Hackney

London Borough of Hackney
Governance and Resources Scrutiny Commission
Municipal Year 2016/17
Date of Meeting Thursday, 19th January, 2017

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

Chair	**Councillor Anna-Joy Rickard**
Councillors in Attendance	**Cllr Deniz Oguzkanli, Cllr Nick Sharman, Cllr Susan Fajana-Thomas (Vice-Chair) and Cllr James Peters**
Apologies:	**Cllr Ned Hercock**
Co-optees	
Officers In Attendance	**Rob Miller (Director of ICT), Dan Paul (Head of HR & OD), Tim Shields (Chief Executive), Ian Williams (Group Director of Finance and Resources) and Kay Brown (Director Customer Services)**
Other People in Attendance	**Councillor Rebecca Rennison (Cabinet Advisor Advice Services and Preventing Homelessness), Councillor Geoff Taylor (Cabinet Member for Finance) and Mayor Philip Glanville**
Members of the Public	
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Councillor Anna-Joy Rickard in the Chair

1 Apologies for Absence

1.1 Apologies from absence from Cllr Hercock.

2 Urgent Items / Order of Business

2.1 There was no urgent items and the order of business was as per the agenda.

3   Declarations of Interest

3.1   None.

4   Minutes of the Previous Meeting

4.1   The minutes of the previous meeting held on 14th December 2016 were agreed.

RESOLVED	Minutes were approved.

5   Update on Elections in 2016

5.1.   The Chair welcomed to the meeting Tim Shields, Chief Executive and Dan Paul, Head of Human Resources & Organisational Development (HR&OD) from London Borough of Hackney, to give an update on the successes of the solutions implemented following the 2015 Election Services review and how the Elections Team have responded to the volume of elections in Hackney during 2016.

5.2.   The Commission received information about the problems experienced with voter registration / postal votes for the London Mayoral election and dispatch delays for the Mayoral borough election in 2016.

5.3.   The report attached on pages 23-27 provided information about the elections carried out in Hackney in 2016. The main points highlighted from the report were:

- The commission previously received information on the IT system and performance and issues related to performance in the team.
- A new team structure was implemented and the team has been trained to use the new IT system
- In 2016 the elections team carried out 7 elections 3 of which were borough wide.
- 41,000 people registered to vote
- The processed operated have highlighted some areas for improvement
- It was noted approximately 900 staff are required to run a borough wide election
- Changes in statutory duties have increased the election teams workload significantly and it is not expected to change
- Hackney currently has 167,000 active voters on the register.
- The elections team still need to continue with the work to remove people from the register.

5.4.   **Question, Discussions and Comments**

(i)   Members commented on concerns that had been raised about the move to the Individual Electoral Registration (IER) system and the impact of this on multiple occupancy households.

The Head of HR & OD confirmed the Council removed 30,000 people from the register in 2015. He explained this was a statutory duty. In addition to this the Council received and processed 41,000 voter applications from 1st April – 9th June 2016. The publish register currently stands at 180,000.

(ii) **Members pointed out residents had made contact about polling cards and missing information related to postal voter registration, instruction or the person to contact for postal votes.**

The Commission was informed if people registered late their application would still continue through the system for a voter registration however the information about postal votes would not be included because they were outside the timescale to obtain one.

(iii) **Members recapped on the problems to date being related to staff, systems and volumes of resident complaints about the election process. Members asked officers for reassured that all the problems identified have been resolved.**

The Head of HR & OD acknowledged there have been a number of problems in the past which have been covered by previous reports to the Commission. It was pointed out the problems experienced in 2015 were not the same problems experienced in the 2016 elections. For the Mayoral election the error causing the delay to distribution was as a result of the word conservative being spelt incorrectly. The error was managed through the HR processes. The Head of HR & OD provided assurance the team and processes in place now are working correctly.

The Chief Executive highlighted the issues that occurred 16-17 months prior have been robustly managed. The team and structure was replaced and crucially a new IT system implemented.

The Chief Executive emphasised the elections team ability to plan, manage and successfully run the volume of elections in 2016 was commendable. There were points when the team was downloading 4 times a day due to the volume of applications. The team was working until 3am to meet the deadline for voter registration on the system. The process also required manual intervention to check duplicate applications. In addition to this the Government also extended the deadline for applications and this had a huge impact on the team's workload

It was also noted at points in time the team were running 2 election simultaneously. The borough's Mayoral election also overlapped with canvassing duties.

Officers were confident the team has robust systems, plans and risk management in place, all of which were tested in 2016.

(iv) **In reference to the turnout for each election. Members commented the borough elections were lower than the national elections in 2016. Members enquired if there were plans to try to improve the turnout for local elections?**

The Head of HR & OD advised there are currently no plans and explained typically by-elections are held with other elections.

(v)   Members commented they were reassured the council would not have a repeat of the same problems because senior management had good oversight and robust processes in place.

The Head of HR & OD informed Members he would be obtaining the relevant elections qualification and in the meantime the Council has access to sound external advice.

The Cabinet Member for Finance and Customer Services pointed out running this number of elections was expensive and resulted in the Council having to use some of its reserves to finance the expense.

6   Performance Review

6.1.   The Chair welcomed to the meeting Mayor Phillip Glanville, Mayor of Hackney, Cllr Geoff Taylor, Cabinet Member for Finance and Customer Services, Cllr Rebecca Rennison, Mayoral Advisor for Advice Services and Homelessness Prevention, Ian Williams, Group Director Finance and Corporate Resources, Kay Brown, Director Customer Services and Rob Miller, Director of ICT from London Borough of Hackney.

6.2.   This performance review discussion was aimed at establishing the approach that Overview and Scrutiny should take in conducting performance review of a service provision.

6.3.   The purpose of this session is for scrutiny to be assured that the performance monitoring information used by the responsible officer and Executive enables them to identify the risks, meet service users' needs and carry out service improvements.

6.4.   The Commission selected a small number of service areas for review to look at the performance information, available and monitored by the Council in relation to that service provision.

6.5.   The service areas selected for this meeting were:
    • ICT
    • Revenues and Benefits
    • Council Tax
    • Temporary Accommodation
    • Hackney Service Centre.

6.6.   A report from the ICT service area is on pages 31-35 of the agenda and a presentation from the customer services is on pages 37-50 of the agenda.

6.7.   The service areas under customer services are: Revenues and Benefits, Hackney Service Centre (all front facing services including registrars) and housing needs (temporary accommodation). The main points from the presentation were:

6.7.1.   Revenues and Benefits service areas is a long established service that the council holds a comprehensive suite of data for. With data the Council has the ability to bench mark against other local authorities.

6.7.2.   The Housing Needs service is a more recent addition to customer services and the council does not hold the same level of comprehensive data like revenues and benefits. The Customer Services Director is looking at a new system to help build up a comprehensive suite of data.

6.7.3.   The performance indicators in the report are statutory indicators the council is required to report on.

6.7.4.   The council tax collection target is 94%. The performance information on revenue collection is the statutory information the service area is required to report. From this data they monitor cash collection and the benefits awarded against outstanding net collectable debt. Currently the Council is on track to achieve the target. The Council has also increased the number of residents taking up the option to pay by direct debit. Collection by direct debit takes longer to come in but this allows them to analyse collection and forecast income more accurately.

6.7.5.   Data is collected on customers who visit into the service centre. The council has collated this data over 4 years and have used this data to monitor trends of footfall to the HSC and payment types. As more services move online they will be monitoring the trends and impact of this on the footfall into the HSC. They can also monitor online and credit card payments.

6.7.6.   Since the Council closed its staff counters in cashiers there have not been any major issues. The kiosks are still open and the Council continues to monitor collections.

6.7.7.   Data on council tax and business rates are statutory returns. This data is used to bench mark against other local authorities to track overall performance. Hackney has improved performance whereby it has moved from the bottom of the group to the middle of the group.

6.7.8.   It was pointed out that Hackney would not experience the stability in population like boroughs such as Richmond.   It was noted Hackney's population is transient because even though the borough has approximately 130,000 properties it issues 200,000 council tax bills because the population is so mobile.

6.7.9.   In regards to customer satisfaction one of the key statistics collected daily is first point of contact to resolution.   The Council uses a sample of this data to monitor customer satisfaction. This data enables the service area to monitor how customers feel about services and assess if they are performing to target. The council has found that when they experience problems with the IT system customer satisfaction dips. Once the IT problems have been resolved customer satisfaction level increase.

6.7.10.   There are plans to do a customer satisfaction survey later in the year.

6.7.11.   Housing benefit is an area they have to complete a statutory return to obtain their government funding. The statutory target for housing benefit applications is 20 days.

6.7.12.   For this service staff can work from home and the measure is the number of applications completed. The other test is a review of the number of errors, errors recorded as local authority errors.

6.7.13.   A big area of work for customer services will be implementing the changes to business rates. Local authorities are anticipating an impact on the volume of business rates collected. It was pointed out the council will not be responsible for setting the rate but will have the responsibility for collection.

6.7.14.   The housing needs service can track assessments completed, waiting list, bidding and bedroom sizes applied for.

6.7.15.   The service area can also track people who have applied to be on the council housing waiting list but not successful. There are plans to carry out work to try to support those residents to remain in their property.

6.7.16.   For temporary accommodation it was pointed out most local authorities have experienced an increase in need. They hold data on families in TA to monitor trends and how they can improve the situation.

6.7.17.   Following the implementation of the One Account the service can now see how long it takes for an application to complete. Residents have access to online housing form and medical form to help them track progress.

6.7.18.   Within the service area the Director for Customer Service is also responsible for registrars, births and deaths. The director has monthly data on births, deaths, citizenships and the passport checking service they carry out.

6.8.   ICT

6.8.1.   The graphs provided in the report refer to data for this financial year.

6.8.2.   The performance indicators show what they are measuring but not how the service contributes to service improves across the organisation.

6.8.3.   Performance is below some of the targets.

6.8.4.   The Director of ICT has regular meeting with the Mayor (Cabinet lead for ICT) to discuss improvements and performance.

6.8.5.   The ICT service uses the internal system to monitor performance.   The management team review dashboards to monitor the service's performance, this is carried out fortnightly. The monitoring process is used to identify trends and ensure a more detailed review is carried out as required. A number of key priorities have been identified and the data is being used to improve service.

6.8.6.   ICT carried out a customer satisfaction survey and received 700 responses. This exercise has identified that staff are willing to work with ICT. In addition they regularly carry out customer reviews on 10% of calls logged.

6.8.7.   It was acknowledge the area of Freedom of Information (FOI) and DPA needed to improve and the service area was currently reviewing the process for FOIs.

6.8.8.   The service area currently has a backlog on access requests and there will be extra resource to support improvements to this backlog.

6.8.9.   ICT has been through a big period of change and a number of service rollouts across the organisation like parking, One Account and My Office.

6.8.10.   The ICT Director and his team are engaging with the service areas, in the past the approach taken has been to see it as a big procurement exercise.

6.8.11.   The Mayor is aware Councillors see a mixed picture. There is work around a Members group to make sure members are informed about their services.

6.8.12.   It is critical to ICT that they collate business intelligence and data.

6.9.   **Questions, Answers and Discussion**

(i)   **Member queried if the managers used another level of data to help them to monitor their management performance in addition to the performance indicators listed in the report. Member enquired how this data was used.**

The Group Director Finance and Corporate Resources explained there is a suite of management information produced monthly underneath the performance indicators. The example was given of managers in the call centre having access to real time data on screen that shows them issues as they arise. There is range of data that managers use to identify problems and this is also used to monitor long term trends.

(ii)   **Members asked officers if the indictors they were using to monitor performance gave an accurate picture of the work carried out. Members enquired if there was an area of work being carrying out that was not reflected by the indicators or that did not demonstrate the outcomes achieved?**

In response to this officers advised they carry out tests on their work. The directors will carry out soft test to assess the impact of their work. One such test is too periodically listen in on calls to understand the type of queries the front line staff are dealing with on a daily basis.

(iii)   **Members referred to the passport checking and citizenship and enquired if the council has seen an increase in citizenship from other European countries.**

The Director of Customer Services advised she could not report data on trends. The current data shows there are approximately 30 people at each ceremony and they conduct the ceremonies twice a week.

(iv)   **Members commented this exercise was to identify high level performance data that gives the health of the organisations. Members asked officers to highlight 2 indicators that in their assessment would indicate the health of the borough and 2 measures from their suite of management data that would indicator the pressure on the service area?**

The Group Director Finance and Corporate Resources advised in his opinion selecting 2 indicators for this size service area was not enough. If he did need to select only 2 they would be business rates and housing.

For housing this would be an indicator in the housing needs suite of data. Length of time is not an indicator to demonstrate the health of the borough. A hard indicator in the health of the borough would be housing.

Another indicator would be revenue collection. The Council anticipates there is likely to be an impact from universal credit due to the way it is administered.

(v)   **Members enquired if there was a particular indicator that would show the pressure points?**

The Cabinet Member for Finance and Customer Services advised Members picking out key indicators to give you this type of information would require the discipline to change them as required. They could be reviewed every year to assess if new indictors need to go in and others come out.

The Mayoral Advisor for Advice Services and Homelessness Prevention also suggested the first contact to resolution indictor would show the stress points in the organisation.

(vi)   **Members referred to customer services and customer satisfaction. Members asked how the customer service information was used to improve customer experience and if the council had an understanding as to why residents were visiting the HSC?**

(vii)   **Members enquired if the 20 days target for benefit applications was 20 days or 20 working days?**

The Director of Customer Services confirmed the target was 20 working days.

The increase in waiting times was linked to the complexity of the queries. The changes made to the system had moved simple queries online. This means that the visitors to the HSC relate to complex queries. The Council monitors the types of queries.

The customer service data collected is used to identify training needs, literature requirements, improve skills sets of staff and any changes to the revenues and benefits back office function.

(viii) **Members referred to the most vulnerable and enquired if the council was carrying out a survey for people living in hostels.**

The Director of Customer Services advised they had completed implementation of the annual maintenance plan and plan to conduct a survey later in the year.

(ix) **Members commented ICT is required to improve the service and support the organisation through radical transformation. Member enquired about the key indicators for the ICT system?**

(x) **Members asked for officers to advice on how they measure strategic success, success that demonstrates that ICT is pushing boundaries and how it is making a difference?**

The Director of ICT advised his service area will be interacting with a number of services. An indicator of the health of the service area would be system available and resolution. The service area is looking at a tighter set of PIs to see the bigger picture.

The service area has a staff member with the role of looking at ways of working to maximise use of technology in services.

7 **Council Budget, Commercialisation and Income Generation**

7.1. The Chair welcomed to the meeting Cllr Geoff Taylor, Cabinet Member for Finance and Customer Services and Ian Williams, Group Director Finance and Corporate Resources from London Borough of Hackney.

7.2. The Commission asked the Council to provide information about services that have the potential for income generation - beyond increasing fees and charges – and to provide an overview of the Council's approach and work on income generation for services across the organisation and their potential for commercial activity.

7.3. Group Director Finance and Corporate Resources presented information and the mains points from the presentation were:

7.3.1. The core spending power and grants that currently exist are:
- Council tax
- New Homes Bonus
- Revenue Support Grant
- Business Rates
- Public Health.

7.3.2. Commercialisation is a mind-set not about adding a few extra charges to fees.

7.3.3.   The true meaning of commercialisation is to make a profit.

7.3.4.   There are a number of services operated by the council that cannot be commercial. It was noted that the majority of the markets that local authorities operates in they cannot make a profit due to legislation restrictions, although local authorities can cover costs. The example was given of waste services being a service that can offer direct competition to commercial organisation whereas parking services is a municipal fee.

7.3.5.   It was highlighted that the council could think commercially for their contracts. This would require managers in the organisation to think commercially when setting up and reviewing contracts. For contracts like the Hackney marathon, there would be an expectation that these contracts when negotiated are generating a revenue.

7.3.6.   The capital scheme is also an area the council could take a commercial approach.

7.3.7.   Commercial property portfolio is an area being developed by the council but the organisation is also mindful that they have a community that will ask the council to provide affordable rents.

7.3.8.   In terms of commercial thinking the council needs to look at its niche skills and develop those.

7.3.9.   If the council wanted to explore setting up a commercial entity, the commission was told the following should be taken into consideration:

A company needs to have directors and the directors of the company have a duty to ensure the company is profitable. All decision made should be based on what is best for the company not the community. This could pose a conflict politically for councillors especially if they are on the executive board of the company. Directors of the Board have to act to preserve the company.

7.3.10.   There could be the opportunity to explore the prospect of a local energy company, but the council needs to consider who would manage the organisation and its role in the decision making of the organisation.

7.4.   **Questions, Answers and Discussions**

(i)   **Members referred to setting up an organisation and enquired if the council should had considered employing professionals in that area of expertise.**

The Group Director Finance and Corporate Resources confirmed the council could consider hiring professionals within the service area of expertise. It was noted to obtain the right talent would require the organisation to offer a competitive package. The question the council would need to ask is can they justify that expenditure. The officer informed the Member the Council experienced a similar dilemma when it was recruiting for the Pensions Committee.

(ii) **Members suggested the Council could develop its own commercial model by taking all the aspects that have been identified as working well. Members enquired if this was a possibility?**

The Group Director Finance and Corporate Resources reminded Members the first priority for any company would be to make it a success. Therefore their focus on profit and loss could put it at odds with political desires and this needs to be taken into consideration before travelling down this route. Members were advised to setup a company would require upfront investment. The Council's ability to do this would depend on the health of its finances at the time.

Although service areas like Communications and Consultation can generate an income this income was in the thousands. A higher level of income generation is required to bridge the funding gap.

In reference to commercial waste it was explained the council had increased its income by focusing on its unique selling point to local businesses.

(iii) **For commercialisation Members commented there are 2 areas the council could explore further. The management of properties and innovation. For housing - linked to its role as a housing provider - the council is well placed to take on work in relation to property maintenance and the management of a property like an estate agent. This could help the council discharge its housing duty. The second area of innovation would be to take on the opportunities that 'Silicon roundabout' provides by supporting entrepreneurial companies with affordable commercial space.**

The Cabinet Member for Finance and Customer Services advised the council is doing the work the Commission described under innovation but this has not yielded revenue. In regards to property management the council currently does this. In regards to silicon roundabout it was pointed out these companies need to operate in an environment that is agile, has energy with flexibility to make things happen quick. This is type of environment is not suited to the operations of local government.

(iv) **Members deliberated about the definition of commercialisation. Members commented the desire is not to turn the council it into a commercial organisation. The purpose of exploring commercialisation was to review the organisation's thinking towards risk and its preparations to take on a different level of risk.**

Member's discussion revolve around understanding the Council's objectives and how it can utilise its assets in an effective way, whilst improving services. There is a need for the organisation to be clear about the outcomes it wishes to achieve. Members pointed out the council should understand what it could contribute to the development of the borough. This would take into consideration, activities it could stop doing, wasted resources and the reputation of the organisation.

Members talk about exploring the Council's role as a developer the advantages and opportunities. Members suggested having a report that

outlines the organisation's thinking about property development and the range of services that would be required to support the activity e.g. property services.

Members commented their desire is not for the council to drive out competition locally but to compliment the current economic development.

Members considered the information they would like to receive at the next session on commercialisation. This discussion covered:
- Energy company
- Housing and maintenance
- Property
- Fees
- A report on criteria and initiatives.

(v) **Members suggested the criteria or first principle for commercialisation should be to cover costs not making a profit. The council should think about where it has a competitive advantage. Members referred to previous plans by the council to develop a letting agency for housing and enquired about the progress of this.**

The Group Director Finance and Corporate Resources advised there is company structure the council could use. Although the officer reiterated anyone appointed to the company would be required to act in the best interest of the company first priority.

(vi) **Members enquired if a company was setup could it operate outside of the boroughs boundaries?**

The Group Director Finance and Corporate Resources informed Members he could summarise the trading powers of a local authority. Hackney Learning Trust was cited as an example of a company trading with local authorities.

In regards to the council taking on property management, it was noted there has been no demand from landlords to use a council run letting agency. The Members were informed to take on an operation like this would require economies of scale so that they do not incur additional costs.

(vii) **Members enquired about the council's transport fleet its running costs, investment and development. Members also enquired about the council's investment in temporary accommodation in the borough.**

The Cabinet Member for Finance and Customer Services explained there were concerns about where it should buy property, the ability to borrow funds and if the actions of the council were contributing to and driving out people from the borough.

The Group Director Finance and Corporate Resources advised the Council's transport fleet, explores opportunities to provide services during the day when the assets are not being used by the service. This is something Hackney's health devolution pilot will be reviewing.

(viii) **The Chair summarised the information required for the next session**
- **information on the council's role as a developer for the borough**
- **Trading rules for local authorities**
- **Constraints and principles**
- **Legislative framework**
- **Examples of different service areas for commercialisation**
- **Fees and charges – list of areas generating an income**
- **Criteria**
- **Competitive advantage.**

8 **Governance and Resources Scrutiny Commission - 2016/17 Work Programme**

8.1. Members discussed the performance review item and made the following comments:

8.1.1. They would like access to a suite of oversight information that helps to identify the health and risks to the organisation.

8.1.2. Review a sample of the management data used by managers.

8.1.3. Develop a list of 20 areas that councillors could monitor and review.

8.1.4. Members discussed having a set of indicators that are critical that reflect the current position and risks.

The Group Director Finance and Resources asked the Commission to clarify if they wanted indicators on the health of the borough of the health of the organisation as they were very different.

8.2. Members discussed the Brexit update item and suggested having information on the council's thinking, risks and mitigating actions. This information to include an update on the current situation, trends, impact on exports, schools and suppliers.

8.3. Noted the Government's Industrial strategy was scheduled to be published. They should consider how it relates to local devolution and how the Council can take advantage.

8.4. In relation to commercialisation Members discussed having the following information
- Trading rules constraints and legislative framework linked to commercialisation for the organisation
- More examples on different service areas generating income – list of areas
- Key principles the organisation adopts when embarking on income generating activity is it social benefits, profit etc.
- Competitive advantages.
- Services – housing, industrial waste, energy and schools services
- Fees – leisure services, parking
- Property development.

9 Any Other Business

9.1 None.

Duration of the meeting: 7.00 - 9.25 pm