

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, 20th February, 2017

7.00 pm

Room 3, Assembly Hall, 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 Nick Sharman, Cllr Susan Fajana-Thomas (Vice-Chair), Cllr Ned Hercock, Cllr Anna-Joy Rickard (Chair) and Cllr James Peters

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 Performance Review** (Pages 17 - 18)
- 6 Council Budget 2017/18** (Pages 19 - 66)
- 7 Commercialisation and Income Generation** (Pages 67 - 68)
- 8 Governance and Resources Scrutiny Commission - 2016/17 Work Programme** (Pages 69 - 76)
- 9 Any Other Business**

Access and Information

Getting to the Town Hall

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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>



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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 20 th February 2017 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 19th January 2017.

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 Thursday, 19th January, 2017**

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

Chair	Councillor Anna-Joy Rickard
Councillors in Attendance	Cllr Deniz Oguzkanli, Cllr Nick Sharman, Cllr Susan Fajana-Thomas (Vice-Chair) and Cllr James Peters
Apologies:	Cllr Ned Hercock
Co-optees	
Officers In Attendance	Rob Miller (Director of ICT), Dan Paul (Head of HR & OD), Tim Shields (Chief Executive), Ian Williams (Group Director of Finance and Resources) and Kay Brown (Director Customer Services)
Other People in Attendance	Councillor Rebecca Rennison (Cabinet Advisor Advice Services and Preventing Homelessness), Councillor Geoff Taylor (Cabinet Member for Finance) and Mayor Philip Glanville
Members of the Public	
Officer Contact:	Tracey Anderson ☎ 020 8356 3312 ✉ tracey.anderson@hackney.gov.uk

Councillor Anna-Joy Rickard in the Chair

1 Apologies for Absence

1.1 Apologies from absence from Cllr Hercock.

2 Urgent Items / Order of Business

2.1 There was no urgent items and the order of business was as per the agenda.

3 Declarations of Interest

3.1 None.

4 Minutes of the Previous Meeting

4.1 The minutes of the previous meeting held on 14th December 2016 were agreed.

RESOLVED	Minutes were approved.
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5 Update on Elections in 2016

5.1. The Chair welcomed to the meeting Tim Shields, Chief Executive and Dan Paul, Head of Human Resources & Organisational Development (HR&OD) from London Borough of Hackney, to give an update on the successes of the solutions implemented following the 2015 Election Services review and how the Elections Team have responded to the volume of elections in Hackney during 2016.

5.2. The Commission received information about the problems experienced with voter registration / postal votes for the London Mayoral election and dispatch delays for the Mayoral borough election in 2016.

5.3. The report attached on pages 23-27 provided information about the elections carried out in Hackney in 2016. The main points highlighted from the report were:

- The commission previously received information on the IT system and performance and issues related to performance in the team.
- A new team structure was implemented and the team has been trained to use the new IT system
- In 2016 the elections team carried out 7 elections 3 of which were borough wide.
- 41,000 people registered to vote
- The processes operated have highlighted some areas for improvement
- It was noted approximately 900 staff are required to run a borough wide election
- Changes in statutory duties have increased the election teams workload significantly and it is not expected to change
- Hackney currently has 167,000 active voters on the register.
- The elections team still need to continue with the work to remove people from the register.

5.4. Question, Discussions and Comments

(i) **Members commented on concerns that had been raised about the move to the Individual Electoral Registration (IER) system and the impact of this on multiple occupancy households.**

The Head of HR & OD confirmed the Council removed 30,000 people from the register in 2015. He explained this was a statutory duty. In addition to this the Council received and processed 41,000 voter applications from 1st April – 9th June 2016. The publish register currently stands at 180,000.

- (ii) **Members pointed out residents had made contact about polling cards and missing information related to postal voter registration, instruction or the person to contact for postal votes.**

The Commission was informed if people registered late their application would still continue through the system for a voter registration however the information about postal votes would not be included because they were outside the timescale to obtain one.

- (iii) **Members recapped on the problems to date being related to staff, systems and volumes of resident complaints about the election process. Members asked officers for reassured that all the problems identified have been resolved.**

The Head of HR & OD acknowledged there have been a number of problems in the past which have been covered by previous reports to the Commission. It was pointed out the problems experienced in 2015 were not the same problems experienced in the 2016 elections. For the Mayoral election the error causing the delay to distribution was as a result of the word conservative being spelt incorrectly. The error was managed through the HR processes. The Head of HR & OD provided assurance the team and processes in place now are working correctly.

The Chief Executive highlighted the issues that occurred 16-17 months prior have been robustly managed. The team and structure was replaced and crucially a new IT system implemented.

The Chief Executive emphasised the elections team ability to plan, manage and successfully run the volume of elections in 2016 was commendable. There were points when the team was downloading 4 times a day due to the volume of applications. The team was working until 3am to meet the deadline for voter registration on the system. The process also required manual intervention to check duplicate applications. In addition to this the Government also extended the deadline for applications and this had a huge impact on the team's workload

It was also noted at points in time the team were running 2 election simultaneously. The borough's Mayoral election also overlapped with canvassing duties.

Officers were confident the team has robust systems, plans and risk management in place, all of which were tested in 2016.

- (iv) **In reference to the turnout for each election. Members commented the borough elections were lower than the national elections in 2016. Members enquired if there were plans to try to improve the turnout for local elections?**

The Head of HR & OD advised there are currently no plans and explained typically by-elections are held with other elections.

- (v) **Members commented they were reassured the council would not have a repeat of the same problems because senior management had good oversight and robust processes in place.**

The Head of HR & OD informed Members he would be obtaining the relevant elections qualification and in the meantime the Council has access to sound external advice.

The Cabinet Member for Finance and Customer Services pointed out running this number of elections was expensive and resulted in the Council having to use some of its reserves to finance the expense.

6 Performance Review

- 6.1. The Chair welcomed to the meeting Mayor Phillip Glanville, Mayor of Hackney, Cllr Geoff Taylor, Cabinet Member for Finance and Customer Services, Cllr Rebecca Rennison, Mayoral Advisor for Advice Services and Homelessness Prevention, Ian Williams, Group Director Finance and Corporate Resources, Kay Brown, Director Customer Services and Rob Miller, Director of ICT from London Borough of Hackney.
- 6.2. This performance review discussion was aimed at establishing the approach that Overview and Scrutiny should take in conducting performance review of a service provision.
- 6.3. The purpose of this session is for scrutiny to be assured that the performance monitoring information used by the responsible officer and Executive enables them to identify the risks, meet service users' needs and carry out service improvements.
- 6.4. The Commission selected a small number of service areas for review to look at the performance information, available and monitored by the Council in relation to that service provision.
- 6.5. The service areas selected for this meeting were:
- ICT
 - Revenues and Benefits
 - Council Tax
 - Temporary Accommodation
 - Hackney Service Centre.
- 6.6. A report from the ICT service area is on pages 31-35 of the agenda and a presentation from the customer services is on pages 37-50 of the agenda.
- 6.7. The service areas under customer services are: Revenues and Benefits, Hackney Service Centre (all front facing services including registrars) and housing needs (temporary accommodation). The main points from the presentation were:

- 6.7.1. Revenues and Benefits service areas is a long established service that the council holds a comprehensive suite of data for. With data the Council has the ability to bench mark against other local authorities.
- 6.7.2. The Housing Needs service is a more recent addition to customer services and the council does not hold the same level of comprehensive data like revenues and benefits. The Customer Services Director is looking at a new system to help build up a comprehensive suite of data.
- 6.7.3. The performance indicators in the report are statutory indicators the council is required to report on.
- 6.7.4. The council tax collection target is 94%. The performance information on revenue collection is the statutory information the service area is required to report. From this data they monitor cash collection and the benefits awarded against outstanding net collectable debt. Currently the Council is on track to achieve the target. The Council has also increased the number of residents taking up the option to pay by direct debit. Collection by direct debit takes longer to come in but this allows them to analyse collection and forecast income more accurately.
- 6.7.5. Data is collected on customers who visit into the service centre. The council has collated this data over 4 years and have used this data to monitor trends of footfall to the HSC and payment types. As more services move online they will be monitoring the trends and impact of this on the footfall into the HSC. They can also monitor online and credit card payments.
- 6.7.6. Since the Council closed its staff counters in cashiers there have not been any major issues. The kiosks are still open and the Council continues to monitor collections.
- 6.7.7. Data on council tax and business rates are statutory returns. This data is used to bench mark against other local authorities to track overall performance. Hackney has improved performance whereby it has moved from the bottom of the group to the middle of the group.
- 6.7.8. It was pointed out that Hackney would not experience the stability in population like boroughs such as Richmond. It was noted Hackney's population is transient because even though the borough has approximately 130,000 properties it issues 200,000 council tax bills because the population is so mobile.
- 6.7.9. In regards to customer satisfaction one of the key statistics collected daily is first point of contact to resolution. The Council uses a sample of this data to monitor customer satisfaction. This data enables the service area to monitor how customers feel about services and assess if they are performing to target. The council has found that when they experience problems with the IT system customer satisfaction dips. Once the IT problems have been resolved customer satisfaction level increase.
- 6.7.10. There are plans to do a customer satisfaction survey later in the year.

- 6.7.11. Housing benefit is an area they have to complete a statutory return to obtain their government funding. The statutory target for housing benefit applications is 20 days.
- 6.7.12. For this service staff can work from home and the measure is the number of applications completed. The other test is a review of the number of errors, errors recorded as local authority errors.
- 6.7.13. A big area of work for customer services will be implementing the changes to business rates. Local authorities are anticipating an impact on the volume of business rates collected. It was pointed out the council will not be responsible for setting the rate but will have the responsibility for collection.
- 6.7.14. The housing needs service can track assessments completed, waiting list, bidding and bedroom sizes applied for.
- 6.7.15. The service area can also track people who have applied to be on the council housing waiting list but not successful. There are plans to carry out work to try to support those residents to remain in their property.
- 6.7.16. For temporary accommodation it was pointed out most local authorities have experienced an increase in need. They hold data on families in TA to monitor trends and how they can improve the situation.
- 6.7.17. Following the implementation of the One Account the service can now see how long it takes for an application to complete. Residents have access to online housing form and medical form to help them track progress.
- 6.7.18. Within the service area the Director for Customer Service is also responsible for registrars, births and deaths. The director has monthly data on births, deaths, citizenships and the passport checking service they carry out.
- 6.8. ICT
 - 6.8.1. The graphs provided in the report refer to data for this financial year.
 - 6.8.2. The performance indicators show what they are measuring but not how the service contributes to service improves across the organisation.
 - 6.8.3. Performance is below some of the targets.
 - 6.8.4. The Director of ICT has regular meeting with the Mayor (Cabinet lead for ICT) to discuss improvements and performance.
 - 6.8.5. The ICT service uses the internal system to monitor performance. The management team review dashboards to monitor the service's performance, this is carried out fortnightly. The monitoring process is used to identify trends and ensure a more detailed review is carried out as required. A number of key priorities have been identified and the data is being used to improve service.

- 6.8.6. ICT carried out a customer satisfaction survey and received 700 responses. This exercise has identified that staff are willing to work with ICT. In addition they regularly carry out customer reviews on 10% of calls logged.
- 6.8.7. It was acknowledge the area of Freedom of Information (FOI) and DPA needed to improve and the service area was currently reviewing the process for FOIs.
- 6.8.8. The service area currently has a backlog on access requests and there will be extra resource to support improvements to this backlog.
- 6.8.9. ICT has been through a big period of change and a number of service rollouts across the organisation like parking, One Account and My Office.
- 6.8.10. The ICT Director and his team are engaging with the service areas, in the past the approach taken has been to see it as a big procurement exercise.
- 6.8.11. The Mayor is aware Councillors see a mixed picture. There is work around a Members group to make sure members are informed about their services.
- 6.8.12. It is critical to ICT that they collate business intelligence and data.

6.9. **Questions, Answers and Discussion**

- (i) **Member queried if the managers used another level of data to help them to monitor their management performance in addition to the performance indicators listed in the report. Member enquired how this data was used.**

The Group Director Finance and Corporate Resources explained there is a suite of management information produced monthly underneath the performance indicators. The example was given of managers in the call centre having access to real time data on screen that shows them issues as they arise. There is range of data that managers use to identify problems and this is also used to monitor long term trends.

- (ii) **Members asked officers if the indicators they were using to monitor performance gave an accurate picture of the work carried out. Members enquired if there was an area of work being carrying out that was not reflected by the indicators or that did not demonstrate the outcomes achieved?**

In response to this officers advised they carry out tests on their work. The directors will carry out soft test to assess the impact of their work. One such test is too periodically listen in on calls to understand the type of queries the front line staff are dealing with on a daily basis.

- (iii) **Members referred to the passport checking and citizenship and enquired if the council has seen an increase in citizenship from other European countries.**

The Director of Customer Services advised she could not report data on trends. The current data shows there are approximately 30 people at each ceremony and they conduct the ceremonies twice a week.

- (iv) **Members commented this exercise was to identify high level performance data that gives the health of the organisations. Members asked officers to highlight 2 indicators that in their assessment would indicate the health of the borough and 2 measures from their suite of management data that would indicator the pressure on the service area?**

The Group Director Finance and Corporate Resources advised in his opinion selecting 2 indicators for this size service area was not enough. If he did need to select only 2 they would be business rates and housing.

For housing this would be an indicator in the housing needs suite of data. Length of time is not an indicator to demonstrate the health of the borough. A hard indicator in the health of the borough would be housing.

Another indicator would be revenue collection. The Council anticipates there is likely to be an impact from universal credit due to the way it is administered.

- (v) **Members enquired if there was a particular indicator that would show the pressure points?**

The Cabinet Member for Finance and Customer Services advised Members picking out key indicators to give you this type of information would require the discipline to change them as required. They could be reviewed every year to assess if new indicators need to go in and others come out.

The Mayoral Advisor for Advice Services and Homelessness Prevention also suggested the first contact to resolution indicator would show the stress points in the organisation.

- (vi) **Members referred to customer services and customer satisfaction. Members asked how the customer service information was used to improve customer experience and if the council had an understanding as to why residents were visiting the HSC?**

- (vii) **Members enquired if the 20 days target for benefit applications was 20 days or 20 working days?**

The Director of Customer Services confirmed the target was 20 working days.

The increase in waiting times was linked to the complexity of the queries. The changes made to the system had moved simple queries online. This means that the visitors to the HSC relate to complex queries. The Council monitors the types of queries.

The customer service data collected is used to identify training needs, literature requirements, improve skills sets of staff and any changes to the revenues and benefits back office function.

(viii) Members referred to the most vulnerable and enquired if the council was carrying out a survey for people living in hostels.

The Director of Customer Services advised they had completed implementation of the annual maintenance plan and plan to conduct a survey later in the year.

(ix) Members commented ICT is required to improve the service and support the organisation through radical transformation. Member enquired about the key indicators for the ICT system?

(x) Members asked for officers to advice on how they measure strategic success, success that demonstrates that ICT is pushing boundaries and how it is making a difference?

The Director of ICT advised his service area will be interacting with a number of services. An indicator of the health of the service area would be system available and resolution. The service area is looking at a tighter set of PIs to see the bigger picture.

The service area has a staff member with the role of looking at ways of working to maximise use of technology in services.

7 Council Budget, Commercialisation and Income Generation

- 7.1. The Chair welcomed to the meeting Cllr Geoff Taylor, Cabinet Member for Finance and Customer Services and Ian Williams, Group Director Finance and Corporate Resources from London Borough of Hackney.
- 7.2. The Commission asked the Council to provide information about services that have the potential for income generation - beyond increasing fees and charges – and to provide an overview of the Council's approach and work on income generation for services across the organisation and their potential for commercial activity.
- 7.3. Group Director Finance and Corporate Resources presented information and the mains points from the presentation were:
 - 7.3.1. The core spending power and grants that currently exist are:
 - Council tax
 - New Homes Bonus
 - Revenue Support Grant
 - Business Rates
 - Public Health.
 - 7.3.2. Commercialisation is a mind-set not about adding a few extra charges to fees.

- 7.3.3. The true meaning of commercialisation is to make a profit.
- 7.3.4. There are a number of services operated by the council that cannot be commercial. It was noted that the majority of the markets that local authorities operates in they cannot make a profit due to legislation restrictions, although local authorities can cover costs. The example was given of waste services being a service that can offer direct competition to commercial organisation whereas parking services is a municipal fee.
- 7.3.5. It was highlighted that the council could think commercially for their contracts. This would require managers in the organisation to think commercially when setting up and reviewing contracts. For contracts like the Hackney marathon, there would be an expectation that these contracts when negotiated are generating a revenue.
- 7.3.6. The capital scheme is also an area the council could take a commercial approach.
- 7.3.7. Commercial property portfolio is an area being developed by the council but the organisation is also mindful that they have a community that will ask the council to provide affordable rents.
- 7.3.8. In terms of commercial thinking the council needs to look at its niche skills and develop those.
- 7.3.9. If the council wanted to explore setting up a commercial entity, the commission was told the following should be taken into consideration:
- A company needs to have directors and the directors of the company have a duty to ensure the company is profitable. All decision made should be based on what is best for the company not the community. This could pose a conflict politically for councillors especially if they are on the executive board of the company. Directors of the Board have to act to preserve the company.
- 7.3.10. There could be the opportunity to explore the prospect of a local energy company, but the council needs to consider who would manage the organisation and its role in the decision making of the organisation.

7.4. **Questions, Answers and Discussions**

- (i) **Members referred to setting up an organisation and enquired if the council should had considered employing professionals in that area of expertise.**

The Group Director Finance and Corporate Resources confirmed the council could consider hiring professionals within the service area of expertise. It was noted to obtain the right talent would require the organisation to offer a competitive package. The question the council would need to ask is can they justify that expenditure. The officer informed the Member the Council experienced a similar dilemma when it was recruiting for the Pensions Committee.

- (ii) **Members suggested the Council could develop its own commercial model by taking all the aspects that have been identified as working well. Members enquired if this was a possibility?**

The Group Director Finance and Corporate Resources reminded Members the first priority for any company would be to make it a success. Therefore their focus on profit and loss could put it at odds with political desires and this needs to be taken into consideration before travelling down this route. Members were advised to setup a company would require upfront investment. The Council's ability to do this would depend on the health of its finances at the time.

Although service areas like Communications and Consultation can generate an income this income was in the thousands. A higher level of income generation is required to bridge the funding gap.

In reference to commercial waste it was explained the council had increased its income by focusing on its unique selling point to local businesses.

- (iii) **For commercialisation Members commented there are 2 areas the council could explore further. The management of properties and innovation. For housing - linked to its role as a housing provider - the council is well placed to take on work in relation to property maintenance and the management of a property like an estate agent. This could help the council discharge its housing duty. The second area of innovation would be to take on the opportunities that 'Silicon roundabout' provides by supporting entrepreneurial companies with affordable commercial space.**

The Cabinet Member for Finance and Customer Services advised the council is doing the work the Commission described under innovation but this has not yielded revenue. In regards to property management the council currently does this. In regards to silicon roundabout it was pointed out these companies need to operate in an environment that is agile, has energy with flexibility to make things happen quick. This is type of environment is not suited to the operations of local government.

- (iv) **Members deliberated about the definition of commercialisation. Members commented the desire is not to turn the council it into a commercial organisation. The purpose of exploring commercialisation was to review the organisation's thinking towards risk and its preparations to take on a different level of risk.**

Member's discussion revolve around understanding the Council's objectives and how it can utilise its assets in an effective way, whilst improving services. There is a need for the organisation to be clear about the outcomes it wishes to achieve. Members pointed out the council should understand what it could contribute to the development of the borough. This would take into consideration, activities it could stop doing, wasted resources and the reputation of the organisation.

Members talk about exploring the Council's role as a developer the advantages and opportunities. Members suggested having a report that

outlines the organisation's thinking about property development and the range of services that would be required to support the activity e.g. property services.

Members commented their desire is not for the council to drive out competition locally but to compliment the current economic development.

Members considered the information they would like to receive at the next session on commercialisation. This discussion covered:

- Energy company
- Housing and maintenance
- Property
- Fees
- A report on criteria and initiatives.

- (v) **Members suggested the criteria or first principle for commercialisation should be to cover costs not making a profit. The council should think about where it has a competitive advantage. Members referred to previous plans by the council to develop a letting agency for housing and enquired about the progress of this.**

The Group Director Finance and Corporate Resources advised there is company structure the council could use. Although the officer reiterated anyone appointed to the company would be required to act in the best interest of the company first priority.

- (vi) **Members enquired if a company was setup could it operate outside of the boroughs boundaries?**

The Group Director Finance and Corporate Resources informed Members he could summarise the trading powers of a local authority. Hackney Learning Trust was cited as an example of a company trading with local authorities.

In regards to the council taking on property management, it was noted there has been no demand from landlords to use a council run letting agency. The Members were informed to take on an operation like this would require economies of scale so that they do not incur additional costs.

- (vii) **Members enquired about the council's transport fleet its running costs, investment and development. Members also enquired about the council's investment in temporary accommodation in the borough.**

The Cabinet Member for Finance and Customer Services explained there were concerns about where it should buy property, the ability to borrow funds and if the actions of the council were contributing to and driving out people from the borough.

The Group Director Finance and Corporate Resources advised the Council's transport fleet, explores opportunities to provide services during the day when the assets are not being used by the service. This is something Hackney's health devolution pilot will be reviewing.

- (viii) **The Chair summarised the information required for the next session**
- **information on the council's role as a developer for the borough**
 - **Trading rules for local authorities**
 - **Constraints and principles**
 - **Legislative framework**
 - **Examples of different service areas for commercialisation**
 - **Fees and charges – list of areas generating an income**
 - **Criteria**
 - **Competitive advantage.**

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

- 8.1. Members discussed the performance review item and made the following comments:
- 8.1.1. They would like access to a suite of oversight information that helps to identify the health and risks to the organisation.
- 8.1.2. Review a sample of the management data used by managers.
- 8.1.3. Develop a list of 20 areas that councillors could monitor and review.
- 8.1.4. Members discussed having a set of indicators that are critical that reflect the current position and risks.

The Group Director Finance and Resources asked the Commission to clarify if they wanted indicators on the health of the borough of the health of the organisation as they were very different.

- 8.2. Members discussed the Brexit update item and suggested having information on the council's thinking, risks and mitigating actions. This information to include an update on the current situation, trends, impact on exports, schools and suppliers.
- 8.3. Noted the Government's Industrial strategy was scheduled to be published. They should consider how it relates to local devolution and how the Council can take advantage.
- 8.4. In relation to commercialisation Members discussed having the following information
- Trading rules constraints and legislative framework linked to commercialisation for the organisation
 - More examples on different service areas generating income – list of areas
 - Key principles the organisation adopts when embarking on income generating activity is it social benefits, profit etc.
 - Competitive advantages.
 - Services – housing, industrial waste, energy and schools services
 - Fees – leisure services, parking
 - Property development.

9 Any Other Business

9.1 None.

Duration of the meeting: 7.00 - 9.25 pm



<p>Governance and Resources Scrutiny Commission</p> <p>20th February 2017</p> <p>Performance Review</p>	<p>Item No</p> <p>5</p>
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Outline

This performance review discussion aims to establish the approach that should be taken for overview and scrutiny in conducting performance monitoring of a service provision. The aim of G&R's work is to establish if the performance monitoring information used by the responsible officer and Executive enables them to identify the risks, meet service users' needs and carry out service improvements.

The Commission selected a small number of service areas for review to look at what performance information was available and monitored by the Council in relation to that service provision.

The service areas selected for this meeting are:

HR **Cllr Williams and Tim Shields)**
 Complaints **(Cllr Taylor and Tim Shields)**

In addition to the performance information for the service area the Commission asked the Cabinet Member and Group Director (responsible for the service areas below) the following questions:

1. What information the Council holds about the performance of this service area?
2. How does the Cabinet Member assess the risks and what information is used to identify potential performance issues from the monitoring information available?
3. What information is used by the service area to improve the performance of the service?

Action

The Commission is requested to note the presentation and ask questions.

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<p>Governance & Resources Scrutiny Commission</p> <p>20th February 2017</p> <p>Council Budget 2017/18</p>	<p>Item No</p> <p>6</p>
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Outline

The Commission will receive an update on the forecast Council budget and spend for 2017/18. The 2017/18 budget report is still being finalised. G&R is provided with information that has been discussed at Cabinet. The purpose of the attached reports is to provide the Commission with background information about the Council’s budget position in advance of the update on the annual setting process and budget strategy.

Reports attached in the agenda:

Council Tax Base and Business Rates – this reports provide information on the estimated income from council tax that will be collected for 2017/18 and the baseline level of Local Business Rate income the Council will be likely to receive for 2017/18.

Capital Scheme Update – This is the seventh report on the capital programme for 2016/17 and includes capital project for Finance & Corporate Resources and Neighbourhoods. This report updates Members on the current position of the Capital Programme for schemes where resources have previously been allocated as part of the budget setting process, as well as additional resource and spending approvals for new schemes where required.

Overall Financial Position -

This report describes the Council’s financial position as at the end of November 2016. Full Council agreed the 2016/17 budget on 2nd March 2016. This is the sixth OFP report for 2016/17 based on detailed November monitoring data from directorates. The current forecast is an overspend of £2,880k at the end of the year. This report details spend by directorates and covers the General Fund and Housing Revenue account budget position.

This information will be accompanied by a presentation on the night.

Action

The Commission is requested to note the reports and ask questions.

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Calculation of Council Tax Base and Local Business Rate Income for 2017/18

KEY DECISION NO. FCR N42

CABINET MEETING DATE 2016/17

23 January 2017

CLASSIFICATION:

Open

If exempt, the reason will be listed in the main body of this report.

WARD(S) AFFECTED

All Wards

CABINET MEMBER

Cllr Taylor

Finance and Corporate Services

KEY DECISION

Yes

REASON

Spending or Savings

GROUP DIRECTOR

Ian Williams Finance and Corporate Resources

1. CABINET MEMBER'S INTRODUCTION

- 1.1 This report is a key component of setting the budget and Council Tax for the forthcoming financial year. The monies available for service delivery in this year depend on the amount of Council Tax that we believe will be collected and we have to be careful to estimate this accurately as possible. The consequences of overestimating the amount available from Council Tax will have adverse impact on future years' budgets as any deficit arising would have to be made good through additional savings.
- 1.2 Whilst this report proposes no changes to the local Council Tax Reduction Scheme in 2017/18, we will be reviewing it during the year to ensure that it continues to be used as effectively as possible to continue to provide support to those residents who need it most. Any proposals for changes to the scheme following that review will be fully consulted upon in accordance with the relevant Regulations.
- 1.2 In addition, Members are asked to agree the baseline level of Local Business Rate income the Council will be likely to receive for 2017/18.
- 1.3 The Business Rate element of the Council's budgeted income is becoming more significant as the results of the 2017 revaluation exercise feed through into the system along with the move toward 100% retention. These changes bring an increased risk regarding the forecasting of the amount to be collected, particularly as the likelihood of appeals regarding the revaluation is expected to increase. The position regarding appeals is made more unpredictable by the length of time it takes for the Valuation Office to deal with these. Unfortunately this is entirely outside the control of the Council.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1 Section 13A(2) of the Local Government Finance Act 1992 requires the Council as a billing authority to operate Hackney's Council Tax Reduction Scheme. For 2017/18 there are no proposed changes to the scheme that was agreed and consulted upon prior to its approval during 2013.
- 2.2 Section 33 of the Local Government Finance Act 1992 requires that the authority must agree Hackney's Council Tax Base for 2017/18 as calculated in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. This decision must be taken and communicated to preceptors by 31 January 2017. This report recommends a Council Tax Base of 68,399 Band D equivalents based on a Council Tax collection rate for 2017/18 of 95%.
- 2.3 Section 3 of The Non-Domestic Rating (Rates Retention) Regulations 2013 requires that for 2017/18 the authority must estimate Hackney's

billing authority Non-Domestic Rating income and calculate: the central share due to the Secretary of State, the major preceptor's share due to the Greater London Authority and any deductions to be made for qualifying relief. This decision must be taken and communicated to the Secretary of State and the Greater London Authority by 31 January 2017. The figures contained in this report will become the effective starting point for setting the Budget for 2017/18, subject to the completion of NDR1.

- 2.4 This report asks the Council to approve the estimate of business rates yield for 2017/18, to be used in the budget and tax setting report before Council on 1 March 2017. As set out in the Cabinet Member's introduction above, The Business Rate element of the Council's budgeted income is becoming more significant as the results of the 2017 revaluation exercise feed through into the system along with the move toward 100% retention and this brings an increased risk regarding the forecasting of the amount to be collected.

3. RECOMMENDATION(S)

Cabinet is recommended to:

- 3.1 Recommend to Council that in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by Hackney Council as its Council Tax Base for 2017/18 shall be 68,399 Band D equivalent properties adjusted for non-collection. This represents an estimated collection rate of 95%.**
- 3.2 Recommend to Council that in accordance with The Non-Domestic Rating (Rates Retention) Regulations 2013 Hackney's non-domestic rating income for 2017/18 is £115,509,254 subject to completion of the NDR1. This comprises three elements.**
- £37,427,756 which is payable in agreed instalments to Central Government**
 - £43,428,722 which is payable in agreed instalments to the Greater London Authority**
 - £34,652,776 which is retained by Hackney Council and included as part of its resources when calculating the 2017/18 Council Tax requirement.**
- 3.3 Note that there are no proposed changes in 2017/18 to the local CTRS scheme that has now been in operation since April 2013.**

Council is recommended to agree:

- 3.4 That in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount**

calculated by Hackney Council as its Council Tax Base for 2017/18 shall be 68,399 Band D equivalent properties adjusted for non-collection. This represents an estimated collection rate of 95%.

3.5 That in accordance with The Non-Domestic Rating (Rates Retention) Regulations 2013 Hackney's non-domestic rating income for 2017/18 is £115,509,254, subject to completion of NDR1. This comprises three elements.

- **£37,427,756 which is payable in agreed instalments to Central Government**
- **£43,428,722 which is payable in agreed instalments to the Greater London Authority**
- **£34,652,776 which is retained by Hackney Council and included as part of its resources when calculating the 2017/18 Council Tax requirement.**

3.6 Note that there are no proposed changes in 2017/18 to the local CTRS scheme that has now been in operation since April 2013.

4. REASONS FOR DECISION

Council Tax Base

4.1 The rules for calculating the Council Tax Base are set out in the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. The calculation is based on the valuation list and other information available on the 27th November 2016.

4.2 Firstly the authority has to estimate the number of properties in each band after allowing for exempt properties. These figures are also adjusted to allow for discounts (e.g. single person discount and Council Tax Reduction Scheme) and the impact of changes in discounts and exemptions which allow the Council to charge additional Council Tax to the owners of empty homes and second homes. A formula is then used to calculate the total number of Band D equivalent properties. This gives a higher weighting to properties in bands above Band D and a lower weighting to properties in bands below Band D. This can therefore be thought of as the average number of properties liable to pay Council Tax. The calculation is set out at **Appendix 1**.

4.3 The Authority then has to estimate what percentage of the total Council Tax due for the year it will be able to collect. This is usually referred to as the collection rate. This percentage is then applied to the total number of Band D equivalent properties to give the tax base to be used for setting the Council Tax. Another way of considering the

tax base is that it represents the amount of Council Tax income that will be received from setting a Band D Council Tax of £1.

- 4.4 There are a number of factors to be considered when assessing the likely ultimate collection rate for 2017/18. 2013/14 marked the first year of the new Local Council Tax Reduction Scheme and also significant changes in the level of discounts allowed for second homes and empty properties, which in turn led to increased volatility regarding the eventual collection rate to be achieved, particularly as the Council was often issuing bills for monies it has not had to previously collect. In the event, collection rates have held up since this time and it is anticipated, given the current in year collection performance, that the budgeted collection rate of 95% will be achieved for 2016/17.
- 4.5 Whilst the Council will continue to use all its powers to collect the Council Tax due from all residents who are liable to pay there will inevitably be a number of bills that may be subject to appeal or delay in payment. Accordingly the Group Director of Finance and Corporate Resources has taken the view that the budgeted collection rate for 2017/18 will remain at 95% albeit the Council will look to exceed this. Actual performance information will be used to inform the setting of the collection rate for 2018/19.
- 4.6 If actual collection in the forthcoming year exceeds the budgeted collection rate this is likely to generate a surplus in the Collection Fund which would provide additional one off resources available for use in 2018/19 and beyond either for one-off revenue or the Capital Programme.
- 4.7 As set out above, it is currently estimated that in 2016/17 Council Tax collection will meet the collection rate set for the year of 95%, but it should be recognised that non-payment continues to have a measurable effect.
- 4.8 The current budget strategy assumes collection rates of 95% going forward to 2019/20. The overall budget for 2016/17 was set to take account of this level and the Revenues section will be making every effort to bring the eventual collection rate up to above 95% to support the budget strategy going forward.
- 4.9 Having carefully taken account of all the issues raised above, including the undertaking of extensive modelling, it is considered that a collection rate of 95% represents a realistic and robust estimate for 2017/18 which is therefore recommended.
- 4.10 A collection rate of 95% will result in a tax base of 68,399 Band D equivalents, as shown in the table below.

2017/18 TAX BASE/COLLECTION RATE	
	2017/18
Aggregate of Band D Equivalents	71,999
Estimate of Collection Rate	95%
Tax Base (Band D Equivalents)	68,399

- 4.11 This compares to a tax base of 66,624 Band D equivalents used in the 2016/17 budget setting. A majority of the increase in the tax base has already occurred during 2016/17.

Local Business Rates Retention Scheme

- 4.12 The Local Business Rate retention scheme came into effect from 2013/14 as part of the changes to Local Government funding in the Local Government Finance Act 2012.
- 4.13 In essence the scheme allows Local Government to keep 50% of any Business Rate growth from its baseline position. For Hackney and all other London Boroughs this 50% share has to be split on a 60/40 basis with the Greater London Authority (GLA). This has the potential to generate significant resources for any authority although of course it will be subject to the economic climate of the day which can influence business growth in the short term.
- 4.14 To determine its baseline position Hackney, along with all other Local Authorities has to complete an NDR1 form which includes the number of rateable local businesses (which is not limited to commercial organisations as it includes schools, churches and of course an authority's own civic estate) multiplied by the appropriate business rate multiplier to arrive at a total cash sum which is then adjusted for various allowable reliefs and discounts to give the final baseline position. This form is required to be completed and submitted to CLG by 31 January each year in respect of the following financial year.
- 4.15 Up until 2013/14, the calculation within NDR1 had not required formal approval by Members as it has had no direct impact on the Council's finances. From 2013/14 onwards, under the current Council constitution, this does now require formal agreement by Members and as such is the subject of the formal recommendation at paragraph 3.2 and 3.5.
- 4.16 It should be noted that the Council, at the time of writing this report, are still in the process of completing the NDR1 form. The figures included within this report and recommendations are therefore based on officers' latest estimates of the figures to be included in NDR1 but it is anticipated that the final version of this will have been completed by the

time of Cabinet and Council meetings. Members will be informed if there are any changes required to the estimate as a result of the completion of the form.

- 4.17 As part of the Autumn Statement announcement, the Chancellor announced the extension of the small business rate relief scheme for a further year in 2017/18 alongside others already in place thus reducing the amount of business rates payable, resulting in a reduced net rates yield. In order that Local Authorities are not disadvantaged by these additional reliefs, a grant is payable to them. It is estimated that Hackney Council will receive £1.6m in s31 grant in this respect during 2017/18.
- 4.18 In addition to this, the Council retains a cost of collection allowance for the administration of the collection of business rates and for 2017/18, this allowance is £535k.
- 4.19 The total resources therefore available to the Council in respect of Non-Domestic Rates and to be included in the budget to be approved by Council in March will therefore be £36.792m, as follows:

	£m
Net rates yield retained by Hackney	34.652
S31 grant re Autumn Statement reliefs	1.605
Cost of Collection allowance	0.535
Total resource for budget from NDR	36.792

5. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 5.1 The requirement to calculate the Council Tax base and NDR1 has been laid down by Statute. As such there are no alternatives to be considered.

6. BACKGROUND

Council Tax Collection

- 6.1 **2015/16 Council Tax Collection:** In January 2016, it was forecast that the collection rate set for the year of 95% would be exceeded. It was estimated that there would be a surplus on the collection fund at the end of March 2016 of £4.621m, of which Hackney's share was £3.567m. In the final accounts for 2015/16 the actual surplus was £5.840m, of which Hackney's share was £4.526m. The variance is taken forward in the calculation of the estimate to be used in the 2017/18 budget. Actual collection for the year was 95.5%.

- 6.2 **2016/17 Council Tax Collection:** In preparing the 2016/17 budget, assumptions were made about the Council Tax collection performance for both in-year collection and for arrears of Council Tax. Based on collection rates which were being achieved at the time and an estimated collection rate for those Council Tax payers of working age who previously claimed Council Tax Benefit now required to pay at least 15% of their weekly Council Tax bill. The assumed overall collection rate for 2016/17 was again set at 95%. As at the end of December 2016 the cash and CTRS collected was almost 80% of the total amount due. The actual amount of cash collected was almost identical in percentage terms as at the same stage in the previous year. With three months of the year remaining, it is anticipated that the eventual collection will meet the collection rate of 95% set for the year. Around £1.444m of arrears relating to previous years has also been recovered to the end of November with expectations this will rise to around £2.0m by the end of the year. In addition to this, the amount of Council Tax collectable is higher than was assumed in the budget for 2016/17 and this will create a surplus on the Collection Fund with Hackney's share available for use in 2017/18. This will be taken account of in the expected budget to be proposed to Council in March 2017.
- 6.3 Hackney's tax base for 2017/18 must be notified to the GLA and to the various levying bodies which base their levies on the Council Tax Base. Under regulations this must take place before 31 January 2017. The appropriate bodies will be notified by the due date once the tax base is confirmed.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 7.1 The setting of a realistic and prudent collection rate for Council Tax in 2017/18 is an essential component of the overall budget strategy. If the collection rate set is over-optimistic, this may result in a deficit on the collection fund at the end of 2017/18, the major part of which would need to be met from Hackney's 2018/19 Budget. This would impact adversely on the overall budget strategy.
- 7.2 The proposed tax base of 68,399 Band D equivalents would result in Council Tax income of £69.662m for Hackney's element, assuming no increase in the Council Tax in 2017/18. The overall resources for the 2017/18 budget will be dependent on the outcome of the final formula grant settlement due to be announced around the end of January 2017, although it is hoped that there will be no significant changes from the provisional settlement figures published in December 2016.
- 7.3 Similarly the setting of an accurate baseline Local Business Rates is essential to enable the Council to be able to plan effectively. Once

agreed the amount of the Business Rates attributable to Central Government and the GLA will need to be paid over at certain dates irrespective of whether or not the income has been received by the Council from local businesses. Thus an overly optimistic or simply erroneous baseline could have significant cash flow implications as well as adverse impact on the future year's budgets.

- 7.4 As set out in section 4.16, the NDR1 form that is used to calculate the baseline Business rate yield for the following financial year is still subject to finalisation. The figures included within this report are therefore based upon Officers' best estimate at this stage. I do not anticipate however any major variation from the estimate included.

8. COMMENTS OF THE DIRECTOR OF LEGAL

- 8.1 Cabinet is being asked to recommend to Council, and Council is being asked to agree, the calculation of the Council Tax Base as required by s.33 Local Government Finance Act (LGFA) 1992. S.33 imposes a duty on the Council, as a billing authority, to calculate the basic amount of its council tax by reference to a formula set out in the Act and Regulations made under the Act.
- 8.2 S.67 LGFA originally provided that adopting the council tax base had to be a decision of full Council. This section was amended by s.84 Local Government Act 2003 which abolished that requirement. However, the calculation is not an "executive" function and it cannot be discharged by the Mayor and Cabinet. It could be delegated to an officer but Hackney has not delegated the decision to an officer so the responsibility rests with full Council.
- 8.3 As the report makes clear, the decision has to be taken by 31 January in each year and therefore this report will be considered by Council on 25 January 2017.
- 8.4 An important part of the calculation of the council tax base is the collection rate which is assumed in the calculation. It is important that Members adopt a prudent approach to agreeing this assumption since, as the report makes clear, an unrealistic assumption is likely to lead to a deficit on the account which will have to be met from elsewhere thus undermining the integrity of the Council's budget. Members will therefore wish to satisfy themselves that the proposed collection rate of 95% is realistic.
- 8.5 Members are reminded that the calculation of the Council Tax Base is covered by s.106 of the Local Government Finance Act 1992. This provides that if a Member owes two or more months' arrears of Council Tax, they are obliged to disclose this fact to the meeting and not vote on the matter. Failure to comply is a criminal offence punishable by a fine.

APPENDICES

Appendix 1 – Council Tax Base Calculation Schedule

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

None

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Comments of the Group Director of Finance and Resources	<i>Michael Honeysett, 0208 356 3332 Michael.honeysett@hackney.gov.uk</i>
Comments of Director of Legal	<i>Yinka Owa, 0208 356 6234 Yinka.owa@hackney.gov.uk</i>

Capital Update Report KEY DECISION NO. FCR M84	
CABINET MEETING DATE 2016/17 23 January 2017	CLASSIFICATION: Open If exempt, the reason will be listed in the main body of this report.
WARD(S) AFFECTED All Wards	
CABINET MEMBER Philip Glanville, Mayor of Hackney	
KEY DECISION Yes REASON Spending or Savings	
GROUP DIRECTOR Ian Williams Finance and Corporate Resources	

1. CABINET MEMBER'S INTRODUCTION

- 1.1 This is the seventh report on the capital programme for 2016/17 and includes capital project approvals for Finance & Corporate Resources and Neighbourhoods.
- 1.2 The report recommends investment in schemes which will bring real benefits to local residents and other users of Council services.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1 This report updates Members on the current position of the Capital Programme and seeks spending and resource approval as required to enable officers to proceed with the delivery of those schemes as set out in section 9 of this report.

3. RECOMMENDATION(S)

- 3.1 **That the schemes for Finance & Corporate Resources as set out in section 9.2 be given approval as follows:**

Dalston Western Curve Additional Acquisition Costs and Landlord Works: Resource and spend approval of £654k in 2016/17 is requested to fund the additional acquisition costs and works located at 'Dalston Western Curve'.

Andrews Road Demolition Phase 1: Virement and spend approval of £280k in 2016/17 is requested to fund the procurement and management of the demolition contract for Andrews Road site.

New Telephony Service: Spend approval of £245k in 2016/17 is requested to fund the completion of the new telephony service.

- 3.2 **That the schemes for Neighbourhoods as set out in section 9.3 be given approval as follows:**

Hackney Marshes Programme: Spend approval of £5,575k and resource approval of £1,447k in 2016/17 is requested to fund the completion of the Re-making the Marshes Programme, a £17million investment into sporting and recreational facilities across Hackney Marshes and Mabley Green.

Hackney Central Town Centre (Narrow Way): Spend approval of £1,045k in 2017/18 is requested to match fund the TfL LIP Major Scheme funding for public realm improvements to the Narrow Way located in Hackney Central Town Centre.

3.3 That the re-profiling of the budgets as detailed in para 9.4 and Appendix 1 to be approved as follows:

SUMMARY 2016/17 REPROFILING PHASE 2					
	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Non-Housing	(25,534)	25,086	218	119	111
Housing	571	(571)	0	0	0
Total	(24,963)	24,515	218	119	111

3.4 That the capital programme adjustments summarised below and set out in detailed in para 9.5 be approved accordingly:

SUMMARY 2016/17 CAPITAL ADJUSTMENTS			
	2016/17	2016/17	2016/17
	£'000	£'000	£'000
Non-Housing	2,519	(706)	1,813
Housing	84,910	0	84,910
Total	87,429	(706)	86,723

3.5 That the schemes outlined in section 9.6 be noted.

4. REASONS FOR DECISION

4.1 The decisions required are necessary in order that the schemes within the Council's approved Capital programme can be delivered as set out in this report.

4.2 In most cases, resources have already been allocated to the schemes as part of the budget setting exercise but spending approval is required in order for the scheme to proceed. Where however resources have not previously been allocated, resource approval is requested in this report.

5. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

None.

6. BACKGROUND

6.1 Policy Context

The report to recommend the Council Budget and Council Tax for 2016/17 considered by Council on 2 March 2016 sets out the original Capital Plan for 2016/17. Subsequent update reports considered by Cabinet have amended the Capital Plan for additional approved schemes and other variations.

6.2 Equality Impact Assessment

Equality impact assessments are carried out on individual projects and included in the relevant reports to Cabinet or Procurement Committee, as required. Such details are not repeated in this report.

6.3 Sustainability

As above.

6.4 Consultations

Relevant consultations have been carried out in respect of the projects included within this report, as required. Once again, details of such consultations would be included in the relevant detailed reports to Cabinet or Procurement Committee.

6.5 Risk Assessment

The risks associated with the schemes detailed in this report are considered in detail at individual scheme level. Primarily these will relate to the risk of the projects not being delivered on time or to budget. Such risks are however constantly monitored via the regular capital budget monitoring exercise and reported to cabinet within the Overall Financial Position reports. Specific risks outside of these will be recorded on departmental or project based risk registers as appropriate.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

7.2 The gross approved Capital Spending Programme for 2016/17 currently totals £229.845m (£126.158m non-housing and £103.687m housing). This is funded by discretionary resources (borrowing, government grant support (SCE(c)), capital receipts, capital reserves (mainly Major Repairs Reserve and revenue contributions) and earmarked funding from external sources.

7.3 The financial implications arising from the individual recommendations in this report are contained within the main report.

7.4 If the recommendations in this report are approved, the revised gross capital spending programme for 2016/17 will total £210.477m (£106.219m non-housing and £104.258m housing).

Directorate	Budget Position	23 Jan 2017 Cabinet Update	Phase 2 Reprofiting	Updated Budget Position
	£'000	£'000	£'000	£'000
Chief Executive's Services	1,042	-	(786)	256
Children, Adults and Community Health	63,237	(490)	(16,261)	46,486
Finance and Corporate Resources	34,582	1,942	(5,284)	31,240
Neighbourhoods	27,297	4,143	(3,203)	28,237
Total Non-Housing	126,158	5,595	(25,534)	106,219
Housing	103,687	0	571	104,258
Total	229,845	5,595	(24,963)	210,477

8. COMMENTS OF THE DIRECTOR OF LEGAL

8.1 The Director of Legal has been consulted on the contents of this report and has no comments to make.

9 CAPITAL PROGRAMME 2016/17 AND FUTURE YEARS

9.1 This report seeks spending approval for schemes where resources have previously been allocated as part of the budget setting process, as well as additional resource and spending approvals for new schemes where required.

9.2 Finance and Corporate Resources:

9.2.1 **Dalston Western Curve Additional Acquisition Costs and Landlord Works:** Resource and spend approval of £654k in 2016/17 is requested to fund the additional acquisition costs and works located at 'Dalston Western Curve'. The required resources will be met by discretionary resources held by the Authority to finance the capital programme.

9.2.2 **Andrews Road Demolition Phase 1:** Virement and spend approval of £280k in 2016/17 is requested to fund the procurement and management of the demolition contract for Andrews Road site. This approval will have no further impact on the capital plan as the overall resources already form part of the approved 2016/17 capital budget.

9.2.3 **New Telephony Service:** Spend approval of £245k in 2016/17 is requested to fund the completion of the implementation of the new telephony service. This approval will have no further impact on the capital plan as the overall resources already form part of the approved 2016/17 capital budget.

9.3 Neighbourhoods:

9.3.1 **Hackney Marshes Programme:** Spend approval of £5,575k and Resource approval of £1,447k in 2016/17 along with virement from 2017/18 of £2,880k is requested to fund the completion of the Re-making the Marshes Programme, a £17million investment into sporting and recreational facilities across Hackney Marshes and Mabley Green. This approval will have no further impact on the capital plan as part of the resources already form part of the approved 2016/17 capital budget and the remainder is funded by additional grant contributions.

9.3.2 **Hackney Central Town Centre (Narrow Way):** Spend approval of £1,045k in 2017/18 is requested to match fund the TfL LIP Major Scheme funding for public realm improvements to the Narrow Way located in Hackney Central Town Centre. This approval will have no further impact on the capital plan as the overall resources already form part of the approved 2017/18 capital budget.

9.4 Reprofiting of the Capital Budgets

9.4.1 The capital programme is reprofiled twice each year to ensure that the budgets reflect changes in the anticipated development and progress of schemes within the approved programme. This helps to enhance capital budget monitoring and associated financing decisions. The table below summaries the reprofiling of the capital programme between years, the full details of which are shown in Appendix 1.

SUMMARY 2016/17 REPROFILING PHASE 2					
Directorate	2016/17	2017/18	2018/19	2019/20	2020/21
	Reprofiled	Reprofiled	Reprofiled	Reprofiled	Reprofiled
	£'000	£'000	£'000	£'000	£'000
Chief Executive's Service	(786)	786	0	0	0
Children, Adults & Community Health	(16,261)	16,261	0	0	0
Finance & Corporate Resources	(5,284)	4,836	218	119	111
Neighbourhoods	(3,203)	3,203	0	0	0
Total Non-Housing	(25,534)	25,086	218	119	111
Housing	571	(571)	0	0	0
Total	(24,963)	24,515	218	119	111

9.5 Capital Programme Adjustments:

9.5.1 Capital Programme adjustments are requested in order to adjust the 2016/17 approved budgets to better reflect project delivery and in the case of the Housing programme to ensure consistency with the updated HRA Business Plan. The full details for the required changes are set out in the table below.

Children, Adults & Community Health

Scheme	Budget 2016/17	Change 2016/17	Updated 2016/17
	£'000	£'000	£'000
CHILDREN, ADULTS & COMM HEALTH			
AMP Primary Programmes			
De Beauvoir Heating System	74	(65)	10
Queensbridge Primary	71	(24)	47
Betty Layward AMP	71	(10)	60
Gayhurst AMP	5	(0)	5
Morningside AMP	97	(21)	75
Gainsborough AMP	27	(16)	11
Grasmere AMP	29	68	97
Harrington Hill AMP	0	(0)	-
London Fields AMP	1	8	9
Parkwood AMP	1	1	2
Whitmore AMP	10	3	13
Randal Cremer AMP	16	(7)	9
Springfield AMP	120	(8)	111
Clapton Park AMP	44	(23)	21
Debeauvoir AMP	58	96	153
Net Sub Total	624	-	624
Secondary School Programmes			
Additional Secondary Sch prov	300	(35)	265
Net Sub Total	300	(35)	265
Primary School Programmes			
Queensbridge Expansion	268	(135)	132
Harrington Hill Expansion	414	135	549
Net Sub Total	681	-	681
Building Schools for the Future			
Mossbourne Victoria Park Acad	108	35	143
Our Lady's (Insurance Flood)	31	(31)	-
Horizon BSF	352	(352)	-
Net Sub Total	492	(349)	143

TOTAL	2,097	(384)	1,713
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Neighbourhoods

Scheme	Budget 2016/17	Change 2016/17	Updated 2016/17
	£'000	£'000	£'000
NEIGHBOURHOODS			
Engineering			
Rapid Charges	117	(117)	-
East Hackney Bus Improvements	20	(20)	-
Local Transport Fund (TFL)	260	(160)	100
Net Sub Total	398	(298)	100
Other Services			
CCTV replacement/enhancement	25	(25)	-
Net Sub Total	25	(25)	-
Total	423	(323)	100

Housing

Scheme	Budget 2016/17	Change 2016/17	Updated 2016/17
	£'000	£'000	£'000
HOUSING			
AMP Capital Schemes HRA			
S. Newington DH P2	-	9,223	9,223
Shoreditch A DH P2	-	3,705	3,705
Shoreditch B DH P2	-	262	262
North East DH P2	-	234	234
Homerton DH P2	-	213	213
Street Properties DH	-	333	333
Decent Homes	15,566	(12,007)	3,560
Estate Lighting	453	(349)	104
Dom Boiler Replace/Cen Heating	3,276	(716)	2,560
Void Re-Servicing	2,360	77	2,437
Water Mains/Boosters	113	27	140
Community Halls Maj. Reps/DDA	189	(161)	28
Lift Renewals	744	(0)	744
Boiler Hse Major Works	158	42	200
Fire Risk Works	1,949	(199)	1,750
High Value Repairs/Imp & Wk	864	136	1,000

Communal Fire Doors	144	(144)	-
Green initiatives	79	71	150
New Bathroom/New Kitchen	1,875	(675)	1,200
Contingency PM	389	(116)	272
Damp Remedial Works	389	(139)	250
Roof Replacements	782	68	850
Housing Supply Programme	-	324	324
Colville Phase 2C	521	787	1,308
Gypsy & Trav Bung Roof Repair	-	116	116
Recycling Scheme	50	450	500
Recycling Scheme	450	(450)	-
Net Sub total	30,350	1,111	31,461
Council Capital Schemes GF			
Hostels - Major Repairs	400	93	493
Under Occupation (Voids)	250	(93)	157
Net Sub total	650	-	650
Estate Renewal Programme			
Estate Renewal Implementation	1,056	(74)	982
Bridge House Garages	-	30	30
Bridge House Phase 2	2,815	(188)	2,627
ER1 Tower Court	608	(88)	520
Kings Crescent Phase 1+2	20,059	4,019	24,078
Colville Phase 2	9,297	(926)	8,372
Colville Phase 1 (Bridport)	9	0	9
ER1 Colville phase 3	315	207	522
ER1 Colville phase 7	-	11	11
St Leonard's Court	1,171	(349)	822
Acquisition Frampton Arms PH	368	3	370
Aikin Court	921	(771)	150
Great Eastern Building	4,532	(69)	4,463
King Edwards Road	3,803	(1,346)	2,457
Alexandra National	38	33	70
Nightingale	1,066	(77)	990
HW&K REGEN FINANCIAL APPRAISAL	37	39	77
Gooch House	-	19	19
Whiston Road	-	11	11
Pedro Street	-	23	23
Mandeville Street	-	16	16
Net Sub total	46,094	523	46,617
Other Regeneration Schemes			
Marian Court Phase 3	3,016	(1,633)	1,382

Woodberry Down Bid	300	(871)	(571)
Stock Transfer to HA	4	3	8
Other Heads	42	12	54
Phase2 & Other Heads	2,717	848	3,565
Woodberry Works/Const Training	15	(13)	1
Woodberry Down Security	0	0	1
Woodberry Down Phase 2-5	557	7	565
Woodberry Down Tenancy Agree	2	0	3
Woodberry Down Kickstart	3	13	16
Net Sub total	6,656	(1,633)	5,023
Private Sector Housing schemes			
Disabled Facilities Grant	760	(1)	759
External works grant (EWG)	18	(13)	5
General repairs grant (GRG)	154	(1)	153
Hospital discharge grant (HDG)	28	(28)	-
Landlords grant (LLG)	10	(8)	2
Warmth & security grant (WSG)	175	65	240
Private Sector Housing Schemes	14	(14)	-
Net Sub total	1,159	(0)	1,159
TOTAL	84,910	0	84,910
GRAND TOTAL	87,429	(706)	86,723

9.6 To be noted:

9.6.1 A delegated powers reported dated 18 November 2016 approved resource and spend approval for the costs to undertake all required due diligence prior to the Council's proposed acquisition and call option agreement of the **Morning lane site**. As a result **£200k capital funding in 2016/17** was approved to spend on this project. The Council has the opportunity to acquire this site currently occupied by Tesco within Hackney Central and to be able to control the development of this strategically important site to provide a mixed use residential/commercial scheme that will provide a significant number of new homes together with new jobs arising from a much enlarged fashion hub. The required resources will be met by discretionary resources held by the authority and will have no impact on the Capital Programme.

9.6.2 A cabinet report dated 19 December 2016 approved resource and spend approval for the leasehold acquisitions of **Charles Square Estate (17 Cranwood Court and 11 Vince Court)**. As a result **£1,088k (£474k and £614k) capital funding in 2016/17** was approved to spend on this project. These acquisitions will enable the Council to secure ownership of flats currently held on a long leases from the Council and for them to be made available to satisfy the increasing need within the Borough for temporary

accommodation. The required resources will be met by discretionary resources held by the authority and will have no impact on the Capital Programme.

- 9.6.3 A delegated powers reported dated 9 December 2016 approved spend to fund the cost of replacing end of life **Library Self-Issue Kiosks**. As a result **£120k in 2016/17** was approved to spend on this project, requiring virement of resource of £30k from 2017/18. Self-service kiosks were introduced to the library service in 2009. The kiosks are at end of life and as such no longer receive technical support from the supplier. This approval will have no further impact on the capital plan as the overall resources already form part of the approved capital budget.

APPENDICES

One.

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

None.

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APPENDIX 1

SCHEME/PROJECT	Reprofile	Reprofile	Reprofile	Reprofile	Reprofile
	16/17	17/18	18/19	19/20	20/21
CHIEF EXECUTIVE SERVICES					
Regeneration					
Dalston TC Mngmt Projects S106	(8)	8			
Dalston Square Open Space	(7)	7			
Hackney Central TC Mang.Proj	(10)	10			
Dalston 2011/12 (CE)	(10)	10			
Hackney Wick Regen.	(100)	100			
Hackney Wick Regeneration	(509)	509			
Opportunity Hub	(67)	67			
Dalston Public Toilets	(75)	75			
TOTAL (CE)	(786)	786	-	-	-
CHILDREN, ADULTS & COMM HEALTH					
AMP Primary Programmes					
Southwold Primary School	(35)	35			
Woodberry Down CC Relocation/r	(58)	58			
Shaklewell School	(124)	124			
Brook Caretakers House	(10)	10			
Gainsborough Boundary Wall	(53)	53			
Shacklewell Boundary Wall	(30)	30			
De Beauvoir Heating System	(10)	10			
Jubilee Primary	(14)	14			
Tyssen Roof Replacement	(121)	121			
CC Start Up Maintenance	(15)	15			
Baden Powell School	(2)	2			
Benthal AMP	(1)	1			
Betty Layward AMP	(10)	10			
Morningside AMP	(64)	64			
Woodberry Down AMP	(465)	465			
Holmleigh AMP	(2)	2			
Randal Cremer AMP	(2)	2			
Springfield AMP	(3)	3			
William Patten AMP	(43)	43			
Improvements to Kitchens	(123)	123			
Clapton Park AMP	(21)	21			
Net Sub Total	(1,204)	1,204	-	-	-
Building Schools for the Future					
My Place Portfolio Contingency	(1)	1			
Tiger Way Development	(13,811)	13,811			
Stormont College SEN Pre BSF	(328)	328			
Ickburgh BSF	(200)	200			
Ickburgh BSF Ph3	(93)	93			
Net Sub Total	(14,433)	14,433	-	-	-
Misc Education & Children's Services					
Asbestos works	(180)	180			
DFC Holding Code	(77)	77			

Forest Rd Youth Spoke	(1)	1			
Short Breaks	(65)	65			
Net Sub Total	(323)	323	-	-	-
Primary School Programmes					
Woodberry Down	665	(665)			
Orchard Refurb & Extension	(65)	65			
Queensbridge Expansion	(124)	124			
Early Ed. for 2 Year Olds	(160)	160			
East Wick 3FE	44	(44)			
Sir Thomas Abney 14/15	(412)	412			
Net Sub Total	(53)	53	-	-	-
Secondary School Programmes					
Stoke Newington BSF Life Cycle	(5)	5			
SNS Compact Athletics Facility	(3)	3			
Additional Secondary Sch prov	(225)	225			
AMP Works to Primary Estate	(15)	15			
Net Sub Total	(249)	249	-	-	-
TOTAL (CACH)	(16,261)	16,261	-	-	-
FINANCE & CORP RESOURCES					
Property					
FM Upgrade HSC generator	(153)	153	-	-	-
DDA	(346)	346	-	-	-
Intallation of AMR's	(40)	40	-	-	-
Voluntary Sector	(200)	200			
2 Narford Road	(5)	5			
Fellows Ct Nurs. Weymouth Terr	(4)	4			
22 Dalston Lane	(13)	13			
Day-mer 16 Howard Road	(16)	16			
80a Eastway	(2)	2			
Homerton Fields Lodge 15a HR	(10)	10			
Wally Foster Centre	(26)	26			
61 Leswin Road (Roof)	(42)	42			
23 Hackney Grove (windows)	(10)	10			
Dalston Peace Mural Renovation	(3)	3			
AcquisitionOfBuilding for FLIP	(36)	36			
CLAPTON COMMON FRM TOILET REFU	(100)	100			
Asbestos Surveys	(50)	50			
Reactive Maintenance	(100)	100			
Roofing etc Maurice Bishop Hse	(12)	12			
11 Dalston Lane	(6)	6			
PV Solar Panel	(31)	31			
61 Evering Road	(75)	75			
Dalston Lane Terrace	(544)	544			
39-43 Andrews Road Works	(52)	52			
HSC Flooring Replacement Works	(479)	479			
HTH Kitchen Catering	(149)	149			
New Payroll & Recruitment Sys	(808)	808			
Replace AV systems	(30)	30			
Net Sub Total	(3,342)	3,342	-	-	-

ICT					
Legal Case Management System	(107)	107			
Financial Management System	(551)	551			
Masterdata Integration	(37)	37			
Business Intelligence	(663)	216	218	119	111
Open Text Records Management	(159)	159			
Comino to eDOCS Migration	(150)	150			
eDocs DM 10	(206)	206			
Planning Paper File Conversion	(31)	31			
Social Care Microfiche	(37)	37			
Net Sub Total	(1,942)	1,494	218	119	111
TOTAL (F&CR)	(5,284)	4,836	218	119	111
NEIGHBOURHOODS					
Museums & Libraries					
Essential maintenance to libraries	(100)	100			
Invest to save CCTV in Libraries	(50)	50			
Net Sub Total	(150)	150	-	-	-
Leisure Centres					
Essential maint to Leisure Facilities	(1,010)	1,010			
Leisure Development in Borough	(50)	50			
London Fields Lido Refurb	(900)	900			
Net Sub Total	(1,960)	1,960	-	-	-
Parks & Open Spaces					
De Beauvoir Square Play Area	(20)	20			
Hackney Rd Recreation Ground	(119)	119			
Net Sub Total	(139)	139	-	-	-
Infrastructure Programmes					
Cadogen Terrace 30-50	(23)	23			
SS Road Safety	(100)	100			
Regents Canal Denne Terr Wall	(26)	26			
East Rd Car Club Bays	(18)	18			
Hackney Central Town Centre	(1)	1			
Wick Road	(107)	107			
83-105 Corsham Street	(55)	55			
Hackney Car Club	(27)	27			
Hackney Car club	(10)	10			
Highways Wk Haggerston West	(404)	404			
Updating Traffic Calming Measur	(100)	100			
Hackney Street Markets Strat	(84)	84			
Net Sub Total	(954)	954	-	-	-
TOTAL (NEIGH)	(3,203)	3,203	-	-	-
HOUSING					
Housing AMP Capital Schemes					
Decent Homes	2,591	(2,591)			
Security Front Entrance Doors	(305)	305			
Intergrated Housing Manag Sys	(558)	558			
Fire Risk Works	(1,000)	1,000			
Lateral Mains	(498)	498			
Re-wire	(230)	230			

Net Sub total	-	-	-	-	-
Woodberry Down Bid	571	(571)			
Net Sub total	571	(571)	-	-	-
TOTAL (HSG)	571	(571)	-	-	-
GRAND TOTAL	(24,963)	24,515	218	119	111

**TITLE OF REPORT: 2016/17 OVERALL FINANCIAL POSITION, PROPERTY DISPOSALS AND ACQUISITIONS REPORT (NOVEMBER 2016)
KEY DECISION NO. FCR 84**

CABINET MEETING DATE 2016/17

23 January 2017

CLASSIFICATION:

Open

If exempt, the reason will be listed in the main body of this report.

WARD(S) AFFECTED

All Wards

CABINET MEMBER

Cllr Taylor

Finance

KEY DECISION

Yes

REASON

Spending or Savings

GROUP DIRECTOR

Ian Williams Finance and Corporate Resources

1. CABINET MEMBER'S INTRODUCTION

This is the sixth OFP report for 2016/17 and on the basis of detailed November monitoring data from directorates, we are forecasting an overspend of £2,880k at year end. This is an increase of £327k from October, which is of concern especially as we are well into the second half of the year. It is essential that these reported overspends are quickly addressed and mitigated.

The Financial Settlement outlined in this OFP is disappointing but hardly surprising. Faced with multiple, mutually-reinforcing crises in adult social care, the NHS, and housing, and a Brexit that makes bold tax increases even more unlikely, the Government is filling one budget gap by taking the money from another budget; it is not providing new money. All this makes it all the more important that we not only ensure that we use funds efficiently and effectively and stick to the agreed budgets, but also that we do what we can to generate our own sources of funding.

I commend this report to Cabinet

2. GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES INTRODUCTION

2.1 The OFP shows that the Council is forecast to have a £2,880k overspend which is equivalent to 0.3% of the total gross budget.

2.2 On 15th December, the Government published the 2017/18 Finance Settlement.

The main points of the Settlement announcement are summarised below: -

- Confirmation that LBH will receive the Revenue Support Grant allocations published in the 2016/17 Settlement for the period 2017/18 to 2019/20 following our acceptance of the Government offer. There could be changes due to unforeseen events but barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement, the Government expects these to be the amounts presented to Parliament each year.

- The introduction of an Adult Social Care Support Grant to be funded from a cut in the New Homes Bonus Grant in 2017-18. So, there is no new funding here as it is just a recycling of monies that councils would have received through the New Homes Bonus. This has been achieved by reducing the number of years for which legacy payments (payments made under the first New Homes Bonus Scheme 2011/12 to 2016/17) from 6 years to 5 years in 2017-18 and then to 4 years from 2018-19; and to introduce a baseline for housing growth set at an initial baseline of 0.4% of the council tax base for 2017-18. Housing growth below this level in each authority will not receive Bonus allocations. So, whilst we have gained ASC Support Grant in 2017/18 this has been paid for by reduced New Homes Bonus Grant.

- Confirmation of the indicative 2017/18 Improved Better Care Fund grant allocations as set out in the 2016/17 Settlement. The allocations for 2018/19 and 2019/20 remain indicative and therefore subject to change.

- Council tax referendum principles for local authorities were published. As with 2016/17, there are two elements, i.e.: -
 - *a core principle of 2% and*

 - *an increase to the flexibility offered on the use of the Adult Social Care precept. The policy intention set out at the time of the 2016-17 Settlement was that this would be 2 % per year up to 2019-20. In recognition of the particular pressures on adult social care services, especially in the next two years, social care authorities will now be able to introduce the rise sooner. They will have the freedom to increase by up to 3% in 2017-18 or 2018-19, but still cannot exceed 6% in total over the three-year period. This means that the total rise in bills should not be any greater than originally envisioned*

- The next business rates revaluation takes effect from 1 April 2017. Revaluation is a revenue neutral exercise so the total rates bill will stay the same at the England level in real terms, after allowing for appeals. At the local authority level, overall bills will increase or fall depending upon whether rateable values in that area have performed above or below the average for England, after allowing for appeals. This creates change in the system outside the control of local authorities. When the Government introduced the 50% business rate retention scheme it signalled that it would adjust each authority's tariff or top up following a revaluation to ensure, as far as is practicable, that their retained income is the same after revaluation as immediately before. Our top-up has reduced by c. £10m as a result of the revaluation and we are currently working on estimating our post revaluation 2017/18 business rates income to determine the extent to which our retained income has changed as a result of the revaluation.
- **Impact on Hackney.** Our initial assessment of the Settlement is that next year's position looks generally in line but it looks like in future years we will have more work to do on savings than currently forecast. We will update the forecast position over the next couple of weeks and report back to Cabinet shortly.

2.3 On 1 April 2013 responsibility for providing public health improvement and promotion services transferred from the NHS to local authorities. Until that date such services had been commissioned by the previous City and Hackney PCT, and following transition of those responsibilities to local government, the London Borough of Hackney agreed to manage a number of inherited contracts and deliver health intelligence services on behalf of and for the City of London Corporation ("City of London"). The contracts included in this arrangement cover services for: sexual health, preventing domestic violence, health visiting, promoting oral health, housing homeless people undergoing treatment for tuberculosis, substance misuse amongst young people, Healthy Start Vitamins, and dietetics.

On inheriting these contracts, the City of London's share of the cost was set at an average of 5% for population and 0.3% for management. Since 2013, performance data has enabled more accurate predictions for service use by residence, rather than a population average, and cost shares have been updated accordingly. In 2015/16 the London Borough of Hackney managed Public Health services on behalf of the City of London at a total agreed cost of £530,553. In 2016/17, with the full inclusion of Health Visiting and other early years services, that figure rose to £600,661.

In addition to managing contracts that deliver services to residents in the City of London, the London Borough of Hackney also provides Public Health Intelligence services to the City of London. This comes in the form of staff time from the London Borough of Hackney Director of Public Health, Public Health Consultants, and Health Intelligence Analysts. For these services the City of London agreed to pay the London Borough of Hackney £31,664 for 2015/16 and the same amount for 2016/17.

The most recent Service Level Agreement between the two authorities drawn-up to contract for these arrangements was separated into one for services and another for staff and intelligence, as set out in the table below

	2015/16 (£)	2016/17 (£)	Total Contract Value (£)
Public Health Services	530,553	600,661	1,131,214
Staff and Intelligence	31,664	31,664	63,328

Cabinet is asked to approve amounts listed above and the sealing of the associated contractual agreements.

It is the intention of both authorities to continue with this arrangement in future years, which will be reviewed in light of proposed national changes to Public Health funding, and updated via the Overall Financial Position report.

- 2.4 Since Cabinet gave approval to a tranche of 2017/18 to 2019/20 savings in July (as set out in the May OFP), members and officers have been working on a further tranche of savings proposals. These proposals have been widely discussed and reviewed at Cabinet/HMT, Scrutiny Meetings, Labour Group and with Partners. A schedule of the proposed savings is attached at Appendix 1.
- 2.5 The latest position in relation to **GENERAL FUND REVENUE EXPENDITURE** is summarised in table 1 below.

TABLE 1: GENERAL FUND FORECAST OUTTURN AS AT NOVEMBER 2016/17

Revised Budgets	Service Unit	Forecast: Change from Revised Budget after Reserves	Change from Previous Month
		£k	£k
86,419	Children's Services	0	0
90,856	Adult Social Care	2,692	226
427	Community Health	0	0
177,702	Total CACH	2,692	226
45,297	Public Realm	94	94
15,787	Finance & Corporate Resources	295	-19
13,923	Chief Executive	-148	26
1,743	Housing – GF	-53	0
17,480	General Finance Account	0	0
271,932	GENERAL FUND TOTAL	2,880	327

3.0 RECOMMENDATIONS

- 3.1 To note the overall financial position for November 2016, covering the General Fund and HRA and the earmarking by the Group Director of Finance and Resources of any underspend to support funding of future cost pressures and the funding of the Capital Programme.**
- 3.2 To approve the amounts agreed for Public Health services delivered by the London Borough of Hackney on behalf of the City of London in 2015/16 and 2016/17 and to authorise the sealing of all contracts between the London Borough of Hackney and the City of London relating to the delivery of the public health services, as described in 2.3 above.**
- 3.3 To approve the savings set out in Appendix 1.**

4. REASONS FOR DECISION

- 4.1 To facilitate financial management and control of the Council's finances, to approve the savings schemes set out in Appendix 1 and to approve the agreement with the City of London set out in 2.3.**

4.2 CACH

In overall terms the CACH directorate is forecasting an overspend of £2.692m.

Children Services

CYPS are forecasting a nil variance overspend

Directorate Overspends

Corporate Parenting is the main area that is overspending within the division. The 2016/17 forecast position as at November 2016 is an overspend of £454k on overall Corporate Parenting, after use of reserves. This is comprised of an underspend in the Adoption Service of £63k, an overspend of £103k in LAC and Leaving Care, and an overspend in 'core' Corporate Parenting of £414k.

Other areas that are overspending within CYPS are:

- Children in Need is forecast to overspend by £483k.

The overspend is mainly due to staffing overspends of £341k, relating to agency staff covering vacant posts, maternity cover, long-term sick cover and three agency staff over establishment. Legal costs (£70k) and LAC incidental costs (£103k) account for the balance of the overspend partially offset by reductions in other areas (£31k).

- Access and Assessment is forecast to overspend by £198k.

The overspend primarily relates to staffing, due to agency workers covering vacant posts and maternity leave, and there are 2 over established posts currently with plans in place to reduce this to 1 post by December.

Early delivery of savings of £344k in this service would have more than offset the overspend, and this has been transferred to Directorate Management in year.

Directorate Underspends

Overspends in Corporate Parenting (before reserves), Children in Need, Youth Justice and Access and Assessment are offset by underspends elsewhere in Directorate Management Team, Family Support Services, Young Hackney and Safeguarding & Learning Services.

- The Directorate Management Team is forecast to underspend by £766k.

The underspend is from a transfer of A&A early delivery of savings (£344k), 2 posts vacant for the entire financial year and delay in recruitment of the service director post (£185k); release of 1% vacancy factor to support maternity leave and long term sick costs (£202k); and the cost of the interim Assistant Director up to September 2016 (£60k).

This is partly offset by increased costs of interpreting fees (£73k), release of legal budgets (£162k) and other areas (£6k).

- An underspend of £125k is forecasted for Safeguarding & Learning Services. This is attributable to underspends across Supplies & Services and Commissioning budgets, and the receipt of additional income above budget to cover costs associated with the Mosaic Consolidation Project and grant income from the DfE to cover the cost of a post.
- The Family Support Services is forecast to underspend by £162k due mainly to staffing underspends as a result of vacant posts and delays in recruitment.
- Safeguarding & Learning Services has an underspend of £125k, and this is attributable to underspends across Supplies & Services and Commissioning budgets, and the receipt of additional income above budget to cover costs associated with the Mosaic Consolidation Project and grant income from the DfE to cover the cost of a post.

Hackney Learning Trust

The Hackney Learning Trust (HLT) forecast is consolidated into the CYPs position. As part of the delegated arrangements for the HLT any overspend or underspend at year end will result in a contribution from or to the HLT reserve and expenditure is reported on budget. However, it should be noted that HLT are forecasting a significant drawdown on the HLT reserve (£4.3m), similar to last year and consistent with the last month mainly due to pressures in special educational needs. Costs associated with special educational needs have complex cost drivers and the HLT finance team continue to work closely with the relevant managers in implementing an action plan to reduce these pressures and to ensure the forecast is as accurate as possible. There is also expected to be £1.2m-£2.0m planned reserve drawdown for other educational projects & initiatives, bringing the total expected drawdown to be between £5.5m-£6.3m.

Adult Social Services

The November revenue forecast for Adult Social Care is £93,548k. This is an adverse movement of £226k on the October position.

The major area of overspend continues to be Care Support Commissioning, which for November has a £3,456k overspend. This is a worsening of £387k on October and reflects the latest snapshot of commissioned care, which breaks down as follows.

Service Type	2016-17	November 16	Full Year	Change on
--------------	---------	-------------	-----------	-----------

	Budget	Forecast	Variance to budget	October Forecast
	£000	£000	£000	£000
Learning Disabilities	12,718	14,929	2,212	219
Physical and Sensory	9,939	10,091	151	-19
Memory and Cognition and OP MH	5,725	6,731	1,006	187
Assistive Equipment & Technology	495	653	158	-0
Voluntary Sector Contracts -OP	708	714	6	-
Other	245	169	-77	-0
Total	29,830	33,286	3,456	387

Within Care Support Commissioning:

- The Learning Disabilities position has moved adversely by £219k and this is explained primarily by three clients with a forecast of £154k being re-classified as having LD as their primary support reason, where previously they had been classified as Mental Health (this is part of continuing data integrity work being undertaken on Mosaic, the Adults and Children's IT system). This means there is a corresponding improvement within Mental Health services managed by East London Foundation Trust.
- The other key movement is a £187k adverse movement in Memory and Cognition/Older People Mental Health. This reflects a range of changes to the client cohort (e.g. new clients, care package changes, and service contribution changes), however the extra cost is being primarily seen following hospital discharges (both new clients and existing clients who have had a stay in hospital but being discharged with a more intense care package. The total number of clients is 11). This issue was highlighted in the July OFP, and was explained through pressure on hospital beds, but compounded by the limitations of the local market place in terms of being able to identify suitable, timely and value for money care provision. It was also mentioned that additional step-down care is an area on which Hackney is focusing, in order to become more responsive to the type of demand that hospital discharge drives in our services. However, a management action from reviewing the November position is that care packages proposed by our Hospital Social Work team following discharge from Hospital will now be ratified through the main ASC Panel process, to ensure further oversight and control of what is proving to be a significant cost pressure.

The forecast for Mental Health services we provide jointly with East London Foundation Trust has improved by £150k, to £158k underspent. This is explained by the three re-classified clients as mentioned above.

The Provided Services forecast is £91k underspend. The Housing with Care pressure has reduced by £200k since the start of the year and is staffing driven. It is an area where further work is being done to address the pressure but this requires consideration of impact on services across ASC because of interlinkages. The underspends in Meals on Wheels and Transport reflect demand for services currently. The Commissioning division forecast has seen an improvement of £23k to a £633k underspend. The Housing Related Support forecast stands at £851k underspend reflecting early delivery of savings. This is partially offset by a £218k pressure on staffing, £64k of which is severance costs. There is also a staffing driven pressure of £104k in Care Management and Divisional Support.

Public Health continues to forecast a breakeven position.

4.3 Public Realm

The November forecast for the Public Realm division is a £94k overspend, which is a £94k adverse movement on the October position. As with October, the key area to focus on is Environmental Operations function, which is forecast to be breakeven but within this overall position there is a £1,116k overspend on Waste Collection, Cleansing and Recycling which is largely offset by an underspend in Commercial Waste.

The remaining services are forecasting breakeven positions. Within this, the Building Control service in PRS is operating at a deficit. This is mitigated by a planned usage of the shortfall in Building Control Income reserve (£278k). There are a number of initiatives to improve marketability including a revised charging schedule. Progress of the service improvement initiatives is being monitored closely in 2016/17.

There is a £94k pressure within Libraries and reflects that an anticipated overspend on the cost of reactive maintenance.

4.4 Finance & Corporate Resources

There is a forecast overspend of £295k, primarily in ICT and Facilities Management. The former is largely due to telephony costs which should be removed when the new telephony contract comes in next year and agency staff costs reflecting the difficulty of recruiting permanent staff; and the latter is due to additional repairs and maintenance costs on civic buildings. These overspends are partially offset by savings elsewhere. Cost pressures continue in revenues and benefits, and temporary accommodation

4.5 Chief Executive

The Directorate is forecasting an underspend of £148k after reserves. There is a forecast overspend of £86k in Chief Executive's Office, largely attributable to an overspend in the Programmes & Project delivery team. There is also a £118k overspend in Safer Communities which relates to the Domestic Violence/Racial Harassment team where there is an overspend on staffing costs. These overspends are offset by underspends of £249k within the Legal & Electoral Services and £105k within Consultation and Communications.

4.6 General Fund Housing Services

The service is forecasting to come in at £53k under budget reflecting a reduction in the forecast spend on Staffing Costs and Repairs and Maintenance within Travellers (£10k) and also an increased amount of expenditure identified as capital within Leasehold and Income Delivery (£43k).

4.7 HRA

The HRA is forecast to come in on budget.

Income

There is a £646k favourable variance within Dwelling Rents. This is due to a lower number of Right to Buy (RTB) sales than expected and also a reduction in the amount of void losses incurred. There is also a £448k favourable variance within Leaseholder Charges for Services & Facilities. This has been based on the latest service charge estimates, which were finalised after the budget setting process. There is though, a £69k unfavourable variance within Non-Dwellings Rents which relates to lower garage income than budgeted; and a reduction in Tenant Charges Income relating to Estate Cleaning and Block Cleaning. The reasons for the reduction in income are being investigated further. There is a reduction in Tenant Charges Income relating to Estate Cleaning (£124k) and Block Cleaning (£82k). The reasons for the reduction in income are being investigated further.

Expenditure

The main underspend within the Housing Repairs Account relates to the Planned Painting programme (£2,400k). There is also a £250k reduction in repairs costs relating to new build properties and a reduction in spend of £400k due to contractor delays. This budget and the committed works will be carried over to 2017/18. Partially offsetting these underspends is a £1,000k adverse variance within reactive and void repairs where the volume and average cost of jobs has increased.

The main overspend is within Supervision and Management and relates to the planned overspend of the Neighbourhood & Repairs Contact Centre of c£1,100k due to additional staff requirements to manage call demand. A restructure is planned for later on this year but the timing of this has been delayed. Compensation may also be sought from the telephony provider due to issues which have resulted in additional staffing requirements. There is also an increase in staffing costs within the Leasehold and Income team of £200k who are also in the process of a restructure.

There are further staffing cost increases within Decent Homes (£443k) Major Works Admin (£159k) and Community Halls (£66k) which are partly offset by staff savings within Performance Management (£257k), Estate Renewal Team (£208k) and CCTV Services (£168k). There are also increases in Court Costs and Legal Fees of £222k and £185k respectively based on current expenditure levels and £590k of planned unbudgeted expenditure relating to the Transformation Project has been forecast. This will be funded from reserves.

5.0 DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

This report is primarily an update on the Council's financial position and there are no alternative options here. With regards to the agreement with the City of London (2.3 above), Cabinet approval is necessary for us to obtain the sums of money shown.

6.0 BACKGROUND

6.1 Policy Context

This report describes the Council's financial position as at the end of November 2016. Full Council agreed the 2016/17 budget on 2nd March 2016.

6.2 Equality Impact Assessment

Equality impact assessments are carried out at budget setting time and included in the relevant reports to Cabinet. Such details are not repeated in this report.

6.3 Sustainability

As above

6.4 Consultations

Relevant consultations have been carried out in respect of the forecasts contained within this report involving, the Mayor, the Member for Finance, HMT, Heads of Finance and Assistant Directors of Finance.

6.5 Risk Assessment

The risks associated with the schemes Council's financial position are detailed in this report.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 7.1 The Group Director of Finance and Resources' financial considerations are included throughout the report.

8. COMMENTS OF THE DIRECTOR OF LEGAL

- 8.1 The Director of Legal has seen the report and has no legal comments to make on the regular budget monitoring part of the report.

Report Author	Russell Harvey ☎020-8356-2739
Comments of the Group Director of Finance and Corporate Resources	Ian Williams ☎020-8356-3003
Comments of the Director of Legal	Budget Monitoring Yinka Owa ☎0208-356-6234;

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PROPOSED SAVINGS SCHEMES 2017/18 TO 2019/20

PROPOSAL	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
Introduction of a means tested fee for Bulky Waste removal	360			360
Telecare Charging Year 2	117	0	0	117
Planning - Strategic Policy Consultancy and Removal of Commissioning Budget by selling consultancy service to increase income.	50			50
Environment and Waste Strategy - Merging management in the street level recycling service and rationalising educational activities and waste monitoring work.	80			80
Environment and Waste Strategy - Reduction in the free provision of compostable liners for food waste recycling and new regime based on a request only basis.	50			50
Environmental Operations - Additional Commercial Waste Income by increasing commercial waste collection contracts from small businesses across the Borough	50	160		210
Housing Related Support for Vulnerable Adults Further development of proposals through service redesign which will target resources at those with the highest needs.	1,062	2,143	775	3,980
Reduction in HCC Opening Hours & Closure of Cashiers	324	0		324
Enforcement Cross Cutting Review	650	325	325	1,300
CYPS - These are business as usual savings, derived as a consequence of service development, more efficient ways of working and targeting funding. Specifically, the proposal includes some remodelling of the service following 1CYPS implementation, re-profiling of troubled families' income, trading our training courses and savings forecast through the ongoing regionalisation of adoption.	770	248	187	1,205
Public Health – The savings are derived from efficiencies, service remodelling and recommissioning.	1,685	1,200	800	3,685
Public Realm - Integrated Cleaning	250	250	0	500
Supported Employment – Re-provision of services at Lee House	300	100		400
Libraries - Stock and Fees & Charges	60	0	0	60
TOTAL	5,808	4,426	2,087	12,321

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Governance & Resources Scrutiny Commission 20 th February 2017 Commercialisation and Income Generation	Item No 7
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OUTLINE

The Government's public sector efficiency agenda has been operational since 2010. Councils have experienced a reductions in funding from central government since the commencement of this work programme. In response to the reductions in funding councils have been reviewing the potential for commercialisation and income generation activity.

The Commission asked the Council to provide information about services that have the potential for income generation - beyond increasing fees and charges – and to provide an overview of the Council's approach and work on income generation for services across the organisation and their potential for commercial activity.

ACTION

The Commission is requested to review the information presented and ask questions.

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Governance & Resources Scrutiny Commission 20 th February 2017 Governance & Resources Scrutiny Commission Work Programme for 2016/17	Item No 8
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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 for any comments, amendments or suggestions for 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
Wed 15th June 2016 Papers deadline: Mon 3 rd 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"> LSE (Prof Tony Travers).
	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.
Wed 13 July 2016 Papers deadline: Fri 1 st 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
Mon 5 Sept 2016 Papers deadline: Tues 23 rd Aug	Devolution – the prospects for Hackney 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.
Wed 19 Oct 2016 Papers deadline: Friday 7 th Oct	Devolution – the prospects for Hackney Review	Chief Executive's (Tracey Anderson)	Discussion about draft recommendations for the devolution review.
	Budget and Finance update	Finance & Resources (Ian Williams)	Budget and Finance update on local government settlement and Council Budget for 2016/17.
	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.
	Review of Governance and Resources Scrutiny Commission	Chief Executive's Directorate (Tracey Anderson)	Discussion about previous work of the Commission.
Mon 14 Nov 2016	Complaints and Enquiries Annual Report	Chief Executive's (Bruce Devile)	Annual report of the Council's Complaints and Enquires for 2015/16.

Dates	Proposed Item	Directorate and officer contact	Comment and Action
Papers deadline: Wed 2 nd Nov	Update on Council Restructure	Chief Executive's Directorate (Tim Shields)	Update on the Council's restructure.
	Devolution – the prospects for Hackney Review	Chief Executive's Directorate (Tim Shields)	Update on the Council's approach to devolution discussions.
Wed 14 Dec 2016 Papers deadline: Thurs 1 Dec	Temporary Accommodation and Discretionary Housing Payment	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. Review of the Discretionary Housing Payment.
	Budget and Finance update	Finance & Resources (Ian Williams)	Update on the Autumn Statement 2016.
Thurs 19 Jan 2017 Papers deadline: Mon 9 th 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.

Dates	Proposed Item	Directorate and officer contact	Comment and Action
	Budget, Commercialisation and Income Generation	Finance and Corporate Resources	Presentation of proposals looking at potential areas for income generation and estimated income.
Mon 20 Feb 2017 Papers deadline: Wed 8 Feb	Council Budget 2017/18	Finance & Resources (Ian Williams)	Presentation on draft Council budget scheduled for agreement at Full Council
	Budget, Commercialisation and Income Generation	Finance and Corporate Resources	Presentation of proposals looking at potential areas for income generation and estimated income.
	Performance review	Chief Executive's Directorate	Scrutiny identifying and establishing the role of scrutiny for performance review.
Tues 14 Mar 2017 Papers deadline: Thurs 2 Mar	Update EU Brexit	Finance & Resources (Ian Williams)	Update on the implication of Brexit to councils. Looking at local: economy, labour market and Hackney Council's plans.
	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.

Dates	Proposed Item	Directorate and officer contact	Comment and Action
Thurs 13 Apr 2017 Papers deadline: Mon 3 April	Work programme discussion for 2017/18	Chief Executive's Directorate	Discussion on topics for work programme for 2017/18.
	Budget and Finance	Finance & Resources (Ian Williams)	Budget and Finance Update
	Update on Corporate cross cutting programmes	Chief Executive's Directorate Tim Shields	

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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