

# Overview and Scrutiny Committee

## AGENDA

**DATE:** Tuesday 5 July 2011

**TIME:** 7.30 pm

**VENUE:** Committee Rooms 1&2  
Harrow Civic Centre

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**MEMBERSHIP** (Quorum 4)

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**Chairman:** Councillor Jerry Miles

**Councillors:**

Sue Anderson  
Ann Gate  
Sachin Shah  
Victoria Silver

Kam Chana  
Barry Macleod-Cullinane  
Paul Osborn (VC)  
Stephen Wright

**Representatives of Voluntary Aided Sector:** Mrs J Rammelt/Reverend P Reece  
**Representatives of Parent Governors:** 2 Vacancies

(Note: Where there is a matter relating to the Council's education functions, the "church" and parent governor representatives have attendance, speaking and voting rights. They are entitled to speak but not vote on any other matter.)

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**Reserve Members:**

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1. Nana Asante
2. Varsha Parmar
3. Krishna Suresh
4. Sasi Suresh
5. Krishna James

1. Chris Mote
2. Tony Ferrari
3. Christine Bednell
4. Susan Hall

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# **AGENDA - PART I**

## **1. ATTENDANCE BY RESERVE MEMBERS**

To note the attendance at this meeting of any duly appointed Reserve Members.

Reserve Members may attend meetings:-

- (i) to take the place of an ordinary Member for whom they are a reserve;
- (ii) where the ordinary Member will be absent for the whole of the meeting; and
- (iii) the meeting notes at the start of the meeting at the item 'Reserves' that the Reserve Member is or will be attending as a reserve;
- (iv) if a Reserve Member whose intention to attend has been noted arrives after the commencement of the meeting, then that Reserve Member can only act as a Member from the start of the next item of business on the agenda after his/her arrival.

## **2. DECLARATIONS OF INTEREST**

To receive declarations of personal or prejudicial interests, arising from business to be transacted at this meeting, from:

- (a) all Members of the Committee;
- (b) all other Members present in any part of the room or chamber.

## **3. MINUTES (Pages 1 - 10)**

That the minutes of the meeting held on 14 June 2011 be taken as read and signed as a correct record.

## **4. PUBLIC QUESTIONS**

To receive questions (if any) from local residents/organisations under the provisions of Committee Procedure Rule 17 (Part 4B of the Constitution).

## **5. PETITIONS**

To receive petitions (if any) submitted by members of the public/Councillors under the provisions of Committee Procedure Rule 15 (Part 4B of the Constitution).

## **6. DEPUTATIONS**

To receive deputations (if any) under the provisions of Committee Procedure Rule 16 (Part 4B) of the Constitution.

## **7. REFERENCES FROM COUNCIL/CABINET**

(if any).

## **8. TRANSFER OF HARROW HIGH SCHOOLS TO ACADEMY STATUS (Pages 11 - 48)**

Report of the Corporate Director of Children's Services

**9. INTEGRATED CHILDREN'S SERVICES (Pages 49 - 56)**

Report of the Corporate Director of Children's Services

**10. SCHOOL PLACE PLANNING IN HARROW SCHOOLS (Pages 57 - 66)**

Report of the Corporate Director of Children's Services

**11. ANY OTHER BUSINESS**

Which the Chairman has decided is urgent and cannot otherwise be dealt with.

**AGENDA - PART II**

**Nil**

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# OVERVIEW AND SCRUTINY COMMITTEE MINUTES

## 14 JUNE 2011

<b>Chairman:</b>	* Councillor Jerry Miles	
<b>Councillors:</b>	* Sue Anderson * Kam Chana * Ann Gate * Susan Hall (4)	* Paul Osborn * Sachin Shah * Victoria Silver * Stephen Wright
<b>Voting Co-opted:</b>	(Voluntary Aided) Mrs J Rammelt Reverend P Reece	(Parent Governors) 2 Vacancies
<b>In attendance: (Councillors)</b>	Phillip O'Dell	Minute 151 and 152

\* Denotes Member present  
(4) Denotes category of Reserve Member

### 142. Introductions and Welcome

The Chairman welcomed Councillor Victoria Silver to her first meeting as a member of the Overview and Scrutiny Committee and expressed thanks to Councillor Bill Phillips for his contribution to scrutiny. He also welcomed the Borough Commander, the Portfolio Holder for Environment and Community Safety, the Divisional Director of Community and Culture and other officers.

The Chairman indicated that with the Committee's agreement, the agenda would be re-arranged in order that item 10, Update on Recommendations from Delivering a Strengthened Voluntary and Community Sector, be

considered first. The items Community Safety Plan and Safer Harrow Annual Strategic Assessment would then be considered together.

#### **143. Attendance by Reserve Members**

**RESOLVED:** To note the attendance at this meeting of the following duly appointed Reserve Members:-

Ordinary Member

Reserve Member

Councillor Barry Macleod-Cullinane

Councillor Susan Hall

#### **144. Declarations of Interest**

**RESOLVED:** To note that the following interests were declared:

Agenda Item 8 - Community Safety Plan

Councillor Sue Anderson declared personal interests in that she was a neighbourhood champion and was employed by NHS Harrow. She would remain in the room whilst the matter was considered and voted upon.

Councillor Kam Chana declared a personal interest in that he was a neighbourhood champion. He would remain in the room whilst the matter was considered and voted upon.

Councillor Susan Hall declared personal interests in that she had previously been the relevant Portfolio Holder and a member of Cabinet and was also a neighbourhood champion. She also declared that was a member of the London Fire and Civil Defence Authority. She would remain in the room whilst the matter was considered and voted upon unless there was discussion on specific schemes and her interest became prejudicial, in which case she would leave the room.

Councillor Phillip O'Dell, who was not a member of the Committee, declared a personal interest in that he was a neighbourhood champion. He would remain in the room whilst the matter was considered and voted upon.

Councillor Paul Osborn declared a personal interest in that he had previously been a member of Cabinet and was also a neighbourhood champion. He would remain in the room whilst the matter was considered and voted upon unless there was discussion on specific schemes and his interest became prejudicial, in which case he would leave the room.

Councillor Sachin Shah declared a personal interest in that he was a neighbourhood champion. He would remain in the room whilst the matter was considered and voted upon.

Councillor Stephen Wright declared a personal interest in that he was a neighbourhood champion. He would remain in the room whilst the matter was considered and voted upon.

Agenda Item 10 – Update on recommendations from Delivering a Strengthened Voluntary and Community Sector

Councillor Ann Gate declared a personal interest in that her husband was a trustee of Harrow Association of Voluntary Service, Citizen Advice Bureau and Harrow in Europe. She would remain in the room whilst the matter was considered and voted upon.

**145. Minutes**

**RESOLVED:** That the minutes of the ordinary meeting held on 27 April 2011 and of the special meeting held on 12 May 2011 be taken as read and signed as correct records, subject to a correction to Minute 137 of the ordinary meeting in that as Councillor Ann Gate had submitted apologies to the meeting, she had therefore not taken part in the vote.

**146. Public Questions**

**RESOLVED:** To note that no public questions were received at the meeting under the provisions of Committee Procedure Rule 17.

**147. Petitions**

**RESOLVED:** To note that no petitions had been received.

**148. Deputations**

**RESOLVED:** To note that no deputations were received at the meeting under the provisions of Committee Procedure Rule 16.

**149. References from Council/Cabinet**

**RESOLVED:** To note that no references had been received.

**RESOLVED ITEMS**

**150. Update on Recommendations from Delivering a Strengthened Voluntary and Community Sector**

The Divisional Director of Community and Culture introduced the report which provided an update on actions taken against the recommendations of the scrutiny review 'Delivering a Strengthened Voluntary Sector'. She drew Members' attention to appendix 1 to the report and the priority areas of activity going forward which had also been discussed at the Grants Advisory Panel the previous evening.

The Divisional Director of Community and Culture reported that work with the voluntary sector representatives was being undertaken to determine a replacement for the services previously provided by Harrow Association of Voluntary Service. Work was also being done to finalise the Compact funding code. An officer advised that the code had been drafted with the needs of the

voluntary sector in mind and was not expected to be finalised until October 2011.

Members expressed concern that the report was not as up to date as it should be in terms of training on the Compact and compliance with the existing grants criteria and process and that it was also not clear whether or not the Compact was a legal document. Members challenged the report in terms of whether it reflected the concerns expressed at the previous meeting. An officer advised that the actions had been updated and the Strategic Partnership had ownership of the Compact. When the Compact was written it did not have a legal status but a previous Court ruling had taken it into consideration. The officer undertook to feed the Member's comments back to the relevant officers.

In terms of a strategic Third Sector Investment Plan for 2012/13 onwards, a Member questioned whether other Councils or partners had been consulted to share benchmarking. An officer confirmed that best practice from other Councils on Third Sector finance had been taken on board and that there had been discussions with the voluntary sector.

In response to a Member's question on governance arrangements, the Divisional Director of Community and Culture advised that the Council as a whole was considering this issue. This had also been raised by the Grants Advisory Panel the previous evening.

A Member suggested that as there was to be a fundamental change from the grants process to commissioning, this matter should be included on the scrutiny work programme. This would ensure that the Committee were kept informed of progress.

**RESOLVED: To**

- (1) note the updates and further actions against recommendations as described in Appendix 1 to the report of the Corporate Director of Community and Environment;
- (2) receive a further report in the autumn on the delivery of the Third Sector Strategy and updated action plan.

**151. Community Safety Plan**

In accordance with the Local Government Act (Access to Information) Act 1985, the Community Safety Plan had been admitted late to the agenda in order that it could be considered as near to the beginning of the period to which it applied as possible.

An officer introduced the report, which brought together the plans of the Council, the Police and the Probation Service as well as a range of other agencies to address crime and anti-social issues identified in the Strategic Assessment which appeared elsewhere on the agenda. He advised that its purpose was not to develop policy but to report what the various services were committed to doing. The Plan would shortly be abolished as it was not



an essential policy development tool but it was likely that there would be an update in 2012 and then no further Plan.

The Borough Commander tabled a presentation on the Restructure of the Safer Neighbourhood Teams (SNTs) and advised that the Leader of the Council, Leader of the Opposition and Cabinet had been briefed on the current position. During the course of his presentation he reported that:

- SNTs would maintain their existing structure, with an ability to temporarily move resources across ward boundaries in response to specific safer neighbourhood problem solving demand. This flexibility would mean that resources could be moved to busier wards. As the wards of, for example, Greenhill and Wealdstone had more issues, it would be helpful to move staff on a 1-2 week attachment from, say Pinner South ward, should the need arise.
- The current numbers of two Police Constables (PCs) and three Police Community Support Officers (PCSOs) would remain unchanged in each ward.
- Five Sergeants would be removed and some teams would be required to share a sergeant. He would need to place resources in accordance with demand. Across the Metropolitan Police Service, 150 sergeants would be removed.
- A sergeant would lead the Problem Solving and Anti Social Behaviour teams.
- The Harrow Community Board would oversee the actions of the Anti Social Behaviour response team and assist in the development of priorities for the SNT Tasking Team. The Board would comprise representatives and a deputy from each of the SNT clusters.
- SNTs should embody problem solving.
- Harrow was the only borough in London with a Community Board.

Following the presentation, Members made a number of comments and asked questions as follows:

- A Member challenged the proposals in that he felt it was a move away from SNTs. Every person in the borough had a basic right to minimum policing and he did not agree that staff should be moved across wards. The Metropolitan Police Authority (MPA) website stated that there were 386 police officers in Harrow and the Member suggested that 85% of the Borough Commander's staff could be moved into a problem area should the need arise. These views were not supported by some of the other Members of the Committee who felt that flexibility was the key. The Borough Commander stated that his teams had different roles and were therefore treated differently.

- Referring to the Strategic Assessment that was being considered in conjunction with the Plan, a Member drew attention to the figures in relation to thefts from motor vehicles and residential burglaries where Pinner South appeared in the top six.
- A Member reported that the Borough Commander of Brent was pleased about the flexibility of SNTs. The Member added that tasking groups was vital to getting issues resolved and that this model was an improvement.
- A Member challenged the Portfolio Holder on the level of policing in the town centre and was advised that funding of the team would continue but with 5 rather than 6 staff. An officer advised that the flexibility previously mentioned would enable a redeployment of staff should the need arise. The Member requested written confirmation that there would continue to be a town centre police team as this was not mentioned in the Plan.
- A Member questioned the Portfolio Holder on Third Party reporting sites, adding that the Hate Crime Forum had on one occasion been cancelled with only one hour's notice and two further meetings had been cancelled. She stated that if the Forum was highly valued, performance in terms of the meetings and how they were run should be improved. The Portfolio Holder undertook to look into this issue and the Member indicated that she would provide him with further detail.
- In terms of a Member's comments that the Plan lacked detailed outcomes/milestones, contained jargon and should be made more reader friendly to residents, an officer advised that there was a direct link with the Adults Treatment Plan. The Community Safety Plan had been drafted before the Police targets had been set and these were the primary indicators of community safety.
- In response to a Member's question on the creation of a Joint Intelligence Unit, it was confirmed that there was now a Joint Intelligence Group that had an IT capability in the Civic Centre. This enabled police to sit alongside local authority staff.
- A number of the statistics on page 10 of the report were particularly worrying and a Member questioned whether these were just an issue for Harrow. The Borough Commander stated that in terms of racist offences, domestic violence and hate crime, the increase was likely to be due to the increased confidence in reporting from vulnerable sections of the community.
- The consultation exercise did not mention under 18s and the common assault statistic indicated that this was an issue for 8-17 year olds. The Member questioned whether there was work being carried out in schools and any awareness training. An officer confirmed that under-18s had been consulted but had not given quantifiable results. The Plan had been considered by the Youth Parliament and there was a

young person on the Harrow Police and Community Consultative Group. Given the Member's concern in terms of common assault on boys, the officer undertook to see if there was a gap in this area.

- The Plan and the Annual Strategic Assessment appeared to contradict each other in terms of figures and therefore a Member expressed concern at their validity. An officer explained that it was difficult to get a common reporting timeframe and so there would always be a difference between figures.
- In relation to a Member's query on the active engagement of religious and community leaders, the Borough Commander advised that Harrow had a large Black and Minority Ethnic (BME) population, was one of the safest boroughs and that the police had significant support from religious communities.
- Activities for teenagers were not detailed in the report but appeared to be the fifth most important issue as rated by Harrow residents. An officer advised that the chart aimed to show the relevant importance of crime against a number of other issues for the purpose of comparison.
- In terms of the Government's drug strategy, a Member questioned which agencies the Council was working with and requested a written response on what analysis had been done on drug misuse and domestic violence, and on alcohol misuse and domestic violence, given their prevalence in Harrow. An officer advised that whilst the Government had announced the strategy, a lot of the detail had yet to be worked up. Another officer advised that two pieces of work were ongoing - the Information Strategy and the Drug Intervention Programme. The latter aimed to track people through the system to identify those that had been 'lost'. The Borough Commander added that there were a large number of repeat calls in terms of domestic violence and it was necessary to act quickly on this. The majority of perpetrators had been using alcohol and/or drugs and it was often difficult to keep the victims on board in order to make a conviction.
- More evidence to support the figures would be helpful and a Member questioned whether the Council would be providing additional funding to tackle domestic violence. An officer advised that some funding was provided through the grants process and the Leader of the Council had given a guarantee that any shortfall would be met from his contingency budget. He had also requested a growth bid for funding to be mainstreamed.
- SmartWater had been rolled out two years ago and a Member questioned whether its effectiveness had been analysed and how many cases had been to Court based on its evidence. Members were advised that take up had varied across areas and that the burglary trend was being analysed. The Borough Commander reported that the MPS had launched Operation Target and whilst Harrow was not included, it was surrounded by boroughs that were (Barnet, Brent,

Hillingdon and Ealing). An officer advised that every offender that came through Harrow was scanned for SmartWater and all SNTs had wands.

- Inclusion of Member representation on the Community Board was questioned and an officer undertook to provide a written response.
- The Portfolio Holder was questioned about the ability of the Probation Service to undertake the appropriate amount of offender supervision. He advised that there was activity and would advise the Member separately on numbers.
- Better use of accident and emergency data was requested and, if possible, data from the out-of-hours walk in service.
- A Member requested an update on the case of Kevin Sweeney, a resident and victim of Hate crime that had appeared on the BBC news. The Borough Commander reported that the ring leader had been arrested.

The Chairman thanked the Portfolio Holder, Borough Commander and officers for their attendance, participation and the responses provided.

**RESOLVED:** That the Committee's comments on the Community Safety Plan be forwarded to Cabinet for consideration.

## **152. Safer Harrow Annual Strategic Assessment 2011/12**

In accordance with the Local Government Act (Access to Information) Act 1985, the Safer Harrow Annual Strategic Assessment 2011/12, had been admitted late to the agenda due to its links with the Community Safety Plan which appeared elsewhere on the agenda.

The Committee received a report which set out the Strategic Assessment. The Strategic Assessment analysed crime data to identify the most prevalent crime and anti-social behaviour issues in Harrow and was considered by the Committee in conjunction with the Community Safety Plan.

A Member stated that the report did not set out the actions being taken to reduce fly tipping. An officer reported that there was a specialist team within Community Safety who investigated fly tipping, tried to identify the perpetrators and undertook enforcement action. In terms of wider prevention, the team was working with the Joint Intelligence and Joint Analysis Units. Clear up work and effective enforcement sustained improvements made.

Following the discussion on the Community Safety Plan and the reported need for flexibility in terms of moving SNT staff across ward boundaries, a Member drew attention to the figures in relation to thefts from motor vehicles and residential burglaries where Pinner South appeared in the top six.

**RESOLVED:** That the report be noted.

(See also Minute 151)

**153. Standing Scrutiny Review of the Better Deal for Residents Programme - Interim Report, Project Management**

The Chairman of the Challenge Panel tabled a presentation on the Standing Scrutiny Review of the Better Deal for Residents Programme. He outlined the approach to the Review, the objectives, the summary of the Group's findings and the implications of failing to implement the recommendations.

The Committee welcomed the report and congratulated the Challenge Panel on their excellent piece of work. A Member did, however, express concern that it had been necessary for Members to do this work as the issues raised should have been addressed as a matter of course as they would be in a business. It was hoped that senior managers would take the recommendations on board. The Chairman of the Panel reported that the resident participants had been surprised that the report had been necessary and had been instrumental in strengthening the recommendations and were keen to progress the project.

Another Member echoed the views previously stated and added that a weakness was that Better Deal for Residents (BDfR) had been set up in the run up to an election. Whilst accepting its remit needed to be change, he expressed concern that the BTP Panel had been abolished. He indicated that an increase in Member oversight of the project was required.

A Member questioned whether communication in relation to improving the corporate culture for customer satisfaction and resident involvement could be addressed. The Chairman of the Challenge Panel advised that he had spoken to the manager of Access Harrow with a view to improving the board displays on the ground floor of the Civic Centre by including customer feedback. An officer added that residents had indicated that the Council should talk to them as they may know a solution to an issue better than officers. Any further review could consider how residents' opinions were being addressed.

Further to the question in relation to communication, a Member stated that the communication on BDfR had not been good. He expressed concern that there had not been a new communication plan since May 2010 and no meetings of the Communications Review Group. Another Member advised that there was a new Communications Plan and referred the Member to the Assistant Chief Executive.

The Interim Director of Finance reported that the Corporate Strategy Board had recently received a paper on project management recommending that project management should be across the local authority. It had, however, been agreed that one size did not fit all.

**RESOLVED:** That

- (1) the report from the Standing Scrutiny Review of the Better Deal for Residents Programme be agreed;
- (2) the report be referred to Cabinet in July for consideration.

(Note: The meeting, having commenced at 7.31 pm, closed at 9.50 pm).

(Signed) COUNCILLOR JERRY MILES  
Chairman

**REPORT FOR: OVERVIEW AND  
SCRUTINY COMMITTEE**

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<b>Date of Meeting:</b>	5 <sup>th</sup> July 2011
<b>Subject:</b>	Transfer of Harrow High Schools to Academy Status
<b>Responsible Officer:</b>	Catherine Doran, Corporate Director Children's Services
<b>Scrutiny Lead Member area:</b>	Councillor Christine Bednell – Policy Lead, Children and Young People Councillor Krishna James – Performance Lead, Children and Young People
<b>Exempt:</b>	No
<b>Enclosures:</b>	Appendix A - Cabinet Report – 17 <sup>th</sup> March 2011 Appendix B - Cabinet report – 7 <sup>th</sup> April 2011 Appendix C - Licensing and General Purposes Committee Report – 17 <sup>th</sup> May 2011

## **Section 1 – Summary and Recommendations**

This report sets out the context, history, Harrow Council response and work undertaken relating to the transfer of Harrow High Schools to academy status. It highlights significant issues, political decision making and anticipated future activity.

The report is produced to provide sufficient information to allow members of Overview and Scrutiny to oversee the activity and raise informed questions or challenge to the relevant officers or Portfolio holder. The report also sets out the challenges faced by a Local Authority in dealing with a significant number of High Schools transferring at the same time and highlights actions the Department for Education might take to assist.

### **Recommendations:**

That the Committee be invited to consider and comment on the report and, if appropriate, refer its comments to Cabinet.

## **Section 2 – Report**

### **The Legislative Background and the position of Harrow High Schools**

*The appendices to this report contain much of the background information and rationale for decision making and approaches adopted by Harrow Council in this work. Rather than rehearse them in detail, cross reference is made to relevant parts, where appropriate, in the body of this report.*

1. Appendix A sets out the legislative opportunities presented to schools by the Academies Act 2010. In short, this gave any school assessed by Ofsted as 'Outstanding' or 'Good with Outstanding features' the opportunity to transfer to Academy Status by entering a funding agreement with the Secretary of State. Unlike other local authorities Harrow Council had no previous experience of 'old style' academies as all its high schools had achieved the highest levels of performance under the Ofsted Assessment framework. The methodology and approach to obtaining academy status is also set at in Appendix A together with an anticipated timescale which has (more or less) proved to be the one that the schools have followed.
2. 7 Harrow High Schools with 'Outstanding' or 'Good with Outstanding features' in their last Ofsted inspection have been pursuing their interest in conversion to Academy Status since formally notifying Harrow Council (in February 2011). Only Whitmore High School of the non-voluntary aided, mainstream secondary schools has not been investigating change of status.
3. As Appendix A makes clear the perceived advantages of Academy Status for any school are:
  - Autonomy from the Local Authority to run the school as a separate stand alone organisation
  - Greater freedom over the curriculum
  - The ability to alter the nationally agreed terms and conditions of staff
  - Greater flexibility over the school day and school terms
  - Increased funding by virtue of receiving funding direct from the Department for Education (or the YPLA) to cover the cost of new functions they will take from the Local Authority
4. The 7 High Schools investigating change of status have stated that they will not wish to change terms and conditions of staff contracts of employment, the school days or term times for the foreseeable future. Appendix A sets out a range of principles that the 7 schools have publicly adopted to guide their work.
5. A range of the key implications of transfer for the schools and Harrow Council are set out in Appendix A.
6. All 7 of the schools have now made the decision to convert to Academy Status (subject to entering a funding agreement with the Secretary of State).
7. Despite some expected tensions along the way, a number of the schools have thanked Harrow Council for its time, support and challenge during the process so far



(notwithstanding the Council's preferred approach that all schools remain "maintained"). Whilst it is perhaps inevitable that the council and the schools will not always see eye to eye (and at the time of drafting there remain some robust conversations to be had) the potential for a positive ongoing relationship appears good. The intervention of the Chief Executive at particular junctures was particularly appreciated by the schools concerned.

8. The Licensing and General Purposes committee on 17<sup>th</sup> May made a series of important and complex decisions relating to the new Academy Trusts' positions within the Local Government Pension scheme (for non-teaching staff). In short, each new academy will be a separate employer under the scheme and therefore have different contribution rates reflecting the liabilities of their own workforce. A 20 year deficit recovery period was agreed, with the deficit share for each new academy being based upon current, deferred and pensioner members. No stabilisation of contributions will be applied. Appendix C is the relevant committee report.
9. Equalities Impact Assessments on the proposed transfers have been completed for Harrow Council (recognising the Council's new role in relation to the Academies) and by each of the 7 schools.
10. All schools completed a detailed assessment of the pros and cons of transfer and the Governing bodies considered them in detail at their decision making meetings. Whilst the financial position for the schools (particularly relating to LACSEG<sup>1</sup> monies) was not as positive as they had initially hoped, the Governing Bodies formed the view that the schools are financially viable as academies.
11. Academy Orders have been made by the Department for Education for each of the 7 schools, however conversion will not be confirmed until the funding agreements have been completed with the Department for Education. Harrow Council and the Schools are working hard to achieve a transfer date of 1<sup>st</sup> August 2011.

## **Harrow Council's Approach**

12. The Overview and Scrutiny Committee may be interested in the approach taken by Harrow Council to the Academies Transfer issue. Some of the key issues and how they have been managed are drawn out below. The following substantive section then deals with some of the anticipated future work and how the project will be reviewed and evaluated. It also considers lessons learned and how these can be applied in the event that other schools decide to pursue change of status.
13. Once Harrow Council became aware of the number of schools potentially transferring, the Director of Children's Services moved rapidly to create capacity to handle transfer with a small project team supported by staff from across the Council. The Council (and schools) have been breaking new ground but the ability to have a focused resource, a project methodology, good risk management and a strong response from the officers across the Council have enabled real progress to be made in a tight timescale. Key decisions have been properly taken, robust conversations taken place where needed and all stakeholders kept informed. It is hoped this provides the basis for a strong,

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<sup>1</sup> Local Authority Central Spend Equivalent Grant (LACSEG) - an amount paid to academies in recognition of the fact that as academy schools they no longer receive a number of services from local authorities

though remodelled, relationship to continue between the new Academies, Harrow Council and the maintained schools.

14. It is worth recognising that when all 7 schools transfer to Academy status they constitute some 28% of the Borough's pupils and 74% of Secondary pupils. Around 1400 staff will TUPE transfer along with sizable land transfers. There are very significant financial issues and an impact on the £2 million per year of 'bought back' services under Service Level Agreements (SLAs). The impact of transfer should not therefore be underestimated. Overview and Scrutiny members will be aware of the Council's developing work on the new strategic relationship with all schools (not just Academies).
15. The Programme Team has progressed work in 8 different workstreams namely:
  - Communications and Consultation
  - Staffing and Pensions
  - Land and Buildings
  - Service Level Agreements
  - Contracts with Third Parties
  - Finance
  - Data and information Systems
  - Corporate Implications and Issues
16. Led by the Corporate Director of Children's Services with top level officer inputs from the Chief Executive and CSB, the workstreams have enabled detailed technical work to be programmed and coordinated in a focused way and helped ensure that there is a 'main conduit' for discussion and information flow between the Council, the schools and their retained consultants. Elected members have been involved in taking key decisions, briefings and in feeding into the schools' consultation processes
17. A detailed project plan, risk log and issues log and regular meetings of the project team (and schools consultants) have helped to keep progress on track. Assuming that all work is completed by the 1<sup>st</sup> August, Harrow Council will have managed a highly complex and service sensitive project in a safe, adaptive and cost effective way. This is important not just to ensure financial efficiency but to help preserve the continuity of high quality secondary education provision in Harrow and maximise the chances of a good ongoing relationship with the new Academy Trusts.
18. There remains at the time of drafting much to do. The project team and the Council generally face real challenges in completing transfers over the next two months and are not complacent about those demands or remaining risks which will continue to be carefully managed.
19. Appendices A and B give a flavour of some of the work that has been undertaken by the Programme Team. Rather than set out in detail all that has been undertaken the next section flags some particular issues and potential learning points. Officers from the Programme Team will attend the Overview and Scrutiny Committee meeting on 5<sup>th</sup> July to answer any questions on these or other areas of interest to the Committee.

## **Some Key Issues**

20. Reference has already been made to the fact that Harrow Council (and schools themselves) have been 'breaking new ground' in undertaking this work. No other Local Authority that we have been able to identify is attempting to manage such a large number of Academy transfers at one time. On occasions this has required real innovation, pragmatic solution finding and continually asking, "what is right for Harrow?" The Department for Education, whilst sympathetic to the Council's predicament, simply do not have solutions yet to many of the issues that we have experienced and have been interested in the approach taken by the Council (for example they have not experienced such a thorough response to a school's consultation process as that sent by the Corporate Director of Children's Services).
21. Members of the Overview and Scrutiny committee may wish to suggest to Cabinet that officers be instructed to write formally to the Department for Education explaining the difficulties inherent in handling a number of potential transfers concurrently. In particular this might include:
- Lack of financial support from the Local Authority (compared to the £25,000 funding for the Schools in question). In the case of transfer of staff, land, contracts, etc the majority of pre transfer work is arguably to be undertaken by the Local Authority. It also needs to be undertaken to a high standard to enable robust decision making by the Governing Bodies.
  - The tight timescales which are set without reference to the Local Authority.
  - Lack of clarity on School finances meaning that neither the school nor the Local Authority can plan with certainty for capital or revenue budgeting.
  - Significant gaps in the Department for Education's ability to provide useful guidance to Local Authorities on pension issues.
  - Other issues that the committee identify as causing difficulties in the transfer process.

## **Consultation**

22. The Academies Act 2010 contains only minimal requirements for consultation by Governing Bodies considering transferring status. Harrow Council took the position that all interested stakeholders should be aware and have the opportunity to have their voices heard. Special sessions for Governors of all Harrow Schools, all elected members, trade unions, the Youth Parliament etc were facilitated and local media encouraged to cover the issues to enable an informed response. The Council's website and printed communications covered the issue and encouraged a wider civic debate. This approach, whilst proving controversial for some, was welcomed by the schools and helped to increase the number of responses to this consultation processes.

## **Land and Buildings**

23. The Appendices (particularly Appendix B) cover the issue of the Council needing to transfer the school sites on 125 year leases to any new Academy Trust. Investigating title, agreeing lease terms, drafting licenses to occupy land (for example for sports fields) have all been sizable tasks. On shared sites, the Council has been keen to ensure the interests of remaining maintained schools are protected. In similar fashion the Council has sought to ensure that existing community use is maintained once the land is transferred to the Academy Trusts.

24. The condition of the schools premises varies considerably. Some have recently had sizable capital investments, others believe they should have had more. Harrow Council has no further capital at its disposal to invest in the sites and the ability of new Academies to access capital funds from the Department for Education is currently unclear. The Council has sought to provide the schools with all the information it holds as landlord about the sites and would perhaps wish to support some schools in applications that they make to the Department for Education for investment in the future.

## **Staffing and Pensions**

25. Early dialogue with the Trade Unions, before any formal TUPE (Transfer of Undertakings and Protection of Employment) consultation process, helped to identify a number of concerns that the Council and the schools have worked to address. It remains the case that all unions are opposed to Academies and have raised their concerns nationally and locally. Harrow's recognised Trade Unions have engaged constructively given that potentially 1400 staff will transfer to new employers. The formal TUPE processes started on 15<sup>th</sup> June. Much of the data checking, sharing of policies and contract of employment information has been undertaken in advance to make more manageable the transfer of such a large number of employees. The Council's Human Resources Team have obtained additional resource to ensure they can manage what is likely to be a significant number of questions from individual staff.

26. Issues relating to the Local Government Pension Scheme have proved complex and were the subject of a report (Appendix C) to the Licensing and General Purposes committee on 17<sup>th</sup> May. In short, any new academy trust will now be a separate employer under the Scheme and will therefore have different employees' contribution rates that reflect the liabilities of their own workforce. Pension deficits will be recovered over a 20 year period with the deficit calculated upon current, deferred and pensioner members. At a national level this is an issue that Local Government Employers are raising with the Department for Education given that different Pension Schemes in different localities are coming to different views about how best to resolve the position.

## **Service Level Agreements (SLAs)**

27. The Appendices set out how important in revenue and relationship terms the services to be 'bought back' by Academy Trusts from Harrow Council are. It is acknowledged by schools and Harrow Council that the consistency, quality and cost of these services requires attention. With the Leadership of the Chief Executive and Director of Finance the provision of negotiated SLA services will be the subject of intense work up to 1<sup>st</sup> August and then beyond. Managing 'trading relationships' between Harrow Council and all schools has been highlighted as an important area to develop. Officers can update further, if required, following the SLA negotiation day planned for 30<sup>th</sup> June.

## **New Strategic Role of Local Authorities in Local Education Provision**

28. The Department for Education vision for Local Authorities is as local champions of quality and equality amongst education providers in their areas (rather than commissioners or direct providers of education). Whilst that position may take some time to realise, clearly academies, free schools and other national policy developments are designed to further this strategic direction.

29. Harrow Council has developed its thinking on how that might work in the Borough, with the Council's strategic role for education being the subject of a Cabinet report in May. A future report on a new approach to place planning and school expansion is being considered by Cabinet in July. Clearly the ongoing maintenance of good working relationship with the academies (as well as all maintained schools) will be essential. Through strategic conversations, active mutual support and delivery of quality SLA services this role will be developed over time. In their notification of decision letters each of the 7 schools have stated their desire to continue to work constructively with the Council.
30. Harrow Council has been clear that the 'family' of Harrow Schools has such inherent strengths that it should, where possible, be maintained. The Council would also like to see any Academy maintaining high quality standards, being financially strong and utilising all of the benefits of working collectively together.

## **Next Steps and Evaluation**

31. The completion of Commercial Transfer Agreements (CTA's), leases and licences, various contract novations, staff transfers and SLAs will all require considerable input from Harrow Council's project team and the schools over the next 2 months. A due diligence process will be designed to ensure all risks are covered, warranties and indemnities understood and liabilities are clear.
32. The project team will undertake a review (which Overview and Scrutiny are invited to make observations to) to feed the creation of a 'Rough Guide to Becoming an Academy in Harrow'. This will set out clearly the most efficient process that Harrow Council would anticipate any school subsequently investigating transfer to follow and setting out the Council's expectations on the basis of our experience with these 7 transfers. The project team approach to managing transfers is not financially viable beyond September 2011 and any further transfer activity will need to be mainstreamed into the day-to-day business of the Council. The 'Rough Guide' should provide a useful resource.
33. A workshop (or series of workshops) will be run for Harrow's maintained schools, many of whom have expressed an interest in understanding the process, if not in actually investigating transfer formally. The issues, in particular financial viability, are likely to be different for primary schools but there will be useful lessons to be drawn out.

## **Risk Management Implications**

The Academies Project has been run using project management methodology. This has included a Risk and Issues log, regularly updated and reviewed, with risks managed or escalated where appropriate.

## **Equalities implications**

An Equalities Impact Assessment (EIA) was carried out by Harrow Council and 7 separate Assessments undertaken by the 7 schools concerned.

None of the 8 Assessments identified adverse impacts. The Harrow Council EIA set out a base line position for pupil information and staff data that will allow both to be tracked over time. The new role of Harrow Council as champions of quality and equality in the new school system means that an annual oversight in areas such as admissions, exclusions

and Special Educational Needs (SEN) provision will be valuable. This is the major specific recommendation from the EIA.

Moving forward, academies are public bodies for the purposes of the Equality Act and will be subject to the new public sector equality duty and specific duties in relation to setting equality objectives and publishing equality information. An ongoing relationship between the Council and the schools will ensure that the organisations can work together to promote equality of opportunity and eliminate discrimination.

### Corporate Priorities

Retaining an integrated family of schools across the Borough with a close working relationship with the Council contributes to the Council's Corporate Priorities to unite and involve communities and support and protect people most in need.

### Section 3 - Statutory Officer Clearance

Name: Emma Stabler	<input checked="" type="checkbox"/>	on behalf of the* Chief Financial Officer
Date: 12 <sup>th</sup> June 2011		
Name: Sarah Wilson	<input checked="" type="checkbox"/>	on behalf of the* Monitoring Officer
Date: 24 <sup>th</sup> June 2011		

### Section 4 - Contact Details and Background Papers

#### Contact:

Alex Bailey: [alex.bailey@harrow.gov.uk](mailto:alex.bailey@harrow.gov.uk) 020 8420 9248

David Harrington: [david.harrington@harrow.gov.uk](mailto:david.harrington@harrow.gov.uk) 020 8420 9248

#### Background Papers:

##### Appendix A

Cabinet Report: 17<sup>th</sup> March 2011 "*Position on the Potential Conversion of Harrow High Schools to Academies*"

##### Appendix B

Cabinet Report: 7<sup>th</sup> April 2011 "*Potential conversion of Harrow High schools to Academy Status –Land and Asset Issues*"

##### Appendix C

Licensing and General Purpose Committee: 17<sup>th</sup> May 2011 "*Academies: Employer Contributions Rates*"

# Appendix A

## REPORT FOR: **CABINET**

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<b>Date of Meeting:</b>	17 March 2011
<b>Subject:</b>	Position on the Potential Conversion of High Schools to Academies
<b>Key Decision:</b>	No
<b>Responsible Officer:</b>	Catherine Doran, Corporate Director Children's Services
<b>Portfolio Holder:</b>	Councillor Brian Gate, Portfolio Holder for Schools and Colleges
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Enclosures:</b>	None

### Section 1 – Summary and Recommendations

This report sets out

- A proposed Council position on potential conversion of 7 high schools to academies
- The Academies Act 2010 and what it means for Harrow schools
- The current declared position of Harrow's High schools, and the statutory process they will need to follow.
- Implications for LB Harrow as a Local Authority.
- Actions, key decisions and a top level timetable

#### **Recommendations:**

(1) Cabinet agree the position of the Council on the proposal for 7 of the High Schools to convert to academies.

(2) Cabinet note the implications for the Local Authority of the potential conversion.

**Reason: (For recommendation)**

To prepare for the significant changes that academy conversion will entail and to ensure that all of Harrow's schools continue to provide high quality education to local young people.

## **Section 2 – Report**

### **INTRODUCTION**

The Local Authority learned in January that 7 high schools were investigating academy status with potential conversion on or before the 1<sup>st</sup> of September 2011.

Harrow has a history of good partnership working between Local Authority, schools, governors, parents and young people. Elected Councillors are rightly proud of the Borough's high schools, which have served young people and the community well over many years. The Local Authority actively supports schools to have the freedom to operate as they know best and has delegated a higher proportion of the schools budget to schools than any other local authority in England.

### **PROPOSED COUNCIL POSITION ON CONVERSION TO ACADEMY.**

The Education Consultative Forum considered the issues around academies conversion at its meeting on 1<sup>st</sup> March and has advised that the Council adopts the following position:

- The Local Authority would prefer the 7 high schools to remain within the family of schools in the borough
- However, the Local Authority will support the schools and work in partnership with them regardless of the outcome regarding academy status
- The Local Authority will encourage all schools to work closely together in the best interests of Harrow people, including high schools working with primaries and through the Collegiate
- The Borough's admissions arrangements for community schools and fair access protocol are important to Harrow parents; we will not wish to see these changed and remain committed to high quality Harrow school places for all Harrow children
- We will remain committed to great learning opportunities for all Harrow pupils whatever their abilities or disabilities
- As democratically elected representatives we will seek to be actively involved in supporting any new academies and continue to hold all schools publicly to account for outcomes for the borough's young people
- The Local Authority will work with the respective Governing Bodies to ensure that due diligence is exercised in considering academy status
- We will encourage fair and wide consultation as part of the process

Members of the Forum expressed the view that the proposed level of consultation needed to increase in order to enable parents within the borough to be fully informed of the potential impact of these schools adopting academy status. As a result the schools have agreed to widen the consultation to reflect a standard school reorganisation, and have included local voluntary and community groups, plus the Harrow Youth Parliament.

Members also agreed that maintaining the proud educational history of the borough was of paramount importance whilst considering and supporting the schools that had expressed an interest in transferring to academy status.



## **FURTHER INFORMATION ON THE PROPOSED CONVERSION OF SCHOOLS TO ACADEMIES:**

### **1. The Academies Act 2010**

The Academies Act 2010 streamlined the process to convert maintained schools into academies. In the first instance any maintained schools rated as “outstanding” in their latest Ofsted inspection could apply, this was more recently extended to “good” schools with one or more “outstanding” feature. As Harrow has no High Schools performing poorly it has no history of dealing with “old style” Academies, primarily focused on failing secondary schools.

An academy is a publicly funded independent school free from local authority control. It is state maintained and funded directly by the Department for Education as opposed to through the local authority. No charge can be levied to parents or children attending the school, save where the law allows maintained schools to charge. Any school wishing to convert will be required to commit formally to supporting another school to raise its performance

Academies have considerable autonomy in comparison with LA maintained schools, including the power to set terms of employment for staff, flexibility in terms of following the national curriculum and the ability to change the length of terms and school days. The DfE will provide further freedoms to academy schools through a revised Funding agreement in such areas as target setting and 14-19 education.

Selective and religious schools can carry over their status, but other schools cannot become selective after conversion.

The Act is intended to increase dramatically the number of academies across the UK. As at 1 February 2011, 527 applications to convert had been received, 326 academy orders have been made and 171 new academies have been created.

### **2. The current position of Harrow’s High schools and the required conversion process.**

In early February, a collective statement was issued by the Chairs of Governors and Head teachers of Bentley Wood, Canons, Harrow High, Hatch End, Nower Hill, Park and Rooks Heath announcing their individual investigation of academy status. Amongst the mainstream community schools only Whitmore is not currently investigating academy status. In context the 7 schools represent 28% of the Borough’s pupils and 74% of secondary pupils.

There are 4 keys steps for schools to follow to achieve academy status:

- **Step 1.** Interest in conversion registered with DfE following a GB resolution to investigate academy status. Funding from the DfE is released to the schools to assist with the costs associated with conversion. Statutory consultation may begin at this stage.

- **Step 2.** Application to convert is made to DfE, GB passes resolution in favour of academy conversion, GB and Local Authority start TUPE<sup>2</sup> process for staff transfers, Secretary of State considers applications
- **Step 3.** New Governance documents for the school ( based on DfE model) finalised, academy registered at Companies House, leasing arrangements for land finalised, TUPE process completed, GB complete required consultation process, funding agreement completed and submitted to secretary of state for approval.
- **Step 4.** CRB checks completed, new financial systems and contracts in place, academy registrations with exam bodies undertaken. Opening.

The Act requires Schools to consult such persons as the GB thinks appropriate. The consultation must be on the question of whether the school should be converted into an academy. It is for the GB to determine who should be consulted but the non statutory guidance from DfE states that schools should consider involving local groups or bodies with strong links to the school.

In the joint statement the 7 schools set out a collective set of principles that they would work to namely:

- a comprehensive education for all utilising the new academy freedoms.
- remaining as schools for the local community, retaining their existing admissions criteria for over subscriptions, and the pan-London process.
- recruiting and maintaining high quality staff, retaining national and local terms and conditions for current and future new staff.
- Retaining the existing school day and setting the school year within the local context.
- Commitment to continued collaboration amongst the schools and with other partners.

The schools have also proposed some policies<sup>3</sup> that would be adopted post conversion, subject to Governing Body approval:

- **Admissions:** Retain current Published Admission Year Number for Year 7; retain current admission policy / over subscription criteria
- **Governance:** Local Authority to appoint one Governor; staff governors to continue to have teaching and support staff representation
- **HR:** Retain current Terms and Conditions for new staff (i.e. STPCD / Burgundy Book for teachers, Local T&C for support); no restructure as part of conversion (although GB will monitor workload for support staff regarding academy operation); no desire to alter pay date (although this depends on payroll conversion)
- **School day / year:** Retain the current school day; continue to set the school year in the local context
- **School name:** Retain current school name
- **Collaboration:** Continue to collaborate with cluster primary schools, with other high schools / FE colleges (including through the Collegiate) and with the Local Authority

At present the 7 schools are stating they are investigating academy status with possible conversion before September 2011. Current estimates suggest that by the first week in March each school Governing Body will have decided to apply (i.e. Step 1 above). Each Governing Body have indicated a wish to pass a resolution by late May (step 2) to make the formal application to DfE in order to complete the statutory TUPE consultation in time for a proposed conversion by September 2011.

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<sup>2</sup> Transfer of Undertakings (Protection of Employment) Regulations 2006

<sup>3</sup> Proposed at Meeting Schools, LA, Trades Unions 10 Feb 2011

### **3. Key implications for Harrow as a Local Authority**

Given that one of the key policy drivers behind the 2010 act was to “free academies from Local authority control” it is not surprising that neither the Act nor the accompanying guidance sees a significant role for the LA in academy transfer approaches. There is no veto and relatively little real influence afforded the Local Authority. However, whatever the decision of the respective Governing Bodies, the local authority is committed to working in partnership with all of Harrow’s High Schools to deliver high quality education for local young people.

The Education Bill 2011 proposes further changes to the relationship between schools and local authorities and as the Bill passes through Parliament it will become clearer what impact these proposals will have. It is clear that school improvement will be delivered differently in the future and the Council has already made a decision to set up the Harrow School Improvement Partnership, which will be led by participating schools.

#### **A: SOME KEY EDUCATION SERVICE POLICY IMPLICATIONS**

##### **3.1 Admissions:**

Whilst academies are not subject to the statutory admissions requirement, the current model funding agreement states that the Academy Trust will act in accordance with the statutory School Admissions Code and the School Admissions Appeals Code and ensure that an Independent Appeal Panel is trained to act in accordance with these and to comply with the law on admissions as it applies to maintained schools. The Academy Trust is also required, under the current model funding agreement, to take part in any mandatory admissions forum and have regard to its advice and to participate in co-ordinated admission arrangements operated by the local authority and the local fair access protocol.

Any pupils already on the roll at the point of conversion will transfer automatically and places offered to children at the predecessor school will be binding. The Local Authority must include academy admission arrangements in its report to the Schools Adjudicator.

Whilst the local authority cannot direct an academy to admit a particular pupil, it can apply to the Secretary of State to direct that an Academy Trust admits a named pupil.

##### **3.2 Exclusions:**

Academies are not subject to statutory requirements in relation to exclusions, however the current model funding agreement does provide that the Academy Trust shall comply with the law on exclusions as if it was a maintained school.

If invited to do so by the Local Authority, the Academy Trust shall enter into an agreement which has the effect of allowing payment to flow between the Academy Trust and the Local Authority following a permanent exclusion or admission of a permanently excluded pupil. This applies in the same way as it would apply to a maintained school.

##### **3.3 Special Educational Needs:**

The current model funding arrangements require that academies must comply with all duties imposed on maintained schools in Part 4 of the Education Act 1996 - duty to have regard to code of practice, duties in relation to pupils with SEN, duty to advise parents that

special educational provision is being made and duty to admit a child where the school is named in the statement.

The Academy Trust must ensure that their prospectus includes details of arrangements for the admission of disabled pupils and the steps taken to prevent disabled pupils from being treated less favourably and the facilities provided to assist access to the academy by disabled pupils. The Academy Trust must ensure that pupils with SEN are admitted on an equal basis with others in accordance with its admissions policy.

Where the Local Authority proposes to name an academy in a statement of SEN, it must give the Academy Trust written notice. The Academy Trust must consent to being named, except where admitting a child would be incompatible with the provision of efficient education for other children and where no reasonable steps may be made to secure compatibility.

## **B: OTHER MAJOR IMPLICATIONS**

### **3.4 Finance**

The following summary gives only an overview of what is a complex and fast-changing position around the funding of academies and impact on Local Authorities.

Academies are funded directly from central government. On conversion an academy will continue to receive its current budget plus additional funding to take account of the new responsibilities which they take on from the Local Authority. The amount of additional funding that the high schools will receive is yet to be finalised but is expected to be between £300k to £550k, depending on the size of the school.

This funding is to provide for the additional duties and responsibilities which academies have to undertake including:

- Admissions (DSG funded)
- Asset management
- Employer responsibilities including trade union duties & CRB checks.
- Premature retirement & redundancies
- Governor statutory duties
- Financial duties including external auditors and actuarial reports
- Eligibility for Free School Meals (DSG funded)
- Education Welfare Service
- School Improvement
- Performance Management & Data Quality
- Music Service
- Pupil support including clothing grants (DSG funded)
- Other statutory services for example Health & Safety

To finance the new funding to academies the DfE is taking funding from local authorities. As part of the Spending Review announced in December 2010 the Dept for Communities & Local Government top sliced formula grant from every Local Authority based on an estimate of the number of schools they believed would convert to academy status nationally. For Harrow in 2011/12 this totalled £614k and the subsequent reduction in grant was factored into the 2011/12 budget. A further clawback of £484k is expected in 2012/13 which has been built into the Medium Term Financial Strategy.

In addition the DfE will clawback a proportion of centrally retained Dedicated Schools Grant (DSG). This is currently estimated at £21 per pupil, which is the lowest rate nationally and compares to the outer London average of £143 per pupil. The low rate reflects the high level of existing delegation to schools. The estimated clawback, based on the schools considering conversion would be £160k. It is hoped to minimise the impact of this loss of funding by offering an SLA (service level agreement) for the admissions service to the newly converted academies.

The DfE did propose a further clawback of DSG in respect of some special educational needs services however in recognition of the adverse impact that this clawback was having on those services the DfE announced on 9<sup>th</sup> February that there would be no clawback in respect of SEN funding in 2011/12. No assurances have been provided though for 2012/13 onwards.

The additional funding that academies receive is forecast to reduce between the 2010/11 and 2011/12 academic years. The full extent of the reduction is yet to be confirmed. Schools that convert during the 2010-11 academic year will receive protection which limits the reduction in their top up funding to 10%. Schools that convert on or after 1<sup>st</sup> September do not receive protection and will just receive funding at the lower 2011/12 rate. This could incentivise schools to seek to transfer before 1<sup>st</sup> September 2011.

The funding of academies is currently under national review and is expected to change significantly for 2012/13 onwards.

No details for **capital funding** of academies have been confirmed by the DfE but a review is underway.

### **3.5 Land and Property**

The freehold land for current community schools is usually owned by the Local Authority. The conversion process requires that the school land is transferred to the Academy Trust and guidance suggests that in the case of a community school this will usually be by way of the grant of a 125 year lease to the Academy Trust, with the Local Authority retaining its freehold interest in the land. No consideration, whether by way of a premium or rent, is payable by the Academy Trust for the grant of the lease.

The government clearly envisages ongoing community use of academy premises and this is expressly acknowledged in the model funding agreement to be entered into between DfE and the Academy Trust, which requires the academy 'to be at the heart of its community, promoting community cohesion and sharing facilities with other schools and the wider community'.

Generally, the government encourages the Academy Trust and the local authority to agree the arrangements for the land transfer between themselves, so there may be scope for negotiation on certain issues. The Local Authority will need to make a decision on what land should be transferred, based on the definition of school premises in the Act and what terms to take account of individual site issues. Where agreement cannot be reached the Secretary of State may ultimately make a scheme compelling the local authority to transfer the land.

Work on investigating title is underway; this is likely to raise issues around joint use, community use, building conditions, shared/hub kitchen use etc. These will need to be considered, negotiated and resolved on a site by site basis.

### **3.6 Staffing**

The Transfer Agreement makes clear that the TUPE regulations apply to all conversions. As such staff employed transfer to the new trust employer on their existing terms and conditions. Both the Local Authority and the Academy Trust have obligations in relation to consultation under the TUPE regulations.

Teachers' levels of pay and conditions of service are a matter for the Academy Trust, save that it must act in accordance with Secretary of State's guidance in relation to maximum salaries. Teaching staff must still be either qualified teachers or otherwise eligible to do specified work in accordance with the Education (Specified Work and Registration) (England) Regulations 2003.

Until all schools have determined to investigate academy status the work on verifying employee data for the purposes of TUPE will not commence. It is expected that this request will come in before the middle of March.

During February, a meeting was held between representatives of Trades Unions, schools and the local authority to open a dialogue about issues of interest and concern.

Surgeries for staff are being offered in each of the seven schools, held jointly by the schools' HR consultant and a Local Authority HR adviser.

Depending on decision made about service level agreements, there may be staffing implications in relation to staff employed in Local Authority directorates who provide services to the schools. Consideration will be given to whether TUPE applies to these staff as the project moves forward.

### **3.7 Traded services/ Service Level Agreements ( SLAs)**

In 2010/11 schools were offered 26 SLAs for provision of Local Authority services in return for payment out of the schools' budget. These include building maintenance, governor services, financial and legal services, payroll and HR advice. For some of these 'traded services' the loss of contracts with the academies would question their ongoing viability, for others there would be a much lesser impact. In context, in 2010/11 schools SLAs generated £4.6m of income for the Local Authority, the schools considering conversion equate to nearly £2m of this sum.

The Local Authority is undertaking a full review of services provided and charges made. The Local Authority may wish to consider offering the schools the opportunity to take up SLAs under the terms originally offered for 2011-12. This will allow breathing space from a possible September 2011 transfer date to April 2012 to determine actual need and negotiate further. Services offered to schools must be on a cost recovery basis. Current SLAs are offered on a cost recovery basis, however in some cases not all costs are recovered eg. Fixed asset costs such as accommodation. A decision needs to be made on how these fixed asset costs should be split and depending on this decision; it is likely that some services will have to increase their charges to ensure they are recovering full costs. In addition there may be additional costs associated with providing the service to an academy eg. additional insurance premiums and licence costs. Some services may not be able to continue once the schools convert, either because it is not legally permissible, financially viable or because the expertise required will fundamentally change.

There are a number of “new” traded service areas, created by resources currently spent by the Local Authority transferring to academies with the responsibility to deliver them. These services can be provided by the Local Authority under an SLA and include:

- Assessment of free school meals
- Licences and subscriptions
- Asset management ( including landlord maintenance )
- Education welfare service and pupil support
- Clothing grants
- CRB checks
- Financial statutory duties ( internal audit, pension administration, accounting etc )

It is worth recognising that there are certain statutory duties that the Local Authority retains and that do not transfer to a new academy. The Local Authority is required to continue to provide them free of charge. The financial and service impact of academy transfer will need to be worked through. These services include:

- Home to school transport( including SEN)
- Ed psych, SEN statementing and assessment
- Monitoring of SEN provision
- Non attendance prosecutions
- Pupil referrals units/ education otherwise
- Individual SEN resources for pupils with rare conditions needing expensive tailored packages.

### **3.8 Third party contracts**

Many schools purchase services through Local Authority wide corporate contracts to achieve economies of scale from amalgamated procurement. As part of the conversion process all of these contracts need to be identified, reviewed, novated or amended as necessary.

The Local Authority is required to assign all contracts which are capable of assignment without the consent of other parties. In cases where consent is required, the Local Authority must use its reasonable endeavours to obtain consent. Where contracts cannot be assigned the Local Authority will need to consider terminating those arrangements.

Historic liabilities remain the responsibility of the Local Authority and future liabilities are the responsibility of the Academy Trust.

These contracts are currently being identified, mapped and a view will need to be taken (preferably jointly with the schools) on how best their benefits should be assigned.

### **3.9 Other Corporate implications**

The Academy Trust will be responsible for making arrangements for the insurance of the academy. The DfE guidance states that insurance cover is likely to be higher for academies than maintained schools and for a large secondary school is likely to be about £90,000.

For buildings and business interruption, the Local Authority may have an insurable interest. However, the Local Authority is unlikely to have an insurable interest in employer’s liability, contents and motor insurance. The extent to which a Local Authority could arrange insurance on behalf of academies, if any, is being investigated.

There are a range of other issues connected to such issues as data management and data/system transfer that are not expanded upon here. They are however included in the programme plan for the potential transfers.

There will also be a number of questions arising about impact of transfer out on a range of policies. These will be flagged and dealt with as part of a FAQ type approach where they are of relatively low level of importance or impact and escalated to the appropriate level for decision making where their impact is more significant.

#### **4. Actions, key decisions and a top level timescale**

A programme team has been formed to oversee and lead work across the Council. This team will report into members and chief officers on a regular basis and can provide updates, briefings or answers to particular questions as required.

The Team will oversee and coordinate a number of strands of themed activity (communication and consultation, finance, land issues, staffing, SLAs, third party contracts, data and information transfer and corporate implications). It will act as liaison point with the schools seeking to transfer and their representatives. The team is currently working up a detailed project plan but the anticipated headline timetable is as set out below.

Whether Governing bodies decide to proceed will depend on them weighing up a number of factors. In particular as set out above:

- Any liabilities being taken on by the new charitable company
- Clarity on their responsibilities as an employer
- How the finances work for them under the funding agreement
- Issues around land, buildings, contracts and capital projects.

Any significant “surprises” in these areas or a considerable expression of unease with the proposals during consultation will raise question marks about the desirability of proceeding. Clarity on a number of those issues will only emerge for schools and the Council as the work progresses. There are at this stage therefore no certainties.

For Governing Bodies (assuming they in the next few weeks all decide to go through stage 1) the key timetabling issues will be around consultation, staff and property transfers, a formal decision to seek academy status, then the constitutional, due diligence and start up phase.

For the Council the required work to meet the schools timetable, a Cabinet decision on the principles of land transfer in April, and working through the implications of any schools transferring as set out in this paper will be the key issues.

An **assumed timetable** therefore would be:

##### **February**

- More schools reach **step 1**...GB decision to investigate
- Council starts work on land title, staffing, financing, SLAs , Contracts,
- Council and Schools representative work on range of issues including consultation

##### **March**

- Project work ongoing.
- All 7 schools get to **step 1**



- Likely consultation period harmonised for all interested schools 7<sup>th</sup> March to 4<sup>th</sup> April
- SLA packages finalised for 2010/11
- Report to Education Consultative Forum 1<sup>st</sup> March
- Meeting with Headteachers 2<sup>nd</sup> March
- Meeting with all governors

#### **April**

- Project work ongoing ( including TUPE due diligence and handover of title reports on land )
- Cabinet decision on how to handle land transfers and any other in principle decision required to be made at that level
- Report to Licensing and General Purposes Committee regarding pensions provision

#### **May**

- All governing Bodies need to consider consultation feedback and pass resolutions on whether to enter a funding agreement with DfE. **Step 2**
- Project work ongoing

#### **June**

- Project work ongoing
- TUPE transfer consultation and active dialogue
- All Third party contracts mapped, SLA positions determined

#### **July**

- Schools enter funding agreements with DfE **Step 3**
- All project work geared towards a mid July completion. **Step 4**

#### **August**

- New academies and relationships commence

### **Financial Implications**

The financial implications are covered in section 3.4 above.

### **Performance Issues**

Responsibility for school improvement and attainment transfers to the academy on conversion. However, the LA will retain some responsibility for overall performance in the local area and will need to work in partnership with all local schools to achieve this. This is an important element of the negotiations which have begun with the 7 schools.

### **Environmental Impact**

Although there is no direct environmental impact from this report, it should be noted that Schools account for 62% of the Council's CRC emissions with an estimated cost to the council of £300k for 2011/12. Responsibility for carbon reduction targets following academy conversion is being investigated.

### **Risk Management Implications**

This is an emerging issue and the risk register is being updated. The risks for the Council of conversion to academy status are multiple and will require careful management. The report above identifies some of the key risks for the LA and these will continue to be reviewed and updated.

### **Equalities implications**

Equalities implications are being considered as part of the programme of work. The potential conversion to academies will be subject to an Equalities Impact Assessment.

**Corporate Priorities**  
Supporting vulnerable people.

### **Section 3 - Statutory Officer Clearance**

Name: Emma Stabler	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 8 March 2011		
Name: Sarah Wilson	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 9 March 2011		

### **Section 4 – Performance Officer Clearance**

Name: Alex Dewsnap	<input checked="" type="checkbox"/>	Divisional Director Partnership, Development and Performance
Date: 8 March 2011		

### **Section 5 – Environmental Impact Officer Clearance**

Name: John Edwards	<input checked="" type="checkbox"/>	on behalf of the Divisional Director (Environmental Services)
Date: 10 March 2011		

### **Section 6 - Contact Details and Background Papers**

**Contact:**

Alex Bailey / David Harrington – Project Team 020 8420 5248

**Background Papers:**

The Academies Act 2010  
<http://www.legislation.gov.uk/ukpga/2010/32/contents>

Department for Education Academies Guidance  
<http://www.education.gov.uk/schools/leadership/typesofschools/academies>

**Call-In Waived by the  
Chairman of Overview and  
Scrutiny Committee**

**NOT APPLICABLE**

## Appendix B

### REPORT FOR: **CABINET**

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<b>Date of Meeting:</b>	7 April 2011
<b>Subject:</b>	Potential Conversion of Harrow's High Schools to Academy Status – Land and Assets Issues
<b>Key Decision:</b>	Yes (impacts upon more than 2 wards)
<b>Responsible Officers:</b>	Catherine Doran, Corporate Director Children's Services Andrew Trehern, Corporate Director Place Shaping
<b>Portfolio Holder:</b>	Councillor Brian Gate, Portfolio Holder for Schools and Colleges Councillor Thaya Idaikkadar, Portfolio Holder for Property and Major Contracts
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Enclosures:</b>	None

### **Section 1 – Summary and Recommendations**

This report updates Cabinet on issues related to the potential transfer of 7 of Harrow's High Schools to Academy status since the previous cabinet report. It also seeks delegated authority (in the event that the Governing Body of any of those schools determines to enter a funding agreement with the Secretary of State and become an Academy) to complete any requisite transfers of land and enter a transfer agreement with the schools concerned.

#### **Recommendations:**

Cabinet is recommended to agree:

In the event of a decision of the Governing Body of any of the High Schools listed in this report agreeing with the Secretary of State to transfer to an Academy, Cabinet agrees the following:

1. The transfer of the individual school premises to the school on a long lease;
2. The Council to enter into a transfer agreement with the school in relation to assets, third party contracts, staffing and information transfer;
3. To grant delegated authority to the Corporate Director of Place Shaping in consultation with the Portfolio Holder for Property and Major Contracts to determine the terms of the land transfer based on the model lease issued by the DfE, including the extent of the school premises and licences for land outside of the lease arrangements;
4. Delegate authority to the Corporate Director of Children's Services in consultation with the Portfolio Holder for Schools and Colleges to determine the terms of the transfer agreement.
5. That the Council should offer services under Service Level Agreements (SLAs) to any transferring school. The terms upon which such services are provided to any such school are to be determined by the relevant Director for the service in question.

#### **Reason: (For recommendation)**

The reasons for the recommendations are set out in greater detail in the report. In essence, some or all of the Governing Bodies of the named High Schools may, during the month of May 2011, decide to become Academies and enter formal funding agreements with the Secretary of State. Given that those schools are currently indicating that, if they proceed, they will look to complete transfer before the end of the summer term, Cabinet is being asked to give approval to land and asset transfer, required under the Council's constitution and the Academies Act 2010, conditional upon the decisions of those Governing Bodies. This would enable officers and any schools so transferring to undertake the considerable amount of work that would be required, in the timescales envisaged, with the necessary Cabinet authority.

Recommendation 5 (SLAs) simply authorises officers to negotiate the **terms upon which any services are provided** to any transferring school.

## **Section 2 – Report**

### **Introduction**

At its meeting on 17th March, Cabinet considered a paper from the Director of Children's services setting out a number of issues and implications relating to the possible transfer of certain Harrow High schools to Academy status under the Academies Act 2010. Cabinet agreed that paper and the report set out the process that any school considering transferring status would need to follow. A likely timetable of activities was also set out in the paper. That report also identified that a further decision would be required by Cabinet to enable the Council to enter land and commercial transfer agreements with any schools that decided to become Academies.

### **Background**

The Governing Bodies of 7 High Schools (namely Bentley Wood, Canons, Harrow High, Hatch End, Nower Hill, Park and Rooks Heath) have now formally determined to investigate a transfer to Academy status. The next formal decision that those Governing Bodies will take will be whether or not to transfer to Academy status. It is likely these decisions will be taken by the schools on different dates during the month of May 2011. As described in the previous Cabinet report, in the event that any of those schools do decide to transfer a considerable amount of work will be required by the Local Authority and the schools in question to facilitate a smooth transfer prior to the end of the Summer term.

At the date of drafting this report, each of the schools has commenced the required consultation process, running from 7<sup>th</sup> March to 4<sup>th</sup> April. Harrow Council is using its best endeavours to ensure a wide civic debate on this important issue, ensuring that parents, pupils and communities are encouraged to have their say and have access to a wide variety of resources and views on the issue. Officers and members have attended public meetings for all governors, held conversations with concerned staff and their representatives, as well as with the schools concerned, to make clear the process and the various responsibilities that exist. The Council's website and Communications activities have also been used to encourage widespread involvement across communities. Members, MPs, staff, community organisations and the Youth Parliament have all been sent copies of, or provided with access to, the consultation documents and encouraged to respond. It is currently anticipated that each school will collate responses that are specific to their own decision. One school may collect and collate generic response to the Academy issue and then provide those to all the other schools as well. Governing Bodies will want to carefully consider the product of the consultation in making their decisions. The ultimate decision however is one for the Governing Bodies concerned.

All schools have stated that if they decide to transfer, it will be prior to the start of the Autumn term 2011. Council officers have carried out preliminary work on the basis that transfer of 7 schools may happen. It has been a careful balancing act between doing just enough work to enable deadlines to be met if schools decide to go forward, without over committing resources on issues that may not be needed if Governing Bodies decide not to proceed. As set out in the previous Cabinet report, officers have been developing co-ordinated work streams on:

- Consultation and communications e.g. ensuring Harrow communities are aware of the consultation process
- Staffing and pensions e.g. ensuring correct data is held on workforce issues before any possible TUPE transfer consultation processes started

- Land and property e.g. investigating title and understanding any particular issues for individual schools around shared use, community use, playing fields, building conditions, etc.
- Finance e.g. modelling what likely financial implications are of transfer of all or some of the schools
- Service Level Agreements e.g. clarifying what any Academy might wish to 'buy back' from the Local Authority, and investigating how best to organise and offer new services. The Council has the power to provide a range of services to any new Academy school under S.1. of the Local Authorities (Goods and Services) Act 1970.
- Third party contracts e.g. identifying the contracts that exist, that need renegotiation, novation or termination and re-letting
- Data and information transfer issue e.g. identifying protocols for effective and lawful transfer of a range of sensitive data
- Broader corporate implications for the Council e.g. working through what some of the broader policy and organisational impacts might be if a significant number of schools decided to transfer

Briefings have been provided to all members of the Council on this important issue and a small project team has been established to manage the Local Authority work involved.

### **Land and asset issues**

In the event that any school does decide to become an Academy, the Academies Act (and related guidance) requires the Local Authority, the transferring school and the new Academy Trust to enter a transfer agreement. The Department for Education (DfE) has provided a model document which covers issues such as transfer of non-land assets, contracts, staff and information as well as issues around warranties and indemnities expected in the transfer of a sizeable going concern. Where any new Academy 'buys back' services from Harrow Council the terms of supply of those services will be enshrined in a legally binding Service Level Agreement.

The DfE has also provided a model 125 year lease to transfer the school premises, as defined by the Act. The act requires the Local Authority to transfer any land and buildings used exclusively by the school. In the event that the school and the Local Authority cannot agree on the terms of the lease, including the extent of the school premises, the Secretary of State has power to compel the transfer of land. Legal Services are currently preparing site constraints reports in respect of all the schools which will be used to decide on the land to be transferred in consultation with the schools.

For the purpose of clarity, should any of the Governing Bodies decide not to transfer, then the authority given by Cabinet will be voided and those schools remain community maintained schools as at present.

In order to enable officers to progress with the necessary work and negotiations, Cabinet authority is sought prior to the schools making final decisions. It is proposed that delegated authority is given to officers in consultation with relevant portfolio holders to deal with site specific issues arising on a school-by-school basis. By way of illustration, the type of local level land issues anticipated to arise for each school might include shared land use, community uses, access ways, how to deal with any caretakers houses, licences to use off site playing fields and dealing with any restrictive covenants on the land.

## **Financial Implications**

There are a range of financial implications and risks to the Council should the schools decide to convert to Academy status.

The transfer of the seven school premises on a long lease would remove these assets from the Council's balance sheet. The responsibility for maintaining the premises would also transfer including the liability for any back log maintenance.

Following conversion, non-teaching staff would continue to be members of Harrow's Local Government Pension Scheme. The impact on the pension scheme is being determined and will be considered by Licensing and General Purposes Committee on 11 April 2011. All liabilities in respect of the Teachers' Pension Agency would transfer to Academies.

Currently the Council provides services to the seven schools through a range of service level agreements that earned the Council income totalling £1.6m in 2010/11. The Academies have stated their intention to continue to purchase these services in 2010/11 where possible, however there may be circumstances where services can not be provided and going forward there is no certainty that the Academies will not transfer to alternative providers. If schools were to cease purchasing Council services there is a potential loss of income which will have budget implications for the Council, especially where the Council employ staff to provide these services.

Only schools with a deficit less than £100k are able to apply for Academy status and if a school has a deficit at the time of conversion this would transfer to the new school. On conversion an Academy will cease to receive its school budget from the Council but will instead receive funding directly from central government. The Council has three months in which to finalise the school balances that will transfer to the Academy. The Council has to ensure that all contracts and liabilities that relate to the schools are transferred to the new Academies as any liabilities arising after 3 months would fall on the Council. A number of schools have loans in respect of energy efficiency measures that would need to be considered as part of the conversion.

Each school is eligible for £25k funding from the DfE to support the cost of conversion however there is no additional funding to assist the Council with conversion costs. The project management cost of conversion is currently estimated at £50k and this expenditure can be funded from the 2009/10 unspent carry forward. Costs will be recovered from the schools where possible and other conversion costs will be managed within existing budgets where possible.

## **Performance Issues**

Responsibility for school improvement and attainment transfers to the Academy on conversion. However, the local authority will retain some responsibility for overall performance in the local area and will need to work in partnership with all local schools to achieve this. This is an important element of the negotiations that have begun with the 7 schools concerned.

## **Environmental Impact**

There are no specific environmental impacts regarding the transfer of the schools to the individual Academies. From the date of transfer the schools will be responsible for the



management of the site which the Council would hope that they would continue on a responsible environmental basis.

### **Risk Management Implications**

The programme of work around Academies has been structured using sound project management approaches including the identification and management of key risks and issues. The reason for seeking this conditional agreement and delegated authority is to reduce the risk to the envisaged timetable inherent in waiting until June Cabinet as set out in the report. Full project documentation including an up-to-date risk register are maintained by the project team.

### **Equalities implications**

There are potential equalities implications in terms of service provision once schools have become Academies ( in issues such as admissions, exclusions and special needs for example ) as well as the potential equalities implications in relation to any staff transfer . The Council and schools are working together closely to ensure that equality issues are identified and that Governing Bodies are made aware of these before making a final decision.

**Corporate Priorities:** supporting vulnerable people

### **Section 3 - Statutory Officer Clearance**

Name: Emma Stabler	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 24.03.11		
Name: Sarah Wilson	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 24.03.11		

### **Section 4 – Performance Officer Clearance**

Name: David Harrington	<input checked="" type="checkbox"/>	on behalf of the Divisional Director Partnership, Development and Performance
Date: 24.03.11		

## Section 5 – Environmental Impact Officer Clearance

Name: Andrew Baker

on behalf of the  
Divisional Director  
(Environmental Services)

Date: 24.03.11

## Section 6 - Contact Details and Background Papers

**Contact:** Academies Project team: 020 8420 5248

Alex Bailey: [Alex.Bailey@harrow.gov.uk](mailto:Alex.Bailey@harrow.gov.uk)

David Harrington: [David.Harrington@harrow.gov.uk](mailto:David.Harrington@harrow.gov.uk)

**Background Papers:** Cabinet report – March 2011

**Call-In Waived by the  
Chairman of Overview and  
Scrutiny Committee**

**NOT APPLICABLE**

*[Call-In applies]*

**REPORT FOR:**

**Licensing & General  
Purposes Committee**

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**Date of Meeting:** 17 May 2011

**Subject:** Academies – Employer Contribution Rates

**Responsible Officer:** Tom Whiting, Assistant Chief Executive

**Exempt:** No

**Enclosures:**  
Appendix 1: Minutes of Pensions Fund  
Investment Panel  
Appendix 2: Minutes of Licensing & General  
Purposes Committee  
Appendix 3: Letter from Schools  
Appendix 4: DfE briefing note  
Appendix 5: Hymans Robertson briefing note  
Appendix 6: Hymans Robertson “Academies”  
Presentation.  
Appendix 7: Letter from the Local  
Government Pensions  
Committee

## Section 1 – Summary and Recommendations

This is a report to support the special Licensing & General Purposes Committee (LGPC) meeting called in response to a formal request made by the seven high schools seeking academy status.

The schools have requested that the Committee reconsider its decision on the calculation of the employer contribution rate for academies. In particular the academies have asked the Committee to reconsider its decision in relation to the deficit recovery period and calculation of the share of the deficit.

At the LGPC meeting on 19 April 2011, it was resolved that a deficit recovery period of 7 years would be used and the share of the deficit would be calculated taking account of current LGPS staff who transfer to the academy and deferred and pensioner members. The schools have since advised that this decision would significantly reduce the financial viability of conversion to academy status.

With the exception of one school, at the time of the meetings held on 11 and 19 April, the final actuarial calculations had not been received and so the financial impact on the remaining six schools was not fully known. Since this date the final figures have been received which shows an increase in the employer contribution rates for individual schools from those estimated and presented to the Committee on 11 and 19 April.

### Recommendations

The Committee is requested to consider the information detailed in the report and presented by Hymans Robertson and agree the following recommendations:

1. A deficit recovery period of 20 years to be used to recover the share of deficit allocated to each academy.
2. The 20 year recovery period to only be applicable for as long as the academy or DfE does not give notice of exiting its status.
3. On receiving 7 years notice of exiting academy status, the outstanding deficit be spread over the remainder of the notice period and the contribution rate be recalculated with effect from the start of the following financial year.
4. The Committee to reserve its position regarding the actuarial basis to be used for the recalculation.
5. The share of the deficit to be transferred to the schools be calculated based on the liabilities of current LGPS staff who transfer to the academy and the estimated liability for deferred and pensioner members formally employed by the former maintained school.
6. Decisions 1 to 3 and 7 from the previous LGPC meeting held on 11 and 19 April (shown in 2.3 below) to remain the same.

## Section 2 – Report

### 2.1 Background

2.2 On 5 April 2011, the Pensions Fund Investment Panel (PFIP) met and considered a report on calculation of employer contribution rates for academies, should the seven high schools currently considering conversion make a decision to convert to academy status. The minutes of the Panel (Appendix 1) details the agreed recommendations (shown below) that were submitted to the LGPC for determination:

1. Schools that apply for academy status will not be able to pool with Harrow Council;
2. A separate employer contribution rate for each academy be established;
3. No stabilisation of contributions to be applied;
4. A deficit recovery period of 20 years to be used to calculate the deficit contribution;
5. The Harrow Council ongoing funding level as at the date of transfer to be applied to the liabilities of transferred actives to determine the initial assets to be allocated to each academy.
6. The actuarial liabilities and deficit contributions for pensioners and deferred members remain with Harrow Council.
7. The cost of calculating academy specific contribution rates be charged to each academy.

2.3 On 11 April 2011, the LGPC considered the PFIP recommendation. Due to lack of time to fully consider the report, the Committee reconvened on 19 April 2011 to consider some aspects of the recommendation. The minutes of the Committee (Appendix 2 – minutes of the meetings on 11 & 19 April 2011) detail the following decisions that were made:

1. Schools that apply for academy status will not be pooled with Harrow Council;
2. A separate employer contribution rate for each academy be established;
3. No stabilisation of contributions to be applied;
4. A deficit recovery period of 7 years to be used to calculate the deficit contribution;
5. The Harrow Council ongoing funding level as at the date of transfer to be applied to the liabilities of transferred actives, to determine the initial assets to be allocated to each academy;
6. The actuarial liabilities and deficit contributions for pensioners and deferred members are transferred to the academies;
7. The cost of calculating academy specific contribution rates to be charged to each school (academy).

2.4 Following the LGPC decision, the High School head teachers raised concerns about the decision and on 11 May 2011 submitted a letter requesting that the Committee reconsider its former decision (Appendix 3). The letter raises a number of concerns, which are dealt with in detail in this report.

## **2.5 DfE Advice and PFIP Recommendation**

- 2.6 The Schools have stated that the LGPC decision goes against the DfE advice and the recommendations made by the Council's PFIP, both of which recommend a 20 year deficit recovery period based on active members only.
- 2.7 The DfE issued a briefing note on Local Government Pensions Scheme in August 2010 (Appendix 4). In relation to pooling contributions, the briefing note states:  
"The employer contribution rate will be calculated on the basis of the academy's staff profile and relates only to the academy, whereas nearly all maintained schools in the LA pay the same pooled rate. This means the rate can be higher than the rate which applied to the school when maintained."
- 2.8 The briefing note states that the pension scheme may be in deficit or surplus and that a share of the deficit will transfer to the academy. However, it is silent on how the share should be calculated. In relation to the deficit spread period, the briefing note states that this will normally be taken to be 20 years for academies, although it is for the actuary to take a view on this.
- 2.9 When making its decision, the Committee should take account of the recommendations made by the PFIP and the briefing note from the DfE, as well as advice from the Council's actuary and officers, where appropriate. However, it is for the Committee to make a decision and it is not required to follow the recommendations of the PFIP.

## **2.10 Different Position of FE Colleges and North London Collegiate School**

- 2.11 The schools have stated that the decision of the Committee would put academies in a different position to FE colleges despite the similarity of their history of being part of the Council and similar remit to provide state-funded education for local communities. In addition, they have stated that North London Collegiate School, an exclusive fee-paying independent school, is pooled while state funded local academies are not.
- 2.12 Prior to the decision on 11 April 2011, Nower Hill High School had made a formal request for all academies formed in Harrow to participate in the Council's pool. This request was based on the principle that academies should be treated the same as the three Further Education (FE) Colleges (Harrow, Stanmore, St. Dominic's) in addition to North London Collegiate School (NLCS) who all currently participate in the pool.
- 2.13 There are compelling grounds against extending the current pooling arrangement on the basis of the following:
- The Department for Education (DfE) briefing note (Appendix 2) referred to separate employer contribution rates being set for each academy.
  - Each academy would be responsible for its own decisions with regards to the release of early retirements and the application of its discretionary policies (which could generate a cost to the pension fund) without these decisions having a negative impact on the other employers.
  - The application of individual contribution rates is considered reasonable and not detrimental to the academies.
  - Although there is an employer pool currently in operation, this does not necessarily warrant extending the pool. On the contrary, current pooling arrangements should be subject to a future review to determine whether de-pooling should be considered.

## **2.14 Balance between protecting the fund and ensuring the contribution rate payable by academies is affordable.**

- 2.15 The schools have stated that the decision fails to strike a balance between “protecting the fund and ensuring that the contribution rate payable by the academy is reasonable” as outlined in the Investment Panel minutes.
- 2.16 The Briefing Note from Hymans Robertson (Appendix 5) states that there is no clear guidance on the approach to allocating LGPS assets and liabilities for academies, nor to calculating their contribution rates. It goes on to state that the Administering Authority’s objectives “should be to strike the right balance between protecting the fund and ensuring the contribution rate payable by the Academy is affordable”. It also states that the potential impact on the fund will depend on the number of academies seeking conversion, but that the fund may wish to adopt a consistent approach for all their academies (including unknown future academies).

## **2.17 Presence of the actuary at the meeting of 19 April 2011**

- 2.18 The schools have stated that the actuary was not present at the second part of the LGPC meeting on 19 April and they have concerns that this prevented members benefiting from the actuary’s advice regarding risk to the pension fund.
- 2.19 The Council’s actuary, Hymans Robertson, were present at the meeting of the PFIP and the meeting on 11 April. A representative delivered a presentation at both meetings. A representative was not present at the meeting on 19 April. However, two officers from finance were present to answer Members’ questions and the briefing note and presentation notes were available at the meeting on 19 April 2011.
- 2.20 A representative from Hymans Robertson will be present at this committee meeting should any member wish to seek actuarial advice. The original Hymans Robertson presentation document is shown in Appendix 6.

## **2.21 Members’ declaration of interest**

- 2.22 The schools have stated that members declared interests at the meeting on 11 April and abstained from voting, but do not appear to have declared any interests at the subsequent meeting on 19 April 2011.
- 2.23 All members are advised to consider whether they have an interest that needs to be declared at the meeting and if required, should seek advice from the Council’s Monitoring Officer or his representative.

## **2.24 Inclusion of Deferred and Pensioner Members in the calculation**

- 2.25 The schools have stated that they do not understand the rationale for the inclusion of deferred and pensioner members in the employer contribution rate calculation when the prospective academies will never have employed those deferred and/or pensioner members.
- 2.26 The DfE briefing note suggests that each academy should be responsible for a share of the pension fund deficit; however it does not elaborate on how this should be calculated.

2.27 There are two different approaches that could be considered to determine the share of deficit calculation:

1. the academy could only be responsible for a share of the deficit that applies to those current LGPS staff who transfer to the academy, or
2. the academy could be responsible for a share of the whole Council deficit i.e. that applying to current LGPS staff who transfer to the academy and that attributable to deferred and pensioner members.

2.28 The initial officer recommendation was to apply a share of deficit to the current LGPS staff only (i.e. option 1) however, after having carried out further analysis, the recommendation changed to option 2 (i.e. applying a share of the whole Council deficit).

2.29 In view of the fact that a proportion of the Council's employer contribution rate relates to deficit contributions which covers the liabilities of current LGPS staff as well as pensioner and deferred members, it would seem reasonable to allocate a share of these liabilities to the academies. This is arguably a fairer approach on the basis that it recognises the Council will lose funding in respect of the provision of education services but will remain responsible for the pension liabilities of former education staff whose benefits will not transfer to the academy.

2.30 After lengthy discussion on the matter at the Committee meeting on 19 April 2011 it was resolved that academies should be responsible for a share of the whole Council deficit which covers current LGPS staff as well as pensioner and deferred members.

### **2.31 Deficit recovery period**

2.32 The schools have stated that they do not understand the rationale for a 7 year recovery period and referred to the fact that the funding agreement with DfE is a rolling contract, with a 7 year notice termination clause.

2.33 The DfE briefing note implies that the deficit recovery period, (i.e. the period of time the pension deficit allocated to the academy is to be paid over) should be the same as the Council's (currently 20 years), although it does go on to say that it is for the actuary to take a view on this.

2.34 However, there is an alternative view that suggests the deficit recovery period adopted should be for 7 years in line with the 7 year notice period for termination of the contract specified in the funding agreement.

2.35 The argument for this approach takes the view that the 7 year notice period weakens the strength of covenant of the academies, so to recoup the pension deficit over a shorter period would reduce the risk of non recovery should the academy fail and the staff and funding not revert to the local authority.

2.36 The implication of adopting this approach would result in a significant increase to the employer pension contribution rate payable by the academy. A comparison of the employer contribution rates for each of the seven schools together with associated pension payroll costs based on the two deficit spread periods is shown below (2.45).

2.37 In a letter to the DfE (Appendix 7), it has been suggested by the Local Government Pensions Committee, which represents LGPS administering authorities, that the Government provides a legislative guarantee that will meet any LGPS underfunding



deficit relating to an academy should it fail. This, they argue, would provide pension funds with the necessary assurance in order to extend the deficit recovery period to 20 years.

2.38 However, it should be noted that the Government does not share this viewpoint on the basis that the Academies Act 2010 is prime government legislation and as such believes the academies should be considered as long term bodies not requiring any form of guarantee. They have advised that the 7 year period relates to the 7 year notice period that academies are obliged to give to exit from academy status.

2.39 For the avoidance of doubt, the Committee could advise the academies at the outset that the 20 year spread period would only be applicable for as long as the academy did not give notice of exiting its status. On receiving 7 years notice of exiting academy status, the Fund could recalculate the academy's contribution rate with effect from the start of the following financial year; the revised rate would spread the existing deficit at that time over the remainder of the notice period, rather than 20 years. This would therefore trigger a material increase in the academy's contribution rate, which would be necessary for the Fund's protection.

2.40 The Committee may also wish to reserve its position regarding the actuarial basis to be used for this recalculation: it could be argued that something more akin to a cessation basis (eg using gilt yields without any assumed investment out-performance) would be more appropriate to protect the other employers in the Fund. This would be similar to the approach when an admitted body terminates early. However, no definite decision would be needed on this (other than to reserve its position), as this would need to be consistent with the Fund's funding strategy for other bodies.

#### **2.41 Council's commitment to the family of schools and maintaining equity between schools**

2.42 The schools have stated that the impact of the committee decision would significantly reduce the financial viability of conversion to academy status and therefore be against the Council's commitment to the family of schools.

2.43 The Committee has to reach a decision taking account of the impact of the decision on the pension fund and the impact of the decision on the affordability of the contribution rates payable by the academies. The weight given to these considerations is a matter for the committee to determine.

#### **2.44 Financial Implications**

2.45 A comparison of the employer contribution rates applicable to each of the seven schools should they convert to academy status is shown below.

Schools	Payroll (non-teaching)	20 year deficit spread	Monetary value	7 year deficit spread	Monetary value	20 year deficit spread	Monetary value	7 year deficit spread	Monetary value
		Share of Fund: actives only				Deferreds and Pensioners Fully Funded			
Nower Hill	£1,146,181	18.70%	£214,336	22.00%	£252,160	21.50%	£246,429	29.30%	£335,831
Bentley Wood	£605,266	18.50%	£111,974	24.30%	£147,080	23.40%	£141,632	37.20%	£225,159
Rooks Heath	£976,449	19.50%	£190,408	23.80%	£232,395	23.10%	£225,560	33.40%	£326,134
Hatch End	£1,376,770	19.20%	£264,340	23.30%	£320,787	22.70%	£312,527	32.70%	£450,204
Harrow	£885,274	18.30%	£162,005	22.00%	£194,760	21.40%	£189,449	30.10%	£266,467
Cannons	£768,747	18.30%	£140,681	21.70%	£166,818	21.20%	£162,974	29.20%	£224,474
Park	£890,134	19.30%	£171,796	24.50%	£218,083	23.70%	£210,962	36.10%	£321,339

2.46 The calculations show a significant difference to each employer contribution rate when comparing the 7 year deficit recovery period to that of 20 years.

2.47 However, it is worth noting that should the 7 year deficit recovery period be applied the academy would pay off the deficit much quicker thereby materially reducing the contribution rate thereafter.

2.48 In assessing affordability of the contributions, the Committee may wish to consider the likely additional funding that the academy schools will receive both initially and in the future.

2.49 Academies will receive their current school budget, plus additional funding which the local authority currently provides. The local authority LAGSEG (Local Authority Central Spend Equivalent Grant) has reduced significantly and the DfE has decided that schools that convert before 1 September 2011 will receive protection funding limiting the reduction to 10%. Schools would only receive this protection if they transfer before 1 September 2011 and is initially for one year only. This additional money is provided to schools to cover the cost of services that they will have to provide, which were previously provided by the local authority. DfE has stated that schools should not be better or worse off by converting to academy status, although they may have more flexibility as to how to spend the money.

2.50 The table below shows the estimated total additional funding based on the 2010/11 LAGSEG rates, the 2011/12 LAGSEG rates assuming no protection and the 2011/12 rates assuming protection limiting the reduction to 10%. These illustrative figures are based on pupil numbers as at January 2011.

	LACSEG 2010/11	LACSEG 2011/12	LACSEG 2011/12 Assumes protection at 10%
	£	£	£
Bentley Wood	346,022	221,136	311,420
Canons	383,581	254,178	345,223
Harrow	333,860	220,029	300,474
Hatch End	639,777	415,018	575,799
Nower Hill	656,561	417,092	590,905
Park	577,035	365,955	519,332
Rooks Heath	396,005	264,478	356,405
<b>Total</b>	<b>3,332,841</b>	<b>2,157,886</b>	<b>2,999,557</b>

2.51 The impact on the Council should it decide to transfer the liabilities for current LGPS staff only could potentially increase the Council's theoretical employer contribution rate by 0.25% of pay. However, this amount is considered as immaterial whilst the application of the stabilisation mechanism is in operation. [The stabilisation mechanism takes a long term view on the Council's contribution rate but at the same time ensures there is no long term damage to the health of the pension fund].

## 2.52 Risk Management Implications

2.53 Risk included on Directorate risk register? No

2.54 Separate risk register in place? No

2.55 The Panel should note that applying a shorter deficit recovery period will result in higher contribution rates for the academies in the initial 7 years (see 2.47 above for explanation). This may have a major impact on the schools' decision to opt for academy status, hence the request from the schools for the Committee to reconsider the decision.

2.56 Whilst the matter of maintaining the best position for the Council as an employer in relation to the Pension Fund is extremely important, it is equally important to strike a balance between protecting the Fund and ensuring the contribution rate payable by the academy is affordable.

## 2.57 Corporate Priorities

2.58 NA

## Section 3 - Statutory Officer Clearance

Name: Julie Alderson	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 12 May 2011		
Name: Sarah Wilson	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 13 May 2011		

## Section 4 - Contact Details and Background Papers

**Contact:** Linda D'Souza (Service Manager – Shared Services), Te: 020 8424 1426, Email: linda.d'souza@harrow.gov.uk

## **Background Papers:**

Report for the Licensing & General Purposes Committee – 11 & 19 April 2011  
Report for Pensions Fund Investment Panel  
Cabinet Report – March 2011

**REPORT FOR: OVERVIEW AND  
SCRUTINY COMMITTEE**

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<b>Date of Meeting:</b>	Tuesday 5 <sup>th</sup> July 2011
<b>Subject:</b>	Integrated Children's Services
<b>Responsible Officer:</b>	Catherine Doran Corporate Director Children's Services
<b>Scrutiny Lead Member area:</b>	Policy Lead Member: Councillor Christine Bednell – Children and Young People Performance Lead Member: Councillor Krishna James – Children and Young People
<b>Exempt:</b>	No
<b>Enclosures:</b>	None

**Section 1 – Summary and Recommendations**

This report sets out progress towards delivering the new operating model for Children's Services that is scheduled to go live on 31<sup>st</sup> October 2011.

**Recommendations:**

Overview and Scrutiny Committee is invited to note progress and offer comments.

## **Section 2 – Report**

### **Introduction**

1. Following changes in national policy and funding, Children's Services has carried out extensive consultation to develop a new operating model to better meet the needs of Harrow's children, young people and families.
2. Comparisons with other London authorities show Harrow's total spend on Children's Services to be low. Education, social care and youth service budgets are well below average.<sup>1</sup> Children's Services does not have a developed commissioning function to deliver robust procurement of services based on a rigorous needs analysis. Despite this and thanks to strong individual divisional leadership and the commitment and hard work of staff, children and young people's outcomes are good, looked after children numbers are low and services are regularly inspected as good or better.
3. This is a time of significant change in local government with new Government policy coupled with the challenge of considerably reduced funding. The Schools White Paper and Education Bill have already fundamentally altered the local authority's relationship with schools and the recent Department for Education Green Paper proposes change the Special Needs and Disability landscape. Savings targets for 2011-12 have already begun to have an impact on all services. Increasingly smaller teams are attempting to work with each other from six different sites scattered across Harrow. This is not sustainable. Children's Services have redesigned systems to ensure that the best outcomes for children and young people are secured and all resources are used efficiently.

### **Vision for Children's Services**

4. To set the context for the Children's Services transformation programme a vision and underlying principles were developed. The vision is to create fully integrated children's services which offer a seamless service to vulnerable children, young people and families. The core underlying principles include:
  - Seamless multi-agency service with one point of contact and Team around the Family
  - Improving outcomes through rigorous quality assurance
  - Maximising the efficient use of resources through robust planning, commissioning and procurement
  - New relationship with schools acknowledging their increasing autonomy and building on their understanding of children and family circumstances
5. In order to deliver the vision for Integrated Children's Services a new operating model is currently being implemented following approval by Cabinet on 17<sup>th</sup> March 2011 and extensive consultation with service users, staff, unions, members and partners.

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<sup>1</sup> CIPFA Benchmarking local authority report 2010

## Background

6. Recognising that services for children, young people and families need to work more effectively and efficiently to meet the challenges of the future within the context of shrinking budgets, Harrow Council's Children's Services has been working closely with staff and partners in the police, health and the third sector since June 2010 to consider improvements to its services. Undertaken as part of the Council's Better Deal for Residents Programme and with an aim of jointly delivering more efficient and effective services for vulnerable children, young people and families, the Council and its partners have considered a wide range of evidence as part of the "Integrated Targeted Services Review". A Stakeholder Reference Group of partner representatives, including trade unions, meets monthly to discuss the proposals.
7. The following work has been undertaken:
  - An information gathering period was held from June to November 2010. This included: discussions with 500+ individuals – staff, partners, parents and young people; input and feedback from a multi-agency Management Steering Group; observations of teams, systems and panels; local and national data comparisons; visits to other local areas; consideration of best practice from around the country; academic research, think tank papers, policy papers.
  - Consultation was held from 2<sup>nd</sup> December 2010 to 4<sup>th</sup> January 2011 on a New Operating Model for Children's Services. Over 250 staff and partners responded to the consultation during a series of consultation workshops, via a Council blog and through written contributions. The responses supported the model that proposed services aligned more appropriately to meet the needs of vulnerable children, young people and families.
  - On 10<sup>th</sup> January 2011, an all-party briefing was held at which Members were updated on progress and fed in their comments and ideas on the development of the model.
  - A separate consultation on a Quality Assurance, Commissioning and Schools Division during January-February 2011 received over 100 further responses.
  - Cabinet agreed proposals for a new operating model for school improvement at their meeting in January 2011 – a "Harrow Schools' Improvement Partnership" (HSIP) led by schools with the Council as a key partner. It is expected to be implemented from September 2011.
8. Based on all of these pieces of work, proposals for a New Operating Model for Integrated Children's Services were developed and endorsed by Cabinet on 17<sup>th</sup> March 2011. A formal consultation pack was issued on 31<sup>st</sup> March 2011, which included more details of the proposed model and a staffing structure. The consultation ran until 10<sup>th</sup> May 2011 with wide support for the model.
9. 6 staff events were run during the consultation period. A total of 240 staff attended these consultation events. A written record was kept of feedback given at the events and these have been considered carefully. 57 written

responses from staff were also submitted and a written response was received from Unison. The Stakeholder Reference Group, including Trade Union partners, was updated and consulted. A special Children's Services Joint Committee meeting was held with Trade Union partners. A multi-agency management steering group considered the consultation during two of their sessions and submitted a written response.

10. Although details of the staffing restructure were not shared with partner agencies, an updated briefing pack for them was prepared and two partnership events were held to gain their feedback on the broad model of the 4 divisions. 21 partners attended the events and 8 submitted written responses. Partners also provided comments via the Stakeholder Reference Group meetings and the project lead met with both the primary and secondary/colleges SENCO groups during the consultation to hear their comments.
11. The Corporate Director has now responded to staff and Trade Union partners following the consultation and implementation has begun.

### **Implications**

12. The implementation of the new operating model is a major change programme over 2 – 3 years. There are implications across the Council and Children's Services which are outlined as follows:

#### Organisational Structure

13. The integrated operating model requires a different organisational structure to bring together teams differently. A re-organisation of the current directorate will enable integrated working both within the local authority and with partner agencies. Staff have been consulted on a full structure and are in the process of being recruited to it.
14. Given the magnitude of the transition to the new model there will be a phased approach that will ensure the system is safe and will enable strategic functions to develop and be consolidated e.g. commissioning, business support. There will be an on-going support for staff and there is a workforce development programme through the transition to the new model.
15. All staffing changes are being undertaken in accordance with the Council's Protocol for Managing Organisational Change.

#### Special Needs Services

16. The Government is currently considering responses to the Green Paper on Special Educational Needs and Disability. Children's services are planning a comprehensive review of this area of business with stakeholders to take into account any subsequent changes to SEN and disability policy as well as the White Paper on schools and the Education Bill. The review will take place once the outcomes of the consultation on the SEN and Disability Green Paper are clearer. Further proposals for changes in this area will be developed as a result of the review.



### Consolidation of Children's Services Re-Location

17. Currently Children's Services are provided from 6 main sites, which can lead to duplication and inefficient use of resources. The services need to be co-located with partners, to enable seamless provision. Many Children's Services teams will be re-located to the Civic Centre. The re-location contributes to improved use of resources by reducing building related costs. Potential capital receipts could also be realised.

### Business Support Services Review

18. Work is being undertaken with the Business Support Team to develop a model fit to support this new operating model for Children's Services.

### Improved Outcomes and Value for Money

19. Many benefits of this new approach have been identified for children, young people and families as services are delivered in a more efficient way to meet their needs more effectively.
20. To secure value for money, the quality assurance and commissioning functions are being developed across Children's Services. These functions are currently dispersed across the directorate and at various stages of development. The strategic approach within Children's Services will reduce duplication within the directorate and achieve consistency of approach with providers. This will be essential as the public sector role becomes increasingly as a commissioner of services. In addition, it will contribute to the Council's corporate procurement function.

### Equalities implications

21. An Equalities Impact Assessment has been carried out and will remain under consideration in draft format until all the consultation on this work has been completed. No areas of a negative impact were identified.
22. The assessment to date found that the Children's Services Directorate already strives to ensure its commitment to equalities is upheld and that the new operating model will continue to do so by focussing on outcomes for children, young people and their families. There will be a stronger quality assurance and commissioning function and outcomes for all groups will be central to these activities with services particularly focused on meeting the needs of vulnerable groups.

### **Financial Implications**

23. Children's Services net budget in 2011/12 totals £40.8m. This budget is adequate for the existing care population however does not allow for any growth in the care population or any room for managing the significant risks resulting from demographic change or the current economic climate. The new operating model presents an opportunity for more cost effective services as it aims to drive out savings on back office functions and premises costs, to reduce costs through better commissioning and through more collaborative working between key professionals.

### **Estimated Savings**

24. The different strands of this transformation programme are interdependent and delivery of the savings relies on the co-location of staff. Given the scale of the programme the savings will be delivered in two phases. The

first phase is expected to generate full year savings totalling £552k, of which £452k results from implementing the new organisational structure including applying, where possible, the council's policy on spans of control. The remaining £100k relates to full year savings on the running costs of the Pinner Road site. This assumes that an alternative use can be found for the site or the site is disposed of. The aim is to implement the new staffing structure by November 2011 however any savings in 2011/12 have been earmarked to cover implementation costs and to allow for any complications resulting from the considerable staffing restructure.

25. In addition the new operating model will facilitate the delivery of the £407k efficiencies from implementing the corporate business support model and £300k in respect of better commissioning and procurement. The centralised commissioning function will work with the Council's enhanced procurement team to drive efficiencies, which will assist with meeting the corporate procurement savings target. These savings have already been included in the Medium Term Financial Strategy (MTFS) however the new operating model facilitates their delivery. The table below summarises the savings of the project. By 2013/14 the model is expected to deliver savings totalling £1.3m per year.

	2011/12	2012/13	2013/14	Total
<b>Savings</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Staffing Restructure – New to MTFS		-312	-140	-452
Premises costs – New to MTFS		-100		-100
Commissioning & Procurement Savings – Included in procurement target in MTFS		-300		-300
Business Support – Included in MTFS		-202	-205	-407
<b>Estimated Savings – Phase 1</b>	<b>0</b>	<b>-914</b>	<b>-345</b>	<b>-1,259</b>

26. It is expected that in the second year of operation the new structure will produce additional savings as the new structure is bedded in and better ways of working are explored. The model will also be updated to take into account the expected announcements and future funding changes around Special Educational Needs and Disability.

### **Implementation Costs**

#### *Relocation costs*

27. The cost of the relocation and refurbishment of Civic 1 is part of the wider Civic Centre modernisation project already included in the Council's capital programme.

#### *Potential Redundancy Costs*

28. The aim is to try to manage the move to the new operating model without any redundancies. The worst case scenario based on the loss of approximately 12 FTE is indicative redundancy costs of £300k. The redundancy costs would be met from the corporate provision.

### *Training and change management costs*

29. Money for staff training and change management costs including project implementation and Human Resources capacity are estimated at £120k in 2011/12. As the new model is due to be in place by November 2011 it is anticipated that these costs will be funded from the part year savings in 2011/12. Consequently any significant delay in implementation is likely to result in a budget pressure.

### **Performance Issues**

30. Harrow Children's Services are judged as 'performing well' by Ofsted, which concluded that *'the majority of services, settings and institutions inspected by Ofsted are good or outstanding'*, and that indicators show that *'the large majority of outcomes are in line with or above those for similar areas or nationally'*<sup>2</sup>.
31. Ofsted is reviewing and revising its assessment framework to bring it into line with the major changes that are happening to Children's Services nationally. In the interim, Harrow Children's Services are working with performance teams to monitor inspections and indicators to ensure that the improvement continues.
32. At the same time, new performance and quality assurance measures are being developed in line with the ambitions of the Integrated Children's Services model that is described in this report. This involves working across organisational boundaries and, with national indicators no longer in place, using new freedoms to focus on local indicators and local accountability. A significant number of the old national indicators that remain relevant will continue to be monitored and benchmarked on a voluntary basis. Guidance from Ofsted and DfE with regard to the new performance frameworks will also be considered carefully as it emerges.

### **Environmental Impact**

33. Rationalisation of the Directorate's estate and the adoption of new methods of working will contribute to the council's over-arching policy to reduce carbon emission by 4% a year.

### **Risk Management Implications**

Risk included on Directorate risk register? Yes

Separate risk register in place? Yes

34. An overarching strategic risk around change and restructure is included on the Directorate risk register. High level risks related to the project are included in a dedicated risk register. The risk register is reviewed on a regular basis and implementation risks are led by operational leads with oversight from the Children's Services Programme Board.

### **Corporate Priorities**

35. This report contributes to the corporate priority to improve support for vulnerable people. The new operating model for Children's Services will provide seamless services to vulnerable children, young people and families, with partners, and maximizing the efficient use of resources.

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<sup>2</sup> Ofsted Annual Report published December 2010

### **Section 3 - Statutory Officer Clearance**

Name: Emma Stabler  / on behalf of the  
Chief Financial Officer

Date: 13.6.11

Name: Sarah Wilson  / on behalf of the  
Monitoring Officer

Date: 13.6.11

### **Section 4 - Contact Details and Background Papers**

#### **Contact:**

Jo Hawley, Head of Integrated Targeted Services Development, 0208 416 8122

#### **Background Papers:**

None

**REPORT FOR: OVERVIEW AND  
SCRUTINY COMMITTEE**

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<b>Date of Meeting:</b>	5 July 2011
<b>Subject:</b>	School Place Planning in Harrow Schools
<b>Responsible Officer:</b>	Catherine Doran, Corporate Director Children's Services
<b>Scrutiny Lead Member area:</b>	Policy Lead Member: Councillor Christine Bednell – Children and Young People  Performance Lead Member: Councillor Krishna James – Children and Young People
<b>Exempt:</b>	No
<b>Enclosures:</b>	None

**Section 1 – Summary and Recommendations**

This report sets out the processes for school place planning in Harrow, details the Greater London Authority School Roll Projection Service commissioned by Harrow to forecast the number of school places needed, and outlines the proposed school expansion programme.

**Recommendations:**

Overview and Scrutiny Committee is invited to note this report and offer comments.

## **Section 2 – Report**

### **Introduction**

1. The local authority has a statutory responsibility to provide sufficient school places for its area. Harrow has extensive experience of collaborative working with the schools in its area to achieve consensus about the changes needed to ensure sufficient places for the children seeking places in Harrow's schools.
2. There is significant projected increased demand for school places in Harrow and across London in the next few years. London Councils has warned that there is a predicted shortfall of around 70,000 permanent school places across London over the next four years, largely concentrated in primary sector schools but predicted to feed through into the secondary sector in London in the 2014/15 school year.

### **School Place Planning in Harrow**

3. School place planning in Harrow is led by officers in Children's Services in liaison with officers from several directorates. A range of information is considered, including projections, pupil numbers and admissions data. Proposals to increase or decrease the number of school places are developed and recommendations made.
4. In addition there is liaison with neighbouring boroughs on school place planning issues and with colleagues with responsibility for other policy areas, including the Local Development Framework, Extended Schools and Early Years, and the 14-19 agenda.
5. One of the key elements of school place planning, when additional school places are required to meet increased demand, is capital funding to ensure sufficient space is available to accommodate the children. The officer group includes the School Capital Programme Service Manager to ensure holistic school planning and forward planning for budget setting. The coalition government has announced its priorities for capital investment in schools are basic need, especially primary places, and capital maintenance.
6. During 2009 Harrow experienced an increase in demand for Reception places in excess of the planned admission numbers at its schools. The level of the increased demand in Harrow and across London was higher than expected and impacted nationally. Additional temporary Reception classes were opened for September 2009 and work was progressed to develop a school place planning strategy 2010 – 2013 for Cabinet approval.

### **School Place Planning Strategy 2010 – 2013**

7. In February 2010, Cabinet agreed its School Place Planning Strategy 2010 – 2013. The strategy was adopted in the context of predicted significant continued growth in demand for school places, and school

reorganisation changes implemented in Harrow that could affect demand (Harrow Collegiate sixth forms and changes in the ages of transfer).

8. The strategy established the framework for officers to develop and bring forward options to ensure there are sufficient school places to fulfil the local authority's statutory responsibilities. The strategy sets out the detailed information that supports the development of proposals to change the number of school places. Included with the strategy is the School Roll Projections 2010 – 2016 Report prepared by the Education Performance Team (Partnership Development and Performance Division - PDP). This report brings together information on population projections, pupil roll numbers and housing developments in Harrow.
9. The School Place Planning Strategy 2010 – 2013 identified that additional primary places would be required from 2010 onwards and that over the next two years, the Council would monitor the impact of the additional reception places created by bulge classes and develop proposals accordingly. The Strategy stated that if increased demand continues and pupil numbers are sustained, then permanent expansions will be considered.
10. The Education Consultative Forum considered the strategy in January 2010 prior to the Cabinet decision, and receives regular update reports about the implementation of the strategy.

### **Greater London Authority School Roll Projection Service**

11. Since 1992, the Greater London Authority (GLA) School Roll Projection Service has provided subscribing local authorities with roll projections up to ten years ahead. Twenty-one of the thirty-three London local authorities subscribe to this service. The methodology used by the GLA combines a 'catchment' method, which is based on population projections, and a 'replacement' method, which is based on school rolls. The combined projections are weighted towards the catchment method in the longer term and towards the replacement method in the short term.

#### **Catchment Ratio**

12. The catchment ratio is the ratio of pupils on roll in maintained schools in the borough to the number of people of the same age in the local population. An average catchment ratio is calculated from four years of historical actual roll information and is used to project school rolls each year up to ten years ahead. This catchment ratio enables underlying population trends to be factored in to projections. New housing developments, migration, fertility and other factors can contribute to population trends, which subsequently have an effect on school rolls.

#### **Replacement Ratio**

13. Replacement ratios reflect the net effect of gains and losses of pupils in age groups from one year to the next. Average replacement ratios are calculated across pairs of years from four years of historical actual roll information. This combines the effects of cross-border inflows and outflows, as well as the effects of pupils' changes of school.

### **Primary Planning Areas**

14. Primary Planning Areas were developed in 2004 to enable school place planning for the primary sector on an area basis as well as across the whole borough. These Primary Planning Areas were developed from analysis of the schools attended by children in Wards to establish the main subscription to community schools. Five geographic Primary Planning Areas are defined, and there is a sixth Primary Planning Area for voluntary aided sector schools.

### **Accuracy**

15. The GLA projections are created from sophisticated processes that build on demographic data and factor in other data such as migration and proposed housing developments. The national census every 10 years provides comprehensive demographic data and enables understanding of trends though inevitably as time passes from the census year there is less accuracy in the base data to inform projections. Though inaccuracies are small they are likely to grow in significance during an inter-censal (between Censuses) period and be at their greatest immediately prior to the carrying out of a new census. All the current population projections and estimates use the 2001 Census as its base, so more accurate projections will be produced once the 2011 Census results become available from July 2012 onwards.
16. The accuracy of the GLA school roll projections is analysed over time and was analysed by the Education Performance Team (part of the Chief Executive's Department) for the School Place Planning Strategy 2010 – 2013. The analysis indicate the GLA roll projections have an acceptable working degree of accuracy. The school roll projections over the range of age groups are compared with the projections that were prepared by the GLA in the previous four years. The percentage differences between the projections and the actual rolls are relatively small for most of the ages. Projections for the Reception intake over the past two years have proved to be challenging for most authorities and this is reflected in Harrow's experience of demand for Reception places.
17. The reasons for the challenge in projections for the Reception intake are complex. In addition to the overall inter-censal issue noted above, changes to population trends in the short term take time to be identified and factored into projections. For example, changes in migration patterns, fertility, housing occupancy, etc. A specific issue that has been identified is that there has been a continuing rise of births in London and nationally, which was contrary to the fertility assumptions in the ONS 2008-based National Population Projections that GLA projections drew on. The GLA has agreed with participating local authorities that its model should hold borough age-specific fertility rates constant for five years (2009/2010 to 2013/2014) before following the decline assumed in the ONS 2008-based projections for England. It is believed that this will lead to projections for Reception places that more accurately reflect the reality being experienced.
18. Reliance on the GLA projections as a starting basis for school place planning has served Harrow sufficiently well in recent years. An appropriate level of additional temporary Reception places have been



put in place for September 2009 and 2010, and the planning for September 2011 appears sufficient at this stage and has enabled all on-time applicants to be offered places, and 95% of applicants to receive one of their preferences. As can be seen from the accuracy analysis above, it is challenging to develop projections with complete accuracy and a close watch has to be kept on the situation and on developments locally. Liaison with neighbouring boroughs adds to the picture, and it is helpful in this respect that they also use the GLA School Roll Projection Service. Alternative approaches to achieving projections could be considered, but are likely to be more resource intensive. Given the scale of projected additional demand the Education Performance Team proposes to adopt more systematic approaches to analysis of local data to verify the GLA projections, for example, birth, admissions and early years data and to explore other sources including Experian, which already provides a range of demographic data to the local authority.

### **Current situation**

19. Since September 2009 Harrow has opened additional Reception classes to meet the sustained additional demand that has been experienced by most other local authorities in the London area. These additional Reception classes have been opened in existing Harrow schools on a temporary basis. These additional classes are often referred to as 'bulge' classes, and the class progresses through the following year groups at the school. Five bulge classes were opened in September 2009, a further five bulge classes were opened in September 2010, and eight bulge classes will be opened in September 2011.
20. The Greater London Authority School Roll Projection Service provides Harrow with school roll projections up to ten years ahead. The increased demand for Reception places is projected to continue throughout this period and beyond, and will impact on all schools in Harrow.

### **Implications of the Projections**

21. A surplus of 5% is applied for school place planning purposes to manage fluctuations in demand and offer some parental preference. This table indicates the number of additional Reception classes over the currently available permanent Reception places (2,550) that would be required to meet projected demand with the surplus planning factor applied.

12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
13	14	14	15	15	15	14	12	10

22. The projected demand is spread across all the Primary Planning Areas (2-3 forms of entry per PPA).
23. It is predicted that there will be levelling of demand in 2024/25 at the level projected for 2012/13 - this is based on comparison of birth rates in 2008 and projected for 2020.
24. It is not sustainable to meet the projected level of increased demand for Reception places through opening bulge classes alone during the next ten year planning period from 2012/13 onwards. A significant number of

additional permanent places in primary sector schools will be required. It is considered that Harrow needs to increase the focus on this area of work and establish an expansion programme to increase the number of permanent places in Harrow schools.

25. This increased demand will follow through into the secondary sector in five years time (academic year 2016/2017). The expansion programme would therefore start with the primary sector and then encompass the secondary sector in due course. Alongside the creation of additional permanent places will be a more formalised temporary bulge class programme to provide the basic capacity required to meet the full projected demand.

### **School Expansion Programme**

26. An enabling report will be presented to the Cabinet meeting on 21 July 2011 recommending that a school expansion programme be established, as part of the overall School Place Planning Strategy 2010 – 2013, to meet the projected increased demand for school places in Harrow. Planning will need to be developed based on current provision and knowledge, though it will need to take account of external developments such as:
  - free schools and academies;
  - emerging national capital strategy.
27. The programme will need to be developed and implemented in close partnership with Harrow's maintained schools and with the involvement of key stakeholders such as faith organisations, academies and any free school proposers. Representative primary headteachers have been identified to work with officers to develop initial proposals and principles that will be applied when identifying primary sector schools for expansion. There are three aspects to the proposed school expansion programme:
  - Permanent additional places at a sustainable level that would avoid the need to remove places when the level of increased demand reduces;
  - Temporary places (bulge classes) provided through a rolling programme within Primary Planning Areas at schools that are not being permanently expanded;
  - Contingency additional temporary places each year in case these are needed in the event of demand arising at a higher level than forecast e.g. potential migration impact of the government's reform of welfare and housing benefits.
28. Planning to create additional school places will need to be developed and monitored over time to ensure the optimum level of provision. The high level planning that will be presented to Cabinet therefore indicates ranges within which actual planning is expected to be developed. It is proposed not to apply the full +5% surplus places planning factor for the period 2012/13 to 2017/18 to avoid risk of creating additional places that do not fill.

## **Financial Implications**

29. Current place planning arrangements are covered from existing budgets. Should any changes to the arrangements be recommended, then any financial implications arising would need to be considered.
30. Any school expansion programme will inevitably have significant financial implications, which are summarised below.

### **Revenue**

31. School revenue budgets are funded from the Dedicated Schools Grant (DSG). As the Department for Education (DfE) allocates DSG based on pupil numbers, any increase in pupil numbers results in additional revenue funding for the expanding school. As school budgets are based on pupil numbers in the January prior to the start of the financial year, there is always a funding lag when schools increase their pupil numbers. To ensure that schools who agree to an expansion are not financially penalised the Harrow school funding formula provides 'Additional Class Funding' for the period from September to the end of March, following which the mainstream funding formula will take effect.

### **Capital**

32. The major impact will be on the capital programme. The exact cost will not be known until the details of which schools will be expanded are finalised. The expansion programme is likely to include a new school which, given the current national policy, could be either a Free School or an Academy funded directly by the DfE. There may also be the potential to utilise s106 agreements in respect of the new developments to provide for permanent expansions.
33. The carbon impact of any capital investment will need to be fully considered to ensure that the council's overarching climate change target of reducing carbon emissions is taken into account.
34. Spare capacity on school sites will be used and full use made of existing capacity. The change to the age of transfer created spare capacity in the primary sector that should serve to reduce the need for capital expenditure. Work to quantify the extent of spare capacity is being undertaken as a matter of urgency and this will inform the programme of works required. It is imperative that schools maximise the space allocated to teaching within the school. Not only will this minimise the amount of DfE capital grant that has to be allocated to the expansion programme but will make the school more sustainable from a revenue point of view. For example whereas the current school funding formula allocates a proportion of the school budget based on floor area any national funding formula is expected to see practically all school funding being based on pupil led factors. Consequently schools with large areas of non-teaching space would have to allocate a higher proportion of their budget to cover premises costs.
35. The council should be able to spread the cost of permanent expansions over a number of financial years as it will take time for the expansion to work its way through the school. This spread will assist with trying to manage the school capital programme within the envelope of grant funding, though this will need to be confirmed.

## **Equalities Implications**

36. As proposals for permanent expansion are brought forward then there will be Equalities Impact Assessments undertaken on specific proposals.

## **Performance Issues**

37. Harrow is a high performing Local Authority and the large majority of local services are judged to be good or better by Ofsted. Schools in Harrow perform well in comparison to national and statistically similar local authorities. Most primary schools and all secondary schools are judged good or outstanding. Managing increasing demand for places will be important in maintaining these high standards in the borough's schools.
38. The White Paper and Bill maintain a focus on driving up standards in schools, and place more of the responsibility with the schools directly for their improvement. The role of the Local Authority in measuring performance and driving improvement is changing significantly and will reduce from its current level. However, the Local Authority will maintain a strategic oversight and enabling role in local education, and is likely to retain some role in monitoring educational achievement and key measures such as exclusions and absence. The exact nature of the respective roles and responsibilities is still emerging and is being discussed with the schools.
39. Although the national indicator set has been abolished by the Department for Communities and Local Government, all of the key education indicators remain in place and continue to be reported to the Department for Education (DfE). This situation remains under review and the DfE is yet to provide clear guidance on if and how educational performance will be judged at a borough level.
40. There are implications for the provision of performance and management information to other services within Children's Services where schools' data is not transferred to and held by the Council. This includes data from potential academies and other schools not taking up some interdependent Service Level Agreements (SLAs).

## **Environmental Impact**

41. The school expansion programme will have an environmental impact that will need to be considered. Schools account for 50% of the council's total carbon emissions (62% of emissions under the Carbon Reduction Commitment scheme – [CRC]) and will need to play a full part in reducing these emissions by 4% per annum (as set out in the council's climate change strategy).
42. It will be essential that any new build or temporary accommodation is built to a good standard of thermal and energy efficiency to minimise use of energy.
43. The government's position on whether the council or academies are responsible for emissions under the CRC is yet to be clarified.

## Risk Management Implications

Risk included on Directorate risk register? No.

Separate risk register in place? No.

44. The directorate and corporate risk management implications for the council arising from a school expansion programme would be considered for inclusion on the directorate and corporate risk registers.
45. It is planned to work with primary headteachers about developing sustainable provision to meet future demand for reception places. This will help to reduce risk that there will be insufficient provision of school places within Harrow to meet demand.

## Corporate Priorities

46. These considerations will support the Council's Corporate Priorities for 2011-2012:
  - United and involved communities: A Council that listens and leads.
  - Supporting and protecting people who are most in need.

## Section 3 - Statutory Officer Clearance

Name: Emma Stabler	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 22 June 2011		
Name: Sarah Wilson	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 22 June 2011		

## Section 4 - Contact Details and Background Papers

**Contact:** Chris Melly, Senior Professional, 020 8420 9270  
[chris.melly@harrow.gov.uk](mailto:chris.melly@harrow.gov.uk)

### Background Papers:

School Place Planning Strategy 2010 – 2013. Cabinet item 769 11<sup>th</sup> February 2010 <http://www2.harrow.gov.uk/ieListDocuments.aspx?CId=249&MId=4622>

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