

London Borough of Hackney  
Governance and Resources Scrutiny Commission  
Municipal Year 2013/14  
Date of Meeting **Wednesday, 12th March, 2014**

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

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<b>Chair</b>	<b>Councillor Robert Chapman</b>
<b>Councillors in Attendance</b>	<b>Cllr Emma Plouviez, Cllr Tom Ebbutt, Cllr Rick Muir, Cllr Louisa Thomson and Cllr Deniz Oguzkanli</b>
<b>Apologies:</b>	<b>Cllr Simche Steinberger</b>
<b>Officers In Attendance</b>	<b>Michael Honeysett (Assistant Director Financial Management), Chris Hudson, Gareth Wall (Head of Overview and Scrutiny) and Matthew Waterfall (Joint Branch Secretary UNISON)</b>
<b>Other People in Attendance</b>	Norma Bresciani, Paul Middleton, and Andrew Sugars
<b>Members of the Public</b>	<b>1</b>
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## **Councillor Robert Chapman in the Chair**

### **1 Apologies for Absence**

- 1.1. Apologies were received from Cllr Steinberger. Other apologies were received from Cllr Lloyd and the Corporate Director of Finance and Resources.

### **2 Urgent Items / Order of Business**

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

### **3 Declarations of Interest**

- 3.1. There were no declarations of interest.

#### 4 Minutes of the Previous Meeting

4.1. The minutes of the previous meeting were agreed as an accurate record.

<b>RESOLVED</b>	<b>That the minutes of the previous meeting be agreed.</b>
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#### 5 London Living Wage: The Contractor Experience

5.1. The Chair welcomed Norma Bresciani, Paul Middleton, and Andrew Sugars to the meeting and invited them to open the discussion. The following points were raised and addressed during the debate.

- Servest was Facilities Management Company that specialised in cleaning.
- During the procurement process, the Council had requested submission of two prices against two different service specifications, adjusted from contract in place. Cost efficiency was a key driver and as the incumbent provider Servest worked with the Council to identify potential areas for reducing the specification. The two prices were made available to Members of the Cabinet Procurement Committee so that they could take a view on Best Value. Once decision about a provider was made against the specification, there were negotiations for LLW to become a condition of the contract.
- The tender document had asked what could be done to achieve LLW whilst not having to add costs, which could usually incur a 32% price increase, so Servest explored the schedule focusing on different office areas where cleaning could be modified.
- There was an open book tender submission so every aspect of pricing could be challenged. Servest had multiple pay structures so faced no problems paying some staff a LLW.
- It was not a huge journey big journey for Servest to get to where Hackney wanted its provider to be. There were a lot of challenges but Council's procurement team helped a lot and were very professional.
- There were winners and losers amongst staff as a result of the contractual change. Some shift pattern changes didn't work for all but the company tried to work with them to ensure a positive outcome.
- Servest did not recognise any trades unions so was under no obligation to negotiate with staff through collective bargaining arrangements. Servest did, however, hold the cleaning contract at the House of Commons and worked with all three unions there.
- Not all sectors embraced the LLW. Servest spent a lot of time showing costs to clients on what it meant but not all sectors were interested. Retail in particular was very flat and any savings would go to bottom line rather than staff.
- Hackney was described as a sector leader and it didn't start and finish with LLW – Servest had also run pilots with the Council's Ways Into Work service and was interviewing 5 people who participated. There were also discussions about apprenticeships and traineeships.

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- Servest was unlikely to implement LLW voluntarily as there was some business they would simply not win as a result. All companies would tender at National Minimum Wage and negotiate TUPE positions. Wage costs were 80% in flatter sectors so couldn't be absorbed easily in tender submissions.
- Higher base pay helped with retention and productivity and lower training costs. Retail don't even consider it. In that sector wages were normally 70-75% of total costs so a small percentage increase in salaries would rule-out viability. Options were put forward when asked such as - do you want this desk done every day or kept clean and tidy?
- Encouraging low wage staff to change their work patterns and habits was described as difficult to do. It was necessary to train people to recognise they get more than a different polo shirt as the customer expected to see a different output. In a recent example Servest had bid for the contract at a new shopping centre where they pay LLW in London and different elsewhere. The customer had loved Servest's "community" part of bid. However, the company that won the contract paid just below LLW even though client said that was their policy.
- Pence make a huge difference in thousands of hours.
- A lot of people took cleaning jobs to supplement other incomes to pay for holidays, etc., so it was not a career and there would always be churn in the workforce.
- Every time the Council went out to tender it was looking for savings to spend on other things. The procurement team had worked with facilities management service on a specification and bids to Cabinet Procurement Committee each had 2 prices. Members could have taken lowest but went for LLW. The specification put out was different but most people working in the Council Offices haven't noticed change. The Aim was to achieve economies not to achieve LLW but a more efficient service.
- There was an issue with low paid workers on in-work benefits. LLW could impact disproportionately on their claim if hours aren't enough or too much to qualify. Servest was in process of sorting out the remaining few staff affected.

## **6 London Living Wage: The Trade Union Perspective**

- 6.1. The Chair welcomed Matthew Waterfall, Hackney Unison Representative, to the meeting. The following points were raised and addressed in the debate.
- Hackney had not used the bottom of the wage scales for years and well over NMW. Living Wage had not been a major issue in the local branch as the Council directly employed most of workforce. Over last few years it has come into sights a lot. Unison was working with private sector employers (if recognised) and had a sector organiser in the branch paid for through subscription. The Union had written to the Mayor 2012 regarding security staff who worked long hours and were not able to take sick leave. They had discussed LLW at that point. Since then contracts have been re-let with a LLW expectation. It was recognised that the money had to come from somewhere. £10 a week made a big difference to low paid workers.
  - The dire state of public finances is the main obstacle to progress here and Unison was pleased to see that Council had taken a fair and equitable

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approach for all staff. It was recognised that money on which to live had to come from somewhere and in many instances NMW might be topped up from in-work benefits. Similarly, for many in that position, LLW came in pay with one hand but taken away from benefits with another. However it was seen to be a good thing overall.

- Unison's view was that every pound of private profit was a pound lost in the Council. The union would rather see the loss come from profits of private companies than public purse, but was not naive.
- The vast majority of Members in the Hackney Unison branch were women - although the Council paid LLW most of these staff were in education and were carers and cleaners. The Council tended not to focus on and champion the work they do – but it was as important as a project manager. If the council could highlight the importance of that work it would help. It was noted that there were 250 workers out there who no-one knew - they were invisible but the work they provide is invaluable to service users (home care workers) – they could be the only human contact residents have. Unison was not suggesting that the council had done anything but it could do more to champion that work.
- Industrial relations were much better than a few years ago. The Union's focus not on council workforce but those who provide services to or on behalf of the council. It was stated that TU membership should be encouraged through tenders along with recognition. Until staff can organise themselves better across all sectors they would always be on the back foot. There were some private employers in Hackney who did engage and they had a more content workforce.
- In Hackney there was generally consolidated pay not bonuses except in one or two areas. Some employers included different bonuses and pay elements where money was lost for sick or not working late at night. Getting information on pay from private employers was difficult sometimes. If the Council could encourage employers to pay consolidated pay that would go a long way to addressing low pay issues in the borough.
- Unison was the main union in Hackney covering approximately 85% of the workforce. The GMB had members in the Homecare sector and supported living. Unite general covered transport and staff in kitchens and schools. Unison was much bigger locally so was the only one with significant numbers across the board.
- The private sector needed to be better organised more generally – it was better for staff and businesses when they were. Where there was a family relationship there was often more pressure and it was very difficult to organise as trade union structures were not set-up to support that. If the council was to promote good working conditions that should come hand in hand with trade union participation.
- Asking for Trades Union recognition in contracts had not been specified until recently. There were protections for employment and Trades Union rights in law and anyone employed could be a Member. Pushing for recognition might raise contractual issues where employer worked across a number of areas and there might be different unions. It was also difficult to push for a specific union.

## **7 Ward Forums: Evaluation Report**

7.1. The following points were noted during the debate:

- Ward Forums has operated more effectively in some areas than others, but this was not considered to be a problem. Putting the work into it had made meetings work or not. It was important not to condemn the whole because of the least successful.
- Merging with local CAPs would be a good step to take, particularly as CAP meetings were not publicised well.
- Topical issues had been the main tool for increasing attendance.
- Influence is key and requirements around the community element of CIL could be interesting.
- There could be more promotion of the Forums via the Council's Twitter feed and their web presence could be enhanced generally. They could have a micro-site to encourage interaction.
- There was a danger of losing knowledge with new Councillors.
- Driver has been salient things to draw people in so the challenge was: how to identify salient themes. It was suggested that options could be discussed on the website or a petition that could do it.
- Without an agenda Ward Forums risked becoming an arena for moaning so a topic was needed to frame it in the right way and not be a wider form of surgery.
- Reference was made to the online service called "streetlife" which was running in certain areas of the country
- There had been some attempt at creating a community council in London Fields but little interest from residents. It was noted that there may be more interest in future however as Government was offering small amounts of funding to create them.
- It was important not to lose sight of the fact that Ward Forums were a lot of people's manifestation of the council so it's not just an adjunct.

## **8 Governance and Resources Scrutiny Commission - 2012/13 Work Programme**

8.1. The Commission's work programme was noted.

## **9 Any Other Business**

9.1. There was no other business.