

**Notice of meeting of  
Cabinet**

**To:** Councillors Alexander (Chair), Crisp, Fraser, Gunnell, Looker, Merrett, Potter and Simpson-Laing (Vice-Chair)

**Date:** Tuesday, 1 November 2011

**Time:** 5.30 pm

**Venue:** Hob Moor Community Primary School, Green Lane, Acomb YO24 4PS

**AGENDA**

**Notice to Members - Calling In:**

Members are reminded that, should they wish to call in any item on this agenda, notice must be given to Democracy Support Group by:

**10:00 am on Monday 31 October 2011**, if an item is called in *before* a decision is taken, *or*

**4:00 pm on Thursday 3 November 2011**, if an item is called in *after* a decision has been taken.

Items called in will be considered by the Scrutiny Management Committee.

**1. Declarations of Interest**

At this point, Members are asked to declare any personal or prejudicial interest they may have in the business on this agenda.

**2. Minutes** (Pages 3 - 16)

To approve and sign the minutes of the Cabinet meeting held on 4 October 2011.

**3. Public Participation**

At this point in the meeting, members of the public who have registered their wish to speak regarding an item on the agenda or a matter within the Cabinet's remit can do so. The deadline for registering is **5:00 pm on Monday 31 October 2011**.

**4. Forward Plan** (Pages 17 - 22)

To receive details of those items that are listed on the Forward Plan for the next two Cabinet meetings.

**5. The Distribution and Condition of Houses in Multiple Occupation in York** (Pages 23 - 72)

This report considers how best to respond to the challenges facing the shared housing sector in terms of supply, quality and effects on parts of the City. It seeks authority to confirm the Article 4 Direction made by the Council on the 15<sup>th</sup> April 2011 and advises Members on measures available to improve the management and condition of HMOs.

Note:

Annex A to the above item, which is the report to the LDF Working Group on 10 January 2011, has not been included in the printed version of this agenda but is available on-line.

**6. The Review of City of York Council's Elderly Person's Homes** (Pages 73 - 134)

This report presents the results of consultation on future options for the Council's elderly persons' homes and proposes some first steps towards implementing the vision for three new facilities in the City, as supported by the responses to the consultation.

**7. The York Education Partnership - the Local Response to Changing Times** (Pages 135 - 152)

The report provides an overview of recent developments in education policy and a briefing on key local issues, notably the formation of the York Education Partnership.

**8. 2011-12 Finance and Performance (Pages 153 - 166)**  
**Monitor 2**

This report provides a summary of the Council's finance and performance progress for the second monitor period of 2011-12, structured under the 5 priority themes of the new Council Plan.

**9. Capital Programme - Monitor 2 (Pages 167 - 180)**

This report informs Members of the likely outturn position of 2011/12 Capital Programme, based on the spend profile and information to September 2011, and seeks approval for any necessary slippage of funding resulting from changes to the programme.

**10. Treasury Management Monitor 2 Mid Year Review and Prudential Indicators 2011/12 (Pages 181 - 198)**

This report provides an update on treasury management activities for the first six months of the 2011/12 financial year, in compliance with statutory requirements, and recommends changes to the 2011/12 Treasury Management Strategy Statement and Prudential Indicators in the light of the HRA reform changes.

**11. Urgent Business**

Any other business which the Chair considers urgent under the Local Government Act 1972.

Democracy Officer:

Name: Fiona Young

Contact details:

- Telephone – (01904) 551027
- E-mail – [fiona.young@york.gov.uk](mailto:fiona.young@york.gov.uk)

For more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details are set out above.

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- register by contacting the Democracy Officer (whose name and contact details can be found on the agenda for the meeting) **no later than 5.00 pm** on the last working day before the meeting;
- ensure that what you want to say speak relates to an item of business on the agenda or an issue which the committee has power to consider (speak to the Democracy Officer for advice on this);
- find out about the rules for public speaking from the Democracy Officer.

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## **Holding the Cabinet to Account**

The majority of councillors are not appointed to the Cabinet (39 out of 47). Any 3 non-Cabinet councillors can 'call-in' an item of business from a published Cabinet (or Cabinet Member Decision Session) agenda. The Cabinet will still discuss the 'called in' business on the published date and will set out its views for consideration by a specially convened Scrutiny Management Committee (SMC). That SMC meeting will then make its recommendations to the next scheduled Cabinet meeting in the following week, where a final decision on the 'called-in' business will be made.

## **Scrutiny Committees**

The purpose of all scrutiny and ad-hoc scrutiny committees appointed by the Council is to:

- Monitor the performance and effectiveness of services;
- Review existing policies and assist in the development of new ones, as necessary; and
- Monitor best value continuous service improvement plans

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City of York Council

Committee Minutes

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MEETING	CABINET
DATE	4 OCTOBER 2011
PRESENT	COUNCILLORS ALEXANDER (CHAIR), CRISP, FRASER, GUNNELL, MERRETT, POTTER AND SIMPSON-LAING (VICE- CHAIR)
APOLOGIES	COUNCILLOR LOOKER

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**PART A - MATTERS DEALT WITH UNDER DELEGATED POWERS****41. DECLARATIONS OF INTEREST**

Members were invited to declare at this point in the meeting any personal or prejudicial interests they might have in the business on the agenda.

Cllr Fraser declared a personal interest in:

- agenda items 6 (Establishment and Governance of the Local Authority Trading Company) and 10 (Access to Customer Reception Service in Acomb), as a member of the retired sections of UNISON and Unite (TGWU/ACTS sections) and
- agenda item 8 (Establishing York's Health & Wellbeing Board), as an appointed member of the Governors of York Hospital Trust.

Cllr Simpson-Laing declared a personal interest in agenda items 6 and 10, as a member of UNISON

Cllr Crisp declared a personal interest in agenda items 6 and 10, as a retired member of UNISON.

Cllr Alexander declared a personal interest in agenda items 6 and 10, as a member of the GMB.

Cllr Merrett declared a personal interest in agenda item 11 (Review of Severe Weather Response and the Winter Maintenance Policy), as a member of York Cycle Campaign and honorary member of the Cyclists Touring Club.

**42. EXCLUSION OF PRESS AND PUBLIC**

RESOLVED: That the press and public be excluded from the meeting during any discussion on Annex C to agenda item 10 (Access to Customer Reception Services in Acomb), on the grounds that it contains information relating to the financial or business affairs of particular persons, which is classed as exempt under paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

**43. MINUTES**

RESOLVED: That the minutes of the Cabinet meeting held on 6 September 2011 be approved and signed by the Chair as a correct record.

**44. PUBLIC PARTICIPATION / OTHER SPEAKERS**

It was reported that there had been one registration to speak at the meeting under the Council's Public Participation Scheme, and one request to speak from a Council Member.

Rev Paul Wordsworth spoke in relation to agenda item 12 (City of Sanctuary). He stressed the grass-roots nature of the initiative and expressed the hope that Members would support the proposal to seek City of Sanctuary status for York.

With the consent of the Chair, Cllr Warters spoke in relation to agenda item 5 (Forward Plan) and, later on in the proceedings, in relation to agenda item 7 (Comments on the draft National Planning Policy Framework). He expressed concern about the repeated slippage of the item on the Article 4 Direction on Houses in Multiple Occupation and sought assurances that this would come forward to Cabinet soon. On the NPPF, he expressed the view that the Council's proposed comments on Local Green Space and Green Belt designations were at odds with the development previously approved by Members on greenfield sites such as Derwenthorpe.



**45. FORWARD PLAN**

Members received and noted details of those items listed on the Forward Plan for the next two Cabinet meetings at the time the agenda was published.

**46. ESTABLISHMENT AND GOVERNANCE OF THE LOCAL AUTHORITY TRADING COMPANY**

Members considered a report which sought approval to take forward arrangements for the establishment and governance of a Local Authority Trading Company (LATC).

The former Executive had agreed on 15 February 2011 to establish an LATC, focused primarily on the services currently provided by the CBSS Directorate (Minute 163 of that meeting refers). Since then, it had become clear that a range of other services could also be traded and steps had been taken towards establishing the company as a legal entity. Cabinet approval was now required for the establishment of the LATC as a vehicle for any Council service to be potentially traded and for the governance structures under which it would operate.

Results of a survey conducted by APSE indicated that 72% of authorities returned an income from trading, the average annual income being just over £3 million. Paragraphs 20-22 of the report provided further information on the potential benefits of an LATC to the Council, its staff and customers. Details of the proposed structure and mandate of the new company were set out in paragraphs 23-35, with further information on governance and management structures in paragraphs 36-38 and annexes 1-5. It was stressed that the Council would retain control and ownership of the company as the sole shareholder, the company directors being responsible to the Shareholder Committee.

- RESOLVED:
- (i) That approval be given for:
    - a) the establishment of the local authority company (called City of York Trading, or CYT Limited)
    - b) the Business Case at Annex 5 to the report and
    - c) the general principles of governance and operation as set out in the report, including

the appointment of the Cabinet Member for Corporate Services as a non-executive director to act as Chairman of the Board.<sup>1</sup>

REASON: To allow the company to be established.

(ii) That authority be delegated to the Cabinet Member for Corporate Services to approve the final Articles of Association.<sup>2</sup>

REASON: So that the detailed Articles of Association can be formally agreed.

(iii) That authority be delegated to the Leader of the Council to formally agree and sign off the Shareholder Agreement.<sup>3</sup>

REASON: To enable the establishment of a Shareholder Committee that will regularly review the activities of CYT Ltd and monitor its performance.

(iv) That a Shareholder Committee be established, comprising the Leader of the Council (who will chair the committee) and two other Council Members, as chosen by the Leader.<sup>4</sup>

REASON: In order properly to exercise the Council's powers and responsibilities as the sole shareholder of the LATC.

(v) That the Director of CBSS prepare proposals on which *current* activities provided to external organisations should be considered for trading through CYT Ltd.; all such instances to be subject to business case approval by the Council Management Team, the Board of Directors and the Shareholder Committee.<sup>5</sup>

REASON: To allow a mechanism for existing trading activity with external organisations to move into the company.

Action Required

- |   |    |
|---|----|
| 1. Establish the company CYT Ltd as agreed  | PK |
| 2. Make arrangements for Cabinet Member for Corporate Services to approve Articles of Association | PK |
| 3. Make arrangements for Cabinet Leader to agree and sign off Shareholder Agreement               | PK |
| 4. Establish a Shareholder Committee, as agreed   | PK |
| 5. Prepare proposals for provision of current activities to external organisations                | IF |

**47. ESTABLISHING YORK'S HEALTH AND WELLBEING BOARD (LISTED ON THE FORWARD PLAN AS 'LOCAL IMPLICATIONS TO CHANGES IN THE NHS')**

Members considered a report which set out proposals for the establishment of a shadow Health and Wellbeing Board (H&WB) for York, to meet the requirements of the White Paper *Equity and Excellence: Liberating the NHS* and the Health and Social Care Bill 2011, expected to achieve Royal Assent later this year.

These Government reforms meant that, from 2013, local authorities would have direct responsibilities for health improvement and for ensuring the 'joined up' commissioning of health and social care. As a pathfinder area, York was expected to have many components of the new arrangements in place in 'shadow' form from April 2012. The report presented the recommendations of the multi-agency Transition Board, which had been overseeing preparations for these arrangements, and provided an update on other components of the proposed reforms.

Key principles to consider in establishing the H&WB included the size of the Board, its strategic position and whether it should include provider representatives. It was recommended that York's H&WB be kept relatively small and strategic and have a total membership of 13, comprising 6 representatives from City of York Council, 2 from the Clinical Commissioning Group, 3 from health service providers, 2 from partners and patient groups, plus the CEO of NHS North Yorkshire (until 2013) and NHS Commissioning Board representatives on an ad hoc basis. Further details of membership were set out in paragraph 18 of the report and a draft constitution was attached at Annex C. The H&WB would replace the Healthy City Board and the

YorOK Children's Trust, as a key overarching strategic body under the Local Strategic Partnership.

With reference to the comments of the Health Overview & Scrutiny Committee (OSC), which had considered the proposals at their last meeting, Members noted the important role that the OSC would continue to play in delivery of the strategy, and the need for the H&WB to focus on wellbeing as well as health.

RESOLVED: That the arrangements set out in the report for the establishment of a shadow Health and Wellbeing Board (H&WB) for York be approved; in particular:

- the proposed membership in paragraph 18
- the draft constitution at Annex C
- the principle that, from April 2012, meetings of the H&WB should be held in public.<sup>1</sup>

REASON: To discharge the Council's new obligations under the Health and Social Care Bill 2011 (expected to receive Royal Assent shortly) and to further the Council's corporate objectives.

Action Required

1. Take action to set up the shadow H&WB, as approved PM

**48. CHANGES TO THE WELFARE SYSTEM AND THEIR IMPACT ON CITY OF YORK COUNCIL**

Members considered a report which outlined the changes to the Welfare system introduced and proposed by the Government, and their potential impact on City of York Council.

Changes introduced to date, and their impact in York, included:

- Ending the £15 excess Local Housing Allowance (LHA) payment – high impact, around 800 customers, total £413k
- LHA rates based on lowest 30% rents rather than 50% - high impact, 91% customers to lose out, total £1.28m
- Increased levels of non-dependent deductions for Housing Benefit and Council Tax Benefit – medium impact, affecting approx 600 customers, total £128k
- Cap on LHA weekly rate – low impact, total £5k

- Re-assessment of incapacity benefits – impact currently unknown.

Changes due to take full effect in April 2013 and their likely impact in York were set out in paragraphs 9 to 12 of the report. They included the introduction of Universal Credit, which could have a significant effect on the incomes of disabled people, and further changes to Housing Benefit, which could result in rent arrears and homelessness, putting pressure on the Council's Housing team and on housing stock. Replacement of Council Tax Benefit by local 'support' schemes would require a 10% reduction in expenditure; it was not yet clear how this would be found. Other possible changes in the future were highlighted in paragraphs 13 to 17. These related to the provisions of the Localism Bill, changes to Legal Aid, and the current consultation on supported housing, a suggested response to which was attached as Annex D.

RESOLVED: (i) That the cumulative impact of these changes on the City of York Council and the need to make best use of existing resources to support those affected, be noted.

(ii) That the Council lobby government as part of a regional response, and also write to York's local MPs to express opposition to the proposed changes.<sup>1</sup>

(iii) That the response to the DWP consultation document on proposals to amend Housing Benefit for supported housing, as set out in Annex D to the report, be endorsed.<sup>2</sup>

REASON: In order to respond to government changes to welfare legislation.

Action Required

1. Draft a letter to MPs on behalf of Council in the terms HN agreed
2. Submit agreed response to consultation HN

**49. ACCESS TO CUSTOMER RECEPTION SERVICE IN ACOMB**

Members considered a report which suggested options to improve access to Housing and Benefits services in Acomb and across the City through the provision of services in a community setting.

Acomb was the only area in the city to have a stand alone Council reception service. Most of the staff occupying the current Acomb Office were due to vacate the building in the near future; the Asset Management team to join the building works team at the Eco Depot, and other Housing staff as part of the planned move to West Offices. A review was also under way to look at delivery of the whole housing service, including consideration of more flexible ways of working, such as key staff working within communities from existing community buildings.

Consultation with customers at Acomb Office and Acomb Explore had indicated a strong preference for a retained face to face service. Members were invited to consider the following options as to how this should be delivered:

**Option 1** – continue to provide reception services at the existing office and use the back office space for other council services.

**Option 2** – provide the same face to face services more locally in other community based buildings and / or by appointment.

**Option 3**- provide alternative and different channels to accessing services, with face to face services provided in/from the city centre.

Option 2 was recommended, as it would provide face to face neighbourhood based services, as preferred by residents, whilst enabling cost savings by terminating the lease on the Acomb Office building. Financial implications of all three options were detailed in paragraph 39 of the report.

RESOLVED: (i) That Option 2 be approved and that customer access to services be provided more locally in a community setting, with a view to ensuring that alternative face to face facilities are in place prior to vacating the Acomb Office.<sup>1</sup>

(ii) That approval be given to:  
a) use the venture fund reserve to fund 25% of the dilapidation / relocation

costs attributable to the general fund;<sup>2</sup>

- b) use the existing general fund budget of £28k no longer required at Acomb Office to fund community based services to a maximum of £15k;<sup>2</sup>
- c) use the remaining balance on the general fund budget, after funding alternative community based services, to repay the venture fund and then contribute to the overall savings of the administrative accommodation project;<sup>2</sup>
- d) use the existing HRA budget no longer required for Acomb Office accommodation to fund the 75% dilapidation / relocation costs;<sup>2</sup>

(iii) That the Director of City Strategy be authorised to serve the lease Break Clause and to negotiate the dilapidations settlement with the Landlord up to the maximum amount listed in exempt Annex C.<sup>3</sup>

**REASON:** To ensure that services continue to be delivered locally to customers and to secure cost savings related costs through the vacation of the back office.

Action Required

- 1 Take any action necessary to implement Option 2 SW
- 2. Make the agreed changes to the venture fund, general fund and HRA budgets PS
- 3. Serve the lease Break Clause on Acomb Office and negotiate dilapidations settlement BW

**50. REVIEW OF SEVERE WEATHER RESPONSE AND THE WINTER MAINTENANCE POLICY**

Members considered a report which informed them of the work undertaken to review the Council's severe weather response and winter maintenance policy in preparation for winter 2011/12, and outlined the changes proposed as a result of the review.

After the difficulties caused last winter by the worst weather conditions for 25-30 years, improvements had been made to the customer contact centre, opening hours, out of hours cover, e-mail handling and engagement with vulnerable groups. Additional equipment, including gritting vehicles, snow plough attachments, footpath snow blowers and salt spreaders, would be hired on trial for evaluating and testing this winter before making a recommendation for 2012/13.

Other plans included:

- Inclusion in the Winter Maintenance Manual (WMM) the designated secondary road routes for salting, using information from last winter
- Treatment of designated footpaths on the first day of a predicated period of three or more days below freezing
- Inclusion in the WMM of a full list of elderly persons' homes to receive treatment in heavy snow
- Use of the same trigger as footpaths to determine treatments for off-road cycle tracks
- Replacement of self-help salt bags with 50 extra standard salt bins
- Introduction of a Snow Warden Scheme (detailed in Annex 1)
- Trialling of an electronic stock control system for salt stocks.

RESOLVED: (i) That the improvements made to service delivery, the introduction of the Snow Warden scheme and the equipment trial be noted.

(ii) That a report back on these changes be brought to Cabinet during the summer of 2012.

1

REASON: To ensure that the proposed equipment is capable of meeting expectations, that the effectiveness of the Snow Wardens is reviewed and that the response to heavy snow is effective.

Action Required

1. Schedule an update report on Cabinet Forward Plan for a MH meeting in summer 2012



**51. CITY OF SANCTUARY**

Members considered a report which asked them to support proposals for York to become a City of Sanctuary.

City of Sanctuary was a movement to build a culture of hospitality for people seeking sanctuary in the UK. The organising committee aimed to gather pledges of support from all sectors of the city and then to ask the council to seek recognition from the national organisers of City of Sanctuary for official receipt of that status. A number of cities had already been so recognised, including Sheffield, Bradford, Coventry, Bristol and Swansea.

At a meeting in September 2010, representatives from a large number of organisations in York had declared their support for the movement and a small working group had subsequently been set up. It was now suggested that Members formally support that initiative on behalf of City of York Council, enabling York to become a place of welcome, safety and security and building on the City's history of providing help and support to those in need of sanctuary.

- RESOLVED: (i) That Cabinet, on behalf of the City of York Council, pledges its support for the City of Sanctuary initiative and in doing so:
- Recognises the contribution of refugees, asylum seekers, migrants and all seeking sanctuary in York;
  - Resolves to welcome and include them in our activities;
  - Supports York in seeking recognised status as a City of Sanctuary;
  - Agrees to support the kind of practical initiatives set out in paragraph 10 of the report.<sup>1</sup>

REASON: So that York may become a City of Sanctuary.

Action Required

1. Take any action necessary to enable CYC to support the CC City of Sanctuary initiative

**52. CHAIR'S REMARKS**

The Chair thanked York Housing Association for providing the venue for the meeting, at Auden House. He also noted the attendance at the meeting of Dan Bean from The Press and wished him luck in his forthcoming examinations.

**PART B - MATTERS REFERRED TO COUNCIL**

**53. CITY OF YORK COUNCIL: COMMENTS ON THE DRAFT NATIONAL PLANNING POLICY FRAMEWORK**

Members considered a report which informed them of the content of the draft National Planning Policy Framework (NPPF) and asked them to consider a potential response to consultation thereon.

The NPPF was intended to replace current extensive planning policy guidance in a single, succinct document. It would also incorporate the new planning policy on traveller sites, previously issued as a separate document for consultation in August. The Council's response to that consultation (attached at Annex B) would be submitted alongside its response to consultation on the NPPF. The NPPF itself had been made available on the Council's website as Annex A to the report.

Key objectives of the NPPF, as identified in the Foreword to the document, included a presumption in favour of sustainable development as the basis for every plan. Three levels of plan making were identified; National planning policies as set out in the NPPF, Local Plans prepared by councils in consultation with the community and Neighbourhood plans prepared by communities themselves.

The Council's draft response to consultation, as set out in Annex C and summarised in paragraphs 52-75 of the report, welcomed in principle the NPPF's commitment to sustainable development but expressed concerns around the definition of that term, suggesting that more clarity was needed on this and on the issue of transitional arrangements. Further concerns were expressed with regard to the policies on town centres, transport, minerals planning, climate change / flooding, nature conservation and protection of the historic environment. The draft response had been considered by the Local Development

Framework Working Group, whose comments were circulated at the meeting.

- RECOMMENDED:
- (i) That Council approve the attached response to the consultation on the National Planning Policy Framework, as amended by the changes recommended by the LDF Working Group at their meeting on 3 October 2011, for submission to the Department of Communities & Local Government.
  - (ii) That Council delegate to the Director of City Strategy, in consultation with the Cabinet Member for City Strategy, authority to make any changes to the submission that are necessary as a result of the above recommendation.

REASON: So that representations on the NPPF can be made within an appropriate timescale.

J Alexander, Chair

[The meeting started at 5.30 pm and finished at 6.55 pm].

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**Cabinet Meeting 1 November 2011**

**FORWARD PLAN (as at 14 October 2011)**

<b>Table 1: Items scheduled on the Forward Plan for the Cabinet Meeting on 6 December 2011</b>		
<b>Title &amp; Description</b>	<b>Author</b>	<b>Portfolio Holder</b>
<p><b>Community Stadium Update</b></p> <p><i>Purpose of the report: Will cover the financial case for the Community Stadium project. It will address the capital and revenue funding models.</i></p> <p><i>Members are asked to: Agree that a robust business case exists, support the use of the money identified in the capital programme to be utilised to drive the project forward and acknowledge the risk identified and the financial implications.</i></p>	Tim Atkins	Cabinet Member for Leisure and Social Inclusion
<p><b>Yorkshire Museums Trust (YMT) Funding 2013-18</b></p> <p><i>Purpose of report: The Cabinet will be asked to approve funding for the period 2013-18 in response to a business plan to be submitted by the Yorkshire Museums Trust.</i></p> <p><i>Members are asked to: Consider the report and approve the funding.</i></p>	Charlie Croft	Cabinet Member for Leisure, Culture and Social Inclusion
<p><b>Energise Gym Expansion</b></p> <p><i>Purpose of report: To present a business case to support the expansion of the gym at Energise.</i></p> <p><i>Members are asked to: Approve an increase to the capital programme to allow the Energise scheme to commence.</i></p>	Charlie Croft	Cabinet Member for Leisure, Culture and Social Inclusion

<p><b>The Future of Neighbourhood Working</b></p> <p><i>Purpose of Report: This report sets out a new model for neighbourhood working in York.</i></p> <p><i>The Cabinet will be asked to approve a new model for neighbourhood working including: the roll out of elements of the "area working" pilot across the city; the introduction of service contracts; a new focus for the Neighbourhood Management Unit; reorganisation of other front-line posts to support the new way of working.</i></p>	<p>Charlie Croft</p>	<p>Cabinet Member for Leisure, Culture and Social Inclusion</p>
<p><b>Equality Act 2010 - Implementing the public sector duties in City of York Council</b></p> <p><i>The public sector duties in the Equality Act 2010 support public bodies to improve quality of life outcomes in their areas. They came into effect in April and September 2011. The report will summarise the duties as outlined in legislation and how the government and the Equality and Human Rights Commission expect us to meet them. It will outline proposals for action to meet the duties and also minimum standards for these actions.</i></p> <p><i>Cabinet will be requested to consider and approve the actions proposed in the report.</i></p>	<p>Charlie Croft/ Evie Chandler</p>	<p>Cabinet Member for Leisure, Culture and Social Inclusion</p>
<p><b>Alternative Delivery Models for Cultural Services</b></p> <p><i>Purpose of report: This report asks the Cabinet for permission to further develop a proposal for an alternative delivery model for cultural services.</i></p> <p><i>The report will ask the Cabinet to: Note the initial feasibility work undertaken; Agree to the proposal being further developed; Agree a consultation plan on the proposal.</i></p>	<p>Charlie Croft</p>	<p>Cabinet Member for Leisure, Culture and Social Inclusion</p>

<p><b>Organisation Review – Evaluation and Refresh</b></p> <p><i>Purpose of report: This paper addresses the outstanding recommendations of the Organisation Review, specifically the deletion of an additional post within the Directorate of Adults, Children and Education and implementation of a revised arrangement for the award of performance related progression for senior managers at Assistant Director, Director and Chief Executive level. Two years since the original report, the paper also reviews the effectiveness of the new senior management structure and considers further options for change in the light of the changed operating environment of the Council.</i></p> <p><i>The Cabinet are asked to review the content of the report and agree the proposed recommendations.</i></p>	Kersten England	Cabinet Leader
<p><b>Minutes of Working Groups</b></p> <p><i>Purpose of Report: This report presents the minutes of recent meetings of the Young People's Working Group, the Local Development Framework Working Group and the Equality Advisory Group and asks Members to consider the advice given by the groups in their capacity as advisory bodies to the Cabinet.</i></p> <p><i>Members are asked to: Note the minutes and decide whether they wish to approve the specific recommendations made by the Working Groups, and/or respond to any of the advice offered by the Working Groups.</i></p>	Jayne Carr	Cabinet Leader
<p><b>Funding the Voluntary Sector 2012 - 2015</b></p> <p><i>The purpose of this report is to approve grant funding to voluntary sector organisations for the 3 years 2012-2015. (Some of the grants are over £50k and therefore require Cabinet approval).</i></p> <p><i>Members are asked to approve the grants.</i></p>	Adam Gray	Cabinet Leader

**Table 2: Items scheduled on the Forward Plan for the Cabinet Meeting on 10 January 2012**

Title & Description	Author	Portfolio Holder
<p><b>Proposed Expansion of Veritau Limited</b></p> <p><i>Purpose of report: To inform members of a proposed expansion in the operations of the Council's shared service company and the resulting change in the company's structure.</i></p> <p><i>Members are requested to: Approve the expansion and the change in the company structure.</i></p>	Max Thomas	Cabinet Member for Corporate Services

**Table 3: Items slipped on the Forward Plan**

Title & Description	Author	Portfolio Holder	Original Date	Revised Date	Reason for Slippage
<p><b>The Future of Neighbourhood Working</b></p> <p><i>Purpose of Report: This report sets out a new model for neighbourhood working in York.</i></p> <p><i>The Cabinet will be asked to approve a new model for neighbourhood working including: the roll out of elements of the "area working" pilot across the city; the introduction of service contracts; a new focus for the Neighbourhood Management Unit; reorganisation of other front-line posts to support the new way of working.</i></p>	Charlie Croft	Cabinet Member for Leisure, Culture and Social Inclusion	1 November 2011	6 December 2011	To enable additional work to be undertaken on the report.



<p><b>Future Provision of Public Toilets</b></p> <p><i>Purpose of Report: To inform the Cabinet Members of the options for the procurement of the cleaning and maintenance of public toilets.</i></p> <p><i>The Cabinet are asked to: Make a decision on which option to use.</i></p>	<p>Russell Stone</p>	<p>Cabinet Member for Communities and Neighbourhoods</p>	<p>1 November 2011</p>	<p>--</p>	<p>Deferred for further work to shape proposals for service delivery.</p>
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**Cabinet****1 November 2011**

Report of the Cabinet Member for City Strategy and Cabinet Member for Housing Health and Adult Social Services

**The Distribution and Condition of Houses in Multiple Occupation in York****Summary**

- 1 This report considers how best to respond to the challenges facing the shared housing sector in terms of supply and quality, and its effects within parts of the City. Specifically:
  - a) It seeks authority to confirm the Article 4 Direction made by the Council on the 15<sup>th</sup> April 2011, to remove permitted development rights for changes of use from dwelling houses to houses occupied by between 3 and 6 unrelated residents (planning use class C4 HMOs), within the urban area of the City. Confirmation would require planning applications to be submitted after 20<sup>th</sup> April 2012 for such a change, but does not in itself consider how such applications will be decided. A policy will be developed which will do this to help to manage (rather than restrict) the supply and distribution of new shared housing
  - b) It also advises members about the different measures available to improve the management and condition of HMOs and proposes the introduction of a city wide landlord accreditation scheme.

**Background**

- 2 Shared HMOs represent a significant and growing proportion of all sectors in York. Many households live in such accommodation but in particular students, working people due to the flexibility that this type of tenure gives, and people who are unable to gain access to other forms

of housing due to financial constraints . Whilst shared accommodation is regarded as a valuable asset to the city, there has been debate about the wider impact that student households and other households using shared accommodation have on the wider housing market.

3 The increased and increasing number of shared houses in the city is as a result of:-

i) Expansion of the Universities. The Local Development Framework Working Group report of February 2011 included an historical mapping exercise showing the spread of student housing over the last decade. From 6 'output areas' of more than 20% student areas in 2000, there were 19 such areas in 2010.

ii) Prevailing economic conditions. Private rented shared housing is an increasingly important element of the City's housing stock as the affordability of first time properties to buy diminishes. The better rental returns from shared housing and the consequential conversion to HMO use potentially reduces the stock available for private rent as family housing. This issue was highlighted very recently in the report relating to the affordability of private rented housing by Shelter. This demand for houses to rent out generally tends to inflate the purchase price of such housing, again reducing affordability for families.

iii) There is likely to be an increase in the number of HMOs operating within the City following the changes to the benefit rules in 1<sup>st</sup> April 2012. The new rules will mean that single working age people under 35 years old will only be eligible to receive benefits for a single room in a House in Multiple Occupation / Shared House, currently the age limit is 25 years.

#### Reasons for the Proposed Measures

4 A number of effects of the increase in shared housing in parts of the city have been raised by residents and community groups . These include social, cultural, physical and economic impacts In particular these are :-

- higher incidences of anti social behaviour;
- increased levels of crime and the fear of crime
- poorer standards of property maintenance and repair;
- littering and accumulation of rubbish;
- noise between dwellings at all times and especially music at night, alongside late night street disturbance;
- decreased demand for some local services, particularly local schools;

- increased parking pressures arising from shared households;
- changes in type of retail provision, particularly local shops becoming takeaways;
- lack of community integration and 'community spirit' resulting in less
- commitment to maintain the quality of the local environment

- 5 Analysis carried out in September 2010 to produce an evidence base on the impact of shared housing. This highlighted:-
- Above average instances of antisocial behaviour and crime. Occupants of shared housing are often the victims of crime such as burglaries
  - Incidences of littering are above average in the areas with highest proportion of shared housing
  - In some output areas identified the number of noise nuisance complaints was double the city average
  - Impact on community facilities, with fewer school age pupils in areas with higher concentrations of shared housing.
  - Whilst more difficult to provide statistical evidence, residents in areas with more shared housing are raising complaints regarding parking on grass verges, junctions and across other drives because of the higher number of car ownership in shared houses..
  - Reduction in the stock of family housing as more properties are used for shared housing.

### Current and Potential Management of HMOs

#### Housing Act Controls

- 6 The standard and management of Houses in Multiple Occupation<sup>1</sup> (HMO) is primarily controlled through the Housing Act 2004 (the Act) and regulations made there under.
- 7 Our current approach recognises that HMOs are a vital source of accommodation within the city used by a range of tenants not just students but also others working and in receipt of benefit .
- 8 The City already has a high number of HMOs (approx 2000- 2500) ; about 20% of these are licensed with the council. Much of the HMO stock is provided for the shared student market and through council tax records we have a relatively good picture of the number and location of shared student accommodation (see Annex A). However, we have less knowledge about the exact number and location of the other types of HMOs and in particular we don't know whether there are sufficient

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<sup>1</sup> HMOs are defined in section 254 of the Housing Act 2004

numbers of HMOs to cope with these changes.

- 9 The Private Sector Stock Condition Survey 2008 confirmed that nearly 40% of HMOs failed the decent homes standard compared to the city average of 20%. However, we receive relatively few complaints about the condition of student accommodation, finding the poorest conditions in non student shared accommodation.

#### Approaches to improve the management and condition of HMOs

- 10 Therefore we know that we need to have a balanced approach encouraging responsible letting and promote good practise through improving management and knowledge of landlords but also that we should use the wide range of powers at our disposal to tackle the minority of rogue landlords who fail in their responsibilities and bring the sector in to disrepute and more importantly put tenants lives at risk.
- 11 Our current approach is to:
- Rigorously enforce the mandatory provisions of the Act by licensing larger HMOs (three storey and more with five or more unrelated occupants).
  - Ensure that we fulfil our duty to inspect all licensed HMOs
  - Respond to and investigate complaints about general housing conditions and management. We use the legal tool called the Housing Health and Safety Rating System to assess the condition and the HMO management regulations which provides a framework for managers to ensure that the accommodation including the outside space is kept in a good order, tidy and clean.
  - Investigate complaints of overcrowding. Although the problem of overcrowding in the city is low we have found that HMOs can be more prone to overcrowding than other sectors.
- 12 This approach is complemented by the code of best practice (The Code) for shared student accommodation. This code has been developed in partnership since 2000 with the further educational establishments and is reviewed each year by the partnership group. The code provides clear information about housing standards and is part of our strategy to ensure that students feel welcomed and reassured by taking some of the uncertainties out of house hunting. The code is based on self assessment and regulation, with the landlord or agent completing an application form and providing certification to the educational establishment (gas and electrical safety certificates). These properties are then advertised on each establishment's website. Currently the scheme is free; any costs are either resourced through adverts in the booklet and by the universities and colleges.

Weaknesses of the code which have been identified are that we don't have the resources to carry out inspections of these properties to ensure that they comply with code but we do act on complaints nor does it separate out those which meet the minimum safety standards from those which provide a higher standard.

13 Five potential approaches have been identified to address the condition and management of HMOs:-

1. No change to our current approach- Use of the mandatory legal tools and the continuation of the code of practise for shared student accommodation.
2. Use of the mandatory legal tools and implementation of an accreditation scheme of HMOs
3. Use of the mandatory legal tools and implementation of additional licensing for HMOs<sup>2</sup>
4. Use of mandatory legal tools and implementation of selective licensing for the general rented sector <sup>3</sup>
5. Use of mandatory legal tools and a combination of the above discretionary tools e.g. additional or selective licensing for a designated area and an accreditation scheme across the city.

14 The above approaches have been listed in a specific order reflecting that each approach requires the council to demonstrate that the previous approach may not be working for part or the whole of the city. For example prior to the implementation of either Additional or Selective licensing certain legal tests must be met including demonstrating whether viable alternative schemes have failed such as accreditation

#### Accreditation Scheme

15 An accreditation scheme could be considered as the next stage up from our existing approach, breaching the gap between the code and additional licensing. Accreditation schemes have been introduced in many forms over the country. Landlords and/or properties can be accredited. It has similarities to the code of practise in that it relies on the voluntary compliance by private landlords with good standards in the condition and management of their properties and their relationship with their tenants. By acknowledging good landlords they enjoy a clear

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<sup>2</sup> **Additional licensing**- the council may designate either the area of their district, an area in their district or a type of HMO. The council must consider a significant proportion of the HMOs which are to be included are being managed sufficiently ineffectively as to give rise to be likely to give rise to problems either for the occupiers of the HMOs or for members of the public.

<sup>3</sup> **Selective licensing** – The council may designate either the area of their district or , an area in their district to regulate private rented homes. Concept outlined in under the previous government department of the ODPM document "Licensing in the private sector" Introduced because of areas of low demand in the North and the Midlands – an absence of owner occupiers lead to some areas attracting an influx of speculative landlords offering the homes to tenants whose behaviour was some times unacceptable

market advantage as tenants should rent from accredited landlords as they provide quality accommodation.

16 Accreditation schemes can be run at a local level by local Councils, Higher Educational Institutions and their agents and Landlord Associations. There are three main elements to a scheme:-

- a satisfactory Code of Practice
- sufficient resources to effectively operate a scheme
- a satisfactory mechanism to undertake compliance checking, complaint investigation and disciplinary action

17 The current code of practice could be developed to provide the first element but it is the other two elements which would need to be explored to ensure that tenants, landlords, letting agents and residents had confidence that the scheme is working. We also realise that there will need to be real incentives to ensure that all involved see the benefits of the scheme and in particular any proposed scheme will need to be positively and actively promoted by the council to ensure that the good reputable landlords are recognised. It is anticipated that such a scheme could be self financing in the long term but initially there would be resources need to develop a scheme.

Additional Licensing:

18 In order for the council to consider adopting additional licensing for an area we will have to have considered:

- a. Whether there any other courses of action available to us that might provide an effective method off dealing with the problem or problems in the question. In particular we will need to have considered whether the use of voluntary accreditation schemes for private sector landlords is a viable alternative to be instead of additional licensing.
- b. That they consider that the designation will significantly assist us to deal with the problem or problems

Selective Licensing:

19 In order for the council to consider adopting selective licensing for an area we will need to provide evidence to that the area is one of:

- i) Low demand
- ii) That the area is experiencing significant and persistent problem cased by anti social behaviour and that at least



some of the private sector landlords who have premises in the area are failing to take appropriate action to combat the problem

- iii) That the authority must consider that the designation will when combined with other measures eliminate or reduce the problem

- 20 The attached Annex B provides an outline of the advantages and disadvantages of the existing and potential controls.
- 21 Given the legal tests that need to be proven for the implementation of the two types of discretionary licensing (additional and selective) and the need to demonstrate that other effective controls are not working such as a voluntary accreditation scheme then the proposal would be to recommend that the council seeks to build on the existing framework but ensure that the proposed system includes more emphasis on landlord development and includes an inspection regime.
- 22 As stated the controls and potential controls under the Housing regulations do not limit the number or distribution of HMOs within the city or consider their wider cumulative impact on an area or areas the city their focus is on the condition and management of the HMO property to ensure that is safe for the tenant. Concerns have been raised with the Council by residents and local community groups in parts of the city that the increase in number of HMOs and concentrations were having a detrimental impact on for example significantly above average litter, anti social behaviour, noise complaints, and impact on local school rolls balance of communities. This prompted the investigatory work into the actual distribution effect of the proliferation HMOs. The findings and options to address the issues raised were presented to Members at the Local Development Framework Working Group in September 2010 and January 2011(see Annex A).

#### Planning Measures - Article 4 Direction

- 23 Under the planning regulations, an Article 4 Direction is a mechanism for removing specific permitted development rights and requiring applications to be made, but it does not suggest how they will be decided. Therefore in itself it has negligible impact other than requiring the submission of applications (with no fee). It is the policy position taken to deciding subsequent applications that determines its effectiveness. In this case, the Direction relates to a change of use from Planning Use Class C3 (dwelling house) to a use falling within Class C4 (dwelling house in multiple occupation), and removes

permitted development rights for this change i.e. Planning Permission would be needed for the change.

- 24 At its meeting of the 1<sup>st</sup> February 2011, the Council's Executive resolved to approve Option 2 of the 10<sup>th</sup> January 2011 report to the Local Development Framework (LDF) Working Group. This was to progress with implementing an Article 4 Direction under the Town and Country Planning (General Permitted Development) Order, covering the main urban area of York and for Officers to continue working with stakeholders to establish detailed planning guidance and consider ways of mitigating the effects of concentrations of short-term lets on local neighbourhoods. On the 15<sup>th</sup> April 2011 the Council formally made the Direction (copy at Annex C), subsequently gave notice of the making of the Direction and began public consultation.
- 25 The proposed use of Article 4 Direction powers to require planning approval for C4 HMOs is widespread nationally. Cities including Leeds, Portsmouth and Manchester have confirmed Directions, and other towns and cities including Oxford have adopted coordinated housing and planning initiatives including Article 4 powers to manage shared housing in their areas. As explained above, the Direction does not mean that subsequent applications will all be refused; only where there is clear harm to the local area, neighbours or approved policy would refusal be considered. Policies under consideration elsewhere include possible limit on the proportion within the street or section of street e.g. proportion of residential properties within 100 metres of street length either side of the property does not exceed 20%. Where applications are to be approved, conditions upon the use or the provision of facilities e.g. cycle storage and accessibility may be included to ensure they are of appropriate standard and have limited impact upon neighbouring amenity.

### **Consultation**

- 26 Representations on the Article 4 Direction were invited between 20<sup>th</sup> April 2011 and 19<sup>th</sup> July 2011. The formal notice of the making of the Direction was given via a York Press newspaper notice, information being published on the Council's website, the display of notices at 14 locations across the City and the documents being deposited at the Council offices at 9 St Leonard's Place. In addition, those who had made comment at the time of LDF Working Group and/or Executive consideration of the making of the Direction were also informed of the consultation. Parish Councils, Planning Panels and developers and agents were also consulted. The Secretary of State was notified as required.

- 27 We have also consulted with a range of councils about their approaches controlling the quality of the private rented sector. Information is provided in Annex D. Further consultation to develop the policy would be required both with existing partners, for example the members of the steering group of the code of practice<sup>4</sup> and other groups such as the local Association of Residential Letting Agents (ARLA) to ensure support.
- 28 The representation received in respect of the consultation on the Article 4 Direction are summarised at Annexes E and F.

### **Analysis of Representations Received**

#### Response to Representations in Support:-

- 29 The representations received in support as summarised in Annex E generally reflect those set out in the LDF Working Group report of 10<sup>th</sup> January 2011. These are outlined in paragraph 4 above. The effects upon local communities are highlighted, with concerns related to the effect on local school roles, loss of family houses, and neighbourly relationships and community balance cited. The provision of on campus and off campus purpose built student accommodation is urged. A number of the concerns appear to have been validated by the evidence produced for the LDF report.

#### Response to Representations Against in Template Letter (Annex F) :-

- 30 *'Negative Implications for Tenants'*
- Many of the comments such as rents rising and lack of competition assume that the Article 4 Direction would prevent any future changes of use from C3 to C4. The Direction is not intended to unreasonably suppress an appropriate level of shared accommodation in the city. Only where there is a harmful or potentially harmful impact that is contrary to the policy would permission be refused, or conditions be attached to approval mitigating against any impact.
  - Confirmation of the Direction would not in itself lead to a rise in traffic congestion or force students to live in smaller sized accommodation. The effects of potential dispersal of new HMOs would be considered within the formulation of the policy.

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<sup>4</sup> The steering group includes accommodation officers of the further education establishments, independent landlords, representatives of the York Residential Landlords Association (YRLA) Representatives from the student unions as well as City of York Council representatives

- The University is committed to providing additional accommodation on campus as part of the Heslington East approvals.
- The Equality Impact Assessment does not suggest that the Direction itself would have an adverse discriminatory impact. The policy may seek to reduce the scope for additional HMOs in some areas of the city where significant concentrations and resultant problems exist, but would not seek to target specific groups (such as students) or by age or ethnicity.

31 *'Negative Impact on landlords'*.

- The comments mostly assume a ban on new HMOs rather than the measures to manage the supply sought. The Article 4 Direction is proposed in the public interest, to address the issues and evidence as set out in the LDF Working Group report of 10<sup>th</sup> January 2011. It is not intended to curtail the private rented sector which is recognised as a vital element of the housing offer in York, or returns on landlord investment. Existing shared housing would not be affected by the Direction.
- The Direction would require the submission of a planning application with appropriate documentation e.g. floor plans, and would involve time to determine such an application. There is currently no fee for applications where permitted development rights have been removed. If Government proposals to decentralise planning fees proceed, the Council can decide whether such applications would remain free or whether a charge is introduced. Overall the costs and time taken to gain planning approval (where the change is acceptable) would be relatively limited.
- For future sales of properties in C4 use, those already operating prior to the Direction would have a lawful use. Provided evidence in the form of rental receipts etc could be produced, it is doubtful that purchasing solicitors or mortgagees would need a Certificate of Lawful Use. Less formal clarification from the local planning authority is often sufficient for similar situations.
- Non compliance with the requirements of the Direction would be at the risk of the owner/landlord of the property. The Authority will seek to ensure the need to apply for C4 use is widely publicised.
- The Direction has been widely publicised, and if confirmed, work would continue with landlords to ensure they are consulted on the formulation of the policy to accompany the Direction.
- Splitting of houses to flats as raised in the response would require planning permission and therefore be subject to control with or without an Article 4 Direction.

- It is acknowledged there will be some effect where a shared house reverts back to a family house in needing to apply to again be used as C4 HMO.

32 *'Negative Implications for Local Residents (Owner Occupiers)'*.

- House values are not normally considered to be a material planning consideration. There is no evidence to suggest that the Direction would make some houses more difficult to sell. The Direction has been widely publicised and it should become apparent as part of the local search process that an Article 4 Direction is applicable within the main urban area.
- For York, the justification for making an Article 4 Direction to control HMOs lies in the harm that would be caused to local amenity or to the proper planning of a particular area as a result of a significant increase in concentration of HMOs. The concern about the impacts of high concentrations of HMOs in York is mainly driven by the increasing number of student private rented properties, which is why the report to the LDFWG on 10<sup>th</sup> January 2011 concentrated on student HMOs. There is evidence, referred to in the report, that neighbourhoods can be damaged by high concentrations of such HMOs. It is therefore considered appropriate to seek to control the concentrations of HMOs to reduce the impacts to local communities.

33 *'Negative Implications for City of York Council'*.

- The Direction is not a policy in itself ; the policy is yet to be developed and will take into account the impact on equality strands within the City. However, Annex G assesses the impact of the confirmation of the Direction upon equality strands .
- Concerns relating to single room allowance claims assume no additional HMOs as a result of the Direction which is not proposed.
- There is no evidence to suggest an increase in homelessness
- Because the main urban area which is well served by public transport the impact on travel of any dispersal of rented properties would be limited.
- Whilst applications resulting from the Direction would be free of charge, the total number received since class C4 HMO was created on 6<sup>th</sup> April 2010 and prior to permitted development rights being introduced (1<sup>st</sup> October 2010) was 17. This was from 910 planning applications and 2138 overall submissions received for the period. The additional workload from introducing the Article 4 Direction is not therefore expected to be proportionately significant. The Government has consulted upon the introduction of decentralised planning fee setting, which may allow local authorities to introduce fees for dealing with applications required by virtue of an Article 4 Direction. However

the Council may choose not to introduce a charge for such applications. Non compliance would be dealt with as appropriate.

- The Direction is not proposed as a result of 'poor landlords', but to address the wider potential issues of the impact of a concentration of HMOs within an area.

34 *'Negative Implications for Universities and Colleges'*

- There is a legal obligation for the University of York to provide sufficient on-campus accommodation to house additional students as result of the Heslington East extension. The provision of on-campus accommodation to meet demand would be of benefit to the University. Permission has recently be granted for student accommodation off campus which does not impact on the private rented stock e.g. at Hull Road and at Navigation Road, within walking distance of university sites. More work with the Universities on accommodation of students on campus/in off site bespoke accommodation will be undertaken.

35 *'Negative Implications for the Economy of York'*

- The Policy would not be formulated to result in a significant lack of such accommodation. Young professional graduates and employees in the City would not therefore be disadvantaged as suggested.
- The planning process is legitimately used to control the impact of development, in the public interest. The government circular relating to Article 4 Directions confirms that where justifiable to address identified planning concerns, it is appropriate for local authorities to use Article 4 Directions to remove permitted development rights for change of use from C3 to C4.
- Issues regarding the effect on the Universities are mentioned above, and private sector student accommodation is coming forward which does not impact on housing stock. There is no evidence that the Direction would subdue the housing market or reduce the value of properties in the City. However the measure may help to ensure that housing within areas of highest HMO use is not priced to effectively exclude buyers for family occupation. There is also no reason to believe the Direction would result in fewer living units in the City, since any policy for dealing with applications would not seek to prevent changes of use altogether.

Response to other representations against (Annex E):-

- 36 As mentioned above, the reintroduction of permitted development rights for change of use from C3 to C4 in October 2010 was accompanied by new legislation and guidance relating to Article 4 Directions, which

specifically referred to the control of HMOs using these powers. The Housing Act provisions and the landlord accreditation scheme proposed do not offer the same opportunity to address the wider environmental and social impacts of the distribution of HMOs that the Direction that would allow. The Council has, in preparing the previous reports for consideration of an Article 4 Direction, collated evidence relating to the current impact of HMOs and that which is likely if changes of use were allowed to continue without being subject to planning controls. Specifically in relation to shared housing, planning authorities can consider whether the exercising of permitted development rights would undermine local objectives to create or maintain mixed communities.

- 37 In accordance with the new guidance (Replacement Appendix D to Circular 9/95 (November 2001) under *Section 2 The Use of Article 4 Directions*), a Direction can be made in respect of potential harm, to control problems before they occur where evidence suggests that it would be expedient to do so. Data was collated and presented within this context. All data in the report to the 10<sup>th</sup> January 2011 LDF Working Group was presented in the annexes in an open and transparent manner. A comparison could be made between the areas with high concentrations of HMOs and the city wide average. What were presented in the body of the report were the headline messages of what has been experienced in areas of higher HMO concentration. Conclusions were drawn relating to the potential harm that could be caused if permitted development rights remain in such areas. It is considered that a significant amount and range of evidence underpinned the decision to introduce an Article 4 Direction in York.
- 38 In terms of the consultation process, the regulations for giving notice of the making of an Article 4 Direction require a local advertisement to be placed, and at least two public notices to be displayed in the area subject to the Direction. In this case, as recognised in the regulations, it was considered impracticable to serve notice on all owners and occupiers within the specified area (i.e. the entire main urban area). A minimum period of 21 days for comments is required and the Direction should not be confirmed within 28 days of the start of the consultation period. In this case a Press notice was placed, 14 public notices across the city were displayed, and a three month period of consultation was held. Interested parties were also contacted directly. It is therefore considered that the publicity for the Direction exceeded the minimum requirements set out in the regulations.
- 39 Other comments raised relating to costs, and landlord and student interests are addressed above.

## Options

- 40 The options suggested to the Cabinet are:
- a) No change to current approach towards housing standards in the private rented sector and no confirmation of the Article 4 Direction
  - b) Explore approaches to improving the standard of HMOs through an accreditation scheme but not to confirm the Article 4 Direction
  - c) Explore approaches to improving the standard of HMOs and confirm the Article 4 Direction at Annex C covering the urban area of the City to take effect on 20 April 2012
  - d) Explore approaches to improving the standard of HMOs and amend the Direction in light of the representations received. (Amendment could involve alteration of the area affected by the Direction and/or a change of the date it takes effect)
  - e) No change to current approach towards housing standards in the private rented sector and amend the Direction in light of the representations received. (Amendment could involve alteration of the area affected by the Direction and/or a change of the date it takes effect)

## Analysis of Options

- 41 Option a) The code of practice aimed at shared student properties provides excellent information for landlords and letting agents renting houses in multiple occupations to students. However there is no such framework for landlords and letting agents renting to other types of tenants. It could also be argued that without a checking regime that the code is weakened. Such checks could include :-
- Inspection of all HMOs or random selection of HMO properties owned by a landlord
  - Checking to see whether a landlord/agent is fit and proper and whether they are adequately trained.
- 42 If the Direction is not confirmed then Permitted Development rights to change dwellings houses to C4 HMOs would continue to be available within the City. The impact of and concerns relating to the effects of an increasing number of conversions of C3 dwellings for C4 HMOs within the City could not be addressed in a subsequent policy.



- 43 Option b) This would involve implementation of a city wide accreditation scheme to ensure that all good landlords and letting agents are recognised and helped to provide good quality accommodation to tenants, not just those which rent to students. The scheme would seek to include the inspection of properties and carry out checks to ensure that the person managing is suitably trained for the job. Having such a scheme will enable the existing enforcement team to focus on tackling the minority of rogue landlords. It will also benefit landlords and letting agents in particular by providing positive publicity (certification and logos) which will give confidence to tenants that the properties of a good standard and well managed. It is important that for any scheme to be successful that it has full support of the council. However, if the Article 4 Direction is not confirmed Permitted Development rights to change dwellings houses to C4 HMOs would continue to be available within the urban area and the wider impacts of HMOs in local areas as identified in earlier work would not be addressed.
- 44 Option c) The introduction of an accreditation scheme as described above and confirmation of the Direction taking effect from 20<sup>th</sup> April 2012 would provide a coordinated approach to addressing quality issues and issues of local impact within the urban area of York. Such an approach would potentially allow a flexible Planning policy to be developed which does not limit the number of HMOs across the urban area but manages their use and distribution.
- 45 Option d) The introduction of an accreditation scheme and amendment of the Direction in light of the representations received. However in terms of the Article 4 following consideration of the representations, the Direction made could be amended, for example to increase the area covered by the Direction, or to change to period of time before the Direction takes effect. Amendment of the Direction to this extent would however require a reconsultation process to be undertaken, and any further representations received being considered prior to confirmation of the Direction. Any reduction of the time period by which the Direction takes effect would leave the Council open to compensation claims on applications submitted within 12 months of it taking effect which are the refused or approved subject to restrictive conditions.
- 46 Option e) No change to the housing regime would have the implications as outlined at paragraph 38 above. Amendment of the Direction would require the measures as at paragraph 45.

### **Council Plan Priorities**

- 47 The confirmation of the Direction assists in the delivery of the following priorities:-
- Build Strong Communities – by introducing clear workable standards for private landlords and letting agents which have been developed in-conjunction with landlords letting agents and other stakeholders. In addition the appropriate planning control of HMOs in the City would help to ensure that sustainable, balanced and mixed communities can be maintained throughout the urban area.
  - Protect the Environment – The impact of HMOs within a concentrated area will be more readily mitigated by the requirement for planning applications to be submitted and determined in accordance with a policy which seeks to manage against such effects. This may involve appropriate conditions being attached to an approval rather than outright refusal of an application. Also by ensuring that accreditation standards are practical and focus on issues such as reducing carbon emissions through the use of energy performance certificates. It is a key objective in the Private sector renewal strategy Strategic Aim 2; to encourage private landlords to provide good quality and well managed properties for their tenants.

## **Implications**

### Financial

- 48 There are cost implications associated with the development and the implementation of an accreditation scheme. One of the principles of such a scheme will be to ensure that the scheme is self-financing through a fee structure. However it must be recognised that to develop such a scheme especially to reach out and support landlords and letting agents who are renting outside of the shared student market that there will be a need to resource (staff) the upfront development of the scheme.
- 49 As mentioned above, the Local Authority would be at high risk of substantial compensation claims by applicants, who can claim compensation under section 108 of the Town and Country Planning Act 1990 (as amended), if the Article 4 Direction were to take effect within 12 months of notice being given i.e. before 20<sup>th</sup> April 2012. Applicants are entitled to claim compensation for financial losses incurred, including process costs, loss of land value and loss of future income.

### Human Resources

- 50 The development of an accreditation scheme will need additional officer time. Part of the role of the officer will be to develop a fully costed business case for the scheme.

The introduction of the Article Direction will potentially lead to additional applications being submitted to convert C3 dwellings to C4 HMOs after April 2012. However as explained in paragraph 20, the number is not expected to be significant compared to the total submissions received by the Planning Authority. The monitoring of HMOs to ensure that the Direction is being adhered would be undertaken by the existing planning enforcement team. Wide publicity for the Article 4 direction and provision of information on the planning requirements via Housing services contact with landlords and prospective landlords will assist in avoiding or minimising any additional workload.

### Equalities

- 51 An Equalities Impact Assessment has been carried for the introduction of the Article 4 Direction (Annex G). The confirmation of the Direction itself would not result in any notable adverse impact; it simply involves the withdrawal the permitted development rights across the urban area. The only potential adverse effect identified would be on home owners and prospective landlords needing to apply for permission (with no fee currently payable) to change from C3 to C4. The landlord cohort in York is not believed to include a significant proportion of persons potentially disadvantaged by one or more of the recognised equality strands. The policy formulated and used to determine such applications would need to be subject to an Equalities Impact Assessment to consider whether it has any particular impacts on more vulnerable groups, but the objectives of the policy would have a positive benefit on local people in preserving and ensuring mixed and balanced communities.
- 52 A full Equalities Impact Assessment for the implementation of an accreditation scheme has not been carried out but it is not envisaged that it would result in any adverse impact. However, the business case for such scheme would need to be fully assessed.

### Legal

- 53 The statutory provisions relating to the introduction of the Direction are outlined in the report to the LDF Working Group dated 10<sup>th</sup> January

2011. If the Direction is confirmed, notice of confirmation will be given through, for example, site notices, in the Press and informing the Secretary of State. The Direction will then come into force automatically on 20<sup>th</sup> April 2012. The circumstances in which the Council may be liable to pay compensation are set out in paragraph 45 above.

- 54 Implementation of an accreditation scheme would have no legal implications. However, there is a legal process which will need to be followed should the discretionary licensing approaches be pursued.

#### Crime and Disorder

- 55 Whilst there are no direct crime and disorder implications arising from this report, it is recognised that by improving landlord/letting agents awareness of their responsibilities that this will reduce the risk of any potential problems.

#### Information Technology

- 56 None at this stage but there will be a few but limited implications if members chose to develop an accreditation scheme e.g. the development of information and in particular the ability to publicise accredited landlords and letting agents so that they are incentivised to join such a scheme.

#### Property

- 57 None.

#### Other

- 58 None.

### **Recommendation**

- 59 That the Cabinet :-

- (i) Having taken into account the consultation responses to the making of the Article 4 Direction, considers all the options and agree one of them outlined in paragraph 40.
- (ii) Instructs officers to continue to work with the Stakeholders and Landlord representatives to develop a strategic approach towards HMOs
- (iii) Reviews and considers the impact and effectiveness of implementation of Article 4 Direction and/or other measures

introduced as set out in the options above, 12 months after they have taken effect.

## Contact Details

Authors :	Chief Officers Responsible for the report:
Jonathan Carr Head of Development Management	Michael Slater Assistant Director (Planning and Sustainable Development)
Directorate of City Strategy	Directorate of City Strategy
01904 551303	01904 551300
Ruth Abbott Housing Standards and Adaptations Manager	Steve Waddington Assistant Director (Housing and Public Protection)
Communities and Neighbourhoods	Communities and Neighbourhoods
01904 554092	01904 554016

**Wards Affected:** All

**For further information please contact the authors of the report.**

### **Annexes**

- A** Report to LDF Working Group 10<sup>th</sup> January 2011
- B** Legal Tools for Management of HMOs
- C** The Direction and Plan of the Area
- D** Measures Introduced by other Local Authorities
- E** Summary of representations received
- F** Template letter of objection
- G** Equality Impact Assessment for Article 4 Direction

Proposed Tool	Any necessary legal tests	Analysis of legal tests	Advantages	Disadvantages	Additional resources necessary	Other issues
1 Use of the mandatory legal tools and the continuation of the code of practise for shared student accommodation	None	Not applicable	the code of practice		None	
2 Use of the mandatory legal tools and accreditation of HMOs	None	Not applicable	Different levels of the scheme could be provided e.g. scores on the doors. Could focus on particular issues such as management and landlord development as well as standard of property. Scheme could be potentially funded from a number of sources not just the council. Link with	Relies on ensuring that the scheme promotes good landlords - there must be "buy in by the landlord. The scheme will not identify properties or landlords which are failing but will enable enforcement resources to be more targetted	Yes	
3 Use of the mandatory legal tools and implementation of additional licensing for HMOS	Yes - the council may designate either the area of their district, an area in their district or a type of HMO. The council must consider a significant proportion of the HMOs which are to be included are being managed sufficiently ineffectively as to give rise to be likely to give rise to problems either for the occupiers of the HMOs or for members of the public	We currently do not have the evidence that we have trialled an accreditation scheme.	The scheme if city wide would cover all types of HMOs and would ensure that we had comprehensive database that we could use to develop an inspection regime. There is no opt out for all landlords. Areas covered will include management and standard of property. The mandatory licensing paperwork could be adapted.	More staff required. - estimated approximately 2000 HMOs ( not including existing licence HMOs /converted self contained flats). Additional licensing if applied on an area bases could push HMO development in to other areas. Additional licensing is time limited - 5 year. increased legal costs	Yes	Time limited. Difficulty to quantify but shared student market could be considered to be better than other part of the private rented market
4. Use of mandatory legal tools Implementation of selective licensing	Yes the council must be demonstrate that the area is one of the low demand that the area is experiencing significant and persistant problems caused by anti social behaviour and that at least some of the private sector landlords who have premises in the area are failing to take appropriate action to combat the problem. That the authority must consider that the designation will when combined with other measures either eliminate of reduce the problem.	We currently do not have the evidence that we either an area or the city has a problem with low demand or anti social behaviour	Covers all private rented accommodation not just Houses in Multiple Occupation - there would be no opt out for landlords- comprehensive database and be able to target all landlords.	Don't have the evidence to put forward a case.	Yes	Time limited

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**THE COUNCIL OF THE CITY OF YORK**

**TOWN AND COUNTRY PLANNING (GENERAL PERMITTED DEVELOPMENT) ORDER 1995**

**DIRECTION MADE UNDER ARTICLE 4(1)**

WHEREAS the Council of the City of York (“the Council”) being the appropriate local planning authority within the meaning of Article 4(4) of the Town and Country Planning (General Permitted Development) Order 1995 (“the 1995 Order”) as amended is satisfied that it is expedient that development of the description set out in the Schedule below should not be carried out on the land shown edged red on the attached plan unless permission is granted on an application made under Part III of the Town and Country Planning Act 1990 as amended,

NOW THEREFORE the Council in pursuance of the power conferred on it by Article 4(1) of the Town and Country Planning (General Permitted Development) Order 1995 hereby directs that the permission granted by Article 3 of the said Order shall not apply to development of the description set out in the Schedule below on the said land.

**SCHEDULE**

Development consisting of a change of use of a building from a use falling within Class C3 (dwellinghouses) of the Schedule to the Town and Country Planning (Use Classes) Order 1987 as amended, to a use falling within Class C4 (houses in multiple occupation) of that Schedule, being development comprised within Class I of Part 3 of Schedule 2 to the 1995 Order and not being development comprised within any other Class.

This Direction shall come into effect on 20 April 2012.

Made under the Common Seal of the Council of the City of York this 15th day of April 2011

The Common Seal of the Council was affixed to this Direction in the presence of:

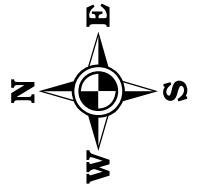
.....  
Authorised signatory

Confirmed under the Common Seal of the Council of the City of York this .day of 20

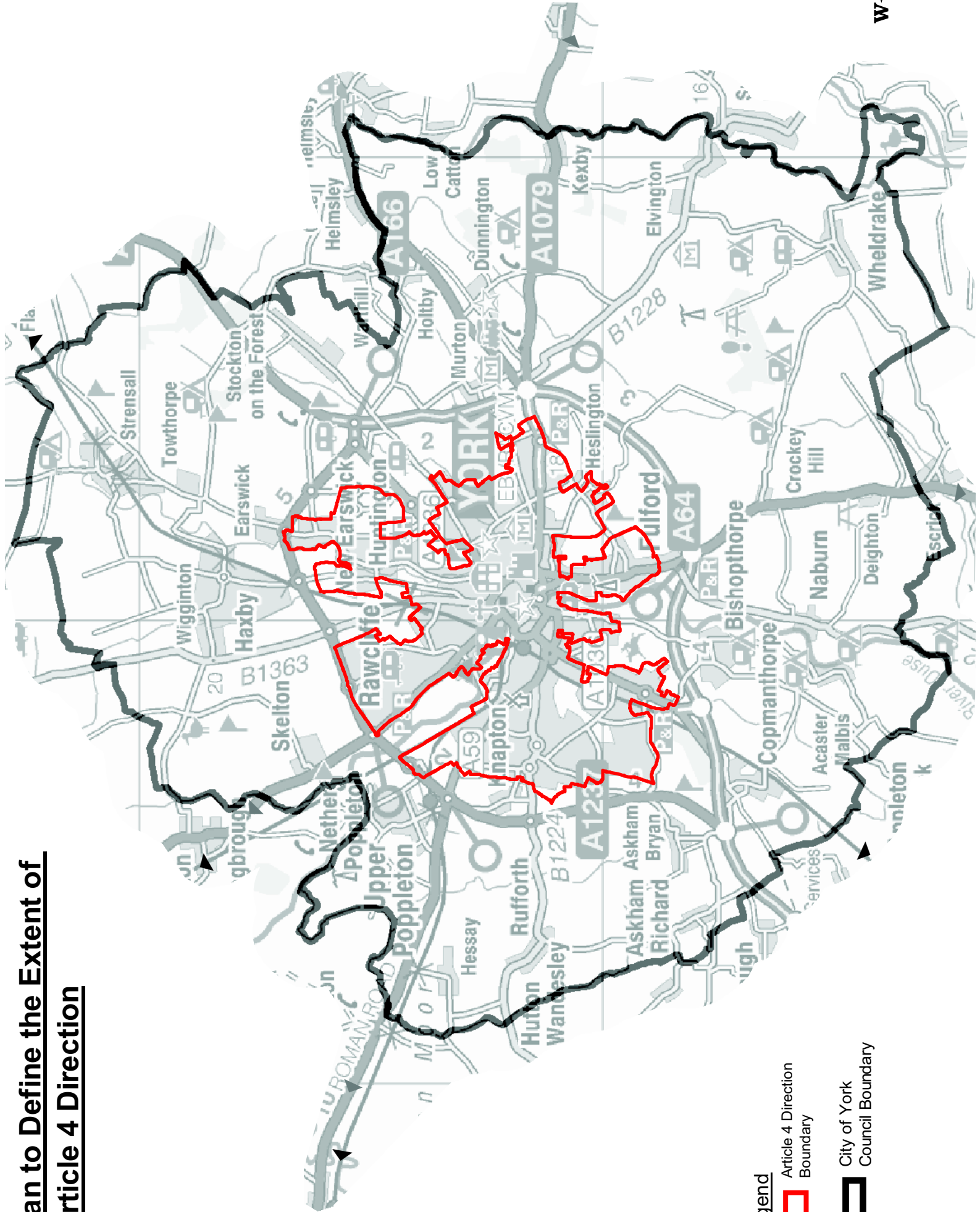
The Common Seal of the Council was affixed to this Direction in the presence of:

.....  
Authorised signatory

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**Plan to Define the Extent of Article 4 Direction**



- Legend**
- Article 4 Direction Boundary
  - City of York Council Boundary

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## Action by Other Councils

## Annex D

Council	Mandatory Licensing	Additional Licensing	Selective Licensing	Accreditation Scheme	Article 4 ?	Comments
Leeds	Yes	No	Yes	Yes	Yes	Selective licensing –very few HMOS in the area chosen Selective licensing introduced to tackle issues of low demand and antisocial behaviour. Additional licensing not being pursued real concerns that it will push the issue of HMOs around the city. Controls accreditation and Article 4 covering specific wards in the city
Hull	Yes	No	No	Yes	Yes	<p>Additional licensing – no additional at the moment, however they are to undertake a mini survey of properties across the City, they will proactively inspect 200 properties randomly picked those being a mixture of smaller HMO's, self contained flats etc – this will provide a basis as to whether additional licensing will be required.</p> <p>Selective – no selective licensing as yet but do have a system Pro active Enforcement and Accreditation for landlords (PEAL) this has being running for 18 months and is based on self regulation within 2 geographical areas they ask landlords to attend a training day paid for by the local authority which entails their responsibilities and HHSRS training if landlords do not attend this then there properties will be inspected. This came about because these two geographical areas had antisocial behaviour and empty properties however there was thought not to be enough evidence to apply for selective licensing.</p> <p>Accreditation – yes they have two schemes, one for student properties (since 2004), this is run by an executive of university of Hull, university of Lincoln, Students union representatives of both and the local authority. The fee for this is £50 per year, the university employ a person to carry out inspections of the</p>

						<p>properties and run the scheme however this person is funded through the local authority. The local authority runs the second accreditation scheme this is for all other rented properties however this scheme is free and therefore they find student landlords joining this scheme. The local authority employ three people to look after this a senior accreditation officer, an accreditation officer and a tenant accreditation officer, Properties are randomly checked. However currently they are looking at doing a regional accreditation scheme.</p> <p>Decision on serving Article 4 on covering wards near the University due 24<sup>th</sup> October 2011</p>
Bradford	Yes	No	No	No	No	<p>Have decided against any additional or selective licensing due to staffing levels, recently have had to put in place an Interim Management Order (IMO) and are looking at turning that into a final management order (FMO) this has taken a lot of staff time.</p> <p>Have inspected the entire private rented properties in specific areas, they have done this on the back of an area based regeneration.</p> <p>They have had in the past an accreditation scheme (of sorts) they linked this in with the standards that are asked for by Unipol however this is not promoted and is currently inactive.</p>
Liverpool	Yes	No	No	No	No	<p>They had considered additional licensing but have decided against it due to the resources it would require however may consider further if the current legislative powers are not working effectively. They have looked at other incentives to avoid this and selective licensing these are their Healthy Homes Programme, which is citywide, Housing Market Renewal and proactive HHSRS inspections.</p> <p>They have veered away from Selective Licensing, as they believe this would displace the problems to other</p>

						<p>areas. They also looked at the resources needed and again decided against.</p> <p>Accreditation scheme is tied in with the Universities, they have one for Student properties and one for the private rented but these are very similar schemes</p>
Newcastle	Yes	No	Yes	Yes	Yes	<p>Selective – have 3 areas of selective licensing, these are based on geographical areas of low demand of properties within the area and anti-social behaviour which is as a result of the low demand of the properties. In many cases they use area-based regeneration instead of selective licensing.</p> <p>Accreditation Scheme – is split into 2 areas one for family accommodation, this was funded using pathfinder money and offered incentives to put in fire detection and grant aid such things, and these are inspected by the private sector service. The second one is shared housing it is a property based scheme and properties it is run by the local authority they have approached the universities but they have decided that they don't want to be a part of it due to lack of funding</p> <p>They have set an Anti Social behaviour section which deals with the student areas in particular this was to avoid going through additional licensing this is set up with a partnership of Police, Universities and the Council (pollution dept). They provide a 24-hour response team and have night wardens. The police also do additional patrols of these areas.</p> <p>Messy gardens (shared) are dealt with through the HMO team using the Management Regulations however if they do receive calls they use the opportunity to carry out a full proactive inspection of the property.</p> <p>Article 4 Direction confirmed covering parts of the City takes effect 24<sup>th</sup> November 2011</p>

University Cities						
Oxford	Yes	Yes	No	Yes	Yes	<p>Additional – Proposal to introduce a citywide additional licensing from 31/10/10. Based on significant number of complaints about HMOS more than 2000/year Licence would be for one year. The fee would be higher in the first year, and reduce on a sliding scale the longer the property was licensed. They hope this would deal with problems of noise, rubbish and congestion.</p> <p>Accreditation – They had registration schemes in the past in certain wards but found problems migrated. The city has a lot of two storey properties with side and rear extensions avoiding the mandatory licensing.</p> <p>Article 4 confirmed for whole Council area, to take effect February 2012</p>
Cambridge	Yes	No	No	Yes	No	<p>Mandatory licensing only. Have no additional problems with anti social behaviour as the universities have a lot of on site accommodation, which is tightly policed by the bursars. No problems with private rented outside campus as demand far out strips supply.</p> <p>Accreditation scheme. Landlords receive a 50% discount on licence fee if they are a member of the scheme.</p> <p>Stated he would need additional resources if additional or selective licensing was introduced.</p>
Nottingham	Yes	No	No	No	Yes	<p>Looking at additional licensing in certain areas within the city. Complaints about noise, rubbish and condition of properties. Evidence gathered from reports run from FLARE. 18-month period of complaints about the above. Consultation with landlords and residents due to start on 01 November 2010 to 31<sup>st</sup> January 2011. Also have</p>



						lots of old terraced housing in the city, poor thermal efficiency etc. Have 1500 licensed HMO's under the mandatory scheme. Accreditation scheme has been in place for 10 years. This is now managed by UNIPOL. They charge a fee to be a member of the scheme. Article 4 Direction across the city due to take effect March 2012
Derby	Yes	No	No	No	No	No additional or selective licensing planned. He feels the additional licensing guidelines do not control what the residents actually want and he feels that imposing planning restrictions on certain areas would be more effective. Also feels it is not necessary in Derby as many of the uni students are local. Accreditation. Derby City Council has set up an Accreditation Scheme for all private rented property, which incorporates the Derby Student Accommodation Accreditation Scheme, and is designed to encourage better management and standards within let property. The scheme enables Landlords to demonstrate that their property is safe and well maintained. The Derby Accredited Property Scheme is voluntary and free to join for your first two years. On application the properties being put forward for Accreditation will undergo an inspection to ensure that they comply with the standards set out by the scheme. Landlords will commit to good management practices and standards, and will also sign a declaration of a Fit and Proper Assessment, which may be verified by the Council.
Bath	Yes	No	No	No	No	No additional or selective licensing. No plans to introduce. Have 350 licensed HMO's. Have no real problems with additional noise, anti social

						<p>behaviour, or rubbish. Accreditation. Have an accreditation scheme, which “does really well”. Have 1500 properties in the accreditation scheme. Have other voluntary schemes. For example, they have a scheme where residents can use student gardens as allotments. Article 4 due to be considered at a workshop session in October 2011</p>
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## Annex E

### Representations Received to Proposed Article 4 Direction

#### Representations in Support

- 1 17 written representations were received in support of Confirmation of the Article 4 Direction. These included detailed submissions by the Badger Hill Residents Community Group, endorsed by Osbaldwick Parish Council. The comments in support are summarised below.
  - It will contribute beneficially to the resolution of problems (raised in the LDF Working Group report of 10<sup>th</sup> January 2011) which have become evident in recent years.
  - On campus provision, together with purpose built or converted accommodation within easy access to the universities, could readily house the increased student population, without harmful encroachment on the stock of general housing in York.
  - In some neighbourhoods the proportion of houses that have become HMOs is about at the limit if a stable community is to be maintained which leads to changes the character of the area or street, through such factors as the breakdown of neighbourly relationships which naturally develop between long-term occupants.
  - There are few children living in areas with high concentrations of HMOs which is affecting the viability of Badger Hill School.
  - Many family homes with gardens are now unavailable to families, the gardens, which would be enjoyed by families are rarely tended by the occupants/landlords.
  - There are excellent public transport links to the University therefore landowners, letting agents can operate across the city, spreading the HMOs out so that overly high concentrations can be avoided.
  - Transient tenants who move on generally more quickly than long term occupant and owner occupied have little commitment to the long-term character and well-being of the area.

- Given the impacts of high concentrations of HMOs it is appropriate that each new proposal to convert a dwelling house to an HMO should be carefully considered, with an opportunity for representations, before permission is granted.
- Without the implementation of an Article 4 Direction for York, the character and sustainability of areas like Badger Hill will continue to deteriorate and community balance will be further affected.
- University of York expansion without pledged increases in the provision of on-campus accommodation has had an adverse impact on local areas.
- The Council must resist pressures from individuals and organisations with a financial interest in student-based accommodation, and focus on the need to ensure communities retain their balance. An Article 4 Direction does not ban future HMOs - it simply brings them within the planning process.

### **Representations against Confirmation**

- 2 38 objections were received to the Direction. 31 of these were in the form of a template and the comments are listed in Annex E.

A representation from the York Residential Landlords Association (YRLA) includes a petition signed by 750 people in objection to the Article 4 Direction (a number of the people on the petition have also submitted a separate objection). The YRLA and the 6 other objections received can be summarised as follows:

- The implications of introducing a Direction are far reaching and damaging to numerous sectors of the community and to York's economy (detailed list of implications submitted by York RLA and in a template letter submitted by a number of its members – see above. Detailed observations regarding the 10 January 2011 report to the LDF Working Group were also submitted).
- The Council already has sufficient powers under the Housing Act 2004 to combat problems. The introduction of further powers is therefore completely unnecessary.
- It would be contrary to national government by forcing through policies which have recently been dropped nationally.

- The Government have declared that to achieve sufficient homes for the increased population, with the current slowness in housing completions it will be necessary for more unrelated people to live in properties.
- Article 4 Directions should be used as a last resort, unconvinced that City of York Council has explored all other options.
- Raises worrying implications on individuals' civil liberties and the idea of social engineering. By seeking to limit the availability of HMOs in certain areas, the Council are in effect trying to ban certain classes of people from living in certain areas of York, all for the benefit of another group of people.
- There is not sufficient justification put forward by the Council.
- The Direction has been rushed through without proper consultation.
- It will cause delays and increased costs for all concerned.
- Compulsory licensing of landlords would not prevent expansion by good landlords but would address the concerns of local residents.
- The Direction is not in the interests of students, many of whom prefer to live in and be part of the local community for part of their time studying at University
- The University of York is a major employer in the and its continued success depends on its ability to recruiting students, the Direction could be detrimental to recruiting students to study in York

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*Negative Implications for Tenants*

- Rents will rise due to a lack of competition and a reduced supply of 'shared housing'
- Lower housing standards as landlords will have reduced competition and hence less incentive to improve standards
- Less freedom of choice of where to live and who to live with increased travel time and costs
- Increased traffic congestion
- Some tenants will have to move out of the city
- Increase homelessness - currently York has 177 people who claim LHA Single Room Allowance. The age limit for Single Room Allowance is soon to be raised from age 25 to 35. So the number of people claiming Single Room Allowance is set to increase by 156% to 454. Where are the additional 277 people going to find rooms in shared houses?
- More students will be forced to live 'on-campus'
- Students will be forced into smaller sized accommodation (i.e. 1 and 2 bed flats) reducing availability of this type of accommodation for families, single parents and young professionals and forcing them to pay higher rents
- It is a discriminatory policy, particularly on students and those on low or no income who need 'shared accommodation' near their place of study or work. Within the current Equality Legislation it will particularly discriminate indirectly on the grounds of age, race and ethnicity

**8** *Negative Implications for Landlords*

- Landlords will have to find other towns and cities to invest in
- Difficulty buying previously 'un-let' property
- Higher purchase prices for houses that have C4 permission or those that have 'established use'
- Reduced returns in the long run and hence making it less attractive to 'become' a landlord
- Portfolio expansion in York will be curtailed
- Choice will be significantly restricted in terms of area and property type
- Extra admin, time and cost in securing the ability to let
- The need to get 'established use' before selling, necessitating applying to CYC for a 'Certificate of Lawful Use' in order to satisfy purchasers/mortgagees.

- Getting gazumped on house purchase when/if permission is granted
- Mortgage applications will be refused due to lack of C4 planning
- More 'households' to manage as 'sharers' get pushed into smaller houses/apartments
- Greater pressure to split properties into 1 and 2 bed roomed flats
- Widespread non-compliance due to the inevitable and genuine ignorance of Article 4 (the vast majority of landlords do not understand it)
- An Article 4 Direction will stop landlords ever letting a shared house to families in the future because they will risk losing their existing established rights of a shared house/HMO

#### 9 *Negative Implications for Local Residents (Owner Occupiers)*

- House values in some areas that were previously popular with HMOs will drop by 15 to 30%
- Houses in some areas will be more difficult to sell
- More sales will 'fail' due to Buy to Let purchasers finding out 'too late' that Planning Permission is needed and/or getting permission declined
- An Article 4 Direction will do absolutely nothing to address any problem HMOs that do currently exist, it will merely stop any more HMO's being created (City of York Council already have extensive powers under the housing Act 2004 to deal with badly managed/maintained HMO properties)

#### 10 *Negative Implications for City of York Council*

- It is a discriminatory policy, particularly on students and those on low income or benefits, who need shared accommodation near their place of study or work. It will leave the council open to claims of indirect discrimination on the grounds of age, race and ethnicity
- There will be increased pressure on social housing due to the age limit for payment of LHA Single Room Allowance being increased from age 25 to 35. Currently York has 177 people who claim LHA Single Room Allowance. When the age limit is raised, the number of people claiming Single Room Allowance in York is set to increase by 156% to 454. Since there will be no additional HMO properties CYC will



have to accommodate an additional 277 people who can no longer afford a one bedroomed self-contained property.

- It will inevitably give rise to increased homelessness
- If tenants are to be dispersed more widely around the city, there will be increased travel which has a detrimental impact on the environment and will increase traffic congestion
- Increased costs will be passed on to Council Tax payers because, by law, Planning Applications made as a result of an Article 4 Directive must be free to the applicant
- Increased workload for an already overloaded Planning Department
- The Planning system will get further back-logged resulting in delays to other more important development projects
- Increased operating costs at a time when Local Authorities must cut costs
- If students 'push out' professionals from one and two bedroomed apartments, less Council Tax will be generated.
- Widespread non-compliance by landlords (due purely to genuine ignorance of Article 4), will require extensive resources to 'police' the directive at the cost of Council Tax payers
- An Article 4 Directive will not tackle any of the existing perceived issues caused by a small minority of bad landlords and/or HMOs

#### 11 *Negative Implications for Universities and Colleges*

- The universities will have to build more 'on-campus' accommodation
- Universities and colleges in York will become less attractive due to an increasing shortage of Private Rented Sector accommodation close to campus for students and staff
- Expansion will be limited by the lack of accommodation

#### 12 *Negative Implications for the Economy of York*

- It will be more difficult for employers to recruit staff on lower incomes due to lack of affordable accommodation
- Young professionals will be pushed out of the city due to the lack of available 'shared housing' and increased rents
- The retention in York of Universities' degree qualified young people will be made more difficult due to lack of affordable Private Rented Sector housing
- Lower university intake and expansion will be restricted

- The Planning system will be used for the 'Social Engineering' of communities (that the planning system is not intended to do)
- Universities will be forced to build Halls of Residence that they do not wish to build and cannot afford
- Subdued housing market affecting many businesses, including: Estate agents, Letting Agents, Mortgage brokers, Solicitors, Surveyors, Architects, Tradesmen, Trades suppliers.
- The values of owner occupied houses in some areas of the city will fall by up to 30%
- Ultimately there will be less 'living units' as needed for the economy to expand

April 2011



## Equality Impact Assessment Form

The Equality Act 2010 came into force on the 1<sup>st</sup> October 2010. Under the Act there is a legal obligation to undertake Equality Impact Assessments (EIAs) as stated in the Public Sector Equality Duty. This duty comes into effect on 6 April 2011 and states that as a public organisation we must have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not

EIAs **assess the impact** of the council's actions on people from the protected characteristics identified in the Act. In addition they should show how our policies and practices would further or have furthered the above aims. Demonstration of the **engagement** you have undertaken when doing the assessment is a key part of this process. Engagement covers a range of different activities, from formal public consultations to direct engagement with people from protected groups. The level of engagement you undertake will depend on the scale of project/activity you are developing or updating.

To comply with the essence of legislation EIAs should be a comprehensive, formal and structured process and the results should be published. These factors enable us to demonstrate to all stakeholders and regulatory/enforcement bodies (like the Equality and Human Rights Commission) that we have fully addressed equality and diversity within the council.

An Equality Impact Assessment must be done at the **development stage** of any policy, review, project, service change etc, **before any decision is taken**.

1	Name and Job Title of person completing assessment	<b>Jonathan Carr Head of Development Management</b>
2	Name of service, policy, function or criteria being assessed	<b>Article 4 Direction relating to Houses n Multiple occupation</b>
3	What are the main objectives or aims of the service/policy/function/criteria?	<b>The direction will remove Permitted development rights such that planning permission will be needed to change the use of a dwelling house to a House in Multiple Occupation by between 3 and 6 unrelated persons. The Direction will be considered by Cabinet on 1<sup>st</sup> November 2011.</b>

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4	Date	10 <sup>th</sup> October 2011
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<b>Stage 1: Initial Screening</b>				
5	What evidence is available to suggest that the proposed service/policy/function/criteria could have an adverse impact <b>on quality of life outcomes</b> <sup>1</sup> for people (both staff and customers) with protected characteristics? Document the source of evidence, (e.g. past experience; anecdotal; research, including national or sectoral; results of engagement/consultation <sup>2</sup> ; monitoring data etc) and assess relevance of impact as: Not relevant / Low / Medium / High.			
Protected Characteristic	Impact Not relevant = NR, Low = L, Medium = M, High = H		Source of <b>evidence</b> that there is or is likely to be adverse impact	
	Staff	Customers /Public	Staff	Customers/Public
Race	NR - change is to use of planning controls in York not internal organisation or procedure	Low .Persons with this protected characteristic may be affected by changes to the distribution and supply of HMOs if it is proposed in a way that creates a sense of isolation  It is anticipated the policy to follow the Direction would prevent harmful concentrations of HMOs being created	No evidence – no impact on this characteristic	There is no evidence that persons with this protected characteristic are more likely to occupy C4 HMO in York, with no strong correlation between the protected characteristic and existing concentrations of HMOs. However language and cultural issues can cause community tension and cohesion issues if groups are concentrated in isolated areas.

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<sup>1</sup> See appendix 1

<sup>2</sup> See appendix 2

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Religion / Spirituality /Belief	NR - change is to use of planning controls in York not internal organisation or procedure	<p>Low. There may be differential impacts through the management of the supply and distribution of C4 HMOs, if it is implemented in such a way that creates feelings of isolation.</p> <p>However it is anticipated the policy complementing the Direction would prevent harmful concentrations of HMOs being created.- positive impact</p>	No evidence	No firm evidence of particular concentrations of persons requiring consideration under this protected characteristic in high number HMO areas.
Gender	NR- change is to use of planning controls in York not internal organisation or procedure	<p>None. Women can be disproportionately affected by community safety issues.</p> <p>Positive impact - A feeling of community safety would potentially be maintained through the protection of mix of housing provision in the city</p>	No evidence	No evidence of particular concentrations of persons requiring consideration under this protected characteristic in high number HMO areas.

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Disability	NR - change is to use of planning controls in York not internal organisation or procedure	<p>Differential impact if persons with protected characteristic are unable to engage with consultation process for formulating policy on HMOs.</p> <p>People with disability may be affected if trying to submit and application for C4 HMO use</p> <p>Otherwise Positive impact - see section 7</p>	No evidence	<p>No evidence of particular concentrations of persons requiring consideration under this protected characteristic in high number HMO areas.</p> <p>No evidence of people with disabilities submitting proportionality more applications, or having difficulties in submitting applications .</p>
Sexual Orientation	NR - change is to use of planning controls in York not internal organisation or procedure	<p>NR No disproportionate impact identified.</p> <p>A feeling of community safety would potentially be maintained through the protection of mix of housing provision in the city</p>	No evidence	No evidence
Age	NR - change is to use of planning controls in York not internal organisation or procedure	<p>Low / Potential for some differential impact depending on how of distribution and supply of HMOs is managed through policy to follow confirmation of the Direction.</p> <p>Otherwise positive impacts – see section 7</p>	No evidence	HMOs disproportionately occupied by those in the 18 -30 age group. Changes to housing benefit likely to result in increased number of persons up to 35 yrs in shared housing.

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Pregnancy/mat ernity	NR - change is to use of planning controls in York not internal organisation or procedure	NR	No evidence	No evidence of particular concentrations of persons with this protected characteristic in high number C4 HMO areas.  HMOs affected by the Directions are properties occupied by 3 or more unrelated people. Co habiting couples, single parent families and other related people living in a property are defined as living in a family home and so are unaffected by the proposal.
Gender Reassignment	NR - change is to use of planning controls in York not internal organisation or procedure	NR  Positive impact. A feeling of community safety would potentially be maintained through the protection of mix of housing provision in the city	No evidence	No evidence of particular concentrations of persons with this protected characteristic in high number C4 HMO areas.
Marriage and Civil Partnership	NR - change is to use of planning controls in York not internal organisation or procedure	NR	No evidence	No evidence of particular concentrations of persons with this protected characteristic in high number C4 HMO areas.  HMOs affected by the Directions are properties occupied by 3 or more unrelated people. Co habiting couples, single parent families and other related people living in a property are defined as living in a family home and so are unaffected by the proposal.
Carers of older and disabled people	NR - change is to use of planning controls in York not internal organisation or procedure	NR  Potential positive impact	No evidence	No evidence

If you assess the service/policy/function as **not relevant across ALL the characteristics**, please proceed to

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section 11.

If you assess the service/policy/function as **relevant for ANY of the characteristics**, continue to Stage 2, Full Equality Impact Assessment.

<b>Stage 2: Full Equality Impact Assessment</b>		
6	Are there any concerns that the proposed or reviewed service/policy/function/criteria may be discriminatory, or have an adverse impact on members of the public, customers or staff with protected characteristics? If so record them here (expand the boxes to take up as much room as you need). See the <a href="#">2 EIA Guidance documents</a> on Colin for help as to what the issues may be.	
a	Public/customers	The Direction itself proposes no impact other than requiring planning applications to be submitted to create House in multiple occupation (no fee payable). This may have an impact on landlords or prospective landlord in needing to submit planning applications. However there is no prevalent and relevant protected characteristic amongst current landlord cohort in York. It is the subsequent policy on how to deal with applications that would determine the impact upon the equality strands.
b	Staff	No – change is to external planning control rather than internal organisation
7	<p>Can the adverse impact be justified? For example:</p> <ul style="list-style-type: none"> <li>▪ improving community cohesion</li> <li>▪ complying with other legislation or enforcement duties</li> <li>▪ taking positive action to address imbalances or under-representation</li> <li>▪ needing to target a particular community or group e.g. older people.</li> </ul> <p><b>NB. Lack of financial resources alone is NOT justification!</b></p> <ul style="list-style-type: none"> <li>• The Policy to follow the making of the Direction is likely to lead to maintenance and improvement of community cohesion through maintenance of mix of housing and population profile in local areas. Also dispersal of HMOs likely to improved diversity of communities:- <ul style="list-style-type: none"> <li>- Will assist in ensuring care and social well-being of otherwise isolated elderly individuals or groups in all areas</li> <li>- Will assist in maintaining feeling of community safety for older groups, women, and persons within protected characteristics e.g. sexual orientation, gender reassignment</li> <li>- Will reduce potential for isolation of religious beliefs, racial groups and assist in minimising community tensions</li> </ul> </li> <li>• Parking issues preventing accessibility to vehicles to inconvenience of persons with mobility issues can arise in areas of high concentrations of HMOs. Direction and policy can alleviate this by ensuring distribution of HMOs does not lead to on street parking congestion in localised areas.</li> <li>• The requirement for planning permission will allow the Council to consider issues of accessibility to shared housing to improve convenience for disabled occupants</li> </ul>	
8	What changes will you make to the service/policy/function/criteria as result of information in parts 5&6 above?	



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	<ul style="list-style-type: none"> <li>Consider the adequate provision of and acceptable distribution of C4 HMOs through formulation and implementation of planning policy and appropriate guidance</li> <li>Formulation and implementation of the policy relating to how applications for C4 HMOs will be decided needs to be an inclusive process to ensure diverse community groups are aware and involved.</li> <li>Ensure Communications are accessible for people with disabilities</li> <li>Ensure assistance continues to be available for those with disabilities in submitting planning applications through a variety of media and face to face.</li> </ul>		
9	What arrangements will you put in place to <b>monitor impact</b> of the proposed service/policy/function/criteria on individuals from the protected characteristics?		
	<ul style="list-style-type: none"> <li>Feedback sought from applicants submitting applications for C4 HMOs</li> <li>Level of noise complaints, littering, and incidences of crime in output areas where currently high concentration of HMOs and adjacent areas will be assessed after implementation of the Direction.</li> </ul>		
10	List below actions you will take to <b>address any unjustified impact and promote equality of outcome (as in appendix 1)</b> for staff, customers and the public from the protected characteristics. The action could relate to: <ul style="list-style-type: none"> <li>Procedures</li> <li>Service delivery</li> <li>Training</li> <li>Improvement projects</li> </ul>		
Action		Lead	When by?
No unjustified impacts identified			
11	Date EIA completed		
Author: Jonathan Carr Position: Head of Development Management Date: 11.10.11			
12	Signed off by		
<b>I am satisfied that this service/policy/function has been successfully equality impact assessed.</b> Name: Position: Date:			
Please send the completed assessment for feedback to <a href="mailto:evie.chandler@york.gov.uk">evie.chandler@york.gov.uk</a> and <a href="mailto:heather.johnson@york.gov.uk">heather.johnson@york.gov.uk</a> Once your EIA has been completed we shall also add it to the corporate register of EIAs. We use the			

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register to publish an annual EIA report on the council's site.

## **Appendix 1 - Quality of Life Indicators (also known as “the 10 dimensions of equality”)**

We must ensure there is no adverse impact in terms of:

- Longevity, including avoiding premature mortality.
- Physical security, including freedom from violence and physical and sexual abuse.
- Health, including both well-being and access to high quality healthcare.
- Education, including both being able to be creative, to acquire skills and qualifications and having access to training and life-long learning.
- Standard of living, including being able to live with independence and security; and covering nutrition, clothing, housing, warmth, utilities, social services and transport.
- Productive and valued activities, such as access to employment, a positive experience in the workplace, work/life balance, and being able to care for others.
- Individual, family and social life, including self-development, having independence and equality in relationships and marriage.
- Participation, influence and voice, including participation in decision-making and democratic life.
- Identity, expression and self-respect, including freedom of belief and religion.
- Legal security, including equality and non-discrimination before the law and equal treatment within the criminal justice system.

Indicators from: The Equalities Review 2007 and the Equality Framework for Local Government.

Appendix 2

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## **Consultation Responses to Notice of Article 4 Direction**

A Press newspaper notice was placed, and 14 public notices across the city were displayed on 20<sup>th</sup> April, and a 3 month period of consultation was held. Interested parties (those commenting in respect of items relating to the making of a Direction at Local development Framework Working Group and Executive meetings) were also contacted directly. Notice was given on the Council's website, and Parish Council's, Planning Panels, developers and agents were notified. The consultation exceeded the minimum requirements of the Town and Country Planning General Permitted Development Order (as amended).

### **Responses**

55 responses (17 in support of the Direction) were received. These will be summarised in the report to consider confirming the Direction. Some objectors raised equalities concerns for students on the grounds of age, race and ethnicity in that the Direction would mean greater distances to travel from the Universities.

The Report to confirm the direction does not include criteria for assessing how applications will be decided, so it is premature to predict the impact on particular groups.

The direct impact of confirmation of the Direction would be upon owners and landlords needing to seek permission if they wish to change the use of a dwelling to a house in multiple occupation. This affects all owners and landlords with property in the area. There is no evidence from information held regarding landlords and in the experience of Housing staff to suggest that the equality of life indicators (appendix 1) of this group would be adversely affected.

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**Cabinet****1 November 2011**

Report of the Cabinet Member for Health, Housing and Adult Social Services

**The Review of City of York Council's Elderly Persons Homes****Summary**

1. The Cabinet decided at their meeting on 19 July 2011 to initiate a period of thorough consultation with the public and stakeholders on five options for the future of the City of York Council's elderly persons homes (EPHs). A copy of the consultation document is attached at Annex 1.
2. This report now provides summary analysis and details of the responses to that consultation and highlights some of the key messages obtained during the three-month period.
3. In view of the overwhelming support in the consultation for the vision of three new facilities in the city this report also proposes some first steps toward implementing that vision.

**Background**

4. It is widely recognised that the council's care homes are well run and that both those who live in the homes and their relatives and friends recognise and value the quality of care provided. The review highlighted the need for changes to the current provision and proposed options for consultation on how it could be replaced by modern facilities, facilities which could offer higher quality care and accommodation to meet the needs and aspirations of a growing population of older people in the city for the foreseeable future.
5. The council owns and operates nine elderly persons homes that were built between the 1960s and 1970s. They are coming to the end of their useful life as fit for purpose care homes. The majority of beds provided are for frail elderly people but the greatest demand now and expected in the future is for specialist dementia beds. The council only has 57 dementia beds and there is a shortage of dedicated dementia beds in the wider private sector in York. The City of York

Council (CYC) homes v \_\_\_\_\_ ned for this specific purpose and the overall care home design falls some way short of care homes being built today to modern standards. As examples, the very limited bedroom dimensions and lack of ensuite accommodation were highlighted by the review.

6. The demand for traditional frail elderly residential care beds has been declining. In response to the expressed views of older people we have seen increases in the availability of community support and alternative housing options enabling more older people to remain living in a home of their choice. The nine current local authority run homes can provide 276 beds, but currently with the exception of dementia care beds we have 45 beds vacant.

## **Consultation**

7. Full details and analysis of the consultation is attached at Annex 2.
8. In summary, the postal survey was sent to 2,480 people on the mailing lists of York's Older People's Assembly, the Alzheimer's Society, Age Concern York and York Blind and Partially Sighted Society. 873 surveys were posted to current EPH residents and their relatives, EPH staff, respite and day care customers and their relatives. A further 1,450 self-completion surveys were made available at four public meetings across the city, libraries, supermarkets, older people's fairs, resident associations and community centres for people to complete and post back.
9. The response to the postal survey was 935 (3,370 were posted out to a "named" recipient) – a very good response rate of 27.7%. Some responses reflected individual views others represented wider organisational perspectives. Overall, 1,163 respondents completed a survey (935 by post, 131 by self-completion and 66 online).
10. Nine out of ten respondents agree with the council's vision of ensuring people do not have to move between different types of homes as their needs change (90.9%). More than eight out of ten respondents also agree that the council should modernise its EPHs to better meet the needs and aspirations over the next 40 years (87.8%). A clear majority also believed that residential care should focus on the specialist needs of people with dementia, high dependency and nursing care requirements (85.6%).
11. Seven out of ten respondents think resources should be redirected from residential care into helping people stay at home for longer with appropriate support (70.2%) and that day care should be provided within the community rather than in EPHs (72%).

12. Between eight and nine out of ten respondents agree that the proposed three sites offer a reasonable geographical spread across the city (85.3%) and that buildings can be designed in a such a way to ensure they do not become too big and impersonal (90%).
13. An overwhelming majority of respondents (86%) support Option D for addressing the future of the council's EPHs. This option would involve the council funding, building and operating three new EPHs. Only 5.5% do not support this option. Almost half of respondents (49.4%) positively support Option E - a partnership approach with a developer/operator to fund, build and operate three new homes. When invited to suggest additional options to those listed, no new options were suggested through the consultation.

### **The response to the consultation**

14. Cabinet is asked to recognise the results of the consultation and the strong desire amongst consultees for the new homes and a care village concept as outlined on Options D & E of the original paper and consultation.
15. Cabinet is also asked to note the strong support for the focus of the new facilities to be on meeting the needs of people with dementia and high dependency and the ambition to provide lifetime care wherever possible on each of the proposed three sites.
16. To embark on this programme of modernisation necessitates we propose the early closure of two existing homes, Fordlands and Oliver House. Permission is therefore requested to conduct a further period of consultation with the residents and relatives of these two specific homes over the coming six weeks and with all homes and stakeholders on the overall programme of development and closures.
17. Delivering the strategy would see the demolition and rebuild of two homes at Fordlands in Fulford and Haxby Hall, with subsequent provision of two new 55 bed facilities. Haxby Hall provides 27 high dependency beds (in a total of 47 beds) for which we have insufficient numbers of alternative bed provision of this specialist nature in our current EPHs. Therefore Haxby Hall can only be rebuilt as a new facility when one of the other two new facilities opens. Fordlands has 17 residents currently who could be accommodated in vacancies which already exist in Woolnough, Grove House or Haxby Hall (the EMI respite beds can also be provided here). Such a transfer of residents would enable the programme of a new build at Fordlands to begin.

18. Oliver House is our least popular home in terms of demand and currently has only 12 residents living in a home of three storeys that in its heyday had 30 beds. The reducing number of residents makes it more difficult to maintain a lively, warm and sociable home. The unit costs per bed in maintaining Oliver House are now as a result high. Oliver house has only one bedroom with an en-suite.
19. The residents of Oliver House can be accommodated within existing vacancies in our other homes and similar to Fordlands residents would be able to move with their fellow residents and familiar staff into vacancies in other CYC homes that would be due for closure later (a minimum of two years) into the wider transformation programme. Should another home be considered for closure instead of Oliver House in Phase 1 of the programme then the vacant registered beds in Oliver House would have to be utilised to provide decant vacancies for residents. This would incur some refurbishment costs alongside a significantly increased risk that some residents may not see Oliver House as a suitable alternative to move into.
20. If, following the consultation, Cabinet decides to proceed with the overall programme of development and closures including the first two homes, each individual resident and their relative would be supported under the council's 'Moving Homes Safely' protocol (Annex 6) to consider alternative accommodation. Arrangements have been made with Older Citizens Advocacy York to provide independent advocacy support to residents where it is requested or required.
21. Similarly, if, following the further consultation described above, Cabinet decides to close Oliver House, there are options that could be explored to avoid the building standing empty. One of the options is to adapt the building to house a range of voluntary organisations and some providers for older people as a hub or one stop shop for older people to use as well as direct provision of lunch and day clubs etc. Such an approach would be consistent with our strategy of enhancing the range and availability of community based support services.
22. Cabinet can expect to receive a further report on 10 January 2012 on the consultation on the overall programme of development and the specific consultation on Fordlands and Oliver House before making final decisions.



**The possible overall programme of change**

23. It may help in the consideration of the proposal to close Fordlands and Oliver House to see the overall possible programme of steps toward the preferred model of four new facilities on three sites.
24. Given the likely time required to safely move existing residents to alternative homes it is assumed that it would not be possible to close Oliver House and Fordlands before April 2012.
25. On the basis that Fordlands and Oliver House close in Phase 1 then 17 permanent residents need to move from Fordlands and 12 permanent residents from Oliver House. There are also six EMI respite beds at Fordlands which could be relocated to Haxby Hall. At the time of writing we have 45 permanent vacancies across the remaining five EPHs excluding Morrell and Windsor which are solely EMI care homes. Due to the demand for EMI care both Morrell and Windsor are expected to remain operating with all beds full during the two-year period of Phase 1 developments.
26. Oliver House and Fordlands residents would therefore be offered the choice of vacancies in Oakhaven, Willow, Woolnough and Grove House. It would not be unique to see residents also considering newly developed sheltered housing facilities eg Auden House which may not have been available at the time they originally decided to enter residential care.
27. Ongoing careful management of bed numbers would be required until the new builds at Lowfield and Fordlands were complete. Lowfield is expected to have a capacity to provide for 90 residents in the two new facilities proposed for that site and Fordlands 55 (both figures include respite).
28. It is estimated that following Cabinet decisions the design of the Lowfield site followed by consultation, planning and specification could take until December 2012 to complete and a further 12 months to build the two 45 bed care homes on site. Completion date would be around January 2014. Building work on bungalows and apartments could also be completed within this timescale.
29. Following consultation the Fordlands site would not be vacated until April 2012. Demolition, planning and specification work could take place between April 2012 and December 2012 which would allow work to commence on site in January 2013. It could therefore be feasible to complete the Fordlands new build 12 months later in January 2014.

30. With Lowfield and Ford opened early in 2014 it would be possible at that stage to close Haxby Hall, Oakhaven, Windsor, Morrell and Willow House. This would be Phase 2 of the programme. This would allow all the home occupants including their staff the opportunity to move directly into these brand new facilities without the need for interim care arrangements.
31. This would leave Woolnough and Grove House as the remaining older care homes still operating and these in turn would close when the new build on Haxby Hall is complete. It could be expected that planning and procurement would be completed in advance of Haxby Hall closing in order that the site can be demolished and work commence as soon as residents leave the care home. The design planning and procurement stages could also commence and be complete before Haxby Hall closes. Allowing a 12-month build time for the new Haxby Hall it could be operational by January 2015. This would be Phase 3 of the implementation plan at which time the residents and staff in the remaining two care homes Grove and Woolnough would have the opportunity to move into the brand new facilities.

Table 1 Possible programme of development

<b>Phase 1 April 2012</b>	<b>Phase 2 January 2014</b>	<b>Phase 3 January 2015</b>
Oliver House closes Fordlands closes	Lowfield Village opens New Fordlands opens Haxby Hall closes Oakhaven closes Windsor House closes Morrell House closes Willow closes	New Haxby Hall opens Grove House closes Woolnough closes

32. The proposed timings of care home moves to new facilities are approximate at this stage due to any fluctuations in the time required for designing, obtaining planning permissions, procurement and building etc. However, the programme is spread over three phases of activity and Table 1 above gives an indication of which phase each home is envisaged to be in.
33. Subject to the outcome of the consultation on Fordlands, and if a new facility were to be built on that site, Cabinet may wish to express its view at this stage on whether or not it is minded for the council to fund the build and to operate the new facility in line with the support

expressed for this option – CYC fund, build and operate) in the consultation to date.

### Lowfield Care Village

34. The concept of a “village” on the Lowfield site received strong support in the consultation for its mix of residential care use, a social hub and independent living bungalows on this site. The consultation feedback also suggested that the bungalows and apartments should offer a mixture of tenure; for sale, shared ownership or to rent. It is possible to have a combination of apartments and bungalows totalling 50 or more on the Lowfield site along with the addition of affordable housing.
35. The capital funding and service delivery for the proposed two 45 bed residential care homes on site has been considered within the overall financial costs for the future of elderly persons homes. However, no funding has been allocated to the building cost of the on site social hub. In care village models elsewhere, these costs have been funded through the income generated by the sale of the bungalows or apartments.
36. Given the complexity and opportunities available on this site, Cabinet is asked to agree to receive further, more detailed proposals in February 2012. A working group would be established for this purpose to include all relevant council officers with health colleagues and the Joseph Rowntree Trust who have knowledge and experience in this area.

### **Day Care provided in the EPHs**

37. The consultation responses supported the re-provision of day care activity away from elderly persons homes and into the wider community. Cabinet is asked to agree to officers now progressing with a commissioning programme to expand existing and establish new day activities in the community in partnership with voluntary and independent sector organisations.
38. Older people currently receiving day care would be supported to consider the choices available to them and to access the new capacity to be funded from the savings identified in this review of the EPHs. It is estimated to require £80k to create this new capacity.

### **Respite Care**

39. There was understandable support in the consultation for the proposed expansion in the number of respite beds from 14 currently

to 20 in the new facilities. It is important to ensure that the current number of respite beds are maintained and opportunities taken to expand these wherever possible during the implementation of a programme of change.

### **Responses to key concerns in the consultation**

40. Concerns about existing and future levels of loneliness and isolation amongst older people living in the community were strongly highlighted in the consultation and are clearly a key issue to seek to address.
41. A working group has been formed of various voluntary sector organisations and representatives of older people's groups to work on a submission for funding to a new element of the Big Lottery fund targeted at older people. A bid is expected to supplement existing befriending initiatives by various voluntary organisations and action research work in York led by the Joseph Rowntree Trust.
42. The new shadow Health and Wellbeing Board may also wish to make loneliness one of its key priorities.
43. Concerns were aired in the consultation about reducing the overall number of beds from 276 to 200 in these options.
44. Many older people tell us that they would rather stay in their own home with support for as long as they are able. We think that with our commitment to invest in other services such as reablement, more domiciliary care, telecare equipment in people's homes in conjunction with warden call, specialist night services and extra care sheltered housing we will require fewer traditional residential care beds. There are a growing number of vacancies in our care homes for traditional residential care whilst at the same time our long term commissioning plan tells us we need more specialist beds. This is demonstrated by a current waiting list for dementia beds. Our commissioning team estimate, based on population growth, the future demand to be 180 specialist beds plus 20 respite beds, so 200 in total. We think there will always be a need for residential care but we also want to offer choice and avoid unnecessary admissions.

### **Corporate Priorities**

45. The protection of vulnerable people lies at the heart of the council's priorities. Over 7,000 vulnerable adults receive social care services in York. The council's overarching objective is to safeguard such adults, to promote their independence, enable them to make real life choices and give them control over their daily lives.

## **Implications**

### **Financial**

46. The overall programme of development of the four facilities on three sites is considered to be affordable within the current budget allocation for the nine EPHs subject to projected costs and receipts over the four-year period.
47. The two spreadsheets in Annex 3 show the likely operating costs for Option D (CYC operate) and Option E (private or not for profit operator). In Option E all existing EPH staff would transfer across to the new provider on the current terms and conditions of employment (TUPE). Therefore, the lower operating costs shown in this spreadsheet would become achievable as TUPED staff gradually left. Our current staff turnover rate is 10-12% pa.
48. The closure of Fordlands would deliver a saving of approximately £750k in 12/13 (NB A new Fordlands could open in early 2014) and the closure of Oliver House would save £550k in 12/13 and after allowing for a projected loss of income from reduced overall bed numbers it would leave a saving of £1.1m in 12/13.
49. Further detailed modelling of the variables in capital costs, time periods, repayment schedules and comparisons between options will be required in the January 2012 report to Cabinet subject to the outcome of the six-week consultation on the closures and the possible programme of transformation.
50. Annex 4 contains information on indicative capital costs to assist the Cabinet and the proposed six-week consultation in understanding this aspect of the possible transformation programme.
51. Annex 5 is a summary of key information on each of the nine homes including their capital value. The valuation of the nine EPH sites is estimated to be between £5.7m and £6.1m in total. The value of the seven possible surplus sites (excluding the Fordlands and Haxby Hall sites) is estimated to be from £3.9m to £4.25m. The values given at Annex 5 are based on pre-downturn levels and may not be achieved in current market conditions.

### **Human Resources (HR)**

52. Staff will continue to have a full opportunity to comment on the proposals and put forward any suggestions during the further six-

week consultation period has been represented on the Review Board which has overseen the project and has fully contributed in the three-month consultation. We are confident this will continue into the proposed six-week consultation period.

53. Full and formal consultation will commence with affected staff groups, following the decision of the Cabinet in January 2012. We anticipate that all options can be delivered without the need to make compulsory redundancies. In the event of any future decisions being taken to use Option E (a private or not for profit provider operator) staff would be eligible to transfer to any new provider under the Transfer of Undertakings (Protection of Employment) Regulations 2006.
54. There are 25 staff working at Fordlands and 22 staff at Oliver House. The service has been holding vacancies across the homes with temporary cover and these, combined with requests received for early voluntary retirement from staff, will avoid the need for compulsory redundancies if these homes were to close. Similarly, in the subsequent phases of the transformation programme we will not require any further reductions in staff numbers.

### **Equalities**

55. The equality impact assessment (EIA) for the policy direction regarding the future of residential care for older people is available. We consulted with the Equalities Advisory Group (EAG) on 28 September 2011. The EIA showed that there will be implications for the health, security and wellbeing of frail residents and also female members of staff who are older and also carers themselves. In response we have developed a 'Moving Homes Safely' protocol – see Annex 6. The document describes the process that will be followed when a care home faces planned closure, and its residents need to be re-assessed and moved to a new home. The document is written in plain English and outlines for residents and their relatives what will happen at each stage of the process, which includes: re-assessment; choosing a new home; moving to a new home; reviewing the move; and who will be involved in supporting them along the way. Age UK York, Older Citizens Advocacy York (OCAY) and the York LINK Readability Panel have all commented on the protocol to ensure that, from a resident's perspective, both the process and document are clear and make sense.
56. We shall also consult on the protocol with the EAG at the "Help us to get it Right Day" in November 2011.

57. Regarding staff it is not clear that there will be any need for compulsory redundancy as there are sufficient vacancies, combined with requests for early retirement, to absorb any surplus staff.

### **Legal**

58. Legal Services have continued to advise the Project Board regarding the review and consultation exercise and will maintain their involvement throughout the process where necessary. The advice being given is that if, following consultation, the City of York Council has formed a provisional view about a particular course of action, it is advisable to be clear about that view throughout the next consultation exercise. By doing so, the council is being transparent and giving the consultees as much information as possible about timescales and reasons for proposals. This means that those being consulted will be better equipped to consider the issues fully and respond to the consultation intelligently. However, it is important to be clear that the view is provisional and the council will only make a final decision on the issues being consulted about following the second consultation exercise.

### **Crime and Disorder**

59. There are no implications.

### **Information Technology (IT)**

60. There are no implications at this stage of the review.

### **Property**

61. The Lowfield site has a capital receipt value of £2m which currently contributes to the funding of the capital programme. The seven possible surplus sites mentioned previously in the report have been estimated by Property Services on 21 January 2011 - to be between £3.9m to £4.25m. However, in the present financial climate and current market conditions, the proceeds of sale from these disposals may not be achieved as estimated and may not be sufficient to realise the required £2m, therefore leaving a shortfall.
62. Should members decide to proceed with the concept of a 'village' on this site, any shortfall of this capital receipt at £2m would have to be found from elsewhere within the "village" project to support the current capital programme.
63. A further report with regards to the care village and the use of the Lowfield site will be brought back to members in February 2012.

64. As part of the process we would look at the best use of the remaining seven sites through the asset board. Opportunities will be sought for joint working with partners, which will free up other sites for disposal.

### **Planning**

65. Officers support the development of the Lowfield site for elderly person's accommodation.

### **Other**

66. There are no other implications at this stage.

### **Risk Management**

67. There are no risks at this stage arising from this report which seeks permission to begin a period of further and more targeted consultation on the implementation of the review.

### **Recommendations**

68. Cabinet recognises the results of the consultation and the strong desire amongst consultees for the development of new homes and a village concept as outlined in Options D & E.
69. Cabinet agrees to a further six-week period of consultation on the proposal to close two existing homes, Fordlands and Oliver House and on the possible overall development programme contained in this report. Cabinet is also asked to receive a further report on the 10 January 2012 on the outcome of the further consultation before it makes a final decision.
70. Subject to the outcome of the consultation on Fordlands and if a new facility were to be built on that site, the Cabinet may wish to express its view at this stage on whether or not it is minded for the council to fund the build and operate the new facility in line with the support expressed for this option (ie Option D – CYC fund, build and operate) in the consultation to date.
71. Cabinet agrees to receive further, more detailed proposal in February 2012 on the Lowfields Village.



72. Cabinet agrees to offi . . . gressing with a commissioning programme to expand existing and establish new day activities in the community.

*Reason: The review highlighted the need for changes to the current provision and proposed options for consultation on how it could be replaced by modern facilities. There was overwhelming support in the consultation of the need for change and the vision of the new facilities in the city. These recommendations form the first steps toward implementing that vision.*

### Contact Details

<b>Author:</b>		<b>Cabinet Member Responsible for the report:</b>		
Graham Terry Assistant Director (Adult Provision and Modernisation) Adults, Children and Education 01904 554006		Cllr Tracey Simpson-Laing Cabinet Member for Health, Housing and Adult Social Services		
		<b>Report Approved</b>	<input checked="" type="checkbox"/>	<b>Date</b> 19 October 2011
<b>Specialist Implications Officer(s):</b> HR – Hannah Morley (Ext 4505) Finance – Steve Tait (Ext 4065) Legal – Melanie Perara (Ext 1087) Property – Tim Bradley (Ext 3355) Equalities – Evie Chandler (Ext 1704)				
<b>Wards Affected:</b> <i>List wards or tick box to indicate all</i>				<b>All</b> <input checked="" type="checkbox"/>
<b>For further information please contact the author of the report</b>				

### Background Papers

Cabinet Paper - A Review of City of York Council's Elderly Persons Homes (EPHs) (19 July 2011)

### Annexes

Annex 1 – Consultation Document

Annex 2 – Report on Public Consultation Feedback

Annex 3 – Operating Costs (Options D and E)

Annex 4 – Indicative Capital Costs

Annex 5 – City of York Council's Elderly Persons Homes - Summary of Key Information

Annex 6 – 'Moving Homes Safely' protocol

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## Have your say on the future of City of York Council's Elderly Persons Homes

### CONSULTATION BACKGROUND

City of York Council wants to hear your views on the findings of a recent review of the residential care homes that it provides for older people in the city, which are known as Elderly Persons Homes (EPHs).

It is widely recognised that the council's Elderly Persons Homes are well run, and that the people who live in them, as well as their friends and family, recognise the quality of the care provided to them.

However, the review has concluded that there is a need to update the range of care and accommodation available to older people to make sure that the council can continue to meet their needs in the future.

There are currently 33,000 people over the age of 65 in York, but this figure is expected to rise to 37,000 by 2015 and 40,100 by 2020. It is expected that the demand for places in residential care homes from people with dementia and specialist nursing care needs will also increase.

This increasing pressure on services for older people comes at a time when the council, like public sector organisations across the country, is facing a major reduction in the amount of funding that it receives from the government. In York, the council's funding is being cut by 28 per cent over the next four years, and 13.3 per cent of this has been cut from the grant that the council received for the current financial year.

On a more positive note, this year York has received £1.997 million from central government to invest in preventative measures such as Telecare/warden call that will help to reduce some of the pressure on health and social care services in the future. The council has worked with local NHS organisations to decide how best to spend this money on preventative services which will, in turn, ease the budget strain on longer term provision.

The long-term aims of the council and local NHS organisations are to allow as many older people as possible to enjoy their independence for longer, reducing the need for care home and hospital admissions, and to give older people a wider choice of accommodation and more opportunities to socialise.

This reflects the findings of a survey carried out by the council in 2008 in which 63 per cent of those who responded said that they would like the council to help older people to remain in their own homes for longer. An overwhelming majority recognised that, in the future, the council must focus on providing specialist care for people with dementia and those with nursing care needs.

### **The council's current care homes**

The table on the back page provides a summary of information on the council's nine Elderly Persons Homes including location, site size, and the number of beds provided.

Built in the 1960s and 1970s, these homes are now dated and do not provide the same standard of accommodation as modern care homes being built today. Only 33 of the 276 beds available have en-suite facilities, and the bedroom sizes and daytime facilities do not meet modern standards. In these homes, the council only has 57 beds for people with dementia, even though demand for them is rising rapidly and will continue to do so. Although private sector care providers also provide some beds for people with dementia in York, there is a shortage across the city as a whole.

A limited day care service is provided in six of the nine care homes, with day care service users joining with permanent residents for activities and meals. Whilst this model of day care service provides a welcome break for the people who use the service, and their carers, it is a poorer model than that found in day care facilities that are designed and operated specifically for day care.

Another important issue is that the size and design of the council's existing care homes for elderly people does not allow people with different needs to be cared for in the same home. This means that, all too often, people have to be moved from one home to another as their needs change. The council's existing homes are small, with just 31 beds each on average. Modern residential care homes tend to be much larger so that they can accommodate people with a much wider range of needs. That way, there is less chance of people having to be moved.

With the exception of the Fordlands and Haxby Hall sites, most of the sites on which the council-run Elderly Persons Homes stand are small and offer little or no scope for the buildings to be extended. However, the council owns a six-acre site at Acomb (formerly the site of Lowfield School) that is large enough for two good sized care homes and a range of other accommodation for older people.

The development of this land could create a 'Care Village', making it possible for older people to continue receiving care on the same site, even as their needs change.

Based on demographic predictions for York, it is estimated that the council will need to provide 180 care beds, providing a mixture of dementia, high dependency, and nursing care. There is also a requirement to increase the number of respite care beds from 14 to 20 to help increase the support available to carers in the city. This will bring the total number of beds required to 200.

### **Options for the future**

In order to meet the many challenges facing the council in the future, a number of different options have been put forward for consideration, comment and discussion. These are as follows:

**Option A – Take no action:** If the council fails to act, the energy and maintenance costs of the existing buildings will only increase. The kitchens, lifts and heating systems are getting older and the existing homes already require a backlog of maintenance work totalling £404,059.

Also, this option would do nothing to address the changing needs of older people and the growing pressures on these existing care homes as the percentage of York's population over the age of 65 increases each year.

**Option B – Extend and refurbish the existing homes:** The small sites and dated buildings would make it very difficult to extend and refurbish the existing care homes. It is not simply a case of adding more bedrooms, as en-suite facilities would also need to be added to the existing bedrooms. Daytime space would need to be extended and improved, and better fire systems, kitchens, lifts and heating systems installed.

The council's property services team believes that there are only two sites - Fordlands and Haxby Hall - where it would be possible to extend and refurbish the existing buildings, although it is feared that the cost of doing so could be more than the cost of demolishing them and building a new care home on the same site. There are also concerns that it may not be possible to refurbish them in a way that would meet modern day residential care home standards.

**Option C – Buy more beds from private sector care providers:** Because there is a shortage of beds for people with dementia across York as a whole (not just in the council-run homes), private sector care providers would not currently be able to provide the extra beds that the council needs.

However, there is some interest from private sector developers in building new care homes in York. One developer has already bought a site and is building a care home that is due to be completed next spring (2012). Although the council could buy more beds from new and existing private sector care providers in the future, it is thought that this option would only provide part of the overall solution.

**Option D – City of York Council funds, builds and operates three new care homes:** The council would need to find £13.4 million to build new homes on the three available sites – Fordlands, Haxby Hall, and Lowfield - over a three or four-year, phased rebuilding programme.

This is an opportunity to create new council-owned and run residential care homes that provide a much wider range of care. This approach would be supported by preventative work to help older people remain in their own homes for longer, providing an opportunity for the council and local NHS organisations to work together using the funding given to York by the government for that purpose.

**Option E – City of York Council enters a partnership with a developer/operator to fund, build and operate three new care homes:** This approach is similar to option D, but the council would enter a partnership with a developer or care home operator that would be willing to fund the project and build the homes. The cost to the council would depend on the way the partnership deal is drawn up, and discussions about the ownership of the site and the completed home would be part of any negotiations. The council's chosen partner could be; a social enterprise (an organisation where all workers are owners/members and have a say in how it operates, like the Co-op), a local authority trading company, a commercial organisation or a 'not for profit' organisation. Staff working in the council's existing care homes could transfer to the new provider.

Concept drawings of what new care homes could look like on the Fordlands, Haxby and Lowfield sites (in Options D and E) are attached at Appendix A.

All of these options - with the exception of Option A, in the short term - will impact on current EPH residents in that they will involve a move from their

current home at some point in the future. It is recognised that, until the consultation process has been completed and the Cabinet has decided how it wants the council to proceed, there will inevitably be a period of uncertainty for residents. The council is keen to reassure residents and their relatives that, whatever the conclusions, they will not receive any reduction in care. Indeed, the council fully expects the review to result in improved facilities for residents and provide a continuum of care that addresses the current situation where some residents have to move to have their care needs met.

The council recognises that moving very elderly people can be detrimental to their health and well being but there is much that can be done to reduce the impact of a move. The council has a 'Moving Homes Safely' protocol - developed with input from Age UK York and Older Citizens Advocacy York - that builds on best practice identified in NHS Guidance and recently published national research. The protocol explains how the council would ensure that any move is well planned and carefully managed, and how residents and their relatives would be involved in all aspects of the decision as to where they move.

### **The consultation process and next steps**

The council plans to consult with a wide range of people who are interested in the future of older people's accommodation in York. The consultation period will last for three months, from mid-July to mid-October. During this time the council will aim to talk to, and hear from, current residents and service users in the council's nine care homes; their family and friends; care home staff; trade unions; health colleagues; older people's groups; and many other interested parties. Opportunities for people to give feedback on the issues and options will be available through:

- A 'Have Your Say' questionnaire
- Meetings with council managers - dates of public consultation meetings can be found on the Review's page on the council's website [www.york.gov.uk/eph](http://www.york.gov.uk/eph)

The feedback from this three month consultation period will be collated and form part of a report to the council's Cabinet on 1 November. It is at that meeting that the Cabinet, having considered the consultation feedback, will decide how it wants the council to proceed.

## City of York Council's Elderly Persons Homes (EPHs)

## Summary of Key Information

EPH	Council Ward	No. of Beds	En-suite Rooms	Site Size (Acres)
Fordlands	Fulford	31	1	0.98
Grove	Guildhall	33	1	0.6
Haxby Hall	Haxby	42	7	1.08
Morrell	Clifton	29	8	0.62
Oakhaven	Holgate	27	14	0.8
Oliver	Micklegate	19	1	0.33
Willow	Guildhall	33	0	0.57
Windsor	Westfield	28	1	0.37
Woolnough	Hull Road	34	0	0.71
<b>TOTAL</b>		<b>276</b>	<b>33</b>	

This information can be provided in your own language.

我們也用您們的語言提供這個信息 (Cantonese)

Ta informacja może być dostarczona w twoim własnym języku. (Polish)

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

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**Fordlands Site**

A concept drawing of what a 55 bed care home could look like on the current Fordlands site in Fulford.



**Haxby Site**

A concept drawing of what a 55 bed care home could look like on the current Haxby Hall site.

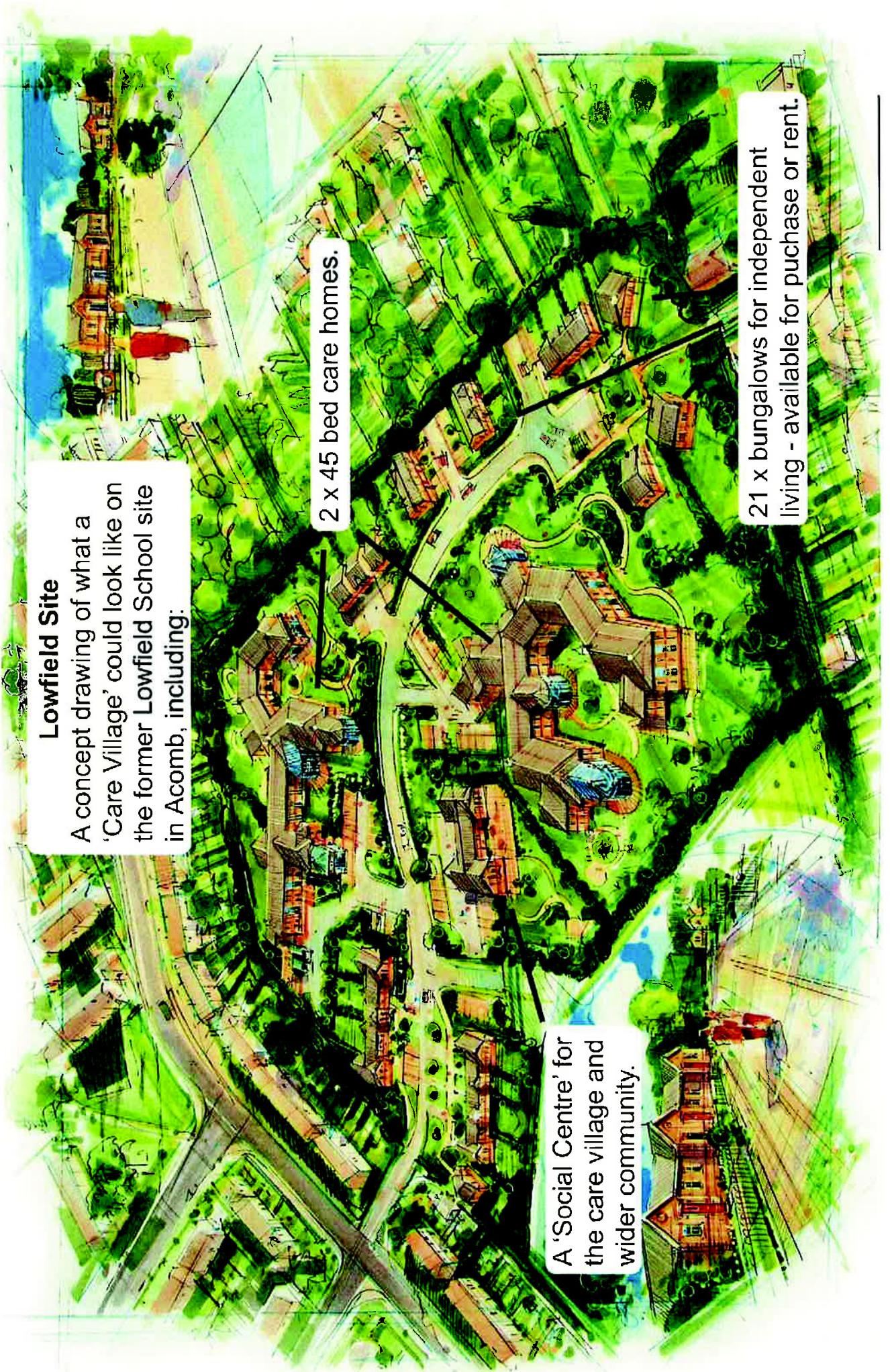
**Lowfield Site**

A concept drawing of what a 'Care Village' could look like on the former Lowfield School site in Acomb, including:

2 x 45 bed care homes.

A 'Social Centre' for the care village and wider community.

21 x bungalows for independent living - available for purchase or rent.



# Review of City of York Council's Elderly Persons' Homes



## **Report on Public Consultation Feedback**

Review of City of York Council's Elderly Persons' Homes (EPHs)

**Report on Public Consultation Feedback**

**Introduction**

This report summarises feedback received from a variety of different sources including:

- 1,163 consultation questionnaire responses.
- Public consultation meetings attended by 104 members of the public.
- A variety of other meetings and workshops with interested parties such as EPH staff, Care Management staff (social workers), and Age UK York.
- E-mails, letters, and voicemails to the Review Project Team.
- Public consultation sessions held in supermarkets and at the 50+ Festival Information Fair.

Appendix A provides more detail of the numbers of people that have participated in the various consultation settings.

The public consultation focused - in the questionnaire, in the public consultation meetings, and in the various workshops with staff – on three key areas:

- The strategic direction
- The design specification for a modern residential care home
- The options for the future

This report presents the collated feedback under these three headings.

## The strategic direction

### **Should the council redirect more of its resources from residential care into helping people stay at home with appropriate support for longer?**

70% of questionnaire respondents agreed that resources should be redirected from residential care into helping people stay at home with appropriate support for longer.

There was broad support too at the public and staff meetings for this direction of travel, but with some caveats attached:

- Social isolation is a major concern – older people feeling lonely, and unsafe in their own homes. Older people need stimulation, regular contact with the outside world, and practical help.
- One voluntary sector organisation made a plea for more funding to help underpin the vital role that the voluntary sector plays in supporting older people to remain living in their own homes for longer, without becoming socially isolated.
- There are key gaps in community based provision that will need plugging over the coming 3-4 years if the strategy of reducing traditional residential care provision is going to work. The following areas were suggested as needing further investment and development:
  - Sheltered housing with extra care, with 24 hour support on-site
  - A wider range of (supported) housing options
  - Extra care housing for people with dementia
  - More effective night care service
  - Addressing continence issues
  - Better, more flexible day care opportunities, including help with personal care
  - Rehab and intermediate care – this would enable people longer to recover and longer to make important decisions about their future
  - Home care that is more outcome focused and less task focused
  - Better use of personal budgets
  - More community support – eg befriending, volunteer visitors.

- Increased support to carers.

**Should the council focus residential care on specialist needs for people with dementia, high dependency and nursing care requirements?**

86% of questionnaire respondents agreed that the council should focus on providing specialist residential care and, again, this view was broadly supported in all the other forms of feedback.

Several people, however, were uncomfortable with the proposed drop from 276 to 200 beds, and wanted further evidence/information to convince them that this number would be enough to meet demand. Likewise, a few people queried whether 20 respite care beds would be enough to meet demand and noted the big impact on carers if there was insufficient respite care available. A few respondents wanted more information on the “total market” of care homes and services for older people in the city - including those provided in the independent sector - and the difference in charges.

EPH staff and Care Managers also highlighted other areas of specialist need that would need to be accommodated in our plans:

- People with dementia and high dependency needs
- Younger people with dementia
- Specialist needs – eg personality disorders, depression, challenging behaviour.

York’s Green Party suggested that it should be made clear what the new criteria will be to qualify for a residential care bed if new homes are built so that the difference between the criteria now and in the future is made explicit.

**Is the council right in its ambition to ensure that people do not have to move between different types of care home as their needs change?**

91% of questionnaire respondents agreed with this ambition, and people were equally supportive of the ambition in the various consultation meetings. There were a few notes of caution, however. It will be essential for Health

partners to be 'signed up' to this vision, and Care Managers noted that, without the turnover of people 'moving on' to nursing care, our capacity may be tested.

**Should the council modernise its Elderly Person's Homes to better meet the needs and aspirations of York residents over the next 40 years?**

88% of questionnaire respondents agreed that the council should be modernising its Elderly Person's Homes. This view was widely supported in the other consultation settings – there seems to be a general recognition that our nine EPHs have served the city well but they are reaching the end of their useful life.

**Should the council provide day care in dedicated facilities in the community rather than in Elderly Person's Homes?**

72% of questionnaire respondents felt that day care should be provided in the community rather than in EPHs. This view was widely supported in the other consultation settings, although a couple of comments suggested that removing day care from EPHs would reduce still further EPH residents' exposure to different faces and the outside world.

A significant consultation exercise with the council's current day care service users was run in parallel to the wider consultation. 30 out of 40 day care customers were interviewed one-to-one, to discuss their current day care service and to capture their views on the possible future options that could be available. A separate report (available on request) provides the detailed results of this day care consultation, but the headline messages are:

- 17% of the respondents felt satisfied that their current day service fully met their needs, with a further 43% indicating that whilst the current day service met some of their needs, they would like more choice and control if given the option. 33% of users indicated that the levels of stimulus and choice at their current day care setting did not meet their needs.
- 63% of respondents said that they were not aware of the community based day care settings in York, such as Age UK York's day clubs.

- 67% of respondents were positive about the types of example activities that such day clubs provide.
- 40% of respondents expressed an interest in attending such community based day care, and a further 27% were interested but expressed some reservations.
- 60% of respondents said that they would consider paying more for their day care service if it were to give them more choice and variety.

### **The design specification for a modern residential care home**

Do you agree that you would expect to see the following features in a modern elderly person's home? (a long list of features was included, eg bigger bedrooms; en-suite facilities for all bedrooms; wider corridors and doorways for wheelchair access).

97% of questionnaire respondents agreed that the listed features should be included in any design specification for a modern residential care home. The design specification generated lots of interest, discussion, and ideas at the public consultation meetings and staff workshops. Feedback included the following points:

- **Bigger bedrooms** were seen as essential. They would give residents more space to entertain visitors, allow for more personalised rooms (eg accommodating the resident's own furniture) and give staff more room in which to work and support residents. They will need to have enough circulation space for wheelchairs.
- **En-suite facilities** were seen by most as being essential, although 11 questionnaire respondents felt that they were not needed. One member of EPH staff suggested that being able to see the toilet from their room is a helpful prompt for residents with dementia. Whilst accessible wet-rooms were generally seen as the way forward, one respondent suggested that a bath option should also be available as this is important to many older people.



- **A range of smaller areas for day space, rather than one or two large spaces.** People liked the idea of a range of different sized rooms that could be used for different activities, to provide residents with a range of options.
- **Rooms to be flexible so that they can switch between different types of care** – this was recognised as being key to the council’s ambition to provide lifetime care. At the Care Management staff workshop we debated whether, given the likely need to ‘unitise’ a large modern care home (ie dedicated units/wings for people with dementia), the council would be able to offer a home for life, but not a room for life as people may need to move around the building if/when their care needs changed.
- **Wider corridors and doorways for wheelchair access** were universally recognised as being essential.
- **Maximum of two storeys high.** The vast majority of people would not want to see a care home built above two storeys, fearing that a third floor would become isolated and that residents on the top floor would find accessing the dining facilities and gardens more of a challenge. Emergency evacuations would also be more difficult. EPH staff also spoke of the increased challenge of working across more than two floors and the fact that it can lead to ‘split’ teams. There was some recognition, however, of the economic arguments for ‘building up’ and getting more resource on a given site.
- **Gardens that provide a secure environment but offer scope for exercise.** Gardens probably generated more discussion and ideas than any other aspect of the specification. Suggestions included:
  - Undercover/sheltered areas
  - Areas that provide privacy
  - Raised vegetable beds, allotments, greenhouses and potting sheds
  - A sensory focus to the gardens
  - An indoor garden/s
  - Multiple, easy access points to the gardens (ie double-doors)
  - Involving the wider community in helping maintain the gardens

- **Sprinkler systems** to reduce risk to residents should there be a fire – universal support, although a couple of respondents sought assurances that such sprinkler systems could not be easily activated by accident.
- Is there **anything else** not listed that is important to you? We received lots of other comments and ideas, including:
  - More activities/facilities for residents
  - Guest accommodation for visiting relatives
  - Double/twin/adjoining rooms for couples (whether straight or LGBT) or sisters
  - Circular routes - essential for people with dementia
  - Lifts - there needs to be at least two, and they need to be large enough to accommodate beds and stretchers. Stair/chair-lifts were also requested.
  - Treatment rooms on each floor for visiting physios and nurses
  - Welcoming reception areas
  - Light and airy corridors and spaces
  - Open plan feel with lots of glass, views and low windows
  - Plenty of interesting vantage points where residents can “watch the world go by”
  - Important to get the colour schemes right for people with dementia and people with a visual impairment
  - Designed with visual impairment in mind – eg easy routes to follow, hand rails that can guide, no obstacles that can be fallen over
  - Good air conditioning
  - Eco-credentials of any build need to be high to ensure the very highest levels of energy efficiency and sustainability
  - Access to kitchenettes/cooking facilities for residents and visitors
  - TVs in bedrooms
  - Wi-fi
  - Future proofed cabling and wiring
  - Voice controlled systems for opening doors and storage units
  - Ceiling tracked hoists
  - Sufficient parking for visitors and staff
- **Responding to changing demographics** – a couple of respondents highlighted the rising numbers of Black and Minority Ethnic (BME)

residents in York and the importance of ensuring that any new builds can meet the specific cultural, religious, and faith needs of all. Another respondent noted the increasing size (height and weight) of the general population and suggested this be factored into our planning for facilities and equipment.

- **Involving the wider community** – several people suggested that the design and facilities should be opened up in such a way that the local community is encouraged to come into the building and interact with residents.
- **Quality of care and staff** – 37 questionnaire respondents also made comments stressing the importance of ensuring a high quality of staff, and ensuring that staffing levels were appropriate. Several people echoed this theme in the public meetings and staff workshops, stressing that - no matter how well designed and fantastic the building is - this will be a wasted opportunity if we do not get the level of services and quality of care right.

The Consultation Background and presentations pointed respondents towards concept drawings for possible ‘new build’ modern care homes on three sites – at Fordlands, Haxby, and Lowfield – and asked:

Do you think that these buildings can be designed in such a way that they do not become too big and impersonal?

90% of the questionnaire respondents agreed that the buildings could be designed in such a way that they do not become too big and impersonal. Feedback from the other consultation settings also suggested that people are, in the main, comfortable with the idea of 55 bed care homes. We only received a handful of comments arguing for smaller sized care homes.

Do you think that these three sites (at Fordlands, Haxby, and Lowfield) would offer a reasonable geographical spread of residential care across the city?

85% of questionnaire respondents agreed that the three sites would offer a reasonable geographical spread of residential care across the city. This mainly positive response was largely echoed in the other consultation settings, although a few people commented on a lack of provision to the east and centre of the city. The impact of moving from nine sites to three, in terms of the increased difficulty of getting to homes (particularly for relatives and staff who do not drive), was also highlighted by several people. York's Green Party argued for the identification of a fourth site to retain a better geographical spread.

Throughout the public consultation, the care village concept at Lowfield attracted a lot of interest and support. People liked the idea of the independent living bungalows and the fact that a mix of tenures would be available – outright purchase, shared ownership, and rented. Indeed, a number of respondents wanted to put their names down for one of the bungalows! There was also strong support for the concept of a Social Centre, providing a focal point for the village and wider community. Some respondents wanted to see a range of facilities provided within the village (eg shop, hairdressers, post office) whilst others felt it important that residents accessed facilities in the wider community.

Many people said they hoped that the care village would be more affordable and accessible than Hartrigg Oaks. Some did not like the idea of creating a 'ghetto for older people', whilst others stressed the need to find ways of bringing the wider community into the village area. For example, one questionnaire respondent suggested that playground facilities should be factored into the village so that young children, including the grandchildren of village residents, could play on-site.

York Older People's Assembly's (YOPA) written response argued that a single, larger 'dual registered' care home and a greater proportion of independent living in bungalows or flats might represent a more balanced community than the two care homes and 21 bungalows shown in the concept drawing. YOPA also felt the title 'Care Village' was inappropriate and stigmatising.

If new elderly person's homes were to be built, who would you want to actually provide the care within these new homes? Please tick ONE box only.

The questionnaire responses broke down as follows:

- The council – 54%
- A private care provider – 1%
- A 'not for profit' care provider – 18%
- No preference providing the solution provides best value for money – 27%

Analysis of the response to this question purely from current EPH residents, day and respite care service users, relatives, and staff showed that:

- 242 out of 309 people would want the council to provide the care.
- 2 out of 309 would want a private care provider.
- 16 out of 309 would want a 'not for profit' care provider.
- 49 out of 309 expressed no preference providing the solution provides the best value for money.

These questionnaire responses were mirrored in the public meetings and staff workshops, where people overwhelmingly identified the council as the preferred provider. A number of people, however, suggested that we should not rule out reputable 'not for profit' providers. People generally reported a high level of mistrust in the private sector, and only two people at the public meetings expressed the view that competition should be welcomed through engagement with the private sector. People suggested that the higher price for in-house care provision was a price worth paying for a (perceived) higher level of quality and continuity of care. "You get what you pay for" was an oft-heard quote.

## **Options for the future**

The Consultation Background and presentations requested people's views on the five options for the future. Questionnaire respondents were asked to rate their strength of support for each of the five options. The percentages reported below exclude those respondents who gave 'no answer' to the options.

### **Option A – Take no action**

8% of questionnaire respondents agreed with Option A, whilst 85% disagreed with it. The vast majority of people recognised that doing nothing is not a viable option in the long run. Even many of our current residents and their relatives acknowledged the need for change whilst, quite understandably, admitting to being concerned by the upheaval that may bring.

### **Option B – Extend and refurbish**

40% of questionnaire respondents agreed with Option B, whilst 41% disagreed with it. We received one challenge in the staff workshops from someone who felt that not enough information on this option had been shared and that, by 'thinking outside the box' a little more, the council could maybe have identified other sites and opportunities. A couple of relatives at one home also argued that their site lent itself to this option, and York's Green Party called for a 'second opinion' to be set alongside Property Services' analysis. The vast majority of people, however, did not see Option B as a long-term viable option. There would be huge disruption for residents, we would have to compromise on key elements of the design specification (eg corridor width), and further investment would be needed within a relatively short period of time.

### **Option C – Purchase all or an increased number of beds from the private sector**

20% of questionnaire respondents agreed with Option C, whilst 59% disagreed with it. In the public meetings and staff workshops many of the comments, as with Option E, centred around concerns about the profit motive of the private sector, the recent problems with Southern Cross, high

staff turnover, variable quality, and higher charges. People expressed concern at the prospect of the council losing its control and bargaining power in the wider market if it did not have the 'safety net' of some in-house provision.

#### Option D – The council funds, builds and operates three new care homes

86% of questionnaire respondents agreed with Option D, whilst 6% disagreed with it. There was also overwhelming support for Option D at the public meetings and staff workshops. Oft cited reasons included – well trained staff, low staff turnover, working for the public not for profit, and greater influence and control for the council. There was some discussion at one of the EPH staff workshops about how reducing the cost difference between Options D and E, by agreeing to some reduced terms and conditions, might help keep the service in-house. But the alternative view was also suggested, that efforts should be focused on campaigning for better terms and conditions for staff in the private sector. York's Green Party also called for the council to take a lead on a Living Wage policy to bring wages in the city up to a realistic minimum.

#### Option E – The council enters a partnership to fund, build and operate three new care homes

49% of questionnaire respondents agreed with Option E, whilst 34% disagreed with it.

A lot of the discussion around Option E in the public meetings and staff workshops centred around a perception that choosing Option E over Option D may save money but would almost inevitably result in a poorer quality of care being provided. Anecdotally, several people spoke of their experience of the private sector - painting a picture of high staff turnover, staff for whom English is not their first language, and a comparatively limited investment in training. To counterbalance this, we did also hear of some very positive experiences of care provided in the private sector.

With EPH staff the preference was clearly for the council to remain as their employer, with the private sector at the bottom of their wish-list and the others (eg social enterprise; Local Authority Trading Company; 'not for profit' provider) falling somewhere in between.

The consultation questionnaire asked respondents to provide details of any other options which they felt the council had not considered.

No new options were suggested by any of the questionnaire respondents, although several people commented in the other consultation settings that it would be possible, and indeed could be preferable, if the council mixed and matched some of the different options in moving forward. For example,

- The council might fund and build the new care homes (Option D) but enter a partnership with an external operator to deliver the care (Option E). Or,
- The council might fund, build and operate new care homes on one or two of the three sites (Option D), but enter a partnership with a developer/operator to fund, build and operate on the other site/s (Option E).

The consultation questionnaire asked respondents if they wanted to add any other comments as part of their consultation response.

70% of questionnaire respondents did not add any other comments. 5% of respondents took the opportunity to reiterate their preference for the council to run any new care homes. Other additional comments have been fed into the most relevant sections above.

### **Other feedback**

- **Managing the change.** Whilst most people recognised and supported the need for modernisation, several respondents also noted the significant level of uncertainty and worry that such change brings for current EPH residents and their families, and for EPH staff. The point was made that there is a significant human dimension to all these proposals that must remain at the heart of all our thinking and planning. Residents, relatives and staff alike, all expressed a desire for residents and staff to be 'moved together' wherever possible.
- **Maintaining quality of service.** At one of the EPH staff workshops a member of staff sought assurances that, if a programme of new builds did go ahead, the council would continue to invest essential spend on our



current EPHs all the time that they remained open, so that we could maintain a high quality of service.

- **Tapping into local expertise.** A number of respondents urged the council to ensure it worked closely with relevant local experts in developing its plans for the future – for example, the University of York, University of York St John, the Joseph Rowntree Foundation (JRF), and the JRF funded “Dementia Without Walls” project.
- **Closer working with Health.** A recurring message at some of the public meetings and in the staff workshops (especially with Care Managers) was the need to ‘join up’ our plans much more overtly with Health, including Mental Health. “The interface with Health needs to be much stronger”.
- **Financial costs - to the council and individuals.** Several people were keen to understand how the council intended to fund the new build proposals, and one person commented that, given the financial climate and competition for resources, it was just as important to understand what else will not be done if these plans were to go ahead. Other respondents noted the fact that the review is being considered at a time when the government has yet to respond to the Dilnot Commission on the ‘Funding of Care and Support’ (July 2011). Some people were anxious to understand what the likely charge would be for a place in any new build.
- **Surplus sites.** There was significant interest in what would happen to the other seven sites, should the programme of new builds go ahead. Many people assumed they would be sold off to part-finance the change programme, whilst others were keen to see them considered for alternative uses (eg as extra care schemes).

## Review of City of York Council's Elderly Persons Homes

**Summary of public consultation opportunities and participation rates**

This Appendix sets out the various mechanisms by which we have collected feedback from people as part of the public consultation process, and indicates the numbers of responses we have received via each route. It does not summarise the content of people's feedback, which is captured in a separate report.

Questionnaire

A 'Have your say on the future of City of York Council's Elderly Persons Homes' questionnaire was developed to capture people's views on the issues and options outlined in the Consultation Background document. Copies of the questionnaire were distributed in early August to a wide range of groups (see table below). The deadline for questionnaire responses was Monday 26 September, at which point 1,163 responses had been received, broken down as follows:

Stakeholder Group	No. of q/nnaires distributed	No. of q/nnaires returned	Response rate %
EPH residents	209	86	41%
EPH relatives	198	94	47%
Day care service users & relatives	51	17	33%
Respite care service users & relatives	122	29	24%
EPH staff	293	92	31%
Mailing lists of:			
• Age UK York	1,000	247	25%
• Alzheimer's Society	350	97	28%

<ul style="list-style-type: none"> <li>• York Blind &amp; Partially Sighted Society</li> <li>• York Older People's Assembly</li> </ul>	800	158	20%
	330	115	35%
Wider public - via public consultation meetings, libraries, residents' associations, supermarket sessions, etc.	Self-completion	131	
On-line responses		66	
ID number removed		31	
<b>TOTAL</b>		<b>1,163</b>	

Of the 3,370 questionnaires posted out to a “named” recipient – 935 were completed and returned, meaning a very good response rate of nearly 28%. Overall 1,163 people completed a questionnaire (935 by post, 131 by self-completion, and 66 on-line). This means the results are an accurate reflection of York's population within +/- 2.9% at the 95% confidence level. Unsurprisingly, given the nature of the consultation and the direct mail out to EPH residents/relatives and older people's groups, a large proportion of the respondents were over 55 years old:

- 55-64 years old – 19% of all responses
- 65-74 years old – 23% of all responses
- 75 years and over – 36% of all responses

68% of the questionnaire responses were completed by females, 25% by males, whilst 7% preferred not to give their gender.

#### Capturing the views of current EPH residents and relatives

Current EPH residents and their main family contacts were invited to meetings at each of the nine EPHs on Monday 11 July, the day that the 19 July Cabinet report on the EPH Review went public. These meetings were attended by 93 relatives (from 77 families) and 18 residents and EPH managers captured residents' and relatives' initial reaction to the

issues and options included in the report. EPH Managers continued to capture residents' and relatives' comments, questions and concerns throughout the public consultation period and fed these into the Review Project Team for collation.

Age UK York was commissioned to provide support to a number of EPH residents who EPH Managers felt would benefit from such support in completing the consultation questionnaire. Of the 38 residents Age UK York were asked to help support, they managed to help 23 - 2 had already completed the questionnaire with help from relatives, and the remaining 13 were either not well enough to participate on the day they were visited or did not want to complete the questionnaire.

#### Public consultation meetings

Four public consultation meetings were held in September.

<b>Date</b>	<b>Venue</b>	<b>Attendance</b>
1 <sup>st</sup> September	Gateway Centre, Acomb	14
5 <sup>th</sup> September	Haxby Memorial Hall, Haxby	8
6 <sup>th</sup> September	St Oswalds Church Hall, Fulford	17
19 <sup>th</sup> September	Friends Meeting House, Friargate (as part of York Older People's Assembly's quarterly public meeting)	65
<b>TOTAL</b>		<b>104</b>

On 16 September we posted on the EPH Review's web-page on the council website a 'Questions & Answers' document which provided a written response to the questions and concerns that had been raised at the first three public consultation meetings.

Consultation displays in supermarkets and at 50+ Festival

Consultation displays were also set up in the foyers of three supermarkets and at the 50+ Festival Information Fair at the Guildhall. Council staff discussed the review with members of the public and handed out some 300 copies of the consultation questionnaire.

<b>Date</b>	<b>Venue</b>
7 <sup>th</sup> September	Sainsburys, Monks Cross
8 <sup>th</sup> September	50+ Festival Information Fair, the Guildhall
13 <sup>th</sup> September	Morrisons, Foss Islands
16 <sup>th</sup> September	Tesco, Askham Bar

Other Meetings

The following meetings also received presentations and had the opportunity to discuss, and feedback views on, the three key elements of the consultation.

<b>Date</b>	<b>Meeting</b>	<b>Attendance</b>
31 <sup>st</sup> August	EPH staff workshop (am)	20
	EPH staff workshop (pm)	20
13 <sup>th</sup> September	Age UK York AGM	30
23 <sup>rd</sup> September	Care management staff workshop (am)	30
	EPH staff workshop (pm)	33
28 <sup>th</sup> September	Equalities Advisory Group	15
<b>TOTAL</b>		<b>148</b>

Meetings with other stakeholders

Members of the EPH Review Project Board also discussed the review, and collected feedback from colleagues, at the following meetings:

Date	Meeting with
23 August	Mental Health colleagues from NHS North Yorkshire & York and Leeds Partnership Foundation Trust
5 September	Mike Padgham, Chair of the Independent Care Group
20 September	John Kennedy, Joseph Rowntree Housing Trust
21 September	Corporate Asset Management Group (CYC)
21 September	'Levels of Care' Group, NHS North Yorkshire & York
27 September	Professor Diane Willcocks
10 October	Heslington & Fulford Ward Committee
12 October	Westfield Ward Committee

Other stakeholders

The Review Project Team has written to a wide group of over thirty stakeholders (including partner organisations in Health, Voluntary Sector, and the independent care sector) on three occasions (on 11 July, 25 August, 11 September) to update them on the review, and to highlight the various routes by which they could feed their views into the consultation process.

Written responses

Since the public consultation period began we have received written responses on the review and the options for the future (by letter and e-mail) from the following individuals and organisations:

- John Bettridge – Chair of the Dementia Working Group
- John Bidy

- Jim Breen – Emergency Planning Co-ordinator, City of York Council
- Keith Chapman
- Martin Eede
- Dr Michael Morris
- Mary Philpott
- Kevin Pratt – General Manager, Mental Health & Older People's Services, NHS North Yorkshire & York
- Stuart Roberts
- Helen Snowden
- Professor Diane Willcocks
- Joyce Wilson
- York Blind and Partially Sighted Society
- York Green Party
- York Older People's Assembly

#### E-mail and voicemail responses

Since the public consultation period began we have captured the views of, and/or answered queries from, 7 respondents who used the review's voicemail facility, and 7 respondents who contacted the review's e-mail address.

#### Specific consultation exercise on day care services

Day care services are currently provided to 40 service users in six of the nine EPHs. As well as the wider consultation exercise around the future of the EPHs we have also undertaken a specific consultation exercise around the future of day care services with these service users and their relatives.

All 40 service users were written to and alerted to the fact that someone from the Contracts and Commissioning Team would be attending a specific day care session in the week beginning 12<sup>th</sup> September to meet with them, one-to-one, to discuss their current day care service and capture their views on possible future options that could be available. Of the 40 service users identified, 30 were interviewed. Those not seen

included people who did not attend on the day as planned (4), and people who were ill (3) or in hospital (1).

All service users who had a Next of Kin identified on the Directorate's care management database were identified and each relative was written to separately, to advise them of the planned consultation date and to invite their involvement and input. One such person attended a consultation interview with their relative.



## Phased plan for operating 4 Council run properties- Option D

## Annex 3

	2011/12		2012/13		Apr - Dec 2013		Jan - mar 2014		Apr - Dec 2014		Jan - mar 2015		2015/16		Total ongoing savings
	Capacity	£k	Capacity	£k	Capacity	£k	Capacity	£k	Capacity	£k	Capacity	£k	Capacity	£k	
Grove House	33	704	33	704	33	528	33	176	33	528	33	528			
Woolnough House	34	752	34	752	34	564	34	188	34	564					
Willow House	33	683	33	683	33	512									
Haxby Hall	42	1,020	42	1,020	42	765									
Oakhaven	27	644	27	644	27	483									
Windsor House	28	826	28	826	28	620									
Morrell Close	29	898	29	898	29	674									
Fordlands	31	750													
Oliver house	19	558													
Notional capital charge		706		706				706				706		706	
<b>New build:</b>															
Fordlands 55 bed unit			55	361	55	1,083	55	361	55	1,083	55	361	55	1,444	
Lowfields 45 bed unit			45	304	45	913	45	304	45	913	45	304	45	1,217	
Lowfields 45 bed unit			45	304	45	913	45	304	45	913	45	304	45	1,217	
Haxby Hall 55 bed unit	276	7,541	226	6,233	226	4,145	212	2,040	212	4,001	200	2,037	200	6,028	-
budgeted cost		7,541		6,233				6,185				6,037		6,028	
initial yr on yr saving		0		(1,308)				(1,356)				(1,504)		(1,513)	(1,513)
less:															
loss of income															
Cost of Capital tbd				200				200				200		200	
<b>in year savings</b>		0		(1,108)				(1,156)				(1,304)		(1,313)	(1,313)
<b>Cumulative savings gross</b>				(1,108)				(48)				(148)		(9)	(1,313)

## Phased plan for operating 4 Private run properties Option E

	2011/12		2012/13		Apr - Dec 2013		Jan - mar 2014		Apr - Dec 2014		Jan - mar 2015		2015/16		Total ongoing savings
	Capacity	£k	Capacity	£k	Capacity	£k	Capacity	£k	Capacity	£k	Capacity	£k	Capacity	£k	
Grove House	33	704	33	704	33	528	33	176	33	528	33	528			
Woolnough House	34	752	34	752	34	564	34	188	34	564					
Willow House	33	683	33	683	33	512									
Haxby Hall	42	1,020	42	1,020	42	765									
Oakhaven	27	644	27	644	27	483									
Windsor House	28	826	28	826	28	620									
Morrell Close	29	898	29	898	29	674									
Fordlands	31	750													
Oliver house	19	558													
Notional capital charge		706		706				706				706		706	
New build:															
Fordlands 55 bed unit					55	705	55	235	55	705	55	235	55	940	
Lowfields 45 bed unit					45	577	45	192	45	577	45	192	45	769	
Lowfields 45 bed unit					45	577	45	192	45	577	45	192	45	769	
Haxby Hall 55 bed unit	276	7,541	226	6,233	226	4,145	212	1,690	212	2,951	200	1,561	200	4,124	-
budgeted cost		7,541		6,233				5,835				4,511		4,124	
initial yr on yr saving		0		(1,308)				(1,706)				(3,030)		(3,417)	(3,417)
less:															
loss of income								200				200		200	200
Cost of Capital tbd															
in year savings gross		0		(1,108)				(1,506)				(2,830)		(3,217)	(3,217)
Cumulative savings				(1,108)				(398)				(1,324)		(387)	(3,217)

**N.B The savings figures in phase 2 and beyond in this model are based on all the staff being on private sector terms and conditions. The TUPE of staff across to the new provider will only release staff savings when TUPED staff leave and are replaced by the provider on their own T&C's. Current annual staff turnover is between 10-12%.**

## Capital Borrowing

Further detailed modelling of the variables in capital costs, time periods, repayment schedules and comparisons between options will be required in the January 2012 report to Cabinet subject to the outcome of the six-week consultation on the closures and the possible programme of transformation.

The following is general information to assist the Cabinet and the proposed six-week consultation in understanding this aspect of the possible transformation programme.

The interest cost of CYC borrowing is based on 4.75% per annum and has been calculated over a 10, 20 and 30 year period.

In the partnership model the interest cost for an independent sector operator has been calculated at 6% per annum over the same period. However, the actual capital cost would be determined by how the partnership contract was constructed. It is assumed that in any partnership contract the site is offered to the partnership for a peppercorn rent and that the building and site transfer back to CYC at the end of the contract or leasing term.

No allowance has been made for the sale of redundant care homes to offset the total amount borrowed in either option.

The valuation of the nine EPH sites is between £5.7m and £6.1m in total. The value of the seven possible surplus sites (excluding the Fordlands and Haxby Hall sites) would be from £3.9m to £4.25m.

Table 1 below shows indicative capital borrowing cost for a 55 bed residential care home, and in brackets how this cost equates to a cost per bed per week.

Table 1

£3.7m build cost	10 years	20 years	30 years
CYC at 4.75% per annum	£480k (£168)	£297k (£104)	£241k (£84)
Partner at 6% per annum	£503k (£176)	£323k (£113)	£269k (£94)

Table 2 below shows the capital borrowing cost of the 90 (2 x 45 bed homes) beds proposed on the Lowfield site and in brackets are how this cost equates to a cost per bed per week.

Table 2

£6m build cost	10 years	20 years	30 years
CYC at 4.75% per annum	£777k (£168)	£482k (£104)	£391k (£84)
Partner at 6% per annum	£815k (£176)	£523k (£113)	£436k (£94)

These tables show that the cost of borrowing in partnership with an independent developer is higher than the cost of the council borrowing to build. The repayment of capital to a developer in Option E could be repaid in the price per bed in revenue payments to the provider for a term.

Depending on how a contract is constructed in Option E the first capital repayments or rent may not start until the building is ready for use by the council. In Option D, if the council fund and build, it is likely that the contract with the builder would incorporate staged payments which would be paid subject to satisfactory sign off in build quality and a possible delivery schedule time as shown in Table 3 below. To fund this capital expenditure, borrowing would be taken at each stage payment with the interest being paid in line with the stage payment but the debt would start to be repaid when the build was complete.

Table 3

	Jan 2013	July 2013	Jan 2014	July 2014	Jan 2015
Option D					
Fordlands	1 <sup>st</sup> stage payment £1.2m	2 <sup>nd</sup> stage payment £1.2m	3 <sup>rd</sup> stage payment £1.3m		
Haxby			1 <sup>st</sup> stage payment £1.2m	2 <sup>nd</sup> stage payment £1.2m	3 <sup>rd</sup> stage payment £1.3m
Lowfield	1 <sup>st</sup> stage payment £2m	2 <sup>nd</sup> stage payment £2m	3 <sup>rd</sup> stage payment £2m		
Option E					
Fordlands			£3.7m		
Haxby					£3.7m
Lowfield			£6m		

**City of York Council's Elderly Persons Homes - Summary of Key Information**

EPH	Location	Beds					Day Care	Buildings			Staffing		Costs			
		CYC Ward	CQC Registered Beds	Permanent				Temporary	Service Users	Site Size (Acres)	En-suite rooms	CYC Property Services Valuation	Full Time Equivalents	Staff	Gross Budget (Excl Capital) 2011/12	Gross (Incl Capital) 2011/12
				Frail Elderly	Elderly Mentally Infirm	High Dependency										
Fordlands	Fulford	31	21			10	8	0.98	1	£850-900k	16	28	£766,110	£899,320		
Grove House	Guildhall	33	23		6	4	14	0.6	1	£700-750k	21	37	£718,650	£786,400		
Haxby Hall	Haxby	42	16		23	3		1.08	7	£950k-£1M	30	47	£1,040,450	£1,150,000		
Morrell House	Clifton	29		27		2		0.62	8	£400-450k	29	45	£899,640	£996,000		
Oakhaven	Holgate	27	24			3	6	0.8	14	£750-800k	17	30	£657,780	£717,570		
Oliver	Micklegate	19	17			2	8	0.33	1	£700-750k	20	35	£586,090	£632,920		
Willow	Guildhall	33	32			1	3	0.57	0	£500-£550k	18	28	£698,320	£786,400		
Windsor	Westfield	28		26		2		0.37	1	£350-400k	26	44	£823,280	£869,210		
Woolnough	Hull Road	34	25			9	1	0.71	0	£500-550k	18	29	£768,080	£829,400		
<b>TOTAL</b>		<b>276</b>	<b>158</b>	<b>53</b>	<b>29</b>	<b>36</b>	<b>40</b>	<b>0.67</b>	<b>33</b>	<b>£5.7-6.1M</b>	<b>195</b>	<b>323</b>	<b>£6,958,400</b>	<b>£7,664,710</b>		

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A Protocol For

# Moving Homes Safely

How City of York Council will support the residents of registered care homes which are facing planned closure

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## Purpose of this document

This document describes the process that will be followed when a registered residential or nursing home (whether run by the council, private or independent sector) faces planned closure, and its residents need to be re-assessed and moved to a new home.

Once we know that a home is expected to close we will make sure we tell you as soon as we can. We know this will be worrying news for everyone concerned, and so we will make sure we tell you in a way which gives you as much support as possible. We will explain things clearly and simply. We will involve families and friends, and we will ensure that you know who to speak to if you have any questions.

Following this, there are four main stages within the process:

- Stage 1 – Re-assessment
- Stage 2 – Choosing a new home
- Stage 3 – Moving to a new home
- Stage 4 – Reviewing the move.

This document outlines what will happen at each stage of the process, and who will be involved in supporting you (the resident) along the way.

We recognise that moving home can be a stressful event for anyone. The aim of this document is to help reassure you and your family and friends that we plan to do everything possible to ensure that your move to a new home is well planned and carefully managed. You will be involved in all aspects of the decision as to where you move.

## **Basic principles underpinning the process**

There may be some occasions where a decision has to be made urgently but if we have to decide to close a home we will, wherever possible, consult with residents before a decision is taken.

We will make you aware of the reasons why a move is necessary.

When re-assessing your needs and planning your move to a new home we will ensure that:

- Your wishes, preferences and hopes are identified and considered.
- Your current support needs are taken into account, and that changing or future support needs are also considered.
- Discussions are conducted in your preferred language and in a way that suits you.
- You can have support from your family and friends and/or an independent advocate to support you if you wish (we talk more about advocates on page 6).
- All available options will be fully shared with you – we will be open and honest about the reasons if any preferred option is not available.
- Your re-assessment will be timely, efficient and comprehensive and will be carried out in a sensitive way.
- You will be kept up to date with what is happening.

## Stage 1 – Re-assessment

Adult Social Services will lead the process to re-assess your needs and help you move to a new home.

You will have a Care Manager allocated to you to co-ordinate your re-assessment and support planning. The Care Manager will work with you and with a number of other people and professionals, for example:

- Your family and friends
- An independent advocate
- Care home staff – and especially your key worker
- Occupational therapist
- District nurse
- GP
- Anyone else you want to be involved

You will have a detailed assessment of your needs including your mental health needs, your emotional needs and your physical needs.

The registered care home manager in your current home will be asked to complete a short Risk Assessment, which will highlight any areas of support where you may have specialist needs or be vulnerable.

The manager and staff in your current care home know you well and will be heavily involved in supporting you through the whole process of re-assessment, choosing your new home, and moving into it.

**Advocacy** is a very important part of the moving home process. You may be happy for a friend, family member, or an organization who knows you to help you to think about what the move means for you. If you do want more advice and support you and your family/friends will have access to one of two independent information, support and advocacy services.

- Older Citizens Advocacy York (OCAAY) is a local advocacy service, which offers support to people who are able to make their own choices but may find it helpful to have someone to talk things over with.
- Cloverleaf is a specialist advocacy service for people who do not have the mental capacity to make a reasoned choice, and an IMCA (Independent Mental Capacity Advocate) will be appointed to talk to the person and to try and understand how their wishes for the future can be met.

We will ask you if you would like this help. If you want help contacting an advocacy organisation, or another organisation that you would trust to help you, we will help you to do this. Please let either your Care Manager, or a member of staff know.

**Life Profile.** Many care homes already complete a 'Life Profile' with each resident as a means of recording personal aspects of them and their life. The content is decided by the person and can include such things as a personal history, likes and dislikes, relationships, education, memories, and interests and photographs both past and present. This profile can go with the person when they move. A member of staff at your current care home, probably your key worker, will work with you to ensure that you have such a Life Profile and that it is fully up to date before your move.

**Care Support Plan.** At the end of the re-assessment process, you will have been involved in producing your new and detailed Care Support Plan. This document will provide clear information on current and future support needs and the preferred way in which this care should be provided.

The Care Support Plan will need to be agreed and signed by you, and you and your family will be given a signed copy for your information and records. A copy of your re-assessment and new Care Support Plan will move with you to your new home so that the staffs there are clear about how they need to support you.

## Stage 2 – Choosing a new home

It is important for you to feel that you have choice and control over your future home and support arrangements. This means making sure that you are able to:-

- Consider all available options
- Make a positive choice about which future support service you prefer

The options for you to consider will include: –

- Another registered residential or nursing care home in York or an area nearer family and friends.

Some people may want to think about other options that can increasingly help people live with support in their own homes. If you are interested in thinking about other options these may include:

- Extra Care Housing, where you would have your own apartment with on site support and a flexible care team for residents
- Sheltered Accommodation with monitoring & support available
- Independent/supported living
- Living with family and others.

If you have friends in your current care home that you would ideally like to move with, it is important to discuss this with them and your Care Manager as you explore the various options. If you have a pet that you would like to move with you, you will need to make this known. It may affect the options open to you, as some homes may not be able to accept pets.

Once you have decided which option you want to pursue, your Care Manager will find out as much information as possible about what support and services are available. We will encourage and support, with the help of the current care home staff, opportunities to visit potential homes.

If we have any information that suggests some of the options may not be suitable we will discuss this with you. For some people we recognise the number of choices may be limited.

Adult Social Services will have up-to-the-minute information on vacancies in registered care homes and extra care/sheltered housing units and will try, as far as possible, to match people's preferred choices with available places.

We will be able to give you a list of all the registered care homes in York and other housing options. This information can also be accessed at <http://www.york.gov.uk>.

The Care Quality Commission is another source of information on the quality of care provided by different homes, see <http://www.cqc.org.uk/>. Your friends, family, or advocate may help you to get information you want, but we can also help you get information on the homes you are interested in.

**The financial implications** of the various options being considered will be discussed and, where necessary, welfare benefit checks and financial assessments can be done so that you have all the information you need about future costs before making a final decision about which is the best option for you.

## Stage 3 – Moving to a new home

Moving to a new home is a significant event for anybody, and needs to be carefully planned.

Staff at your current care home will work closely with you in the lead up to the move to ensure that everything that needs to be done is done. We have developed a series of checklists which will be worked through with you to ensure that everything is covered. For example, we will help notify everybody who needs to know about your move (e.g. GP, bank, pension).

We will make sure the new home has all the information they need to care for you properly and ensure continuity of care for you.

In terms of your own furniture and possessions, you will need to think about what you want and are able to take with you to your new home. We will provide opportunities for you to visit your new home before the move, and, wherever possible, involve you in choosing the decoration of your room, the date of your move, and the staff who will support you on the day of the move. We will also provide help with packing up your belongings and unpacking them in your new home.

The actual day of your move will be carefully planned so that the right staff support and transport is available, to ensure the move is managed as smoothly as possible.

Wherever possible, we will try to ensure that the manager and key worker from your old care home will visit you in your early days/weeks in your new home to help you to settle in. If you have any worries or problems we want to know about them as soon as possible so that we can try to sort them out.



## **Stage 4 – Reviewing the move**

A review of your new care arrangements will be co-ordinated by your Care Manager 28 days after you have moved into your new home. An earlier review can be arranged if required. A review can involve you, a relative or friend, your Care Manager, the manager from your new home, and anyone else you would like to involve (e.g. advocate, your key worker or manager from your old care home).

The review will consider what went well with your move and what is working well in your new home, but it will also explore any difficulties that may have arisen. It will consider what you had hoped to experience in your new home and consider whether your actual experience has met these expectations. It will also identify whether there are new opportunities you would like to access in your new home, and how this might be achieved. Your Care Support Plan will be amended as necessary as a result of the discussion at the review.

Even if the first review does not raise any issues of note that need attention, your Care Manager will continue to be your allocated worker for a further 28 days to ensure consistency in case of any issues that arise. At the end of this period the responsibility for your case file will transfer back to the team responsible for reviewing placements.

Your ongoing needs will then be monitored on a regular basis by the home you live in, and reviewed by an Adult Social Services care manager every 12 months.

## For more information

For more information please speak to your current Care Home Manager in the first instance. He or she should be able to help you or advise you on who is best placed to deal with your specific query or concern.

If, however, you wish to speak to someone else please try the following contacts.

Care Management Team	(01904) 553818
Older Citizens Advocacy York (OCAAY)	(01904) 676200

### Our complaints procedure

If you have not been able to sort out a concern or problem through talking to us, or you are unhappy about the service you have received please contact the Complaints Manager, who will agree with you how best to deal with your complaint - Tel: (01904) 554080 or email [haveyoursay@york.gov.uk](mailto:haveyoursay@york.gov.uk).

**Cabinet****1 November 2011**

Report of the Cabinet Member for Education, Children and Young People

**The York Education Partnership – the Local Response to Changing Times****Summary**

1. The paper provides an overview of recent developments in education policy and a briefing on key local issues notably the formation of the York Education Partnership. This is followed by a summary of the educational attainment and examination performance of children and young people during 2011, and finally a short commentary on the governance of York schools.
2. During 2010/11 local debate and extensive consultation led to the formation of the York Education Partnership that aims to maintain and support the strong relationships that exist between schools and between the local authority and schools across the city. This paper describes the purpose, membership and ambition of the Partnership.

**Background**

3. The coalition government has introduced legislation that is expected to lead to wide and significant change in the education system, and the way in which schools are funded, managed, governed and held accountable. The Academies Act sought to *“enable more schools to become academies and give them the freedoms and flexibilities to continue to drive up standards”*.
4. In York both of the Voluntary Aided Church of England secondary schools, Manor and Archbishop Holgate’s, elected to convert to academy status in April 2011. Both schools remain committed to working closely with other schools in the city and with the local authority. Both schools have continued to purchase a wide range of support services from the local authority and are keen to contribute to the new Education Partnership.
5. The governing bodies of maintained schools across the city will wish to monitor developments nationally and to keep the option of academy conversion under review. An ongoing concern for many heads and governing bodies is the uncertainty regarding future

funding levels for all for the services and support provided by the local authority.

6. The DfE is currently consulting schools and local authorities on the introduction of a national funding formula. The DfE have indicated that there will be equity in the funding of maintained schools and academies. Local authorities continue to express concerns regarding the levels of funding that may be taken from core local authority budgets. It is expected that some changes to standardise the way that central LA budgets are allocated to academies will be introduced from 2012/13.
7. The Education Bill was introduced into the House of Commons on in January 2011. The bill was due to proceed to Report stage on the 18 October 2011 and is expected to receive Royal Assent later this year. The Bill:
  - provides for the introduction of targeted free early years care for children under compulsory school age:
  - makes changes to provisions on school discipline and places restrictions on the public reporting of allegations made against teachers
  - abolishes five quangos: the General Teaching Council for England, the Training and Development Agency for Schools, the School Support Staff Negotiating Body, the Qualifications and Curriculum Development Agency and the Young Person's Learning Agency and gives new powers to the Secretary of State as a consequence of some of these changes
  - removes certain duties on school governing bodies, local authorities and further education institutions, including the duty on local authorities to appoint school improvement partners
  - makes changes to the arrangements for setting up new schools, and amends the Academies Act 2010 to make provision for 16 to 19 academies and alternative provision academies
  - includes measures relating to school admissions, school meals, composition of school governing bodies, school inspection, & school finance All schools will continue to have to comply with the School Admissions Code. Local authorities will play a strong role in ensuring fair admissions in their area. The Bill removes the duty on local authorities to establish an Admission Forum for the area
8. There is no specific template from Government about the future relationship between a local authority and local schools. The Government's stated principle is to devolve power to schools and to strip away unnecessary bureaucracy. *"The Government is genuinely committed to giving schools greater freedoms. We trust teachers and*

*headteachers to run the schools. We think headteachers know how to run their schools better than bureaucrats or politicians.”*

9. The future role of the local authority is described positively in the Bill as being the champion of children, parents, and families in ensuring the quality of education and ‘services supporting education’. In particular, councils’ key function in supporting vulnerable groups is emphasised. Overall the approach to local government is permissive with a major deregulation of councils’ role, including removing school based performance targets and repealing aspects of children’s trust legislation, but retaining key statutory responsibilities including the requirement for a Director of Children’s Services and a Lead Member. Importantly, the Bill continues to envisage a central role for councils in driving up school improvement through a commissioning/quality assurance role rather than necessarily the direct delivery of school improvement services.

## **Consultation**

10. It is worth restating that we absolutely believe as a LA that this is not a time for defensiveness, for retreating to protect the status quo, or for denying that improvements are necessary. It is a time which presents us with an opportunity to establish new leadership arrangements in the city - a newly constituted strategic partnership of schools and the local authority with clearer collective decision-making about both strategy and funding arrangements
11. Following wide consultation the proposals for the York Education Partnership were strongly endorsed by the education community. The Partnership provides a local opportunity in which schools, with support from the local authority, can continue to work together in providing the best possible educational experience for all children and young people across the city. This is a challenging agenda given the national context of diminishing resources and the potential for fragmentation of the community of schools if schools choose not to work in collaboration with each other and the local authority.

## **The York Education Partnership – Progress to Date**

12. During the summer term an Interim Board was established in order to progress the work needed to establish the York Education Partnership. The Interim Board has now concluded its work and the following paragraphs describe the terms of reference & the membership of the full Board of the Education Partnership. More detail is provided in Annex 1.

13. The purpose of the Education Partnership is to:
- promote sector-led collaboration between all schools in York for the benefit of the children and young people of the city
  - champion a vision for 0-25 education in the city in the wider context of the Children and Young People's Plan
  - build capacity in the system for school improvement, embracing and generating opportunities for school to school support
  - commission a comprehensive range of high quality services needed to support schools – either from the local authority or external providers
  - approve strategic plans concerning Early Years, Special Educational Needs, 14-19 Strategy, the education of Looked After Children, & the provision of services offered by the Danesgate Community
  - provide oversight and scrutiny of school admission arrangements and to consider any proposals for changes to school organisation
  - carry out the statutory functions and duties of the Schools Forum. The statutory regulations concerning the duties and membership of the School Forum are subject to review and further change
14. Whilst not, at this point, established as a specific legal entity or legal partnership the Board shares a long term vision for the delivery of excellence in the education of children and young people in the City of York. This is a strong example of publicly funded institutions working collaboratively for the benefit of the wider city an approach which is fully in line with the council's commitment to being a cooperative council.
15. The partnership seeks to draw representatives from leaders of all forms of publicly funded schools & FE colleges in the York community. The Partnership needs to be large enough to be inclusive and representative whilst, at the same time, small enough to be focussed and effective.
16. The Membership of the Board will include:
- a. an independent chair appointed by the Board
  - b. seven primary headteachers: one to be nominated by each of the six York cluster groups and the seventh to be the Chair of the York Primary Heads' Forum
  - c. four secondary headteachers to be nominated by the Secondary Heads' Group and Chair of the Secondary Forum

- d. One headteacher c . :hool to be agreed by Special School headteachers
  - e. one FE College Principal to be nominated by the Principals' Group
  - f. two Chairs of Schools Governing Bodies to be elected from and by the chairs of governors
  - g. one Early Years PVI sector representative
  - h. the Cabinet Member for Children and Young People (non-voting)
  - i. an opposition Cabinet Member for Children and Young People (non-voting)
17. The Interim Board proposed that the Cabinet Member for Children's Services and the Lead Opposition Member should be invited to join the Partnership, as non-voting members. This is the same arrangement that is in place currently for elected members who serve on the Schools Forum, which is governed by regulation.
18. Elected members of all parties value the relationships that have been established with leaders of the education community over many years and have welcomed the opportunity to contribute to the work of the Partnership. The Cabinet Member will also consider with the Board those advisory and decision-making functions that may be carried out by the Board in future.

### **Chairing the York Education Partnership**

19. The question of who should chair the proposed Partnership prompted a diverse range of responses during the consultation period. Many emphasised the importance of qualities of integrity, independence and educational expertise. Some suggested a retired headteacher, others proposed the appointment of a serving headteacher, but most believed that greater independence from individual institutions was required. The Board agreed that, on balance, an independent chair should be appointed, mirroring the arrangements in place for appointing the chairs of the local Safeguarding Boards.
20. The Interim Board considered possible nominations and decided to approach Mr David Cameron, a highly experienced and independent educationalist. Mr Cameron is known following his attendance at the York Headteachers' Conference earlier this year. Mr Cameron is a former Director of Children's Services in Stirling and prior to that Head of Education in East Lothian. His background is in teaching and he has extensive experience in school management at all levels and of leading major national development of curriculum and

assessment. He has held the post of President of the Association of Directors of Education Scotland and has been involved with a range of national groups, notably on Curriculum for Excellence and Looked After Children.

21. Mr Cameron has recently accepted the offer to chair the Education Partnership Board. The Interim Board is confident that he will bring a passionate, expert and rigorously independent approach to the role. The Board agreed to appoint the chair for an initial term of one year.

### **Establishing the York Education Partnership**

22. The York Education Partnership will hold its first formal meeting in November. The membership of the Partnership is now being finalised following election of the various representatives. Initial business for the early meetings of the Board is expected to include:
  - confirmation of the Board's terms of reference and the detailed constitution of the Partnership
  - progress with the Teaching School Alliance Bid
  - review of educational attainment 2010/2011 and priorities for improving performance and the commissioning of school to school support
  - capital and revenue budgets for schools and LA in 2012/14
  - review of school admission arrangements and plans to address increasing demand in the primary sector
  - review of specialist services provided by the Danesgate Community and the impact of DfE proposals on funding of Pupil Referral Units
  - feedback from termly LA briefing of headteachers and governors
23. As noted above, the York Education Partnership will carry out the functions of the local Schools Forum, a body that is currently subject to statutory regulations. The Education Partnership will ensure that it meets the statutory regulations that govern membership. It is expected that the regulations governing the operation of Schools Forums will be revised significantly as further reforms are introduced by government.
24. In order to reduce bureaucracy and overlap between consultative groups the Joint Consultative Group (JCG) and the 14-19 Resources & Strategy Group has been stood down. Consultation on emerging key issues will continue to be carried out via termly briefings of all headteachers and governors which continue to be attended by representatives of all schools.



25. A key focus for the York Education Partnership will be the development of a new approach to the commissioning and delivery of School Improvement Services.

### **Changes to the School Improvement Service**

26. The White Paper, “The Importance of Teaching”, brought radical changes to school improvement across the country. The national and local picture is still evolving and LAs now have vastly different models for school improvement. With the transfer of National Strategies funding to individual schools, the LA has needed to make significant reductions in its school improvement service. The LA has retained a small school improvement team (The Hub) to fulfil our continued statutory responsibilities.
27. On behalf of the York Education Partnership and the LA, the Hub will be accountable for:
- monitoring the performance for all schools
  - monitoring the impact of interventions in maintained schools and as agreed with DfE in academies
  - targeted support for maintained schools below floor standards and support for those at risk to improve quickly
  - commissioning new provision, brokering support for school improvement
  - allocation of resources for vulnerable schools from the Vulnerable Schools Fund (£200k) including the commissioning of school to school support and support from other providers
  - development of school to school support from the School Improvement Commissioning Budget
  - deployment of the City of York School Improvement Team, NLEs (National Leaders in Education), LLEs (Local Leaders in Education) and SLEs (Specialist Leaders in Education) although this needs to be explored alongside any future Teaching School Alliance
  - quality assurance of external and internal school improvement providers
28. The Hub will discharge its LA statutory duties and support the work of the new partnership with regard to the monitoring of school performance and interventions. It will also commission school improvement including school-to-school support and fulfil the new expectations of dialogue with the DfE. It will report to the York Education Partnership on the number of schools below floor

standards, those at risk vulnerable schools, the impact and quality of interventions (including school to school support), outcomes of meetings with the DfE, resources and allocations, and updates on OFSTED inspections.

29. The Hub will support the Education Partnership as it seeks to build capacity in the system for school improvement, embracing and generating opportunities for school to school support, building on recent success, evident in this year's results.
30. Annex 2 summarises the examination results for the city for Key Stages 2, 4 and 5 for the academic year 2010/11. The results are based on available data and are provisional. National results have yet to be released for certain key stages.

### **Governance Update**

31. The Interim Board proposed that chairs of governing bodies should be represented on the board of the Education Partnership and elections are currently underway to determine the appointment of two representatives.
32. Schools in York are exceptionally well supported by volunteer governors and the LA is grateful for their commitment and contribution. Governor Support and Development Service has also achieved much over the year 2010-2011. This saw the first full year of delivering accredited governor training in partnership with York St John University. The arrangement has worked well and University tutors have been greatly impressed by the standard of work produced by governors towards accreditation. The next step will be to look at ways to evaluate the impact of the training on practice within governing bodies.
33. In response to the national education agenda the service has developed a toolkit to inform and assist governing bodies to consider whether Academy conversion is right for their school. The toolkit has been evaluated by others, including an Academy chair of governors, to ensure that it is unbiased and covers all aspects to be considered prior to applying for Academy status and accurately reflects the conversion process.
34. Some of the notable highlights compared to our statistical neighbours are as follows:
  - lowest LA governor vacancy rate (1.1%)
  - lowest overall governor vacancy rate (6.6%)

- lowest number of vacancies lasting for more than 6 months (0%)
- highest percentage of governing bodies subscribing to governor training (100%)
- highest percentage of new governors attending training (82%)

## Implications

35. There are no specific Financial, HR, Equalities, Legal, Crime and Disorder, IT, Property or Risk Management implications arising from this report.

## Conclusion

36. The paragraphs above describe progress in establishing the York Education Partnership. Feedback from consultation demonstrated a strong desire to retain an inclusive and collective approach to the education of children and young people in York. The establishment of the York Education Partnership represents a significant step in maintaining the unique collaboration between schools, and between the schools and the local authority, that exists in the city.
37. We have moved on from what, to some, looked to be an imminent world of institutional fragmentation and the strategic and financial emasculation of the LA. Commitments to partnership working have resounded, the Bill makes LA powers explicit and amongst the most difficult budget round possible the LA support for school improvement has been proportionately maintained. The opportunity to continue to provide an educational experience which is the envy of most and which genuinely seeks to liberate all remains deliverable.

## Recommendations

38. Cabinet is recommended to support the formation of the York Education Partnership.
39. *Reason: Following wide consultation the proposals for the York Education partnership were strongly endorsed by the education community. The Partnership will provide a local opportunity in which schools, with support from the local authority, can continue to work together in providing the best possible educational experience for all children and young people across the city.*

**Contact Details**

<b>Authors:</b>	<b>Cabinet Member Responsible for the report:</b>		
Pete Dwyer Director of Adults, Children and Education 01904 554200	Cllr Ruth Potter Cabinet Member for Education, Children and Young People		
Kevin Hall Assistant Director Adults, Children and Education 01904 554207	<b>Report Approved</b>	✓	<b>Date</b> 19 October 2011
<b>Specialist Implications Officer(s):</b> None			
Wards affected: List wards or tick box to indicate	<b>All</b>	✓	
<b>For further information please contact the author of the report</b>			

**Annexes**

Annex 1 – York Education Partnership Draft Constitution

Annex 2 – Summary of the examination results for the city for Key Stages 2, 4 and 5 for the academic year 2010/11

## **City of York Education Partnership Board**

### **Draft Constitution**

#### **1. Name**

- 1.1 The Board will be known as the City of York Education Partnership Board (“the Board”). “The Partnership” for which the Board operates is all state funded educational provision across the City of York. The Partnership and the Board on behalf of the Partnership, will operate within the context of the Children and Young Peoples Plan or equivalent wider strategic planning arrangements.
- 1.2 Whilst not established as a specific legal entity or legal partnership the Board shares a long term vision for the delivery of excellence in the education of children and young people in the City of York

#### **2. Membership and Terms of Office**

- 2.1 Board members will be required to represent their organisation, cluster or sector but to always work collaboratively to deliver the holistic aims of the partnership.
- 2.2 The Membership of the Board will be seventeen, to consist of:
- a. An independent chair appointed by the Board.
  - b. Seven primary headteachers: one to be nominated by each of the six York cluster groups and the seventh to be the Chair of the York Primary Heads’ Forum
  - c. Four secondary headteachers to be nominated by the Secondary Heads’ Group
  - d. One headteacher of a Special School to be agreed by Special School headteachers

- e. One FE College Principal to be nominated by the Principals' Group.
  - f. Two Chairs of Schools Governing Bodies to be elected from and by the chairs of governors
  - g. One Early Years Sector representative
  - h. The Cabinet Member for Children and Young People (non-voting)
  - i. The Main Opposition Cabinet Member for Children and Young People (non-voting)
- 2.3 Right of attendance at each meeting will be extended to:
- a. The Director of Adults, Children and Education
  - b. Two Assistant Directors of Adults, Children and Education
- 2.3 Nominating organisations will determine the term of office of each representative, being mindful of continuity of representation. Representatives may serve a further term if elected or agreed by the organisation or group they represent.
- 2.4 Membership shall be formally reviewed by the Board annually although the Board's membership may be amended at any stage with the agreement of existing Board members and following consultation with the wider Partnership.
- 2.5 If a Board member cannot attend a meeting, they may send a previous-named deputy to the meeting. Named deputies should be of the same seniority as the member they represent and will hold full Board responsibilities for that meeting.
- 3. Legal Status**
- 3.1 The City of York Education Partnership will carry out the statutory functions of the Schools Forum and any other statutory body which may be established through national legislation to direct specific educational functions.

#### **4. Quorum**

- 4.1 The Quorum shall be nine, including as a minimum two primary headteachers or their representatives, two secondary headteachers or their representatives, and a chair of a school governing body.

#### **5. Chair**

- 5.1 The Chair of the Board shall be appointed by the Board.
- 5.2 Accountability for the recruitment and performance of the Chair will be delegated on behalf of the Board to the Director of Adults, Children and Education.
- 5.3 If the Chair is not present at a meeting the Board should agree chairing arrangements from those in attendance.

#### **6. Meetings of the Board**

- 6.1 The Board shall meet no less often than five times a year.
- 6.2 The Board may invite any other such persons to attend meetings or part of meetings as may be considered appropriate to support informed decision making. Whilst meetings of the Board will not be open to the public, members of the wider Partnership may attend Board meetings to observe, but not participate, in decision making or debate.
- 6.3 People attending as observers will be subject to the same protocols regarding confidentiality as all other Board members.
- 6.4 Meeting dates for the Board will be confirmed on an annual school-year basis with a forward plan being maintained by the Board.
- 6.5 Board meeting papers will be made available to the wider Partnership ten working days in advance of the meeting

#### **8. Sub Groups**

- 8.1 The Board may establish subgroups as required to deliver the agenda.
- 8.2 The membership and terms of reference of the subgroups will be agreed by the Board.
- 8.3 The subgroups will report to the Board.
- 8.3 The board may also establish working arrangements with subgroups of other organisations and agencies.

## **9. Functions of the Board**

- 9.1 Promote sector-led collaboration between all schools in York for the benefit of the children and young people of the city
- 9.2 Champion a vision for 0-25 education in the city in the wider context of the Children and Young People's Plan
- 9.3 Build capacity in the system for school improvement, embracing and generating opportunities for school to school support
- 9.4 Commission a comprehensive range of high quality services needed to support schools – either from the local authority or external providers
- 9.5 Approve strategic plans concerning Early Years, Special Educational Needs, 14-19 Strategy, the education of Looked After Children, behaviour management and the education of children excluded from mainstream provision
- 9.6 Provide oversight and scrutiny of school admission arrangements and to consider any proposals for changes to school organisation
- 9.7 Carry out the statutory functions and duties of the Schools Forum. The statutory regulations concerning the duties and membership of the School Forum are subject to review and further change

## **10. Conduct**

- 10.1 The Board and its members will commit to respecting the principles of Standards in Public Life promulgated by the Nolan Committee.



- 10.2 Where there is a potential conflict of interest for individual Board members about any specific item under consideration by the Board, mechanisms are in place for these to be openly and explicitly declared. At the discretion of the Chair the level of interest expressed could result in the exclusion of the partner from either the discussion or decision making element of the meeting for that particular agenda item. No Board member will have a prejudicial interest in a matter as a result purely of the matter affecting the sector that they represent.
- 10.3 Board members will recognise their role as trustees of educational provision within the City of York and will act collectively in the best interests of all children and young people.
- 10.4 In driving educational improvement on behalf of wider sector leaders the Board itself are committed to working together based on the following set of rights/responsibilities.

<b>Rights</b>	<b>Responsibilities</b>
Members should receive information that helps them to fulfil their role and make informed decisions.	Members should ensure that they are fully informed and share information with other partners and with their communities/customers.
Matters of a commercial or personal confidential nature must remain as such.	Confidential, commercial or personal information must not be divulged.
Members should be consulted on issues which affect planning of educational services .	Members should consult their sector/communities/customers.
Members may expect expert support from other members.	Members must contribute their expertise to fellow members where required/appropriate.
Members represent the views of their organisation and their customers on educational matters	Members obtain, reflect on and communicate the views of their organisation and customers.
All members are treated as equal, respected and valued.	All members treat each other as equal, with respect and value.
Deadlines, milestones and critical path processes, with adequate notice wherever	Members have the duty to meet deadlines, milestones and critical paths and , where

Annex 1  
 York Education Partnership Board  
 Draft Constitution, October 2011

possible, must be communicated to members.	this may prove problematic, to advise the Board accordingly
Members receive papers and agendas in advance .	Members prepare fully by reading papers in advance and contributing fully to the agenda setting, seeking the views of others as appropriate.
Members ensure their organisation/sector play an active role in contributing to task and subgroup activity.	Nominations for representation on task and subgroup work is welcomed and utilised.

DRAFT

**City of York Key Stage results for the academic year 2010/2011**

**Fore-note:** The 2011 results are based on available data and are provisional. National results have yet to be released for certain key stages.

**Key Stage 2 Results****York results summary**

Subject	% of pupils achieving Level 4 (expected level) or above			% of pupils achieving Level 5 (Higher level)			% points difference between 2011 and 2010	
	2011	2010	2009	2011	2010	2009	Level 4+	Level 5
English	83	84	81	36	36	36	-1	0
Reading	85	86	86	49	55	50	-1	-6
Writing	78	75	72	25	20	25	+3	+5
Maths	83	83	80	43	38	36	0	+5
English + Maths	78	78	74	28	24	24	0	+4

**National results summary**

Subject	% of pupils achieving Level 4 (expected level) or above			% of pupils achieving Level 5 (Higher level)			% points difference between 2011 and 2010	
	2011	2010	2009	2011	2010	2009	Level 4+	Level 5
English	81	80	80	29	33	29	+1	-4
Reading	84	83	86	42	50	47	+1	-8
Writing	75	71	68	20	21	20	+4	-1
Maths	80	79	79	35	34	35	+1	+1
English + Maths	74	73	72	21	23	20	+1	-2

**Headlines**

The results of tests taken by pupils in May 2011 show that the percentage of 11 year old pupils in York schools achieving the expected level or above has remained stable over the last few years. Results in all subjects are above the national average and place York in the top 30% of Local Authorities (LAs) and one of the top LAs in the region. Results for the percentage of pupils achieving the higher level are very high and place York in the top 6% of LAs in England.

The results for one of the Department for Education's key performance indicators – the percentage of pupils achieving the expected level or above in both English and Maths has sustained the improvement made in 2010. The York result is 4 percentage points above the national average and in the top 12% of LAs.

### Key Stage 4 Results

	% of pupils achieving 5 or more A*-C grades			% of pupils achieving 5 or more A*- C grades including English and Maths GCSE			% points difference between 2011 and 2010	
	2011	2010	2009	2011	2010	2009	% 5+A*-C	% 5+A*-C inc En + Ma
<b>York</b>	85	81	73	62	59	59	+4	+3
<b>National</b>		75	70		53	50		

### Headlines

The 2011 results show a significant increase on the 2010 results for the headline indicators; 85 per cent of pupils attending a York school achieved 5 or more GCSEs at grade A\*-C or the equivalent, an increase of 4 percentage points from 2010. 62 per cent of pupils achieved 5 or more GCSEs at grade A\*-C or the equivalent including English and mathematics GCSEs, an increase of 3 percentage points.

### Key Stage 5 Results (A level results only)

	% of pupils A*- A grades			% of pupils A* - C grades			% points difference between 2011 and 2010	
	2011	2010	2009	2011	2010	2009	% A*-A	% A* - C
<b>York (School sixth forms)</b>	29	28	27	79	76	77	+1	+3
<b>National</b>	27	27	27	76	75	75	0	+1

### Headlines

The 2011 results for York school sixth forms show that 29 per cent of entries were awarded an A\* or A grade, which is an increase on last year and significantly higher than the national figure. 79 per cent of entries were given a top grade of A\*, A, B or C; again significantly better than national figure.



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## Cabinet

1 November 2011

### Report of the Cabinet Member for Corporate Services

#### 2011-12 Finance and Performance Monitor 2

##### Purpose of report

1. This report provides a summary of the finance and performance progress for the second monitor period of 2011-12. This is the first monitor produced after the new Council Plan has been introduced and performance has therefore been structured under the 5 priority themes. Supporting analysis and data are available in the 5 priority scorecards listed as background papers.

##### Headlines for Monitor 2

2. Significant progress has been made in delivering the Council Plan priorities. These include:
  - York's economy continues to perform well in the current economic climate with lower than average increased to when compared to regional and national rates for unemployment and shop vacancies.
  - a continued reduction in crime rates.
  - an increase in core educational attainment results across the city's schools
  - a 22% reduction in CO2 emissions.
3. Good progress is being made in most areas in delivering the £21m of savings that were identified as being required to reach a balanced budget position for 2011/12. A large number of business change projects are now complete resulting in financial benefits delivered that equate to over £4,400k of budget savings for 2011/12.
4. The council is identifying financial pressures totalling £3,504k across all directorate budgets, compared to a total £4,288k from the Monitor 1 report. Extensive work continues within Directorate Management Teams to ensure these pressures are mitigated by the end of the financial year so that expenditure can be contained within budget.
5. Performance areas to be addressed include - dealing with challenge of a continued increase in adult and child social care customers within the current financial pressures, tackling the shortfall in planning income, increasing

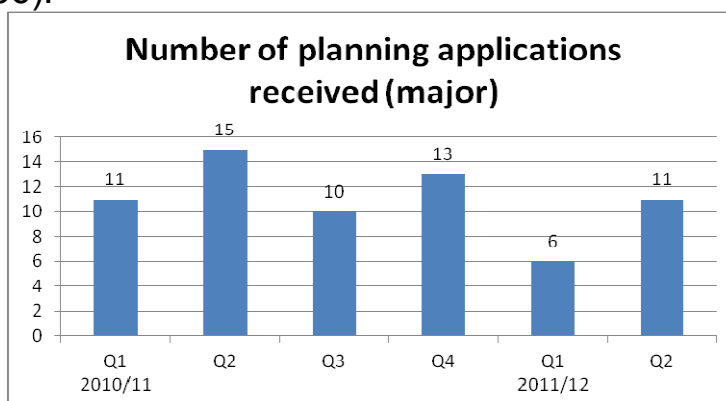
overall bus passenger numbers, improving housing relet times and encouraging more visits to our libraries and sports centres.

## **Progress on the Council Plan priorities**

### *Priority: Create jobs and grow the economy*

6. *Unemployment:* York seems to be dealing with the impact of the economic crisis better than many parts of the country. the number of people claiming Job Seekers Allowance in York only increased slightly to 3454, 2.5% of the working age population whereas in Yorkshire and Humber, the number of claimants rose from 4.5% to 4.6%.
7. *Local skills:* York has a highly skilled workforce and is becoming less deprived in comparison to other Local Authorities, which could be a factor in out comparatively high employment rate. York is currently ranked 5th best for residents with Level 4 or above qualifications, in the *Centre for Cities* leagues table of 64 authorities.
8. *Vacant shops:* In a recent survey, shop vacancies in York are down 1.2% over the last 6 months. Shop vacancies in Yorkshire and Humber region 'large town centres' are significantly higher, with average vacancy rates of 17%. Rates in Dewsbury have risen by 10.51% over the same period to 27.4%, this is followed by Bradford (24.6%), Doncaster (23.7%) and Hull at 21%.
9. *Educational attainment:* York continues to improve in the attainment areas of key stage 4 (GCSEs) and key stage 2:
  - 62.1% of pupils achieved 5+ A\*-C grades, including English & Maths (+3% from 09/10).
  - 27.8% of pupils achieved Level 5+ in both English and Maths (+3.6% from 09/10).
10. *The attainment gap* between children on free school meals (FSM) and those who are not, at KS4 has reduced. This is due to significant improvements in the results across a number of schools, especially *York High* where more than half of FSM children achieved 5+A\*-C grades (incl E&M). The KS2 attainment gap has however increased this year after a significant improvement last year and is a major priority for school improvement work in the coming year.
11. *NEETs:* The number of 16-18 year olds not in education, employment or training has increased to 6.4%. The increase is partly due to a change in the way the data is now calculated to only cover NEETs who are York residents. Previously, it included anyone coming to university and college institutions, but York's NEET rate is still one of the best in the North of England.

12. *Economic development:* A new Economic Development Plan has been completed and will be released at the City Business Conference in November. This will help support the local economy and position York on the global stage.
13. *Planning services:* Processing times in August and September were much better than monitor 1 as a result of recently introduced structural changes and process improvements. The number of major planning applications processed within the required timescales has increased to 77%, exceeding last year's performance. The number of major planning applications is increasing, however this is unlikely to affect the projected income shortfall (see paragraph 56).



**Priority: Get York moving**

14. *Green transport:* Local Sustainable Transport funding (LSTF) has been secured to help develop York's Cycling and Pedestrian network. The first stage will include cycling & walking participation programmes.
15. *Transport:* Park & Ride usage has increased by 28%. The increase is partly down to First York now including the usage of smartcards in calculating numbers. Overall bus passenger journeys have decreased by 5% compared to the same period last year.

*Park & Ride data for April - August*

April 2010	May 2010	June 2010	July 2010	August 2010	Total
225,535	224,155	218,976	242,033	254,358	<b>1,165,057</b>
April 2011	May 2011	June 2011	July 2011	August 2011	Total
313,762	313,228	310,095	324,869	362,650	<b>1,624,604</b>

16. *Congestion:* A vision for a car free city centre and the extension of areas and hours for foot streets has been presented to Local Development Framework working group. Once this has been approved, further feasibility work will be undertaken.

**Priority: Protect the environment**

17. *Reducing CO2:* Latest data for 2009/10, shows that there has been 22% reduction in CO2 emissions per capita across York over the past 3 years (see

table below). Our carbon footprint is also reducing at a faster rate compared to the region.

		2006/07	2007/08	2008/09	2009/10	Change since 06/07
CO2 emissions per capita in York (tonnes)	Industry	2.9	2.4	2.3	2.0	-0.9 tonnes
	Domestic	2.4	2.3	2.3	2.0	-0.4 tonnes
	Transport	1.6	1.6	1.5	1.4	-0.2 tonnes

18. Consultation has also taken place to refresh the council's carbon management programme and the findings have been presented to the Sustainable Development Board. This programme will drive the achievement of carbon reduction targets for the council and city.
19. *Waste management:* Recycling levels continue to increase, with CANS forecasting a 2% increase by the end of the year (47.03% compared to 45.1% in 2010/11). Much of this is being achieved by increasing the number of households who receive 2 kerbside recyclates (currently 99.4% of York households).
20. *Landfill:* Despite the reduction in waste going to landfill, the council continues to pay higher levels of landfill tax each year because of high annual tax increases per tonne (see table below). The Landfill Tax rate has more than trebled since 2004/05 and an alternative to landfill is needed to meet statutory targets and to reduce financial burden of paying Landfill Tax.

Performance data	2008-09	2009-10	2010-11	11-12 Forecast	-/+ change
Tonnes of Landfilled waste - Household	50,850	52,000	49,180	47,890	-1290
Tonnes of Landfilled waste - Commercial	9,480	8,300	6,410	5,270	-1140
Tonnes of Landfilled waste - Combined	60,330	60,300	55,590	53,160	-2430
Cost of landfill tax - Household	£ 1,627,200	£ 2,080,000	£ 2,360,640	£2,681,840	+£321,200
Cost of landfill tax - Commercial	£ 303,360	£ 332,000	£ 307,680	£295,120	-£12,560
Cost of landfill tax - Combined	£ 1,930,560	£ 2,412,000	£ 2,668,320	£2,976,960	+£308,640

21. Despite the improvement to waste management, York is slipping behind other unitary authorities, who have introduced alternative waste management methods and strategies however there will be a stepped improvement in performance once the Waste PFI is in place.
22. *Sustainable development:* Last year 86.89% of all new build housing completions were built on Brownfield land, representing a fall of around 9% on excellent performance levels achieved since 2006/07. This was partly due to an amendment to planning policy in June 2010 regarding the definition of 'garden infill' development which is now regarded as Greenfield. As a result, future levels of brownfield development are likely to fall below that achieved in previous years and latest data for 2011/12 show that this has reduced further to just under 82%.

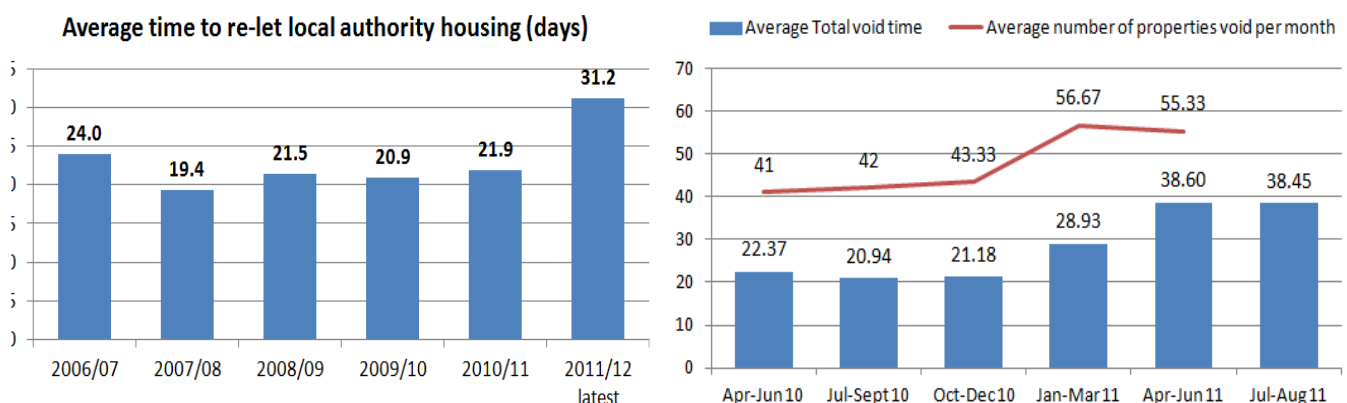
Priority: Build strong communities

23. *Homelessness:* The number of York households living in Temporary Accommodation has reduced to 89, after the slight increase experienced last



year. The first half of the year has been a very busy period for the Homelessness service and although the overall numbers have decreased, the number of families who have dependent children has risen slightly.

24. *Street environment:* The % of street lights *not working as planned* is now at 0.64%, which is the best performance York has achieved and places us as one of the best performing council's in the region.
25. *Community safety:* Performance across most areas of community safety in York shows very good improvement, with the total recorded crime incidents forecast to decrease by around 9.5% on last year. If achieved, this would represent a 53% decrease in crime in the city since 2004. The only area which is showing an increase in incidents is recorded anti-social behaviour (ASB), which is forecast to increase by 8% based on Q2 data. York historically has higher levels of ASB during the summer months and lower levels over the winter months therefore by the end of the year, levels could be comparable with last year. The main increase in incidents were in recorded in the Guildhall, Clifton, Micklegate and Westfield wards with over half of all ASB incidents recorded in these 4 wards.
26. *Cultural and sports:* Visits to libraries decreased slightly in Q2, with 278,650 visits compared to 281,538 in Q2 2010/11. The closure of community libraries for a week each during Q2 to install self issue machines and public wi-fi impacted on the drop. Visits to swimming and sport centres have also decreased by 12% (186,618 for Q2, compared to 212,947 for the same period last year). This is in line with the national trend in swimming participation. The drop in visitor numbers is also partly due to the national abolition of the free swimming scheme for under 16's and over 60's from August 2010.
27. *Housing relets:* The average time taken to re-let local authority owned houses increased between December 2010 and July 2011. This was partly caused by a 25% increase in the number of voids in this period compared to the 2010 average. This also coincided with a reduction in resources (repairs operatives), which affected void works and re-let times. An action plan has been in place since quarter 1 to address the projected shortfall in income (see para 66).



28. *An Empty Homes* policy has also been approved to deliver a new approach to bringing back empty properties and maximise the opportunities from new initiatives.
29. *Volunteering*: Cabinet approved an additional £100k funding to support the voluntary sector in the City, specifically focused around building the capacity and capability of local voluntary bodies to diversify income streams and deliver joined up services at a neighbourhood and City-wide level, and extending the opening hours and provision of the City Volunteering Centre.
30. *Neighbourhood engagement*: A new model for neighbourhood working is being developed, which includes the production of Ward Profiles and the creation of Community Contracts. Increased community engagement with young people has also helped us develop an effective approach where young people can contribute to the provision of services in their community.

*Priority: Protect vulnerable people*

31. *Independent Living*: Customers receiving personal budgets continues to rise (currently 28.11%). Actions are being taken to extend the uptake of personalised budgets which allow individual freedom over the choice of care services. This includes a new hospital review process
32. *Adult Social Care*: The number of care assessments completed on time has reduced to 61.9% (from 68% last year). The process of clearing outstanding waiting lists (reduced from 196 in August to 108 by the end of September), is having a temporary impact upon overall processing times.

	2008/09	2009/10	2010/11	2011/12 (Q2)	2011/12 Target
Timeliness of social care assessment	67.1%	80.5%	68.0%	61.9%	70.0%
Timeliness of social care packages	90.3%	86.9%	85.4%	89.9%	90.0%
Customers & Carers receiving Self Directed Support (Direct Payments & Individual Budgets)	N/A	14.40%	24.90%	28.1%	37.0%
People supported to live independently through social services (all ages)	3834	3980	4328	4325	4364

33. *Elderly Person's Homes*: Consultation sessions on future EPH provision have taken place across the city and with a wide range of stakeholders. The results of the consultation are being collated and will be reported back to Cabinet in early November.
34. *Child Social Care*: The increase in the number of looked after children in council care has continued (see para 50) and this is affecting some areas of performance, with just under 19% of children now having been subject to a CPP for a second or more time against a target of 7% (lower is better). However, the proportion of child protection plans (CPP) lasting 2 years or more has reduced (1.3% compared to 3.9% in 2010/11) and the % of children social care referrals going on to initial assessment is at 61.4%, a significant

improvement since Q1 (53.5%). This improvement relates to the new “front door” arrangements introduced earlier in the year.

35. *Parenting programmes*: The number of families attending targeted Parenting Programmes is over double target levels for Q2 (247 compared to target of 110). A new online referrals system has resulted in parents and carers being engaged in a programme which more accurately meets their needs. The online referrals received highlight that high numbers of parents have low mood/mental health issues, which are impacting on their ability to parent effectively. Voluntary sector partners, Family Matters York, were successful in securing external funding to allow them to offer additional targeted programmes such as *'Time Out for Anger'* and *'Drug Proof Your Kids'*.
36. *Health & Wellbeing*: Cabinet approved proposals for the Health and Wellbeing Board on 4th October. The board will now be meeting informally over the next six months in readiness for taking on full shadow status from April 2012. Work on the new JSNA (Joint Strategic Needs Assessment) has also started and the council is working closely with NHS colleagues to review previous indicators and identify the changes since last year.
37. *The York Education Partnership* has been established to replace the existing Schools Forum arrangements in developing the overall strategic direction of 0-19 education policy in York. £1,200k savings have been generated through the restructure of the School Improvement Service, as part of the development of the new partnership.

## Financial Overview

Directorate	2011-12 Net Budget	2010-11 Outturn Variance	2011-12 Monitor 1 Variance	2011-12 Monitor 2 Variance
	£'000	£'000	£'000	£'000
Adults, Children & Education	77,399	+1,579	+1,678	+2,064
City Strategy (incl Facilities Mgmt)	8,797	+209	+771	+433
Communities & Neighbourhoods	37,109	+55	+1,850	+1,476
Customer & Business Support Services	3,921	-241	-11	-19
Office of the Chief Executive	3,420	+24	-	-
<b>DIRECTORATE BUDGETS</b>	<b>130,646</b>	<b>+1,626</b>	<b>4,288</b>	<b>3,954</b>
Corporate Budgets	-6,746	-1,995	-	-450
Mitigation Strategies to be Identified	-	-	-4,288	-3,504
<b>GROSS BUDGET</b>	<b>123,900</b>	<b>-369</b>	<b>0</b>	<b>0</b>

Table 1 – Monitor 2 Financial Overview

38. The council's net General Fund budget for 2011-12 is £123,900k, inclusive of £1,025k usage of reserves and balances.
39. The 2011-12 budget was the most challenging in memory, requiring some £21,036k of savings in order to reach a balanced position. The forecasts outlined in this report reflect a prudent view of how that challenge is currently being met.
40. Mid year forecasts indicate that the council faces financial pressures of £3,504k. An overview of this forecast, on a directorate by directorate basis, is outlined in Table 1 above. The key pressures are summarised in the following paragraphs.
41. In Adult Social Services increasing service demand for Independent Residential & Nursing Care and Direct Payments remains an issue, as well as new pressures in External Homecare and some delays in the Homecare and EPH business change programmes. In Children's Services, an increase above forecasts in the number of children under the care of the council further contributes to the pressure.
42. There is a continued shortfall in Building and Development control income compounded by in year pressures arising from the City Strategy Directorate and Facilities Management service reviews. There are delays in achieving cross directorate savings within Communities and Neighbourhoods taken as part of the 2011-12 budget, including the Fleet Review.
43. Directorate Management Teams have identified strategies that will mitigate these pressures in order to contain expenditure within budget by the end of the financial year. As these strategies are identified, the reported forecast has been amended accordingly in line with the council's stringent financial monitoring processes. This course of action has been successful in previous years. All DMTs are continuing to work on mitigation strategies and actively looking at ways to reduce spend in year.
44. It should be noted that a similar level of financial pressures were reported at Monitor 2 in 2010-11 and, whilst the challenge of delivering the scale of savings contained in this years budget will be considerably tougher, continued determination to control costs from teams across the council should see an improved position as the financial year progresses. The Council Management Team monitor the financial position of the council on a monthly basis and should the financial pressures not reduce sufficiently, or proposed mitigation strategies not deliver the improvement required, escalation of the issues will be raised by Director of Customer & Business Support Services to Members

outside of the standard reporting schedule. The next report before Cabinet will be the Monitor 3 report in February 2012.

### **Directorate Analysis**

45. The following sections provide further information on the financial outturn of each directorate as outlined in Table 1 above.

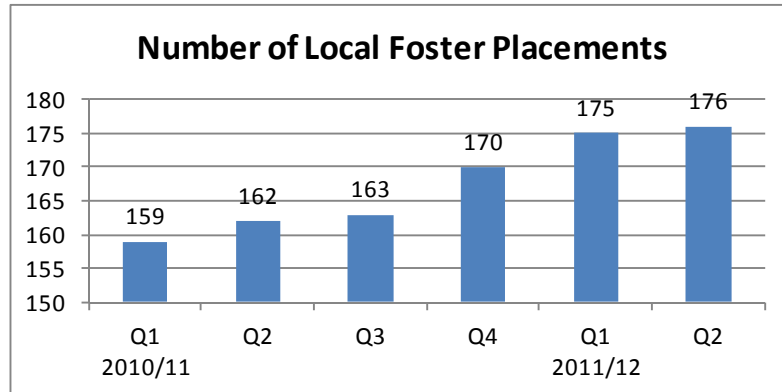
#### Adults, Children & Education

46. The Adults, Children & Education directorate is reporting financial pressures of £2,064k, split between Adult Social Services (£1,374k) and Children's Services (£690k).
47. In Adult Social Services, pressures that have been evident in previous years related to demand for care still remain. At present, forecasted pressures centre on a greater number of referrals than anticipated in Independent Residential & Nursing Care (£828k) and a continued increase above forecast level in the number of customers taking up Direct Payments (£630k) along with a significant pressure in External Homecare primarily related to Learning Disability customers with additional pressures relating to children in transit between children's and adults services (£929k).
48. There have been delays on two business change workstreams. In Homecare, there have been delays in letting the reablement contract and reconsideration of other care services options (£666k) and in EPH's, implementation delays mean that the full saving is unlikely to be achieved (net £270k).
49. However, mitigating actions have already been identified to reduce these pressures. A significant number of vacant posts are being held whilst the Business Change workstreams continue (£891k) and delays in two Supported Living schemes (£250k).
50. In Children's Services, the number of children currently under the care of the council is considerably higher than predicted when the 2011-12 budget was set and as a result is contributing to the directorate's financial pressures. This increased caseload has resulted in additional in-year staffing costs (£226K). The table below demonstrates the year-on-year increase in Looked After Children and associated financial costs.

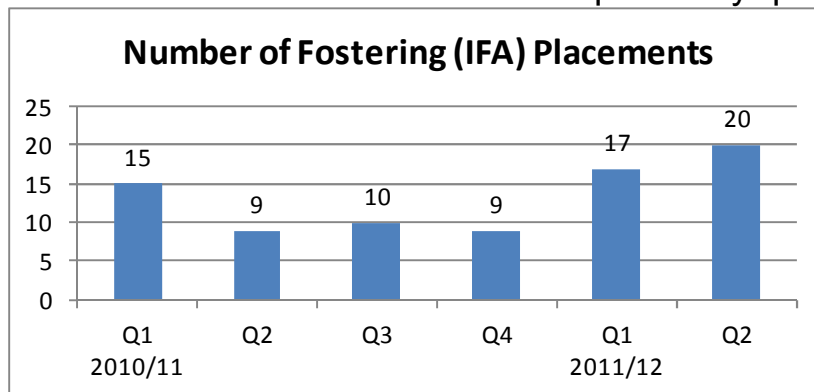
*Numbers and average cost looked after children in York*

Year	No. of LAC	% change	Budget	Actual	Cost per Child	% change
2006-07	157	12%	£1,972,780	£2,998,715	£19,100	N/A
2007-08	168	7%	£3,083,130	£3,345,742	£19,915	4%
2008-09	199	16%	£3,468,020	£3,833,682	£19,265	-3%
2009-10	223	11%	£3,578,760	£4,501,280	£20,185	5%
2010-11	236	6%	£4,759,490	£4,666,303	£19,772	-2%
2011-12 (Q2)	250	6%	£4,326,600	£4,955,944	£19,824	0%

51. The number of children in local foster placements has increased from 162 when the budget for 2011/12 was set, to the present figure of 176, which is creating a pressure of £226k. The table below shows the increase on a quarter by quarter basis.



52. The number of children in Independent Fostering Agency placements is expected to exceed that provided for in the budget creating a pressure of £139k. The table below shows the increase on a quarter by quarter basis.



53. As well as the vacancy freeze outlined above, and a moratorium on non essential expenditure, the directorate is also assessing 2012-13 savings proposals that could be brought forward, as well as reviewing commissioning budgets and new customer/scheme developments with a view to identifying additional one-off savings for 2011-12

### City Strategy

54. The City Strategy directorate is reporting gross financial pressures of £118k prior to mitigation options that have been identified totalling £130k. In addition to this, there is a £445k pressure related to cross directorate Facilities Management work stream savings, and for which officers are currently identifying mitigation options.
55. There are a number of contributory factors to the underlying budget pressures. There have been delays in the directorate's service review which will not be fully completed until the autumn resulting in an expected shortfall against the total saving of £814k (£380k). In Planning, there are also shortfalls in income in Building Control (£194k) and Development Control

(£100k), which is consistent with recent years since the start of the economic downturn, although there has been an increase in major planning applications during the second quarter. The directorate overspend is offset by anticipated underspends on Concessionary Fares budgets (£210k) and higher than anticipated parking income (£119k).

56. Vacancy management measures (currently £235k) and other expenditure controls are being enforced in order to reduce the forecast pressure by the end of the financial year.

#### Communities & Neighbourhoods

57. The Communities & Neighbourhoods directorate is forecasting gross financial pressures of £2,620k, including £952k of cross directorate savings taken as part of the 2011-12 budget process. Mitigation of some £1,144k has been identified which reduces the forecast overspend to £1,476k.
58. The cross directorate savings pressures relate to the Fleet Review (£336k), which has been affected by additional resource requirements and the partial year effect of implementation, the Supplies and Services review (£200k), Agency Staff (£52k), Internal Trading (£150k), Area Based Working (£92k) and the Business Support Review (£122k).
59. Elsewhere in the directorate, Building Maintenance is forecasting pressures whilst new and efficient working practices are aligned to its business plan (£250k). A service review is taking place to identify savings opportunities to offset a forecast overspend of £160k in Cleaning Services and within Commercial Waste the service is forecasting a profit £300k below the budgeted level (although still making a substantial profit). There is a further one off pressure in Arts and Culture Education (£187k) as result of costs arising from the recent restructure.
60. In order to mitigate the pressures, the directorate is limiting expenditure to a minimum, however it is unable to do so in all circumstances, for example where contractual obligations prohibit this. Service managers have been asked to consider further short term proposals to mitigate the overspend, in addition to the £1,144k in year mitigation already identified.

#### Customer & Business Support Services

61. The Customer & Business Support Services is currently reporting a projected underspend of £19k, which is due minor underspends on a range of issues. The directorate will continue to try and identify other under spends which could assist in mitigating the council wide position.

#### Office of the Chief Executive

62. The Office of the Chief Executive directorate is currently forecasting that it will contain expenditure within budget. As with CBSS, the directorate will continue to try and identify other under spends which could assist in mitigating the council wide position.

#### Corporate Budgets

63. These budgets include Treasury Management activity and other corporately held funds. At present, it is anticipated that there will be a £250k underspend due to reduced interest paid on borrowing and increased interest earned due to higher than anticipated cash balances and the volatility in financial markets which has allowed for the Council to take advantage of favourable interest rates.
64. In addition, pension strain costs to date have been lower than anticipated in the financial year and an in year underspend of £200k is forecast.

#### Dedicated Schools Grant

65. In the DSG area there is a projected underspend of £8k against a budget of £106,642k, primarily due to lower than expected costs related to SEN Out of City Placements. Due to the nature of the DSG, any underspend must be carried forward and added to the following year's funding with overspends either being funded from the general fund or reducing the following year's funding allocation.

#### Housing Revenue Account (HRA) - Finance

66. The current working balance on the HRA is £9,543k and the estimated variance against this is an underspend of £82k, which is primarily attributed to a decrease in the negative subsidy payment made to Central Government. A shortfall in rental income of £90k due to the increased number of void properties is offset by increased income from shops and leaseholders, along with other minor savings across the service.

#### **Reserves**

67. The February 2011 Budget Report to Council stated that the minimum level for the General Fund reserve should be £6.1m (or 5% of the net budget) and following the 2010-11 outturn, where funding was applied to fund new initiatives, the reserve now stands close to this minimum level.
68. Members have to be mindful that any overspend would have to be funded from this reserve reinforcing the need to contain expenditure within budget. Should this happen the Director of Customer & Business Support Services would have no option but to recommend to Council that the reserve is reinstated to at least its minimum required level which would have implications on future budget setting cycles.



### **Analysis**

69. The analysis of the financial position of the council is included in the body of the report.

### **Consultation**

70. There has been extensive consultation with Trade Union groups on the ongoing implications of the council's financial situation.

### **Corporate Priorities**

71. The information and issues included in this report demonstrate progress on achieving the priorities set out in the Council Plan (2011-15).

### **Implications**

72. The implications are:
- Financial - the financial implications are dealt with in the body of the report.
  - Human Resources - there are no specific human resource implications to this report.
  - Equalities - there are no specific equality implications to this report, however equalities issues are accounted for at all stages of the financial planning and reporting process.
  - Legal - there are no legal implications to this report.
  - Crime and Disorder - there are no specific crime and disorder implications to this report.
  - Information Technology - there are no information technology implications to this report.
  - Property - there are no property implications to this report.
  - Other - there are no other implications to this report.

### **Risk Management**

73. The risk management processes embedded across the council continue to contribute to managing the risk issues associated with major projects and key areas of service delivery.

### **Recommendations**

74. Members are asked to:
- a. Note the performance issues identified in this report.  
*Reason: So that corrective action can be taken by members and directorates.*

b. Note the current projected pressures of £3,504k and note that strategies are being prepared to mitigate this position.

*Reason: In order to ensure expenditure is kept within budget.*

<b>Authors:</b>	<b>Cabinet Member &amp; Chief Officer Responsible for the report:</b>		
Debbie Mitchell, Corporate Finance Manager, Ext 4161 Andrew Crookham, Principal Accountant, Ext 2912 Peter Lowe, Business Intelligence Manager, Ext 2033	Councillor Julie Gunnell, Cabinet Member for Corporate Services Ian Floyd, Director for Customer & Business Support Services Tracey Carter, Assistant Director Office of the Chief Executive		
	<b>Report Approved</b>		<b>Date</b>
<b>Wards Affected: All</b>			
<b>For further information please contact the authors of the report</b>			

Background papers:

- Priority scorecard – Create growth & grow the economy
- Priority scorecard – Get York moving
- Priority scorecard – Protect the environment
- Priority scorecard – Protect the vulnerable
- Priority scorecard – Build strong communities



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**Cabinet**

**1st November 2011**

**Report of the Cabinet Member for Corporate Services**

**CAPITAL PROGRAMME – MONITOR TWO**

**Report Summary**

1. The purpose of this report is to:

- Inform Members of the likely outturn position of 2012/12 Capital Programme based on the spend profile and information to September 2011;
- Inform the Cabinet of any under or overspends and seek approval for any resulting changes to the programme;
- Inform the Cabinet of any slippage and seek approval for the associated funding to be slipped to or from the financial years to reflect this.

2. The 2011/12 – 2015/16 capital programme was approved by Council on 24th February 2011. Since then a number of amendments have taken place as reported to Cabinet in the 2010/11 Capital Programme Outturn report, the amendments made as at Council on the 30<sup>th</sup> June 2011 and the amendments as reported through the Capital Monitor 1 6<sup>th</sup> September 2011. The changes made as result of the above papers result in a current approved capital programme for 2011/12 of £71.535m, financed by £30.335m of external funding, and internal funding of £41.200m. Table 1 illustrates the movements from the start budget to the current approved position at monitor 1.

	<b>Gross Budget £m</b>	<b>External Funding £m</b>	<b>Internal Funding £m</b>
Original Budget Approved by Council at 24 Feb 2011	<b>58.029</b>	<b>22.356</b>	<b>35.673</b>
Amendments from 2010/11 Outturn report	9.726	7.344	2.382
Amendments from June Council Meeting	(1.656)	0.000	(1.656)
Amendments from Mon 1 Cabinet Report September	<b>5.436</b>	<b>0.635</b>	<b>4.801</b>
<b>Current Approved Capital Programme</b>	<b>71.535</b>	<b>30.335</b>	<b>41.200</b>

**Table 1 Current Approved Capital Programme**

### **Consultation**

3. The capital programme was developed under the Capital Resource Allocation Model (CRAM) framework and agreed by Council on 24 February 2011. Whilst the capital programme as a whole is not consulted on, the individual scheme proposals and associated capital receipt sales do follow a consultation process with local Councillors and residents in the locality of the individual schemes.

### **Summary of Key Issues**

4. An increase of £0.587m is detailed in this monitor that results in a revised capital programme budget from £71.535m to £72.122m.
5. The net increase of £0.587m made up of:
  - Adjustments to schemes increasing budgeted expenditure by £1.708m.
  - Net re-profiling of -£1.121m of schemes from future years to the current year

Table 2 outlines the variances reported against each portfolio area.

<b>Directorate</b>	<b>Department</b>	<b>Current Approved Budget £m</b>	<b>Projected Outturn £m</b>	<b>Variance £m</b>
ACE	Children's Services	15.413	15.413	0.000
ACE	Adult Social Services	1.103	1.103	0.000
CANS	Communities and Culture	5.454	5.254	(0.200)
CANS	Environment	5.407	5.257	(0.150)
CANS	Housing & Public Protection	13.950	13.950	0.000
City Strategy	City Strategy (P&T)	6.913	7.071	0.158
City Strategy	City Strategy (Admin Accom)	15.730	14.800	(0.930)
City Strategy	Community Stadium	4.000	4.000	0.000
City Strategy	City Strategy (Economic Development)	0.058	0.058	0.000
City Strategy	Property Services	2.269	3.819	1.550
CBSS	IT Development Plan	1.108	1.067	(0.041)
CBSS	Miscellaneous (Contingency etc)	0.130	0.330	0.200
	<b>Total</b>	<b>71.535</b>	<b>72.122</b>	<b>0.587</b>

**Table 2 Capital Programme Forecast Outturn 2011/12**

6. To the end of September there was £23.94m of capital spend representing 33.3% of the revised monitor 2 budget.

### **Analysis**

7. A summary of the key exceptions and implications on the capital programme are highlighted below.

### **ACE - Education and Children's Services**

8. There are no variations to report as a result of this report. The monitoring position remains as at monitor 1 and ACE continue to monitor significant movements on a regular basis.

### **ACE – Adult Social Services**

9. There are no variations to report as a result of this monitor. The position remains as at monitor 1 and ACE continue to monitor significant movements on a regular basis.

### **CANS – Environment**

#### **Re-profiling**

10. In relation to the Highway Resurfacing & Reconstruction (Structural Maintenance element) £150k requires re-profiling for the Boroughbridge Road scheme to 12/13 to align with the bid for the new park and ride site.

### **CANS – Communities and Culture**

#### **Adjustment**

11. A detailed review of all the financing sources and expenditure projections has been undertaken for the group of York Pools Strategy schemes that results in £200k of funding no longer being required. The funding related to a schedule of works that no longer reflects the required expenditure profile. This funding has been moved to the support the capital contingency fund, where capital expenditure has increased by £200k.

### **CANS – Housing & Public Protection**

12. No changes are proposed as a result of this report.

### **City Strategy (Planning and Transport)**

## **Adjustment**

13. The Local Transport Plan programme will increase by £158k from £3,076k to £3,234k in 11/12. The addition is funded in its entirety from external resources and reflects the new level of works profiled to match the new funding.

## **City Strategy - Administrative Accommodation**

### **Re-profiling**

14. The administrative accommodation project will decrease by £930k from £15.730m to £14,800k in 11/12. This in year decrease relates to the profile of the construction budget being updated. The overall project budget remains at the £43.8m approved at Executive June 2008.

## **City Strategy – Property Services**

### **Adjustments**

15. At the Staffing Matters and Urgency Committee report on 30<sup>th</sup> August 2011, Members approved the strategic purchase of land at Holgate Park to assist with bringing forward developments of York Central. The value approved was £1.550m in total and is shown here for reference purposes.

## **CBSS - IT Development Plan/Equipment**

### **Re-profiling**

16. As a result of this monitor an element of the IT development plan budget of £41k requires re-profiling from 11/12 to 12/13. This is in relation to the upgrade of the secure e-mail project moving to December 2012.

## **Summary**

17. As a result of the changes highlighted above the revised 5 year capital programme is summarised in Table 3.

<b>Gross Capital Programme</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Current Programme</b>	<b>71.535</b>	<b>52.500</b>	<b>29.368</b>	<b>21.471</b>	<b>11.563</b>	<b>186.437</b>
<b>Adjustments :</b>						
ACE - Children's Services						0.000
ACE – Adult Social Services						0.000
CANS – Leisure and Culture	(0.200)					(0.200)
CANS - Neighbourhood Services	(0.150)	0.150				0.000
CANS – Housing						0.000
City Strategy - P&T	0.158					0.158
City Strategy - Admin Accom	(0.930)	0.930				0.000
City Strategy - (Economic Development)						0.000
City Strategy - Property Services	1.550					1.550
IT Development Plan	(0.041)	0.041				0.000
Miscellaneous (Contingency etc)	0.200					0.200
<b>Revised Programme</b>	<b>72.122</b>	<b>53.621</b>	<b>29.368</b>	<b>21.471</b>	<b>11.563</b>	<b>188.145</b>

Table 3 Revised 5 Year Capital Programme

Funding the 2011/12 – 2015/16 Capital Programme



18. The 2011/12 capital programme of £72.122m is currently being funded from £30.493m external funding and £41.629m of internal funding. The internal funding is comprised of revenue contributions, supported capital expenditure, venture fund, right to buy receipts, capital receipts and prudential borrowing.

19. Table 4 shows the projected call on Council resources going forward.

	2011/12	2012/13	2013/14	2014/15	2015/16	Total
	£m	£m	£m	£m	£m	£m
<b>Gross Capital Programme</b>	<b>72.122</b>	<b>53.621</b>	<b>29.368</b>	<b>21.471</b>	<b>11.563</b>	<b>188.145</b>
Funded by:						
External Funding	30.493	27.978	21.868	15.537	7.206	<b>103.082</b>
Council Controlled Resources	41.629	25.643	7.500	5.934	4.357	<b>85.063</b>
<b>Total Funding</b>	<b>72.122</b>	<b>53.621</b>	<b>29.368</b>	<b>21.471</b>	<b>11.563</b>	<b>188.145</b>

**Table 4 – 2011/12 –2015/16 Capital Programme Financing**

20. The budgeted capital receipts forecast for 11/12 onwards was estimated at £18.410m, £14.060m of general receipts and £4.350m of administrative accommodation earmarked receipts.

21. Current forecasts indicate that the target for general capital receipts of £14.060m over the next 5 years may not be achieved as a result of the current economic market environment. However, due to the volatility in the economy, there is still the possibility that there will be an upturn in the market. The capital receipts position will continue to be monitored and reported at the earliest opportunity.

22. Equally, there is the potential that the earmarked administrative accommodation capital receipts of £4.350m will not meet the level incorporated in the financial viability model. The administrative accommodation finance model is under review to make further savings and a further report will be brought later in the year.

## **Corporate Priorities**

23. The capital programme is decided through a formal process, using a Capital Resource Allocation Model (CRAM). CRAM is a tool used for allocating the Council's scarce capital resources to schemes that contribute toward the achievement of the corporate strategy.

## **Implications**

### **Financial Implications**

24. The financial implications are considered in the main body of the report.

### **Human Resources Implications**

25. There are no HR implications as a result of this report

### **Equalities Implications**

26. There are no equalities implications as a result of this report

### **Legal Implications**

27. There are no legal implications as a result of this report

### **Crime and Disorder**

28. There are no crime and disorder implications as a result of this report

### **Information Technology**

29. There are no information technology implications as a result of this report

### **Property**

30. The property implications of this paper are included in the main body of the.

### **Risk Management**

31. The capital programme is regularly monitored as part of the corporate monitoring process. In addition to this the Corporate Asset Management Group (CAMG) meets regularly to plan monitor and review major capital receipts to ensure that all capital risks to the Council are minimised.

## Recommendations

32. The Cabinet is requested to:

- Note the addition of £1.550m capital expenditure approved by the Staffing Matters and Urgency Committee (30<sup>th</sup> August 2011) for the strategic purchase of land at Holgate Park to assist with bringing forward developments of York Central. This is to be funded from borrowing.
- Recommend to Full Council the net adjustments of an increase of £0.587k in 2011/12 and increase, as a result of re-profiling, of 1.121m in 2012/13, this is detailed in the report and contained in Annex A.
- Note the 2011/12 revised budget of £72.122m as set out in paragraph 5 and Table 2.
- Note the restated capital programme for 2010/11 – 2014/15 as set out in paragraph 66, Table 3 and detailed in Annex A.

Reason: to enable the effective management and monitoring of the Council's capital programme

### Contact Details

<b>Authors:</b>	<b>Cabinet Member &amp; Chief Officer Responsible for the report:</b>		
Ross Brown Principal Accountant Ext 1207	Councillor Julie Gunnell Cabinet Member for Corporate Services		
Louise Branford-White Technical Finance Manager Ext 1187	Ian Floyd Director for Customer & Business Support Services		
Keith Best Asst Director of Financial Services	<b>Report Approved</b>		<b>Date</b> 13 October 2011
<b>Wards Affected:</b> All			
<i>For further information please contact the authors of the report</i>			

**Background Papers:**

Budget Control 2011

Departmental Capital Pro-forma

**Annexes**

Annex A – Restated Capital Programme 2011/12 to 2015/16



Annex A

Capital Programme Monitor 2

Table with columns for years 2011/12, 2011/12 Revised, 2012/13 Revised, 2013/14 Revised, 2014/15 Revised, 2015/16 Revised, and Gross Capital Programme To be Funded. Rows include various categories like Air Quality Monitoring, Contaminated Land Investigation, Waste Infrastructure Capital Grant, etc.



**Annex A**

**Capital Programme Monitor 2**

	2011/12		2011/12	2011/12		2012/13	2011/12		2011/12	2011/12		2014/15	2011/12		2015/16	Gross Capital Programme To be Funded 11/12 - 15/16 £000
	Mon 2	Mon 2	Revised	Mon 2	Mon 2	Revised	Mon 2	Mon 2	Revised	Mon 2	Mon 2	Revised	Mon 2	Mon 2	Revised	
	Adj £000	Slippage £000	Budget £000	Adj £000	Slippage £000	Budget £000	Adj £000	Slippage £000	Budget £000	Adj £000	Slippage £000	Budget £000	Adj £000	Slippage £000	Budget £000	
City Strategy (Planning & Transport)	158	0	7,071	0	0	18,575	0	0	8,826	0	0	2,713	0	0	0	37,185
City Strategy (Admin Accom)	0	-930	14,800	0	930	11,472	0	0	1,468	0	0	0	0	0	0	27,740
City Strategy (Community stadium)	0	0	4,000	0	0	0	0	0	0	0	0	0	0	0	0	4,000
City Strategy (Economic Development)	0	0	58	0	0	0	0	0	0	0	0	0	0	0	0	58
City Strategy - Property	1,550	0	3,819	0	0	753	0	0	100	0	0	100	0	0	100	4,872
CBSS - IT equipment	0	-41	1,067	0	41	791	0	0	750	0	0	750	0	0	750	4,108
Miscellaneous	200	0	330	0	0	0	0	0	0	0	0	0	0	0	0	330
<b>Total by Department</b>	<b>1,708</b>	<b>-1,121</b>	<b>72,122</b>	<b>0</b>	<b>1,121</b>	<b>53,621</b>	<b>0</b>	<b>0</b>	<b>29,368</b>	<b>0</b>	<b>0</b>	<b>21,471</b>	<b>0</b>	<b>0</b>	<b>11,563</b>	<b>188,145</b>
<b>Total External Funds by Department</b>																
ACE - Children's Services	0	0	14,063	0	0	5,583	0	0	5,583	0	0	5,583	0	0	0	30,812
ACE - Social Services	0	0	618	0	0	0	0	0	0	0	0	0	0	0	0	618
CANS - Communities and Culture	0	0	686	0	0	403	0	0	0	0	0	0	0	0	0	1,089
CANS - Environment	0	0	2,303	0	0	1,790	0	0	1,756	0	0	1,684	0	0	2,047	9,580
CANS - Housing & Public Protection	0	0	7,635	0	0	4,918	0	0	5,800	0	0	5,647	0	0	5,159	29,159
City Strategy (Planning & Transport)	158	0	5,153	0	0	15,284	0	0	8,729	0	0	2,623	0	0	0	31,789
City Strategy (Admin Accom)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
City Strategy (Community stadium)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
City Strategy (Economic Development)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
City Strategy - Property	0	0	35	0	0	0	0	0	0	0	0	0	0	0	0	35
CBSS - IT equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total External Funds by Department</b>	<b>158</b>	<b>0</b>	<b>30,493</b>	<b>0</b>	<b>0</b>	<b>27,978</b>	<b>0</b>	<b>0</b>	<b>21,868</b>	<b>0</b>	<b>0</b>	<b>15,537</b>	<b>0</b>	<b>0</b>	<b>7,206</b>	<b>103,082</b>
<b>Total CYC Funding required by Department</b>																
ACE - Children's Services	0	0	1,350	0	0	0	0	0	0	0	0	0	0	0	0	1,350
ACE - Social Services	0	0	485	0	0	495	0	0	505	0	0	515	0	0	525	2,525
CANS - Communities and Culture	-200	0	4,568	0	0	998	0	0	0	0	0	0	0	0	0	5,566
CANS - Environment	0	-150	2,954	0	150	4,350	0	0	1,700	0	0	1,700	0	0	1,700	12,404
CANS - Housing & Public Protection	0	0	6,315	0	0	3,493	0	0	2,880	0	0	2,779	0	0	1,282	16,749
City Strategy (Planning & Transport)	0	0	1,918	0	0	3,291	0	0	97	0	0	90	0	0	0	5,396
City Strategy (Admin Accom)	0	-930	14,800	0	930	11,472	0	0	1,468	0	0	0	0	0	0	27,740
City Strategy (Community stadium)	0	0	4,000	0	0	0	0	0	0	0	0	0	0	0	0	4,000
City Strategy (Economic Development)	0	0	58	0	0	0	0	0	0	0	0	0	0	0	0	58
City Strategy - Property	1,550	0	3,784	0	0	753	0	0	100	0	0	100	0	0	100	4,837
CBSS - IT equipment	0	-41	1,067	0	41	791	0	0	750	0	0	750	0	0	750	4,108
Miscellaneous	200	0	330	0	0	0	0	0	0	0	0	0	0	0	0	330
<b>Total CYC Funding required</b>	<b>1,550</b>	<b>-1,121</b>	<b>41,629</b>	<b>0</b>	<b>1,121</b>	<b>25,643</b>	<b>0</b>	<b>0</b>	<b>7,500</b>	<b>0</b>	<b>0</b>	<b>5,934</b>	<b>0</b>	<b>0</b>	<b>4,357</b>	<b>85,063</b>





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## **Cabinet**

### **Report of the Cabinet Member for Corporate Services**

#### **Treasury Management Monitor 2 Mid Year Review and Prudential Indicators 2011/12**

##### **Summary**

1. This Council is required through regulations issued under the Local Government Act 2003 and the revised 2009 (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management to provide Members with an update on treasury management activities at least twice a year.
2. This report recommends changes to the 2011/12 Treasury Management Strategy Statement and Prudential Indicators in light of the HRA reform changes. It also updates on the Treasury Management activities for the period 1 April 2011 to 30 September 2011.
3. This mid year report highlights the economic environment for the first six months of the 2011/12 financial year and reviews the Council's Treasury Management activities covering:
  - Treasury Management Strategy Statement
  - HRA reform
  - Compliance with Prudential Indicators
  - Annual Investment Strategy
  - Investment portfolio
  - Borrowing portfolio

##### **Background**

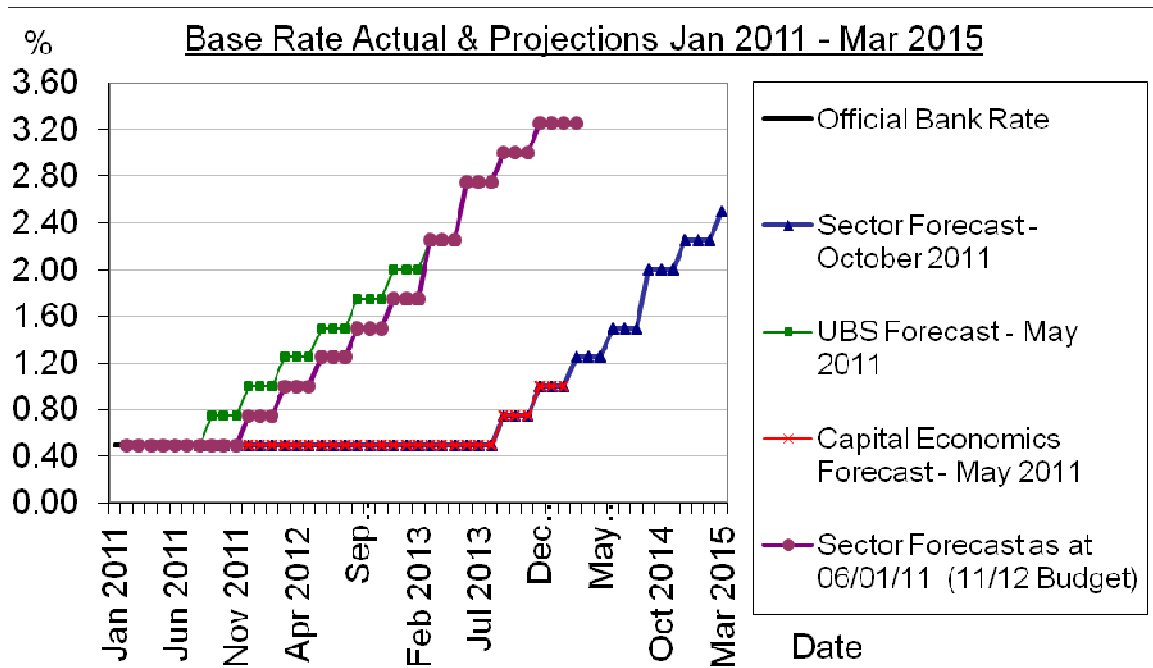
4. The Council's Treasury Management function is responsible for the effective management of the Council's investments, cash flows, its banking, money market and capital transactions; the

effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

### **Economic Background and Analysis**

5. The Council's treasury management activities have operated within the following economic background over the last 6 months to 30 September 2011:
  - (a) Indicators suggest that the economy has at best stagnated;
  - (b) Conditions on the high street have deteriorated further;
  - (c) Employment has fallen again;
  - (d) The public finances are expected to miss this year's fiscal forecasts;
  - (e) CPI inflation rising, heading for a peak of around 5% in Q4;
  - (f) The MPC signal a move towards increasing QE further;
  - (g) Equities prices plummet and gilt yields fall to historic lows;
  - (h) The economic recoveries falter in the US and Europe
  
6. There remains huge uncertainties in economic forecasts due to:
  - (a) The decision by the MPC to expand quantitative easing over the next four months by a further £75bn which had an immediate effect of depressing gilt yields at the long end of the curve. This clearly underlines how concerned the MPC is about the prospects for growth of the UK economy and that recession is now a greater concern than inflation.
  - (b) The marked deterioration of growth prospects in the US, EU and UK, especially with increased concerns over Greece and the potential fall out from their debt situation. This has led in turn to a further increase in safe haven flows into UK gilts, which have depressed gilt yields and PWLB rates to lower levels.
  
7. From the economic uncertainty described above, it is expected that low growth in the UK will continue, with a low Bank rate for at least 24 months.
  
8. Figure 1 below shows the actual and projection of the bank base rate, which has remained at historically low levels since April 2009. The Council's treasury management advisers – Sector – forecast the position of the base rate in January 2011 for the 2011/12 Treasury Management Strategy this is compared to their revised forecast in August 2011. Other economists latest forecast are shown in May 2011. The graph highlights the delay in the

expectation of the increase in the Bank Base rate which is as a result of the decision to expand quantitative easing and deterioration of growth prospects.



**Figure 1: Base Rate 2011 to 2015 - latest forecast August 2011**

### Treasury Management Strategy Statement (TMSS)

9. The Treasury Management Strategy Statement (TMSS) for 2011/12 was approved by this Council on 24 February 2011. Included in the TMSS are Prudential Indicators which determine and keep under review how much the Council can afford to borrow. This is a statutory requirement under Section 3 of the Local Government Act 2003 and supporting regulations.
10. If these Prudential Indicators change along with the TMSS, it is a legal requirement to seek Council approval for these changes.
11. The TMSS approved previously, currently requires revision in light of the proposed changes to the current HRA subsidy arrangements. The following paragraphs explain the proposed HRA reform, the resultant required changes to the TMSS and prudential and treasury limits.

### HRA Reform

12. The proposed reform of the HRA subsidy arrangements are expected to take place on 28 March 2012. This will involve the Council paying £112m to the Department of Communities and Local Government (CLG) which will remove the Council from the current HRA subsidy system. It should be noted that this figure will change slightly between now and the 28 March 2012 due to the impact of inflation.
13. This one off payment of £112m will ensure that the HRA will no longer make future annual payments to the CLG through the housing subsidy system. It is expected that the overall impact will be beneficial to the Council.
14. The HRA capital expenditure payment will be financed by a form of borrowing. This could be a money market loan or a bond but is more likely to be a Public Works Loan Board (PWLB) Loan as the Government announced on the 18<sup>th</sup> September that Local Authorities will be able to borrow from the PWLB at lower rates than currently offered by the PWLB. The level of rates will be approximately 0.15% above the level of the gilt, rather than the current PWLB rate of 1% above the gilt. These rates apply solely for the purpose to borrow for the HRA reform and are at the level which all PWLB rates were at prior to the Comprehensive Spending Review in October 2010. The HRA PWLB rates will be available from January 2012.
15. The legislative framework to enable the HRA reform to take place is yet to be agreed by Government in the White Paper in November 2011. The inclusion of the HRA reform in this treasury management report enables members to recommend to Council the approval for the change in the Prudential Indicators. This will allow the Council to borrow and take advantage of favourable PWLB rates when they become available in January 2012.
16. The original Prudential Indicators approved at Council on 24 February 2011 are attached at Annex A and are compared with the revised limits to incorporate the HRA reform requirement. Further explanation of the Prudential Indicators are detailed in the paragraphs below.
17. Further information on the HRA Reform will be reported to Members in the coming months, this will include further detail on

the required HRA borrowing portfolio in conjunction with housing services.

### **Compliance with Prudential Indicators**

18. The Prudential Indicators included in the TMSS are based on the requirements of the Council's Capital programme. The Capital programme is an amount of capital expenditure which is funded from various external resources e.g. grants, revenue contributions etc and also borrowing. The level of borrowing required to support the capital programme over time is known as the Capital Financing Requirement.
19. The one off payment to the DCLG to remove the HRA from the current housing subsidy system is expected to be £112m. The £112m is capital expenditure which forms part of the capital programme and will increase the level of borrowing of the Council. The Council has to ensure that total capital investment (capital expenditure) remains within sustainable limits which are affordable and prudent.
20. It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits". Council's approved Prudential Indicators (affordability limits) for 2011/12 are outlined in the approved Treasury Management Strategy Statement (TMSS) at Council on 24 February 2011. During the financial year to date the Council has operated within the Prudential Indicators set out in the Council's TMSS. The monitoring of the Prudential Indicators is attached at Annex A, along with the revised limits for the HRA reform. Prudential Indicators were not breached during the first 6 months of 2011/12.
21. Affordability - how much the council can afford to borrow – is determined by the "Authorised Borrowing Limit" and the "Operational Boundary". The "Authorised Limit" represents the legislative limit specified in the Act and the "operational boundary" is the maximum level of debt allowed for on going operational purposes. If the Authorised Borrowing limit is to be breached, a revised limit needs to be approved by full Council.
22. The key indicators which have changed in relation to the HRA reform are the Authorised Borrowing Limit which was £22m and

has been revised for approval to £347m, the Operational Boundary is now set at £327m, it was £202m and the Capital Financing Requirement has risen to £292.8m from £180.8m

23. Members are therefore requested to approve the changes to the Council's Prudential Indicators for 2011/12 shown in Annex A.

### **Annual Investment Strategy**

24. Treasury Management Strategy Statement for 2011/12 was approved by Council on 24 February 2011. The Council's Annual Investment Strategy, which is incorporated in the Strategy, outlines the Council's investment priorities as follows:

- security of capital
- liquidity
- yield

25. The Council will aim to achieve the optimum return (yield) on investments commensurate with the proper levels of security and liquidity. Investments are placed with highly credit rated financial institutions using the creditworthiness matrices described in the Treasury Management Strategy, which includes sovereign credit ratings from the rating agencies and the credit default swap (CDS) overlay information provided by Sector.

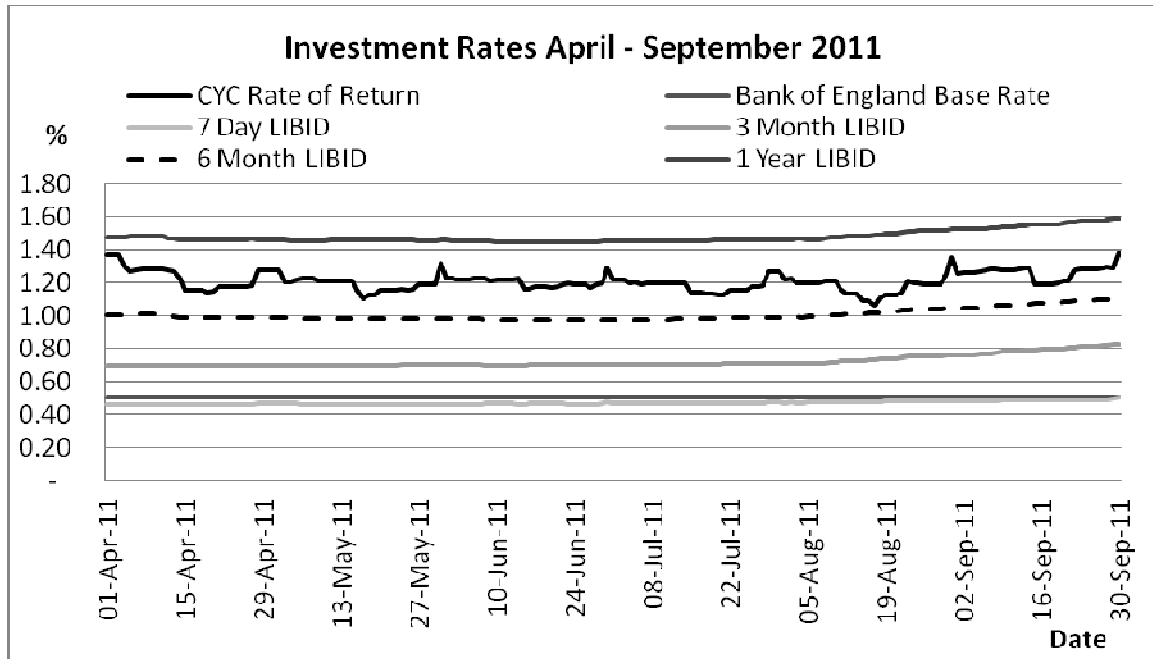
26. The current economic climate with the continuing Euro zone sovereign debt crisis and its potential impact on banks prompts a low risk and short term strategy. It is considered appropriate to keep investments short with a maximum duration of 3 months. This applies to all entities in which the Council is considering investing, except for the following institutions:

- (a) UK Government and related entities such as Local Authorities – suggested limit remains at 5 years
- (b) UK semi-nationalised institutions e.g. Lloyds / RBS – suggested limit remains at 1 year. UK ownership provides considerable conform to investors.
- (c) Money market Funds – suggested limit remains at 1 year.

27. Investments held during the first six months of 2011/12, in accordance with Sector's Creditworthiness matrices and changes to Fitch and Moody's credit ratings, remained within the Council's approved credit criteria limits contained in the Annual Investment Strategy.

## Investment Portfolio

28. Investment rates available in the market continue to remain at a historical low point. The average level of funds available for investment purposes in the six months of 2011/12 was £57.5m. The level of funds available is largely dependent on the timing of the Council's cash flow as a result of precept payments, receipt of grants, borrowing and progress on the Capital Programme. These funds are therefore available on a temporary basis dependant on cash flow movement.
29. The authority holds some core cash balances for investment purposes, i.e. funds available for a year or more, however to date in 2011/12 no funds have been invested for periods greater than one year due to the limited institutions available for investment in accordance with the credit criteria policy. This is a continuation of similar market conditions which prevailed through the majority of 2008/09 and through the whole of 2009/10 and 2010/11.
30. Treasury Management investment activity during the first six months of 2011/12 earned an interest rate of return of 1.5%. This is 1.03% better than the average 7 day London Inter-Bank Deposit rate (LIBID) of 0.47% and 1% higher than the average base rate for the period of 0.50%. The interest earned to date in 2011/12 is in line with the treasury management budget.
31. The higher rate of return on investment activity compared to the average LIBID rate and base rate for the period is due to the treasury team continuing to monitor the market and taking advantage of opportunities when they become available, whilst ensuring the security of the council's funds. Investments in the portfolio are diversified and include deposits of short term call accounts, fixed term and money market funds.
32. Figure 2 shows the interest rates available on the market between 7 days and 1 year and also the rate of return that the Council has achieved for the first six months of 2011/12. It shows that favourable / competitive interest rates have been obtained for investments whilst ensuring the required liquidity and security of funds for the Council.



**Figure 2 CYC Investments vs Money**

### Market Rates

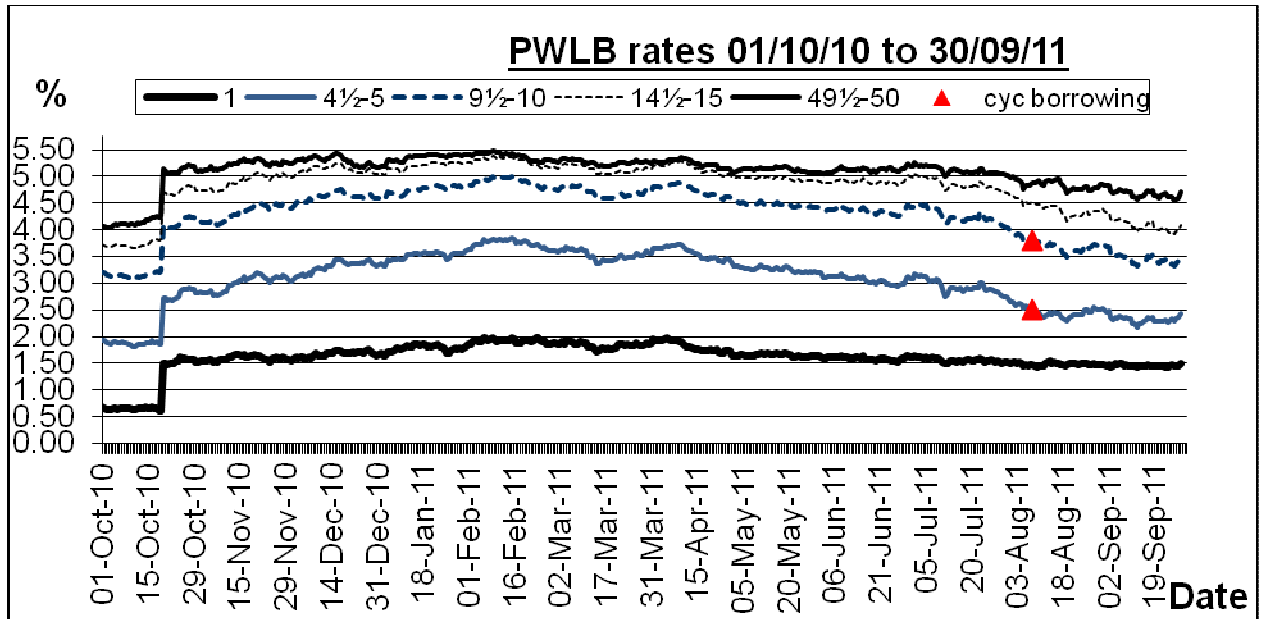
### Borrowing Portfolio

33. The Council undertakes long term borrowing in accordance with the investment requirements of the capital programme and all borrowing is therefore secured against its asset base.
34. The level of borrowing taken by the Council is determined by the Capital Finance Requirement (the Councils underlying need to borrow for capital expenditure purposes). Borrowing needs to be affordable, sustainable and prudent and the treasury management budget supports the borrowing finance costs in the longer term.
35. Under regulation, the Council can borrow in advance of need in line with its future borrowing requirements in accordance with the Capital Financing Requirement. The Administrative Accommodation project increases the Council's need to borrow over the next year and therefore the markets will continue to be closely monitored to ensure that advantage is taken of favourable rates in 2011/12 and the increased borrowing requirement is not as dependant on interest rates in any one year.
36. On the reverse side, the Council's level of borrowing can also be below the Capital Financing Requirement. This would mean that instead of increasing the Council's level of borrowing, surplus



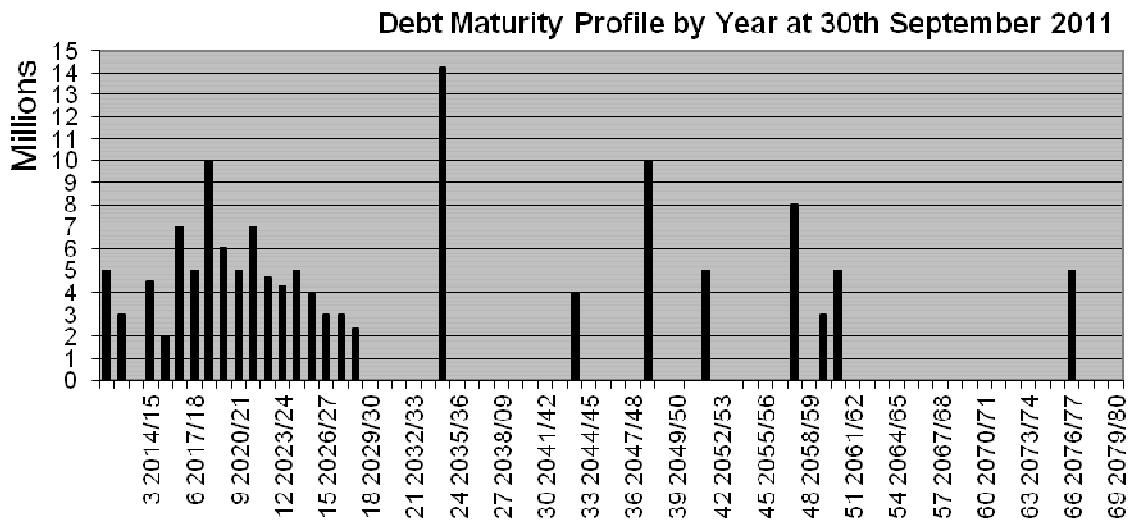
funds held for investment purposes would be utilised instead, decreasing the level of surplus funds being available for investment. In the current interest rate environment where investment rates are below borrowing rates consideration is given to the value of taking borrowing or whether it is better for the council to keep investment balances lower.

37. Sector - treasury management advisers - forecast that future PWLB rates will also rise. The market is expected to remain volatile over the coming months but from 2012 rates are expected to be on a rising trend. Therefore, rates are being monitored to take advantage of long term low attractive borrowing rates, whilst being mindful that investment rates are to remain low for the foreseeable future.
38. The Councils long-term borrowing started the year at a level of £133.1m. A £5m loan was repaid in May 2011 in line with its maturity date. New borrowing of £7m was taken in August 2011.
39. The loans taken in 2011/12 are below the original target of 5% set in the Council approved 2011/12 strategy, the £5m 10 year loan was at 3.81% and the £2m 5 year loan at 2.54%. At this Treasury Management Monitor 2 report the target level for loans for the remainder of 2011/12 is 4.3%.
40. Figure 3 shows the fluctuation in PWLB rates since October 2010 when the Comprehensive Spending Review increased rates to 1% above gilt yields. It highlights when the new borrowing in 2011/12 has taken place, compared to rates available.



**Figure 3 – PWLB rates vs CYC Borrowing Levels**

41. Figure 4 illustrates the 2011/12 maturity profile of the Council’s debt portfolio updated to reflect the borrowing this year to 30 September 2011. The maturity profile shows that there is no large concentration of loan maturity, thereby spreading the interest rate risk dependency in any one year.



**Figure 4 – Debt Maturity Profile 11/12**

**Consultation**

42. The report shows the position of the treasury management portfolio in 2011/12 and provides initial information regarding the future HRA reforms. A further report will be provided to Members

on the HRA reforms in the coming months. The treasury management budget was set in light of the council's expenditure plans and the wider economic market conditions, based on advice from Sector - the Council's Treasury Management advisors.

### **Corporate Priorities**

43. The Council's corporate strategy has the priority to ensure value for money and efficiency of its services. Treasury Management aims to achieve the optimum return on investments commensurate with the proper levels of security, and endeavours to minimise the interest payable by the Council on its debt structure.

### **Human Resources Implications**

44. There are no HR implications as a result of this report.

### **Equalities**

45. There are no equalities implications as a result of this report.

### **Legal Implications**

46. Treasury Management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the *Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008* (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.

### **Crime and Disorder Implications**

47. There are no crime and disorder implications as a result of this report.

### **Information Technology Implications**

48. There are no IT implications as a result of this report.

## **Property Implications**

49. There are no property implications as a result of this report.

## **Risk Management**

50. The Treasury Management function is a high-risk area because of the level of large money transactions that take place. As a result of this there are procedures set out for day to day treasury management operations that aim to reduce the risk associated with high volume high value transactions. These are detailed in the Treasury Management strategy Statement at the start of each financial year.

## **Recommendations**

51. Members are requested to recommend to full Council to:
- Approve the changes to the Prudential Indicators in light of the HRA reform, specifically the Authorised Borrowing Limit at £347m
  - Note the HRA reform is to be approved by the Government White paper in November 2011 and payment of £112m to the CLG on 28 March 2011
  - Note the expected impact on the capital and treasury activities of the HRA reform
  - Note the Treasury Management activities in 2011/12

Reason – to ensure the continued performance of the Council's Treasury Management function and the inclusion of the affects of the HRA reform on treasury management activities.

**Contact Details**

**Authors:**

Louise Branford-White  
Technical Finance Manager  
Corporate Finance  
Tel No. 551187

Ross Brown  
Principal Accountant  
Corporate Finance  
Tel No. 551207

**Cabinet Member for Corporate Services**

Cllr Julie Gunnell

**Chief Officer Responsible for the report**

Ian Floyd - Director of CBSS  
Keith Best  
Assistant Director of CBSS (Finance)

Report  Date 1/11/11  
Approved

**Wards Affected:**

All

**Specialist Implication Officers:**

None

For further information please contact the author of the report

**Background Papers**

Cash-flow Model 11/12, Investment Register 11/12, PWLB Debt Register, Capital Financing Requirement 11/12, Venture Fund 11/12, Treasury Management budget 11/12, Statistics 11/12.

**Annexes**

Annex A – Prudential Indicators 2011/12

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PRUDENTIAL INDICATORS Monitor 2 2011/12 AND REVISED BUDGET HRA REFORM		2011/12 Original Budget	2011/12 Monitor 2	2011/12 REVISED BUDGET
1) <b>Capital Expenditure</b> To allow the authority to plan for capital financing as a result of the capital programme. To enable the monitoring of capital budgets to ensure they remain within budget	Non - HRA	£'000 51,478	£'000 61,415	£'000 61,415
	HRA	7,305	10,707	122,702
	TOTAL	58,783	72,122	184,122
2) <b>Ratio of financing costs to net revenue stream</b> This indicator estimates the cost of borrowing in relation to the net cost of Council services to be met from government grant and council taxpayers. In the case of the HRA the net revenue stream is the income from Rents and Subsidy	Non - HRA	9.59%	10.06%	10.06%
	HRA	2.06%	2.10%	2.10%
3) <b>Incremental impact of capital investment decisions - Council Tax</b> Shows the actual impact of capital investment decisions on council tax. The impact on council tax is a fundamental indicator of affordability for the Council to consider when setting forward plans. The figure relates to how much of the increase in council tax is used in financing the capital programme and any related revenue implications that flow from it.		£ p	£ p	£ p
	Increase in Council Tax (band D) per annum	22.85	24.09	24.09
4) <b>Incremental impact of capital investment decisions - Hsg Rents</b> Shows the actual impact of capital investment decisions on HRA rent. For CYC, the HRA planned capital spend is based on the government's approved borrowing limit so there is no impact on HRA rents.		£ p	£ p	£ p
	Increase in average housing rent per week	0.00	0.00	0.00
5) <b>Capital Financing Requirement as at 31 March</b> Indicates the Council's underlying need to borrow money for capital purposes. The majority of the capital programme is funded through government support, government grant or the use of capital receipts. The use of borrowing increases the CFR.	Non - HRA	160,738	162,023	162,023
	HRA	18,869	18,794	130,794
	TOTAL	179,607	180,817	292,817
6a) <b>Authorised Limit for external debt -</b> The authorised limit is a level set above the operational boundary in acceptance that the operational boundary may well be breached because of cash flows. It represents an absolute maximum level of debt that could be sustained for only a short period of time. The council sets an operational boundary for its total external debt, gross of investments, separately identifying borrowing from other long term liabilities for 3 financial years.	borrowing	212	212	337
	other long term liabilities	10	10	10
	TOTAL	222	222	347
6b) <b>Operational Boundary for external debt -</b> The operational boundary is a measure of the most likely, prudent, level of debt. It takes account of risk management and analysis to arrive at the maximum level of debt projected as part of this prudent assessment. It is a means by which the authority manages its external debt to ensure that it remains within the self imposed authority limit. It is a direct link between the Council's plans for capital expenditure; our estimates of the capital financing requirement; and estimated operational cash flow for the year.	borrowing	192	192	317
	other long term liabilities	10	10	10
	TOTAL	202	202	327
7) <b>Adoption of the CIPFA Code of Practice for Treasury Management in Public Services</b> Ensuring Treasury Management Practices remain in line with the SORP.	TM Policy Statement 12 TM Practices Policy Placed Before Council Annual Review Undertaken			
8a) <b>Upper limit for fixed interest rate exposure</b> The Council sets limits to its exposures to the effects of changes in interest rates for 3 years. The Council should not be overly exposed to fluctuations in interest rates which can have an adverse impact on the revenue budget if it is overly exposed to variable rate investments or debts	Net interest re fixed rate borrowing / investments Actual Net interest re fixed rate borrowing / investments	110%	110%	110%

8b)	<p><b>Upper limit for variable rate exposure</b></p> <p>The Council sets limits to its exposures to the effects of changes in interest rates for 3 years. The Council should not be overly exposed to fluctuations in interest rates which can have an adverse impact on the revenue budget if it is overly exposed to variable rate investments or debts</p>	<p>Net interest re variable rate borrowing / investments</p> <p>Actual Net interest re variable rate borrowing / investments</p>	-10%	-10%	-10%
9)	<p><b>Upper limit for total principal sums invested for over 364 days</b></p> <p>To minimise the impact of debt maturity on the cash flow of the Council. Over exposure to debt maturity in any one year could mean that the Council has insufficient liquidity to meet its repayment liabilities, and as a result could be exposed to risk of interest rate fluctuations in the future where loans are maturing. The Council therefore sets limits whereby long term loans mature in different periods thus spreading the risk.</p>		£10,000	£10,000	£10,000
10)	<p><b>Maturity structure of new fixed rate borrowing during 2010/11</b></p> <p>The Council sets an upper limit for each forward financial year period for the level of investments that mature in over 364 days. These limits reduce the liquidity and interest rate risk associated with investing for more than one year. The limits are set as a percentage of the average balances of the investment portfolio.</p>		Upper Limit	Mon 2	REVISED
		under 12 months	10%	6%	10%
		12 months and within 24 months	10%	2%	10%
		24 months and within 5 years	25%	6%	25%
		5 years and within 10 years	40%	23%	40%
		10 years and above	90%	63%	90%

#### Glossary Of Abbreviations

**HRA** Housing Revenue Account

**CYC** City of York Council

**SORP** Statement of Recommended Practice for Local Authorities

**CFR** Capital Financing Requirement

1. In accordance with the Prudential Code, the Prudential Indicators set by full Council on 24th February 2011 for the financial year 2011/12 must be monitored and reported through the financial year. The HRA reform and the requirement to borrow an additional £112m has changed key indicators which require Council approval. The Prudential Indicators are detailed above and some of the key points are explained below:
2. Size of the **Capital Programme (Indicator 1)** - The capital programme expenditure at monitor 2 is estimated at £72.122m the original budget was £73.024m. The Capital Programme Monitor 2 report provides further information with regards to the movements. The HRA Reform increase the HRA Capital Expenditure by £112m, therefore the total capital expenditure now stands at £184.122m
3. **Net revenue Stream (indicator 2)** - This indicator represents how much borrowing for the capital programme will cost as a percentage of the net revenue stream. The General Fund indicator at Monitor 2 is 10.06% compared to a budgeted level of 9.59%. The indicator has increased as the capital expenditure of the Council has increased and will be funded by borrowing. The Housing Revenue Account (HRA) indicator at monitor 2 is 2.10% compared to the budgeted level of 2.06%. The HRA reform



indicator is the same as at monitor 2 because the £112m capital expenditure is paid to the government on 28 March 2011 and for the year 2011/12 the HRA subsidy system remains in place. Therefore there is no change to the Net Revenue Stream.

4. **Incremental Impact on the Level of Council Tax (Indicator 3)** – This indicator shows the impact of capital investment decision on the bottom line level of Council Tax. The Council funds its discretionary capital programme from two main sources, from unsupported borrowing or using capital receipts from the sale of surplus assets. The Council's policy is to use capital receipts to fund the Capital programme, however in the current economic environment with reduced capital receipts there is the requirement to use unsupported borrowing, which has an impact on Council Tax. The unsupported borrowing is not taken unless it is affordable, sustainable and prudent and can be supported by an existing budget. At monitor 2 the impact on council tax is estimated at £24.09 per Band D charge. This has increased from the estimate of £22.85 due to the increase in borrowing required to support the capital programme, which is in line with indicator 2.
5. **Incremental Impact on the Level of Housing Rents (Indicator 4)** – The estimate in the original 2011/12 strategy, monitor 2 and the revised HRA reform indicator are all zero. This is because even though the level of this indicator changes, the level of housing rent is not affected as housing rent is set in accordance with government formula.
6. **Capital Financing Requirement (CFR) (Indicator 5)** - The CFR at Monitor 2 is estimated at £180.817m, which is the Council's underlying need to borrow for all capital investment over time. The CFR will fluctuate as new schemes are introduced into the capital programme and the funding position changes (as a result of external contributions, reductions in grants, changes to capital receipts etc) to support the Capital investment of the Council. The CFR under the HRA Reform has increased in line with the increased capital expenditure requirement of £112m. Therefore the revised CFR to incorporate the HRA reforms is £292.817m
7. **Authorised Limit / Operational Boundary (Indicator 6)** – The Council debt position at 1 April 2011 was £133.1m and currently stands at £135.1m. The Council's Operational Boundary (maximum prudent level of debt) was approved at Council as part of the budget set at £202m, along with the Authorised Limit (maximum allowed debt) at £222m. The headroom available within these limits allows the Council the ability to borrow in advance of need in accordance with its 3 year forecast Capital programme. If these limits were breached the LG Act 2003 requires full

Council approval. Under the HRA reform, the Authorised Limit will be breached with the capital expenditure payment of £112m. The Authorised Limit and Operational Boundary have increased accordingly to £347m and £327m respectively. Request for Council approval is recommended in the Treasury Management report.

8. **Adoption of the CIPFA Code of Practice in Treasury Management (Indicator 7)** – In accordance with the Prudential Code the Council has adopted the revised Treasury Management Code of Practice on 24 February 2011 and as detailed in the table has adhered to the requirements.
9. **Upper Limit for Fixed and Variable Interest rate Exposure (Indicator 8)** – Interest rate exposure on debt is positive due to it being in relation to interest paid on borrowing and on investments is negative as it is interest being received. When the variable and fixed interest rates are totalled, it will always be 100%. If the majority of the interest received by the Council is fixed and the interest paid on debt is fixed then the closer the actual fixed interest rate exposure will be to 100% and the variable rate exposure to zero. The limits set in the budget were not breached and at Monitor 3 fixed rate exposure was at 110% and variable rate exposure – 10%. The HRA reform does not affect this indicator
10. **Upper Limit for total principal sums invested for over 364 days (Indicator 9)** – This has been set at £10m and is approximately 17% of the total average investment portfolio. To date in 2010/11, no funds have been invested for longer than 364 days due to the uncertainty in the current economic environment and no value to be obtained from the longer rates available to the council within its credit criteria limits.
11. **Maturity structure of fixed rate borrowing in 2010/11 (Indicator 10)** – The borrowing portfolio is spread across different time periods to ensure that the Council is not exposed to the requirement to take new borrowing in any one year and be exposed to interest rates in any one year. Currently in 2010/11 the borrowing portfolio maturity profile is within the limits set. Under the HRA reform, further work is to be carried out with Housing Services to review the HRA business model and assess the optimal profile for when borrowing is to be taken. At this stage it is estimated that the current limits will allow for the requirements of the HRA reform borrowing maturity profile.