

London Borough of Hackney
Governance and Resources Scrutiny Commission
Municipal Year 2014/15
Date of Meeting Monday, 8th September, 2014

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

Chair	Councillor Rick Muir
Councillors in Attendance	Cllr Deniz Oguzkanli, Cllr Will Brett, Cllr Rebecca Rennison and Cllr Nick Sharman
Apologies:	Cllr Laura Bunt
Co-optees	
Officers In Attendance	Kay Brown (Assistant Director for Revenues and Benefits), Jennifer Wynter (Benefits Section Manager), Jackie Moylan (Assistant Director of Finance Childrens Services) and Joanna Sumner (Assistant Chief Executive)
Other People in Attendance	Councillor Geoff Taylor (Cabinet Member for Finance), Councillor Clare Potter, Councillor Carole Williams, John Atkinson (Independent Consultant) and Sue Goss (Office Public Management)
Members of the Public	
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Councillor Rick Muir in the Chair

- 1 Apologies for Absence**
 - 1.1 Apologies from Cllr Laura Bunt.
- 2 Urgent Items / Order of Business**
 - 2.1 None.

3 Declarations of Interest

3.1 None.

4 Minutes of the Previous Meeting

4.1 The minutes of the meeting held on 14th July were agreed.

RESOLVED	Minutes	were
	approved.	

5 Methods of Approach to Mapping Total Public Spend

5.1 The Commission noted the reports.

6 Public Spend Review - Expert Briefing

6.1 The Chair welcomed John Atkinson (Independent Consultant) and Sue Goss from Office Public Management (OPM) to the meeting.

6.1.1 John and Sue were involved in the 'Total Place: whole area approach to public services'. This programme involved local public services working together, to deliver better value services to citizens, by focusing on joint working using a place based approach to deliver better outcomes and improved value for money.

6.1.2 John Atkinson managed the Total Place programme from 2008 – 2010 and Sue Goss was an enabler of the Total Place pilot in Sunderland and Tyneside; Sue is now applying these principles to Health and Social Care integration work.

6.1.3 John and Sue were invited to come and talk to the Commission about their work on the 'Total Place' programme to provide the Commission with, some advice and guidance about the methodology and approach to use in relation to the mapping of total public spend for Hackney and the best way to approach a place based review of services. The discussion started with an outline explaining the purpose of the session and aim of the review.

6.1.4 The Commission is aware there needs to be a fundamental change and redesign of services if the Council is to sustain services. From this review, the Commission will identify a framework to apply to service provision, that will: engage with the public, (from the outset) establish the skill sets required for staff and new ways of commissioning. The purpose of this session was to give the Commission an understanding of the requirements for a success Total Place project (deep dive exercise as quoted in the Total Place evaluations).

6.1.5 John and Sue provided an overview and made the following comments:

- Doing a forensic audit of the money flow will not help you to achieve the desired change; The Leicestershire pilot conducted a detailed audit of the

money mapping exercise and ended up with a spaghetti exercise that was difficult to understand

- 20% of effort, rough calculations of the total spend will give most of the information required
- Money mapping helped to identify the percentage of the total funding each organisation was in control of (in relation to spending decisions). In some areas the Council identified they only had control of 30% of the money flow.
- Conducting the deep dive exercise starts with the person and talking to them to identify their desired outcome. Hearing the stories of service users and understanding the nuances of how they use the service or what they find useful was important. This became the lever for change in the Total Place pilots not the mapping of total spend
- The count and the whole system review work together and help to inform the review
- This exercise can help you to identify how and why the system is not working
- Talking and consulting did not get things completed it was working out how to change the service. Through doing this work, one pilot identified that a number of work streams were being funded that proved to be counter intuitive and hindered the delivery of the outcomes. Lewisham Criminal Justice Work was cited as a good example of this.
- The Commission was warned against going into this review thinking (when you commence the project) they knew what the problem was. The Swindon Life project was cited as an example (looking at mental health) where they found a miss-match in relation to the allocation of resources. They found more resources were provided for crisis care, for mental health service users but talking to the service users revealed they wanted assistance before they reached crisis point so they did not have a crisis (at prevention)
- The purpose of doing this type of work was to look at how to changes staff, residents, users and companies
- The big challenge was to get the changes implemented to meet the needs of the service users
- Political support helps to enable the change
- The Commission was advised to read the evaluation report produced by the Treasury and each pilot's individual. John and Sue explained each report give more detail about the individual programmes.

6.2 Discussion, comments and responses

- a) Members asked if the pilots provided analysis on the costs and savings areas. John and Sue advised for this work the Commission needed to decide on their aim following completion of this work. Deciding if they wanted to make extreme comments or target Government to make changes in areas spend they may be willing to change. It was highlighted that one pilot was able to prove one part of the system was counter intuitive to another part achieving its outcomes.
- b) Members enquired about the possibility of DWP being amenable to changes in relation to its budget and service spend. John and Sue did not completely dismiss this as an option and pointed out there may be parts of the current structure accessible to change. They advised this would be a challenging target but that there maybe some ability to effect change in areas of spend

within the organisation; but this would be reliant on an innovative manager. The Coventry pilot (lead by the Council Chief Executive) achievements were highlighted as a catalyst for change and setting the tone for the nature of the change among public sector services.

- c) Members queried if the deep dive exercise could lead to silos and how this could be avoided. John and Sue advised it was important to clarify from the outset the process would lead to service redesign. The advice was to take big areas to review and redesign (2 or 3) taking areas where you could make the most impact (this may be difficult to manage). The Commission was cautioned against pigeon holing the work too tight. Instead, John and Sue advised Members to follow where the information takes them, as this often helped to identify the service area that needed to be changed.
- d) Further enquires were made about redefining the big review areas. The Commission was told to ask questions, like:
 - What is the problem you want to solve?
 - What do you want to change that will make the most impact or is achievable?
- e) Start with areas where you can make a difference now - John and Sue commented working on these outcomes helped to reduce demand on social care time and reduce admissions. Agreeing to the 80/20 rule and doing the money mapping with 20% effort. Clarifying what was important politically to all and starting with an outcome to achieve e.g. healthy employment. John and Sue pointed out a politically supported solution was crucial and usually where it went wrong.
- f) In response to a query about targets, Members asked for information about the process to identify targets or the methodology to use when setting targets in this exercise. John and Sue explained targets often related to some part of the process and this could be a problem. John and Sue informed if targets were being set, it was beneficial to have target on an outcome and set in conjunction with the service users and the people who will run the provision, (so they were meaningful to them). Members were advised that when embarking on this journey they would be experimenting therefore targets are not helpful because the outcome is unknown. However they were advised targets could be a helpful tool if they were ambiguous and treated as data to show what is not working so it could be changed. John and Sue informed targets should be viewed as information and not as a measure of performance; otherwise the people responsible for the targets will start to ensure the targets are met. If the target set creates fear and anxiety it will not give you the information you need to learn from or be useful.
- g) In response to a query about the methodology to apply to get the information from the detail, that would help to identify the correct outcomes. John and Sue advised the pilots did a lot of anthropology work, watching people and observing what happens in their lives over a period of time, to identify the outcomes.
- h) Members raised concern about overcoming the challenges associated with co-production and service design (being able to involve everyone and not the regular few). John and Sue advised going through this process would provide

access to other individuals and as the journey progressed the number of individuals involved would increase. John and Sue pointed out true co-production and service redesign would require a cultural shift for an organisation. Experts would be required to give up their expertise and sit in a room with people who have various opinions. Co-design is where the process has been followed through and all the views were taken seriously and used to design the service.

- i) The Members commented that from the discussion their understanding was they needed to know their community well enough to understand what will work. Be clear from the start on the outcome they wanted to achieve and draw out the information. John and Sue added it was important to have staff with the correct skill sets.
- j) John and Sue ended with a final word of advice. The pilots that achieved the most from this work were the places that had no pre-conceptions and followed where the process took them.
- k) The Chair summarised the following points from the presentation and discussion:
 - It's a journey. This process was a journey not an audit
 - The mapping of the money needs to be a high level count
 - Political buy in to the process was crucial
 - Involvement of services users is key and the Commission needs to think about how to engage the public with this process
 - The areas identified for change (starting point) may not be where you end up once the process has been completed.
- l) The Chair thanked John Atkinson and Sue Goss for attending the meeting.
- m) The Chair informed the Commission the next stage in the process would be a presentation from Finance on the funding headlines for the Borough. A high level money mapping for the Borough would provide the Commission a foundation to start from and from there they can consider how they will identify the big areas for review.
- n) The Chair advised a working group would be set up (all Members of the Commission were welcome to join) to help take this forward in between the meetings and would identify the framework and approach to take, terms of reference and the number of people that need to be involved in the group.

Action	The Chair to contact the Corporate Director of Finance and Resources to set up a meeting date to discuss the summary points from the outcome of this session.
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7 Welfare Reform Update - 3 years on

- 7.1 The Chair welcomed Kay Brown (Assistant Director Revenues and Benefits) and Jennifer Wynter (Operations Manager) to the meeting. The Chair advised following the implementation of the welfare reform changes Overview and Scrutiny have been monitoring the impact of the changes locally. The Commission was informed this was the first of 2 updates scheduled for this municipal year and the updates would be presented to Governance & Resources Scrutiny Commission (G&R) in September and Community Safety Social Inclusion Scrutiny Commission (CSSI) in March 2014.
- 7.1.1 The Officer referred to the reports in the agenda on pages 211 - 217. The officer provided a recap of the welfare reform changes, the work by the Council to support local residents and the current position. The main points highlighted from the report were:
- The Welfare Reform changes started in 2011. The first area of change was the Local Housing allowance.
 - Following implementation of the changes there has been an increase in requests for help, advice, support, telephone enquires, homeless services and footfall into the HSC.
 - The Council has used various channels of communication to communicate the changes to local residents and have in place a number of support mechanisms for local residents.
- 7.1.2 Local Housing Allowance
- This was introduced in 2011 and maximum level for support is set at £400. The current level with inflation has risen to £425, current rent level in Hackney are significantly higher. Housing costs in Hackney rose by 9%
 - For Hackney residents the shortfall between housing benefit and rental costs is increasing
 - The shortfall can be in the region of £100 - £800 a month. Currently 60% of claimants when assessed have a shortfall between their benefit and rent charge
 - There have been changes to benefit entitlement for the single person. Single people who previously were entitled to a 1 bed room flat are experiencing a shortfall. This group of occupants are either returning to live with their parents or have moved into multiple occupancy dwellings and rent a single room
 - It was highlighted for people in Job Seekers Allowance the benefit available and their income means renting in Hackney is unaffordable
 - The Revenues and Benefits teams give advice to residents about finding alternative accommodation, which entail moving back home or to another borough. For this groups there is very limited support or assistance the Council can provide.
- 7.1.3 Spare Room Subsidy
- The Council commenced work to advise about the changes and to give assistance in 2011; Officers reported they have:
 - Assisted 122 to move
 - 253 are on the waiting list that have asked for assistance with down sizing

- Provided Discretionary Housing Payment (DHP) support to households and spent has been £192, 000 on this type of support to date. The fund to provide this support has been available for 1 year
- Some households were in arrears before the scheme, but approximately 35% are in arrears since the scheme came into operation.

7.1.4 Council Tax Reduction Scheme

- Hackney's Council Tax reduction scheme implemented has had a positive impact on the collection rate for LBH.

7.1.5 Social Fund

- The social fund now administered by local authorities. In Hackney access to this fund is through independent providers. LBH provide funding support to the local food banks through this fund. Since LBH started administering the scheme they have paid out less than DWP. LBH have a strict assessment policy that enables them to provide support to the households in need. In the last 12 -18 months LBH has provided assistance to the households that have been identified as in need. Not a blanket payout on request.

7.1.6 Benefit Cap

- In addition to the LHA residents also face the Benefit Cap. In Hackney residents are experiencing a shortfall of approximately £50-£400 a week
- Many households did not think the Benefit Cap would become a reality, therefore did not engage until it was confirmed. Where possible the Council have assisted people to find work and move into alternative properties
- The Council used all its allocated DHP allowance to support households impacted by LHA and the Benefit Cap
- The number of households impacted by the Benefit Cap is changing continuously because it related to a person's circumstances.

7.1.7 EEA Migrant Benefits

- Changes to the EEA migrant policy (in relation to the benefits they can claim) has resulted on this group not being able to claim benefits for 3 months
- From April an EEA migrant has not been able to access support to cover housing costs nor do they have entitlement to housing allocation i.e. homeless services
- The impact of this policy for Hackney is unknown
- To date two families have presented in this category.

7.1.8 Personal Independence Payment (PIP)

- In relation to Disability Living Allowance (DLA) Hackney has 14,000 in this category awaiting reassessment. This process is currently pending, until the issues about the reassessment process have been resolved. This area of the welfare reform changes still remains a real concern.

7.1.9 Universal Credit

- This benefit will be 6 existing benefits into one. Claimants will receive one payment direct to them.

- LBH have been encouraging residents to start paying their rent by Direct Debit
- Universal Credit is currently being piloted in Hammersmith but with of cohort of less than 300 people. Hackney's current caseload is approximately 44,000
- The new benefit is scheduled to be rolled out across the Britain by 2017. LBH is currently awaiting confirmation of their migration schedule from DWP
- Universal Credit will only be accessible online. Hackney currently has an officer on secondment to the online digital test group at DWP refining Universal Credit and the Council is using this platform (amongst other) to voice its concerns
- Pensioners will not be on Universal Credit and there are currently no plans to include this group onto that benefit. Hackney currently has 10,000 pensioners on housing benefit
- Hackney has real concern about the ability of all residents to access this benefit online once it is implemented. Hackney is currently doing a costing exercise with DWP to develop a framework to support vulnerable residents who maybe digitally excluded
- Hackney is encouraging more and more residents to access services online to get them ready for Universal Credit
- LBH recruiting staff champions to help support residents to use the internet, so they get used to online services.

7.1.10 Potential Policy changes

- The Benefit Cap could be reduced to £18,000. Initial modelling on the potential impact of this policy has identified this would be disastrous for Hackney residents
- Currently the Council has used the DHP fund to support residents experiencing a short fall. This is not a permanent solution and the Council is still awaiting confirmation of the budget, for this fund next year. DWP is not expected to continue to provide resources for this fund long term.

7.2 Discussion, comments and responses

- a) LBH Officers were asked if in their opinion the 181 families identified as under occupancy are in fact under occupied. Officers explained some residents outlined in the report have approached the Council asking for assistance because their accommodation is too big. The terminology 'under occupancy' was used to describe a person living in a property that was too large long before the bedroom subsidy was introduced. Potentially there could be families that can afford to remain in their current accommodation in spite of the Benefit Cap, but the Council is not aware of these cases.
- b) In response to Members enquiring if people were moving into private rented accommodation; the Officers advised they were not. The examples given about support to move were for residents moving into social housing. The latest assessment showed just over half of the households supported moved into RSL accommodation.
- c) Members queried about the short fall and asked about the process for families that were in this situation. Officers advised for families who did not engage, this would lead to eviction, however currently no family in Hackney have been

evicted. It was pointed out Hackney's support processes for households impacted by the welfare reform are viewed by Judges at Shoreditch Court as rigorous and they will issue an eviction. The Council's stance is to try to work with families to pay at least the minimum rent.

- d) Members commented this could be a vicious cycle if a family was evicted. Members asked how the Council made sure the households not engaging are not those in greatest need such as mental ill health. Officers agreed this was a vicious cycle and a policy that was counterintuitive. The Council is working with partners to monitor and identify families that may be in this situation. The Council and partners work closely and engage with residents in a holistic way and aim to carry out joint visits to impose this approach. It was reported some households have moved into employment as a result of the changes.
- e) Members raised concern that an impact of this policy for Hackney would result in social cleansing, lead to a continuous churn in school places and asked if the Council was considering ways it could continue to resource the DHP fund to maintain diversity in the borough. Officers explained the DHP was a grant from DWP. The Council was not in a position to resource this funding pot. The Council is trying to convince DWP to continue the funding; they know the funding is there in the short term but in the long term there are plans to discontinue it. The Cabinet Member for Finance from LBH (Cllr Taylor) agreed with the concerns raised by the Commission and commented the Council would prefer if the workers in the borough only had a 30 minute journey to work, but the current policies were not enabling low paid workers to remain in close proximity to their employment.
- f) Members enquired about the impact if the DHP fund was withdrawn. Officers advised this would not be a Hackney issue just for Hackney but London wide. The Council currently has 1800 in temporary accommodation and paid out £500,000 in support to residents through the crisis scheme.
- g) Members queried if residents were moving into work or potentially trapped in temporary accommodation. Officers informed in most cases the fund is being used to keep households a float because they are not moving into employment. In some cases residents are spending up to 2-3 years in temporary accommodation and some hold unrealistic views about the type of accommodation they can acquire. The advice being provided involves looking at the options which could include moving to alternative accommodation and for some out of the Borough.
- h) Members enquired if the Welfare Reform changes have impacted on the management of resources for the Revenues and Benefits service. Officers advised the service has always experienced a peak in demand between April and June (as council tax bills are issued) and employed temporary to help manage this demand. Following the peak temporary staff are reduced because demand decreases, but recently they has not been a dip in demand. In the HSC the service has assisted 380,000 clients, received 138,000 phone calls and answered 98% of those calls. Revenues and Benefits have been working to increase the number of clients digitally adept to help reduce the volume of face to face contacts. ICT are creating a 'My Account' and homeless applications are moving online to encourage digital access to services.

Monday, 8th September, 2014

- i) Members enquired if the system for Universal Credit would be administered locally. Officers informed the national digital system was approximately 18 months away and simplistic to use. The system has been designed based on real people and real needs. The system will be administered centrally by Government and Local Authorities will not have access to this system or have the ability to give clients information about their claim. The only people with access to the claim information will be the claimant and the call centre. Initially local authorities will still process the benefits for pensioners, ESA and those in supported accommodation.
- j) For Universal Credit local authorities will not be able to track the claim in relation to housing benefit and will not have access to local data like the information provided in the report, in the agenda.
- k) Members enquired who had the responsibility to ensure clients had the ability to access Universal Credit on line and that they are digitally aware. Officers informed DWP are of the view it was the responsibility of the individual to get employment ready. Progress has been made in the fact that DWP do now recognise there may be some individuals that are vulnerable and are working on the assumption of a 20/80 split, that being 20% not ever ready. The framework model being developed in conjunction with DWP is being piloted and will act as a triage but DWP do not view this as long term solution.
- l) The impact of Universal Credit will be on other parts of the Council e.g. rent collection. Hackney Homes will need to have in place processes that will assist with the rent collection when the system goes live.
- m) Members enquired about the impact of these changes to staffing levels for Revenues and Benefits and if they have been working with Hackney Homes to prepare for the changes. Officers explained DWP have informed they will not TUPE over any of the current staff in local authorities. This service area currently has 120 members of staff and some are local residents. Administration for Universal Credit will be carried out centrally in remote national service centres by DWP and Job Centre Plus (JCP) staff. JCP is also going through a restructure of their organisation too, which is likely to include reducing staffing levels. There is concern that JCP staff may not understand that administering housing benefit is more than a process and the nuances of peoples lives need to be taken into consideration. This is an understanding that local authorities have built up over time while administering this process. Hackney currently has 44,000 cases and this is expected to reduce to approximately 20,000 and the current volume of staff will not be required to support the reduced volume of clients.
- n) Members were alarmed that DWP were of the view they could provide Universal Credit on reduced levels of staff in JCP. The Officers advised Revenues and Benefits have been working closely with Hackney Homes over the last 2-3 years to get them to monitor the spare room subsidy. A Senior Officer Review Panel has been set up and this group reviews the eviction requests. This has helped to reduce the number of evictions and provide a final check in the process. The message about the welfare reform changes is still being delivered and Revenues and Benefits provide as much information and support to residents as possible to help them with their rent and be proactive.

Monday, 8th September, 2014

The Chair thanked the Officers for their update and advised G&R would continue to monitor this with CSSI.

8 Governance and Resources Scrutiny Commission - 2014/15 Work Programme

8.1 The Chair advised the work programme would be populated with items for discussion as the outline of the review is confirmed.

9 Any Other Business

9.1 None.

Duration of the meeting: 7.00 - 9.15 pm