

London Borough of Hackney
Governance and Resources Scrutiny Commission
Municipal Year 2015/16
Date of Meeting Wednesday, 16th March, 2016

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

Chair **Councillor Rebecca Rennison**

Councillors in Attendance **Cllr Deniz Oguzkanli, Cllr Laura Bunt and Cllr Nick Sharman**



Apologies: **Cllr Will Brett**

Co-optees

Officers In Attendance

Other People in Attendance **Ed Hammond (Director Local Accountability), Ben Lucas (Founding Director and Managing Director), Councillor Ann Munn, Councillor Peter Snell, Jessica Studdert (Deputy Director), Michael Vidal (Healthwatch Hackney Board Member) and Councillor Carole Williams**

Members of the Public

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Councillor Rebecca Rennison in the Chair

1 Apologies for Absence

- 1.1 Apologies for absence from Councillor Will Brett, from the Governance and Resources Scrutiny Commission.
- 1.2 Apologies for absence from Cllrs: Ben Hayhurst, Rosemary Sales and Sharon Patrick from the Health in Hackney Scrutiny Commission.
- 1.3 Apologies for lateness from Cllr Laura Bunt.
- 1.4 Apologies for absence from guests and officers: Professor Tony Travers, London School of Economics and Political Science, Councillor Geoff Taylor, Cabinet Member Finance and Ian Williams, Corporate Director Finance and Resources from London Borough of Hackney (LBH).

2 Urgent Items / Order of Business

- 2.1 The Commission was informed Cllr Rick Muir had resigned as Ward Councillor. The Commission was informed the Vice Chair Cllr Rennison would chair the meeting.
- 2.2 The Commission noted their thanks to Cllr Muir for his dedication and hard work in his time as Ward Councillor and Chair of the Governance and Resources Scrutiny Commission.

3 Declarations of Interest

- 3.1 None.

4 Minutes of the Previous Meeting

- 4.1 Minutes of the meeting held on 22th February 2016 were agreed.

RESOLVED	Minutes were approved.
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4.2 Matters Arising

- 4.2.1 Action page 10 - The Corporate Director Finance and Resources to provide an update on council tax collection figures to the Commission.

This is scheduled for update April 2016.

- 4.2.2 Action page 13 - The Corporate Director Finance and Resources to arrange for the Members of G&R to visit the new temporary accommodation used by the Council.

This is being arranged.

5 Devolution - The Prospects for Hackney

- 5.1 The Chair welcomed Ben Lucas from Metro Dynamics, Ed Hammond from Centre for Public Scrutiny and Jessica Studdert from New Local Government Network to the meeting.

- 5.2 The Chair informed the meeting questions were submitted in advance to the speakers. The Chair invited each guest to provide their opening statement in response to the questions.

- What are the most promising areas for further devolution of budgets and powers from central government to London?
- What areas of service/expenditure should be devolved and to what governance level within London?

- How will the relationship between the GLA and the 32 boroughs need to be recalibrated in order to make devolved arrangements work?
- Is there a need for more consistent arrangements to be agreed at the sub regional pan borough level in London?
- How can we ensure that devolution is supported by strong governance and public participation?

5.3 Jessica Studdert, Deputy Director - New Local Government Network opening statement.

5.3.1 Devolution is not an end process but rather should be viewed as a means to an end, with the aim of creating better value for the way resources are spent.

5.3.2 Devolution will help to create incentives around spend so it can aligned in a more appropriate way.

5.3.3 It was highlighted that public spend in London is in silos. The question devolution asks is can London take this spend and use it in a different way to deliver a more effective impact for the local community.

5.3.4 The most promising areas for devolution are the areas where there is spend on quite complex need. Devolution asks if London can take that funding and spend it more effectively.

5.3.5 Employment support was highlighted as an area whereby there is a lot of spend for very limited results. For more complex problems that require support the question asked is can spend be devolved to enable services to be integrated services so that services do not work in a different way to each other but blend better together.

5.3.6 One of the key challenges cited by businesses is the skills shortage in London. However, London has a large number of people unemployed. Therefore the question is can London devolve spend so that it incentives providers to provide the skills provision that London actually needs. Also can structures be devolved that will facilitate better discussion with employers to enable them to articulate more effectively the skills needed, to create an effective system that providers are also supported to feed in to. The current funding system for skills does not work particularly well. Can it be better aligned to produce better outcomes for skills?

5.3.7 Health spend is another key area. In London there is a huge pressure on the NHS. Currently the policy is to cut back on public health budgets, but this is not sensible because it can lead to more spend elsewhere within the system. The principle behind the Manchester devolution on health spend is to create new structures and new accountability for that spend. Their aim is to create more community based provision, reducing the current pressure on hospitals whilst maintaining the current level of spend or reducing it. It was pointed out this will be hard to do simultaneously. Manchester's goal for health spend is taking a long term view to improve sustainability and to have an impact on key areas of spend.

- 5.3.8 The Mayor for Manchester will have more powers over spend for the Manchester City area than the Mayor of London. London is 3 times bigger than the Manchester area – Manchester has 10 boroughs London has 32 and the leaders there have a direct link to the Mayor. London boroughs do not have a direct link to the Mayor of London. Manchester’s model described as ‘first amongst equals’, this is different to the set up in London. It was pointed out London has some collaboration through London Councils but for devolution it was thought there would need to be a formal structure; possibly by statutory agreement to enable regional powers to be devolved. It was highlighted that if councils became responsible for the hard end of employment support (the work programme); there would need to be multiple borough arrangements to take on the level of risk this type of devolution would present.
- 5.3.9 Therefore in some areas for devolution there would be borough level arrangements and for some there would need to be multiple borough collaboration to take on the risk.
- 5.4 Ed Hammond, Director Local Accountability – Centre for Public Scrutiny
- 5.4.1 The aim of devolution is to secure local services for people that achieve tangible and positive outcomes; making a difference to peoples’ lives. The view across the country is that devolution can achieve this change to local services.
- 5.4.2 Therefore the outcomes councils wish to achieve from devolution will be critical. It is important that councils clearly define the outcome they wish to achieve from this process. It is important not to get caught up in the processes of devolution.
- 5.4.3 It was highlighted how where councils do not have this understanding, the devolution negotiations could end up stagnating. Hampshire was cited as an example where they had reached the point of a deal and then it dissolved. The reason for this is was believed to be linked to not having a clear understanding of what they wished to achieve. The requirement for devolution is having a Mayor. The area grouping did not want a Mayor and they could not agree on a set of outcomes that would compensate for having a Mayor. They did not identify from the outset collective priorities and outcomes that were worth accepting an elected Mayor. It is critical for councils to have a clear sense of the outcomes they wish to achieve when considering devolution.
- 5.4.4 In response to question 1, which asked about the most promising areas for further devolution of budgets and powers from central government to London. The CfPS officer advised the areas set out in the London Proposition document. Two possible additions areas could be education and social security. However it was thought these two areas were unlikely to be devolved given the budget announcement that day and that the welfare reform changes were at implementation stage. There would be huge opportunity if these two additional areas were open to devolution too.
- 5.4.5 In response to question 2, which asked about what areas of service/expenditure should be devolved and to what governance level within London. The Commission was advised it should be any area councils can get access to. The key was to push devolution to its lowest form. Although it was

- acknowledged more work needs to be done before reaching the point of devolving to local communities.
- 5.4.6 In response to question 3 which asks how the relationship between the London boroughs and the GLA would need to be recalibrated. This relationship in his opinion would need to change quite significantly. It has not yet been demonstrated that London can work collectively. Although boroughs have a sense of what they want to achieve with devolution. Key to this will be the relationship between the GLA, boroughs and regional relationships. An additional impact to this was thought to be the characters of the individual leaders of the various partners.
- 5.4.7 In response to question 4 which asks is there more consistent arrangements that can be agreed, the answer is yes, but risk is a big issue. Sovereignty working (Sovereignty working can be described as one organisation holding the power of the partnership over all other organisations) brings opportunities but it also brings risk around delivery of services and connection with communities. Consistency, understanding and sharing the risk will be important.
- 5.4.8 Every so often there are proposals about creating super boroughs. This brings the potential for pooling resources and sharing risk. This has been demonstrated in other parts of England.
- 5.4.9 If Hackney wants all the decisions to be made by its organisations sovereignty working would need to be considered.
- 5.4.10 In response to question 5 which asks how we can ensure devolution has strong governance. It was explained this was critical to get right. Governance gives a sense of order and the sequence in which to do things, as well as a framework.
- 5.4.11 There will need to be two different sets of governance arrangements. Interim and permanent. Both types of governance will need to be flexible and capable of evolving. Devolution has been evolving over the past 15 years and will continue to evolve. Therefore governance arrangements will need to do the same.
- 5.4.12 The framework will be critical. This helps to set out how decisions will be made, how policy will be developed, how performance will be monitored and how the public will be involved in all this. All these points should be considered and agreed. After councils have agreed their governance requirements, outcomes for local people and how they will work together. Then you move onto agreeing the structures and processes at the very end and the formal arrangements can be implemented.
- 5.5 **Ben Lucas**, Founding Director and Managing Director - Metro Dynamics
- 5.5.1 The context of devolution is very different to decentralisation. Devolution is about power and where power is exercised. Britain is in an era of quite significant change; witnessing the Welsh, Scottish and Northern Irish devolution and the establishment of a London Mayor.

- 5.5.2 Increasingly there has been a push against the empire model of governance we have in the UK. The reason is thought to be linked to the rest of the country not benefiting from this operating model.
- 5.5.3 One of the biggest dynamics for devolution is the announcements from the Prime Minister to devolve powers to English cities. In his view this was a response to a long campaign by Scotland and many British cities (core cities). Expressing a desire to have more economic and political power at a city level.
- 5.5.4 In the last 10 years there has been an increase in the population numbers in all the main cities across the UK. This highlights that demographically and economically something quite significant is taking place across the UK's cities. The political structures are catching up to these changes.
- 5.5.5 Specifically in relation to London, it is thought that the rest of the country has fallen out of love with London. It was commented that for the General Election it was noticeable that no political party launched their campaign from London. Also that no national politician seemed to be interested in advancing anything that is of benefit to London. There is a view that London has shaped a political economy to suit its own needs. This view is further implied following the crash of the banking system in London; which was deemed to be the cause of austerity that has affected the whole country.
- 5.5.6 This has obscured the fact that there are pockets of deprivation and inequality in London that are greater than the rest of the country. There are health challenges in London (in terms of childhood obesity) that are greater than any of the challenges in the rest of Britain. There are housing challenges that are greater in London than the rest of Britain. However it is thought that these challenges are not widely understood nationally. One of the obstacles for devolution in London is the need to convincingly shape a response to the challenges faced by London in relation to inequalities, health and housing. The prospect that 50% of London's children will be obese and that London's housing is becoming increasingly unaffordable. Presents London's councils and London's politicians with the task of finding a response to these challenges. The best way to advance London's case is to collaborate. This is likely to be across political party lines and across borough boundaries. The response will require a degree of imagination. This in his view has enabled Manchester to negotiate the deal it has.
- 5.5.7 The challenge for London is at what level it should negotiate devolution and the form of community engagement it needs to address challenges faced by locations e.g. estates. This may be across boroughs.
- 5.5.8 The speaker from Metro Dynamics highlighted two areas in England – Liverpool and London Borough of Lambeth, both of which were participating in the rate-capping rebellion in the 1980s. It was highlighted that in Liverpool people were aware of the challenges, in London people were unaware or uninterested. This did not impact all boroughs in London. The question for Councils is what identity would make the most sense for them to collaborate. Also they should consider how to engage at a local level.
- 5.5.9 It was highlighted that some of the most significant challenges have been shaped by local government. The example was given of local government

leading the campaign about sugar, which has highlighted a major public health issue and led to a sugar tax. This demonstrates how at its best local government can be truly innovative. This international evidence shows that with the right kind of public goals the public can be mobilised. Politicians must be prepared to collaborate across boundaries to make that happen.

5.6 Questions, Answers and Discussions

- (i) **Members commented from the opening statements devolution came across as decentralisation. Thus being more of a management driven model. In their view devolution is about re-engaging people in the process and changing their behaviour. Therefore devolution should aim to be more than just improving services (although that might be an outcome). In Members opinion officers alone cannot change the behaviour of people. The citizens need to be fully engaged in the process to achieve this direction of travel.**
- (ii) **Members pointed out the challenges were how they would organise themselves at a local level to draw people into the process and then secondly provide answers to their questions which are likely to be at a different level of governance. They want to ensure that the public voice is registered, heard and alters services at different levels of government.**
- (iii) **Members enquired how they could draw people into the process. They wanted to know when the process of engagement with citizens should begin and then the organisational structures.**
- (iv) **Members referred to the public service reform agenda and the drivers for modernising and improving services. Members commented that devolution will impact on services that are increasingly privatised / market driven services (social care / health / employment support). There are drivers towards more local commissioning and spending powers. Arguably it is said some providers of local provision are national companies. This is a complex balance to manage (national delivery but commissioned locally). What is the implication for citizens and users in relation to accountability if things go wrong and where does the risk lie in this very complex environment.**

In response to the questions NLGN commented.

When we talk about providing better services for people. More explicitly this is about designing services around people, closer to people and having services working closer together. Having services which are more responsive to needs. The idea of pooling budgets locally will mean involving people much more in the design of services.

Re-engaging people in the process is important and although not explicit this is very much part of the devolution process.

Upon reflection devolution in Scotland was a technocratic response to a ground swell of public appetite for power and identity. English devolution is different. This is tightly driven by the Government's own agenda which is moving at pace. There has not been much scope for innovation and building in public

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engagement to find out what people would want or what they might want from their public services that they do not currently receive.

This devolution was billed as a devolution revolution. Revolution by nature tends to be disruptive but this devolution is not disruptive. If people are to be engaged it should be expected that things will not go as planned or expected.

This devolution is not starting with a blank piece of paper but from a fiscal challenge.

The priority for the London Proposition is to make sure it builds into the process and structures reaching out to people so they understand. The reason for this is the average person is not interested if their services are integrated. They want to know if their tax money is being spent effectively, are services easy to navigate and understand; and if things go wrong is it obvious who they go to. Often the communication of changes is not in language that makes it easy for citizens to understand. To make it of real value to people the information needs to be in plain English not technocratic language.

It is definitely key to re-engage people in the process but the onus will be on councils to face outwards and make that case too.

In terms of commissioning particularly in the case of employment support the prime provider model is not necessarily very effective or well integrated into other services that are conducive to supporting people. If services were commissioned locally by smaller local providers, we would see a system that has much more diversity of provision, working in a different or specialised way; beneficial to service provision.

In response to the questions CfPS commented.

Public engagement is part of devolution. However, while negotiation is an inherent part of the process, the government restricts any details of negotiations being shared. Therefore the opportunity to engage the public can only be at the very the start of the process. This is the time to have conversations with local people and to ask how they view the area and their lives developing in the future. Councils can use this information at the heart of the narrative for the bids to Government to have a strong negotiation position. This opportunity has not been taken, primarily because of the speed of this devolution. The Government's timescales did not allow councils to conduct real public engagement over the summer of 2015.

It was pointed out the public in England are not interested in devolution (the structures or processes) they are interested in improving their lives and the area they live in. If people have a strong sense of place it is easier to build a dialogue. In London this is particularly challenging because most people would describe themselves as a Londoners not as borough residents.

The concept of devolution means that at some points some areas are going to lose out in the short term. Industry will move to certain places. This process will involve give and take. The Government is looking at this in a managerial sense (decentralisation) and the agreements being entered into look more like partnership agreements with a local area.

London has the benefit of having a predefined geography to work in. The challenge will be how that geography works out at a regional and sub-regional level.

In relation to commissioning he added that when service failure happens it will be local government that people turn to. It was highlighted that local government is picking up and retaining the risk.

In response to the questions Metro Dynamics commented.

The Government's view of public engagement is that the public has consistently come up with the wrong answers. For example the public came up with the wrong answer by not voting for elected Mayors. In his view the questions that were asked were the wrong questions and these did not arouse interest in the process. This has led the government to approach this in a technocratic managerial process of decentralisation. Introducing a democratic element at the end of the devolution process.

It was pointed out one risk could be that we end up with metro Mayors that are similar to PCCs.

The challenge for the cities that have already advanced in the process of devolution is for local politicians to have the confidence to open up the process. If councils wish to achieve significant social change then they have to engage people in the process.

The reason the desired health or education outcomes have not been achieved is because it does not just rely on the institutions. It relies on the way we mobilise social capacity, citizens and communities. For people to make changes to their own lives they need to feel more empowered. Addressing the long term public health challenges will not come through hospitals but by engaging people in social behaviour to effect change.

In terms of commissioning, it is inevitable that even as commissioning structures change, the same people continue to deliver local services. There is no doubt that if services are localised they would not become inferior. The more fundamental question is what can be done differently. It is about how people feel they are connected to the economic opportunity, rather than just the provision of courses for the skills set. It was explained that for the people who live in Derby the majority work in Nottingham. Although the people would identify with the areas they live in, they did not feel concerned about crossing the boundary to work in Nottingham because the economies were interlinked. This is more complex for London because people do not think about twice about crossing borough boundaries for work.

- (v) **Members raised concern about areas that cannot take advantage of the opportunities (e.g. seaside towns) that devolution provides. Members pointed out these economies will be unable to advance like other parts of the country. Members enquired what would happen to these areas if there are no incentives for businesses to relocate there or they do not become part of a devolution grouping.**

- (vi) **Members raised concern about the possible negative consequences of devolution. It was pointed out Hackney has a further education college that cannot provide people with the required skills needed for the growing local economy (Tech City) and the council has no power to change this. Members highlighted the council was pleased to get public health but after it was transferred the budget suffered cuts. Members commented the public have raised concerns that the transfer of NHS services and budget will enable the Government to not fund the NHS sufficiently; this will lead to privatisation. The health devolution pilot was of interest to Hackney because the borough has well run local NHS services including their own local hospital. However the council is facing criticism that this is helping to break up the NHS. Members enquired how they should respond to people who say they are making easy with the health pilot for the Government (in the future) to privatise the NHS because it is being dismantled. How can they provide assurance in relation to the possible negative consequences?**

In response to the questions CfPS commented.

Yes, there are some areas that have not decided what grouping they want to be part of for devolution. The Government could come along and reorganise them if they feel there is a risk some will not choose their own group. Therefore there is the potential some councils may not be included.

For councils facing funding challenges devolution is seen as part of the solution to this crisis. By having more power, responsibility and the ability to grow their economy.

It was pointed out the Government will not completely decentralise and relinquish control, the devolution promises come with conditions attached.

The devolution deals are looking more like partnership agreements with the area doing something and government doing something. Having agreed outcomes more than wholesale devolution of power. The risks need to be recognised as they are there.

In terms of health, the organisation is national but the delivery of service is local. The people operating at a local level will be the same people but the organisations may change. In the current system it is easy to pass the responsibility to someone else. Devolution will give a single accountability structure.

In response to the questions Metro Dynamics commented.

Yes, there will be places that will feel left behind by the changes e.g. seaside towns. How they are structured will be quite difficult. There is the argument that those places viewed as being left behind were already feeling a decline in their economy. Devolution is not creating this divide, it was already there.

In his view the unitary structure of governance would be the best option. It would make sense to have large county deals.

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There is an overly earnest attempt to create answers to every issue across the whole system. However if there are areas that want to take on devolved powers and they have engaged civic citizens who want to take on these powers and responsibilities, they should be allowed to proceed and not held back. It was highlighted the case for letting areas proceed is clear, the uncertainty is what might happen if government tries to impose models on areas where it does not fit. This may be quite problematic.

In terms of the risks of devolutions. One of the comments not mentioned in the meeting is that devolution is being used to mask the funding cuts. It was highlighted that local government is facing cuts to funding regardless. The question is should councils be taking on additional powers in order to have some influence, in tandem to their funding being cut and their capacity being undermined.

The Government's inconsistency in relation to devolution was highlighted. The example was given of the Government's announcement about changes to the threshold of business rates at the same times as it gives local government more control over the receipt of business rates income. This undermines the principles for giving local government the income from business rates in the first place. On the one hand they have given councils control over business rates but at the same time they have raised the threshold for businesses which has removed a category of businesses from paying the business rates. This shows an inconsistent message from government.

In relation to further education, this is the first area it would make sense to localise. There may be the case for councils to collaborate for FE because the provision does cross borough boundaries.

On the challenges with health, it goes back to its creation and that the system was too national from the beginning. This undermines the Government's ability to shape the health economy. Addressing health outcomes and inequalities requires democratically elected politicians to shape the debate with their community about the health challenges.

In response to these questions NLGN commented:

Previously the view from central government was local government was not equipped to do this. Devolution has been driven by Government but largely by England's core cities. Areas like Greater Manchester see devolution as being driven by them. They have worked out their figures to demonstrate lower costs to the government if they were given control over their budgets.

Devolution primarily focused on city growth to add maximum growth to the local economy. This vision has spread and expanded to other areas who desire the same. Devolution bids have been put together based on this economic growth framework.

Everyone thinks devolution should be devolved to their tier.

Asking areas to come forward with their own views is a recipe for chaos. The Government needs to take a firm lead on what they want and what areas should do. Otherwise the system will be chaotic.

NLGN agreed with the comments made by Metro Dynamics that the Government should let areas proceed who are ready to advance. Enabling them to innovative, share best practice and demonstrate the outcomes. This will help to incentivise innovation.

Devolution needs to look different in all areas and councils need powers to tackle the problems in their area. It does not need to be a one size fits all approach.

One of the challenges is the hidden constraints and cuts that simultaneously come with the new powers.

Local government needs to get better at demonstrating the value of devolution and the value of local spend, by creating better business cases that demonstrate efficiency.

In relation to the NHS, this is a very national and high profile organisation that has a very local provision. For the health devolution process local government needs to bring its transparency and democratic accountability. Local government should bring this culture and ethos into the NHS and be bolder about the benefits it brings.

In the future we will see better local accountability from devolution so people can see where responsibility lies.

- (vii) Members enquired about the relationship between City Hall and local authorities and how this will work in London. They also enquired if the systems would need to be the same across London.**
- (viii) Member pointed out London Boroughs and the GLA have different structures – Mayoral and Leader and Cabinet. Member queried if more powers would be given to the Mayor of London to get involved in local issues and if this would force local authorities to be governed by one system or another.**
- (ix) A Member enquired about the one size fits all approach and queried the value of devolution to London boroughs.**
- (x) Members queried if local government was the intended recipient or beneficiary of devolution.**
- (xi) A member of the public enquired who would have the power to delegate powers. There was a need for devolution agreements to be very specific about who was responsible for what. He highlighted that conversation about this had not commenced.**
- (xii) A member of the public commented devolution needs to take place sooner or later, but how it happens in London and at what level is the question.**
- (xiii) Members enquired about the role of a Public Accounts Committees (PAC) in local government.**

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In response to the questions Metro Dynamics commented.

In terms of whether London should have devolution or the kind of devolution. This stems from two drivers, 1) what happens to the UK as a whole; 2) pressure from the northern cities to acquire economic growth too because they feel their cities are losing out. The question to London is do their councils need devolution enough to push for it. Devolution will not happen unless councils and councillors push hard for it to happen. London needs to consider the social and economic outcomes it wants to achieve from devolution, the challenges they cannot currently address and the needs of its citizens. This will help to determine the devolution requirements and at what level it should be.

There are issues about the relationship between the boroughs and the GLA. The relationship between Boroughs, the Mayor of London and the GLA needs to be clarified. The form will follow function when the vision, strategy and overarching priorities are identified that councils want devolution to address.

There is big pressure by northern cities because their cities feel they are missing out on economic growth.

For London there should be more of a debate about the kind of future citizens see. There is a large amount of regeneration and building taking place. How does this impact schools etc. For the people living in the place how much do they feel they can shape the debate about the future of the place.

In response to the questions NLGN commented.

The Northern Power House started creating their own agenda and vision after looking at London. They wanted to create the same as London and have a directly elected Mayor.

In the future as the number of elected Mayors increases, it would be good for the Mayors to connect and lobby for devolution and articulate the purpose of devolution.

It was pointed out The Mayor of London has less power than his/her peers across the globe. London is a global city and in big global cities the Mayor typically has more power than the Mayor of London.

The question for London is how much finance it can raise. There are big opportunities for London in relation to fiscal devolution. It was noted London will be first to have control of business rate receipts. From the Finance Commission there is consensus that property tax devolution needs to happen too. There needs to be much more consensus on this nationally and London needs to work with other cities to make the case for that.

To date London has benefited from the Mayor of London's relationship with Government. In May when the Mayor of London changes, London may need to make a strong business case for what it needs. The onus is on London to develop what it wants and this will be an iterative process.

In relation to the query about if local government is the intended recipient. It was highlighted local government has had a complicated relationship with

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central government. Local government needs to change and it is changing as a result of the devolution agenda. Under the previous Government, local government was administering the receipt of grants and filling in a performance monitoring framework. There was no ask for innovation or different approaches from different councils. Central government is now asking local government to take a different role. The onus is on local government to work in different ways and to be more entrepreneurial, to shape the agenda. It will not be beneficial for councils to sit back and wait for devolution to happen. Local government should be proactive.

This will lead to a closer working relationship between boroughs and the Mayor of London. London can look at other examples such as Sheffield and Manchester where the leaders have a formal relationship with the Mayor. Leaders will need to take a stronger role.

In response to the questions CfPS commented.

This agenda will be a bit of a challenge for councils to approach under committee arrangements. However it may not lead to more councils adopting the mayoral model.

In relation to the sub regional delegation of powers by the Mayor of London. No details could be added to how this might happen but it is likely to involve changes to legislation. It was recognised for devolution the Mayor of London will need to work with local partners and there will be sectioning of powers. The leaders of the respective boroughs will need to work closer together with the Mayor to deliver the agenda. The impact of this on formal accountability is uncertain because the Mayor will have formal decision making.

CfPS thought that areas may wish to set up local PACs. The primary aim of a PAC is to hold public services to account and investigate spend. These would reflect the House of Commons PAC and would look very tightly at spend.

In terms of who would be accountable to that body, CfPS defined this to be a person / persons or organisation that is responsible for the provision of public services. A public service is defined as largely or wholly being funded by public funds or services of a public nature. It is anticipated that the number of organisations that this criteria would capture is quite broad.

It was anticipated that the powers for local PACs would be provided by legislation and that areas would be given the option to establish one. It is not certain if the current Government would set these out in legislation. Therefore to set up a PAC it would need agreement between councils and local partners. A PAC would not be the council's public accounts committee but the local area's public accounts committee. This would not be a fixture of the council but set up outside the council's structure. It was highlighted that for a number of organisations that would fit this criteria, they have different accountability structures, primarily central government. It is likely to be difficult to get them to agree to PAC type arrangements.

London would need to identify the level for accountability, where the PAC should sit (regional or sub regional) and there would need to be a link between local scrutiny and GLA scrutiny.

Local PACs only makes sense if you have two things, fiscal devolution and a full understanding of the devolution context.

PACs are one option. Presented by CfPS as a possible type of arrangements. It was recognised agreement from partners would need to be acquired to establish them. They could be established under orders as sub-regional or pan London as part of the GLA structure. This was one type of structural solution.

The Chair thanked the guests for their attendance.

6 Governance and Resources Scrutiny Commission - 2015/16 Work Programme

- 6.1 The work programme for G&R on pages 27 – 33 of the agenda was noted for information.

7 Any Other Business

- 7.1 None.

Duration of the meeting: 7.00 - 9.10 pm