



London Borough of Hackney
Scrutiny Panel
Municipal Year 2022/23
Date of Meeting Monday 20 February 2023

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

Chair	Councillor Margaret Gordon
Councillors in Attendance	Cllr Soraya Adejare, Cllr Sharon Patrick and Cllr Clare Potter
Apologies:	Cllr Polly Billington
Co-optees	
Officers In Attendance	Dawn Carter-Mcdonald (Director of Legal, Democratic and Electoral Services), Ian Williams (Group Director of Finance and Resources), Jackie Moylan (Director Financial Management) and Louise Humphreys (Head of Legal and Governance / Deputy Monitoring Officer)
Other People in Attendance	Councillor Alastair Binnie-Lubbock, Councillor Zoe Garbett, Councillor Lynne Troughton and Councillor Robert Chapman (Cabinet Member for Finance, Insourcing and Customer Service)
Members of the Public	
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Councillor Margaret Gordon in the Chair

1 Apologies for Absence

- 1.1 Apologies were received from Cllr Billington and Cllr Lynch (Chair of Audit Committee). Cllrs Joseph, Conway and Hayhurst attended the meeting virtually.

2 Urgent Items / Order of Business

- 2.1 There were no late items and the agenda was as published.

3 **Declarations of Interest**

3.1 There were no declarations.

4 **Constitution Update - Review of Overview & Scrutiny Sections (7:05 - 7:40pm)**

4.1 Members gave consideration to 4 reports as follows:

Draft index for the Council's Constitution
Part 2 of the Constitution - Article 7
Part 4 of the Constitution - O&S Procedure Rules
Part 4 of the Constitution- Call-in procedure rules.

4.2 The Chair stated that the purpose of the time was to discuss and collate the views of Panel Members to present to the Constitution Committee for consideration as part of its review of the Constitution. She welcomed for this item:

Dawn Carter-McDonald (DCM), Director of Legal, Democratic and Electoral Services
Louise Humphreys (LH), Head of Legal and Governance

4.3 DCM introduced the reports and LH gave an overview. She explained that a major focus was to ensure use of plain english. The Committee had Members from all parties as well as officers from legal and governance. They were not changing how the Council operated and not proposing substantive changes to the Committees, nor were they seeking to amend issues around balance of power. The focus purely was on amending wording to improve clarity and increase public accessibility. The timetable was for the revised Constitution to be adopted in July of this year, preceded by a public engagement. She added that this timeframe was tight but was achievable in their view. A key task relevant to Scrutiny was their intention to extract the O&S procedure rules on Call In, for example, and to make that available in a more accessible and public friendly format as the public would benefit from greater clarity on how 'call-in' works.

4.4 The Chair commented that the Panel needed to look at how the document makes the Scrutiny function more accessible to the public and to consider how it assists Scrutiny to work more collaboratively. She explained that there continued to be a vacant position as Vice Chair of the Scrutiny Panel which had remained vacant for 6 years as it had not been taken up by the Main Opposition Group. She noted that the members of the, now, Second Opposition Group were present at this meeting and she welcomed Cllr Garbett and Cllr Binnie-Lubbock.

Questions from Members of Scrutiny Panel

4.5 Members agreed that a separate document on Call In would really assist and the issue was one of presentation particularly about how easy it was to access on the Council's website. Members agreed that this is where the focus needed to be.

4.6 Members asked whether Health in Hackney Scrutiny Commission's formal powers to refer an issue to the Secretary of State was delegated to HiH or if it was a reserved power by Full Council, noting that changes to a Statutory Regulation had altered this in the past. DCM undertook to come back on this.

ACTION:

Director of Legal, Democratic and Electoral Services to clarify whether the formal powers to refer a health matter to the Secretary of State sits with Health in Hackney or is a reserved function of Full Council.

4.7 The Head of Scrutiny and Ward Forums highlighted for Members some of the provisions in the paper where Members' guidance was sought:

Re pt 18 on p23 to consider whether to retain the requirement to inform the Monitoring Officer of requests for officers attendance at Scrutiny. Currently the team goes directly to the officers. The Chair proposed this be reworded so it is not a formal procedure but that a check and balance requirement remains

Re pt 3.1 under Call-in, the number of days, currently 'x' needs clarifying. LH explained that the Working Group will resolve this and the procedure is that it is 5 days after the publication of the Decision Sheet, which is normally the day after the committee meeting took place.

Cabinet has created a number of Commissions under its own aegis and, to avoid confusion among the public, Members' should consider that 'Scrutiny Commissions' be renamed as 'Scrutiny Committees'.

Members also needed to give further consideration whether 'Living In Hackney Scrutiny Commission' could be renamed. 'Climate Homes and Environment' was one of a number of options under consideration.

4.8 Members asked if there could be greater clarity on the scopes of LiH Commission vis a vis SEG Commission in relation to consideration of issues resulting from large regeneration schemes because the Commission with a remit for Housing would also need to be involved.

4.8 Cllr Garbett (Green Party), present as a guest, commented that 'Climate' was missing from the scopes and there needed to be a stronger narrative on this. 'Living in Hackney' as a name was not clear to residents and the option of 'Climate Homes and Economy', for example, would not include policing, which also needed to be included. Members also asked if residents who had contributed to the Scrutiny Survey early last year could be updated on actions taken.

4.9 Members asked about the power of Scrutiny to "call in" the police. The Head of Scrutiny reminded the Panel that Living in Hackney only has the power to scrutinise the Community Safety Partnership and that oversight of delivery by the police is the remit of Safer Neighbourhoods Board, which is a body created under the Metropolitan Police.

4.10 There was a discussion on possible new names for Living in Hackney SC. Members commented that the current name was too vague. That framing of 'homes' as a distinct item was also problematic. There was a view that a standalone commission on Housing would allow more time for longer and more in depth pieces of work where issues could be explored in more depth and with more robust follow up. Currently the pressures on the agenda meant that it was a challenge to cover housing to the extent needed as well as policing and environment etc. Members added that housing issues took up 90% of case work of some councillors. Some basic benchmarking with neighbouring boroughs demonstrated that some had dedicated commissions and one had up to 10 committees. The Chair commented that this was outside the remit of this item but some important points had been made.

4.11 Members commented on the cross commission work on climate change which had been done last year. The Chair commented that cross cutting issues need to be considered and embedded and led at Scrutiny Panel where necessary. Members commented that the burden on each commission should be looked at. One of the concerns was that policing should be across CYP and LIH as it needs an 'whole family' approach on such aspects as mental health and transition to adult services. It was suggested that Members might like to agree areas of work suitable for a joint commission and how that might be accommodated. A Member commented whether a Task and Finish Group might be an option to carry out a deep dive into particular areas.

4.12 Members commented that 8 years previously they had reduced the number of Commissions from 5 to 4 and this was partly driven by a desire to have a dedicated officer resource for each Commission. It was noted that Hackney had the best resourced Scrutiny function in London and creating an additional commission would mean fewer resources for existing commissions.

4.13 The Head of Scrutiny commented that the previous external review of the function had recommended 1:1 officer support per Commission and there was no budgetary scope to increase the size of the function. She added that currently Task and Finish Groups come out of the Scrutiny Panel. Other options might be for LiH to devote a year to Housing issues alone, for example. Likewise on Community Safety, while there was no impediment on doing joint pieces of work but that the specific statutory responsibility would need to sit formally with one Commission/Committee. On Climate Change each Commission had done a piece of work on it and this would be drawn together at the next Scrutiny Panel meeting.

4.14 The Chair of LiH commented that devoting a whole year on LiH to Housing was not practical but how best to handle housing issues within the framework needed further examination.

4.15 The Chair thanked Members for their comments on the constitutional reviews aspects and stated that what is needed is a flexible collaborative scrutiny function that hears the voices of the public and the Scrutiny function needs a Council Constitution that assists with this. It was important to remind ourselves too that Scrutiny is a central part of the Mayoral system and scrutiny cannot exist without it and there needs to be a robust system of checks and balances, she added.

4.16 DCM thanked Members for their helpful input. LH undertook to provide a response and to give the issues raised further consideration at the Constitution Committee. DCM praised the excellent meeting which had been done on the 'Child Q' issue between LiH and CYP and commented that it had worked well to address a single issue which had cross cutting ramifications.

4.17 The Chair thanked the officers for their reports and attendance and stated that she would be across the issues as she was also a Member of the Constitution Committee.

RESOLVED:

That the reports and discussion be noted.

5 Quarterly Finance Update (7:40 - 8:40pm)

5.1 The Chair stated that Council's budget update was a standing item on the agenda and at this meeting there would also receive and overview of the proposed Council budget for 2023/24. The latter was being tabled because of the tight timelines involved and it would be going to Cabinet and Full Council for approval the following week.

5.2 Members gave consideration to the following three reports

Overall Financial Position - Nov 2022
Capital Update and Property Disposals and Acquisitions Report - Sept 2022
TABLED slide presentation 'Scrutiny Finance Update'

5.3 The Chair welcomed for this item:

Ian Williams (IW), Group Director Finance and Corporate Resources
Jackie Moylan (JM) Director of Financial Management
Cllr Robert Chapman (RC), Cabinet Member for Finance, Insourcing and Customer Service

5.4 IW took Members through his presentation in detail. The slides covered:

General Fund forecast 2022/23
2022/23 HRA position
The Council's capital programme and borrowing
Economic context
Local government settlement 2023-24
Disparity in council funding (spending power comparisons 15-16 to 23-24)
London spending power increases
London spending power (real term reduction of 18% since 10/11)
What the LGFS meant for the Council's 23-24 budget
Budget Report - Introduction
Budget Report Overview - Council Tax
Budget Report Overview - Revenue Budgets
Budget Report Overview - S151 officer's statement
Budget Report Overview - Capital programme £1.1bn (22-23 to 25-26)
Budget Report Overview - Capital programme financing £1.1bn
Budget Report Overview - Medium Term Financial Plan
HRA Budget
HRA Business Plan - Budget gap going forward
Cost of living response - recap
Cost of living response - the Money Hub
Cost of living response - financial support provided

5.5 IW explained that the budget papers had just been published and would be going to Cabinet and Full Council for approval the following week. They were forecasting an overspend of £9m in the General Fund but wished to contain that as much as possible in spite of cost pressures and the now high inflation, including the pay award. Overspends were driven by ASC and CYP directorates and by the impact of the cyber attack. The HRA was under considerable pressure due to delays in procurement. On the Capital Account the real challenge in the market was trying to get contractors to hold prices steady. The cost of borrowing and unfavourable gilt yield rates were also a factor.

Questions from Members of Scrutiny Panel on S1 of presentation

5.6 Are there going to be delays in building works? IW replied that they had struggled with getting the building maintenance contracts to a better place and what they have been investing in was growing the DLA. There had been significant challenges in Procurement such as trying to get the relevant trades people, Brexit also had an effect on the availability of labour and much longer lead times were required. He suggested he could bring this issue back to Living in Hackney when they were able to update.

5.7 Re contract management in HRA, to what extent was the Council holding contractors to account when they produced poor quality work, were there penalties and fines that can be used and what about compensation and on costs of legal disrepair to what extent was the Council passing those back.

5.9 How will the Council use Revenue Contributions to Capital Outlay (RCCO) in the future (noting that this year they were able to release that funding). IW explained that RCCO wasn't a long term solution but, in the medium term, switching its use to fund higher costs or higher wages in the HRA had been required.

5.10 IW went on to cover the economic context outlining a scenario where inflation might fall to 4% this coming year. A key challenge of course was that the current government subsidies for energy would end on 31 March and the energy price cap would be lifted. He also explained that the increased local government settlement had come in at a 9% increase over all but was based on the expectation that all councils would increase council tax. It would still be possible to increase council tax to a combined rate of just under 5%. Some councils who have major financial challenges were being given further flexibility, with Croydon for example being allowed to raise it by 15% because of its particular challenges. He added that this was still just a one year settlement and that Cllr Chapman and the Mayor had been lobbying hard for a longer settlement beyond the next financial year. He stated that the Revenue Support Grant would eventually be replaced. He pointed Members to the slides on the work that had been done on the disparities in funding of councils, noting that local government funding in the past 15 years has favoured relatively prosperous areas and councils with a larger business tax base would benefit most. He clarified that Core Spending funding did not include the Schools Grant and that when Council Tax was created in 1990 Hackney had much lower property values so it has a lower council tax base combined with a large population dependent on council services. He concluded

that Hackney had experienced an 18% reduction in real terms spending power since 2010/11

Questions from Members of Scrutiny Panel on S2 of presentation

5.11 Wasn't the real terms reduction the opposite of 'Levelling Up'? IW replied that in the current settlement Hackney is allowed to raise council tax by up to 5% which is 2% more than they'd expected and this would generate revenue of £2m more.

5.12 Officers are to be commended for how well they have predicted the settlements but what things could the Council now e.g. building housing with care' in order to help reduce the pressure on Adult Social Care budget. Also, in relation to SEND at secondary level, could the Council build extra provision in the borough on an invest to save basis? IW endorsed those comments and stated they are always seeking opportunities to invest to deliver savings. On SEND they were looking at capital investment programmes and the investment in estates to increase in-house capacity rather than having to buy in from the private sector. On social care they've been in discussions with Adult Social Care to explore ways to invest in the Council's own capacity but building those facilities quickly would always be a challenge as they have to be done properly and to a high standard and have to be very carefully located. He added that they were also giving more attention to energy resilience and energy security e.g. more solar panels on roofs, so the Council has greater certainty in the midst of fluctuating energy prices, but again, the roofs involved must be suitable.

5.13 On the HRA debt of £110m what projects has the money been used for and why is it at such a level. IW explained that typically the Council had tended to borrow internally rather than externally and so use the cash it holds. £68m of that debt figure was external borrowing which has to be serviced by, for example, using private sales and rental streams. He was working with the Group Director of Climate Homes and Economy on the impact of external borrowing. The Chair added that having more detail on the cost of borrowing and projects it was being spent on would be useful.

5.14 The Chair asked if the Pension Fund income could be part of the solution for invest to save. He also asked for an update on redevelopment of King's Hall Leisure Centre and what the Council's energy bill was annually and what was the current risk considering the councils are not part of the current energy support subsidy. IW explained that while Hackney Central had secured some levelling up money they had not been successful in bids relating to Kings Hall. He explained that much of the energy costs related to the core campus. They buy energy for the core campus and use it also for estates, leisure centres and schools so they can access cheaper energy costs. The annual bill was c. £14m and that had increased 80% in the past 10 years. In 2019 the bill for the Leisure Estate had been £900k and they now estimated it to be £3m, although that included the redeveloped Britannia Leisure Centre. On the Levelling Up money, they had secured £19m for Hackney Central. Re King's Hall they have factored in the increased costs in their medium term planning. Doing nothing wasn't an option for the site and so they have already committed some construction money to protect the building in the short term. In response to the Chair he added that he would expect building on it to commence before 2026.

5.15 IW took Members through part 3 of the presentation. In summary he explained that Hackney council tax element would increase by 4.99% i.e. £63.65p for Band D. The GLA precept was 10% but the aggregate increase at Band D would be 6.12%. He explained that they were also doubling the government's Council Tax support scheme to a level of £50. Over the medium term and given inflation and the erosion of value of money, they will need to increase reserves from £15m to £20m.

Questions from Members of Scrutiny Panel on S3 of presentation

5.16 How was the decision made to increase reserves and where would that money come from? IW explained that on some balances which had not been earmarked they had taken the decision to increase the level of reserves to deal with unknown eventualities e.g. the recent building collapse in Stoke Newington Church St was a good example of how they had to be prepared for such situations. He explained how the £15m figure hadn't changed since 2007 and that didn't go as far now and so it was judged that £20m would be a more appropriate level.

5.17 RC thanked IW and his team for putting together a budget under such difficult circumstances where council funding continued to be below 2010 levels. They had achieved this budget with no significant cuts to frontline services. It was necessary to raise council tax to the full limit as they have to fund cost of living support schemes which it was hoped would compensate and help to protect the most vulnerable in our community. He added that Reserves were there for a purpose and part of the reason Hackney Council had achieved financial stability was because of the robust management of its finances. Much of the reserves were capital and could not be used and he reminded Members they could only be used once and a plan had to be put in place to replace the funding if it was drawn on and reserves were not an easy option to resource council spending. The Chair stated that he fully endorsed Cllr Chapman on increasing the level of Reserves, adding that they were the bedrock of the financial stability of the council over the years.

5.18 On the financing of the capital programme through debt, the Chair asked about the mechanism involved. IW explained that they made a Minimal Revenue Provision to write down the level of debt outstanding over a number of years therefore if they borrow more they have to increase this provision for it to write it down over say 25 years. If for example an asset generated an income stream that would impact the financing cost of the capital. He gave the example of the use of the capital programme to build a GP surgery where the rent would be used to write down the debt incurred over a period of years. The change in the budget overall was that the proportion of debt the capital fund was paying had risen. In 23/24 they had also set aside £6m in the revenue budget for this.

5.19 The Chair thanked the officers for their detailed reports and their attendance.

RESOLVED:

That the reports and discussion be noted.

6 Update on the Council Tax Reduction Scheme Scrutiny Panel Task and Finish Group (8:40 - 8:55pm)

6.1 The Chair explained that the Scrutiny Panel set up the Council Tax Reduction Scheme (CTRS) Task and Finish Group to review the CTRS model in Hackney. It had looked at the options and costs to the Council to reduce the liability of council tax contributions for relevant working age adults and the cost implications of implementing a zero based CTRS model in Hackney. Also present for this item were:

Ian Williams (IW), Group Director Finance and Corporate Resources
Jackie Moylan (JM) Director of Financial Management
Cllr Robert Chapman (RC), Cabinet Member for Finance, Insourcing and Customer Service

6.2 Members gave consideration to a TABLED presentation from the Chair 'CTRS Task Group'. The Chair took members through the presentation which covered:

Task Group objectives
Contributors to the review
Background to the review
Council Tax as a % of local authority funding
Input from Child Poverty Action Group and Institute for Fiscal Studies
Admin; income changes, banding
Council Tax Reduction Scheme caseloads by borough
Hackney CTRS Scheme
CTRS in Camden
CTRS in Lambeth
CTRS in Tower Hamlets
Collection rates in Hackney
Hardship Fund in Hackney
View of the local CAB
View of Deaf Plus
View of Age UK in Hackney
Key Finding from the Review
Recommendation Areas
Next Steps

6.3 The Recommendation Areas from the review covered: Communication and Consultation; engagement with advice services, equalities data; hardship fund; the money hub - advice and support to residents; and Care leavers. As regards next steps it was noted that it was the ambition of the Council to provide low income households with a 90% discount on council tax by 2026 and a full discount by 2030. The proposal will be subject to consultation and eligibility will still be means-tested.

6.4 JM commented that the uptake on the discretionary Hardship Scheme had historically been low, the fund however had been topped up by £400k and there had also been an improvement in its uptake. They had also included foster carers in the exempted list. She added that the plan was to go to a 90% discount by April 2024. Cllr

Chapman added that they would go out to consultation this spring on the future of the scheme and to make provision for this in the 24/25 budget.

Questions from Members of Scrutiny Panel

6.5 Would it be possible to target those on the lowest incomes with a lower capital threshold sooner e.g. savings of just £6k rather than £16k before support kicked in. IW replied that anyone with savings of less than £16k would be eligible for some reduction. They were going out to consultation in the spring on the rates and the savings thresholds and were looking at the underlying drivers here. Benchmarking other councils had revealed that, while at first other councils' schemes appeared to be more generous, when their rules were applied to Hackney's various cohorts, they had found that many of our residents would end up worse off, so it all depended on the finer detail of the scheme.

6.6 Is it possible to target more subsidies to the poorest residents sooner. IW replied that they would look at this as part of the consultation. On previous updates to the scheme they had brought in support for those not previously considered. REC added that the findings of this review would be incorporated into the consultation findings and offered to bring back a revised draft scheme prior to implementation.

6.7 The Chair thanked all those who had contributed to the work of the Review and it was noted that the final report would come back for approval.

RESOLVED:

That the reports and discussion be noted.

7 Minutes of the Meeting (8:55 - 9:00pm)

7.1 Members gave consideration to the minutes of the meeting held on 3 October 2022.

RESOLVED:

That the minutes of the meeting held on 3 October 2022 be agreed as a correct record.

8 Scrutiny Panel Work Programme 2022/2023 (9:00-9:10pm)

8.1 Members gave consideration to the work programme for the remainder of the municipal year 2022/23.

8.2 The Chair stated that the Mayor had been unable to attend for 'Mayor's Question Time' session at this meeting but would attend instead in July. It was noted that the April meeting would include a session on the Poverty Reduction Framework. She added that they were looking to develop further a plan for finance and budget scrutiny and that they were also looking at additional training for Members' on the operation of council finances. A Member asked if there could be an update on the in depth work done the previous year on Climate Change. The Head of Scrutiny replied that a report which draws that work together would come to the Panel.

RESOLVED:

That the updated work programme be noted.

9 Any Other Business

9.1 There was none.

Duration of the meeting: 7.00 - 9.15 pm