

London Borough of Hackney
Governance and Resources Scrutiny Commission
Municipal Year 2015/16
Date of Meeting Monday, 14th December, 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 Laura Bunt,
Cllr Rebecca Rennison and Cllr Nick Sharman

Apologies:

Co-optees

Officers In Attendance Sonia Khan (Head of Policy), Christine Peacock
(Assistant Director ICT) and Ian Williams (Corporate
Director of Finance and Resources)

Other People in Attendance

Members of the Public

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Councillor Rick Muir in the Chair

1 Apologies for Absence

1.1 Apologies for lateness from Cllr 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 Minutes from the meeting on 29th October 2015 were approved.

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| RESOLVED | Minutes were approved. |
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- 4.2 Minutes from the meeting on 11th November 2015 were approved subject to the following amendments.

4.2.1 Members commented the minutes did not reflect their views. Members highlighted they were concerned and wished to continue monitoring the service area quality checks produced. In addition they also wanted to review performance information for service areas across the Council.

4.2.2 Members agreed to review how to monitor the service area quality checks and performance information at their next steering group meeting.

4.2.3 The Assistant Director ICT advised the spelling of IDCs was incorrect it should be spelt IDOX. All Reference to IDOCs should read IDOX.

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| RESOLVED | Minutes were approved subject to the above amendments. |
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- 4.3 Matters arising

4.3.1 The Commission requested for the Head of HR and OD to report back with the breakdown of the reasons for the 700 staff leaving the organisation.

This information was provided by the Corporate Director Finance and Resources at the meeting.

4.3.2 The Head of HR and OD to check and confirm if they could provide a more detailed breakdown of the ethnicity profile from the list provided in the report.

This information was provided on pages 31-32 of the agenda.

4.3.3 The Hackney Management Team to provide an update on the impact of efficiencies to date on the whole organisation and the Council's ability to achieve its aims and outcomes.

This information was presented under item 6 on the agenda.

5 ICT Review Recommendations Update and ICT Strategy

5.1 The Chair welcomed Christine Peacock, Assistant Direct ICT from London Borough of Hackney (LBH) to the meeting. Also in attendance was Ian Williams, Corporate Director Finance and Resources from London Borough of Hackney.

- 5.2 The Commission commenced a review of ICT in 2013/14. The Executive response was received and noted by the Commission in January 2015. The Commission requested for a further update to monitor the progress of the recommendations. An update on the progress of the recommendation was provided on pages 35 -46 of the agenda.
- 5.3 The ICT review highlighted that the ICT Strategy came to an end in 2011 and was not replaced. The presentation on pages 47-70 provides information about the Council's ICT Strategy.
- 5.4 The main points highlighted in relation to the recommendation update were:
 - 5.4.1 Rec 1 - as a result of the ICT review discussions the organisation agreed it needed to produce a new ICT strategy. The key issue ICT found when developing the strategy was governance.
 - 5.4.2 The project governance model used for user engagement and communication for the My office roll out was replicated for the system change in Adult Social Care and the One Account portal scheduled to be rolled out.
 - 5.4.3 Rec 2 – improvement groups looking at technology and systems were set up by the Chief Executive and they have now completed. It was highlighted, setting up full time teams to work solely on ICT in the current climate would be challenging.
 - 5.4.4 The digital advisory board has not progressed further from the initial update in November 2014. ICT have focused on internal governance, but did receive some external challenge from PricewaterhouseCoopers (PwC).
 - 5.4.5 Rec 3 – the project did not receive funding for phase 2. ICT are currently in the process of procuring a corporate business intelligence tool.
 - 5.4.6 Rec 4 – ICT are still awaiting publication of guidance from the Government (for the last 2 years) in relation to information sharing across organisations. In the interim ICT are working with Health Services to develop an integration platform for sharing data. This project is in the very early stages.
 - 5.4.7 Rec 5 – this recommendation has been completed with the launch of the new staff intranet. The staff training material made available is in line with the HR Strategy - individual ownership of self-development and independent learning.
 - 5.4.8 Rec 6 – The Council hosted the Hackday and this event was partially successful. ICT hoped the event would provide sustainable IT solutions but the event did not. ICT are working with the Regeneration Team on projects like the Fashion Hub for system enhancement.
- 5.5 ICT Strategy update. The main points from the presentation and objectives were outlined.
 - 5.5.1 ICT's main objectives were to develop an IT Digital Strategy for 2015-2020 through a focused engagement programme with the business.

- 5.5.2 Develop a set of 16 technology solution principles in line with the Council's strategy & vision.
- 5.5.3 Develop and understanding of high priority business needs across the council through the creation of a business systems "heat-map" facilitated through structured workshops and 1:1's with key council stakeholders.
- 5.5.4 Understand the Council's application and infrastructure landscape and identify a long list of potential initiatives to deliver the IT Digital Strategy. From the workshops and discussions 117 initiatives were identified but 62 were identified as either in-flight (37) or key business strategy initiatives (25) that should be prioritised. The selected 62 key initiatives were categorised as "stabilise - grow - innovate". The biggest value will be derived from projects focussed on innovation and growing the capabilities and services.
- 5.5.5 Review and prioritise business and system initiatives (where appropriate), and develop a high level delivery roadmap and resource plan
- 5.5.6 Focussing on delivering the 62 key initiatives significantly reduced the budget overrun, but indicated a significant capacity problem if no further investments is made, either in additional staff or by freeing up other capacity, e.g. through streamlining Business as Usual (BAU) processes.
- 5.5.7 It is evident the council has a large portfolio of current and new initiatives that are competing for resource and funding. The creation of an effective IT Governance framework will be key to the successful delivery of the portfolio of initiatives as outlined in the diagram on page 59 in the agenda.
- 5.5.8 The governance structure will be based on:
- A Gateway/Stage process for approvals, including the process for getting to Stage "0"
 - A business-case led approach for new projects and initiatives
 - A new organisational structure for the governance of ICT-related initiatives, supported by shared Business/ICT structures
 - Evaluation criteria for new initiatives.
- 5.5.9 The governance will have three tiers:
- Strategic – The Business ICT Strategy Board will formally review business cases (Outline and Full) and will oversee the management of the portfolio of ICT initiatives
- Tactical - The Technology Advisory Board (TAB) will review and provide advice and guidance for submitted initiatives against the IT Principles detailed in the Business IT Strategy
- Operational - BAU governance involves the weekly meeting to plan and manage the delivery of ICT change requests that originate from the business or from ICT.

5.6 **Questions, Discussions and Answers**

- (i) **Members enquired about the skills gap in the ICT industry and the management of this risk. Members also enquired about the service redesign strategy and the implication of this on ICT resources.**

The Assistant Director ICT informed the Commission Hackney Council attracted staff by informing applicants they will be working on unique and interesting projects. The Council also has a relationship with City University and regularly takes on students in their sandwich year on work experience.

The Council tries to make sure their salary is competitive and regularly bench marks against the industry; with the aim of paying the median salary of the market. ICT have access to paying a skills supplement to try to retain staff. For example there is a skills shortage of network engineers, therefore the Council would consider it successful if they retained a member of staff for 4 years.

- (ii) **Members referred to the information about the development of the health information platform with the Council's partners. Members wanted more information about this area of work.**

The Assistant Director ICT explained the project is at the scoping stage. It has two strands of work. One is child protection. The other is improving their system for identifying vulnerable people. The local hospital (Homerton University Hospital NHS Foundation Trust) received funding to do this. They will be building on the current interface between LBH and the hospital. The challenge to this work is, they are working with open data and dependent on the current systems being used by the organisations. The project will cover City and Hackney.

- (iii) **Members referred to the business intelligence tool and asked for more information about the tool being purchased.**

The Assistant Director ICT informed Members they were purchasing a data warehouse – where the data will be stored - similar to the tool they reviewed for the parking services system project. ICT anticipate the suppliers they have been working with on the parking project will submit a bid for the new system.

It was highlighted a key challenge to using open data is making sure they have good quality data to use and that the data is of good quality across the system. They need to ensure the information is accurate.

Members were informed during the development of the ICT Strategy they developed a Heat Map for the next 5 years. From this they have developed a set of core solution principles. ICT conducted a number of workshops with the business service areas to develop the Heat Maps. This process enabled ICT to collect volumes of information about the businesses and their aspirations. From the information gathered ICT started looking at resources and identified the projects they will be taking forward. The current position now is finalising the funding and plans.

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Members were referred to page 49 of the agenda that outlined the strategic objectives and technology solution principles 1-16. Business areas are asked to fill out the solution principles template in response to question 1-16.

The information was reviewed for external challenge by PricewaterhouseCoopers (PWC). The feedback confirmed all the requested made by the business reflected normal requests. However PWC were intrigued by the high aspirations of the business areas.

As a result of the workshops with the business areas ICT learned that the business believed ICT were currently working on 117 projects. Many of these were as a result of a discussions and not a formal decision making process. Following the workshops ICT prioritised the projects by grouping them into categories of high/medium and low value and risk. This helped to identify what value the project will bring to the business and what they will get from it. If a project was identified as low value and low risk it was deprioritised. Following this review they have confirmed 62 key initiatives will be progressed.

- (iv) **Members enquired how ICT defined the value of the projects and how new projects would be added to the list.**

The Assistant Director ICT confirmed after identifying the 62 projects to advance they learned 37 were already in progress. The projects were categorised into 3 groups: Stabilise, Grow and innovate. Following an assessment this confirm if the project would add value to the business. It was noted if the project would grow and innovate, it would be of significant value to the business.

It was pointed out if ICT proceed with the current number of projects and their current resource, they would completed all the projects within 2 years. Currently all the projects are in the process of confirming their funding stream.

To add projects to the current list of confirmed work they developed a governance model – it was acknowledged publicity about the governance procedures needed to be improved. For the existing projects they used the existing governance structures, the new governance model will be applied to new ICT projects.

There will be 3 areas for governance:

- Operational – day to day
- Technology – will have 1 for each Group Director's area
- Strategic – will be current AD level.

- (v) **Members commented on the projects business case and the rigor applied to the production of the business case. Members enquired about the questions asked at pre-business case stage asking if this process ensured the solution required was a new IT system and not a change to the business service delivery model. Members wanted information about how ICT ensured business areas make use of their existing system to reduce additional costs.**

- (vi) **Members commented the ICT strategy outlined a process that would be applied to a settled organisation. Councils were currently in a state of**

turmoil, changing circumstances with external factors impacting the organisation. Members enquired about the strategic drivers and Hackney's vision to improve ICT?

The Assistant Director ICT explained to Members at the tactical level they provide challenge. This is the first phase of the process. Once the project has proceeded to full business case ICT will then review the market for available products to suit the ICT need. If a product is available they will purchase. It was explained to the Member open source products generally do not integrate well with Hackney's systems. As a principle they do consider all possible types of products. It was noted that open source products are good because they are free at the point of source, but maintenance costs do need to be taken into consideration.

In response to Members query about driving down costs. Members were informed the migration of services online and the development of the One Account is aimed at driving down costs for the business.

- (vii) **Members referred to the 16 technology solutions - in particular principle 8. Members wanted confirmation that ICT will not completely write off building a system from scratch if required.**

The Assistant Director ICT confirmed if there is an off the shelf application they can use they will purchase it, however if there are no suitable products ICT will have a bespoke system built.

Members were informed there is a Pan London Head of ICT group that Hackney attends. This group shares information about successful bespoke systems to consider how they can be used by other boroughs or business areas.

- (viii) **Members appreciated the information provided about the ICT Strategy and governance model. Members wanted to understand how the ICT Strategy would help the organisation to save money. Members commented it would be helpful for them to receive an update about the key projects that would contribute towards service changes and cost savings. Members were interested in linking the vision (in the ICT Strategy) to projects that were expected to produce future savings.**

Members requested for the Assistant Director ICT to return and give an update on the top 10 transformation projects that would contribute towards, reducing costs and changing the way services are being delivered.

The Officer agreed.

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| ACTION | Overview and Scrutiny officer to schedule update in G&R work programme. |
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The Chair thanked the Officer for the update and commended the progress made to date.

6 Quarterly Finance Update

- 6.1 The Chair welcomed Ian Williams, Corporate Director Finance and Resources and Sonia Khan, Head of Policy from London Borough of Hackney to the meeting.
- 6.2 The Commission has been receiving regular updates on the Council's financial position and key pressure areas on the budget. This update follows the Comprehensive Spending Review announcement by the Government.
 - 6.2.1 The Corporate Director Finance and Resources recapped on the financial year (2015/16) and the biggest cost pressures facing the Council.
 - 6.2.2 There has been a 30% reduction in the Revenue Support Grant (RSG) - the Council's largest general grant.
 - 6.2.3 The biggest challenges to the Council's budget are Homelessness, Welfare Reform, No Recourse to Public Funds (NRPF), Pay Award, London Living Wage, Care Costs, Bedroom tax and Right to Buy.
 - 6.2.4 The Council's budget is £130 million less since 2010. In year monitoring is very important to ensure the organisation stays on track with budget savings.
 - 6.2.5 Adult Social Care overspend is being managed down.
 - 6.2.6 The Council's capital investment programme is on track and strategic acquisitions are adding value.
 - 6.2.7 The key challenges for the housing revenue account is the Benefit Cap and the introduction of Universal Credit.
 - 6.2.8 There were announcements about changes to public spending since the Governments budget in July. Public finances are forecast to be £27 billion higher. This is due to better tax receipts and lower expenditure. Providing a net improvement of £8 billion in the public finances over the next 5 years.
 - 6.2.9 Member were shown a list of all the government departments and the spending cuts to their budget. Department for Communities and Local Government (DCLG) - local government - has suffered the highest proportion of spending cuts.
 - 6.2.10 The largest reductions to be applied to the DCLG grant (to local government) will be in 2017/18 (24%) and 2018/19 (19%) in real terms.
 - 6.2.11 The impact of the 18% cut to Local Government Resource Departmental Expenditure Limit (LG RDEL) in 2016-17 (core funding to LAs) will not be known until the Local Government Financial settlement in a couple of weeks.

- 6.2.12 London Council's modelling estimates that the overall 56% real terms cut to LG RDEL will lead to a cut of 70% in RSG. The local share of business rates is assumed will increase by 2% per annum in real terms over the period. Therefore the reduction in overall core funding (SFA) is estimated to be 31% for the period, this would be 60% over the decade 2010 to 2020.
- 6.2.13 Two key policy announcements impacting local government core funding are:
- the introduction of new funding for the Better Care Fund (BCF) (London Councils; understands this will amount to £1.5 billion in 2019-20, but as yet unspecified funding will also be awarded in 2017-18 and 2018-19) to be funded from the local government RDEL
 - proposals to reform the New Homes Bonus, saving £800 million (to contribute to the new BCF funding), sharpening the incentive and moving from 6 to 4 years retention of funding. DCLG has confirmed the 2015-16 baseline local government RDEL (£11.5 billion) includes the NHB top slice of £950 million (previously in the DCLG RDEL).
- 6.2.14 The full list of the headlines for Local Government was presented to the Commission the key points highlighted were:
A new 'Council tax precept' of up to 2 per cent on top of the existing 2 per cent (to be confirmed) referendum threshold, for those responsible for ASC only. To raise additional income.
- 6.2.15 Authorities will be able to spend 100 per cent of capital receipts from asset disposals (excluding Right to Buy).
- 6.2.16 Business rates devolution reforms will be consulted on in 2016 to pave the way for the implementation of 100 per cent business rates retention by the end of the Parliament. The Government's strategic review of business rates will now report at Budget 2016.
- 6.2.17 Revenue Support Grant to be phased out and additional responsibilities devolved to local authorities.
- 6.2.18 The Government will allow directly elected Mayors to add a premium to business rates to pay for new infrastructure, provided they have the support of the local business community through a vote of the majority of the business members of the Local Economic Partnership Board.
- 6.2.19 Welfare reform – reversal of previously announced tax credit cuts.
- 6.2.20 Universal Credit (UC) rollout schedule – rollout of the UC Digital Service in 2016 to complete in 2021.
- 6.2.21 Government will limit the amount of housing benefit for social rented tenants to the relevant local housing allowance rate.
- 6.2.22 The Discretionary Housing Payment fund (DHP) has been allocated an additional £70m over two years (representing 25% of the savings resulting from limiting HB to LHA).
- 6.2.23 Temporary Accommodation management fee will no longer be administered through the housing benefit system. From April 2017, Local Authorities will be

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- given more than equivalent funding directly (additional £10m to cost) to enable them to manage temporary accommodation and homelessness pressures.
- 6.2.24 By 2017, every part of the country must have a plan for complete health and social care integration, to be implemented by 2020. Areas will be able to graduate from the existing BCF programme management as long as they meet key (as yet unspecified) criteria for devolution.
- 6.2.25 Ring fence on public health spending will be maintained in 2016-17 and 2017-18. Allocations are expected to be determined around the time of the LGF settlement.
- 6.2.26 National Living Wage – the new Council Tax precept and the BCF is expected to be used to support councils to cover the costs of implementing this.
- 6.2.27 Savings of around £600m will be made from the Education Services Grant. Government will reduce LAs role in running schools and remove a number of statutory duties.
- 6.2.28 Free childcare will double from 15 to 30 hours a week for working parents of 3-4 year olds. Implementation from September 2017.
- 6.2.29 An Apprenticeship levy will be introduced in April 2017 on larger employers, set at a rate of 0.5 per cent of an employer's pay bill. Each employer will receive an allowance of £15,000 to offset against their levy payment. It is anticipated Council's will be included.
- 6.2.30 Under housing and planning - 400,000 affordable homes to be started by 2020-21 including 135,000 Help to Buy shared ownership homes. Bringing forward further reforms to the planning system to accelerate the housing supply. Extending the Right to Buy to Housing Association tenants (as set out in the Housing & Planning Bill). Extending the Help to Buy equity loan scheme and a specific 'London Help to Buy' scheme to offer 40 per cent equity loan in recognition of higher housing costs. Increasing rates of Stamp Duty Land Tax for purchases of additional residential properties.
- 6.2.31 Syrian refugees' resettlement, over £460 million of the overseas aid budget will be used by 2019-20 to resettle up to 20,000 individuals covering the full first year costs and a further £130 million will be provided by 2019-20 to LAs for years two to five.
- 6.2.32 In relation to the London Proposition for devolution, on employment and complex dependency – government announced that London boroughs and the Mayor will jointly commission employment support (outside the Jobcentre Plus regime), to assist the very long-term unemployed and those with health conditions and disabilities to (re)-enter work.
- 6.2.33 Jobcentre Plus (JCP) costs would be reduced through greater reliance on co-location with LAs. This matches London's proposals for co-location as the foundation for integrated working between JCP and local government.

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- 6.2.34 Skills reform has seen no further devolution but the announcement of no reductions in the Adult Skills budget means that the financial environment is improved from the 25 per cent reductions already announced.
- 6.2.35 Discussions on a London agreement on reform across health and social care continues.
- 6.2.36 For the 2016/17 budget the latest estimate is the Council will be required to find £23m worth of savings. This is currently in progress. To date £16m has been agreed in Overall Financial Position report in October and £7m will progress for agreement in December 2015.
- 6.2.37 At the time of this update the Council did not receive information about the local government settlement.
- 6.2.38 In addition the Council has launch its Voluntary Redundancy Scheme (VR). All the VR Panels met and reviewed approximately 600 applications, around 50% have been approved. Payback for the costs incurred will be less than 1 year.
- 6.2.39 Since 2010/11 – 2014/15 For the Council there has been 388 compulsory redundancies and 247 voluntary redundancies. A total of 635 Council staff leaving the organisation. For Hackney Homes there has been 28 compulsory redundancies and 31 voluntary redundancies. A total of 59 Hackney Homes staff leaving the organisation.
- 6.2.40 The budget from the various income sources as at 2015/16 is currently £259m. In 2018/19 it will reduce to £199m. This is £60m less to continue to provide essential public services. With the Council Tax precept the budget could be £204m in 2018/19.
- 6.2.41 Since 2010 the Council's external funding will have reduced from £300m in 2010 to £110m in 2015/18.
- 6.2.42 Members were informed Hackney Council's average Council Tax band is at the lower end of the scale of charges across London.
- 6.2.43 To give Members an example of the scale of the challenge facing the Council – to find £60m over the next 3 years. Members were informed if the cost of running 8 public libraries each year; the cost of street cleansing waste removal and recycling services each year and the cost of leisure service in the borough were added to together, they would only provide a 1/3 of the £60m needed over the next 3 years. In addition to this the Council still has to manage increasing demand adding additional budget pressure.
- 6.3 The Commission received information about the work to assess the cumulative impact of savings and policy changes in relation to achieving the Council's visions.
- 6.3.1 A recap was provided about the Council's vision through the Mayor's priorities which is underpinned by the Council's Corporate Plan.
- 6.3.2 It was highlighted that the Corporate Plan does recognise restricted resource and there is a well -established change management process to service

- change. The key is to make sure there is fairness in decision making in relation to service changes.
- 6.3.3 The Council is reviewing the cumulative impact of policy changes, budget cuts and welfare reform to identify the challenges and make recommendations in relation to achieving the Council's strategic vision.
- 6.3.4 Key questions being asked are:
- "Is the decision fair?"
 - Does the decision undermine our ability to deliver our strategic vision and corporate plan?"
- 6.3.5 The impacts being considered are: direct impact; knock on impact on other services from a cut or change to Council services; potential impact; indirect impact – arising from the macro context (housing market, economy) - and wider community impact.
- 6.3.6 The assessment process was outlined to the Commission and the decision making channels by which the information will be taken forward.
- 6.3.7 The Council has analysed:
- Savings proposals for 2016/17 – it was noted not all have been agreed.
 - A review of savings proposals from 2011-2015 including a cumulative impacts assessment carried out in 2013 for 2013/14 and 2014/15.
 - The external context including the economic context, changing demographics, housing and welfare reform and other public policy changes as well as changing behaviours and expectations. Including thinking about how behaviours can be changed.
 - Workforce issues comparing staff surveys in 2011 and 2013 and the workforce profiles which are collated annually.
 - Other local authority experiences of savings and impact. There are some similarities of how other councils have approached this type of work.
- 6.3.8 The savings made to date have not impacted on frontline service provision, however this does not mean residents have not experienced some form of change. Savings to date have been achieved by making back office savings throughout the Council, renegotiating contracts on more favourable terms, rationalising the corporate estate and re-engineering services to drive out inefficiencies. In addition service reviews have also found new ways of using existing expenditure to improve, or at least maintain at reduced cost, front-line services.
- 6.3.9 Savings proposals for 2016/17 have considered and are presented in the context of past savings and have reported to the Budget Scrutiny Task Groups. The cumulative impact has been identified and considered in the proposals developed. The majority of the savings being presented for 2016/17 will not have a material impact on frontline services.
- 6.3.10 The full list of the key findings in relation to the impact on residents was presented to the Commission the key points highlighted were:
- Where savings proposals have had impacts, they are achieved through plans to integrate, redesign or transform services, against policies agreed in previous years. In doing so the goal has been to make services more

responsive to need, to give service users greater agency and choice and to focus on greatest need. Residents may not see it this way and may disagree with the changes and see it as part of “Council Cuts.”

- Even though savings plans are achieved through integration, redesign, fairer charging or transforming services people will still experience change. These groups are inevitably residents who use public services the most: some older residents, disabled residents and carers, vulnerable residents and children with Special Educational needs. This includes those who have been or who will be impacted by fairer charging. It is noted that to further protect vulnerable residents no further savings were made in 2016/17 from the Supporting People budget. Fundamental changes to service provision and expectation would be required before further savings can be taken.
- The continued pace and intensity of change management is likely to have a cumulative impact on staff and service users.
- Any future increase in fees and charge would mean that low income groups will find their household budgets squeezed further and so decisions may be viewed negatively even if they are fair.
- It was highlighted if public health work does not continue there is a possibility people will be living longer but will not be healthy. There could be an increase in a combination of mental illness, obesity and other social factors.
- Many residents who do not use many Council Services may not have been impacted directly by any savings yet – the Council will understand their perspective better when the latest household survey is concluded later this year.
- Savings proposals are dependent on residents continuing to move to digital channels so there is further need for residents to build confidence in using online platforms, whilst understanding the complex needs of residents who would still require face to face contact.
- Need to factor in cost pressures due to no recourse to public fund and changes to education budget.

6.3.11 The full list of the key findings in relation to corporate issues was presented to the Commission the key points highlighted were:

- Reductions in corporate support functions have been made each year since 2010, but the proposals for 2016/17 did not treat these as straightforward back office cuts. There will nevertheless be a reduced resource for co-ordination outside of planned arrangements and high priority programmes.
- Many savings proposals focused on income generation either through commercialising services or through expecting a higher level of fees. It is important that services are able to flex capacity and operations to meet demand and expectations.
- Moving forward sustainability of local services will require significant changes to delivery and funding. In line with G&R’s work on ‘Whole Place, Whole System’ review. One of the key consideration is how the Council approaches and responds to the demands on public services differently.
- When comparing the Council’s position with other local authorities they see similar trends in terms of how a balanced budget has been achieved - through efficiencies and redesign. It was also noted that similar groups have been most affected. The analysis of how these changes are being experienced on the ground provides a helpful guide to how the Council might need to respond to the impacts highlighted.

6.3.12 The full list of the key findings in relation to the workforce was presented to the Commission the key points highlighted were:

- The 2013 workforce survey shows that job satisfaction and views of the Council remain very high even two years into budget reductions. However staff morale remained low and apprehension also remained high, suggesting that staff could be absorbing the difficulties of organisation change and public sector budget cuts. HR will be conducting a new staff survey in 2016 to explore further.
- When you compare the workforce in 2011 with the workforce in 2014 there is no significant variation in any equality group. For example the 50-59 age group, where there has been the most redundancies, were 23% of the workforce in 2011 and are 28% of the workforce in 2014. There is a reduction in the black workforce from 36% to 33% but the proportion of other BME groups has increased – but this is still higher than population demographic.

6.3.13 Being mindful of the Equality Act and the statutory duties on the local authority. Equality assessments have shown even though savings plans are achieved through integration, redesign, fairer charging or transforming services people will still experience change. These groups are inevitably residents who use public services the most, older residents, disabled residents and carers, vulnerable residents and children with Special Educational needs. If people find services are unaffordable it leads to less demand for the service.

6.3.14 The full list of recommendations was presented to the Commission the key points highlighted were:

When they recognise there is a perception or anxiety of cuts to services, engagement is key.

Supporting Transformation

- Ongoing programmes such as Transforming Adult Social Care should continue to engage residents, providers and wider public in major change programmes.
- As new savings are implemented there may be a need for further programmes engaging staff and partners at all levels in the principles of service redesign and transformation around specific changes to ensure that everyone involved understands the reasons behind this and understands their role in promoting change.

Engaging residents

- Resident engagement has become bolder and more innovative in recent years and the Council wants to build on this to continue to ensure a strong two way communication to co-produce changes, gather feedback and explain reasons and proposals. This builds on the engagement started through 'Hackney a Place for Everyone' in summer 2015. The Council also wants to ensure that its strategies reach and engage residents in the private rented sector which has doubled in the last decade.
- As this round of savings are implemented the Council wants to continue to track people's lived experiences of change and unintended impacts through resident engagement.

- The principles behind proposals to redesign or transform services will require the Council to continue to re-think public services which puts more emphasis on independence, resilience and opportunity.

Scenario planning and setting new strategic priorities

- In response to the pace of change in the borough and the pressures placed on public service, a process of scenario planning has begun. This will help shape new strategic priorities for the borough to replace the Sustainable Community Strategy priorities from 2018. This approach will help the Council proactively respond to the cumulative impacts which are identified, to take account of the way the borough is changing and to harness opportunities.

Promoting digital inclusion

- There needs to be a continued focus on digital inclusion - addressing the barriers to residents making complex transactions on line (skills, preferences, access to equipment and broadband).
- Technology is being increasingly used to support service delivery in a wide range of contexts, including fitness and self-management and there should be a corporate approach to identifying and sharing transferable practice between services.

6.3.15 The officer highlighted this is an iterative process, to be assessed against the savings scheduled for 2016/17 (not all have been agreed).

6.3.16 The Corporate Policy team will be reviewing the Council's vision and assessing if there is a risk of the Council not achieving its vision due to the changes implemented.

6.4 **Questions, Discussions and Answers**

- (i) **Members referred to the Government's proposal to allow councils to keep all the income generated from the business rates tax. Members enquired if there was any information about how this would work in practice.**

The Corporate Director Finance and Resources confirmed there was no further information in addition to the announcement in the CSR. Locally they can try to estimate what this income might be, but business rate charges are currently being reviewed and this will have an impact too. Locally business rates is approximately £80m. It was highlighted that there is likely to be some form of redistribution of the business rates because London generates a significantly higher income from business rates than other parts of the Country.

- (ii) **Members enquired if the Council had any claims for unfair redundancy during the redundancy process.**

The Corporate Director Finance and Resources informed the Commission there were a small number of claims – the officer was unable to give an exact figure at the meeting – but the Council has been able to demonstrate they have a rigorous process and to his knowledge no claim has been successful.

It was noted the Council has improved how it manages its redundancy and employment process.

- (iii) **Members requested for the number of claims to be provided.**

The Corporate Director Finance and Resources agreed to provide the information to the Commission.

| | |
|---------------|---|
| ACTION | Corporate Director Finance and Resources to provide information on the number of claims for unfair redundancy and number of successful claims. |
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- (iv) **Members commented to date the Council has managed to balance the budget and produce savings during the period of reduced income and to date there has been no material cut to services or impact on frontline service provision. Members enquired if this was due to income generation?**

- (v) **Members also wanted to confirm if the organisation was reaching crisis point?**

The Corporate Director Finance and Resources explained to date they have been managing the budget pressures but the organisation it is now at the point whereby managing the pressures are unsustainable. The Council is entering a period of which difficult decisions will need to be made.

- (vi) **Members enquired if the drive to shift services online are reflected in the structural changes of the organisations.**

The Corporate Director Finance and Resources informed Member LBH has a demographic whereby older people leave the borough, therefore shifting to more online services serves the main demographic of the population. In addition to this Hackney also has the largest number of people on benefits, which is moving to an online system too.

Referring to the presentation about the changes to local government income over the life of this Parliament planned changes to the Revenue Support Grant. Members enquired about the Council's income in the future. Members commented the graphics shown in the presentation would be a useful tool to communicate the changes to the local population.

The Corporate Director Finance and Resources advised Members a new forecast is required to estimate what the new changes would mean to their income. However the detail needed to carry out this forecast was not currently available. It was noted that LBH does received the second largest fund in London for the New Homes Bonus.

- (vii) **Members discussed and reflected on the financial pressures and savings to date, noting there has been no material impact to frontline services or the service provision being offered since the commencement of the Government's austerity plans in 2010. Members pointed out since 2010**

Hackney Council's budget was £130m lighter but despite this the Council was still providing the same level of service. Members enquired if by 2018/19 the organisation will be able to make the required savings without any material impact to frontline services and will the people of Hackney experience any change?

The Corporate Director Finance and Resources informed Members a significant amount of savings will need to be made each year up to 2018/19. It is unlikely this will mean no changes for the people of Hackney. To date Hackney has benefited from the New Homes Bonus funding and the income generated from its property portfolio.

6.5 Questions, Discussions and Answers

- (i) Members commented the presentation was very useful and they were pleased the Council was conducting this piece of work to understand the cumulative impact on services from the changes implemented.**
- (ii) Members enquired how the analysis was being applied in practical terms for services to understand the impact on the individual in relation to the reforms and changes. Members asked if it was picking up the detail of cumulative impact on the different cohorts of society e.g. older people, disabled people, etc.**
- (iii) Members were pleased that the Council was taking a holistic review of services. It was hoped that in taking a strategic customer centred approach, some of the principles outlined in the G&R review would be applied to service models. Members enquired why devolution was not mentioned as part of this work. In their view this was an important factor that could change how services operate with other public bodies. Commenting devolution is an important dimension and will impact on how services will be shaped in the future.**
- (iv) Members referred to the impact of the cuts on the Council's workforce and frontline services and enquired if the Council was measuring or assessing the impact of this on people. Members were keen to understand the assessment in relation to the vulnerable groups highlighted in the presentation.**
- (v) Members enquired if this analysis had picked up how Council services are being perceived and if the changes being made have impacted on this perception.**
- (vi) Members enquired:
How the information would be used in relation to cuts in services?
If the Council will review tax increases to look at the implications of debt?
If this work was linked to the Commissioning Strategy and how this information would be fed into the commissioning process?**

In response to Members questions and comments above the Head of Policy advised this is first time the Council is undertaking this type of cumulative impact work. Therefore they have no practical example to give as a demonstration on the cumulative impact on any cohort at present.

The changes to services are communicated to frontline staff to help them understand why the changes are being made and the reasons for the change. This is communicated through management and engagement sessions.

Experience to date has shown that even if the change will lead to better outcomes, people are resistant to change. They build feedback into the change process to help with this.

It was explained that devolution did not currently feature in this analysis work because no formal decision had been made and it was a live topic and still evolving with discussions.

The recommendations outlined in the presentation make reference to understanding the experiences of vulnerable people. This is being picked up in the 'Hackney A Place for Everyone' consultation and has resulted in additional engagement sessions.

The analysis information has been given to IPSOS Mori who will conduct the Council's resident survey.

The Council accepts that capturing service user experience needs to be more systematic in their processes.

Detailed work will be carried out on the impact of tax increases. Information has been provided to the Children and Young People Scrutiny Commission about how the Council is supporting families to manage debt.

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

- 7.1 The work programme for the Governance and Resources Scrutiny Commission was noted for information and outlined on pages 109 – 114 of the agenda.
- 7.2 The steering group meeting on 16th December 2015 was cancelled and the steering group meetings will reconvene in January 2016.

8 Any Other Business

- 8.1 None.

Duration of the meeting: 7.00 - 9.45 pm