90k) and a reduced provision for the accident at Colne Park (£53k).
7. **Planning, Environment, Education & Community Services (PEECS)** outturn was a **favourable variance of £2,268k (£54k improvement)**. As highlighted in the Month 11 report, capital receipts were short of budgeted levels, meaning that the costs of preparing sites for sale were not covered by the buyer's premium, leading to an additional pressure of £193k. This was offset by some further underspends in other services within the Group, notably the Music Service (£78k), Youth service (£56k), planning (£40k) and licensing (£71k). In addition to this, an underspend in relation to Children's Centre underspends has been clawed back from schools and put into an earmarked reserve to provide financial support to Abbotsfield school.
8. **Central Services (CS)** outturn was a **£469k favourable variance (£1k improvement)**. The movement from month 11 is as a result of a slight reduction costs within Finance & Procurement.
9. **Development & Risk Contingency** outturn was a **£1,939k underspend (£833k improvement)**. As part of the outturn process a critical review was undertaken of contingency requirements and contingency was only allocated where the outturn showed that it was

required. The table below details the final position, with the most significant movements from month 11 being the following 3 SCH&H items:

- **Social care pressures (Children's) (-£500k)** – the outturn position for Childrens did not require any draw down of contingency at all.
- **Social care (Adults) (-£373k)** – a reduced call on contingency of £3,716k was required rather than the £4,089k forecast.
- **Asylum (+£87k)** – An increased call on contingency was required due to an increase in the number of ineligible clients.

10. Cabinet is recommended to approve the contingency allocations as detailed in table 3 below:

Table 3

Development and Risk Contingency	2011/12 Budget	Final Draw down required	Variance (+adv / -fav)		
			Variance (Outturn)	Variance (Month 11)	Change from Month 11
<i>2011/12 allocations:</i>	£'000	£'000	£'000	£'000	£'000
General Contingency	1,000	0	-1,000	-1,000	0
Golf Courses In-sourcing		50	+50	+50	0
Riots & Traveller Incursions		10	+10	+10	0
Public liability insurance		250	+250	+250	0
Employers' Pension Contributions	850	850	0	0	0
Pump priming for BID savings	400	400	0	0	0
Uninsured claims	420	390	-30	0	-30
Carbon Reduction Commitment Energy Efficiency Scheme	460	188	-272	-250	-22
Development Control Income	350	521	+171	+188	-17
Cost Pressures on Recycling Service	150	0	-150	-150	0
Local Development Framework legal & consultancy fees	100	75	-25	-25	0
HS2 Challenge contingency	100	100	0	0	0
Assisted searches	75	25	-50	-50	0
Potential new responsibilities in relation to Flood defence	50	0	-50	-45	-5
Building Control Income	50	0	-50	-50	0
Social Care Pressures (Adults)	4,089	3,716	-373	0	-373
Increase in Transitional Children due to Demographic Changes	1,254	1,254	0	0	0
Asylum Funding Shortfall	880	1,886	+1,006	+919	+87
Social Care Pressures (Children's)	500	0	-500	0	-500
Contingency against delivery of grants savings	1,058	0	-1,058	-1,058	0
Xmas free parking	0	62	+62	0	+62
Fuel	0	70	+70	+105	-35
Total net contingency	11,786	9,847	-1,939	-1,106	-833

11. **Exceptional Items** The final outturn for the Education Initiatives Fund was £184k, £150k less than the forecast at month 11 due to a number of potential allocations not receiving approval.

12. **Priority Growth Outturn** was an underspend of £1,193k which reflects the remaining unallocated and unspent budgets for both HIP contingency and priority growth.

Corporate Budgets' Outturn: £2,230k underspend (£3k improvement)

13. Table 4 shows the corporate budget outturn

Table 4

2011/12 Original Budget	Budget Changes	2011/12 Outturn Budget	Corporate Budgets	2011/12 Outturn	Variances (+ adv/- fav)		
					Variance (Outturn)	Variance (As at Month 11)	Change from Month 11
£'000	£'000	£'000		£'000	£'000	£'000	£'000
-400	400	0	Unallocated savings	0	0	0	0
10,697	-584	10,113	Financing Costs	7,864	-2,248	-2,250	+2
-3,322	6,055	2,733	FRS 17 Pension Adjustment	2,733	0	0	0
-35,169	6,193	-28,976	Asset Management A/c	-28,980	-4	0	-4
10,836	164	11,000	Levy's & other corp budgets	11,000	0	0	0
-25,556	4,811	-20,746	Corporate Govt Grants	-20,746	-0	0	-0
-42,915	17,038	-25,876	Corporate Budgets	-28,129	-2,253	-2,250	-3

14. Financing costs shows an outturn of £2,248k. This was primarily due to £2,000k being set aside for capital financing for schools or other priority projects which was not needed in 2011/12.

B) CAPITAL

General Fund Capital Programme

15. General Fund capital expenditure for 2011/12 totalled £37,985k from a revised budget of £51,238k, with the variance of £13,253k comprising of £10,890k slippage to be rephased into 2012/13 and £2,363k representing the underspend against project budgets. Table 6 below details the financing of this outturn position.

Table 6:

2011/12 General Fund Capital Programme	Original Budget	Revised Budget	Forecast Outturn		Outturn Variance	Rephasing into 2012/13	2011/12 Variance
			(Month 11)	Actual Outturn			
Prudential Borrowing	26,400	13,372	14,887	12,384	-988	-3,409	-4,397
Capital Receipts	21,319	10,304	418	555	-9,749	10,304	555
Total Council Resources	47,719	23,676	15,305	12,939	-10,737	6,895	-3,842
Grants	28,236	21,504	20,208	18,168	-3,336	3,270	-66
Other Third Party Contributions	2,952	5,629	4,729	4,904	-725	725	0
Revenue Contributions	0	429	243	1,974	1,545	0	1,545
Grand Total	78,907	51,238	40,485	37,985	-13,253	10,890	-2,363

16. The net underspend of £2,363k consists of a pressure of £984k on Botwell Green Leisure Centre, other minor pressures of £35k, £1,000k of unapplied contingency funds, £2,316k of

Council Resourced underspends primarily relating to programmes of works and £66k of HCA grant funding which could not be utilised.

17. It is proposed that the remaining £10,890k variance be rephased into 2012/13 as the majority of this relates to timing of on-going major projects, including Primary School Expansion works. This movement represents the change in forecast on General Fund projects since the major rephasing exercise reported to Cabinet in December 2011, which rephased an additional £41,899k from 2011/12 budgets.

18. 2011/12 capital receipts available to fund General Fund projects totalled £555k, which included £353k of proceeds from sale of Council houses and lease extensions. Following the December rephasing exercise, budgeted capital receipts from the sale of surplus sites were £10,304k, however, these are now expected to occur during 2012/13.

Housing Revenue Account Capital Programme

19. 2011/12 expenditure on HRA capital projects totalled £10,703k on a revised budget of £13,609k, with the variance of £2,906k comprising £2,126k of rephasing into 2012/13 and £780k of underspend relating to the cancelled Denbigh Drive project. Rephased amounts are primarily related to Pipeline Phase 2 projects.

Table 7:

2011/12 HRA Capital Programme	Original Budget	Revised Budget	Forecast Outturn		Outturn Variance	Rephasing into 2012/13	2011/12 Variance
			(Month 11)	Actual Outturn			
Prudential Borrowing	4,342	3,114	0	0	-3,114	1,333	-1,781
Capital Receipts	4,742	4,742	4,270	4,418	-324	0	-324
Total Council Resources	9,084	7,856	4,270	4,418	-3,438	1,333	-2,105
Grants	3,401	3,610	2,989	2,988	-622	622	0
Other Third Party Contributions	0	0	0	0	0	0	0
Revenue Contributions	2,365	2,143	3,107	3,297	1,154	171	1,325
Grand Total	14,850	13,609	10,366	10,703	-2,906	2,126	-780

CORPORATE CONSULTATIONS CARRIED OUT

Financial Implications

20. The financial implications are contained in the body of the report.

CORPORATE IMPLICATIONS

Corporate Finance

21. This is a Corporate Finance report.

Legal

22. There are no legal implications arising from this report.

BACKGROUND PAPERS

23. Monitoring report submissions from Groups.

APPENDIX A – DETAILED GROUP FORECASTS

Social Care, Health and Housing (SCH&H)

Revenue: £2,225k favourable (£89k favourable)

1. The final outturn for 2011/12 shows a favourable position of £2,225k as shown in the table below; this reflects a favourable movement of £89k from the month 11 position.
2. The favourable outturn position is primarily due to the successful outcome of the DWP external audit of the Housing Benefit grant claims for 2009/10 and 2010/11. The DWP have confirmed that they were satisfied with these claims, which totalled £150.6m and £155.4m respectively and also that they will not be initiating any clawback. As a direct result, the balance sheet provision (£1,756k), held in case of clawback for these two years, was released into the revenue account. Additionally, the department's staffing budget has under spent by £444k (1.1%) on a budget of £39.3m.

Services		2011/12 (Outturn)		% Var of budg et	Variances (+ adv/- fav)		
		Current Budget	Outturn		Outturn	Variance (As at Month 11)	Change from Month 11
		£'000	£'000		£'000	£'000	£'000
Children & Families Services	<i>Exp</i>	+32,360	+31,661	-2%	-700	-816	+117
	<i>Inc</i>	-3,709	-3,206	-14%	+504	+142	+362
	Total	+28,651	+28,455	-1%	-196	-674	+478
Asylum Services	<i>Exp</i>	+7,944	+7,931	0%	-13	-66	+53
	<i>Inc</i>	-6,715	-6,702	0%	+13	+66	-53
	Total	+1,229	+1,229	0%	-0	+0	-0
Older Peoples Services	<i>Exp</i>	+34,948	+37,211	6%	+2,263	+1,936	+328
	<i>Inc</i>	-8,463	-10,141	20%	-1,678	-1,423	-255
	Total	+26,484	+27,070	2%	+586	+513	+73
Physical & Sensory Disability Services	<i>Exp</i>	+8,780	+9,169	4%	+390	+147	+243
	<i>Inc</i>	-673	-838	25%	-165	-172	+8
	Total	+8,107	+8,332	3%	+225	-26	+251
Learning Disability Services	<i>Exp</i>	+30,324	+31,134	3%	+810	+282	+528
	<i>Inc</i>	-5,494	-6,182	13%	-689	-185	-503
	Total	+24,830	+24,952	0%	+122	+96	+25
Mental Health Services	<i>Exp</i>	+6,585	+6,484	-2%	-102	-117	+15
	<i>Inc</i>	-336	-410	22%	-73	-56	-17
	Total	+6,249	+6,074	-3%	-175	-173	-2
Housing Benefits	<i>Exp</i>	+162,138	+163,710	1%	+1,571	+1,106	+465
	<i>Inc</i>	-158,115	-161,925	2%	-3,810	-2,959	-851
	Total	+4,024	+1,785	-56%	-2,239	-1,853	-386
Housing Needs Services	<i>Exp</i>	+10,722	+13,818	29%	+3,097	+3,137	-40
	<i>Inc</i>	-7,196	-10,113	41%	-2,917	-2,984	+67
	Total	+3,526	+3,705	5%	+180	+153	+26
SCH&H Other Services	<i>Exp</i>	+13,602	+12,496	-8%	-1,106	-461	-645
	<i>Inc</i>	-3,051	-2,672	-12%	+379	+288	+91
	Total	+10,550	+9,824	-7%	-727	-173	-554
Total Expenditure		+307,403	+313,615	2%	+6,211	+5,147	+1,064
Total Income		-193,753	-202,189	4%	-8,436	-7,283	-1,153
SCH&H Total		+113,651	+111,426	-2%	-2,225	-2,136	-89

3. The outturn shows that £6,856k of contingency is required as detailed in the table below.

Division of Service	Month 11 Forecast £000s	Final Contingency Requirement £000s	Variance £000s
Social Care Pressures (Adults)	4,089	3,716	-373
Social Care Pressures (Children's)	500	0	-500
Increase in Transitional Children due to Demographic Changes	1,254	1,254	0
Asylum Funding Shortfall	1,799	1,886	+87
SCH&H	7,642	6,856	-786

MTFF Savings

4. The group has delivered a savings programme of £10,540k representing 92% of the £11,431k target. The shortfall of £891k is primarily due to delays in establishing the supported housing new build programme (£552k), and slippage in the agreement and implementation of a revised client transport eligibility criteria, which was agreed at January Cabinet in 2012.

Children & Family Services **£196k favourable (£478k adverse)**

5. The reason for this underspend is due to over achievement of MTFF savings for Looked After Children (£199k). There has been and continues to be a robust approach to ensuring that the placement is cost effective and meets their needs. In addition, management have been actively involved in negotiating fees with external providers to good effect.
6. Although the reported movement from the M11 position is £478k adverse, this is solely due to not drawing down the £500k contingency which had been included in forecasts to date. This draw down did not take place because the service came in under budget and therefore did not need the allocation of £500k from contingency. Taking this into account, there has been no material movement in the forecast.

Asylum Services **£1,886k adverse (£87k adverse)**

7. The reason for this variance position is due to increased numbers of ineligible clients which is the subject of ongoing negotiations with UKBA. In context the movement of £87k from the M11 position is not considered to be material.

Older People Services **£586k adverse (£73k adverse)**

8. The reason for this pressure is primarily due to overspends on Nursing & Residential Placements (£1,336k) offset by an underspend on Access and Assessment staffing (£746k). As reported during the year, the number of service users leaving Nursing & Residential placements was lower than the assumptions used when the budget was set resulting in approximately 3,500 more weeks being purchased than anticipated. Despite this the number of placements at the end of the financial year has reduced and is now at the same level as April 2008.
9. This significant reduction is as a result of the success of the TeleCareLine service allied with the relaunched Reablement service (both launched last April) which has enabled people to be reabled back to full or semi-independence with some support. The Reablement team supported 876 people last year of which 534 (61%) did not need any further care (the target was 50%); this enabled Homecare spend to reduce by nearly £371k when compared with last

year. The reduction in new placements this year compared with 2010/11 is equivalent to a saving of £1m (£2.2m full year effect).

Physical Disabilities: £225k adverse (£251k adverse)

10. The reason for this pressure is due to overspends on Placements (£73k) and Community Services (£247k) which was partly offset by an underspend on staffing (£95k). The number of placements at the end of the financial year is now at its lowest since December 2005. The demand for Community Services within Physical Disabilities has exceeded the original budget.

11. The movement of £251k from the M11 position is due to an expected recharge of £290k from Housing Related Support (previously Supporting People) for community based services not being possible as it could not be justified as originally envisaged.

Learning Disability: £122k adverse (£25k adverse)

12. The reason for this pressure is primarily due to overspends on Placements (£727k) due to slippage on the new build programme partially offset by a related underspend in Supported Accommodation (£292k); and a £150k provision for legal costs. This has been offset by underspends on in-house residential services (£240k) primarily due to recharges to other London boroughs (£200k) for their clients residing in our homes. The number of placements at the end of the financial year is now at its lowest since April 2008.

Mental Health £175k favourable (£2k favourable)

13. The reason for this underspend is due to vacancies being held pending a restructure of the service which was concluded in February 2012.

14. There has been an increase of 22 placements this year including the transferred Health cases which had been in dispute and now resolved. The trend over this year shows that placements are now more likely to move into supported accommodation rather than residential/nursing care placements.

Housing Benefit: £2,239k favourable (£386k favourable)

15. The main reason for this underspend position is due to the release of housing benefit contingencies as a result of favourable external audits by the DWP for 2009/10 and 2010/11. The DWP confirmed that as a result of these audits which totalled some £306m they were satisfied with both and would not be seeking any clawback. Accordingly the clawback provision for both years (£1,756k) could be released into revenue. A further £220k is due to a various other combinations of overspends and underspends.

16. The favourable movement of £386k from the M11 position is mainly due to an improved bad debt position for benefit overpayments that arose as a result of detailed work carried out at year end as part of the closedown process.

Housing Needs: £180 adverse (£26k adverse)

17. The underlying reason for this pressure is a reduction in income from Private Sector Leases (PSL) as a result of housing benefit related changes for temporary accommodation that came into force during 2010/11. Expectations of meeting the shortfall in budget from potential savings in PSL management fees and leasing costs could not be realised due to housing rental market conditions.

SCH&H Other Services: £727k favourable (£554k favourable)

18. The reason for the favourable outturn position of £727k is mainly due to savings on housing related support (£460k), low cost home ownership (£50k) and savings within the Commissioning Team (£202k).

19. The movement from the M11 forecast is due to an expected recharge from housing related support of £290k to Physical Disability for community based services not being possible as it could not be justified as originally envisaged; and a £160k favourable adjustment in respect of corporate recharges to the HRA.

HOUSING HRA

20. The HRA has a gross budget of £59.8m and the outturn position for 2011/12 was an underspend of £3,342k

Services		2011/12 Budget £000	2011/12 Outturn £000	% Var of budget	Outturn £000	Variance (As at Month 11) £000	Change from Month 11 £000
General and Special Services	Expenditure	+16,055	+14,484	-10%	-1,571	-900	-671
Repairs Services	Exp	+22,287	+21,124	-5%	-1,163	-764	-399
Subsidy Payment to Government	Exp	+15,492	+15,399	-1%	-93	-78	-15
Capital Funded from Revenue (RCCO)	Expenditure	+2,384	+3,310	39%	+926	-120	+1,046
Other Expenditure	Exp	+3,568	+3,355	-6%	-213	+69	-282
Income	Inc	-57,303	-58,531	2%	-1,228	-1,105	-123
In Year (Surplus) / Deficit	Total	+2,483	-859		-3,342	-2,898	-444

21. The favourable movement of £444k from Month 11 forecast includes a £1,046k revenue contribution to capital that takes advantage of increased balances and is intended to generate savings in interest going forward. The main favourable movements off-setting this are £671k within General and Special Services, primarily consisting the saving against original budget in support costs (£464k) and savings on ICT costs (£136k), £399k within Repairs Services, as result of electrical testing being completed in in-house (£70k) and a number of projects being funded from the capital works to stock programme (£78k). Within Other Expenditure, the £282k movement includes a reduced provision for doubtful debt (£105k) and an element of contingency which was not required at the year end (£200k).

Planning Environment Education and Community Services

Revenue: £2,268k underspend (£54k improvement)

22. The Group has a final outturn position of £2,268k underspend, excluding pressure areas that have identified contingency provisions.

Services		2011/12 (As at Month 12)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Actual Outturn		Variance (As at Month 12)	Variance (As at Month 11)	Change from Month 11
		£'000	£'000		£'000	£'000	£'000
Corporate Property & Construction	<i>Exp</i>	4,343	4,820	11%	+477	+265	+212
	<i>Inc</i>	-2,956	-2,829	-4%	+127	0	+127
	Total	1,387	1,991	44%	+604	+265	+339
Education	<i>Exp</i>	275,744	273,866	-1%	-1,878	-1,548	-330
	<i>Inc</i>	-251,519	-252,261	0%	-742	-792	+50
	Total	24,225	21,605	-11%	-2,620	-2,340	-280
ICT Highways & Business Services	<i>Exp</i>	31,814	31,790	0%	-24	+210	-234
	<i>Inc</i>	-12,022	-11,320	-6%	+702	+323	+379
	Total	19,792	20,470	3%	+678	+533	+145
Planning Sport & Green Spaces	<i>Exp</i>	13,969	14,290	2%	+321	-161	+482
	<i>Inc</i>	-4,113	-4,613	12%	-500	+145	-645
	Total	9,857	9,678	-2%	-179	-16	-163
Public Safety & Environment	<i>Exp</i>	47,769	46,373	-3%	-1,396	-858	-538
	<i>Inc</i>	-19,588	-18,753	-4%	+835	+342	+493
	Total	28,181	27,620	-2%	-561	-516	-45
Transportation Planning Policy & Community Engagement	<i>Exp</i>	3,984	3,636	-9%	-348	-140	-208
	<i>Inc</i>	-2,895	-2,737	-5%	+158	0	+158
	Total	1,088	898	-17%	-190	-140	-50
Total Expenditure		377,623	374,775	-1%	-2,848	-2,232	-616
Total Income		-293,092	-292,512	0%	+580	+18	+562
PEECS Total		84,530	82,262	-3%	-2,268	-2,214	-54

Contingency Items: **Gross Pressure £1,501k (£17k improvement)**

1. The Council's 2011/12 contingency budget contained provision for areas of expenditure or income for which there is a greater degree of uncertainty. The proposed drawings on the contingency are shown in the table below.

Division of Service	Gross Pressure Outturn (£000s)	Gross Pressure Month 11 (£000s)	Change from Month 11 (£000s)	Contingency (£000s)	Net Pressure (£000s)
Recycling Services	0	0	0	150	-150
Development Control Income	521	538	-17	350	+171
Carbon Reduction Commitment	188	210	-22	460	-272
Flood Defence	0	5	-5	50	-50
Building Control	0	0	0	50	-50
Local Development Framework	75	75	0	100	-25
HS2 Challenge Contingency	100	100	0	100	0
Land Charges - Assisted Searches	25	25	0	75	-50
Pump Priming for BID savings for ALL Groups	400	400	0	400	0
Fuel	70	105	-35	0	+70
Golf Courses In-sourcing	50	50	0	0	+50
Riots & Traveller Incursions	10	10	0	0	+10
Christmas Free Parking	62	0	+62	0	+62
PEECS – Total	1,501	1,518	-17	1,735	-234

- The £150k pressure on recycling has been fully absorbed within the waste services budget monitoring position thus eliminating the need to call on contingency.
- The outturn position for Development Control Income is a pressure of £521k, which is £171k greater than the sum held in contingency. The major application outturn had an improvement of £23k compared to the previous month's forecast. Minor applications reduced by £8k between the Month 11 forecast and outturn, and are 17% lower than the 4 year average. The outturn for other applications improved by £2k from Month 11, and applications are above the 4 year average by 1%. Although not reported against this contingency, the pre-application income from developers shows a pressure of £46k, reflecting continuing uncertainty in the housing market.
- The Flood and Water Management Act conferred new responsibilities upon local authorities and the funding that the Council received as part of the grant settlement for 2011/12 was £127k. The Council has completed the Preliminary Flood Risk Appraisal and this has been signed off by the Environment Agency. Recruitment is in progress for a flood management officer to fulfil the Council's ongoing responsibilities. However, the recruitment timetable means that the £55k full year cost can be reduced to nil for the current year.
- The Carbon Reduction Commitment contingency drawing of £188k is for the estimated costs for the requirement to purchase allowances for each tonne of carbon produced by the Council, excluding schools that have been provided for in the schools budget.
- The outturn pressure on Building Control reported below is contained within the final outturn position for the Group, so that there is no contingency drawing in the current year, however, there is a pressure of £25k on land charges income. These services are both subject to a regulatory framework on cost recovery and therefore continue to be closely monitored.
- The HS2 contingency is part of a joint fighting fund with 18 other authorities and this contingency has been fully utilised.

8. The fuel budget across the group was increased by £108k for 2011/12 as part of the MTFF process. However, prices have continued to rise in 2011/12 and there is a pressure at outturn of £70k. This has been reduced (compared to Month 11) as part of the increased cost has been carried forward as stock.
9. Cabinet on 24 November 2011 approved the draw down of £50k from contingency to support the interim in-house operation of three of the Council's golf courses.
10. Across the group £10k has been spent on actions connected with the threat of riots in August and on preventing traveller incursions.
11. A drawing from contingency of £62k is now being requested for the income foregone as a result of free parking in Hillingdon over certain weekends leading up to Christmas 2011.

Corporate Property & Construction: £604k overspend (£339k adverse)

12. Property Disposal and empty buildings have an outturn pressure of £220k, and adverse movement of £185k compared to Month 11, of which £27k relates to the cost of maintaining vacant assets within the Estate, and £193k relates to the shortfall in the recovery of costs associated with the disposal of assets that were intended to generate capital receipts in 2011/12.
13. In addition, there is an outturn pressure of £47k arising from unbudgeted consultancy costs being incurred to investigate a compensation claim for contaminated land at New Years Green Lane, and a pressure of £55k on utilities costs that are not recoverable from certain tenants within the commercial property portfolio.
14. There is a £98k outturn pressure which relates to the underachievement on the 2011/12 MTFF savings target relating to the corporate landlord staffing review and which has been incorporated into the 2012/13 budget.
15. There is also an outturn pressure of £42k relating to urgent revenue works to properties undertaken by the corporate construction team, no change compared to Month 11.
16. The outturn pressure on Building Control £136k, an adverse movement of £136k compared to Month 11. This movement is driven by the over-recovery of fee income compared to the costs of processing building control applications under the cost recovery model of £132k, which is ringenced to the service.

Education: £2,620k underspend (£280k improvement)

Schools: *variance not applicable*

17. The Schools Budget is ring fenced and funded from the Dedicated Schools Grant (DSG), and covers a range of services directly linked to schools. The majority of the DSG is delegated to schools (£163.2 million), with the remainder (£16.4 million) being retained by the Council. The rules applying to the DSG allow for any surplus and deficit balances to be carried forward into the next financial year, for both schools delegated budgets and the centrally retained DSG element (decisions on how this is used lie with the Schools Forum). It should be noted that the Schools Budget is completely separate to the General Fund and no interaction between these two funds is allowable.

18. The movement on the DSG reserves carried forward for 2011/12 is summarised in the following table:

Schools Budget Movements	DSG Delegated to Schools (£000s)	DSG Retained (£000s)
Opening Balance 1 April 2011	20,773	3,266
Drawing on Reserve	+8,056	+2,519
In-Year Overspend / (Underspend)	-4,923	+521
Closing Balance 31 March 2012	17,640	226

19. The DSG reserves delegated to schools reduced by £3,133k in 2011/12, however, this includes the transfer of £8,056k of surplus balances to convertor Academy schools, which after taking this into account, results in an increase in the maintained schools balances of £4,923k. The following table provides a further breakdown of the balances by sector:

Sector	Closing Balance 31 March 2012 (£000s)
Nursery	143
Primary	15,229
Secondary	1,350
Special	918
Total	17,640

20. The centrally retained DSG reserves reduced by £3,040k in 2011/12 - of this, Schools Forum agreed to draw down £2,519k, the majority of which was paid directly to schools (£1,995k), with the remainder being used to pay for Equal Pay claims (£281k), the set up costs for Rosedale Primary school (£238k) and other minor expenses (£5k). The balance of £521k reflects an in-year overspend on the centrally retained budgets and primarily relates to an overspend on Special Educational Needs (SEN) placements in Independent School settings and support for pupils placed in non-school education establishments.

Youth & Connexions: £43k overspend (£56k improvement)

21. As previously reported, the Connexions service has an outturn pressure of £687k against the MTF savings target, due to delays in the implementation of new legislation, which has been revised to remove the pressure for the 2012/13 financial year. The youth service is reporting an outturn underspend of £644k, an improvement of £56k compared to Month 11. The underspend is mainly due to the service having a significant number of staff vacancies, as the service underwent a major BID review. These have been held vacant where it does not affect service delivery, and assists with delivering the 2012/13 full year saving target, as well as providing a one-off in year saving. The improvement compared to Month 11 reflects project-based expenditure that will now fall into the 2012/13 financial year.

Childcare, Early Years and Children's Centres: £1,010k underspend (£18k adverse)

22. Part of this service area was previously funded by the ringfenced Sure Start Grant - these budgets have now been incorporated into the base budget. Children's Centres budgets have been reviewed and an outturn saving of £213k is included in the position and the 2012/13 budget.

23. Within the outturn expenditure for this service area, other underspends have been identified consisting of £135k in the Children's Centres budget, which was earmarked for the completion of the Phase III Centres, which is no longer required as it can be met from one-off surplus funds that have been recouped; a one-off underspend of £349k in the Phase III Children's Centres that are still not fully operational, but were allocated a full year budget; and underspends of £148k on training providers, £87k on SEN / Inclusion and Disabled Access, and on central administration of £78k. All of these budgets are subject to a zero based budget review and have targeted reductions included in the 2012/13 budget.

School Improvement Service: £664k underspend (£164k improvement)

24. The outturn position on the service's budget, expenditure and grant income is an underspend of £664k, which relates to the service having a number of vacant posts, and the application of grant income to eligible expenditure up to August 2011 - this has released base budget to achieve a one-off saving for the current year.

Education Central Budget: £112k underspend (no change)

25. This area consists of the Education Central Support Cost budget, certain centrally managed items and corporate charges such as debt interest which are charged at the year-end in line with the budget.

26. There is an underspend on the Barnhill PFI project revenue budget - the original General Fund allocation was to cover a range of associated costs amongst which included the FM contract and legal costs. The revised calculation of PFI credits produces a saving of £310k.

27. The remainder of the outturn for these items includes £148k representing the MTFE saving on extended schools support that can not be achieved, plus a £50k shortfall on the MTFE saving for the education business support review that is offset by brought forward savings on the group-wide review of support functions reported within Public Safety and Environment below.

Access & Inclusion: £558k underspend (no change)

28. The service's final outturn position is an underspend of £558k, comprising of a £307k underspend in the Educational Psychology service, an underspend of £135k in the Pupil Support Service (which includes the transfer of hospital tuition costs to the retained schools budget), an underspend of £105k in the Parent Support Service, where there are a number of vacant posts, and a minor underspend of £11k across the rest of the service. Both the Educational Psychology position and the hospital tuition position reflect the bringing forward of savings targeted for 2012/13.

Organisation & Resources: £169k underspend (no change)

29. This service has an outturn underspend of £18k on staffing budgets due to the impact of staff on maternity leave. In addition, there is an underspend on ICT and consultancy support costs of £115k, and a surplus on rental income from Hillingdon Manor independent school of £36k.

Music Service: £150k underspend (£78k improvement)

30. Following a review of demand for the service after the increase in fees for the new academic year, efficiencies have been made in the scheduling of sessional staff producing an underspend of £150k, which represents advanced delivery of the full year savings allocated to the service in 2012/13 in the MTFE. This has increased by £78k compared to Month 11 due to the inclusion of further savings on sessional staff usage made in the spring term.

ICT Highways & Business Services: £678k overspend (£145k adverse)

ICT: £31k underspend (£31k improvement)

31. The outturn for ICT is an underspend of £31k, mainly on the staffing budget, where posts have been held vacant pending the further restructuring of the service.

SEN Transport & Passenger Services: £251k overspend (£100k adverse)

32. This is an area that had seen significant pressure in the 2010/11 financial year and as a result growth monies were allocated to the service for 2011/12. The service is reporting an outturn pressure of £251k due to a combination of increased SEN routes being provided compared to 2010/11, and the challenge of delivering the service's share of the savings targets allocated across business services as a whole, against the background of increased demand for the service especially in the spring term.

Fleet Management: £98k overspend (£11k adverse)

33. An outturn pressure of £98k is reported, an adverse movement of £11k compared to Month 11. The service has incurred additional costs of £117k for upgrading vehicles to meet the statutory modifications regarding exhaust regulations. This is offset by savings on the salaries budget of £30k which relates to posts included for deletion in the MTF for 2012/13, but where staff have already been released this year. The movement from Month 11 reflects an increase in the outturn expenditure on self-insured accidental damage to vehicles.

Bereavement Services: £65k overspend (£65k adverse)

34. The outturn pressure for this service area is driven by a shortfall in cemeteries income attributable to the mild weather during the autumn and winter months.

Facilities Management: £355k overspend (no change)

35. There is an outturn pressure of £270k across facilities management, maintenance and Borough Wide Maintenance budgets. The larger proportion of this is due to a pressure against the income target to sell services to the schools and other externally funded services, where schools have opted out and have purchased FM services directly. There are also pressures on maintenance budgets for day to day repairs.

36. The Middlesex Suite has an outturn pressure of £65k. The pressure has been due to a general slow down in demand set against a challenging income target. The marketing of this service has been reviewed and updated, however, the impact of this is yet to be reflected in additional hires.

37. In addition there is a pressure of £20k relating to increased postage prices, which can not be contained within budget, no change compared to Month 11.

Highways: £60k underspend (no change)

38. The unusually mild winter has meant that gritting requirements have been lower than average, producing an underspend on the winter maintenance budget of £60k.

Planning Sport & Green Spaces: £179k underspend (£163k improvement)

Sport & Green Spaces : £59k underspend (£123k improvement)

39. In December 2011 the Council took over the operation of three golf courses, where these have been re-possessed from the previous golf operator that had incurred significant rent arrears. £50k has been released from contingency to establish effective management of the courses, however there are pressures resulting from income foregone due to the re-possession, totalling £250k. In addition, the turnover income target for 2011/12 of £100k has effectively transferred to the in-house operation. The net shortfall of income against costs for this latter part of the year was £25k, after the application of contingency funding, an improvement of £15k compared to Month 11. Hence the total current pressure this financial year is £375k.

40. There are compensating savings elsewhere in the service arising from bringing litter collection in parks in-house (£30k), from one-off reduced maintenance commitments this financial year (£356k) and retrospective business rate refunds on Hayes Pool and Yiewsley Pool (£48k). This represents an improvement of £86k across green spaces compared to Month 11.

Planning: £120k underspend (£40k improvement)

41. There was an in-year surplus of £177k against the income target for Section 106 administration fees mainly due to the conclusion of two large agreements. This target has been increased to 2012/13, and also covers administration fees arising from the implementation of the Mayoral Community Infrastructure Levy (CIL).

42. Pre-application advice income from developers shows a pressure of £46k, an improvement of £3k compared to Month 11, reflecting continuing uncertainty in the housing market.

43. Planning appeals costs are showing an outturn pressure of £11k due to an increase in the number of costs appeals following changes to the appeals process made by the Planning Inspectorate. Appeals costs have been met from the general contingency in previous years.

Public Safety & Environment: £561k underspend (£45k improvement)

Waste Services: £545k underspend (no change)

44. The first year of the variable 'pay as you throw' levy arrangement through West London Waste gave an underspend of £367k. The levy has been reset for 2012/13.

45. Overall the rest of the waste services are reporting a £178k underspend, after pressures in kerbside recycling of £50k have been absorbed that were previously assumed to be met from the corporate contingency of £150k. The Trade Waste service has increased its fees and has an associated MTFE savings target. The service has maintained its customer base and the target has been over-achieved, and this has been reflected in the 2012/13 budget. There were also underspends on graffiti removal, public conveniences and special waste collection, these are being partially offset by some one-off costs for waste disposal.

Harlington Road Depot: £163k overspend (no change)

46. The outturn for Harlington Road Depot is a pressure of £163k. The pressure chiefly relates to a reduction in the intensity of usage. This is due to the movement of some Council services to the Civic Centre, together with the loss of Hillingdon Homes contributions for space occupation at the depot and use of the Stores facility.

Parking: £155k overspend (£5k adverse)

47. There was an outturn shortfall of £155k on off-street parking, which is largely attributable to Cedars and Grainges multi-storey car parks in Uxbridge town centre, partly reflecting pressures reported in the 2010/11 financial year, and a further reduction in consumer confidence among shoppers in view of the worsening economic outlook.

Community Safety: £168k underspend (no change)

48. There was an underspend of £112k due to a realignment of the funding for police officers from the Housing Revenue Account to reflect activity levels, which has been factored into the budget for 2012/13. There was also an underspend of £56k across the staffing budget for the service, due to staff on maternity leave and other posts being held vacant.

Libraries: £68k overspend (£4k adverse)

49. There was an underlying pressure across the income streams, leading to an outturn pressure of £68k on the libraries budget. This relates to reduced fine income due to on-line renewals, as well as the ongoing trend reduction in demand for audio-visual material.

Public Protection: £40k underspend (no change)

50. There was an underspend of £40k on salaries budgets across the service due to posts being held vacant in anticipation of BID savings for 2012/13 onwards.

Licensing: £54k underspend (£54k improvement)

51. The outturn for the licensing service is an underspend of £54k reflecting vacant posts and additional gambling licence income this financial year.

Directorate Support: £140k underspend (no change)

52. The BID reviews of business support and technical administration have been undertaken on a group-wide basis, and were implemented producing additional savings of £140k in 2011/12, no change compared to Month 11. This represents the bringing forward of part of the saving identified for the 2012/13 financial year.

Transportation Planning Policy and Community Engagement: £190k underspend (£50k improvement)

53. The service is reporting an outturn underspend of £190k, which is largely due to one-off underspends arising from a significant number of vacant posts across the service, an improvement of £50k compared to Month 11.

Central Services

Revenue: £469k favourable (£1k Improvement)

Services		2011/12		% Variance of Budget	Variances (+ adv/- fav)		
		(As at Outturn)			Variance Outturn	Variance Month 11	Change from Month 11
		Outturn Budget	Outturn Actual				
		£'000	£'000				
Chief Executive/Deputy Chief Executive	<i>Exp</i>	630	629	0%	-1	-1	0
	<i>Inc</i>	-69	-69	0%	0	0	0
	<i>Rechgs</i>	46	46	0%	0	0	0
	Total	607	606		-1	-1	0
Audit & Enforcement	<i>Exp</i>	1,442	1,385	-4%	-57	-71	14
	<i>Inc</i>	0	-28	0%	-28	-12	-16
	<i>Rechgs</i>	-1,249	-1,249	0%	0	0	0
	Total	194	108		-86	-83	-3
Corporate Communications	<i>Exp</i>	918	805	-12%	-113	-115	2
	<i>Inc</i>	-128	-103	-20%	26	3	23
	<i>Rechgs</i>	-790	-790	0%	0	33	-33
	Total	0	-88		-87	-79	-8
Democratic Services	<i>Exp</i>	3,117	3,337	7%	220	154	66
	<i>Inc</i>	-745	-938	26%	-193	-101	-92
	<i>Rechgs</i>	679	679	0%	0	0	0
	Total	3,050	3,078		27	53	-26
Finance & Procurement Services	<i>Exp</i>	11,049	11,618	5%	569	637	-68
	<i>Inc</i>	-3,449	-3,724	8%	-275	-472	197
	<i>Rechgs</i>	-4,114	-4,114	0%	0	0	0
	Total	3,490	3,752		294	165	129
Human Resources	<i>Exp</i>	4,477	4,284	-4%	-193	-178	-15
	<i>Inc</i>	-1,581	-1,498	-5%	83	42	41
	<i>Rechgs</i>	-2,828	-2,828	0%	0	0	0
	Total	68	-42		-110	-136	26
Legal Services	<i>Exp</i>	2,023	2,081	3%	59	58	1
	<i>Inc</i>	-611	-650	6%	-40	-21	-19
	<i>Rechgs</i>	-1,403	-1,403	0%	0	0	0
	Total	9	28		19	37	-18
Policy & Performance	<i>Exp</i>	5,022	4,562	-9%	-460	-395	-65
	<i>Inc</i>	-441	-508	15%	-66	-29	-37
	<i>Rechgs</i>	72	72	0%	0	0	0
	Total	4,653	4,127		-526	-424	-102
Total Expenditure		28,623	28,648	0%	25	89	-64
Total Income		-6,966	-7,493	8%	-527	-590	63
Total Recharges		-9,587	-9,587	0%	0	33	-33
CS Total		12,071	11,569		-502	-468	-34
Finance & Procurement - Corporate	<i>Exp</i>	11,371	11,443		72	0	72
	<i>Inc</i>	-80	-86		-6	0	-6
	<i>Rechgs</i>	-232	-298		-65	0	-65
	Corporate total	Total	11,000	11,033		0	0
CS Total		23,071	22,602		-469	-468	-1

Audit and Enforcement: £86k favourable (Improvement £3k)

1. This underspend is as a result of vacant posts within the team for which recruitment has now been completed. There was also unbudgeted income as a result of Proceeds of Crime monies received which have totalled £12k this year.

Finance and Procurement: £294k pressure (Adverse movement £129k)

2. The additional restructure within the Corporate Finance team has led to further redundancy costs being incurred within this financial year and in addition, agency and overtime costs have been incurred to ensure that levels of service are maintained across the Accounting structure while restructures are taking place. This overspend also includes overspends on some Corporate levies and subscriptions which have come in higher than was originally advised, e.g Western District Coroners Service.

Corporate Communications: £87k favourable (Improvement £8k)

3. This underspend has arisen from staff vacancies continuing to be held open following the restructure.

Democratic Services: £27k pressure (Improvement £26k)

4. This overspend relates to an additional transfer that has been made this year to the Elections earmarked reserve in order to ensure that sufficient funding is in place to cover the expected costs of the next election. This has been netted down this month by an over-recovery of income on Citizenship Ceremonies.

Policy, Performance and Partnerships: £526k favourable (Improvement £102k)

5. The restructure of the Policy and Performance Team is now complete and set to deliver significant savings. There are also substantial staffing savings within the Partnerships team. These savings will be taken as part of the MTF 2012/13, but provide an in-year underspend in 2011/12. Reductions in the expected level of redundancy costs to be incurred has led to the improvement this month.

Human Resources: £110k favourable (Adverse Movement £30k)

6. Restructures within the service and the early delivery of 2012/13 MTF savings has delivered the underspend within Human Resources. The adverse movement in outturn relates to reductions in the level of income received from schools.

Legal Services: £19k pressure (Improvement £18k)

7. The small overspend was due to the need to cover maternity leave during the year. The improvement in outturn relates to additional costs recovered compared to the previous forecast.

Contingency

8. The final outturn for the insurance position of the Council required a contingency allocation of £390k out of the £420k available. This excluded the specific reserve for the Colne Park Gas Explosion which was provided for by Housing.

Annual Treasury Report 2011/12

1. Summary

This report summaries the Council's treasury management activities during 2011/12 and presents details of capital financing, borrowing, debt management and investment transactions alongside an outturn position.

Borrowing during the year consisted of new HRA borrowing totalling £191.6m, to finance the Housing Reform Settlement, £7m of new long term General Fund borrowing and an additional £58.2m funded from internal resources, which avoided the cost of carry presently incurred in the current interest rate environment. £3.4m of debt naturally matured, which was not separately refinanced, leaving a year end loan balance of £356.8m (£100.21 General Fund, £256.57m HRA) with an overall average rate of 3.01%, one of the lowest average rates in London. Interest paid on loans for 2011/12 totalled £6.04m.

Due to poor economic growth, a bearish view on inflation and stimulus packages intervention, the Bank of England maintained the base rate at 0.5% which resulted in short term money market rates remaining low. This subdued investment income with returns for the year yielding 0.85% (0.83% 2010/11), with interest of £815k achieved.

At the start of the financial year there were unpaid investments with Icelandic banks; Heritable (£7.4m) and Landsbanki (£5.0m). The administrators of Heritable issued dividends during the year totalling £2.7m leaving a balance of £4.7m. Total dividends received for Heritable now equate to 68% of the claim value. The administrators of Landsbanki issued a dividend this year totalling £1.5m, which is 29% of the claim value, leaving a balance outstanding of £3.5m at the end of March. At the start of the 2012/13 financial year further dividends of £572k and £617k have been received from Heritable and Landsbanki.

Careful treasury and cashflow management resulted in no breaches of Prudential Indicators during the period. The Council also complied with the balanced budget requirement set before the start of the year.

2. The Borrowing Requirement and Debt Management

	Balance on 31/3/2011 £m	New Borrowing £m	Debt Maturing £m	Debt Prematurely Repaid £m	Balance on 31/3/12 £m	Average Rate %
CFR	417.96					
GF Loans						
PWLB Fixed Rate Maturity	54.60	-	-	-	54.60	3.66
PWLB Fixed Rate EIP	13.50	7.00	1.89		18.61	3.10
Market Fixed Rate	15.00	-	-	-	15.00	4.28
PWLB Variable Rate EIP	13.50	-	1.50	-	12.00	0.75
Temporary Borrowing	0.00	-	-	-	0.00	0.00
Total GF Loans	96.60	7.00	3.39	0.00	100.21	3.29
HRA Loans						
PWLB Fixed Rate Maturity	32.00	66.57	-	-	98.57	3.56
PWLB Fixed Rate EIP	0.00	85.00	-	-	85.00	2.75
Market Fixed Rate	33.00	-	-	-	33.00	4.03
PWLB Variable Rate Maturity	0.00	40.00	-	-	40.00	0.62
PWLB Variable Rate EIP	0.00	-	-	-	0.00	0.00
Temporary Borrowing	0.00	-	-	-	0.00	0.00
Total HRA Loans	65.00	191.57	0.00	0.00	256.57	2.89
Total Loans	161.60	198.57	3.39	0.00	356.78	3.01
Other Long Term Liabilities	3.30				3.00	
Total External Debt	164.90				359.78	

The Council's underlying need to borrow is measured by the Capital Financing Requirement (CFR) and as at 31/3/2012 was £417.96m. The Council's borrowing requirement, the difference between the CFR and total physical borrowing, was £58.18m.

Following the introduction of the Localism Act 2011 the London Borough of Hillingdon was required to borrow £191.6m to finance the HRA Housing Reform Settlement in March 2012. A broad portfolio containing both Maturity and EIP loans were taken with variable and fixed rates and with varying maturities. The average rate payable on this tranche of borrowing is currently 2.48%. The mix of loan structures and maturities not only allows flexibility in terms of debt management but also provides a repayment profile aligned to the HRA's thirty year business plan and furthermore, will enable capacity within the borrowing headroom for future Housing development.

Given the significant cuts to local government funding creating pressures on Council finances, a strategy to minimise debt interest without compromising the longer-term stability of the portfolio was adopted. The differential between the cost of new longer-term debt and the return generated on the Council's temporary investment returns was significant at over 3%. Therefore the temporary use of internal resources in lieu of new borrowing was judged, and remains, the most cost effective means of funding capital expenditure. This has lowered overall treasury risk by reducing both external debt and temporary investments with counter parties.

The Council has £48m of market loans, which are LOBO loans (Lender's Options Borrower's Option) of which £8m of loans were in their option state in 2011/12. During the year the lenders of these loans did not exercise any call options and therefore the loans remain outstanding on the same terms.

By using internal resources in lieu of borrowing, loan interest costs for the year totalled £6.04m, avoiding interest costs of £102k that would have been incurred otherwise.

Following the Comprehensive Spending Review of October 2010, the PWLB increased the margin for new borrowing to an average 1% above the yield on the corresponding UK Government Gilt. Over the year new fixed rate borrowing increased by approximately 0.87% across all maturities and new variable rate borrowing by 0.90%. Premature repayment rates did not benefit from the increase in the margin and as a result it was not beneficial to reschedule or repay any debt during 2011/12.

3. Investment Activity

The table below shows investment balances on 31st March, which is historically the lowest level of balances during the year due to lower Council Tax and NNDR receipts during March.

Investments	Balance on 31/3/2011 £m	Average Rate % Received	Balance on 31/03/2012 £m	Average Rate % Received
Call Accounts	7.70		0.00	
Money Market Funds	15.30		26.20	
Short Term Investments	10.80		45.00	
Long Term Investments	0.00		0.00	
Investment Default	12.60		8.50	
Total Investments	46.40	0.83%	79.70	0.85%

Security of capital remained the Council's chief investment objective. This was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2011/12. Investments during the year included deposits with the Debt Management Office, Local Authorities, investments in AAA-rated Stable Net Asset Value Money Market Funds and deposits, both instant access and fixed term with Banks and Building Societies systemically important to the UK banking system.

There were a number of institutions downgraded during the year, including Barclays, Lloyds TSB Group, Nationwide and RBS, who all fell below Hillingdon's minimum credit criteria, resulting in the suspension of new deposits. At the time of the suspensions, investments falling below the minimum credit criteria peaked at £32.7m with £2m still outstanding on 31st March 2012.

Credit Risk: Counterparty credit quality was assessed and monitored with reference to credit ratings (Council's minimum long-term counterparty rating of A+ across all three rating agencies,

Fitch, Standard & Poors and Moody's). However reliance does not rest solely with these agencies and are supplemented by use of market/economic information, media updates and intelligence from the Council's Treasury Advisors.

Liquidity: In keeping with CLG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds, overnight deposits and the use of call accounts.

Yield: The Council sought to optimise returns commensurate with its objectives of security and liquidity. The UK Bank Rate was maintained at 0.5% through the year with short term money market rates also remaining at very low levels. Most short-term money was placed in instant access accounts as these were achieving higher rates of interest than those offered on short fixed term deposits of up to three months. A small proportion of longer dated deposits were placed to enhance income in a low interest rate environment. The two approaches resulted in an average return on Investments of 0.85%

All investments made during the year complied with the Council's agreed Treasury Management Strategy, Prudential Indicators, Treasury Management Practices and prescribed limits. Maturing investments were repaid to the Council in full and in a timely manner.

Update on Investments with Icelandic Banks

At the beginning of 2011/12 the Council had unpaid investments of £7.4m with Heritable Bank and £5m with Landsbanki Islands. During the year four dividends were received from the administrators of Heritable; 6.25% in April, 4.06% in July, 4.18% in October and 3.32% in January, totalling £2.69m. Total dividends received for Heritable at the end of March equated to 68% of the claim value and predictions of an 88% recovery rate still remain the best estimate. Since the start of 2012/13, an additional £572k (3.79% of the claim) has been received.

For Landsbanki, creditors lost their appeal and the Icelandic courts have upheld the original decision to award priority status to Local Authorities and the expected recovery rate for Local Authorities remains at 94.85%. During the year Landsbanki issued a dividend totalling £1.5m, representing 29% of the claim value. In addition to this first distribution 6,962k of Icelandic Krona (ISK) is being held in an Icelandic escrow account. As there are currently controls on the distribution of ISK, the funds will remain in this account until the winding up board has obtained permission from the Central Bank of Iceland (CBI) to pay the money to Creditors. The Local Authorities' Steering Committee and Bevan Britten are negotiating with CBI to release funds. Since the start of 2012/13, an additional £617k (12.23% of the claim) has been received.

4. Compliance with the Prudential Code and Prudential Indicators

The Local Government Act 2003 gave freedoms to local authorities to borrow subject to macro economic considerations however, only on condition that compliance with the Prudential Code is observed. The code developed a series of 'prudential indicators' (Appendix 1) that were designed to provide greater information to the council tax payer and the rent payer on the impact of any borrowing decisions taken.

The main objectives of the prudential code are to demonstrate affordability of the authority's capital expenditure plans and ensure prudent external borrowing levels, which are sustainable in the future. It also verifies that treasury management decisions are taken in accordance with best professional practice.

The Council can confirm that it has complied with its Prudential Indicators for 2011/12, set in February 2011 as part of the Council's Treasury Management Strategy Statement. The levels of debt were measured on an ongoing basis during the year for compliance with the Authorised Limit of £492m and the Operational Boundary of £462m, the former being somewhat higher to allow for fluctuations in cash-flow. The Council maintained its total external borrowing and other long-term liabilities within both limits; at its peak this figure was £356.78m.

Upper Limits for Interest Rate Exposure:

	Estimated %	Actual %
Upper Limit for Fixed Rate exposure	100	99.34
Upper Limit for Variable Rate exposure	50	(49.42)

The negative variable rate exposure shown above is the result of a having more variable rate investments compared to variable rate loans.

Maturity Structure of Fixed Rate borrowing:

	Upper limit %	Lower limit %	Actual Borrowing as at 31/3/2012 (£m)	Percentage of total as at 31/3/2012
under 12 months	25	0	10.28	2.88%
12 months and within 24 months	25	0	10.28	2.88%
24 months and within 5 years	50	0	21.56	6.04%
5 years and within 10 years	75	0	92.99	26.07%
10 years and within 20 years	100	0	80.00	22.42%
20 years and within 30 years	100	0	55.00	15.42%
30 years and within 40 years	100	0	10.07	2.82%
40 years and within 50 years	100	0	28.60	8.02%
50 years and above	100	0	48.00	13.45%

For 2011-12 the total principal sums invested for periods longer than 364 days was set at £50m and during the year there was one £2m fixed term deposit placed for 438 days.

Non-treasury related Prudential Indicators are included in Appendix 1.

5. Balanced Budget

The Council complied with the Balanced Budget requirement.

6. Training

As part of the Council's continuous performance and development programmes, officers received treasury management training by attending workshops and seminars provided by CIPFA and the Council's treasury advisers Arlingclose.

Non Treasury Prudential Indicators 2011/12

1 Estimated and Actual Capital Expenditure

Prudential Indicator	2011/12	2011/12
Capital Expenditure	Estimated £m	Outturn £m
Non-HRA	51.5	38.0
HRA	13.5	16.0
Total	65.0	54.0

2 Estimated and Actual Ratio of Financing Costs to Net Revenue Stream

Prudential Indicator	2011/12	2011/12
Ratio of Financing Costs to Net Revenue Stream	Estimated %	Outturn %
Non-HRA	4.16%	3.10%
HRA	2.94%	3.50%
Total	3.87%	3.20%

3 Capital Financing Requirement

Prudential Indicator	Estimated (£m)	Outturn (£m)
CFR	31/3/12	31/3/12
Non-HRA	161700	160382
HRA	268000	256576
Total	429700	416958

The Council had no difficulty meeting its CFR in 2010/11. On both General Fund & Housing Revenue Account there has been significant rephasing of projects to be funded from borrowing into 2011/12, accounting for the reduction in capital expenditure & CFR for 2010/11.

4 Actual External Debt

Actual External Debt as at 31/03/2012	£m
Borrowing	356.78
Other Long-term Liabilities	3.00
Total	359.78

5 Incremental Impact of Capital Investment Decisions

Incremental Impact of Capital Investment Decisions	2011/12 (£)
Increase in Band D Council tax	7.41
Increase in average weekly housing rents	0

Capital investment decisions do not impact on the weekly housing rents as the Council sets its housing rents in line with the policy laid down by CLG. Savings have been identified within the HRA to off-set any increase in borrowing costs.

There was no increase in Hillingdon's Council Tax for 2011/12, with any additional borrowing costs being supported through savings and efficiencies.

COUNCIL BUDGET - MONTH 2 2012/13 REVENUE AND CAPITAL MONITORING

Cabinet Member	Councillor Jonathan Bianco
Cabinet Portfolio	Finance, Property and Business Services
Report Author	Paul Whaymand, Central Services
Papers with report	None

HEADLINE INFORMATION

Purpose of report	<p>The report sets out the Council's overall 2012/13 revenue & capital position, as forecast at the end of Month 2 (May). The in-year revenue position is forecast as an underspend of £1,098k.</p> <p>An underspend of £6,852k is currently forecast on General Fund capital budgets for 2012-15. This primarily relates to £5,550k of contingency and £1,000k of priority growth built into these budgets. There is a forecast pressure of £993k on the HRA capital programme over this period due to variances on new build projects.</p>
Contribution to our plans and strategies	Achieving value for money is an important element of the Council's medium term financial plan.
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services and Partnerships
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

1. Note the forecast budget position for revenue and capital as at Month 2.
2. In relation to growth bids received to request additional grant funding be added to budgets –
 - a) Approves the addition to £150k Preventing Homelessness Grant funding to the Council's 2012/13 budget and delegates authority to the Deputy Chief Executive and Corporate Director of Planning, Environment, Education and Community Services, in consultation with the Leader of the Council and the Cabinet Member for Finance, Property and Business Services, to authorise any expenditure from this funding;
 - b) Approves the addition of £33k Food Standards Agency Grant to funding to carry out sampling and surveillance of imported food and feed at the Heathrow Health Control Unit;

- c) Approves the addition of £100k High street Innovation Grant funding to the Council's 2012/13 budget and delegate authority to the Deputy Chief Executive and Corporate Director of Planning, Environment, Education and Community Services, in consultation with the Leader of the Council and Cabinet Member for Improvement, Partnerships & Community Safety, to authorise any expenditure from this funding;
3. Note the treasury Month 2 update at Appendix B.
4. Approve the retaining of agency staff as detailed in Appendix C.
5. Approves allocation of £68k from General Capital Contingency to fund remedial fire safety works at Merrifields Children's Respite Home.
6. Delegate authority to the Deputy Chief Executive and Corporate Director of Planning, Environment, Education and Community Services, in consultation with the Leader of the Council and the Cabinet Member for Finance, Property and Business Services, to accept the Most Economically Advantageous Tender submission for the provision of Fixed Term Fixed Price (FTFP) energy supply.

INFORMATION

Reasons for Recommendations

1. The reason for the monitoring recommendation is to ensure that the Council achieves its budgetary objectives. The report informs Cabinet of the latest forecast revenue and capital position for the current year 2012/13.
2. The Council was awarded £150k of preventing Homelessness grant funding and £33k Food Standards Agency Grant after the base budget for 2012/13 was approved at Council Tax setting in February. The Council has also received £100k High Street Innovation Grant. The above recommendations are required to formally add these one-off grants and associated spend into the approved budget.
3. The contract for the Merrifields House Respite Care upgrade has been awarded and the cost is £68k higher than the original contingency allocation of £40k. This is due to changes in the specification of the project to include fire sprinklers installation and compartmentalisation. It is therefore recommended that there be a further allocation from capital contingency be approved to fund this work.
4. In March 2012 the Cabinet approved the Energy Procurement Strategy. In accordance with the recommendations of that report and following further approvals from the Cabinet Member for Coordination and Central Services and the Leader of the Council, Officers have engaged with the Laser Buying Consortium to tender those requirements. Given the highly volatile nature of energy markets and the value of the tender, suppliers retain the right to withdraw their prices at any time. In order to ensure that this risk is minimised, a very tight timetable is applied to the exercise with relevant delegations needing to be in place in advance of tender return to accept the preferred bid. The industry norm would be for acceptance of tenders with contract execution within 4 hours of submission.

Alternative options considered

5. There are no other options proposed for consideration.

SUMMARY

A) Revenue

6. The in year revenue monitoring position as at Month 2 (May) shows that forecast net expenditure for the year 2012/13 is £1,098k less than the budget. This variance consists of an overspend of £1,402k on directorate operating budgets, primarily within SCHH, offset by an underspend of £2,500k on financing costs. The financing cost underspend is due to the fact that only £500k of the £3,000k set aside will be required in this financial year, although it will all be required ultimately once the programme is completed.
7. Although there is currently a forecast overspend on directorate operating budgets, all Groups are working up plans to ensure that they deliver an outturn within budget this year and do not rely on the capital financing underspend, which will be treated as a windfall and contribute to balances.
8. Balances brought forward at 31st March 2012 were £23,313k, to which a further £2,126k was budgeted to be added during 2012/13. Forecast balances at 31 March 2013 are expected to reach £26,537k as a result of this contribution and the in year underspend reported above.

B) Capital

9. Forecast outturn on the 2012/13 General Fund Capital Programme is £95,167k, a variance of £6,094k on a revised budget of £101,261k. The majority of this relates to unallocated contingency and the rephasing of works on the Civic Centre Combined Heat and Power (CHP) scheme.
10. Over the three-year period 2012-15, an underspend of £6,852k is now reported on the General Fund Capital Programme. Table 7 gives further detail of this.
11. The General Fund Capital receipts forecast disposals for 2012/13 of £17,717k at Month 2 as shown in Table 9, which represents a variance of £5,931k on the revised budget of £23,648k. This relates to rephasing of disposals which are now expected to complete during 2013/14. A favourable variance of £219k is forecast over the period 2012-15.
12. A net pressure of £993k is reported on the HRA capital programme over the period of 2012-15, which relates to variances on New Build projects.

A) REVENUE

13. Table 1 indicates the overall impact of the expenditure forecast now reported on the approved budget and the resulting balances position.

Table 1

2012/13 Original Budget	Budget Changes		2012/13 (As at Month 2)		% Var	Variations (+ adv / - fav)
			Current Budget	Forecast		(As at Month 2)
£'000	£'000		£'000	£'000		£'000
229,902	0	Directorates Budgets on normal activities	229,902	231,305	1%	+1,402
-41,360	0	Corporate Budgets on normal activities	-41,360	-43,860	6%	-2,500
188,542	0	Sub-total Normal Activities	188,542	187,445	-1%	-1,098

		Exceptional items:					0
0	0	Sub-Total	0	0			0
188,542	0	Total net expenditure	188,542	187,445	-1%		-1,098
-190,668	0	Budget Requirement	-190,668	-190,668			0
-2,126	0	Net total	-2,126	-3,224			-1,098
-23,313		Balances b/f 1/4/012	-23,313	-23,313			0
-25,439	0	Balances c/f 31/3/13	-25,439	-26,537			-1,098

Directorates' Forecast Expenditure Month 2

14. Table 2 provides analysis of the budget, forecast and variance at directorate level. Further detail on each directorate is set out in Appendix A. The group forecasts exclude sums provided for in contingency which are set out in table 3.

Table 2

2012/13 Original Budget £'000	Budget changes £'000	2012/13 Current Budget as at Month 2 £'000	Directorate		2012/13 Forecast (as at Month 2) £'000	% Var	Variations (+ adv / - fav) (As at Month 2) £'000
315,308	-3,787	311,521	SCHH	<i>Exp</i>	314,587	1%	+3,066
-205,801	3,785	-202,016		<i>Inc</i>	-203,905	1%	-1,889
109,507	-2	109,505		Total	110,682	1%	+1,177
386,494	-12,133	374,360	PEECS	<i>Exp</i>	374,121	0%	-240
-298,379	12,200	-286,179		<i>Inc</i>	-285,809	0%	+370
88,115	67	88,182		Total	88,312	0%	+130
22,090	-727	21,362	CS	<i>Exp</i>	21,338	0%	-24
-9,004	662	-8,342		<i>Inc</i>	-8,320	0%	+22
13,085	-65	13,020		Total	13,018	0%	-2
16,691	0	16,691	Contingency		16,789	1%	+98
2,504	0	2,504	Priority Growth		2,504	0%	0
229,902	0	229,902	Sub-Total Normal Activities		231,305	1%	+1,402

15. **Social Care, Health & Housing (SCH&H)** are projecting an overspend of **£1,177k** as at Month 2. This overspend consists of a pressure of £649k in Children & Families Services arising largely from projected slippage in the move from Independent Fostering Agencies to our own Foster Parents; a pressure of £239k in Older People's Services in relation to slippage in the delivery of transport savings; pressures in Physical Disabilities (£240k) and Learning Disabilities (£589k) as a result of the slippage in the Supported Housing programme. The overspend is partially offset by a favourable movements in Housing Benefits of £291k and £358k from the renegotiation of housing related support contracts. The Group is continuing to work up plans to ensure that the outturn for the Group is within budget.

16. **Planning, Environment, Education & Community Services (PEECS)** are forecasting an overspend of **£130k** as at Month 2. This overspend primarily consists of pressures arising on Facilities Management expenditure and over recovery of ring-fenced building control income, with compensating favourable variances arising from staffing vacancies within the directorate.

17. **Central Services (CS)** is forecasting a **£2k** favourable variance as at Month 2. A small overspend in Finance and Procurement is offset by underspend in other services.

Progress on 2012/13 Savings

18. Table 3 below sets out progress against the savings programme for 2012/13 as set out in the budget approved in February 2012/13.

Table 3

Category of Savings	Central Services	PEECS	SCHH	Total (Month 2)	%
Blue - Banked	-1,603	-3,331	-2,610	-7,544	42.63
Green - On track for delivery	-60	-3,599	-2,540	-6,199	35.03
Amber - Potential significant savings shortfall or a significant or risky project which is at an early stage;	-118	-673	-2,228	-3,019	17.06
Red - Serious problems in the delivery of the saving.	0	-50	-884	-934	5.28
Total Central Services	-1,781	-7,653	-8,262	-17,696	100.00

19. At this early stage of the year, almost 78% of the savings are classified as either banked or on track for delivery, evidencing the significant BID activity currently in progress. As at month 2, 17% of the savings are classed as amber, highlighting potential delivery problems or more complex projects at an early stage. Savings classified as red within SCH&H relate to the slippage in Supported Housing. These red savings are still considered to be deliverable in the medium term. Alternative savings are being developed to ensure that any shortfall in the current year or in 2013/14 are covered.

Development & Risk Contingency: £98k overspend

20. £16,691k of potential calls on the Development & Risk Contingency were incorporated into the 2012/13 budget. Table 4 shows the latest forecast call on this contingency budget. Forecast contingency requirements remain broadly consistent with MTFF assumptions in totality, however there has been some movement on specific allocations.

Table 4

Development and Risk Contingency	2012/13 Budget Group	Forecast as Needed	Variance (+adv / - fav)	Directorate
<i>2012/13 allocations:</i>	£'000	£'000	£'000	
General Contingency	1,000	1,000	0	All
Social Care Pressures (Adults')	6,171	6,171	0	SCHH
Social Care Pressures (Children's)	165	165	0	SCHH
Increase in Transitional Children due to Demographic Changes	2,742	2,742	0	SCHH
Potential shortfall in reablement, LD & PD savings targets	500	500	0	SCHH
Asylum Funding Shortfall	1,449	1,449	0	SCHH
Impact of HB Changes on Temporary Accommodation	737	737	0	SCHH
Waste Disposal Levy	550	550	0	PEECS
Additional costs for two year olds	357	357	0	PEECS
Development Control Income	500	528	+28	PEECS
Carbon Reduction Commitment Energy Efficiency Scheme	450	400	-50	PEECS
Local Development Framework Legal & Consultancy Fees	90	90	0	PEECS
SEN Transport	100	250	+150	PEECS
HS2 Challenge Contingency	200	200	0	PEECS
Contingency against Leisure outsourced income streams	480	365	-115	PEECS
Uninsured Claims	400	400	0	CS
Schools withdrawal from the HR payroll and OH service	300	300	0	CS
Pump Priming for BID Savings	500	500	0	All
Fuel		85	+85	PEECS
Total net contingency	16,691	16,789	+98	

21. Social Care Health & Housing are forecasting that the full £11,764k included within MTFF related to service pressures, demographic changes and potential delays around the reablement programme will be required in 2012/13. As noted in paragraph 9 above, the impact of slippages within the Supported Housing Programme exceeds the £500k forecast to be drawn down from contingency and is also resulting in a forecast overspend on directorate budgets.

22. The above forecasts for Social Care rely upon financial models to predict future demand for services. A review of these models is being carried out by LG Futures to provide assurance on the robustness of these models given the fast pace of change in the models of service delivery. A report on their initial conclusions is due in August 2012. Any recommended

improvements in the modelling will then be incorporated into both the in-year forecasting and the MTFF.

23. The contingency against the additional forecast costs of the 'pay as you throw' waste disposal levy from the West London Waste Authority (WLWA) of £550k is assumed to be required in full. After a significant adverse movement in the WLWA 2011/12 outturn position and reduction in proposed 2012/13 savings, the finance function has been moved to the London Borough of Harrow, pending an independent review.
24. The forecast position for Development Control Income is a pressure of £528k, which is £28k greater than the sum held in contingency. The adverse position on the income forecast continues to be driven by the historically low level of major applications.
25. The Carbon Reduction Commitment contingency is for the estimated costs for the requirement to purchase allowances for each tonne of carbon produced by the Council, the overall required of £400k is based on the same level of requirement as approved for 2011/12 by Cabinet in June 2012. It includes the £250k budget for allowances for schools that has been provided for in the schools budget.
26. Special Educational Needs (SEN) Transport is an area that has seen significant pressure in the last financial year. The pressure of £250k now reported reflects last year's outturn position and assumed growth in pupil numbers and routes from September 2012.
27. The Council's three golf courses are continuing to be managed in house, having been re-possessed from the previous operator in December 2011, with a forecast shortfall of £365k against the budgeted income target resulting in a forecast call on leisure contingency.
28. As at Month 2 there are an additional pressures noted of £85k in relation to fuel budgets.

Priority Growth: Nil variance

29. The 2012/13 General Fund budget approved by Council on 23 February 2012 increased the unallocated Priority Growth budget from £1,000k to £1,704k, while maintaining a budget of £800k for HIP Initiatives. Table 5 summarises the position with regards to each element of priority growth.

Table 5

Priority Growth	2012/13 Budget	Agreed draw downs	Unallocated
<i>2012/13 Unallocated Priority Growth at start of the year</i>	£'000	£'000	£'000
HIP Initiatives Budget:	800		
Communications Projects		7	
Heritage/Civic Pride Projects		123	
ICT Projects		321	
HIP Initiatives unallocated balance	800	451	349
Unallocated non specific growth	1,704		
Balance of unallocated growth	1,704	0	1,704
Total	2,504	451	2,053

30. HIP Steering Group has approved £451k of allocations so far this year leaving £349k as yet unallocated within the HIP initiatives budget. There have been no allocations from priority growth so far this year. However, the forecast at Month 2 assumes the remaining unallocated budgets for both HIP Initiatives and unallocated growth will be spent in full by 31 March 2013.

Corporate Budgets' Forecasts: £2,500k Underspend

31. Table 6 shows budget, forecast and variance reported on corporate budgets as at Month 2.

Table 6

2012/13 Original Budget	Budget Changes	2012/13 Current Budget as at Month 2	Corporate Budgets	2012/13 Forecast Outturn (as at Month 2)	Variance (+ adv/ - fav)
					Variance (As at Month 2)
£'000	£'000	£'000		£'000	£'000
12,340	0	12,340	Financing Costs	9,840	-2,500
950	0	950	IAS 19 Pension Adjustment	950	0
-35,583	0	-35,583	Asset Management A/c	-35,583	0
10,165	0	10,165	Levies & other corp budgets	10,165	0
-29,232	0	-29,232	Corporate Govt Grants	-29,232	0
-41,360	0	-41,360	Corporate Budgets	-43,860	-2,500

32. An underspend of £2,500k is reported on financing costs at Month 2 as the full £3,000k set aside to support borrowing on the Primary School Capital Programme is not forecast to be required during 2012/13.

B) CAPITAL

Programme Monitoring

33. Table 7 sets out the latest forecast outturn on current General Fund capital projects. Forecasts for future years include live capital projects and programmes of works as included in the draft programmes for 2012/13 to 2014/15, which were reported to Cabinet and Council in February 2012.

34. The original budget of £89.3m as agreed by Cabinet on 23 February 2012 has been increased by £12m due to re-phasing of budgets from 2011/12 as recommended in the outturn report and by additional grant from the Outer London Fund (OLF) for the town centre projects. This takes the current revised budget for 2012-13 to £101.3m. Expenditure at the end of month 2 is £0.9m.

Table 7:

	2012/13	2013/14	2014/15	Total
Original Budget	89,286	71,110	37,012	197,408
Revised Budget	101,261	72,675	37,259	211,195
Forecast Outturn	95,167	73,417	35,759	204,343
Council Resourced Variance – see table 8	-5,940	588	-1,500	-6,852
External Grants Variance	-154	154	0	0
Other Resources Variance	0	0	0	0
Programme Variance	-6,094	742	-1,500	-6,852

35. In-year General Fund capital expenditure as at the end of May had reached £885k representing 0.9% of current forecast outturn.
36. The main programme shows a net favourable variance of £302k, comprising of pressures of £202k, and underspends of £504k as set out in table 8. The balance and majority of the Council Resourced Variance relates to the general contingency and priority growth budgets, which at this early point in the financial year are unallocated.

Table 8:

Council Resourced Variance	2012/13	2013/14	2014/15	Total
Pressures:				
Botwell Green Leisure Centre	63	0	0	63
Hayes End Library Development	56	0	0	56
Hillingdon Sports & Leisure Centre	43	0	0	43
South Ruislip Development - Plot A	40	0	0	40
Total Council Resourced Pressures:	202	0	0	202
Underspends:				
Winston Churchill Hall Refurbishment	-1	0	0	-1
Primary Schools Expansion Minor Works	-60	0	0	-60
Primary School Expansions- Phase 1A Temporary	-273	0	0	-273
Ruislip High School Expansion	-30	0	0	-30
New Young People's Centres	-140	0	0	-140
Total Council Underspends:	-504	0	0	-504
Projected Rephasing	-2,088	2,088	0	0
Main Programme Variance	-2,390	2,088	0	-302
Unallocated Contingency	-2,550	-1,500	-1,500	-5,550
Unallocated Priority Growth	-1,000	0	0	-1,000
Council Resourced Variance	-5,940	588	-1,500	-6,852

37. The forecast pressure on Hillingdon Sports & Leisure Centre is due to the on-going review of defects with the main contractor. For Botwell Green, a close out report was presented to Cabinet in May 2012. The current estimated total final account is £21,801k. Of this sum £694k is still outstanding, of which £631k has been accrued in 2011/12. The balance of £63k relates to the expected closing out costs.
38. Hayes End Library Development is currently projecting an overspend of £56k. Works have been delayed partly due to changes in design but also by the contractor in delivering the project. The situation is being closely monitored by the project manager and contractor, and the estimated date for completion is August 2012.
39. The Schools Expansion project has previously reported an underpend for phase 1a and minor works and this is currently forecast to be £333k (equivalent to 0.2% of the full programme). The remaining schools expansion programme is forecast to be in line with budget at this time.
40. There are two further projects reporting an underspend - the New Young People's Centres and Ruislip High School Expansion. All the defects for the Centres are complete and the final accounts have been agreed. A closure report is now being prepared. The target completion date is August 2012. There are still some minor works outstanding for Ruislip High School but the account finalisation is being prepared and an underspend of £30k is forecast.

Capital Financing

Table 9:

	2012/13	2013/14	2014/15	Total
Original Budget	13,344	12,675	0	26,019
Revised Budget	23,648	12,675	0	36,323
Forecast Disposals	17,717	18,825	0	36,542
Capital Receipts Variance	5,931	-6,150	0	-219

41. Forecast capital receipts for 2012/13 have been estimated at £17,717k. As previously noted, any slippage in capital receipts leads to an equivalent increase in borrowing, resulting in a higher Minimum Revenue Provision (MRP) being chargeable to General Fund revenue in 2012/13. Each £1,000k movement in capital receipts would result in a £40k movement in MRP in 2012/13.
42. The shortfall of £5,931k against budgeted disposals for the year 2012/13 reflects the latest forecast, with a number of disposals now forecast to slip into 2013/14. The programme is still anticipated to generate an overall surplus of £219k and deliver significant revenue savings to the Council through reduced borrowing costs.
43. Table 10 below sets out a summary of variances against approved expenditure budgets and this shortfall in receipts, providing an indication of future revenue implications arising from the current capital programme. Overall levels of Prudential Borrowing are broadly consistent with approved budgets, with the reduced requirements of the Council Resourced projects offsetting the forecast shortfall in receipts. Based on current forecasts across the three-year period 2012-15, there is a favourable revenue impact of £495k.

Table 10:

	2012/13	2013/14	2014/15	Total
Revised Budget	33,142	35,753	16,259	85,154
Council Resourced Variance	-5,940	588	-1,500	-6,852
Capital Receipts Variance	5,931	-6,150	0	-219
Forecast Prudential Borrowing	33,133	30,191	14,759	78,083
Variance	-9	-5,562	-1,500	-7,071
Future Revenue Impact	-1	-389	-105	-495

Housing Revenue Account Capital Programme

44. Table 11 sets out the latest forecast outturn for the HRA capital programme.

Table 11:

	2012/13	2013/14	2014/15	Total
Original Budget	17,923	13,708	7,052	38,683
Revised Budget	20,049	13,708	7,052	56,287
Forecast Outturn	15,901	18,849	7,052	57,280
HRA Resourced Variance – see table 12	-4,148	5,141	0	993
External Grants Variance	0	0	0	0
Other Resources Variance	0	0	0	0
Programme Variance	-4,148	5,141	0	993

45. Expenditure to the end of May 2012 on the HRA capital programme was £67k representing 0.3% of the forecast outturn. An overspend of £852k against the revised budget of £20,049k is predicted for 2012/13, and a further overspend of £141k for 2013/14. These overspends are all related to the New Build projects.

46. Table 12 sets out latest variances reported within the HRA Capital Programme, with information on movements set out below.

Table 12:

HRA Resourced Variance	2012-13	2013-14	2014-15	Total
Pressures:				
Extra Care Sites Phase 1	495	0	0	495
HRA Pipeline Sites Phase 1	144	0	0	144
Learning Disability Sites Phase 1	127	0	0	127
HRA Pipeline Sites Phase 2	86	141	0	227
Total HRA Resourced Pressures:	852	141	0	993
Projected Rephasing	-5,000	5,000	0	0
HRA Programme Variance	-4,148	5,141	0	993

47. New Build HRA Extra Care Sites Phase 1: The Triscott House contractor's claim of an extra £758k of additional works has caused a £495k overspend on the overall project in 2012/13.

48. The final account for the New Build Pipeline Phase 1 project is not yet settled, however, the forecast overspend is not expected to exceed £144k. This has arisen from variations to highways, fixtures and fittings and building related works.

49. The New Build HRA Learning Disability Sites scheme is currently on hold subject to the approval of a contract variation order and capital release. The variation order was brought about by the need to agree additional works required to bring the sites up to standard. These works are expected to increase the overspend by £127k, and relate to further drainage, utility and external landscaping works that were not included in the original contract.

50. On the New Build HRA Pipeline Sites Phase 2 scheme an overspend of £227k is now forecast. Of this sum £86k is expected to be incurred in 2012/13 and £141k in 2013/14. The additional costs largely relate to, design changes, additional pre-construction planning requirements and associated S106 agreements. There are still seven sites due to go out to tender, with consequential risks of additional costs and possible slippage on completion dates.

51. The £5,000k projected rephasing as shown above relates to delays in the supported Housing programme, the implications of which are referred to in Appendix A, under Social Care, Health and Housing. This figure will be refined over the coming months as the project plans for each site are firmed up.

CORPORATE CONSULTATIONS CARRIED OUT

Financial Implications

6. The financial implications are contained in the body of the report.

CORPORATE IMPLICATIONS

Corporate Finance

7. This is a Corporate Finance report.

Legal

8. There are no legal implications arising from this report.

BACKGROUND PAPERS

9. Monitoring report submissions from Groups.

Social Care, Health and Housing Services

Revenue: **£1,177k adverse**

1. The month 2 revenue monitoring report for 2012/13 has been compiled following analysis of relevant activity trends and implementation of the MTF £8,262k savings programme. In summary there is an adverse movement of £1,177k against budget as shown in the table below.
2. The adverse movement from budget is primarily due to slippage in the Supported Housing build programme (£1,500k) which has resulted in clients not being able to move from Residential placements to supported living placements to the timetable assumed in the MTF.

Services		2012/13 (As at Month 2)		% Var of budg et	Variance £'000
		Current Budget	Forecast		
		£'000	£'000		
Children & Families Services	<i>Exp</i>	+30,371	+30,987	2%	+616
	<i>Inc</i>	-3,276	-3,243	-1%	+33
	Total	+27,095	+27,744	2%	+649
Asylum Services	<i>Exp</i>	+7,964	+7,965	0%	+0
	<i>Inc</i>	-6,715	-6,716	0%	-0
	Total	+1,249	+1,249	0%	+0
Older Peoples Services	<i>Exp</i>	+31,791	+33,322	5%	+1,530
	<i>Inc</i>	-6,542	-7,833	20%	-1,291
	Total	+25,250	+25,488	1%	+239
Physical & Sensory Disability Services	<i>Exp</i>	+8,425	+8,830	5%	+405
	<i>Inc</i>	-587	-752	28%	-165
	Total	+7,838	+8,078	3%	+240
Learning Disability Services	<i>Exp</i>	+27,540	+28,337	3%	+797
	<i>Inc</i>	-4,062	-4,270	5%	-209
	Total	+23,478	+24,067	3%	+589
Mental Health Services	<i>Exp</i>	+5,683	+5,773	2%	+90
	<i>Inc</i>	-309	-369	19%	-60
	Total	+5,374	+5,404	1%	+30
Housing Benefits	<i>Exp</i>	+171,530	+171,526	0%	-4
	<i>Inc</i>	-167,942	-168,229	0%	-287
	Total	+3,589	+3,297	-8%	-291
Housing Needs Services	<i>Exp</i>	+12,260	+12,303	0%	+44
	<i>Inc</i>	-9,068	-9,033	0%	+35
	Total	+3,192	+3,270	2%	+79
SCH&H Other Services	<i>Exp</i>	+15,957	+15,544	-3%	-413
	<i>Inc</i>	-3,515	-3,460	-2%	+55
	Total	+12,442	+12,084	-3%	-358
Total Expenditure		+311,521	+314,587	1%	+3,066
Total Income		-202,016	-203,905	1%	-1,889
SCH&H Total		+109,505	+110,682	1%	+1,177

3. The forecast assumes the full use of contingency available to the group as shown in the table immediately below and that the pressure on Asylum services continues to be funded from the Council's general contingency. A review of the modelling used to forecast future demand and the consequential impact on budgets (using external consultants) is currently in progress and

their initial finding are due in August 2012. Any recommendations for improving the modelling will be implemented and fed into future monitoring reports.

Division of Service	Gross Pressure Month 2	Contingency	Net Pressure
Social Care Pressures (Children's)	165	165	0
Social Care Pressures (Adults)	6,171	6,171	0
Potential shortfall in reablement, LD & PD savings	500	500	0
Increase in Transitional Children due to Demographic Changes	2,742	2,742	0
Impact of HB changes on Temporary Accommodation	737	737	0
Asylum Funding Shortfall	1,449	1,449	0
SCH&H	11,764	11,764	0

MTFF Savings

4. The group is delivering a savings programme totalling £8,262k and to date has banked £2,610k (32%) and is fully on track for a further £2,540k (31%).
5. The main area of concern at present is the slippage on the Supported Housing programme. The capital programme has for a number of reasons slipped from its original timetable and as a result significantly impacted on the planned 2012/13 MTFF revenue savings for Social Care, Health & Housing. The Corporate Property & Construction has confirmed revised handover dates for each of the sites following a thorough review of the project plan for each site. For 2012/13 the impact is an increase in the number of weeks that now need to be purchased compared with the MTFF assumptions as follows:
 - Physical Disability, an additional 963 residential care weeks are now estimated to be required at a cost of £0.9m. However after allowing for a corresponding reduction in the number of community based support weeks as these are not required until people move, this reduces to a net cost for 2012/13 of £240k.
 - Learning Disability, an additional 1,970 residential care weeks are now estimated to be required at a cost of £2.8m. However after allowing for a corresponding reduction in the number of community based support weeks as these are not required until people move, this reduces to a net cost for 2012/13 of £1,089k.
 - Mental Health, an additional 96 residential care weeks are now estimated to be required at a cost of £0.1m; however after allowing for a corresponding reduction in the number of community based support weeks as these are not required until people move, this reduces to a net cost for 2012/13 of £30k.
6. In summary, the slippage in 2012/13 is estimated to be around £1.4m although it should be noted that the actual cost of community based support is still to be confirmed. A small contingency provision of £0.1m has been allowed for potential variance on this so the total slippage for M2 monitoring purposes will be around £1.5m. The MTFF did allow for £0.5m contingency relating to potential slippage on this project. The Group are working up alternative savings to deliver an outturn within budget this year.

Children Services: £649k adverse

7. The gross budget for this service (£30,371k) includes an MTFF saving target of £1,968k, the target saving of £1,673k on the placements budget being the most significant. This is to be achieved by recruiting our own foster parents and reducing the reliance on Independent Fostering Agencies (IFA). For 2012/13 the MTFF assumes that a total of 4,180 In-House and 6,114 IFA weeks will be purchased at a total cost of £5,532k. These weeks have been profiled over the year and at the present time the forecast indicates a slippage of £426k from this profile. However, it is early in the financial year and management are reviewing the reasons which once addressed may enable this slippage to be recovered in year.
8. The balance relates to slippage of £255k in the implementation of the business support review. Although the slippage cannot be recovered within this initiative in year, management are reviewing other options to redress the balance. This review was a comprehensive, far-reaching, examination that identified significant opportunities to improve core processes, introduce technological solutions, remove procedural waste, and enhance the service for residents. The review commenced in early 2011/12, and subsequent transformation initiatives had not been implemented when the report was finalised. Although there has been delay in achieving cost savings, this is in context of increasing service user demand and a number of dependencies (e.g. mobile working, enhancements to ICS Protocol, transfer of non-core activities to other teams) not being fully delivered to date.
9. The temporary closure of the top floor of Merrifields for urgent essential works is forecast to incur replacement costs of approx £75k for the period that it is closed.
10. Since the turn of the calendar year the service has experienced a significant increase in pressure when compared with the same 6 month period in 2011 illustrating a significant impact on staff resources. The number of child protection (CP) case conferences has increased from 412 to 717 (74%); Core group meetings from 2,050 to 2,720 (33%) and CP statutory visits from 3,329 to 4,160 (25%).

Asylum

11. The group is in ongoing discussion with UKBA both on individual and specific LBH matters and in consultation with other most affected councils regarding a joint approach to UKBA in respect of funding shortfalls.

Older People Services: £239k adverse

12. The gross budget for this service (£33,587k) includes an MTFF saving for this service of £1,985k and at the present time has achieved £1,085k banked, £931k on track to deliver and a £9k potential slippage. The slippage is in respect of transport savings and management are working with the provider to mitigate this.
13. The MTFF strategy is to continue to develop the personalisation agenda and support people to live at home through reablement and the TeleCareLine service. Although the M2 forecast indicates that the number of placement weeks for residential care is above target, the current number of placements are at their lowest for in excess of 6 years. There continues to be robust management scrutiny of residential and nursing placement requests and full application of the benefits of TeleCareLine service and reablement.
14. There is a partially offsetting underspend forecast for community based support as demand to date is lower than anticipated. This pressure coupled with delays to the opening of a new Extra Care facility until the Autumn is the cause of the adverse forecast. The gross budget for placements and community support services is £27,630k.

Physical Disabilities: £240k adverse

15. The gross budget for this service (£8,667k) includes an MTFE saving for this service of £277k and at the present time £37k is on track to deliver and £240k potential slippage. The adverse forecast is due to delays in the supported accommodation build programme as set out in the paragraph above. The gross budget for placements and community support services is £7,227k.
16. The forecast for the remainder of this service is currently on budget.

Learning Disability: £589k adverse

17. The gross budget for this service (£31,472k) includes an MTFE saving for this service of £962k and at the present time £125k on track to deliver and £837k potential slippage. The adverse forecast is due to delays in the supported accommodation build programme as set out in the paragraph 5 above. This forecast also assumes that £500k can be drawn down from the contingency held for this purpose reducing the pressure from £1,089k to £589k as reported in this forecast.
18. The gross budget for placements and community support services is £29,245k. The forecast for the remainder of this service is currently on budget.

Mental Health: £30k adverse

19. The gross budget for this service (£6,183k) includes an MTFE saving for this service of £500k and at the present time has achieved the £500k saving. The adverse forecast is due to delays in the supported accommodation build programme as set out in the paragraph (5c) above. The gross budget for placements and community support services is £3,518k.
20. The forecast for the remainder of this service is currently on budget.

Housing Benefit: £291k favourable

21. The gross budget for this service is £171.5m.
22. The budget assumes that there will be approx 25,709 Housing Benefit caseload with 33.2% coming from private sector tenants. To date and assuming current trends continue the forecast caseload is 25,900 with 34.77% being the private tenants proportion. A significant increase in workload would put a pressure on the staffing budget. The recent introduction of electronic applications through e-benefits is expected to mitigate the pressure. In addition, an increased caseload could also put a pressure on the housing benefits budget but this will also depend on the performance in the incentive areas relating to errors. At this stage the patterns for both the overall benefit expenditure and performance in the incentive areas is yet to be established and the underlying budget is being reported as on target.
23. The reported favourable movement of £288k at Month 2 is due to the final subsidy claim for 2012 being higher by this amount than the final accounts subsidy amount, which was estimated to meet the closing deadline. The difference between the closing entry and the final claim is not considered material for final account purposes, especially as the final housing benefit claim for 2011/12 is subject to external audit which scheduled for completion by the end of November.

Housing Needs: £79k adverse

24. The gross budget for this service (£12.3m) includes an MTFE saving for this service of £50k, which has been fully banked. This forecast also assumes that £737k can be drawn down from

the contingency held for this purpose reducing the pressure from £816k to £79k as reported in this forecast.

25. The MTFF assumes that 25,257 PSL weeks are purchased with a 3.0% void rate. Trends to date indicate that 20,127 Private Sector Landlords weeks will be required and void performance is 3.06% resulting in a forecast pressure of £32k. In addition, the Bed and Breakfast budget assumes a requirement of 2,080 weeks (whereas the M2 forecast is projected at 2,285 weeks) resulting in a pressure of £47k.

SCH&H Other Services: £358k favourable

26. The gross budget for this service (£17.1m) includes an MTFF saving for this service of £1,705k, of which £660k has been banked to date.

27. The favourable variance is due to the successful and continuing renegotiation of contracts relating to the delivery of housing related support.

Housing HRA £1.36m favourable

28. The HRA has a gross expenditure budget of £62m and a gross income budget of nearly £64m with a forecast of £1.36m favourable variance as shown in the table below. The service is delivering an MTFF saving of £229k which has been banked. These reflect major changes in the delivery of the service consistent with the council's BID programme enabling the service to deliver to the same level of quality as before.

Services		2012/13 Budget (as at Month 2) £000	2012/13 Forecast (as at Month 2) £000	% Var of budget	Variance (As at Month 2) £'000
Housing Maintenance	Exp	25,408	25,285	-0.5%	-123
Housing Management	Exp	36,617	36,072	-1.5%	-545
Rent & Other Income	Inc	-63,731	-64,427	-1.1%	-695
In Year (Surplus) / Deficit	Total	-1,706	-3,069		-1,363

Housing Maintenance £123k favourable

29. The gross budget for this service is £25,408k and at Month 2 the budget is broadly on target with a favourable variance of £123k (0.48%) being forecast.

Housing Management £545k favourable

30. The gross budget for this service (£36,617k) includes an HRA MTFF savings target for this service of £229k, which has been fully banked.

31. This budget is showing a favourable variance of £545k primarily due to the call on the bad debt provision being forecast to be lower than that provided.

Rent & Other Income £695k favourable

32. The HRA expects to receive rental income of £54.3m and other income of £5.7m. The M2 forecast indicates a favourable variance of £695k.

33. This budget is showing a favourable variance of £695k primarily due to management continuing to maintain voids at 1% below the budgeted target (£538k). The remainder of the

favourable variance is due to other factors including number of smaller variances including interest on a higher level of balances (£75k) and recharges for works over prescribed limits (£66k).

Planning Environment Education and Community Services

Revenue: **£130k overspend**

1. The Group has a projected outturn position of £130k overspend, excluding pressure areas that have identified contingency provisions.

Services		2012/13 (As at Month 2)		% Var of budget	Variations (+ adv/- fav)
		Current Budget £'000	Forecast £'000		Variance (As at Month 2) £'000
Corporate Property & Construction	<i>Exp</i>	3,190	3,120	-2%	-70
	<i>Rech</i>	-495	-495	0%	0
	<i>Inc</i>	-2,088	-2,088	0%	0
	Total	607	537	-12%	-70
Education	<i>Exp</i>	278,386	278,246	0%	-140
	<i>Rech</i>	-382	-382	0%	0
	<i>Inc</i>	-242,730	-242,730	0%	0
	Total	35,274	35,134	0%	-140
ICT Highways & Business Services	<i>Exp</i>	45,134	45,304	0%	+170
	<i>Rech</i>	-14,423	-14,423	0%	0
	<i>Inc</i>	-11,816	-11,766	0%	+50
	Total	18,895	19,115	1%	+220
Planning Sport & Green Spaces	<i>Exp</i>	14,870	14,820	0%	-50
	<i>Rech</i>	-2,851	-2,851	0%	0
	<i>Inc</i>	-5,928	-5,758	-3%	+170
	Total	6,092	6,212	2%	+120
Public Safety & Environment	<i>Exp</i>	50,295	50,195	0%	-100
	<i>Rech</i>	-2,964	-2,964	0%	0
	<i>Inc</i>	-19,619	-19,469	-1%	+150
	Total	27,712	27,762	0%	+50
Transportation Planning Policy & Community Engagement	<i>Exp</i>	3,601	3,551	-1%	-50
	<i>Rech</i>	0	0	0%	0
	<i>Inc</i>	-3,998	-3,998	0%	0
	Total	-398	-448	13%	-50
Total Expenditure		395,476	395,236	0%	-240
Total Recharges		-21,115	-21,115	0%	0
Total Income		-286,179	-285,809	0%	+370
PEECS Total		88,182	88,312	0%	+130

Contingency Items: **Gross Pressure £2,875k**

2. The Council's 2012/13 contingency budget contains provision for areas of expenditure or income for which there is a greater degree of uncertainty. The net position after the application of the contingency is shown in the table below.

Contingency Item	Gross Pressure Month 2 (£000s)	Contingency Allocation (£000s)	Net Pressure (£000s)
Waste Disposal Levy	550	550	0
Development Control Income	528	500	+28
Contingency Against Leisure Outsourced Income Streams	365	480	-115
Carbon Reduction Commitment	400	450	-50
Additional Costs for 2 Year Olds	357	357	0
HS2 Challenge Contingency	200	200	0
SEN Transport	250	100	+150
Local Development Framework	90	90	0
Fuel	85	0	+85
PEECS – Total	2,875	2,727	98

3. The contingency against the additional forecast costs of the 'pay as you throw' waste disposal levy from the West London Waste Authority (WLWA) of £550k is assumed to be required in full. After a significant adverse movement in the WLWA 2011/12 outturn position and reduction in proposed 2012/13 savings, the finance function has been moved to the London Borough of Harrow, pending an independent review.
4. The forecast position for Development Control Income is a pressure of £528k, which is £28k greater than the sum held in contingency. The adverse position on the income forecast continues to be driven by the historically low level of major applications. Although several larger sites are in the development process, the absence of applications coming through for the development of 'small major' sites is having a depressed impact on fee income. Although not reported against this contingency, pre-application income from developers shows a pressure of £40k, reflecting continuing uncertainty in the housing market.
5. In December 2011 the Council took over the operation of three golf courses, where these have been re-possessed from the previous golf operator that had incurred significant rent arrears. An interim operational budget has been established for the service that assumes that a small surplus of £20k before overheads and capital charges is delivered, representing a saving against the contingency held for leisure.
6. The current position against this operational budget is that there is a significant shortfall against the interim income targets. Due to the exceptionally wet weather during April and May playing conditions have not been ideal and pay and play and associated income is £92k below target. This is offset by the staffing costs so far being £46k under budget as the recently approved structure contains a number of vacant posts. In addition, Mack Trading successfully appealed against the business rates valuations for the courses producing an ongoing saving on the business rates liability of £41k. It is assumed that as the weather improves income will recover but that the staffing structure will also be recruited to quickly, so that the current adverse variance of £5k is carried forward to the year end.
7. The income target of £380k relating to Mack Trading's operation of the golf courses remains in the base budget at this stage, and coupled with the £15k surplus on the in-house operation described above, means that the overall call on the leisure contingency of £480k is forecast to be £365k.

8. The Carbon Reduction Commitment contingency is for the estimated costs for the requirement to purchase allowances for each tonne of carbon produced by the Council, the overall required of £400k is based on the same level of requirement as approved for 2011/12 by Cabinet in June 2012. It includes the £250k budget for allowances for schools that has been provided for in the schools budget.
9. The contingency to cover increased provision of childcare to disadvantaged two year olds under the free entitlement, which is funded from the increased allocation within the Early Intervention Grant, is forecast to be required in full.
10. The HS2 contingency is part of a joint fighting fund with 18 other authorities, and it is expected that this contingency will be fully utilised.
11. Special Educational Needs (SEN) Transport is an area that has seen significant pressure in the last financial year. The pressure of £250k now reported reflects last year's outturn position and assumed growth in pupil numbers and routes from September 2012. Successive school censuses have shown that the population of pupils with SEN statements in schools is growing three times as fast as the school population as a whole.
12. Current analysis shows that the fuel budget has a forecast pressure of £85k at the current bulk purchase price of £1.13 per litre.

Corporate Property & Construction: £70k underspend

13. A zero based budgeting exercise has been performed on business rates budgets across the group, resulting in a £70k underspend across the group.

Education: £140k underspend

Schools: *variance not applicable*

14. The Schools Budget is ringfenced and funded from the Dedicated Schools Grant (DSG), and covers a range of services directly linked to schools. The majority of the DSG is delegated to schools (£200.1m), with the remainder (£22.4m) being retained by the Council. The rules applying to the DSG allow for any surplus and deficit balances to be carried forward into the next financial year, for both schools delegated budgets and the centrally retained DSG element (decisions on how this is used lie with the Schools Forum). It should be noted that the Schools Budget is completely separate to the General Fund and no interaction between these two funds is allowable.

15. The forecast movement on the DSG central reserve carried forward for 2012/13 is summarised in the following table:

Schools Retained Budget Movements	Current Budget (£000s)	Forecast Variance (£000s)
Opening Balance 1 April 2012	-	-226
DSG Income	-222,459	0
Delegated to Schools	200,057	0
Centrally Retained	22,402	+212
In-Year Movement	0	+212
Forecast Closing Balance 31 March 2013	-	-14

16. The overspend of £212k is due to a pressure on Special Educational Needs (SEN) spend at independent special schools of £540k, where there are due to be more starters than leavers in September 2012. This is partly offset by projected underspends on SEN support, behaviour support and the pupil referral unit, where all of these services have staff vacancies that have not been filled.

General Fund: £140k underspend

17. The education service has identified measures to fully deliver the 2012/13 £800k saving target set on the basis that reduced responsibilities remain with the Council following the transfer of schools to Academy status. This includes savings relating to the reorganisation of the School Resources and Organisation Team, the reorganisation of the School Improvement Service and the realignment of the Speech and Therapy service.

18. In addition, there are underspends arising from vacant posts in part of the service, specifically the educational psychology service (£100k) and the early years team (£40k). Posts are being held vacant in some areas given the need to identify further savings for the 2013/14 budget from the education service, where services are being considered as part of cross-cutting BID projects such as the children's pathway project.

ICT Highways & Business Services: £220k overspend

19. There is a forecast pressure of £150k on maintenance budgets for day to day repairs for both the Civic Centre and outstations around the borough, reflecting a continuation of last year's outturn position.

20. In addition there is a forecast pressure of £20k relating to increased postage prices of 13% for first class clean mail and 9% for second class clean mail coming into effect from April 2012.

21. The significant risks around the outdoor advertising income target have meant that it has been flagged as 'red' in the savings tracker, with a forecast pressure of £50k in the current year against the overall target of £100k. The Group are reviewing existing advertising contracts, together with the new opportunities in order to try and mitigate this pressure.

22. The fleet management service is managing several risk areas, and is in a transitional position as the vehicle replacement programme takes effect. A nil variance is reported, as the service is actively managing down maintenance costs as older vehicles are replaced, however there are pressures on contract hire due to interim arrangements being put in place while replacement vehicles are procured. The service also faces risks around insurance claims, where there continues to be a greater risk around accidental damage under self-insurance arrangements.

Planning Sport & Green Spaces: £120k overspend

23. Pre-application advice income from developers shows a pressure of £40k, reflecting continuing uncertainty in the housing market.

24. The forecast pressure on building control is £130k, driven by the over-recovery of fee income compared to the costs of processing building control applications under the cost recovery model, which is ringenced to the service.

25. There is an underspend on the customer contact centre of £50k, due to posts being held vacant pending the further restructure of service as part of the ongoing work to identify BID savings from streamlined processes at the interface with residents.

Public Safety & Environment: £50k overspend

26. There is a projected shortfall of £150k on off-street parking, which is attributable to Cedars and Grainges multi-storey car parks in Uxbridge town centre, reflecting the continuation of pressures reported last financial year.
27. There are staffing underspends of £60k in Community Safety and Anti-Social Behaviour and £40k in Business Support, due to maternity leave and vacancies. These service areas are subject to further BID review work, and it is anticipated that as a result, these underspends could contribute towards savings targets for 2013/14.
28. Waste Services is currently reporting a nil variance but is actively trying to manage a number of risks. There is an expectation of reduced income from the New Years Green Lane Civic Amenity site whilst the refurbishment work takes place and the Council is challenging the basis for a 30% management fee increase from West London Waste Authority for the Victoria Road site. There remains uncertainty about possible landfill tax scope changes, which would affect both the Council's own disposal contracts and aspects of the levy arrangement. It is expected that there should be more clarity on this issue by next month.

Transportation Planning Policy and Community Engagement: £50k underspend

29. The service is reporting a £50k favourable position due to the impact of vacant posts across the service. This includes the part-year effect of the restructure of the town centres and community engagement teams into a single team.

Central Services

Revenue: £2k favourable

Services		2012/13 (As at Month 2)		% Var of budget	Variations (+ adv/- fav)
		Current Budget	Forecast		Variance (As at Month 2)
		£'000	£'000		£'000
Chief Executive/Deputy Chief Executive	<i>Exp</i>	649	639	-2%	-11
	<i>Inc</i>	0	0		0
	<i>Rechgs</i>	-22	-22	0%	0
	Total	627	617		-11
Audit & Enforcement	<i>Exp</i>	1,376	1,388	1%	11
	<i>Inc</i>	0	-10		-10
	<i>Rechgs</i>	-1,179	-1,179	0%	0
	Total	198	199		1
Corporate Communications	<i>Exp</i>	915	832	-9%	-83
	<i>Inc</i>	-128	-95	-26%	33
	<i>Rechgs</i>	-774	-774	0%	0
	Total	13	-37		-50
Democratic Services	<i>Exp</i>	3,287	3,296	0%	9
	<i>Inc</i>	-819	-842	3%	-24
	<i>Rechgs</i>	624	624	0%	0
	Total	3,093	3,078		-15
Finance & Procurement Services	<i>Exp</i>	12,335	12,450	1%	115
	<i>Inc</i>	-5,290	-5,272	0%	18
	<i>Rechgs</i>	-1,726	-1,726	0%	0
	Total	5,319	5,451		133
Human Resources	<i>Exp</i>	3,517	3,467	-1%	-50
	<i>Inc</i>	-1,129	-1,129	0%	0
	<i>Rechgs</i>	-2,605	-2,605	0%	0
	Total	-217	-267		-50
Legal Services	<i>Exp</i>	1,930	1,945	1%	14
	<i>Inc</i>	-557	-540	-3%	17
	<i>Rechgs</i>	-1,332	-1,332	0%	0
	Total	42	73		32
Policy & Performance	<i>Exp</i>	4,234	4,204	-1%	-30
	<i>Inc</i>	-419	-432	3%	-13
	<i>Rechgs</i>	132	132	0%	0
	Total	3,926	3,531	0	-42
Total Expenditure		28,243	28,219	0%	-24
Total Income		-8,342	-8,320	0%	22
Total Recharges		-6,881	-6,881	0%	0
CS Total		13,020	13,018	0	-2

Corporate Communications: £50k favourable

7. The majority of the underspend is attributed to a number of vacancies including the Head of Communications post. The budgets for some of the vacancies are being used to fund agency staff to cover the workload while these posts are being recruited to. The pressure on Income relates to advertising income for Hillingdon People, which will be resolved during the course of the year.

Finance and Procurement: £133k pressure

8. The main reason for the current projected overspend is that the MVF for the service is unlikely to be delivered in full. There is a low number of vacant posts at present and what posts there are require interim cover at present given the volume of work in the first quarter of the year on closing the 2011/12 accounts, undertaking the monitoring for 2012/13 and refreshing the MTF for 2013/14 onwards.

Democratic Services: £15k favourable

9. There is an overspend on salaries due to the MVF not being forecast to be delivered in full. In addition there is an anticipated over-recovery on registrations and citizenship ceremonies income and a slight pressure on nationality checking income due to a seasonal fall in demand. This will be monitored closely throughout the remainder of the year.

Policy, Performance and Partnerships: £42k favourable

10. There is an underspend on salaries due to the in-year effect of the Business Support Unit restructure that has resulted in 2 vacant posts and the part year effect of various vacant posts for which recruitment is in progress. There is also forecast unspent income relating to ESF grants that were brought forward from 2011/12 that are unlikely to be spent in 2012/13.

Human Resources: £50k favourable

11. The underspend on salaries is as a result of the realignment of the senior tier of the HR structure and other vacant posts within the service. There are also various underspends projected on non-salaries on some smaller budgets.

Legal Services: £32k pressure

12. There is a pressure on income related to recharges to capital schemes, which are unlikely to meet the budgeted income target. This is offset to some extent by a small underspend on salaries due to a vacant Paralegal post and the retirement of a Principal Lawyer, the replacement for which will be recruited to at a lower grade.

APPENDIX B – Treasury Management Report

1. As at 31st May 2012 the Council's portfolio of deposits and debt were as follows (deposit balances can move substantially from day to day in line with cash flow requirements).

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	70.9	65.30	60.00
1-2 Months	17.0	15.65	20.00
2-3 Months	8.4	7.73	15.00
3-6 Months	0.0	0.00	0.00
6-9 Months	0.0	0.00	0.00
9-12 Months	5.0	4.60	5.00
12-18 Months	0.0	0.00	0.00
Subtotal	101.3	93.28	100.00
Unpaid Maturities	7.3	6.72	0.00
Total	108.6	100.00	100.00

2. With the exception of the unpaid Icelandic investments, our deposits are held with UK institutions, which hold at a minimum, a Fitch A long-term credit rating.
3. Deposits are currently held with the following institutions; BlackRock MMF, Deutsche MMF, Fidelity MMF, Goldman Sachs MMF, Ignis MMF, PSDF MMF, Royal Bank of Scotland, HSBC Bank plc, Lloyds TSB Banking Group, Barclays, Nationwide, Birmingham City Council, GLA and Newcastle City Council.
4. During May fixed-term deposits continued to mature in line with cash flow requirements; the majority of surplus funds were either placed in instant access accounts or fixed term deposits of up to three months; and one long term deposit was placed with Newcastle City Council.
5. The second interim dividend of £617k was received from the administrators of Landsbanki, which equated to just over 12.23% of the claim value.

Outstanding Debt - Average Interest Rate on Debt: 2.95%

	Actual £m	Actual %
General Fund		
PWLB	81.82	23.15
Long-Term Market	15.00	4.24
HRA		
PWLB	223.57	63.27
Long-Term Market	33.00	9.34
Total	353.39	100.00

6. There were no early debt repayments or rescheduling activities during May.
7. There were no breaches of the prudential indicators during May.

Ongoing Strategy

8. In order to maintain liquidity for day-to day business operations short-term balances will be placed in instant access accounts, as these are yielding a higher rate of interest than those offered on fixed term deposits of up to two months. When cash flow allows medium term deposits will be placed to help increase the average rate of return achieved.

9. During May outstanding PWLB loans carried premiums and therefore made rescheduling of debit unfeasible. Early redemption opportunities will continue to be monitored; however, it is unlikely the market will move to an extent which will make it viable.

APPENDIX C

Retaining of agency staff for Social Care, Health, and Housing Services

The following agency staff are required to be retained within Social Care and Housing to maintain essential services whilst recruitment is in process or to deliver key improvement projects. Posts 1 to 7 have been submitted to Cabinet previously but require further extensions due to recruitment difficulties, project implementation, or vacancy held pending restructuring. Posts 8 to 16 relate to vacancies in key SCH&H positions reported to Cabinet for the first time in this report.

Ref	Post Title	Start Date	Proposed End Date	2010/11 Spend £000	2011/12 Est spend £000	2012/13 Est spend £000	Est Total Spend £000
1	Hillingdon Housing Service Electrical Services Officer	04-Oct-10	21-Dec-12	22	43.5	36	101.5
2	Care Management IAS IAS Protocol	17-Jun-10	30-Sep-12	78	75	43	196
3	Asylum Support Worker	01-Apr-10	31-Dec-12	42	48	33	123
4	Access and Assessment Team Manager	02-Jan-12	30-Sep-12	0	15	42	57
5	C&F Safeguarding Disabled Children's Strategy	01-Apr-10	31-Dec-12	46	32	24	102
6	Technical Support Technical Support Officer	01-Apr-10	31-Oct-12	23	23	15	61
7	Mead House (Mental Health) AMHP	01-May-10	30-Nov-12	22	22	15	59
8	Asylum Social Worker	09-Jan-12	31-Dec-12	0	28	36	64
9	Asylum Social Worker	12-Sep-11	30-Nov-12	0	26	33	59
10	Asylum Social Worker	07-Nov-11	31-Dec-12	0	30	36	66
11	Asylum Deputy Team Manager	17-Oct-11	31-Dec-12	0	12	54	66
12	Transformation IAS IAS Protocol	06-Feb-12	09-Dec-12	0	8	56	64
13	Transformation IAS IAS Protocol	13-Feb-12	31-Oct-12	0	6	45	51
14	Access and Assessment Care Manager	09-Nov-11	31-Mar-13	0	20	52	72
15	Access and Assessment Care Manager	05-Mar-12	31-Mar-13	0	4	49	53
16	ASC Directorate Deputy Director	24-Apr-12	02-Dec-12	0	0	112	112
17	Technical Support Archiver	01-Apr-10	31-Oct-12	20	20	14	54
18	LAC Service Admin Officer	01-Apr-10	31-Oct-12	22	22	11	55

Retaining of agency staff for Planning Environment Education and Community Services

The Development Surveyors are enabling the Asset Sales team to ensure sites identified for disposal are brought to the market in a timely manner. The first assignment commenced on 19 July 2011 an extension for 26 weeks was approved by Cabinet in February 2012. The second assignment received Cabinet Member approval in February 2012 for an initial period of 26 weeks. It is now recommended that both assignments be extended for 26 weeks and 30 weeks respectively meaning they will continue until March 2013.

The Architect is working across a range of key capital projects. The assignment commenced at the end of July 2011 and was extended with Cabinet Member approval in February 2012. It is now recommended to be extended for a further 35 weeks meaning the assignment will continue until March 2013.

Post Title	Start Date	Proposed end date	2011/12 Spend (£'000)	2012/13 Spend (£'000)	Current Request (£'000)	Total Spend (£'000)	Comment
Development Surveyor	19 July 2011	29 March 2013	29	31	35	95	Previously costing £60k
Development Surveyor	23 February 2012	29 March 2013	7	27	39	73	Previously costing £34k
Architect	30 Sept 2011	29 March 2013	26	8	36	70	Previously costing £34k

Retaining of agency staff for Central Services

This agency assignment is in place to cover the extended leave of a member of staff who is caring for a seriously ill relative and is expected to come back on a part time basis within the next month. The post provides key support to the monitoring of the capital programme including specific projects such as the Primary School Capital Programme and other major projects being delivered by the Corporate Construction Team. This extension will ensure that service delivery is maintained while the member of staff completes a phased return to work.

Post Title	Start Date	Proposed end date	2010/11 Spend (£'000)	2011/12 Spend (£'000)	2012/13 Spend (£'000)	Total Spend (£'000)	Comment
Senior Accountant		31/10/12	0	19	48	67	£49k already approved via Cabinet Member report

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