

Overview & Scrutiny

Governance and Resources Scrutiny Commission

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

Wednesday, 16th March, 2016

7.00 pm

Room 102, Hackney Town Hall, Mare Street, London E8 1EA

Tim Shields
Chief Executive, London Borough of Hackney

Contact:
Tracey Anderson
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Members: Cllr Rick Muir (Chair), Cllr Deniz Oguzkanli, Cllr Will Brett,
Cllr Laura Bunt, Cllr Rebecca Rennison and Cllr Nick Sharman

Agenda

ALL MEETINGS ARE OPEN TO THE PUBLIC

- 1 Apologies for Absence**
- 2 Urgent Items / Order of Business**
- 3 Declarations of Interest**
- 4 Minutes of the Previous Meeting** (Pages 1 - 16)
- 5 Devolution - The Prospects for Hackney** (Pages 17 - 24)
- 6 Governance and Resources Scrutiny Commission - 2015/16 Work Programme** (Pages 25 - 34)
- 7 Any Other Business**

Access and Information

Getting to the Town Hall

For a map of how to find the Town Hall, please visit the council's website <http://www.hackney.gov.uk/contact-us.htm> or contact the Overview and Scrutiny Officer using the details provided on the front cover of this agenda.

Accessibility

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

Further Information about the Commission

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

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



Public Involvement and Recording

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Those wishing to film, photograph or audio record a meeting are asked to notify the Council's Monitoring Officer by noon on the day of the meeting, if possible, or any

time prior to the start of the meeting or notify the Chair at the start of the meeting.

The Monitoring Officer, or the Chair of the meeting, may designate a set area from which all recording must take place at a meeting.

The Council will endeavour to provide reasonable space and seating to view, hear and record the meeting. If those intending to record a meeting require any other reasonable facilities, notice should be given to the Monitoring Officer in advance of the meeting and will only be provided if practicable to do so.

The Chair shall have discretion to regulate the behaviour of all those present recording a meeting in the interests of the efficient conduct of the meeting. Anyone acting in a disruptive manner may be required by the Chair to cease recording or may be excluded from the meeting. Disruptive behaviour may include: moving from any designated recording area; causing excessive noise; intrusive lighting; interrupting the meeting; or filming members of the public who have asked not to be filmed.

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If a meeting passes a motion to exclude the press and public then in order to consider confidential or exempt information, all recording must cease and all recording equipment must be removed from the meeting room. The press and public are not permitted to use any means which might enable them to see or hear the proceedings whilst they are excluded from a meeting and confidential or exempt information is under consideration.

Providing oral commentary during a meeting is not permitted.

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Governance & Resources Scrutiny Commission 16 th March 2016 Minutes of the previous meeting and Matters Arising	Item No 4
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OUTLINE

Attached are the draft minutes for the meeting on 22nd February 2016.

ACTION

The Commission is requested to agree the minutes and note any matters arising.

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London Borough of Hackney
Governance and Resources Scrutiny Commission
Municipal Year 2015/16
Date of Meeting Monday, 22nd February, 2016

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 Laura Bunt, Cllr Rebecca Rennison and Cllr Nick Sharman
Apologies:	
Co-optees	
Officers In Attendance	Ian Williams (Corporate Director of Finance and Resources)
Other People in Attendance	Councillor Geoff Taylor (Cabinet Member for Finance)
Members of the Public	
Officer Contact:	Tracey Anderson ☎ 020 8356 3312 ✉ tracey.anderson@hackney.gov.uk

Councillor Rick Muir in the Chair

1 Apologies for Absence

1.1 None.

2 Urgent Items / Order of Business

2.1 No urgent items and the order of business is as per the agenda.

3 Declarations of Interest

3.1 No declarations of interest.

4 Minutes of the Previous Meeting

4.1 Minutes of the meeting held on 18th January 2016 were agreed.

RESOLVED	Minutes were approved.
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4.2 Matters Arising

4.2.1 Members requested for the Assistant Director ICT to return to the Commission (G&R) in April 2016 with an update on the ICT transformation projects.

This is scheduled in the work programme.

4.2.2 Chair's Action to write to the Cabinet Member for Finance and Corporate Director Finance and Resources to inform them about the start of Budget Scrutiny Task Groups.

This action was completed. The correspondence was sent on 10th February 2016. The Chair is awaiting a response.

5 Budget Update 2016/17

5.1 The Chair welcomed Ian Williams, Corporate Director Finance and Resources and Councillor Geoff Taylor, Cabinet Member for Finance from London Borough of Hackney (LBH) to the meeting.

5.2 The PowerPoint presentation about the budget was circulated to Member prior to the meeting.

5.3 The key points highlighted from the presentation were:

5.3.1 The Council has made no material cuts to frontline services.

5.3.2 The cost pressures are homelessness, welfare reform, no resources to public funds (NRPF), pay award, London living wage, care costs, bedroom tax and right to buy. The Council continues to manage the pressures outlined above on its budget.

5.3.3 Council's budget has been reduced by £130 million.

5.3.4 The Council's capital investment programme is extensive and the Council's strategic acquisition approach is adding value.

5.3.5 The Housing Revenue Account continues to be impacted by the benefit cap reduction (to £23k) and the introduction of Universal Credit.

5.3.6 The Council is expected to come in on budget for 2015/16.

5.3.7 The Government are offering a 4 year funding allocation in return for efficiency plans. Local authorities have until 14 October 2016 to accept the offer.

- 5.3.8 Change in the Revenue Support Grant (RSG) distribution methodology aims to help more grant dependent authorities.
- 5.3.9 Council tax changes – no council tax freeze grant. The council tax referendum limit stays at (2%) and introduction of the social care “precept” of 2% for council tax. This is expected to raise £55m in 2016/17 for London and a cumulative total of c.£560m by 2020. There is an assumption of council tax growth.
- 5.3.10 Significant shift from previous regime of capping and freeze grants.
- 5.3.11 The “Core Spending Power” has been cut by 9% (England 8%) this includes Better Care Fund (BCF) and New Homes Bonus (NHB).
- 5.3.12 Transition grant (following final settlement) of £300m in first 2 years of spending review period nationally (£26m for London) – however it is unclear how this will be calculated.
- 5.3.13 For 2016/17 the visible top slices and transfers in are:
- £1.275bn for NHB.
 - £20m for Rural Services Delivery Grant. The total grant increased to £65m in the final settlement, however it is unclear whether the extra £45m is top-sliced or new money – Hackney Council has been lobbying on this.
 - £50 million top slice for the safety net.
 - Care Act funding £308m.
 - Extra funding for flooding £10m + £1.9m Sustainable Urban Drainage System (SuDS)
 - 2015-16 Council Tax Freeze Grant £115m.
 - 2015-16 Efficiency Support Grant.
 - £129m Local Welfare Provision (LWP) funding.
- 5.3.14 Members were shown a chart highlighting the spending reductions for each local authority tier. This demonstrated how it varied over time.
- 5.3.15 Significant changes to spending power has and will be:
- There are assumptions of a 1.75% average council tax increase each year as well as all eligible social care authorities taking up the 2% social care precept.
 - There is an assumption the tax base will grow at the same rate as historic trends 2013/14 to 2015/16.
 - There is an assumption that the Mayor of London will increase the police tax element.
 - There is significant underemphasises of the extent of overall funding cuts as council tax is exaggerated.
 - New Homes Bonus for 2016/17 allocations confirmed (London £254m) but the NHB is not guaranteed to continue.
 - Department Communities and Local Government (DCLG) is consulting on options to save £800m by 19/20 (to fund new BCF). The deadline for this consultation is March 2016.
 - NHB (17/18 to 19/20) in Core Spending Power (CSP) estimate is based on current share of national total.
 - The BCF is expected to receive £1.5 billion by 2019/20. The Council hopes this will support better partnership working between local government and Clinical Commissioning Groups (CCG).

5.3.16 Other funding outside the local government settlement:

- Public Health Grant (PHG) – England total of £3.4bn in 2016-17 (London £682m).
- Better Care Fund – England total of £3.9bn in 2016-17 (London £603m).
- Independent Living Fund – England total of £177m in 2016-17 (London £21m).
- Housing benefit administration of benefit grant - England total of £224m (London £49.3m).
- No Council Tax administration of benefit grant advised to date.
- Compensation for previous cap on business rates multipliers details are not confirmed).
- Small business rate relief extension – s31 grant.
- S31 grant for flooding to increase in real terms.
- Education Services Grant allocations (8.5% cut for London £94m to £86m).

5.3.17 The Council has lost £36million in revenue support grant (the council's largest general grant).

5.3.18 In summary

- The Budget Report will go to Full Council on 2nd March 2016.
- 2% Social Care precept is recommended.
- Continuation of existing policies.
- The significant cost pressure are temporary accommodation and looked after children.

5.4 Questions, Answers and Discussion

- (i) **Members enquired if funding levels for local authorities was stabilising and if the furore of the recession had passed. Members queried if local authorities have identified the level of funding they need to be sustainable and the future role of local authorities.**

The Corporate Director Finance and Resources from LBH advised the forecasts projected by the council were based on the forecasts from the Office for Budget Responsibility (OBR). He acknowledged changes to the world economy does have an impact on the council's budget too.

The Cabinet Member for Finance from LBH commented there is a vision for local authorities and how they will be funded. Implementation of this vision would reduce local authority spending by 65% and push local authorities towards being self-financing. The theory behind this is, if local authorities become more reliant on creating their own income they will be more responsible. It was noted other factors like Britain exiting the European Union would also have an impact.

- (ii) **Members referred to the changes to the New Homes Bonus and enquired if this resembled top slicing?**

The Corporate Director Finance and Resources from LBH notified Members that the proposed changes were out for consultation and this consultation was scheduled to end 12th March 2016. A key change is moving from the current 6

year funding to 4 year funding. It was also noted that the proposals would be taking money from District Councils to pay for the Better Care Fund (BCF). It was highlighted councils need to be mindful that they could lose the NHB and the BCF.

- (iii) **In relation to the budget Members enquired about changes or updates, linked to devolution, in relation to health, employment etc. Members were interested in understanding if there was a possibility of joining up budgets and the future of local authorities in 5 years time, as a result of changes like this.**

The Cabinet Member for Finance from LBH informed Members there is no authorised body with authority for pan London to capture the views and needs. Following stability in funding for local authorities Hackney Council could consider building on initiatives that align with Hackney's vision and meet local need. It was highlighted that there needed to be an authorised responsible body with authority to develop a vision for pan London's needs.

- (iv) **Members discussed if they the budget challenges needed pan London level thinking to develop sustainable solutions.**

In response the Cabinet Member for Finance from LBH suggested there should be discussion about a pan London authority to deal with the overarching needs for London.

6 Cabinet Question Time

6.1 The Chair welcomed Councillor Geoff Taylor Cabinet Member for Finance from London Borough of Hackney (LBH) Cabinet Question Time.

6.2 The Chair recapped on the questions submitted in advance to the Cabinet Member for Finance for discussion:

6.2.1 Council Finance

- 1 What is the prospect for the Council's finances in light of a more positive local government grant settlement for 2016/17? Has the council's finances reached crisis point? Do difficult decisions need to be made about service provision or radical service change?
- 2 What are the recent trends in council tax and debt collection rates and how is the council balancing the need to collect with the need to support those who are struggling to pay, particularly in light of welfare reform and other pressures?
- 3 Does the Council have a good understanding of the future risks and opportunities presented by changes in land values to the capital programme and the council's overall financial position?
- 4 In relation to the Discretionary Housing Payment budget and the financial pressure being placed on the Council by Temporary Accommodation - how sustainable is this, what more we can do, and what is the potential impact on other services?

6.2.2 Ethical investment - in particular pension investment (consistent with the Council being a fair trade borough).

5 In relation to the Council's pension investments, the Commission wishes to understand how much latitude the Pensions Committee has in directing the focus of its investment considering its fiduciary duty to pension fund members? The Commission enquires if the Council's fair trade status is at odds with its pension fund investments and has it considered divesting from non-fair trade investments?

6.2.3 Procurement

6 How does the Council ensure its procurement process supports local small businesses?

6.3 Questions, Answers and Discussions

6.3.1 The discussion commenced with the Cabinet Member for Finance's response to each question.

6.3.2 In response to question 1 the Cabinet Member for Finance notified Members the financial position had slightly changed. The funding gap had reduced to £58 million from £60 million. In relation to Members query about if the council's finances had reached crisis point. The Cabinet Member advised his definition of a crisis was a state of panic. LBH was not in a state of panic.

The Budget Scrutiny Task Groups looked at proposals for savings that would have an impact on residents. The Council has reached the point whereby hard decisions will need to be made. The council's aim is to ensure the decisions made are right ones, in tandem the council will still be making efficiencies and generating income. As funding continues to reduce the Council has reached the point where it will need to consider making changes to frontline services. The ability to continue making efficiencies from back office alone was limited and changes to frontline service provision will need to be considered. It was pointed out that changes like Universal Credit are likely to involve radical service change.

- i. **Members enquired if the council was moving from back office efficiencies to frontline efficiencies.**
- ii. **Taking into consideration the devolution agenda being driven forward. Member discussed if the Council's Executive should start highlighting, the need for consideration to be given to how the different institutions could align their visions and budgets. Members commented if a possible solution would be sub regional or pan London.**

The Cabinet Member for Finance from LBH highlighted it may not be something Hackney Council could drive forward alone. Members were informed currently there is no provision for services like Police, Health or Education to share budgets at a pan London level or sub regional level.

- iii. **Members discussed if local residents should be made aware so that they can campaign. In this discussion Members referred to the austerity commencing in 2010 with Councils reviewing frontline services and commended the fact that Hackney had just reached this position now. Members suggested this was communicated to residents. It was noted**

that Lambeth Council has posters around the borough about this. Members discussed if this type of communication could create a sombre mood and lead local people to feel a sense of decline. It was commented that Hackney has a reputation of being up beat and Members did not want to disseminate a negative message or impact adversely on staff or residents moral. Members enquired how the Council could balance providing residents with information whilst informing them that the council needed to start making difficult decisions about services.

The Cabinet Member for Finance from LBH advised the Council needs to use positive but honest language. The Council will need to inform residents the borough has a good future and that it will not increase taxes unnecessarily. The Council's aim is to be proactive and creative with its use of land. The goal is to generate income to replace the income that is lost. The difficulty is inevitably there will be an impact on services, this is unavoidable. There may also be services they do not wish to change. This means the council will need to be creative about how services are provided. It was pointed out Hackney is in a good position because the residents trust the local Mayor and in the communication the Council has to make it clear that this is not through choice but a requirement.

- iv. **Members commented to date the council has managed the cuts and the impact on public facing services. Members enquired about the council's learning from the efficiencies made so far.**

The Cabinet Member for Finance from LBH informed Members a key learning was that changes need time to embed.

The Corporate Director Finance and Resources from LBH pointed out the private sector has been through a period of correction and the public sector was experiencing this too. The public sector is in the process of reviewing what is needed and what needs to be funded.

- v. **Members referred to the fact that the Council has frozen council tax over the last 10 years. It was pointed out this strategy was used to encourage the council to operate efficiently. Members enquired how the council would continue to apply this pressure.**

The Cabinet Member for Finance from LBH informed Members the key was to manage growth and for the council to continue to be efficient in its spend and priorities.

- 6.3.3 In response to question 2 the Cabinet Member for Finance advised Members the council tax base income increased by 3 / 4%. The council acknowledged a number of people are finding it difficult to pay their council tax. The Council has responsibility to pursue people who do not pay because they have residents that are paying. The council has support in place to assist people who do have difficulties paying or for those facing financial challenges. There are a number of support processes in place before they reach the final point of debt collection. Members were informed the Council met with The Children's Society in response to their report looking into the impact of Council Tax debt collection on families. The council outlined their approach to debt collection to

address the concerns raised in their report. Members were advised the Children's Society commended the work of Hackney.

- vi. **Members confirmed the support for people facing financial difficulty was reflected in casework and more often a solution was found before reaching the final stage in the process.**
- vii. **Members made the following enquires:**
 - a) **What is the cost to the council for chasing up payments?**
 - b) **What percentage of households were on direct debit payments?**
 - c) **What is the cost of services per council tax payee?**

The Cabinet Member for Finance from LBH advised he was unable to provide exact figures to the commission at the meeting. It was noted the council's aim was to migrate more people onto direct debit payment. Currently 47,000 properties out of 109,000 properties are on direct debit.

The Corporate Director Finance and Resources from LBH informed Members the commission previously received information about council tax collection rates and he offered to provide an update.

ACTION	The Corporate Director Finance and Resources to provide an update on council tax collection figures to the Commission.
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- viii. **Members enquired if the updates could include trends.**

The Corporate Director Finance and Resources from LBH informed Members in the 1990s Hackney had 90,000 properties. Currently in the borough there are 109,000 properties.

- ix. **Members highlighted the perception of Hackney is it is becoming more wealthy. Members enquired if this has led there to be investment in particular areas.**
- x. **Members enquired if the increase in council tax collection was due to the growth in base or increased collection?**

The Corporate Director Finance and Resources from LBH informed Members the collection rate has increased by 3 / 4% and there has been a growth in base.

In response to the query about the growth in base or collection the Corporate Director Finance and Resources from LBH confirmed it was a combination of both.

- 6.3.4 In response to question 3 the Cabinet Member for Finance advised Members the value of land had increased significantly in Hackney and this was having an impact on house values and rent charges. The council recognised using land value did present some risk. It was pointed out the increase in land value was

being used to support capital developments like schools. It was acknowledged there was no certainty that investment in land value would pay off indefinitely. The Council is mindful of the risks and spreads the risk. Members were informed the council reviews risk and the sensitivities for each investment. The council is making sure it does not invest in one area but a spread of investments.

- xii. **Members referred to capital programmes like the Nightingale regeneration programme, it was noted a number of promises have been made to residents in regards to the programme. Member enquired if there was a sudden change in the economic market that affected the housing market, would this have an impact on the provisions promised. Members wanted to know about contingency planning and the stress testing carried out in relation to capital programmes like this.**

The Corporate Director Finance and Resources from LBH advised the Council cannot full proof itself from changes in the economy. The council conducts due diligence tests before they progress with plans and if all precautions have been taken the council proceeds. Economic changes like the price of oil and the impact of this on the council's budget could not have been predicted.

- xii. **Members pointed out in the planning process the assumption is land values do not increase and developers have benefited from this. The public sector has a history of being risk adverse which has led to councils missing out on opportunities for income. Members suggested the council should consider having a criteria that allows them to revisit developments if there has been a delay between permission and build. It was commented that councils need to take a more mature approach to risk, especially as councils will become responsible for generating their own income.**

The Cabinet Member for Finance from LBH advised Members the Council has learned lessons from developers benefitting in this way.

The Corporate Director Finance and Resources from LBH highlighted the council is under pressure to be risk adverse. The council has started to recognise the gains developers can make. The Woodberry Downs development was cited as an example whereby the council did not accept an early deal. In this instance the Council has been able to yield a better return on investment although this was not without some risk. It was also noted that to manage investments in this way the council will need staff skilled to broker in situations like this.

The Cabinet Member for Finance from LBH added the staff will need to be motivated and the council needs to offer a competitive salary to attract staff to fulfil these roles.

- xiii. **Members informed the officers about a process adopted by planning in other local authorities whereby they ask developers to pay a set fee per property if they cannot deliver the affordable housing criteria.**

6.3.5 In response to question 4 the Cabinet Member for Finance advised Members the Discretionary Housing Payment (DHP) has decreased by 35% over the last

3 years. The government grant available for the short term. The real term value is as at 2011 when it transitioned from Department of Works and Pension (DWP) to councils. This fund has reduced while private rents have increased. On average rental values are increasing by 10% per year in addition to the welfare reform changes. As a result of the welfare reform changes the availability of properties for residents has reduced from 30 in every 100 to 3 in every 100.

- xiv. **Members enquired if the number of available properties included the type of tenants landlords refuse to take.**

The Cabinet Member for Finance from LBH notified Members the number of people presenting to the council as homeless was increasing.

- xv. **Members enquired if the Council's spend on temporary accommodation was capped by the local housing allowance (LHA) and if there was a cap on DHP?**

The Corporate Director Finance and Resources from LBH confirmed the council's spend was not capped and that they can use the DHP to cover additional costs. In reference to the DHP it was noted the council could add additional resources to the funding pot. It is estimated the council would need to factor in £4 million to manage the growth pressures of housing.

The Cabinet Member for Finance from LBH highlighted that people are moving out of their accommodation due to affordability. Social housing in London was transforming. In addition Universal Credit was being implemented and this gave local authorities less control. The council currently has 2,500 households in temporary accommodation. The council highlighted some families can be in temporary accommodation for years, due to limited housing stock.

- xvi. **Members referred to the Council using more hostel type tenure for temporary accommodation and enquired about the feedback and experience of residents to date. Members recognised the limits on the council in terms of it being able to provide permanent accommodation.**

The Corporate Director Finance and Resources from LBH informed Members the council's decision to purchase hostel accommodation was driven by economics and to reduce the council's costs. The council is no longer required to pay rents to the landlord for this accommodation it is owned by the local authority.

- xvii. **Members recognised the council has no control over external factors and the increasing number of individuals or families becoming homeless. Members raised concern about the long term impact on families from living in hostel type accommodation and the sustainability of this. Members enquired if there was wider planning in place to manage the pressure long term and any ability to proactively take on all drivers leading to this crisis.**

The Corporate Director Finance and Resources from LBH offered to arrange a site visit for Members of the Commission to view the type of hostel accommodation the council is using.

ACTION	The Corporate Director Finance and Resources to arrange for the Members of G&R to visit the new temporary accommodation used by the Council.
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The Cabinet Member for Finance from LBH reminded Members the council was looking at the cumulative impact of decisions and policy. For example reviewing the impact of closing libraries if more children need space to study because their accommodation is not suitable. This was factored into the council Homelessness Strategy and Temporary Accommodation Strategy.

xviii. **Members enquired about the prospect for housing in 5 years time.**

The Cabinet Member for Finance from LBH informed Members there are a number of people in 3 bedroom properties that need a 1 bedroom, however the council does not have the required level of stock. The council recognises it has families in temporary accommodation that need 3 bed properties but the council is unable to swap or move individuals who do not wish to move.

It was highlighted that the spare room subsidy was expected to help resolve this situation but it has not impacted on the main cohort of people who are sitting in these accommodations and the council does not have a sufficient number of 1 bed properties to re-house individuals.

The solution to the temporary accommodation pressure may be to relocate families outside of London, however who is responsible for the infrastructure of where people are relocated to.

6.3.6 In response to question 5 the Cabinet Member for Finance informed Members LBH's responsibility was not to the pension members but to the pension committee and tax payers of the borough. The commission was advised the pension fund is 60% funded and the gap is funded by the Council. The intention is to get the pension fund to a point of being self-financing to reduce the cost to the council. The council aims to be responsible share owners and uses its influence where possible. Members were reminded that there may be long term investment that take a short term dip. It was noted the council has received pressure to disinvest from fossil investment. It was highlighted the decisions made by the Pension Committee need to be business decisions not ethical decisions. Members were informed the Pensions Committee does not take fair trade status into account. However, where possible the council will use its share power to influence how a company operates. The Pensions Committee's aim is to be responsible and take a long term view of investments.

xix. **Members raised concerns about pension investment with companies that have been linked to arms trade. Members were of the view that there was more ethical investments that generate good income. Members made the following enquires:**

- a) **Will the council invest in companies regardless of what they trade in?**
- b) **Is the council's political views taken into consideration too?**

- c) **How does the Council align the political statements with investments that contradict their views?**
- d) **Does the Council have ethical investments?**

In response the Cabinet Member for Finance from LBH confirmed the Council will not invest in certain areas but these decisions will not be taken at the detriment of the pension fund and return on investment.

- xx. **Members enquired if ethical investment is an area the Pensions Committee reviews.**

The Cabinet Member for Finance from LBH confirmed the pensions committee does look at ethical investment. They have expressed their views of investing in companies that have positive operations. The Pensions Committee is currently reviewing its fossil investment. The Pensions Committee recently agreed recommendations to explore a 5% investment of fund into sustainable/low carbon and clean energy. The final decision has not been made. The Pensions Committee is aware there are a number of pension funds disinvesting in fossil fuel investment. The Cabinet Member pointed out any decision made must be compatible with its fiduciary duty to the pension fund.

- 6.3.7 In response to question 6 the Cabinet Member for Finance notified Members, for LBH contracts they spend approximately one sixth in the borough. If foster carers are included this increases to a quarter. Members were informed two thirds was spent with SMEs in the borough. The council recognises the challenges for micro businesses to complete the requirements of the procurement process. A key barrier identified was acquiring the level of insurance cover required. To assist small companies Hackney reviews the bids for compatibility before requesting the insurance cover. Hackney also holds supplier events to target smaller businesses in the borough too.

- xxi. **Members referred to councils requirements in terms of cost, records etc. and enquire if LBH tries to ensure contractors who sub contract aim to work with local contractors and local businesses?**

- xxii. **Members highlighted repeated comments heard from small business relate to the need for training to enable them to compete. Members asked if the council invites consortiums of SMEs to bid, to encourage businesses to work together rather than going with big contractors. It was pointed out this could yield good results too; if businesses could be encouraged and assisted to work together.**

The Cabinet Member for Finance from LBH informed Members where possible they try to pool contracts together to allow multiple organisations to bid. The Council encourages businesses to view the contract on the portal first before assuming they cannot bid. On a positive note the council has a good track record for making payments on time and this helps small business with cash flow.

- xxiii. **Members enquired about the council's spend on agency staff and the work being done to reduce this spend?**

Monday, 22nd February, 2016

The Cabinet Member for Finance notified Members this is an area of continual concern which is constantly reviewed. Members were informed efforts were continuously made to reduce the number of agency staff employed.

The Corporate Director Finance and Resources from LBH updated that the cost of agency staff for the council had reduced significantly from £48 million to £25 million. It was noted that there are service areas where staff prefer to remain as agency staff. The demand in the market has given staff the ability to stay as contract instead of becoming a permanent member of staff. These were areas like planning, ICT and revenues and benefits.

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

- 7.1 The Chair informed the Commission about the confirmed speakers for the devolution discussion on 16th March 2016. The members of the Health in Hackney Scrutiny commission have been invited to this meeting.
- 7.2 Members were reminded that the G&R Commission was invited to the Health in Hackney Scrutiny Commission meeting on 11th April 2016 to explore the interim governance arrangements for the health and social care devolution pilot. The two scrutiny commissions are working collaboratively to share information from discussion about devolution.
- 7.3 Members reviewed the discussion items scheduled for April 2016 and agreed to move the following items to the new municipal year:
 - ICT Transformation Projects Update
 - Devolution discussion about Employment and skills.

8 Any Other Business

- 8.1 None.

Duration of the meeting: 7.00 - 9.10 pm

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<p>Governance & Resources Scrutiny Commission</p> <p>16th March 2016</p> <p>Devolution – The Prospects for Hackney</p>	<p>Item No</p> <p>5</p>
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Outline

The Governance and Resources Scrutiny Commission is commencing a short review to explore the implications of the devolution process for Hackney.

The aim of this review is to give councillors an understanding of the implications of Devolution for Hackney. Hackney’s Scrutiny Members wish to provide input to the discussion and work being carried out at a regional and sub-regional level in relation to devolution. The overarching question framing this review is ‘What are the implications of a London wide devolution for Hackney and how the borough can make the most of the opportunities?’

In preparation for the meeting members of the commission have read and reviewed The London Proposition document produced by London Councils at its meeting on [29th October 2015](#).

Invited guests

- Professor Tony Travers, London School of Economics and Political Science
- Ben Lucas, Metro Dynamics
- Ed Hammond, Centre for Public Scrutiny
- Jessica Studdert, New Local Government Network
- London Councils – Written submission on pages 21-24 of the agenda.

The Commission submitted (in advance) the questions below to the invited guests in preparation for the meeting:

- 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?

Biography of Guest Speakers

Professor Tony Travers

Tony Travers is a well-respected commentator on the public sector and local government, particularly as it relates to London. He is director of the LSE Greater London Group, a research centre at the London School of Economics. He is also a visiting professor in the LSE's Government Department.

Tony's key research interests include local and regional government and public service reform. He is currently an advisor to the House of Commons Children, Schools and Families Select Committee and the Communities and Local Government Select Committee. He is a board member of the Centre for Cities and is an Honorary Member of the Chartered Institute of Public Finance & Accountancy.

Tony has also been a Senior Associate of the Kings Fund, a member of the Arts Council's Touring Panel, and a member of the Audit Commission.

He has published a number of books on cities and government, including Failure in British Government - The Politics of the Poll Tax (authored with David Butler and Andrew Adonis), Paying for Health, Education and Housing - How does the Centre Pull the Purse Strings, and The Politics of London - Governing the Ungovernable City.

He is also a regular commentator on the BBC and in print media include The Guardian, the New Statesman and The Times, and a range of public sector publications.

Ben Lucas

Founding director and managing director, Metro Dynamics.

Prior to founding Metro Dynamics, Ben was chair of Public Services at the RSA where he set up and directed two influential Commissions, the Commission on 2020 Public Services and, more recently the City Growth Commission which helped establish cross party consensus for devolution to metropolitan areas. He is a public policy and communications entrepreneur, who has set up a charitable trust, a think tank and a highly successful public affairs consultancy, LLM Communications.

Since working as a union research officer and advising Jack Straw during the formative years of New Labour, Ben has advised many of Britain's leading companies and cities, and is a frequent speaker at public policy conferences and contributor to periodicals, newspapers and journals.

Ben is an adviser to the Joseph Rowntree Foundation, a member of the Post Office Advisory Council, and a Founder Trustee of the New Local Government Network.

Ed Hammond

As Director for the Centre for Public Scrutiny, Ed is involved in overseeing a wide range of projects relating to improving and supporting scrutiny and accountability in local and national government. Before taking on this role, he led on CfPS's research programmes.

His background is in local government scrutiny, having been a scrutiny officer at the London Borough of Harrow before joining CfPS. Before this he was a committee officer at Westminster City Council.

He has produced research on the way that scrutiny can contribute to discussions around value for money and the impact of recent structural changes in education, crime and disorder, health and local government on local accountability. He has also produced research on work programming and annual reports.

Ed worked with several local areas to develop and pilot CfPS's "Accountability Works for You" framework, which assists organisations in evaluating their governance and accountability arrangements. He also put together the initial proposals for and continues to support CfPS's extremely well-regarded improvement programme for scrutiny in Wales, now in its third year. He is now working with a number of Scrutiny Development Areas across England and Wales to develop and support member engagement and challenge to major commissioning and service transformation programmes.

Jessica Studdert

Jessica joined NLGN in September 2015. She provides day-to-day management of NLGN's operations and leads the development of the policy and research programme.

Prior to joining NLGN, Jessica was political adviser to the Labour Group at the Local Government Association. She worked closely on local public service reform and devolution, including a secondment to the Policy Unit of the Leader of the Opposition's Office during 2013-14 to lead on the Local Government Innovation Taskforce, a commission that reported into Labour's Policy Review in the last Parliament. Previously she has worked in policy roles in the voluntary sector for a street homelessness and a childcare charity, and she began her career at the Fabian Society.

Action

The Commission to note discussion for evidence session.

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Briefing for London borough scrutiny members

What are the implications of London-wide devolution for local areas and how can boroughs make the most of the opportunities?

London faces public service and infrastructure challenges on a national scale, but currently lacks the power and resources to tackle these effectively. Put simply, devolution provides the capital with a means to reaching that end, allowing boroughs and the Mayor of London to jointly develop more effective public services and bring investment and funding decisions closer to London's communities.

The implications of devolution for London boroughs are likely to unfold over the short and medium term. First, city-wide devolution is only likely to be successful if it is founded on robust partnerships – between individual boroughs, groups of boroughs and the Mayor of London. Establishing each party's position and developing a clear account of the architecture that governs their relationship and responsibilities is a priority.

Second, implicit within the framing of the Government's approach to devolution is the need to properly account for risk both locally and within partnerships. The government is looking for a 'deal', a proposition for devolution that either increases growth, or reduces the cost of public service interventions. Local authorities participating in these deals will be expected to deliver improved outcomes within a constrained financial envelope. Not only will local and sub-regional business plans need to take account of the cost of delivery, but also develop robust mechanisms for managing the risks of failure within extended partnership arrangements.

Third, those services with the greatest potential for devolution are those that are likely to benefit most from intelligently targeted locally integrated solutions. It will not be possible or desirable to simply replicate national silos or fragmented interventions at a local or city-wide level. This has implications for service design, delivery and commissioning arrangements, which in turn places a focus on the skills, expertise and flexibility of the authority staff tasked with co-ordinating, commissioning and delivering these programmes.

Fourth, each of the three aspects described above create implications for local accountability, transparency and scrutiny. Through the process of devolution, services that have traditionally sat outside local government may find themselves influenced by London boroughs. This will increase the importance of clear public explanations of accountabilities. As such, clearly communicating with residents the role of the council as the only elected local body with responsibilities across all aspects of public services will be critically important.

What are the most promising areas for further devolution of budgets and powers from central government to London?

Through the competitive processes of the city, growth and devolution deals, cities and city-regions have been encouraged to evidence how their plans for an area will provide growth above and beyond that already forecast and reduce the cost of public service intervention e.g. through improved operating efficiency, the better targeting of interventions and the consolidation of fragmented or overlapping programmes.

Some of the most tempting propositions from cities and city-regions across the country have therefore been those that demonstrate how both ambitions might be realised and how in doing so local government might take advantage of its unique position to create integrated services that tackle the issues of complex dependency that underpin the demand for many of these interventions in the first place.

As such, in London the most promising areas for further devolution are those that address the needs of the most vulnerable, socially and economically excluded groups: the long term unemployed; those at risk of (re)offending; and, those unable to access affordable housing.

In addition, while still at an early stage, the Government's proposal to shift the balance of local authority funding towards full business rate retention, presents the opportunity, albeit with a significant degree of additional risk, for regions that generate a 'surplus' to 'bid' for services currently provided nationally services to be devolved. Proposals in this area are likely to develop throughout 2016, but may potentially open up new prospects for devolution.

What areas of service/expenditure should be devolved and to what governance level within London?

London's discussions with government have included proposals for devolution to London across six broad areas:

- **Employment** – we proposed a large scale mobilisation of the long term unemployed into jobs, ensuring that all of London's communities are able to share in its growth and contributing to the goal of the UK having the highest employment rate in the G7.
- **Skills** – we called for a transformation of London's skills system to deliver in-demand skills from the best performing providers to drive up investment from individuals and employers in professional, digital and technical training and enable Londoners to access the basic and higher level skills they need to compete in London's thriving jobs market.
- **Business Support** – we want to create an environment in London for the best entrepreneurs, innovators and SME owners to grow their business supported by excellent, accessible advice, high quality tailored services, supported by bespoke digital tools and targeted engagement.
- **Crime and Justice** – we called for lasting reforms to the policing and criminal justice system to secure for the future a safe city that brings business and investment to Britain.
- **Health** – we want to see faster reform of health and social care services, building on the proposals of the London Health Commission, to deliver swifter improvements in the health of Londoners and faster reductions on the cost pressures on London public services.
- **Housing** – we proposed a significant and sustainable home building programme across all types of tenure on a London wide scale and a reduction in the costs on the public finances of homelessness and high cost housing.

While within each of these areas a differential approach to governance has been discussed in outline, the underpinning principle is that devolution to London has been proposed from the joint platform of London boroughs and the Mayor of London.

For example, within employment support, our proposals for devolution have been shaped by the understanding that arrangements will need to focus on supporting operational delivery by groups of boroughs. In contrast, negotiations regarding skills devolution have been framed by the government's intention to devolve the Adult Education Budget to London government at a city-wide level, with borough partnerships playing a delegated role within a strategic context.

Similarly, while the five health devolution pilots are likely to generate new structures at a borough, sub-regional and pan-London level, proposals relating to crime and justice are more likely to build on existing arrangements between London boroughs and the Mayor's Office for Crime and Policing for the oversight of any future devolution.

How will the relationship between the GLA and the 32 boroughs need to be recalibrated in order to make devolved arrangements work?

It has been proposed that any newly devolved responsibilities will be governed by a structure based on the existing London Congress and the Congress Executive machinery - this would bring together borough Leaders and the Mayor of London.

It is also envisaged that negotiation with Government over specific functional areas (e.g. employment) will lead to voluntary co-operation among groups of boroughs being identified as the preferred operational leadership in certain areas.

While plans for operational devolution remain at an early stage, discussions regarding recalibration would be premature. However, in the longer term it may be that the operational detail of devolution arrangements prompts a more substantial consideration of governance arrangements across the capital.

Is there a need for more consistent arrangements to be agreed at the sub regional and pan borough level in London?

Across London discussions have taken place between groups of boroughs at a sub-regional level within the context of providing a comprehensive delivery framework for jointly commissioning employment support under the newly announced Work and Health Programme.

As devolution to London continues, elements of best practice are likely to emerge and London Councils will play a key role in ensuring this learning is shared swiftly across the capital. Clearly, as devolved governance arrangements at the local, sub-regional and pan-London levels evolve there may be a case to examine pan-borough governance across the capital.

How can we ensure that devolution is supported by strong governance and public participation?

Three factors would appear to be crucial to ensuring strong governance and public participation. First, by focusing on and communicating the difference devolution can make to particular places, through intelligent service design, locally responsive service integration and outcomes measured by the needs of particular communities.

Second, by using the process of devolution to develop a fair and inclusive approach to local growth: by connecting more individuals to the labour market; increasing the rate of

progression to higher paying work; and, bringing decisions regarding infrastructure investment closer to the communities bearing the brunt of existing pressures.

Third, by ensuring that scrutiny at a local, sub-regional and city-wide level evolves in line with the scale of devolution to London and, consequently, by ensuring that as new powers are brought down from central government to the local level communities are able play a commensurate role in influencing decisions that directly affect the neighbourhoods they live in and services they rely on.



Governance & Resources Scrutiny Commission 16 th March 2016 Governance & Resources Scrutiny Commission Work Programme for 2015/16	Item No 6
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Outline

Attached is the work programme for the Governance and Resources Scrutiny Commission for 2015/16. Please note this is a working document and regularly revised and updated.

Action

The Commission is asked to consider and note any suggestions for the work programme in 2015/16.

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Overview & Scrutiny

Governance and Resources Scrutiny Commission

Rolling Work Programme June 2015 – April 2016

All meetings take place at 7.00 pm in Hackney Town Hall unless stated otherwise on the agenda. This rolling work programme report is updated and published on the agenda for each meeting of the Commission.

Dates	Proposed Item	Directorate and officer contact	Comment and Action
Wed 10th June 2015 Papers deadline: Mon 1st June	Election of Chair and Vice Chair	Chief Executive's	First meeting of newly elected Commission.
	London Living Wage Executive Response	Chief Executive's	Cabinet Member for Finance response to letter of reference following the outcome of G&R's short inquiry
	Delivering Public Services – Whole Place, Whole System Approach Evidence session	Early Intervention Foundation Donna Molloy – Head of Implementation	Presentation by Donna Molloy from Early Intervention Foundation about prevention and spending on late intervention.
	Delivering Public Services – Whole Place, Whole System Approach <ul style="list-style-type: none"> • Health in Hackney Scrutiny Commission – Depression and Anxiety Report • The 21st Century Public Servant 	Chief Executive's	Review the findings from the Health in Hackney Scrutiny Commission Depression and Anxiety Review. Review of the finding from a review conducted by Dr Catherine Needham and Catherine Mangan on

Dates	Proposed Item	Directorate and officer contact	Comment and Action
			the changing public service workforce.
	Delivering Public Services – Whole Place, Whole System Approach <ul style="list-style-type: none"> • Long Term Unemployed People in Hackney – The Customer Journey 	Chief Executive's	Discussion based on the findings from the qualitative research report by BDRC highlighting the customers' journey for the long term unemployed in Hackney.
	Work Programme Discussion	Chief Executive's	To agree a review topic and topics for one-off items for the year.
Mon 8 July 2015 Papers deadline: Fri 26 June	London Borough of Hackney 2015 Elections	Chief Executive's (Tim Shields)	Report on the 2015 Elections - voters registration and postal votes
	Devolution	Chief Executive's (Tim Shields)	Discussion about the opportunities devolution could provide for Hackney
	Corporate Cross Cutting Programmes	Chief Executive's (Tim Shields)	Update on the progress of the Corporate Plan 2015-18 cross cutting programmes

Dates	Proposed Item	Directorate and officer contact	Comment and Action
Tues 8 Sept 2015 Papers deadline: Thu 27 August	Finance update	Finance and Resources (Ian Williams)	Briefing on the budget scrutiny process and update on General Fund savings 2011/12-2013/14.
	Complaints Service Annual report	Chief Executive's (Bruce Devile)	Annual report of the Council's complaints service
Thurs 29 Oct 2015 Papers deadline: Mon 19 Oct	HR Workforce Strategy	Legal, HR and Regulatory Services (Gifty Edila)	Update on HR Strategy and workforce support during organisational change.
	Delivering Public Services – Whole Place, Whole System Approach Draft Report and Recommendation Discussion	Chief Executive's (Tracey Anderson)	Discuss the report and recommendations
Wed 11 Nov 2015 Papers deadline: Fri 30 Oct	Hackney Homes Transformation Update	Chief Executive's Paul Horobin and Cllr Glanville	Update on the HH transition
	Update on Complaints Quality Checks	Chief Executive's Directorate (Bruce Devile)	

Dates	Proposed Item	Directorate and officer contact	Comment and Action
	Update on Elections Review	Chief Executive's Directorate (Tim Shields)	Update report on May 2015 Elections review
	Update on Council Restructure	Chief Executive's Directorate (Tim Shields)	Briefing about the Council's senior management restructure
	Update from Communications and Consultation Team	Chief Executive's Directorate (Polly Cziok)	Discussion about the Council's communication plan for local residents to engage, involve and communicate the challenges facing the Council
	Delivering Public Services – Whole Place, Whole System Approach Draft Report	Chief Executive's Directorate (Tracey Anderson)	Agree the draft report for sign-off
Mon 14 Dec 2015 Papers deadline: Tues 1 Dec	Finance update	Finance & Resources (Ian Williams)	Update on Comprehensive Spending Review and Local Government Financial settlement
	ICT Review Recommendation Update	Finance and Resources (Ian Williams and Christine Peacock)	Update on review recommendations and ICT Strategy

Dates	Proposed Item	Directorate and officer contact	Comment and Action
Tues 18 Jan 2016 Papers deadline: Thurs 7 th Jan	Budget Scrutiny Task Group Review	Councillors from Budget Scrutiny Task Groups	Discussion about budget scrutiny task groups looking at what worked well and how can it be improved.
	Devolution Review	Chief Executive's (Tracey Anderson)	Discussion about draft proposals for a review on devolution
Mon 22 Feb 2016 Papers deadline: Wed 10 Feb	Budget and Finance update	Finance & Resources (Ian Williams)	Budget and Finance update on local government settlement and Council Budget for 2015/16.
	Cabinet Question Time with Cllr Taylor (Cabinet Member for Finance) TBC	Cllr Taylor – Cabinet Member Finance	Cabinet Question Time is now carried out by individual Commissions. Cllr Taylor has lead responsibility for revenues and benefits, audit, procurement, pensions, and customer services.
Tues 16 Mar 2016 Papers deadline: Fri 4 Mar	Devolution Review	Various attendees	Evidence session – background session to introduce the emerging devolution landscape for London and local government. Input from: <ul style="list-style-type: none"> • LSE (Prof Tony Travers) • London Councils • Centre for Public Scrutiny • Metro Dynamics. • New Local Government Network.

Dates	Proposed Item	Directorate and officer contact	Comment and Action
<p>G&R Members invited to HiH Meeting Mon 11 Apr 2016</p> <p>Papers deadline: 31st March 2016</p>	Health and Social Care Devolution Pilot update	Health and Social Care Pilot Partner Organisations	<p>Briefing from the Devolution Lead Officer on devolution pilot and progress covering:</p> <ul style="list-style-type: none"> • Interim governance arrangements • Consultation and engagement.
<p>Tues 20 Apr 2016</p> <p>Papers deadline: Fri 8 April</p>	Work programme for 2016/17 discussion		Discussion on topics for work programme for 2016/17.
	Elections Preparations for May 2016	Chief Executive's Directorate Tim Shields	Update from Elections Service on their preparations for the Elections in May 2016.
	Delivering Public Services – Whole Place, Whole System Approach	Chief Executive's Directorate (Tracey Anderson)	Executive Response to review report.
	Income Generation	Finance and Resources Ian Williams	Overview about income generation work for each service area across the Council.

To Note:

- HiH Members are invited to attend the G&R Devolution Meeting on 16th March 2016.

Discussion items to be rescheduled for the new municipal year

- Public Sector Workforce – Discussion about future public sector service provision and service delivery models to explore the implications for the workforce and workforce requirements.
- Devolution Review Employment and Skills evidence session
- ICT Transformation Projects Update.

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