

# 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:

**Monday, 5th September, 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 Deniz Oguzkanli, Cllr Rebecca Rennison, Cllr Nick Sharman,  
Cllr Susan Fajana-Thomas, Cllr Ned Hercock and Cllr Anna-Joy Rickard

## 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 - 18)
- 5 Devolution - The Prospects for Hackney** (Pages 19 - 20)
- 6 Governance and Resources Scrutiny Commission -  
2016/17 Work Programme** (Pages 21 - 28)
- 7 Any Other Business**

## Access and Information

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### 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>



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Providing oral commentary during a meeting is not permitted.

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<b>Governance &amp; Resources Scrutiny Commission</b> 5 <sup>th</sup> September 2016 <b>Minutes of the previous meeting and Matters Arising</b>	Item No  <b>4</b>
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## OUTLINE

Attached are the draft minutes for the meeting on 15<sup>th</sup> June 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 2016/17  
Date of Meeting Wednesday, 15th June, 2016**

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

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<b>Chair</b>	<b>Councillor Rebecca Rennison</b>
<b>Councillors in Attendance</b>	<b>Cllr Nick Sharman, Cllr Susan Fajana-Thomas, Cllr Ned Hercock and Cllr Anna-Joy Rickard (Vice-Chair)</b>
<b>Apologies:</b>	<b>Cllr Deniz Oguzkanli</b>
<b>Co-optees</b>	
<b>Officers In Attendance</b>	<b>Polly Cziok (Head of Media and External Relations), Michael Honeysett (Assistant Director Financial Management) and Aled Richards (Director of Public Realm)</b>
<b>Other People in Attendance</b>	<b>Councillor Geoff Taylor (Cabinet Member for Finance) and Professor Tony Travers (Professor)</b>
<b>Members of the Public</b>	<b>1 Member of the public</b>
<b>Officer Contact:</b>	<b>Tracey Anderson</b>  020 8356 3312  tracey.anderson@hackney.gov.uk

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**Councillor Rebecca Rennison in the Chair**

**1 Election of Chair and Vice Chair**

- 1.1 Following formal nominations for the position of Chair, Councillor Rebecca Rennison was elected by the Members as Chair of the Governance and Resource Scrutiny Commission.
- 1.2 Following formal nominations for the position of Vice Chair, Councillor Anna Joy-Rickard was elected by the Members as Vice Chair of the Governance and Resource Scrutiny Commission.

**2 Apologies for Absence**

- 2.1 Apologies for absence were received from Cllr Deniz Oguzkanli.

### 3 Urgent Items / Order of Business

- 3.1 The Chair advised the Commission they were in purdah (called the pre-referendum period). This started from 27<sup>th</sup> May for 28 days leading up to the EU Referendum vote.
- 3.2 The 'Code of Recommended Practice on Local Authority Publicity' provides that during the period between the notice of an election and the election itself – purdah - (this includes a referendum poll) local authorities should not publish any publicity or controversial issues or report views or proposals in such a way that identifies them with any individual Member or groups of Members and in this case campaign groups or individual campaigners in the EU Referendum.
- 3.3 The Chair summarized this to mean as follows; the discussion under item 6 must avoid any reference or links to the EU Referendum. The Chair informed the Commission it was agreed with the Monitoring Officer the discussion on Devolution will refer to English Council devolution only.

### 4 Declarations of Interest

- 4.1 None.

### 5 Minutes of the Previous Meeting

- 5.1 Minutes of the previous meeting held on 20<sup>th</sup> April 2016 were approved.

<b>RESOLVED</b>	Minutes were approved.
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- 5.2 Matters Arising

- 5.2.1 Members referred to the action on page 10 and enquired when the briefing outlining the trends and drivers for the change to temporary accommodation would be circulated.

<b>ACTION</b>	The Overview and Scrutiny Officer to find out the circulation date.
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### 6 Devolution - The Prospects for Hackney

- 6.1 The Chair welcomed Professor Tony Travers, from the London School of Economics and Political Science. Professor Tony Travers is a well-respected commentator on the public sector and local government. Tony is a 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.

6.2 The Chair explained the Governance and Resources Scrutiny Commission commenced a review to explore the implications of the devolution process for Hackney. The review aimed to give councillors an understanding of the implications of Devolution for Hackney. 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?' The Commission submitted some questions in advance.

6.3 Professor Tony Travers opened the discussion with the following comments:

- England's democracy by international standards is a centralised system.
- The Organisation for Economic and Co-operative Development (OECD) statistics shows the income raised by local government / sub level government / federal state in taxes, (country to country) puts England towards the lower end of the scale. UK Local councils only have access to one tax which they can set and this is Council Tax. It was pointed out this is capped too. Councils also have access to 50 % of business rates but this is shared out proportionately. Therefore it could be viewed that no local tax is set by local government. All Governments have realised that there is a problem but have wrestled with the idea of modest devolution within England. This has been pushed much further by Scotland and Wales in comparison to England.
- As far as England is concerned there has been stepped process. First the creation of a London wide government in 2000. Then the creation of combined authorities in city regions for example Manchester. More currently efforts by the Government to decentralise more to those areas.
- In London the boroughs are 51 years old and the GLA is the more recent creation being approximately 16 years old. London has a very different system whereby boroughs have their own sovereignty and so does the London Mayor and the GLA.
- The issues for London is how far it wants to lobby for more devolved powers. Consideration needs to be given to how it will be divided among the three tiers of power. He queried if there are things the boroughs do that the GLA should do and vice versa.
- Any discussion about devolution not only needs to include devolution from central to local government. Within London there needs to be consideration of regional devolution too.
- The issue of housing was highlighted as an area that the devolution of powers would be key issue for the London Mayor and Boroughs. Professor Travers pointed out they would need to decide where the sphere of power should be located. The way the powers are balanced will be important. In some instances we have a balance of power between the boroughs and the Mayor of London like a constitutional arrangement, in a country without a constitution.

- London is an interesting scenario, where the boroughs collectively are more powerful than the Mayor of London but the Mayor of London is more powerful in his or her sphere of power (e.g. Transport services). However collectively the boroughs spend more than the Mayor of London. So London is an interestingly bottom heavy two tiered system. It is difficult to imagine this can continue to exist under the new proposals.
- Professor Travers personal view is both the London boroughs and the Mayor of London need to exist.

#### 6.4 Questions, Answers and Discussion

- (i) **Members started with distinction between decentralisation and devolution. Members believe the current proposals from Government are more defined as decentralisation than devolution. Members enquired if the organisation of the boroughs are fit for purpose to take responsibility for devolved services, in particular health services?**

Professor Travers agreed there is a clear distinction between devolution and decentralisation. Devolution should involve the handing down of power and at the very least some assigned revenue to allow discretion in the ways the resources are used. An example of this is the transfer of public health from the NHS to local government. He acknowledged Governments have been more comfortable with decentralisation than devolution. All Governments are and have been risk adverse when it comes to handing down power from themselves; despite the many examples of failure by central government. Therefore Government is much more comfortable with decentralisation than devolution because it allows them to retain some degree of oversight or an element of control and does not involve handing over the freedom of resources. He agreed that decentralisation was easier to envisage than devolution in its true form.

It was thought that there is the possibility of devolution through the build-up of case examples. In the long term the more local government does the greater the argument for more devolved powers. A more radical form of devolution could result from tentative steps of decentralisation.

In response to the query are boroughs fit for purpose. He highlighted most London boroughs have a population bigger than other areas in England. It was noted that Barnet and Croydon would soon have populations larger than cities outside of London. However it was acknowledged that for some services the boroughs may be too small. Professor Travers was of the view the recommendation for fewer boroughs could make them too big and that the public would not have a reasonable chance of meeting their elected representative. Broadly the current structures are workable but for health services they will need to think about building new governance arrangements. Personally he is an advocate for opportunities for local people to get involved in democracy but it will need to be reasonably accessible.

- (ii) **Members referred to Hackney being a health devolution pilot and attending a conference about health devolution. The Member pointed out she was disappointed that the lead officers were unable to answer questions about the devolution negotiations and that nothing is crystallised. Secondly**

**Members asked for his views on devolution and pooled budgets with the NHS.**

Professor Travers explained the NHS is revered as a national service despite it operating differently in Scotland and Wales. With many public services London is by far the biggest that Whitehall controls. The NHS in London is one of the most important aspects of public services and the performance of London's NHS is of key concern. Particularly as the population in London is rising at an alarming rate and resources to the NHS are flat in real terms. Therefore it is not clear how far the Government is really willing to decentralise/ devolve power of the NHS in London. There are profound barriers to the rationality of care to older people because of the entirely different funding regime for local government and the NHS. An example of this is local governments spending on public health which may lead to savings for the NHS but there is no capacity to share the savings. This could be improved if London's local government were to take control of London's NHS. They could find a way to redistribute the savings. It was highlighted that previously (before the war) London's county councils did have responsibility for some health provisions, therefore local government has held this responsibility before.

For true devolution to proceed London will have to have a convincing offer to Central Government. That would require an agreement between the Mayor of London and the London boroughs.

In relation to the budget if the Government were to devolve the NHS to London it would be a very large change to Governments expenditure. The devolution of budget would increase boroughs and GLA spend by approximately 70-75%. It was thought that local government could bring some degree of financial management to the NHS and work to remove the boundary problems which were cited as a) being adult social care and b) public health to the NHS. The barriers are being able to take the benefits achieved by one into the other.

- (iii) Members referred to public knowledge about the different structures and enquired if the changes have made things better or worse. If devolution in London is taken up would the opportunities for London make things better or worse?**

Professor Travers advised there are polls that suggest community engagement depends on how the question is phrased.

The difficulty is devolution deals are deals done in private. This makes it very hard to turn that into a very democratic visible process. The question is if the Government did devolve more power to the City, is there a possibility that the public can have a greater capacity to oversee the operation. One such option is scrutiny. Giving the public the opportunity to scrutinise the way the government works; where Councillors and the public can have a say in how the function operates. Although it's hard to make the initial part of the process transparent. Once determined there can be an opportunity for the public to scrutinise the process.

Professor Travers pointed out London had a 46% turnout for the Mayoral elections; in his view this showed a vote of confidence in sub regional

government within London and that the system is much embedded. This percentage turn out is high by government standards.

The fact that there are different structures in different parts of the UK makes it hard to describe it to members of the public. It was pointed out that the UK has a different government structure in Scotland, Wales and Northern Ireland. Therefore it is conceivable that for places that are not cities (rural counties) they feel left out from these discussion.

In response to the question does this make it better or worse? Given the level of centralisation in Britain and the proven difficulties with doing government on a very large scale. In a country of approximately 62 million people it would be done better at smaller levels of democracy.

Professor Travers highlighted local government has learned a lot in the last 51 years. There are some things they used to; some things they don't do and do some things they do a lot better. Although local government has got things wrong. There is less likelihood of a big mistake at a smaller level. He pointed out smaller units of government are more susceptible to public pressure.

However there is the belief that there is some level of reasonable organisation of resources for equalisation.

**(iv) Members asked Professor Travers for his view on the most promising areas for devolution.**

Professor Travers advised the devolution of skills is an area where the Boroughs and the Mayor of London (in some form of configuration) could deliver the skills sector more sensitively than national government. He pointed out most housing resources are devolved to local government but the question is could London be given more control over housing resources to reinvest in its own housing needs. The criminal justice system is an area like skills that could be delivered better locally. The most exciting area for devolution is health. Any efforts to devolve health provision to London and within London would be a radical change but if handled well could substantively improve the quality of services. Local government has a better track record at rationalising resources and making difficult decisions than the NHS. This is in part due to it largely being protected by central government. The NHS is such a national treasure that any changes like this would have to be handled with sensitivity.

**(v) Members expressed that the different service areas have different optimal levels of devolution. Members enquired about the optimal levels for devolution and if it is at the same level for health, skills and criminal justice. If not how could they establish the levels and how would they manage accountability in such a way that people understand who is delivering their local hospital, prison etc.**

Professor Travers pointed out London boroughs are both big and small. If the current system of government is accepted (GLA, Borough and Government) and that almost everything is done at all three levels such as highways and housing. However recognising that the NHS is a bit over centrally run, it is sometimes hard to determine what local mechanism is the right place to go, to put things

right or to apply democratic pressure. Whereas if there is a problem with the roads everyone knows they should go to the Council.

The Government seem to be more comfortable with big institutions running something. The Government may feel City Hall is much better placed to do something because it recognises it is big. There needs to be a balance of power and negotiations about what would be better for boroughs to do and what would be better for City Hall to do. City Hall will need to negotiate what powers they should hold.

In response to accountability. People tend to have a clear view of what the council does and people often believe the council can do more than it does e.g. being responsible for schools –only when things go wrong.

Professor Travers thought it was a noble political endeavour to review how more people can engage with the process. People in Britain will take part and respond on a massive scale in political activity if they are really engaged. High profile cases have proven by that people will engage with the process.

Accountability does work when people know and really are interested and in his view people would understand if things were done at a borough level.

- (vi) **Members referred to Whitehall being resistant to really doing anything radical in terms of devolution. This relates more to concerns over power and being in charge. The thought is the only way to change this (like in Scotland) is for demand to come from a local level to put pressure on Government. He enquired how possible it would be to get a London regional government party or a London regional consensus between the parties. If this was achieved they could demand a regional government model similar to Scotland. What would be the real resistance to this?**

Professor Travers agreed with the views about power. He pointed out what Scotland has managed to achieve for itself includes income tax powers, which goes against Treasury's orthodox. The question is can London achieve the same from Westminster / Whitehall for London. In response to regional party consensus, he thinks it is possible to get this between the parties.

In response to the obstacles that can stop London achieving the same powers as Scotland. He explained the Scottish and Welsh offices were already separate entities. It would be different if London left Whitehall to have a Scottish / Welsh style devolution. This would involve breaking up Whitehall and shrink the civil service. He also pointed out London would require a very powerful sense of civic identity for London and a very strong political sense that something needed to be done and this was supported by the public. He highlighted London is a part of England, this would be a very big step for London.

In discussions Members referred to the GLC campaign when people seem to be genuinely outraged by the sense of losing a level of government and it became of real concern.

Members comments and queries included:

- The need to move from quite a limited view of change.

- Emphasis being placed on service change to convince Whitehall that local government can do better.
- The need for a step change but finding the political bases for doing this seem to elude politicians.
- This was still an administrative and managerial technocratic government and they were not talking about governance and the way in which local government can take responsibility for the physical and mental health of the community and be accountable for it.
- How they can push for a governance change and devolution?
- Even if Central Government let go of some powers this does not mean it would bring the powers closer to the people.

**(vii) Members enquired how they could build up public support to bring about this change and really achieve devolution of governance.**

Professor Travers informed Members the Treasury and Chancellor of the Exchequer are genuinely committed to devolving power but it was acknowledged the changes to schools was an example of contradictory action to the mantra. The fragmentation of NHS institutions and schools into a number of very small units has created complex hard to follow regional, sub regional and national bodies and this makes them much more inaccessible to the public.

The only thing that matters to people is that they have access to the decision makers and receive a hearing to enable them to change the decision made. In his opinion people may be more willing to accept a decision that went against them if they have a hearing in front of the person/people who are making the decision. Giving them a hearing and ability to put their points across. Local Government is more open and transparent than it was in the past. Whereas other areas of government structure can be seen as technocratic.

The public have to feel it is in their interest for the money raised in London to be spent on London. The stress and strain on the British centralised system is visible and is not sustainable. This will lead to higher taxes or lower expectation of the state.

**(viii) Members commented in the last five years they have been talking about co-production and enquired if devolution would encourage co-production and queried if co-production has been established as the way forward.**

Professor Travers advised consistent use of co-production for services would be advisable.

He informed the Commission there is an enormous amount of spend by various agencies, programmes and government departments that is not coordinated efficiently. There needs to be some degree of consistency in the way the resources are used locally and pushed through the prism of the individual's needs. It would be good to try to get services to be seen as a consistent whole and people as individuals to make sure services are shaped for them.

It was noted that Greater Manchester had identified through the years of austerity the total amount of public spend had not changed but increased slightly. They have found there is more spend locally despite the cuts to funding

from Central Government. There needs to be a way to bring that spend together.

**(ix) Members enquired if the solution to the challenges identified in the discussion was a need for regional government for England.**

Professor Travers informed the Commission the North East referendum in 2004 was the demise of regions. The reason this happened is, compared to Scotland and London the North East regional government had no powers and the people noticed that and voted against it - seeing it was just consultative. This created a vacuum in which city regions developed. Now there is a political dynamic to create cities and even combined regions – Greater Manchester, West Midlands – which in his opinion will oppose any new regional structure. In his view although regional government would be the counter dimension for English government it was not likely to be reinstated. However for the North East the solution would be a combined regional authority.

In his opinion regional government might have been the answer but it is not now.

**(x) Members referred to devolution being selective decentralisation running alongside a continual process of centralisation. In discussion Members highlighted it was so fragmented that Whitehall will use this as a reason not to push powers/ resources down (for transport, education and criminal justice system), leaving a continuation of an unequal society. Members commented there is great opportunity for Greater Manchester and London with devolution and enquired given they are so far away from making the case to Government, how do they find the basis to really challenge this?**

Professor Travers agreed the most optimistic view was achieving devolution for London. Although the Chancellor of the Exchequer and the Treasury want devolution, it was acknowledged that there are other departments within Whitehall moving in the opposite direction. The difficulty for Central Government he pointed out is it faces the problem of being too strong yet too weak. An abundance of power yet no power. With a UK population of around 62 million it is not possible for the Prime Minister to be Mayor of England and understand what every part of England is doing.

There will always be the need for some form of local political accountability and this will not go away for services. It maybe that there will be pressure on Government that tips the balance of decentralisation towards a more genuine devolution.

In Greater Manchester the Government is committed to devolution for health services in some form. The fact it is being discussed is real progress. Greater Manchester has convinced him they have some real discretion within the budget to have a say in how local services are run. He also pointed out once the directly elected Mayor of Manchester is in office with a mandate, the current agreement may not be sustainable and if there is a desire to move health service funding to Greater Manchester they may lobby for it. This will make them a dynamic force in the case for devolution because of its powers; which are greater than London.

For London it is how far the boroughs will choose to work with the Mayor of London to make the case for London.

- (xi) **Members referred to the point that decentralisation can build up the case for devolution and this looks like an opportunity for Hackney with the health pilot. Members asked for his advice on things not to miss as they build up the case for devolution.**

Professor Travers advised any borough or group of boroughs or area that can convince national government that by effectively operating a combined health, public health and social care service they can take pressure of the NHS will be heard. Any borough that can demonstrate reducing the cost pressure off A&E services, providing a better service to the residents of Hackney, making the lives of GPs better etc. would be enormously convincing to government. This is because the NHS is a key area of policy concern for the Government which is under considerable financial pressure at the moment.

- (xii) **Members referred to the point that decentralisation can build up the case for devolution and asked for advice about how to add the involvement of the public to the process.**

Professor Travers thought the Health and Wellbeing board structure was the answer to public involvement but this has not necessarily been the case. However his thought on how it could work now, would be for boroughs to work with their neighbours. Working on a solution that had consistency on social care, public health and health services. Boroughs need to bring solutions to Government that demonstrates what works for the people of Hackney but that also brings a solution to the problems the Government is facing.

Final thoughts from the discussion was about taking the ideas out for wider public debate to places like schools and colleges, so that people can buy in to the process and it can be seen as less technocratic and more accessible to the people. Finding a way to articulate the debate so the public engage.

The Chair and the Commission thanked Professor Tony Travers for attending the meeting.

## **7 Budget Scrutiny - Commercialisation and Income Generation**

- 7.1 The Chair introduced this item and explained it was agreed in January 2016 the budget scrutiny work would continue this year. It was also decided separate structures for budget scrutiny task groups would not be created. The work would be carried out by the existing scrutiny commissions.
- 7.2 The Chair informed the Commission this session was an overview and to help them decide on the scope of the work. This time Members were taking the opportunity to review the content of the work prior to starting.
- 7.3 The budget scrutiny work has a meeting in July 2016 to look at the budget information in more detail and the option of an informal meeting too.



- 7.4 In the discussion about the TOR the Members asked the officer to go through the rationale for the suggested amendments. The Director, Financial Management explained the TOR focused more on commercialisation. Officers were of the view looking at income generation opportunities was of equal importance. They removed the text that outlined the budget gap because they wanted the Commission to think more broadly and not just focus the budget gap. Members suggested they amend the TOR and add information that explained the environment in which the organisation was operating in to give it some context.
- 7.5 Members agreed they should not just be focusing on the budget gap. The organisation was required to review options for new income because their core grant was reducing. Members thought this work should consider how the organisation will reconfigure itself. The new environment will be more about how the council can use its assets in the locality and how the council will work with a range of partners to generate income and social outcomes. Council are expected to become more self-reliant and as Members discussed under item 6 (Devolution) local government needs to be asking for control over its resources to meet residents' needs.
- 7.6 Members suggested the TOR sets out the broader vision to give context. Members believed while the organisation was considering these options it should also think about the new culture to and not just about generating income.
- 7.7 Members requested for the O&S officer to add a paragraph to section 1 of the TOR that explains councils are expected to become more self-reliant.

<b>ACTION</b>	The Overview and Scrutiny Officer to add a paragraph to section 1 of the TOR as noted in point 7.7 above.
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- 7.8 Members agreed to focus on the remit of the budget scrutiny work and come back to any wider issues identified. It was agreed any areas identified that go beyond this immediate piece of work will be noted for the G&R work programme.

<b>ACTION</b>	The Overview and Scrutiny Officer to add a paragraph to inform issues / areas that require a deeper look will be noted for the G&R work programme.
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- 7.9 Members recognised commercialisation and income generating activities is a step change for the organisation and will require officers to be more entrepreneurial. If this direction is agreed local politicians will need to decide if they support this because it means taking on a different risk profile. Members were of the view they should start this discussion now to help define what is meant by 'more entrepreneurial'.
- 7.10 Members discussed the suggested changes to the core questions. Members were in agreement that the core question related to risk should be reinstated because it was important from the outset to establish the core principles needed.

Having the question about risk will help to challenge the council about how far the organisation will go.

- 7.11 It was decided the budget work should focus on looking at the opportunities not just the funding gap.
- 7.12 Members commented on the need to understand the vision of how the council could become more self-reliant. This thinking could potentially change the culture of the organisation. Taking this approach will create a different risk profile for the organisation. Therefore it was key to understand the principles on which the approach for these areas would be based.
- 7.13 The Cabinet Member for Finance from LBH suggested G&R look at this as a three stage process.
- Receiving information to feed into the budget process
  - Look at and discuss the agreed approach and establish the core principles that consider risk and the negative impacts
  - Consider other opportunities for income and how it fits into the vision and risk profile.
- 7.14 The budget scrutiny work will cover the short and medium term.
- 7.15 The Chair welcomed to the meeting Michael Honeysett, Director of Financial Management, Councillor Geoff Taylor, Cabinet Member Finance, Polly Cziok, Head of Communications and Consultations and Aled Richards, Director Public Realm from London Borough of Hackney.
- 7.16 The Chair referred to the officers in attendance and asked them to provide an oversight of their views in relation to income generation and commercialisation for their service area drawing out the distinction between the two. Members advised they would welcome any suggestions for areas the Commission might want to consider for the budget scrutiny work.
- 7.17 The Head of Communications and Consultation outlined the range of income generating activities in her service area. These included:
- Advertising and sponsorship
  - Design – set up as an agency for both internal and external customers
  - Consultancy services
  - Location filming
  - Events – renting out commercial space in the borough
  - Hackney Today.
- 7.18 The above income generating activities operated within the function and the Head of Communications and Consultation explained she proposed to bring these all under one Head of Service. The officer informed Members the aim was to be able to support service areas if they wish to break into a commercial market and need to market themselves effectively.
- 7.19 The interesting area for growth was advertising and sponsorship. This is potentially a market place for growth because the Hackney consumer is a huge commodity – young and tech savvy. The challenge to growing the income in this area is the planning restrictions.

- 7.20 Director of Public Realm explained in waste services there are opportunities to grow the income generated for commercial waste services. This was a non-statutory service. He advised the council would need to decide if it wanted to get into income generation or commercialisation.
- 7.21 The Director explained expanding into commercialisation would involve setting up a trading company and this can take years to make it into a sustainable business.
- 7.22 It was acknowledged the Localism Act provided councils with some flexibility however if the service is kept in-house they can only generate income to recover costs. There are constraints to the level of income that can be generated if the service is maintained as an in-house operation.
- 7.23 If the Council is happy with the level of income it generates currently it can retain it in its current form. If the Council does wish to maximise income growth it can move into commercialisation and set up a trading company to oversee the activity.

**7.24 Question, Answers and Discussion**

**(i) Members enquired about the constraints if the service is kept in-house.**

The Director of Public Realm advised the Local Government Act only allows for cost recovery. If the council wishes to generate a profit and substantially grow the service in other areas. This would require setting up a trading company and this would be a separate entity with its own managing director.

**(ii) Members enquired if this was a statutory constraint or risk of challenge?**

The Director of Public Realm advised it was a statutory constraint. He highlighted it is possible to use the income generated to cost subsidise statutory services and Hackney was doing this with commercial waste income.

Members pointed out growing a commercial business would be more of a long term option to generate income. For the budget work they needed to consider short term income generate opportunities for the next 3 years.

**(iii) Members requested for information that provides a comparison and analysis of the successes and failures of other trading companies by other councils similar to the activity Hackney is exploring.**

<b>ACTION</b>	Finance and Resources to provide a comparison and analysis of the successes and failures of other trading companies by other councils similar to the activity Hackney is exploring.
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The Cabinet Member for Neighbourhoods and Sustainability informed Members Hackney Council is one of a few councils to still operate an in house waste and recycling service. What has been achieved in commercial waste; started with an

idea to ensure all businesses have a waste and recycling contract. By doing this Hackney has managed to capture a 60% share of the borough's market. The Cabinet Member pointed out to develop this into a commercial operation would require more resources.

The Cabinet Member also referred to other possible income generating areas in her portfolio and highlighted that if they wished to consider income generation from parks. The council has to be willing to accept and acknowledge the fact that it would generate a significant number of complaints from residents.

- (iv) **Members referred to the proposal to develop a letting agency. Members enquired if it was set up. Members also discussed whether they should look at areas that are focused on cost recovery to consider if they are optimising cost recovery already.**

Members discussed receiving information about:

- Income generation options over the next 3 years
- Short term cash generating areas
- Taking existing services and redesigning them in a different way to provide an income
- Long term aims.

The Head of Communication and Consultation highlighted to have a successful commercial business takes a lot of time to build up. The officer encouraged Members to review other cases of commercial enterprise to see their successes and failures.

Members reflected on the budget task groups and concluded the ones that made the most progress were those that looked at issues which were politically sensitive. This enabled Councillors to have a dialogue about the decision. Putting them in a better position to respond to residents.

Amendments to the TOR was noted to be:

- Accept the suggested amendments by officers
- Reinsert the question about risk to the core questions
- Insert the requested text into section 1 as noted in point 7.7
- In relation to commercialisation have information about the culture change, market, infrastructure, resources and skills.

## **8 Governance and Resources Scrutiny Commission - 2016/17 Work Programme**

8.1 The next G&R in July meeting is dedicated to the budget scrutiny work.

8.2 The Chair pointed out the Commission had just completed 2 evidence sessions on devolution. In the work programme they had scheduled a third session to do a deep dive looking at employment and skills. The Chair asked Members if they wish to end the evidence session now and not complete the deep dive into employment and skills. The Chair suggested if they cancel the next evidence session they could take a different approach to writing the report. Branding it as a 'how to' guide and outlining the factors / providing a checklist to bear in mind. .

- 8.3 Members expressed a desire to keep the employment and skills because it provided an opportunity to build a case for devolution.
- 8.4 Members agreed to keep the session and get one expert witness to cover employment and skills.
- 8.5 Members highlighted the meeting date / day noted on the work programme for September was incorrect. Members requested for the Overview and Scrutiny Officer to check and the day or the date and amend the work programme with the correct date/day.

<b>ACTION</b>	The Overview and Scrutiny Officer to amend the work programme with the correct date/day.
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## **9 Any Other Business**

- 9.1 None.

Duration of the meeting: 7.00 - 9.30 pm

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<p><b>Governance &amp; Resources Scrutiny Commission</b></p> <p>5<sup>th</sup> September 2016</p> <p><b>Devolution – The Prospects for Hackney</b></p>	<p>Item No</p> <p><b>5</b></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 read and reviewed The London Proposition document produced by London Councils at its meeting on [29<sup>th</sup> October 2015](#).

## Invited guests

- **Dianna Neal**, Head of Economy, Culture and Tourism, London Councils
- **Professor Martin Doel**, Professor of Further Education & Skills, University College London (Institute of Education)

In this evidence session the overarching question is '**what would be the benefits of devolving education, employment and skills?**' The Commission submitted (in advance) the questions below to the invited guest in preparation for the meeting:

1. What is the prospect of achieving devolution for London for further education and skills and the impact of this on Whitehall?
2. What accountability structure would be appropriate for London and where would local government fit in this structure?
3. How can London's boroughs support this case for devolution?

## Biography of Guest Speaker

### **Professor Martin Doel**

Martin Doel was appointed as the first Further Education Trust for Leadership Professor of FE and Skills at University College London (Institute of Education) in April 2016 after having previously been the Chief Executive of

the Association of Colleges (AoC) from 2008. Prior to this Martin served in the Royal Air Force where his final appointment was as Director of Training and Education for all three Armed Services, working in the Ministry of Defence, the largest employer of apprentices in the UK. He was appointed OBE in 1998 for his work in support of operations in the Balkans and for his contribution to Anglo-German relations and CBE in the 2016 New Year Honours for his contribution to education. He holds a Masters Degree with Distinction from King's College, London and a First Class Honours Degree in Education from King Alfred's College Winchester.

Martin's particular research interests at UCL (IOE) are concerned with the distinctive contribution that further education can make to national prosperity and individual well-being, and the leadership challenges facing FE providers of all kinds.

### **Action**

The Commission to note discussion for evidence session.





<b>Governance &amp; Resources Scrutiny Commission</b> 5 <sup>th</sup> September 2016 <b>Governance &amp; Resources Scrutiny Commission</b> <b>Work Programme for 2016/17</b>	Item No  <b>6</b>
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## **Outline**

Attached is the draft work programme for the Governance and Resources Scrutiny Commission for 2016/17.

## **Action**

The Commission is asked to note the work programme.

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# Overview & Scrutiny

## Governance and Resources Scrutiny Commission

### Rolling Work Programme June 2016 – April 2017

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
<b>Wed 15<sup>th</sup> June 2016</b>  Papers deadline: Mon 3 <sup>rd</sup> June	Election of Chair and Vice Chair	Chief Executive's	First meeting of newly elected Commission.
	Devolution Review Evidence session	Chief Executive's	Evidence session – information session looking at the emerging devolution landscape for London and local government. Input from: <ul style="list-style-type: none"> <li>LSE (Prof Tony Travers).</li> </ul>
	Budget Scrutiny Task Group – commercialisation and Income Generation	Finance and Corporate Resources	Agree work focus for TOR.
	Work Programme Discussion	Chief Executive's	To agree a review topic and topics for one-off items for the year.
<b>Wed 13 July 2016</b> Papers deadline: Fri 1 <sup>st</sup> July	Budget Scrutiny Task Group – Commercialisation and Income Generation	Finance and Corporate Resources	Presentation of proposals. meeting cancelled

Dates	Proposed Item	Directorate and officer contact	Comment and Action
<b>Mon 5 Sept 2016</b> Papers deadline: Tues 23 <sup>rd</sup> Aug	Devolution Review	Various attendees: London Councils	Education, Employment and Skills - evidence session looking at the proposed devolution for London in this area and the impact on local government.
	Delivering Public Services – Whole Place, Whole System Approach	Chief Executive's Directorate (Tracey Anderson)	Review of executive response to review report and how to monitor progress of work.
<b>Wed 19 Oct 2016</b> Papers deadline: Friday 7 <sup>th</sup> Oct	Devolution Review	Chief Executive's (Tracey Anderson)	Discussion about draft recommendations for the devolution review.
	Budget Scrutiny Task Group – Commercialisation and Income Generation	Finance and Corporate Resources	Presentation of proposals. In response to the core question and focusing on income generation Members have requested for information about: <ul style="list-style-type: none"> <li>The proposed service areas (for income generation related to fees and charges) and their estimated income.</li> </ul> Related to commercialisation Members have requested for more information about: <ul style="list-style-type: none"> <li>Proposals for creation of a trading company for</li> </ul>

Dates	Proposed Item	Directorate and officer contact	Comment and Action
			<p>our waste collection service.</p> <ul style="list-style-type: none"> <li>Proposals for advertising and sponsorship and events, including the centralisation of commercialisation work with a Head of Commercialisation role.</li> </ul>
	Budget and Finance update	Finance & Resources (Ian Williams)	Budget and Finance update on local government settlement and Council Budget for 2016/17.
<b>Mon 14 Nov 2016</b>  Papers deadline: Wed 2 <sup>nd</sup> Nov	Complaints Service Annual report	Chief Executive's (Bruce Devile)	Annual report of the Council's complaints service.
	Update on Council Restructure	Chief Executive's Directorate (Tim Shields)	Briefing about the Council's restructure.
	Performance review	Chief Executive's Directorate	Scrutiny identifying and establishing the role of scrutiny for performance review.

Dates	Proposed Item	Directorate and officer contact	Comment and Action
<b>Wed 14 Dec 2016</b>  Papers deadline: Thurs 1 Dec	Temporary accommodation	Finance & Resources (Ian Williams and Kay Brown)	Joint meeting with CYPS to look at the Council's work on temporary accommodation to manage the impact of welfare reform and pressure on council budget.
<b>Thurs 19 Jan 2017</b>  Papers deadline: Mon 9 <sup>th</sup> Jan	Performance review	Chief Executive's Directorate	Scrutiny identifying and establishing the role of scrutiny for performance review.
	London Borough of Hackney 2016 Elections	Chief Executive's Directorate Tim Shields	Report Back on the Elections in May and June 2016 and voter's registration / postal votes.
<b>Mon 20 Feb 2017</b>  Papers deadline: Wed 8 Feb	Council Budget 2017/18	Finance & Resources (Ian Williams)	Presentation on draft Council budget scheduled for agreement at Full Council
	Cabinet Question Time with Cllr Taylor (Cabinet Member for Finance) TBC	Cllr Taylor – Cabinet Member Finance	Cabinet Question Time with Cllr Taylor. Portfolio lead responsibility for revenues and benefits, audit, procurement, pensions, and customer services.
<b>Tues 14 Mar 2017</b>	Budget and Finance update - EU Brexit	Finance & Resources (Ian Williams)	Update on the council budget and the implication of Brexit. Looking at local: economy, labour market

Dates	Proposed Item	Directorate and officer contact	Comment and Action
Papers deadline: Thurs 2 Mar			and Hackney Council's plans.
<b>Thurs 13 Apr 2017</b>  Papers deadline: Mon 3 April	Work programme discussion for 2017/18		Discussion on topics for work programme for 2017/18.
	Performance review	Chief Executive's Directorate	Scrutiny identifying and establishing the role of scrutiny for performance review.

To Note:

1. **Scheduling in Finance Updates** and request for briefing paper for Member giving a simple guide to the Council's finances

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