

## Scrutiny Panel

All Members of the Scrutiny Panel are requested to attend the meeting of the group to be held as follows

**Monday, 21st January, 2019**

**7.00 pm**

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

Contact:

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**Tim Shields**

**Chief Executive, London Borough of Hackney**

**Members:** Cllr Ben Hayhurst, Cllr Mete Coban, Cllr Margaret Gordon (Chair), Cllr Sharon Patrick, Cllr Sophie Conway, Cllr Sade Etti, Cllr Richard Lufkin and Cllr Yvonne Maxwell

## Agenda

**ALL MEETINGS ARE OPEN TO THE PUBLIC**

- 1 Apologies for Absence**
- 2 Urgent Items / Order of Business**
- 3 Declaration of Interest**
- 4 Minutes of the Previous Meeting** (Pages 1 - 16)
- 5 Communications and Consultation - Update on Scrutiny, Ward Forums and the Council's Community Engagement** (Pages 17 - 18)
- 6 ICT Update** (Pages 19 - 34)
- 7 Chief Executive Question Time** (Pages 35 - 36)
- 8 Quarterly Finance Update** (Pages 37 - 82)
- 9 Budget Scrutiny Task Groups** (Pages 83 - 84)
- 10 Work Programme 2018/19** (Pages 85 - 92)
- 11 Any Other Business**

## Access and Information

### Getting to the Town Hall

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### Further Information about the Commission

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

<http://www.hackney.gov.uk/individual-scrutiny-commissions-health-in-hackney.htm>



### Public Involvement and Recording

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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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<p><b>Scrutiny Panel</b></p> <p><b>21<sup>st</sup> January 2019</b></p> <p><b>Item 4 - Minutes and matters arising</b></p>	<p>Item No</p> <p><b>4</b></p>
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## OUTLINE

Attached are the draft minutes of the meeting of the Scrutiny Panel held on 9 October 2018.

## MATTERS ARISING FROM OCTOBER MEETING

Action at 5.5

**Action 1: Head of Governance and Business Intelligence**

*Head of Governance and Business Intelligence to ensure that the Members Enquiries process is amended so that the relevant Member is kept informed when a case of theirs is likely to take a longer period than usual.*

Update to be provided at the meeting.

Action at 6.9

**Action 2: Group Director, Finance and Corporate Resources**

*Group Director Finance and Resources to share with Scrutiny Panel Members the submission to MHCLG in Nov 2017 and the recent submission to the Mayor of London on lifting the cap.*

To be circulated to Scrutiny Panel Members before the next meeting.

Action at 8.16

**Action 3: Director of Communications, Culture and Engagement**

*Director of Communications, Culture and Engagement to bring a briefing to a future meeting on raising the profile of Scrutiny and on closer working between Scrutiny and the consultation and engagement function.*

This update will be provided under item 5.

## ACTION

Members are asked to agree the minutes and note the matters arising.

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London Borough of Hackney  
Scrutiny Panel  
Municipal Year 2018/19  
Date of Meeting Tuesday, 9th October, 2018

Minutes of the proceedings of  
the Scrutiny Panel held at  
Hackney Town Hall, Mare  
Street, London E8 1EA

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<b>Chair</b>	<b>Councillor Margaret Gordon</b>
<b>Councillors in Attendance</b>	<b>Cllr Ben Hayhurst, Cllr Mete Coban, Cllr Sharon Patrick, Cllr Sophie Conway, Cllr Richard Lufkin and Cllr Yvonne Maxwell</b>
<b>Apologies:</b>	<b>Cllr Sade Etti</b>
<b>Co-optees</b>	
<b>Officers In Attendance</b>	<b>Bruce Devile (Head of Governance &amp; Business Intelligence), Florence Obinna (Consultation Manager, Communications and Consultation), Tim Shields (Chief Executive), Ian Williams (Group Director of Finance and Resources) and Polly Cziok (Director Communications, Culture and Engagement)</b>
<b>Other People in Attendance</b>	<b>Mayor Philip Glanville (Mayor), Councillor Aron Klein, Councillor Rebecca Rennison (Cabinet Member for Finance and Housing Needs) and Councillor Nick Sharman</b>
<b>Members of the Public</b>	
<b>Officer Contact:</b>	<b>Tracey Anderson</b>  0208 3563312  tracey.anderson@hackney.gov.uk

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**Councillor Margaret Gordon in the Chair**

**1 Apologies for Absence**

- 1.1 An apology for absence was received from Cllr Etti.
- 1.2 An apology for lateness was received from Polly Cziok.

**2 Urgent Items / Order of Business**

- 2.1 There were no urgent items and the order of business was as on the agenda.

### 3 Declaration of Interest

3.1 Cllr Patrick stated she was a contributor to the Hackney Marsh Partnership Club.

### 4 Minutes of the Previous Meeting

4.1 Members gave consideration to the draft minutes of the meeting held on 16 July 2018 and noted the matters arising.

<b>RESOLVED:</b>	<b>(a) That the minutes of the meeting held on 16 July 2018 be agreed as a correct record. (b) That the matters arising from the previous meeting be noted.</b>
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### 5 Annual Report of Council's Complaint's and Members' Enquiries Service 2017/18

5.1 Members gave consideration to the Annual Report of the Council's Complaints and Members' Enquiries Service. It was noted that this item came to the Scrutiny Panel annually.

5.2 The Chair welcomed for this item:

Bruce Devile, Head of Governance and Business Intelligence (BD)  
Cllr Rebecca Rennison, Cabinet Member for Finance and Housing Needs

5.3 Members asked for an explanation of the increase in the number of Ombudsmans' investigations which had been upheld and whether there were any underlying trends associated with them.

5.4 BD explained that the numbers here were small and the changes not significant. Often the Ombudsman will agree with the Council but still find fault so it is not always an accurate measure. Generally though they had not raised any issues and they had not felt the need to visit. The Council promptly supplied them with whatever they requested and so the relationship overall was a good one. On common issues, often this related to complicated cases where they would find fault with one small part of the process.

5.5 Members noted that the average response time for Members' Enquiries had jumped to 15.5 days and expressed a concern that a many might be significantly over this. One Member stated that on one case over one month a holding response had been sent to her but not to the complainant and this needed to be addressed. BD stated that the lag related to the more complicated cases relating to benefits and Housing Needs because these take much longer. Members also asked that they be kept informed when a case is

likely to take a longer time so that the complainants' expectations can be managed.

<b>ACTION:</b>	<b>Head of Governance and Business Intelligence to ensure that the Members Enquiries process is amended so that the relevant Member is kept informed when a case of theirs is likely to take a longer period than usual.</b>
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- 5.6 With ref to point 3.7 of the report (p.51) Members asked why the volume of complaints on Street scene and Housing Needs had increased so much. BD replied that this related to varying quality and performance of schemes. When an issue arises there is usually a flurry of complaints e.g. the cycle super highway or the 'no left turn' onto Richmond Rd. Cllr Rennison added that Members need to be aware that the Complaints Service is not responsible for the service complained about but rather the complaints process. Much work was ongoing with the Housing Team for example on the learning from complaints.
- 5.7 Members asked if there was guidance on the best way to present Members Enquiries. BD replied that they get c.2000 enquiries a year and very rarely do they need to refer back to the Member as the information provided is generally sufficient to properly investigate.
- 5.8 A Member stated that Cllrs were being used as a mailbox for complaints to MPs and suggested that Scrutiny Panel request the MPs to forward emails to the members enquiries email address and cc the relevant Cllrs. Cllr Rennison cautioned that MPs do this to make sure Cllrs are held accountable. BD added that the same complaint will be made to a range of people simultaneously and this was always a challenge to sort out.
- 5.9 Members asked about the volume of complaints on Housing Assessments and the Council being accused of not meeting its statutory requirements. BD replied that 50% of the complaints were on housing and 50% of these was on repairs and the balance on Housing Management and Asset Management. He stated that this was no higher than other similar councils and Hackney had 20,000 tenants. He added that the Service was looking at how it can better use the data available so services are made aware earlier about what might be going wrong.
- 5.10 A Member commented that in his view the service was excellent and with helpful briefings being provided they were able to offer better guidance to residents.
- 5.11 The Chair thanked BD for his report and for attendance.

<b>RESOLVED:</b>	<b>That the report and the discussion be noted.</b>
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## 6 Quarterly Finance Update

- 6.1 The Chair welcomed for this item:

Ian Williams, Group Director Finance and Resources (IW)  
Tim Shields, Chief Executive (TS)  
Cllr Rebecca Rennison, Cabinet Member for Finance and Housing Needs  
Mayor Philip Glanville

And the Chair stated that the Panel received regular Financial Updates from the Group Director.

- 6.2 Members gave consideration to three reports:
- a) Overall Financial Position, Property Disposals and Acquisitions Report agreed by Cabinet in July
  - b) Capital Update report agreed by Cabinet in September
  - c) Presentation on 'Funding Cuts and Challenges', which was tabled
- 6.3 IW took Members through the reports and stated that on the revenue side the Council continued to experience significant financial challenges, however the overspend was just 5% of overall budget and the Council was in a very strong position vis-à-vis other local authorities in the country which were in crisis e.g. Northamptonshire, Surrey and Lancashire.
- 6.4 IW drew Members' attention to point 2.8 of OFP report regarding the plans for a North London Heat and Power Project by the North London Waste Authority. Hackney was one of the 7 councils involved. This would represent the largest investment by the Council for many years and so there would be regular updates to Members as well as updates in the regular OFP reports.
- 6.5 With reference to point 1.1 on p.62 of the OFP report and the £5.5m overspend, Members asked for clarification on how much the over spend would deplete reserves and how this would be handled and how for example expectations about potential lower council tax collection rates were factored in. IW replied that there would be no draw down of the Corporate Contingency and the Council wouldn't factor in an assumption about overspend. In the current situation it was too early to tell what the actual impact would be. He described how in the past £2.5m had been used to fund emergency works. Generally if council tax was raised 1% it would generate £800k but a 0.5% raise would just generate c£300k. Members asked further what the depletion of reserves was last year. IW replied that the Council was able to draw down agreed balances from the CCG which had meant that they did not need to dip into the reserves on that occasion.
- 6.6 Members asked about the financial challenges relating to Adult Social Care and CYP services. IW replied that the adult and children's social care came out of the general fund but SEND was funded from the Direct Schools Grant. They factored in growth pressures and the costs of Looked After Children and of placement costs in Adult Care. All things being equal they were confident that they would be able to manage the situation back to balance. He stated that in London overall there was a £100m deficit with SEND. As SEND was funded out of DSG the issue cannot be resolved through council tax.
- 6.7 With regard to the financial impact of the North London Heat and Power project Members asked how evolved the modelling was. Were there clear

specifications in place and was the £8-9m per annum estimation expected to rise to £14-15m? IW replied that Hackney will have to pay its share c. £600m for the whole project. Several growth pressures were being factored in and the Council would build up the levy. He also cautioned that issues such as moving to twice weekly collections won't materially impact on the bigger picture here. Officers would be bringing a paper on recycling and the NWLA to Members soon.

- 6.8 Members asked what the impact would be of the government's announcement that week regarding lifting the cap on councils' ability to borrow for building social housing. IW cautioned that while it was of course to be welcomed it represented an increase in borrowing rather than any new kind of grant funding. They would still have to build more private units to secure more social units. He stated that they had just met with MHCLG (Ministry of Housing, Communities and Local Government) formerly DCLG, who were about to launch a period of statutory consultation on amending the prudential code for borrowing by local authorities. It not being a grant the same questions about viability remained. He added that the Council had made a submission on the borrowing cap to MHCLG in Nov 2017.
- 6.9 The Mayor described how the change would allow building plans to be scaled up and the financing mix between use of cross subsidy, borrowing and Right to Buy receipts. While it wouldn't be possible to increase the tenure mix, the new borrowing could fund 50% of the cost of the new units. He described a recent bid to Mayor of London where they planned to switch 100 units of shared ownership to social housing. He stated that other councils had S.106 war chests that they could access because of their approach. As the new Local Plan is rolled out in Hackney there may be able to be S106 contributions specifically for social housing he added. Overall the Housing Revenue Account borrowing cap allows Hackney to expand and scale up its plans but not to change the existing tenure mix. 2000 homes could be possible by 2022 or 4000 by 2025 including 800 for private sale.

<b>ACTION:</b>	<b>Group Director Finance and Resources to share with Scrutiny Panel Members the submission to MHCLG in Nov 2017 and the recent submission to the Mayor of London on lifting the cap.</b>
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- 6.10 The Chair of Audit Committee (Cllr Sharman) commented that the national funding crisis on Special Education Needs and Disability (SEND) was a very serious challenge as the Council could not control the demand and had no control over the level of funding for it which came from the Direct Schools Grant. He stated that Hackney Learning Trust and Finance officers had already made a presentation to Audit Committee on the issue and a report was expected in November on the medium term plan to address the issue locally and he would be happy to share this with Scrutiny Panel Members. The Chair added that she and Cllr Patrick were on the Co-Design Group in relation to this.
- 6.11 Members asked what the plans were for Hackney House. Polly Cziok replied that the most significant cost associated with it was the business rates which were increasing significantly. This had to be balanced against the fact that it was an excellent venue for hosting events and being located in Shoreditch was ideal for targeting specific stakeholders such as the tech industry. The landlord

of the venue currently had a good deal but there were many factors for the Council to consider and a decision on its future viability would have to be taken very soon.

- 6.12 The Chair took issue with the level of spend on the IT Enabler Group. IW replied that this was part of the Integrated Commissioning system and it would allow Section 256 money to be released and was not a top up. They did not anticipate further increases in spend on this. Monies were being held for this purpose and this referred just to the mechanism for releasing it.
- 6.13 The Chair thanked IW for his report and attendance.

<b>RESOLVED:</b>	<b>That the updates and discussion be noted.</b>
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## 7 Budget Scrutiny Task Groups

- 7.1 Members gave consideration to a report to establish 4 time limited Scrutiny Task Groups for the purposes of budget scrutiny introduced by the Corporate Director Finance and Resources.
- 7.2 As regards the Membership of the Groups, the Chair proposed that the following Members would serve on Fees and Charges Scrutiny Task Group: Cllr Gordon, Cllr Patrick, Cllr Lynch, Cllr Stops and Cllr Joseph.
- 7.3 It was further noted that the Fees and Charges Scrutiny Task Group would commence its work immediately and the membership of the other three Scrutiny Task Groups would be agreed at the next meeting of Scrutiny Panel in January as they would not commence their work until the new year.
- 7.4 Members' agreed the report.

<b>RESOLVED:</b>	<p><b>(a) That 4 x time limited Budget Scrutiny Task Groups be created, as outlined in the report, to carry out budget scrutiny in the following areas:</b></p> <ul style="list-style-type: none"><li>- Fees and Charges</li><li>- Early Years' Service</li><li>- North London Waste Authority (Recycling and Waste)</li><li>- Integrated Commissioning (Children, Adults and Community Health)</li></ul> <p><b>(b) That the membership of the 'Fees and Charges Budget Scrutiny Task Group' be as follows:</b></p> <p><b>Cllr Gordon Cllr Patrick Cllr Lynch Cllr Stops Cllr Joseph</b></p>
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## 8 Council's Approach to Consultation

- 8.1 The Chair stated that she had invited the Chief Executive and the Director of Communications, Culture and Engagement to this meeting to discuss the Council's approach to consultation and Members gave consideration to the following documents:
- a) Report from the Consultation Team
  - b) Consultation Principles – Code of Good Practice published by Cabinet Office (April 2012)
  - c) LBH Consultation Guide
  - d) Analysis of survey of Members' views on the consultation service
- 8.2 The Chair welcomed to the meeting:
- Tim Shields, Chief Executive (TS)  
Polly Cziok, Director of Communications, Culture and Engagement (PC)  
Florence Obinna, Consultation and Engagement Manager (FO)
- 8.3 Members asked whether there was an appetite for a shift to more democratic or inclusive means of engaging with residents. PC replied that there was a shift to a more engagement led model but there was a dichotomy between consultation and engagement. The *Hackney A Place for Everyone* exercise was a game changer in that it had used many creative new approaches which led on to the current '*Dalston Conversation*' and the '*Young Futures Commission*'. There was a clear difference between the large number of statutory consultations which the Council had to carry out each year e.g. involving road closures or parking etc and the larger more strategic ones which were more deliberative. Most of the former were uncontroversial but a small number did create a lot of heat. The Group Director of Neighbourhoods was pushing for more pre-consultation engagements in order to forge solutions prior to going out to consultations on something specific. Members stated that often there were tensions because a consultation was done about one road and then the next, when there should be a more holistic approach. FO replied that the Place Based Approach to consultation which was now being tried should help remedy this by working with the technical officers and looking across service areas and aiming for a more coordinated approach.
- 8.4 Members asked whether more work could be done to link consultation activity with Ward Forums and make the latter a platform for some of these pre-consultation conversations. A Member stated that attendance at the Forums was generally not very representative unless there was a big contentious issue under debate.
- 8.5 FO replied that the London Fields Ward Forum had been an example of this when there had been major concerns about traffic changes in the area. When an issue was contentious and if there was an information vacuum on it, then residents would turn up to their Ward Forums seeking answers.
- 8.6 A Member expressed the concern that residents thought consultations were referendums and this idea needed to be challenged. PC stated that with CPZs

for example there was a need to legally consult and a process laid down in statute had to be followed. There was however also a need to supplement that with more meaningful engagement exercise and this was the reason behind initiatives such as the 'Dalston Conversation'. A Member stated that of 1500 residents being consulted on parking changes for example only 150 might reply, many felt it didn't apply to them.

- 8.7 PC replied that officers do ensure particularly with the large statutory consultations that the responses will be as representative as possible citing the example of a recent education consultation where they ran a series of intensive focus groups with social housing tenants because previous similar consultations had over 70% owner occupiers responding. FO added that when they are aware of the possible impact of a change on a particular group of residents they make a concerted effort to target the consultation exercise to them. The general problem though was that the public often don't take any notice until a change is being implemented.
- 8.8 PC added that some groups are simply much harder to reach than others. Generally they have found that women are far more likely than men to reply to consultations (apart from in parking and licensing). She added that the move of the former Hackney Homes Tenant and Leasehold Engagement Team to the corporate centre had been very positive one and allowed the team to build on the existing relationships which that group had with tenants groups and to develop better consultations.
- 8.9 A Member commended the Hackney Wick 'Through Young Eyes' engagement exercise which he felt was revelatory in that it asked the young people how they looked at life. The views of the young people hadn't been mediated or interpreted. He added that it was an approach which should be copied. PC replied that there wasn't a standard approach to engagement and they thought carefully about each one and whether new approaches might be tried. On the forthcoming Pembury exercise they will use Place Based Engagement. Different approaches are tried in different areas and with different groups for example, the work with Young Black Men and the work with the Charedi community. FO added that part of the approach was to go where the target groups were e.g. using the market stalls at the Hackney Carnival or the summer Street Parties. There was also a need to think about timings e.g. parents not being available in early evening to attend something like a Ward Forum because of parenting responsibilities.
- 8.10 A Member commented on the low initial response to the Future Shoreditch consultation and having discovered that many of the leaflets distributed via Hackney Today were not being delivered. PC asked Members to let her know about examples where Hackney Today was not getting through so this can be rectified by the distributors.
- 8.11 On the recent controversial Licensing consultation a Member commented that while she had only one objection by email, in her surgeries many were raising the issue of their lives being made a misery by the over saturation of night time venues. They were choosing to respond in person at the surgeries and not online she observed. PC commented that 75% of respondents on that were males aged 25-40 and so it was not representative of the different cohorts

- being affected and this was one of the challenges with it. Members commented that it was important not to simply listen to the loudest voices.
- 8.12 Members asked if there was some way to have a system of rapid rebuttal when issues become heated and mistruths are flying about and was it possible to feed back to the consultation team half way through a consultation.
- 8.13 PC replied that one of the key priorities for the Consultation Team was to keep consultations Judicial Review proof. It would never be allowed to intervene half way through a consultation although Members have in the past asked if they could see how one was progressing. FO stated that the challenge now was with social media and making sure that those who are tweeting on an issue are linked back to the original information provided by the Council. Often these individuals won't do this because they have a specific counter agenda.
- 8.14 Mayor Glanville added here that this was a Public Affairs issue rather than one of rebuttal and it was about how you construct the argument in the first place. It was vital that consultations were operated totally professionally and so could withstand any potential Judicial Review. He added that on the SEND issue they had come late to it and did not establish clearly enough in the public's mind that there was a major funding gap. PC added that one of the challenges for the team was to keep across what the entire organisation was doing at any one time. TS added that if the Council can get in early with engagement e.g. Dalston Conversation or the Britannia consultation that it can capture other sets of voices who might be being overlooked. From this another narrative would emerge from another group of people. If this is done well the Council would then not be caught on the back foot on an emerging issue.
- 8.15 Cllr Coban stated that the Skills Employment and Growth Commission recently had very successful engagement with community leaders who facilitated conversations with local businesses. PC commended this. She also added that in the past there had perhaps been too much reliance on community leaders, who on closer examination were found to have been more self-appointed than representative. The Council will always be looking to people who are better connected to allow it to engage more deeply with certain groups but that generally the Council needed to be more confident about going and having direct conversations with residents. The Mayor added that it was also important that people are not paid to give views or provide access.
- 8.16 The Chair thanked officers for the short Members survey which the Panel would study. She asked whether there were ideas on developing more deliberative democracy in areas which are undergoing rapid change. She also asked about the role of Scrutiny in terms of communication and engagement work. Because of pressure of time the item had to conclude but PC replied that she would be happy to come back to the Commission on this issue at a future meeting.

<b>ACTION:</b>	<b>Director of Communications, Culture and Engagement to bring a briefing to a future meeting on raising the profile of Scrutiny and on closer working between Scrutiny and the consultation and engagement function.</b>
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<b>RESOLVED:</b>	<b>That the reports and discussion be noted.</b>
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## 9 Mayor's Question Time

- 9.1 The Chair welcomed Mayor Glanville to the meeting for the regular Mayor's Question Time Session. Also attending for this item were Tim Shields (Chief Executive) and Ian Williams (Group Director Finance and Resources).
- 9.2 The Chair stated that the Mayor had been asked to answer questions on:
- (a) Progress on implementation of the 2018 Manifesto commitments
  - (b) The financial resilience of Hackney Council
  - (c) The Impact of Brexit in Hackney
- 9.3 The Mayor described the progress being made in planning for implementing the 157 individual commitments in the manifesto. They had been narrowed down to 10 key areas of focus which would shortly receive Cabinet sign off. They would also be the key building block of the Corporate Plan, to be agreed in October. The intention was to make the documents as interactive as possible. They were also phasing the commitments and planning the engagement that must be done on them early on. Several could be described as 'business as usual' and many were of course cross-cutting. Some involved capital investments and new projects e.g. future plans for King's Hall. He was also pleased that a lot of the manifesto commitments could also be included in the next iteration of the Local Plan.
- 9.4 On the issue of financial resilience the Mayor stated that many of the issues had already been covered in item 6. The increasing challenge of supporting SEND and No Recourse to Public Funds cases would offset the savings that would have been provided. Also it was not year clear what the full impact of Universal Credit will be. There was no obvious end in sight to austerity for local government and instead for example the goal posts keep shifting on plans for retention of business rates, he added. The latter had not been built into base budgets because the government's position kept shifting. The current overspend of £5.5m was the first in a very long time and other London councils had deficits of c. £20m and many in west London were complaining that they didn't have any reserves to deploy.
- 9.5 On the issue of Brexit the Council would be lobbying hard and standing up for its values. It would impact on workforce development, on procurement to name just two areas. The Council would ensure that support was offered both to EU citizens who live in the borough and those who work for the Council. The Council would be holding event with the EU Commission at Hackney House at the end of the month.

- 9.6 A Member asked about the redevelopment of King's Hall Leisure Centre. The Mayor replied that it was a manifesto commitment. He stated that much detailed work on the options appraisal would need to be done. Lessons could be learned from the consultations on London Fields and Britannia Leisure Centre. The options were broadly refurbishment or building a new facility and closing Kings Hall completely but then what would be done with a Grade II listed building, he added. His personal preference was for refurbishment of it but this would require closure for some time and there was an issue about provision of leisure facilities on the eastern corridor of the borough. One of the challenges with such historic buildings was that you never know what you will discover during refurbishment or what limitations might have to be placed by English Heritage. Generally there was a need to complete the Britannia project first and it was unlikely that it would be possible to embark on a major spend on Kings Hall during this administration.
- 9.7 The Chair of Audit Committee asked how the Council was responding to the funding crisis nationally for local government which had seen some councils such as Northamptonshire go under.
- 9.8 The Mayor replied that the crisis in Northamptonshire was neither sudden nor unexpected. The danger was that councils would panic and either reimagine their services by for example selling off assets and using lease back. Hackney decided in 2010 that it wouldn't change its approach and would not become merely a commissioner of services. There proved to be no need for knee jerk reactions and overall the council has very good commercial acumen, excellent financial management and it has also been adept at winning outside investment. Unfortunately there was no solution for local government finances that was not based on a national solution. The Council has got the right partnerships in place and is focusing more on integrated commissioning he added. The Council was also investing in people and focusing on retaining a high proportion of its workforce. Local government was at a breaking point but Hackney was not and it would not be driven for example to the extreme of funding Adult Social Care to the exclusion of all else, the position faced by councils in dire trouble. It was also becoming clear that the government would not be able to deliver Brexit without working with local authorities, he added.
- 9.9 TS added that nationally the situation was serious and many local authorities were walking towards the edge of a cliff. He reminded Members however that county councils have different problems than inner London boroughs e.g. lots of roads to look after, a larger ageing populations with rising social care needs etc. Hackney's strategy has been to try to keep ahead of the game, because if a council acts too late it can end up making bad decisions e.g. quickly cutting 500 staff to save money which then doesn't deliver savings. The general lesson was that difficult decisions must be faced up to early on. Changes to contracts with providers designed to save money will take time to play out and deliver savings for example. Overall there has to be a structural change in how local government is funded.
- 9.10 The Mayor added that if you allow council tax to take the strain of the cuts you'd have to increase it by 80% to make a difference. Business rates, as currently constituted, were destroying the high street and yet the government was trying to move to a position where they do not have to put money into services.

- 9.10 A Member asked about how much coordination there was with other boroughs on lobbying on Brexit issues. He stated the Skills Employment and Growth Scrutiny Commission would be shortly meeting with Amazon, now headquartered in the borough, to discuss employment and regeneration issues. One issue being explored was how Brexit might even present an opportunity to young people seeking employment locally because some of the larger local employers might end up short of employees post Brexit.
- 9.11 The Mayor replied that much work was being done at a London Councils level to make the case nationally for London. Nationally there were debates pitting the need for HS3 vs Crossrail 2 and a group of councils were arguing for the need to rebalance the economy without London unduly taking a hit. The LGAs Regeneration Committee now had a London leader who was making the case for London. He commended the work Cllr Williams was doing on Investing in People which was not only about apprenticeships and having local schools work with Amazon but also having TRAs working with Here East. He warned that there was also the possibility that the Hackney economy gets seriously damaged by Brexit and we'd be trying to upskill people for jobs that would no longer exist. It was of great concern that nationally that Further Education Colleges were on their knees, he added. Having further education cut to the bone would not make up for the benefits of the devolution of the Skills agenda to London. London was still performing very poorly on both apprenticeships and on skills.
- 9.12 Cllr Klein asked the Mayor why the Council was using bailiffs against poor people on benefits.
- 9.13 The Mayor replied that the welfare cuts which were producing this hardship were a direct consequence of government policy and this should not be forgotten. He stated that use of bailiffs was decreasing and they were ensuring that they were only used as a last resort and the aim was to have an independent organisation in between the council and the bailiffs. On the other hand if a Council doesn't have an effective mechanism in place to collect its debts the financial system that underpins support to residents will fail. IW stated that there was already in place a whole raft of support measures for residents in financial difficulties and he referred Members to the details on p.35-39. This detailed work with the Money Advice Trust on enhancing the support to residents. He added that a lot of the persistent non payers paid up in the end with some paying £10k for example so it was not correct to characterise them all as people of no means. He referred to the work with the previous Governance and Resources Commission on revising the whole approach to debt collection and the work of Cllr Rennison on leading a One Council approach to debt collection. The use of bailiffs was constantly reviewed, it was a last resort but the Council needed that final sanction if it was to recover what it was owed.
- 9.14 Members asked about how there might be an ongoing conversation with the public on the difficult decisions.
- 9.15 The Mayor replied that on the budget it was very difficult to get the public engaged with the concepts such as the financial envelope etc. When budget consultation events were held in the past they tended to attract the same limited number of residents/stakeholders and this process was very resource

**Tuesday, 9th October, 2018**

heavy. Budgeting was a 4 year discussion he added. A lot of work needed to be done on co-production. On 'early years' for example there was a need to present as much of the offer as early as possible and have a 2 year public discussion not just a yes/no consultation. You need to do this early enough for it to be genuine but then you won't have all the potential answers worked up. Overall though this is worth the risk involved. The overall local government financial situation needed to be explained and how councils have ended up where they are.

- 9.16 The Chair concurred stating that there is a need for a more deliberative process. She thanked the Mayor, the Chief Executive and the Group Director of Finance and Resources and the Cabinet Member for their attendance.

<b>RESOLVED:</b>	<b>That the discussion be noted.</b>
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## **10 Work Programme 2018/19**

- 10.1 Members gave consideration to the latest update on the work programme for the Panel for the year.

<b>ACTION:</b>	<b>That the item on 'Sustainable Procurement Policy' be confirmed for the January meeting and that there also be an item on policy development with regard to 'in-sourcing' of services.</b>
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<b>RESOLVED:</b>	<b>That the updated work programme be noted.</b>
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## **11 Any Other Business (21.10)**

Duration of the meeting: 7.00 - 9.10 pm

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<b>Scrutiny Panel</b> <b>21<sup>st</sup> January 2019</b> <b>Item 5 - Communications and Consultation - update on Scrutiny, Ward Forums and the Council's Community Engagement</b>	Item No  <b>5</b>
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## **OUTLINE**

This is a discussion about how Scrutiny and Ward Forums fit into the Council's broader community engagement work. This will cover:

1. Scrutiny and Council's community engagement work
2. Ward Forums and Council's community engagement work
3. How Scrutiny and the consultation and engagement function work together.
4. Raising the profile of Scrutiny.

Attending for this item will be:

**Polly Cziok**, Director of Communications, Culture and Engagement

## **ACTION**

Members are asked to give consideration to the discussion and ask questions.

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<b>Scrutiny Panel</b> <b>21<sup>st</sup> January 2019</b> <b>Item 6 – ICT Update</b>	Item No <b>6</b>
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## **OUTLINE**

The presentation attached provides an update on the utilisation of digital solutions related to service delivery, areas of innovations and information about equalities impacts.

Attending for this item will be:

**Rob Miller**, Director of ICT

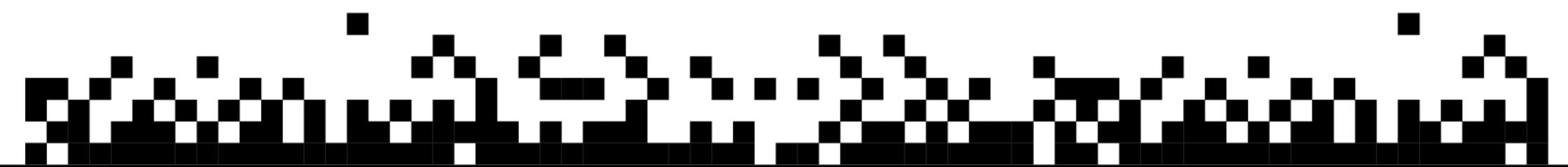
## **ACTION**

Members are asked to give consideration to the presentation and ask questions.

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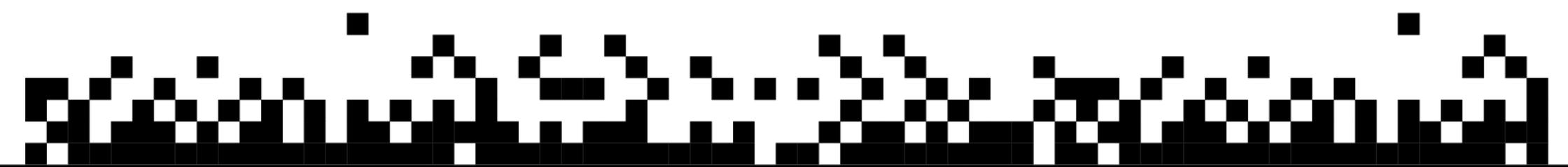
# How are digital services improving outcomes for Hackney's residents and businesses?

Page 21



We are working to provide digital services,  
so good that people prefer to use them

Page 22



Helping to tackle homelessness through redesign of housing advice and personal housing plans

Improving efficiency and accuracy through smart automation



Report and track repairs on your mobile phone

Check and pay rent on your mobile phone

We've taken big steps forward with our security so that residents can trust us to safeguard their data

Helping more residents find employment through digital redesign of Hackney Works

Launched our Digital Apprenticeship programme with 21 new apprentices joining our team this autumn

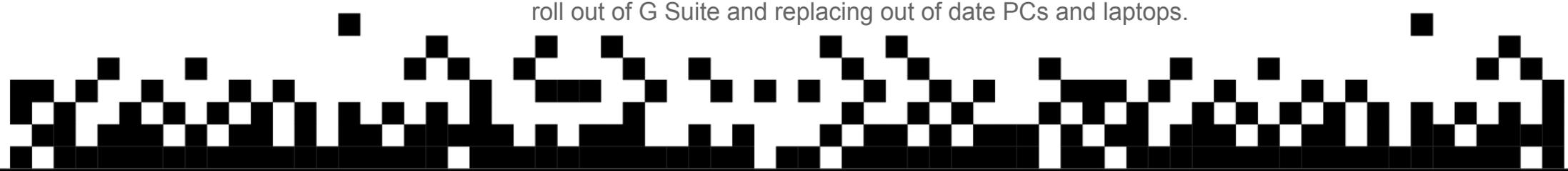
Updated our contracts register to provide a clear pipeline of future commissioning priorities

Successfully moved to the Hackney Service Centre, bringing our team together in a modern working environment

Increasing staff time supporting residents through smarter working and mobile technology

Delivered personal support and advice for our users, including support for general tools, information management and geographical data

Provided nearly 4,000 users with modern tools for work through the roll out of G Suite and replacing out of date PCs and laptops.



## Raising standards for private sector landlords through digital registration for HMO licences

**We bust our backlog of cases** so that services have IT that works and can focus upon delivering residents' needs

**Upgraded and replaced hundreds of servers, switches and applications** to keep our systems secure and up to date

**Smarter freedom of information requests** that proactively suggest the information people are looking for, increasing transparency and reducing costs

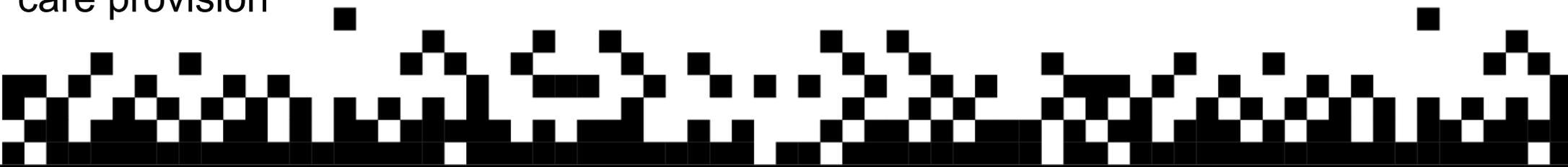
**Relaunched HackIT** with the completion of our restructure and welcomed new colleagues into our team

**We are leading local digital collaboration** through our work to relaunch Pipeline, our User Research Library and working in the open

**Enabled significant savings through redesign of services**, helping Hackney continue to prioritise investment in front line services

**Supporting Hackney's most vulnerable residents** through increasing in-house foster care provision

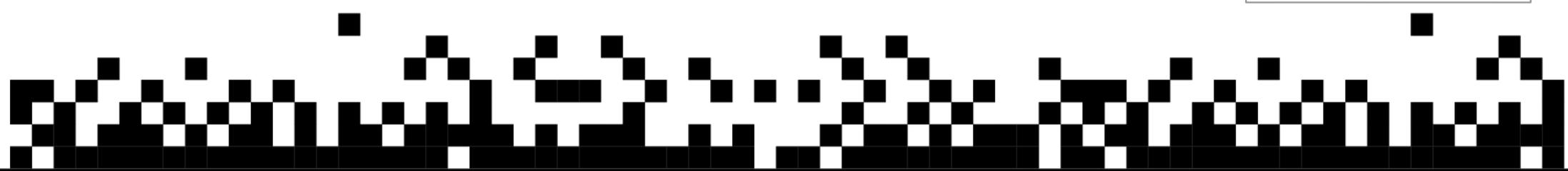
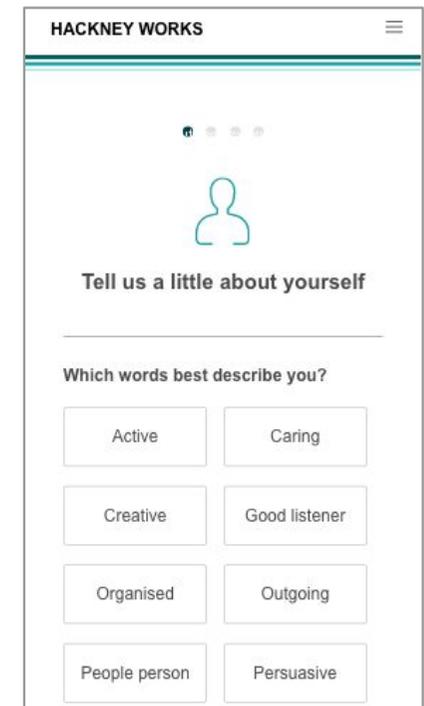
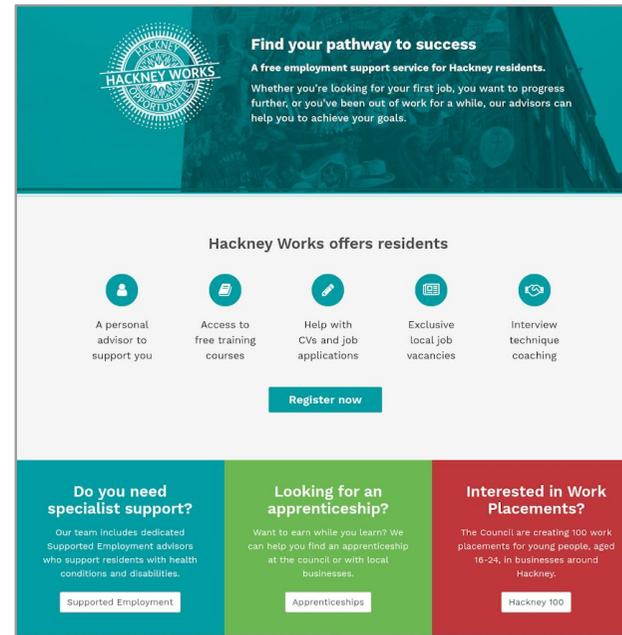
**Fast and easy to use internet access at Hackney's libraries and offices** using our Wifi-4-All service



# Helping more residents find employment through digital redesign of Hackney Works

Page 25

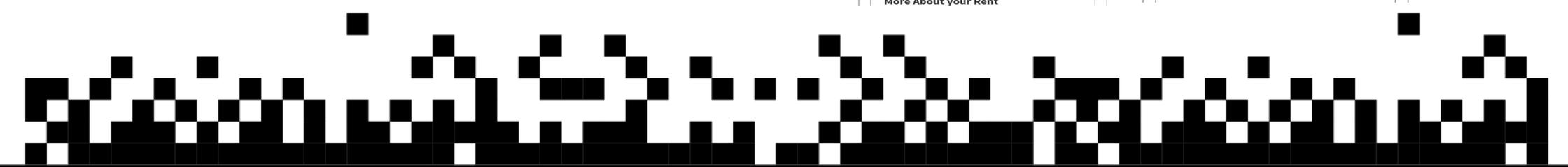
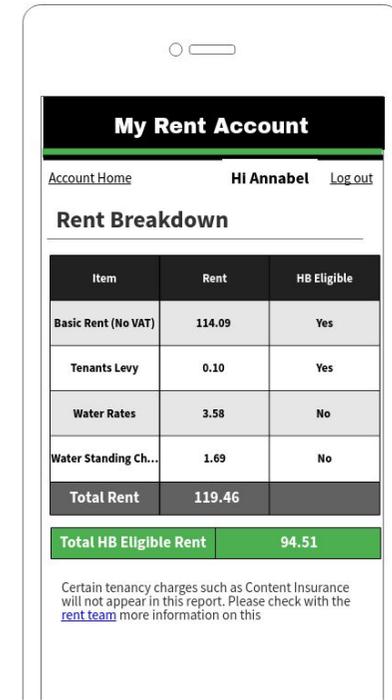
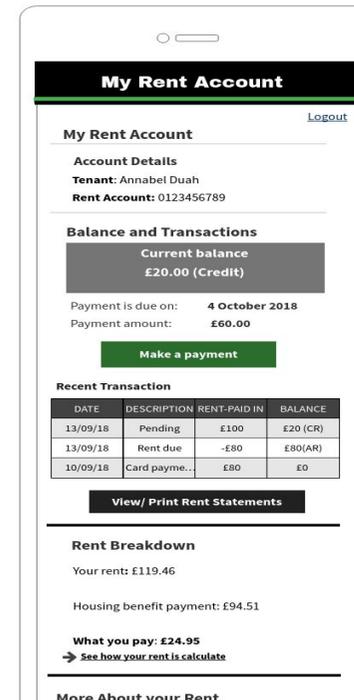
- Referrals have increased 60% thanks to a simplified referral process
- Hackney Works has increased its reach by 47%
- 45 more people are in work vs the same time last year



# Check and pay rent on your mobile phone

Page 26

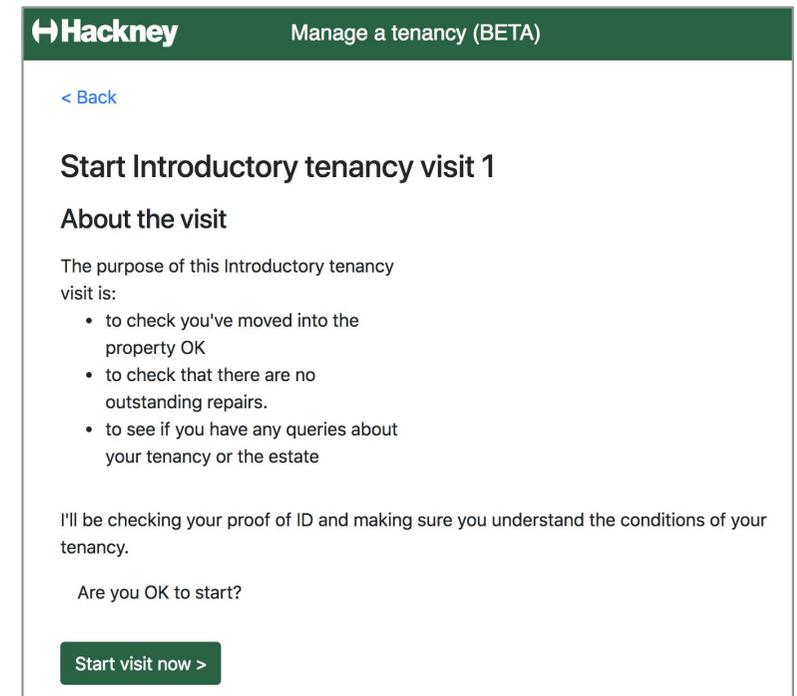
- 1,000 fewer calls each month as tenants are now able to check their balance on their mobile
- 20% increase in online and 14% decrease in phone transactions



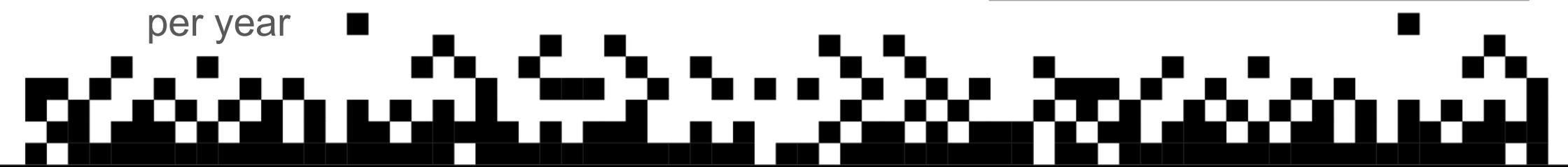
# Increasing staff time supporting residents through smarter working and mobile technology

Page 27

- Officers can now spend more time with tenants by accessing and updating live data on the move
- Supporting reconfiguration of Neighbourhood Housing Offices - c. £200k saving pa
- Helping to reduce fraud: already identified 1 potential tenancy fraud costing £18,000
- Reducing paper use by over 30,000 sheets per year

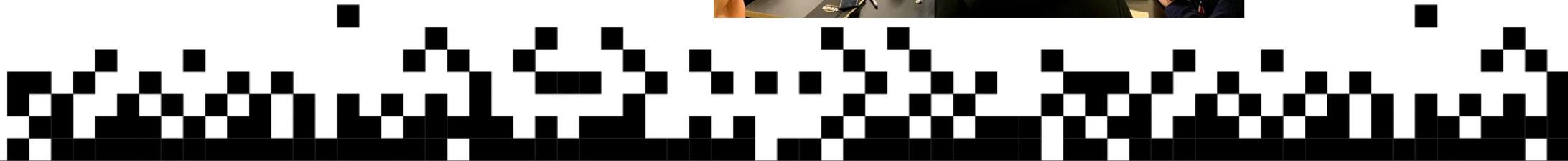
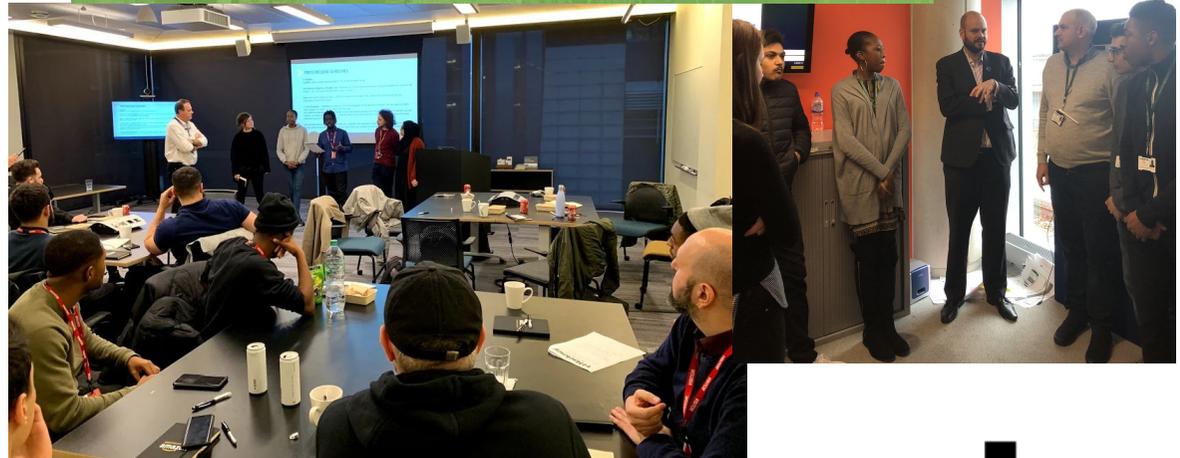


The screenshot shows a mobile application interface for Hackney. At the top, there is a green header with the Hackney logo and the text "Manage a tenancy (BETA)". Below the header, there is a blue link for "< Back". The main content area is titled "Start Introductory tenancy visit 1" and "About the visit". It explains the purpose of the visit and lists three bullet points: to check if the user has moved into the property OK, to check for outstanding repairs, and to see if the user has any queries about the tenancy or estate. Below this, there is a statement: "I'll be checking your proof of ID and making sure you understand the conditions of your tenancy." followed by the question "Are you OK to start?". At the bottom, there is a green button labeled "Start visit now >".



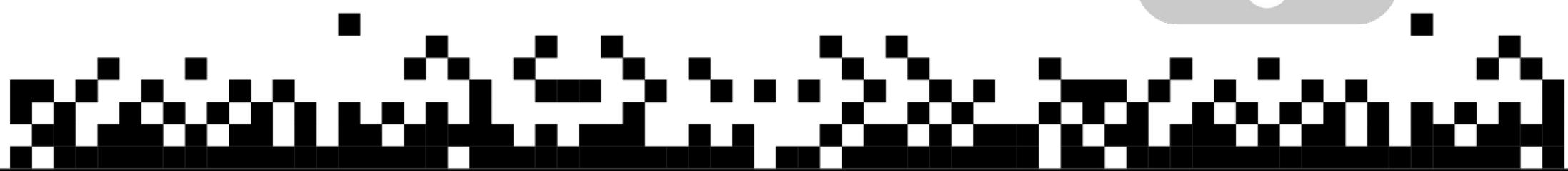
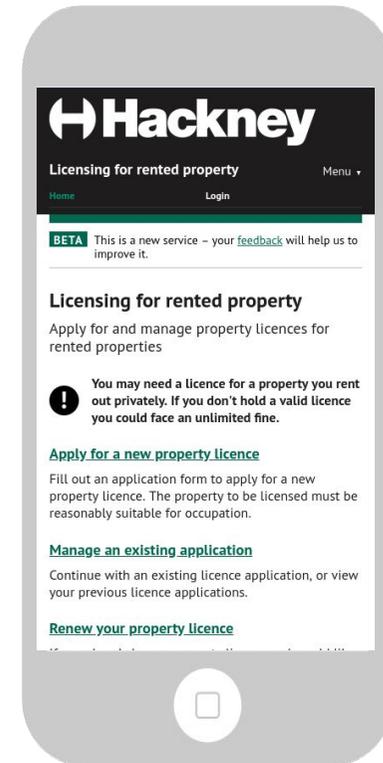
# Launched our Digital Apprentice programme with 21 new apprentices joining our team this autumn

- 21 new apprenticeships across the ICT team in a range of disciplines
- Working towards high quality qualifications
- Linking in with local tech employers to provide a great start to their careers in digital



# Raising standards for private sector landlords through digital registration for HMO licences

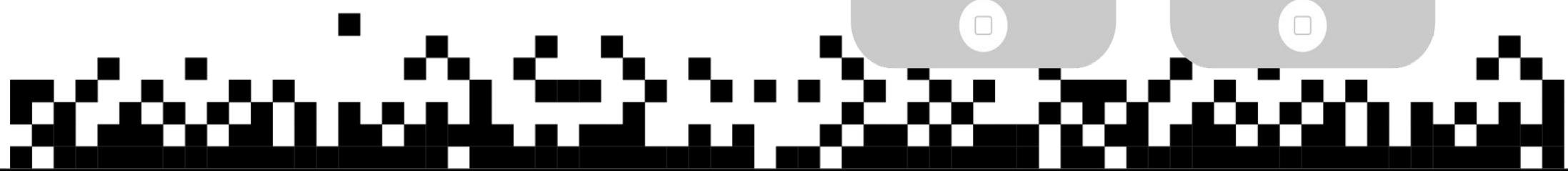
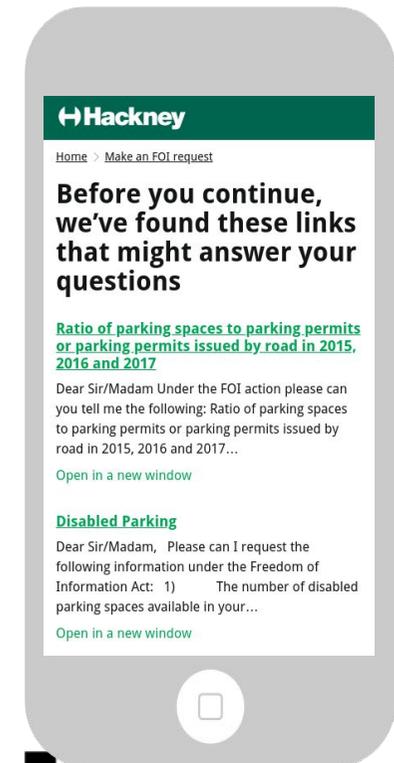
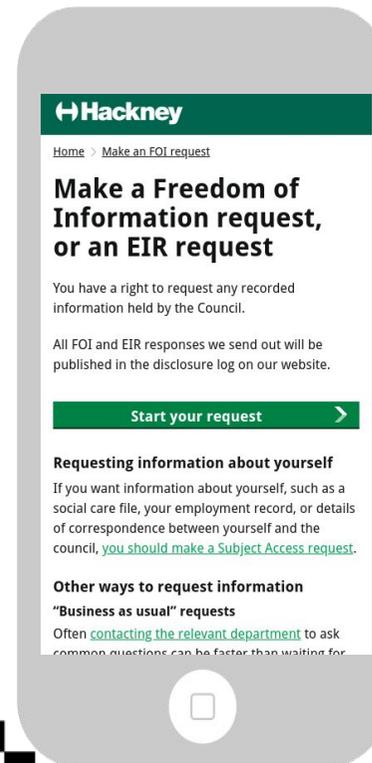
- Twice as quick to complete as the paper form
- Generated £1.25M revenue from 1731 applications
- Inspections will be carried out using mobile devices from Feb 2019



# Smarter FOI requests that proactively suggest information, increasing transparency and reducing costs

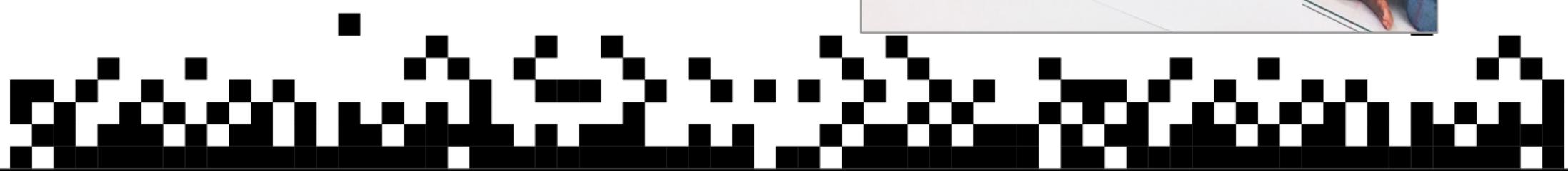
- Simpler, clearer online experience for submitting a request for information
- Proactive suggestions of information that is already available as open data / previous FOI responses
- 24 FOIs avoided, expected to save equivalent to £12k in first year

Page 30



# Supporting Hackney's most vulnerable residents through increasing in-house foster care provision

- Improving the information session for prospective foster carers
- Simple eligibility checker, helping to ensure applications are likely to be successful
- 16 applicants have applied online (3 currently in selection process)



# We are leading local digital collaboration, through catalysing shared digital development & working in the open

Page 32

- 147 projects shared from 66 organisations since Nov 2018 using the Pipeline collaboration platform
- eg 9 authorities working together to transform planning applications
- eg collaboration across 4 authorities on new web content

**Pipeline** ALPHA This is a prototype, your feedback will help us improve this service.

Tags: All projects Login Register

**Welcome to Pipeline**

Pipeline is a service from LocalGov Digital to aid innovation and collaboration in local government digital.

**66** Organisations **147** Projects

**Discovery** **Alpha** **Beta**

**58** **26** **18**

User needs are researched and identified | A core service is built to meet the main user needs | The service is improved, then tested in public

**Develop a digital service to enable users to submit, view and comment on a Planning Application** ALPHA

**Project details:**

Organisation: London Borough of Hackney  
Department: Public realm  
Collaboration Level: Share Ideas  
Budget: £100,000

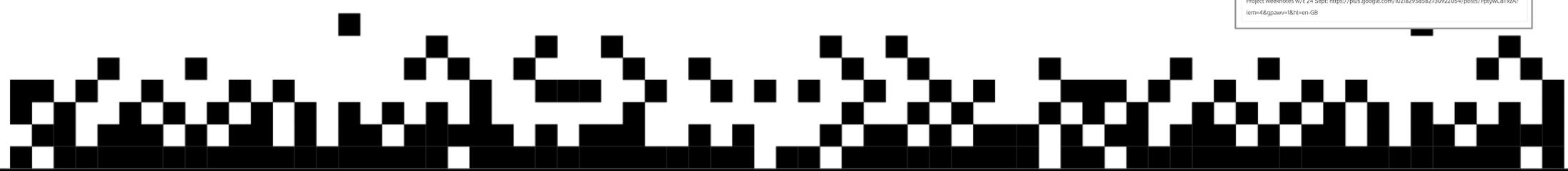
**Activity**

- Contributed Matthew Cain
- Watched Marcus Ferbrache
- Watched Adrian Short
- Contributed Andy Evans
- Watched Andy Evans
- Watched Emma Cleal
- Contributed Emma Harley

**Status Updates**

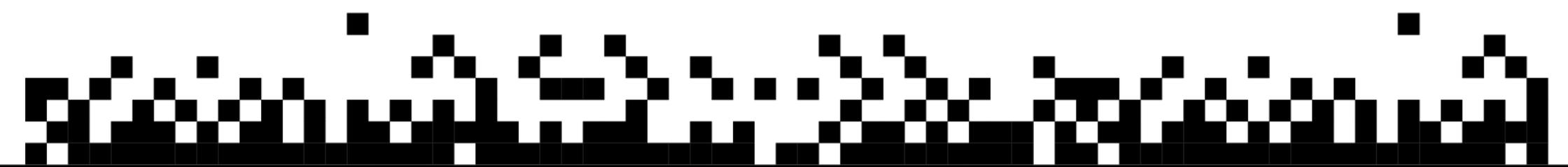
10 October 2018

Project weebnotes w/c 24 Sept: <https://plus.google.com/102182958582730922054/posts/PjrywC8TzxA7lem-4&gaww=18Ni-en-GB>



# Find out more

<https://blogs.hackney.gov.uk/hackit/autumn-update>



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<b>Scrutiny Panel</b> <b>21<sup>st</sup> January 2019</b> <b>Chief Executive Question Time</b>	Item No <b>7</b>
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## Outline

In the municipal year the Scrutiny Panel will hold a question time session with the Chief Executive to ask questions about strategic direction of the Council, performance and decision-making within the Council.

The questions submitted in advance covered:

- Council's corporate strategy in relation bullying and harassment
- Council's preparations and contingency plans for Brexit

## Invited guest

Chief Executive, Tim Shields

## Action

The Scrutiny Panel to hold a Q&A session with Chief Executive.

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<b>Scrutiny Panel</b> <b>21<sup>st</sup> January 2019</b> <b>Item 5 – Update on the impact of the introduction of Universal Credit in Hackney</b>	Item No <b>8a</b>
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## **OUTLINE**

This report provides information about the impact of the introduction of Universal Credit in Hackney. The report outlines the Council's plans to address the key challenges, concerns, risks and opportunities that UC provides.

Attending for this item will be:

**Ian Williams**, Group Director Finance and Corporate Resources

## **ACTION**

Members are asked to give consideration to the report and ask questions.

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## **The impact of the introduction of Universal Credit in Hackney**

Universal Credit (UC) replaces six working age means tested benefits and is the biggest change in recent years to the Benefits system. Through the Council's Welfare Reform Working Group we have brought together key departments and partners (including DWP colleagues) to coordinate our joint approach through the Hackney UC Steering Group. We have developed a plan to address the key challenges, concerns, risks and opportunities that UC provides and details of this are outlined below.

We have seen from the experience elsewhere in early roll-out areas that Universal Credit has created some key challenges for residents, landlords, Local Authorities and partner organisations. Such a huge change in the way welfare support is administered requires a sophisticated approach in which organisations affected work together to minimise the impact on residents.

It is important to note that Universal Credit non digital service for single, unemployed residents was already in place in borough. The Universal Credit digital service has applied to all new claims made since 3 October 2018, including changes in circumstances. Residents now cannot (with some exceptions) claim any of the six existing working age benefits. It is important to note that residents only move to UC once they make a new claim.

The migration of all benefit claimants to Universal Credit was expected to start in summer 2019 but has now been delayed following an announcement by the DWP on 6 January 2019. Instead of the full migration process beginning in July 2019, parliamentary approval will now be sought only for a pilot programme to move 10,000 claimants across initially. Only once this pilot has been assessed will work begin on full scale migration of all claimants. DWP suggest that the full migration process will still be complete by 2023 but no indication has been provided yet on how this will be managed or where Hackney residents will feature in this timetable or the pilot programme.

### **Key Risks and how we are responding**

#### Rent arrears and increased financial hardship

One of the major risks for residents, the Council and housing providers is the move to make the majority of tenants responsible for paying their rent. UC is a monthly payment in arrears and this could mean that those who have no problem paying their rent currently could face difficulties in the future. There is an option to have a direct payment arrangement (Alternative Payment Arrangement) in place for some with vulnerabilities or who are in existing arrears but this will not be the default position. We are working with tenants so that they know the importance of paying their rent, provide support to manage their finances properly and have access to free advice and guidance.

We wrote to all working-age Council tenants in the Borough in September to advise them that UC is coming and to explain what this would mean if they had to make a new claim from October 2018. In addition to this we have been providing key messages to customers around key elements of UC - for example budgeting, banking and digital inclusion. This is

through a variety of methods such as the council's newsletters, messaging on other key documents such as rent statements and the use of social media. We have engaged with Tenant Management Organisations on our approach (including staff training).

A key issue is the five week wait for a first UC payment built into the system. Advances of the first months payment are available which are repayable over 12 months.. The priority for the Council is ensuring that residents who need support in making a claim are identified and that they receive it. JCP have clear criteria on who is deemed vulnerable under UC and this includes those with substance/alcohol problems, gambling addiction and other issues which require a greater level of support. Where tenants are already in rent arrears this will be considered a vulnerability. Those with such vulnerabilities will be offered a greater level of support by JCP colleagues to manage their claim and alternative arrangements such as direct payments to landlords put in place where this is appropriate.

There are also issues with the design of the Universal Credit system and the lack of flexibility built into the way it operates. An issue has been raised with DWP that every six to seven years 53 Mondays fall in a financial year and this will be the case in 2019/20. As rent debits are raised on Mondays this means that the Housing Revenue Account ordinarily benefits from an 'extra' week's rent when there are 53 Mondays in a year. However this will not be the case under Universal Credit as the system does not allow for 53 Monday years. Discussions are ongoing but there is currently no identified solution to this issue.

#### Vulnerable clients not identified and supported

There are set criteria for identifying vulnerabilities and JCP/DWP agreeing that a claimant should have an Alternative Payment Arrangement put in place. This criteria is wider than a standard definition of vulnerability. DWP Approach to Vulnerability guidance introduces a new description of vulnerability as 'an individual who is identified as having complex needs and/or requires additional support to enable them to access DWP benefits and use our services'. Complex needs are described as 'difficult personal circumstances and/or life events that affect the ability of the individual to access DWP benefits and use our services'.

There is a danger in vulnerable clients not properly identified by JCP staff and APA's and other support is not put in place when it is required. Council services and partners should work as closely as possible with JCP colleagues to ensure that vulnerable people are helped to claim UC and no-one misses out on the support they need.

Lack of disclosure on behalf of the claimant of issues such as substance misuse, gambling addiction or mental health problems creates risk and if the threshold for vulnerability is too high or not applied consistently, there is a danger that people will not have their needs identified. UC places an onus on claimant to control their own finances which many are ill equipped to do which services need to be aware of. There is also concern that a poor experience of making a UC claim could exacerbate pre-existing issues such as debt, gambling addiction and substance misuse issues and poor mental health.

A refusal or inability to engage in the claim process could lead to significant delays and potential financial difficulties, loss of tenancy and homelessness. This creates crisis for the claimant as well as potential costs for Council statutory services down the line. Whilst JCP staff will support residents to manage their claim, the onus is on the client to resolve outstanding queries on their journal. Poor literacy and digital skills are also key concerns and

there needs to be support in place for all claimants who need it to make a claim.

In the lead up to the roll out we identified Council tenants who were potentially vulnerable if they were to switch to UC and sent them information about it to raise awareness. Key criteria for this was those with existing arrears. A range of commissioned services are in place to support claimants and JCP centres have been well resourced to support residents. In addition many Council staff and partner organisations have received JCP led information and training sessions, as well as bespoke courses being delivered to Hackney Service Centre staff. It is important to note that as the Housing Benefit caseload falls funding for Council benefit administration will continue to reduce and no additional funding made available for the Council to support UC related initiatives.

### Additional needs

Most claimants will not require additional support to make a successful claim. However we know that some residents will have additional needs which if not addressed could be a barrier to making a timely and successful claim. The responsibility for meeting such needs will fall to the DWP but they will require the effective support and engagement of Council services and that of partners to ensure that residents receive this. The needs of Hackney's diverse communities must be understood and require tailored approaches to ensure needs are met.

There is a large onus on residents to manage their claim online but there is a considerable lack of digital skills for some who will be unable to manage claim online. This is especially the case for groups such as Charedi Orthodox Jewish (OJ) residents where use of the internet is much lower than for the general Hackney population. The exemption for (large) families with more than two children to be able to claim UC will be lifted in February 2019 which is highly relevant to this group. Local and national discussions are taking place to understand the specific needs of the OJ community. DWP officials approached Interlink, the umbrella organisation for the OJ voluntary and community sector to facilitate a discussion on the particular challenges which may be faced by Charedi residents in claiming UC. This will also be attended by Agudas Israel Community Services and representatives from OJ communities in the north of England concentrated around Manchester and Gateshead.

Locally, the Council and JCP colleagues have also contacted Interlink to identify mitigating actions which can be taken, with particular reference to the lift on the exemption for larger families. It is hoped to attract a range of stakeholders working within the OJ community who may be approached to assist claimants and to help understand the specific challenges locally to be overcome particularly in relation to the difficulties many may experience in managing their claim online.

It is important to note that there are also many larger non-Charedi families in the Borough and the lifting of this exemption will require support across Hackney's diverse communities. The two child limit policy is of particular relevance as for new claims it will apply to all children regardless of when born and put many at a disadvantage compared to legacy benefits. There are some protections for those previously eligible for Child Tax Credits but not if there were to be any more than a six month break in a claim. Those claiming UC due to a change in circumstances should not be affected but brand new claimants with three children or more will lose out.

There are also language barriers and with a requirement to be able to use another language in making a UC claim and obtaining support where needed. Other groups who may have additional needs that are not met include those with multiple needs and vulnerabilities such as care leavers, claimants with literacy problems and new claimants not familiar with the

Welfare Support system finding it hard to navigate the system. Those in supported and exempt temporary accommodation will continue to receive housing benefit following changes which removed such tenants from UC. Assisting in the process for claiming UC is part of the package of support provided to residents moving on from such accommodation and specialist teams have benefited from staff training in Hackney.

Digital support and translation services are available in local Job Centres but there needs to be an understanding that residents will seek support from elsewhere within their networks and community groups will not have the capacity or knowledge to provide effective support. We have worked hard to build understanding of UC amongst frontline staff and will continue to do so over the coming months.

### Information and Data Sharing Barriers

UC makes it more difficult for third parties such as Local Authorities and Advice providers to access relevant information to support clients. Client confidentiality is important and should be protected but there also needs to be pro-activity to assist residents who are struggling to manage their claim.

Explicit consent rules can make it harder for clients to be supported than under the existing welfare support arrangements. The Council and partners do not have access to UC claimant data to help when approached and can only properly assist a claimant in approaching JCP if explicit consent is provided. This makes it harder to support claimants who are hard to engage. New GDPR rules potentially create a barrier to promoting access to services because services will not be able to contact residents about issues that they have not asked to be contacted about.

In addition unlike under the current Housing Benefit arrangements the Council Tax Reduction Scheme (CTRS) is not automatically linked and a separate application needs to be made. There is a real danger that some UC claimants will fail to make a CTRS claim and some will only do so once they've experienced financial crisis and are being chased for payment.

Early indications are that consent rules are not creating a huge difficulty yet though there has been some evidence of UC claimants have to be reminded to make a separate CTRS claim.

### **Opportunities**

The principle of UC to streamline the benefits system and 'make work pay' offers positive potential benefits. The main advantage of this new approach will be that once a UC claim is established, it is responsive to changes in circumstances and adjustments can be made to take account of a claimant working more or less hours or other change in personal circumstances. The legacy benefits system offers little or no flexibility and changes in circumstances would usually involve a shut down of a claim and opening of new claim which then results in delays for the claimant to receive support.

Whether a claimant is better off under UC is a complex picture dependent on individual circumstances but overall the system is designed to ensure that claimants are not penalised if they work more hours per week. One issue for the self-employed is that there is an assumed minimum income floor which requires claimants who have been self-employed for a year or more to earn at least the minimum wage. If they earn less than this, their universal credit payment will not make up the difference. Some changes were made in the 2018 budget which offer a degree of additional protection for this group but there is a need to

focus on whether the circa 2000 residents are worse off under UC and further change is need to help this group.

UC mirrors what it is like to be in work and payments in arrears largely replicate the experience for residents in work who are paid monthly in arrears. This could have the advantage of making the transition to work easier than it is currently for residents on legacy benefits. Financial support for childcare costs are also more generous than under legacy benefits rising from up to 70% to 85% of the total cost. However, the cap of monthly costs is set at a level which is insufficient in Hackney to meet the actual cost of full time care.

UC has provided an opportunity to increase collaboration between JCP and council services such as Employment Support provided by Hackney Works. It ensures that services can be more closely aligned and provide the potential to offer a more seamless service to residents.

### **UC Full Service in Hackney - Initial feedback to December 2018**

As at mid December 2018 there had been 1490 Full service Universal Credit claims made at Hackney JCP with additional numbers at Hoxton/City (shared with Tower Hamlets and City). Key points to note: -

- Latest data shows that 87 - 88% of claims are being paid on time
- Major challenge and cause of delay is verifying the correct rent within a claim
- Some claimants are not understanding the claim process correctly and are having to be contacted to arrange a JCP interview to progress their claim
- JCP and partners do not have major concerns yet about UC causing problems for residents but it is very early stages and patterns and issues of concern are likely to become evidenced over the coming months
- Around 600 Hackney tenants are now on UC. Indications are that rent arrears are slightly higher for those on UC compared to Housing Benefit. This reflects the experience of housing providers and will be monitored
- Some concerns about telephone queues to get through to staff at times
- Commissioned personal budgeting service in place with positive feedback. New Citizens Advice Bureau 'Help to Claim' service in place from January 2019 which be co-located in Job Centres and potentially Council offices
- There are some specific challenges with non-standard claimant groups such as Corporate Appointees, Traveller sites (dual housing benefit claims), victims of Domestic Violence and residents with English as Additional Language which JCP is focusing on to identify solutions to challenges with a relatively 'one size fits all' UC claim process

Lines of communication are in place between JCP colleagues, Council services and partners so that we can identify quickly issues with Universal Credit and address these so residents do not experience unnecessary hardship. A significant challenge is the lack of data that the Council has to access on claimants compared to the Housing Benefit caseload. It creates a different dynamic in terms of relationships and reliance on local DWP staff to provide data and insight that can be used to monitor the roll-out. Increased collaboration is key to make sure UC works for Hackney residents.

The Hackney Universal Credit Steering Group will continue to meet on a six weekly basis in 2019 to coordinate our efforts in working with DWP to make sure that Universal Credit works as it is intended to provide the support residents need.

### **Continuing to press for changes to Universal Credit**

Alongside support to residents, elected members have continued to lobby for changes to Universal Credit so that it does make work pay as originally intended in its design. The Mayor wrote to the Secretary of State in November 2017 calling for a halt to the roll-out and some changes were made in the 2017 Autumn statement in light of representations from Local Authorities including the removal of Temporary Accommodation from UC until 2022.

The Cabinet Member for Finance and Housing Needs wrote in September 2018 outlining ongoing concerns with the design and implementation of UC. Such representations and that of other Local Authorities saw further changes made in the 2018 budget which have increased work incentives and ensured that those transitioning across to UC should not be worse off than on legacy benefits. The Council continues to have concerns that despite the best efforts of local JCP colleagues there are risks that Universal Credit will increase hardship, vulnerabilities of residents and not provide the safety net which is required for those who need support of our Welfare system.

Local Authorities who were in the early stages of the Universal Credit roll-out have been at the forefront of pressing for further changes based on the experience of UC in their areas. In London, Southwark Council have held stakeholder conferences and produced a number of reports based on their experience and that of residents. Their most recent report Safe as Houses 2 provides robust evidence on how UC is affecting Social Housing tenants in the Borough. Amongst the key findings are that

- UC claimants have been shown to have consistently higher rent arrears compared to Housing Benefit recipients over a long period of time, arrears are not temporary and are three times higher than those who remain on Housing Benefit
- DWP work to try to reduce rent arrears has been ineffective
- Those who struggle to make a claim or have regular or complex changes in circumstances have the highest levels of arrears
- The Landlord Portal has made no difference to levels of arrears in Southwark
- Food bank use has increased year on year since the introduction of UC and 80% of the increase in the last year can be directly linked to the effects of UC

Southwark conclude that their research indicates that UC does not work in its current form and that 'The Government needs to take rapid steps to fix Universal Credit or urgently acknowledge that they have created a system that is unworkable and broken'.

There is a wealth of material available now from policy think tanks, charities and other organisations who have analysed the performance of Universal Credit and highlighted ways in which the system should be changed. Policy in Practice have issued a number of reports on Universal Credit and reforms which should be considered. Most recent papers have

focused on making UC work for vulnerable people and whether UC was helping more people into work.

It is important for London Borough of Hackney to continue to play its part in lobbying for changes to UC based on evidence and insight gained from residents' experiences of the system over the coming months.

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<b>Scrutiny Panel</b> <b>21<sup>st</sup> January 2019</b> <b>Quarterly Finance Update</b>	Item No <b>8b</b>
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### Outline

The finance reports attached cover:

- 2019/20 Budget Update
- LBH response to the Provisional Local Government Finance Settlement 2019/20
- Council's Monthly Overall Financial Position (OFP) Report – using the data from October 2018 monitoring.
- Capital Programme report

The 2019/20 Budget Update sets out what progress has been made in framing the 2019/20 budget.

The Council's response to the LGFS 2019/20 is attached and the Monthly OFP report shows the overall financial position as at October 2018, covering the General Fund and the Housing Revenue Account.

The capital programme report for 2018/19 includes capital project approvals for Children, Adults and Community Health Services, Finance and Corporate Resources and Neighbourhoods and Housing (Non- Housing). This report updates Members on the current position of the Capital Programme.

Attending for this item will be:

**Ian Williams**, Group Director Finance and Corporate Resources

### Action

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

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## SCRUTINY PANEL 21<sup>ST</sup> JANUARY 2019

### 2019/20 Budget Update

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#### 2019/20 Budget

The 2019/20 budget is balanced. We are currently finalising the resources estimates but will have to wait until the end of January/Early February 2019 when the Final 2019/20 Local Government Finance Settlement is published before we receive confirmation of our external funding income streams such as the Top-Up and New Homes Bonus grants. We do not though, expect any major changes from the funding estimates included in the Provisional Settlement published in December 2018. With regards to other funding, we have set the Council Taxbase and a 4.99% tax increase will be proposed in the 2019/20 budget report. We are in the process of finalising the business rates estimate which has been complicated by the plethora of reliefs that the Government has introduced in recent years, but this will be completed by the end of January 2019.

The latest 2019/20 budget forecast is shown below. This is likely to change when we incorporate the finalised external funding streams and business rates income as noted above; and it should be recognised that this forecast is based on a 4.99% council tax increase being agreed for 2019/20. Should the 4.99% increase not be approved, we would require a further drawdown of grant to balance the budget on a one-off basis.

Table 1: 2019/20 Budget

<b>ESTIMATED RESOURCES</b>	<b>2019/20 £m</b>
Central Government Funding (Top-Up) #	83.200
Business Rates	68.247
Council Tax	82.240
Public Health Grant	32.320
New Homes Bonus Grant	7.800
Improved Better Care Fund & Better Care Fund	20.500
Other Income (S31 Grant & CF surpluses)	10.963
<b>TOTAL RESOURCES</b>	<b>305.270</b>
<b>ESTIMATED EXPENDITURE</b>	
Directorate Cash Limits after agreed savings	262.179
General Finance Account after agreed savings	43.091
<b>TOTAL EXPENDITURE</b>	<b>305.270</b>
<b>GAP</b>	<b>0.000</b>

It is worth noting that we will need to use 'one-off' funding of c. £4m to fully balance off the budget in 2019/20. This will come from 2019/20 one-off Section 31 business rates grants as discussed below.

There are a number of 2019/20 of savings schemes which are incorporated into the budget forecast shown above. These are as follows: -

## 2019/20 SAVINGS SCHEMES APPROVED BY CABINET

Table 2: 2019/20 Savings included in the July 2017 OFP

<b>PROPOSAL</b>	<b>2019/20 £000</b>
<b>PUBLIC HEALTH</b>	
Retargeting and integration of commissioned public mental health services.	300
Retargeting of adult obesity spend in partnership with leisure and health colleagues	150
Further savings anticipated from recommissioning of sexual health services	200
<b>ADULTS' SERVICES</b>	
Right-sizing of Meals on Wheels budget to reflect demand and historic spend.	100
<b>N&amp;H DIRECTORATE WIDE</b>	
Base budget review – review of budgets following the closing of the 2016/17 accounts to identify non-essential spend and other efficiencies	200
<b>FINANCE AND CORPORATE RESOURCES</b>	
Reduction in pension contribution rate	500
Increase in business rate income	500
<b>TOTAL</b>	<b>1,950</b>

Table 3: 2019/20 Savings included in the November 2016 OFP

<b>PROPOSAL</b>	<b>2019/20 £000</b>
<b>Housing Related Support</b> for Vulnerable Adults Further development of proposals through service redesign which will target resources at those with the highest needs.	775
<b>Enforcement Cross Cutting Review</b>	325
<b>CYPS</b> - These are business as usual savings, derived because 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.	187
<b>Public Health</b> – The savings are derived from efficiencies, service remodelling and recommissioning.	800
<b>TOTAL</b>	<b>2,087</b>

Table 4: 2019/20 Savings included in the May 2016 OFP

<b>PROPOSAL</b>	<b>2019/20 £000</b>
<b>Income from Principal Place</b> which will yield a rental income in 2019/20	1,600
<b>ICT - Infrastructure.</b> Savings to be derived from reduced data centre storage costs following replacement of existing facility.	125
<b>ICT - Staff Support. Cost reductions</b> through sharing of specific posts e.g. security manager and refresh of desktop support arrangements and helpdesk.	125
<b>R &amp; B - Customer Services</b> efficiencies	250
<b>Finance / Audit / Support Services / My Budget</b> efficiency savings	150
<b>Corporate Estate</b> support costs rationalisation	50
<b>Commercial Property Income</b> - Renewals and additions	250
<b>TOTAL</b>	<b>2,550</b>

The Group Director of Finance and Corporate Resources also undertook a review of the Council's major general fund revenue income streams in the summer and the overall impact was an estimated £6.3m increase in income and a £1.5m reduction in spend on corporate items in addition to the savings and income generation schemes listed above. These are also reflected in the budget forecast.

The major additional income source is an increase in business rate income from the Principal Place building which was occupied by Amazon last year. Whilst we knew that there would be an increase in our income before the review, we took a prudent view of the amount as we did not have a formal assessment from the Valuation Office (VO). However, the VO completed its floor by floor analysis in the summer and has produced a draft assessment. On the basis this, we have increased our estimate of income from this source by £4m.

We also undertook a major appraisal of our capital charges and reviewed many of the underlying parameters and arrangements and are able on the strength of this to reduce our capital charges estimate by £1.5m.

We have also reviewed two service income streams: commercial property and car parking. A review of the property portfolio suggests that income will be £0.5m higher than the review carried out earlier in the year alongside additional £1m parking income (ringfenced) in the 2019/20 forecast due to the prudent estimates about the increased number of CPZs.

After making these adjustments and an assumed 4.99% council tax increase, we still have a £4m gap but this will be closed by using one-off S31 Government grants (one-off because they are guaranteed to be paid in 2019-20 only) and by using higher than anticipated additional business rates and council tax income earned predominantly through lower than anticipated losses in appeals over the past year.

## Medium Term Financial Forecast

The latest Medium-Term Financial Forecast is shown below.

Table 5: Medium Term Indicative Budget Forecast 2019/20 to 2023/24

ESTIMATED RESOURCES	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Central Government Funding (Top-Up) #	83.200	71.200	66.200	66.200	66.200
Business Rates	68.247	72.338	76.552	80.892	85.362
Council Tax	82.240	86.295	91.388	96.750	102.394
Public Health Grant	32.320	31.520	30.720	29.920	29.120
New Homes Bonus Grant	7.800	2.000	1.000	1.000	1.000
Improved Better Care Fund & Better Care Fund	20.500	19.300	19.300	19.300	19.300
Other Income (S31 Grant & CF surpluses)	10.963	2.150	2.150	2.150	2.150
<b>TOTAL RESOURCES</b>	<b>305.270</b>	<b>284.803</b>	<b>287.310</b>	<b>296.212</b>	<b>305.526</b>
ESTIMATED EXPENDITURE					
Directorate Cash Limits after agreed savings	262.179	259.179	257.529	256.729	255.929
General Finance Account after agreed savings	43.091	48.634	59.384	69.634	79.884
<b>TOTAL EXPENDITURE</b>	<b>305.270</b>	<b>307.813</b>	<b>316.913</b>	<b>326.363</b>	<b>335.813</b>
<b>GAP</b>	<b>0.000</b>	<b>-23.010</b>	<b>-29.603</b>	<b>-30.151</b>	<b>-30.287</b>

The qualifications associated with long-term financial planning of this nature especially in view of the forthcoming Spending Review and the Fair Funding review have been noted in the Quarterly Finance Update presented to the Scrutiny Panel in July 2018.

The main reason for the increase in the gap from 2019/20 to 2020/21 and to 2021/22 is the assumption made that we will lose a significant amount of funding from the Fair Funding Review and that safety nets on losses will be unwound rapidly as they were in 2011/12 and 2012/13. If on the other hand are losses are less than what we have assumed, the gaps in all years will be lower and if our projected losses are reasonably accurate but the Government introduces tighter safety nets than we have assumed then the funding losses will be phased in over a longer time period such that gaps will reduce in 2020/21 and 2021/22 from those shown above and this may also be the case in 2022/23 and 2023/24 depending on the tightness of the safety nets.

On the question of Fair Funding, London Councils on behalf of the London Boroughs, commissioned LG Futures to identify the key funding issues affecting the boroughs and to inform advocacy and lobbying efforts. It is an excellent report and shows that ILB's have lost significantly more in spending power than anyone else and raises markers for representations and lobbying – the use of actual rather than notional council tax levels in the Resources formula for example. It also identifies the risks we face – for example the Area Cost Adjustment (an 'add-on' for higher salaries and rates bills in London and the South East) being calculated on an individual borough basis, rather than on an Inner London basis (we have lost out from this in previous modelling) and the inclusion of car parking income in the resources formula (this will add 20% to our estimated income which is a problem as the higher the resources element, the lower the funding). It also has a lot of good stuff on the cost drivers and the formulae. The outcome will depend on politics as much as anything else (i.e. giving the shire counties more money) but leaving this aside and simply looking at what is in the report, it still looks very likely that we will lose funding from the Review.

Turning to options to reduce the gap, in addition to specific Directorate proposals and the work of the Task Groups, HMT has also discussed exploring options to strengthen resilience particularly amongst transactional services e.g. Income collection - whilst we already have a corporate sundry debt team, income collection for Council Tax / Business Rates, Housing Rents and Parking are separate and we also have a number of contact centres. Work to explore consolidation in relation to this and opportunities around customer services is taking place. Other initiatives that may be considered include: -

Reduction in payroll costs from Voluntary Redundancy.

With an average staff cost of £45k, if 250 staff who are charged to the General Fund took voluntary redundancy then the full year saving would be £11,25m. If 300 took voluntary redundancy then the saving would be £13,5m. As at April 2018, we had 3,800 full time equivalent funded posts who were charged to the General Fund.

Agency staff spend, although consideration will have to be given to how cash limits are reduced as agency budgets are very limited .....c. £2m

Renegotiation of High Spend contracts .....c. £4m

Reduction of overall Directorate Budgets – at say 3% of net spend. As a ballpark figure, 3% of the 2018/19 budgeted net spend is c. £9m.

Asset Utilisation

Continued look at reducing further costs of asset use / improved commercial income ..... c. £2.5m

We could also try and categorise functions into those that are essential for the provision of services and those which “are nice to have” and scale down the latter. We could extend this further by looking at essential levels of provision and “nice to have” levels and again scale down the latter. All this work is at relatively early stage and we would want to come back in the new year to detail the implications of this work and a look at all the Council’s customer service functions.

**HRA**

The HRA budget are set in line with the HRA Business Plan and the Council’s budget setting process. The HRA Business Plan sets out the Council’s plans for managing and maintaining its housing stock (including leasehold properties) and other assets held in the HRA. The HRA Business Plan financial model informs the budget setting and capital programme over the Business Plan period. Its fundamental purpose is to set out the resources required to ensure the effective and sustainable management of these housing assets.

The first HRA Business Plan was approved by Cabinet in December 2013. As a result of substantial changes to the capital investment profile, updates were approved by Cabinet in December 2014 and 2016. Over the past year the Council has conducted a condition survey of its housing stock and developed a new approach to asset management, as detailed in the Asset Management Strategy due to be considered by Cabinet in February. This has required the HRA Business Plan financial model to be revised.

In addition, there has been a significant change to housing finance as a result of the removal by the Government of the HRA debt cap. Further detail in respect of this is provided in the following section of this report.

The Council was successful in securing £45.5m in grant funding for its regeneration programmes as part of the GLA's Building Council Homes for Londoners programme. A further £40m of Right to Buy funding will be ring-fenced for a future housing regeneration programmes.

The Council wishes to sustain its investment in its housing assets by ensuring all homes are maintained to a high standard, through a wide range of works and cyclical programmes that ensure compliance with legal and safety regulations and that protect against and prevent deterioration of its buildings. An extensive stock condition survey was undertaken during 2018 in order to update information in the stock database and this has been used to inform the Asset Management Strategy and delivery plan.

In addition to investment in existing properties, the Council continues to progress three extensive regeneration programmes within the borough: Woodberry Down, the Estate Regeneration Programme (ERP), and the Housing Supply Programme (HSP). The removal of the HRA debt cap provides an opportunity to review the business planning of the HRA, and so the financial plan for the existing HRA stock and the regeneration programmes will be presented and monitored separately to ensure the viability of both investment in existing stock and housing regeneration programmes.

The HRA Business Plan financial model requires savings of £7.5m savings over the period 2019/20 to 2021/22 which will be invested in existing housing stock. The development of savings proposals is being undertaken in the context of the strategic objectives for housing services and the housing improvement plan and also to need to balance the competing priorities of

- Maintaining and improving the service we deliver to our tenants and leaseholders
- Maintaining the investment in our housing stock;
- The delivery of our housing regeneration programmes; and
- Sustainable borrowing for the HRA now that the Government has removed the HRA debt cap.

It should also be noted that 2019/20 is the final year of the government imposed 1% per annum rent reduction. The rent levels set out in the proposed HRA budget report are in line with this requirement.

### **Removal of HRA debt cap**

The Council has been lobbying for the removal of the debt cap for a number of years. The removal of the debt cap itself doesn't create funding to deliver more properties as it is the viability of the schemes and overall programme that determines the tenure mix. The debt cap placed an artificial restriction on the ability of the Council to deliver its viable programme by limiting the amount of borrowing that could be undertaken to fund the construction of properties, irrespective if they were viable in the longer term. Whilst the longer term viability of the programmes, measured by their Net Present Value (NPV), were always considered, the primary focus has hitherto been on ensuring that the debt cap is not breached and that borrowing is controlled. The removal of the debt cap allows the primary focus to move to viability (NPV) and the management of the contract, delivery and sales risks as part of the overall programme.

Whilst the debt cap is removed, this doesn't allow unconditional borrowing to build affordable housing or to invest in our housing stock, as the HRA has to remain financially viable and borrowing costs will quickly impact on the ability of the HRA to remain a viable going concern. For example, £6m to build 20 social rented properties will have an ongoing financing requirement of £250k p.a., and so after 20 years the debt related to these properties would increase to £11m, with no means of repayment. Multiplying this to 200 units will result in debt of £110m without a means to repay, and result in a financial burden on future tenants.

The removal of the debt cap does allow for greater flexibility in the delivery of the Council's regeneration programmes by not restricting the development cash flow. The financial profile of the regeneration programme results in debt on completion, with future net rent flows (rent less management and maintenance costs) repaying debt over 30 years. Outright sale properties generate a receipt to cross subsidise the affordable housing at completion, but there is no ongoing revenue income generated to repay any remaining debt. Shared Ownership properties generate a smaller initial receipt but have on-going rental income which is the main funding source for debt repayment. Social Rented properties don't generate a capital receipt and the rental income is only sufficient to fund a relatively small surplus, after deducting the Management and Maintenance costs. Therefore, it is the mixed tenure model that make the Council's regeneration schemes viable, and this model cannot fundamentally change simply as a result of the removal of the debt cap. As a reminder, before self-financing in 2012, the Council's HRA had £752m of debt with no means to repay it and so we can't allow ourselves to return to this position.

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Date: 10 January 2019

Dear Sir/Madam

**Re: Consultation on the local government financial settlement for 2019 to 2020.**

Please find attached the London Borough of Hackney's response to the 2019/20 LGFS Consultation Paper.

Yours faithfully



Ian Williams  
Group Director of Finance and Corporate Resources

Enc.

## THE PROVISIONAL 2019-20 LOCAL GOVERNMENT FINANCE SETTLEMENT

### RESPONSE BY THE LONDON BOROUGH OF HACKNEY

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#### General Comments

Whilst we note the additional funding made available for local government and in particular the social care support grant, it must be recognised that it is a short-term palliative and does not address the significant funding pressures we and other councils face in 2019/20, and the huge funding losses we have experienced since 2010/11. In Hackney's case, we have lost £170m of core funding and have experienced a £512 per capita reduction in spending power. While short term funding is better than no funding, it is far from ideal in terms of supporting sustainable and efficient public service delivery.

It should also be noted that at the same time as losing this funding, we have had to pick up the largely unfunded costs of Government policies as well as various cost shunts. These include: - the impact on direct and indirect employee costs of the National Living Wage; the underfunding of homelessness; the introduction of CTRS with a fixed grant which has effectively declined significantly overtime; the additional costs of implementing the Homelessness Reduction Act 2017; the impact of the Children's and Families Act 2014 which has led to a significant unfunded rise in high needs education costs; transfer of responsibility for Local Welfare Provision in 2013-14, funding for which effectively ended in 2016-17; and the cost of supporting people with No Recourse to Public Funds. London Councils has estimated that these cost shunts have cost London £1bn per annum.

It is hoped that the acute funding needs resulting from the core grant reductions and the cost shunts are addressed in the forthcoming Spending Review.

We are concerned about the trend in recent Government announcements to allocate increasing shares of funding to rural areas at the expense of urban areas. With the Fair Funding Review well underway, we are very concerned this represents a direction of travel that will mean further funding cuts to urban areas from 2020.

We are disappointed at the funding both Hackney and London in general will receive from the £420m which will be allocated in 2018/19 to local government to tackle potholes, repair damaged roads and invest in maintaining bridges. Hackney's share is only £320k which is wholly inadequate to meet our maintenance needs.

We also do not agree with the Government's proposal to distribute the £410m social care support grant, which can be spent on adult or children's social care, based only on shares of the adult social care Relative Needs Formula (RNF). In the Consultation Paper, the Government justified this allocation method by stating that "the Adult Social Care formula is well established and understood by the sector, and there is a good level of correlation between it and some key indicators of children's social care pressures". But there is a children's social care RNF in existence which could have been used in conjunction with the Adults RNF to allocate out the funding. Surely, if the intention of the additional funding is to help relieve financial pressures on both adult and children's social care, it's distribution should reflect relative levels of needs in both services.

The proposed approach has the effect of disadvantaging Hackney whose share of the adult social care RNF is less than its share of the children's social care RNF. Our share of the Children's RNF is 1.2%, while our share of the Adults RNF is 0.6%. If instead, the Government had allocated out the funding on the basis of a combined indicator (such as allocating out 50% of the £410m on the basis of the Adults RNF and 50% on the basis of the Children's RNF), which is far better and more accurate method of identifying need, then Hackney's allocation would have been £1.2m higher than the £2.4m that we are currently allocated. In our view, the proposal involving a 'second-best' allocation formula rather than the 'first best', which is readily available; unfairly penalises Hackney and London in general and is therefore, rejected.

Whilst we welcome the continuation of the London business rates retention pilot pool in 2019/20, it is extremely disappointing that the scale of the pilot has been reduced from 100% to 75%, and that there was little willingness to negotiate on developing the pilot further. We believe an opportunity has been missed to test options for the new levy on extraordinary growth that the Government is proposing within the separate consultation on business rates retention reform.

### **Response to Specific Consultation Questions**

#### **Question 1: Do you agree with the methodology for allocating Revenue Support Grant in 2019-20?**

Yes

#### **Question 2: Do you agree with the Government's proposed approach to allocating £410 million un-ringfenced funding for adult and children's social care according to the existing Adult Social Care Relative Needs Formula?**

No. As set out above, we believe that this funding should be distributed using a combination of the adult social care RNF and the children's social care RNF.

#### **Question 3: Do you agree with the Government's proposal to fund the New Homes Bonus in 2019-20 with the planned £900 million from Revenue Support Grant, with any additional funding being secured from departmental budgets?**

We welcome the decision not to go ahead with the proposed changes to New Homes Bonus (NHB) as set out in the summer Technical Consultation, but we are concerned about the continuing reduction in the Government's contribution to the New Homes Bonus, which has now fallen 90% from £210 million in 2016-17 to just £20 million in 2019-20.

#### **Question 4: Do you agree with the Government's proposed approach to paying £81 million Rural Services Delivery Grant in 2019-20 to the upper quartile of local authorities based on the super-sparsity indicator?**

No. All funding allocated through this separate grant could otherwise have been distributed to all local authorities based on need and as far as we can see, little evidence has been published for this decision. Further, if the Government recognises some of the financial pressure on rural authorities, surely it reasonable to expect further consideration to be given to the unique pressures faced by urban areas such as London.

**Question 5: The Government intends to distribute £180m of the levy account surplus. Do you agree with the proposal to make this distribution based on each authority's 2013-14 Settlement Funding Assessment?**

Yes. The surplus on the business rates levy account is rightly being returned to local government and we agree with its distribution based on 2013-14 SFA, as this is consistent with the method used to top-slice RSG in previous years to fund the Safety Net account when the levy account was in deficit.

**Question 6: What are your views on the council tax referendum principles proposed by the Government for 2019-20?**

We object to the use of referendums or any other form of council tax limitation as it should be left solely to elected Members to determine what level of funding level is required from council tax to help finance spending needs.

**Question 7: What are your views on the Government's approach to tariffs and top-ups in 2019-20?**

We agree with the principle behind the adjustment to top-ups and tariffs ensuring that, as far as possible, business rates income does not change solely as a result of the revaluation.

**Question 8: Do you have any comments on the impact of the 2019-20 local government finance settlement on those who share a protected characteristic, and on the draft equality statement published alongside this consultation document? Please provide supporting evidence.**

No comment.

**2018/19 OVERALL FINANCIAL POSITION, PROPERTY DISPOSALS AND ACQUISITIONS REPORT (OCTOBER 2018)**

**KEY DECISION NO. FCR P24**

**CABINET MEETING DATE 2018/19**

**17 December 2018**

**CLASSIFICATION:**

**OPEN**

**WARD(S) AFFECTED: ALL WARDS**

**CABINET MEMBER**

**Councillor Rennison**

**Cabinet Member for Finance and Housing Needs**

**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 fifth Overall Financial Position (OFP) report for 2018/19 and is based on detailed October monitoring data from directorates. We are forecasting an overspend of £5,606k at year end – a reduction of £178k from the previous month.
- 1.2 An explanation of each directorate's forecast outturn position is detailed in the directorate commentaries below.
- 1.3 Our projected overspend primarily reflects severe spending cuts by central government since 2010 and increasing cost pressures in services which remain underfunded by the government. These include social care, homelessness and special education needs (SEN) in education. The government's failure to provide any additional funding to date to address the inherent increasing demands and cost pressures within these services, and to support wage increases for local government staff makes our financial position next year and in the following years, extremely challenging.
- 1.4 It is essential that reported overspends in all service areas are addressed and mitigated and I look forward to progress being made in the remainder of the year. This of considerable importance given the uncertainties regarding future external funding allocations and the cost pressures we face.
- 1.5 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 £5,606k overspend which is equivalent to 0.5% of the total gross budget. At year end, this overspend will be substantially funded by the application of the unspent 2017/18 Council Tax and NNDR Collection Fund surpluses carried forward into 2018/19. It should be noted that there is no guarantee that these surpluses will continue in future years and so they must be regarded as one-off funding streams only.
- 2.2 Where there are service overspends of a recurrent nature, we have dealt with this in our medium-term financial plan and will manage down the overspends by a phased application of additional resources to the relevant services. It is necessary to do this in a phased way to smooth out the impact on the rest of the budget.
- 2.3 The latest position in relation to **GENERAL FUND REVENUE EXPENDITURE** is summarised in table 1 below.

**TABLE 1: GENERAL FUND FORECAST OUTTURN AS AT OCTOBER 2018**

Revised Budgets	Service Unit	Forecast: Change from Revised Budget after Reserves £k	Change from Previous Month £k
88,203	Children's Services	357	-54
89,118	ASC & Commissioning	4,415	-269
33,661	Community Health	-	-
<b>210,982</b>	<b>Total CACH</b>	<b>4,772</b>	<b>-323</b>
<b>37,361</b>	<b>Neighbourhood &amp; Housing</b>	<b>198</b>	<b>2</b>
<b>13,816</b>	<b>Finance &amp; Corporate Resources</b>	<b>347</b>	<b>24</b>
<b>8,593</b>	<b>Chief Executive</b>	<b>289</b>	<b>119</b>
<b>33,672</b>	<b>General Finance Account</b>	<b>0</b>	<b>0</b>
<b>304,424</b>	<b>GENERAL FUND TOTAL</b>	<b>5,606</b>	<b>-178</b>

### 3.0 RECOMMENDATIONS

**3.1 To update the overall financial position for October 2018, covering the General Fund, and the HRA, and the earmarking by the Group Director of Finance and Corporate Resources of any underspend to support funding of future cost pressures and the funding of the Capital Programme.**

### 4. REASONS FOR DECISION

4.1 To facilitate financial management and control of the Council's finances.

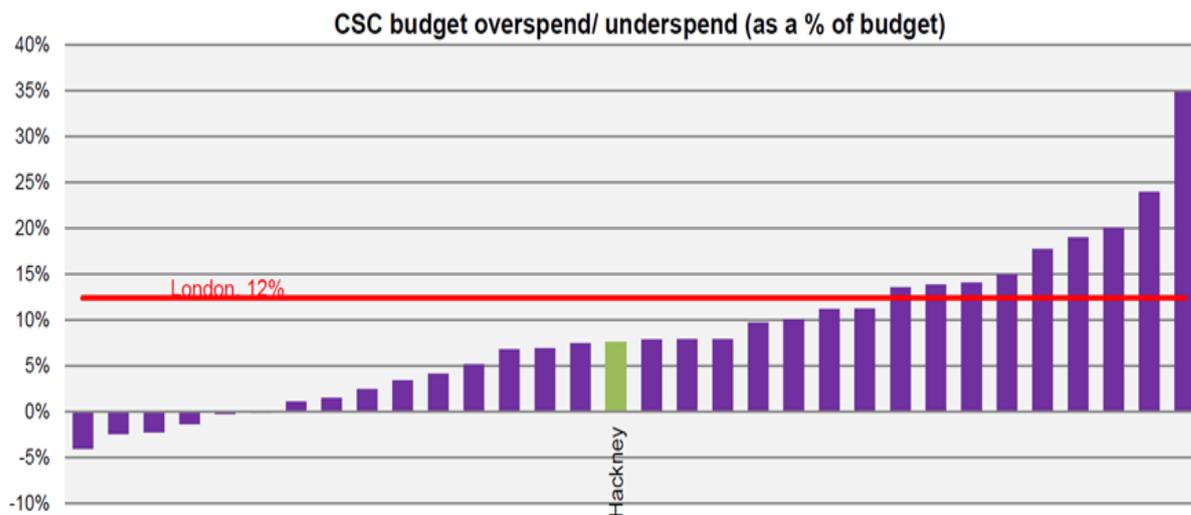
#### 4.2 CHILDREN, ADULT SOCIAL CARE AND COMMUNITY HEALTH (CACH)

The CACH directorate is forecasting an overspend of £4,772k after the application of reserves and drawdown of grant.

#### Children & Families

Children & Families is forecasting a £357k variance against budget after the application of reserves and grants. This variance is after a £3,000k draw down from the Commissioning Reserve, set up to meet the cost of placements where these exceed the current budget. Additionally, £1,000k is drawn down from the Housing Costs reserve for families the Council is supporting who have no recourse to public funds (NRPF).

The sustained pressure on Children's Services budgets is a position that is not unique to Hackney, as shown by the results of a recent survey on Children's Social Care spend carried out jointly by the Society of London Treasurers (SLT) and the Association of Directors of Children's Services (ADCS). The graph below shows how Hackney's position before the use of reserves compared to other London boroughs for Children's Social Care.



Corporate Parenting is forecasting to overspend by £262k. Spend on Looked After Children (LAC) and Leaving Care (LC) placements is forecasted at £18,000k compared to last year's outturn of £16,800k – an increase of £1,200k. As was the case last year, one of the main drivers for this increase is the rise in the number of children in costly residential placements, however more recently we are also seeing a rise in the number of under 18s in high-cost semi-independent placements. Where children in their late teens are deemed to be vulnerable, and in many cases are transitioning from residential to semi-independent placements, they may still require a high-level of support and in extreme circumstances bespoke crisis packages. Eleven of the current semi-independent cohort – or around 30% - are in placements costing between £1,100 and £1,500 per week. As at October, semi-independent under 18 placements have increased by 12, to 36 from 24 at the end of 2017/18.

In summary, Hackney had 324 Looked After Children and 28 Unaccompanied Asylum Seeker Children (UASC) placements at the end of October. These figures represent the same position as at the end of 2017/18 when there were 324 and 28 respectively. The financial position is sensitive to the profile of looked after children - particularly residential and semi-independent under 18 placements - so despite these steady numbers in total placements expenditure has risen.

The Overstaying Families Intervention Team (OFIT) is forecast to break even after the use of £1,000k of reserves and was supporting 87 families who have no recourse to public funds as at the end of October 2018 – an increase of 2 families since last month. The main area of spend is Section 17 payments on accommodation and subsistence of £2,100k in the current year against a budget of £1,100k. The service continues to work to ensure that services are targeted to those in need. When the financial burden of supporting these families first arose the Government did not provide any additional funding through revenue support grant nor special grants and even after it became apparent that the burden was significant for some Councils (primarily in London), the Government did not and has still not provided additional funds.

Children in Need is forecast to overspend by £326k after use of reserves. The overspend is mainly due to staffing overspends relating to supernumerary social worker posts to meet service pressures, maternity cover, agency premiums associated with covering vacant posts, and these items collectively total £108k. There is an overspend in LAC incidental costs in relation to support to children in care proceedings of £368k. A contribution from the Clinical Commissioning Group (CCG) towards the LAC Healthcare Team of £150k partly offsets this overspend.

The Adoption Team is forecast to overspend by £122k mainly due to commissioning. The Inter Agency and allowance costs are projected to overspend by £130k and Adoption Support costs are forecast to overspend by £31k. There is an overspend in staffing due to one supernumerary post and undelivered savings resulting from the delay of the Regionalisation Adoption Agency of £73k. Projected over-collection of income due to estimated Inter Agency fees and accrued Adoption Support Fund grant of £90k, and other small underspends totalling £22k partly offset this pressure.

Disabled Children Services are forecast to overspend by £69k. The overspend is due to £214k overspend in Homecare, a £140k overspend in Direct Payments and £18k overspend in Residential Respite, which are partially offset by £106k underspend in Short Breaks and further offset by a £198k reserve drawdown.

The Youth Justice Team is forecast to overspend by £62k. £55k of the overspend relates to staffing for a maternity cover and agency premium covering established posts. £7k of the overspend is due to repairs and maintenance costs on premises.

Overspends across the service are partly offset by underspends elsewhere in Young Hackney, Directorate Management Team, Clinical Services, Safeguarding and Learning Services and the Children's Commissioning Team.

Clinical Services is forecast to be underspend by £298k. The underspend is attributed to staffing due to two vacant posts, and non-recurrent Public Health funding towards eligible expenditure within the service.

Young Hackney is forecast to underspend by £92k. The underspend is mainly due to staffing, which is the result of a combination of factors such as vacant posts, some of which are covered by agency workers, staff who have opted out of the pension scheme and staff who are not at the top of their grade, and these items collectively total an underspend of £37k. Essential CCTV work at the Concorde Youth Hub has led to an overspend in premises of £74k. There is £61k of income generated from projects and contributions, an underspend on supplies & services due to a reduction in computer licence costs of £48k and an underspend on other items totalling £20k.

## **Hackney Learning Trust**

The Hackney Learning Trust (HLT) forecast is consolidated into the Children and Families position. As part of the delegated arrangements for 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.

HLT are forecasting a significant drawdown on the HLT reserve (between £4.6m and £5.6m), mainly due to pressures in special educational needs. Special educational needs (SEN) activities are forecast to spend around £9m in excess of agreed budgets. Within the HLT forecast some of the SEND overspend is offset with savings made across other HLT departments. Costs associated with special educational needs have complex cost drivers and senior leadership across HLT and the wider Council continue to investigate ways where the Council might be able to bring expenditure under control. Recent reports submitted to HLT SLT estimate that HLT reserves will be fully utilised some time in 2019/20.

The SEN cost pressure is attributable to the increase in the number of SEN statements and Education and Health Care Plans (EHCPs) as the pupil population has grown significantly and the growing demands on the system since the reforms introduced by the Children and Families Act 2014. The impact of these factors is that, in Hackney, the number of SEN statements/EHCP plans have increased by over a third since 2011. Except for SEN transport, SEN costs should be met from the High Needs block of the Dedicated Schools Grant– however, despite the significant rise in numbers and costs there has been minimal increase to this funding source.

## **Adult Social Care & Community Health**

The October forecast for Adult Social Care is a £4,415k overspend.

Care Support Commissioning (external commissioned packages of care) contains the main element of the overspend in Adult Social Care, with a £3,770k pressure. Within the forecast this month, there is the inclusion of £700k of the Adult Social Care Winter Pressures funding that was announced as part of the Budget 2018. The intention is that the further £700k Hackney received will be released over the winter period to offset pressures from Hospital discharge in the service.

Service type	2018/19 Budget	October 2018 Forecast	Full Year Variance to budget	Full Year Variance to September 2018
	£k	£k	£k	£k
Learning Disabilities	14,357	17,888	3,531	240
Physical and Sensory	11,846	11,932	86	-59
Memory, Cognition and Mental Health ASC (OP)	7,000	7,177	178	-234
Occupational Therapy Equipment	740	677	-(63)	30
Asylum Seekers Support	170	208	39	-
<b>Total</b>	<b>34,112</b>	<b>37,882</b>	<b>3,770</b>	<b>-23</b>

The Learning Disabilities service remains the most significant area of pressure with a £3,531k overspend, which reflects a worsening of £240k on the September position. The adverse movement was primarily due to loading of backdated care packages for current service users, of which one care package commenced in March 2018. The issue of backdated loading of care packages has been quite prevalent this year and is having a significant financial impact across Adult Social Care. Due to this and other data quality issues the Commissioning Team is now undertaking a review of the end to end process of the current service to address issues with the service.

Detailed work is ongoing with CCG colleagues on proposals for a joint funding agreement to contribute to high cost learning disabilities packages which will benefit service users in preventing the escalation of need and reduce costs for the CCG in terms of reductions in the number of Continuing Health Care (CHC) cases.

£1,900k of CCG income in respect of this is reflected in the forecast but this could increase or decrease depending on the outcome of the work being undertaken with health colleagues. In addition, the application of the Care Funding Calculator (CFC) is expected to reduce spend during this financial year. The LD Budget Review Meetings will continue to look at the service area in further detail to attempt to manage these pressures.

Physical & Sensory Support is forecasting a £86k overspend, which reflects an improvement of £59k on the September position. In addition, the Memory/Cognition & MH (OP) position has also improved by £234k, to a budget overspend of £178k. The primary reason for the improved position in both service divisions is due to additional winter pressures funding received which was announced by the Government in Budget 2018 to ease NHS winter pressures. Prior to the receipt of the additional funding noted above, the actual position reflected an adverse movement of £409k, and the primary reason for the adverse movement was due to the significant continuous growth in client numbers within Long Term Care services as a result of increased hospital discharges, front door referrals and some service users no longer meeting Continuing Health Care eligibility criteria. Discussions have been held with the service in order to develop a set of management actions to mitigate the ongoing

cost pressure as a result of increased clients being discharged from hospital with more complex needs.

Please see table below which provides further details on the growth in client numbers due to Hospital Discharges:

Hospital Discharges			
Care Package	No's of New Clients	Full year Impact £k	Weekly Home Care Hours
Home Care	42	507	772
Nursing Care	14	516	
Residential Care	6	173	
<b>Total</b>	<b>62</b>	<b>1,196</b>	<b>772</b>

Care Management & Adults Divisional Support is forecasting a £676k overspend. The overall budget pressure is made up of staffing pressures of £748k within Integrated Learning Disabilities (ILDS) due to additional staffing capacity to manage demands within the service and improve annual review performance. The overall pressure has been partially mitigated by underspends of £72k across other Care Management Teams within the subdivision. The ILDS Head of Service has now been successfully recruited which has reduced the forecast for interim consultants supporting the service.

The Mental Health service is provided in partnership with the East London Foundation Trust (ELFT) and is forecast to underspend by £164k. The overall position is made up of two main elements - a £197k pressure on external commissioned care services and £361k underspend across staffing related expenditure.

The Provided Services position is a £180k underspend which is attributed to:

- Non-recurrent contribution from Public Health towards eligible expenditure within Housing with Care.
- Housing with Care staffing pressure of £140k. The service is currently under strategic review to seek efficiencies and reduce costs without impacting negatively on service provision.
- Day Services and transport is overspent by £13k, which reflects the delayed opening of Oswald Street day centre to September 2018.
- Meals on Wheels is underspending by £73k which reflects the incremental reduction in demand for the service. The service is currently being reviewed to look at possible options available in redesigning the service.

Preventative Services. The forecast position shows an underspend of £697k against budget mainly due to an in-year underspend of £676k on Median Road Resource Centre. The forecast recognises a planned increase in staff capacity to manage winter pressures over the coming months.

ASC Commissioning. The forecast position for this period worsened by £118k from the previous month, reaching a overspend of £1,000k. The movement this month is caused by pressures arising from cost of telecare equipment and a backlog of installations following the transfer of the service to a new provider in 2017. A variance of £81k is linked to this service, and in addition there is a further cost pressure of £37k on staff budgets due to the need for additional capacity of 1 FTE to support Quality Assurance work and extension of the interim MH Commissioner post to support ongoing procurement.

The Housing Related Support service procurement has commenced and the expectation to meet planned savings are being managed to ensure delivery timelines are achievable. The savings target has been revised to incorporate the savings attributed to telecare charging. The decision to not go ahead with telecare charging was taken after benchmarking against other local authorities highlighted the planned charging proposals would only yield a small amount of additional income which would not be enough to meet the agreed savings target. New proposals around assistive technology are now being looked at and is expected to inform the charging model for service users going forward.

It is emphasised that it remains unclear whether iBCF funding will be replaced and at what level post 2019/20 as this funding was announced pending proposals for a sustainable adult social care funding solution. The implications of any loss of funding will continue to be highlighted in order that these can be factored into the Council's financial plans. This will include ensuring that it is clear what funding is required to continue to run safe services for adults.

## **Public Health**

Public Health is forecasting a breakeven position. The Sexual health service is delivering progress as expected to support the financial sustainability of the wider Public Health service. Current level of activity remains within budget and the competitive pricing achieved through the Pan London contract is beginning to show better value for money. There is also a progressive uptake of e-services alongside clinical service provision, however at this stage it is early to suggest the uptake could create a reduced demand for clinic-based provision. Both activities are subject to continuous review with commissioners to ensure sustainable future provision. Analysis of activity this month has identified that a dip in activity for Sexual Health services for this year, and we do not anticipate that this trend will continue in future years. As a result of this decline in activity, Public Health has made a non-recurrent contribution towards eligible expenditure across the directorate.

More recently there has been the announcement on Substance Misuse prescribing cost pressures as a result of supply shortages of opioid substitutes. At this stage there are no definitive risks to the Public Health budget forecast, however monthly review with commissioners will continue to monitor monthly activity against standard unit costs.

### 4.3 NEIGHBOURHOODS AND HOUSING

The forecast position for Neighbourhoods and Housing Directorate as at October is a £198k overspend - a small increase of £2k from September 2018 position. The forecast includes the use of £2,300k of reserves, the majority of which are for one off expenditure/projects.

The major area of overspend is in Environmental Operations which is forecast to overspend by £368k. This has been offset by increase in income levels from highways activities. £261k of the overspend relates to the cost of including overtime and other enhancements in operatives holiday pay. From May 2018 the law changed on how pay for employees who are on annual leave must be calculated. It is now a requirement that holiday pay should include not only basic pay, but also an average of regular additional hours, overtime, standby, callout and commission/bonus.

Costs of overtime, standby and callout will increase the pay bill by an estimated 7-9% as a result. Currently payments have been made for holiday top up for existing staff as well as staff who have left. It is difficult to quantify the value however estimated full year forecast based on the first 7 months is £261k for Environmental Operations. This position is likely to change throughout the year.

Within Environmental Operations there is another cost risk which may increase the forecast expenditure as the year progresses. This is related to Vehicle Repairs and Maintenance. The contract with the current provider ended in October this year. A contract extension has been agreed for 12 months with a break out clause in month 9. Indications are that the re-procurement will result in higher costs and therefore our vehicle maintenance costs are going to increase significantly by the end of the year. The service has estimated the costs to increase by around £200k annually.

Planning is forecast to overspend by £124k as at the end of October, a minimal change from the forecast in September. The reasons for the overspend are short term costs in business support of £46k while Planning and Land Charges systems are being updated, and a shortfall in Building Control income of £78k. There is also a risk that Planning application fees may not cover the cost of the Development Management service.

Income in Planning and Building control is highly dependent on development activity in the Borough. The service expects the risk to be lessened by expected increases in the volume of major applications and related Community Infrastructure Levy (CIL) receipts during the latter part of the year. Where demand for planning and building control services does not improve then management will review the level of staffing within the service as activity is linked to income generating work.

Parking and Markets, Leisure, Green Spaces and Libraries and Community Safety, Enforcement and Building Regulations are forecasting break-even positions.

Streetscene is forecast to under spend by £188k as there is additional income from Highways related activities. This is due to the increasing number of developments across the borough and increasing number of Highways licenses.

Housing General Fund is forecast to underspend by £96k. The variance is due to staff vacancies within the Housing Strategy and Policy team and in the Housing Services Travellers team. There is also additional income forecast within Housing for dwelling rents, this is based on actuals received to date.

The Regeneration contribution to reserves of £607k is for income from the new licencing scheme. This will be used in future years to offset expenditure within licencing.

The directorate forecast includes the use of £2,300k reserves. £878k of this is using grants and/or income received in previous years and £1,247k is funding one off expenditure predominantly in planning services to resource the Local Development Framework, Area Action Plans and clearance of a backlog of planning enforcement cases.

#### **4.4 FINANCE & CORPORATE RESOURCES**

There is a forecast overspend of £347k after reserves, which reflects pressures in Facilities Management, Procurement and Property Services, partially offset by savings elsewhere in the directorate. Cost pressures continue in revenues and benefits, business rates on council properties and temporary accommodation

#### **4.5 CHIEF EXECUTIVE**

Overall the Directorate is forecasting to overspend by £289k after forecast reserves usage.

Venues is currently projecting an overspend of £170k. This is broadly in line with the overspend in 2017/18, but a significant part of it has shifted from the town halls to Hackney House. Now the refurbishments have been completed, the performance in Hackney Town Hall has improved with income projection up by £60k compared to 2017/18. This has meant a transfer of staffing resource from Hackney House to the town hall which has reduced the volume of enquiries at Hackney House, a number of which were passing callers. Advertising of the council venues has primarily been aimed at the weddings market which has contributed to the increase in events at the town halls, but Hackney House is not a wedding venue and more suited to the corporate events market. There is high competition in Shoreditch for potential customers to choose from which makes enquiries more challenging to convert. These factors have resulted in a reduced projection in Hackney House income of £45k compared to 2017/18 which when combined with an anticipated increase in costs for NNDR and repairs have offset the improved income position at the town hall. The service has increased marketing of the venue and hope this will result in an increase to income and a reduction to the overspend.

The rest of Communications including Hackney Today, Design, Film and Culture are projected to break even overall at this point

The service is looking at options to improve the profile of Hackney House and generate more income.

The combined Legal & Governance Service are forecasting to overspend by £119k on their budget which is primarily due to forecasted Variable Recharges Printing of £36k which has no budget and £86k is for two over-established Governance Services Officer needed due to increase in activities and with the other covering for maternity and an unfunded Team Manager's post previously funded by HRA.

Human Resources & Elections is forecast to be on budget

#### **4.6 HRA**

The HRA is forecast to come in on budget.

##### Income

Dwelling Rents are forecast to be £319k below budget which is due to lower Right to Buy sales than expected. Non-Dwelling rents are forecast to be over budget by £67k, and income from Leaseholder charges for services and facilities is projected to be £416k over budget. The latter is due to an increase in leaseholder charges

##### Expenditure

There is a repairs and maintenance overspend of £889k which is due to an increase in reactive repairs and client (staff) function which is the subject of a restructure and DPR. This is compensated for by an underspend in the painting programme. Special services are forecast to underspend by £106k, which is due to a reduction in utility costs and Supervision and management is underspending due to a reduction in pension charges.

#### **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.

#### **6.0 BACKGROUND**

##### **6.1 Policy Context**

This report describes the Council's financial position as at the end of October 2018. Full Council agreed the 2018/19 budget on 1<sup>st</sup> March 2018.

##### **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, Finance and Corporate Resource's financial considerations are included throughout the report.

## **8. COMMENTS OF THE DIRECTOR OF LEGAL**

8.1 The Group Director, Finance and Corporate Resources is the officer designated by the Council as having the statutory responsibility set out in section 151 of the Local Government Act 1972. The section 151 officer is responsible for the proper administration of the Council's financial affairs.

8.2 In order to fulfil these statutory duties and legislative requirements the Section 151 Officer will:

(i) Set appropriate financial management standards for the Council which comply with the Council's policies and proper accounting practices and monitor compliance with them.

(ii) Determine the accounting records to be kept by the Council.

(iii) Ensure there is an appropriate framework of budgetary management and control.

(iv) Monitor performance against the Council's budget and advise upon the corporate financial position.

8.3 Under the Council's constitution although full Council set the overall budget it is the Cabinet that is responsible for putting the Council's policies into effect and responsible for most of the Council's decisions.

The Cabinet must take decisions in line with the Council's overall policies and budget.

- 8.4 Paragraph 2.6.3 of FPR2 Financial Planning and Annual Estimates states that each Group Director in charge of a revenue budget shall monitor and control Directorate expenditure within their approved budget report progress against their budget through the Overall Financial Position (OFP) Report to Cabinet. This Report is submitted to Cabinet under such provision
- 8.5 All other legal implications have been incorporated within the body of this report.

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**CAPITAL UPDATE REPORT**

**KEY DECISION NO. FCR P19**

**CABINET MEETING DATE**

**17 December 2018**

**CLASSIFICATION:**

**Open**

**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 report on the capital programme for 2018/19 updates members on the capital programme agreed in the 2018/19 budget and includes capital project approvals for Neighbourhood and Housing (Non-Housing) and Finance and Corporate Resources.
- 1.2 But it also highlights where our manifesto commitment to invest in our schools and ensure they are fit for purpose is being delivered. Over £6m of s106 funding will be spent on 14 different primary schools across the borough, bringing them up to modern standards. This will ensure that the borough's children continue to have good quality facilities that every child can enjoy, ultimately improving their learning.
- 1.3 This report recommends investment in schemes which will bring real benefits to local residents – on the boroughs roads, parks and buildings – by building a fairer, safer and more sustainable Hackney for all. It recommends grant spending on the restoration and improvements to Abney Park Cemetery Chapel -- one of the 'magnificent seven' garden cemeteries in London, with a woodland memorial park and local nature reserve managed by the Council. This historic site will receive lottery grant funding that the Council applied for, to maintain and improve a green space that residents can enjoy and contribute to a more sustainable Hackney.
- 1.4 I commend this report to Cabinet.

## 2. GROUP DIRECTOR'S INTRODUCTION

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 Neighbourhood and Housing (Non-Housing) as set out in section 9.2 be given approval as follows:**

**Abney Park Cemetery Chapel Restoration & Improvements:** Further resource and spend approval of **£314k in 2018/19** is requested in respect of grant received for the restoration of the chapel and to carry out essential works and improvements to the site.

- 3.2 **That the schemes for Finance and Corporate Resources as set out in section 9.3 be given approval as follows:**

**Hackney Service Centre (HSC) Flooring and Mechanical Upgrade Works:** Further Resource and spend approval of **£834k in 2019/20** is requested to increase the existing budget for the flooring and mechanical upgrade work.

**3.3 That the S106 schemes as set out in section 9.4 and summarised below be given resource and spending approval as follows:**

<b>S106</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital	673	5,698	-	6,371
Revenue	100	100	100	299
<b>Total S106 Resource and Spend approvals</b>	<b>772</b>	<b>5,798</b>	<b>100</b>	<b>6,669</b>

**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 2018/19 considered by Council on 21 February 2018 sets out the original Capital Plan for 2018/19. Subsequent update reports considered by Cabinet amend the Capital Plan for additional approved schemes and other variations as required.

**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

- 7.1 The gross approved Capital Spending Programme for 2018/19 currently totals £324.122m (£139.606m non-housing and £184.516m housing). This is funded by discretionary resources (borrowing, government grant support, capital receipts, capital reserves (mainly Major Repairs Reserve and revenue contributions) and earmarked funding from external sources.
- 7.2 The financial implications arising from the individual recommendations in this report are contained within the main report.
- 7.3 If the recommendations in this report are approved, the revised gross capital spending programme for 2018/19 will total **£325.109m (£140.593m non-housing and £184.516m housing)**.

Directorate	Revised Budget Position	Dec 2018 Cabinet Update	Updated Budget Position
	£'000	£'000	£'000
Chief Executive's Services	-	-	-
Children, Adults and Community Health	15,706	610	16,316
Finance and Corporate Resources	100,281	-	100,281
Neighbourhoods & Housing (non-housing)	23,619	377	23,996
<b>Total Non-Housing</b>	<b>139,606</b>	<b>987</b>	<b>140,593</b>
Housing	184,516	-	184,516
<b>Total</b>	<b>324,122</b>	<b>987</b>	<b>325,109</b>

## 8. COMMENTS OF THE DIRECTOR OF LEGAL

- 8.1 The Group Director, Finance and Corporate Resources is the officer designated by the Council as having the statutory responsibility set out in section 151 of the Local Government Act 1972. The section 151 officer is responsible for the proper administration of the Council's financial affairs.

- 8.2 In order to fulfil these statutory duties and legislative requirements the Section 151 Officer will:
- (i) Set appropriate financial management standards for the Council which comply with the Council's policies and proper accounting practices, and monitor compliance with them.
  - (ii) Determine the accounting records to be kept by the Council.
  - (iii) Ensure there is an appropriate framework of budgetary management and control.
  - (iv) Monitor performance against the Council's budget and advise upon the corporate financial position.
- 8.3 Under the Councils Constitution although full Council set the overall Budget it is the Cabinet that is responsible for putting the Council's policies into effect and responsible for most of the Councils' decisions. The Cabinet has to take decisions in line with the Council's overall policies and budget.
- 8.4 The recommendations include requests for spending approvals. The Council's Financial Procedure Rules (FPR) paragraphs 2.7 and 2.8 cover the capital programme with 2.8 dealing with monitoring and budgetary control arrangements.
- 8.5 Paragraph 2.8.1 provides that Cabinet shall exercise control over capital spending and resources and may authorise variations to the Council's Capital Programme provided such variations: (a) are within available resources (b) are consistent with Council policy.

Under the Mayor's Scheme of Delegation, Cabinet is authorised to monitor the overall financial position of the Authority including the revenue and capital budgets and delivery of the capital programme.

- 8.6 With regard to recommendation 3.3 and paragraph 9.4 where Cabinet is being invited to approve the allocation of monies from agreements under section 106 of the Town and Country Planning Act 1990, s.106 permits anyone with an interest in land to enter into a planning obligation enforceable by the local planning authority. Planning obligations are private agreements intended to make acceptable developments which would otherwise be unacceptable in planning terms. They may prescribe the nature of the development (for example by requiring that a percentage of the development is for affordable housing), secure a contribution to compensate for the loss or damage created by the development or they may mitigate the development's impact. Local authorities must have regard to Regulation 122 of the Community Infrastructure Levy Regulations 2010. Regulation 122 enshrines in legislation for the first time the legal test that planning obligations must meet. Hackney Council approved the Planning Contributions Supplementary Planning Document on 25 November 2015 under which contributions are secured under S106 agreements. Once completed S.106 agreements are legally binding contracts. This means that any monies which are the subject of the Agreement can only be expended in accordance with the terms of the Agreement.

## **9 CAPITAL PROGRAMME 2018/19 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 Neighbourhoods & Housing (Non-housing):

9.2.1 **Abney Park Cemetery Chapel Restoration & Improvements:** Further resource and spend approval of **£314k in 2018/19** is requested for the restoration of the chapel and to carry out essential works and improvements to the site. This is in respect of grant funding and is additional to £700k already previously approved as part of the Council's 2017/18 capital programme. Abney Park in Stoke Newington, one of the 'magnificent seven' garden cemeteries of London, is a woodland memorial park and Local Nature Reserve, managed by the Council. Abney Park Cemetery is a 12.5 hectare public open space and has a significant combination of build, cultural and natural heritage. A unique non-denominational garden cemetery was laid out at the site in 1840 which included an extensive arboretum (tree collection) and the Abney Park Chapel. Although work has begun to stabilise the chapel in Abney Park there are still significant issues in the site that need to be addressed. This restoration of the chapel will potentially host events and receptions and bring about real economic and social benefits. It is estimated that works to improve the site will cost circa £4million. The Council applied to the Heritage Lottery Fund (HLF) for £4.8 million for the Abney Park Restoration Project. The application was successful at first round Stage 1 and the Council has now received £314k grant funding. This grant will be used to develop a Stage 2 bid for the development phase of the project. If this application is successful, the Heritage Lottery Fund will provide circa £4.4 million to deliver a number of the improvements to Abney Park. This capital project will meet the Priority 3 of the Community Strategy 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no net impact on the capital programme in 2018/19 as this is funded by grant.

## 9.3 Finance & Corporate Resources:

9.3.1 **Hackney Service Centre (HSC) Flooring and Mechanical Upgrade Works:** Further resource and spend approval of **£834k in 2019/20** is requested to increase the existing budget for the flooring and mechanical upgrade work to rectify below floor plant failures. The Council is undergoing a period of significant change, with its Corporate Estate being rationalised to deliver more effective, efficient working environments for its staff under the Corporate Estate Rationalisation (CER) programme and need to consolidate the Council's buildings to make better use of the space we have. Since the original approval in October 2016, the HSC building has acquired circa 300 additional desks which has highlighted that the existing carpet is on a poor state of repair and ventilation is not fit for purpose. The project will deliver raised access flooring to be fully levelled to ensure floor plates are stable and prepared for carpet install, remove existing air supply swirls situated under desks and provide new grilles to walkways and supply and install of new flooring. Works will be undertaken at weekend and out of hours to minimise the impact on building users. A key driver for the project is to ensure that the staff located within the HSC are provided with a building that is fit for purpose. This capital project is in line with the Mayor's Priority 2: "An ambitious and well-run Council that delivers high quality services, financial stability, and first class-local facilities." The works also assist in meeting Capital

Investment Strategy objectives to maintain Council assets to a high standard and to make Hackney a great place to work. This approval will have no net impact on the capital programme as the resources will be met by discretionary resources held by the local authority.

#### 9.4 S106 Capital Approvals:

9.4.1 Resource and spending approval is requested for **£6,371k (£6,161k in 2018/19 and £210k in 2019/20)** in respect of the projects detailed below, to be financed by S106 contributions. The works to be carried out are in accordance with the terms of the appropriate S106 agreement.

Planning Site No.	Project Description	Agreement Development Site	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total	
2013/0457	LSB Schools Façade Repair Programme Phase 2 (0016-18)	Holy Trinity Primary School Beechwood E8 3DY	-	5,149	-	5,149	
2013/1128		Kings Crescent Estate London N4 2SY	-	190	-	190	
2011/0698		Principal Place (Land Fronting Norton Folgate )EC2A	-	264	-	264	
2011/0734		Colville Estate Hackney London N1		21	95	-	116
2014/0621				63	-	-	63
2007/2889		Haggerston & Kingsland Estates Regeneration		330	-	-	330
2014/1880		35- 41 Westland Place Shoreditch London N1 7LP		54	-	-	54
2015/3293		52 Brooksby's Walk, London E9 6DA		20	-	-	20
2010/1774		12 Andre Street London e8 2AA		7	-	-	7
2012/2658		Enterprise House, 2 Tudor Grove, London E9 7QL		18	-	-	18
2012/3068		258 Kingsland road London E8 4DG		31	-	-	31
2012/1190		Block A,260 Kingsland London E8 4DG		12	-	-	12
2012/1449		The Alpha House, Tyssen Street, London E8 2ND		26	-	-	26
2012/1644		151 Haggerston Road, Haggerston, London E8 4JA		20	-	-	20
2013/0789		115 Curtain Road, Hackney London EC2A 3DS		7	-	-	7
2015/2643		Highway Wks at 32-34 Eagle Wharf Road (0010-18)	32-34 Wharf Road, London N1 7EG	63	-	-	63
<b>Total Capital S106 Approvals</b>			<b>673</b>	<b>5,698</b>	<b>-</b>	<b>6,371</b>	
2012/3871	Shoreditch Art Fund	Land @ Curtain Road,Hewett Street, Great Eastern	17	17	17	51	
South/602/97/FP		9 Appold Street ,72-90 Worship Street 11-16 Anowden St.Appold EC2	83	83	83	248	
<b>Total Revenue S106 Approvals</b>			<b>100</b>	<b>100</b>	<b>100</b>	<b>299</b>	

Total S106 Resource and Spend approvals			772	5,798	100	6,669

## APPENDICES

None.

## 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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<p><b>Scrutiny Panel</b></p> <p><b>21<sup>st</sup> January 2019</b></p> <p><b>Item 9 – Budget Scrutiny Task Groups</b></p>	<p>Item No</p> <p><b>9</b></p>
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## OUTLINE

The Scrutiny Panel’s remit includes budget scrutiny and cross cutting work.

Following the establishment of 4 budget scrutiny task groups. This item is to establish the membership for the following budget scrutiny task groups:

<b>Budget Scrutiny Task Group</b>	<b>Proposed Members and Chair of the Group</b>
Early Years Service	Cllr Woodley (Chair) Cllr Steve Race Cllr Tom Rahilly Cllr Humaira Garasia  Advisor to Group: Cllr Conway Cabinet Member: Cllr Bramble
North London Waste Authority / Recycling and Waste	Cllr Billington (Chair) Cllr Smyth Cllr Lufkin Cllr Ozsen  Advisor to Group: Cllr Patrick Cabinet Member: Cllr Burke
Integrated Commissioning (CACH)	Cllr Maxwell (Chair) Cllr Etti Cllr Sharman Cllr Spence  Advisor to Group: Cllr Hayhurst Cabinet Member: Cllr Demirci

## ACTION

Members are asked to agree the membership for the above BSTGs.

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<b>Scrutiny Panel</b> <b>21<sup>st</sup> January 2019</b> <b>Item 10 – Work Programme 2018/19</b>	Item No <b>10</b>
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## **OUTLINE**

Attached is the updated work programme for the Scrutiny Panel for the year 2018-19. Please note that this is a working document.

## **ACTION**

Members are asked to note the report and make any comments or amendments as necessary.

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# Overview & Scrutiny

## Scrutiny Panel Scrutiny Commission

### *Rolling Work Programme June 2018 – April 2019*

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>Mon 16<sup>th</sup> Jul 2018</b>  Papers deadline: Wed 4 <sup>th</sup> July	Quarterly Finance Update	Finance and Corporate Resources Directorate Ian Williams	Finance update to cover: <ol style="list-style-type: none"> <li>1. A forward look at the outlook for local government finance with the main variables and headlines as well as risks?</li> <li>2. Information about how well placed the Council is to adjust to the new business rates regime?</li> </ol>
	Overview and Scrutiny Work Programme Review	Chief Executive's Directorate Overview and Scrutiny Team Tracey Anderson	Discussion and review of the Overview and Scrutiny function work programme for 2018/19. Update from each scrutiny commission Chair on their work programme for 2018/19.
	Scrutiny Panel Work Programme 2018/19	Chief Executive's Directorate Overview and Scrutiny Tracey Anderson	Discuss and agree the Scrutiny Panel work Programme for 2018/19

Dates	Proposed Item	Directorate and officer contact	Comment and Action
	Overview and Scrutiny Resources	Chief Executive's Directorate Overview and Scrutiny Team Tracey Anderson	Discussion about Overview and Scrutiny Team Resources
<b>Tue 9 Oct 2018</b>  Papers deadline: Wed 27 <sup>th</sup> Sept	Quarterly Finance Update	Finance and Resources Directorate Group Director Finance and Resources, Ian Williams	Finance update to cover: <ul style="list-style-type: none"> <li>• Overall Financial Position report</li> <li>• Capital works programme report</li> <li>• Budget scrutiny areas of inquiry</li> </ul>
	Cabinet Question Time Mayor Glanville	Chief Executive's Directorate Mayor's Office Ben Bradley / Tessa Mitchell	CQT session with the Mayor. Three topic areas which will be the focus of the questions for this session: <ol style="list-style-type: none"> <li>1. The progress on implementation of the 2018 Manifesto commitments</li> <li>2. The financial resilience of Hackney Council</li> <li>3. The impact of Brexit in Hackney.</li> </ol>
	Annual report on Complaints and Members Enquires	Chief Executive's Directorate Business Analysis and Complaints Team Bruce Devile	Annual report of the Council's Complaints and Members Enquires for 2016/17.

Dates	Proposed Item	Directorate and officer contact	Comment and Action
	The Council's approach to consultation	Chief Executive's Directorate Communication, Culture and Engagement Polly Cziok, Director and Florence Obinna, Consultation and Engagement Manager	Presentation to cover <ol style="list-style-type: none"> <li>1. How the council consults and when is there a legal obligation for a formal consultation?</li> <li>2. What is the average response rate for consultations, who responds and what are the equality issues?</li> <li>3. What is the cost for consultations and what tools do we use?</li> <li>4. How does the E-panel fit in? How does it influence decisions and how transparent is it?</li> <li>5. Please provide examples of recent big consultations that has gone well and ones that haven't. Please can you advise why for each example?</li> <li>6. How does Scrutiny and ward forums fit into the picture?</li> <li>7. How does the Council's consultation process marry up with public expectations and can we close the gap? Will we ever be able to?</li> </ol>
	Budget Scrutiny	Chief Executive's Directorate Overview and Scrutiny Tracey Anderson	SP to set up and agree the Budget Scrutiny Task Groups

Dates	Proposed Item	Directorate and officer contact	Comment and Action
	Scrutiny Panel Work Programme 2018/19	Chief Executive's Directorate Overview and Scrutiny Tracey Anderson	Discuss and agree the Scrutiny Panel work Programme for 2018/19
<b>Mon 21<sup>st</sup> Jan 2019</b>  Papers deadline: Wed 9 <sup>th</sup> Jan	Quarterly Finance Update	Finance and Resources Directorate Ian Williams	Finance Update to cover: <ul style="list-style-type: none"> <li>• 2019/20 Budget Update</li> <li>• LBH response to the Provisional Local Government Finance Settlement 2019/20</li> <li>• Council's Monthly Overall Financial Position (OFP) Report</li> <li>• Capital Programme report</li> <li>• Impact of the implementation of universal credit in Hackney</li> </ul>
	Chief Executive Question Time	Chief Executive's Directorate Chief Executive Tim Shields	Question time session with the Chief Executive will cover: <ul style="list-style-type: none"> <li>• Council's corporate strategy in relation bullying and harassment</li> <li>• Council's preparations and contingency plans for Brexit</li> </ul>
	Communications and Consultation - Update on Scrutiny, Ward Forums and the Council's Community Engagement	Chief Executive's Directorate Director Communication, Culture and Engagement Polly Cziok,	Update to cover <ul style="list-style-type: none"> <li>• Scrutiny and Council's community engagement work</li> <li>• Ward Forums and Council's community engagement work</li> <li>• How Scrutiny and the consultation and engagement function work together.</li> <li>• Raising the profile of Scrutiny.</li> </ul>

Dates	Proposed Item	Directorate and officer contact	Comment and Action
	ICT Update	Finance and Resources Directorate Director of ICT, Rob Miller	Presentation on the utilisation of digital solutions related to service delivery, areas of innovations and information about equalities impacts.
	Budget Scrutiny Task Groups	Chief Executive's Directorate Overview and Scrutiny Tracey Anderson	Establish the membership for the remaining budget scrutiny task groups.
<b>Mon 1<sup>st</sup> Apr 2019</b>  Papers deadline: Wed 20 <sup>th</sup> Mar	Quarterly Finance Update	Finance and Corporate Resources Directorate Ian Williams	Finance Update to cover: <ul style="list-style-type: none"> <li>•</li> </ul>
	Sustainable procurement policy		TBC

### Proposed work items

Suggestion	Suggestion from	Description of item
Sustainable procurement policy - Council is developing	Group Director Finance and Corporate Resources and	<i>The Council is launching a new Sustainable Procurement Strategy after Summer for consultation and a major aspect of this will be the approaches to insource vs outsource.</i>

	SP Chair	<i>It is an area that needs proper consideration and understanding and one that members will have a clear interest in.</i>
How the council carries out reviews of contracted services.	Cabinet Member Finance and Housing Needs Cllr Rennison	Delivering the manifesto commitment to review contracted services as these come up with a view to bringing these in house where possible.