

London Borough of Hackney
Governance and Resources Scrutiny Commission
Municipal Year 2015/16
Date of Meeting Wednesday, 20th April, 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 Laura Bunt and Cllr Nick Sharman
Apologies:	Cllr Deniz Oguzkanli and Cllr Will Brett
Co-optees	
Officers In Attendance	Dan Paul (Head of HR & OD), Ian Williams (Corporate Director of Finance and Resources) and Tim Shields (Chief Executive)
Other People in Attendance	Councillor Geoff Taylor (Cabinet Member for Finance)
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.
- 1.2 Officer apologies for absence from Joanna Sumner, Assistant Chief Executive.

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

- 2.1 There were no declarations of interest.

4 Minutes of the Previous Meeting

4.1 Minutes of the meeting held on 16th March 2016 were agreed.

RESOLVED	Minutes were approved.
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5 Elections Update

- 5.1 The Chair welcomed Tim Shield, Returning Officer for London Borough of Hackney (LBH) and Dan Paul Head of HR from London Borough of Hackney to the meeting.
- 5.2 The Returning Officer recapped on the challenges experienced at the elections in May 2015 and reminded Members of the action taken as noted in previous updates to the Commission in July 2015 and November 2015.
- 5.3 The key areas identified related to a training need for staff, structure and a new IT system.
- 5.4 Hackney Council is in the process of implementing a new staffing structure and IT system. Currently some interim appointments remain within the team. The Council's recruitment to post within the new structure for the Elections team is ongoing.
- 5.5 The Commission was informed the new IT system was implemented in the last 2 weeks of December 2015. Implementation of the new system was complete within 2 weeks with minor glitches. All staff have been trained on the new system and no serious problems have been identified. The new IT system is used by 60- 70% of local authorities. Hackney has arrangements in place with Islington Council (who use the system) and they are there to help with any questions or queries as additional support.
- 5.6 The Elections team is split into two distinct functions. Managing elections and managing the IT system. Whilst these changes were being implemented the team has continued to provide a full service.
- 5.7 The Government ordered all councils to close their register on the old system by 1st December 2015. New applications to enrol on the electoral register are carried out on the new Individual Electoral Registration (IER) system. The deadline for residents to register to vote was midnight on 20th April 2016. On Monday 20th April 2016 Hackney Council had 3000 applications pending for processing for registration.
- 5.8 The new IT system is fully integrated and enables the Council to see all the information related to an application on one dashboard. This means if an application failed the verification process Hackney Council can see why and if an application has passed the verification process they can see this information too. The new system allows the Council to see the time the application was made, enabling them to confirm if an application missed the deadline time.

- 5.9 The new IER system implemented by the Government requires a huge amount of management.
- 5.10 In relation to postal votes. A person can register right up until the deadline date for a postal vote. Hackney has issued 4000 postal vote application letters. They are currently in the process of confirming the data and applications for postal votes.
- 5.11 Hackney cleansed its register as suggested, when they closed the old registration system and switched to IER. In this process Hackney removed a number of individuals from the register because they did not confirm their residence at the property. In response the Council has received large volumes of letters returned to sender. At the same time there have been scores of people registering to vote to. The register cleansing process has resulted in a static number of votes on the register.

5.12 **Questions, Answers and Discussions**

(i) Members enquired why Hackney had a large number of duplicate applications on the system.

Members were informed the online IER system does not recognise duplicate applications. To prevent duplicates two things should be implemented; giving people the ability to check if they are on the register and the ability to alter the address that the system automatically populates for the property.

The Council has found people will complete a voter application form multiple times on the online IER platform if they are unsure if their application has been submitted successfully. The Council has to check each application to see if it's a duplicate before they can remove the application from the register.

The Officer pointed out that completing an 'application to vote' on IER and receiving a reference number, does not mean the person was on the electoral register. The application still needed to complete the verification process before a person is placed on the register.

Once the new IER system embeds, it is hoped the maintenance required for the system will reduce.

(ii) Members queried if the challenges previously faced – elector not showing on the printed register - were resolved? Members also enquired if moving to IER would present the same challenges?

The Returning Officer informed members that officers across London were having discussions about managing a pan London register. Councils across the capital selected different approaches when switching over to IER. Hackney Council decided to cleanse its register to ensure they had the correct voters registered. In this process the Council removed 30,000 voters from the list. At the same time they have received a large number of new applications and this has resulted in a static register. The process of re-registering has not impacted on absent voters. The Council has not experienced an increase in the number of voters registering on the system or being identified in this process.

The Council's Policy team reviewed the register and confirmed the borough's volume of turnover fits with its profile of a transient population.

- (iii) **Members enquired about the Council's plans in relation to crisis management and its preparations for any potential crisis on polling day. Specifically Members referred to the plans for the people who were not registered and how they would be managed on the day.**

The Returning Officer advised the Council has informed applicants who have missed the application deadline time; to inform them they are not on the electoral register and cannot vote. Enhanced training has been provided to staff and the Elections team has a pool of staff on standby, as part of their contingency planning. These staff members would be deployed on the day if required. Included in the contingency planning process was additional staff in the Elections team to answer the telephone and resolve queries from polling station staff.

The Head of HR also informed all the individuals deleted from the register (as part of the process of cleansing the register) were informed in writing that they were removed from the electoral register. The officer highlighted large volumes of those letters were returned to the Council.

- (iv) **Members enquired about the estimated turnout of voters for the EU Referendum and queried if the EU vote was likely to have a similar percentage turnout to the General Election.**

The Returning Officer informed members that the turnout in Scotland was 80% and they expect the percentage for the EU Referendum vote to be similar.

The Commission was informed that the only confusion the Council was expecting related to if a person was eligible to register to vote. This was complex because if a person was a resident within in Hackney in the last 15 years and now lived overseas, they were still entitled to register to vote in the EU referendum but it could prove difficult establishing their Hackney residency.

In regards to the Mayoral and Assembly election in May 2016. This election would have three ballot papers and staff have been informed to issue all three papers to voters and let the voters decide if they wish to use all three papers or not.

- (v) **Members enquired if the registration process was likely to be changed in the future if and the deadline to register was likely to change.**

The Returning Officer informed the Commission, the Government could choose to maintain regional registers because the new system covers the whole process. This would then involve sending notifications to councils when there were updates to the register. The current deadline date for voter registration does not take into consideration having thousands of applications to complete in time for polling day.

6 Income Generation

- 6.1 The Chair welcomed Ian Williams, Group Director, Finance and Corporate Resources and Councillor Geoff Taylor, Cabinet Member Finance from London Borough of Hackney (LBH) to the meeting.
- 6.2 Headlines
- 6.2.1 The Council was in the process of producing its statement of accounts for 2015/16.
- 6.2.2 The Group Director, Finance and Corporate Resources recapped on the council's budget pressures; adult social care - the Council is managing down the over spend in this budget area; temporary accommodation – the Commission visited one of the Council's facilities recently – and looked after children – this area continues to increase moderately.
- 6.2.3 Hackney has a large number of residents in receipt of housing benefit. The Council is reporting its best level of benefit processing - currently -10 days - against a long standing target of 20 days just as the benefit is being abolished. Government is utilizing data transfer information especially in relation to benefit overpayment. Real time income data is now available from HMRC.
- 6.2.4 The number of people attending the HSC is reducing in line with the budget saving identified for 2016/17. Comparisons to 2 years prior shows the number of people attending the HSC has reduced by 100,000. The Council has shifted a number of processes online in a bid to migrate people to using online services and reduce the need for people to attend the HSC.
- 6.2.5 The Council's capital investment programme continues as they invest significantly in their housing stock. However there is pressure on the HRA budget particularly in relation to the Benefit Cap and Universal Credit. The Group Director, Finance and Corporate Resources suggested providing Councillors with a briefing session on the Housing and Planning Bill to provide information about the impact of the Bill on the Council's housing budget.

ACTION	Group Director Finance and Corporate Resources to provide a briefing session for Councillors on the impact of the Housing and Planning Bill on the Council's housing budget.
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- 6.2.6 The Government is offering councils a four year settlement and this has to be accepted by 14th October 2016. LBH is still considering the proposal because some details pertaining to the settlement remain unclear.
- 6.2.7 The Government has introduced the Social Care Precept and the Council has included this in the budget.

- 6.2.8 Hackney's council tax collection rate continues to remain high with income increasing in line with the number of new properties in the borough.
- 6.2.9 The Council's income has reduced by £130 million.
- 6.2.10 The Government is assuming all upper tier councils will increase their council tax by 3.75% each year.
- 6.3 Hackney Budget
- 6.3.1 Hackney Council agreed its budget at the Full Council in March 2016. The headlines were:
- 2% Social Care Precept raising £1.3m
 - Significant Cost Pressures: Temporary Accommodation / Looked After Children; No recourse to public funds; Impact of Benefit Cap reduction. Based on medium term forecasts the council will need to invest up to £5 million to accommodate the cost pressure from temporary accommodation.
 - The Council continues to utilise its asset base and capital investment programme.
 - The income stream for council tax / business rates; parking and commercial income are improving.
- 6.3.2 The Council continues its work on realising the planned savings and ensuring they are embedded and delivered for 2016/17. The Council's income has a gap of £30 million. The Finance team is working with departments to ensure delivery of the planned savings and assessing any impact of new changes like the Housing and Planning Bill and the changes to schools funding recently announced.
- 6.3.3 The Council's funding gap for the next three years was noted as follows:
- 2017/18 the gap is £15.326 million,
 - 2018/19 the gap is £8.301 million and
 - 2019/20 the gap is £7.377 million.
- It was noted the figures above do not assume an increase in council tax.
- 6.3.4 The organisational income was outlined to be (in millions)
- £75.148 top up;
 - £69.140 RSG;
 - £67.851 council tax and £28.818 council tax freeze;
 - £26.3 business rates;
 - £18.042 new homes bonus;
 - £10.909 adult social care;
 - £7.74 NHS grant;
 - £3.567 collection fund surplus estimate; 2.6 million LACSEG;
 - £1.3 grant for losses arising from the autumn statement and;
 - £.244 new homes bonus adjustment grant.
 - A total income of £311.659.
- 6.3.5 In the past local authorities were funded by a range of grants. In recent years the number of grants received by local authorities has reduced significantly.

6.4 Income Generation

- 6.4.1 The Council has 19 service areas generating income. Parking is the largest income generating service area.
- 6.4.2 A large proportion of the income generating service areas have an income stream in the thousands not millions. The income of 13 service areas is under £2 million a year each. The majority of income generation is from fees and charges.
- 6.4.3 It was noted that those areas of the Council that generate income have been identified and ring-fenced from significant cuts. In fact, areas such as property services and commercial waste have received investment to fully realise their income streams. It was pointed out that Increases in income directly reduce the need to deliver cuts to front-line services and as councils move towards a more self-sustaining model of local government, these income sources will become more important.
- 6.4.4 Parking is an increasing source of income but expenditure is driven by policy. Parking income has increased by 40% between 2012/13 – 2015/16. The surplus in income from parking contributes towards eligible expenditure such as concessionary fares. A breakdown of parking income was provided and Members noted that the income from Penalty Charge Notices (PCNs) was the largest and increasing significantly.
- 6.4.5 Commercial waste is an area where the council is aiming to be more active in generating income. Private contractors will only collect the waste agreed, whereas councils have a duty to remove waste and are often the last resort for waste not collected. The Council aims to become commercially viable in this area so that they become the contactor of choice for businesses.
- 6.4.6 Members commented this could be supported through stronger enforcement.
- 6.4.7 In reference to income generation for regulatory services – planning, licensing, building control and land charges. The Council would like to see the fees for planning and licensing more in line with the cost of providing the service. It was noted that there are some conditions on income stream and the example cited was Markets. The Commission was informed any charges pertaining to this service can only cover costs.
- 6.4.8 It was noted council tax income has been increasing year on year and this is attributed to the growth in properties in the borough and collection rate. The Council's collection rate has remained consistently 95%. Hackney borough has 20,000 more properties than a decade earlier.
- 6.4.9 Hackney has seen an increase in its business rate collection rate. Increasing business rate income should be an area of opportunity for the Council but the regime announced by Government has introduced a complex process that encourages businesses to submit an appeal for a business rate rebate. The Valuations Office has received a large volume of appeals. This office was not equipped to manage the volume of appeals it has been receiving.

- 6.4.10 The Council has continued to increase its asset base of properties to grow its capital. The Council has been investing to enhance its existing asset base and disposing of assets which cannot provide optimal returns. This strategy requires the Council to balance risk. This has led to strengthening existing Estate Management resource and reviewing options to support regenerative outcomes, in partnership with Regen Delivery, Libraries, CYPS, HLT and Leisure.
- 6.4.11 As part of its asset management the council is reducing its physical corporate “footprint” and thus running costs. The progress being made in the areas of digitalisation will release areas like the cash office. The kiosks are currently taking 30% of the cash revenue. The Council is investing to enhance its existing asset base where revenue savings can substantially outstrip cost. Enabling the reallocation of surplus space to productive uses and creating new assets. The Council is pursuing opportunities to re-finance where possible.
- 6.4.12 In line with its corporate responsibility the Council encourages businesses (using their asset base) to pay the minimum wage to employees.
- 6.4.13 In relation to income generation the General Fund’s commercial income has increased by more than 400% between 2012/13 and 2018/19. The Housing Revenue Account (HRA) income has increased from £1,633,692 to £2,358,347 between 2012/13 and 2017/18. This is as a result of the strong performance of new acquisitions and maximising rents through strong lettings, rent reviews and lease renewals.

6.5 **Questions, Answers and Discussions**

- i. **Members queried if this growth assumption was likely to be able to replace the income needed by councils.**

In response to this query Members were informed that the assumptions is the growth will be from new council tax income. It was highlighted that London is likely to see a growth in council tax income from the new homes built.

- ii. **Members enquired about the current trend and number of applications in relation to Temporary Accommodation and the drivers for the changes to TA.**

Members were informed the trends show demand is increasing year on year. The Group Director, Finance and Corporate Resources explained a briefing was produced and he offered to circulate this briefing to members of the Commission.

ACTION	Group Director Finance and Corporate Resources to circulate a briefing outlining the trends and drivers for the changes to temporary accommodation.
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The Cabinet Member for Finance from LBH explained it’s a combination of an individual’s circumstance and the Government’s policy changes (government

policy is continuously evolving). It is anticipated that the Housing and Planning Bill will impact further on this area too.

Members were informed a recent update on the impact of the welfare reform changes was presented to the Community Safety and Social Inclusion Scrutiny Commission earlier this month.

iii. **Members enquired what a CIV. is**

The Group Director Finance and Corporate Resources explained the Collective Investment Vehicle relates to Pensions and it enables local authorities to bring investment of funds together into one investment vehicle to reduce fees. The Officer offered to circulate a briefing for Members on CIV. The Officer pointed the use of CIVs is largely mandated by the Government.

ACTION	Group Director Finance and Corporate Resources to circulate a briefing explaining what a Collective Investment Vehicle is.
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iv. **Members queried why the funding gap was so heavily front loaded in the first year.**

The Group Director, Finance and Corporate Resources advised this related to the funding cuts from government and how they were applied.

v. **Members enquired if the collection rate was propionate to council tax bands.**

Group Director, Finance and Corporate Resources confirmed it was and the impact on the collection rate was due to the transient population in the borough.

The Council's collection rate for business rates has increased but the changes in relation to appeals for business rate relief makes it difficult. Many businesses especially large corporate organisations regularly appeal against the rate applied. The Council is experiencing an increase in number of appeals from businesses. It was noted that big organisations have teams to keep logging appeals.

vi. **Members enquired if the risk profile is driven by the need to generate income. Members queried if the Council needed to start making this more explicit so the public can understand the level of risk the Council is managing.**

The Cabinet Member Finance explained what needs to be understood is how local government finance is changing and how vast this change has been. The Cabinet Member Finance agreed the public needs a better understanding of how the public purse is managing risk and the changes to its income.

The Council is also trying to reduce costs and exit out of PFI high cost schemes.

vii. **Members suggested taking this information to outline the Council's strategy for income generation.**

The Cabinet Member Finance agreed the public needed to become aware of the vast changes and the whole pattern of change.

The Chair commented that the assumption appears to be that councils will become more self-sufficient.

viii. **Members queried why PCN income is increasing and if this was as a result of more cameras in the borough.**

The Group Director, Finance and Corporate Resources informed when the economy dips people tend to pay fines early because they cannot afford to pay the higher charge at the later date. There is also less traffic and fines related to road errors e.g. a yellow junction box. Therefore as the economy recovers, PCN income can be expected to rise.

ix. **Members referred to the council tax collection growth from properties and queried if this was bringing in revenue to cover costs – subject to the housing mix and the household not providing additional pressure on services.**

In response Members were informed Hackney has a high number of properties in the lower band rates. It was explained this was attributed to the value of properties in the borough at the time council tax was implemented.

7 Governance and Resources Scrutiny Review Delivering Public Services - Whole Place, Whole System Approach - Executive Response

- 7.1 The Governance and Resources Scrutiny Commission embarked on a review to look at total public spend in the Borough - covering statutory public sector providers, voluntary sector and private sector – to consider how the Council and local partners could reconfigure services to meet demand with less resources.
- 7.2 The report was intended to help the London Borough of Hackney deal with two fundamental challenges: first, big cuts in public expenditure and second more complex social challenges that require a very different approach from the council, other public agencies and the wider community.
- 7.3 The Chair welcomed Councillor Geoff Taylor, Cabinet Member Finance from London Borough of Hackney (LBH) to the meeting. The Cabinet Member for Finance provided a verbal update and outlined the draft Executive response to the review's recommendations. The draft was circulated to members of the Commission.

- 7.4 The Cabinet Member Finance stated he was aware the principal point of this review was to look how agencies could work together to reduce costs. In the Executive response Hackney Council highlights the challenges associated with implementation because of the way government agencies are organised. Phase 2 of the review provided an example of how government agencies needed to work together in the future to deliver services that meet demand at a reduced cost.
- 7.5 The introduction highlights the challenges to implementation of phase 1 of the review and makes reference to what the Council is doing in relation to the services reviewed in phase 2.
- 7.6 The Cabinet Member explained there are a number of initiatives that are happening across London. All these initiatives are moving in the direction of greater integration of services. There is integration between boroughs and integration between borough and government services. The key concerns are about commercialisation, identity and accountability.
- 7.7 The Cabinet Member pointed out there is a role for the Commission on the journey of change.
- 7.8 The Cabinet Member congratulated the Commission on being shortlisted for an award for this review.
- 7.9 The draft Executive response was as laid out and the Cabinet Members asked members of the commission for comments in relation to the draft response.
- 7.10 **Questions, Discussions and Answers**
- (i) Members commented the area of work from this review was hard to measure but they wanted to see more measurable outcomes. Members suggested instead of coming back to review the progress of the recommendations in 6 months, they could take 1 or 2 of the areas referred to in the response and track the progress of that work. It was suggested this would involve being part of the process as it develops. Suggested areas of work were scenario planning or the cross cutting officer programme board.
- (ii) Members commented the response is positive but very process orientated. It was highlighted that the response promises to follow the principles but does not show how this will be implemented. Members wanted assurance the process outlined would not just be discussed but taken forward and implemented.
- (iii) Members see this journey as a way to help upskill more widely across the organisation including councillors.
- (iv) Member commented they would like to monitor the progress of 1 or 2 areas using the service redesign principles outlined in the review. Highlighting it was about having a dialogue throughout the process and the journey of change, not monitoring the process.
- (v) Members commented the paper showed a thrust for a broad agreement to the principles but not how it will be achieved. Members asked for the response to

show how they could keep watch over the process of change. Using tangible areas where a rich evaluation on the process can be carried out.

- (vi) Members referred back to their recommendation about setting up a pilot or participating in a programme initiative in an area. Members pointed out the response places a lot of emphasis on the work of the Ways into Work team - the Commission acknowledges the work this team is doing. Members pointed out the WiW team operated at one end of the spectrum. The review highlighted a need for further support and coordination of the support to get people to the point where they are ready to access the WiW support services.
- (vii) Members discussed selecting a service area that could be a pilot for the service redesign principles with a budget allocation. Members suggested the health transformation pilot because it would have access to the budget along with the ability to integrate services. Members pointed out this is an iterative and evolving process with drivers for more local effective delivery.
- (viii) Members discussed selecting employment support services as a possible pilot area. But concern was expressed about the ability to get information from the Department for Works and Pension (DWP) that would enable the initiative to progress. There was the view that having this as a pilot (as suggested in the recommendations) would give the Council a live example to demonstrate the direction of travel for these services in relation to devolution. Showing that tackling the issue further down the line collectively could produce positive outcomes. Helping to make the case to Government for the devolution of employment support services to councils.
- (ix) The Cabinet Member advised an officer steering group had a discussion about applying for funding to carry out work with the more complex cases – people who are further down the spectrum - to support them on their journey to improved health and wellbeing and maybe into employment. The Cabinet Member did not see the suggestion for a pilot as very explicit in the report's recommendations. The Cabinet Member pointed out taking this option would require repeated and persistent requests to DWP to get their attention and involvement.
- (x) The Chair suggested the Council's funding request should be set in the context of demonstrating examples where local authorities have led by innovation. Highlighting programmes that have used similar principles. Members referred to a programme initiative in Hackney Council which provided intensive support to single parents to stop repeated cases of children being taken into care.
- (xi) The Chair summarised the next steps for this to be:
 - The Commission identifying three areas they could get involved in. The Commission suggested they could be involved in the first three points outlined in rec 1 response box. Promotion of the principles to the top three tiers of the Council's management - use of the principles to guide the work of the organisation; the work of the cross cutting officer programme board and the scenario planning work
 - The set-up of a pilot that the Commission could have a dialogue about, track the progress and review the evaluation.

ACTION	Cabinet Member Finance to liaise with the Chair and the Overview and Scrutiny Officer to support amendments to the formal response and future work in relation to the Executive response.
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8 Governance and Resources Scrutiny Commission - 2015/16 Work Programme

- 8.1 The work programme for G&R on pages 27 – 33 of the agenda was noted for information.
- 8.2 The Commission noted the evidence session for the devolution review looking at employment and skills may need to be postponed under purdah rules for the EU Referendum vote on 23rd June 2016.
- 8.3 It was noted the items listed for the work programme 2016/17 to date were:
- 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
 - Performance monitoring (pilot for performance monitoring by scrutiny commissions).
- 8.4 Members discussed their work on performance monitoring to help identify the role of scrutiny in relation to the role of the Audit and Corporate Committee monitoring the performance of the Council.
- 8.5 It was noted G&R would be looking at how scrutiny should conduct performance monitoring. Developing an approach for the scrutiny commissions to use.
- 8.6 Members agreed the 2016/17 work programme should continue with their work on the Devolution review, budget scrutiny and looking at how councils can become self-financing.

9 Any Other Business

- 9.1 None.

Duration of the meeting: 7.00 - 9.15 pm