

London Borough of Hackney
Governance and Resources Scrutiny Commission
Municipal Year 2014/15
Date of Meeting Monday, 16th March, 2015

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

Chair Councillor Rick Muir

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

Apologies:

Co-optees

Officers In Attendance Kay Brown (Assistant Director for Revenues and Benefits), Michael Honeysett (Assistant Director Financial Management) and Joanna Sumner (Assistant Chief Executive)

Other People in Attendance Councillor Geoff Taylor (Cabinet Member for Finance), Alice Evans (Director System Change) and Anna Randle (Head of Strategy LB Lambeth)

Members of the Public

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Councillor Rick Muir in the Chair

1 Apologies for Absence

1.1 None.

2 Urgent Items / Order of Business

2.1 None.

3 Declarations of Interest

3.1 None.

4 Minutes of the Previous Meeting

4.1 Minutes of the previous meeting were agreed.

RESOLVED	Minutes	were
	approved.	

5 Whole Place, Whole System Review: Long Term Unemployment and Mental Health

- 5.1 The Chair welcomed Anna Randle, Head of Strategy and co-author of Managing Demand Building Future Public Services from London Borough of Lambeth and Alice Evans, Director System Change from the LankellyChase Foundation.
- 5.2 The Chair outlined the context of the review; highlighting the Commission was looking at new ways in which service users could be supported shifting the focus of services to prevention and developing partnership working across the system to reduce the demand on services.
- 5.3 The Head of Strategy from London Borough of Lambeth presented information about the findings from her research work with RSA looking at demand management. The research explored the different tools and techniques use to manage demand e.g. nudge technique. The Head of Strategy also informed Members about the changes Lambeth Council have been making in relation to this; outlining the lessons learnt on their journey towards establishing a more equal relationship with their citizens and the process of changing the organisation into a Cooperative Council and implementing a new commissioning structure.
- 5.4 The following substantive points were made in the presentation:
- 5.4.1 The managing demand research identified a small number of Council's building collaborative approaches but these were within borough boundaries. She explained taking the whole place , whole system approach would mean building collaborative strategies based on local circumstances to influence behaviour; addressing need outside of the service lens; and reconfiguring service delivery mechanisms through understanding how demand manifests across a 'whole system' and a 'whole place'. The research revealed this approach required a different relationship between the citizen and state.
- 5.4.2 The research found many examples of demand management being effective for small scale changes e.g. a specific service area but none across a whole place or whole system.
- 5.4.3 Taking a whole place, whole system approach to change would mean going beyond the service lens - they found that services did not reflect demand the way that service users experienced or needed it. It was explained that the divers for demand are not fully understood, meaning services are being made available at the wrong point and therefore not solving the problem. In some

cases the structure of services can be re-enforcing the problem. Upon reflection services will need to get closer to the community to understand their needs; then look at how services can work better together. This may mean cultural and structural change. In essence effecting organisational change to meet service user needs.

- 5.4.4 Changing the system goes beyond partnership working instead starting with the people and working backwards. In some cases this may mean new relationships and collaborating across agencies and sectors because the drivers for demand are often the same across the system.
- 5.4.5 Changing the system requires a shift in mind-set for the professionals and the organisation. Changing behaviour is often critical and residents need to be viewed as assets and supported to get involved in the service redesign. She highlighted organisations need to get better at Involving people in the process of co-designing, co-commissioning and co-delivering to get improved outcomes.
- 5.4.6 The final conclusion with this work was that there needed to be a shift in thinking about the citizen and state relationship. Lambeth Council has been changing how it operates to develop a more equal relationship with its citizens and become a Co-operative Council. Imperative is strong local political support. Lambeth started with their relationships and have worked backwards.
- 5.4.7 To begin the process of change Lambeth established 40 early adopter projects in 2011. Some projects were successful at embedding the new thinking and some were not. In 2012 the Council embarked on a system change focused on changing their internal operations and thinking to develop co-operative commissioning.
- 5.4.8 The Council the organisation into two commissioning and delivery and abandoned service departments for 'clusters' concentrating on outcomes creating a flexible organisation. Cabinet Members have become commissioners and drive the organisations culture change. They have outcome panels to support Cabinet Members. Commissioning has become the focal point of everything they do. Citizens / residents are viewed as assets engaging them to answer questions and get their views. Since making the culture shift for their organisation the Council is in a stronger position to influence their partners to change.
- 5.4.9 To help identify how the new way of working would operate in practice they initiated projects to understand how community networks would work.
- 5.4.10 Lessons learnt to date show that citizens are willing and ready to work with the council however the council has to create the right opportunities to get people engaged.
- 5.4.11 Co-production can bring new solutions and the council has a role to facilitate and enable the change. Sometimes the structure of the organisation re-enforces traditional operation and thinking and this can encourage the organisation to operate in its old ways. Changing the behaviour of the system is hard.

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- 5.5 The Director System Change from LankellyChase Foundation in addition to the reports in the agenda presented information about system change and their findings from research projects.
- 5.5.1 LankellyChase Foundation is an independent organisation that funds projects that will help to inform system change, to transform the quality of lives for people who face severe and multiple disadvantage.
- 5.5.2 LankellyChase Foundation view their role - as an independent funders – as being the organisation that takes the findings from the research projects to policy and decision makers to influence system change.
- 5.5.3 The research project findings were about learning not achieving specific outcomes. Through the research projects they have tried to identify if different sectors look at people in different ways. They found depending on where a person sits in the system, a service users could experience an overlay of different factors. It was reminded that services must not lose sight of the people they provide services to.
- 5.5.4 LankellyChase Foundation recommend taking an approach of learning and this required a very different mind-set.
- 5.5.5 To evoke system change, change must first come from within e.g. the organisation structure and culture.
- 5.5.6 Service providers and commissioners need to build an evidence base which informs them about the problems, the barriers and the needs of the people.
- 5.5.7 If organisations want a different dialogue with people they have to find a better way of working and have the right commissioners, public values, and principles.
- 5.5.8 This process of system change is not about an end point but changing how things are done. Considerations should be given to creating different conversations and there should be thinking about the different skills and knowledge needed for the journey of change.
- 5.5.9 It is important for an organisation to achieve some quick wins. As learning is critical and the target at the outset may change as the journey of change progresses.
- 5.5.10 The system change being recommended in the research indicates a need for shared leadership resulting in a different use of power.
- 5.5.11 LankellyChase Foundation have examples from children service projects that demonstrate the importance of working across silos.
- 5.5.12 There needs to be thought given to the work and role of middle management in the system or service area being changed.
- 5.5.13 Discussion with the statutory sector revealed huge judgements about what a person can do.

5.5.14 The process of system change is about learning and culture change and using a range of different approaches and not applying one size fits all.

5.6 **Comments Discussion and Queries**

a) Member enquired how they could persuade senior managers to invest in a new way of working that would potentially increase costs at a time of significant budget pressures.

The Head of Strategy from Lambeth Council acknowledged their new model did increase costs up front. They started the process by talking to the community about how they could manage assets and commenced building an evidence base of how the assets could be managed with less resource. The officer informed the Commission one of their projects was managing a park. The asset was not only viewed as a leisure facility but also as a resource to help improve local residents' health and wellbeing. For example ex-offenders were involved in the maintenance of the park which enabled them to give back to the community. The officer emphasised resources for service could not be cut with the expectation that the resources will come from someone else. This approach was about managing the assets in a different and not paying for the service in the same way. This was investing in co-production.

The Head of Strategy from Lambeth Council acknowledged the council's budget process did keep pulling the organisation back into its traditional mind set and efforts had to be made to retain the new way of thinking.

b) Members made the following observations and enquires:

- (i) Changing a big organisation was a big task and as the organisation transitioned some tension would exist.
- (ii) The emphasis on place and being led by the community was becoming more important.
- (iii) If a key worker was required until the organisation changed?
- (iv) If there were limits to the achievements under this model and were there examples of unsuccessful projects?

The Director of System Change from LankellyChase Foundation advised having a key workers was not the answer because it can prohibit the organisation from changing. Key workers may be necessary but are not the answer to changing the culture of the organisation. The officer pointed out there maybe unintended consequences to changes applied but this was part of the learning process which has helped to identify what works and what does not.

The Head of Strategy from Lambeth Council explained rather than adding a new layer to the system the key was to change the behaviour of the frontline staff. In Lambeth to challenge the traditional ways of thinking for staff they changed their job descriptions in a radical way. In response to the question about limits to success for the work they are doing at Lambeth they have not identified any limits. It was noted the change does carry high risk in some areas but there is also the potential for big wins. The officer agreed it does become more about the community and acknowledged they are thinking about the place in a different way than previously.

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- c) In reference to middle management and accountability Members enquired who was responsible for service delivery and who was accountability is something went wrong with the service provision.
- d) Members referred to the barriers highlighted in the presentation and enquired who was the driver for change and who decided on the principles for the organisation's change?

The Head of Strategy from Lambeth Council advised the change had strong political support and this was important to drive forward the change. The key to their success was a strong narrative from the local politicians. A commissioning report set out the principles for the change implemented. The officer advised the need for accountability presented some challenge and acknowledged there was some uncertainty and resistance from senior managers in regards to the change. The process of co-production has helped to allay fears which can lead to resistance. In this model accountability is held by the Cabinet Member. It was pointed out for some areas – due to public interest – that can be contention e.g. public realm. In instances where it may not be possible to reach a consensus a decision has to be made.

The Director of System Change from LankellyChase Foundation explained for them fitting accountability into the new way of working was an area they were still developing. For this reason they have not focused on accountability but instead deployed a learning narrative. Risk is acknowledged and they learn from where things go wrong. Instead of viewing projects as unsuccessful they look at how they can do it differently.

LankellyChase Foundation distribute the grant to organisations who meet their criteria which is based on a set of values and principles. They do not do performance monitoring but provide coaching support to the organisation. The officer explained it is not uncommon to be cautious about taking risk but in a time of change the organisation has to be committed to the change and press ahead. It was also important for the organisation to recognise when something was not working and think about doing it differently.

LankellyChase Foundation is managing accountability differently in their view this is providing greater transparency.

- e) Members enquired further about accountability and asked about the process in place to manage any problems with the service delivery.
- f) Members asked for clarity on responsibility in relation to resolution if a project or service did not deliver. Enquiring if the cost for correction would be the responsibility of the Council.
- g) Members referred to ethical values and the Council's obligations through the procurement process. They enquired how Lambeth ensured the organisation being procured had policies and values that fit with the Council's.
- h) Members asked the officer to describe what Lambeth Council would look like in 5 years time?

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The Head of Strategy from Lambeth Council assured Members there was no abdication of responsibility with the new way of working. The Council was still responsible and accountable for the service. The officer explained their commissioning process enabled them to work with residents in a different way. This way of working was based on a relationship that allowed them to identify problems or issues early and seek a joint resolution on how it would be managed. The officer informed the Commission, one of their first projects (involving an adventure playground) entailed difficult conversations about risk. During the discussions it was recognised they could not completely control risk or allow risk to stop them doing the project. They agreed to manage the risk and if the risk identified occurred they were prepared to have those difficult conversations.

In response to the question about ethical values and principles the Head of Strategy from Lambeth advised the Council still retained its policies, values and principles. It was pointed out the community group managing the park were not procured to manage the service. This community group had developed a working relationship that helped to support ex-offenders in society.

In response to the question about where Lambeth will be in 5 years, the officer informed the Commission she did not view this journey of change as having an end point; rather getting to a stage where behaviours and the ways of working were embedded and that they have increased engagement with local residents and move towards working this way with local partners too.

- i) To get an understanding of how outcomes were defined in relation to society's needs; in the discussion about whole place and whole system change Members made the following enquires:
 - (i) Asked for an example of an outcome achieved and how the outcome was defined
 - (ii) How they could change a system fit for all members of society
 - (iii) If a key worker was essential to help residents navigate fragmented services to build confidence.

The Director of System Change from LankellyChase Foundation explained they did not oppose the role of a key worker and believed in some instances they were necessary. The point they were making is a key worker should not be a replacement for a fragmented system. In their projects that have keyworkers. However a key worker is not a long term solution to a system problem. The officer advised at this stage she could not provide an example of a specific outcome because they have not placed an emphasis on achieving specific outcomes.

The Head of Strategy from Lambeth Council advised the Council's structure was constructed around outcomes and they were still improving in this area. A key impact they have identified is housing so they have made housing core to every outcome. It was pointed out the outcomes were not imposed but created in partnership with the local citizens. For example their discussion with older people about their meals on wheels service revealed their primary need from the service was the company it provided; the meal this was a by-product of what they really wanted and valued from the service.

- j) The Chair thanked the speakers for their attendance.

- k) The Chair summarised the following points from the discussion:
1. When thinking about service design, it was important to start with people, families, communities and relationships, rather than services and professional silos.
 2. Culture is more important than structure - it takes hard work to achieve. There needs to be proactive work with staff and constant engagement. At the harder end it may require changes to job descriptions and appraisal processes. We need to change what matters in a person's job.
 3. A mobilising narrative is important so that staff and citizens understand what is trying to be achieved.
 4. Place based thinking is very important - it may well be the place that demarcates 'the system' when thinking about system change.
 5. There is no end point and there is no master plan - it is a learning process and a way of thinking and working. It is iterative and experimental. Scale does not have to be scary – it is not about changing the world overnight.
 6. Quick wins are important to build confidence - in Lambeth they used prototype projects to get things moving in communities, whilst changing the Council's culture and structure.
 7. There is unresolved tension around accountability and outcomes - in Lambeth outcome based commissioning was seen as a way to unlock innovation, but LankellyChase Foundation were worried that almost any process of outcome based accountability will distort innovation and creativity. It is clear we need accountability at some level - but we need a more mature relationship with risk, and more trust in the system. This whole question needs a lot more thought - perhaps through further work on performance management.

6 Welfare Reform Update

- 6.1 The Chair welcomed Michael Honeysett, Assistant Director Financial Management; Kay Brown, Assistant Director Revenues and Benefit and Cllr Geoff Taylor, Cabinet Member Finance from London Borough of Hackney.
- 6.2 At the previous meeting Members of the Commission requested for information on the interdependency of the different housing benefit changes and the cumulative impact of these on residents. A detailed presentation was provided on pages 143-194 in the agenda. The presentation outlined the welfare reform changes and the impact of these on Hackney residents. The substantive points highlighted are detailed below.
- 6.2.1 The Government's objective for implementing the welfare reform was to promote work and personal responsibility; simplify the system to make work pay; reduce welfare dependency and reduce the cost of the welfare budget.
- 6.2.2 The Assistant Director Revenues and Benefits referred to the list of welfare benefits that had been impacted. Particular emphasis was placed on the changes to:

- Incapacity benefit reassessments – this benefit is a passport to access other support. The Council still need to improve in this area to support this cohort.
 - Disability Living Allowance – implementation of changes to this benefit started in Scotland and are due to be implemented in Hackney in 2015. The aim is to reduce expenditure of this welfare bill by £2.4 billion. This is expected to have a significant impact on Hackney residents once implemented.
- 6.2.3 In relation to the implementation of the under occupancy / social size criteria, in April 2013 the social rented sector had 4,255 households affected; of which 1,956 were Hackney Homes tenants and 2,299 were with registered providers - Registered Social Landlords (RSLs).
- 6.2.4 As of the end of January 2015 3,190 households are affected; of which 1,515 are with Hackney Homes and 1,675 are with registered providers.
- 6.2.5 As of the 31st December 2014 the financial implications for these tenants meant an average weekly loss - for under occupancy - of £25.08 per week. For Hackney Homes the average loss was £22.59 per week and for RSL tenants the average loss was £27.33 per week.
- 6.2.6 50.2% of Hackney Homes tenants affected by the under occupancy are in rent arrears. This number rose over 50% from January 2015. Although it was pointed out many tenants were in rent arrears prior to the social size criteria being applied. The Council continues to express upon residents in this position to work with the Council. The average rent owed by tenants in this situation has fallen from £751 to £683. A contributing factor to this is the Discretionary Housing Payment (DHP).
- 6.2.7 Hackney implemented its Council Tax Reduction scheme. This scheme requires all working age claimants to pay at least 15% of their council tax bill. It was highlighted Hackney's Council Tax Reduction Scheme was less stringent than other councils e.g. Waltham Forest were asking residents to pay 16% in 2015/16 and it was expected to increase to 24% in 2016/17.
- 6.2.8 Since the benefit cap was implemented 1,031 households in Hackney have been affected. All households were offered support. It was pointed out some households may never be ready for employment and some may take a longer period of time to transition. Of the households originally capped there are still 420 capped. The Council has moved 207 households into employment with enough hours to received working tax credit.
- 6.2.9 The demand for Temporary Accommodation in Hackney is not decreasing. As at January 2015 Hackney had 55 households in TA who are impacted by the benefit cap. The Council is currently supporting 35 of these households with discretionary housing payments to the value of £3642.16 per week.
- 6.2.10 The Commission was informed 1 or 2 bed properties are just affordable and 3 or 4 bed properties are becoming unaffordable due to market value.
- 6.3 The key headlines were:
- 6.3.1 The Council's aim is to keep people in their homes.

- 6.3.2 Residents in temporary accommodation awaiting housing allocation are in the urgent category. For those requiring a 1 bedroom property the wait is approximately 10 months; for a 2 bed this increases to 2-3 years and if a household is in the general band the waiting time increases to 3-4 years.
- 6.3.3 Despite the Council acquiring properties, this is still insufficient to meet the demand on the service.
- 6.3.4 Universal Credit will merge 6 benefits into 1 (this includes housing benefit). This new benefit system will be completely digital from application to award. Pilots of the new digital system have commenced. The Department of Works and Pension (DWP) released a report about the new system, however, this report did not provide any new information or share any learning from the digital pilots.
- 6.3.5 The Government has decided to accelerate the implementation of Universal Credit and it will be doing the roll out in 4 phases. Hackney will be in the last phase of the roll out and Hackney aim to pick up the learning from the previous phases of implementations. The new system is expected to be fully operational by 2016.
- 6.3.6 The Officer explained Hackney has experience of contracting out services like this (revenues and benefits) and has learnt many lesson from this process. The Council is very knowledgeable about the potential impact and problems that can be associated with a change like this. If the Job Centre Plus (JCP) do not process claims quickly the Council will not have access to the system to view the progress of a person's claim. All London's local authorities are working together to negotiate a partnership agreement with DWP that is mutually beneficial. It is anticipated the current proposal would result in Councils having an additional cost burden if implemented.
- 6.3.7 Following a decrease in allocation to the crisis support fund, the Council has contributed £300,000 to return the crisis support fund to its original level, when the responsibility was transferred from DWP to local authorities. The Council has used the crisis support fund and DHP to support residents who have come out of hospital, need resettlement support or for households in receipt of a high fuel bill.

6.4 **Comments Discussion and Queries**

- a) Members enquired if the Council had a strategy to mitigate against cost shunting.

The Cabinet Member for Finance explained the Council was concerned about the increasing demand for temporary accommodation and planned to investigate why the demand was increasing. At the first assessment the Council would be collecting as much information as possible to get a full picture of an individual's needs.

- b) Members enquired if the Council discharges residents to the private sector.

The Assistant Director Revenues and Benefits confirmed they do discharge to the private sector.

- c) Members referred to the 1,000 people affected by the benefit cap and commented only 4 households had managed to secure a reduction in rent – the intended consequence the Government hoped would result from the benefit cap for private tenants.

The Assistant Director Financial Management informed the Council's debt has not increased because the Council was managing the increased pressure on resources. However the Council is expecting this impact to materialise in the not too distant future.

- d) In reference to temporary accommodation Members enquired if solutions to this have been identified locally or nationally?

The Cabinet Member for Finance advised the solutions needed were: rent controls, funding for housing benefit and building more homes. He pointed out the Government's focus has been on the financial economy instead of a balanced concern for the whole economy.

- e) Members enquired if the Council was lobbying for support services for vulnerable people.

The Assistant Director Revenues and Benefits explained the support agreement that DWP wanted local authorities to sign was based on Payment by Results and only for referrals made by DWP to the Council. The implications of this is if a resident approaches the Council directly for support, the Council would be funding this support from their resources resulting in increased costs for councils. It is estimated that if local authorities in London funded this support costs are anticipated to be in the region of £6 million a year. In London, Hackney has the largest benefit caseload. The Council is in the process of assessing the impact and cost implications.

The key point to note is DWP have set up the system to work with JCP and not the local authorities.

7 Governance and Resources Scrutiny Commission - Work Programme Planning for 2015/16

- 7.1 The Chair advised the work programme for G&R was on pages 197 - 201 of the agenda.

Members noted the work programme.

- 7.2 The Chair informed the Commission residents would be consulted about their views and ask them to identify their local concerns during purdah.

- 7.3 Members agreed to make suggestions to the Chair and Overview and Scrutiny Officer about future work programme discussion items and topic areas for a scrutiny review.

8 Any Other Business

8.1 None.

Duration of the meeting: 7.00 - 9.20 pm