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London Borough of Hackney  
Governance and Resources Scrutiny Commission  
Municipal Year 2014/15  
Date of Meeting Monday, 8th December, 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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**Chair** Councillor Nick Sharman

**Councillors in Attendance** Cllr Deniz Oguzkanli, Cllr Will Brett, Cllr Laura Bunt and Cllr Rebecca Rennison

**Apologies:** Cllr Rick Muir

**Co-optees**

**Officers In Attendance** Gifty Edila (Corporate Director of Legal, HR and Regulatory Services), Michael Honeysett (Assistant Director Financial Management), Greg Lane (Head of Governance Services), Scott McAlpine (Governance Services Manager), Stephen Rix (Principal Lawyer - Housing) and Ian Williams (Corporate Director of Finance and Resources)

**Other People in Attendance** Councillor Brian Bell, Councillor Robert Chapman, Councillor Christopher Kennedy, Councillor Sophie Linden (Deputy Mayor), Councillor Geoff Taylor (Cabinet Member for Finance) and Councillor Jessica Webb

**Members of the Public**

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**Councillor Nick Sharman in the Chair**

**1 Apologies for Absence**

1.1 Apologies for absence from Councillor Rick Muir.

**2 Urgent Items / Order of Business**

2.1 In the absence of the Chair and Vice Chair of the Commission a new Chair was elected to preside over the meeting.

- 2.2 Cllr Will Brett nominated Cllr Nick Sharman.
- 2.3 Cllr Laura Bunt seconded the nomination.
- 2.4 Cllr Sharman was elected as Chair of the meeting.
- 2.5 There is a change to the order of the discussion items. Item 6 was taken before item 5.

### 3 Declarations of Interest

- 3.1 None.

### 4 Minutes of the Previous Meeting

- 4.1 The minutes of the meeting held on 10<sup>th</sup> November 2014 were agreed.

<b>RESOLVED</b>	Minutes	were
	approved.	

### 5 Cabinet Question Time

- 5.1 The Chair welcomed Councillor Geoff Taylor, Cabinet Member for Finance from London Borough of Hackney (LBH) to Cabinet Question Time (CQT).
  - 5.1.1 The Chair explained CQT sessions were previously held by the Overview and Scrutiny Board. Following the demise of the Board and implementation of the new governance structure, Cabinet Members are appearing at the individual Scrutiny Commissions for their portfolio area.
  - 5.1.2 In advance of the meeting the Commission submitted questions to the Cabinet Member for Finance. The Cabinet Member for Finance opened the session with the following comments in response:
    - The budget announced in the Autumn Statement on 3<sup>rd</sup> December 2014 anticipates the Government will achieve a surplus and clear the deficit by 2020.
    - The Cabinet Member for Finance said that re-election of the current government would mean a continuation of the budget cuts experienced by local government and tax rises to attain the budget surplus. This will result in difficult decisions needing to be made in the near future.
    - The Council will need to become very efficient and reduce resources. He explained efficiency could be achieved a number of ways for example by making changes to a service provision.
    - To date the Council has made the majority of its savings through rationalising back office functions.

- Further reductions in funding from Central Government will require local government to think innovatively about ways to generate future income and control expenditure. The Cabinet Member explained influencing behaviour helps to control expenditure, for example encouraging residents to use online services as their first port of call would be more cost efficient for the Council. Focusing on prevention for service provision - for example working with families earlier than at crisis point will help to prevent taking children into care.
- The Council is investing in Hackney to make maximum use of the organisations assets and land values in the borough.
- The Council currently has 15 million pounds in reserves to help with future expenditure and reduce the impact of income reduction.

## 5.2 Discussion, Comments and Queries

- a) Members referred to previous discussions about local government finances and the graphs that demonstrated the impact of reduced Government grant. Members enquired about the Council's plans in response and an indication of the services that would be impacted. The Cabinet Member for Finance told the Commission that he hopes the council it will not need to make decisions about service reductions. He advised by driving up efficiency within the organisation he anticipates this would reduce the need for significant reductions to frontline services. The Corporate Director of Finance and Resources added the council is awaiting confirmation of the local government settlement, this would provide confirmation of their savings target.
- b) Members referred to the council's risk planning and enquired how it would respond if there was a sudden change in funding. The Cabinet Member for Finance explained if all the funding from central government stopped the council would not be able to replace that source of income. He pointed out that no local authority could survive such a dramatic change to their income.

The Corporate Director of Finance and Resources informed the Commission that services are managing spend well in spite of budget reductions. It was noted the Discretionary Housing Payment budget had reduced from 2.5 million to 2.2 million pounds. Anticipating that the spend amount for 15/16 would be similar to 2014/15, the department achieved an under spend which enabled the department to absorb the impact of the budget reduction.

- c) Members commented that all political parties have indicated they would continue with the current austerity plans. Members enquired if councils have any control over their income receipts and if by strengthening the role of local government in terms of the services it delivers, local partnership could help share the burden of reduced resources. The Cabinet Member for Finance confirmed a local authority has no discretion over tax receipts. He explained that a local authority needs to prioritise services like education because this aids growth in the local area and supports more people into employment. The Council also has a duty to provide care and look after the vulnerable. He highlighted the Council has a balancing act of investment and meeting the costs of consumption.

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- d) Members wanted to know if the Council had considered being innovative and developing an expertise in a particular area. Members enquired if the Council had increased productivity in areas it had previously not and vice versa. Members pointed out residents may be willing to buy services from the Council instead of a private company, if it was willing to develop an expertise in a particular service area to generate income. The Cabinet Member for Finance informed Hackney Learning Trust is a council service operating in an innovative way by selling its services; which was helping to cover the overhead costs of the service provision.

The Corporate Director of Finance and Resources advised the Council has raised some additional income in this way before, in providing commercial waste services to other areas, however they have been accused of operating in ultra vires. Council is looking at all estates and areas for commercial viability. The Corporate Director of Finance and Resources offered to brief Members on the Council's income generation plans.

- e) Members enquired if the Council has carried out an analysis on delivery of savings through co-production with residents. The Corporate Director of Finance and Resources informed the Council has consulted with local residents, but, due to competing demands on an individual's life and being a densely populated borough in London it was harder to find people to volunteer their time compared to rural areas.
- f) Members discussed service redesign and how it could be conducted by the people who use the service to give local residents more involvement, if a particular service would benefit from taking this approach.
- g) Members asked if there was the possibility of raising council tax but also queried if a rise would be counterproductive given the current climate. The Cabinet Member for Finance informed Members there was a limit to the amount a council could raise in tax and how much extra income it would generate. The financial performance of the organisation is outlined in the Overall Financial Position (OFP) report which includes information about the Council's income generation plans.

The Corporate Director of Finance and Resources informed the Commission that the debate at Full Council in February 2014 outlined the Mayor's approach to council tax locally and the rationale for his decision. He explained changes to council tax would require looking at the resources that may be raised and the impact of this action on the Council Tax Reduction Scheme as it could counteract any gain in resources.

- h) Members enquired about having access to information that shows the performance of the organisation and asked the Cabinet Member what performance indicators he reviewed on a regular basis to be satisfied with the performance of the organisation. The Cabinet Member for Finance informed he regularly reviewed benefit payment, payments to creditors, % of council tax receipts and rents on HRA – all indicators are currently healthy. The Cabinet Member for Finance suggested a one page brief on the OFP report could be provided to the Commission.

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The Corporate Director of Finance and Resources informed the Commission all performance information was available to Members on Covalent. He advised the information was no longer produced as a report. All Members have access to the system to view all the indicators and could create their own dashboard suite of indicators to review.

- i) Members enquired about the number of agency staff and if the Council had made progress in reducing the numbers used. The Corporate Director of Finance and Resources advised his team worked closely with Human Resources (HR) on this matter. Agency staff costs were previously £48 million and this has dropped to below £30 million. He explained there were some frontline services that need the flexibility and additional resources to cover peaks in demand. It was noted some service areas experienced competition for staff because London has an active job market for some public sector service staff. Despite corporate pressure to manage costs the active job market can make it hard to attract and retain staff in those service areas.
- j) Members explained through their experience of being an advocate they noticed that if the correct question was not asked a person would not get access to the help or support they needed. During the discussion Members were asked of the most common instances when this occurred. Members of the Commission informed that it was common with housing related cases and where the person has English as a second language or a disability. In these situations it appeared that the person received a poor service. The Cabinet Member for Finance advised they have an ongoing programme of training for frontline staff. It was key to note there are a number of other services that come into and operate from the Hackney Service Centre.

The Corporate Director of Finance and Resources informed the housing needs service moved into the Finance Directorate in 2011 when satisfaction rate for the service was below 50%. Following a review of the service and restructure satisfaction has increased to 83%. He acknowledged it was important to get the service right at the initial contact stage because it could cost the organisation more in the long term. He encouraged Members to highlight such instances to help with service improvement.

Members were informed a team was set up to ensure people did not access resources they were not entitled to because the council had experienced more attempts of this nature recently.

## **6 Governance Review - Presentation on role of Corporate Committee**

- 6.1 The Chair welcomed Gifty Edila, Corporate Director Legal, HR and Regulatory Services for London Borough of Hackney (LBH).
- 6.1.1 The Corporate Director Legal, HR and Regulatory Services was invited to the meeting to present information about the role and responsibilities of the Corporate Committee implemented in the new governance structure.
- 6.1.2 Members of the Corporate Committee were invited to participate in the discussion.

- 6.1.3 The Corporate Director Legal, HR and Regulatory Services outlined the key points from the reports in the agenda and the presentation on pages 57 – 64 of the agenda.
- 6.1.4 The Corporate Director Legal, HR and Regulatory Services highlighted the final Governance Review report was produced in May 2013 and approved by Full Council on 11 September 2013.
- 6.1.5 The Terms of Reference for the old Regulatory Committee and Terms of Reference for the new Corporate Committee were presented for comparison of the old work programme to the new work programme.
- 6.1.6 It was noted the Corporate Director of Finance and Resources would provide a separate presentation to the Corporate Committee in January 2015. This would cover the role of the committee relating to risk management and audit.
- 6.1.7 It was explained the current executive arrangements for Councils was introduced by the Local Government Act 2000. From the models outlined in the Act Hackney has adopted the Mayor and Cabinet governance model.
- 6.1.8 Section 101 of the Local Government Act 1972 is the power used to establish Corporate Committee. It was noted that without additional committees like corporate, a large number of matters would need approval by a Full Council meeting.
- 6.1.9 The Corporate Committee deals with a range of functions. Corporate Committee has responsibility for some functions that the executive cannot deal with such as HR policy.
- 6.1.10 The Corporate Committee has the responsibility of developing, reviewing, monitoring and maintaining a strategic overview of the Council's regulatory functions.

## 6.2 Discussion, Comments and Queries

Members discussed the role of Corporate Committee and made the following comments related to the operation of the committee and its role.

- a) Members were unclear about the recommendations being made to them in relation to reports presented to the Committee. Each department and service area provided their reports in different formats and styles and this caused confusion. Members highlighted some reports provide a review of the year, while others provide information about future projections for the service area.
- b) Reports providing a strategic overview did not give enough detail to enable Members to make an informed decision. Members wanted clarity on whether reports required noting or approval. Members advised they wanted more information to feel comfortable in approving a report or policy. Members were of the view that many of the reports requesting approval did not provide sufficient detail to enable them to give approval.

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- c) Members queried whether the role given to them is adding value to the organisation.
- d) Members highlighted different skills sets were required for the variety of work the committee covers. Members suggested they could create sub committees to split the work and make better use of their skills.
- e) The workload of the committee was raised as a concern in relation to the range of items on each agenda and the need to dedicate sufficient time to each discussion item on the agenda. Members suggested the work programme and agenda could prioritise discussion items and group them into categories e.g. risk, policy, strategic overview and information items to make the meetings manageable.
- f) All of the Members commented on consistency in relation to the format, style and information presented in the report.
- g) Members queried if they had an active role in strategic overview and policy development and asked if they could change recommendations in reports received. Members wanted to be involved in policy development from the start and not the end as currently the practice.
- h) Members asked about their role in performance monitoring and the high level indicators / framework used to assess and monitor the performance of the organisation. Members stressed they did not want to duplicate the function or role of Cabinet and queried what happened if a Committee Member had concerns.
- i) Members advised they struggled to acquire a consistent view in relation to risk assessment and corporate planning, due to the different interpretations and approaches taken by each service area. Members requested for a pro-forma to risk assessment so they could understand and compare.
- j) Members suggested the committee incorporates on the job training to get to grips with the requirements of their role for each work area.
- k) In response to the points raised by Members of the Commission and Corporate Committee the Deputy Mayor acknowledged the role and work of the Corporate Committee was mixed and some of the committee's reports were for noting or for information because the reports came too late to influence or change.

The Deputy Mayor advised that to influence policy development. Councillors would need to give significant input outside of formal committee meetings. The Deputy Mayor agreed policy reports could be sent to the Committee earlier to enable a dialogue during development.

The Deputy Mayor expressed the view that role of monitoring the performance of the Council has been given to Scrutiny Commissions and the executive, and not to Corporate Committee. It was the Deputy Mayor's view, Corporate Committee's role was to monitor the performance of the regulatory functions in the Council.

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Members of the Committee were free to decide how to use their expertise and skill sets to cover the Committee's work.

The review conducted by Shared Intelligence was steered by Members. A key outcome from this review was to reduce the number of committee meetings.

During the discussion the Deputy Mayor acknowledged the reports required consistency and pointed out Corporate Committee should be mindful it did not stray into scrutiny's area of work, scrutinising the performance of the whole council.

- l) The Cabinet Member for Finance reiterated the importance of Corporate Committees role in having oversight of all regulatory functions.
- m) In response to the concerns raised the Corporate Director of Legal, HR and Regulatory Services explained that some of the reports on the current Corporate Committee work programme related to the work of the old regulatory committee which had to be carried forward post the elections to the new Committee after the AGM. The items on the work programme could now be changed by the new committee to re-set Members' priorities.

The Corporate Director of Legal, HR and Regulatory Services confirmed she was in discussion with officers about the regulatory functions to determine which reports need to go to the Committee.

The Corporate Director of Legal, HR and Regulatory Services advised she would inform officers in the service areas about the points raised related to consistency, format and information content.

The Corporate Director of Legal, HR and Regulatory Services confirmed Members of the committee could get involved in policy development on the regulatory functions outside the formal committee meetings. Members of the Committee were free to decide how they can make better use of Members' skill in the work of the Committee inside and outside the formal meetings.

The Corporate Committee has the option to review its work programme and to decide on the work and service areas within its remit that they wish to monitor.

In response to the points raised about report recommendations the Corporate Director of Legal, HR and Regulatory Services acknowledged these would be reviewed to ensure they are smarter / more specific.

The number of reports listed on an agenda for noting could be limited and the officer suggested using a key to indicate these items on the agenda, or separate agenda items on those for decision, and those for Members' information and comment.

- n) The Chair summarised the following points and next steps:
  - Reports to clearly outline the request being made by offices to ensure they are operating appropriately
  - Group agenda items as suggested by Members in point 6.2 (e)
  - Confirm the Committee's role in relation to the review of policy. Advising on:
    - a) What the committee is being asked to do



- b) Their role in relation to raising concerns
- c) Confirm if they can stop a policy development or decision if they have concerns
- Members are of the view there is a gap in performance monitoring for the whole organisation and advised they are unclear who has responsibility for monitoring the overall performance of the organisation in addition to Cabinet Members. Members agreed to discuss this informally outside the meeting.

## 7 Finance Update - Autumn Statement

- 7.1 The Corporate Director of Finance and Resources updated the Commission on the Autumn Statement announcement on 3<sup>rd</sup> December 2014.
- 7.2 A detailed briefing was sent to Members. Key highlights noted were:
- The Chancellor of the Exchequer stated the 2015/16 spending plans previously announced remained as stated. In light of this the Council's budget plans for 2015/16 did not need to be altered
  - The Government expects the budget deficit to be replaced with a surplus of £23bn in 2019/20
  - The programme of austerity is expected to continue in the next Parliament with forecasts indicating Britain is only half way through a 10 year programme
  - The Government has indicated (if re-elected) it will continue with the current policy and pace of budget cuts. It is assumed the burden of cuts will overwhelmingly fall on public services. It is anticipated there may be greater cuts in the next spending review compared to those announced thus far – the cut in grant could be higher than that assumed in the Council's current planning
  - Implications from the Autumn Statement for local government are:
    - a) The plans to provide further assistance to businesses in respect of business rates and a review of business rates to report by 2016
    - b) Public sector pay restraints look set to continue until 2017/18
    - c) Total welfare spending is set to be £1bn a year lower than forecast at the budget and changes to unemployment benefits for migrants
    - d) Plans to give local authorities and CCGs indicative multi-year budgets after the next spending review
    - e) The Government will be taking action to ensure the full cost of providing pensions for public service workers will be met by employers
    - f) Plans to invest £141 million to support the London Legacy Development Corporation and Mayor of London to build a new higher education and cultural facility in the Queen Elizabeth Olympic Park
  - The Chancellor of the Exchequer will be spending £10bn less this year than outlined in his original spending plans and some of the under spend will go to the NHS.
- 7.3 Members commented all political parties plan to continue with the austerity plans in some form. Members raised this as a key concern for local government and discussed how the Council could plan and prepare for the worst if the potential squeeze on public sector funding continued. The Cabinet Member for Finance acknowledged the potential funding squeeze is a concern for local government. LBH is looking beyond medium term financial planning to

consider all possibilities for reduction and implications like charges for services, the threshold of service provision and the impact this might have on the borough's future.

**8 Governance and Resources Scrutiny Commission - 2014/15 Work Programme**

- 8.1 The work programme for the Commission on pages 65 - 70 of the agenda was noted for information.
- 8.2 Members asked for a project plan for the Commission's review work at the next steering group meeting.
- 8.3 Members suggested conducting a mapping of the policy landscape and policy levers.

<b>ACTION</b>	The Overview and Scrutiny Officer to produce a review timeline plan for the steering group meeting on 15 <sup>th</sup> December 2014.
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**9 Any Other Business**

- 9.1 None.

Duration of the meeting: 7.00 - 9.40 pm