

London Borough of Hackney
Governance and Resources Scrutiny Commission
Municipal Year 2015/16
Date of Meeting Tuesday, 8th September, 2015

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	Bruce Devile (Head of Business Analysis and Complaints) and Ian Williams (Corporate Director of Finance and Resources)
Other People in Attendance	Councillor Geoff Taylor (Cabinet Member for Finance)
Members of the Public	
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Councillor Rick Muir in the Chair

- 1 Apologies for Absence**
 - 1.1 Apologies for absence from Cllr Bunt.

- 2 Urgent Items / Order of Business**
 - 2.1 None.

- 3 Declarations of Interest**
 - 3.1 None.

- 4 Election of Vice Chair**

- 4.1 Following nominations for the position of Vice Chair, Councillor Rebecca Rennison was elected by the Members of the Commission as Vice Chair of the Governance and Resources Scrutiny Commission.

5 Minutes of the Previous Meeting

- 5.1 Minutes were approved subject to the following amendment.

- 5.1.1 Point 7.1 the name 'Tim Shield' should read 'Tim Shields'.

RESOLVED	Minutes were approved subject to the amendment noted in point 5.1.1.
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- 5.2 Members referred to the Elections discussion item and request for a follow up on the action taken following the final report of the Council's investigation and the Electoral Commissions evaluation report.

Members agreed

ACTION	Overview and Scrutiny Officer to schedule the update in the G&R work programme.
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6 Annual Complaints and Enquires Report 2014-2015

- 6.1 The Chair welcomed Bruce Deville, Head of Business Analysis and Complaints from London Borough of Hackney to the meeting.
- 6.2 The Governance & Resources Scrutiny Commission reviews the number of corporate Complaints and Members Enquires annually. The report on pages 17-26 of the agenda is as laid out. The report outlined the progress on improving the Complaints and Members Enquiries process and provides information on the performance, volume of complaints and enquiries. The report covers 2014-2015. The main points highlighted were:
- 6.2.1 The Council currently interacts with 2 Ombudsman bodies (Local Government Ombudsman and Housing Ombudsman). This may return to one body incorporating both areas again.
- 6.2.2 Implementation went well and the quality of response at stage 1 of a complaint has improved. These improvements have resulted in less referrals to the Ombudsman. Complaints are no longer closed until they research the resolution stage. The response times for Housing complaints has increased.

- 6.2.3 In relation to Members Enquires there has been some increase in the time taken to resolve the queries. This is due to changes with the process and not allowing a complaint to be closed until it has researched a resolution.
- 6.2.4 The content of complaints are being fed through to Hackney Homes to inform the transition.
- 6.2.5 The number of cases being dealt with as Mayor's casework has reduced but response times have increased.

6.3 **Questions, Answers and Discussions**

- (i) **Members the level of communication about the progress of a case. Members enquired if an automatic email was sent to keep Members informed of the progress.**

The Head of Business Analysis and Complaints advised service areas are reminded to keep Members informed. Members also have access to Covalent which is a monitoring tool that tracks cases.

- (ii) **Member enquired if there was a reason for the reduction in case work for the Mayor in 2014/15 compare to 2013/14?**

- (iii) **Members enquired if the Mayors casework included referrals to Cabinet Members too?**

The Head of Business Analysis and Complaints advised there was no specific reason identified for the reduction in Mayor's casework. The officer explained that sometimes the reduction is related to an election just passing.

- (iv) **Members enquired if the number of complaints were an indication that things are going wrong or that a service area was under pressure.**

The Head of Business Analysis and Complaints informed it can be an indication of things going wrong. The officer pointed out that sometimes an increase in complaints could be as a result of a change in demographic or a demanding resident. In his experience it was prudent to look at all areas related to the complaint to help identify the trigger.

- (v) **Members commented that complaints should be taken seriously because they can be an indicator of where things are going wrong.**

- (vi) **Members referred to volume of complaints decreasing and the response times increasing. Members commented this should be reviewed. In particular reference was made to the response time doubling for Hackney Home's complaints. Members raised concern about the Council transitioning in a service that was sub-standard. Members were of the view the Council should try to identify the problems with the Hackney Homes services and resolve these problems before it transitions back into a Council service.**

The Head of Business Analysis and Complaints advised there was a Housing Transformation team looking at the HH service areas and implementing some changes prior to transition.

- (vii) **Members suggest they should receive a report to G&R about Hackney Homes because half the corporate complaints relate to Hackney Homes and their response time had doubled.**

The Head of Business Analysis and Complaints explained the measurement for complaints had changed to the resolution stage of a complaint and inevitability this will lead to an increase in the time taken to close a case.

- (viii) **Members queried why the Hackney Homes response times were significantly higher than other service areas in resolving a complaint.**

The Head of Business Analysis and Complaints explained the majority of their complaints related to a physical structure which can take longer to resolve. He reminded Members the complaint would only be closed when the job was completed.

- (ix) **Members requested for an interim report that showed a comparisons of complaints by service area over a period of time that they could review.**

The Head of Business Analysis and Complaints confirmed he could provide the report.

ACTION	The Chair requested for a report showing the number of complaints by service area.
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- (x) **Members enquired if the Hackney Homes Transformation team was in receipt of regular updates from complaints information to help address poor service areas.**

The Head of Business Analysis and Complaints confirmed information from complaints was sent to the HH transformation team at regular intervals.

- (xi) **Members referred to the table on page 25 for Adult Social Care (ASC) complaints and enquired if they were used the same process because their response times had increased too.**

The Head of Business Analysis and Complaints explained ASC can take longer to resolve a complaint in agreement with the family.

- (xii) **Members expressed concern that response times to complaints was increasing across the organisation. Members queried if this was as a result of austerity – fewer staff - or is it the new process (involving senior management quality checks) was creating a bottle neck in the system?**

The Head of Business Analysis and Complaints advised in his view it was a mixture of the two. The Business Analysis and Complaints team goes out to service areas periodically to do quality control checks and re-enforce the

message about the quality and standard responses should be to maintain high standards.

The Corporate Director Finance and Resources advised this has highlighted the service areas that require support.

- (xiii) **Members enquired if the Business Analysis and Complaints team keep a record of the quality control check completed and if this information is shared within the organisation.**

The Head of Business Analysis and Complaints informed the result of the check is shared with the management team of the service area but not more widely across the organisation.

- (xiv) **Members enquired if they could receive information about the results of the quality control checks in relation to complaint responses.**

The Head of Business Analysis and Complaints confirmed he could provide this information to the Commission.

ACTION	Business Analysis and Complaints to provide information on the quality control checks carried out on service areas across the Council to the Commission Members.
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- (xv) **Members enquired if a proportion of the complaints came from frequent complainants.**

The Head of Business Analysis and Complaints informed this information is not collated and very few complaints fall into this category. The officer highlighted in his experience he found that frequent complaints related to underlying issues being unresolved or that the proposal for resolution offered was not understood. The officer also pointed out some complaints have mental ill health. The officer explained the Council has a policy for dealing with vexatious complainants but this policy is rarely used because they do not want officers to over use this policy.

7 Finance Update

- 7.1 The Chair welcomed Ian Williams, Corporate Director Finance and Resources and Councillor Geoff Taylor Cabinet Member for Finance from London Borough of Hackney to the meeting.
- 7.2 The reports related to this discussion item is as laid out on pages 27-53 of the agenda. The key points highlighted were:

- 7.2.1 London Borough of Hackney (LBH) has provided a balanced budget for the last 13 years.
- 7.2.2 Despite the loss of £36 million (30%) in Revenue Support Grant, there has been no material cuts to services.
- 7.2.3 The Council is in receipt of the audit report and no adjustments needed to be made. The accounts of the council are published now.
- 7.2.4 LBH continues to face challenges in relation to its finances and pressure on areas like Looked after Children, Homelessness, Temporary accommodation, No Recourse to Public Funds (NRPF), Welfare Reform / Care reform and the London living wage.
- 7.2.5 The Council's income in areas such as council tax, business rates, domestic commercial rents, parking and sundry has improved.
- 7.2.6 To date there has been a 30% reduction to the Council's revenue support grant.
- 7.2.7 The Council has an extensive Capital Investment Programme. This is continuing and involves housing development, strategic acquisitions and various maintenance and update programmes.
- 7.2.8 The Government's budget announcement advised the national budget will not be balanced until 2019/20. The austerity plans are set to continue for a longer than previously expected.
- 7.2.9 The Government is continuing with welfare spending reductions whilst protecting some government departments. It is anticipated that departments like Department for Further Education (DFE) will suffer funding cuts to areas like Early Years and Post 16 education.
- 7.2.10 Key policy area that will have an impact on local government announced in the July budget are: devolution, social housing rents, national living wage; business rate reform, care cap postponed to 2020, local government pension scheme and the spending review.
- 7.2.11 The Commission was shown an illustration of how difficult it will be for councils to fund the budget gap if specific government spend areas continue to be protected.
- 7.2.12 The Commission was shown an illustration of the Council's spends in relation to the monetary value and numbers of the population. This illustration highlighted that the largest area of spend is on a small proportion of the population.
- 7.2.13 The Council faces some reductions to the Housing Revenue Account (HRA). Policy changes impacting this account relate to the benefit cap reduction to £23,000, introduction of universal credit and changes to tax credit.
- 7.2.14 The housing business plan for the HRA was agreed 3 years ago and spans 30 years. This was to provide a long term funding stream. The changes announced by the Government in relation to housing will have the following implications:

- Changes announced to social housing rent means that, instead of rent rising by Consumer Price Index + 1% there will be a 1% deduction.
- Rent charges raised using the new income criteria for social housing will be sent to the Treasury.
- The funding will need to be managed carefully because it is anticipated that, over the 30 years a funding gap of £725 million will develop and this will impact on the Council's ability to fund housing developments.
- The 2016/17 HRA budget was balanced but in light of the changes announced this will need to be revisited for the budget and capital spend. Reducing the Revenue Contribution to Capital Outlay (RCCO) will not fund the gap.

7.2.15 It is important that the Council lobbies on the impact of proposals like the RSL's right to buy and forcing councils to sell off empty properties. This will have implications for LBH's regeneration capital programme and their ability to decant residents from properties.

7.2.16 LBH faces a funding gap of approximately £60 million by 2018/19. This represents 23% of the Council's 2015/16 net expenditure budget.

7.2.17 Councils are required to set balanced budgets by law therefore savings or additional income will need to be found to fund the gap in income.

7.2.18 Different options were outlined to the Commission as possible solutions to meet the funding gap e.g. increase council tax, generate more income from traded services, manage down demand for high cost statutory services, use alternative delivery models for service provision, collaborate (with other councils, health bodies and via devolution opportunities), become more commercial.

7.2.19 The Council is mindful of unintended consequences and pointed out that a lack of investment in highways could result in an increase in public liability claims.

7.2.20 The pending Enterprise Bill 2015 covers: recovery of public sector exit payments, redundancy cap, small business enterprise and employment. The Bill is expected to be introduced in April 2016 and this will have implications for pension taxation, redundancy payments and exit payments. It is likely that even long serving employees may be impacted by the redundancy cap. Various consultations have commenced over the summer for comment on the proposed changes.

7.2.21 A key aim of the regulation is to address the issue of individuals leaving and returning to work for a public sector organisation off payroll –a consultant or an employee of a consultancy firm.

7.3 Questions, Answers and Discussion

- (i) **Members expressed concern about the policy changes to the HRA, benefits system and the need for the Council to build up revenue contribution towards the RCCO. Members commented the proposed changes potentially giving short term gain but are likely to result in long term failure.**

The Corporate Director Finance and Resources advised LBH is working with London Councils to lobby about significant areas of challenge like the proposed

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legislation changes to RSL right to buy. The officer highlighted the Council would need to be careful about the impact of this, on its regeneration developments and decant programme for properties.

The Corporate Director suggested he provided Members with a specific session on the Housing budget. The officer explained the Council wants Councillors knowledge about the implications of the changes so they can communicate it to the public as required.

The Cabinet Member for Finance highlighted the changes to the HRA would add more pressure and impact on the Council's ability to provide a balanced budget. The Cabinet Member highlighted that all of these factors will have a significant impact on housing in the borough and the finances of LBH.

The Cabinet Member for Finance suggested the Living in Hackney Scrutiny Commission and Governance and Resources Scrutiny Commission hold a joint scrutiny session to review the impact of the HRA changes on the supply and financing of housing and the Council's ability to provide a balanced budget.

ACTION	Living in Hackney Scrutiny Commission and Governance and Resources Scrutiny Commission hold a joint scrutiny session to review the impact of the HRA changes on the supply and financing of housing.
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The Corporate Director of Finance and Resources advised the council's approach to date has been to reduce its costs base and develop income generation schemes. Despite work to reduce the Council's cost base there are some uncontrollable costs that they need to accommodate in the budget e.g. pension levy and concessionary fares. LBH is generating income from acquiring assets and using these assets to generate income in the commercial business market. The officer pointed out the Council has some work to do in helping the public understand the Council's costs and how it is trying to manage its business.

(ii) **Members enquired if the Government policy on freezing Council tax had changed and the Council's manifesto commitment.**

The Corporate Director of Finance and Resources informed there has been no further information from Government on this policy. LBH is giving some thought to the possible options for further income generation such as increasing the council tax collection contribution rate from 15%.

(iii) **Members enquired if the Council has carried out some modelling on costs per individual and to the council.**

The Corporate Director of Finance and Resources confirmed the council has reviewed this and the estimated cost to the council to raise approximately £1.3 - £1.4 million would be in the region of £3 million.

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The Cabinet Member for Finance pointed out currently it will take the Council 30 years to pay off the debt incurred for the HRA. In the meantime the LBH is required to set a balanced budget for the next 3 years. The Cabinet Member pointed out this would require the effort to the whole organisation. Therefore when the Council is required to make difficult decisions the whole organisation needs to be clear about the reason for the decision taken.

- (iv) **Members enquired about the Council's timeline for consultation with the public to build up their understanding of the challenges facing the Council.**

The Cabinet Member for Finance informed the Commission the savings of £23 million related to 2016/17 but the council still needed to find a further £60 million over the next 3 years.

The Chair clarified the savings targets for the Council were: £23 million for 2016/17 and £60 million for 3 years from 2017/18.

The Corporate Director of Finance and Resources advised LBH would be finalising their proposals for savings for 2016/17 next month. The Council would be setting the budget for the next 3 years in July 2016 to present to Cabinet. The officer anticipated the budget scrutiny process would refine the proposals prior to them being taken forward.

The Hackney a Place for Everyone consultation is involving the public and communicating the challenges to the public at the same time.

- (v) **Members enquired how the challenges could be communicated effectively and explained to the public when the Council was conducting one budget cut at a time. Members commented the Council should have a dialogue with the public and communicate the changes. The difficulty would be getting the public to see the big picture and understanding why specific decisions were taken.**
- (vi) **Members wanted to be reassured the Council was planning effectively and taking decisions within time so the Council would not be forced to make decisions urgently without understanding the impact of the decision. Members felt it was important for the Council to involve residents and key stakeholders.**

8 Budget Scrutiny Task Groups - Terms of Reference

- 8.1 The Chair introduced this item. The Chair explained the Governance and Resources Scrutiny Commission was proposing to set up Budget Scrutiny Task Groups to examine areas of major spend that would consider the Council's budget saving proposals and models for the future shape of council services.
- 8.2 Under the Constitution G&R has the power to establish such scrutiny task groups.
- 8.3 The Chair highlighted the draft Terms of Reference (TOR) for Budget Scrutiny Task Groups was outlined on pages 57-62 of the agenda.

- 8.4 The Governance and Resources Scrutiny Commission proposed the task groups' focus on areas of significant spend to contribute to the 2016/17 budget setting process.
- 8.5 The chair pointed out the budget scrutiny task groups were open to all non-executive Councillors currently on and off scrutiny commissions.
- 8.6 The Budget Scrutiny Task Groups would be aligned to ongoing officer work on the corporate cross cutting programmes.
- 8.7 The Chair asked Members to agree the Terms of Reference (TOR) and to the establishment of the four budget scrutiny task groups as outlined in the TOR.

8.8 **Questions Answers and Discussions**

- (i) **Member of the Commission enquired if the proposed budget scrutiny task groups provided sufficient coverage of the Council's budget. Members also enquired about the savings target each budget scrutiny group would be scrutinising.**

The Vice Chair of G&R explained there will be two phases of work from the Groups. Phase 1 will consider the approaches to budget savings for 2016/17 to give Members an understanding of the direction of travel and where savings will come from. Phase 2 will look at the budget savings for 2017/18 through to 2019/20 and help shape the priorities for budget savings and service delivery models in 2017/18, 2018/19 and 2019/20.

The Corporate Director of Finance and Resources highlighted that the budget scrutiny task groups covered 70% of the Council's budget. It was anticipated the budget scrutiny task groups would continue to contribute to the budget setting process over the next 9 months as the Council works towards finalising the savings proposals for the Council's budget for 3 years from 2017/18.

The Chair pointed out the budget scrutiny task groups would be reviewed in January and they could revisit the scope and coverage of each task group.

- (ii) **The Cabinet Member for Finance suggested a Member of the G&R Scrutiny Commission should be on the membership of each budget scrutiny task group to support financial discussions. The Cabinet Member pointed out G&R Members have knowledge of the Council's overall financial position and the challenges facing the Council's budget. Therefore they could helpfully share their knowledge in the task group discussions.**

Following a review of each budget scrutiny task group membership, they identified one group without a Member of G&R in the membership. Cllr Brett agreed to be a Member of the Enforcement Budget Scrutiny Task Group.

- (iii) Members agreed the terms of reference for the BSTG subject to a review of the process and groups in January 2016 and a review of public involvement in the budget scrutiny process.

RESOLVED	The TOR for the budget scrutiny task groups was
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	agreed. The four budget scrutiny task groups as outlined in the TOR were constituted.
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9 Governance and Resources Scrutiny Commission - 2015/16 Work Programme

- 9.1 The work programme for G&R on pages 63 – 70 of the agenda was noted for information.
- 9.2 The Chair proposed changes to the G&R meeting dates for the remainder of the year due to a clash of meeting. The Chair proposed:
- Moving the 13th October to 29th October 2015
 - Moving the 10th November to 11th November 2015
 - Moving the 8th December to 14th December 2015.
- 9.3 Members agreed to confirm their availability via email on the proposed dates above.
- 9.4 The next steering group meeting would be on the 16th September 2015 at 6pm.
- 9.5 Members discussed carrying out some promotion work to launch the report once it was signed-off to promote the principles among the Council and its partner organisations.

10 Any Other Business

- 10.1 None.

Duration of the meeting: 7.00 - 9.10 pm