

# 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:

**Tuesday, 14th March, 2017**

**7.00 pm**

**Rooms 1&2, Third Floor, Hackney Learning Trust, 1 Reading Lane, Hackney, London, E8 1GQ**

**Tim Shields**  
Chief Executive, London Borough of Hackney

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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 - 18)
- 5 Cabinet Question Time - Finance and Customer Services** (Pages 19 - 20)
- 6 Implications of Brexit for Local Government** (Pages 21 - 22)
- 7 Governance and Resources Scrutiny Commission - 2016/17 Work Programme** (Pages 23 - 30)
- 8 Any Other Business**

## Access and Information

### Getting to the Town Hall

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

### Accessibility

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

### Further Information about the Commission

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

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



### Public Involvement and Recording

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Where a meeting of the Council and its committees are open to the public, the press and public are welcome to report on meetings of the Council and its committees, through any audio, visual or written methods and may use digital and social media providing they do not disturb the conduct of the meeting and providing that the person reporting or providing the commentary is present at the meeting.

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

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

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

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

All those visually recording a meeting are requested to only focus on recording councillors, officers and the public who are directly involved in the conduct of the meeting. The Chair of the meeting will ask any members of the public present if they have objections to being visually recorded. Those visually recording a meeting are asked to respect the wishes of those who do not wish to be filmed or photographed. Failure by someone recording a meeting to respect the wishes of those who do not wish to be filmed and photographed may result in the Chair instructing them to cease recording or in their exclusion from the meeting.

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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<b>Governance &amp; Resources Scrutiny Commission</b> 14 <sup>th</sup> March 2017 <b>Minutes of the previous meeting and Matters Arising</b>	Item No <b>4</b>
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## **OUTLINE**

Attached are the draft minutes for the meeting on 20<sup>th</sup> February 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 Monday, 20th February, 2017**

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

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<b>Chair</b>	<b>Councillor Anna-Joy Rickard</b>
<b>Councillors in Attendance</b>	<b>Cllr Deniz Oguzkanli, Cllr Nick Sharman, Cllr Susan Fajana-Thomas (Vice-Chair) and Cllr Ned Hercock</b>
<b>Apologies:</b>	<b>Cllr James Peters</b>
<b>Co-optees</b>	
<b>Officers In Attendance</b>	<b>Bruce Devile (Head of Governance &amp; Business Intelligence), Dan Paul (Head of HR &amp; OD) and Tim Shields (Chief Executive)</b>
<b>Other People in Attendance</b>	<b>Councillor Geoff Taylor (Cabinet Member for Finance) and Councillor Carole Williams (Cabinet Member for Employment, Skills and Human Resources)</b>
<b>Members of the Public</b>	
<b>Officer Contact:</b>	<b>Tracey Anderson</b> ☎ 020 8356 3312 ✉ <a href="mailto:tracey.anderson@hackney.gov.uk">tracey.anderson@hackney.gov.uk</a>

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**Councillor Anna-Joy Rickard in the Chair**

**1 Apologies for Absence**

1.1 Apologies for absence from Cllr James Peters.

**1 Urgent Items / Order of Business**

2.1 None the items were 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 19<sup>th</sup> January 2017 were agreed.

<b>RESOLVED</b>	Minutes approved.
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## 5 Performance Review

- 5.1 The Chair welcomed to the meeting Councillor Geoff Taylor, Cabinet Member Finance and Customer Services, Councillor Carole Williams, Cabinet Member for Employment, Skills and Human Resources, Tim Shields, Chief Executive, Bruce Deville, Head of Governance, Business Analysis & Complaints and Dan Paul, Head of Human Resources & Organisational Development (HR&OD) from London Borough of Hackney.
- 5.2 The performance review discussion is to establish the approach that should be taken by Overview and Scrutiny in conducting a review of the performance monitoring process for a service provision.
- 5.3 The session looked at some of the performance monitoring information used by the responsible officer and Executive Member which should help them to identify the risks, meet service users' needs and carry out service improvements.
- 5.4 The first part of this discussion was to receive information from the Executive Member and the responsible officer about their approach to performance monitoring for the service areas selected. The areas covered at the meeting were Complaints and HR.
- 5.5 The second part would be to consider how scrutiny can carry out an effective role in performance review. In this discussion the Commission would be recommending where the list of over-arching indicators - that represent the health of the Council - should be monitored.

### Complaints

- 5.6 The main points from the presentation for Complaints were:
1. The complaints data is available on Covalent and all Councillors have access to the information recorded which is real time data.
  2. The number of complaints open is 306 and the number of complaints overdue is 163.
  3. The Cabinet Member explained in his meetings with the Complaints team they look behind the data recorded to analyse for trends or specific issues. This is for all the cases open and overdue.
  4. The complaints categories are:
    - Housing repairs
    - Housing management
    - Benefits and housing needs
    - Parking.



5. The overdue cases are mainly concentrated in housing repairs, benefits and housing needs.
6. The Cabinet Member demonstrated to members of the commission how they could click on the overdue tab and view the complaints outstanding by category. It was noted the current complaints categories did not provide sufficient detailed to give a good breakdown. The Council is in the process of looking for a new system that would enable them to manipulate the data in more detail.
7. The Cabinet Member for Finance and Customer Services differentiate his area of responsibility in relation to Complaints. His responsibility was the complaints system not the service area carrying out the complaint. For example the Cabinet Member was not responsible for the housing repairs service but his role was to ensure the council had a functioning and efficient complaints system.
8. The Complaints team do not just count the number of complaints and pass the information to the service area the team will analyse the data to understand the specific issues or trends.
9. The categories for complaints used are too broad and officers have been looking at the system Camden used that allows better analysis of the complaints data. The view was this system would be beneficial to service areas like housing repairs to improve their performance.
10. Last summer the number of complaints related to housing was at a reasonable level. Later in the year the number of complaints increased significantly. This was due to a number of staff exiting the team which resulted in a spike in overdue cases.
11. The Council's aim is to understand the core issue related to the volume of housing repair complaints to systematically resolve the issue. The data collated will be used to improve the service.
12. The Council recognises there is a culture issue linked to the number of complaints. That needs to be taken into consideration too. Without detailed information to interrogate the data they are unable to identify the core issue.
13. The Council is expecting to have a better analysis system in place for the complaints system in the next few weeks.
14. As part of new ways of working residents will be asked to rate the service either while the operative is still in the property or shortly after. This will enable the Council to capture information about the service being provided more promptly.
15. There is currently a backlog of complaints for housing services and they will be getting more resources to help reduce the backlog.
16. It was pointed out when complaints are resolved effectively it can encourage people to use the complaints system to get issues resolved.
17. It was highlighted that the Benefits and Housing Need service areas have a high volume of overdue complaints. This is linked to welfare reform where a number of people are unhappy with their assessments. The Council has noticed that appeals can masquerade as a complaint - but it rare that the assessment made is incorrect. As a consequence a number of people are using the complaints system to appeal. The question was posed to Members if this should this be classified as a 'complaint'.
18. The senior officers in the Benefits and Housing Needs service go through all the complaints to consider if the complaint is a genuine complaint and

to really understand what is coming through in relation to appeals that masquerade as a complaint.

19. It was noted a number of statistics are used to improve services they are:
- Efficiency of complaints service
  - Time it takes to complete a complaint
  - The culture does this information show in the indicators?

#### HR

5.7 The main points from the presentation for HR were:

1. Two indicators were provided for update. One of the indicators was agency spend. The Commission was informed the Council has decided this is not the best way to monitor agency spend and are currently having conversations about how to monitor this. The view was the indicators did not provide a strategy about how to manage agency spend.
2. The second indicator was staff sickness. This is a 12 month rolling average which is currently 6.36 and varies between 6.5 and 7.5. The target is 8.4 and this will be reduced next year. This indicator has remained stable and is equal to the private sector. It was noted the sickness rate is below target and below other local authorities.

#### 5.8 Questions, Discussions and Answers

- (i) **Members enquired about the definition of a 'complaint'. Members asked if a complaint need to state the word complaint.**

In response Members were advised the information did not need to mention the word complaint to be treated as a complaint but they do review each case. The council has noticed a number of people are unhappy with their decision about their benefit allocation and therefore using the complaints system to appeal. This is not technically a complaint but a person unhappy with the decision made. The assessment is if the process has been followed correctly this should not be treated as a complaint but as an appeal.

- (ii) **Members enquired if the Councillors enquiry system was part of the complaint system.**

The Cabinet Members for Finance and Customer Services confirmed it was.

- (iii) **Members understanding was for the complaints system they look at the time it takes to complete a complaint and the number of overdue complaints in the different service areas. Member enquired if the issues surrounding culture showed up in the indicators Hackney Council is using for performance monitoring?**

In response Members were informed the Council is moving towards using the same system as Camden Council. This will allow them to do better analysis. The Council's current system has 5 broad headings which does not enable the council to do the analysis required. The new system will analyse the data in a larger number of categories and this will enable them to drill down to specific issues. In summary it's the efficiency of the complaints service and the effectiveness of learning from the complaints data.

- (iv) **Members commented complaints are an important indicator of council service. They provide useful data about the performance of a service and can pinpoint specific issues.**
- (v) **Members raised concern about accountability and how the system enabled the council to drive better performance. Members were also concerned about the performance of housing repairs and wanted to know when they would reach acceptable levels.**

The Cabinet Member for Finance and Customer Services advised in his first meeting with officers, he enquired about the work by the housing repair service to improve their response to complaints. He was informed the service area had recruited temporary staff to deal with the backlog of complaints. The key concern is not necessarily the number of complaints but identifying the pattern in the complaints data to identify and manage the problem effectively. The Council's view is the system used by Camden Council will help them to draw out this information in an automated way.

The Chief Executive from LBH explained when they moved the service back in-house the service was not performing well. By the summer they had reduced the number of complaints. At the end of November 2016 a large number of staff left the team.

The Chief Executive explained the Head of service for the complaints team provides him with an update each month. He makes enquires about the action plan from the Group Director. Normally the Group Director is aware and has an action plan in place.

In the beginning they struggled to detect the issue but now the Council is slowly being able to feed back information about complaints to their contractors etc. In addition the Chief Executive advised through close working with ICT they are looking to bring in a mobile data tools. The aim is to encourage customers to give an assessment quickly either in the property of straight after. Analysis of this data will give them the information they need to challenge contractors regarding performance and to identify specific issues. For complaints they try to find out the drivers behind the complaint such as: contractor performance, employee performance etc.

The Head of Governance, Business Analysis & Complaints explained the system will be a business intelligence tool that will sit over the Council's existing systems and pull the data together to determine the problems and provide analysis right down to individuals. This has been in place for a few weeks and they are starting to see some good results.

Acceptable levels are expected to be achieved by the end of May 2017.

- (vi) **In response to Members asking if HR monitored staff turnover.**

The Head of HR and OD advised HR operates a suite of indicators that look at the workforce including staff turnover. The information is available on Covalent.

- (vii) In response to Member's discussions about the agency spend indicator being an example of an indicator that was being reviewed and modified for improvement.**

The Cabinet Member for Employment, Skills and Human Resources informed the Commission they were changing this indicator to consider how to address agency spend. It was explained there are a number of factors that will feed into the monitoring of this spend and some of these factors are beyond the Council's control e.g. the cost of housing in London.

- (viii) Members asked for a list of the indicators reported by HR.**

The Cabinet Member for Employment, Skills and Human Resources advised they can provide a list to the Commission.

<b>ACTION</b>	Cabinet Member for Employment, Skills and Human Resources to provide a list of the indicators reported by HR.
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- (ix) Members made the following enquires:**
- a) How verbal complaints are recorded?**
  - b) How the Council identifies complaints?**
  - c) How the Council monitors the process of complaint recording?**
  - d) The trend over the last 3 years for agency spend, has it been more or less and how the Council compares to its neighbouring boroughs?**

The Group Director Finance and Corporate Resources explained in 2008-2010 the council had a higher level of agency spend than currently. The trend of agency spend is downward.

There are a number of factors that impact on agency spend such as changes to the organisation; the way the organisation is configured; the diversity of the workforce and whether the role is competitive in comparison to the private sector. If there is high staff turn over the Council needs to understand why. The officer pointed out the introduction of IR35 will have an impact and this will be implemented in April 2017. It was noted some service areas have an action plan in place to reduce agency spend but the market place can impact on this.

In response to the question about comparing spend to other Boroughs. In general LBH is comparable to neighbouring local authorities. It is quite difficult to do a pure comparison of agency staff spend, for example if the Council tried to compare itself to Camden Council it would be difficult because this council has a number of externally operated services.

The Head of HR and OD advised agency staff spend is reducing in LBH while in other boroughs it is increasing.

- (x) Members enquired if the Council monitors softer qualitative data such as staff surveys. Members asked if the Council had knowledge of staff views about how change management is managed.**

The Cabinet Member for Employment, Skills and Human Resources advised they do a staff survey.

The Head of HR and OD advised a staff survey was completed in 2016 and they are currently analyzing the results. It was noted that particular question was asked in the survey.

- (xi) **Members enquired how the system would operate if all staff were monitoring complaints for their own area and there was no central function.**

The Cabinet Member for Finance and Customer Services explained having the knowledge about complaints across the organisation was useful.

- (xii) **Members enquired about the process that would be followed for a complaint where a resident telephoned another service / departments and did not get through to the Complaints Team. Members queried if the complaint would be recorded.**

The Cabinet Member for Finance and Customer Services advised if citizens telephoned another council and did not get put through to the complaints team, the service would not be made aware of the complaint. Notwithstanding this all service areas have the ability to log a complaint on the system.

- (xiii) **Members enquired what percentage of complaints related to telephone.**

The Head of Governance, Business Analysis and Complaints informed the Commission approximately 15% of complaints are by the telephone. The majority of complaints logged come in online. This has been the trend for the last 2-3 years.

- (xiv) **Members enquired if HR was meeting all the set targets they are recording for the service area.**

The Head of HR and OD advised in general they are meeting their targets. The measure that is in slow decline is the percentage of the workforce that live in the borough. Generally the HR targets set are relative to the local community for example the BME target is reflective of the community.

- (xv) **Members commented they are interested in getting a sense of the health of the organisation and would fully expect complaints to be an indicator in the over-arching list. Members asked HR to reflect on their indicators and pick 2 indicators that would best reflect the health of the service.**

In response Members were informed it would be staff sickness and the percentage of top earners.

- (xvi) **Members enquired how often the service areas reviewed their indicators to change them as required or consider if they were fit for purpose.**

The Head of Governance and Business Analysis and Complaints advised they review them annually. The new business intelligence system will provide

managers with real time data so they can act to turn around performance more quickly.

**(xvii) Members enquired if the Council has a budget for consultant fees.**

The Group Director of Finance and Corporate Resources informed Members they have a marginal rate they pay to agencies.

The Head of HR and OD added spend on agency staff is a delicate balance; if the spend is minimised too much agencies will send their staff to other organisations. So they have to get the balance right.

**6 Council Budget 2017/18**

- 6.1 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.
- 6.2 Each Year the Commission receives an update on the Council's proposed budget for the next municipal year. The Council's 2017/18 budget report was being finalised and the Commission received a verbal update on the budget.
- 6.3 The Commission received 3 reports as background information about the Council's the budget strategy. These reports are on pages 21-65 of the agenda. The summary about each report is on page 19 in the agenda.
- 6.4 The Government's spring budget is expected to be announced 8<sup>th</sup> March 2017.
- 6.5 The Council has been lobbying on issues like business rates revaluation.
- 6.6 A fact sheet for councillors was being finalised. It will contain information about the key factors that need to be kept under observation and there will be a briefing session arranged.
- 6.7 The Council is currently gathering intelligence about the profile of businesses locally to understand the implications of the business rates revaluation.
- 6.8 The Council is preparing for a number of business rate appeals following implementation of the revaluation.
- 6.9 The retention of business rates income by local authorities has been branded as a devolution solution. It was highlighted if the Council becomes responsible for business rates at a time when local businesses are folding, this will have a significant impact on the Council's revenue and become a challenge for the Council to manage.
- 6.10 Other areas of pressure on the Council's budget are: school funding - following proposed policy changes by the Government in the education system with pressure on areas such as special education needs - the homelessness reduction bill; the Council's work on procurement and the London Finance Committee.

- 6.11 The reports in the agenda provide the foundation information for the Council's budget.
- 6.12 The Council tax base report estimates a higher revenue collection for 2017/18. This report estimates business rates income the Council expects to collect following the revaluation. In addition the report outlines the number of anticipated appeals. The Council bears the cost of business rate appeals.
- 6.13 The council tax base is based on the number of properties in Hackney this has risen from approximately 92,000 in the 1990s to approximately 110,000.
- 6.14 The Council is carrying out work to reassess the single person's discount for households to ensure they are still valid.
- 6.15 In 2013 the Council introduced the local council tax reduction scheme. The council tax reduction scheme is scheduled for review in 2017/18. This review will consider changes in policy and the cumulative impact of policy changes over that period.
- 6.16 The Capital programme update gives a good indication of new houses, school places and the significant developments.
- 6.17 The overall financial position report is as laid out in the agenda. This report is important because it gives an indication of the Council's current financial standing in relation to assets, cash flow etc.

#### Council Budget

- 6.18 For the spring budget (March 2017) the Council has been working with London Councils to make sure the case for London is being put forward in relation to the housing shortfall; council right to buy and its impact on council housing stock levels and the concerns about the sale of high value council homes. The communication to date is that the Council will not need to pay right to buy receipts to Government this year. In addition they will be highlighting the pressures of temporary accommodation and that local authorities will need to start thinking about discharging its duty to the private sector.
- 6.19 The Mayor's budget proposal sets out the intention to increase council tax by 3% which incorporates the 2% social care precept the government introduced to address the adult social care budget pressure. Adult social care funding remains a key challenge.
- 6.20 School's funding is an areas that has not received as much media attention as maybe it should. There is the impact of welfare reform, population growth and the funding for SEN being frozen at 2011/12 levels - in spite of increases in the number of cases for this budget area. Collectively councils are lobby from a London perspective on the education system particularly the new funding formula the government is proposing to introduce has complicated this area. The education consultation is proposing a funding cap of 3% but it should be noted that there are significant cost pressures in the system that apply specifically to London. Hackney Council's Executive will be writing to the Government to make their case about the implications of these changes for Hackney.

6.21 It was noted if the Government returned its spend on Grammar schools and forced academisation back into the system, it would help to reduce the costs pressures in the education system.

6.22 **Questions, Discussions and Answers**

**(i) Members enquired about the Council's plan to manage the impact of the business rates increase locally and/or the economic growth in the borough?**

The Group Director Finance and Corporate Resources from London Borough of Hackney pointed out although the Council's name will be on the collection bill sent out to businesses, there will be very little revenue raised from the increase in charges. The additional revenue from the collection will be offset by the reduction in funding and support from Central Government in other areas of the system.

The perceived benefits to councils will materialise as promoted from this policy change. The key message the Council needs to communicate is it does not set the rate or dictate how the system revenue is distributed. It should be noted the Council will be administering the collection of the revenue but will have very little influence over how the revenue in the system is redistributed.

**(ii) Members raised concern about the impacts of the business rates revaluation on small businesses in the borough and enquired about the Council's campaign work on the implications of this policy change locally.**

The Group Director Finance and Corporate Resources highlighted a number of English governments agreed not to increase their council tax bills over the threshold because business rates retention was presented as a solution. The up rise from local businesses to the increase following the revaluations was not perceived. This presents an interesting situation.

In the budget on the 8<sup>th</sup> March it is anticipated there might be some concessions made for smaller businesses due to the big change in rateable values. In Hackney it is anticipated a number of businesses will move from no rates to small business rates or from small business rates to a higher rateable value. The Council will review any proposed concessions to see how it relates to the profile of Hackney businesses. The Council will need to encourage businesses that are struggling to access support if it is made available.

**(iii) In relation to business rates members pointed out there was a conflict for the Council. On one hand the increase in property prices has been advantageous for all in the borough but also the revaluation by the Government is the right thing to do. The concern is not with the change but the pace of change and the negative impact on businesses that cannot keep pace with the changes.**

**(iv) Members referred to the capital programme report and agreed this report was important in relation to population increases and infrastructure and to keep them notified of capital expenditure. It was important for this area**



**of spend to have monitoring and oversight like the revenue reports of the Council. Members asked for an explanation about movements in the capital programme?**

The Group Director Finance and Corporate Resources explained going forward the financing for the capital programme will shift. Predominantly for local government the funding has been one off grants or from resources that are already available. The first priority is to ensure any external grant funding (external) is retained, then to make sure the programme keeps to budget which involves accurate forecasting. In the future, the Council may need to go out to borrow money until they are in receipt of the funding for the programme.

Officers have improved their report monitoring of the capital programme and there is regular monitoring of the capital programme as a whole.

Some of the changes to the programme relate to the timing of the work. For schools they may have deferred the work until the next school holiday period. Members were referred to page 41 in the agenda which summarizes the Council's extensive repairs programme for maintained schools. The Council plans to publish the work being carried out on school estates so local people can be aware of the Council's spend on maintained schools.

For some capital programmes like housing the delay has occurred due to challenges with contractors and completion of works to the desired standards.

- (v) Members referred to efficiency savings and the change programme and enquired if there was any evidence from the data collated about a reduction in the level of service from the changes implemented.**
- (vi) Members enquired why the council was not using the London housing consortium framework. The Member advised her attendance at this consortium would enable the council to access surplus funds but this is not possible because the council does not use the framework.**

The Group Director Finance and Corporate Resources advised the council has made efficiencies and savings totalling approximately £150 million since austerity commenced in 2010. Some of changes have resulted in improvements to services the example cited was the closure of the cashier's services. Residents can now transact with the Council online and this has led to the closure of the cashier's service. The reclaim social work model made improves to the model of service delivery making it more efficient. However, it was acknowledge there are some functions that are stretched like the back office and if the council does endure a further 5 years of austerity this is likely to have an impact on service provision.

The Group Director Finance and Corporate Resources and Cabinet Member for Finance and Customer Services advised they were not in receipt of this funding and would explore why.

<b>ACTION</b>	The Group Director Finance and Corporate Resources and Cabinet Member for Finance and
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	Customer Services to explore why the Council does not use the London housing consortium framework.
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**(vii) Members enquired about the long term financing for business rates.**

The Cabinet Member for Finance and Customer Services confirmed Hackney will see a 46% increase in the next 2/3 years for business rates. It was highlighted although this presents the council with a challenge in relation to the impact on local businesses, it is unlikely to change in the near future.

It was pointed out if there is a property tax system it can change the fabric of society. If there is a property bubble this accelerates gentrification of that place. A fairer system would be to base the taxation on business turnover or profit margin rather than the value of the property.

It was acknowledged this taxation will impact the vast majority of people. However the lobbying by the Council about the negative impact of the business rates revaluation to the boroughs local businesses is unlikely to result in any change to this policy area in the immediate future.

Members commented what was needed was a taxation on land owners to make the taxation fair.

## **7 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 for the following information to be presented at the meeting:

- Information on the council's role as a developer for the borough
- Trading rules for local authorities
- Constraints, principles and criteria
- Legislative framework
- Fees and charges
- Competitive advantage
- Examples of different service areas for commercialisation.

7.3 The officer advised he would provide a fuller presentation at the next meeting as part of the Brexit discussion. The updates provided at the meeting were:

### Competitive Advantage

7.4 Councils have access to cheaper forms of credit and an article by the Financial Times has raised questions about local authorities being able to buy

commercial property at cheaper rates. This is seen as a competitive advantage.

- 7.5 Councils do have access to a low finance funding model but there is speculation this might be subject to policy change.
- 7.6 Hackney Council's strategy has involved internal borrowing to minimise the need for external borrowing.

#### Council as a developer of the Borough

- 7.7 The Council's work on estate regeneration was cited as an example of its role as a developer for the borough. Some estate regeneration work has been in partnership with the private sector.
- 7.8 For many schemes the Council has deferred capital receipts by 6-8 months and received enhanced payments from developers later in the programme.
- 7.9 For the Britannia Leisure Centre development it was pointed out the Council will retain ownership of the land, remaining in charge of the finances and selecting the contractors to deliver the scheme. The Council is retaining its ability to influence and shape.

#### Trading rules for local authorities

- 7.10 An example of where the council has acted more commercial is having adverts on the council website. However the market for this has changed and the number of adverts are decreasing. This is an example of a revenue stream that is changing as a result of progression.
- 7.11 Councils can sell services to each other but as cost only.

#### Legislative framework

- 7.12 Further information will be provided about the legislative framework and the restrictions at the next meeting.
- 7.13 It was recognised that there are council's that have set up organisation but some have not been utilised. The Council is doing further investigative work to establish the success or failures of these ventures to build an evidence based for decision making.

#### **7.14 Questions, Discussions and Answers**

- (i) **Members commented they want to get an understanding of how the council can have a long term role as a developer taking into consideration the risks of this role.**
- (ii) **Members would like to see plans that outline how the council is driving developments and the opportunities for the council to build a long term plan around the role of a developer for the borough - having a framework and not just operating on an opportunistic basis. Members want to see a**

**purposeful 5 year plan and strategic vision that outlines the opportunities in this sphere.**

The Group Director Finance and Corporate Resources advised they will go into more details about developments by other boroughs at the next meeting.

The Council will need to make a decision about the approach it wishes to take as a developer but currently the council is observing the work of other boroughs.

The Cabinet Member for Finance and Customer Services pointed out the sale of the Tesco's site on Morning Lane was opportunistic it was not planned or predictable.

**(iii) Members asked for an explanation about how an overage clause in a contract operates.**

The Group Director Finance and Corporate Resources explained a regeneration programme like Woodberry Downs can take a number of years to complete. The Council has to first determine that the project is viable and that the project will cover all the costs incurred from the income generated, either from upfront sales or sales of private dwellings.

If the scheme predicated income 5 years prior exceeds expectations having an overage clause will lock in the income generation from the scheme. The overage clause enables the council to benefit from the increased income at the end of the development.

It was noted typically developers do not like having this clause and like to buy the Council out at the early stages of the development.

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

- 8.1 The work programme for the Commission on pages 69-76 of the agenda was noted for information.
- 8.2 The Chair referred to item 4 and commenced the second part of that discussion. The Commission discussed the most suitable committee or commission to continue the work of the 10 indicators that show the health of the Council.
- 8.3 Members also discussed the other scrutiny commissions conducting regular performance overview for its remit.
- 8.4 From the discussions with ICT and Customer Services, HR and Complaints the areas recommended as overarching indicators for these service areas were:
  - Business rates
  - Housing – in respect of housing needs suite of data
  - Revenue collection
  - First point of contact to resolution
  - ICT System availability and resolution
  - Staff sickness
  - Percentage of top earners

- Complaint – maybe number of complaints.
- 8.5 The Chair suggested the list could be passed to the Audit Committee to continue the work in identifying the top indicators for the organisation. Members agreed this could be a possibility. The Chair informed members she would take this to the next Scrutiny Chair's Group meeting in March for discussion.
- 8.6 Members discussed the recommendations for the devolution review and the principles.
- Hackney needs a plan
  - To consider the devolution proposals as a whole and not each area in isolation
  - Having public engagement in the process.
- 8.7 Suggested area for principles were:
- Find out where Hackney can influence discussions and what the Council should be saying at those discussions
  - Being careful of financial burden
  - Devolution being politically debated and in public
  - Advocating for simple clear structures for accessibility
  - To be weary and cautious of being given an area of responsibility that helps to deliver a hidden agenda.
  - The review has highlighted there will be a variable geometry and the Commission could state it openly accepts this prospect. Therefore the Commission should state the Council should have a plan and work in area X with Y or recommend they find an appropriate partner to work with for that particular area.
  - Another area for principle is establishing priorities. Taking the most promising areas for devolution locally and stating how involved the council wants to be in this area. E.g. Health
  - Employment and jobs, the council wants to be saying they want more control of this sphere.
  - Simplicity, accountability and scrutiny these are key areas to highlight in the report.
  - Making sure there is financial benefit
  - Identify the Commission's core messages from the review.
- 8.8 Members debated if all boroughs should be given more power and control and if they agreed that devolution should be at a borough level.

## 9 Any Other Business

- 9.1 None.

Duration of the meeting: 7.00 - 9.10 pm





<p><b>Governance and Resources Scrutiny Commission</b></p> <p>14<sup>th</sup> March 2017</p> <p><b>Cabinet Question Time</b></p>	<p>Item No</p> <p><b>5</b></p>
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## Outline

In the municipal year the Commission holds question time sessions with the Cabinet and Senior Officers to ask questions about performance and decision-making within the Council related to their portfolio areas.

### Invited guest

Cllr Taylor has lead responsibility for revenues and benefits, audit, procurement, pensions, customer services, complaints, registrars and legal services

The Commission submitted in advance the following questions:

### **Council tax**

It is has been almost 3 years since the introduction of the Council Tax Reduction Scheme devolved to Councils by central Government (along with a cut). The Commission would like to consider how (a) the council administers its Council Tax Reduction Scheme ("CTRS"), and (b) it policies on collection of arrears of Council Tax.

- 1) The Commission would like information on the Council's policies and strategy in relation to the collection of council tax arrears and how the most vulnerable are support to not fall further into debt.
- 2) Has the Council carried out a review of its CTRS since introduction in 2013 to consider areas where the administration burden and costs could be reduced or match the current funding?

### **Business rates**

The Commission wishes to understand the evidence base that demonstrates how business rates can help to achieve economic growth. In respect of this information and the fact that Hackney's businesses will have one of the highest rate increase in London the Commission is asking:

- a) How the Council is preparing for 100% business rates retention and if the Council is in a positon to estimate the level of income this will generate for Hackney?
- b) What support or information is the Council giving to local businesses about this change?
- c) What is the Council's strategy on asset management in relation to rent and business rate charges to the VCS sector and the future plans to protect the VCS sector from unsustainable / increasing charges?

## **Pensions**

Taking into consideration on the biggest impacts on pension fund investment is low interest rates and the economic uncertainty for the UK as it negotiates Brexit. We have also noted that the Council has recently demonstrated a reduction in the pension deficit.

- a) What approach has the Council been taking to reduce the pension deficit?
- b) Taking into consideration the current volatile financial market, what is the Council's pension fund strategy to protect the pension fund as much as possible from negative impact?

## **Procurement**

The consistency in contract delivery for concierge services delivered external providers compared to the services delivered by LBH staff. There has been reports of a difference in the standards of service.

## **Action**

The Commission to hold a Q&A session with Cllr Taylor about services and decisions within his portfolio.





<p><b>Governance &amp; Resources Scrutiny Commission</b></p> <p>14<sup>th</sup> March 2017</p> <p><b>Implication of Brexit for Local Government</b></p>	<p>Item No</p> <p><b>6</b></p>
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**Outline**

The process for exiting the European Union has now started in earnest with the passing of the second reading of ‘The European Union (Notification of Withdrawal) Bill 2016-17’. But this is only the beginning of a long and complex process.

According to the House of Commons research paper, the Bill, ‘once enacted, essentially represents Parliament’s authorisation for the UK to begin the process of leaving the EU. This will be the first of many changes to the statute book that will be required to reflect the outcome of the June 2016 referendum. In December 2016, the Commons passed a resolution in favour of the 31 March 2017 deadline for triggering Article 50. The paper advises:

“Once notification is given, paragraph 3 of Article 50 provides that the EU Treaties will cease to apply on either the date of entry into force of a withdrawal agreement or two years after the withdrawal is given, unless all Member States agree to extend the two-year period. This feature of Article 50 has a direct bearing on the effect of this Bill. If notification cannot be revoked giving notice will automatically result in the UK leaving the EU after two years, whether or not an agreement is reached on the terms for doing so – unless the other EU Member States unanimously agree to extend the negotiating period.”

The Brexit White Paper setting out the Government’s negotiating strategy has been published and sets out the Government’s priorities.

City experts are predicting a slowdown in growth in 2017 due to Brexit uncertainty. Like most forecasters, including the Bank of England, the predication is the UK economy will slow modestly, which is likely to result in less robust labour market conditions and modestly slower house price growth. Following the referendum the National Housing Federation advised associations to stress-test their business plans against a potential fall in property prices and tighter lending conditions.

There is a huge amount at stake for local and devolved government – from the position of EU citizens working in many sectors of the local economy, to how procurement will be framed in the future, from how services will be treated in any bilateral trade deals post brexit to how will any gaps in EU funding be met.

Some view the EU referendum result as signaling a need to rethink all governance and strengthen local powers. Meanwhile, the dominant feature of Brexit for local government is still huge uncertainty.

The local government associations are calling for constitutional talks with the government to ensure key principles underpin any new settlement:

- establishing a principle of subsidiarity, which would ensure that power is transferred to the level of government closest to the people
- securing and enhancing the legal position of local government. This would mean a defined set of powers and responsibilities which set out what local government should support at the local level so that public services can be designed around local need
- providing greater fiscal autonomy for local government.
- The principle of subsidiarity is, of course, particularly important when EU laws are repatriated, and local government needs to be clear that this is recognised during the debates on the Great Repeal Act.

The principle of subsidiarity should be understood as a basis for all good government. Clarifying and strengthening the legal position of local government post brexit must be critical if there isn't going to be chaos over who is responsible for what. Providing greater fiscal autonomy is more necessary than ever when local government is the key sector with business to grow the economy in a changing and uncertain landscape.

The Local Government Information Unit (LGIU), has published a report [Future Local: Seven possibilities for a local government story](#) calling for a more independent local government with clear powers, clear vision and a clear role in driving prosperity and ambition locally.

At this stage the prospects for local government is unclear and will be so for many months or even years, depending on how the negotiations and the economy progresses.

## **Action**

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



<p><b>Governance &amp; Resources Scrutiny Commission</b></p> <p>14<sup>th</sup> March 2017</p> <p><b>Governance &amp; Resources Scrutiny Commission Work Programme for 2016/17</b></p>	<p>Item No</p> <p><b>7</b></p>
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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
<b>Wed 15<sup>th</sup> June 2016</b>  Papers deadline: Mon 3 <sup>rd</sup> June	Election of Chair and Vice Chair	Chief Executive's	First meeting of newly elected Commission.
	Devolution Review Evidence session	Chief Executive's	Evidence session – information session looking at the emerging devolution landscape for London and local government. Input from: <ul style="list-style-type: none"> <li>LSE (Prof Tony Travers).</li> </ul>
	Budget Scrutiny Task Group – commercialisation and Income Generation	Finance and Corporate Resources	Agree work focus for TOR.
	Work Programme Discussion	Chief Executive's	To agree a review topic and topics for one-off items for the year.
<b>Wed 13 July 2016</b> Papers deadline: Fri 1 <sup>st</sup> July	Budget Scrutiny Task Group – Commercialisation and Income Generation	Finance and Corporate Resources	Presentation of proposals. <span style="color: blue; font-size: 1.5em; font-weight: bold;">meeting cancelled</span>

Dates	Proposed Item	Directorate and officer contact	Comment and Action
<b>Mon 5 Sept 2016</b> Papers deadline: Tues 23 <sup>rd</sup> Aug	Devolution – 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.
<b>Wed 19 Oct 2016</b> Papers deadline: Friday 7 <sup>th</sup> 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.
<b>Mon 14 Nov 2016</b>	Complaints and Enquiries Annual Report	Chief Executive's (Bruce Devile)	Annual report of the Council's Complaints and Enquires for 2015/16.

<b>Dates</b>	<b>Proposed Item</b>	<b>Directorate and officer contact</b>	<b>Comment and Action</b>
Papers deadline: Wed 2 <sup>nd</sup> 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.
<b>Wed 14 Dec 2016</b>  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.
<b>Thurs 19 Jan 2017</b>  Papers deadline: Mon 9 <sup>th</sup> Jan	Performance review	Chief Executive's Directorate	Scrutiny identifying and establishing the role of scrutiny for performance review.
	London Borough of Hackney 2016 Elections	Chief Executive's Directorate Tim Shields	Report Back on the Elections in May and June 2016 and voter's registration / postal votes.

<b>Dates</b>	<b>Proposed Item</b>	<b>Directorate and officer contact</b>	<b>Comment and Action</b>
	Budget, Commercialisation and Income Generation	Finance and Corporate Resources	Presentation of proposals looking at potential areas for income generation and estimated income.
<b>Mon 20 Feb 2017</b> Papers deadline: Wed 8 Feb	Council Budget 2017/18	Finance & Resources (Ian Williams)	Presentation on draft Council budget scheduled for agreement at Full Council
	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.
<b>Tues 14 Mar 2017</b> 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
<b>Thurs 13 Apr 2017</b> 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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