

# **Hackney Governance Review: Final Report**

**May 2013**

# Introduction

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1.1 Shared Intelligence (Si) was commissioned to carry out a review of the governance arrangements for the London Borough of Hackney. This report sets out our findings and recommendations. In carrying out the review we have understood the objective as being: “to secure more effective governance and more coherent member roles at less cost”. This definition of our task encapsulates three important elements:

- The need for the Council’s governance arrangements to bear an element of the reductions in expenditure that the Council as a whole is having to make;
- The importance of the arrangements providing effective governance for the borough;
- The need to ensure that all Councillors have an opportunity to develop fulfilling roles which contribute to the work of the Council and the representation of the residents of the borough.

1.2 Hackney’s constitution includes what seems to us to be a useful definition of effective governance which is set out in the box below.

<b>The purpose of the constitution</b>
<p>The purpose of the constitution is to:</p> <ul style="list-style-type: none"><li>• Enable the Council to provide clear leadership to the community in partnership with citizens, businesses and other organisations;</li><li>• Support the active involvement of citizens in the process of local authority decision-making;</li><li>• Help Councillors to represent their constituents more effectively;</li><li>• Enable decisions to be taken efficiently and effectively;</li><li>• Create a powerful and effective means of holding decision-makers to public account;</li><li>• Ensure that no one will review or scrutinise a decision in which they were directly involved;</li><li>• Ensure that those responsible for decision making are clearly identifiable to local people and that they explain the reasons for decisions;</li><li>• Provide a means of improving the delivery of services to the community.</li></ul>

1.3 We have endeavoured to carry out the review in as collaborative a way as possible, working closely with a reference group and seeking the views of a cross-section of Councillors, officers and partners.

1.4 This report comprises:

- A summary section setting out our brief, the approach we adopted and our key recommendations;
- Our findings;
- Our recommendations;
- Our conclusions and reflections.

## 2 Summary of our brief, approach and recommendations

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2.1 Si was commissioned in October 2012 to carry out a review of the governance arrangements in Hackney. The terms of reference for the review were to:

- Examine options and make recommendations relating to the Council's future governance structure;
- To consider the frequency, format and timing of meetings in all areas of the Council's calendar, including Council, cabinet, the regulatory and licensing committees (and their sub-committees) and overview and scrutiny;
- To consider the cost of the governance process including members allowances, cost of administration and officer support;
- To examine and clarify the role of backbench members in any new governance structure.

2.2 Throughout the process we have worked closely with a reference group comprising: the cabinet members with responsibility for governance (Cllr Sophie Linden), the chair of the Governance and Resources Scrutiny Commission, (Cllr Rob Chapman), Cllr Rick Muir, Cllr Geoff Taylor, the Corporate Director of Legal, HR and Regulatory Services and the Chief Executive. The reference group has met four times.

2.3 We have spoken to:

- The Mayor and every Cabinet Member;
- The chairs of every committee (excluding the Overview and Scrutiny Board) and the vice chair of the Overview and Scrutiny Board;
- The overview and scrutiny commission chairs;
- Three "back bench" Council lrs;
- The Labour whip;
- The Independent Remuneration Panel;
- The former chair of standards committee.

2.4 We have also:

- Had meetings with the three political groups;
- Attended a meeting of Team Hackney;
- Attended three meetings of the Governance and Resources Scrutiny Commission;
- Attended a meeting of Hackney CEN;
- Observed a meeting of full Council ;
- Reviewed agendas for the current municipal year for Council, overview and scrutiny, the regulatory committee and the licensing committee.

2.5 Following the December meeting of the reference group the nature of our conversations shifted from a data collection to testing our emerging findings and recommendations.

2.6 It is important to stress, however, that this is our report, providing an independent perspective and recommendations for consideration by the Council.

2.7 Our recommendations are underpinned by what is intended to be a coherent menu of ways in which non-executive members can play fulfilling roles that contribute to the work of the Council. We see those roles as:

- Developing an expertise in a particular policy or service area through more focussed scrutiny;
- Contributing to the governance of the Council through a new corporate committee;
- Specialising in the Council's regulatory functions through a new licensing and planning committee and sub-committees;
- Acting as a local community leader, representing residents, working in their wards and in their ward forums;
- Speaking on behalf of their constituents and holding the executive to account in better managed meetings of full Council;
- Holding the Council to account at Council meetings and through overview and scrutiny.

2.8 In summary our recommendations are:

#### **Full Council**

2.9 Full Council should meet 5 times a year, with a streamlined agenda giving priority to questions, deputations and motions.

2.10 Scrutiny reports should only be submitted to full Council meetings in specified circumstances.

2.11 Hackney should consider experimenting with a number of ways of encouraging debate at Council meetings in order to provide an early input to policy making and scrutiny processes.

#### **Council committees**

2.12 A licensing and planning committee should be established to oversee all the Council's regulatory activities with a planning sub-committee and an annual meeting of a statutory licensing committee to appoint 5 licensing sub-committees.

2.13 A new corporate committee would be responsible for non-executive governance issues, including the audit function.

2.14 The standards committee should have two planned meetings a year with extraordinary meetings if necessary to hold hearings. Sub-Committees will continue to process complaints.

2.15 Every committee should review its meeting arrangements to balance cost, public access and members' commitments.

2.16 Pensions issues should be handled by a pensions committee.

### Overview and scrutiny

- 2.17 The overview and scrutiny board should be disbanded and replaced by a twice yearly conference of commission chairs and vice-chairs to maintain an overview of the scrutiny programme as a whole and hold question times for the Mayor and Chief Executive.
- 2.18 Cabinet questions would be handled by the relevant scrutiny commission.
- 2.19 More attention should be given to crafting focused scrutiny recommendations based on good practice in the Council.
- 2.20 We also recommend that:
- Each commission should normally carry out one substantive review each year (rather than two as at present);
  - The number of reports on the implementation of previous reviews each commission receives should be limited to one report (per previous review) per year.

### Cabinet

- 2.21 The members allowance scheme should enable the Mayor to adopt a flexible approach to the size and number of cabinet portfolios.
- 2.22 Urgent deputations relating to Council services should be received at cabinet meetings rather than full Council subject to the agreement of the Councillor introducing the deputation.
- 2.23 The cabinet procurement committee should continue to streamline its procedures and reduce the number of stages in which it is involved.

## Our findings

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### Full Council Meetings

- 3.1 Hackney's full Council will meet 8 times in the current municipal year (the number of meetings is not specified in its constitution). Public deputations and motions are a common feature of Council meetings, with two or three deputations at most meetings. The opportunities for petitions and questions from members of the public are less extensively used, with one individual asking the vast majority of questions. The opportunity for Councillors to ask questions is well used, but mainly by members of the majority party. The Mayor often uses the opportunity to make a statement (with a consequent opportunity for the leaders of the two minority parties to respond), but does not always do so. Recently no use has been made of the provision in the constitution for "State of the Borough" debates and other innovative formats at Council meetings.
- 3.2 The agendas for Council meetings are generally full. The "business" items include all scrutiny reports, with the executive's response, the adoption of number of statutory and non-statutory planning documents, the adoption of policy and strategy documents, bye-laws and codes of conduct. Very few members of the public attend most Council meetings, but some topics (such as the budget meeting and a debate on whether to receive a contentious delegation) do generate public interest and attendance. Meetings receive minimal coverage in the media.
- 3.3 There are mixed views about the value of Council meetings among the people we spoke to, but there was widespread agreement that the current model is not sustainable. Key points are that:
- Most Councillors see considerable value in the deputations and the Governance and Resources Scrutiny Commission has received evidence suggesting that community groups also value the opportunity. Deputations are seen as a way of involving the public in the Council's governance processes.
  - Many items on the agenda receive little or no debate and their inclusion on the agenda adds no real value to the governance of the Council or its engagement with the community. There is evidence to support this view: at the meeting we observed, for example, an important scrutiny report on the Council's role in education received no discussion at all.
  - Many Councillors (executive and non-executive) see scope for greater use of public questions, Councillor questions, the Mayor's statement and motions. These, together with deputations, are seen as providing different ways in which Councillors can raise issues of interest and concern to local people and be seen to do so.
  - Many Councillors are sceptical about the likelihood of Council meetings ever forming a key part of a vibrant local democracy, but others would be concerned if Council met less often because it would limit the opportunity for deputations and reduce the extent to which the Mayor and executive were available to be formally held to account in public.
  - There are mixed views about the merits of holding "State of the Borough" debates at Council meetings or other types of themed debates. The main argument against is that the controlling group is so large (50 out of 57 Councillors) that any debate is likely to be a stilted one. Some Councillors point out that debate does happen – for example in Team Hackney after the riots – and that the fact that it does not take place within the formal governance arrangements is not a problem;

- The current practice is that the chief executive and all the directors attend every Council meeting whether or not there are items on the agenda relevant to their remit.

3.4 In summary Council meetings are seen as being constitutionally important: they can provide a vehicle for engagement with residents and for holding the Mayor and his cabinet to account. But much of the business conducted at them adds little or no real value to the governance of the borough.

### Council Committees

3.5 In thinking about the scope for achieving “ more effective governance and more coherent member roles at less cost” we have focussed in particular on the operation of the:

- Overview and Scrutiny Board and the Scrutiny Commissions;
- Regulatory Committee and its Sub-Committees (Planning, Audit and Pensions);
- Licensing Committee and its Licensing Sub-Committees.

3.6 Our findings on the scrutiny function are set out in the next section.

3.7 There is widespread support for the way in which the licensing sub-committees operate, including recognition of the volume of work they conduct and the high level of public interest in that work. There is an equally widely shared view that the rest of this group of committees and sub-committees is ripe for review with most members we have spoken to (executive and non-executive) questioning the continuing value of the regulatory and licensing committees and the audit sub-committee.

3.8 These perceptions are supported by a review of meetings agendas. Three weaknesses are evident in the current arrangements:

- First, the nature of the business done. We have reviewed the agendas and minutes of three recent licensing committee meetings. This showed that the vast majority of items were “noted” – in two of these meetings all four items of business were noted. Very few decisions were taken and one meeting took no decisions. We did same exercise in relation to the regulatory committee which revealed a similar level of noting rather than decision-taking.
- Second, poor attendance by members. This is particularly acute in relation to the licensing committee. The number of apologies at the meetings we reviewed were 8, 7 and 5 of the 15 members.
- Finally, the current system lacks coherence. The agendas for the regulatory committee contain a mix of items relating to both the governance of the Council and the planning function, while the licensing committee agendas cover most of the Council’s regulatory responsibilities apart from planning.

3.9 The workload of the planning sub-committee is substantial and there is significant public interest in its work. Councillors and officers share the view that the current level of delegation of decisions to officers is appropriate, but questions have been raised about whether it is appropriate for the planning sub-committee to consider the most strategic planning applications.

3.10 There are particular issues in relation to the audit and pensions sub-committees:

- CIPFA guidance recommending a separate audit committee was reinforced by the previous Comprehensive Performance Assessment regime. We are aware, however,

that Council auditors in some authorities have supported proposals to combine the audit role into that of another committee;

- The workload of the pensions sub-committee is currently large and a recent independent review of the governance of the pension fund concluded that Hackney was ahead of the game in having a separate body responsible for fund business. It recommended that it should become a self-standing committee.

3.11 We have also reviewed the workload and frequency of meetings of the Standards Committee. It currently meets four times a year. Most of the items it considers relate to updates or consideration of codes of practice etc. It has held one hearing in the current municipal year.

3.12 Four other issues have arisen in our examination of the committee structure:

- The allocation of chair posts to the bands for members' allowances does not reflect the workload or degree of public scrutiny involved in the current roles. This is a matter of concern to many Councillors. The introduction of a new structure would provide an opportunity for the Independent Remuneration Panel to address this.
- There are mixed views about the time at which meetings start and a recognition of the need to balance cost, public access and the demands on Councillors' time, particularly those with caring responsibilities or fulltime jobs. In practice different committees meet at different times, but interestingly two with little public engagement (regulatory and the main licensing committee) do not start until 7.00 pm;
- Although we have not calculated the cost of producing and distributing agendas for the committee meetings (and full Council), it is likely to be a significant cost given the large volume of printing required, and officer time spent preparing agendas and servicing committees.

### Overview and scrutiny

3.13 Scrutiny in Hackney is primarily undertaken by five thematic Commissions each chaired by a Labour member. The Commissions report to the Overview and Scrutiny Board (OSB) which is chaired by the Opposition. OSB agrees the scrutiny review programme, and is also the forum at which Executive question time takes place. Call-ins of Executive decisions are also the responsibility of the OSB, as are Councillor Calls for Action, although these powers are very seldom used in Hackney. The Council's budget is also submitted to OSB prior to being formally submitted for agreement by the Cabinet.

3.14 Each Commission undertakes two reviews each municipal year which form the most significant part of each Commission's work. Ten scrutiny reviews per year is more than the average across all English Councils (of between four and six in recent years). The 2012/13 review programme was as follows:



Children and Young People	<ul style="list-style-type: none"> <li>• Childhood obesity</li> <li>• Youth Homelessness review</li> </ul>
Community Safety and Social Inclusion	<ul style="list-style-type: none"> <li>• Social inclusion aspects of Tech City regeneration</li> <li>• Regeneration of the Olympic Park</li> </ul>
Governance and Resources	<ul style="list-style-type: none"> <li>• Performance management</li> <li>• Council governance</li> </ul>
Health in Hackney	<ul style="list-style-type: none"> <li>• Support services for chronic alcoholism</li> <li>• Increasing cancer survival (not started)</li> </ul>
Living in Hackney	<ul style="list-style-type: none"> <li>• Managing the night-time economy</li> <li>• Hackney Homes estate maintenance and improvement</li> </ul>

3.15 As well as carrying out specific reviews, each Commission also receives reports on the implementation of recommendations from previous reviews. These usually consist of detailed reports from service managers, setting out progress against each review recommendation.

3.16 In addition, four of the five Commissions also consider issues within their service/policy remit, but not related to reviews past or present:

- Governance and Resources consider a 'budget and finance update' at most meetings.
- Health in Hackney in their health overview role discuss items from NHS bodies or from Hackney officers on issues such as changes to health centre sites, the development of relevant service plans, and the impact of NHS restructuring.
- Children and Young People have an overview role in relation to Hackney Learning Trust and consider reports at each meeting on issues such as school admissions and exam results. The Commission also conduct advisory visits to children's centres in Hackney. They also tend to use 'Matters Arising' to chase up additional information requested at previous meetings.
- Community Safety and Social Inclusion receive updates and briefings at most meetings from Council teams and from the Met police on issues and data relating to crime, policing, community safety and equalities.

3.17 Living in Hackney is the one Commission which devotes agenda time only to specific reviews or implementation reports from previous reviews.

3.18 In general, views on the scrutiny process and of scrutiny reviews were mixed.

3.19 A frequently voiced criticism of the scrutiny process is that many reviews result in too many recommendations with a lack of prioritisation or focus. This is compounded by the fact that the

Executive tends to accept recommendations wholesale, with little push-back or challenge. In our view these practices do dilute the impact of scrutiny and may be reflected in long time that it takes for the recommendations to be implemented.

- 3.20 However, there are two recent examples of a more rigorous approach being adopted to the crafting of scrutiny recommendations. In the childhood obesity review each recommendation has been tested against four criteria - Impact, Visibility, Cost, and SMARTness. In the review of Hackney Homes' resident engagement scrutiny officers have attempted to map the outcomes of the recommendations since they were made and adopted. Both exercises, if scaled up, have the potential to lead to a more effective and efficient scrutiny function with fewer, better targeted recommendations.
- 3.21 We heard that many reviews, including those in the current programme, address cross-service 'gaps' and areas where fresh thinking needed. Service managers report that being subject to a scrutiny review challenges them to demonstrate their service is aligned to needs. Reviews are also seen to raise awareness and knowledge among partners.
- 3.22 But we also encountered concerns over duplication within the scrutiny process. Most notably, both Governance and Resources and the OSB consider reports on the Council's budget. As noted above, Governance and Resources consider budget and finance updates at most meetings, but formal scrutiny of the Council's draft budget is carried out by the board. Whereas Governance and Resources follow the progress of key financial issues throughout the year, OSB's involvement so near the end of the budget-setting process is unlikely to have much impact. When we looked at some of the other areas where duplication was thought to be an issue (for example on the night-time economy), we found scrutiny was in fact adding value over and above other processes.
- 3.23 We heard concerns about the burden on officer time that the scrutiny process generates, and questions about its impact. The number of reviews carried out is seen by some as too many and there are mixed views on whether those reviews which are carried out explore issues in sufficient depth.
- 3.24 We have noted that Commissions request updates on the implementation of previous reviews, and four of the Commissions also take a large number of non-review items. The overall effect is that there are many reports to each Commission meeting – each of which requires officer time to written, cleared and presented. There is also evidence to suggest that both officers and members respond to challenging issues by either requesting or offering to produce large amounts of administrative data which do not necessarily add value to the process.
- 3.25 The current practice is for all scrutiny reports and the executive's response to be reported to full Council. Yet, as we have witnessed, these reports rarely generate any debate.
- 3.26 During the course of our work we heard it argued that task and finish groups would be more effective than standing Commissions. Across local government there are many examples of 'task and finish' scrutiny, though 'thematic' (standing committee) scrutiny is the model in most Councils. Nationally, there is no evidence of one being superior, or more effective than the other. However, in Hackney what we heard from scrutiny Members themselves (a) that they value the opportunity scrutiny provides to build up subject expertise in an alternative political career path to joining the Cabinet and (b) that a strength of scrutiny in Hackney is it already manages to pick out issues which have fallen between departments and agencies, i.e. review topics are already relevant.

3.27 We also explored the extent to which the Overview and Scrutiny Board adds value to the scrutiny process. It is comprised solely of the Commission Chairs and Vice Chairs and contains just one Opposition Member, who chairs it. Its main role is as the forum for Cabinet Question Time. Besides that, it undertakes no reviews itself, is very rarely used for Call-Ins, and it signs off the brief for scrutiny reviews and the final reports. At the time of writing it had met seven times in the current municipal year and had two further meetings programmed. Many of those we spoke to seriously questioned the OSB in terms of added value, but there is a view that some mechanism for maintaining an oversight of the full extent of the scrutiny work is necessary.

### Cabinet

3.28 Few people we spoke to had any comments on the formal cabinet meetings. The fact that they are often very short was seen to reflect the work that takes place prior to those meetings and the fact that deputations are directed to Council meetings.

3.29 We have considered the role of the Cabinet Procurement Committee. While some people consider it to be part of an overly bureaucratic process others highlight the fact that:

- It has added a discipline to the procurement processes that was previously lacking and has streamlined its procedures as that discipline has been embedded;
- It does provide middle managers with exposure to members that is not otherwise available in the current governance model;
- It means that procurement decisions do not need to be included on the agenda for full cabinet meetings.

3.30 We were also asked by the Mayor to consider structure of the current cabinet in terms of the balance between full and part-time posts and cabinet adviser roles. At present the assumption is that posts are full time, although one member of the current cabinet does so on a part-time basis. One consequence of this is that the current cabinet is small compared with some other boroughs and the portfolios are comparatively large. It is also important to note that cabinet members are appointed by the Mayor.

3.31 We understand that the original decision that cabinet posts should be full time reflected the scale of the political task involved in transforming what was a dysfunctional Council. That imperative no longer applies. We have, however, identified two factors which we consider should be taken into account in considering this issue:

- The breadth of the current portfolios is an important defence against silo thinking which is always a danger in Council structures and governance arrangements;
- Given different people's career, income, caring and housing position, either staying with a predominantly full time cabinet or moving to a predominantly part-time model would have implications for the composition of the pool from which the Mayor is able to appoint.

### The bigger picture

3.32 It is important not to look at governance structures in isolation from the culture and ways of working of a Council. How structures are used reflect that culture, and new structures and working practices can, in turn, influence organisational culture. It is also important to ensure that the governance structures and how they operate achieve the objectives of transparency and accountability – as set out in the Council's constitution – as well as providing a set of coherent roles for Councillors which can be communicated to the public.

- 3.33 In thinking about governance arrangements in Hackney it is important to understand the challenges the Council has faced over the last 15 years and the way its political leadership has responded to them. The Council has been relentlessly focused, first on addressing what was a dysfunctional Council, then on securing the delivery of high quality services and more recently on responding to resource cuts. This has required tight political management achieved through the role, power and authority of the Mayor and his cabinet.
- 3.34 The focus has been, and remains, on action rather than debate. This is not to say that there is no debate in Hackney. There is: in the community, in ward forums and in settings such as Team Hackney which, for example, had an important debate following the “riots” in London in summer 2011.
- 3.35 It is also important to take account of the political context in Hackney today. The fact that 50 of the 58 Councillors are members of the controlling group means that the debate in, for example, Council meetings will be less vibrant than if the Council was more evenly balanced.
- 3.36 The question is whether, in the current context, it would be in the interest of the governance of the Council and its community leadership role in Hackney for more of that debate to take place within the Council’s formal governance structures? Does it make sense to create more space for constructive challenge, formative debate and emergent thinking to enable the Council to address a new set of challenges and opportunities?
- 3.37 We have detected an appetite for more discussion and debate at the start of the policy-making and scrutiny processes. Our recommendations are based on the assumption that it is timely to create more space for debate within the governance arrangements without putting the focus achieved by the Mayor and cabinet at risk.

# Our recommendations

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## Council meetings

4.1 In thinking about the future of full Council meetings in Hackney we have had the following objectives in mind:

- The importance of full Council as the formal mechanism for holding the Mayor and his cabinet to account;
- The need to secure citizen and community engagement in the governance of the Council ;
- The importance of a platform for non-executive members to raise issues of concern to their constituents;
- The desirability of providing a space for debate at the start of policy making and scrutiny processes.

4.2 It is also important to note that the Council 's constitution is flexible in a number of important respects:

- It does not define the number of times Council should meet (that is determined at each annual meeting);
- It enables the speaker to call a state of Hackney debate or vary the procedural rules to, for example, allow people other than members of the Council to participate in a debate;
- It provides for any Councillor to ask a supplementary question in response to an answer to a Councillor question.

4.3 In the light of this we recommend that:

- Full Council should normally meet 5 times a year (the annual meeting, the budget meeting and three other meetings);
- Non-essential items should be removed from the agenda, creating more space for questions, deputations and motions (and the agenda should be structured to give priority to those items).

4.4 Items which would no longer be included on the agenda for full Council meetings include:

- Most scrutiny reports (see below);
- Non-statutory planning documents (which would be approved by the Licensing and Planning Committee).

- 4.5 We are recommending this approach despite the range of opinions we heard because we do not think it is possible to justify full Council continuing to meet 8 times a year given the way in which the meetings currently operate. The importance of protecting time for deputations to be received (which members are keen to protect) could be achieved by:
- The streamlined agendas enable more deputations to be received at each meeting (if there is sufficient demand);
  - Urgent deputations relating to Council services being received by the Cabinet (and the other routes as outlined in the constitution) rather than having to wait for a Council meeting (subject to the agreement of the Councillor introducing the deputation).
- 4.6 We have also considered the current practice of referring all scrutiny reports to full Council together with the executive response. In most cases this does not add any value to the scrutiny process. It may be seen as reflecting the importance of scrutiny. On the other hand the fact that most reports receive no discussion could be seen to undermine it.
- 4.7 We recommend that scrutiny reports should only be referred to full Council meetings if:
- They relate to a Council function rather than an executive one and the scrutiny commission has specifically recommended that it should be discussed at full Council and is clear about the purpose of doing so.
  - In relation to a scrutiny of an executive matter, the Mayor or cabinet member considers that there is a specific issue for Council to debate (in which case it may be appropriate for the debate to take place before the executive considers its response).
- 4.8 Finally we recommend that the practice should be that the chief executive and the corporate director of legal, HR and regulatory services attend every Council meeting, but that other directors should attend only when necessary.

## A Possible further reform

In addition to the changes recommended, the Council may wish to experiment with a number of approaches to encouraging more debate at Council meetings including:

- Using the provision in the constitution to allow a second supplementary question (from any Councillor) in response to an answer to a Council question;
- Holding a debate at the start of a policy-making process: this could involve the Mayor or cabinet member explaining what the issue is or task is and inviting views and contributions from members to inform their early thinking;
- Holding a discussion at the start of a scrutiny review to inform the terms and reference and work programme of the review and the things it should focus on.
- Using the ability of the Speaker to rescind the normal rules of procedure to:
  - Enable partners and/or members of the public to participate in debates of the type suggested above;
  - Convene one themed Council meeting each year which could take the form of either a general “state of the borough” debate or focus on a particular theme such as the economy or crime.

We believe that this would help to create the space for discussion and debate that we referred to earlier.

## Committees

4.9 Our core recommendation in relation to Hackney’s Council committees is the creation of two new committees and associated sub-committees:

- A new licensing and planning committee which would oversee all the Council’s regulatory responsibilities and have a planning sub-committee and 5 licensing sub-committees;
- A new corporate committee which would be responsible for governance issues which do not fall within the remit of the Mayor and cabinet and which would not be included on the agenda for Council meetings.

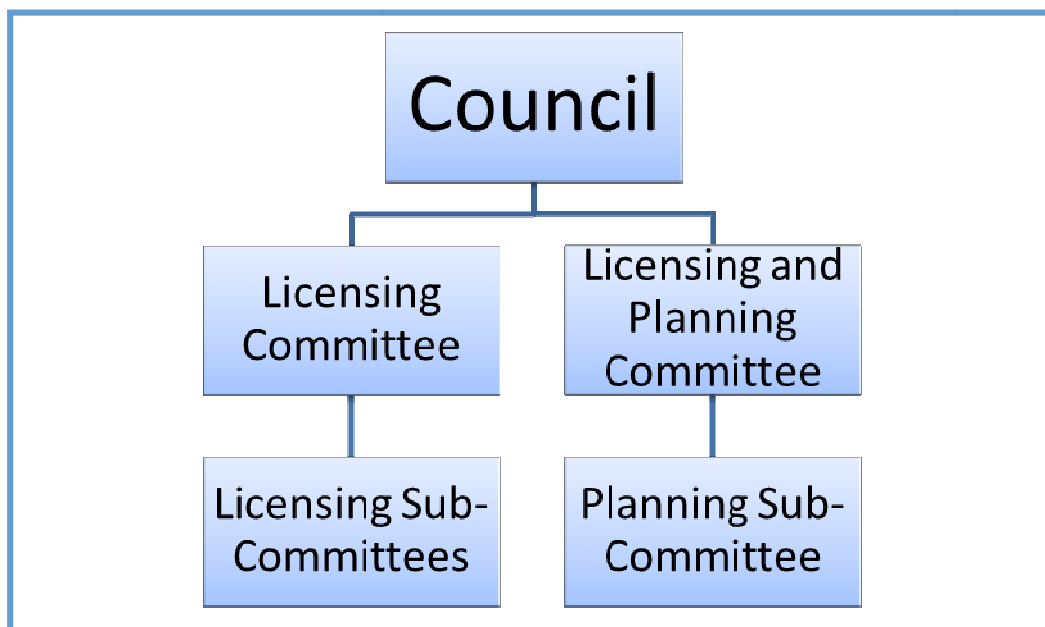
4.10 In developing these recommendations we have had regard to three important principles:

- The need to comply with legislative requirements and reflect official advice on effective governance;
- The need for new arrangements to be as cost-effective as possible;
- The importance of all Councillors having the opportunity to contribute to the work of the Council through meaningful and coherent roles.

4.11 It is clear from our discussions that there is widespread support among Councillors and officers for the creation of a licensing and planning committee which would lead the development of a more integrated approach to the Council’s regulatory responsibilities including, for example:

- The interaction of planning and licensing decisions;
- The adoption of business-friendly operating practices and quality of service for members of the public;
- Links with other regulatory responsibilities, including enforcement policy and practices.

- 4.12 The lack of such an integrating mechanism is seen as undermining the Council’s ability to focus on place. These responsibilities impinge directly on the lives and interests of Hackney residents and are therefore particularly significant for many non-executive members. Creating opportunities for effective member engagement in these aspects of the Council’s work is therefore critically important in terms of both effective governance and the member role.
- 4.13 The Council’s ability to establish the committee and enable it to be effective is hindered by a combination of the level of licensing applications in Hackney and the restrictive nature of the Licensing Act 2003. The Act specifies that Councils must have a Licensing Committee, that the committee must not comprise more than 15 people and that members of a licensing sub-committee must be members of the main committee. It is possible for a licensing committee to have a wider remit than simply licensing, so a licensing and planning committee could also be the licensing committee (for the purposes of the 2003 Act). But there is serious concern that the workload involved in planning and licensing in Hackney is too heavy for a 15 person committee.
- 4.14 In order to overcome this obstacle we are proposing a two stage approach. First, we recommend that as well as establishing a licensing and planning committee, Hackney should retain a licensing committee which would sit alongside the new committee (see diagram below) and would:
- Comprise 15 members, at least six of which would also be members of the licensing and planning committee to enable the desired integration;
  - **Only** meet **once** a year in order to appoint members of the licensing sub-committees and (once every three years) agree the Licensing Statement (which would have been developed by the licensing and planning committee).



- 4.15 This is not an ideal way forward and illustrates the impact of the highly prescriptive nature of the 2003 Act. It is important to note, however, that the government is keen to encourage the development of more integrated approaches to regulation. There is also legislation on the statute book under which Ministers can relax legislative provisions in order to enable Councils to operate more effectively – The Deregulation and Contracting Out Act. We recommend that Hackney should make representations to government asking it use that Act to dis-apply the restriction on the size of Hackney’s licensing committee to enable it to act as an integrated licensing and planning



committee. Subject to the government's view this could be achieved before the introduction of new governance arrangements in May 2014.

- 4.16 Two issues relating to planning have been raised with us during the course of this review. First, a number of members and officers have expressed a view that there would be benefits in decisions about strategic planning applications (for example those relating to The Place, The Stage and Woodbury Down) being taken by members with an explicit remit relating to the quality of Hackney as a "place". The proposed licensing and planning committee would have that role and the Council may wish to consider making it, rather than the planning sub-committee, responsible for this type of exceptional application.
- 4.17 Second, concern has been expressed that the Council's current restrictive approach to pre-application discussions is inhibiting the scope for proper and creative exploration of how development can enhance Hackney as a place in which to live and work. We recommend that introduction of new governance arrangements should be used as an opportunity to review the Council's policy on this.
- 4.18 The proposed corporate committee is intended to bring together, and provide an integrated approach to the corporate governance of the Council. Its remit would include:
- The issues currently handled by the audit sub-committee;
  - The non-regulatory issues currently dealt with by the regulatory committee;
  - Some items relating to the governance of the Council that would previously have gone to full Council meetings.
- 4.19 The question as to whether or not to have a separate audit sub-committee is an important one. CIPFA recommends that Councils should have a separate Audit Committee and is particularly keen that there is a distinction between the respective roles of audit and scrutiny. A review by Council officers of the new Public Sector Internal Audit Standards and the Local Audit Bill suggests that there is no barrier to including the audit role in the remit of the corporate committee. It is, however, important that the Council's auditors are happy with this approach. We are recommending that the audit sub-committee should be abolished because we believe that the audit role complements the other roles envisaged for the corporate committee and would be integral to its function rather than a potentially neglected add-on (which lies at the heart of the CIPFA guidance).
- 4.20 As was noted above, a separate governance review has concluded that given the current pensions context and guidance Hackney is ahead of the game in having a dedicated body responsible for pensions and that it should be constituted as a self-standing committee. In the light of that review and recent guidance on the matter we recommend that a Pensions Committee should be established. We recommend that the possibility of this function being discharged by the proposed corporate committee (or by a sub-committee of it) should be considered again in the run up to the 2018 elections.
- 4.21 Our other recommendations in relation to the Council's committee structure are that:
- The Standards Committee should have two planned meetings a year. Its routine business could be planned to fit this timetable, and extraordinary meetings could be held if necessary to comply with the timescales set for hearings.

- Given the number of committee meetings and the costs incurred in printing and distributing agendas there is a very strong case for exploring a move towards paperless meetings. But this would have to be part of a broader approach to using new technology to support members in their roles and would have to ensure that any equalities and access issues are addressed.
- Each committee would be asked to review the time of its meetings at the start of each municipal year taking into account:
  - The cost of late evening meetings;
  - The work, caring and other commitments of committee members;
  - The level of public interest in and attendance at committee meetings.

## Overview and Scrutiny

- 4.22 Our recommendations on the scrutiny function are intended to capitalise on the perceived strengths of the current scrutiny arrangements (that it tackles the right issues, enables services to undertake fresh-thinking, and enables non-Executive Members to contribute and build expertise), while also responding to criticisms including those about the burden of the process on Council departments, and the potential for duplication.
- 4.23 Our recommendations also take account of the development of the scrutiny function across other Council nationally, where budgets are also being reduced, and where there is also increased pressure on scrutiny to be as efficient as possible while not losing the ability to provide meaningful challenge.
- 4.24 We recommend that:
- The overview and scrutiny board should be replaced by a conference of commission chairs and vice chairs which would meet twice a year to maintain an overview of the scrutiny process as year and hold question times for the Mayor and chief executive (other cabinet questions would be handled by the relevant scrutiny commission).
  - In order to improve the impact of the scrutiny process, all the Commissions should adopt the approach being developed by Health in Hackney of testing draft recommendations for benefit and impact, and narrowing down recommendations to those with the greatest potential for impact on the most critical or catalytic issues. We would expect more focused recommendations also to generate more productive debate between scrutiny and the Executive about review findings in terms of key choices faced by services.
  - Scrutiny reports should only be referred to full Council meetings in certain situations (see above). To compliment this, we also recommend that some scrutiny reviews should be discussed in full Council at the beginning of evidence gathering in order to identify issues of importance to Members, and also to raise awareness of the review and its lines of inquiry.

4.25 The impact of the scrutiny function and the costs it incurs are determined as much by how it operates as the structures that are used. We are convinced that the scrutiny function in Hackney could achieve better value for money than at present and recommend that:

- Each commission should normally carry out one substantive review each year. A second review should only be carried out when there is a pressing reason for doing so. This recommendation is based on evidence from Hackney itself, and also has regard to the broader trend nationally of Councils conducting fewer, more in-depth scrutiny reviews.
- Commissions should review the implementation of previous scrutiny reports only once per year (rather than having two or three updates on implementation of the same review at successive Commission meetings).
- The size of the Children and Young People's Scrutiny Commission should be reviewed to bring it more into line with the other commissions (while meeting any statutory requirements)
- Asking whether other Members that are interested in an issue whether they wish to join a Scrutiny Commission for the review.

#### Cabinet

4.26 We do not believe that there is single "right" answer in terms of the balance in Cabinet between full and part-time posts. It is also important to note that the challenges and opportunities facing Hackney as a Council and a place are changing, with implications for the nature of the political leadership required and therefore the composition of the Cabinet. The political imperative that the posts should normally be full-time no longer holds.

4.27 We recommend that the Mayor should use his full discretion to match portfolios with potential cabinet members in the light of their personal circumstances and that the Independent Remuneration Panel should ensure that the members allowances scheme enables, rather than constrains that flexibility. For cabinet posts this could combine a combination of whether the post is full time or not with the complexity and profile of the brief.

4.28 We also recommend that the cabinet procurement committee should be retained, and that it should continue to streamline its procedures.

## Conclusions and reflections

- 5.1 We are confident that the recommendations of this review have the potential to both secure a modest reduction in the cost of the governance arrangements and to provide more coherent and fulfilling roles for all Council lorst. The table below summarises the impact of the recommendations on formal meetings and roles.

Current Arrangements	Proposed Arrangements
Council meets 8 times a year	Council meets 5 times a year
Overview and Scrutiny Board meets up to 9 times a year	A conference of scrutiny commission chairs and vice chairs meets twice a year
A licensing committee and a regulatory committee	A licensing and planning committee and a corporate committee (plus an annual meeting of a statutory licensing committee)
A planning sub-committee	A planning sub-committee
5 licensing sub-committees	5 licensing sub-committees
An audit sub-committee	Audit forms part of the remit of the corporate committee
A pensions sub-committee	A pensions committee
A standards committee meeting 4 times a year	Standards committee has two planned meetings a year.

- 5.2 As was noted above, however, the link between organisational structure and culture is an important one, and the same applies to the implementation of the recommendations of a review such as this. In many ways the 1980s hit got it right: "It's not what you do, it's the way that you do it."
- 5.3 This applies in particular to the ways in which the two new committees work. A key factor in recommending the establishment of the regulatory committee is the potential benefits for Hackney as a place if a rounded approach is taken to the Council's regulatory services and the relationship with business. That will only be achieved if the papers to committee, the shape of the agendas and the way the committee is chaired and supported reflects that objective.
- 5.4 Similarly the thinking behind the corporate committee is that bringing together non-executive governance issues in a single place would deliver benefits to the Council through both reducing the cost of governance, creating a cadre of members with expertise in this area and freeing Council meetings up to take the most important formal decisions and provide a vehicle for community engagement (through deputations) and informing policy (through focused debates).
- 5.5 These objectives and the goal of more impactful scrutiny will only be achieved if members are supported in delivering them through appropriate training and support - particularly, but not exclusively for committee and scrutiny chairs and vice-chairs.
- 5.6 Some of our recommendations are intended to satisfy the appetite we have detected for more discussion and debate at the start of policy-making and scrutiny processes. We recognise that the nature of debate within a Council's structures are influenced by its political balance. We are also alert to danger of diluting the focus the Council has achieved over the last decade. The changes we

have suggested in this respect are intended to help the Council prepare for a new set of challenges and opportunities.

- 5.7 We are aware that there are concerns that the current allocation of members allowances do not reflect the nature of the current roles filled by committee and scrutiny chairs. We welcome the IRP's identification of criteria<sup>1</sup> to be used in determining the allowance band for chairs and believe that they can be applied to our proposed structure.
- 5.8 Finally, we understand that, if accepted, our recommendations would be implemented following the local elections in 2014. That makes sense in terms of the electoral cycle and the time needed to implement some of the changes we are recommending. There may be merit in some of the recommendations being implemented in the coming municipal year – including, for example, a number of recommendations relating to the way in which scrutiny is carried out and the number and management of Council meetings.

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<sup>1</sup> The criteria are:

- The public facing nature of the work
- The complexity or difficulty of the work
- The time commitment involved; and
- The effect on policy and the community