



HILLINGDON
LONDON



CABINET

To all Members of the Cabinet:

Date: THURSDAY, 24 MARCH
2022

Time: 7.00 PM

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

**Meeting
Details:** Members of the Public and
Media are welcome to attend
this meeting and observe the
public business discussed.

This meeting will also be
broadcast live on the
Council's YouTube Channel.

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phone camera and scan the code below:



Ian Edwards, Leader of the Council
(Chairman)

Jonathan Bianco, Deputy Leader of the
Council & Cabinet Member for Property &
Infrastructure (Vice-Chairman)

Douglas Mills, Cabinet Member for
Corporate Services & Transformation

Martin Goddard, Cabinet Member for
Finance

Susan O'Brien, Cabinet Member for
Families, Education and Wellbeing

Jane Palmer, Cabinet Member for Health
& Social Care

Eddie Lavery, Cabinet Member for
Environment, Housing & Regeneration

John Riley, Cabinet Member for Public
Safety and Transport)

Published:

Wednesday, 16 March 2022

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Putting our residents first

Lloyd White
Head of Democratic Services
London Borough of Hillingdon,
Phase II, Civic Centre, High Street, Uxbridge, UB8 1UW

Useful information for residents and visitors

Watching & recording this meeting

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Notice

Notice of meeting and any private business

The London Borough of Hillingdon is a modern, transparent Council and through effective Cabinet governance, it seeks to ensure the decisions it takes are done so in public as far as possible. Much of the business on the agenda for this Cabinet meeting will be open to residents, the wider public and media to attend. However, there will be some business to be considered that contains, for example, confidential, commercially sensitive or personal information. Such business is shown in Part 2 of the agenda and is considered in private. Further information on why this is the case can be sought from Democratic Services.

This is formal notice under The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 to confirm that the Cabinet meeting to be held on:

24 March 2022 at 7pm in Committee Room 6, Civic Centre, Uxbridge

will be held partly in private and that 28 clear days public notice of this meeting has been given. The reason for this is because the private (Part 2) reports listed on the agenda for the meeting will contain exempt information under Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it. An online and a hard copy notice at the Civic Centre in Uxbridge indicates a number associated with each report with the reason why a particular decision will be taken in private under the categories set out below:

- (1) information relating to any individual
- (2) information which is likely to reveal the identity of an individual
- (3) information relating to the financial or business affairs of any particular person (including the authority holding that information)
- (4) information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
- (5) Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
- (6) Information which reveals that the authority proposes (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (b) to make an order or direction under any enactment.
- (7) Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Notice of any urgent business

To ensure greater transparency in decision-making, 28 clear days public notice of the decisions to be made both in public and private has been given for these agenda items. Any exceptions to this rule are the urgent business items on the agenda marked *. For such items it was impracticable to give sufficient notice for a variety of business and service reasons. The Chairman of the Executive Scrutiny Committee has been notified in writing about such urgent business.

Notice of any representations received

No representations from the public have been received regarding this meeting.

Date notice issued and of agenda publication

16 March 2022
London Borough of Hillingdon

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 - 22
- 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 Report from the Public Safety & Transport Select Committee: Electric Vehicles, Infrastructure and Future Policy Development for the Borough (Cllr John Riley & Cllr Eddie Lavery) 23 - 58
- 6 Expansion of Meadow High School (Cllr Susan O'Brien & Cllr Jonathan Bianco) 59 - 66
- 7 Counter Fraud Strategy 2022-25 (Cllr Ian Edwards & Cllr Martin Goddard) 67 - 82
- 8 Internal Audit Strategy 2022-25 (Cllr Martin Goddard) 83 - 106
- 9 Monthly Budget Monitoring Report: Month 10 (Cllr Martin Goddard) 107 - 140

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

- | | | |
|-----------|---|-----------|
| 10 | Fuel Contracts for the Council's Fleet (Cllr Martin Goddard & Cllr John Riley) | 141 - 148 |
| 11 | Extension of Social Care and SEN Transportation Provider Contracts (Cllr Jane Palmer, Cllr Susan O'Brien & Cllr John Riley) | 149 - 154 |
| 12 | Extension of the Home Care and Outreach Spot contracts (Cllr Jane Palmer) | 155 - 160 |
| 13 | Beck Theatre, Hayes: Management Contract Extension (Cllr Susan O'Brien / Cllr Jonathan Bianco) | 161 - 166 |
| 14 | Voluntary Sector Lease (Cllr Jonathan Bianco) | 167 - 174 |
| 15 | Refurbishment of the Former Asha Day Care Centre (Cllr Jonathan Bianco / Cllr Susan O'Brien) | |
| | REPORT TO FOLLOW | |
| 16 | Hayes Regeneration: Developer Procurement (Cllr Jonathan Bianco, Cllr Eddie Lavery & Cllr Martin Goddard) | |

REPORT TO FOLLOW

The reports in Part 2 of this agenda are not for publication because they involve the disclosure of information in accordance with Section 100(A) and Part 1 of Schedule 12 (A) to the Local Government Act 1972 (as amended), in that they contain exempt information and that the public interest in withholding the information outweighs the public interest in disclosing it.

- 17** Any other items the Chairman agrees are relevant or urgent

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Minutes

CABINET

Thursday, 17 February 2022

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



Decisions published on: 18 February 2022

Decisions come into effect from 5pm, 25 February 2022 or as shown

Cabinet Members Present:

Ian Edwards (Chairman)
Jonathan Bianco (Vice-Chairman)
Douglas Mills
Martin Goddard
Susan O'Brien
Jane Palmer
Eddie Lavery

Members also present:

Duncan Flynn (Attendee of the Cabinet meeting as Chief Whip - non-voting)
Kerri Prince

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor John Riley.

2. DECLARATIONS OF INTEREST IN MATTERS BEFORE THIS MEETING

The Cabinet Member for Environment, Housing & Regeneration, Councillor Eddie Lavery, declared a non-pecuniary interests as a member of the LHC Joint Committee, but remained in the room during the discussion and decision on the item.

3. TO APPROVE THE MINUTES OF THE LAST CABINET MEETING

The decisions and minutes of the Cabinet meeting held on 6 January 2022 were agreed as a correct record.

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

This was confirmed.

5. REVIEW BY THE CORPORATE, FINANCE AND PROPERTY SELECT COMMITTEE: PERFORMANCE MONITORING AND REPORTING BY HILLINGDON COUNCIL

The Chairman of the Corporate, Finance and Property Select Committee, Councillor Richard Mills, presented his Committee's report into Performance Monitoring and Reporting, which was warmly endorsed by the Cabinet.

RESOLVED:

That the Cabinet welcomes the Committee's findings further to its review of Performance Monitoring and Reporting in Hillingdon, and the recommendations outlined below, noting that their implementation will be taken forward by officers and the Cabinet Member for Corporate Services and Transformation:

1) Performance Reporting

That the Business Performance Team and Service areas take into account the varying target audiences and organisational hierarchy for their performance reporting, thereby ensuring that performance outputs and information are presented in a relevant, user-friendly visual format for:

- a. Cabinet – That service heads / directors, in conjunction with respective Cabinet Members i) be requested to review the current use of data within their areas during 2022 – either for reporting purposes or to identify performance issues; and ii) consider regular monthly or quarterly performance updates to Cabinet Members;**
- b. Select Committees – That from May 2022, subsequent to recommendation 1a. above, Select Committees also be presented with high-level quarterly performance updates regarding services within their remit / terms of reference, and that this be added to their multi-year work programmes;**
- c. Corporate Management Team (CMT) – That Cabinet Members have input into the metrics presented to CMT through the quarterly Balanced Scorecard performance reporting to ensure they are able to measure overall Council performance and drive strategic decisions. Weekly and monthly dashboards should continue for Operational Heads but should be visible and reviewed in conjunction with the Leader/relevant Cabinet Members.**

2) Performance Culture

That awareness and understanding of the importance of data quality and of the services provided by the Business Performance Team be communicated comprehensively across Council departments during 2022, including the use of manager briefings, toolkits or other online internal information.

3) Performance Innovation

That Corporate Procurement explore appropriate external software / systems during 2022, in conjunction with the Business Performance Team, that could be implemented or integrated to deliver tangible and cost-effective benefits. Particular focus should be placed on looking to assist the move away from traditional manual data manipulation to greater data automation, along with the availability of live data to decision-makers.

Reasons for decision

Cabinet welcomed the Committee's report which had undertaken a comprehensive review of performance reporting and monitoring arrangements at the Council, in particular those focussed on decision-makers. Cabinet agreed the recommendations of the Committee which sought to strengthen the application, culture and innovation of the use of data across the Council.

The Cabinet Member for Corporate Services & Transformation highlighted the worthy and timely nature of the report in respect of the Administration's objectives to make better use of data to improve resource allocation, deliver efficiency savings and even more effective services to residents.

The Leader of the Council outlined how this give assurances to residents that councillors take a strong interest in the performance of the Council.

Alternative options considered and rejected

The Cabinet could have decided to reject some, or all, of the Committee's recommendations or decided to pursue alternative routes by which to progress the objectives of the review.

Relevant Select Committee	Corporate, Finance and Property
Expiry date for any scrutiny call-in / date decision can be implemented (if no call-in)	5pm, Friday 25 February 2022
Officer(s) to action	Naveed Mohammed (implementation) Liz Penny (monitoring)
Directorate	Corporate Services & Resources
Classification	Public
	<i>The report and any background papers relating to this decision by the Cabinet are available to view on the Council's website or by visiting the Civic Centre, Uxbridge.</i>

6. REVIEW BY THE ENVIRONMENT, HOUSING AND REGENERATION SELECT COMMITTEE: OUR ENGAGEMENT WITH TENANTS AND LEASEHOLDERS

The Chairman of the Environment, Housing & Regeneration Select Committee, Councillor Wayne Bridges, presented his Committee's report into Tenant and Leaseholder Engagement, which was warmly endorsed by the Cabinet.

RESOLVED:

That the Cabinet welcomes the Committee's findings from their review into improving engagement with tenants and leaseholders in Hillingdon, and the recommendations outlined below, noting that their implementation will be taken forward with officers and by the Cabinet Member for Environment, Housing & Regeneration:

- 1. That Cabinet note the experiences and feedback from those tenants and leaseholders who attended the witness sessions and from those responding to surveys as set out in the report and, in light of the Draft Charter for Social Housing Residents, support the need to continuously improve the quality, timeliness, and breadth of the Council's engagement with tenants and leaseholders.**
- 2. That Cabinet agree that officers develop, for approval by the Cabinet Member, an Engagement Strategy and associated 3-year Delivery Plan, that in particular sets out:**
 - a. The engagement options to promote resident feedback and involvement at a pace and level which suits residents, and that which supports service improvement and the resolution of matters which are important to residents;**
 - b. The opportunities for residents to engage via the use of digital tools as well as 'in-person' contact, understanding that engagement should be non-exclusionary, and not be limited to only digital means but should instead provide a breadth of options to give a voice to all tenants and leaseholders. In-person contact could include the reformation of regular Senate or Assembly meetings, alongside special interest groups, or 'Community Engagement Days' held at estates or public spaces, alongside partners and other Council services (such as the Community Safety Team, Green Spaces and Anti-Social Behaviour & Environment Team), to ensure a coordinated approach to engagement, resolution of neighbourhood issues, and collation of resident feedback;**
 - c. A schedule of further consultation to be carried out, to obtain feedback from a large and diverse subset of the Borough's tenants and leaseholders, with a view to adding to or revising the strategy in line with this feedback.**

3. That Cabinet request that officers work with the Corporate Communications team to raise awareness of the engagement options available to tenants and leaseholders, including through the use of the Council's social media platforms, to maximise the opportunities for tenants and leaseholders to provide feedback.

4. That Cabinet agree that, in order to demonstrate a continued commitment to overview and scrutiny, the Environment, Housing & Regeneration Select Committee receive a yearly report for the duration of the service's 3-year plan for engagement, providing an update on the implementation of these recommendations, further actions, and continued direction of travel, supported by the latest data on tenant and leaseholder engagement and feedback.

Reasons for decision

Cabinet endorsed the Committee's report which had resulted from an in-depth review into how the Council engages with tenants and leaseholders. Cabinet agreed the recommendations of the Committee which sought to promote more effective engagement and support to residents, whilst also to fulfil the requirements of the new Charter for Social Housing Residents.

The Cabinet Member for Environment, Housing & Regeneration welcomed the thorough report and noted the recommendations provided a clear way forward to improve the Council's processes and engagement with tenants and leaseholders. Thanks were given to the Committee.

The Leader of the Council welcomed that the Committee's work would help the Council to meet the challenge of these new responsibilities upon the Council.

Alternative options considered and rejected

The Cabinet could have decided to reject some, or all, of the Committee's recommendations.

Relevant Select Committee	Environment, Housing & Regeneration
Expiry date for any scrutiny call-in / date decision can be implemented (if no call-in)	5pm, Friday 25 February 2022
Officer(s) to action	Rod Smith (implementation) Neil Fraser (monitoring)
Directorate	Corporate Services & Resources
Classification	Public
	<i>The report and any background papers relating to this decision by the Cabinet are available to view on the Council's website or by visiting the Civic Centre, Uxbridge.</i>

7. MONTHLY COUNCIL BUDGET MONITORING REPORT: MONTH 9

RESOLVED:

That the Cabinet:

- 1. Note the budget monitoring position and treasury management update as at December 2021 (Month 9) as outlined in Part A of this report.**
- 2. Approve the financial recommendations set out in Part B below:**
 - a) Ratify an Emergency Decision by the Leader of the Council taken on 4 January 2022 to grant a 6-month extension of the temporary licence to the NHS North West London Clinical Commissioning Group to use the Winston Churchill Hall in Ruislip as a COVID-19 Vaccination Centre.**
 - b) Approve acceptance of gift funding in relation to a Planning Performance Agreement in accordance with the provisions of Section 93 of the Local Government Act 2003 for;**
 - I. St Andrew's TCE - £60,000**
 - II. Southall Gasworks - £26,000**
 - III. 14-18 Pield Heath Road - £17,500**
 - c) Approve acceptance of £20k grant funding from the Department for Levelling Up, Housing and Communities for set-up costs associated with the implementation of temporary pavement license provisions and the subsequent running costs not covered by fees.**
 - d) Approves virements of £190k and £268k from the general capital contingency budget to the Corporate Technology and Innovation and Environmental and Recreational Initiatives capital budgets respectively, for the replacement of public PCs for libraries and adult education centres (£190k) and flood mitigation measures at Elephant and Court Park (£268k).**
 - e) Accept a grant award of £52k from the England and Wales Cricket Board for the installation of cricket facilities at Grassy Meadow and Cowley recreation ground.**
 - f) Approve the increase of grant allocation to Shop Mobility from the Voluntary Sector Grants budget by £10k from £5k approved at Cabinet (Dec 2021 Item 7) to £15k for 2022/23.**
 - g) Approve the receipt of additional New Burdens Grant funding of £127,300 from the Department for Business, Energy & Industrial Strategy to the Revenues Service in respect of work completed on Restart and Additional Restrictions Grants.**

Reasons for decision

Cabinet was informed of the forecast revenue, capital and treasury position for the current year 2021/22 to ensure the Council achieved its budgetary and service objectives.

The Cabinet Member for Finance noted that the overall financial position of the Council was one of strength and stability, despite exceptional pressures arising from

Covid-19. On the Dedicated Schools Grant, the Cabinet Member updated Cabinet on the discussions with the Department for Education.

Other financial recommendations approved by the Cabinet included the acceptance of grants, ratification of an emergency decision to extend the lease for the vaccination site at Winston Churchill Hall and budget virements.

The Leader of the Council thanked the Cabinet Member and the Council's Officer Team in managing the budget well this year.

Alternative options considered and rejected

None.

Relevant Select Committee	Corporate, Finance and Property
Expiry date for any scrutiny call-in / date decision can be implemented (if no call-in)	Decisions 2 b) to g) can be called in by 5pm, Friday 25 February 2022
Officer(s) to action	Paul Whaymand
Directorate	Finance
Classification	Public
	<i>The report and any background papers relating to this decision by the Cabinet are available to view on the Council's website or by visiting the Civic Centre, Uxbridge.</i>
	<i>This item was also circulated less than 5 clear working days before the Cabinet meeting and it was considered by the Chairman to be urgent, and therefore, considered.</i>

8. THE COUNCIL'S BUDGET - MEDIUM TERM FINANCIAL FORECAST 2022/23 - 2026/27

RESOLVED:

That Cabinet approves for recommendation to Council:

- 1) The General Fund and Housing Revenue Account budgets and capital programme proposals for 2022/23 (as detailed in Appendices A, B and C) and beyond, and having taken the consultation responses conscientiously into account outlined in Appendix F Budget Consultation Feedback;
- 2) The Capital Strategy, Treasury Management Strategy Statement, Investment Strategy, and Minimum Revenue Provision Statement for 2022/23 to 2026/27 as detailed at Appendix D;
- 3) The proposed London Borough of Hillingdon Pay Policy Statement for 2022/23 set out at Appendix E;

- 4) That it resolves that Cabinet may utilise the general reserves or balances during 2022/23 in support of functions designated to the Cabinet in line with Part 4 of the Constitution (as set out in Schedule G of the Constitution - Budget and Policy Framework Procedure Rules).
- 5) And in doing so, agree that this is subject to any technical changes required arising from the outcome of the Dedicated Schools Grant Safety Valve discussions with the Department for Education, which will be reported to Council.

That Cabinet:

- 6) Authorise the Corporate Director of Finance, in consultation with the Leader of the Council, the Cabinet Member for Finance and Cabinet Member for Families, Education & Wellbeing, to approve and sign any agreement with the Department for Education relating to the Dedicated Schools Grant Safety Valve bid.
- 7) Notes the Corporate Director of Finance's comments regarding his responsibilities under the Local Government Act 2003.

Reasons for decision

Following consideration of the consultation, resident feedback and Select Committee comments, Cabinet recommended its budget proposals to the Council meeting on 24 February 2022 for final consideration.

The Cabinet Member for Finance noted the feedback on the budget and the favourable and supportive comments from residents. The Cabinet Member also outlined the adjustments that had been made from the version that had been out to public consultation.

The Cabinet Member detailed the strategic approach to preparing the balanced budget proposals, which would continue to maintain quality front-line service provision for residents with a minimal 1.9% increase in the headline rate of Council Tax. The Cabinet Member also welcomed the significant infrastructure investment proposed, including that on reducing the Council's carbon footprint, new homes and schools.

The Cabinet Member explained how the positive budget proposals would help shelter residents from the impacts of inflation and interest rate increases. Furthermore, the Leader of the Council welcomed the strong budget and how the Council had responded proactively to the cost-of-living pressures being experienced by residents.

Alternative options considered and rejected

The Cabinet could have chosen to vary the proposals in its budget before recommending it to Council.

Relevant Select Committee	All
Expiry date for any scrutiny call-in / date decision can be implemented (if no call-in)	N/A – under regulations this item cannot be call-in and Cabinet’s decisions take immediate effect in order to be recommended to full Council.
Officer(s) to action	Paul Whaymand
Directorate	Finance
Classification	Public
	<i>The report and any background papers relating to this decision by the Cabinet are available to view on the Council's website or by visiting the Civic Centre, Uxbridge.</i>
	<i>This item was also circulated less than 5 clear working days before the Cabinet meeting and it was considered by the Chairman to be urgent, and therefore, considered.</i>

9. THE SCHOOLS BUDGET 2022/23

RESOLVED:

That Cabinet:

1. **Agrees that the total Schools Budget for 2022/23 be set with an overall deficit of £4,887k when compared to the total of the Dedicated Schools Grant provided to the Council (as set out in paragraphs 80 to 81)**
2. **Approve the Primary and Secondary schools funding formula as agreed by schools and the Schools Forum, as set out in paragraphs 30 to 37.**
3. **Approve the Early Years Single Funding Formula, as set out in paragraphs 38 to 51.**
4. **Approve the base rate of funding for the Two-Year Old Free Entitlement Offer, as set out in paragraph 52.**
5. **Approve the Early Years Centrally Retained budget as agreed by the Schools Forum, as set out in paragraphs 53 to 56.**
6. **Approve the Central School Services budget as agreed by the Schools Forum, as set out in paragraphs 57 to 65.**
7. **Approve the High Needs budget as agreed by the Schools Forum, as set out in paragraphs 66 to 79.**
8. **Note that the Dedicated Schools Grant Budget will be reviewed in light of any outcome from the Safety Valve discussions with the Department for Education.**

Reasons for decision

Following consultation and based on the recommendations from the Schools Forum on the Schools Budget, Cabinet approved the funding arrangements for schools for 2022/23.

The Cabinet Member for Families, Education and Wellbeing detailed the funding proposals from the Schools Forum. The unsatisfactory nature of a deficit budget being set again was also noted, but the Cabinet Member made it clear that this

would not impact on the Council’s General Fund budget or cause financial pressures for the Council. It was noted that such school budget deficits were a national issue that was now being addressed, including with Hillingdon Council through proactive discussions with the Department for Education.

The Cabinet Member for Finance explained how the schools deficit had arisen over the years due primarily to the increase in special educational need cases, but that the direction of travel was positive in terms of a notable reduction of the in-year deficit over the years ahead. The Leader of the Council explained how the Council would exert its influence to ensure a more sustainable approach to the schools budget going forward.

An addendum was moved to clarify the paragraphs relating to the recommendations.

Alternative options considered and rejected

Cabinet could have decided to recommend that the Schools Forum reconsider the proposed funding for schools.

Relevant Select Committee	Families, Education & Wellbeing
Expiry date for any scrutiny call-in / date decision can be implemented (if no call-in)	5pm, Friday 25 February 2022
Officer(s) to action	Graham Young
Directorate	Finance
Classification	Public
	<i>The report and any background papers relating to this decision by the Cabinet are available to view on the Council's website or by visiting the Civic Centre, Uxbridge.</i>

10. 2021/22 BETTER CARE FUND SECTION 75 AGREEMENT

RESOLVED:

That the Cabinet agrees to London Borough of Hillingdon entering into an agreement with North West London Clinical Commissioning Group under section 75 of the National Health Service Act, 2006 for the delivery of the Better Care Fund plan as described in the report for the period 1st April 2021 to 31st March 2022 at a value of £106,454,363.

Reasons for decision

Cabinet agreed the Section 75 finance agreement which set out the additional funding for activity undertaken over the last year between the Council and the local NHS to improve the integration of health and social care services.

The Cabinet Member for Health and Social Care informed Cabinet why the report was a year late before them, which was due to the late publication of relevant national guidance documents.

The important of the integration of health and social care was outlined, and the strong partnership between the Council and health agencies, such as over the Covid-19 vaccination programme, was welcomed. This would continue to be monitored by the Health and Wellbeing Board.

The Leader of the Council noted that the Council was agreeing this matter a year late, but that it was outside of the Council's control.

Alternative options considered and rejected

Cabinet could have not approved the financial agreement, but this would have meant that the Council would not receive the additional care funding.

Relevant Select Committee	Families, Health & Wellbeing
Expiry date for any scrutiny call-in / date decision can be implemented (if no call-in)	5pm, Friday 25 February 2022
Officer(s) to action	Gary Collier
Directorate	Social Care & Health
Classification	Public
	<i>The report and any background papers relating to this decision by the Cabinet are available to view on the Council's website or by visiting the Civic Centre, Uxbridge.</i>

11. CHANGES TO THE ADMISSIONS CRITERIA FOR COMMUNITY SCHOOLS

RESOLVED:

That Cabinet:

- 1. Note the outcome of the consultation about proposed changes to the school admissions criteria.**
- 2. Consider and give full regard to the outcome of the consultation findings and when making a decision on the proposals to amend the school admissions criteria.**
- 3. Consider the comments made by the Families, Health and Wellbeing Select Committee at their meeting on 5 January 2022 which considered the outcome of the consultation and endorsed the proposals.**
- 4. Agree to implement the amended admission arrangements for all Hillingdon Community schools from September 2023. In accordance with the School Admissions Code, Admissions Authorities must determine their admissions criteria by 28 February 2022.**
- 5. Agree the proposal to amend the point of measurement for school applications for Whitehall Infant & Nursery School.**
- 6. Agree the proposal to amend the point of measurement for school applications for Yeading Infant & Junior School.**
- 7. Agree that no further material changes are required to the admissions criteria for community schools.**
- 8. Agree the proposal to reduce the Published Admission Number for Harefield Infant School from 90 to 60.**
- 9. Agree the proposal to reduce the Published Admission Number for Harefield Junior School from 90 to 60.**
- 10. Agree the proposal to reduce the Published Admission Number for Harlyn Primary School from 90 to 60.**
- 11. Agree the proposal to reduce the Published Admission Number for Field End Infant School from 120 to 90.**
- 12. Agree that the Council supports the proposals submitted following formal consultation from non-community schools to reduce their Planned Admissions Numbers by 30 as their consultations did not raise serious issues or objections:**
 - Hillside Infant School from 90 to 60;**
 - Brookside Primary School from 90 to 60;**
 - Charville Academy from 90 to 60;**
 - Wood End Park Academy from 150 to 120;**
 - Field End Junior School from 120 to 90;**
 - Oak Wood Secondary School from 270 to 240.**

Reasons for decision

The Cabinet noted the Council's statutory responsibility to secure sufficient early years and school places for children resident in Hillingdon. It considered the outcome of the recent consultation on school admissions arrangements and agreed

changes to those for local community schools to safeguard future access to school places.

The Cabinet Member for Families, Education & Wellbeing detailed the outcome of the consultation, the proposals and also the comments from the Families, Health and Welling Select Committee.

The Cabinet Member noted the importance of regularly reviewing school places, to adequately plan ahead and assist schools with their budget planning, helping to them to avoid setting deficit budgets.

Alternative options considered and rejected

Alternative options were considered as set out in the report.

Relevant Select Committee	Families, Education & Wellbeing
Expiry date for any scrutiny call-in / date decision can be implemented (if no call-in)	5pm, Friday 25 February 2022
Officer(s) to action	Dan Kennedy
Directorate	Planning, Environment, Education & Community Services
Classification	Public
	<i>The report and any background papers relating to this decision by the Cabinet are available to view on the Council's website or by visiting the Civic Centre, Uxbridge.</i>

12. LHC - CONSIDERATION OF WITHDRAWAL FROM THE JOINT COMMITTEE

RESOLVED:

That Cabinet:

1. Notes that at a meeting on 7 December 2012, the LHC was formally established as a Joint Committee, pursuant to the Local Government Act 1972, with the London Borough of Hillingdon as a Constituent Member.
2. Further notes that Councillor Edward Lavery [Executive] and Councillor Philip Corthorne [non-Executive] are appointed as the London Borough of Hillingdon's Members on the LHC Joint Committee with effect from 21 January 2021.
3. Agrees that the London Borough of Hillingdon should withdraw as a Constituent Member of the LHC Joint Committee and as Lead Authority and that it notifies LHC in writing of this accordingly by 25 February 2022.
4. Further agrees that Councillors Edward Lavery and Philip Corthorne cease to be Members of the LHC Joint Committee upon the Council's withdrawal.

5. **Confirms that in the event that LHC decides to become a corporate legal entity at a future date, the London Borough of Hillingdon does not participate in it in any form.**

Reasons for decision

The Cabinet Member for Environment, Housing & Regeneration explained the history and background to the LHC and the Council's membership of the Joint Committee governing the organisation, which included Hillingdon undertaking the role as lead authority. It was noted that there was no benefit for the Council to continue being a member of the Joint Committee or in any new corporate entity going forward that may arise. Therefore, Cabinet agreed to the Council's formal withdrawal from the Joint Committee and to notify the LHC accordingly.

Alternative options considered and rejected

Cabinet could have decided to continue to be a member of the LHC Joint Committee, but this would have also been dependent on at least one other local authority also remaining as a member.

Relevant Select Committee	Environment, Housing & Regeneration
Expiry date for any scrutiny call-in / date decision can be implemented (if no call-in)	5pm, Friday 25 February 2022
Officer(s) to action	Raj Alagh
Directorate	Corporate Services & Resources
Classification	Public
	<i>The report and any background papers relating to this decision by the Cabinet are available to view on the Council's website or by visiting the Civic Centre, Uxbridge.</i>

13. CONTRACT FOR THE SERVICE, MAINTENANCE AND REPAIR OF FIRE ALARM & FIRE FIGHTING SYSTEMS

RESOLVED:

That the Cabinet:

- 1) **Accept the tender received from Re-Gen (M&E Services) Ltd. for the provision of Servicing, Maintenance and Repair of Fire Alarm and Fire Fighting Systems to the London Borough of Hillingdon for a 3 + 2 Year period at the value of £784,056.**
- 2) **Furthermore, agree that any decision to extend the contract is delegated to the Cabinet Member for Finance and Cabinet Member for Property and Infrastructure Services, in consultation with the Corporate Director of Place.**

Reasons for decision

Cabinet agreed a new contract for the maintenance, repair & servicing of fire detection equipment and systems to ensure the safety and security of the residents and users of Hillingdon facilities.

Alternative options considered and rejected

None, as it is was a statutory requirement to comply with fire safety legislation.

Relevant Select Committee	Corporate, Finance and Property
Expiry date for any scrutiny call-in / date decision can be implemented (if no call-in)	5pm, Friday 25 February 2022
Officer(s) to action	Gary Penticost
Directorate	Place
Classification	Private <i>Whilst the Cabinet's decisions above are always made public, the officer report relating to this matter is not because it was considered in the private part of the meeting and 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 in accordance with Section 100(A) and paragraph 3 of Part 1 of Schedule 12 (A) to the Local Government Act 1972 (as amended).</i>

14. SOCIAL CARE CATERING SERVICES

RESOLVED:

That Cabinet:

1. Agree to exercise the 1-year extension within the current contract with the provider Caterplus Services Ltd for the provision of Social Care Catering Services to the London Borough of Hillingdon. The one-year period is from 23 March 2022 to 22 March 2023 at the cost of up to £1,052,997.
2. Note that the above cost includes an inflationary rise of 5.1% in year 4 to cover the forecasted inflation of the National Minimum Wage increasing in Financial Year 2022/23 and food and operating costs inflation.
3. Note that the contract value calculated is based on the maximum anticipated spend, assuming increased occupancy and across all services and higher take-up of meals; however, charges are based on a fixed charge and a variable element based on the number of meals provided.

Reasons for decision

Cabinet agreed to a one-year extension to the existing contract with the provider Caterplus Services Ltd for the provision of catering Services at the Council's four Extra-care schemes, Adult Resource Centre and for children and young people in three Hillingdon residential care homes and the three early years centres.

Alternative options considered and rejected

Cabinet considered other options, including re-tendering or a two year extension, but noted a review of the service would be undertaken and a one year extension would be the best value approach.

Relevant Select Committee	Families, Health & Wellbeing
Expiry date for any scrutiny call-in / date decision can be implemented (if no call-in)	5pm, Friday 25 February 2022
Officer(s) to action	Claire Fry
Directorate	Social Care & Health
Classification	Private <i>Whilst the Cabinet's decisions above are always made public, the officer report relating to this matter is not because it was considered in the private part of the meeting and 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 in accordance with Section 100(A) and paragraph 3 of Part 1 of Schedule 12 (A) to the Local Government Act 1972 (as amended).</i>

15. LIFT REFURBISHMENT AND UPGRADE AT FAIRLIE HOUSE AND THE GOULDINGS, UXBRIDGE

RESOLVED:

That the Cabinet:

- 1) Accept the tender and approve the award of contract for Lift Refurbishment of 4x No. Lifts at Fairlie House & The Gouldings, Uxbridge part of Council's general needs housing stock to Professional Lift Services Ltd at a cost of £626,134; and
- 2) Agree to the capital release requests of £751k from the Lift Refurbishment Workstream within the Housing Revenue Account Works to Stock Programme 2021/22 capital budget for Lift Refurbishment of 4No. Lifts at Fairlie House & The Gouldings, Uxbridge.

Reasons for decision

Cabinet agreed to a tender to refurbish the lifts within Fairlie House and The Gouldings Tower Blocks in Uxbridge Town Centre.

Alternative options considered and rejected

None.

Relevant Select Committee	Corporate, Finance and Property
Expiry date for any scrutiny call-in / date decision can be implemented (if no call-in)	5pm, Friday 25 February 2022
Officer(s) to action	Gary Penticost
Directorate	Place
Classification	Private <i>Whilst the Cabinet's decisions above are always made public, the officer report relating to this matter is not because it was considered in the private part of the meeting and 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 in accordance with Section 100(A) and paragraph 3 of Part 1 of Schedule 12 (A) to the Local Government Act 1972 (as amended).</i>

16. ENVIRONMENTAL CLEANING SERVICES CONTRACT

RESOLVED:

That the Cabinet:

1. **Accept the tender from Charman Environmental Services Limited for the provision of Environmental Cleaning Services to the London Borough of Hillingdon for a one-year period from March 2022 to March 2023 at the value of £301,000.**
2. **Furthermore, agree that this includes the provision to extend the contract for a one-year period (total cost of £602k), noting that any approval of any extension would require Cabinet Member approval, in consultation with the Corporate Director of Place.**

Reason for decision

Cabinet agreed to a tender for the provision of specialised environmental cleaning services, which included dog bins, clinical waste, public toilets, dead animals, asbestos and other waste materials.

Alternatives considered and rejected

None.

Relevant Select Committee	Environment, Housing & Regeneration
Expiry date for any scrutiny call-in / date decision can be implemented (if no call-in)	5pm, Friday 25 February 2022
Officer(s) to action	Nicola Herbert & Sachin Shah / Kirandeep Roopraye
Directorate	Place / Finance
Classification	Private <i>Whilst the Cabinet's decisions above are always made public, the officer report relating to this matter is not because it was considered in the private part of the meeting and 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 in accordance with Section 100(A) and paragraph 3 of Part 1 of Schedule 12 (A) to the Local Government Act 1972 (as amended).</i>

17. DOMESTIC ABUSE SERVICES & CONTRACT EXTENSIONS

RESOLVED:

That Cabinet:

1. Approve that the Domestic Abuse Floating Advocacy and Support Service, currently provided by Hestia Housing, is brought in-house along with its budget from approximately 1 May 2022 (depending on the mobilisation timeframe). Staff will be up skilled to work closely with the Independent Domestic Violence Advocates.
2. Agree as part of the transition to an in-house model, to temporarily extend the current contract with Hestia Housing and Support for 2 months, to allow for service mobilisation and for Hestia to consult with staff regarding TUPE. It is understood that there are 2 employees of Hestia working on the LBH contract who would be eligible to transfer to the employment of the Council under the protection of TUPE. The two-month period would be from 1st March 2022 to 30 April 2022 at a cost of £23,733.
3. Approve a 2-year extension of the current contract with Refuge for the provision of a Crisis Refuge Service to the London Borough of Hillingdon, noting that the two-year period is from 4 March 2022 to 3 March 2024 at a total cost of £163,362 (£81,681 pa).
4. Approve a 2-year extension of the current contract with The Richmond Fellowship for the provision of Therapeutic and Counselling Support for Children and Young People who have been exposed to the harmful effects of domestic abuse and are in greater need of additional support, noting that the two-year period is from 10 June 2022 to 9 June 2024 at a total cost of £92,438 (£46,219 pa).

Reasons for recommendations

Cabinet agreed to enact a two-year extension to the existing contracts for the provision of refuge support services and the provision of therapeutic and counselling support for children and young people. Cabinet also gave approval to bring part of the service in-house, to deliver the service effectively. Cabinet noted the importance of these critical services which support victims and those affected by domestic abuse.

Alternative options considered and rejected

Cabinet had considered other options, including re-tendering of all services, but discounted this.

Relevant Select Committee	Families, Health & Wellbeing
Expiry date for any scrutiny call-in / date decision can be implemented (if no call-in)	5pm, Friday 25 February 2022
Officer(s) to action	Jacqui Robertson
Directorate	Community Safety
Classification	Private <i>Whilst the Cabinet's decisions above are always made public, the officer report relating to this matter is not because it was considered in the private part of the meeting and 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 in accordance with Section 100(A) and paragraph 3 of Part 1 of Schedule 12 (A) to the Local Government Act 1972 (as amended).</i>

18. LEASEHOLDERS BUILDINGS INSURANCE - CONTRACT EXTENSION

RESOLVED:

That the Cabinet agree to extend the current contract with Avid Insurance Services Limited for the Buildings Insurance for Council leasehold residential properties for a period of two years from 1 April 2022 to 31 March 2024 and at the cost of £1.552m for the period, subject to inflation on re-building costs.

Reasons for decision

Cabinet agreed to extend the existing contract with Avid Insurance Services Limited to provide Council leaseholders with buildings insurance cover.

Alternative options considered and rejected

Cabinet could have re-tendered the contract but considered this would not provide best value at the current time.

Relevant Select Committee	Environment, Housing & Regeneration
Expiry date for any scrutiny call-in / date decision can be implemented (if no call-in)	5pm, Friday 25 February 2022
Officer(s) to action	Rod Smith
Directorate	Planning, Environment, Education & Community Services
Classification	Private <i>Whilst the Cabinet's decisions above are always made public, the officer report relating to this matter is not because it was considered in the private part of the meeting and 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 in accordance with Section 100(A) and paragraph 3 of Part 1 of Schedule 12 (A) to the Local Government Act 1972 (as amended).</i>

19. CRANFORD PARK PROJECT: RESTORATION CONTRACT

RESOLVED:

That the Cabinet:

1. **Agrees to progress project delivery, subject to a successful application for additional finance from the National Lottery Heritage Fund;**
2. **Notes the tenders received which shall be considered further subject to recommendation 1 above and value engineering, and any appointment of contractor shall be by way of a future decision by Cabinet Members;**
3. **Agrees to underwrite the project contingency sum of £210,000, to enable its expenditure on the budget deficit;**
4. **Delegates all necessary future decisions relating to this project to the Leader of the Council, Cabinet Member for Property and Infrastructure, Cabinet Member for Finance and Cabinet Member for Housing Environment and Regeneration, in consultation with the Corporate Director of Place.**

Reasons for decision

Cabinet authorisation was given to progress this major restoration project which would benefit residents in the South of the Borough. This was subject to additional external funding and to underwrite the original project contingency and note the tenders received, which would be subject of a further decision.

Alternative options considered and rejected

Cabinet could have decided to not proceed with the Cranford Park project, which would have been to the detriment of the listed buildings and environment concerned.

Relevant Select Committee	Corporate, Finance and Property
Expiry date for any scrutiny call-in / date decision can be implemented (if no call-in)	5pm, Friday 25 February 2022
Officer(s) to action	Michael Naughton Charmian Baker
Directorate Classification	Place Private <i>Whilst the Cabinet's decisions above are always made public, the officer report relating to this matter is not because it was considered in the private part of the meeting and 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 in accordance with Section 100(A) and paragraph 3 of Part 1 of Schedule 12 (A) to the Local Government Act 1972 (as amended).</i> <i>This item was also circulated less than 5 clear working days before the Cabinet meeting and it was considered by the Chairman to be urgent, and therefore, considered.</i>

20. ANY OTHER ITEMS THE CHAIRMAN AGREES ARE RELEVANT OR URGENT

No additional items were considered by the Cabinet.

The meeting closed at 7.42pm

Internal Use only*	Implementation of decisions & scrutiny call-in
When can these decisions be implemented by officers?	Officers can implement Cabinet's decisions in these minutes only from the expiry of the scrutiny call-in period which is: 5pm, Friday 25 February 2022 However, this is subject to the decision not being called in by Councillors on the relevant Select Committee. Upon receipt of a valid call-in request, Democratic Services will immediately advise the relevant officer(s) and the Cabinet decision must then be put on hold.
Councillor scrutiny call-in of these decisions	Councillors on the relevant Select Committee shown in these minutes for the relevant decision made may request to call-in that decision. The call-in request must be before the expiry of the scrutiny call-in period above. Councillors should use the Scrutiny Call-in App (link below) on their devices to initiate any call-in request. Further

	<p>advice can be sought from Democratic Services if required:</p> <p>Scrutiny Call-In - Power Apps (secure)</p>
Notice	<p>These decisions have been taken under The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.</p> <p>This Cabinet meeting was also broadcast live on the Council's YouTube channel here for wider resident engagement.</p> <p>Please note that these minutes and decisions are the definitive record of proceedings by the Council of this meeting.</p> <p>If you would like further information about the decisions of the Cabinet, please contact the Council below:</p> <p>democratic@hillingdon.gov.uk Democratic Services: 01895 250636 Media enquiries: 01895 250403</p>

REVIEW BY THE PUBLIC SAFETY AND TRANSPORT SELECT COMMITTEE: *ELECTRIC VEHICLES, EV INFRASTRUCTURE AND FUTURE POLICY DEVELOPMENT FOR THE BOROUGH*

Cabinet Member(s)	Councillor John Riley Councillor Eddie Lavery
Cabinet Portfolio(s)	Cabinet Member for Public Safety and Transport Cabinet Member for Environment, Housing and Regeneration
Officer Contact(s)	Steve Clarke, Democratic Services
Papers with report	Final review report

HEADLINES

Summary	To receive the final report detailing the major review conducted by the Public Safety and Transport Select Committee which considered Electric Vehicles (EV), EV infrastructure and future policy direction for the Borough. The review makes recommendations for Cabinet to consider.
Putting our Residents First	This report supports the following Council objectives of: <i>Our People and Our Built Environment</i> .
Financial Cost	There are no direct financial costs arising from the initial recommendations with potential future investment subject to development of an appropriate business case and funding strategy.
Relevant Select Committee	Public Safety and Transport Select Committee
Relevant Ward(s)	All

RECOMMENDATIONS

That Cabinet welcomes the Committee's report and recommendations which seek to both support and provide further strategic direction on the Council's aims to assist in the Borough's transition from Internal Combustion Engine (ICE) Vehicles to Electric Vehicles (EV). Furthermore, that Cabinet welcomes the Committee's support for its recent decision to implement a robust and scalable EV charging infrastructure in the Borough, commencing initially in Council owned car parks.

SELECT COMMITTEE RECOMMENDATIONS

Short-Term Recommendations (for implementation in the next 6 – 12 months)

- 1) That Cabinet seek to increase the transparency of information available on the Council's website relating to EV charging infrastructure projects and installations to residents.
- 2) That Cabinet seek to improve levels of engagement with residents through a mechanism to express their interest in local EV charging provision.
- 3) That Cabinet note the objectives of the Council's Strategic Climate Action Plan, with reference to sustainable transportation and the development of an EV charging action plan that will commit to increasing the availability of EV charge points across the Borough.
- 4) That a report be prepared for the relevant Select Committee on an annual basis regarding the implementation of the new EV charge point contract, usage and monitoring data from those newly installed charge points where possible, and the development of EV Infrastructure across the Borough as it progresses.

Medium-Term Recommendations

- 5) That Cabinet consider the merits of a more proactive enforcement effort to ensure developers make available suitable EV charging provision in their developments to fulfil their planning obligations.
- 6) That Cabinet explore the viability of a policy to ensure equitable use of on-street residential charge points and incorporate EV considerations into the design of future Parking Management Schemes, in advance of any future decision on the feasibility of introducing on-street EV charging points.
- 7) In support of the Council's Strategic Climate Action Plan, that Cabinet endorses plans to replace all diesel-powered vehicles 3.5T and smaller within the Council's fleet with EVs before 2030.

Longer-Term Recommendations

- 8) That Cabinet concurs with the Committee's findings that, whilst the Council is not wholly responsible at this time for directly providing EV infrastructure or the necessary utilities that support it, with such a societal paradigm shift, the Council should play a leading 'enabling' role to ensure that the Borough is working cooperatively with partners and is well prepared for the growing EV demand and the resultant technological, infrastructure and behavioural changes arising.
- 9) That Cabinet considers the Select Committee's long-term horizon findings from its review and the variables it has identified in how current and emerging EV technology and infrastructure may develop and change over time. This is so the Council can be

both adaptive and responsive to future requirements and its residents - these have been set out in Annex A to these recommendations.

Reasons for the recommendations

The recommendations arising from this major review aim to support the Cabinet and Council in developing its future policies with regard to Electric Vehicles and EV infrastructure within the Borough.

Alternative options considered / risk management

The Cabinet could decide to reject some, or all, of the Committee's recommendations or pursue alternative routes by which to progress the objectives of the review.

SUPPORTING INFORMATION

Driven by climate change and recent government mandates to manoeuvre away from fossil fuel-based transportation, interest in providing low and zero emission vehicles has thrived in the 21st century. The number of newly registered, fully electric EVs in the UK between 2006 and 2010 was just 1,096; this has risen to 190,727 in 2021 alone. Spurred on by this, the Public Safety and Transport Select Committee agreed that the Committee's first major review should be a forward-looking exploration of Electric Vehicles and EV infrastructure in Hillingdon. In addition to the Council's own zero-carbon commitment and climate emergency declaration, the review tied in with related deadlines set by central government such as the proposed ban on the sale of new petrol and diesel cars and vans in the UK from 2030.

The primary purpose of the review was to support the Council in developing its future policies and to highlight how Hillingdon may need to adapt to the ongoing and growing societal shift from Internal Combustion Engine (ICE) vehicles to EVs.

Through witness sessions with Council officers, Electric Vehicle Charge Point (EVCP) Operators, a Hillingdon resident and the Cabinet Member for Public Safety & Transport, the Select Committee received information as to the current EV charging landscape across the Borough. Members were informed that, as things stood, the Borough's charging infrastructure would be insufficient for future needs; where one in 16 new cars registered in London were EVs in 2019, one in eight new cars registered in the capital were EVs in 2021. In response to the growing need, the Council has progressed a contract with a partner to supply, install and maintain EV charging points in public car parks and to establish a scalable EV charging infrastructure across the Borough and the Committee welcomed this move.

Although it was noted that a mixture of government and private sector measures would be needed to support the general longer-term transition from Internal Combustion Engine (ICE) vehicles to EVs, in order to keep on top of the growing public demand for EV charging infrastructure, the Select Committee understood that the Council would need to play more of an enabling role and to put measures in place soon to help ensure that a robust charging offer was in place.

From the early stages of the review, the Select Committee had expected that many of the findings and recommendations arising would be presented to Cabinet not for immediate implementation but to offer guidance and direction in helping to shape future policy.

Towards the closing stages of the review, it was determined that the Committee's findings could be grouped into short-term recommendations, for implementation in the next 6 to 12 months, medium-term recommendations, for implementation and consideration over the next few years, and longer-term recommendations, for implementation and consideration throughout the next decade as the 2030 ban on the sale of new petrol and diesel powered cars and vans approaches.

The following Terms of Reference were agreed by the Committee from the outset of the review:

1. To understand the Council's current stance with regard to the prospective uptake in the use of Electric Vehicles (EV) and requirement for specific EV infrastructure;
2. To explore the national setting and initiatives undertaken by other local authorities to facilitate future EV infrastructure;
3. To understand the growing demand for EVs and explore any limitations residents may encounter in accessing suitable EV requirements;
4. To explore future evolutions with regard to EV battery and charging technology;
5. To investigate what grant funding may be available to local authorities relating to EV infrastructure;
6. To influence or propose any emerging Council plans, guidance or policies with respect to the future of EV use and the Borough's transportation and highways infrastructure;
7. Subject to the Committee's findings, to make any conclusions, propose actions, service and policy recommendations to the decision-making Cabinet.

Information Gathering:

As part of its witness and evidence sessions, the Committee received direct evidence from the following witnesses:

- Poonam Pathak - Head of Highways
- Adam Heritage - Hillingdon resident looking to purchase an EV
- Dr Alan Tilly - Transport Planning and Development Team Manager
- Tom Campbell - Planning Policy Team Leader
- Brian Renwick - UK Operations, Qwello GmbH
- Dr Henrik Thiele – Managing Director, Qwello GmbH
- Councillor John Riley – Cabinet Member for Public Safety and Transport

Cabinet Member and Officer Comments on Recommendations

In respect of recommendation 5 from the Select Committee, the Cabinet Member for Environment, Housing and Regeneration has considered this and has determined that it would

not be practicable to establish a separate enforcement regime purely for EV charging provision and that established enforcement procedures should apply.

The remaining recommendations have been reviewed by the relevant senior officers in the Place Directorate. Officers are supportive of the recommendations highlighting the environmental benefits and have raised no issues regarding their feasibility.

Financial Implications

There are no direct financial costs arising from the recommendations in this report, though if any initiatives are pursued by the Council to encourage further EV take-up and grow the local EV infrastructure, at that time a further financial analysis may be required.

RESIDENT BENEFIT & CONSULTATION

The benefit or impact upon Hillingdon residents, service users and communities

The recommendations will strengthen the level of engagement between residents and the Council in terms of establishing Hillingdon's future EV infrastructure. There are also significant environmental benefits arising from the move away from ICE vehicles to EVs.

Consultation carried out or required

The Committee sought a range of internal and external witness testimony, as set out in the report.

CORPORATE CONSIDERATIONS

Corporate Finance

Corporate Finance has reviewed this report and concurs with the financial implications set out above, noting that there are no direct financial implications associated with the recommendations within this report.

Legal

Legal officers have confirmed that there are no specific legal implications arising from this report.

BACKGROUND PAPERS

NIL.

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A Review of Electric Vehicles, EV Infrastructure and Future Policy Development for the Borough



A review by the Public Safety and Transport Select Committee

Councillors on the Committee: Councillors Keith Burrows (Chairman), Teji Barnes (Vice Chairman), Jan Sweeting (Opposition Lead), Kuldeep Lakhmana, Richard Lewis, Colleen Sullivan and Steve Tuckwell

2021/2022



HILLINGDON
LONDON

Contents

	Page
Chairman's Foreword	3
Summary of recommendations to Cabinet	4 - 5
Background to the review	6 - 11
Evidence and witness testimony	12 - 17
The Committee's Findings	18 - 22
About the Review – witnesses and activity	23 - 24
References	25
Appendices	25 - 29

Chairman's Foreword

On behalf of the Public Safety and Transport Select Committee, I am pleased to present this report to Cabinet. Having identified a need to ensure Hillingdon were prepared for the fast-moving requirement for Electric Vehicle Charging Points as the number of Electric Vehicles increases within our Borough the Select Committee elected to conduct a comprehensive review of Electric Vehicle Infrastructure and future policy direction for the Borough.

Three witness sessions were held during which Committee Members had the opportunity to meet with a wide range of Senior Council Officers, Cllr John Riley, the Cabinet Member for Public Safety and Transport, external experts within the Electric Vehicle Charging Point market as well as a Hillingdon Resident, all of whom gave good evidence on which the Committee has based its findings and recommendations.



The recommendations are split between Short, Medium and Long term. It is anticipated that the Short-term recommendations will be the foundations for moving forward with Hillingdon's Electric Vehicle Infrastructure and that the shaping of the Policies to support this will come through the Medium and Long-term recommendations.

Finally, I would like to take this opportunity to thank those witnesses and officers who gave up their time to assist the Committee and commend officers for their continued hard work in striving to ensure Hillingdon is moving towards an Electric Vehicle infrastructure fit for our residents and future generations to come.

Councillor Keith Burrows

Chairman of the Public Safety and Transport Select Committee

Ward Councillor for Uxbridge South

Summary of recommendations to Cabinet

That Cabinet welcomes the Committee's report and recommendations which seek to both support and provide further strategic direction on the Council's aims to assist in the Borough's transition from Internal Combustion Engine (ICE) Vehicles to Electric Vehicles (EV). Furthermore, that Cabinet welcomes the Committee's support for its recent decision to implement a robust and scalable EV charging infrastructure in the Borough, commencing initially in Council owned car parks.

Short-Term

1

That Cabinet seek to increase the transparency of information available on the Council's website relating to EV charging infrastructure projects and installations to residents.

2

That Cabinet seek to improve levels of engagement with residents through a mechanism to express their interest in local EV charging provision.

3

That Cabinet note the objectives of the Council's Strategic Climate Action Plan, with reference to sustainable transportation and the development of an EV charging action plan that will commit to increasing the availability of EV charge points across the Borough.

4

That a report be prepared for the relevant Select Committee on an annual basis regarding the implementation of the new EV charge point contract, usage and monitoring data from those newly installed charge points where possible, and the development of EV Infrastructure across the Borough as it progresses.

Medium-Term

5

That Cabinet consider the merits of a more proactive enforcement effort to ensure developers make available suitable EV charging provision in their developments to fulfil their planning obligations.

6

That Cabinet explore the viability of a policy to ensure equitable use of on-street residential charge points and incorporate EV considerations into the design of future Parking Management Schemes, in advance of any future decision on the feasibility of introducing on-street EV charging points.

7

In support of the Council's Strategic Climate Action Plan, that Cabinet endorses plans to replace all diesel-powered vehicles 3.5T and smaller within the Council's fleet with EVs before 2030.

Longer-Term

8

That Cabinet concurs with the Committee's findings that, whilst the Council is not wholly responsible at this time for directly providing EV infrastructure or the necessary utilities that support it, with such a societal paradigm shift, the Council should play a leading 'enabling' role to ensure that the Borough is working cooperatively with partners and is well prepared for the growing EV demand and the resultant technological, infrastructure and behavioural changes arising.

9

That Cabinet considers the Select Committee's long-term horizon findings from its review and the variables it has identified in how current and emerging EV technology and infrastructure may develop and change over time. This is so the Council can be both adaptive and responsive to future requirements and its residents - these have been set out in Annex A to these recommendations.

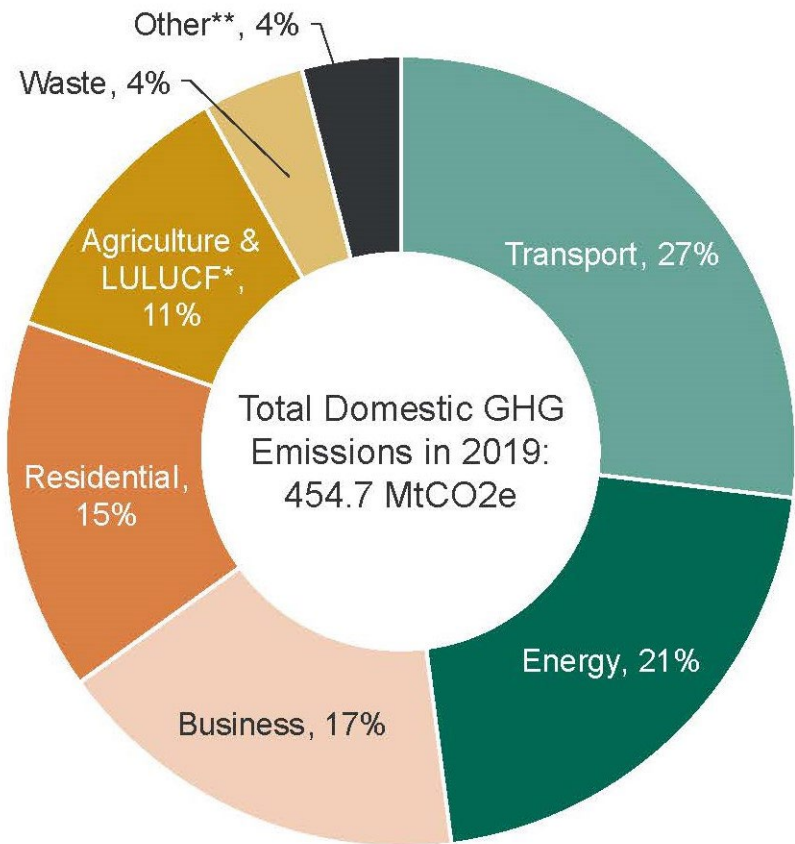
Background to the review

The Electric Vehicle Revolution

The number of newly registered, fully electric EVs in the UK between 2006 and 2010 was just 1,096; this has risen to 190,727 in 2021 alone. EVs have rapidly become commonplace on UK roads although the concept of EVs is far from modern. Early forms of electric cars were developed in the first half of the 19th century, however, with the advent of cheap assembly line ICE cars by the Ford Motor Company in the early 20th century, the popularity of EVs declined significantly until, driven by climate change and recent government mandates to manoeuvre away from fossil fuel-based transportation, interest in providing low and zero emission vehicles has flourished.

The Transition from ICE to EVs

As of 2019, transport was the largest-emitting sector of greenhouse gas emissions, accounting for 27% of UK emissions. Of this, the majority (91%) came from road transport vehicles. The biggest contributors to this were cars and taxis, which made up 61% of the emissions from road transport, followed by Heavy Goods Vehicles (18% of road transport emissions) and vans (17%).



UK greenhouse gas emissions by sector in 2019 (Department for Business, Energy & Industrial Strategy, 2020)

The UK has a target to reduce these emissions to net zero by 2050, to achieve this the Committee on Climate Change has recommended that the sales of electric vehicles (EVs) should scale up to 100% of new sales by 2035. By way of highlighting the rapidly increasing demand for EVs, in 2021, they accounted for around 11% of all new cars sold in the UK; in 2019, this figure was just 0.8%. Petrol powered vehicles were the most popular fuel type in 2021 with a 46.3% market share and diesel vehicles took an 8.2% share. Ultra-Low Emission Vehicles (ULEV) such as plug-in-hybrid, battery electric, range-extended electric or fuel cell electric vehicles still represent a relatively small proportion of the total number of cars licensed, however, the demand for ULEVs, and particularly fully electric EVs, is growing exponentially.

Public awareness of, and interest in, EVs and methods of charging them has also been mounting rapidly, and throughout the 2020s, public expectations and demand will continue to grow ahead of the introduction of legislation to outlaw the sale of pure Internal Combustion Engine (ICE) vehicles by 2030.

The 2030 Deadline

The Automated and Electric Vehicles Act 2018 has two primary objectives. Firstly, the Act establishes that insurers are required to deal with all claims even when the vehicle is operating in automated technology mode. Insurers will also have a right of recovery against manufacturers and the right to exclude liability where the relevant individual fails to keep the software up to date. Secondly, and more pertinent to the Committee's review, the act establishes laws relating to EV charging infrastructure including issues such as availability, compatibility vehicle types, reliability standards and standardising how they are paid for.

In November 2020, the Government brought forward the ban on sales of new petrol and diesel cars and vans from 2040 to 2030 as part of its "green industrial revolution". A two phased approach to the process was also announced.

- Step 1 - the phase-out date for the sale of new petrol and diesel cars and vans brought forward to 2030.
- Step 2 - all new cars and vans be fully zero emission at the tailpipe from 2035.

Between 2030 and 2035, new cars and vans can be sold if they have the capability to drive a significant distance with zero emissions (for example, plug-in hybrids or full hybrids).

The transition to EVs will play a pivotal role in reducing emissions and as the 2030 ban on the sale of new petrol and diesel cars and vans approaches, demand for EVs and the expectations of EV infrastructure will continue to grow. There is pressure on the Government and local authorities, in addition to car manufacturers, infrastructure providers and charging companies, to facilitate the transition from ICE vehicles to EVs where possible.

Charging Infrastructure

Accessibility and convenience to vehicle charging and refuelling is frequently raised by prospective consumers as a key concern in choosing to purchase and use an EV. The number of publicly available EV Charge Points (EVCP) per 100km of road in the United Kingdom has increased from 42 in 2011 to 570 in 2019; in January 2022 alone, ZapMap (the UK's most comprehensive EVCP database) reported a further 645 new public EVCPs. Whilst most charging is expected to take place at home, the Committee for Climate Change have suggested 1,170 EVCPs will be required per 100 km of road by 2030. This is to be supported by £1.3 billion funding, partly covering the strategic road network but also importantly reserved for local authorities (for on-street charging).

Most charging is expected to take place domestically, The Electric Vehicle Homecharge Scheme provides grant funding of up to 75% towards the cost of installing EVCPs at domestic properties across the UK. However, EVCPs cannot be installed in all properties, for instance, terraced or apartments properties may not have allocated off-street parking. In 2016, the government announced the On-Street Residential Chargepoint Scheme aimed at local authorities to increase the availability of on-street EVCPs for plug-in EVs. In February 2021, £20 million of further funding was made available; of the circa 111,476 households in Hillingdon, around 34,419 do not have off-street parking, this represents nearly a third (31%) of all households in the Borough. Although there has been no duty placed upon local authorities to provide electric charging points as of yet, it is up to them to decide based on local priorities, whether to do so. In 2019, the Government urged local authorities to take advantage of the funding available through the On-Street Residential Chargepoint Scheme.

Local and Strategic Context

London leads the way in the transition to EVs, with more than 7,600 public charging points installed across the Capital, a third of the UK's total and a 55% increase since 2019. London also has western Europe's largest zero-emission bus fleet, emissions-based road user charging and the strictest taxi and private hire licensing regulations for vehicle emissions. In December 2021, Transport for London set out their 2030 EV Infrastructure Plan exploring how the public and private sector can do more to facilitate the implementation of EV infrastructure. TfL indicates that in the most likely scenario, where there is increased use of rapid, on-the-go charging, London will need around 40,000 to 60,000 charge points by 2030, of which up to 4,000 will be rapid chargers. The proportion of EVs this infrastructure would support could result a reduction in carbon dioxide emissions of between 1.5 and 2.6 million tonnes per year by 2030.

Throughout 2021 and early 2022, the Council has been making moves to establish wider EV charging infrastructure across the Borough through a tender exercise inviting companies to supply, install and maintain EV charging points across the Borough, initially in car parks. The Council has received a modest but growing volume of requests from residents asking for on-street EVCPs to be provided near to where they live. For residents without a driveway/ garage, if they

are to be able to own an EV, then on-street EVCP becomes a key request. Although it is possible that the situation may change as the desire for EVCP infrastructure grows, it should be noted that, to date, the Council has not received a resident petition asking for communal EVCPs.

There are a series of important considerations associated with on-street EVCP which should be noted:

- **Cables across the footway:** It would be an offence under the Highways Act 1980 and could provide an obvious trip hazard if residents were permitted to trail a charging cable from their property out on to the public highway in order to charge their EV. A typical scenario might be an electric vehicle left on charge overnight and a cable, even if 'guarded' by a proprietary sleeve, would form a trip hazard. In the case of an injury and subsequent accident claim, the Council would be likely to be held liable if it could be shown to have sanctioned such an arrangement. A variation on this theme which has sometimes been suggested is to allow a private cable to be laid through a duct or a channel across the footway, thereby avoiding the trip-hazard issue; here the risk is of uncertain electrical safety, because the Council would be at risk if it sanctioned untested electrical equipment across its highway, with the risk of electrocution, especially in wet weather.
- **Lamp column chargers:** Some councils have installed on-street EVCP on existing or sometimes where necessary all-new lamp columns. The challenge here is competition for kerb-side space to access a charger not already in use or blocked by another parked vehicle that may not even be using the charging facility. Clearly lamp columns are generally spaced in accordance with the appropriate lighting design standards, and this means there will never be a lamp column adjacent to possible parking spot in any given street. There is potential for some neighbourly friction, and there is also a certain risk of trailing cables proving hazardous.
- **Kerb-side chargers:** Broadly similar to the concept of lamp column chargers, some suppliers have created kerb-side charging bollards. There is clearly scope for more of these to be installed than with lamp column chargers, but the costs remain considerable, and some designs appear likely to be trip hazards in themselves.
- **Dedicated parking bays intended solely for electric vehicles:** There are challenges in providing dedicated EVCP parking bays within typical high street and residential parking schemes, where parking capacity may already be at a premium; empty bays will be viewed critically by other stakeholders. Over time this will become a moot point as more vehicles become hybrid or electric. Practical considerations include the implications of taking on-street parking away from neighbouring residents that own an ICE car, or indeed rivals for the same limited on-street charging facilities.

These points show that delivering on-street EVCP in a safe, equally accessible and financially viable manner is a challenge at present.

On matters of air quality, although electric vehicles offer clear benefits for local air quality due to zero exhaust emissions at street level, they still emit particulate matter from road, tyre and brake wear. This means EVs cannot entirely eliminate issues of air pollution in urban areas. The total emissions from an EV are known as the “lifecycle emissions” and combine the emissions from manufacturing the vehicle, powering it through its life, and decommissioning. The Council’s Air Quality Action Plan 2019-2024 identifies the issue that road vehicle emissions contribute significantly to pollution levels in the Borough. Just over half of the road traffic emissions are associated with vans, heavy goods vehicles and buses with just under half from cars, including taxis. Recognising this, the air quality action plan includes specific action measures aimed at promoting the use of EV infrastructure to bring about a reduction in pollution emissions. These are detailed below:

- Action 15 - Council procurement policies to promote the use of cleaner vehicle technologies via contract tendering process;
- Action 16 - opportunities taken in new developments and town centre improvement workstreams to reduce emissions from deliveries to local businesses and residents;
- Action 17 - reducing emissions from the Council fleet;
- Action 24 - installation of ULEV (Ultra-Low Emissions Vehicle) infrastructure e.g. EV charging points, fast chargers, rapid chargers (where feasible)

A Rapidly Evolving Industry

In a recent Policy Exchange think-tank report, it was stated that the UK will need 400,000 public Electric Vehicle Charging Points by 2030, up from 48,000 currently. What is still relatively new technology, albeit evolving rapidly, provides many challenges in terms of the necessary support infrastructure. Whilst investment is clearly needed, it needs to be carefully focused, aided with the right partnerships and in a manner which allows room for the development of all the equipment – vehicles and charging infrastructure – so that they can evolve in tandem and not leave key stakeholders, the Council in particular, owners of equipment which is no longer fit for purpose after significant capital investment has been made.

The rise in demand for EVs and associated infrastructure is inevitable and as with almost any area where the technology involved is developing at a rapid pace, it is important to avoid on the one hand being left behind but on the other being left with an expensive legacy of rapidly outdated infrastructure. The Local Government Association has stated that they “...do not anticipate that councils either want, or need, to become the long-term default provider for electric vehicle

chargepoints. For the transition [from ICE to EVs] to be successful, the chargepoint market will have to strengthen. This is the only way we will reach the level of coverage envisioned by the Governments 2018 Road to Zero strategy. However, many councils are already showing that they have a role to play in catalysing this market and helping in its early stages.

Evidence & Witness Testimony

Hillingdon's EV Infrastructure Landscape

Through witness sessions with Council officers, EVCP Operators, a Hillingdon resident and the relevant Cabinet Member, the Select received information as to the current EV charging landscape across the Borough. Members were informed that the Borough's current charging infrastructure was insufficient, the EVCPs currently in Council operated car parks were installed some ten years ago as part of a research project with the Ford Motor Company, Strathclyde University and Scottish and Southern Electricity; a number of residents were given the opportunity to drive an early form of commercially available EV and provide feedback to the project. Following the project, the charge points were operated by Transport for London's Source London company, when that network was sold on, the Hillingdon charge points were not included. Since that time, the charge points were repaired on a piecemeal basis by the manufacturers and had since become outdated and required replacing.

Although it was noted that a mixture of government, both local and national, car manufacturers and private charging operators would be assisting in the general transition from ICE vehicles to EVs, in order to keep on top of the ever-growing public demand for EV charging infrastructure, the Select Committee understood that the Council would need to play its part and put measures in place very soon to help ensure that a more robust charging offer was in place.

The Council's Short-Term Plans

When researching what local authorities were doing in terms of implementing EV infrastructure, the Select Committee came across two common approaches; to move headlong into installing as many EVCPs as possible, and to be more cautious in approach to ensure that the technology being installed did not become obsolete within a relatively short time. Hillingdon had been favouring the cautious approach but the Select Committee, and the relevant Cabinet Member who had attended a meeting as a witness for the review, recognised the importance in now moving forwards. The Select Committee were also updated on the work that had been ongoing with regard to short-term future charge point provision in the Borough. Members were informed that, where one in 16 new cars registered in London were EVs in 2019, one in eight new cars registered in the capital were EVs in 2021. In response to the growing need, the Council had, in October 2021, published an invitation to tender using the Crown Commercial Services framework. The tender was inviting companies to supply, install and maintain EV charging points in public car parks and to establish wider EV charging infrastructure across the Borough. The three primary strands of the tender were replacing and updating the existing EV charge points in Council operated car parks, assessing 43 other car parks in the Borough for charge point provision, and the provision of on-street EV charge points along residential streets utilising either stand-alone units or existing lamp columns. Amongst a number of factors, companies applying would need to

demonstrate their awareness of grant funding and ability to apply for said funding (including On-street Residential Charging Scheme ORCS funding), how they would ensure that any installed charge points offer appropriate network coverage for users, their fault reporting process and how quickly any faults would be repaired when they occur.

The Committee were also informed that a further part of the tender included provision of a dashboard to be made available for officers to, in real time, see which charge points were operational at any one time. The data from this dashboard could prospectively be used to estimate demand and areas for future provision, the information could also be reported back to the Select Committee periodically.

Barriers to purchasing and operating an EV

A number of factors may deter prospective owners from transitioning from an ICE vehicle to an EV including outright cost, range anxiety, charge times and accessibility to charging points. The Select Committee heard from a Hillingdon resident who was considering the purchase of an EV but remained cautious due to the lack of EV charging infrastructure available locally. Whilst discussing these factors with the resident, a key point was raised; although most EV charging was expected to take place at home, those without access to at home charging required a viable and reliable alternative method of charging an EV. The current local availability of publicly accessible EV charge points was minimal, although growing in areas such as retail parks and supermarket car parks, and not enough to rely on for an individual with no off-street parking. The reality of owning an EV in the resident's current situation would mean regularly finding a public car park with EV charging provision that would also be open overnight. This would induce 'range anxiety' which was a major barrier to purchasing an EV.

Further to range anxiety, returning home after any long trips would mean charging the EV just before finally reaching home, this was seen as a common inconvenience for those without access to home charging. The battery component of EVs was still the largest signifier of cost, if an EV had a larger battery, it would be significantly more expensive to purchase; therefore, if there was access to an EV charge point within walking distance, residents would have the option of purchasing a more affordable EV with a lower battery capacity.

Resident Engagement

Through discussions with witnesses, the Select Committee wished to emphasise the importance of resident engagement regarding the implementation of EV charging infrastructure. It was noted that some central London Boroughs were actively encouraging residents to express their interest in having a publicly accessible EVCP installed on or near their street as a way of monitoring resident demand. The Committee supported a method of emulating such a tool for Hillingdon's residents to suggest potential charging locations.

Further to this, the availability of information pertaining to the proliferation and installation of EVCPs in the Borough was highlighted as a potentially incredibly useful tool. By having this

information publicly accessible via the Council's website, residents would be reassured and better informed when considering the purchase of an EV. Information regarding prospective EVCP installations would also go further in assuring residents that sufficient charging infrastructure would, in due course, become publicly available. Combined with data on publicly available EVCPs from ZapMap, the UK's most comprehensive EVCP database, residents could easily attain up to date information on charging infrastructure in their area.

With regard to on-street residential charge points, concerns were raised that residents had frequently complained about the quantity of street furniture on residential pavements in the Borough and adding a large volume of EVCPs on residential streets could exacerbate the issue. Whilst it was acknowledged that in some cases charge points could be integrated with existing street furniture, engagement with residents would be key in maintaining a desirable street environment.

Equitable Use of Public EVCPs

Over the course of the review, the Select Committee repeatedly highlighted the need for equitable use of publicly available charging infrastructure. As ICE vehicles are eventually phased out and people transition to EVs there would be a number of societal and behavioural changes with regard to the way vehicle owners recharge or refuel their vehicles. In terms of charging speeds, the review highlighted that people who were generally not affiliated with the EV industry had a tendency to stress an importance on the availability of rapid and ultra-rapid chargers. This was attributed to the general public mostly looking to recreate the experience of filling up their ICE vehicle at a petrol station, which would usually take five minutes. Rapid chargers were considered those with a power of above 22kW and ultra-rapid chargers had a power above 100kW. Faster charging speeds would play an important part in any national EV charging infrastructure; however, the need for faster chargers would primarily be at service stations on motorways for longer journeys, when drivers would wish to recharge their EV battery as quickly as possible to get back on their way. This was considered to be in contrast to urban and suburban areas, where it was understood that a cultural change would take place whereby EV owners who could not easily charge at home would become accustomed to the concept of grazing for everyday EV use and using chargers with regular charging speeds. Grazing was seen as charging the EVs battery by a relatively small percentage during shorter stays, for example when visiting supermarkets, shopping parades and car parks.

A specific concern raised by the Select Committee pertained to the prospect of neighbourly disputes over the use of residential on-street charge points. Members highlighted that there were already many instances of parking disputes in the Borough unrelated to EVs and by adding in the requirement for residents to sufficiently charge their EVs in future, potentially at a frequently used on-street residential EV charge point, it could lead to an increase in more complex neighbourly disputes. Throughout the review the Committee heard that other local authorities had already begun experiencing a small number of neighbourly disputes over the equitable use of on-street

publicly available EVCPs. The review emphasised the importance in adequately preparing Council policy if and when these disputes over EV charge points arose. Further to this, proper consultation with residents ahead of any EV charge point installation would be likely to improve outcomes. EV battery technologies were continuously evolving and with larger capacities and ranges, could come the need to charge less often, perhaps once every fortnight; which could alleviate some neighbourly disputes.

Concerns were raised during the review as to a potential disparity in the costs that would be incurred by residents who had the ability to charge their vehicle at home and those who would need to charge publicly at car parks, on-street chargers or EV forecourts. It was understood that those charging publicly would likely end up paying more to charge their vehicles; however, there was still a significant cost associated with the purchase and installation of home chargers which offset the disparity. It was also noted that all charging options were likely to be a cheaper alternative than fuelling an ICE vehicle. Officers highlighted that other local authorities had been known to, as a temporary measure, charge cheaper parking rates, or have free parking altogether, for EVs in public car parks to help alleviate some of the prospective cost disparity as these spaces were likely to be used more frequently by residents with no off-street parking as a means of charging their vehicle. The Select Committee also heard how the Council's Domestic Vehicle Crossover Policy may require updating to enable at-home charging where feasible.

Discussions were had regarding the way in which parking spaces in public car parks may be allocated to EVs in future and significance was placed on getting the balance right when ensuring that both ICE vehicles and EVs were accommodated as the 2030 deadline for the sale of new ICE vehicles approached. A number of methods whereby equitable parking could be managed were highlighted, specifically that some supermarket car park operators issued fines to individuals who parked in an EV space with an ICE vehicle. Ultimately it was noted that, as long as enough EV charge point spaces were provided for, both ICE vehicles and EVs would be able to park in any space within a public car park.

Charging Provision within New Developments

The Select Committee were informed that central government were introducing building regulations requiring all new developments to feature EV charging provision. Review witnesses had explained that new developments formed a fraction of existing dwellings and retrofitting old developments with EVCPs would be necessary for the majority of homes. Locally, the London Plan carried the most weight with regard to what was currently requested from developers around EV charge points; there were different standards based on the use class of the development, however, commonly developers were required to provide 20% active EV charging spaces and 80% passive. Active spaces were ready to use EV charge points and passive spaces, though not immediately ready to use, were connected to the grid and could be easily retrofitted with a charge point at a later date. It was noted that the National Infrastructure Commission had recommended the 20% figure until 2025, at which point, it would be expected to increase.

With regard to enforcement and ensuring that developers were installing the required EV charge points, the Committee were informed that there were currently two mechanisms in place; the standard planning enforcement procedure requiring a case officer or resident to highlight the non-adherence and a Transport for London funded project carried out by West Trans who would monitor the travel plans of new developments ensuring that they included sustainable travel. Due to TfL funding issues stemming from the COVID-19 pandemic, the West Trans officer responsible for West London was not currently funded; it was hoped that this would be restored in future. Concerns were raised throughout the review that enforcement officers may be reliant on residents knowing that new developments should have EV charge points provided and reporting when developers have not met planning requirements. The Committee were minded to ensure that, going forward, the Council was proactive with regard to enforcing this aspect of new developments.

New and Emerging Technologies

Looking to future technologies within the EV sector, the review highlighted that future developments and evolutions of battery and EV technologies were being developed at pace and it would be incredibly difficult to predict how the EVs of 2050 would function compared to the EVs of today. A number of emerging technologies were discussed and noted which could, depending on future applications, fundamentally shift the way in which EVs are operated. Annex A to the review recommendations features a breakdown of the Select Committee's long-term horizon findings and emerging technologies that may prove to overhaul the direction that the sector is moving including rapid charging hubs, solid state batteries, hydrogen fuel cells, induction charging and battery swapping.

The review also highlighted a larger debate, not necessarily under the Committee's purview, over the production of lithium-ion batteries which were currently the most common means of powering EVs. The mining of lithium, and other materials associated with lithium-ion batteries such as cobalt, was noted to have a detrimental environmental impact on the countries where it was mined, and the development of more sustainable and socio-economically friendly battery technologies was seen as imperative to improving production practices as the EV sector was expected to grow rapidly.

Capabilities of the Electricity Grid

With regard to the capacity of the electricity grid to handle future electricity demand associated with EV infrastructure, the Select Committee heard how each charge point installed would require a significant amount of electrical installation and a tremendous amount of power to operate. Major concerns were raised over whether the electricity grid in the UK would be sufficient to cope with the increased demand going forward, however, it was noted that there were regional differences and it was expected that aggregate development of the power grid in the future should compensate for the increased demand. Further to this the adoption of EVs was expected to be a

gradual process over the next two decades, therefore the new demands and stresses on the electricity grid would not materialise overnight.

Relative concerns were also raised that some Original Equipment Manufacturers, including Toyota, Porsche and Subaru were developing ever more efficient synthetic fuels for ICE vehicles that were moving towards carbon neutrality. The Select Committee noted that, in 2030, when the ban on the sale of new petrol and diesel vehicles would come into force, ICE vehicles would remain on the roads for some years to come. The development of carbon neutral and even carbon negative technologies was welcomed, particularly where wider scale energy production was concerned, and particular emphasis was placed on the fact that the transition to EVs was expected to be a part of the solution, not the complete solution, to the climate emergency.

The Council's own fleet of vehicles

Although the Select Committee's review was more outward facing, the Committee ensured that reference was made to the Council's own fleet of vehicles. At present there are:

- 3 x Fully Electric Pool Cars
- 5 x Self Charging Hybrid Pool cars
- 5 x Fully Electric small size vans on order
- 271 x Diesel Internal Combustion Engine powered vehicles.

The Select Committee were encouraged to hear of plans to replace all diesel-powered vehicles 3.5T and smaller with electric vehicles before the 2030 ban on the sale of new petrol and diesel powered cars. There were however challenges with the purchase price and the charging infrastructure required for larger heavy goods vehicles. For example, a diesel powered 26T Refuse Collection Vehicle would have a purchase price of around £159K and the equivalent EV version was more akin to £480K and was only designed to travel at 38mph. It is hoped that future developments in heavy good EVs will allow their purchase to become a more viable option.

Hillingdon's Strategic Climate Action Plan

Throughout the review it was highlighted that a key objective of any EV strategy would be to assist the Council in achieving its carbon reduction targets. Hillingdon's Strategic Climate Action Plan sets out the Council's overarching plan to respond to the climate emergency. The plan details a clear and simple vision for Hillingdon and identifies the activities the Council will undertake in relation to the climate emergency declaration. These activities are guided by six corporate climate commitments and aligned to nine themed areas of activity set out in the plan. Theme 8 is in relation to Sustainable Transportation; within this theme is strategic objective C8.6 – "To develop an electric vehicle charging action plan that will commit to increasing the availability of electric charging points across the Borough." The Select Committee strongly felt that further endorsing strategic objective C8.6 would bolster the importance of facilitating the transition to EVs and highlighting that, abandoning the frequent use of petrol and diesel powered vehicles will be key factor in curbing the effects of climate change.

The Committee's Findings

General Conclusions

From the early stages of the review the Select Committee had expected that many of the findings and recommendations arising would be presented to Cabinet not for immediate implementation but to offer guidance and direction in helping to shape future policy. Towards the closing stages of the review, it was determined that the Committee's findings could be grouped into short-term recommendations, for implementation in the next 6 to 12 months, medium-term recommendations, for implementation and consideration over the next few years, and longer-term recommendations, for implementation and consideration throughout the next decade as the 2030 ban on the sale of new petrol and diesel powered vehicles approaches.

Short-Term

Through the Select Committee's witness sessions, Members found the current level of engagement with residents regarding the prospective implementation of EV infrastructure to be lacking. The Select Committee felt that the need for residents to have access to consistent information and to have their expectations managed regarding the provision of EV charge points in their area was vital; it was suggested that a standard operating procedure for when residents expressed interest in a prospective on-street charging point could be introduced to avoid any confusion and a mechanism allowing residents to suggest locations for publicly available EVCPs should be developed. The Council's website was seen as an integral tool for improving resident engagement and a useful platform for displaying any necessary information on the implementation of EV infrastructure in Hillingdon, both under the Council's purview and infrastructure installed by the private sector.

The primary motive for the impending societal shift towards EVs is climate change and the need to reduce our reliance on fossil fuels. The Select Committee felt that the Council's Strategic Climate Action Plan was an important instrument in outlining the necessary actions the Council should take in playing its part to reduce fossil fuel use and sought to endorse strategic objective C8.6 – "To develop an electric vehicle charging action plan that will commit to increasing the availability of electric charging points across the Borough".

Throughout the review, the Select Committee repeatedly heard about the Council's current plans to establish a commercial partner with technical expertise and knowledge of the sector to install publicly available EVCPs commencing initially in the Council's own car parks. The Committee had highlighted that there were currently very few publicly available EVCPs to cater for the projected amount of future EVs in Hillingdon; Members sought to monitor this ongoing project through its scrutiny functions in the form of an annual report.

Medium-Term

The Select Committee's medium-term findings related to the prospective introduction of policies to ensure the availability and equitable use of charging infrastructure. Having heard about the current enforcement approaches used to ensure planning developers install the required EVCPs in their new developments, the Select Committee sought to bolster the Council's enforcement methods to become more proactive when new developments come online. This was seen as a way of helping to facilitate at home charging for residents who will have access to off-street parking. With regard to the equitable use of EVCPs, the Select Committee found that the Council should appropriately prepare for the inevitability of residential disputes over the use of EVCPs, particularly in relation to any on-street, pavement mounted chargers. Members sought to establish the needs of EV owners within the future implementation of parking management schemes.

The Select Committee were also encouraged to hear of plans to replace all diesel-powered vehicles 3.5T and smaller within the Council's own fleet with electric vehicles ahead of the 2030 ban on the sale of new petrol and diesel powered cars.

Longer-Term

The Select Committee's longer-term findings related to two factors, the evolution of the EV sector and the enabling role that the Council should adopt in facilitating the transition to EVs. The review prompted discussions from the Committee on the ever-changing landscape of EVs and how new and emerging technologies may alter the way in which EV infrastructure is laid out and accessed in the future. A number of emerging EV technologies could prove to fundamentally shift the industry and these were touched upon by the Committee during their witness sessions; the Committee sought to highlight the importance of being both adaptive and responsive to long-term future EV infrastructure requirements. Additionally, the Committee also discussed the fact that the provision of EVCPs was not a statutory requirement placed upon local authorities, however it was noted that this could change in the future. With regard to the Council's obligations, it was found that the Council should be doing what it can to support the transition to EVs by playing an enabling role and working cooperatively with partners from the private sector to ensure residents have access to robust EV infrastructure.

The Committee's Recommendations to Cabinet

Through the witnesses and evidence received during the detailed review by the Committee, Members request that Cabinet welcomes the Committee's report and recommendations which seek to both support and provide further strategic direction on the Council's aims to assist in the Borough's transition from Internal Combustion Engine Vehicles to Electric Vehicles (EV). Furthermore, that Cabinet welcomes the Committee's support for its recent decision to implement a robust and scalable EV charging infrastructure in the Borough, commencing initially in Council owned car parks.

Short-Term Recommendations (for implementation in the next 6 - 12 months)

The Select Committee ensured an emphasis was placed on resident engagement going forward and found that, by having easily accessible and up to date information regarding the implementation of new EV charging infrastructure, residents considering the transition to an EV would be reassured that they could own and operate their EV with ease. On the basis of engaging residents in the implementation of EV infrastructure across Hillingdon, it is recommended that:

1

That Cabinet seek to increase the transparency of information available on the Council's website relating to EV charging infrastructure projects and installations to residents.

Through discussions with residents considering the purchase of an EV, the Select Committee sought to implement an online expression of interest facility for residents to suggest possible EVCP locations across the Borough as a way of helping the Council collect data concerning demand for EVCPs. On that basis, it is recommended that:

2

That Cabinet seek to improve levels of engagement with residents through a mechanism to express their interest in local EV charging provision.

Hillingdon's Strategic Climate Action Plan sets out the Council's overarching plan to respond to the climate emergency, and an integral part of wider society's move away from the use of fossil fuels will be the promotion of sustainable transport. The Committee strongly felt that further endorsing strategic objective C8.6, the development of an EV charging action plan, would bolster the importance of facilitating the transition to EVs. On that basis, it is recommended that:

3

That Cabinet note the objectives of the Council's Strategic Climate Action Plan, with reference to sustainable transportation and the development of an EV charging action plan that will commit to increasing the availability of EV charge points across the Borough.

In an effort to monitor the ongoing implementation of EV infrastructure in the Borough, the Select Committee were minded to receive an annual report detailing the progress made with the Council's EVCP provision. Members sought to also receive monitoring data from those EVCPs already installed in addition to general information pertaining to the development of EV infrastructure across the Borough. It is recommended that:

4

That a report be prepared for the relevant Select Committee on an annual basis regarding the implementation of the new EV charge point contract, usage and monitoring data from those newly installed charge points where possible, and the development of EV Infrastructure across the Borough as it progresses.

Medium-Term Recommendations

The Select Committee heard how new building regulations obliging developers to install EVCPs in their developments with on-site parking would help to facilitate at home charging for residents who have access to off-street parking. After hearing about current enforcement methods regarding the installation of EVCPs in new developments, Members sought to bolster the Council's enforcement response. On that basis, it is recommended that:

5

That Cabinet consider the merits of a more proactive enforcement effort to ensure developers make available suitable EV charging provision in their developments to fulfil their planning obligations.

Throughout the review the Select Committee highlighted the importance of equitable use regarding publicly available EVCPs. There would be a likely potential for neighbourly disputes occurring over the use of on-street chargers as the proportion of EV owners in the Borough increases. As a way of mitigating these disputes the Committee felt that the Council should put in place EV considerations when designing future parking management schemes and establish an EVCP equitable use policy. On that basis, it is recommended that:

6

That Cabinet explore the viability of a policy to ensure equitable use of on-street residential charge points and incorporate EV considerations into the design of future Parking Management Schemes, in advance of any future decision on the feasibility of introducing on-street EV charging points.

The Select Committee were encouraged to hear of plans to replace all diesel-powered vehicles 3.5T and smaller with electric vehicles before the 2030 ban on the sale of new petrol and diesel powered cars. To help ensure that this work is carried out, it is recommended that:

7

In support of the Council's Strategic Climate Action Plan, that Cabinet endorses plans to replace all diesel-powered vehicles 3.5T and smaller within the Council's fleet with EVs before 2030.

Longer-Term Recommendations

The provision of EVCPs is not a statutory requirement placed upon local authorities, however, the Select Committee repeatedly highlighted over the course of the review that, with regard to the Council's responsibilities, it was a duty of the Council to do what it can to support the transition from ICE vehicles to EVs. This will include working cooperatively with partners in the public and private sector to ensure an appropriate and robust charging infrastructure is implemented and maintained in the Borough. On that basis, it is recommended that:

8

That Cabinet concurs with the Committee's findings that, whilst the Council is not wholly responsible at this time for directly providing EV infrastructure or the necessary utilities that support it, with such a societal paradigm shift, the Council should play a leading 'enabling' role to ensure that the Borough is working cooperatively with partners and is well prepared for the growing EV demand and the resultant technological, infrastructure and behavioural changes arising.

The review also highlighted the rapidly evolving nature of the EV industry and made clear that the EV sector was still in its relative infancy. Annex A to the main recommendations focusses on the emerging technologies and future developments discussed and identified by the Committee, and key matters that Cabinet may wish to consider over the longer-term.

9

That Cabinet considers the Select Committee's long-term horizon findings from its review and the variables it has identified in how current and emerging EV technology and infrastructure may develop and change over time. This is so the Council can be both adaptive and responsive to future requirements and its residents - these have been set out in Annex A to these recommendations.

About the review - witnesses and activity

The following Terms of Reference were agreed by the Committee from the outset of the review:

1. To understand the Council's current stance with regard to the prospective uptake in the use of Electric Vehicles (EV) and requirement for specific EV infrastructure.
2. To explore the national setting and initiatives undertaken by other local authorities to facilitate future EV infrastructure.
3. To understand the growing demand for EVs and explore any limitations residents may encounter in accessing suitable EV requirements.
4. To explore future evolutions with regard to EV battery and charging technology.
5. To investigate what grant funding may be available to local authorities relating to EV infrastructure.
6. To influence or propose any emerging Council plans, guidance or policies with respect to the future of EV use and the Borough's transportation and highways infrastructure.
7. Subject to the Committee's findings, to make any conclusions, propose actions, service and policy recommendations to the decision-making Cabinet.

The Committee received evidence from the following sources and witnesses:

<p>Witness Session 1 – 21 September 2021</p>	<p>Council officers in attendance:</p> <ul style="list-style-type: none"> • Poonam Pathak, Head of Highways
<p>Witness Session 2 – 19 October 2021</p>	<p>External Witnesses present:</p> <ul style="list-style-type: none"> • Adam Heritage, Hillingdon resident looking to purchase an EV <p>Council officers in attendance:</p> <ul style="list-style-type: none"> • Alan Tilly, Transport Planning and Development Team Manager • Tom Campbell, Planning Policy Team Leader

**Witness Session 3 –
17 November 2021**

External Witnesses Present:

- Brian Renwick, UK Operations - Qwello GmbH
- Dr Henrik Thiele, Managing Director - Qwello GmbH

Cabinet Members Present:

- Councillor John Riley, Cabinet Member for Public Safety and Transport

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Appendices

Annex A to the Electric Vehicle Infrastructure and Future Policy Direction for the Borough Review Recommendations

Electric Vehicle Infrastructure and Future Policy Direction for the Borough

Annex A to the Review Recommendations

For the Council to best serve its residents, and to effectively play its part in facilitating the transition from Internal Combustion Engine (ICE) Vehicles to Electric Vehicles (EVs), it must be both adaptive and responsive to future EV infrastructure requirements. The EV sector is changing rapidly, and emerging battery technologies, future developments and government policy could prove to overhaul the direction that the sector is moving. The Public Safety and Transport Select Committee specifically wish to highlight some of the long-term horizon findings from its review and the variables it has identified in how current and emerging EV technology and infrastructure may develop and change over time.

Emerging Technologies

Rapid Charging Hubs

With inevitable improvements in EV charging times, rapid charging hubs may form an integral part of the future charging network, especially for individuals who are unable to charge their EV at home. Taking much the same form as petrol stations, EV owners will be able to add a significant amount of charge within a relatively short time using rapid charging speeds. Rapid charging hubs have already sprung up at motorway service stations across the UK and it is likely that private companies currently operating petrol stations will seek to gradually transform some of their existing petrol stations into rapid charging hubs.



Solid State Batteries

Solid state batteries represent a paradigm shift in terms of battery technology. In today's lithium-ion batteries, ions move from one electrode to another across a liquid electrolyte. In solid state batteries, the liquid electrolyte is replaced by a solid compound vastly improving safety and sustainability. Solid electrolytes are non-flammable when heated, unlike their liquid counterparts. With regard to sustainability, solid state batteries permit the use of innovative, high-voltage high-capacity materials, enabling denser, lighter batteries with a better shelf-life. Although still in development at the scale required for EVs, solid state batteries can exhibit a high power-to-weight ratio and may be ideal for use in future EVs.

Hydrogen Fuel Cells

In simple terms, a hydrogen fuel cell vehicle uses hydrogen to power an electric motor. Hydrogen fuel cells have an energy to weight ratio ten times greater than lithium-ion batteries. This means that hydrogen powered vehicles have the potential to offer much greater range, while being lighter. Additionally, whereas lithium-ion batteries have a limited lifespan and need to be replaced, hydrogen fuel cells do not degrade in the same way. Further benefits to hydrogen powered EVs is that they can be refuelled in a similar manner to ICE vehicles, emulating the times currently experienced by traditional vehicle owners.

There are a number of downsides to hydrogen fuel cell vehicles however, there are currently only two hydrogen fuel cell cars commercially available in the UK: the Hyundai Nexa and the Toyota Mirai. There are also only 11 publicly available hydrogen filling stations in the UK (5 being within Greater London). Additionally, it takes more energy to produce hydrogen than it does the electricity to charge a lithium-ion battery; this is a major barrier in the widespread proliferation of hydrogen fuel cell vehicles. If the production of hydrogen becomes more viable in future, it could have a significant impact on the EV industry, and the charging infrastructure required. Large commercial fleets, such as those operated by Transport for London are likely to be early adopters of hydrogen fuel cell vehicles.

Induction / In-road Charging

Although limited in its charging capacity, induction charging may offer a hassle-free alternative to cable charging. Charging plates are installed under the road or an individual's driveway which would then begin delivering a charge to an EV once it was appropriately positioned on top of it. It's uses are currently being applied in Oslo, Norway for a fleet of taxis to enable charging whilst they are stationed at a taxi rank. Albeit in very early stages of development, induction charging could evolve into a useful component of EV infrastructure.



Bi-directional Charging

For those able to charge their EV at home, bi-directional charging may play a huge part in future charging behaviours. Bi-directional charging can not only take power from the grid to charge the EV battery, but it can also supply power back to the grid, or power a home, using energy from the EV battery. Effectively it enables an EV to act as a home battery, storing energy that can be used to power a home or sold back to the grid.

Battery Swapping

By eliminating recharging times, battery swapping has emerged as a possible alternative to traditional EV charging. Battery swapping is a process by which an EV's depleted battery is changed, often at an automated battery swapping station, for a fully charged one. Whilst theoretically seeming like an ideal solution to long EV charge times; there are a number of downsides to the implementation of battery swapping on a large scale. Namely that vehicle manufacturers are likely to be against standardising battery sizes to make them interchangeable at public battery swapping stations. Additionally, there would be logistical issues with ensuring a sufficient, fully charged stock of batteries at times of peak demand. There is, however, potential for battery swapping to be applied at scale for fleet vehicles with a shared depot such as delivery and transport companies.

Whilst heavily dependent on the future development of more portable EV batteries, there is the possibility that future EV owners may have multiple batteries for their EV. One may be in use whilst the other is charging elsewhere, eliminating a large proportion of the need for public charging.

Future issues with current technologies

Many of the technologies utilised by the EV industry today may become obsolete in the mid to long term future as a result of future technological developments. This has the potential to fundamentally alter people's EV charging behaviours and the way in which EV infrastructure is laid out across the country.

Current Lithium-ion Batteries

The vast majority of today's EVs make use of lithium-ion battery technology, the same battery technology that has been used in mobile phones for a number of decades. Developments in lithium-ion battery technologies are expected to continue for the foreseeable future and will be set to improve range and charge times. However, many EV manufacturers are already looking to move away from some of the materials used in today's lithium-ion batteries such as cobalt; a material where current mining practices are often environmentally damaging and ethically unsound. Further to this, lithium-ion batteries that have come to the end of their usable life are notoriously difficult to recycle. Currently only around 5% of the world's used lithium-ion batteries are recycled. Sodium-ion batteries have been touted as a possible future replacement for EV batteries utilising more abundantly available materials, however the use of sodium-ion batteries within the EV industry is in its infancy.



Charging Behaviours and Pavement Mounted Chargers

People's charging and refuelling behaviours are expected to change as the transition to EVs takes place and behavioural charging concepts such as 'destination charging' and 'grazing' grow in popularity, particularly for individuals without the facility to charge at home. Destination charging is utilising the charging infrastructure available at an individual's destination where they intend to stay for a number of hours, for example their workplace. Grazing is the concept of delivering a smaller amount of charge during shorter, frequent trips such as when using public car parks, supermarkets and leisure facilities. Whilst it will be important to facilitate the availability of on-street residential charging, concerns have been raised with regard to the potential addition of a high volume of pavement mounted EV charge points and the possible overloading of footways and pavements with street furniture.

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EXPANSION OF MEADOW HIGH SCHOOL

Cabinet Member(s)	Councillor Susan O'Brien Councillor Jonathan Bianco
Cabinet Portfolio(s)	Cabinet Member for Families, Education & Wellbeing Cabinet Member for Property and Infrastructure
Officer Contact(s)	Bobby Finch, Place Directorate
Papers with report	Appendix 1 - Location plan for Harefield Academy

HEADLINES

Summary	The report seeks Cabinet approval to: <ul style="list-style-type: none"> To progress the expansion of Meadow High School with a satellite unit on the Harefield Academy site and replacing the modular classroom units at the Meadow High School site and; Delegate authority for all future decisions required to progress this project.
Putting our Residents First	This report supports the following Council objectives of: <i>Our People and Our Built Environment</i>
Financial Cost	The estimate cost for the works based on the initial feasibility assessment is approximately £14.1m. The costs will be reviewed throughout the design development stages.
Relevant Select Committee	Corporate, Finance & Property.
Relevant Ward(s)	Brunel & Harefield

RECOMMENDATIONS

That the Cabinet:

- Agree to progress with the expansion of Meadow High School through the creation of a satellite unit at the unused boarding block at Harefield Academy and the construction of a new classroom block at Meadow High School.**
- Agree to delegate all future decisions required to facilitate the expansion of Meadow High School to the Leader of the Council, Cabinet Member for Property & Infrastructure and other relevant Cabinet Members, in consultation with the Corporate Director of Place.**

Reasons for recommendations

Approval of the expansion of Meadow High School will ensure the increasing need for Special School places for pupils with Moderate Learning Difficulties and Autism (MLD and ASD) can be provided within the Borough. Without the project, 82 places will be lost as some old modular units have come to the end of their life. Replacing these modular units and adding additional extra places is a key project in the Council's Safety Valve Agreement with the DfE.

Delegating all future decisions required to facilitate the progression of the expansion works to Cabinet Member level will aid in helping the Council to meet the challenging timescales involved in this project.

Alternative options considered / risk management

Not progressing with this proposed scheme will increase the use of independent and non-maintained schools which are costly and therefore limit the delivery of the Safety Valve plan as special school places will be reduced not added.

Select Committee comments

None at this stage.

SUPPORTING INFORMATION

Background

Meadow High School is the only Council maintained secondary special school, as well as the only secondary special school for pupils with Moderate Learning Difficulties (MLD) and Autism Spectrum Disorder (ASD). It has continuously expanded over the past few years, with the October 2021 census roll being 257 pupils. This is now by far the largest special school in the Borough.

Approximately 60% of the existing buildings at Meadow High School are currently being rebuilt under a Priority School Building Programme phase 2 (PSBP2) by the Department for Education (DfE) to upgrade facilities for pupils to meet required standards and add a dining hall. No extra places are being provided as part the PSBP2 works.

The school partially relies on four old modular classroom units which were intended for temporary use. They are unsuitable for use by pupils with limited mobility and are in poor condition, so need to be replaced over the next few years, which would reduce the total capacity at the school by 82 by 2026. However, the Local Authority needs more places in the school to meet rising local demand and reduce the use of independent placements, which are far more expensive per pupil.

Proposed works

This report seeks approval to progress with the proposed expansion of Meadow High School which will both mitigate the reduction of places for pupils with MLD and ASD through the loss of the modular classroom units at the Meadow High School site and to provide additional overall

places through creating a satellite provision at Harefield Academy at the location in Appendix 1. In summary the proposed works consist of the following:

- a) Relocating some pupils from Meadow High School to the unused Harefield Academy boarding block (which is separate and apart from the main Academy building) which will be adapted to become a satellite unit that is directly managed and run by Meadow High School.
- b) Providing a new classroom block at Meadow High School to replace the existing temporary modular classrooms which are currently in poor condition and no longer suitable for use.

The proposed works will provide a net gain of 98 places across both sites. This is made up of 90 additional places at the new satellite unit at unused Harefield Academy boarding block, and an additional 8 places at the Meadow High School site (90 places will be accommodated in the new classroom block of which 82 will be the reprovision of existing places). The works at Harefield Academy site will be progressed first and once completed pupils will be relocated to this site from Meadow High School. This will free up the spaces at the existing Meadow High School site to allow for the modular units to be demolished and the new replacement permanent block to be constructed. The overall capacity across both sites will be up to 355 places, dependent on the exact needs of individual pupils and class sizes.

Creating a Satellite Unit of Meadow High School

Nationally, demand has led to special school expansions and increasingly, satellite units are being set up, sharing the same management and specialist resources across two or more sites.

Meadow High School group their pupils into different 'pathways' dependent on their learning needs. Pathway 1 pupils are largely based in a single classroom throughout the day with a teacher, similar to primary schools, whereas pathway 2 and 3 pupils are taught some subjects by specialist teachers such as science in adapted laboratory classrooms and also study towards taking some exams.

The proposal is to move all pathway 1 pupils from the Meadow High School site to the unused boarding block at Harefield Academy which will become a satellite unit of Meadow High School, which will be largely self-sufficient. The existing Headteacher at Meadow High School will manage both the original Meadow High School site and the satellite unit at the Harefield Academy boarding block and some specialist and therapy staff will also work across both sites.

Once the satellite unit is operational the pathway 1 pupil capacity will rise from the existing 65 pupils to up to 90 pupils. Meadow High School pupils will mostly be permanently based on one site or the other, though some may move between pathways during their time at the school.

The governing bodies of both Meadow High and Harefield Academy support the proposals and information is being shared with parents, staff and other interested stakeholders. There will be detailed planning and discussions to ensure the success of the move and minimise disruption to individuals or the schools. Later this year the proposal will need a formal consultation on setting up a new satellite unit. The outcome of all the consultation and discussions with pupils, staff, parents, and others will be reported to Cabinet Members.

Harefield Academy boarding block

The Harefield Academy 3 storey boarding block was constructed approximately 12 years ago and was until a couple of years ago used as a boarding facility for junior players of Watford Football Club who were on the school roll. It is proposed that this block as well as some of the adjacent external areas becomes a new satellite provision for Meadow High School.

The proposed works to the boarding block include the internal adaptations and an extension to the block to provide the required classrooms and facilities for the satellite unit. Additional works include the formation of external play spaces and associated landscaping works.

The intention is for boarding block and immediate surrounding area to be leased by the Council to become part of Meadow High School. Discussions about the lease are underway with the DfE and Harefield Academy.

It is proposed that Harefield Academy provide some services to the satellite unit. The kitchen within the Harefield Academy main school building will provide meals to the satellite unit. In addition, there will be some access to science and food technology laboratories and a gym at Harefield Academy for pupils in the satellite unit; a license for this access will form part lease discussions.

Meadow High School site

This site consists of number of separate buildings, with the main school building constructed in the 1960s, an extension to the building constructed in the 1990s which contains the science and technology classrooms. A standalone sixth form block was construction 9 years ago.

The main school building from the 1960s is currently being rebuilt by DfE funded Priority School Building Programme with improved facilities and a gym hall but will not be adding any new places.

There is also collections of temporary modular classrooms units and huts which are beyond economic repair and will not be suitable for use beyond the next 2 to 3 years. Due to the poor condition of these temporary buildings the school will need to stop using them over the next few years which will reduce the capacity of the school by 82 places.

The proposed works consist of the demolition of the temporary buildings and the construction of a new 2 storey block to replace them. This new block will consist of 9 classrooms, group rooms and the associated ancillary facilities.

Timescales

An outline programme plan for the scheme is set out in below. It should be noted that the requirements to have all works completed by September 2024 means that the timescales involved are challenging, specifically the necessary fast-paced pre-construction stages for the adaptation and extension to Harefield Academy boarding block.

Harefield Academy boarding adaptation and extension

Pre-Construction (design, planning, contractor procurement)	Jan 2022 – Aug 2022
Construction	Sep 2022– Aug 2023
Relocating pupils for Meadow High to Harefield	Aug 2023
Satellite provision operational	Sep 2023

Meadow High School new classroom block

Pre-Construction (design, planning, contractor procurement)	Aug 2022 – Jul 2023
Construction	July 2023 – Aug 2024
New classroom block operational	Sep 2024

Note: The works cannot start at Meadow High School until new school facility at the Harefield Academy site is operational

Financial Implications

The expansion of Meadow High School through the creation of a satellite unit located at Harefield Academy will accommodate 90 pupils from Meadow High School. The temporary classrooms at Meadow High School will be replaced with a new classroom block to provide 90 places, consisting of the permanent re-provision of the 82 existing places and 8 additional places. In total, 180 permanent new places will be created over both sites, an increase of 98 from existing provision. These expansions are estimated to cost around £14,100k and relevant Cabinet Members have recently approved release of £949k funding to progress architectural and design services.

Construction works at the Harefield Academy boarding block will commence first and are planned to be completed by August 2023 with pupils to be relocated from Meadow High shortly after that date. Works at Meadow are planned to be complete and operational by September 2024.

The works will be funded from the 2022-2027 Schools Special Resource Provision capital budget of £53,716k approved by Cabinet and Council in February 2022 to increase special needs places and support the Dedicated Schools Grant (DSG) recovery plan. This budget consists of confirmed and future government grant funding for High Needs provision. Future years' High Needs Provision capital grant allocations for 2022/23 and 2023/24 are yet to be allocated at local authority level, however a national figure of £1.6bn for SEND capital was included in the 2021 Comprehensive Spending Review which are expected to result in significantly higher High Needs funding allocations nationwide.

The permanent provision of special needs places through these two expansion schemes will support delivery of the DSG recovery plan. Each additional place provided in the Borough is estimated to achieve an average saving of £24k from reducing use of more expensive independent out of borough placements and £11k reductions in SEN transport costs, resulting in a financial benefit of £6,300k across the Council's Schools and General Fund Budgets.

This report seeks Cabinet approval to delegate all future decisions regarding the expansion of Meadow High School to the Leader of the Council and the relevant Cabinet Members, in consultation with the Corporate Director of Place. This will include any decisions on leasing matters. There are no financial implications arising on the School Admissions budget from the increased number of school places to become available.

RESIDENT BENEFIT & CONSULTATION

The benefit or impact upon Hillingdon residents, service users and communities?

The recommendations, if approved, will ensure the provision of sufficient special educational needs school places for residents.

Consultation carried out or required

The proposed projects will be subject to statutory planning consultation as well as any other formal school places consultation required when expanding a Council maintained school.

CORPORATE CONSIDERATIONS

Corporate Finance

Corporate Finance has reviewed this report and concurs with the financial implications set out above, noting the recommendation for expansion of Meadow High School through the creation of a satellite unit at the unused boarding block at Harefield Academy and the construction of a new classroom block at Meadow High School.

The project is part of the 2022-2027 Schools Special Resource Provision capital budget of £53,716k to increase special needs places and support the Dedicated Schools Grant (DSG) recovery plan. The 180 special needs places provided will support delivery of the DSG recovery plan. While confirmation of actual grant awards is yet to be received, the Council by virtue of its progress in agreeing a recovery plan is in the process of applying for supplementary grant to complement basic awards.

As noted above, these projects, in addition to supporting SEND pupils are expected to deliver annual savings of £6,300k across the General Fund and Schools Budget on new provision is in place. These financial impacts have been incorporated into the Council's Medium Term Financial Forecast in the form of SEND Transport savings and captured within the DSG recovery plan.

Legal

The Borough Solicitor confirms that the Council has power to expand Meadow High School pursuant to section 16 of the Education Act 1996. Further legal advice will be given as necessary as the project is implemented.

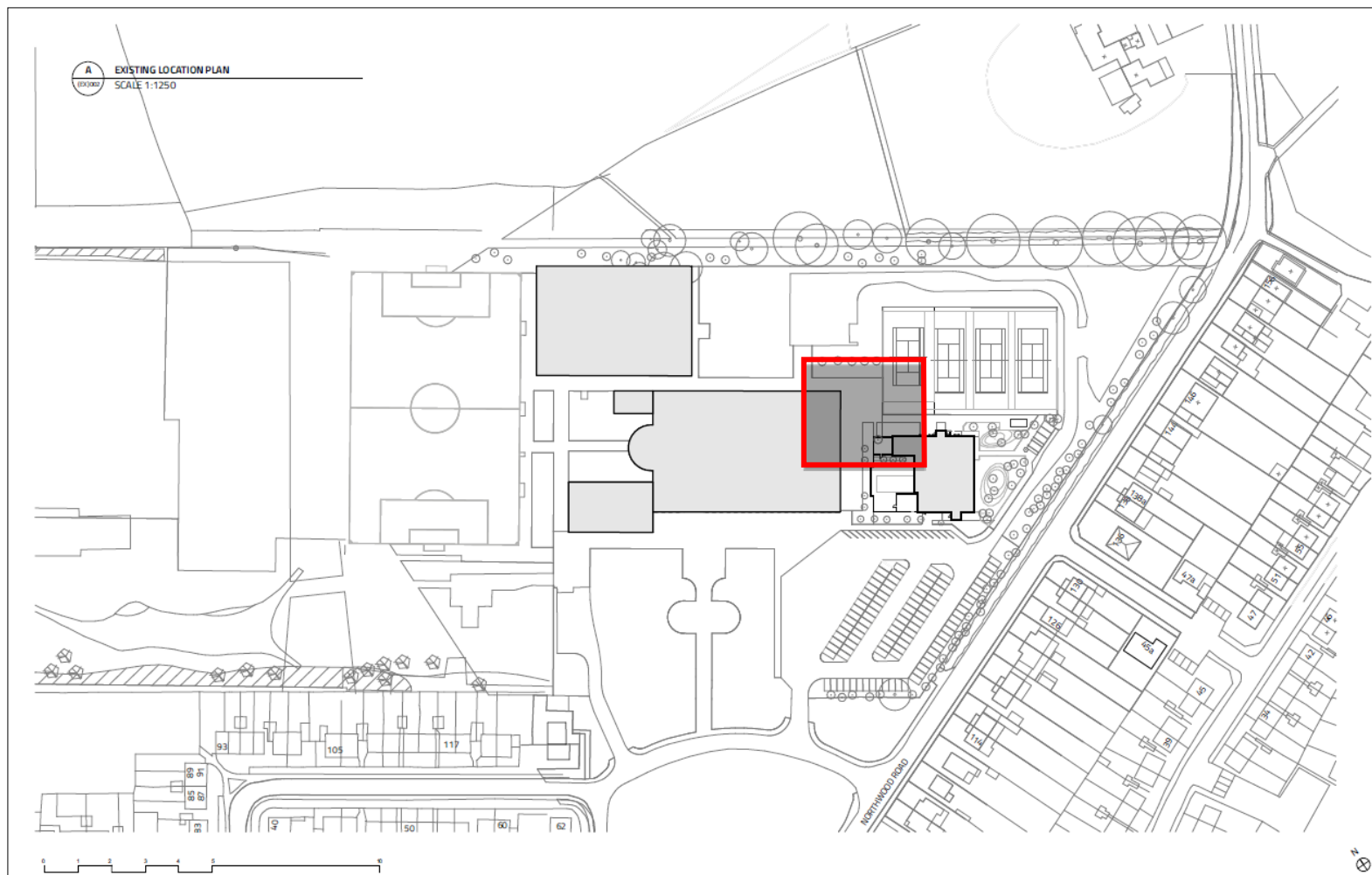
Infrastructure / Asset Management


Infrastructure / Asset Management authored this report.

BACKGROUND PAPERS

NIL

APPENDIX 1 - Location of the proposed Meadow High School Satellite Unit (the former boarding block) within the Harefield Academy site



 Proposed location of satellite unit within the Harefield Academy site

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COUNTER FRAUD STRATEGY 2022 to 2025

Cabinet Member(s)	Cllr Ian Edwards Cllr Martin Goddard
Cabinet Portfolio(s)	Leader of the Council Finance
Officer Contact(s)	Muir Laurie, Finance Directorate
Papers with report	Counter Fraud Strategy 2022-25

HEADLINES

Summary	This report seeks Cabinet approval for the Business Assurance Counter Fraud Team (BACFT) Counter Fraud Strategy 2022 to 2025.
Putting our Residents First	<p>This report supports the following Council objectives of: <i>Strong financial management.</i></p> <p>The BACFT supports the Council's statutory obligation to safeguard public finances through strong financial management. The Counter Fraud Strategy demonstrates the Council's corporate approach to tackling fraud and corruption over the next three years.</p>
Financial Cost	There are no direct financial implications arising from this report.
Relevant Committees	Corporate, Finance and Property Select Committee (scrutiny) Audit Committee (review and monitor)
Relevant Ward(s)	All wards

RECOMMENDATION

That the Cabinet approve the Council's Counter Fraud Strategy for 2022 to 2025 as set out in Appendix A.

Reasons for recommendation

The BACFT's primary objective is to provide the London Borough of Hillingdon Council, and its residents, with a professional and highly performing risk-based counter fraud service covering all areas of Council business. A service which proactively and effectively manages the risk of fraud inherent in the provision of services to the residents of the Borough and within the administration of public finances. This includes robustly pursuing the prevention and detection of fraud and corruption through reactive and proactive investigation, championing and reinforcing a borough-wide counter-fraud culture, taking appropriate sanction and prosecution action where necessary. This gives assurance to the Council over its fraud risks and builds residents' confidence in the Council and its protection of the public purse.

The recommendation is to approve the Counter Fraud Strategy for 2022 to 2025, which sets out the strategic approach to fraud prevention and detection.

Democratic compliance / previous authority

As a strategic policy across spanning areas, Cabinet approval is ultimately required.

Audit Committee comments

Audit Committee, which has the remit to monitor and review strategies on anti-fraud, endorsed the Counter Fraud Strategy 2022-25 at its meeting on 1st February 2022.

SUPPORTING INFORMATION

The role of the Business Assurance Counter Fraud Team

The BACFT supports the Council in meeting its statutory responsibility under section 151 of the Local Government Act 1972 for the prevention and detection of fraud and corruption. The work of the BACFT underpins the Council's commitment to a zero-tolerance approach to fraud, bribery, corruption, and other irregularities, including any money laundering activity.

According to the Chartered Institute of Public Finance & Accountancy, the public sector, and more specifically local authorities, lose an estimated £2.1bn each year to fraud and corruption. This loss directly affects the services that local authorities provide, negatively impacting on the availability of resources, reducing the money able to be spent on key services and damaging the reputation of councils with their residents. The scarcity of councils' resources within the current economic and public health climate creates a further urgency to respond robustly to the fraud threat and is a key element when ensuring the proper administration of public money.

Wherever a local authority provides a valuable service to its residents, such as social housing, grants payments, the disabled facilities grant, payment to suppliers or staff, or a benefit payment, there is the opportunity for fraud.

The challenge for all councils is in ensuring that fraud losses within its services and payments are minimised or, where possible, prevented altogether. The challenge is increased further when considering that fraudsters are continually innovating, finding new ways to defraud, to access benefits and services they are not entitled to, and receive wrongful payments. The number and

range of fraud risks faced by the council has also changed as a direct result of the Covid-19 pandemic, due to the changes to services provided, ways of working and financial help available to individuals and businesses, all of which carry an inherent risk of fraud and which the Counter Fraud Strategy seeks to address.

A strategic approach to counter fraud

It is vitally important to have a clear strategy in place to define and direct the Council's approach to effectively manage both the internal and external risk of fraud and corruption. This demonstrates the Council meeting its statutory responsibilities and supports its vision of '*putting our residents first*' by ensuring that public funds are not lost to fraud and corruption.

The Counter Fraud Strategy 2022-25 sets out the BACFT's strategy within several key objectives:

1. Maximise loss prevention within Council services through effective counter fraud activity;
2. Limit the opportunity for instances of fraud and corruption across the Council through effective prevention measures;
3. Create a strong deterrent effect to fraud and corruption;
4. Improve the Council's reputation across all stakeholders through the visibility of effective counter fraud activities;
5. Improve the Council's overall governance arrangements;
6. Reinforce an organisational culture of zero-tolerance to fraud;
7. Embed and maintain an organisation wide fraud risk awareness; and
8. Achieve the BACFT Operational Work Plan for each financial year.

Financial Implications

There are no direct financial implications linked to the Counter Fraud Strategy 2022-25.

RESIDENT BENEFIT & CONSULTATION

The benefit or impact upon Hillingdon residents, service users and communities

The impact of fraud and corruption threatens the prosperity of the London Borough of Hillingdon and its residents, with the potential to erode confidence in the Council as an institution. Fraud and corruption take money away from essential Council services and reduces the Council's ability to help those most in need.

The effects of fraud are often compounded by its link to organised criminal activity and the negative impact on the community and increased levels of related crime. This makes counter fraud work a crucial activity for the Council, with the benefits of an effective counter fraud service, supported by an effective corporate framework, being felt by all residents, essential service users and communities alike.

Consultation carried out or required

No consultation was carried out in relation to this report. The Counter Fraud Strategy does not involve proposals that directly affect law abiding residents; therefore, no consultation is required.

CORPORATE CONSIDERATIONS

Corporate Finance

Corporate Finance has reviewed the report and concur with the financial implications set out above, that there are no direct financial implications associated with the recommendations in this report.

Legal

The Borough Solicitor confirms that the legal implications are included in the body of the report.

BACKGROUND PAPERS

NIL

Counter Fraud Strategy 2022 to 2025:

18th February 2022



Contents

The Counter Fraud key contacts in connection with this report are:

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	Page
1. Introduction	3
2. Integration of Approach with IA	3
3. Defining Fraud & Corruption	4
4. Strategic Aims & Objectives	4
5. Corporate Framework	7
6. The Counter Fraud Team Approach	7
7. Acknowledgement	8
<u>Appendices:</u>	
A – BACFT KPI's 2022/2025	9
B – BACFT Loss Prevention Valuations	10

1. Introduction

Anti-Fraud and Anti-Corruption - Vision and Priorities

- 1.1 Hillingdon Council is the second largest London Borough and a port authority with the UK's main international travel hub within its boundaries. This means that it is faced with significant challenges in ensuring that public finances are protected from fraud and corruption. Fraud is an ever-evolving pressure on public sector organisations, with those engaged in it always looking for opportunities to exploit system weaknesses to gain access to money, valuable information or benefit. It is the Council's duty to prevent this wherever it can, ensuring that fraud risk is understood, actively prevented and appropriate action taken against those who commit it.
- 1.2 The impact of fraud and corruption threatens the prosperity of the London Borough of Hillingdon (LBH) and its residents, with the potential to erode confidence in the Council as an institution. Fraud removes money from essential Council services and reduces the Council's ability to help those in the borough most in need. The effects of fraud are often compounded by its link to Organised Crime Groups (OCGs) and the negative impact on the community with increased levels of related crime. This makes counter fraud work a crucial activity for the Council.
- 1.3 The Council's vision is '*putting our residents first*'. Combating fraud and corruption within its services fully supports this vision. Our priorities are to fully implement a 'zero-tolerance' approach to fraud and a Council where fraud and corruption is unable to thrive due to an organisational environment that is hostile to fraud and its causes. To ensure that LBH is fully fraud-aware and enabled, the Council will prevent fraud through front line defences, advanced and early detection, as well as appropriate fraud deterrents.

The Purpose of the Counter Fraud Strategy 2022 to 2025

- 1.4 The Counter Fraud Strategy 2022-25 sets out the Council's approach to effectively manage both the internal and external risk of fraud and corruption against the Council and the services it provides over the next three years. LBH has a statutory responsibility under section 151 of the Local Government Act 1972 for the prevention and detection of fraud and corruption. The Counter Fraud Strategy sets out how LBH will meet this requirement and supports the Council's vision by ensuring there are robust safeguards against the unlawful loss of taxpayer funds.

The Role of the Business Assurance Counter Fraud Team

- 1.5 The Business Assurance Counter Fraud Team (BACFT) is the service responsible for delivering the Counter Fraud Strategy and ensuring that the Council meets its statutory objectives in relation to fraud and corruption.
- 1.6 As well as a range of counter fraud activities, the BACFT has historically conducted a range of other types of investigative work which do not necessarily have a criminal or fraud element to them i.e. revenue inspections, disciplinary investigations, etc. The work that the BACFT carries out is set out within this Counter Fraud Strategy. It includes preventative work such as fraud awareness training, advising management on fraud risks/fraud prevention controls and ensuring the Council has up-to-date and appropriate investigation policies and procedures.

2. Integration of approach with Internal Audit

- 2.1 An element of the overall counter fraud strategic approach since August 2017 has been to achieve integration between the work of Internal Audit (IA) and the work of the BACFT. This remains an important feature of the ongoing counter fraud strategy due to the benefits of an IA service and BACFT that are fully integrated and risk-based, whilst remaining as two distinct functions.

- 2.2 The nature of work of both IA and the BACFT mean a natural alignment can be found in the provision of assurance around risk management. It is intended that through this integration, a counter fraud culture and awareness of fraud will be more easily embedded across the organisation.
- 2.3 The key elements of this approach include:
- A coordinated IA and BACFT annual planning process which is monitored and updated on a quarterly basis;
 - Flexibility of approach on cases of suspected fraud where there are elements falling across both remits;
 - Shared view of fraud risks across the Council and a joined-up approach to risk management where fraud risk exists;
 - IA and BACFT utilisation of each other's work, focussing resource towards the highest risk areas providing a greater level of context for investigations and IA reviews;
 - Shared understanding of the emergence of new fraud risks across the Council and within the public and private sector; and
 - A greater level of assurance to Audit Committee/all Members and Senior Managers that fraud risks are being managed appropriately.
- 2.4 This approach has been proven to be more effective in the management of fraud risks. It also provides an efficient use of resource in dealing with fraud and a greater opportunity to minimise the Council's fraud losses.

3. Defining Fraud & Corruption

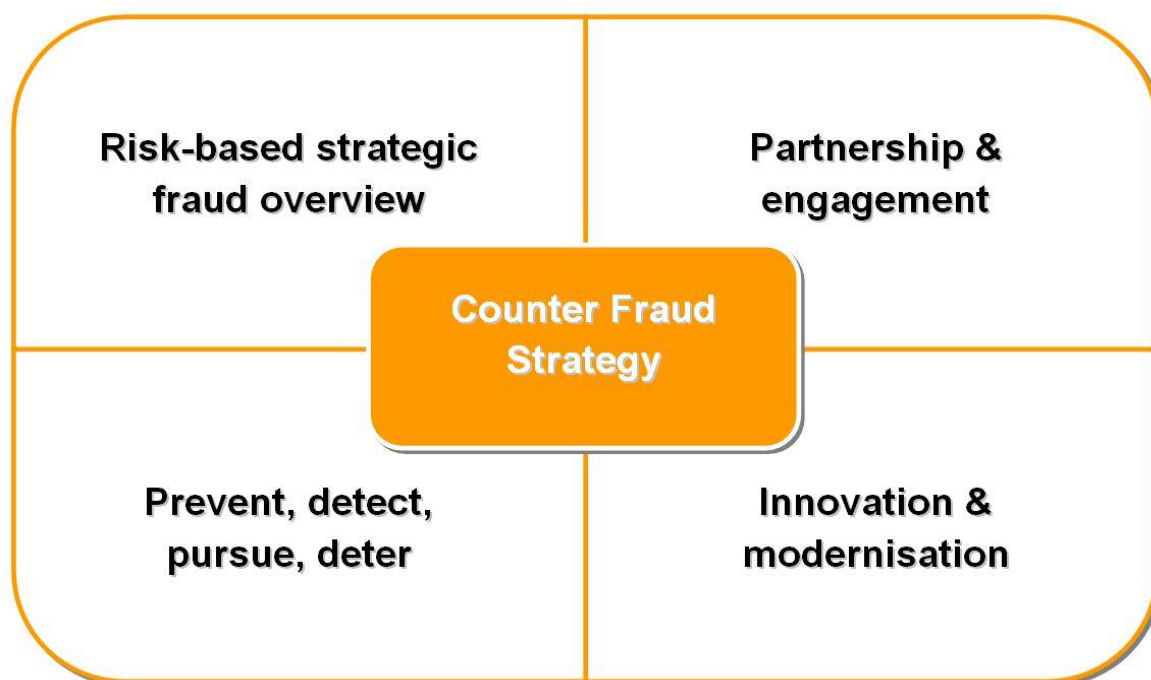
- 3.1 The term '**fraud**' commonly includes activities such as theft, deception, bribery, forgery, extortion, conspiracy and money laundering. These include, but are not limited to, the specific offences in the Fraud Act 2006. Fraud can be an attempted or actual act committed against the Council and/or its partners.
- 3.2 Fraud was defined in law for the first time ever with the introduction of the Fraud Act 2006. Fraud essentially involves a dishonest misrepresentation, failure to disclose information or abuse of position, with the intent to make a personal gain for oneself and/or create a loss for another.
- 3.3 **Corruption** is 'the offering, giving, soliciting, or acceptance of an inducement or reward, or showing any favour or disfavour, which may influence any person to act improperly'. It is primarily an offence under the Bribery Act 2010, although there are other related offences under the Prevention of Corruption Act 1906.

4. Strategic Aims & Objectives

- 4.1 The fraud and corruption risks faced by the Council are varied and span across all service areas. Fraud risk is highly sensitive to environmental factors with new challenges in preventing and detecting fraud emerging frequently. Increases in the emergence of new fraud risks is well documented during a local or national crisis or emergency, meaning the ongoing global pandemic continues to create new fraud risks for the Council to consider and respond to.
- 4.2 The aim of our strategic approach is to embed all elements of good practice in counter fraud into the existing governance arrangements for the Council to help achieve LBH's Counter Fraud Strategic Objectives. This will provide assurance to elected Members and Senior Managers that the Council's exposure to fraud risk is minimised.

- 4.3 The **Counter Fraud Strategic Objectives** for LBH are as follows:
1. Maximise loss prevention within Council services through effective counter fraud activity;
 2. Limit the opportunity for instances of fraud and corruption across the Council through effective prevention measures;
 3. Create a strong deterrent effect to fraud and corruption;
 4. Improve the Council's reputation across all stakeholders through the visibility of effective counter fraud activities;
 5. Improve the Council's overall governance arrangements;
 6. Reinforce an organisational culture of zero-tolerance to fraud;
 7. Embed and maintain an organisation-wide fraud risk awareness;
 8. Achieve the BACFT yearly Operational Work Plan; and
 9. Deliver financial savings and loss prevention across Council services in line with the yearly financial target.
- 4.4 To achieve these desired outcomes/strategic objectives, we consider there to be four key elements to this strategy per **Table 1** below.

Table 1 ~ Strategic Elements



Risk-based Strategic Fraud Overview:

- Developing and maintaining an organisation-wide fraud risk profile (Fraud Universe). Internal and external data and information is used intelligently and effectively to identify and fully define the key areas of fraud risk for the Council. Changes to these risks are continually monitored and the Fraud Universe updated in line with a current analysis of fraud risk.
- Implementation of a robust risk assessment model to grade fraud referrals before the deployment of Counter Fraud resources. The model will assess a variety of risks to the Council including the systemic, operational, reputation and financial risk, alongside intelligence gathering to corroborate allegations. This will ensure the effective use of resources within the investigative process, across a wide range of fraud risks.
- Ensuring the implementation and maintenance of appropriate counter fraud policies, processes and practices as part of a corporate framework to underpin all counter fraud measures and the effective use of deterrents.

Partnership & Engagement:

- Building and maintaining strong working relationships with counter fraud stakeholders, obtaining buy-in from residents and colleagues in order to drive a strong counter fraud culture and promote ownership of fraud issues, whilst enhancing the reputation of the BACFT.
- Integration of Counter Fraud and IA functions to inform fraud risk assessment methodology, counter fraud planning and internal control recommendations.
- Collaborating with our enforcement partners, including the police, enforcement officers and agencies to enhance investigation activities, lawfully share intelligence and maximise counter fraud outcomes.
- Work jointly with Council colleagues on the design and implementation of counter fraud projects, investigation activity and counter fraud controls, to embed a collaborative approach and enhance the counter fraud environment within the Council.

Prevent, Detect, Pursue & Deter:

- Embed fraud awareness through an ongoing programme of training and fraud risk control review, championing the implementation and maintenance of effective counter fraud controls.
- Deter fraud through fraud awareness campaigns focussing on key stakeholder groups including, staff, residents and partner organisations.
- Ensure regular communication on fraud referral and whistleblowing processes and fraud issues, both internally and externally, to encourage and maintain levels of fraud and corruption reporting.
- Identifying fraud, corruption and financial loss through a programme of targeted proactive counter fraud projects, targeting the highest fraud risk areas within the Council, as informed by the Fraud Universe.
- Robust and lawful intelligence led investigation of suspected cases of fraud and corruption in line with Council policy and professional good practice, and the application of appropriate sanctions and prosecutions where proportionate and necessary.

Innovation & Modernisation:

- Utilising existing and new technology to enhance and progressively modernise case management, intelligence gathering and investigative capabilities.
- Streamline operational processes to drive efficiencies, identify smarter ways of working and innovative counter fraud practices aimed at delivering enhanced outcomes.
- Introduce digitally driven processes to reduce the departments carbon footprint, whilst providing an effective and efficient Counter Fraud Service.
- Explore enhancements in Data analytics and Artificial Intelligence to support preventative measures and to identify instances of fraud, loss or error. Analytics will also contribute to the Fraud risk profile of the Council, as well as providing key fraud statistics for proactive Counter Fraud initiatives.
- Implementation of Council-wide data warehousing and data matching, utilising available information sharing, whilst working with internal and external partners, to deliver increased financial savings across all service areas, identify new fraud and error and enhance data management.

5. Corporate Framework

- 5.1 This strategy is part of an established corporate framework of interrelated policies and procedures covering the main elements of the Council's approach to countering fraud and corruption. These include:

- Prosecutions & Sanctions Policy;
 - Whistleblowing Policy;
 - Corporate Investigations Protocol;
 - Anti-Bribery Policy;
 - Anti-Money Laundering Policy;
 - Surveillance Policy; and
 - Enforcement policy.
- 5.2 It is the responsibility of the Deputy Director of Exchequer Services & Business Assurance, together with the Head of Counter Fraud and the Borough Solicitor to ensure this framework is reviewed and updated where necessary for compliance with statutory requirements and best practice in counter fraud and anti-corruption.
- 5.3 Clear information on the Council's approach to combating fraud and error and the related procedures will be regularly communicated with all council staff. Clear lines of communication are available for staff and residents to ensure there are no barriers to raising concerns about fraud and corruption. These include:
- Dedicated 'report a fraud' telephone hotline;
 - Fraud reporting form available to members of staff and members of the public via the Council's website and internally via Horizon with clear guidance;
 - Anti-Money Laundering reporting form with clear guidance for staff on when to report; and
 - Fraud Awareness e-Learning package - recommended for all new staff (although it is Management's responsibility to implement/monitor this).
- 5.4 Staff responsibilities in relation to fraud, corruption and money laundering reporting are contained within the staff Code of Conduct and relevant policies. All staff are required to report suspected fraud, corruption and/or money laundering under all circumstances. Failure to do so will be considered a breach of the staff Code of Conduct and may lead to action under the Council's Disciplinary Policy and Procedure.

6. The Counter Fraud Team Approach

- 6.1 The BACFT has implemented a risk-based approach to all counter fraud work. This methodology is in line with CIPFA's counter fraud and corruption strategy for local government '*Fighting Fraud & Corruption Locally 2020*'. It helps ensure that the BACFT's resources are consistently deployed in an effective manner to help LBH achieve its overall Counter Fraud Strategic Objective of '*Maximising Loss Prevention*'.
- 6.2 To hold to account the Head of Counter Fraud and the BACFT in relation to its performance, a set of refreshed key performance indicators (KPI's) have been introduced (refer to **Appendix A**). The KPI's not only assess the team's performance against Counter Fraud activity but also against other investigative work such as revenues inspections and financial assessments.
- 6.3 Alongside KPI's the team's success is measured against its financial performance as part of its strategic objectives. Financial performance is reported to key stakeholders including the Audit Committee and CMT on a quarterly basis.
- 6.4 For transparency on how the BACFT calculates its financial outcomes, this strategy includes the methodology set for fraud valuations (refer to **Appendix B**). This list of valuations is not exhaustive, as throughout any financial year the BACFT will adapt to combat any new emerging fraud risks.

7. Acknowledgement

- 7.1 The Counter Fraud Strategy 2022-25 was reviewed by Corporate Management Team on 19th January 2022 and is due to be considered by Audit Committee at its planned meeting on 1st February 2022. It is then scheduled to be approved by Cabinet on 24th March 2022 and will then be made available to all key stakeholders.
- 7.2 The BACFT would like to take this opportunity to formally record its thanks for the co-operation and support it has received from the Council's management as part of the risk-based planning process.

Muir Laurie FCCA CMIIA
Deputy Director of Exchequer Services & Business Assurance

Alex Brown ACFS APCIP
Head of Counter Fraud

18th February 2022

APPENDIX A**COUNTER FRAUD TEAM – KPI's 2022-25**

The updated KPI's for the BACFT are set out in **Table 2** below. The KPI's have been reviewed and updated to ensure team performance can be measured against all key areas of the service delivery.

Table 2 ~ Updated KPI's

BACFT KPIs 2022-25	Actual 2020/21 Performance	2022-25 Annual Target
1. Percentage of fraud referrals risk assessed within 3 working days	87%	95%
2. Verification work timescales for completion:		
a. Housing Allocations completed within the target date set by Housing.	95%	95%
b. Right to Buy case completed within 28 working days*	100%	95%
c. Financial Assessments completed within 7 working days*	N/A	95%**
d. Section 17 reviews completed within 7 working days*	N/A	95%**
3. Investigation plans completed within 5 working days of case allocation	90%	95%
4. Tenancy fraud referrals received resulting in property recovery	41%	30%***
5. Investigations resulting in loss prevention/financial saving outcome	39%	40%***
6. Revenues Inspections completed within 10 working days of referral date	59%	95%

* = BACFT Target is in line with client requirements

** = New KPI wef 2022/23

*** = An increase in KPI target compared to 2021/22

For clarity the KPIs that have been removed are listed in **Table 3** below.

Table 3 ~ Removed KPI's

BACFT KPIs	Rationale
1. First Time Buyer completion within 5 working days	This scheme is no longer provided by the Council, making this KPI redundant.
2. Investigations resulting in sanction (prosecution/penalty/caution)	This KPI has been removed due to significant delays in criminal court proceedings relating to Covid. The BACFT will continue to prosecute where appropriate and proportionate to do so.

APPENDIX B**COUNTER FRAUD TEAM – Loss Prevention Valuations**

The latest Fraud valuations are set out below in **Table 4**. All fraud valuations have been reviewed to ensure they are proportionate, justifiable, reasonable, are following a sound methodology and give key stakeholders quantifiable data on the team's performance.

Table 4 ~ Updated Loss Prevention Valuations

Service Area	Counter Fraud Activity	Methodology of Loss Prevention Valuation
Housing	Homeless applications and/or emergency accommodation closed	Average cost of accommodation per night x average length of stay*
	Council property or temporary accommodation recovered	New Tenancy Fraud Forum Calculation for 2022-25**
	Right to buy application closed	Value of the discount offered during the Right to Buy process
	First time Buyer Grant recovered	Value of the grant received
Social Care	Section 17 application and/or accommodation closed	Average cost of accommodation per night x average length of stay*
	Financial assessment application closed or amended	Value of the amendment to the financial assessment or the value of the contribution for 1 year for any closed financial assessments
	Disabilities Facilities Grant application closed or amended	Value of the grant received
	Unaccompanied Asylum Seeker accommodation and/or application closed	Cost of accommodation and/or subsistence to the Council for 1 year***
	Direct Payment amended or closed	Value of the amendment or the value of the direct payment for 1 year plus any backdated calculations

cont'd

APPENDIX B (cont'd)**COUNTER FRAUD TEAM – Loss Prevention Valuations (cont'd)**

Service Area	Counter Fraud activity	Methodology of Loss Prevention Valuation
Revenues	Council Tax Reduction amended or closed	Value of the amendment or value of 1 year's benefit plus any backdated calculations
	Council Tax discount or exemption cancelled	Value of 1 year's discount/exemption plus any backdated calculations
	Housing benefit overpayment	Value of overpayment
	Beds in Shed or Annexe identified	1 year's value of additional Council Tax income plus any backdated billing
	Identification of unlisted Business or residential property	1 year's value of additional income plus any backdated billing****

* = Average weekly cost against average length of support. This figure fluctuates but has been provided by the Council's Business Performance Team.

** = A new national formula to calculate the value of tenancy fraud which takes into consideration cost of emergency accommodation, court costs, investigator costs, void costs and length of time the fraud has been committed.

*** = Cost of accommodation and subsistence per week for one year. This figure is a prudent estimate as the Council can and does often support asylum seeking children until they are 25 years old.

**** = NNDR operates under a business rates retention model with the Council keeping 15% of income.

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INTERNAL AUDIT STRATEGY 2022-25

Cabinet Member(s)	Cllr Martin Goddard
Cabinet Portfolio(s)	Cabinet Member for Finance
Officer Contact(s)	Muir Laurie, Finance Directorate
Papers with report	Internal Audit Strategy 2022-25

HEADLINES

Summary	This report seeks Cabinet approval for the Business Assurance Internal Audit (IA) Strategy 2022-25.
Putting our Residents First	<p>This report supports the following Council objectives of <i>Strong financial management</i>.</p> <p>The IA team supports the Council’s statutory obligation to safeguard public finances through strong financial management. The IA Strategy demonstrates the Council’s corporate approach to maintaining a strong control, governance and risk management framework.</p>
Financial Cost	There are no direct financial implications arising from this report.
Relevant Committees	Corporate, Finance and Property Select Committee (scrutiny) Audit Committee (review and monitor)
Relevant Ward(s)	All wards

RECOMMENDATION

That the Cabinet approves the Council’s Internal Audit Strategy for 2022-25 as set out in Appendix A.

Reasons for recommendation

This document outlines the approach IA has taken to develop the Internal Audit Strategy (IAS) for the next three years. This IAS is a high-level document, which sets out how the IA service will be delivered and developed over the 2022 to 2025 period. The IA Charter (IAC) underpins the IAS and describes the purpose, authority, responsibility and position of the IA Service within the London Borough of Hillingdon

The quarterly Operational IA Plans provides detail of how this IA service translates into detailed workplans which are presented to the Audit Committee quarterly for approval.

The recommendation is to approve the updated Internal Audit Strategy 2022-25 (including the Internal Audit Charter), which details the strategic approach to IA, which has been updated in response to the significant changes to the risk landscape resulting from the Covid 19 pandemic.

Alternative options considered / risk management

None at this stage.

Democratic compliance / previous authority

As a strategic policy across spanning areas, Cabinet approval is ultimately required.

Audit Committee comments

Audit Committee, which has the remit to review internal audit functions, approved the Internal Audit Strategy 2022-25 at its meeting on 1st February 2022.

SUPPORTING INFORMATION

The role of the Business Assurance Internal Audit Team

IA provides an independent assurance and consultancy service that underpins good governance, which is essential in helping the Council achieve its corporate objectives and realise its vision for the borough of Hillingdon. It is also a requirement of The Accounts and Audit (Amendment) Regulations 2021 that the Authority undertakes an effective IA to evaluate the effectiveness of its risk management, internal control, and corporate governance processes, taking into account UK Public Sector IA Standards (PSIAS).

IA provides an objective opinion to the Council on whether the control environment, corporate governance arrangements and risk management framework are operating effectively. The IA service at Hillingdon will continue to apply a fully risk-based approach to its IA coverage, establishing quarterly risk-based plans to determine the priorities of the IA activity, in accordance with PSIAS 2010 - Planning. This means that IA gives greater assurance to the Council because it is based on the key risks to the organisation's objectives. As a result, we will not just be commenting on whether the controls operate, but whether they are the right controls to achieve the overall aims of the service.

A strategic approach to Internal Audit

The IA Strategy is a crucial component of the annual assurance opinion statement provided by the Council's Head of IA & Risk Assurance (HIA), to those charged with governance. In order to deliver this assurance, it is vital for the organisation to have a comprehensive IA Plan which gives sufficient risk-based coverage and support to management.

Hillingdon, in common with all other councils, faces a number of challenges including post Covid-19 recovery work and an increased demand for services in a number of key areas. The test for Hillingdon Council is therefore to continue to try to balance the needs of our most vulnerable communities with the continually decreasing financial resources.

To help meet this need, the IA Strategy for 2022-25 has been linked to the organisational objectives and strategic priorities, whilst also taking account of the Council's wider assurance framework.

In addition, the IA Strategy contains the IA Charter (which outlines the purpose, authority and responsibility for the IA Service) and also gives consideration to the Counter Fraud Strategy 2022-25 also on the Cabinet agenda for this meeting.

Cabinet is asked to consider the 3-year Internal Audit Strategy for approval following consideration by the Audit Committee.

Financial Implications

There are no direct financial implications linked to the Internal Audit Strategy 2022 to 2025.

RESIDENT BENEFIT & CONSULTATION

The benefit or impact upon Hillingdon residents, service users and communities?

We aspire to be recognised as a valued business partner to help council services succeed. During a significant period of change we aim to undertake a range of risk-based assurance and consultancy services to deliver key improvements to the way the council works and help improve services to our residents in line with the Hillingdon Improvement Plan (HIP).

Consultation carried out or required

No consultation was carried out in relation to this report. The Internal Audit Strategy does not involve proposals that directly affect residents; therefore, no consultation is required.

CORPORATE CONSIDERATIONS

Corporate Finance

Corporate Finance has reviewed the report and concurs with the implications contained within, noting the Internal Audit Strategy 2022-25 which the Audit Committee approved at their meeting on 1st February 2022.

Legal

The Borough Solicitor confirms that the legal implications are included in the body of the report.

BACKGROUND PAPERS

NIL

BUSINESS ASSURANCE

Internal Audit Strategy 2022 to 2025

18th February 2022



Contents

The Internal Audit key contact in connection with this report is:

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1. Introduction	2
2. Developing the IA Strategy	2
3. Key IA Objectives and Priorities	2
4. Provision of IA Service	5
5. Key Roles of IA	7
<u>Appendix A</u> – IA Charter	10
<u>Appendix B</u> – The IA Risk Assessment Process	17
<u>Appendix C</u> – Major Developments in IA Practice	18

1. Introduction

- 1.1 This document sets out the approach we have taken to develop the Internal Audit Strategy (IAS) for the next three years. This IAS is a high level document, which sets out how the IA service will be delivered and developed over the next three year period. The IA Charter (IAC) underpins the IAS and describes the purpose, authority, responsibility and position of the Internal Audit (IA) Service within the London Borough of Hillingdon.
- 1.2 The quarterly Operational IA Plans provides detail of how this IAS translates into detailed workplans which are presented to the Audit Committee quarterly for approval.

2. Developing the Internal Audit Strategy

2.1 Issues influencing the Internal Audit Strategy

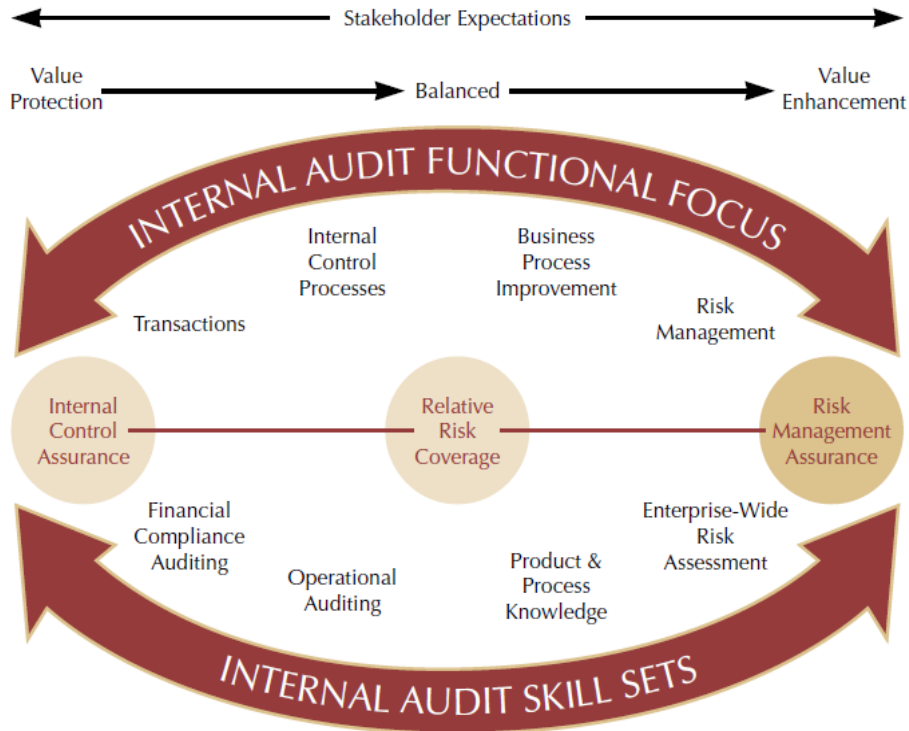
- 2.1.1 The Council's strategic objectives delivered through the Hillingdon Improvement Plan (HIP), are the starting point in the development of our IAS. It is also vital that the risks to the achievement of those objectives are understood.
- 2.1.2 Since 2015/16, quarterly Operational IA Plans have been produced, based upon an independent assessment of key risks facing the Council. This is carried out utilising the existing risk registers, knowledge obtained through discussions with key staff, as well as external sources of assurance such as External Audit, previous IA reviews and our audit universe.
- 2.1.3 To develop this IAS, we have considered the following:
 - The core objectives of London Borough of Hillingdon (LBH) and the specific risks that can impact on the achievement of those objectives;
 - Regulatory requirements for IA coverage;
 - The most recent reviews of IA and Audit Committee effectiveness;
 - The content of corporate and directorate risk registers and assurance frameworks to understand the risks faced, and the controls that the Council places reliance on to manage those risks; and
 - An analysis of the risks, strengths, weaknesses, opportunities and threats to the IA Service.

3. Key IA Objectives and Priorities

3.1 Our Aim / Mission Statement

- 3.1.1 An effective mission statement delineates the IA function's authority and responsibilities and reflects the priorities of Senior Management and the Audit Committee. Our mission statement ought to address the degree to which the IA function will allocate resources towards traditional assurance-focused internal control activities vs. consulting activities perceived to add value to lines of business.
- 3.1.2 A mission statement that does not align clearly and directly with stakeholder expectations is of little value and can be a detriment to achieving strategic objectives. The **IA Continuum** (overleaf) depicts how IA's focus and skill sets must evolve as stakeholder expectations change.

The Internal Audit Continuum



3.1.3 IA helps the Council to achieve its vision and fulfil its strategic objectives by consistently providing a professional, robust and independent IA service that adds value and is highly regarded by key stakeholders.

Our Mission

3.1.4 ***We aspire to be recognised as a valued business partner to help council services succeed. During a significant period of change we aim to undertake a range of risk based assurance and consultancy services to deliver key improvements to the way the council works and help improve services to our residents in line with the Hillingdon Improvement Plan (HIP).***

3.1.5 In delivering this mission, we will:

- Produce and deliver quarterly risk-based IA plans which comply with auditing standards;
- Provide the statutory Head of IA's annual opinion statement on the Council's internal control, risk management and corporate governance arrangements;
- Provide progress reports on a quarterly basis which highlight any identified significant deficiencies or potential areas for improvement in the Council's internal control, risk management and corporate governance arrangements; and
- Support and suitably challenge the key assumptions and judgements taken by management, through IA's assurance and consultancy services, to ensure they are appropriate and in accordance with the relevant policies, guidelines and professional standards.

3.2 Measures of Success

3.2.1 Whilst absolute financial or operating performance is often the only "measure of greatness" people look at, our research shows that great services or organisations always produce four key outcomes:

- **Sustained superior performance:** They succeed financially, or operationally, in both the short and long term and not just on an absolute basis, but relative to their market potential or the hand they are dealt;
- **Intensely loyal customers:** They earn not only the "satisfaction" of their customers, but their true loyalty;
- **Highly engaged and loyal employees:** The people who work at great organisations are more than satisfied, they are energised and passionate about what they do; and
- **Distinctive contribution:** They do more than "business as usual"; they fulfil a unique mission that sets them apart from the crowd.

3.2.2 These four outcomes are measurable, unmistakeable and attainable by any organisation or service.

3.2.3 The UK Public Sector IA Standards (PSIAS) are clear that IA should be adding value to an organisation. At a time when all areas of the Council are being urged to deliver better and more efficient services, it is absolutely right that IA can itself demonstrate improvements in its services and is seen to be adding significant value to the Council. This will be achieved through the delivery of the IAS. Modern IA practice suggests that IA success is reliant on and/ or linked to a wide range of factors including:

- **Quality;**
- **Economy;**
- **Efficiency;** and
- **Effectiveness.**

3.2.4 We have set stretching targets in line with the above factors, which are set out in the 2021/22 Annual IA Plan approved by the Corporate Management Team (CMT) and the Audit Committee. These cover all aspects of the IA service and will drive performance of the service with the objective to achieve key stakeholder requirements. The intention is that using the monitoring data maintained on our dedicated IA software system (TeamMate), a summary of actual IA performance against the targeted performance are reported to CMT and the Audit Committee and included in the quarterly IA progress reports. This performance reporting cycle will allow all stakeholders to measure the ongoing performance, robustness and value of the IA Service at Hillingdon and evidence achievement of our aim /mission statement.

3.2.5 Overall success will be shown in the improvement in the Council's internal control environment. This will be displayed through a reduction in the total number of IA recommendations raised, as well as a reduction in the risk rating of those recommendations.

3.3 SWOT Analysis

3.3.1 The Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis (overleaf) helps uncover opportunities that we are well placed to exploit whilst recognising the strengths of the service. In addition, by understanding the weaknesses and threats posed to our business we can manage and potentially eliminate these.

3.3.2 We will take advantage of the opportunities identified overleaf, as well as building upon our strengths and taking action to improve weaknesses.

3.3.3 This, as well as our IAS, will help ensure the effective delivery of our aims, objectives and mission statement.

SWOT Analysis

	Helpful To achieve our objectives	Harmful To achieve our objectives
Internal (attributes of the IA Service)	Strengths	Weaknesses
	<ul style="list-style-type: none"> - Experienced, qualified, and knowledgeable staff. - Embedded risk based approach to IA, providing assurance on management of key corporate, strategic and operational risks. - Independence and objectivity. - Restructure to ensure continued agility of assurance provision. - Enhanced and targeted reporting to those charged with governance. - Timely delivery of IA fieldwork and reports. - Performance against IA key performance indicators. 	<ul style="list-style-type: none"> - Rebuilding of previous damage to reputation of IA within certain areas of the Council stifling provision of added value assurance and consultancy services. - Lack of specialist ICT and contract audit knowledge. - Loss of key staff.
External (attributes of the environment)	Opportunities	Threats
	<ul style="list-style-type: none"> - Further utilising IA software to enhance and streamline the IA process whilst improving efficiency. - Possibility to deliver IA Services to other public sector bodies bringing in additional revenue to the Council. - Alignment and closer working with other assurance providers including BID/transformation, quality assurance and counter fraud functions. - Developing in-house IA expertise to deliver ICT & Contract Audit. 	<ul style="list-style-type: none"> - IA Service is outsourced to deliver cost savings. - Public criticism and adverse publicity of IA provision. - Loss of key staff. - Stakeholder value in IA is diminished. - Poor delivery by external partners, impacting effectiveness of IA service.

4. Provision of IA Service**4.1 How the Internal Audit Service will be provided**

- 4.1.1 In agreement with those charged with governance (CMT and the Audit Committee), the Head of Internal Audit (HIA) will determine the way in which findings will be reported. Standards will be set for reporting and will include arrangements for the review and approval of reports by the HIA before issue. Reports will be balanced, clear, concise and constructive and will be issued within laid-down timescales.

- 4.1.2 The HIA will provide a written annual report to those charged with governance timed to support the Council's Annual Governance Statement. The annual report will provide the statutory opinion on the overall adequacy and effectiveness of the Council's system of internal control, risk management framework and corporate governance arrangements.
- 4.1.3 The report will also include a summary of the work that supports the opinion, a statement on conformance with the PSIAS and the results of the IA quality assurance and improvement work.

4.2 Internal Audit Resources

- 4.2.1 The IA team's greatest asset are its staff. The next three years will be a period of significant change as we start 2022 with the recruitment of a new Head of Internal Audit, a Principal Internal Auditor and a Senior Internal Auditor. As a result of the restructure within the service, the resourcing strategy of the IAS is setup in such a way to provide robust business continuity and succession planning by 'growing our own'. As new colleagues join the IA team we will continue to professionally train and develop all our staff. It is our intention that over the life of this strategy we will only need to recruit Trainee Internal Auditors into the service. As such, when a member of staff decides to leave the employment of the Council, an existing member of staff should be in a strong position to obtain promotion. This is subject to satisfactory performance but does provide for a greater career structure within the Service.
- 4.2.2 As such, IA will be appropriately staffed in terms of numbers, professional qualifications and experience having regard to its objectives, the standards set out in the PSIAS, in addition to the assurance requirements of the Council. The skills mix within the in-house IA team will significantly change over the last 12 months to ensure that we are best positioned for the future with every member of the IA team either now professionally qualified or actively studying for a relevant professional qualification.
- 4.2.3 We foresee the next three years as a significant period of change, challenge and risk within Local Government, which has been exacerbated by the Covid-19 global pandemic. Local authorities are facing financial, health and social care pressures that are unprecedented and have never been experienced before at this level. This coupled with lockdown, working from home and other restrictions means that the way the Council conducts its business has also undergone significant change. The IA team will support the Council in any way it can, by working flexibly with services/ teams, focusing on and providing assurance over the areas of highest risk.
- 4.2.4 The in-house IA Service is currently supplemented by partnerships with external providers of IA Services for specialist support i.e. ICT audits on IT applications through to reviews of the Council's cyber security controls. We do however recognise that in order to continually add value to the Council we will need to diversify our skill base to ensure that the continuing and emergency assurance needs are met through the in-house IA Service. As such the IA resource will need to become more agile over the short to medium term of this strategy to address the assurance needs of stakeholders.
- 4.2.5 Over the longer term the IA Service will need to be supported by other effective means of obtaining assurance, such as the continuous monitoring of key systems, using data analytics, computer-assisted audit tools & techniques (CAATTs); control risk self-assessment (CRSA); and by taking assurance from other bodies that have carried out reviews of the Council's operations and third party partner organisations. This assurance will be in the form of Statement on Auditing Standards (SAS) 70 reports from relevant third party providers and agents to the Council. This may include fund managers, pension providers and School's payroll providers, or audit and inspection reports from regulatory bodies, such as Ofsted and the Information Commissioner's Office.

- 4.2.6 It is the HIA's professional opinion that without the use of these techniques, it will be difficult to ensure that sufficient IA cover of the Council's operations is delivered. This in turn will have an adverse impact on the HIA's ability to issue a positive opinion on the effectiveness of the internal control environment, which forms a key component of the Head of IA's annual assurance statement at the end of the financial year.
- 4.2.7 Assurance mapping (which we have completed in the past) would help assist IA in the identification of key external assurance providers and focus IA resource on the key high risk areas facing the Council. IA are well placed to help facilitate this process.

5. Key Roles of Internal Audit

5.1 Assurance

- 5.1.1 Internal Auditors deal with issues that are fundamentally important to the survival and prosperity of the Council. Unlike external auditors, they look beyond financial risks and statements to consider wider issues such as the Council's reputation, growth, its impact on the environment and the way it treats its employees.
- 5.1.2 In summary, Internal Auditors aim to help organisations succeed. At Hillingdon we do this through a combination of assurance and consultancy services. The assurance part of our work involves informing Senior Management and elected Members of how well the systems and processes designed to keep the Council on track are working effectively. Then, we also offer a range of consulting services to help improve those systems and processes where necessary.
- 5.1.3 The assurance work performed by IA involves reviewing the audit universe (i.e. a long list of auditable areas for potential IA review) carrying out risk assessments, risk scoring and categorisation. Those areas where the overall risk assessment is 'high' or 'medium' are considered for assurance review by IA.

5.2 Advisory / Consulting

- 5.2.1 In line with the PSIAS, IA coverage will include a range of consultancy work. IA is available to offer, where resources and skills allow, independent advice and consultancy to management. Consultancy and advice will usually involve problem solving, and informing process design or internal control issues, to help management enhance services. This may include certification of grant claims, training through to the facilitation or conducting of specific consultancy reviews.
- 5.2.2 Although the responsibility for managing change and maintaining internal control lies with management, early audit advice can help prevent subsequent costly and inconvenient amendments to new or revised systems and developments. Appropriate controls will ensure that the provision of advice and consultancy does not lead to a loss of audit independence.

5.3 Core Financial Systems coverage

- 5.3.1 We carry out comprehensive coverage of the core financial systems to enable the Council's Corporate Director of Finance to discharge his responsibilities under Section 151 of the Local Government Act 2000. The in-house IA team has a wide pool of skills and experience to deliver the core financial system types of IA reviews. However, to ensure the continuing professional development, these types of audits will be rotated between IA staff.

5.4 Corporate Governance / Annual Governance Statement

- 5.4.1 The definition of IA and the International Auditing Standards for the Professional Practice of IA (Standards) identifies that IA has a role to play in evaluating and helping to improve governance processes. The Standards make specific reference to assessing and making recommendations for:
- Promoting appropriate ethics and values within the organisation;
 - Ensuring effective performance management and accountability;
 - Communicating risk and control information; and
 - Coordinating the activities of the board, management, external and internal auditors, and communicating what they do.
- 5.4.2 An annual IA report is presented to the CMT and the Audit Committee which includes the HIA's statutory opinion statement on the Council's corporate governance arrangements. This role is further defined within the Internal Audit Charter (refer to [Appendix A](#)).

5.5 Risk Management

- 5.5.1 While the responsibility for identifying and managing risks belongs to management, one of the key roles of IA is to provide assurance that those risks have been properly managed.
- 5.5.2 We believe that a professional IA activity can best achieve its mission as a cornerstone of governance by positioning its work in the context of the organisation's own risk management framework. Our assessment is that the Council's risk maturity at the time of producing this IAS is **RISK AWARE**, demonstrating the characteristics of a *scattered silo approach to Risk Management*. As such, limited assurance can be placed on the risk management framework to drive the IA Plan. Thus, IA will utilise their cumulative audit knowledge and experience of the London Borough of Hillingdon and wider public sector to undertake their own risk assessment process, as detailed in [Appendix B](#).
- 5.5.3 An annual report is presented to CMT and the Audit Committee which includes the HIA's statutory opinion statement on the Council's risk management arrangements. This role is further defined within the IAC.

5.6 Contracts and Procurement

- 5.6.1 With the increasing number of contracts in operation across the Council, IA will continue to have an increased focus on contract related assurance audits. This will include reviews of the procurement process, as well as contract management arrangements for the significant/high value contracts. Ideally, these audits should be performed by specialist contract auditors. Whilst the IA team are proficient at undertaking audits of contracts, no current members of staff are qualified contract auditors and as such the IA team do not currently hold this expertise. With potentially more Council functions being outsourced to reduce costs and increase efficiency this is an area of growth in assurance requirements. As a result, we will look at developing these skills for IA staff over the next three years.

5.7 Anti-Fraud and Anti-Corruption

- 5.7.1 Whilst IA has a responsibility to give due regard to the possibility of fraud and corruption as part of its work, the Council's Business Assurance Counter Fraud Team (BACFT) is the lead assurance provider for the Council in this area.

- 5.7.2 The IA Service will continue to work closely with the BACFT and any issues relating to potential fraud or irregularity identified by IA will be referred to the BACFT for investigation. We recognise that greater alignment between both teams will prove beneficial to the Council. As such exposure to this area for IA staff may prove beneficial and will therefore be explored as part of delivering the IAS.
- 5.7.3 The key elements of this approach include:
- A coordinated IA and BACFT annual planning process which is monitored and updated on a quarterly basis;
 - Flexibility of approach on cases of suspected fraud where there are elements falling across both remits;
 - Shared view of fraud risks across the Council and a joined-up approach to risk management where fraud risk exists;
 - IA and BACFT utilisation of each other's work, focussing resource towards the highest risk areas providing a greater level of context for investigations and IA reviews;
 - Shared understanding of the emergence of new fraud risks across the Council and within the public and private sector; and
 - A greater level of assurance to Audit Committee/ all Members and Senior Managers that fraud risks are being managed appropriately.
- 5.7.4 This approach has been proven to be more effective in the management of fraud risks. It also provides an efficient use of resource in dealing with fraud and a greater opportunity to minimise the Council's fraud losses.

5.8 Information and Communication Technology (ICT) Audit

- 5.8.1 These are reviews of the ICT infrastructure and associated systems, software applications, and hardware that underpin the Council's operations. These audits will be performed by specialist ICT auditors with some support provided by the in-house Service. The IA team does not currently hold the professional IT Audit Qualification (CISA) but the Internal Audit Manager is actively studying towards the CISA accreditation and has been leading on some IT reviews as part of his Continuous Professional Development (CPD). With the ongoing increase in the automation of processes and controls, this is an area of growth in assurance requirements. As a result, we will ensure that these skills are a key area of development for IA staff over the next three years.

5.9 Project Management

- 5.9.1 Given the nature of projects, there are risks concerned with the delivery, timing, cost and quality of projects. Many authorities have projects which struggle to deliver the benefits that are expected of them, often having major knock on effects with other projects and sometimes even conflicting with other projects. IA can provide quality assurance on projects through the entire life cycle of change, from project feasibility through to project closure. We have the appropriate skills and in house expertise to deliver these types of audits, but further improvements to staff skills will be explored as part of delivering the IAS.

Muir Laurie FCCA, CMIIA

Deputy Director of Exchequer Services & Business Assurance

Sarah Hydrie CMIIA, CIA

Head of Internal Audit & Risk Assurance

18th February 2022



APPENDIX A

INTERNAL AUDIT

Internal Audit Charter

1. Purpose

- 1.1 In accordance with the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) the purpose, authority and responsibility of the internal audit activity must be formally defined in an Internal Audit (IA) Charter, consistent with the [Mission of Internal Audit](#) and the mandatory elements of the International Professional Practices Framework (the [Core Principles for the Professional Practice of Internal Auditing](#), the [Code of Ethics](#), the [Standards](#) and the [Definition of Internal Auditing](#)).
- 1.2 The London Borough of Hillingdon IA Charter defines the purpose, authority and responsibility of the IA Service within the Council. The Charter establishes the Head of IA's (HIA's) position within the Council including the nature of the HIA's functional reporting relationships. The Charter authorises access to records, personnel and physical properties relevant to the performance of engagement and defines the scope of IA activities.
- 1.3 The HIA is responsible for applying this IA Charter and ensuring it is maintained, up to date and, in line with the [Public Sector Internal Audit Standards](#) (PSIAS). This Charter will be reviewed every 3 years or sooner if significant changes have been made by senior management (Corporate Management Team [CMT]) to ensure that it remains relevant to the needs of the Council. This Charter shall be presented to the Board (which for the purpose of the PSIAS is the Audit Committee) for approval.

2. Statutory Requirement and Authority

- 2.1 The Accounts and Audit (Amendment) Regulations 2021 require every local authority to undertake an effective IA to evaluate the effectiveness of its risk management, control and governance processes, taking into account the PSIAS or guidance.
- 2.2 The IA service is responsible for providing assurance to all of its key stakeholders including the Audit Committee, Senior Management and in particular the Chief Financial Officer to help them discharge their statutory responsibilities under Section 151 (S151) of the Local Government Act 2000. An effective IA service will be seen as a catalyst for improvement at the core of the Council and will become recognised across the Council as a value added, trusted advisor and business assurance provider.
- 2.3 Deriving from those regulations, and those authorising this Charter, **the IA service has free unrestricted access** and ability to plan and undertake audit assignments necessary to fulfil its scope. To enable full discharge of its duties, the HIA and **the IA service has authority** to:
 - Have right of direct access to the independent Chairman of the Audit Committee;
 - Have unrestricted access to all Council functions, records, property and personnel; and
 - Obtain assistance, where necessary, from Council officers and contractors involved in the subject of audit engagements.

- 2.4 The HIA has overall accountability for ensuring the IA service safeguards information it has obtained and for maintaining confidentiality of information where applicable.

3. Status of Internal Audit within the Council

- 3.1 IA will be independent of all activities that it audits to enable internal auditors to perform their duties in a way that allows them to make professional and impartial judgements and recommendations.
- 3.2 The IA activity will remain free from interference by any element in the Council, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude. Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not engage in any activity that may impair their judgement or objectivity.
- 3.3 IA will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.
- 3.4 The Council's IA service is part of the Finance Directorate (Group) and is led by the Head of Internal Audit & Risk Assurance (HIA), who reports directly to the Deputy Director of Exchequer Services & Business Assurance and indirectly to the Corporate Director of Finance (S151 Officer). The HIA also has unrestricted access to the independent Chairman of the Audit Committee, the Chief Executive, External Audit (Ernst & Young), the Leader of the Council and all other Members and staff.
- 3.5 The HIA will annually confirm to the Board the organisational independence of the IA activity with any impairment disclosed to the appropriate parties.

4. Objectives and Mission

- 4.1 IA is defined in the PSIAS as *"an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes"*.
- 4.2 The IA service acknowledges and aspires to achieving the mission of Internal Auditing as provided by the IIA:
"To enhance and protect organisational value by providing stakeholders with risk based and objective assurance, advice and insight."
- 4.3 IA is not responsible for control systems and managing risks. Responsibility for effective internal control and management of risks rests with the management of the Council.

5. Scope of Internal Audit

- 5.1 The HIA will provide an annual Opinion Statement to the Council, assisting the S151 Officer, through the Board (Audit Committee) in completing the AGS, which forms part of the statutory Statement of Accounts. The AGS provides public assurances about the effectiveness of the Authority's risk management framework, corporate governance arrangements and the system of internal control. The HIA opinion statement (see 3 core areas overleaf) meets the Authority's statutory requirement under Part 6 of the Accounts and Audit (Amendment) Regulations 2021 and is in line with the UK PSIAS as follows:

- (i) **Risk Management** - Risk Management is the process of identifying, quantifying and managing the risks that the Council faces in attempting to achieve its objectives;
 - (ii) **Corporate Governance** - Corporate governance is the system of rules, practices and processes by which the Council is directed and controlled; and
 - (iii) **System of Internal Controls** - The system of internal control is a process for assuring achievement of the Council's objectives in operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies which incorporates both financial and non-financial systems.
- 5.2 In addition to the **3 core annual opinion areas**, IA may, subject to specific arrangements, undertake engagements in the areas of counter fraud as detailed within this IA Charter.
- 5.3 IA also has the responsibility to provide consulting and advisory services to management relating to risk management, control and governance as appropriate for the Council. The IA service may evaluate specific operations at the request of the Audit Committee or Senior Management, as appropriate. Before any consultancy work is agreed, the HIA will ensure that IA has the appropriate skills, resources and approval to undertake the review. The HIA will also ensure that appropriate safeguards are in place to preserve objectivity in areas subject to future IA activity.

6. Responsibility

Professional Standards

- 6.1 The HIA and their team have responsibility to undertake their work at all times in accordance with the PSIAS (the 'Standards') and, the IIA's Code of Ethics (the 'Code') and the broader International Professional Practices Framework (IPPF) which applies across the global practice of IA. Those members of the IA team who have membership of professional bodies will comply with the relevant requirements of that organisation.
- 6.2 Deriving from those regulations, and those authorising this Charter, the IA service has free unrestricted ability to plan and undertake IA assignments necessary to fulfil its scope. IA undertakes work in accordance with the Standards as set out below.

Risk Based IA Strategy and IA Plan

- 6.3 The IA plan is a crucial component of the annual opinion statement provided by the HIA to those charged with governance. In order to deliver this assurance it is vital to have a comprehensive risk-based IA plan to determine the priorities of the IA activity, consistent with the organisation's goals. The overarching IA plan is presented to the Council's Corporate Management Team (CMT) and Audit Committee for approval. This plan is supplemented by quarterly operational risk based IA plans for approval. Any significant deviation from the approved quarterly IA plans will be communicated to senior management and the Audit Committee through quarterly IA progress reports.
- 6.4 The quarterly IA plan is undertaken based on a risk assessment, enabling the HIA to ensure that the most effective IA coverage is achieved, which focuses on the Council's key risks. Managers are required to ensure that key staff are available to IA during the agreed period of a review and for ensuring that information requested is accurate, timely and reliable. The quarterly IA plan, including resource requirements and limitations, is presented to CMT and Audit Committee for approval.

Management of Engagements

- 6.5 For each IA engagement, a detailed Terms of Reference (ToR) will be prepared and discussed with the relevant managers. The ToR will establish the engagement's service objectives, key risks, scope, timing and resource allocations for the review.

- 6.6 Each IA engagement will be sponsored by a member of CMT and engagements intended to provide an IA assurance opinion will be undertaken using a risk-based approach. IA will promptly communicate its findings and conclusions to management, proposing recommendations to address any identified weaknesses, risks or issues. The HIA will inform the Council (via the Audit Committee) of any remaining material weaknesses.
- 6.7 The HIA will have systems in place to ensure that internal auditors obtain and record sufficient evidence to support their conclusions and engagement results to demonstrate the adequacy of evidence obtained to support professional judgements made. This includes management supervision to ensure objectives are achieved, quality assured, and staff developed.
- 6.8 A report is issued to appropriate parties following the conclusion of each IA engagement and is distributed to the review sponsor and relevant key contact(s). The report includes an executive summary with a particular emphasis on risk management, internal control and governance strengths and weaknesses identified during the review. A management action plan is appended to reports (where applicable) which provides management with the opportunity to respond to the recommendation(s) raised and set out what action (risk response) they propose to address the risk(s) identified.

Follow-up

- 6.9 IA follows-up all 'High' and 'Medium' risk-rated recommendations to establish if management has taken appropriate action to address any weaknesses, risks or issues identified. Escalation procedures are in place for any management responses that are judged to be inadequate in relation to the identified risk. These procedures will ensure that the impact of not taking action (Tolerating the risk) have been understood and accepted at a sufficiently senior management level.

Management Responsibilities

- 6.10 In order to be effective, the IA service requires full co-operation of senior management. IA is not responsible for internal control systems or managing risks. Responsibility for effective internal control and management of risks rests with the management of the Council.
- 6.11 Senior management must also keep the IA service abreast of significant proposed changes in processes, systems, newly identified significant risks and all suspected or detected fraud or corruption. Senior management will also ensure that the IA service has access to sufficient resources in order to deliver the IA plan as approved by CMT and the Audit Committee. Responsibility for the deployment of resources in delivery of the IA plan rests with the HIA.

7. Reporting Lines

Reporting Lines

- 7.1 The HIA has overall responsibility for the day-to-day management of the IA service. In agreement with those charged with governance, the HIA will determine the way in which findings will be reported. Standards will be set for reporting and will include arrangements for the review and approval of reports by the HIA before issue. Reports will be balanced, clear, concise and constructive and will be issued within laid-down timescales.
- 7.2 The IA service will maintain effective relationships with management within the Council, including consultation in the IA planning process at quarterly planning level and with respect to individual reviews. The HIA will share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimise duplication of efforts.

Staff Training and Development

- 7.3 IA will be appropriately staffed in terms of numbers, professional qualifications and experience, having regard to the IA objectives and to the standards set out in the PSIAS. The staffing of IA will be kept under review by the HIA and the Audit Committee.
- 7.4 The HIA holds a relevant professional qualification (CMIIA, CCAB, or equivalent) and will be suitably experienced. All IA staff will be properly trained to fulfil their roles and responsibilities and they will each maintain their professional competence through an appropriate on-going professional development programme. When necessary, in-house IA resources will be supplemented by external resources.

8. Other Internal Audit Work**Wider Remit of Business Assurance**

- 8.1 The IA activity sits within the Council's Business Assurance service. The role of the HIA incorporates wider Risk Assurance responsibilities. Whilst the remit of Business Assurance is wide, we will continue to focus on delivering consistently high quality value added IA reviews to help services to succeed. This will be undertaken through the application of appropriate safeguards to maintain independence and objectivity to ensure an unbiased assessment, having regard to the principles contained within the Code of Ethics.

Third Parties

- 8.2 IA may carry out assurance work for third parties (i.e. organisations outside of the Council). Assurances provided to third parties are provided in line with the assurance provided to the Council, as described within this document.

Consulting and Advisory Services

- 8.3 IA may perform consulting and advisory services related to governance, risk management and controls as appropriate for the Council. IA may also evaluate specific operations at the request of the Audit Committee or CMT, as appropriate. Based on its activity, IA is responsible for reporting significant risk exposures and control issues identified to the Audit Committee/ CMT.

Counter Fraud

- 8.4 IA's role in any fraud or corruption related work will be in accordance with the Council's Counter Fraud Strategy and with resources approved by the Audit Committee in the Quarterly IA Plans (in liaison with the Head of Counter Fraud). However, Internal Auditors will have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation. In addition, IA may assist or lead, as needed, in the identification and investigation of suspected fraudulent activities within the Council and notify Management and the Audit Committee of the results.

Major Projects

- 8.5 The IA service will be informed of major projects and their progress through continued discussion with Management and attendance at project working groups, where invited to attend. Where a project team seeks advice or further support from the IA service, we will treat the request as one for consultancy support and make appropriate arrangements to ensure future objectivity is not impaired.

Risk Management

- 8.6 Business Assurance will be guided by the IIAs position paper on [The Role of Internal Auditing in Enterprise-Wide Risk Management](#) and therefore Business Assurance will not undertake any roles defined as inappropriate by that guidance.

- 8.7 Inappropriate roles include setting the Council's risk appetite, imposing a risk management process and taking on full accountability for risk management. The position paper lists the following as legitimate roles (with safeguards):
- Co-ordination of risk management activities;
 - Consolidating risk reporting;
 - Developing a risk approach for approval and its subsequent maintenance;
 - Facilitating identification and evaluation of risks; and
 - Coaching management in responding to risks.
- 8.8 The Council's [Risk Management Policy and Guidance](#) defines the role of Business Assurance in relation to risk management, including safeguards put in place, which include:
- Internal separation of duties within the Business Assurance team, managed through the roles of the Head of Internal Audit & Risk Assurance and the Internal Audit Manager(s). Any Internal Audit review of risk management will be undertaken by an external provider to enhance independence and objectivity in this area;
 - The CMT holding responsibility for approving the Authority's Risk Management Policy and Guidance;
 - The Corporate Director of Finance, as Chief Finance Officer, being responsible for preparing the Authority's risk management policy statement and for promoting it throughout the authority; and
 - The Audit Committee will monitor and review, but not direct, the authority's risk management arrangements, including regularly reviewing the corporate risk register (giving reference to the Directorate Risk Registers) and seeking assurances that action is being taken on strategic risk related issues.

9. Ethics

Code of Ethics

- 9.1 IA will abide by the Code of Ethics set out in the PSIAS. IA staff are bound by the two essential components of the Code of Ethics: 1) *Principle*; and 2) *Rules of Conduct*, applicable to the four elements of a) Integrity; b) Objectivity; c) Confidentiality; and d) Competency.
- 9.2 IA will apply the four *Attribute Standards* and the eight *Performance Standards* set out in the PSIAS. Any instances of non-conformance with the Code of Ethics or the PSIAS that impact the scope or operation of IA activity will be reported to CMT and the Audit Committee. Internal auditors will also abide by the Committee on Standards of Public Life's *Seven Principles of Public Life*.

Due Professional Care and Competency

- 9.3 IA staff will apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

Independence and Objectivity

- 9.4 The HIA will maintain and regularly review a register of the Internal Auditors' declarations of business and personal interests. If there are occasions where internal auditors undertake non-IA activities including the development, design or implementation of systems, then that individual will not subsequently perform an IA review of those systems.

10. Quality Assurance

Professional Standards

- 10.1. The IA activity will govern itself by adherence to The Chartered Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics and the International Professional Practices Framework (IPPF), incorporating the Mandatory Standards.
- 10.2 This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activities performance to ensure that engagements are performed with proficiency and due professional care. In addition, IA will adhere to the Council's relevant policies and procedures and the internal audit activity's standard operating procedures manual.

Staff Training and Development

- 10.3 All IA staff will be properly trained (ref para. 7.3) to fulfil their roles and responsibilities and they will each maintain their professional competence through an appropriate on-going professional development programme. When necessary, in-house IA resources will be supplemented by external resources.

Quality Assurance Improvement Programme

- 10.4 The work of IA will be controlled at each level of operation to ensure that a continuously effective level of performance is being maintained. The HIA maintains a Quality Assurance and Improvement Programme (QAIP) designed to gain assurance that the work of IA is compliant with the PSIAS and achieves its objectives. The QAIP will cover all aspects of the IA activity, including but not limited to:
- Client Feedback Questionnaires (CFQs) that are sent out at the completion of each audit;
 - A self-assessment of the IA service each year and its compliance with the PSIAS; and
 - On-going internal performance monitoring and reporting by the HIA, as well as an external assessment at least once every five years by a suitably qualified, independent assessor.
- 10.5 The results of the QAIP and progress against any improvement plans will be reported to Senior Management and the Board through quarterly IA progress reports, as well as within the Annual IA Report.
- 10.6 To demonstrate conformance with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*, the results of external and periodic internal assessments are communicated upon completion of such assessments and the results of ongoing monitoring are communicated at least annually. The results include the assessor's or assessment team's evaluation with respect to the degree of conformance.

Muir Laurie FCCA, CMIIA

Deputy Director of Exchequer Services & Business Assurance

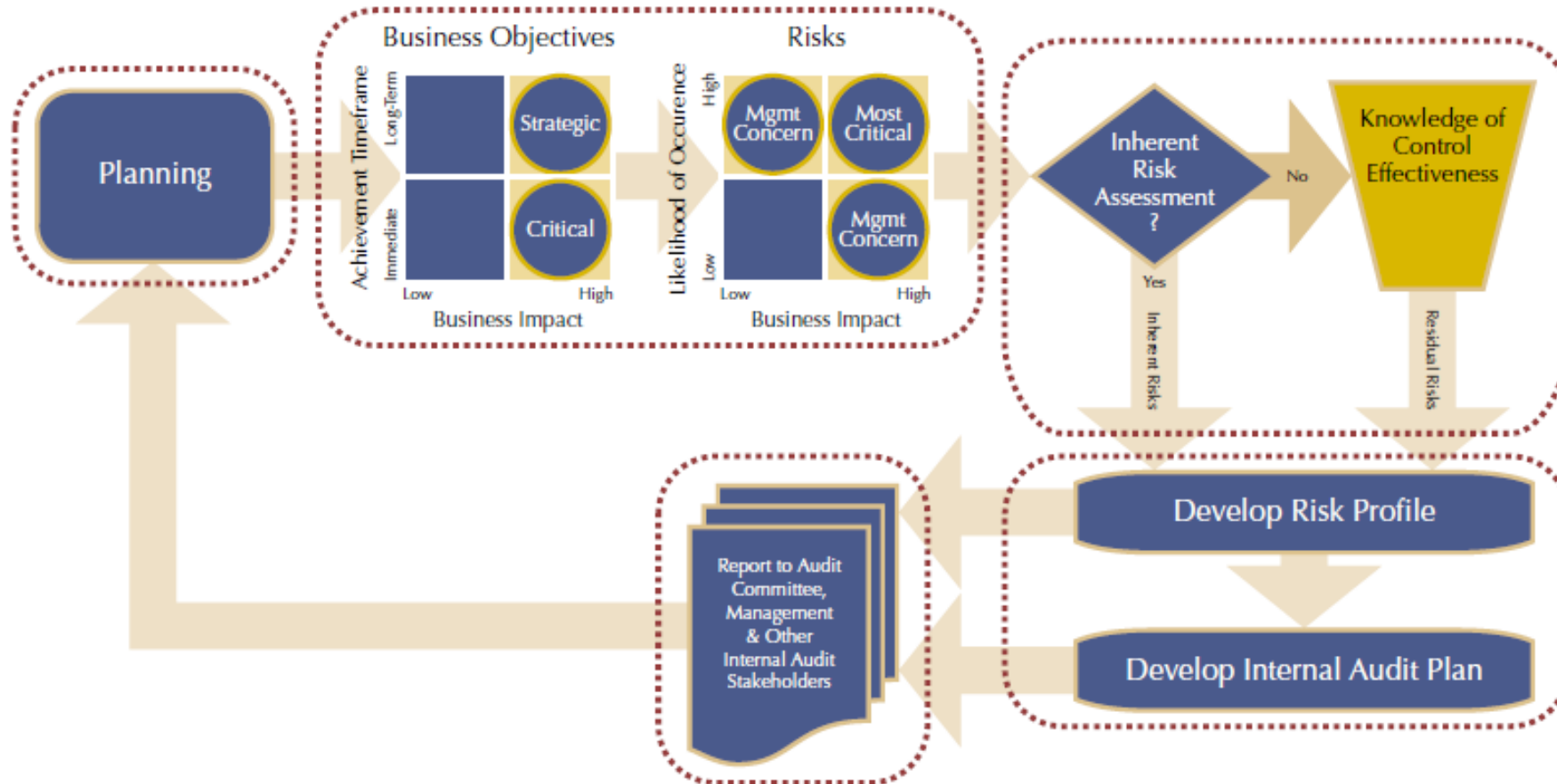
Sarah Hydrie CMIIA, CIA

Head of Internal Audit & Risk Assurance

18th February 2022

APPENDIX B

The Internal Audit Risk Assessment Process



APPENDIX C

Major Developments in Internal Audit Practice

Public Sector Internal Audit Standards

The PSIAS came into effect on 1st April 2013 and are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of IA across the public sector. They stress the importance of robust, independent and objective IA arrangements to provide senior management with the key assurances they need to support them both in managing the organisation and in producing the Annual Governance Statement (AGS).

Implementation of IA Software

Modernising the processes within IA, through the implementation of TeamMate in April 2014, has created efficiencies within the IA process whilst ensuring that IA operations become paperless. As a result, we have successfully procured its upgrade called **TeamMate Plus** which will continue to add value to the Council and we will need to diversify our skills base to ensure that the continuing and emergency assurance needs are met. Further, the IA resource will need to become more agile to meet the changing assurance needs of stakeholders as highlighted.

Risk Based Internal Auditing

Over the years, the need to manage risks has become recognised as an essential part of good corporate governance practice. This has put organisations under increasing pressure to identify all the business risks they face and to explain how they manage them. In fact, the activities involved in managing risks have been recognised as playing a central and essential role in maintaining a sound system of internal control.

Agile Auditing

Agile auditing can help IA teams conduct more efficient audits with the flexibility to respond to current business needs. When an organisation is using an agile approach, it delivers better alignment and provides real-time assurance rather than retrospective assurance. An 'Agile' approach helps the IA team eliminate low risk work and realise efficiencies that allow them to focus more time and effort on higher risk, complex reviews. We have the Agile Auditing approach into our quarterly IA planning process and quarterly risk management facilitation work.

Control Risk Self-Assessment

Control Risk Self-Assessment (**CRSA**) provides a framework to review, assess and design optimal control frameworks to manage risks and achieve business and quality objectives. CRSA attracts attention from empowered, team-driven organisations, in both the public and private sectors which are committed to continuous improvement. Organisations rarely have the necessary resources to implement CRSA and our experienced professionals can facilitate the exchange of leading practices and assist the Council to develop and implement cost-effective control and risk management systems.

Data Analytics

Analytics breaks down vast volumes of data and then rebuilds it to form information clusters that the Internal Auditor can use to analyse the risk landscape. Effective data analytics elevates performance, provides greater value to the organisation, and increases the credibility of an IA with its stakeholders. It is also helping to transform internal audits by significantly automating processes, supporting compliance within existing organisational policies, and providing management with a higher level of operational assurance.

Assurance Mapping

Assurance mapping can help promote effective risk management, control and governance, because it can enable bodies to better assess whether their assurance arrangements are proportionate and balanced and identify areas where a change in approach may be needed. Assurance mapping can also help support the preparation of, and the evidence base for the AGS.

Schools Thematic Reviews

From 1st April 2014 onwards, we introduced a fully risk-based approach to the IA coverage of Hillingdon schools. Specifically, we will continue to carry out cross-cutting audits of themed areas at a risk-based selection of several schools. The results of this work are made suitably anonymous and then shared with all Hillingdon schools in the shape of an IA report. This approach is already helping facilitate shared learning and good practice across all Hillingdon schools.

COUNCIL BUDGET - 2021/22 REVENUE AND CAPITAL MONTH 10 BUDGET MONITORING

Cabinet Member	Councillor Martin Goddard
Cabinet Portfolio	Cabinet Member for Finance
Officer Contact	Paul Whaymand, Corporate Director of Finance
Papers with report	Appendices A & B

HEADLINES

Summary	<p>This report provides the Council's forecast financial position and performance against the 2021/22 revenue budget and Capital Programme.</p> <p>A net in-year underspend of £497k is reported against General Fund revenue budget normal activities as of January 2021 (Month 10). Unallocated reserves are projected to total £26,598k at 31 March 2022. This headline position is largely consistent with that reported to Cabinet for December 2021 (Month 9), with a net improvement of £19k.</p> <p>COVID-19 pressures for the 2021/22 financial year are projected to total £19,227k at Month 10, £219k higher than previously projected. COVID-19 pressures have been funded through Government grants with capacity remaining to fund an element of further pressures.</p> <p>The latest positions on other funds and the Capital Programme are detailed within the body of this report.</p>
Putting our Residents First	<p>This report supports the following Council objective of: <i>Strong financial management.</i></p> <p>Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.</p>
Financial Cost	N/A
Relevant Select Committee	Corporate, Finance & Property
Relevant Ward(s)	All

RECOMMENDATIONS

That the Cabinet:

1. Note the budget monitoring position and treasury management update as at January 2022 (Month 10) as outlined in Part A of this report.
2. Approve the financial recommendations set out in Part B of this report

Reasons for recommendation

1. The reason for **Recommendation 1** is to ensure that the Council achieves its budgetary objectives, providing Cabinet with the update on performance at Month 10 against budgets approved by Council on 25 February 2021 contained within **Part A** of this report. An update on the Council's Treasury Management activities is included within this section of the report.
2. **Recommendation 2** seeks approval for the range of financial recommendations set out within **Part B** of this report, which may include approval of above establishment agency appointments, acceptance of grant funding, revisions to fees & charges and ratification of decisions taken under special urgency provisions.

Alternative options considered / risk management

3. There are no other options proposed for consideration.

Select Committee comments

4. None at this stage.

PART A: MONTHLY BUDGET MONITORING

SUMMARY

GENERAL FUND REVENUE

5. General Fund pressures totalling £19,227k are projected in relation to the impacts of the COVID-19 pandemic and the Council's response in 2021/22. With total forecast pressures of £52,602k since the pandemic began in early March 2020, including the forecast pressure for the current financial year alongside £1,883k in 2019/20 and £31,492k in 2020/21. There has been a £219k increase in projected COVID-19 pressures from the position reported at Month 9.
6. Prior year COVID-19 pressures were fully funded from external funding, with a further £20,327k of such grants confirmed for the 2021/22 financial year available to supplement £10,126k of the Council's own reserves set aside for management of the pandemic. This gives scope to fund reported pressures of £19,227k for the 2021/22 financial year. Taking account of carried forward grants and previously approved releases, this would leave a balance of £11,904k at year end.
7. Beyond the ongoing impact of the pandemic, an underspend of £497k is projected across General Fund budgets at Month 10, with this position being driven by underspends against Capital Financing of £301k and Development and Risk Contingency of £708k, primarily related to a reduced call on the waste and homelessness contingencies, offset by a pressure reported against Service Operating Budgets of £512k.
8. The main areas impacting on the pressure within Service Operating Budgets are reported pressures on Property & Estates from a backdated Business Rates assessment, additional demands in respect of school place planning for both mainstream and special provision impacting on the Education service, additional costs as a result of growing demand for the Children's & Young People's Service and vehicle hire costs and fuel inflation within Fleet management.
9. While movements are reported against individual portfolios and contingency items from the position at Month 10, these have not materially affected the headline monitoring position. Taking account of the budgeted £2,421k drawdown from General Balances, this will result in unallocated General Balances totalling £26,598k at 31 March 2022.
10. Within this position, £8,426k of the £10,416k savings planned for 2021/22 are banked or on track for delivery in full by 31 March 2022, with £1,004k tracked as being at an earlier stage of implementation and £986k at risk as a result of the COVID-19 pandemic. Since Month 9, £20k of savings have been promoted from the early stages of implementation. The at risk savings relate to leisure management fee income and reflects the acute impact of the pandemic on this sector, although it is expected that in the long run this level of income will

be achievable. Where slippage in savings delivery is expected this has been factored into the reported monitoring position, and where appropriate financed from COVID-19 funding.

11. Within the Collection Fund, a pressure of £531k is reported at Month 10 as a result of slower than budgeted growth in Council Tax, compounded by an adverse position reported against Council Tax Support as demand falls at a slower rate than originally forecast based on the rate of recovery across the economy from the pandemic. This represents a favourable movement of £2k from the Month 9 position following the regular review of taxbase growth and Council Tax Support demand. Variances against the Collection Fund do not directly impact upon the 2021/22 monitoring position, but instead variances up to Month 9 will be factored into the Council's budget proposals for the forthcoming year, with any variances from Month 10 to outturn not impacting until 2023/24.

GENERAL FUND CAPITAL

12. An underspend of £8,914k is reported on the Council's £300,159k 2021/22 to 2025/26 General Fund Capital Programme, with £5,582k of this underspend driven by the budget established for the St Andrew's Park museum and £2,474k reflecting reduced expenditure in light of significant reductions in Transport for London funding, alongside a number of smaller variances detailed within this report. Uncommitted contingency budgets of £5,015k have been included in this latest forecast, providing a mechanism to support further investment should this be required.
13. Taking account of the grant funded element of the Capital Programme underspend and the latest projections in respect of capital receipts and developer contributions, prudential borrowing for the 2021/22 to 2025/26 period is projected to be £4,537k lower than budgeted and total £131,018k. This reduced borrowing requirement will translate into savings against the future costs of debt servicing and repayment, which will be factored into future iterations of the MTFE as appropriate.

SCHOOLS BUDGET

14. As at Month 10, an in-year pressure of £5,329k is reported on the Schools Budget which combined with the £7,328k shortfall in funding for the year represents a £12,657k deficit for the year, with no change forecast from the Month 9 position. When the £25,386k deficit brought forward from prior years is accounted for, the cumulative deficit being carried forward into 2022/23 is £38,043k. This deficit continues to be driven by ongoing pressures in relation to High Needs placements.
15. The Council is now in the final stages of the 'Safety valve' discussions with the DfE which are aimed at resolving issues in relation to the ongoing pressures on the Schools Budget. A conclusion to this process is expected prior to the 31 March 2022 and a comprehensive update will be provided to Cabinet once available.

HOUSING REVENUE ACCOUNT

16. An underspend of £142k is reported on the Housing Revenue Account at Month 10, representing a £9k improvement on the Month 9 position, with balances projected to total

£15,343k at 31 March 2022 in line with business plan assumptions. An underspend of £1,311k is projected against the £233,320k capital programme for the period 2021/22 to 2025/26.

FURTHER INFORMATION

General Fund Revenue Budget

17. As noted above and presented in the table below, a £497k underspend is projected across the General Fund at Month 10, with the following section of this report providing further information on an exception basis. General Fund Balances are expected to total £26,598k at 31 March 2022 as a result of the forecast position detailed above, which remains broadly consistent with the forecast reported at Month 9. This position keeps balances within both the recommended range for 2021/22 and the revised range for 2022/23 of £20,000k to £39,000k as approved by Cabinet and Council in February 2022.

Table 1: General Fund Overview

Service	Month 10		Variance (As at Month 10) £'000	Variance (As at Month 9) £'000	Movement from Month 9 £'000
	Approved Budget	Forecast Outturn			
	£'000	£'000			
Service Operating Budgets	224,308	224,820	512	580	(68)
Corporate Operating Budgets	7,914	7,613	(301)	(291)	(10)
Development & Risk Contingency	4,145	3,437	(708)	(767)	59
Unallocated Budget Items	1,878	1,878	0	0	0
Sub-total Expenditure	238,245	237,748	(497)	(478)	(19)
Corporate Funding	(235,824)	(235,824)	0	0	0
Total Normal Activities	2,421	1,924	(497)	(478)	(19)
<u>Exceptional Items</u>					
COVID-19 Pressures	0	19,227	19,227	19,008	219
COVID-19 Funding	0	(19,227)	(19,227)	(19,008)	(219)
Total Net Expenditure	2,421	1,924	(497)	(478)	(19)
Balances b/fwd	(28,522)	(28,522)			
Balances c/fwd 31 March 2022	(26,101)	(26,598)			

Service Operating Budgets

18. Service Operating Budgets represent the majority of the Council's investment in day-to-day services for residents, with more volatile or demand-led areas of activity tracked separately through the Development and Risk Contingency. The impacts of COVID-19 are being reported discretely under Exceptional Items as detailed in Table 1, the position presented in Table 2 therefore represents the position reported against normal activities for the Service Operating Budgets. The salient risks and variances within this position summarised in the following paragraphs.

Table 2: Service Operating Budgets

Cabinet Member Portfolio		Approved Budget	Forecast Outturn	Variance (As at Month 10)	Variance (As at Month 9)	Movement from Month 9
		£'000	£'000	£'000	£'000	£'000
Property & Infrastructure	Expenditure	11,774	11,907	133	207	(74)
	Income	(5,396)	(5,151)	245	157	88
	Sub-Total	6,378	6,756	378	364	14
Finance	Expenditure	20,114	20,508	394	394	0
	Income	(3,369)	(3,533)	(164)	(164)	0
	Sub-Total	16,745	16,975	230	230	0
Public Safety and Transport	Expenditure	18,168	18,507	339	342	(3)
	Income	(16,241)	(16,712)	(471)	(441)	(30)
	Sub-Total	1,927	1,795	(132)	(99)	(33)
Corporate Services and Transformation	Expenditure	26,909	27,005	96	70	26
	Income	(1,604)	(1,682)	(78)	(77)	(1)
	Sub-Total	25,305	25,323	18	(7)	25
Environment, Housing & Regeneration	Expenditure	51,652	52,130	478	533	(55)
	Income	(21,304)	(21,732)	(428)	(431)	3
	Sub-Total	30,348	30,398	50	102	(52)
Families, Education and Wellbeing	Expenditure	26,039	26,002	(37)	(14)	(23)
	Income	(11,598)	(11,781)	(183)	(214)	31
	Sub-Total	14,441	14,221	(220)	(228)	8
Health and Social Care	Expenditure	166,034	166,392	358	384	(26)
	Income	(36,870)	(37,040)	(170)	(166)	(4)
	Sub-Total	129,164	129,352	188	218	(30)
Total Service Operating Budgets		224,308	224,820	512	580	(68)

19. Within the Council budget there is a Managed Vacancy Factor across the board of 4%, or £3,950k to reflect natural levels of turnover and resulting structural underspend in the workforce budgets. Current projections indicate that this will be delivered in full during 2021/22, with post-level establishment controls providing a key mechanism for managing workforce costs at the organisational level, although unanticipated turnover is expected to further improve this position over the coming months.
20. As noted in the previous monitoring report, and contrary to the Government policy of freezing the majority of public sector pay in 2021/22, an inflationary pay award of 1.5% was presented to unions for consideration and the Council earmarked £1,300k to meet this potential cost. This was rejected and subsequently increased to 1.75% by the employers' association, which if accepted would increase the cost by £700k. The in-year impact of the expected pay award will be funded through the Earmarked Reserve created during outturn 2020/21, alongside an over achievement of the Council's budgeted Managed Vacancy Factor, with

the full cost being factored the 2022/23 budget. With two out of the three main Trade Unions now having accepted the pay award, the Council has paid employees the 2021/22 pay award in March.

21. As can be seen from the table above, the net £512k pressure across Service Operating Budgets represents the cumulative effect of a number of variances which are briefly outlined below by Cabinet Portfolio:

- a. **Property & Infrastructure** – A net overspend of £378k, representing a £14k adverse movement on Month 9, driven by a forecast reduction in lease income. The remaining variances within the portfolio are coming from a £190k overachievement of income within the Repairs & Engineering Service, with an offsetting expenditure variance due to the activity undertaken to generate the income for this service.
- b. **Finance** – A net pressure of £230k, with no movement from on the Month 9 position, with the variance being affected by delayed delivery of new vehicles necessitating higher leasing and maintenance costs in the current year. In line with previous months, the favourable outlook for income across this area relates to increased activity in support of non-General Fund functions, such as the HRA regeneration projects.
- c. **Public Safety and Transport** – a net underspend of £132k and a £33k favourable movement from Month 9 are reported, with the headline £471k overachievement of income and corresponding increase in expenditure reflecting grant and Brexit-related activities, with the Month 10 improvement being driven by an increase in grant funding for safer neighbourhoods.
- d. **Corporate Services and Transformation** – a net overspend of £18k, representing a £25k adverse movement from Month 9, with the underlying position reflecting increased costs associated with ICT system contracts and upgrades reporting a pressure of £476k, this overspend is being suppressed by underspends within staffing budgets in this service area of £368k, contract expenditure is the main driver for the adverse movement in Month 10. This position is also being offset by recharge income within the ICT service for a digital connectivity project that impacts on the Housing Revenue Account (HRA), with income in this service area set to overachieve by £71k.
- e. **Environment, Housing and Regeneration** – an overspend of £50k is being reported within this portfolio, with overspends in Green Spaces of £314k driven by increases in equipment hire and tree maintenance with a further pressure within the Planning Service all largely being offset by underspends within Housing as a result of increased grant funding, and the Waste service as a result of staffing vacancies and increased income levels from work carried out across HRA sites related to site clearances. The improvement is being driven by a number of small variances, mainly across the income budgets within the Housing and Waste Services.
- f. **Families, Education and Wellbeing** – an underspend of £220k and a favourable movement of £8k is reported for this portfolio. The favourable position is driven by

improved income within the Music Service as a result of a combination of fee income and grants received, alongside workforce underspends as services recruit up to full establishment. These underspends are being netted down by a pressure as a result of additional demands on the service in respect of school place planning for both mainstream and special provision, alongside additional costs falling on the General Fund as a result of levels of demand for Education, Health and Care Plans.

- g. **Health and Social Care** – A net pressure of £188k is reported, with a favourable movement of £30k from the position at Month 9. The headline variance relates to increased demand on social care, predominantly within Children’s & Young Peoples services, with the favourable movement being driven by revised recruitment assumptions, with minor improvement reported across a number of service areas within both Adult and Children’s Social Care.

Transformation

22. The Council is permitted to finance the costs associated with service transformation from Capital Receipts, with both one-off implementation costs and the support for service transformation, including the BID team, being funded from this resource. Current projections include an estimate of £3,367k for such costs and represents a decrease of £132k from the Month 9 position, which will remain under review throughout the year and have been excluded from the reported monitoring positions. It is anticipated that these costs will be financed from a combination of Capital Receipts and Earmarked Reserves. This position will be reviewed if capacity becomes available within the revenue position to fund such costs.

Progress on Savings

23. The savings requirement for 2021/22 is £8,054k. In addition, there are savings of £2,362k brought forward from 2020/21, which gives an overall total of £10,416k reported below. The savings being reported as undelivered in 2020/21 (£2,362k) were directly attributable to the COVID-19 pandemic as the Council needed to redirect resources to manage the pandemic. The savings were linked to Leisure, Licencing, Digital Strategy and Fees and Charges. This value has been added to the budgeted savings agreed as part of the 2021/22 budget.

Table 3: Savings Tracker

Cabinet Member Portfolio	Blue Banked £'000	Green Delivery in progress £'000	Amber I Early stages of delivery £'000	Amber II Potential problems in delivery £'000	Red Serious problems in delivery £'000	Total £'000
Property & Infrastructure	160	0	150	0	0	310
Finance	560	300	0	0	0	860
Public Safety and Transport	385	1,656	100	0	0	2,141
Corporate Services and Transformation	887	513	0	0	0	1,400
Environment, Housing & Regeneration	1,401	705	240	0	0	2,346

Families, Education and Wellbeing	250	109	364	986	0	1,709
Health and Social Care	250	1,250	150	0	0	1,650
Total 2021/22 Savings Programme	3,893	4,533	1,004	986	0	10,416
Month on Month Movement	37%	44%	10%	9%	0%	100%
	135	115	20	0	0	0
	1%	-1%	0%	0%	0%	

24. As of Month 10, there are £3,893k savings already banked, with a further £5,537k either delivery in progress or in the early stages of delivery which are expected to progress throughout the year and ultimately be delivered in full. The savings in the early stages of delivery (Amber I) include the Licencing and Digital Strategy from the prior year, as well as current year savings including the Green Spaces Review and Review of Children's Services, alongside other lower value savings. Since Month 9, £20k have been promoted from the early stages of delivery as implementation progresses.
25. Currently there are £986k (9%) of savings which are reporting potential problems in delivery (Amber II), which relates exclusively to the leisure management fee and reflects the particular impact of the COVID-19 pandemic on this sector, although in the medium term use of these services and associated income is expected to return to pre-pandemic levels and deliver this saving.
26. Where savings are at risk of not being delivered in full during 2021/22, the associated pressures have been factored into the monitoring position discussed above and offset through compensatory underspends or where appropriate use of COVID-19 grant funding. At this time, it is expected that all £10,416k will ultimately be delivered in full and therefore not adversely impact upon future iterations of the Council's MTF.

Corporate Operating Budgets

27. Corporate Operating budgets are reporting a £301k underspend on capital financing and funding, representing a favourable movement of £10k from Month 10. The underspend is driven by reduced capital financing costs arising from the favourable capital outturn position for 2020/21 and a minor improvement from a review of the Council's corporate subscriptions. The improvement in this area relates to a delay in the Council's borrowing requirement leading to a lower forecast spend on interest to year end. No variance is reported on Corporate Funding, with the majority of funding being in line with the approved budget in February 2021, with an increase in the Public Health Grant being redirected to fund an increase in Public Health spend.

Development & Risk Contingency

28. For 2021/22 £17,436k was set aside to manage uncertain elements of budgets within the Development & Risk Contingency, which included £16,613k in relation to specific risk items and £823k as General Contingency to manage unforeseen issues. Following Cabinet on 2 September, £13,291k of this funding was released into the Council's Service Operating Budgets on the basis that these values were no longer contingent, leaving £4,145k being held for specific risk items including the £823k of General Contingency. Exceptional COVID-

19 related pressures are being funded through specific grant funding and commented on later in this report.

29. At Month 10, a net underspend of £708k is reported on Development and Risk Contingency, representing an adverse movement of £59k on the previously reported position. An underspend is reported across the Waste Service as a result of favourable movements with market prices alongside an underspend across Homelessness driven by additional grant funding in this area, with these two areas delivering an underspend against contingency of £992k. Social Care is forecasting a net pressure of £284k, predominantly driven by a pressure within Asylum, offset by a favourable position within Children with Disabilities and a minor pressure from additional support for Adults. There are currently no calls on the £823k General Contingency, £600k is forecast to be carried forward through Earmarked Reserves, retaining £223k to manage any emerging risks in the final quarter of 2021/22.

Exceptional Items – COVID-19 Pressures

Table 4: COVID-19 Pressure Breakdown

Service	Month 10		Variance (As at Month 10) £'000	Variance (As at Month 9) £'000	Movement from Month 9 £'000
	Approved Budget	Forecast Outturn			
	£'000	£'000			
Social Care	0	11,045	11,045	10,809	236
Other Expenditure	0	4,251	4,251	4,293	(42)
Income	0	3,932	3,932	3,906	26
Total Exceptional Items	0	19,227	19,227	19,008	219

30. There has been a minor movement in the headline COVID-19 pressure at Month 9, with total costs of £19,227k for the 2021/22 financial year representing a £219k adverse movement from the position at Month 9. Social Care functions continues to represent the largest single area of cost pressures at £11,045k, with income losses and other expenditure pressures accounting for the remainder of this sum.
- a. Social Care functions are forecasting a pressure of £11m, driven by £10.2m of pressures associated with direct care provision, with £5.7m of this value falling on Adult Social Care and £4.5m falling in Children's Social Care, with the movement reported at Month 9 relating to demand for Children's Social Care. In addition, home to school transport pressures total £0.6m, alongside workforce pressures associated with the additional demand across all services and the Council's COVID-19 response, account for the remaining pressure in this area.
 - b. Other expenditure pressures of £4.3m are driven by £1.1m of cost pressures associated with additional demand for the SEND service and home to school transport, £1m of support being provided to leisure services within the borough, £0.4m in delays within the saving programme caused by the pandemic, £0.6m for additional administrative support within the revenues and benefits function and £0.3m for additional pressures within the Council's waste services, with the remaining balance of £0.9m being smaller immaterial values spread across multiple service areas.

- c. Income pressures totalling £4m are being reported, with £3m of this value relating to Fees & Charges, £2m of which relates to parking charges, £0.5m is driven by a reduction in demand for Planning & Development functions and a further £0.2m in relation to sports and recreational activities offered by the Council, with the remaining £0.3m being spread over several income streams. A further £1m of pressure is reported across the Council's commercial activities (£0.6m) and penalty income (£0.4m).
31. Included within this position is a forecast assumption that the overall pressure caused by COVID-19 will be funded through a combination of grant funding and locally set aside reserves. The Council has confirmed external funding of £23,327k, with an additional £10,216k of the Council's own balances having been earmarked to supplement these funds. Taking account of the £19,227k pressures outlined above, and the £8,282k of planned releases from this funding to manage COVID-19 driven Collection Fund deficits, this leaves £11,904k at year end and available to fund the planned release approved at February 2022 Cabinet and Council, leaving headroom of £3,646k to meet any emerging or ongoing pressures.

Collection Fund

32. A deficit of £531k is reported within the Collection Fund relating to an adverse position reported within Council Tax of £1,439k, offset by a favourable position within Business Rates of £908k. The pressure in Council Tax is predominantly driven by a reduction in the forecast growth of the taxbase, compounded by an adverse position within Council Tax Support as the economy recovers from the pandemic at a slower rate than originally budgeted for in February 2021. This represents a favourable movement of £2k from the position reported at Month 9 following the regular review of taxbase growth and Council Tax Support, with these two elements having an in-year impact but expected to recover over the medium term.
33. Any deficits within the Collection Fund impact on the Council's future year budgets, with the position reported up to Month 9 impacting on the 2022/23 saving requirement and any further updates between Month 10 and outturn impacting on 2023/24. This position therefore added £533k to the Council's gross saving requirement reported to Cabinet and Council in February 2022, with the remaining £2k favourable not forecast to impact the Council's position until 2023/24.

General Fund Capital Programme

34. As at Month 10 an underspend of £27,729k is reported on the 2021/22 General Fund Capital Programme of £76,612k, due mainly to re-phasing of project expenditure into future years. The forecast outturn variance over the life of the 2021/22 to 2025/26 programme is an underspend of £8,914k. General Fund Capital Receipts of £786k are forecast for 2021/22 after financing transformation costs, and are £1,750k below the budgeted income target of £57,977 for the five years to 2025/26. Overall, Prudential Borrowing required to support the 2021/22 to 2025/26 capital programmes is forecast to be below budget by £4,537k.

Capital Programme Overview

35. Table 5 below sets out the latest forecast outturn on General Fund capital projects. Forecasts for future years include capital projects and programmes of work approved by Cabinet and Council in February 2021.

Table 5: General Fund Capital Programme Summary

	Approved Budget 2021/22	Forecast 2021/22	Cost Variance 2021/22	Project Re-phasing 2021/22	Total Project Budget 2021-2026	Total Project Forecast 2021-2026	Total Project Variance 2021-2026	Move-ment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cabinet Member Portfolio								
Finance	3,821	3,852	-	31	7,238	7,238	-	-
Public Safety and Transport	16,871	12,804	(2,580)	(1,487)	56,432	53,852	(2,580)	(106)
Corporate Services & Transformation	1,774	1,350	-	(424)	5,574	5,574	-	-
Environment, Housing & Regeneration	4,541	2,988	(49)	(1,504)	11,009	10,960	(49)	(3)
Families, Education and Wellbeing	11,383	10,356	-	(1,027)	21,249	21,249	-	-
Health and Social Care	2,359	2,248	(111)	-	11,795	11,684	(111)	50
Property and Infrastructure	34,904	14,326	(1,867)	(18,711)	181,847	175,673	(6,174)	(495)
General Contingency	959	959	-	-	5,015	5,015	-	-
Total Capital Programme	76,612	48,883	(4,607)	(23,122)	300,159	291,245	(8,914)	(554)
Major Projects								
Major Projects	31,396	17,193	(744)	(13,459)	161,461	156,410	(5,051)	-
Programme of Works	44,257	30,731	(3,863)	(9,663)	133,683	129,820	(3,863)	(554)
General Contingency	959	959	-	-	5,015	5,015	-	-
Total Capital Programme	76,612	48,883	(4,607)	(23,122)	300,159	291,245	(8,914)	(554)
Movement	318	(6,261)	(554)	(6,025)	318	(236)	(554)	

36. **Finance:** Forecast expenditure of £3,852k in 2021/22 relates to the replacement of fleet vehicles for which a number of orders have been placed and are expected to be received prior to the end of the financial year.
37. **Public Safety and Transport:** An under recovery of £2,474k is forecast on Transport for London (TFL) grant funding, as the 2021/22 LIP funding award for the year is significantly lower than bid for and original budget assumptions. TFL funding remains significantly affected by reduced travel due to the pandemic with increased home working.

38. **Environment, Housing and Regeneration:** An under spend of £27k is forecast on private sector renewal grants based on expected demand for the year. An under spend of £22k is also reported on green spaces Section 106 projects.
39. **Families, Education and Wellbeing:** Forecast expenditure for the year includes the budgeted £6m payment to the Department for Education as contribution to the rebuild and expansion of Harlington School which has been paid. The installation of modular classrooms at Hedgewood school to increase special provision were completed in November 2021. Consultants are in the process of being appointed to progress design work to permanently replace temporary classrooms at Meadow with a new classroom block to provide 90 places, consisting of the permanent re-provision of 82 existing places and 8 additional places.
40. **Health and Social Care:** An under spend of £111k is forecast on the capitalisation of social care equipment budget of £2,359k, a movement of £50k due to an increase in the forecast. This budget is financed by disabled facilities grant.
41. **Property and Infrastructure:** A forecast over spend of £490k is reported on the works to extend the Uxbridge mortuary which are in progress. Additional cost items have been uncovered on site including deeper works required on the foundations.
42. There is a forecast over spend of £41k on the Yiewsley/West Drayton community centre project based on the draft final account which remains under negotiation with the contractor.
43. Disabled Facilities Grants are forecast to under spend by £414k based on expected demand for the year.
44. As Cabinet have previously agreed to no longer proceed with the land transfer of the former cinema building site at St Andrew's Park, the 2021-26 New Museum construction budget of £5,582k is reported as under spend.
45. Under spends on completed schemes amounting to £139k are forecast within the corporate buildings programmes (Property Works and Civic Centre Works), a favourable net movement of £14k.
46. The Schools pollution screening programme is forecast to be under spent by £216k based on commitments for the year with future phases able to be funded from future year budget allocations. This is a movement of £127k.
47. An under spend of £350k is forecast on the Sports Clubs refurbishment budget which is not expected to be committed this year.

Capital Financing - General Fund

Table 6: Capital Financing

	Approved Budget 2021/22 £'000	Forecast 2021/22 £'000	Cost Variance £'000	Phasing Variance £'000	Total Financing Budget 2021-2026 £'000	Total Financing Forecast 2021-2026 £'000	Total Variance £'000	Move-ment
Source of Finance								
Capital Receipts	7,400	786	(1,425)	(5,189)	57,977	56,227	(1,750)	(20)
CIL	3,500	6,500		3,000	17,500	17,500	-	-
Prudential Borrowing	40,935	29,884	695	(11,746)	131,018	126,481	(4,537)	(348)
Total Council Resources	51,835	37,170	(730)	(13,935)	206,495	200,208	(6,287)	(368)
Grants & Contributions	24,777	11,713	(3,877)	(9,187)	93,664	91,037	(2,627)	(186)
Capital Programme	76,612	48,883	(4,607)	(23,122)	300,159	291,245	(8,914)	(554)
Movement	318	(6,261)	(554)	(6,025)	318	(236)	(554)	

48. Capital receipts before transformation financing in 2021/22 as at end January 2022 include £1,359k in sales already achieved, with a further two more sites having received offers totalling £799k via auction in February, to give a combined increase of £312k on budgeted income targets. The reduction of £1,750k over the life of the programme is partly to do with £1,250k income for the theatre and museum site at St Andrews Park, which will now be received as Section 106 contributions and additional transformation financing costs of £500k, a movement of £20k.
49. As at the end of December 2021, a total of £6,035k Community Infrastructure Levy receipts have been achieved. Forecast receipts for this financial year are a favourable variance of £3,000k as developer activity has increased with the pandemic receding, and several sizable developments have commenced in 2021/22. The longer-term forecast for this income stream will remain under review as the economy recovers from the pandemic.
50. Forecast grants and contributions are £2,627k lower than the revised budget, due partly to the forecast under recovery of the 2021/22 TFL LIP grant compared to the original budget, which was based on pre-pandemic funding levels, and the under spend on private sector disabled facilities grants. The movement of £186k largely relates to the under spend on pollution screening which is budgeted to be financed from Public Health grant.
51. Prudential Borrowing is forecasting to be within budget by £4,537k over the life of the five-year programme due mainly to net cost under spends including the New Museum project.

Schools Budget

52. The Dedicated Schools Grant (DSG) monitoring position is an in-year overspend of £12,657k at month 10, this is an increase of £5,329k on the budgeted deficit of £7,328k. This overspend is due to ongoing pressures in the cost of High Needs placements, where due to a lack of capacity in borough, the number of independent placements has increased since the budget was set. In addition, the local authority is increasingly seeing an uplift in the funding allocated to SEN placements due to a change in the level of need. The budget for High Needs was increased for 2021/22 to take account of projected growth, but it is projected that the budget will be significantly exceeded. When the £25,386k deficit brought forward from 2020/21 is taken into account, the cumulative deficit carry forward to 2022/23 is £38,043k.

Table 9: DSG Income and Expenditure 2021/22

Funding Block	Month 10		Variance		
	Revised Budget	Forecast Outturn	Variance (As at Month 10)	Variance (As at Month 9)	Change from Month 9
	£'000	£'000	£'000	£'000	£'000
Dedicated Schools Grant Income	(313,356)	(313,356)	0	0	0
Schools Block	247,506	247,659	153	153	0
Early Years Block	22,222	22,222	0	0	0
Central Schools Services Block	3,296	3,296	0	0	0
High Needs Block	47,660	52,836	5,176	5,176	0
Total Funding Blocks	7,328	12,657	5,329	5,329	0
Balance Brought Forward 1 April 2021	25,386	25,386			
Balance Carried Forward 31 March 2022	32,714	38,043			

Dedicated Schools Grant Income (nil variance, no change)

53. The Early Years block has now been adjusted to reflect actual numbers that were accessing the free entitlement in the Spring, Summer, and Autumn 2021 terms. This has resulted in a significant reduction in Early Years funding as anticipated. Given the reduction in children accessing the free entitlement it is currently projected that this funding adjustment will be covered by the reduction in payments to providers. A further adjustment will be calculated by using the January 2022 census count.
54. There has been an adjustment to the Schools Block to reflect the amount recouped by the Education Skills Funding Agency (ESFA) to fund academy schools directly. This follows the academy conversion of two schools in Hillingdon on 1st September 2021.

Schools Block (£153k overspend, no change)

55. The Schools Block includes all funding paid directly to mainstream schools as part of their delegated budget share, including the funding recouped by the ESFA and paid to mainstream academies.

56. There is also a growth contingency fund which is funded from the Schools Block. Schools that are expanding, in agreement with the local authority, to meet basic need pupil population growth, receive additional funding to provide financial recompense throughout the relevant financial year to cover the cost of this agreed and planned growth.
57. Schools Forum took the decision to withhold growth contingency allocations for two schools due to insufficient projected pupil growth in September 2022 and therefore there will be an underspend relating to this allocation. Additionally, Schools Forum have agreed to backdate growth contingency to 2018/19 for one secondary school which it has been retrospectively decided met the criteria for funding. This has resulted in the overspend on the Schools block in 2021/22 which, because the Schools Block is ring-fenced, will need to be carried forward to the following financial year and included in the Growth Fund determination for 2022/23.
58. The growth contingency policy was amended prior to 2020/21 in order address the growth in secondary pupils. Schools will be funded for any Year 7 pupils which are above the Published Admission Number (PAN). £525k was set aside for this purpose, with the actual funding requirement considerably lower, which has off-set the overall overspend on the Schools block.
59. The growth contingency also funds diseconomies of scale funding for new basic need academy schools and a calculation method has now been determined for this for the two remaining years that the final basic need school is still growing. An amendment to the Growth Contingency Policy has been drafted to reflect this change.

Early Years Block (no variance, no change)

60. Two-year-old funding has been adjusted to reflect the number of children accessing the entitlement based on each termly census. There will be a further adjustment in relation to the Spring 2022 term.
61. The 3 and 4-year-old funding for both the universal and the additional free entitlement has now been adjusted following verification of the actual numbers recorded in each termly census. These adjustments have resulted in a significant reduction in the overall Early Years block funding allocation as the number of children accessing the additional free entitlement has decreased significantly over the past year. There will be a further adjustment to Early Years funding for the Spring 2022 term.

Central School Services Block (no variance, no change)

62. The published DSG budget allocations confirmed a 20% decrease in the Central School Services Block provided for historic commitments. This resulted in a £265k reduction in funding, though this was partly off-set by £51k of additional funding for pupil growth. This reduction in funding resulted in a budget shortfall for the services funded by the Central School Services block adding to the pressure which has led to an overall deficit DSG being agreed for 2021/22.

High Needs Block (£5,176k overspend, no change)

63. There continues to be significant pressure in the High Needs Block in 2021/22, with an overspend of £5,176k being projected at month 10. The growth in the requirement to place pupils with an EHCP in independent placements due to a continuing lack of capacity in-borough and across other local authority provision continues. There is an expectation that this will become the only route that the Council will be able to take until more provision is created locally. Much of the overspend being projected is a result of additional placements already made for September 2021, along with an anticipated further increase in the number of placements throughout the remainder of the year. Whilst an element of growth in placements has been built into the projection, there may be further pressure dependent on where future placements are made.
64. There is further pressure being added to the High Needs block because of an uplift in the funding allocated to SEN placements due to a change in the level of need. The local authority is regularly seeing an increase in the complexity of need at the point of annual review which is resulting in agreement to increase the top-up funding allocation to ensure needs are being adequately met. This is contributing to the overspend being projected and there may be additional pressure in relation to this as and when further annual reviews are completed.
65. There are in-borough special schools which are currently over their commissioned place number with a requirement on the local authority to allocate more funding for these additional places. The commissioned numbers were updated at the start of the financial year, however due to changes not taking place until the start of the next academic year for academy schools, along with schools agreeing to take further additional pupils there will be a requirement to fund places over commissioned numbers.
66. The Council has now secured a Safety Valve agreement with the DfE which secures government support for the delivery of the Council's DSG Recovery Programme and financial support towards the elimination of the cumulative deficit. The associated recommendation and supporting information is included in Part B of this Cabinet report.

Housing Revenue Account

67. The Housing Revenue Account (HRA) is currently forecasting a favourable variance of £142k compared to the budget and a minor favourable movement of £9k on Month 9. This excludes the potential cost pressures of Covid-19, which are estimated at £100k. The 2021/22 closing HRA General Balance is forecast to be £15,343k. The use of reserves is funding investment in new housing stock. The table below presents key variances by service area.

Table 8: Housing Revenue Account

Service	Month 10		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 10)	Variance (As at Month 9)	Movement from Month 9
	£'000	£'000	£'000	£'000	£'000
Rent Income	(58,944)	(58,730)	214	214	0
Other Income	(5,528)	(5,424)	104	104	0
Net Income	(64,472)	(64,154)	318	318	0
Housing Management	15,185	15,636	451	451	0
Tenant Services	3,953	3,830	(123)	(114)	(9)
Repairs	5,654	6,559	905	905	0
Planned Maintenance	4,014	2,739	(1,275)	(1,275)	0
Capital Programme Funding	19,021	18,421	(600)	(600)	0
Interest & Investment Income	15,385	15,385	0	0	0
Development & Risk	1,260	1,442	182	182	0
Contingency					
Operating Costs	64,472	64,012	(460)	(451)	(9)
(Surplus) / Deficit	0	(142)	(142)	(133)	(9)
General Balance 01/04/2021	(15,201)	(15,201)	0	0	0
General Balance 31/03/2022	(15,201)	(15,343)	(142)	(133)	(9)

68. As at Month 10, the rental income is forecast to under-recover by £214k and the other income is forecast to under-recover by £104k, a nil movement on Month 9.

69. The number of RTB applications received in the first ten months of 2021/22 was 141 compared to 144 for the same period in 2020/21. There has been 40 RTB completions in the first ten months of 2021/22 compared to 22 for the same period in 2020/21. The RTB sales forecast is 50, which is the same as the budget.

70. The housing management service is forecast to overspend by £451k as at Month 10, nil movement on Month 9.

71. Tenant services is forecast to underspend by £123k, a favourable movement of £9k on Month 7 relating to delays in recruiting staff.

72. The repairs and planned maintenance budget totals £9,668k and as at Month 10 it is forecast to underspend by £370k, nil movement on Month 9. The repairs and planned maintenance budgets continue to be monitored especially due to the pressures on demand, volume of repairs, inflation in the marketplace, disrepair and contractor labour shortages.
73. As at Month 10 the capital programme funding is forecasting a favourable variance of £600k, nil movement on Month 9.
74. The interest and investment income is forecast to break even.
75. The development and risk contingency budgets are forecast to overspend by a net £182k, nil movement on Month 9. The forecast takes into account underspends on the housing regeneration revenue costs of £573k after costs have been capitalised. The forecast also includes one-off expenditure totalling £755k for the revenue costs associated with the Packet Boat House development.

COVID-19 cost pressures on the HRA

76. COVID-19 pressures have not been included in the Month 10 forecast position for HRA revenue and total £100k. The pressures include £100k for bad debt provision. The final bad debt provision is dependent on the tenants' and leaseholders' arrears position as at 31 March 2022.

HRA Capital Expenditure

77. The HRA capital programme is set out in the table below. The 2021/22 revised budget is £71,853k and forecast expenditure is £41,452k with a net variance of £30,401k of which £29,090k is due to re-phasing and £1,311k due to cost underspends.

Table 9: HRA Capital Expenditure

	Approved Budget 2021/22	Forecast 2021/22	Cost Variance 2021/22	Project Re-Phasing 2021/22	Total Project Budget 2021-26	Total Project Forecast 2021-26	Total Project Variance 2021-26	Movement 2021-26
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cabinet Member Portfolio								
Property and Infrastructure	71,853	41,452	(1,311)	(29,090)	234,631	233,320	(1,311)	13
Total HRA Capital Programme	71,853	41,452	(1,311)	(29,090)	234,631	233,320	(1,311)	13

78. The 5x3 bedroom shared ownership development at Moorfield Road, Cowley is in progress and expected to be complete in August 2022. An overspend of £150k is forecast due to additional work requirements arising including utilities, the diversion of a sewer pipe and decontamination. This is a marginally adverse movement of £13k from last month.

79. Works continue at the former garage site on Nelson Road to provide 6 affordable housing units with construction expected to be complete in July 2022. There have been cost increases of £100k during the project.
80. Overall Major Projects remain £738k net under spent with favourable variances reported on final accounts for completed schemes at Acol Crescent, Willow Tree and Parkview developments totalling £1,049k. These under spends can support anticipated cost increases on the Maple and Poplar redevelopment project that has been undergoing re-tender.
81. A pilot scheme for extending existing housing stock from 3 to 4 bed properties for six properties will commence shortly following recent approval of contractors with expenditure largely falling next financial year.
82. The Rough Sleepers Accommodation Programme aims to acquire one-bedroom properties to provide move on accommodation for rough sleepers. Four properties amounting to £813k are forecast to be purchased this financial year and several other properties have been identified for making offers.
83. Bids for a developer partner for the Hayes estates regeneration programme have been received and are under consideration with appointment of a partner planned in March. Negotiations are taking place with several registered providers for the bulk purchase of properties with one exchange expected to complete during February. The 2021/22 forecast has reduced by £4,200k as the buy-back programme will continue into next financial year.
84. The Works to Stock programme 2021/22 is in various stages of progress with electrical fire safety works accelerated into this year. Works are ongoing across the housing estate under numerous workstreams.
85. Reoccupancies have commenced at Packet Boat House following the completion of remedial works. The final account has been received from the contractor which is higher than the contract sum and is yet to be agreed, although indications are that this will involve a material sum. Re-opening areas has uncovered further issues and work has been required on internal walls and steel structure. Legal proceedings with the original vendor of Packet Boat House will be pursued shortly to recover total costs including revenue impacts.
86. Phase 1 of the Green Homes Grant Local Authority Delivery scheme to provide energy efficiency upgrades to low-income homes is complete. A wide number of measures have been implemented across numerous homes within tight timescales, and the remaining unspent grant of £1,673k was returned to the Department for Business, Energy and Industrial Strategy in October 2021. The Council has successfully applied for further energy efficiency funding of £1,581k under the Social Housing Decarbonisation Fund for implementation in 2022/23.

Treasury Management Update as at 31 January 2022

Table 10: Outstanding Deposits

Period	Actual (£m)	Actual (%)	Benchmark (%)
Call Accounts and MMF's*	48.9	57.39	70.00
Up to 1 Month Fixed-Term Deposits	21.3	25.00	
Total	70.2	82.39	70.00
Strategic Pooled Funds	15.0	17.61	30.00
Total	85.2	100.00	100.00

*Money Market Funds

87. Deposits are held with UK institutions, all of which hold a minimum A- Fitch (or lowest equivalent) long-term credit rating and AAA rated Money Market funds. UK deposits are currently held in NatWest Bank plc, Santander UK plc, Handelsbanken plc and the DMADF. There is also an allocation to Strategic Pooled Funds.
88. The average rate of return on day-to-day operational treasury balances is 0.02%. As part of the Council's investment strategy for 21/22, the Council continues to hold a total of £15m in three long-dated strategic pooled funds (£5m in each). The strategic pooled funds have a 3-5 year investment horizon with dividends being distributed periodically. When including projected dividend income on these strategic pooled funds, based on averages received during 21/22, the overall rate of return increases to 0.52%
89. The Council aims to minimise its exposure to bail-in risk by utilising bail-in exempt instruments and institutions whenever possible. However, due to the significant amount held in instant access facilities, which is needed to manage daily cashflow, it is not possible to fully protect Council funds from bail-in risk. At the end of January, 70% of the Council's day-to-day operational treasury investments had exposure to bail-in risk compared to a December benchmark average of 66% in the Local Authority sector (latest benchmark provided quarterly by the Council's treasury advisors Arlingclose). The Council's exposure reduces to 0% once instant access facilities are excluded from the total bail-in percentage.
90. Liquidity was maintained throughout January by placing surplus funds in instant access accounts and making short-term deposits in the DMADF. Cash-flow was managed by ensuring deposit maturities with the DMADF were matched to outflows and where required, funds were withdrawn from instant access facilities.

Table 11: Outstanding Debt - Average Interest Rate on Debt: 3.12%
Average Interest Rate on Temporary Borrowing: 0.42%

	Actual (£m)	Actual (%)
General Fund		
PWLB	62.77	18.79
Long-Term Market	15.00	4.49
Temporary	90.00	26.94
HRA		
PWLB	133.32	39.90
Long-Term Market	33.00	9.88
Total	334.09	100.00

91. There were no scheduled debt repayments during January. Gilt yields moved up gradually during the month. With the Council's long-term borrowing need and with restrictive premiums, early repayment of debt remains unfeasible.
92. There were no breaches of the Prudential Indicators or non-compliance with the Treasury Management Policy and Practices.
93. To maintain liquidity for day-to-day business operations during February, cash balances will be placed in instant access accounts and short-term deposits. In addition, Hillingdon will receive £10m of forward dated temporary borrowing. This borrowing had been arranged prior to the payment of DLUCH Section 31 grant being delayed until the end of March 2022.

PART B: FINANCIAL RECOMMENDATIONS

2. That the Cabinet:

- a. Approves the Council's COVID-19 Additional Relief Fund scheme for passporting the Government's Business Rates support funding against Business Rates liabilities for 2021/22 as set out in Appendix B.
- b. Approves the creation of a new Earmarked Reserve to fund Jubilee Celebrations, transferring £160k from other reserves at the disposal of Members.
- c. Approve acceptance of gift funding in relation to a Planning Performance Agreement in accordance with the provisions of Section 93 of the Local Government Act 2003 for;
 - a. Prologis DC6 - £17,500
 - b. Nestle Canteen - £32,000
 - c. Lowdham Lodge - £60,000
 - d. Bulls Bridge - £20,000
 - e. Hyatt Hotel - £42,000
- d. Accept a grant award of £18k from Transport for London for cycle training.
- e. Accept the award of £1,581k grant funding from the Department for Business, Energy and Industrial Strategy in respect of the Social Housing Decarbonisation Fund (SHDF).
- f. Agree to a grant award to Ickenham Village Hall Associated Limited for building works on a match funding basis up to a maximum of £30k.
- g. Approve the acceptance of £10k grant funding from DEFRA in relation to Biodiversity Net Gain.
- h. Approve the transfer to the Council of £585,000 by North West London Clinical Commissioning Group (CCG) to support hospital discharge.
- i. Approve the transfer to the Council of £325,000 by North West London Clinical Commissioning Group (CCG) to support children and young people with mental health needs.
- j. Approve the transfer to the Council of £575,000 by Central and North West London NHS Foundation Trust (CNWL) to commission a mental health crisis house pilot.
- k. Ratify the agreement with the Department for Education relating to the Dedicated Schools Grant Safety Valve Agreement, which was signed under delegated authority by the Corporate Director of Finance, in consultation with the Leader of the Council, Cabinet Member for Finance and Cabinet Member for Families, Education & Wellbeing, as set out in Appendix A.

Reasons for recommendation

94. **Recommendation 2a** follows the Government announcement for a new discretionary relief scheme aimed at businesses impacted by the pandemic, that have not received Government support with their business rates liability, or through the Airport and Ground Operations Support Scheme run by the Department of Transport. Approving this recommendation will allow the Council to passport Hillingdon's allocation of the Government's £1.5bn funding to c2,500 Business Rates accounts.

95. Once approved the Council will apply reliefs to accounts throughout April and re-issue businesses with revised bills in May. With the level of relief varying on a sector-by-sector basis driven by the Government's assessment of economic impact from the pandemic, the Council will then open up invitations for businesses to review their sector in which they have been classified and provide evidence to support a change of sector, with this process set to run for a six-week period after the revised bills are issued. Once this process is concluded, the Council will update reliefs with any changes in June and issue final bills in July 2022. Further details are included in Appendix B.
96. **Recommendation 2b** provides a new Earmarked Reserve fund for Her Majesty The Queen's Platinum Jubilee celebrations in June.
97. **Recommendation 2c** Gift funding has been offered by developers which if accepted by Cabinet will be utilised to fund dedicated staff to support this pre-application and application work. **Recommendation 2c** seeks authority from Cabinet to approve the acceptance of £171,500k in relation to four major developments.
- a. Prologis DC6 - £17,500
 - b. Nestle Canteen - £32,000
 - c. Lowdham Lodge - £60,000
 - d. Bulls Bridge - £20,000
 - e. Hyatt Hotel - £42,000
98. **Recommendation 2d** Transport for London (TfL) have awarded a further £18k for cycle training delivery up to 31st March 2022, bringing the annual allocation to a total of £78k for Bikeability Cycle Skills and Borough Cycle Training.
99. **Recommendation 2e** The Council has been successful in a bid for Social Housing Decarbonisation Fund Wave 1 funding and has been awarded £1,581k to implement energy efficiency and heating measures to improve the energy performance of the social housing stock, with works expected to be delivered by March 2023.
100. **Recommendation 2f** Following a request for funding by the Ickenham Village Hall Association Limited, the Council agrees to provide a grant to match fund up to £30k for building works required to ensure the future of this community asset and support the positive impact the association has on the local area.
101. **Recommendation 2g** is to accept the DEFRA grant of £10k for Biodiversity Net Gain. This funding will allow for policy and guidance work to be undertaken ahead of the introduction of mandatory Biodiversity Net Gain in 2023. The Environment Act 2021 includes provisions that make the achievement of 10% biodiversity gain mandatory for developments under the Town and Country Planning Act 1990.
102. **Recommendation 2h** accepts funding of £585k from the North West London CCG to allow the Council to lead on supporting an approach to hospital discharge for the eight local authorities within the North West London CCG boundary that will aim to support local residents whilst also improving the management of financial pressures, with £250k being

spent to support Hillingdon residents and the remaining £335k to be distributed to the seven other boroughs.

103. **Recommendation 2i** accepts funding of £325k from the North West London CCG to support Children & Young People with Mental Health needs aimed at enhancing services currently on offer by the Council with a tried and tested delivery model increasing positive outcomes for children and families.
104. **Recommendation 2j** accepts funding of £575k from CNWL to commission a Mental Health Crisis House providing intensive, short-term support for people in a residential setting rather than in a hospital and forms part of Hillingdon's Adult Mental Health Transformation Delivery Plan.
105. On 17 February 2022, Cabinet authorised the Corporate Director of Finance in consultation with the Leader of the Council and Cabinet Members for Finance and Families, Education & Wellbeing to enter into a safety valve agreement with the Department for Education. Discussions have been successfully concluded and an agreement signed which secures government support for the delivery of the Council's DSG Recovery Programme and secures financial support towards elimination of the cumulative deficit on the Schools Budget with **recommendation 2k** seeking ratification of this decision through Cabinet.
106. It has not been necessary to amend the Council's 2022/23 Budget or Medium-Term Financial Forecast (MTFF) as a result of this agreement. The Council's financial contribution will be financed from new capital receipts meaning there will be no impact on the Council's General Fund balances or Earmarked Reserves. Further information on the agreement and its financial implications are outlined below in the Appendix A supporting information section below.

Alternative options considered / risk management

107. There are no other options proposed for consideration.

Appendix A - Supporting Information for Recommendation 2k - Dedicated Schools Grant Safety Valve Agreement

107. The 2014 Children's & Families Act expanded the scope of SEND provision, including an extension of the upper age limit for local authority funded support from 18 to 25, which has driven marked increases in demand across the country. This change has manifested itself locally in a 90% increase in numbers of Education Health and Care Plans (EHCPs) between 2014/15 and 2020/21.
108. Funding routed through the Dedicated Schools Grant has not kept pace with the resulting expansion of provision for SEND pupils financed through the High Needs Block, which has translated into a projected in-year deficit of £12,657k for 2021/22 and a cumulative deficit of £38,043k on the ringfenced Schools Budget. Given the statutory ringfence around this activity, this cumulative deficit does not directly impact upon the Council's wider financial position.
109. As previously reported to Cabinet, the Council has been in discussions with the Department of Education (DfE) since October 2021 on a safety valve agreement to support local initiatives to eliminate the deficit by no later than 2025/26. These discussions resulted in an agreement between the Council and DfE, which secures DfE funding towards clearing the cumulative deficit and creates access to significant additional capital funding for the delivery of additional in-borough school places.
110. The agreement documents the Council's DSG Recovery Plan Programme, which was already in development and starting to be implemented prior to the Safety Valve discussions commencing. It has been developed around an expansion of in-borough SEND school places and investment in early intervention measures, such as supporting mainstream schools to enable greater inclusion and targeted intervention for children aged 0-5. This programme is set within a Council wide workstream that will create a robust and resilient infrastructure for Education/SEND and transform the operating model based on a "One Council approach to Education". While implementation of some measures had been impacted and delayed by the pandemic, the Council is now well placed to proceed at pace as the acute impact of COVID-19 recedes.
111. Delivery of the strategic goals of the Recovery Plan will be ensured by a robust governance structure, incorporating regular reporting to key stakeholders and framed around four key objectives:
- a. Improving mainstream inclusion and reducing EHCPs,
 - b. Reducing placement costs,
 - c. Embedding financial sustainability; and,
 - d. Embedding a new strategy and operating model.

Financial Implications:

112. This agreement will deliver the elimination of the cumulative deficit of the Dedicated Schools Grant which is projected at a peak of £44.9 million and will provide the Council with access

to funding for its related capital programme, including free school provision through the DfE, which is currently estimated at £50 million. Thus, a combined project cost of c. £94.9 million.

113. The DfE has committed to contributing £25.0m towards the legacy deficit over the five years to 2025/26 with additional capital funding secured as described in paragraph 117 below. The DfE contributions are heavily front loaded, with £11m of the £25m being paid before the end of the current financial year and the remainder spread evenly over the following four financial years.
114. The Council will make an initial contribution of £4.0m funded from reversal of historic voluntary overpayments of Minimum Revenue Provision (MRP) in 2021/22 followed by £16.0m of capital receipts from the proceeds of asset sales in the 4 years from 2022/23 to 2025/26. In order to apply capital receipts for this purpose, the Council will be granted a capitalisation direction by the Department of Levelling Up, Housing and Communities for up to £16.0m over the period 2022/23 to 2025/26.
115. Capital receipts are to be secured from planned rationalisation of the corporate estate over and above that already incorporated into the MTFE and will therefore not adversely impact the Council's need to borrow or associated future borrowing costs. Similarly, the reversal of MRP overpayments will not adversely impact upon the Council's reserve levels or ongoing revenue account, and therefore no changes to the Council's Budget Strategy are required.
116. In addition to support in clearing the historic deficit, the agreement also provides £465k grant funding from the DfE in both 2022/23 and 2023/24 to match fund the Council's investment of additional capacity into Education and SEND functions – securing a further 18 FTE staffing to implement the ambitious programme of activity. As this represents pump priming for a substantial cashable saving, the Council's share of these costs will be financed through earmarked transformation funding or capitalisation.
117. Finally, the agreement reflects the recently approved capital programme which seeks to deliver additional SEN places through a combination of Council-led projects and DfE investment in academy and free school provision over the next 5 years. An element of this funding will come via the increased formula funding being put into local government for SEN places as part of the Spending Review, but the Council will also have priority access to significant top up capital funding as a Safety Valve authority. The formula funding for 2022/23 and 2023/24 is expected to be announced by the end of March 22 and a bid to secure the first year of this top up funding has already been prepared and submitted to the DfE.

Appendix B – COVID-19 Additional Relief Fund (recommendation 2a)

Background

118. The COVID-19 pandemic has led to significant financial impacts on local and national businesses and as such, as part of the Business Rates system, many sought reductions in the Valuation Office Agency's (VOA) assessment of the Rateable Value of their business. In doing so, organisations lodged requests for a review via the 'Check, Challenge, Appeal' (CCA) process, claiming that there had been a Material Change in Circumstance (MCC) that was impacting on the value of their commercial property.
119. The Government took the decision to outlaw such requests and created the 'Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Bill', which included regulations that blocked all MCC review requests back to the beginning of the pandemic, where these requests were deemed to be linked to COVID-19, the bill received Royal Assent on 15 December 2021.
120. Prior to the Bill receiving Royal Assent, the Government announced they would make funding available to support businesses with their Business Rates liability where they had not received any pandemic related support from the Government for their liability, namely via Retail, Hospitality and Leisure Relief, which later became the Extended Retail Discount for 2021/22. As such, the Government announced a funding pot of £1.5bn would be made available for this support, this compares to £15bn provided to Retail, Hospitality and Leisure in 2020/21 and 2021/22.
121. Following the Bill receiving Royal Assent, the Government announced that the support will be in the form of a Business Rates Relief known as the COVID-19 Additional Relief Fund (CARF). At this time the Government circulated guidance to Local Authorities which set out the fundamental principles of the relief, i.e.:
- a. That the relief will be available to all businesses that had not received pandemic specific Government support for Business Rates liabilities.
 - b. That organisations that had received COVID-19 related support from the Department of Transport through the Airport and Ground Operations Support Scheme (AGOSS) scheme would similarly be out of scope.
 - c. That the award paid to Local Authorities would be based on the Government's assessment of the Gross Value Added (GVA) impacts of COVID-19 per sector as calculated by the Office of National Statistics (ONS). The GVA measures the economic output by sector, similar to Gross Domestic Product (GDP) and has been deemed by the Government as the best proxy to measure the financial impact of the pandemic on a sector.
 - d. Hereditaments will not be entitled to the award during any period that the property is empty, unless the property is empty due to Government COVID-19 restrictions being applied.

- e. The relief will be in the scope of Subsidy Control as set out by Government, with the emphasis on organisations to determine if the relief would cause them to breach these regulations.

122. Based on the above approach, the Government's calculation for the London Borough of Hillingdon's award is £12,633k, which the guidance states is the upper limit of the award. This means that should an authority exceed their allocation, the cost of which will go through the normal Business Rates retention calculation, any overspend of this amount will lead to Hillingdon being liable for 15% of the cost, with 37% being funded by the GLA and 48% by the Government.

Local Scheme

123. Following a review of the Council's rating list and consideration in the context of local knowledge, it is proposed that the Council awards CARF on the basis that follows the Government's GVA measurement per sector, applying the same percentage that the GVA data calculates for the hereditament as the core principle of award. To facilitate more timely release of funding, it is proposed that the Council auto-awards this scheme, rather than conducting an application process, this enables the Council to adhere to the Government guidelines whilst reducing the administrative burden of an application process for both the Council and local businesses.

124. However, it has been recognised that as the VOA data is unlikely to be 100% accurate in terms of the sector that each hereditament operates in, it is therefore proposed to run a process that allows businesses to request a review of the sector in which they are classified and propose an alternative. This will be conducted via an online form that will be made available to businesses following the issuing of revised bills with initial CARF allocations being granted.

125. It is proposed that this process is run for a six-week period after the revised bills are produced, meaning that after this period no further requests could be made, allowing the Council to review the evidence and agree or decline requests. To facilitate this, work is being carried out with the ICT department to create a platform that will allow for an electronic form to be distributed to local businesses for completion and submission to the Council, with a supporting electronic platform capturing returns. Once the review of evidence is finalised and outcomes are known, it is proposed that businesses that have successfully justified a transfer to an alternative sector are updated throughout June with revised reliefs, with a final billing run in July.

126. Alongside the request for the above review process, the Council will seek organisations to confirm they meet Subsidy Control guidelines and are therefore entitled to the relief on an exception basis. This will run to the same timetable as the VOA sector review process, also using an electronic form. Thus, any funds returned to the Council where the award exceeds subsidy control will be utilised to fund any changes in sector from businesses that apply via the above-mentioned process.

127. As the impact of these two processes will not be known until their conclusion, it is proposed that the Council auto-award 80% of the GVA reduction in the first instance and retain 20%

to fund any amendments required to specific accounts. Once this process is complete, the Council will then award the remaining balance to qualifying rate payers.

Local Amendments to the Award

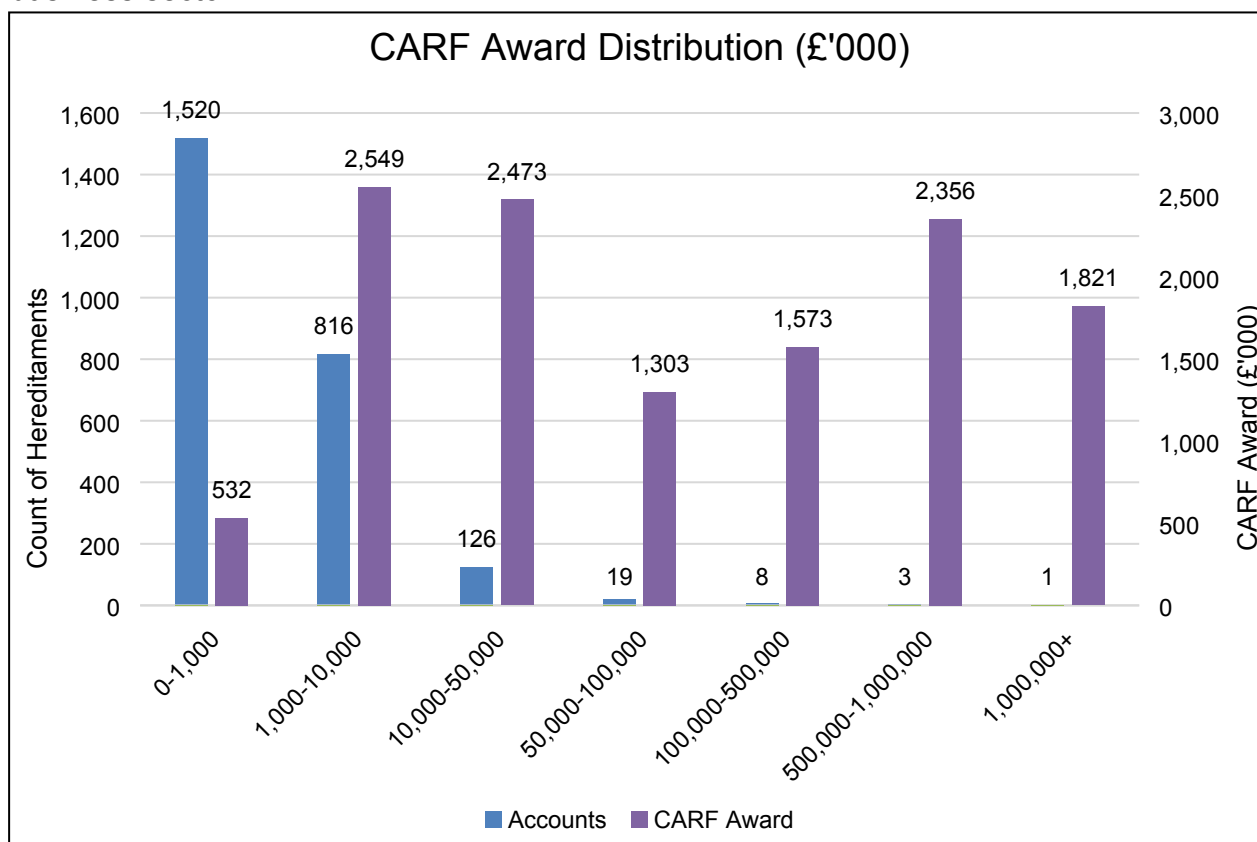
128. Following a review of the Council's rating list, it is proposed that the following amendments are made prior to the auto-award process being run:

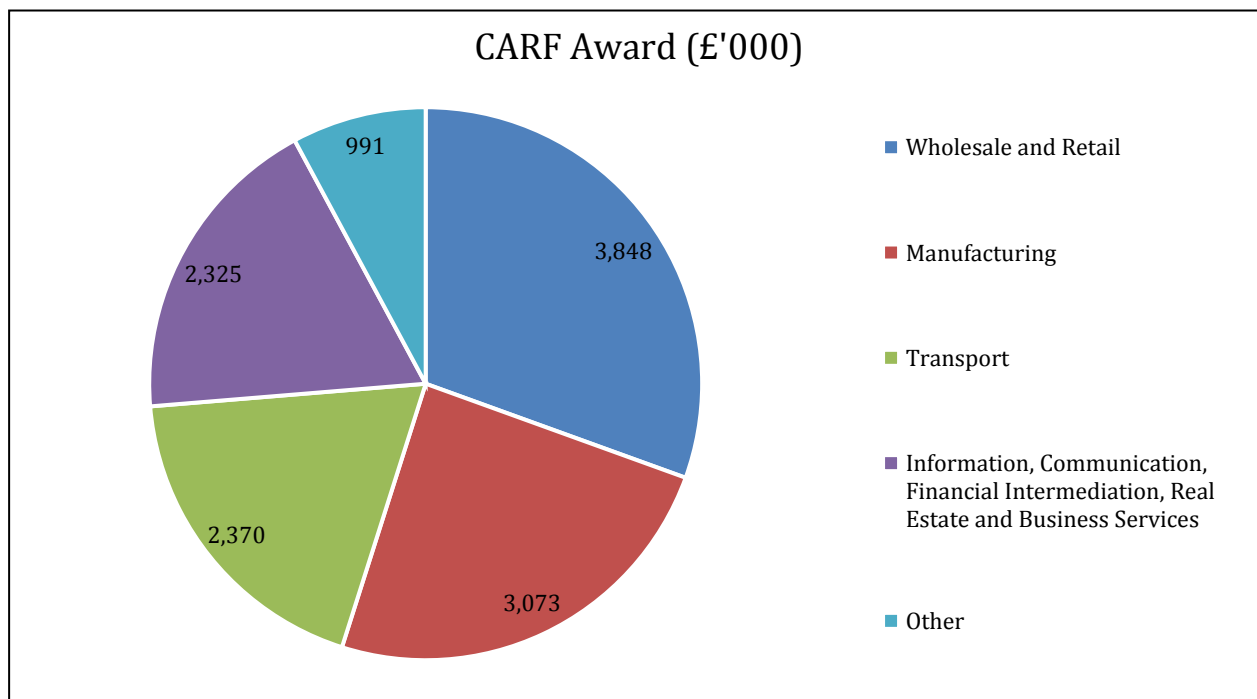
- a. Hereditaments that are not occupied by staff are removed from the process, this leads to the removal of Advertising Rights and Phone Kiosks on the basis that these hereditaments are largely unaffected by the pandemic, with these businesses receiving support for any offices that they may hold.
- b. Hospitals, NHS clinics, General Practitioner Surgeries and other medical related hereditaments are removed from the scheme on the grounds that it is anticipated that these organisations are supported by the NHS and/or Department of Health and Social Care.
- c. That colleges, further education and school hereditaments are removed from the scheme on the grounds that it is anticipated that these organisations are supported by the Department for Education.
- d. All hereditaments that are owned by other Government departments are out of scope as it is deemed that supporting such organisations is not in keeping with the scheme principles.
- e. Sectors with a GVA reduction of 1% or 2% are excluded on the basis that such an award is considered not have a financial impact on an organisations' financial standing at individual hereditament level. There are c470 hereditaments with a 1% GVA reduction with an average net liability of £25.4k per annum, meaning an average award of £254, with a further c75 hereditaments with a 2% GVA reduction and an average net liability of £13.6k, meaning an average award of £272. These values are therefore deemed immaterial to an organisations financial standing.
- f. Prior to undertaking the process where businesses review their sector, the Council has completed a desktop review and reassigned a number of businesses to a more relevant category, primarily on the basis of engagement with these businesses in the administration of grant schemes and other COVID-19 support.

129. Taking the above approach would see c2.5k hereditaments in scope for receiving an award out of a total 9k hereditaments in Hillingdon's rating list. The majority of the hereditaments that do not qualify for this scheme either received some form of Retail, Hospitality and Leisure Relief or they have no liability after other reliefs and discounts are applied, accounting for c4.5k hereditaments. A further c1k hereditaments are excluded as they are either empty or owned by the Council, with the Council unable to legally award itself a discretionary relief. That leaves c1k hereditaments where the GVA reduction is below 2% or the business has been excluded based on the local scheme principles. Please see table below for a full breakdown of this position:

Category	Accounts	Rateable Value (£'000)	Net Liability	Accounts with Arrears	MCC Appeal Lodged	CARF Award (£'000)
In Scope of CARF	2,493	256,876	131,083	687	68	(12,607)
Local Scheme Decisions						
Business Type Removed	511	9,312	4,143	18	6	0
LBH & Government Property	216	20,202	5,730	12	0	0
GVA <2%	562	32,854	13,966	105	20	0
Government Guidelines						
No Liability	2,684	39,812	0	1	23	0
Retail Relief	1,765	180,057	55,714	342	70	0
Empty	682	30,675	11,498	220	56	0
AGOSS	59	223,775	119,087	8	9	0
VGA Increase	22	7,609	4,024	3	1	0
Grand Total	8,994	801,171	345,244	1,396	253	(12,607)

130. This scheme allocates the vast majority of funding the Government has passported to the Council (99.8%), the remaining funds will support the sector review process. This scheme allocates £12,607k against businesses with a net liability of £131,083k and therefore offers an average relief of 9.6%, with the average award equating to £5k. The below charts set out the local scheme in banded amounts, presenting both the number of hereditaments and the total value of the award, alongside a pie chart showing the value of support going into each business sector.





Implementation

131. Following approval of the scheme, the approved reliefs will be awarded to qualifying accounts and will be updated throughout April. This timeline will allow businesses to be notified of their initial award in May, when it is proposed that a form will be released to allow businesses to request a review of their sector classification alongside a second form for businesses to advise that their relief breaches Subsidy Control rules and therefore needs to be removed. It is recommended businesses are given six-weeks to complete submissions from the date the revised bills are produced, with the first two weeks of June being set aside to review submissions and determine outcomes. This timetable will lead to 2021/22 reliefs granted impacting on the June direct debit run for those businesses that pay in this way.
132. In order for the two electronic forms to be deployed in May, along with the supporting ICT platform, work is underway in conjunction with the ICT department throughout March to ensure a successful go live date following the production of the revised bills.
133. Once this position is known and the final awards are determined, the impacts will be modelled and will be the basis of the final award at hereditament level, with this model forming the basis of the update to the NEC system to allow for final 2021/22 bills to be produced in July, meaning the final award will impact on the August direct debit run for those businesses that pay in this way.
134. This relief will put some accounts into credit which the system will automatically apply to future payments on a pro-rata basis for the year, however, the Council are currently investigating the possibility of front loading this credit into the instalments of qualifying hereditaments. It is proposed that standard processes are followed with regard to credits and that refunds are only paid where a business specifically requests a return of credit balances.

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Agenda Item 12

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