

**London Borough of Hackney
Governance and Resources Scrutiny Commission
Municipal Year 2016/17
Date of Meeting Wednesday, 19th October, 2016**

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

Chair

Councillors in Attendance

**Cllr Deniz Oguzkanli, Cllr Nick Sharman,
Cllr Susan Fajana-Thomas, Cllr Ned Hercock and
Cllr Anna-Joy Rickard (Vice-Chair, in the Chair)**

Apologies:

Co-optees



Officers In Attendance **Ian Williams (Group Director of Finance and Resources)**

Other People in Attendance

Councillor Geoff Taylor (Cabinet Member for Finance)

Members of the Public

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Cllr Anna-Joy Rickard in the Chair

1 Apologies for Absence

1.1 None.

2 Urgent Items / Order of Business

2.1 The Vice Chair confirmed that she would be chairing the meeting, pending Full Council agreeing the appointment of Chair and Vice Chair for Governance and Resources later in the month.

3 Declarations of Interest

3.1 No declarations of interest.

4 Minutes of the Previous Meeting

- 4.1 Cllr Hercock had sent apologies for the meeting on 5th September 2016 via Cllr Rennison. He would like this corrected in the minutes.
- 4.2 The minutes of 5th September 2016 were agreed, with this amendment.

RESOLVED	Minutes were approved subject to the amendment noted in point 4.1.
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5 Finance and Budget Update

- 5.1 The Vice Chair asked Ian Williams to outline key points from the Overall Financial Position Paper.
- 5.2 The first point highlighted was the importance of focusing on the current year and on in year pressures that could adversely impact the budget, as well as considering how budgets are balanced in future years. An example was provided from corporate parenting to illustrate the nature and scale of unplanned expenditure, which had to be budgeted for.
- 5.3 Through careful management, these in year pressures have been met through reserves, allowing time for medium term financial plans to be put in place for future years. Other examples included employment tribunal legal claims, the one off costs of additional elections and the loss of income from the Lido being closed. The Overall Financial Position Paper gives a good sense of the complexity of the business and the operating environment.

Questions and discussion on first point

- 5.4 **Members asked if more could be done to meet unplanned costs through a more systematic approach to identifying financial risks and making provisions in the budget.**

The response was that thus far the approach to risk had been adequate. However the risks were becoming greater and the impacts more severe. The way that fluctuating currency rates might affect the Council's capital programme or the impact of falling interest rates on pension investments were provided as examples. The Vice Chair reminded Commission Members that some of these risks would be more carefully considered by the Commission as part of the planned Impact of Brexit review scheduled for early in 2017.

- 5.5 **Members asked if we are on track to balance our budgets this year.**

Ian Williams explained that this was difficult to answer given the complexity of the business, and this is why close monitoring was required.

5.6 Members asked whether budget overspend was treated differently from incurring costs to meet additional demands.

The response was that overspend in a service like Policy and Performance would be treated differently from overspend incurred to meet demand and fulfil statutory duty.

5.7 Members asked if we took a consistent approach to underspend.

The response was that underspend is clawed back at the end of each year, rather than being retained by services, unless there is a clear and exceptional case. These reserves are needed as a contingency. To put this in context, the Council's earned interest from investments had reduced dramatically in recent years because of low interest rates.

5.8 Members spoke asked what proactive work we were doing to reduce the cost pressures referenced above. Thinking about corporate parenting, what was being done to recruit more local foster carers?

Ian Williams talked about ways that we could further incentivise foster carers, for example by paying their Council Tax. Hackney's experience shared by all London boroughs because of the high costs of housing. This is well articulated in the London Councils response to autumn statement. There might come a point when the Council directly delivers care and interventions for children and families where there are complex needs. The Oxfordshire home which was being used to work intensively with families and the Pause Project were provided as examples of preventative work.

5.9 Members observed that we seem to be in a precarious position and asked if we need to further rationalise what we do and whether we needed to look at more radical change.

Cllr Taylor agreed that although we have "right-sized" our organisation, we would be unable to cope with too many more shocks. More thought was needed about how we work together with other local authorities. At the moment we are competing, for example, over temporary accommodation, foster carers, lawyers and planners.

5.10

The second point that Ian Williams wanted to draw attention to was the Capital programme including school developments such as Mossbourne Riverside Academy. It was worth highlighting that Tiger Way and Nile St could have been offered up as sites for free schools, but instead the Council chose to redevelop these as schools, although there is more work to do to engage residents in a discussion about viability. As an illustration of land values, the Educational Funding Agency paid £37m to acquire the Lea Bridge Thames Water site for the site of a new academy. There is also an extensive housing programme under way and the development of leisure facilities. There are also a number of capital projects designed to earn income. For example Keltan House will generate £1.3m per year and Dalston Lane Terrace and the new development on Church Street will also be income generators.

- 5.11 As a third point, Ian Williams drew Members' attention to Appendix 1, the Medium Term Planning Forecast and the recommendation to accept the Government's offer of multi-year revenue support grant allocation.

Questions and discussion on point three

- 5.12 **Members asked if there were other ways we were generating income, in addition to through capital assets.**

Ian Williams referenced the Fees and Charges paper which had been brought to the Commission in the past and noted that the Commission had helped developed the approach taken to reviewing Fees and Charges. Other examples included buildings hire and sponsorship of assets. The Vice Chair reminded Commission Members that we would look at this topic in greater detail when the item on Commercialisation is discussed in the new year.

- 5.13 **Members asked what the more radical options were to meet the risks outlined and how these might make the most of the assets this borough.**

Cllr Taylor suggested this question is covered as part of the devolution update

Other questions

- 5.14 **The Vice Chair referred to press coverage about the £14m of payments which had been redacted in one calendar month, which questioned Hackney Council's transparency. She asked how the Council had responded to this.**

Ian Williams noted that Hackney had led the way on publishing transactions over £500 when the requirement first came in. However a large number of transactions had to be redacted each month because they would reveal individuals in receipt of housing benefit and Hackney has the largest number of claimants in London. There were some payments we should not have redacted and improvements to the banking system should mean that these can be published in the future. This was the response provided and this satisfied enquirers. It was regrettable that they did not ask for clarification before going to press. A Member observed that there was clearly an assumption in the coverage that these were payments to contractors rather than individual beneficiaries.

6 **LBH Executive Response - Delivering Public Services: Whole Place, Whole system Approach**

- 6.1 Cllr Taylor revisited the objectives of this review which considered a thematic area (e.g. health, housing, mental health) in order to understand the extent to which the local authority and national authorities are working together.

Questions and discussion

- 6.2 **Members commented that some of the answers are vague and it is not clear what additional work would be done. For example the response to recommendation four just describes what is already being delivered.**

Cllr Taylor accepted this point but asked what more we could do, as the Council was not mandated to deliver employment support and any savings from efforts would positively impact the Department for Work and Pension's budget rather than the Council's.

- 6.3 **Members reminded the Commission that the idea was to look at different ways of working for example looking at early intervention and how we could work with other agencies, for example health services and DWP. The Executive response could have at least set out what we wanted to do even if we could not say commit to it. The response should have been setting the agenda for the future as well as focusing on change management.**

Ian Williams referred to the new approach to oversight of economic development and community development as a way that this work could be progressed. A culture change programme, Hackney a Change for Everyone has also been launched to prepare the workforce to meet the challenges the Council would be facing in the next few years.

- 6.4 **Given Hackney's high rate of mental health cases, Members asked what collaboration was going on between the Clinical Commissioning Group (CCG) and the Health and Wellbeing Board.**

Ian Williams noted that collaboration between the Council and City and Hackney CCG worked well. There would be close working on the Sustainability and Transformation Plans (STPs) as part of Hackney's Health and Wellbeing devolution pilot, although STP areas did not align with other administrative geographies.

- 6.5 **As a follow up Members asked if the sole focus of the pilot was on commissioning.**

The response was that the pilot was also about working together on assets management. However government needed to hold onto NHS assets to calibrate health budget deficits.

- 6.6 **Members asked if individuals were to be further empowered to fully support clients, and if so, what oversight there would be of this new approach, and whether this was something that could be measured.**

Ian Williams responded that frontline workers were already very empowered, much more so than the private sector, for example.

- 6.7 **The Vice Chair reminded Members that the Chief Executive would be attending the next Commission meeting and would be asked how the new corporate structure would facilitate joint up working. She asked if the section from Ways into Work could be strengthened without extending the process for sign off at full Council. Members were keen to take forward the recommendation that this was presented to senior management team and asked if this could be actioned via the Overview and Scrutiny Team.**

- 6.8 **Members asked if one of the reasons the response was weak was because of resource implications.**

Cllr Taylor did not think this was the reason. It was more that this was not a straightforward report. Addressing the issues raised in the report will require cultural change, budget change and governance change and these issues cannot be resolved in a single response. The themes will continue to be revisited as we look at public service as a whole, look at how we work more closely together across boundaries.

7 Devolution - the prospects for Hackney

- 7.1 The Vice Chair reminded Commission Members of the questions in the terms of reference for the review. She observed that devolution was a moving piece. The main focus for this item was on Members shaping recommendations. However prior to that she asked for a brief update from Ian Williams and Cllr Taylor.
- 7.2 Ian Williams provided a verbal update of the key devolution deals which were under negotiation at the moment:
- 7.3 Employment and Skills: Last year, the Council sought to align itself with the Central London Forward (CLF) grouping. In June this year the CLF Board agreed to extend CLF's work on devolution, and employment and skills to Haringey, Tower Hamlets, Lewisham and Hackney. Hackney was formally invited by Mayor of Newham Robin Wales and Leader of Waltham Forest Cllr Chris Robbins to join the Local London partnership in December 2015 and in January 2016 Local London was formally constituted with Barking and Dagenham, Enfield, Greenwich, Havering, Newham, Redbridge and Waltham Forest. We requested to defer our consideration and re-stated the value of continuing to work as part of the Growth Boroughs on issues such as Convergence, transport and employment. We noted that geographies around opportunities for devolution were still clearly very fluid and, we therefore needed to remain open to working in different geographies in the future.
- 7.4 Government review of Further Education and devolution of skills funding: Hackney is part of the central London area for the purposes for the review which seeks to rationalise FE provision to ensure financial sustainability of colleges. Brooke House has submitted a proposal to remain a standalone sixth form, with a reduced curriculum based on areas of highest student demand.
- 7.5 Health: a detailed presentation from Paul Haigh went to Health in Hackney on Monday October 10th. The focus currently is on the STP – Sustainability and Transformation Plan – for which Hackney is in the north east London region.
- 7.6 Work and health programme: DWP has issued the OJEU notice for the Work and Health Programme, establishing a national framework umbrella agreement for employment and health related support services. The timetable for the launch of the programme is November 2017, with a staggered start from November 2017 – February 2018. The umbrella agreement is designed to allow London to run a devolved Work and Health Programme.
- 7.7 Discussion on devolution deal for London: The Government has invited London to agree a devolution deal in time for the Autumn statement on November 23rd.

The view is that the outcome of the EU referendum has opened up the potential for a more ambitious devolution deal for London.

- 7.8 Ian Williams pointed Commission Members towards the London Councils Devolution briefing. He also referenced the way that local authorities in London had pooled pension funds as a successful example of devolution and also suggested that the Commission should consider business rates devolution in greater detail.
- 7.9 Being involved in overlapping devolution deals was both a problem and an advantage. A scheme could be very rational scheme but entail a greater loss of local control.
- 7.10 Members stated the need for a local plan for devolution that set out priorities that we would want to see out of any devolution arrangement. This plan would set out:
- What are we trying to combine
 - What is the public accountability
 - What are we trying to get out of this?
- 7.11 The Vice Chair outlined the exercise she wanted Members to undertake next to develop recommendations. She suggested Members should refer to the crosscutting issues raised in the briefing provided by overview and scrutiny officer (Power, Responsibility and Resources, Accountability Structures and Public Engagement) and identify recommendations under the following groupings:
- General principles
 - Actual actions
 - Skills set required.

Whilst it was fine to undertake the exercise, Members stressed the importance of contributing to an overall strategy.

Having undertaken the exercise it was agreed that Members were not yet in a position to draft recommendations and the Vice Chair proposed spending more time on this in November rather than drafting a general report of recommendations. She asked if there was a plan where all approaches were summarised. Cllr Taylor referred to the London Councils Paper. There was currently no local plan or strategy.

Members acknowledged that there was still a lot of uncertainty and unanswered questions that even those leading devolution deals could not yet answer. It was important to engage further with officers. The Vice Chair clarified that the Commission would not be helping draft a strategy or plan but had highlighted through this review the lack of one. Members felt that it was nevertheless important to consider what the Commission's contribution could be. They had to oversee a process through which governance and resources were better used. Members wanted to clarify if there was someone thinking about how all of this fits together and what the costs and benefits were. The advantages of a plan would be to:

Set up the variable geography

Identify the key priorities, benefits and costs

Consider what form of accountability should be set up

Ian Williams explained that Cllr McShane is the new lead for devolution overall. The challenge is that neither the partnerships nor the geographies are obvious.

It was important not to be parochial and to consider the bigger picture.

Cllr Taylor reminded the Commission that the discussion was considering two different things – partnership working and devolution. However there was a discussion about the fact it was not always possible to make that distinction.

Ian Williams stated that some government departments were not interested in devolution. The judgement had to be made as to whether local areas were being set up to fail or whether deals would deliver limited benefits.

ACTION	Cllr McShane and Tim Shields would be invited to the next meeting to answer the following: <ul style="list-style-type: none">• What is the overall plan?• What are the current principles being applied? There are clearly some criteria• What is the ideal position in relation to services e.g. Planning.
	Circulate London Councils paper on Devolution

8 Review of Governance & Resources Scrutiny Commission Work

8.1 The Vice Chair asked Members to keep this review in their minds whilst looking at the next item – the work programme.

Member raised the importance of requesting updates periodically on previous reviews.

ACTION	Members to identify for November's meetings the previous reviews they would like to revisit and receive updates on.
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9 Governance and Resources Scrutiny Commission - 2016/17 Work Programme

9.1 The following additions and amendments were discussed and agreed:

November

- Bruce Deville to be asked for an overview of how performance is measured to set the context for the more substantive item in January

Wednesday, 19th October, 2016

- Complaints service review (also Bruce)
- Devolution – as outlined above, inviting Cllr McShane and Tim Shields
- Update on Council restructure (Tim Shields)
- Questions about new structure promoting joint working
- Change for everyone

December

- Dedicated meeting with CYP Commission on Temporary Accommodation and Discretionary Housing Payments.
- Governance and Resources could still meet for the rest of the allocated time to consider an update from Finance on the on Autumn Statement and an update on the overall budget.

January

- Performance review
- LB Hackney elections
- Commercialisation.

10 Any Other Business

10.1 There was no other business.

Duration of the meeting: 7.00 - 9.15 pm