

Overview & Scrutiny

Governance and Resources Scrutiny Commission

All Members of the Governance and Resources Scrutiny Commission are requested to attend the meeting of the Commission to be held as follows:

Wednesday, 9th April, 2014

7.00 pm

Room 3, Assembly Hall, Hackney Town Hall, Mare Street, London E8 1EA

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Corporate Director of Legal, Human Resources and Regulatory Services

Contact:

Gareth Wall

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Members: Cllr Robert Chapman (Chair), Cllr Emma Plouviez,
Cllr Simche Steinberger (Vice-Chair), Cllr Tom Ebbutt, Cllr Rick Muir,
Cllr Louisa Thomson and Cllr Deniz Oguzkanli

Agenda

ALL MEETINGS ARE OPEN TO THE PUBLIC

1. **Apologies for Absence**
2. **Urgent Items / Order of Business**
3. **Declarations of Interest**
4. **Minutes of the Previous Meeting** (Pages 1 - 8)
5. **London Living Wage: Local Businesses** (Pages 9 - 10)
6. **Budget and Finance Update** (Pages 11 - 26)
7. **Draft ICT Report** (Pages 27 - 46)
8. **Governance Review final recommendations** (Pages 47 - 52)
9. **Any Other Business**

Access and Information

Getting to the Town Hall

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Accessibility

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Induction loop facilities are available in the Assembly Halls and the Council Chamber. Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

Further Information about the Commission

If you would like any more information about the Scrutiny Commission, including the membership details, meeting dates and previous reviews, please visit the website or use this QR Code (accessible via phone or tablet 'app')

<http://www.hackney.gov.uk/individual-scrutiny-commissions-governance-and-resources.htm>



Public Involvement and Recording

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Governance and Resources Scrutiny Commission 9 April 2014 Minutes of the previous meeting	Item No 4
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Outline

A draft set of minutes from the meeting on 12 March 2014 is attached. There were no matters arising.

Action

The Commission is asked to agree the accuracy of the minutes

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London Borough of Hackney
Governance and Resources Scrutiny Commission
Municipal Year 2013/14
Date of Meeting **Wednesday, 12th March, 2014**

Minutes of the proceedings of
the Governance & Resources
Scrutiny Commission held at
Hackney Town Hall, Mare
Street, London E8 1EA

Chair	Councillor Robert Chapman
Councillors in Attendance	Cllr Emma Plouviez, Cllr Tom Ebbutt, Cllr Rick Muir, Cllr Louisa Thomson and Cllr Deniz Oguzkanli
Apologies:	Cllr Simche Steinberger
Officers In Attendance	Michael Honeysett (Assistant Director Financial Management), Chris Hudson, Gareth Wall (Head of Overview and Scrutiny) and Matthew Waterfall (Joint Branch Secretary UNISON)
Other People in Attendance	Norma Bresciani, Paul Middleton, and Andrew Sugars
Members of the Public	1
Officer Contact:	Gareth Wall ☎ 020 8356 3029 ✉ gareth.wall@hackney.gov.uk

Councillor Robert Chapman in the Chair

1 Apologies for Absence

- 1.1. Apologies were received from Cllr Steinberger. Other apologies were received from Cllr Lloyd and the Corporate Director of Finance and Resources.

2 Urgent Items / Order of Business

- 2.1. There were no urgent items and the order of business was as set out in the agenda.

3 Declarations of Interest

- 3.1. There were no declarations of interest.

4 Minutes of the Previous Meeting

4.1. The minutes of the previous meeting were agreed as an accurate record.

RESOLVED	That the minutes of the previous meeting be agreed.
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5 London Living Wage: The Contractor Experience

5.1. The Chair welcomed Norma Bresciani, Paul Middleton, and Andrew Sugars to the meeting and invited them to open the discussion. The following points were raised and addressed during the debate.

- Servest was Facilities Management Company that specialised in cleaning.
- During the procurement process, the Council had requested submission of two prices against two different service specifications, adjusted from contract in place. Cost efficiency was a key driver and as the incumbent provider Servest worked with the Council to identify potential areas for reducing the specification. The two prices were made available to Members of the Cabinet Procurement Committee so that they could take a view on Best Value. Once decision about a provider was made against the specification, there were negotiations for LLW to become a condition of the contract.
- The tender document had asked what could be done to achieve LLW whilst not having to add costs, which could usually incur a 32% price increase, so Servest explored the schedule focusing on different office areas where cleaning could be modified.
- There was an open book tender submission so every aspect of pricing could be challenged. Servest had multiple pay structures so faced no problems paying some staff a LLW.
- It was not a huge journey big journey for Servest to get to where Hackney wanted its provider to be. There were a lot of challenges but Council's procurement team helped a lot and were very professional.
- There were winners and losers amongst staff as a result of the contractual change. Some shift pattern changes didn't work for all but the company tried to work with them to ensure a positive outcome.
- Servest did not recognise any trades unions so was under no obligation to negotiate with staff through collective bargaining arrangements. Servest did, however, hold the cleaning contract at the House of Commons and worked with all three unions there.
- Not all sectors embraced the LLW. Servest spent a lot of time showing costs to clients on what it meant but not all sectors were interested. Retail in particular was very flat and any savings would go to bottom line rather than staff.
- Hackney was described as a sector leader and it didn't start and finish with LLW – Servest had also run pilots with the Council's Ways Into Work service and was interviewing 5 people who participated. There were also discussions about apprenticeships and traineeships.

- Servest was unlikely to implement LLW voluntarily as there was some business they would simply not win as a result. All companies would tender at National Minimum Wage and negotiate TUPE positions. Wage costs were 80% in flatter sectors so couldn't be absorbed easily in tender submissions.
- Higher base pay helped with retention and productivity and lower training costs. Retail don't even consider it. In that sector wages were normally 70-75% of total costs so a small percentage increase in salaries would rule-out viability. Options were put forward when asked such as - do you want this desk done every day or kept clean and tidy?
- Encouraging low wage staff to change their work patterns and habits was described as difficult to do. It was necessary to train people to recognise they get more than a different polo shirt as the customer expected to see a different output. In a recent example Servest had bid for the contract at a new shopping centre where they pay LLW in London and different elsewhere. The customer had loved Servest's "community" part of bid. However, the company that won the contract paid just below LLW even though client said that was their policy.
- Pence make a huge difference in thousands of hours.
- A lot of people took cleaning jobs to supplement other incomes to pay for holidays, etc., so it was not a career and there would always be churn in the workforce.
- Every time the Council went out to tender it was looking for savings to spend on other things. The procurement team had worked with facilities management service on a specification and bids to Cabinet Procurement Committee each had 2 prices. Members could have taken lowest but went for LLW. The specification put out was different but most people working in the Council Offices haven't noticed change. The Aim was to achieve economies not to achieve LLW but a more efficient service.
- There was an issue with low paid workers on in-work benefits. LLW could impact disproportionately on their claim if hours aren't enough or too much to qualify. Servest was in process of sorting out the remaining few staff affected.

6 London Living Wage: The Trade Union Perspective

- 6.1. The Chair welcomed Matthew Waterfall, Hackney Unison Representative, to the meeting. The following points were raised and addressed in the debate.
- Hackney had not used the bottom of the wage scales for years and well over NMW. Living Wage had not been a major issue in the local branch as the Council directly employed most of workforce. Over last few years it has come into sights a lot. Unison was working with private sector employers (if recognised) and had a sector organiser in the branch paid for through subscription. The Union had written to the Mayor 2012 regarding security staff who worked long hours and were not able to take sick leave. They had discussed LLW at that point. Since then contracts have been re-let with a LLW expectation. It was recognised that the money had to come from somewhere. £10 a week made a big difference to low paid workers.
 - The dire state of public finances is the main obstacle to progress here and Unison was pleased to see that Council had taken a fair and equitable

approach for all staff. It was recognised that money on which to live had to come from somewhere and in many instances NMW might be topped up from in-work benefits. Similarly, for many in that position, LLW came in pay with one hand but taken away from benefits with another. However it was seen to be a good thing overall.

- Unison's view was that every pound of private profit was a pound lost in the Council. The union would rather see the loss come from profits of private companies than public purse, but was not naive.
- The vast majority of Members in the Hackney Unison branch were women - although the Council paid LLW most of these staff were in education and were carers and cleaners. The Council tended not to focus on and champion the work they do – but it was as important as a project manager. If the council could highlight the importance of that work it would help. It was noted that there were 250 workers out there who no-one knew - they were invisible but the work they provide is invaluable to service users (home care workers) – they could be the only human contact residents have. Unison was not suggesting that the council had done anything but it could do more to champion that work.
- Industrial relations were much better than a few years ago. The Union's focus not on council workforce but those who provide services to or on behalf of the council. It was stated that TU membership should be encouraged through tenders along with recognition. Until staff can organise themselves better across all sectors they would always be on the back foot. There were some private employers in Hackney who did engage and they had a more content workforce.
- In Hackney there was generally consolidated pay not bonuses except in one or two areas. Some employers included different bonuses and pay elements where money was lost for sick or not working late at night. Getting information on pay from private employers was difficult sometimes. If the Council could encourage employers to pay consolidated pay that would go a long way to addressing low pay issues in the borough.
- Unison was the main union in Hackney covering approximately 85% of the workforce. The GMB had members in the Homecare sector and supported living. Unite general covered transport and staff in kitchens and schools. Unison was much bigger locally so was the only one with significant numbers across the board.
- The private sector needed to be better organised more generally – it was better for staff and businesses when they were. Where there was a family relationship there was often more pressure and it was very difficult to organise as trade union structures were not set-up to support that. If the council was to promote good working conditions that should come hand in hand with trade union participation.
- Asking for Trades Union recognition in contracts had not been specified until recently. There were protections for employment and Trades Union rights in law and anyone employed could be a Member. Pushing for recognition might raise contractual issues where employer worked across a number of areas and there might be different unions. It was also difficult to push for a specific union.

7 Ward Forums: Evaluation Report

7.1. The following points were noted during the debate:

- Ward Forums has operated more effectively in some areas than others, but this was not considered to be a problem. Putting the work into it had made meetings work or not. It was important not to condemn the whole because of the least successful.
- Merging with local CAPs would be a good step to take, particularly as CAP meetings were not publicised well.
- Topical issues had been the main tool for increasing attendance.
- Influence is key and requirements around the community element of CIL could be interesting.
- There could be more promotion of the Forums via the Council's Twitter feed and their web presence could be enhanced generally. They could have a micro-site to encourage interaction.
- There was a danger of losing knowledge with new Councillors.
- Driver has been salient things to draw people in so the challenge was: how to identify salient themes. It was suggested that options could be discussed on the website or a petition that could do it.
- Without an agenda Ward Forums risked becoming an arena for moaning so a topic was needed to frame it in the right way and not be a wider form of surgery.
- Reference was made to the online service called "streetlife" which was running in certain areas of the country
- There had been some attempt at creating a community council in London Fields but little interest from residents. It was noted that there may be more interest in future however as Government was offering small amounts of funding to create them.
- It was important not to lose sight of the fact that Ward Forums were a lot of people's manifestation of the council so it's not just an adjunct.

8 Governance and Resources Scrutiny Commission - 2012/13 Work Programme

8.1. The Commission's work programme was noted.

9 Any Other Business

9.1. There was no other business.

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Governance and Resources Scrutiny Commission 9 April 2014 London Living Wage – The Local Experience	Item No 5
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Outline

The Commission is conducting a short inquiry into the Council's journey to achieving London Living Wage status, in order to ascertain what lessons can be learnt from the process for application to similar policy aims in future.

This item provides Councillors on the Commission with an opportunity to discuss the topic with local business representatives who operate a Living Wage policy.

Action

The Commission is asked to question the external representative to inform its short inquiry into this topic.

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Governance and Resources Scrutiny Commission 9 th April 2014 Budget and Finance Update	Item No 7
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OUTLINE

Attached is a copy of the most recent Overall Financial Position report setting out information on the Council's finances close to year end. The appendices referred to in the report are not reproduced here as they relate to specific Cabinet Decisions but are available from the Cabinet agenda papers for Monday 24th March 2014.

ACTION

The Commission is requested discuss this latest budget and financial update with the Director of Finance and Resources.

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OVERALL FINANCIAL POSITION STATEMENT

1. CABINET MEMBER'S INTRODUCTION

I present to Cabinet the Overall Financial Position report for the 2013/14 financial year which is based on detailed January monitoring data from directorates. The report is forecasting an underspend of £1,570k at year end, which is an increase of £26k in the underspend reported in December. This will be earmarked to support the funding of future cost pressures and the Capital Programme.

2. CORPORATE DIRECTOR'S INTRODUCTION

2.1. The OFP shows that the Council is forecast to have a £1,570k underspend which is equivalent to 0.1% of the total gross budget. It is my intention to earmark this underspend to support the funding of future cost pressures and the funding of the Capital Programme.

2.2 The Institute for Fiscal Studies has recently published a report on the prospects for public sector employment over the next 5 years which makes very grim reading. The Office for Budget Responsibility (OBR) forecasts that there will be cuts in general government employment of 1.1m over the period 2010/11 to 2018–19. This would take the share of the workforce working in general government to just 14.8%, compared to just under 20% in the middle of 2013. It is clear that OBR expects further significant cuts in total public sector employment over the next 5 years. It should be noted that the NHS and public education workforces have grown steadily over the last 50 years, both in size and as a proportion of the public sector workforce. Together, these two functions made up 23% of the public sector workforce in 1961, 42% in 1991 and around 57% in 2013. Now if schools and the NHS continue to be protected from spending cuts as they were in the 2010 and 2013 Spending Reviews, and there were no reductions to the education and NHS workforces between mid-2013 and 2018–19; the IFS believe that the OBR's forecasts could only be borne out if the rest of general government shrank by 40%. Even if education and NHS were cut by 200,000 from mid-2013 to 2018–19, the cuts to the rest of general government according to the IFS would still need to be about 30%. Local Government is an unprotected Department and it follows that on the basis of the OBR forecasts and IFS analysis, there will be significant further cuts in Councils' total employment over the next 5 years.

2.3 Proposal to enter into a lease for a term of 15 years in respect of the Portico Building, Laura Place E5 0RB shown edged red on the Plan annexed as Appendix 1 (“the Property”)

The property comprises a stone Doric portico constructed as part of a larger building to house an orphanage in 1825. The Portico served as the entrance to a much larger complex of buildings that were demolished in the 1970s, leaving behind the portico and colonnades. In 2006 a new learning centre building was constructed onto the back of the portico entrance to provide a City Learning Centre. The City Learning Centre moved out in 2008 when Clapton Girls school occupied the Portico as a decant site as part of the BSF programme. Clapton Girl’s converted to academy status from 1st September 2011. The Portico was not included as part of the lease granted by the Council at conversion. The Academy want to remain in occupation of the Portico and feel it is integral to the school’s identity. The Council does not have any other planned use of the building and as the Portico has been in educational use in the last 8 years the opportunity for disposal or change of use is limited. In summary, the lease will be for a term of 15 years with a break clause on the provision of 12 month’s notice on either side. The lease will be a full repair and insuring lease and a schedule of condition will be prepared prior to the completion of the lease. The lease will be granted at zero rent to the Academy but the Academy will be responsible for the maintenance of the Portico. An element of backlog maintenance has been identified and the cost of this has been estimated at £105,000 over the first five years of the lease. It is proposed that the lease will include a clause whereby the Council contribute up to a maximum of £50,000 towards this backlog maintenance. A plan of the property is attached at Appendix 1 and a Heads of Terms outlining the proposed transaction is set out at Appendix 2.

2.4 Proposed Disposal of Freehold Interest in 2 Newton Close N4 and the Long Leasehold Interest in 115C Clapton Common E5

2 Newton Close

This property managed by Hackney Homes comprises a large 4 bedroom detached house with gardens front and rear and it immediately adjoins the New River. It is in a very dilapidated state of repair exhibiting signs externally of severe structural movement on all foundations which has caused extensive cracking internally in all rooms. Hackney Homes has estimated that to undertake full repair and refurbishment to Decent Homes standards will cost at least £500k and have advised that this level of expenditure cannot be justified. At present the property is squatted.

The options for this property have been extensively discussed at the Corporate Property Group which has confirmed that given there is no other operational use it should be recommended for disposal. Furthermore as it does not fall within the Woodberry Down Regeneration area there is no requirement for its retention. Agents have been instructed to advise on the anticipated open market value and notwithstanding its poor state of repair it is still likely to achieve in excess of £500k.

115c Clapton Common

This property managed by Hackney Homes comprises a one bedroom top floor flat within a large property at Clapton Common and is held on a 999 year lease from 2003. The remainder of the property is in the ownership of the freeholder.

This flat has been void since 2003 and has since that time had a very chequered history with the previous freeholder having restricted access over the common parts to enable re-letting by the Council and also having allowed the entire property to fall into considerable disrepair which in turn has rendered this flat as being totally uninhabitable. There are no longer any walls nor is there a fitted kitchen or bathroom and extensive works would therefore be required to put this property into a reasonable condition for occupation.

The Corporate Property Group have considered the options including suing the freeholder but as the freehold ownership has now changed hands it has been accepted that may be both difficult and costly to pursue. The new freeholder however has expressed a desire to acquire this flat from the Council as they want to repair and refurbish the entire building for their own use and occupation. The Corporate Property Group now considers this to be the preferable option. This is also likely to produce the highest capital receipt for the Council albeit if satisfactory terms cannot be achieved the property could still be marketed in its present condition.

Agents have advised that given the condition of this property the open market value is in the region of £200k.

The Lead Member for Housing has endorsed the decision to dispose of both of these properties but has requested that as with previous HRA disposals that the capital receipt be ring fenced for the renovation of other problematic Street Properties.

2.5 The latest position in relation to **GENERAL FUND REVENUE EXPENDITURE** is summarised in table 1 below;

TABLE 1: GENERAL FUND FORECAST OUTTURN AS AT JANUARY 2014

Original Budget	Virements	Revised Budgets	Service Unit	Change from Revised Budget	Change from Previous Month
£k	£k	£k		£k	£k
93,920	2,272	96,191	Childrens' Services	0	0
149,160	1,178	150,338	Health & Community Services	-916	25
1,516	0	1,516	Housing	-52	15
12,323	251	12,574	Chief Executive	-12	-6
6,025	285	6,310	LHRR	-432	-19
19,532	922	20,454	Finance and Resources	-158	-41

26,112	-4,803	21,309	General Finance Account	0	0
308,588	105	308,692	GENERAL FUND TOTAL	-1,570	-26

3.0 RECOMMENDATIONS

- 3.1 To note the overall financial position for January 2014, covering General Fund and the HRA, and the earmarking by the Corporate Director of Finance and Resources of the underspend to support funding of future cost pressures and the funding of the Capital Programme.**
- 3.2 Authorise the Council to grant a lease relating to the Property at Clapton Girls Academy, for a term of 15 years at a rent of a peppercorn with terms as set out in 2.3 above and shown edged in red on the plan attached at Appendix 1. The heads of Agreement are attached at Appendix 2.**
- 3.3 Delegate authority to the Corporate Director of Legal HR and Regulatory Services to agree to the terms of the proposed lease re the Property at Clapton Girls Academy and settle the legal documentation to implement the proposed grant of lease to include ancillary legal documents relating thereto.**
- 3.4 To authorise the disposal of the freehold interest in 2 Newton Close (shown edged red on plan attached at Appendix 3 and leasehold interest in 115c Clapton Common (shown edged red on plan attached at Appendix 4) as set out in 2.4 above.**
- 3.5 To authorise the Corporate Director of Legal, HR and Regulatory Services to prepare, agree, settle and sign the necessary legal documentation to effect these proposed disposals and any other legal documentation required to complete the transactions envisaged.**
- 3.6 To authorise the Corporate Director of Finance & Resources to agree the commercial terms relating to the disposal of 2 Newton Close and 115c Clapton Common as proposed and envisaged within this report (provided always that he is satisfied that the Council will achieve the best value considerations set out in Section 123 of the Local Government Act 1972).**

4. REASONS FOR DECISION

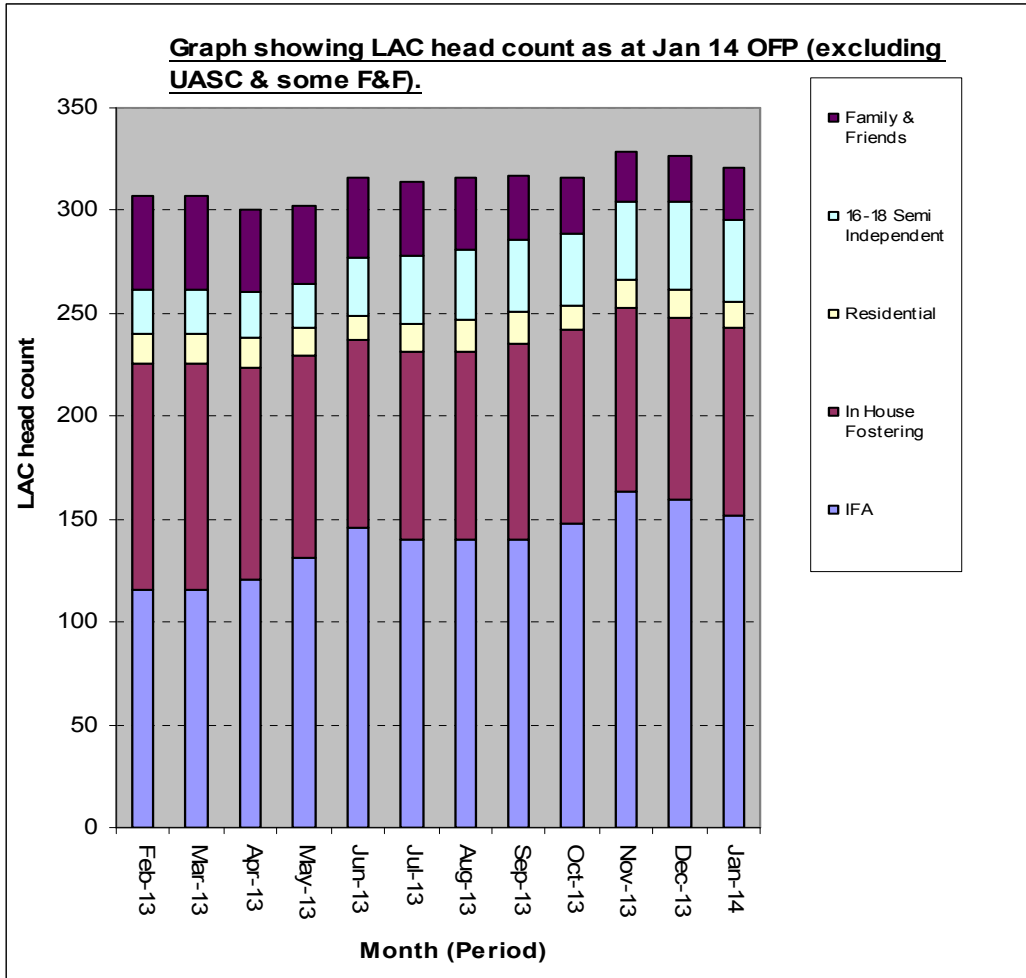
- 4.1 To facilitate financial management and control of the Council's finances. Commentaries on each directorate's financial position are given below.**

4.2 CYPS

CYPS is currently forecasting a £0k variance after planned use of reserves of £1,887k.

As at January 2014, we are forecasting an overspend of £1,197k in Corporate Parenting (before use of reserves). This is due to the increased number of children and young people that have come into care since 2011/12 along with the shortage of in-house foster carers. The chart below shows that LAC numbers over the first 4 months of the calendar year remained relatively stable. There was an increase in LAC numbers in June that remained consistent until November when the numbers coming into care increased by a further 15. However, since December there has been a reduction in the head count of 8.

In addition, there has been an increase in the number of young people placed in semi-independent accommodation in both 16-18 and 18+ age categories. This is due to the LAC population aging and those between 16-18 becoming homeless and receiving services as per the Southwark Judgement.



Note: Unaccompanied Asylum seekers and family and friends placements excluded where they do not result in a net cost to the Council

The chart above also shows a change in the profile of placements over time. While residential placements (the most costly) remain low, there has been an increase in placements in the private and voluntary (P&V) fostering sector and a decrease in those in in-house foster care. This is a consequence of the shortage of in-house foster carers and also the fact that some more complex cases might require a foster carer with specific experience and/ or capacity which we will not always have available amongst our in-house foster carers. The marginal cost of an in-house foster care placement is significantly less than that of a P&V foster care placement. It should be noted however, that a recent benchmarking exercise has shown that Hackney's overall expenditure on LAC placements is low compared to our statistical neighbours.

A pilot has been agreed via single tender action for an external organisation to recruit in house foster carers for Hackney. The organisation has had significant success in another London borough and will manage the process from advertising for interested people through to the point that the people are successfully accepted as foster carers. The objective is to increase the proportion of LAC placed in in-house arrangements and therefore significantly reduce the average unit cost of a placement. Results of

these actions will be closely monitored and expenditure reductions factored into the forecast as they are achieved, however, this initiative is in the early stages of implementation and therefore, the full impact is unknown at the present time. It is also worth noting that Hackney has improved its performance in achieving permanency for children with an increase in numbers of children being adopted and an increase in the percentage of children leaving care on Special Guardianship Orders (top 25% nationally, despite the increase in numbers). Both of these outcomes are usually less costly than P&V fostering arrangements.

We have seen a net reduction in numbers coming into care since December particularly those placed in P&V placements. Realistically, we do not anticipate a material shift in the numbers and profile of LAC in the short term and it is therefore likely that a significant pressure will continue into 2014/15. Finance has prepared a forecast for 2014/15 which takes into account the anticipated impact of agreed actions to reduce spend.

Children in Need are forecast to overspend by £770k. However, a large proportion of this relates to the forecast spend on legal fees and court costs (£359k). Due to the volatility of such costs and the fact that they can arise in varying services across the Directorate, the budget is held on the Directorate Management Team (DMT) cost centre and DMT are reporting a corresponding underspend. The true overspend in Children in Need is therefore £411k. This is due to an overspend on payments to Section 17 clients (£396k). This includes contributing to one expensive education placement of £102k. These cases are being reviewed by the Head of Service. The S17 overstayers cases will be transferred to the Overstaying Family Intervention Team (OFIT) in the new financial year. OFIT will review all cases to confirm that we continue to support families with legal entitlement. The subsistence for these families is also being reviewed to ensure that most cost effective housing options are utilised. The budget holder is aware of these costs and with the finance lead is working on ways of managing this financial pressure.

The overspends in Corporate Parenting and Children in Need are offset by significant underspends in Family Support Services and the Directorate Management Team. Family Support Services are forecast to underspend by £667k due to posts held vacant pending a restructure of the service. DMT are forecasting to underspend by £585k. This is primarily due to legal budgets held on this cost centre whilst costs are incurred elsewhere across the Directorate as explained in relation to the Children in Need overspend above.

The Hackney Learning Trust (HLT) position is consolidated into the CYPS directorate forecast. Outturn is forecast on budget.

4.3 Health and Community Services

The forecast for the Health and Community Services directorate is a £916k underspend, which is an adverse movement of £25k on the December position. The

forecast includes the bringing forward of £3,100k of savings for the directorate, as the Council looks to build headroom ahead of anticipated further central government funding reductions. The saving is being held as a contribution to reserves separately within the HCS directorate budgets ahead of year-end. £1,600k of the brought forward Directorate savings have so far been secured.

Adult Social Care

The Adult Social Care forecast is an £863k overspend, which is an adverse movement of £38k on December.

The Provided Services forecast has moved adversely by £146k, to a £118k underspend, and this is being driven by a £137k activity related increase in agency staff within our Housing with Care function. Care Support Commissioning has improved by £266k, with the main change being a £323k improvement in Learning Disabilities commissioning. The major contributing factors to this are a £188k improvement in the forecast for day care and £47k improvement in client transport, both of which reflect work that has happened this year in reviewing client needs in this area. There has also been a £74k improvement in residential care reflecting the January snapshot of commissioned services, and a £36k increase in income received from charging service users for residential care.

The other major change in Care Support Commissioning has been an adverse movement of £42k in voluntary sector contracts, reflecting an additional two newly commissioned contracts.

Mental Health has improved by £29k, to £41k and this primarily reflects updates to the staffing forecasts.

The Preventative Services forecast has moved adversely by £182k, to £269k overspend. The forecast for the reablement function has increased by £175k, which has been caused by a £104k increase in the charges for health staff (nurses) employed to run the service, which relates to activity, and a £70k increase in the agency forecast which is a correction on the previous month's forecast following a robust review of spend in this area.

Health and Wellbeing

The Health and Wellbeing forecast for January is a £155k underspend, which is an adverse movement of £10k on December.

Public Realm

The Public Realm position for December is a £125k underspend, which is an improvement of £78k on the December forecast. There has been a £36k improvement in Environmental Enforcement, reflecting improvements in staffing where recruitment

to vacant posts has either not happened or has been delayed, and a £41k improvement in Streetscene, which is due to additional income from charges to Utilities companies and developers

Directorate Management

The Directorate Management position has moved adversely by £55k, to a £1,500k underspend, which primarily reflects the balance of the brought forward savings not made in Adult Social Care.

4.4 Finance & Resources Directorate

The forecast position is £158k under budget. As noted in previous OFP's, this is despite cost pressures in revenues and benefits, and within temporary accommodation. There is a significant increase in account management and recovery workload arising from the new council tax reduction scheme and significant cost pressures arising from the persistent increase in homeless applications and acceptances. Within our forecasts, there are also pressures resulting from delays in making council owned properties available for temporary accommodation, which are masked by the early delivery of future years' savings.

4.5 Chief Executive

The overall position is forecast underspend of £12k with an underspend on PP&D offsetting overspends in the Chief Executive's Office and Safer Communities. The reasons for the overspends and underspends in these areas has been discussed in previous OFP's.

4.6 Legal, HR and Regulatory Services

As at January 2014, LHRR is forecasting an under spend of £432k after use of reserves. The most significant forecast variances are: an underspend of £103k in Governance Services due to unfilled posts in anticipation of a planned restructure; and an underspend in Legal Services of £95k due to additional income forecast of £151k offset by additional spend on external barristers and solicitors of £58k. Additionally, within Planning and Regulatory Services (PRS), there is additional income (£351k) arising from planning applications for major developments in the borough, new licensing fees and higher than budgeted land charges fees due to improvements in the housing market. This is offset by significant printing and postage costs (£69k), caused by the high number of planning applications. Other budget pressures have been accommodated within the PRS underspend. These include cover for long term sickness (£62k), redundancy costs (£50k) and a shortfall in Proceeds of Crime income (£44k).

Human Resources and Organisational Development are forecast to meet their budget after draw down from reserves.

4.7 General Fund Housing Services

There is a forecast underspend of £52k which is primarily due to additional income from Dwellings Rent (£107), which is partially offset by the costs of an extra post in Regeneration and a contribution to reserves to fund a Housing Needs Survey required in 2014/15.

4.8 HRA

The HRA is forecast to come in on budget. There are various overspends and underspends across the service, including underspends on repairs and maintenance, special services (lower than anticipated utility bills) and the cost of capital; overspends on supervision and management, tenant charges and rents and rates; and reduced income from leaseholder charges. There is also an increase in the RCCO due to forecast underspends on utilities, transferred to capital as part of the HRA Business Plan

5.0 DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

As this report is primarily an update on the Council's financial position, there are no alternative options.

6.0 BACKGROUND

6.1 Policy Context

This report describes the Council's financial position as at the end of December 2013. Full Council agreed the 2013/14 budget on 25th February 2013.

6.2 Equality Impact Assessment

Equality impact assessments are carried out at budget setting time and included in the relevant reports to Cabinet. Such details are not repeated in this report.

6.3 Sustainability

As above

6.4 Consultations

Relevant consultations have been carried out in respect of the forecasts contained within this report involving, the Mayor, the Member for Finance, HMT, Heads of Finance and Assistant Directors of Finance.

6.5 Risk Assessment

The risks associated with the schemes Council's financial position are detailed in this report.

7. COMMENTS OF THE CORPORATE DIRECTOR OF FINANCE AND RESOURCES

- 7.1 The Corporate Director of Finance and Resources' financial considerations are included throughout the report.

8. COMMENTS OF THE CORPORATE DIRECTOR OF LEGAL, HR AND REGULATORY SERVICES

- 8.1 The Corporate Director of Legal, HR and Regulatory Services has seen the report and has no legal comments to make on the regular budget monitoring part of the report.
- 8.2 In relation to the proposed lease of the Portico Building, Laura Place E5 ORB set out in paragraph 2.3 above, Sections 123(2) and (7) of the Local Government Act 1972 provides that subject to certain exemptions a Local Authority shall not dispose of land for a consideration less than the best that can reasonably be obtained. The Interim Assistant Director for Strategic Property Services at paragraph 9.1 of this report confirms that the proposed disposal by way of grant of a 15 year lease at a peppercorn will meet with the exemption requirements relating to best consideration in terms of section 123 of the Local Government Act 1972

8.3 The proposed disposal of 2 Newton Close and 115c Clapton Common referred to in paragraph 2.4 of this report must be for the best consideration that can reasonably be obtained in order to comply with Section 123 of the Local Government Act 1972. The report sets out how the Council will ensure that the best consideration that would reasonably be obtained will be achieved. The Interim Assistant Director of Strategic Property Services has confirmed in 9.2 below that he will ensure that these disposals will meet with the best consideration requirement of Section 123 of the Local Government Act 1972. Furthermore the Council has power under Section 1 of the Localism Act 2011 to enter into the legal documentation (the general power of competence).

9. COMMENTS OF THE INTERIM ASSISTANT DIRECTOR FOR STRATEGIC PROPERTY SERVICES

9.1 Portico Building

9.1.1 The proposed lease in respect of the Portico Building to Clapton Girls Academy is a commercial lease of more than 7 years and therefore constitutes a disposal. Where the Council disposes of an interest in property it is generally obliged, under s.123 of the Local Government Act 1972, to demonstrate that it has achieved best consideration. The building was valued at nil consideration in 2012 reflecting the cost of the works to be undertaken and restrictive education use. It was assumed a 5 year lease at a peppercorn rent would be agreed with the Academy as there were few other Education bodies who would take on such a lease liability. Terms have now been renegotiated and a lease of 15 years agreed at a peppercorn rent.

9.1.2 To satisfy the requirements of s. 123 of the Local Government Act 1972, the letting of Portico Building Clapton Girls Academy under a 15 year lease would need to be at a market rent of £45,000 per annum, taking into account the education use, the buildings listed status and outstanding backlog repairs.

9.1.3 The Local Government Act 1972: General Disposal Consent (England) 2003 enables local authorities to dispose of an interest in land at less than best consideration where the authority considers that this will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area. This is subject to the condition that the undervalue does not exceed £2 million. The Council has accepted a peppercorn rent to reflect the fact the Academy provides an excellent education to the young people and community of Hackney and wishes to support the Academy in its success in the Borough. The school was awarded Outstanding by OFSTED in 2008 and 2013 and OFSTED states: "An outstanding school is highly effective in delivering outcomes that provide exceptionally well for all its pupils' needs. This ensures that pupils are very well equipped for the next stage of their education, training or employment." The adjoining site was transferred to the Academy in 2011, however the Portico Building was not included in the site transferred at that time.

9.1.4 Planning and English Heritage rules require all Freeholders/Leaseholders to maintain Historic Maintenance Reports for listed buildings and places obligations in the upkeep and maintenance of listed buildings. Entering into a new 15 years lease with the Academy will minimise the future repairing obligations to the Council and ensure the backlog repairs are undertaken and the premises kept in repair over the next 15 years by the Academy. The lease to Clapton Girls Academy will help to secure the promotion of the social well-being of the area and minimise future repairing liabilities to the Council for this listed property. The total undervalue, based on a 15 year lease will be £675,000 which is within the £2 million under value limit. The Council is therefore able to enter into this lease, albeit that this is not at best consideration.

9.2 2 Newton Close and 115c Clapton Common

The Interim Assistant Director of Strategic Property Services confirms that he will ensure the disposal of both 2 Newton Close and 115c Clapton Common will meet with the best consideration that can reasonably be obtained and to comply with the requirements of Section 123 of the Local Government Act 1972.

Cllr. Samantha Lloyd
Cabinet Member for Finance and Resources

Ian Williams
Corporate Director of Finance and Resources

Appendices (not included here but available on Cabinet Agenda 24/3/2014)

Appendix 1 Portico Plan
Appendix 2 Portico Heads Agreement
Appendix 3 Newham Close
Appendix 4 Clapton Common

BACKGROUND PAPERS

None

Report Author	Russell Harvey ☎020-8356-2739
Comments of the Corporate Director of Finance and Resources	Ian Williams ☎020-8356-3003
Comments of the Interim Assistant Director for Strategic Property Services	Chris Pritchard ☎020-8356-3700
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Governance and Resources Scrutiny Commission 9 th April 2014 Draft Report of Commission's review on ICT	Item No 7
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OUTLINE

Attached is the draft report of the Commission's own review on ICT.

ACTION

The Commission is requested suggest any amendments to the report and agree it for submission to the Deputy Mayor.

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DRAFT REPORT OF THE GOVERNANCE AND RESOURCES SCRUTINY COMMISSION**ICT**Governance and Resources Scrutiny Commission
9 April 2014**Classification****Public****Enclosures****None****1. FINDINGS AND RECOMMENDATIONS****Cost savings**

- 1.1. On [18th January 2011](#)¹ Cabinet Procurement Committee agreed a recommendation to adopt both insourcing and outsourcing arrangements for ICT support service provision. When this recommendation was agreed the accompanying report explained that “the proposed option cost is projected to save the Council £479k per annum on current contract costs.” This was against a Grand Total annual spend on the contracted support services of £4.1m.
- 1.2. A report submitted to the Commission on [12th November 2013](#)² outlined general fund savings made across the Council from 2011/12 to 2013/14. Regarding the ICT Support Service there are separate entries for the first two years relating to the contract savings specifically.

2011/12

Savings from Sungard procurement bought in house	£20k
Savings from reduction in Sungard out of hours services	£150k

2012/13

Savings from in-sourcing contract and reduction of staff in the support team	£350k
Savings from in-sourcing contract and reduction of staff in the support team	£150k

- 1.3. The total of these 4 items is £670k, which is £191k above the projected savings of £479k. The same report from 12th November 2013 indicated that

¹ <http://mginternet.hackney.gov.uk/ieListDocuments.aspx?CId=113&MID=1110#A18383>

² http://mginternet.hackney.gov.uk/documents/s33594/ITEM7_generalFundSavings_grsc.pdf

further savings of £800k were identified for 2013/14 arising from implementation of the new ICT Support Service delivery model. This would bring the total savings from the previous contract of £4.1m to £1.47m. This would be an achievement far greater than the original estimate of £479k, but perhaps also in line with the scale of the overall financial challenge facing the authority as identified through many recent meetings of the Commission.

Performance

1.4. Corporate ICT subscribe to the London benchmarking service run by the Society for Information Technology and Communications Managers (SOCITM) which uses data from a detailed questionnaire completed by all participants and covering organisation; staffing; finance and ICT service delivery. The Commission received benchmarking data from 2011, the last time this was reported to the Council by SOCITM.

1.5. The following table summarises our financial performance against a range of the cost efficiency KPIs from the 2011 benchmark.

KPI	Description	Highest	Lowest	Median	Hackney
KPI 4	Acquisition cost per PC (i)	£859	£394	£562	£563
	Acquisition cost per laptop (i)	£1016	£472	£611	£760
KPI 18	TCO per PC per annum (ii)	£664	£314	£413	£500
	TCO per laptop per annum (ii)	£613	£324	£432	£539
KPI 17	Cost per converged network connection (iii)	£306	£165	£195	£174
	Total cost of network per user (iv)	£596	£164	£292	£257
	% revenue budget spent on ICT	3.41%	1.02%	2.16%	2.16%
KPI 15	Weighted index of availability (v)	96	54	81	88

Notes:

- i. Equipment cost plus procurement, plus installation
- ii. Total Cost of Ownership: 20% of initial acquisition cost + support cost + cost of connection to the network
- iii. Voice-over-IP sites, such as the main Hackney Campus, including capital investment. (8 reporting participants).
- iv. Costs for voice, data and converged networks
- v. Calculated from data for availability of whole network/part network/email, internet, finance, personnel/payroll and website

1.6. According to the performance data, since the service had been taken back in house, telephone response times for ICT Support been considerably lower

than hoped, at around 65% of calls answered within 30 seconds against a target of 95%. This was attributed to three factors: firstly, Capita (the previous, external supplier of ICT Support) operated an “overflow” system where if all local agents were busy, the call would be passed through to its shared service desk facility to be answered; secondly, the in-sourced service put greater emphasis on a first-time fix; and thirdly, the number of calls coming through to the Service Desk increased by almost 20% with the integration of the Telephone Services and Hackney Homes Service Desks. The average number of incidents and service requests increased from around 5300 per month in 2011/12 to over 6500 per month over the following year.

- 1.7. The Commission was informed that the key to improving performance without increasing resources (and therefore costs) was to reduce the number of calls coming through to the Service Desk in the first instance. The Socitm London benchmark for 2011/12 showed Hackney to have the highest number of calls logged per user/per year at 13.5 and, as noted above, this figure has been rising. What was most concerning to the Service was that the median figure for London was 5.8 per person, and the next highest to Hackney was 8.6.
- 1.8. As part of the in-sourcing restructure process the Service assessed the technical competency of ICT Support staff and the Commission was pleased to learn that plans were in place to raise the standard, and aim to recruit staff who were above Hackney’s minimum competency levels.
- 1.9. More recently, an [ICT Staff Satisfaction Survey](#)³ was carried out in Autumn 2013 and the responses presented a number of challenges to the ICT support service in terms of performance. Comments about this service from staff focused on the length of time to get through to the Service Desk and the increased times taken for problems to be resolved:
“It is often very difficult to get through to ICT staff. And they are often unable to resolve the query at the first point of contact. Sometimes the calls logged are closed even though the issue has not been resolved, this results in having to raise the same issue again. It might help to increase the ICT team’s call resolution number but it is not the true picture as 3-4 calls might be linked with the same issue. It is not efficient use of time and resources.”
- 1.10. In a report to the Commission the ICT Service acknowledged that it had concentrated on projects to improve residents’ experience over that of staff since the Hackney Service Centre opened in 2009/10. In addition, it was reported that centralising local ICT Units (including Hackney Homes) had resulted in changes to working practices that may have left staff in directorates feeling that working relationships with ICT had deteriorated and that ICT staff no longer held the depth of “business” knowledge they had previously.
- 1.11. The Staff Satisfaction Survey results also indicated dissatisfaction with how major corporate projects were designed and implemented for general ICT

³ <http://mginternet.hackney.gov.uk/mgAi.aspx?ID=18078>

uses. One example of this was in response to the Council Document Management (CDM) system:

“The systems we use are generally ok but they appear to have zero usability experience testing. Take CDM for example; everyone likes to moan about it but I think it's an excellent idea and know several colleagues who have left and miss the idea of it in their new organisations. It's just such a complete dog to use - and I don't mean reliability, which again is generally ok. Software developers and buyers seem to think that design is about "look and feel" but it's not, it's about how a piece of software works in the interest of its users. CDM, and most of our other service-based software lacks any design whatsoever and there appears to be no thought given to how people would want to use it. We fit around an off-the-shelf product rather than it being designed for human use, based on an analysis of what people tend to do. Why not make this sort of software a joy for people to use - why not have them bragging about it to colleagues in other authorities - think how much hassle, moaning and time-wasting it would save. Invest in UX [user experience] Design please!”

- 1.12. Furthermore there were examples of staff frustration with the overall performance of various networks and systems that are used. This was found to be a cause of particular concern to staff at a time when the need to make unprecedented financial savings had reduced the number of establishment posts and accelerated the need for effective IT solutions that can release capacity:

“The IT system is very slow, productivity is reduced significantly. It causes additional stress and frustration to a workforce that are being asked to do more and more. We could possibly do more if we could do it quicker! We also need to be proactive with IT and utilise the benefits it can bring to the organisation, ie Social Workers going out with tablets/ipads that connect to the network, Minutes being typed directly onto laptops in meetings, webinars instead of meetings. There are lots of benefits that should be explored.”

- 1.13. In response to the Commission's findings about staff perceptions of performance, it can be shown that “uptime” of key systems within the Council is relatively high. Against a performance indicator of 99.5% availability, benchmarked applications performed as follows in 2012/13:

- Human Resources / Payroll: 100%
- Website: 99.99%
- Revenues and Benefits: 92.03%
- Housing: 99.78%
- Social Care (children's and adults): 99.88%
- Customer Relationship Management: 99.87%
- Planning: 99.98%

- 1.14. The Commission did, however, question the value of these measures as it is not clear that “uptime” represents a full picture of performance. For example,

a system may be “up” 99.99% of the time but this says nothing about how fast or slow it is, or what problems it might contain. The Commission was pleased to learn that the ICT Support Service was taking steps to improve performance overall, including setting high standards for staff competence and helping staff to manage IT Support needs locally where possible.

ICT Strategy and Communications

- 1.15. The most recent Corporate ICT Strategy came to an end in 2011 and it has not been replaced since. The intended future approach following the end of this strategy was that future developments would be picked-up in Directorate and Divisional business strategies, for example there is an ICT Strategy for the Children and Young People’s Directorate. However, the Commission learned that most individual Council services have not been in a strong enough position to do this to date, so there may be a need for a further Corporate ICT Strategy focused on business foresight and planning.
- 1.16. The ICT Service now has three Business Relationship Managers in post whose role is to be the main link for business areas, both to work with managers and staff to prioritise and develop their ICT strategies, and to act as an escalation point when things go wrong.
- 1.17. At a corporate level, the ICT Service has a clear view of steps that need to be taken in the medium-term. This includes upgrading the core operating system and desktop software suite for most staff; most of whom are currently using Windows XP and Office 2002 products. The Commission noted that this software is now at least 12 years old and many staff joining the Council have had to de-skill in order to use it.
- 1.18. The medium-term changes and upgrades planned to the Corporate ICT suite include:
 - Relaunch the Virtual Desktop Interface (VDI)
 - Upgrade Windows on Council desktops
 - Upgrade the Council Document Management (CDM) system
 - Upgrade Microsoft Office
- 1.19. The Commission learned that these changes have in part been dependent on upgrading the CDM system. CDM is integral to most line-of-business applications so certainty was required about it’s ability to handle upgrades to the Windows platform, Office suite, and related products before any change could be made. This raises some questions for the Commission, including the extent to which future-proofing of the CDM System was built-into the original contract.
- 1.20. The Commission also understands that the set of upgrades listed at 2.18 above is being delivered in order to upgrade Windows and Office by the end

of 2014, and that a further decision point regarding the next steps for a document management system will be taken by the end of 2015. Whilst the Commission recognises the pressing need to upgrade Windows and Office, and applauds the Service for doing this, it is worth noting that should the decision at the end of 2015 be to adopt an altogether different approach, the 2014/15 upgrade could have been an expensive and short-term upheaval. In light of this concern the Commission questions why the Service isn't simply working towards the best option immediately, in 2014.

- 1.21. The Commission recognises that a Corporate Board has been established to lead and inform the future development of the proposed upgrade programme. This Board is being Chaired by the Assistant Director for Revenue and Benefits.

Hillingdon and Google

- 1.22. The Commission visited Hillingdon in February 2014 to learn about their experiencing of moving to a cloud-based platform, provided by Google, as their main ICT desktop approach. It is important to be clear that Hillingdon initiated this project in 2011 at a time when it's entire ICT infrastructure needed refreshing and some key contracts were coming to an end; Hackney is not at that point for its key contracts nor infrastructure at present. For example, Hackney's current Microsoft Enterprise agreement runs until 2016; the Council has also developed a comprehensive document management system, which is integrated with its key line of business applications, unlike Hillingdon which retains separate server arrangements for the majority of its line of business systems, which are being steadily migrated to the cloud in phases.
- 1.23. With these important caveats in mind, the Commission was impressed with the progress that Hillingdon had made and some of the assumptions it had dispelled about the skills and appetite of staff to adopt new technology that is designed for their everyday use. The organisational benefits were very impressive and clear to see.
- 1.24. Hillingdon was in the second phase of this change programme (it was specifically a 'change' programme and not an 'ICT' programme). The first phase had involved migrating staff onto Google accounts and adopting its suite of core software such as Gmail, Google Calendars and Google Drive. The latter is effectively Google's Office suite and offers innovations such as real-time collaboration on documents by up to 15 staff.
- 1.25. A key benefit of the above was the effect that even just this desktop move had on staff. To implement this change the Council had needed to deliver virtually no training; staff loved the system and many were already familiar with it from outside of work. This was contrary to any assumption that local authority staff would lack the skills or motivation to adopt new technologies.
- 1.26. The speed of use and recall of information was particularly notable, for example staff didn't have to think about where to store documents in a

complicated taxonomical file structure but could just search for anything they saved using Google's powerful search function (there was an option to create folders and use tags if users wished). Staff were also finding and creating new ways to collaborate online, and increasing their organisational efficiency as a result.

- 1.27. There were other related benefits too including saving £3m on licenses and system administration, automatic software upgrades, and interoperability regardless of hardware (as it only required access through the Chrome browser).
- 1.28. The Commission recognised, however, that such a cloud-based approach was not without risks. There were questions about security and access to the Public Service Network, however Hillingdon and the Government were at relative ease on the security issue. The Borough had hosted representatives from Government and GCHQ who had observe and questioned what they were planning and had no objections. Hillingdon administers approximately £170m of benefits every year and its access to DWP data was routed a different way to much of the other information on their network. It was explained that security concerns were largely removed from the network and instead were focused on devices and the end user. End user security awareness was being addressed by guidance and some software solutions that prevented restricted information from being shared.
- 1.29. A key difference from Hackney was that Hillingdon did not have a fully developed Document Management System which stored data for the key line of business applications. In Hackney, documents and information from different areas of business are stored in one big pot known as CDM. Hackney launched this system in 2007 and creates approximately 7,000 documents per day in it. Hillingdon had created about 100,000 documents in the cloud to date, which represented about 2 weeks work for Hackney. However, it is probably fair to assume that the quantity of documents created and saved isn't really an issue for a company the size of Google, however a higher number may affect the current storage costs.
- 1.30. Phase 2 of Hillingdon's programme was to gradually migrate its data storage into the cloud whilst at the same time introducing more Google applications like maps. Hillingdon provided some examples where local system providers claimed they weren't able to integrate with a cloud or Google's system. When re-tendering this local system none of the main suppliers made a bid because they claimed it wasn't possible. As a result, Hillingdon called all the leading market players in to the Council, sat them down with their system and someone from Google who showed them in 15 minutes how easy it was, and now it's done.
- 1.31. Hackney is clearly in a very different place from where Hillingdon was in 2011. Hackney has a full Document Management System that is integrated with most of its line of business applications. Any proposal to unpick this integration would be likely to incur excessive up-front costs and major service disruption as it would mean moving line of business applications off of CDM and onto a cloud-based platform in phases. There would no doubt be many

other complications in making such a change if there were interest in Hackney but the cost and complexity of running dual systems during any change period would likely be considerable. However, the levels of motivation and satisfaction in Hillingdon were such that the Commission is minded to suggest that a move in this direction merits exploration at the appropriate stage.

Recommendation 1

The absence of a Corporate ICT Strategy for the Council has led to ground being lost in taking advantage of new technologies. It is also clear from the ICT customer survey that staff satisfaction is low. Setting a clear direction for the future that puts the interests, effectiveness, skills and satisfaction of staff first would be a bold and positive step to take and one that this Commission would fully support.

The Council does, however, a medium-term plan for upgrading key corporate ICT platforms and software. It is important to share the core components of the associated activity plan, and involve as many staff as possible in its design and implementation.

- The Commission recommends that clear, consistent and ongoing messages are provided to staff about the upgrade proposals.
- Governance arrangements for the Corporate Board include scope for specific project teams and staff workshops. It is vital that these are used extensively to inform the “user experience design” of future products. If software and systems are not designed in a way that makes people want to use them, that is a major reason why they don’t work or don’t appear to work well.
- That at an appropriate future point the Council should explore fully the possibility of moving to a more modern desktop and storage platform, learning fully the lessons from Hillingdon’s recent experience.

Innovation, horizon scanning and new digital technology

Internal examples

Virtual Parking Permits

- 1.32. During the course of this review the Commission heard twice from Cabinet Members and Officers working to improve the way that parking permits are sold to residents and monitored by the Council. This project was indicative of many of the things Hackney has aimed to improve through better use of ICT. The aim of the parking permits improvement programme has been to make the system easy to use for customers. New web pages have been launched to simplify the process of obtaining a permit online, including a reduction in the requirement for documentation.
- 1.33. The Council also intends to introduce virtual permits across the borough during 2015, and public confidence in use of the online system is growing.

This was due in large part to the system being more stable, as demonstrated by statistics shared with the Commission: 85% of permits and vouchers were delivered to customers within 3 days and all were delivered in under 5 days, from a previous average of 10 days. Whilst there have been significant problems with this process in the past, the Commission was pleased to note that progress was being made, and was being led by the service area itself.

Civica APPs – Connecting Commercial Waste and Waste Enforcement

- 1.34. A further example of local service innovation using ICT and new technology was seen in the Waste Operations service. In 2013 this project one a UK IT Industry Award for demonstrating the most effective use of collaborative technology, which was achieved by creating a unified Waste Management and Environmental Enforcement system across multiple council service areas. To achieve this required developing an understanding of how hundreds of separate information systems and processes could be brought together into a single, manageable management information system. Its objectives were to simplify and rationalise a host of separately maintained and supported files and systems that had a significant risk and operational efficiency overhead.
- 1.35. Officers spent time with suppliers early in the procurement process understanding how they could create a specification for their ambitions. This dialogue created a point of understanding regarding what was possible to achieve and what was an unrealistic expectation. In total there were three lead officers from the service side and one advisor from ICT's E-business team. The Commission was informed that no additional resources were available for development nor delivery of this project system, neither from the service area nor ICT. One important lesson learnt in this regard was that the more time could be spent on identifying requirements upfront, the better.
- 1.36. By testing the current boundaries of both operational processes and software system functionality the supplier (Civica) and Hackney staff were able to deliver against what was a hugely complex set of requirements spanning multiple services and were able to bring key staff into the expectation setting. These super users would go on to become an integral part of the systems on-going success within the Council. By not being constrained by 'how we always do it' thinking, the two organisations were able to deliver against an ambitious project that, at the start of the process, would have been considered impossible using a single database across such a broad remit as Waste Management, Environmental Enforcement and Licensing services.
- 1.37. The Commission learned that as a result of delivering this project, the Council was able to eliminate its admin backlog and was able to deliver a streamlined service during the London 2012 Olympics. A key saving was the integration of the recycling services into the project meaning that the system was able to support workflow and reporting. There was no prospect of the opportunity cost not being realised from investing in the system but it was not possible to put a pound sign on its potential at the outset.

- 1.38. In that sense it was a bold decision for the Council’s Cabinet Procurement Committee to take. Cllr Demirci, lead Cabinet Member for the service area, noted that although it was hard to attribute savings directly to the product it had undoubtedly led to a better service with fewer complaints and better relationships with businesses. For example, the time it took to process a Commercial Waste contract had reduced from 10 days to 2 days.
- 1.39. Implementing the new system also improved the speed and accuracy of reporting for officers, with no need to use spreadsheets and over 600 hours of officers time freed up per annum. The sharing of information on the system with other enforcement areas including Environmental Health and Trading Standards has brought better business intelligence to the service too. This project demonstrated how collaborative working, with good structures, well set expectations and staff buy-in at every stakeholder level could deliver against an ambitious and challenging objective.
- 1.40. There is also a lot of future scope for further, innovative use of the system in future.
- The next step is for mobile apps to be rolled-out so that crews can enter data onto the system automatically. There is not a big training need here as staff are already very familiar with tablets and smart phones
 - The data produced by the system could, in future, be used to model predictive work and inform strategic decisions
 - There is the potential to display data by ward and no reason why there couldn’t be a public API.
 - By removing ‘dual keying’ onto the system, back office staff can switch from data entry roles to data analysis.

External examples

FutureGov and Surrey County Council

- 1.41. [FutureGov](#)⁴ is an organisation that “works with local authorities to make better public services through the use of elegantly designed technology”. It had started with teaching Councillors how to make best use of social media and since then it had moved on to bigger projects such as client information management in Social Care and rethinking how Councils used ICT to build social capital and design services with citizens.
- 1.42. The Council met with FutureGov’s Founder and Director, Dominic Campbell, who explained that the company is structured in two parts – ‘research and development’ and ‘projects’. An example project was [Patchwork](#) which was being introduced in Staffordshire and Australia. This piece of simple software asked what the relationships were between different professionals who worked with an individual. It used social networking approaches rather than, for example, a huge ICT “spine” that knew everything. Instead it leveraged

⁴ Web site: <http://wearefuturegov.com>

the power of social networks in connecting practitioner-to-practitioner. 48 organisations were connected to Patchwork across Staffordshire.

- 1.43. Another example was Casserole Club which helped people to cook for each other based on a desire to reinvent traditional “meals on wheels”. This service looked to connect people through matchmaking in a neighbourhood. It was being used already in Surrey, Tower Hamlets, and Barnet. Finding diners was difficult as they were not always online but connections could always be made through local community networks.
- 1.44. FutureGov is also involved in embedding innovation internally within local authorities. An example of this is the Shift Surrey project (see below) whereby the County Council had created 4 Google-style rooms in its Town Hall to develop new approaches to service design with a bias towards digital solutions.

Shift Surrey

- 1.45. A [report](#)⁵ agreed by Surrey County Council’s Cabinet in November 2012 led to the establishment of an innovation unit within County Hall known as Shift Surrey. This was as a visually and conceptually new approach to service design and change; an important part of which included taking advantage of the opportunities afforded by digital technology and making this an inherent part of the service design process.
- 1.46. Surrey’s Leader and Chief Executive had looked at the County’s previous approaches to Change Management and found that whilst the authority was good at change, a fundamental redesign would be needed for many services that should be focused around users and making the most of digital technology. A short review of the previous 3 years of change projects revealed 2-3 stand-out examples that incorporated fundamental co-design with service users, enabled by technology. The future strategic approach was set-out to use innovation as a key tool for coping with reduced levels of funding.
- 1.47. The County had worked with FutureGov in the past but these collaborations had not led to any firm changes within the organisation. The November 2012 report to Cabinet set out to change this, looking for large-scale culture change, leadership, and openness to risk. “Shift” emerged as means to deliver this with a role to act as a catalyst and accelerator for change within the organisation. It has been designed to connect physically to the existing service areas and has a remit to mentally challenge the status quo.
- 1.48. Introducing a project of this nature has not been without problems. In some areas there was a degree of cynicism about the space provided and its deliberate focus on “design”. However, Shift was not aiming to replace existing ideas about change but rather to help them grow. It was noted that

⁵ [http://mycouncil.surreycc.gov.uk/documents/s1583/item_08 - Innovation.pdf](http://mycouncil.surreycc.gov.uk/documents/s1583/item_08_-_Innovation.pdf)

being a small team enabled ideas for innovation to be tested and to fail – the term used for this was “sustainable failure”.

- 1.49. Features of the approach pertaining to ICT and technology included:
- not writing detailed specification documents nor approaching major suppliers on government procurement frameworks
 - focusing on the possibilities of light-weight web-based applications that connected to existing systems
 - partnering with an organisation FutureGov which enabled the team to build digital tools themselves
- 1.50. Examples of projects that the Shift team were working on included: care pathway planning and enabling the social capital model for adults; patchwork (connecting different professionals around children’s social care clients) and casserole club (a community approach to meals on wheels). The environmental services team had really embraced the approach and had got on with it themselves without much input from the Shift Team. Groups of Foster Carers had also used the space and a hack day had been held on the premises with local young people and tech organisations.
- 1.51. The Shift team comprised 6 full-time equivalent staff from corporate policy and change programme roles. A further group of service designers and developers were available on call from FutureGov. The two Directors of FutureGov also had a role to challenge and push the Council and interact with senior leaders on that basis.
- 1.52. Service teams were involved in different ways depending on the project and level of need. For example there was already a substantial programme running for Adult Social Care and Shift was running some specific work alongside this.
- 1.53. On the question of funding it was explained that Shift had been asked to connect to the most pressing problems. Shift needed to pay its way but the Commission was told that an explicit approach to ‘return on investment’ would not necessarily help in developing relationships with other service areas. Where they were working alongside existing projects it was also not straightforward to put a value the return offered by input from the Shift team. Tracking of return on investment was light touch at present.
- 1.54. There was also no formal evaluation mechanism but there were six monthly check-ins with the leadership. Work blocks were signed-off at these stages with Cabinet and a “lessons learned” session was held after the first six months. At this stage the Council Leader presented a report to the Council commending the approach and recommended that Shift receive core funding of £0.6m through to 2016/17 using invest to save funding.

Recommendation 2

There is a connection between the experiment taking place in Surrey County Council and the lessons learned from Hackney’s award-winning Waste project with Civica.

Staff involved with the Hackney project told the Commission that the project would have benefited from key staff being removed temporarily from their day jobs at the outset, enabling the service requirements and design to be explored fully. It was explained that this would have led to a better outcome more quickly. This early part of the process is, in many ways, similar to what the Shift project offers to a range of services in Surrey. The Surrey example also has the advantages of being physically removed and different from mainstream service areas, with staff trained in service design techniques and the option for external challenge and advice built-in.

- The Commission is aware that an initial set of service improvement groups have been established for four specific areas, and welcomes this move. The Commission recommends that the approach is developed further, using lessons from Surrey, so that services looking to redesign their delivery model, with potential input of digital technology, can benefit from the early input of change experts and external challenge, as well as colleagues from across the Council.

Mastodon C and New York City Council

- 1.55. Members of the Commission met with Francine Bennett, Chief Executive of Mastodon C, which is a Hackney-based Big Data company. Mastodon C has become well known for analysing information to propose ways that the NHS could realise potential savings of £200m by improving the approach to prescribing Statins (drugs used for managing high cholesterol levels); this example was featured the Cabinet Office Annual Report and Accounts 2012-13⁶. The discussion with Commission Members was about organisations trying to improve their decision-making through better use of the information they hold and, further, ways to raise interest in the Council about what it might be possible to achieve with more use of its own data. The key piece of advice was not to suggest building a system but rather to find problems and propose alternative ways to solving them. It was important to look for quick wins to prove this concept.
- 1.56. It was noted that if organisations were going to engage in this field they should have some skills in-house as this was more likely to deliver savings further down the line.
- 1.57. In light of the discussion with Mastodon C, the Commission made contact with New York City Council to find out more about the work of its Mayors Office for Data Analytics which has had success with this work. The New York team's mandate is to solve problems and improve services, not necessarily to save money. The work they do stemmed from an initial focus on tackling financial fraud and moved on to improving the scheduling of enforcement activity. This culminated in the now well known [dangerous buildings](#)⁷ example. Since then the team has been approached by different City Agencies to look into problems that need solving. Usually these are cases when more than one City Agency is involved and the work requires as much data sharing as it does data crunching.

⁶ Web: www.gov.uk/government/uploads/system/uploads/attachment_data/file/225980/HC_15.pdf

⁷ http://mginternet.hackney.gov.uk/documents/s33600/nycMODA_article.pdf

- 1.58. Although not charged with saving money the team was confident that improving the accuracy of enforcement activity would save the City at least £2m p.a. from its first few projects.
- 1.59. As with some of the other examples seen by the Commission, this was not strictly-speaking an ICT project but was more focused on the potential of new, lean, digital technologies to add value to existing patterns of work and offer ways to deliver services that can result in sizeable savings as well as improved outcomes.
- 1.60. In light of these examples the Commission has already taken action for the Council by encouraging and advising on its participation in Project Stentor. Hackney is one of three local authorities developing pilots for this project, funded by the Government's Technology Strategy Board. The overall project's aim is to:
- “develop a new open-source city data platform that synthesizes, analyzes and maps diverse datasets so that city leaders and decision makers can better understand the dynamics of the places they manage, make joined up decisions to improve quality of life, and create stronger, more resilient cities.”*
- 1.61. Hackney's pilot is to work with Mastodon C and its partner organisation Social Life to explore the cost and impact of interventions on the Pembury Estate. There is already close working here with the Peabody Trust, which is Landlord for the estate, and an early prototype of the tool being developed is available online at <http://stentor.mastodonc.com>.
- 1.62. Information management, data sharing and the law in this area is presenting some significant challenges to the ambition of this project. The Council's collection, storage and use of data about individuals is governed by the Data Protection Act and Human Rights Act. Regulation in this field is complex and strict; there are many examples of local authorities receiving significant fines for misuse of personal data, even if accidental. However the Commission is aware of conflicting signals from Government in this area: on the one hand the Cabinet Office has sponsored and Open Data Institute (based in Hackney) and is encouraging public bodies to share openly as much of their data as possible; and on the other hand it maintains a very tight regime of compliance over the use of public data and access to the Public Service Network.

Recommendation 3

The Commission is sympathetic to the careful risk management being applied by the Council in this field currently. However there do appear to be a number of other local authorities and public bodies that are less risk averse and seemingly more able to share information in the ways described above. OSB has set out these points previously in its work on Transparency and Open Data and we will not re-rehearse those points here. It is worth noting though, that the Peabody Trust has had no problems sharing anonymised data with Project Stentor Partners, and similarly the other Councils involved in the pilot have agreed Data Sharing Protocols enabling the work to go forward as hoped.

- The Council should explain more clearly why sharing anonymised data about service use is more difficult in Hackney than other places.

Staff Skills

- 1.63. A report to the Commission in June 2013 cited a handful of examples showing low levels of basic ICT competency amongst staff. Where this exists, and there is no evidence that is widespread, this lack of ICT competency could create an additional burden upon the ICT helpdesk, particularly where employees are unable to resolve basic ICT queries themselves. At the same time it is also clear that some new staff have to de-skill in order to use the outdated platforms and software versions that the Council makes available to them.
- 1.64. The Commission's visit to the London Borough of Hillingdon drew into question any assumption that staff might lack the skills to use ICT software and equipment effectively. In Hillingdon the experience of moving most staff to a cloud-based Google platform, operated through a browser required only a bare minimum of training. This included their email and calendar systems, basic document creation and storage (for example, word processing documents) and more besides. These were systems that staff were familiar with from their use of ICT outside of the Office environment and were comfortable, even enthusiastic, about using at work. Reiterating points made above, it may be that software and systems that are purchased and designed without the user in mind are more likely to be the primary cause of staff appearing to lack ICT skills, rather than a lack of technical competence in general. In this light, it may not be accurate to suggest that low staff skills are a main reason for high call levels to the ICT Support Service⁸.
- 1.65. To date, there has been no formal learning needs analyses undertaken with employees with regard to their ICT skills so current ICT literacy levels throughout the Council are unclear. The provision of ICT training is not driven by any systematic needs analysis nor does it represent a consolidation of the learning needs emerging from employee appraisal. Courses are described as "demand-led", and are thus procured in response to users' requests for specific training throughout the course of the year. A systematic learning

⁸ http://mginternet.hackney.gov.uk/documents/s30553/ITEM5_ictServiceProvision_grsc.pdf (p.10)

needs analysis, as suggested in a report to the Commission from HR, would ensure that training interventions target the right people with the right skills at the right time. However we are not convinced that the time and resources required to carry-out this work effectively would justify the outcomes at this time.

- 1.66. It is also understood that formal testing of ICT skills is not routinely undertaken during the recruitment process, and it is often regarded as sufficient for an applicant to simply declare their competence as part of their written application. It does appear that the current recruitment process fails to consistently test the ICT competency of new recruits. This will need to be resolved in order to maximise the benefits of the existing ICT systems and to also avoid the need to up-skill those employees who should already be fully competent when joining the organisation.
- 1.67. In order to address employees' current and future development needs a needs analysis would need to be undertaken. This would assist the organisation in understanding what ICT (and related skills) are required; how these are measured within the recruitment process and which specific learning offers need to be part of the corporate programme. However, undertaking a systematic needs analysis is a resource intensive process, and with further reductions in HR & OD staff it is not likely that this could be resourced centrally.

Recommendation 4

The Commission recommends that a more streamlined training offer is made available to staff using screencasts and "youtube" style videos on the intranet. These are already used widely in some areas and are a simple way to show step-by-step how different systems and applications work.

2. MEMBERS OF THE SCRUTINY COMMISSION

Councillor Robert Chapman (Chair)
Councillor Simche Steinberger (Vice Chair)
Councillor Emma Plouviez
Councillor Tom Ebbutt
Councillor Rick Muir
Councillor Deniz Oguzkanli
Councillor Louisa Thomson

Overview and Scrutiny Officer: Gareth Wall ☎ 020 8356 3029

Lead Director: Ian Williams ☎ 020 8356 3003

Relevant Cabinet Member: Cllr Linden

3. GLOSSARY

Below is a list of abbreviations used within this report and their full title.

Abbreviation	Definition
API	Application Programming Interface
CDM	Council Document Management system
HR & OD	Human Resources and Organisational Development
ICT	Information and Communications Technology
KPI	Key Performance Indicator
OSB	Overview and Scrutiny Board
PC	Personal Computer
PSN	Public Service Network
SOCITM	Society of Information Technology Managers
TCO	Total Cost of Ownership
VDI	Virtual Desktop Interface

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<p>Governance and Resources Scrutiny Commission</p> <p>9 April 2014</p> <p>Governance Review – recommendations from Governance and Resources Scrutiny Commission</p>	<p>Item No</p> <p>8</p>
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Outline

The attached document sets out amended recommendations from the Commission’s review of Governance following a deliberate pause on this whilst the external Governance Review was debated and agreed by Council. The recommendations are listed in the attached document are designed to address the core questions agreed as part of the Commission’s [terms of reference](#)¹ for this review.

The draft areas for recommendation are based entirely evidence submitted to the Commission at meetings and in writing, from site visits, and via discussion at meetings of the Commission. The ideas in the attached document also reflect the findings and recommendations of the Communities and Local Government Select Committee report [Councillors on the Frontline](#)², as requested by the Chair.

Action

The Commission is asked to agree the preferred recommendations from the attached document and any changes to them, then submit the recommendations to the Deputy Mayor.

¹ www.hackney.gov.uk/council-governance.htm

² www.parliament.uk/business/committees/committees-a-z/commons-select/communities-and-local-government-committee/news/councillors-report/

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1. Role Descriptions

That the Council develop and adopt “role descriptions” for Chair and Vice Chair positions within the new governance structure.

There is a need for clarity about the work that is expected to be undertaken and means by which leading Members may be held to account for delivery of their role. This recommendation could also help Councillors in some positions by clarifying their duties and role. Greater clarity increases the potential for accountability and for them to report on achievements.

2. Joining-up local neighbourhood meetings

The potential to align Ward Forum meetings with CAPs should be revisited in light of potential changes to CAP arrangements proposed by that Mayor’s Office for Police and Crime.

This has already been adopted by some Ward Forums and CAPs on an ad hoc basis. In some areas there is a view that since the ‘neighbourhood policing model’ is changing, local teams are less sure about the future remit and direction of CAPs. Also, it is not the best use of time for public services nor residents to have multiple local meetings for different services.

This recommendation has the potential to rationalise the number of local meetings that are held at Ward Level, bring public services together in an area, increase the identity of a ward and community leadership role of Councillors

3. Clarifying the suite of tools available for ward Councillors

That all of the procedures available for Councillors to use be presented collectively in an innovative way as part of the induction for 2014, if not before.

There are number of procedures available within the constitution that are not currently used widely by Councillors, in part because some are not all widely known. This recommendation should clarify and promote less frequently used options such as ‘call for action’, different types of petition and deputation, ‘call-in’, and Member mail-outs.

By May 2014

Most Councillors are aware of the levers available to them for getting things done and are able to use them effectively. However, discussion of some of these procedures during the review did provoke interest, particularly if the

roles of some formal bodies such as full Council were to change, there might be greater need for awareness of alternative procedures.

4. Policy debates at Full Council

Introduce procedures, guidance and training for Full Council meetings to initiate debate and agree further activities to develop new policies or review existing policies.

The Commission heard evidence to suggest that Council meetings could be used as the start, rather than the end, of a policy process. Topics debated at Council might initiate work to be carried-out by a lead Cabinet Member before a decision is taken at a later stage, or lead to a suggestion for a Scrutiny Review for example. This approach could take the form of a Parliamentary model with Green and White papers (perhaps produced by Ward Forums or Scrutiny Commissions).

Combined with fewer meetings of Full Council overall, this would have the potential to radically alter the nature of those meetings and the ability of all Councillors to participate in the debate. It is not clear at this stage what the impact would be on the policy development process compared to current approaches.

Deputations, petitions and public question that do not relate to the topic of debate may get crowded-out and will need accommodating elsewhere, for example at Cabinet or Scrutiny.

5. Use of current Council Procedures

The procedures for receiving deputations and petitions work effectively at Full Council and existing provisions within the constitution should be promoted to residents and Councillors so that they can be used equally effectively at Cabinet, Scrutiny and other relevant committees.

The Council's procedures for receiving and responding to deputations and petitions was described by one resident as a 'model of democratic procedure'. Others had more mixed experiences of using them but the overall impression was that they worked well and should be used more of settings other than Full Council. The Commission was informed that the current constitution allows for this but that such procedures were not widely used. For example, it was possible currently for deputations and petitions to be received by Cabinet or Scrutiny.

This approach might increase the opportunity for deputations or petitions of varying natures to be directed at the most appropriate body, and possibly increase the number overall. What difference this would make to local

governance, engagement or the quality of decisions is untested but would support the Nolan principle of openness, for example.

6. Open Public Question Times

Consideration should be given to introducing open public question times, similar to those held by the Greater London Authority where members of the public can ask questions of their lead politicians spontaneously on the night.

Some guidance should be provided for this which encourages participants to give some early indication of the topic they might ask a question about. Guidance would also be required regarding the scope of topics for questioning and use of appropriate language, where this is not already covered in the current Constitution. This approach could replace Cabinet Question Time at OSB and reduce the need for a Mayor's statement to which only opposition leaders can respond currently.

7. Overview and Scrutiny Debates at Full Council

The reports of Overview and Scrutiny Commissions should only be referred to full Council if the Commission agree that the subject, findings and recommendations merit wider debate. Where a scrutiny review has been carried out at the request of Full Council it should always be reported back for receipt and debate.

The Commission found that not all matters that had been the subject of a scrutiny review were a relevant topic for debate at Full Council meetings. Furthermore, some of the concluding reports were detailed and quite technical in their nature. This meant that not all Councillors were in a position to participate in such debate.

This would reduce the number of scrutiny debates at Full Council meetings but should also improve the quality of debate for those scrutiny reviews that do feature on the agenda. A recent example of this was debate surrounding the summary report of a scrutiny review regarding Childhood Obesity

8. Behaviour of Councillors at meetings

While the Commission recognises that vigorous debate is a sign of a healthy democracy, there should also be a commitment to civility in meetings. Those speaking in Council meetings should avoid the use of ridicule and demeaning language when engaging in debate.

Members of the public and local press were clear that ‘yah-boo’ style politics were not attractive nor of interest, and that at its worse it could prohibit constructive discussion and debate across the whole Chamber.

9. Practical points about Council meetings

- i. The Council should introduce paperless meetings and and consider providing Councillors with appropriate equipment for reading and annotating papers in an electronic format .
- ii. The Council should introduce a jargon buster in the explanatory notes at the front of every council paper or agenda as appropriate.
- iii. The Council should experiment with how digital technology can be used to present and report the activity of meetings in ways that a minute cannot.