

London Borough of Hackney
SCRUTINY PANEL
Municipal Year 2021/22
Date of Meeting: Thursday July 22nd, 2021

Minutes of the proceedings of
the Scrutiny Panel held at
Hackney Town Hall, Mare
Street, London, E8 1EA

Chair	Councillor Margaret Gordon
Councillors in Attendance	Cllr Sophie Conway, Cllr Sharon Patrick and Cllr Clare Potter
Apologies:	None
Officers in Attendance	Ian Williams (Acting Chief Executive); Rob Miller (Strategic Director Customer & Workplace) and, Jackie Moylan (Director of Financial Management)
Other People in Attendance	Cllr Ben Hayhurst, Cllr Peter Snell and Cllr Soraya Adejare
Members of the Public	None.
YouTube link	https://youtu.be/a5jynDWrNMg
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Overview & Scrutiny Officer (Tracey Anderson) in the Chair

This being the first meeting of the new municipal year, the first order of business was the election of the Chair. Cllr Clare Potter nominated Cllr Margaret Gordon as Chair which was seconded by Cllr Sharon Patrick.

There were no other nominations and therefore Cllr Margaret Gordon was duly elected as Chair.

Councillor Margaret Gordon in the Chair

Although the position of Vice Chair is reserved for a member from the opposition, the position has not been filled. There were no members of the opposition in attendance at the meeting therefore it was resolved that the position of Vice Chair would remain vacant.

1 Apologies for Absence

1.1 Apologies were received from Cllr Polly Billington.

2 Urgent Items / Order of Business

2.1 There were no urgent items and the agenda was as set out in the published papers.

3 Declarations of Interest

3.1 There were no declarations of interest.

4 Cyber Attack Update

4.1 Scrutiny Panel requested an update on the cyber attack particularly in relation to the recovery programme, the restoration of key services and the financial impact that this had upon the Council. Due to the continuing criminal investigation into the attack, not all information requested by Scrutiny Panel was able to be put in the public domain.

4.2 As the item was not as expansive as planned, Scrutiny Panel took this opportunity to reflect on the Council's broader IT strategy and new IT developments and approaches. In particular:

- Opportunities and challenges for IT systems post pandemic;
- The move toward cloud-based systems and the impact this would have on local legacy local networks;
- The operation of hybrid meeting and support to Councillors and Officers;
- The role of IT Service in Council's net zero ambitions.

4.3 The Strategic Director Customer & Workplace presented to members of Scrutiny Panel, highlighting responses to questions presented in advance:

- In terms of the financial impact of the cyber attack, this had been detailed in the most recent Overall Financial Position report presented to Cabinet (July 2021). The Council was aware that other authorities which had experienced similar attacks had received a central government grant to assist their recovery and was hopeful that discussions with DCLG would yield a similar outcome.
- Those services areas which the Council had migrated to cloud based systems had benefited from the industry leading security and resilience that these platforms provided. Thus given the Council's move to the Google platform, the Council's main communication function and the way different services interrelate have remained unaffected. Recovery work is accelerating this migration to cloud based systems.
- The challenge for local government was that the market for new IT systems within the sector was not that developed with 3 or 4 main providers. It was noted however, that new providers offering cloud-based IT systems were beginning to enter the market. Scrutiny Panel was reminded however, that whilst cloud-based systems significantly reduce security risks, it does not eliminate them. It was also acknowledged that the Council was still operating a small number of legacy systems where these could not be currently replaced.
- The Council had made substantial investments to reduce IT security risks. Since 2019 it had replaced over 4,000 Windows desktop computers with Chromebooks (or Chromebox) which had significantly reduced IT risks.

- Data pertaining to Modern.Gov has now been recovered and the new cloud-based system would be operational shortly. The shift to virtual meetings within governance and scrutiny services had improved the accessibility of those meetings, with more members of the public choosing to watch Council meetings on-line. When Covid regulations changed in May 2021, investments in Google based technologies enabled the Council to support the offer of hybrid meetings. Further improvements are planned for hybrid meetings over the coming months.
- In relation to supporting the Council's net zero carbon emissions target it was noted that working patterns brought about by Covid had reduced the council's paper and energy usage over the past 18 months. It was likely whilst the Council would ensure that staff remain connected to local workplaces, some proportion of homeworking would be maintained in the weekly routines of staff. With less demand for office space, the Council planned to rethink how it used its current estate. Such an approach would contribute to reducing the need for staff to travel and help improve the balance between work and other life commitments. New digital services (UK Notify) have been put in place by the government to facilitate communication with the community in a more sustainable way, and the Council would continue to use these after the pandemic.

Questions from Scrutiny Panel

- 4.4 The cyber attack has affected the responsiveness of key services such as housing and benefits which has had an impact on local residents. What is the Council doing to improve the responsiveness of these services?
- The impact that the cyber attack has had on local residents has been at the forefront of the Council's recovery programme. Within this recovery programme, the needs of those most vulnerable have been identified and prioritised. New systems were developed for the Housing Benefits team to ensure that the 30-35k local residents who rely on this benefit have continued to be paid. In addition, revenues and benefits were now working through the backlog of casework which had built up when systems were not available. The new Housing Register will be launched over the summer which will allow local residents to notify the Council of their changing needs and circumstances.
 - Whilst service leads across the Council had worked hard to mitigate the impact of the cyber attack on local residents, it was recognised that local residents continued to be affected.
- 4.5 Virtual meetings have had a positive impact on the way that members, officers and the public engage with the council and can participate in local decision making. How does the Council plan to retain the benefits and advantages of virtual meetings as we move forward from the pandemic?
- The Council was aware of the positive impact that virtual meetings had upon meeting accessibility and would work to retain this. It was acknowledged that some of the equipment used to support this however was not robust (e.g. within the Town Hall estate) and the IT team would be looking to improve this in the coming months.
- 4.6 What is the position in terms of local residents being able to access their rent accounts so that they can prevent arrears from accruing?

- The recovery team had been working hard to access lost data and had now managed to recover arrears data. Thus local residents can access their rent accounts and these should all be correct.
- 4.7 Could officers update Scrutiny Panel on the progress of the council wide audit of the restoration time frame for individual services?
- The council was continuing to collate this information and would come back to Scrutiny Panel with this data when available, particularly in relation to Housing Benefits and Land Searches.
- 4.8 Is there any info-graphic which can quickly provide key information which councillors can then share with local residents or promote within the community?
- This information was available on the council website and was circulated to members. The Communications team was working with individual services to ensure that this was regularly updated and accessible to the community.
- 4.9 There have been a number of positive developments in respect of Council digitalisation of services (e.g. obtaining parking permits on-line). How is the Council ensuring that it is communicating these new developments widely among local residents?
- Given the disparities in digital inclusion, the Council has used other non-digital methods to communicate with residents to ensure it reaches the whole community. There has been additional information in Hackney Life which is distributed to residents' homes and within Council Tax correspondence (also distributed to all local households). Furthermore, the Council had briefed local media outlets to ensure that they were aware of key service updates which can be communicated to residents within their publications.
 - The IT services has also undertaken briefings for other local authorities to help support resilience across the sector.
- 4.10 What role does the IT service have in relation to innovation in service delivery across the Council? How does it support corporate services to develop and improve their offer to residents post pandemic and cyber attack?
- Whilst the response and recovery to the pandemic and cyber attack has predominantly preoccupied IT services work programmes for the past year, there have been opportunities for development and service improvement. There have been a number of innovations which have been underpinned by the work of the IT team, for example delivering support to local people who were shielding during the pandemic. The IT team worked across council services to develop the data to help the council understand the level of local need and specifically which residents would benefit from targeted support. The Council also used this data to help build local capacity among VCS so that this sector could assume responsibility when the council needed to step back from this role.
 - Data from the above has also driven the 'Here to Help' contact centre where, with training from the Public Health team, staff have been able to assess and refer and signpost vulnerable residents to services which can assist them. This has helped the call centre to evolve and move on from a system which just assessed how quickly calls are answered and transactions completed to a more holistic assessment and response for local residents.

- 4.11 The Chair thanked the Strategic Director for attending and responding to questions from members of the Panel.

5 Financial Performance

- 5.1 Council finance is a standing item in the work programme as Scrutiny Panel retains oversight of the Councils budget. Two reports were submitted for this item:
- The Overall Financial Position (OFP) which summarises the Council's financial position as of May 2021 (which was presented to Cabinet in July 2021);
 - Scrutiny Panel also received the Capital Programme Report which provided an update on the agreed capital programme for 2021/22.
- 5.2 The Acting Chief Executive introduced the report and highlighted the following key data from the 2020/21 budget outturn:
- The draft outturn indicated that there was an overall budget shortfall of £787k after the application of grants to offset emergency response to Covid. This position was better than had been anticipated during 2020 and was testament to the hard work of the Finance Team and officers across the Council to manage finances effectively.
 - Some areas of financial concern remain for 2020/21, such as the Housing Benefit Subsidy in which the Council administered £300m of benefits on behalf of the government. It is clear that the cyber attack has impeded the effective administration of this service, but the Council was working with the Department of Work and Pensions to resolve the details of the final subsidy claim. The Council was also still awaiting compensation from government for the final claim submitted for the loss of local fees and charges income which arose from the pandemic.
 - The pandemic impacted on the HRA in respect of reduced rental income (£6.2m loss) and given the Covid restrictions, the inability to undertake some repairs to local homes (£1.4m loss).
 - Given the impact of Covid and cyber attack on the local economy and local residents income, there would be ongoing budget risks particularly in relation to rental income.
- 5.3 The Acting Chief Executive also highlighted the following from the first forecast for the 2021/22 council budget (to May 2021)
- After set asides for Covid (£4m) and Children's Services (£1.5m) the Council was forecasting an overspend of £3.9m for year end. Pressures within Children's and Adults Social Care were key drivers behind this projected overspend;
 - The Acting Chief Executive was working with other members of SMT to develop strategies to bring the Council back into balance the details of which will be reported in the July OFP;
 - The Council had introduced a Vacancy Factor to help bring around £6m of savings in the current year. It was noted that this was on course to achieve 95% of this target figure.
 - The HRA is forecasting to break even, though this will only be achieved through reducing the revenue contribution to capital expenditure. It was expected that the level of arrears within the rent account would plateau and then reduce later this year.

- There have been ongoing restrictions on the housing team in being able to undertake repairs. This is likely to have financial implications for this current year as the level of demand is likely to increase.
- 5.4 A short summary of the impact of Covid across London as a whole was reported:
- From returns submitted to MHCLG survey returns for London showed that the total estimated financial impact of the pandemic in 2021/22 will be £1bn comprising an estimated additional spend of £0.525bn and loss of income of £0.488bn. This had generated an overall financial gap of £375m.
 - Two thirds of boroughs were forecasting a deficit for 2021/22 with additional financial pressures from adult social care, public health, as well as reduced income from NNDR, Council Tax and fees and charges.
 - There were also ongoing SEND pressures across London of the region of £100m and the MHCLG was planning a further survey to follow up on services pressures. There had been some clarification from central government that income for SEND would rise, though the details had yet to be confirmed.
- 5.5 The Capital Report provided for a programme of £248m investment in capital projects for the current year:
- Current re-profiling exercise was likely to result in some reduction of current year capital spend;
 - The report highlighted investment of approximately £5.5m in Kings Hall on structural works and developing plans for potential further investment; £3.3m in works on our secondary schools to ensure we maintain the benefit from our Building Schools for the Future Programme and £1.2m on more efficient LED highways lighting.
- 5.6 The Cabinet Member for Finance and Resources emphasised the ongoing budget pressures in both children and adults social care. Exceptional levels of need were creating a strong demand for services which had not been fully recognised in the levels of government funding. It was important that finance pressures in these respective budgets were addressed as this would eventually impact on the Council's ability to fund and support other priorities across the wider council.

Questions from the Panel

- 5.7 Could an update be provided on discussions taking place with DCLG about additional funding to offset additional costs arising from the cyber attack?
- There had been very constructive and positive discussion with DWP and Cabinet Office around additional support and funding in respect of the cyber attack. The Council has a much clearer idea of the financial impact and what additional resources are necessary and is putting together a comprehensive and credible package of proposals to government.
- 5.8 The budget forecast of an overspend of £3.8m for 2021/22 seems significant so early in the financial year. How confident is the Council in reaching a balanced budget come year end?
- The cyber attack has severely impacted on the council's ability to collect from two significant sources of income; Council Tax and NNDR. These pressures are likely to impact throughout the year and the anticipated outturn. Further reports on the progress to contain costs will be forthcoming and can be presented here at Scrutiny Panel.

- 5.9 Can further details be provided about the vacancy factor, what this is and how does it contribute to an improvement in the Council's financial position?
- There were significant challenges in determining the budget for 2021/22 not least the uncertainty surrounding the settlement and whether this would be for a single year or for three years. It was calculated that the introduction of a 3.5% vacancy factor applied across all employee budgets in the Council could generate in excess of £6m of savings in 2021/22. It was felt that this was achievable given the size of the Council workforce and the natural 'churn' that exists within it. It was also noted that other authorities operate higher vacancy factors (5%) within their staffing budgets. Early figures indicate that 95% of identified savings have been achieved through this process. It was acknowledged that there were risks associated with this strategy however, particularly in relation to Covid where staff might be required to self isolate frequently.
- 5.10 Can further details be provided on the reduced contribution from the revenue account to the capital budget? Is this comparable to previous years?
- The reduction on revenue contribution to the Capital Programme was approximately £1m. The Council was mindful of the impact that this may have, particularly in relation to maintenance and repair of local roads, pavements and highways.
- 5.11 What is the estimated budget for the total improvement and redevelopment of the Kings Hall site?
- Much of the detail and totality of the costs will not be fully known until exploratory work has been carried out on site. From the experience of Britannia Leisure Centre, the Council is well aware that the redevelopment of these sites are complex and require substantial investment. Work has already commenced to assess immediate short term needs to safeguard the site and is now beginning to assess longer term development prospects for the site. Whilst it was difficult to put an overall figure on this development at this stage, estimates of around £50m would seem reasonable and the Council would seek to finance this in the usual ways. Doing nothing with the site is not an option however, as the costs just to maintain it as it is would be prohibitive and not sustainable in the longer term.
- 5.12 There are significant pressures within Children's Social Care, particularly spending on placement options for children in care (residential) and for those leaving care (semi-independent care). To what extent is the housing crisis and the lack of local housing options fuelling these budget pressures in children's services?
- Whilst there has been great efforts across the Council to increase supply of housing, this remains an ongoing pressure with demand far exceeding what is needed. This creates additional pressures throughout the Council. The new Council Lettings Policy had just been approved and this brings additional recognition to the housing needs of young people leaving care. The Council is seeking to bring all directorates together, not just regeneration, to understand how the supply of housing units can be increased to meet the needs of local residents.
 - It was noted that Housing Needs worked closely with the Corporate Parenting service to see how best the housing needs of young people in care can be supported. For example, there were arrangements in place for a quota of larger properties to be made available to local foster carers to enable them

to look after more children. Investments have also been made in individual foster carer homes to enable them to look after siblings coming into care.

- 5.13 There were a number of significant cost pressures (SEND, Children's Social Care, Adult Social Care and cyber attack) which will continue to have a financial impact in the medium term, which in turn, start to adversely affect funding levels for other services across the Council. What preparations is the Council undertaking to mitigate these cost pressures and to assist in longer term financial planning?
- The Council undertakes medium term financial modelling in which future income and expenditure levels are predicted for both the General Fund and the HRA. Given the current level of uncertainty as regard to future settlements this remains a challenge for all authorities. This area of financial planning was always open to improvement and the Council was continually seeking to refine and develop the way that such forecasts were developed. Whilst the Council was making good progress to develop a balanced budget for 2022/23, beyond this date was more challenging as the uncertainty was greater or where savings options might become more limited. Directorates were encouraged to assess what forward costs might be anticipated in future years, such for example, the impact of school closures on children's mental health and wellbeing.
 - The Cabinet member for Finance noted that forward projections of Treasury Spending Plans would appear to suggest some level of austerity in the coming years which would continue to add to pressures for local government in the medium term. A thorough review of budgets would be needed to really interrogate spending and ensure that budgets are fully aligned to statutory and policy priorities.
 - It was emphasised that improved financial planning was not just a finance team activity, but would necessitate the involvement of all directorates and services. It was also noted that spending should also be directed to areas where this has the most impact and senior officers would work with the Corporate Policy Team to support this.
- 5.14 The Audit Committee undertook a deep dive into the Capital Budget planning and how estimates are calculated. Is the work of the Committee providing greater assurance and certainty in the estimates used in capital planning?
- The Council was wary of the potential impact that Covid may have on these forecasts and projections. One of the issues that has arisen is that Directorates have over-forecast their capital spend. In response, there is now much greater challenge provided in setting these forecasts and a maximum 5% variance now also has been established for these capital forecasts. The real impact of the recommendations from the Audit Committee will not be fully understood until later in the year when further progress has been made.
- 5.15 The OFP notes declining income from S106 and Community Infrastructure Levy, how will this impact on future capital expenditure? Is this a short or medium term issue and are receipts anticipated to increase?
- Contributions to these funds are driven by the nature and scale of local development, which can depend on a number of factors, not least the health of the national economy. Developments that took place in the south of the borough (e.g. Amazon HQ Development) generated significant S106 contributions as did the Britannia Leisure Development to the CIL. These receipts are monitored and reviewed to make sure that these are spent

appropriately and in accordance with legal frameworks which govern these contributions.

- 5.16 Children and Families Service is currently undergoing an inspection. Have any financial contingency plans been made for any improvement work which may be necessary as a result of that inspection?
- Since the main inspection in 2019, the Council has made additional investments in the Children and Families Service to enable it to respond to and make the necessary service improvements as required by Ofsted. Improvement in children's social care remains a priority for the Council, which is underlined by the additional £1.5m contingency for Children's Social Care for this year's budget. It is hoped that the Ofsted visit will recognise the improvements that have been made over the past two years.
- 5.17 What are the risks associated with the vacancy factor savings in terms of workforce, for example morale and workloads?
- The Council was spending between £35-45m a year on agency which was not sustainable, and the Council needed to address issues within the workforce around non-delivery and overall performance. Given that 3.5% vacancy savings seem to have been achieved already would suggest that this has been undertaken with minimal impact.
- 5.18 The Council has made a commitment to Carbon Net Zero by 2030. What work has been undertaken to assess the financial implications of this commitment and how this may impact on both revenue and capital expenditure in the coming years?
- The Council has developed a workstream where officers are developing an approach to identify what funds would be necessary to fund this commitment and where funds might be accessed. The scale of the challenge will mean that the Council cannot do this through its own means and it must attract additional investment from both the public sector and other funding sources.
- 5.19 The Chair and other members of Scrutiny thanked the Acting Chief Executive for the reports and for responding to questions within this session.

6 Task & Finish Group - Council Tax Reduction Scheme

- 6.1 Under the constitution of the Council, Scrutiny Panel may establish a task and finish panel to undertake an in-depth investigation of any service area and report back its findings and recommendations for approval. It has been proposed that a budget scrutiny task group for Council Tax Reduction scheme will be established which will focus on the impact of CTRS on poverty and consider the options to achieve an eventual reduction to zero CTRS model.
- 6.2 The terms of reference for the proposed CTRS task and finish group were discussed by the Scrutiny Panel. It was noted that the proposed task and finish group would be open to all councillors who were currently members of a scrutiny Commission and that there would be three sessions held virtually and that findings and recommendations would be reported back to Scrutiny Panel.
- 6.3 The Cabinet member welcomed the financial review and looked forward to seeing the conclusions and recommendations as this was a very complex issue and area of significant challenge for the Council.

Agreed: Scrutiny Panel agreed the Terms of Reference for the proposed task and finish group to assess the CTRS.

7 Work Programmes of Overview & Scrutiny Bodies

7.1 Individual scrutiny Commission's are in the process of developing their work programme for the year ahead (2021/22). Chairs of Commissions highlighted key areas from their respective work programmes which are summarised below:

Children and Young People Scrutiny Commission

7.2 The following items had thus far been agreed by the Commission:

- The Commission was planning to undertake a review of adolescents entering care with complex needs. It was hoped that the review would help understand the different pathways of this cohort into the care system and where there may be opportunities for early help or other more preventative interventions.
- With Living in Hackney, the Commission intended to scrutinise the housing options and support available to young people leaving care.
- The Commission had also agreed to continue its work in assessing anti-racist action plans of both Children and Families Service and Hackney Education Service.
- With Health in Hackney the Commission was also assessing disparities in the outcomes of women in maternity services and scrutinising the nature and level of support available.
- With Skills, Economy & Growth, the Commission will consult young people on their views of low carbon transport and how they can be supported to access opportunities presented by the green economy.
- Assurance would also be sought throughout the year on those systems and processes which underpin the commissioning of independent provision for children (SEND, AP, social care) to ensure that these were delivering quality services with effective monitoring and budgetary controls.

Health in Hackney Scrutiny Commission

7.3 The following areas had been confirmed within the Commission's work programme:

- Oversight would be maintained of the White Paper on Integrated Care Systems and the impact that this would have within the local health economy. The Commission would monitor how planned change might impact local commissioning with the proposed demise of CCG and the structure of local hospital services.
- The impact of Covid will continue to impact on the work of the Commission in respect of vaccinations. The Commission would also maintain oversight of the impact that Covid has had on elective surgery.
- The Commission is also reviewing major hospital site developments at Whipps Cross and St Leonards sites and how this may impact on services for local people.

Living in Hackney Scrutiny Commission

7.4 The following areas had been confirmed within the Commission's work programme:

- The Council's approach to net zero carbon emissions was a central theme in the Commission's work for 2021/22, for example buildings, electric charging points.
- The Commission also intended to assess the Council's energy efficiency and management processes and those strategies to reduce energy across the council's estate.
- The Council's response to Grenfell and how this was shaping local fire safety measures in the council housing stock was also planned by the Commission.
- The Commission would also like to review the Council's Licensing Scheme for the Private Rented Sector and to assess the potential for this to be rolled out beyond the current 3 ward in which it is in operation.
- The Commission has also held a meeting with local Police Commanders and MOPAC to review trust and confidence measures.
- Scrutinise proposals for the redevelopment of Kings Hall and how this will bring new leisure facilities for residents in the area.

Skills, Economy & Growth Commission

7.5 Areas of work agreed for this Commission included the following:

- How the Council plans to decarbonise the economy to support net zero ambitions. The Commission planned to look at regeneration, transport and SMEs.
- The Commission also wanted to scrutinise support provided to local residents to ensure that they had the right skills and expertise to engage with and participate in a future green economy.
- As part of the above scrutiny, the Commission was seeking assurance that the transition to a green economy was fair and that residents were supported equally to make adjustments and have equal access to potential benefits.
- Other areas identified for inclusion in the work programme included the Night Time Economy, High Streets and Supporting Microbusinesses.

Scrutiny Panel

7.6 There are four meetings this year and like other scrutiny bodies, Scrutiny Panel would be taking a close interest in the Council's net zero commitment. Scrutiny Panel would aim to plan this work across the Commission to coordinate and streamline requests of services.

- The next meeting of the Scrutiny Panel would focus on the governance arrangements which support the ambitions for delivery of the net zero commitment. It was hoped that this would assess the decision making infrastructure, partnership involvement and funding which underpins the delivery of these ambitions.
- Regular budget scrutiny will take place across the work programme and Scrutiny Panel will coordinate its work with Audit Committee where necessary.
- Scrutiny Panel will continue its work on poverty and inequalities which it commenced last year in relation to food poverty.

7.7 The prospective work programmes were noted.

8 Minutes of the last meeting

8.1 Scrutiny Panel was working to develop conclusions and recommendations from the food poverty item taken in March and these would be circulated to members when available.

8.2 There were no other matters arising from the minutes and these were agreed.

9 Any Other Business

9.1 There was no other business and the meeting closed at 9.10pm.