

Clifford Hart

020 8489 2920

clifford.hart@haringey

16 January 2013

To: All Members of the Full Council

Dear Member,

Full Council - Thursday, 17th January, 2013

I attach an addendum report to Item 5 – Final Approval of Haringey Council Tax Reduction Scheme to be read in conjunction with the already circulated report.

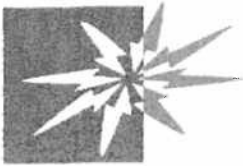
**5. ADDENDUM REPORT - FINAL APPROVAL OF HARINGEY COUNCIL
TAX REDUCTION SCHEME (PAGES 1 - 32)**

Report of the Director of Corporate Resources

Yours sincerely

Clifford Hart
Democratic Services Manager

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Haringey Council

Report for:	Full Council on 17/01/2013	Item Number:	
Title:	Final approval of Haringey Council Tax Reduction Scheme		
Report Authorised by:	Julie Parker Director of Corporate Resources <i>J. Parker</i> 16/1/13		
Lead Officer:	Paul Ellicott Head of Revenues, Benefits and Customer Services		
Ward(s) affected: All	Report for Key Decision		

1. Describe the issue under consideration
 - 1.1. This report is supplemental to the original report for the Full Council meeting on 17 January 2013, dated 9 January 2013, Agenda item 5. Where there is any difference this supplemental report supersedes the content of the original report.
 - 1.2. The purpose of the original report and this supplemental report is to set out recommendations for Haringey's Council Tax Reduction Scheme following appropriate consideration of the results of consultation and having had due regard to the Council's equality duties.
 - 1.3. The Council received a letter from Irwin Mitchell Solicitors on the afternoon of Friday 11 January 2013 on behalf of three clients. The letter is attached at Appendix A. The letter is warning of a potential judicial review of the Council's Council Tax Reduction Scheme.
 - 1.4. It is stated that their clients are extremely concerned that the Council have not carried out a lawful consultation in respect of the proposed scheme. It is alleged that the Council is irrationally proposing not to accept the Transitional Grant funding. It is further alleged that the Council have failed to have due regard to the



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public sector equality duty in relation to the impact of the scheme on disabled children and pregnant and nursing mothers. The letter goes on to advise that if the scheme as recommended is approved by Full Council, that judicial review proceedings may be issued with a view to having any proceedings heard before the 15 February 2013. The rationale put forward by the Solicitors for an expedited hearing before the 15 February would be in order to allow the Council the opportunity to apply for the Transitional Grant from the DCLG should the legal challenge be successful.

1.5 The Council has sought advice from leading Counsel. The Council's response is attached at Appendix B. Members should pay careful attention to the points made in both letters.

2. Cabinet Member introduction

2.1 See original report and attached appendices.

3. Recommendations

3.1 See original report and attached appendices.

4. Alternative options considered

Department for Communities and Local Government Transitional Grant Scheme

4.1 The Solicitors have requested that members consider adopting a scheme which accords with the Government's Transitional Grant Scheme and which protects, in addition to pensioners and disabled applicants, families with disabled children, and pregnant women and nursing mothers. In the context of nursing mothers the Solicitors invite the Council to protect all mothers with children under 1 year of age.

4.2 The scheme as recommended in the original report does not propose to take the Transitional Grant. Contrary to the understanding of the Solicitors, it does however offer protection to families with disabled children, provided that one parent is in receipt of one of the 6 disability premiums:

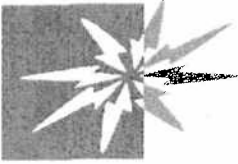
- Disability Premium
- Disabled Child Premium
- Enhanced Disability Premium
- Enhanced Disability Child Premium
- Carer Premium



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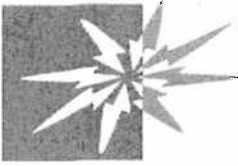
•Severe Disability Premium

- 4.3 It was advised in the original report that the additional cost to the Council to adopt a scheme which accords with the Government's Transitional Grant Scheme and which protects pensioners and disabled families in receipt of qualifying benefits would be estimated at £1.489m. This would mean that pensioners and disabled families would continue to receive the same support as they are eligible for currently, and the remaining working-age claimants, including pregnant women and nursing mothers (that is, claimants with children under the age of 1 year), would receive an 8.5% reduction in support. This additional cost would need to be funded from outside the scheme and from elsewhere within the Council's budget, either by savings, increasing council tax or the use of reserves. Further detail is set out at section 10 of this report.
- 4.4 The Transitional Grant Scheme is only available for the first year. Thereafter, the Council would need a scheme in place which addresses the reduction in funding from Government. Otherwise the costs in year 2 would increase from £1.489m to £2.195m if no other changes to the scheme or assumptions made occurred. This would be an ongoing cost.
- 4.5 In order to adopt a scheme which accords with the Government's Transitional Grant Scheme and in addition, protects pregnant women and mothers with children under 1 year, there would be an additional estimated cost to the Council of £366k, totalling £1.855m. The exact number of persons within this category and who are currently in receipt of Council Tax Benefit is not available to the Council, however the Council is able to estimate based on the data it holds on claimants with children under 1 year of age. The Council's estimate is that pregnant women and claimants with children under 1 year of age represent 12% of current Council Tax Benefit claimants. As set out at paragraph 4.3 above, this additional cost would need to be funded from outside the scheme.
- 4.6 Members could choose to proceed with the scheme as recommended in the original report, that is, not to accept the Transitional Grant and to pass on the reduction in funding to all working age claimants whilst protecting pensioners and disabled families. As set out in the original report, this means a 19.8% reduction to all working age claimants not in receipt of the qualifying disability benefits.
- 4.7 Members may also choose to proceed with the scheme as recommended in the original report, but with additional protection for pregnant women and claimants with children under 1 year. This group represents 12% of current claimants, and as such the reduction passed on to the remaining claimants of working age would increase from 19.8% to an estimated 25.5%.



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- 4.8 The protection of pregnant women and claimants with children under 1 year has been considered as part of on going equalities analysis. Further detail is set out in section 8 of this supplementary report. It is not recommended that members agree a scheme with additional protection for this group owing to the disproportionate impact it would have on the remaining working age claimants and/or the fact that the shortfall would have to be met from elsewhere. Furthermore, there are mitigating measures for this category as set out in section 8 below. As stated above, the Council estimates that pregnant women and claimants with children under 1 year represent 12% of all claimants in receipt of Council Tax Benefit, which would mean an increased reduction to remaining working age claimants from 19.8% to an estimated 25.5%. Moreover, to protect these two additional categories would require an administrative process to collate data on these groups and monitor changes. This would have the effect of running an additional assessment to that which is currently undertaken by the DWP and would add further costs to the administration of the proposed scheme.
5. Background information
- 5.1 See original report and appendices.
6. The Scheme – The Key Components
- 6.1 See original report and appendices.
7. Summary of Consultation Response
- 7.1 As set out in the original report, a comprehensive consultation was carried out between 29 August and 19 November 2012. Consultees views were sought on a proposed scheme to pass on the reduction in Government grant equally to all working age claimants. It was also open to consultees to make any other observations or comments about the proposed scheme as they deemed appropriate. It is noted that some consultees responded by suggesting that the Council could raise taxes or cut services rather than passing on some or all of the shortfall to working age claimants.
- 7.2 The GLA response to the consultation included reference to the Government's Transitional Grant Scheme, indeed it was open to all consultees to make comments on the Transitional Grant.
8. Equalities Impact Assessment Summary
- Pregnant and Nursing Women
- 8.1 Members should note that the protected characteristics for the purposes of the Public Sector Equality Duty are 'pregnancy and maternity'. Whilst the exact number of persons within this category and who are currently in receipt of Council



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Tax Benefit is not available to the Council, the Council is able to estimate based on the data it holds on claimants with children under 1 year of age. The Council's estimate is that this group represents 12% of current Council Tax Benefit claimants.

- 8.2 Women who are pregnant or on maternity leave are unable to work for a limited time and may in that time be receiving statutory maternity pay. Their ability to supplement their income is therefore not affected in the same way or to the same extent as pensioners and disabled people. On this basis, it is not recommended to offer any specific protection on pregnancy and maternity.
- 8.3 However, there are a number of mitigation measures available to reduce any potential impact. In respect of nursing mothers and children aged 0-16 years of age, mitigation includes:
- Child Benefit and maintenance payments in respect of a child or qualifying young person are fully disregarded
 - Child care cost disregards will continue to apply where appropriate.
- 8.4 Haringey has 17 Children Centres located across the borough. These centres bring together a range of services for children under five and their families such as childcare, family support, health and education and information on local services.
- 8.5 In addition, pregnant women or those who have a child under four years old can get Healthy Start vouchers to help buy some basic foods. This important means-tested scheme provides vouchers to spend with local retailers. Pregnant women and children over one year and under four years old can get one £3.10 voucher per week. Children under one year old can get two £3.10 vouchers (£6.20) per week.

The vouchers can be spent on:

- milk
- fruit
- infant formula milk

This information is available on the Council's website:

http://www.haringey.gov.uk/index/social_care_and_health/health/publichealth/pregnancyandbirth.htm

9. Service Impact Assessment

9.1 See original report and appendices.

10. Comments of the Chief Finance Officer and financial implications



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10.1 The cost burdens on the Council of the different options can be summarised as follows (making no allowance for non collection of council tax). The following figures take into account the protection of pensioners and qualifying disabled claimants only.

- Council to absorb the cost (with default scheme): £3.846m
- If eligible for the transitional grant this would reduce to: £3.14m
- Passing on 8.5% (net of Transitional Grant): £1.489m
- Passing on 19.8%: £0

10.2 Protecting pregnant women and claimants with children under 1 year as set out in paragraph 4.5 would add £366k cost to the option of the 8.5% pass on and increase the resultant budget pressure, in addition to the additional administrative costs. These costs would be higher if there was no pass on of the 8.5% and the costs were absorbed by the Council.

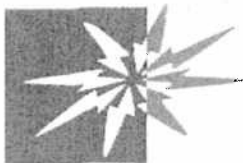
10.3 The levels of budget pressure indicated above would be significant to the Council, given its other pressures in its budget. There are considerable uncertainties regarding the localisation of business rates, demographic pressures, grants being rolled into formula funding, changes to funding due to schools becoming academies, implementation of the benefit cap etc. These are set out in the Financial planning report considered by Cabinet on 18th December . Overall the Council is planning over £13m of budget reductions for 2013/14 and 2014/15, yet still has a gap of around £20m to bridge in 2014/15.

10.4 The Transitional Grant is for 1 year – so the option of absorbing would increase to £3.846m if the scheme was not changed in 2014/15, while that for passing on the 8.5% would rise to £2.195m if no changes were made.

10.5 If the Council was to increase council tax, unless it was to trigger a referendum the maximum increase it could make is up to 2%. However if it froze council tax the Council would be eligible for the council tax freeze grant . The net benefit of increasing council tax by 2% would therefore only be £0.5m

10.6 If the Council increased its council tax by 2% and other councils with similar levels of council tax did not it would have the 3rd highest council tax in London.

10.7 The letter from Irwin Michell solicitors refers to reserves and £108m of useable reserves at 31/3/12. This includes all the Council's reserves of which £31.6m relate to HRA, schools and capital and are not available to apply to general fund revenue. The Council holds a general reserve of £15m as at 31/3/12. Other reserves are held for earmarked purposes and to cover unexpected liabilities and risks. As set out above going into 2013/14 there are considerable risks in the Council's funding, many of which are outside the Council's control and often occur at short notice in a way that cannot be planned. Reserves can only be used once. Reserves are reviewed annually are part of the budget setting process.



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10.8 The Council will be aiming to collect all of the council tax that is due. The Council currently collects over 95% of its council tax. It is acknowledged that the Council will not collect all the council tax that is due and it will be harder to collect from residents that have not previously paid before. Non collection is relevant to the 8.5% option and that of 19.8%.

10.9 It is hard to predict collection levels and assess if there is a differential between an 8.5% option and one of 19.8%. Generally, collecting smaller sums (as would be the case for the 8.5% option) tends to be more difficult, given the costs of collection.

10.10 If collection levels were at 80% (with non-collection of 20%) there would be a net cost to the Council as follows:

- Passing on 8.5% (scheme with Transitional Grant): £1.8m
- Passing on 19.8%: £0.8m

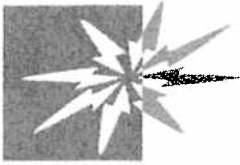
10.11 The technical changes to council tax sit outside of the scheme and are not included in the figures above. These changes are estimated to generate up to £726k (£573k for the Council and £153k for the GLA). However this figure may be lower if individuals “move” to claiming the exemption or discount which is most beneficial to them and gives them the lowest cost to bear.

11. Head of Legal Services and legal implications

11.1 I consider that the consultation process is likely to be regarded as fair and lawful. It was extensive, and adequate information was provided to consultees. There was no obligation to inform consultees specifically about the Government’s Transitional Grant programme: this information was publicly available, one consultee specifically addressed it, and there was no decision (or minded to decision) to adopt this approach which may have necessitated further consultation.

11.2 I consider that the decision is unlikely to be regarded as irrational, so long as members give due consideration to the alternative options to the recommended scheme as set out in both the original and Addendum report. These include alternative financing options such as cuts in services, raising council tax and using reserves.

11.3 I consider that the Council has not failed to have ‘due regard’ to the public sector equality duties. The Solicitors contend that the Council has failed to adequately consider the effect of the proposed scheme on disabled children and pregnant and nursing mothers. The Solicitors are mistaken with respect to ‘disabled children’. The recommended scheme does provide protection for parents of disabled children in the same way as for pensioners and disabled adults. These groups will continue to be eligible for the same level of support



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under the recommended scheme as under the current benefit system, provided that they are in receipt of one of the qualifying disability related benefits. As for 'pregnancy and maternity', this was addressed in the Equality Impact Assessment, and has now been supplemented in the Addendum report. Provided that members take all of this information into account, in the context of the public sector equality duty, when making their decision, this will be sufficient to satisfy the Council's equalities obligations.

12. Head of Procurement Comments

12.1 Not applicable.

13. Policy Implication

13.1 See original report and appendices.

14. Local Government (Access to Information) Act 1985

14.1 Not applicable.

15. Use of Appendices

Appendix A – Letter from Irwin Mitchell Solicitors dated 11 January 2013

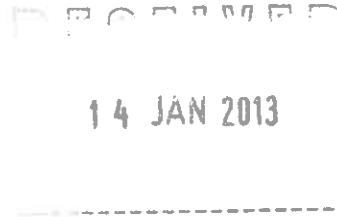
Appendix B – Council's letter of response dated 16 January 2013

APPENDIX A

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Our Ref: AIR/05095016-00000001

The Director of Legal Services
 The Legal Services Department
 Haringey Council
 7th Floor
 Alexandra House
 10 Station Road
 Wood Green
 London
 N22 7TR
 DX 156930, Wood Green 5



Alex Rook
 Alex.rook@irwinmitchell.com
 Secretary: Sian Prior
 Sian.prior@irwinmitchell.com
 Direct dial: 0207 421 3907
 Direct fax: 0207 242 6044

11 January 2013 (First letter)

BY FAX & POST
FAX NUMBER: 020 8489 3599

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Dear Sirs

**RE: HARINGEY COUNCIL'S COUNCIL TAX REDUCTION SCHEME
 OUR CLIENTS: RM AND AO**

We are instructed by RM and AO in relation to a possible legal challenge against Haringey's Council Tax Reduction Scheme (CTRS). We have written to you in a separate confidential letter setting out the names and details of their circumstances.

We understand that the matter is to be decided at an extraordinary full Council meeting on Thursday 17 January 2013. As is set out in detail below, our clients are extremely concerned that the Council have not carried out a lawful consultation and that it is irrationally proposing not to take advantage of the funds made available by the Department for Communities and Local Government Transitional Grant Scheme of over £700,000. Our clients are also concerned that, if the decision is taken in line with the proposals, the Council will have failed to have due regard to the needs specified under section 149 of the Equality Act 2010 (the Public Sector Equality Duty) in relation to the impact of this scheme on disabled children and pregnant and nursing mothers.

We also note however that were the Council to reconsider the matter and make an application under the Transitional Grant Scheme, which would allow the Council to at least reduce the amount of Council Tax that the poorest residents have to pay and potentially maintain the current 100% exemption, this application would need to be submitted after 31 January but before 15 February 2013. Accordingly, any legal challenge by way of Judicial Review which seeks to challenge the legality of Haringey's CTRS, and thereby allowing for Haringey to still apply to the scheme, would appear to need to be resolved (that is

Irwin Mitchell Solicitors Birmingham Bristol Leeds London Manchester Newcastle Sheffield

telephone 0870 1500 100

Associated Law Firms

Irwin Mitchell Scotland LLP Glasgow
 Irwin Mitchell Abogados Madrid Málaga

40 Holborn Viaduct
 London
 EC1N 2PZ

fax 0207 404 0208 DX 87 Chancery Lane www.irwinmitchell.com



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issued and considered by the High Court) before 15 February 2013. As a result we consider this matter to be extremely urgent, and have therefore taken the decision to send this letter in advance of the Council sitting on 17 January 2013.

We hope that the contents of this letter, which we invite the Council to circulate to all Members, will result in a decision not to adopt the proposed CTRS but instead to quickly review the position and impose charges on the poorest residents sufficiently low to trigger eligibility for the Transitional Grant Scheme. We do however put the Council on notice that should the Council decide to adopt the scheme as set out in the report for full Council on 17 January 2013, we are likely to be instructed to send a formal letter before court action which will include an abridged time for a response, so that this matter can be heard by the courts before 15 February 2013 if need be.

Given the urgency of this matter, we are copying this letter to the Council Leader, the Lead Member for Finance and the senior officers specified at the end of this letter. We confirm for the avoidance of doubt that our clients and ourselves are willing to enter into any discussions the Council may wish to propose to avoid the need for legal proceedings – although for the reasons set out above we do not consider that any more time can be allowed before the lawfulness of any decision taken by the Council which does not recognise our clients' concerns is tested in Court.

1. Background

The Council sets out at paragraph 2 of the report for the meeting on 17 January 2013 the decision by the Government to abolish Council Tax Benefit in favour of a local rebate scheme, and that when transferring responsibility to local authorities the funding made available was reduced by 10%. Authorities are required to maintain a full rebate for anyone of a pensionable age, and so Haringey have calculated that the shortfall is in fact therefore nearer to 17%. It is clear that there is no dispute between the Council and our clients that any additional form of taxation will hit the Council's poorest people extremely hard. Councillor Goldberg states at paragraph 2.8 *'It goes without saying that the actions of the Government with regards to the abolition of Council Tax Benefit are extremely misguided, both in practice and principle. It is important to note that this new tax on the lowest paid households will hit them on the same day as many will be impacted by the overall benefits cap and further cuts to tax credits and other benefits.'*

Our clients are extremely concerned about their ability to meet their essential household expenses if a further tax is placed upon them. We have set out their position in more detail in the confidential letter accompanying this letter, but it is vital that it is understood that this additional burden is coming at a time when state benefits are frozen at a rate below inflation and caps are being applied to overall benefits and housing benefit, leading to potentially devastating consequences to the poorest citizens within Haringey.

2. Details of the matter being challenged

Transitional Grant Scheme

The Council launched a consultation on 29 August 2012 seeking views on its proposal, the main plank of which was to reduce payments to all working age claimants by an equal flat proportion in line with the reduction in Government funding, which the consultation stated was at the time expected to be around 20%.

Significantly, the consultation document states under the heading 'what's changing' that *'we estimate the shortfall could be as much as £5.7m next year and this could rise in later years.'* Consultees were asked whether they agreed that the Council should apply the Government's reduction in funding equally to all recipients.

On 18 October, almost exactly one month before the consultation closed, the Department for Communities and Local Government issued details of its Transitional Grant Scheme. This scheme, initially only available for one year, offered a grant of slightly over £700,000 to Haringey on 3 conditions, the most significant being that those who would be entitled to 100% support under the current scheme pay between

zero and no more than 8.5% of their council tax liability (as opposed to the 20% being consulted upon). Unfortunately, this information does not appear to have been made available to consultees at any point.

Paragraph 4.1.2 of the report for the Council meeting states that Haringey's shortfall, were it to maintain the existing scheme would be £3.846m, not the maximum figure of £5.7m which was the only figure provided to consultees. It is not clear to us when this reduced figure was arrived at. Applying the £700,000 transitional grant, the shortfall would therefore be approximately £3.15m. In order to maximise the income whilst still accessing the grant, Haringey would have to limit the increase in payments to 8.5%. As stated at paragraph 4.5.4 of the report to cabinet, applying an increase in payments of 8.5% and applying for the grant of £700,000 would leave Haringey with a shortfall of £1.489m, over £4.2m less than the maximum figure quoted in the consultation document.

In our submission, in order for the consultation exercise to be lawful, it was incumbent upon the Council to inform consultees when this information was known in mid-October that:

1. In fact the actual shortfall were the Council to maintain existing arrangements (disregarding the transitional grant) was not £5.7m but £3.8m;
2. A grant had been made available from central government so the actual shortfall was closer to £3.1m; and
3. The terms of the grant were such that instead of applying a 20% increase for those currently in receipt of 100% discount, an increase of up to 8.5% could be applied which would leave a shortfall of less than £1.5m

Consultees should then have been invited to state whether they thought that the Council should have taken one of three available options:

1. To proceed with the previously preferred option, increasing Council Tax bills by the proposed figure of roughly 20% and not taking up the transitional grant;
2. Taking up the transitional grant, increasing Council Tax bills by the maximum permissible 8.5% and making up the £1.5m shortfall from reserves, cuts to services, an increase in the headline rate of Council Tax or any combination of the above; or
3. Taking up the transitional grant, retaining the current level of exemptions and reductions and making up the larger shortfall (which we assume would be £3.1m) from any combination of the measures outlined at 2 above.

The fact that the Council did not include this in the consultation is unsurprising when reading the report to Council on 17 January 2013, as it appears from that report that the authors of the report have not themselves properly considered whether in fact to adopt any of these policies. Paragraph 10 and in particular Paragraph 10.11 refers to the availability of the grant, and states '*Given the overall financial pressures that the Council faces in the short term future it is difficult to make the case for accepting the transition grant in terms of the Council's financial position*' but there is no analysis at all to explain why the Council is not limiting the cut to a maximum of 8.5%, thereby enabling the Council to the grant of over £700,000 and seeking to make up the reduced shortfall in other ways. Put simply, it appears to have been rejected out of hand and in a very cursory way.

We consider that the approach the Council has taken to these matters both renders the consultation unlawful and would make any resulting decision to adopt the proposed CTRS irrational, for the reasons set out below. The Council should have both consulted upon and then carefully considered the merits of limiting the increase to a maximum of 8.5% given the sizeable transitional grant that could then have been applied for. If, as the officers appear to have feared, the transitional grant was not available in 2014/15, then the Council would have been entitled to review the matter and potentially adopt a different scheme for that year. At the very least the poorest residents of Haringey could have been protected (partially or fully) for a further full financial year.

Whether residents can pay

As is recognised in the report to Council, this additional tax burden comes at a time when cuts to other benefits place the poorest residents of the borough at real risk of poverty and homelessness. It is noteworthy that it is stated at paragraph 10.14 that, perhaps unsurprisingly, the Council recognises that it may simply not be possible to collect Council Tax in all cases and that other Councils are estimating non-payment could range from 20-50%. The report then simply states that as the scheme is not in operation at this stage it is hard to predict. In our submission that does not sufficiently consider the matter, which could include (for example) actual calculations of the detriment that this will cause 'average' families' currently receiving 100% benefit.

Similarly, in effect what the report is identifying is that the budget figure is unlikely to be realised as residents simply will not be able to afford to pay the tax. Given that scenario, in our submission this simply strengthens the argument that it is irrational for the Council not to accept the transitional grant to assist with this shortfall.

If the CTRS is adopted as proposed, the Council will (on its own evidence) fail to obtain the funds that it needs to meet the shortfall from central Government. As such it will necessarily have to find the missing funds from reserves. We fail to see how it can be beneficial to send hundreds of the poorest residents of Haringey deeper and deeper into debt, as their Council Tax arrears escalate and they are forced to deal with bailiffs, when instead the Council could simply choose now to meet this unexpected liability from its reserves.

Council's Reserves Position

We note that no consideration is given in the report to Council to whether the Council's reserves position allows it to absorb some or all of the reduction in central government support in this area itself without passing the cost on to its poorest residents.

We have considered the Council's Statement of Accounts for 2011/12, which suggests (at p34) that the Council has 'Usable Reserves' in excess of £108m. We would be grateful for confirmation as to whether 'Usable Reserves' means that these reserves can essentially be spent to meet any unexpected liabilities, and also for confirmation of the current 'Usable Reserves' position.

Furthermore, in the Council's 'Medium Term Financial Strategy 2010/11-2012/13, we note the statement on p15 that the Council intends to keep general balances 'at the target level of £10m over the period and there is a separate risk reserve of £10m'. We would suggest that unexpected financial contingencies such as the present sudden reduction in central government support for Council Tax liabilities for the poorest residents is precisely the sort of situation where a risk reserve should be utilised to mitigate the consequences. If we have misunderstood the purpose of the risk reserve please inform us of the correct position.

Equality Act 2010

Furthermore, our clients have significant concerns that the information before Council on 17 January 2013 is insufficient for the Council to comply with its obligations under the Equality Act 2010. Whilst our clients are very pleased to note from the Equalities Impact Assessment (EIA) (Appendix B to the report for Cabinet) that following the consultation 'disabled people' will also be protected from the reduction, this protection in fact appears only to apply to disabled *adults* – there is no equivalent reduction for parents of disabled children.

We enclose with this letter, by way of example, the report 'Counting the Costs 2012 - The financial reality for families with disabled children across the UK' from the charity Contact a Family which states as its key findings that of the survey of 2,312 families with disabled children across the UK:

- 1 in 6 (17%) is going without food.
- More than 1 in 5 (21%) is going without heating.
- A quarter (26%) are going without specialist equipment or adaptations.

- 86% have gone without leisure and days out
- Almost a third (29%) have taken out a loan - 39% for food and heating
- 1 in 5 (21%) have been threatened with court action for failing to keep up with payments – the majority for missing utility bill payments (46%).
- Over one in ten (11%) have already been affected by benefit changes.

In our submission, the total exclusion of the situation of disabled children from the EIA and the report to Council demonstrates a clear breach of the duty to have due regard to the need to advance equality of opportunity for this group. As such we invite the Council to ensure that families with disabled children are also protected from the reduction. The same approach could be applied to these families as to disabled adults, with protection from any increased payments applying if the child is in receipt of any specified disability benefits.

In addition to this, we are also extremely concerned about the affect of this policy on pregnant women and nursing mothers. The Institute for Brain Chemistry and Human Nutrition at London Metropolitan University is a leading centre of research into the importance of human nutrition and health. Its research is led by Professor Michael Crawford, who has established a relationship between poor maternal nutrition and low birthweight before conception and during pregnancy. By way of example, three wards in Haringey had among the highest rates of low birth weight between 2007 and 2009; compared to a national average of 7.53%, Tottenham Green recorded 12.5%, St Ann's 9.4% and Haringey 11.62%. The average for Haringey is 7.63%

The statement in the EIA that Haringey 'do not collect information about claimants maternity status so the impact on this characteristic is not known' is plainly insufficient for the Council to meet its obligations under the Equality Act, given that no regard at all has been paid to the requirements under s149 of the Act in relation to this protected group. Given that there is insufficient time in relation to this year's scheme to collect the necessary data, we invite the Council to confirm that all pregnant women and mothers with children under one will be protected from any increase.

3. Legal background and Submissions

Consultation

The leading judgment regarding consultation is R v North and East Devon Health Authority ex p Coughlan [2001] QB 213, which established that the consultation must take place at a time when the proposals are at a formative stage; must provide consultees with sufficient reasons in support of particular proposals to allow an intelligent response to be made; must give sufficient time for responses to be made and considered and must ensure that the responses are conscientiously taken into account when the ultimate decision is taken.

As set out above, we do not consider that consultees were provided with accurate information in order to allow them to make an intelligent response to the consultation or with sufficient reasons in support of the particular proposals. In particular, the announcement of the Transitional Grant Scheme was such a material development that the Council should have provided this information to consultees and given the more accurate calculations of the sums now involved, as set out above.

We also contend that the consultation was unfair and unlawful because consultees would have been left with the impression that there was no alternative to the CTRS being proposed by the Council. As such, questions such as 'To what extent do you agree we should apply the Government's reduction in funding equally to all recipients of working age?' could not be answered properly by consultees, because consultees could not know that there was an alternative option whereby either less or none of the Government's reduction in funding needed to be passed on to residents.

Furthermore, it is plain that another alternative option, that of raising Council Tax to meet the shortfall from those who are not presently eligible for any reduction, was simply not put to consultees. We understand from the DCLG website that for the 2013-14 financial year the penalty for any Council which increases

Council Tax is the loss of a 1% grant. We also understand that an increase in excess of 2% would need to be ratified at a local referendum. We appreciate that the prospect of increasing Council Tax may well have been very unpopular, but this option should nevertheless have been provided to consultees.

In the absence of this information, consultees were misled into believing that there was no alternative but to agree to at least the essence of the proposals in the CTRS – that the best outcome available was some mitigation of its worst consequences, eg protecting particularly vulnerable groups. This was simply not the case and as so the consultation was fundamentally flawed.

In JM & NT v Isle of Wight Council [2011] EWHC 2911 (Admin) the Judge stated the following in relation to the flawed consultation in that case:

I consider that the consultation document provided insufficient information to enable those consulted "to give intelligent consideration and an intelligent response", applying the Gunning criteria. It described the proposals which went to Cabinet on 8 February and the Council on 23 February (Version 3). Unfortunately it did not provide any detail about the numbers of users whose support would be reduced, not even giving the figures which were provided in the report to Cabinet on 14 September 2010 (see paragraph 20 above). It did not give any detail about the costs and potential savings. Nor did it explain what types of services would or would not be included under the revised criteria. Consultees, including the parents of the Claimants, were left uncertain as to what impact the revised criteria would have on the assistance they received from the Council. Neither of the Claimants had been provided with an assessment applying the FACS eligibility criteria; these assessments had been carried out by the Council but the results were not shared with users. Therefore they did not know whether their risks, based upon their needs, had been assessed as 'Critical' or 'Substantial'. Finally, there was no consultation in relation to the revised criteria adopted in the Eligibility Review (version 5) which was used as the basis for reassessment of users in 2011.

Lack of adequate consultation was not pleaded as a freestanding ground for judicial review in this case. Consultation only fell to be considered as part of the discharge of the s.49A DDA 1995 duty. Looked at from this perspective, the flaw was that the consultation responses did not, and could not, fully reflect the experiences and views of users and their carers, because they were not provided with the information they required to make an informed response. Council Members were therefore deprived of important information as to the potential impact of the proposed changes, which meant that they had insufficient information when they were discharging their s.49A DDA 1995 duties.

In our submission the same criticisms can be made of the consultation undertaken by Haringey.

There is plainly insufficient time for the Council to re-consult this year. As such the Council should simply adopt the default scheme this year, which leaves all existing protections in place and would allow the Council to apply for the transitional grant. If the Council wishes to adopt any similar CTRS for the following financial year it should re-consult in good time to make this decision lawfully.

Disability equality duty

Under s149 of the Equality Act 2010 (EA) a public body must have due regard to the need to:-

- (a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The second aim (advance) imposes a duty (s149(3)) to—

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

Subsequent EHRC Guidance entitled 'The essential guide' at p6 states:

The broad purpose of the equality duty is to integrate consideration of equality and good relations into the day-to-day business of public authorities. If you do not consider how a function can affect different groups in different ways, it is unlikely to have the intended effect. This can contribute to greater inequality and poor outcomes.

The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected into the design of policies and the delivery of services, including internal policies, and for these issues to be kept under review.

In JM & NT v Isle of Wight Council [2011] EWHC 2911 (Admin) the Judge summarised the case law regarding the correct interpretation of the act at paragraphs 95 to 107. Applying these principles to the present case, we contend that the Council will be unable to show 'due regard' to the PSED if it approves the proposed CTRS on 17 January 2013 because:

1. There is absolutely no consideration in the papers before the Council as to how the increased payments will impact upon families with disabled children. The Members therefore cannot know how the proposed scheme will impact upon equality of opportunity for this protected group.
2. The Council has admitted in its EIA that it simply does not have any data on the numbers of pregnant woman and nursing mothers who will be affected by the CTRS and what the impact will be on them and their children. The evidence set out above shows that there is a direct link between poverty and poor outcomes for very young children. As such it would be plainly unlawful for the Council to proceed with the proposed CTRS when it simply has no idea what the impact would be on this protected group.

Tameside irrationality

The parallel obligation on the Council under the common law to that imposed by statute under EA 2010 s.149 is to 'ask itself the right question' and obtain the necessary information to answer it correctly; Secretary of State for Education and Science v Tameside MBC [1977] AC 1014 per Lord Diplock at 1065B; "the question for the court is, did the Secretary of State ask himself the right question and take reasonable steps to acquaint himself with the relevant information to enable him to answer it correctly?"

The *Tameside* approach was applied in R. v Ealing LBC Ex p. C (A Minor) (2000) 3 C.C.L. Rep. 122, a case involved the accommodation needs of a disabled child, where the Court of Appeal stated as follows:

'In my judgment, both the decision and the decision making process were flawed. Unless the repetition of an assertion is to be regarded as a proper manifestation of a reasoning process, there was none here. Certainly there was no analysis of the accommodation problems faced by this disabled boy and his mother and his brother. The decision is therefore susceptible to judicial review on the basis that it is unreasonable in the *Wednesbury* sense. To adapt Lord Diplock's observation in *Tameside*: "Did the council ask themselves the right question and take reasonable steps to acquaint themselves with the relevant information to enable them to answer it correctly?"

The answer to the first is no: the right question or questions were not asked. The answer to the second question equally is no: reasonable steps were not taken by the council to enable the question to be answered correctly.

In our submission it is irrational of the Council not to ask itself why it would not adopt a scheme in order to comply with the transitional grant, thereby allowing a further £700,000 to be reduced from the budget deficit without passing this cost on to the poorest residents of the borough. As in Ex p C, the Council has not demonstrated any proper reasoning process here but has merely asserted that it is 'difficult to make the case for accepting the transition grant'. The only reasons given in the report are:

1. A shortfall of £1.49m would remain – but at the very least consideration should have been given to whether this significantly reduced shortfall could have been met by other means, for example using the risk reserve.
2. The grant may only be available for one year – but as set out above this could at least allow the Council to protect the poorest residents this year and the question could be revisited for 2014-15.

The Council therefore has not asked itself the right question – being 'is there any way that we can avoid passing the cost of the central government cuts onto our poorest residents?' – and has failed to take reasonable steps to give Members the necessary information to answer this question, even if it were belatedly posed.

We further contend that the Council's proposals are irrational because on the Council's own evidence they will not result in the required sums being obtained from the poorest residents, causing the Council to need to make up a significant shortfall in any event and resulting in many hundreds of people being pushed further into debt.

Again, as in relation to the flawed consultation, does not appear to us to be possible for the Council to remedy this flaw in the time remaining before a scheme needs to be adopted on 31 January 2013. As such, the only lawful option is for the Council to adopt the default scheme which both preserves the status quo for its poorest residents and allows the Council to access the transitional grant.

4. Details of the action that Haringey is expected to take

We invite the Council to reconsider this matter and to confirm that it will adopt a scheme in keeping with the transitional grant scheme, thereby allowing a further £700,000 to be reduced from the budget deficit that would not need to be passed on to the residents of Haringey.

We also invite the Council to either absorb the shortfall (as is taking place in many other authorities in London and across the country) or consider other means of accounting for the shortfall, including making reductions in the budget in other areas or increasing Council Tax payments to residents who are not protected from the reduction.

Please also confirm by return what reserves Haringey currently has, and its reserves from the past 3 financial years. Please provide us with a copy of the relevant page of the budget for those years as we have been unable to locate that information on the Council's website.

As set out above, we note that the Council's medium term financial strategy 2010/11 – 2012/13 refers at paragraph 13 (page 15 of 28) under the heading 'Key risk factors' that the council's financial reserves 'remains strong, attracting a good assessment by our external auditors' and there is reference to a target of £10m and a separate risk reserve of an additional £10m. Please explain when responding to this letter exactly what these levels currently are, and why the Council would not consider that this is a scenario where reserves may be appropriately drawn upon to mitigate the consequences for the poorest residents.

Finally, we note in the report to the Council meeting at 10.9(iv) that technical reforms to Council Tax will result in additional funds of £726k being available (across both the GLA and Haringey). We would be grateful for confirmation of what the Council's share of these additional funds will be, and whether these

funds have already taken into account or are also available to act as mitigation in relation to the central government cuts.

5. Proposed reply date

As set out above, this matter is of the utmost urgency given that the matter is to be decided at a full Council meeting on Thursday 17 January 2013 and any challenge to the legality of the decision may need to be resolved before 15 February 2013. For that reason we have been instructed to send this letter in advance of the actual decision being taken.

We invite the Council to respond to this letter no later than **4pm on Wednesday 16 January 2013** confirming with detailed reasons whether in light of what is stated above that the Council will now be invited to adopt a scheme in keeping with the transitional grant scheme, thereby allowing a further £700,000 to be reduced from the budget deficit that would not need to be passed on to the residents of Haringey. We also invite the Council to confirm that if a CTRS scheme is adopted which does not maintain the existing level of protection, both families with disabled children and pregnant women and nursing mothers will be protected as disabled people and pensioners are presently.

We do put you on notice that without a satisfactory response, and if the decision is taken on 17 January 2013 to adopt the scheme as proposed in the report to Cabinet notwithstanding the legal flaws in the decision-making process as set out above, we are likely to be instructed to send a formal letter before claim with an abridged time for a response reduced to a matter of days so that any proceedings can be considered by the court before 15 February 2013.

We look forward to hearing from you by **4pm on Wednesday 16 January 2013**.

Yours faithfully

IM LLP

IRWIN MITCHELL LLP

Cc

Cllr Claire Kober, Council Leader
Cllr Joe Goldberg, Cabinet Member for Finance and Carbon Reduction
Mr Nick Walkley, Chief Executive
Ms Julie Parker, Director of Corporate Resources

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APPENDIX B

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Alex Rook
Irwin Mitchell Solicitors
40 Holborn Viaduct
London
EC1N 2PZ

BY FAX & POST
FAX NUMBER: 020 7242 6044

16th January 2013

Dear Sirs,

Re: Haringey Council's Council Tax Reduction Scheme

1. I am writing on behalf of the London Borough of Haringey ("the Council") in response to your three letters dated 11th January 2013, two of which contain confidential details relating to your clients, and the other (the 'First letter') which sets out your clients' explanation of a possible legal challenge to the Council Tax Reduction Scheme that has been recommended by officers in its report dated 9 January 2013. That recommendation will be considered at a meeting of the full Council on 17th January 2013.
2. You have asked for the contents of the letter setting out your clients' possible legal challenge to be circulated to all members of the Council. I can say that this will be done. As a consequence, there is no doubt that the matters set out in your letter will be drawn properly to members' attention, and will be accorded appropriate weight in the decision-making process at the meeting on 17th January 2013. As you will no doubt appreciate, the decision with respect to the Scheme is to be made by members' themselves, and the report

to Council is designed to assist them with respect to their process. It is not binding on members.

3. As I read your letter, you are inviting the Council not to adopt the scheme recommended by officers, but to adopt a scheme which accords with the Government's Transitional Grant Scheme and which 'protects' families with disabled children, and pregnant women and nursing mothers. I cannot confirm that such a scheme will be accepted by the Council, but will arrange for these details to be examined by officers and presented to members in a separate supplementary report, so that it can be considered by the Council at its meeting on 17th January 2013 alongside the proposal recommended by officers.
4. In the circumstances, I do not consider that it is necessary to address your various legal submissions. To do so would be to pre-empt the outcome of the decision that has to be made by members themselves. It is appropriate, however, to address some of the factual matters set out in your First letter, so that members (who will have sight of this letter) can have a more complete picture of the background facts.

Council Tax Reduction Scheme

5. On 29th August 2012, the Council commenced consultation on proposals to introduce a Council Tax Reduction Scheme from 1st April 2013, to replace the Council Tax Benefit regime that will be abolished as of that date. The Council's preferred option included the reduction of payments of 'benefit' to all working age claimants of Council Tax Benefit by an equal flat proportion, reflecting the reduction in Government funding for the locally designed regime. As required by law, those of pensionable age would continue to receive the same support that they would have received under the current regime.
6. The Council initially estimated that the shortfall between Government funding and the increasing number of people claiming benefit and the cost of protecting pensioners 'could be as much as £5.7 m next year and this could rise in later years.'

7. In its consultation documents, the Council highlighted the cost to households of a 20% reduction to Council Tax Benefit recipients of working age (e.g. for Band A properties, it was explained that the Council Tax charge would be £994.04, and the amount to pay per year as a result of a scheme whereby 20% had to be paid would be £198.81, or £3.82 per week). I disagree, therefore, with your suggestion that the report – to which the consultation documents, and these examples are attached – fails to ‘sufficiently consider’ the question of non-payment, which you say ‘could include (for example) actual calculations of the detriment that this will cause ‘average’ families currently receiving 100% benefit.’ The figures for individual households, and the impact on them of a 20% reduction, will be available to members.
8. Consultation was due to close on 19th November 2012. If no Council Tax Reduction Scheme was agreed by the Council, a default scheme would come into operation as a matter of law: this would continue the current rebate regime, but with reduced Governmental assistance. In its report to the Council, officers have explained that adopting the default scheme would mean that the Council would have a shortfall of £3,846,000 (net of GLA) and have commented that the Council ‘is not in a financial position to absorb this without further cuts to services.’ The revised estimate of £3.846m is due to clarity in the level of funding from Government received as part of the draft financial settlement on 19 December 2012, and a revised level of expected growth. Furthermore, the figure of £5.7m consulted upon included the GLA’s share of the reduction, estimated to be £1.2m. The technical changes to council tax sit outside of the scheme and as such are not included in the figure of £3.846m set out above. The Council’s share of the additional projected income of £726k raised from council tax technical changes is £573k.
9. On 16th October 2012, the Government announced that it would introduce a Transitional Grant Scheme. For a one-year period, the Government would provide a ‘transitional grant’ to those local authorities that introduced a local scheme whereby those currently receiving 100% relief paid no more than 8.5% of their Council Tax liability. On 18th October 2012, the Government published the

amounts that local authorities could claim if it complied with the Government's conditions: for the Council, this was a figure of just over £700,000.

10. In making their responses to the Council's consultation process, it was open to consultees to make reference to the Government's Transitional Grant Scheme. Indeed, I am sure that you have noted that the Greater London Authority, one of the statutory consultees, referred in its response dated 19th November 2012 (Appendix G7 page 79 of the Council report) as follows:

"Impact of the Government Announcement on 16 October of an Additional £100m to Support Development of Council Tax Support Schemes

Before determining its final scheme the GLA would encourage Haringey to take into account the Government's announcement on 16 October that it will provide up to £100m of additional reward grant to authorities which adopt schemes which limit the impact of changes in council tax support on working age claimants. Haringey's share of this Transition Grant would be £0.706 million with GLA receiving £0.182 million.

The GLA notes that Haringey's draft scheme as designed would not meet the Government's criteria for the incentive grant. In order for it do to the maximum amount payable by claimants currently in receipt of 100% council tax benefit would have to not exceed 8.5% of their council tax liability."

This will, no doubt, be considered by members when making their decision.

11. It was also open to consultees to make other observations on the Council's preferred option, had they wished to, including the suggestion contained in your First letter that, rather than passing on (all or some of) the shortfall to residents who currently receive Council Tax benefit, the Council raises Council tax on other residents, or cuts services. Indeed, I note that some consultees did respond by saying that the Council could raise taxes or cut services. These responses will, obviously, be considered by members when they make their decision on 17th January 2013.
12. In their report to the Council, officers have referred to the Government's Transitional Grant Scheme at paragraph 4.5. (and not just at paragraph 10 and

10.11 'in particular' as referred to in your First letter). I note that the report explains at paragraph 4.5 that:

"On the 18th October 2012 the DCLG issued details of an additional £100m they were making available to support local authorities to develop a CTRS that fits within specific criteria as set out by Government. The announcement was made after the consultation had begun, similar to many other local authorities.

Local authorities would have to apply for the transition grant before 15th February 2013 and, if all the qualifying criteria were met, the grant would be paid in March 2013. The additional grant would initially be available for one year only. The Haringey share of the £100m would be £706,021 (Council share excluding GLA £182,848).

In order to qualify for the transition grant the Council would have to limit the amount of the cut passed on to the claimants to 8.5%. The cost of limiting the amount passed on is only partially covered by the Transition Grant which means there will be a cost to the Council if it decides to apply for the Grant.

With proposals for reduction of 19.8% for Haringey, this would mean that the additional loss in funding over the 8.5% would have to be found from outside the Scheme, potentially through cuts to services. Taking into account this grant the shortfall would be £1.489m for Haringey Council (net of GLA)."

This will no doubt be considered by members.

The Council's Reserves

13. You have made mention in your First letter to the Council's reserves, suggesting that these could be used to 'mitigate the consequences' of the Government's removal of support for Council Tax liabilities for the Council's poorest residents. It is correct that the Council's Statement of Accounts for 2011/12 refers to the Council having 'Usable Reserves' in excess of £108 million and this is the latest reported position. It is incorrect to say that all of these reserves can be spent by the Council to meet unexpected liabilities as certain reserves must only be spent on specific areas, such as schools and housing, and on specific expenditure categories such as capital.

14. In response to your specific requests for information, the Council's reserves for the past 3 years were as follows:-

Date	Usable Reserves
31/3/12	£108.4m
31/3/11	£94.4m
31/3/10	£103.8m

and the relevant page from the Council's Statement of Accounts is enclosed herewith. The Council does not have a specific target for its level of reserves but the Council's Chief Finance Officer does review the level annually to ensure an appropriate level is maintained. The Council no longer maintains a 'risk reserve'; the funds have been transferred to a Transition Reserve which is currently used to fund redundancy costs. The Council has been forced to incur significant headcount reductions, and will continue to do so, as spending is reduced in line with Government funding reductions.

15. It is correct that, in principle, the Council could draw on some of its reserves to meet the shortfall in funding arising from the abolition of the Council Tax Benefit regime, so as not to pass on any, or some, of the consequences to residents of the Council who currently receive those benefits. Nevertheless, reserves can only be used once, and as has been pointed out by the Council's Chief Finance Officer in the report to Council at 10.11, dealing with the Government's Transition Grant, 'Given the overall financial pressures that the Council faces in the short term future it is difficult to make the case for accepting the transition grant in terms of the Council's financial position.' The reference to 'short term' pressures was intended to include the benefit reforms; uncertainty around the new funding regimes in particular the localisation of business rates; demographic pressures and an estimated budgetary gap in 2014/15 of £20m.
16. You suggest that the Council will have to draw on its reserves in any event as a result of non-payment by residents who are unable to afford to pay the tax, and that 'the Council could simply choose now to meet this unexpected liability [of meeting the shortfall] from its reserves.' This point is one that members are aware of and will consider when making their decision on 17th January 2013.

Equality Act 2010

17. In your First letter you refer to the Equalities Impact Assessment that is appended to the officers' report. You also commend officers for recommending that, following the consultation, 'disabled people' will also be protected from the reduction.
18. You contend, however, that the information that will be before the Council is 'insufficient for the Council to comply with its obligations under the Equality Act 2010', referring specifically to the issue of parents of disabled children, and pregnant women and nursing mothers.
19. With respect to parents of disabled children, you seem to be under the impression that the officers' recommendation treats parents of disabled children differently from disabled adults. That is not correct. Parents of disabled children are protected from the changes created by the proposed scheme, and as such will continue to receive the same support as they do currently, provided that the parent is in receipt of one of the 6 disability premiums:
 - Disability Premium
 - Disabled Child Premium**
 - Enhanced Disability Premium
 - Enhanced Disability Child Premium**
 - Carer Premium**
 - Severe Disability Premium
20. With respect to pregnant women and nursing mothers, you have referred to the research of Professor Michael Crawford, and information about Haringey. This information will be made available to members before making their decision.

Conclusion

21. We note your clients' position with respect to a possible letter before action, and confirm that any such letter should be sent to the Head of Legal Services.

Yours Sincerely,

Bernie Ryan

Bernie Ryan
Head of Legal Services



Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves includes reserves that hold unrealised gains or losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

1 st April 2010 £'000	31 st March 2011 £'000		Notes	31 st March 2012 £'000
1,727,561	1,521,264	Property, Plant and Equipment	12	1,436,697
4,054	4,056	Heritage Assets	13	6,061
48,099	52,706	Investment Property	14	50,774
1,785	1,237	Intangible Assets	15	1,086
440	540	Assets Held for Sale	21	5,603
438	2,462	Long Term Debtors	19	2,334
<u>1,782,377</u>	<u>1,582,265</u>	Long Term Assets		<u>1,502,555</u>
28,737	24,117	Short Term Investments	16	15,105
122	89	Inventories	17	44
88,612	70,955	Short Term Debtors	19	63,825
17,754	33,755	Cash and Cash Equivalents	20	17,152
<u>135,225</u>	<u>128,916</u>	Current Assets		<u>96,126</u>
-	(14,462)	Cash and Cash Equivalents Overdrawn	20	(15,762)
(65,472)	(64,933)	Short Term Borrowing	16	(78,515)
(70,145)	(75,496)	Short Term Creditors	22	(69,203)
(3,009)	(21,174)	Provisions	23	(8,434)
<u>(138,626)</u>	<u>(176,065)</u>	Current Liabilities		<u>(171,914)</u>
(4,494)	(2,386)	Long Term Provisions	23	(2,804)
(587,254)	(580,760)	Long Term Borrowing	16	(325,130)
(648,712)	(429,816)	Other Long Term Liabilities	39	(502,644)
(25,816)	(23,110)	Capital Grants Receipts in Advance	40	(14,036)
<u>(1,266,276)</u>	<u>(1,036,072)</u>	Long Term Liabilities		<u>(844,614)</u>
<u>512,700</u>	<u>499,044</u>	Net Assets		<u>582,153</u>
103,844	94,394	Usable Reserves	24	108,437
408,856	404,650	Unusable Reserves	25	473,716
<u>512,700</u>	<u>499,044</u>	Total Reserves		<u>582,153</u>

An opening balance sheet is required by IAS 8, where there has been a change to accounting policies for which there is a material impact. The above restatement reflects the requirements of the 2011 Code of Practice in relation to Heritage Assets. Further details of the effect of this adjustment are disclosed in Note 54 to the accounts.

