

Scrutiny Panel

All Members of the Scrutiny Panel are requested to attend the meeting of the group to be held as follows

Thursday 22 July 2021

7.00 pm

Until further notice, all Council meetings will be held remotely

Contact:

Tracey Anderson

☎ 0208 3563312

✉ tracey.anderson@hackney.gov.uk

Ian Williams

Acting Chief Executive, London Borough of Hackney

Members: Cllr Ben Hayhurst, Cllr Margaret Gordon (Chair), Cllr Sharon Patrick, Cllr Sophie Conway, Cllr Polly Billington, Cllr Peter Snell, Cllr Soraya Adejare and Cllr Clare Potter

Agenda

ALL MEETINGS ARE OPEN TO THE PUBLIC

- | | | |
|----------|-------------------------------|-------------------|
| 1 | Agenda Papers | (Pages 5 - 204) |
| 2 | Minutes of the Meeting | (Pages 205 - 216) |

Access and Information

Getting to the Town Hall

For a map of how to find the Town Hall, please visit the council's website <http://www.hackney.gov.uk/contact-us.htm> or contact the Overview and Scrutiny Officer using the details provided on the front cover of this agenda.

Accessibility

There are public toilets available, with wheelchair access, on the ground floor of the Town Hall.

Induction loop facilities are available in the Assembly Halls and the Council Chamber. Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

Further Information about the Commission

If you would like any more information about the Scrutiny Commission, including the membership details, meeting dates and previous reviews, please visit the website or use this QR Code (accessible via phone or tablet 'app')

<http://www.hackney.gov.uk/individual-scrutiny-commissions-health-in-hackney.htm>



Public Involvement and Recording

Scrutiny meetings are held in public, rather than being public meetings. This means that whilst residents and press are welcome to attend, they can only ask questions at the discretion of the Chair. For further information relating to public access to information, please see Part 4 of the council's constitution, available at <http://www.hackney.gov.uk/l-gm-constitution.htm> or by contacting Governance Services (020 8356 3503)

Rights of Press and Public to Report on Meetings

Where a meeting of the Council and its committees are open to the public, the press and public are welcome to report on meetings of the Council and its committees, through any audio, visual or written methods and may use digital and social media providing they do not disturb the conduct of the meeting and providing that the person reporting or providing the commentary is present at the meeting.

Those wishing to film, photograph or audio record a meeting are asked to notify the Council's Monitoring Officer by noon on the day of the meeting, if possible, or any time prior to the start of the meeting or notify the Chair at the start of the meeting.

The Monitoring Officer, or the Chair of the meeting, may designate a set area from which all recording must take place at a meeting.

The Council will endeavour to provide reasonable space and seating to view, hear and record the meeting. If those intending to record a meeting require any other reasonable facilities, notice should be given to the Monitoring Officer in advance of the meeting and will only be provided if practicable to do so.

The Chair shall have discretion to regulate the behaviour of all those present recording a meeting in the interests of the efficient conduct of the meeting. Anyone acting in a disruptive manner may be required by the Chair to cease recording or may be excluded from the meeting. Disruptive behaviour may include: moving from any designated recording area; causing excessive noise; intrusive lighting; interrupting the meeting; or filming members of the public who have asked not to be filmed.

All those visually recording a meeting are requested to only focus on recording councillors, officers and the public who are directly involved in the conduct of the meeting. The Chair of the meeting will ask any members of the public present if they have objections to being visually recorded. Those visually recording a meeting are asked to respect the wishes of those who do not wish to be filmed or photographed. Failure by someone recording a meeting to respect the wishes of those who do not wish to be filmed and photographed may result in the Chair instructing them to cease recording or in their exclusion from the meeting.

If a meeting passes a motion to exclude the press and public then in order to consider confidential or exempt information, all recording must cease and all recording equipment must be removed from the meeting room. The press and public are not permitted to use any means which might enable them to see or hear the proceedings whilst they are excluded from a meeting and confidential or exempt information is under consideration.

Providing oral commentary during a meeting is not permitted.

This page is intentionally left blank

Overview & Scrutiny

Scrutiny Panel

All Members of the Scrutiny Panel are requested to attend the meeting of the Commission to be held as follows

Monday, 4 October 2021 at 7.00 pm

Hackney Town Hall, Mare St, E8 1EA

The press and public are welcome to join this meeting remotely via this link:

<https://youtu.be/7PVbPrgZGAo>

If you wish to attend otherwise, you will need to give notice and to note the guidance below.

Contact:

Tracey Anderson

☎ 0208 356 3312

✉ Tracey.anderson@hackney.gov.uk

Ian Williams

Acting Chief Executive, London Borough of Hackney

Members:	Cllr Margaret Gordon (Chair)	Cllr Ben Hayhurst	Cllr Sharon Patrick
	Cllr Sophie Conway	Cllr Polly Billington	Cllr Peter Snell
	Cllr Soraya Adejare	Cllr Clare Potter	

Agenda

ALL MEETINGS ARE OPEN TO THE PUBLIC

- | | | |
|----------|---|-----------------------------|
| 1 | Apologies for Absence | 7.00pm |
| 2 | Urgent Items / Order of Business | 7.03pm |
| 3 | Declarations of Interest | 7.04pm |
| 4 | Net Zero Carbon | 7.05pm
(50 mins) |

Information from London Councils about their climate change programme and an overview of local authorities work in London on

Climate Action Plans including best practice and learning from work to date.

Information from Hackney Council about the Council's governance arrangements, cost implications and strategic leadership in relation to achieving the net zero carbon targets and embedding the climate change work programmes across the organisation.

- | | | |
|---|--|----------------------------|
| 5 | Annual Complaints and Members Enquires Report | 7.55pm
(30 mins) |
| | Annual update on the Council's Complaints and Members Enquires for 2020/2021 | |
| 6 | Quarterly Finance Update | 8.25pm
(30 mins) |
| | The finance update reports and information covering financial pressures, ongoing financial impacts and the biggest challenges. | |
| 7 | Minutes of the Previous Meeting | 8.55pm
(5 mins) |
| | To agree the minutes of the meeting held on 22 nd July 2021. | |
| 8 | Scrutiny Panel Work Programme | 9.00pm
(5 mins) |
| | To agree or amend the work programme for the remainder of municipal year 2021/2022. | |
| 9 | Any Other Business | 9.05pm
(5 mins) |

To access the meeting please click in the link <https://youtu.be/7PVbPrgZGAo>

Access and Information

Public Involvement and Recording

Guidance on public attendance during Covid-19 pandemic

Scrutiny meetings are held in public, rather than being public meetings. This means that whilst residents and press are welcome to attend, they can only ask questions at the discretion of the Chair. For further information relating to public access to information, please see Part 4 of the council's constitution, available at <https://hackney.gov.uk/council-business> or by contacting Governance Services (020 8356 3503)

The Town Hall is not presently open to the general public, and there is limited capacity within the meeting rooms. However, the High Court has ruled that where meetings are required to be 'open to the public' or 'held in public' then members of the public are entitled to have access by way of physical attendance at the meeting. The Council will need to ensure that access by the public is in line with any Covid-19 restrictions that may be in force from time to time and also in line with public health advice.

Those members of the public who wish to observe a meeting are still encouraged to make use of the live-stream facility in the first instance. You can find the link on the agenda front sheet.

Members of the public who would ordinarily attend a meeting to ask a question, make a deputation or present a petition will be able to attend if they wish. They may also let the relevant committee support officer know that they would like the Chair of the meeting to ask the question, make the deputation or present the petition on their behalf (in line with current Constitutional arrangements).

In the case of the Planning Sub-Committee, those wishing to make representations at the meeting should attend in person where possible.

Regardless of why a member of the public wishes to attend a meeting, they will need to advise the relevant committee support officer of their intention in advance of the meeting date. You can find contact details for the committee support officer on the agenda front page. This is to support track and trace. The committee support officer will be able to confirm whether the proposed attendance can be accommodated with the room capacities that exist to ensure that the meeting is covid-secure.

As there will be a maximum capacity in each meeting room, priority will be given to those who are attending to participate in a meeting rather than observe.

Members of the public who are attending a meeting for a specific purpose, rather than general observation, are encouraged to leave the meeting at the end of the item for which they are present. This is particularly important in the case of the

Planning Sub-Committee, as it may have a number of items on the agenda involving public representation.

Before attending the meeting

The public, staff and councillors are asked to review the information below as this is important in minimising the risk for everyone.

If you are experiencing covid symptoms, you should follow government guidance. Under no circumstances should you attend a meeting if you are experiencing covid symptoms.

Anyone experiencing symptoms of Coronavirus is eligible to book a swab test to find out if they have the virus. You can register for a test after checking your symptoms [through the NHS website](#). If you do not have access to the internet, or have difficulty with the digital portals, you are able to call the 119 service to book a test.

If you're an essential worker and you are experiencing Coronavirus symptoms, you can apply for priority testing through GOV.UK by following the [guidance for essential workers](#). You can also get tested through this route if you have symptoms of coronavirus and live with an essential worker.

Availability of home testing in the case of people with symptoms is limited, so please use testing centres where you can.

Even if you are not experiencing covid symptoms, you are requested to take an asymptomatic test (lateral flow test) in the 24 hours before attending the meeting.

You can do so by visiting any lateral flow test centre; details of the rapid testing sites in Hackney can be found [here](#). Alternatively, you can obtain home testing kits from pharmacies or order them [here](#).

You must not attend a lateral flow test site if you have Coronavirus symptoms; rather you must book a test appointment at your nearest walk-through or drive-through centre.

Lateral flow tests take around 30 minutes to deliver a result, so please factor the time it will take to administer the test and then wait for the result when deciding when to take the test.

If your lateral flow test returns a positive result then you must follow Government guidance; self-isolate and make arrangements for a PCR test. Under no circumstances should you attend the meeting.

Attending the Town Hall for meetings

To make our buildings Covid-safe, it is very important that you observe the rules and guidance on social distancing, one-way systems, hand washing, and the wearing of masks (unless you are exempt from doing so). You must follow all the signage and measures that have been put in place. They are there to keep you and others safe.

To minimise risk, we ask that Councillors arrive fifteen minutes before the meeting starts and leave the meeting room immediately after the meeting has concluded. The public will be invited into the room five minutes before the meeting starts.

Members of the public will be permitted to enter the building via the front entrance of the Town Hall no earlier than ten minutes before the meeting is scheduled to start. They will be required to sign in and have their temperature checked as they enter the building. Security will direct them to the Chamber or Committee Room as appropriate.

Seats will be allocated, and people must remain in the seat that has been allocated to them. Refreshments will not be provided, so it is recommended that you bring a bottle of water with you.

Rights of Press and Public to Report on Meetings

Where a meeting of the Council and its committees are open to the public, the press and public are welcome to report on meetings of the Council and its committees, through any audio, visual or written methods and may use digital and social media providing they do not disturb the conduct of the meeting and providing that the person reporting or providing the commentary is present at the meeting.

Those wishing to film, photograph or audio record a meeting are asked to notify the Council's Monitoring Officer by noon on the day of the meeting, if possible, or any time prior to the start of the meeting or notify the Chair at the start of the meeting.

The Monitoring Officer, or the Chair of the meeting, may designate a set area from which all recording must take place at a meeting.

The Council will endeavour to provide reasonable space and seating to view, hear and record the meeting. If those intending to record a meeting require any other reasonable facilities, notice should be given to the Monitoring Officer in advance of the meeting and will only be provided if practicable to do so.

The Chair shall have discretion to regulate the behaviour of all those present recording a meeting in the interests of the efficient conduct of the meeting. Anyone acting in a disruptive manner may be required by the Chair to cease recording or may be excluded from the meeting. Disruptive behaviour may include: moving from any designated recording area; causing excessive noise; intrusive lighting; interrupting the meeting; or filming members of the public who have asked not to be filmed.

All those visually recording a meeting are requested to only focus on recording councillors, officers and the public who are directly involved in the conduct of the meeting. The Chair of the meeting will ask any members of the public present if they have objections to being visually recorded. Those visually recording a meeting are asked to respect the wishes of those who do not wish to be filmed or photographed. Failure by someone recording a meeting to respect the wishes of those who do not wish to be filmed and photographed may result in the Chair instructing them to cease recording or in their exclusion from the meeting.

If a meeting passes a motion to exclude the press and public then in order to consider confidential or exempt information, all recording must cease and all recording equipment must be removed from the meeting room. The press and public are not permitted to use any means which might enable them to see or hear the proceedings whilst they are excluded from a meeting and confidential or exempt information is under consideration.

Providing oral commentary during a meeting is not permitted.

Getting to the Town Hall

For a map of how to find the Town Hall, please visit the council's website <http://www.hackney.gov.uk/contact-us.htm> or contact the Overview and Scrutiny Officer using the details provided on the front cover of this agenda.

Accessibility

There are public toilets available, with wheelchair access, on the ground floor of the Town Hall.

Induction loop facilities are available in the Assembly Halls and the Council Chamber. Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

Further Information about the Commission

If you would like any more information about the Scrutiny Commission, including the membership details, meeting dates and previous reviews, please visit the website or use this QR Code (accessible via phone or tablet 'app')
<https://hackney.gov.uk/scrutiny>



Scrutiny Panel 4 October 2021 Item 4 - Net Zero Carbon	Item No 4
--	-------------------------

OUTLINE

Information from London Councils about their climate change programme and an overview of local authorities work in London on Climate Action Plans including best practice and learning from work to date. Further details can be found on their [website](#)

Report in the agenda:

To support this discussion the following report is included for background information.

- Presentation slides on London Councils Climate Change Programme

Information from Hackney Council about the Council's governance arrangements, cost implications and strategic leadership in relation to achieving the net zero carbon targets and embedding the climate change work programmes across the organisation.

The planned session to cover:

1. An overview of the Council's vision and work planned to achieve the net zero targets and address the sustainability challenges facing Hackney.
2. An overview of the Council's governance framework to support the sustainability and net zero carbon target work programme?
3. Senior leadership, across directorates and across the council, responsibility for the sustainability and net zero carbon target work programme in preparation for COP 26. How will this work be coordinated and embedded into the council's policies, service delivery, supply chain (procurement) and the LP33 across the Council?
4. How will the costs of this work programme be met by the Council and embedded in the council's procurement and budgeting processes.

Report in the agenda:

To support this discussion the following report is included for background information.

- Achieving Net Zero - National Audit Office Summary Report
- Local Government and NetZero in England – National Audit Office Full Report

Invited Attendees:**London Councils**

Kate Hand, Head of Climate Change

London Borough of Hackney

- Cllr Mete Coban, Deputy Mayor for housing supply, planning, culture and inclusive economy
- Aled Richards, Strategic Director, Sustainability and Public Realm
- Sam Kirk, Head of Sustainability and Environment

ACTION

Scrutiny Panel is requested to give consideration to the reports presented and to ask questions of officers in attendance.

Background information

Net zero is a statutory target set by the Climate Change Act 2008 for at least a 100% reduction of UK greenhouse gas emissions by 2050 (compared to 1990 levels). It replaced the UK's previous target to reduce emissions by 80% by 2050. It is known as a net zero target because some emissions can remain if they are offset (i.e. by removal from the atmosphere and/or by trading in carbon units). If met, this target would effectively mean the UK would end its contribution to global emissions by 2050.

In May 2020 the Climate Change Committee reported the following information on:

Reaching Net Zero in the UK

In 2019, the UK Government and the devolved administrations committed to the Net Zero target as recommended by the [Climate Change Committee](#). Reaching net-zero greenhouse gas (GHG) emissions requires extensive changes across the economy, but the foundations are in place. Major infrastructure decisions need to be made in the near future and quickly implemented. These changes are unprecedented in their overall scale, but large-scale transitions have been achieved successfully in the UK before, such as the natural gas switchover in the 1970s or the switch to digital broadcasting in the 2000s.

What changes are needed?

- resource and energy efficiency, that reduce demand for energy across the economy
- societal choices that lead to a lower demand for carbon-intensive activities

- extensive electrification, particularly of transport and heating, supported by a major expansion of renewable and other low-carbon power generation
- development of a hydrogen economy to service demands for some industrial processes, for energy-dense applications in long-distance HGVs and ships, and for electricity and heating in peak periods
- carbon capture and storage (CCS) in industry, with bioenergy (for GHG removal from the atmosphere), and very likely for hydrogen and electricity production.

It must be vital to the whole of government and to every level of government in the UK. Overall, a well-managed transition can be achieved, and lives can be improved. People can benefit from better physical and mental health, an improved environment and, crucially, a reduced exposure to climate risks.

Current progress

UK emissions were 48% below 1990 levels in 2020. This reduction reflects the impact COVID-19 had on emissions in 2020, much of which is not expected to be permanent. The fall in emissions between 2019 and 1990 was 40%.

The first (2008-12) and the second carbon budget (2013-17) have been met and the UK is on track to meet the third (2018-22) carbon budget, but is not on track to meet the fourth, which covers the period 2023-27 or the fifth, which covers (2028-32). Crucially, these budgets were set against the previous target of an 80% reduction in emissions by 2050. The new Net Zero target (at least 100% reduction by 2050) means that progress will need to accelerate.

In the [2021 Progress Report](#):

- Lockdown measures led to a record decrease in UK emissions in 2020 of 13% from the previous year. Sustained reductions in emissions require sustained Government leadership, underpinned by a strong Net Zero Strategy:
 - A Net Zero Test would ensure that all Government policy, including planning decisions, is compatible with UK climate targets.
 - An ambitious Heat and Buildings Strategy, that works for consumers, is urgently needed.
 - Delayed plans on surface transport, aviation, hydrogen, biomass and food must be delivered.
 - Plans for the power sector, industrial decarbonisation, the North Sea, peat and energy from waste must be strengthened.
 - The big cross-cutting challenges of public engagement, fair funding and local delivery must be tackled.

This page is intentionally left blank

London Councils Climate Change Programme

Katharina Winbeck, Strategic Lead – Transport and Environment
katharina.winbeck@londoncouncils.gov.uk

Kate Hand, Head of Climate Change
kate.hand@londoncouncils.gov.uk

London Councils Climate Programme

[Joint Statement on Climate Change](#) (December 2019) sets out the programme aim, to ‘act ambitiously to meet the climate challenge that the science sets out, and find political and practical solutions to delivering carbon reductions that also secure the wellbeing of Londoners’, and established seven climate change programmes:

Page 16

#1 Retrofit London	LB Enfield/ LB Waltham Forest
#2 Low carbon development	LB Hackney
#3 Low carbon transport	RB Kingston/ City of Westminster
#4 Renewable power for London	LB Islington
#5 One world living	LB Harrow
#6 Building the green economy	LB Hounslow
#7 Creating a resilient and green London	LB Southwark

Governance

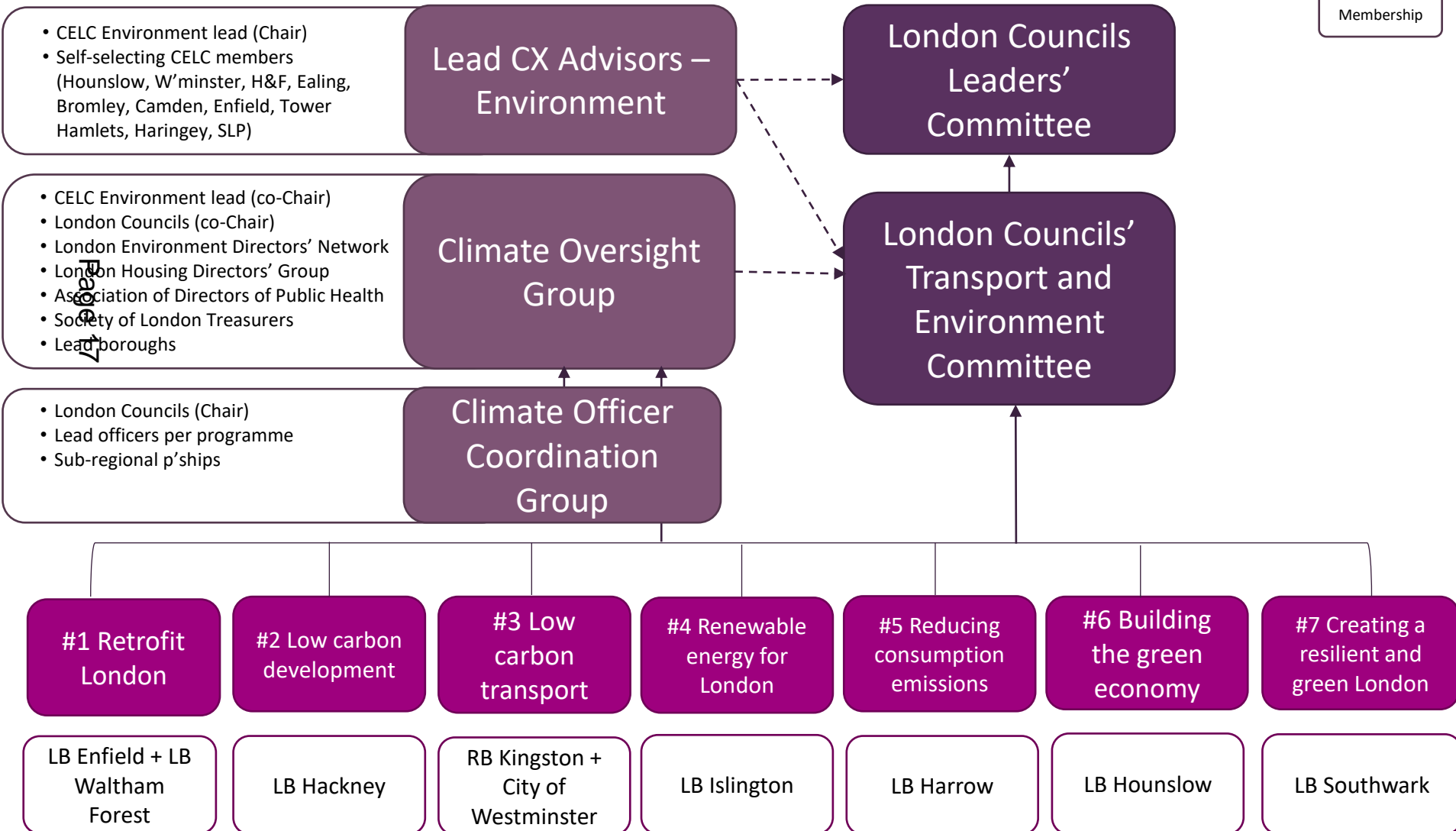
Key:

Climate programme

Officer group

Member group

Membership



Climate Change Strategy 2021/22

Page 18

- [Executive paper](#) on 2021/22 climate change strategy
- Demonstrates significant progress by boroughs in 2020, despite pressures created by Covid-19
- Priorities for 2021:
 - **Projects** to deliver clear and robust evidence and data, shared understanding of emerging best practice, understanding of/ access to green finance
 - **Programmes** support to ensure that our seven programmes become an effective backbone for borough collaboration on climate action
 - **Advocacy and comms** to secure a strong voice for LC on climate backed up by clear, evidence-based asks

2021/22 Projects

Page 19

- Climate Action Plans review [Published](#) May 2021
- Consumption emissions profiles [Published](#) June 2021
- Emissions accounting T&F Group [Paper](#) to Oct 2021 TEC
- Cities Climate Investment Commission [Launched](#) July 2021
[Stage 2 launch](#) Oct 2021
[COP launch](#) 3 Nov 2021
[COP launch](#) 11 Nov 2021

2021/22 Programmes

	Lead borough	Action Plan
#1 Retrofit London	LB Enfield and LB Waltham Forest	Agree July 2021
#2 Low carbon development	LB Hackney and LB Tower Hamlets	In draft
#3 Low carbon transport	RB Kingston and City of Westminster	Pending
#4 Renewable power	LB Islington	In draft
#5 Consumption emissions	LB Harrow	In draft
#6 Green economy	LB Hounslow	Pending
#7 Resilient and green	LB Southwark	In draft

2021/22 Advocacy and comms

Key moments:

- Engagement on the Net Zero Strategy
- Engagement on the Spending Review
- Road to COP26: summer moment/ London Climate Action Week
- Road to COP26: pre-COP moment events
 - London Councils' [Climate Advocacy Toolkit](#)
- UNFCCC COP26

This page is intentionally left blank



National Audit Office

Report

by the Comptroller
and Auditor General

HM Government

Achieving net zero

Summary

Introduction

1 In June 2019, government passed legislation committing it to achieving 'net zero' greenhouse gas emissions by 2050. This means reducing emissions substantially from current levels, with the greenhouse gases the UK still emits in 2050 being equal to or less than what is removed from the atmosphere by either the natural environment or carbon capture technologies. Government set the net zero target to deliver on the commitments it had made by signing the Paris Agreement in 2016. The Paris Agreement has seen 188 countries and territories commit to pursuing ways to limit global temperature rises this century to well below 2 degrees Celsius above pre-industrial levels and to try to limit the temperature increase even further to just 1.5 degrees Celsius. Government also aimed to set an example for other countries to follow in the run-up to hosting the 26th United Nations' Climate Change Conference of the Parties (COP26). The conference is due to take place in Glasgow in November 2021, having been postponed from November 2020 due to the coronavirus pandemic.

2 Aiming for net zero represents an increase in the level of ambition from government's previous emissions reduction target. In 2008, government set a target for the UK to reduce its greenhouse gas emissions in 2050 by 80% compared with 1990 levels. Between 2008 and 2018, the UK's emissions reduced by 28%, faster than any other G20 economy. Most of this reduction has come from changes to how electricity is generated, with a switch away from coal and increasing amounts coming from renewable sources such as wind and solar power. Reducing emissions further to achieve net zero will require wide-ranging changes to the UK economy, including further investment in renewable electricity generation, as well as changing the way people travel, how land is used and how buildings are heated.

- 3** The all-encompassing nature of achieving net zero means that all government bodies, including departments, arm's-length bodies and executive agencies, have a role to play. But some departments have key roles:
- The Department for Business, Energy & Industrial Strategy (BEIS) has overall responsibility in government for achieving net zero. This means it is responsible for ensuring cross-government arrangements are working effectively. It also has policy responsibility for some of the highest-emitting sectors of the economy, such as the power and industrial sectors.
 - HM Treasury is responsible for allocating budgets to government departments. Therefore, it is central to assessing the relative priority of policies across government and ensuring that departments have sufficient financial resources to manage programmes aimed at reducing emissions. It is currently reviewing how the costs of net zero should be shared between government, businesses and individuals. HM Treasury is also responsible for strategic oversight of the tax system.
 - The Cabinet Office supports the operation of the Cabinet committees, which are the minister-led committees responsible for overseeing emissions reduction. Additionally, the Cabinet Office coordinates cross-cutting corporate functions that have a bearing on government's own emissions, such as around managing estates and procurement, and the creation of Single Departmental Plans, which are the main way that government conducts strategic business planning. It is also carrying out a programme of work aimed at modernising and reforming the civil service, including improving working across departmental boundaries.
 - The Department for Environment, Food & Rural Affairs (Defra), the Department for Transport (DfT) and the Ministry of Housing, Communities & Local Government (MHCLG) all have policy responsibility for different sectors of the economy with high emissions. MHCLG is also the government's steward of the local government system and aims to ensure local authorities can function effectively. Local authorities themselves have a key role in supporting emissions reduction at a local level.

Purpose and scope of this report

4 This report is intended to support Parliamentary and public scrutiny of government's arrangements for achieving net zero. We have applied our experience from auditing cross-government challenges to highlight the main risks government needs to manage if it is to achieve net zero efficiently and effectively. This report is a companion to our recent report *How government is organised to achieve its environment goals*.¹ That report provides a similar analysis of government's arrangements to achieve the objectives of its *25-Year Environment Plan*, including to ensure the UK adapts to the impacts of climate change.² In the future, we will: assess how well government is managing the risks highlighted in this report; and assess the value for money of individual government interventions aimed at reducing emissions.

5 This report covers:

- the scale of the challenge to achieve the net zero target, and the roles and responsibilities for achieving net zero within government (Part One);
- the coordination arrangements that bring together the different government departments involved in achieving net zero (Part Two); and
- the government's plans for achieving net zero and the risks it needs to manage (Part Three).

Key findings and recommendations

Scale of the challenge

6 **Achieving net zero is a colossal challenge and significantly more challenging than government's previous target to reduce emissions by 80% by 2050.**

Achieving net zero means all parts of the economy, including those that are harder to decarbonise, need to reduce emissions substantially. In some sectors, there are well-understood pathways to net zero but there is uncertainty in other sectors over how to reduce emissions. This is because it is not yet known how quickly some technologies will develop or how much individuals will be willing to change their behaviours. Also, the majority of reductions in greenhouse gas emissions achieved to date have been in the power sector, which required consumers to change their behaviour less than will be necessary for other sectors that need to decarbonise, such as heat and transport (paragraphs 1.6 to 1.9 and Figures 1 to 4).

¹ Comptroller & Auditor General, *Achieving government's long-term environmental goals*, Session 2019–2021, HC 958, National Audit Office, November 2020.

² HM Government, *A Green Future: Our 25 Year Plan to Improve the Environment*, 2018.

7 BEIS projects that the UK's emissions will exceed government's shorter-term targets without further action to close the gap. These targets are set at a level that is less ambitious than will be required to achieve net zero.

BEIS's latest projections show that the UK's emissions will be higher than the level set by the fourth and fifth carbon budgets, which are legally binding targets for UK emissions over a five-year period from 2023 to 2027 and 2028 to 2032, respectively. BEIS has been predicting emissions that exceed the fourth carbon budget since 2011. These carbon budgets were set on a trajectory to reduce emissions by 80% by 2050, not to achieve net zero. In 2021, government will set the level of the sixth carbon budget, covering 2033 to 2037, at a level requiring faster progress in reducing emissions so it is on the pathway to achieving net zero by 2050 (paragraphs 1.4, 1.7 and 3.4, and Figures 3 and 10).

8 The costs of achieving net zero are highly uncertain but the costs of inaction would be far greater.

There are costs to achieving net zero because of the need to switch to new technologies that in some cases are more expensive than those currently used, and the need to build new infrastructure to accommodate them. The exact amount and timing of future costs are very uncertain because there are several potential ways to achieve net zero. The Climate Change Committee (CCC), in 2019, estimated that the annual costs of achieving net zero could increase over time to being around 1%–2% of GDP in 2050. BEIS is developing its own estimate of what net zero will cost between now and 2050, with this likely to be hundreds of billions of pounds. The CCC will also publish shortly revised analysis of the potential costs of net zero. HM Treasury will investigate how these costs could be shared between government, businesses and individuals. As part of this review, which will conclude in 2021, HM Treasury will consider the range of policy instruments that might be used to support decarbonisation, including the role of regulation. The costs of inaction would be far greater than the costs of achieving net zero because of the need to adapt to substantial climate change, such as building flood defences and dealing with the health impacts of higher temperatures. The CCC has also suggested there are wider benefits of achieving net zero, such as improvements to human health and enhanced biodiversity (paragraphs 1.10 to 1.14).

Co-ordination across government

9 Government has established new coordination arrangements since setting the net zero target. This includes: two ministerial-level cabinet committees; a Climate Change National Strategy Implementation Group (NSIG) made up of senior officials from across departments; and a Net Zero Steering Board for strategy and delivery. The four main departments with lead responsibility for decarbonising sectors of the economy have also set up boards to oversee delivery of their policies aimed at reducing emissions. The development of government's coordination arrangements has been set back by the need to focus resources on tackling COVID-19, with fewer meetings of some new boards than planned. Government also redeployed resources to investigate how it might integrate net zero into the COVID-19 recovery, with new governance arrangements set up to consider which net zero initiatives could contribute. Government implemented arrangements to coordinate its action to reduce greenhouse gas emissions after passing the Climate Change Act in 2008, but these did not endure (paragraphs 2.2 to 2.5 and Figures 6 and 7).

10 Past examples of cross-government working show there are risks government needs to consider carefully for its net zero arrangements to be effective. Government's coordination arrangements for achieving net zero aim for collective ownership rather than there being a single central body with the responsibility and levers to achieve change. Our previous work shows instances where departments leading cross-government objectives struggled with implementation and ensuring all departments play their part. This has been because, for example, the objective has not been given sufficient priority by all departments when it comes to allocation of budgets or when appraising new policies, and because wider government accountability and planning structures have not encouraged collaboration across departments. There also needs to be sufficient capability across the system in terms of technical and behavioural skills and routine sharing of information and learning across departments (paragraphs 2.6 to 2.18).

BEIS, working with HM Treasury, Cabinet Office and the other departments with responsibility for aspects of net zero should:

- set out how it will manage the risks we have identified in this report (paragraphs 2.11 to 2.18) to creating collective responsibility for net zero; and
- establish regular review points, starting with a review by the end of 2021, to consider the effectiveness of the arrangements, including those established within departments such as carbon boards, and whether changes are required.

Cabinet Office should:

- ensure the next iteration of Single Departmental Plans creates a cross-government plan for achieving net zero; and
- utilise its programme of work aimed at modernising and reforming the civil service to increase the visibility of net zero within the civil service and develop key skills, such as in climate science, data analysis and systems thinking, that will be necessary to achieve net zero.

HM Treasury should:

- publish analysis shortly after the next Comprehensive Spending Review, which will allocate high-level budgets to departments in the medium term, demonstrating its impact on expected emissions; and
- ensure its guidance that informs public spending decisions, such as on policy appraisal (the *Green Book*) and guidance for accounting officers, requires departments to evaluate the impact of policies on the achievement of the net zero target, and is consistently adhered to.

11 Government has not set out clearly the roles of public bodies outside central departments in achieving net zero. Arm's-length bodies, regulators and local authorities all have critical roles in the achievement of net zero. Our past work has shown that roles and responsibilities need to be clear and that the perspectives of different delivery bodies need to be incorporated into plans to achieve cross-cutting policy objectives. Local authorities will be key in the achievement of emissions reductions in the transport and housing sectors locally where the decarbonisation challenge will vary by location. But local government representatives we have spoken to have said there is a lack of clarity from central government on the role local authorities should play in achieving net zero. BEIS told us that it plans to engage with local authorities about their role as part of the creation of the net zero strategy (see paragraph 13) and that their roles will become clearer once government publishes sector strategies, such as for heat and transport (paragraphs 2.19 to 2.23).

BEIS and MHCLG should:

- ensure that local authorities' perspectives are incorporated into the formation of sector strategies and the overall net zero strategy; and
- ensure local authorities have the skills and capacity to mobilise the action that is required locally across all sectors.

BEIS, working with other government departments, should:

- consider how to extend its coordination arrangements beyond central government departments to include the perspectives of other public bodies.

12 Government has not yet done enough to ensure that all public sector organisations take the actions necessary to reduce their own emissions.

It is important that government leads by example as part of its overall efforts to reach the net zero target and takes opportunities to pilot initiatives and develop supply chains for low-carbon technologies that could be beneficial to the wider economy. In 2018, emissions from public-sector buildings represented 9% of all emissions in the buildings sector. Government sets Greening Government Commitment targets for reducing the environmental impact of its central estate and operations, including reducing emissions. Central government departments have reduced emissions from their buildings and operations by an estimated 46% since 2009-10. But these targets only cover central government's estate, excluding significant areas of impact such as schools, the NHS and military activities. And while there are some minimum requirements for government procurement which relate to greenhouse gas emissions, our past work has noted that these are out of date and compliance has not been monitored. On 30 September 2020, government launched a Public Sector Decarbonisation Scheme to invest £1 billion over the next year to increase public sector buildings' energy efficiency and reduce emissions from heating, along with a £32 million Public Sector Low-Carbon Skills Fund (paragraphs 2.24 to 2.26 and Figure 8).

Cabinet Office and HM Treasury, working with BEIS, should:

- ensure that existing and planned arrangements to help departments reduce their own greenhouse gas emissions align with achieving net zero. In particular, ensure that the new Greening Government Commitment targets, due for release in April 2021, are sufficiently ambitious to set an example to businesses in the UK; and
- ensure that similarly ambitious targets extend to all significant sources of emissions from the public sector, including schools and the NHS.

Delivering the net zero strategy

13 BEIS plans to launch a net zero strategy prior to COP26 in November 2021.

It aims that this strategy will set out government's vision for transitioning to a net zero economy by 2050, encompassing all the sectors that need to decarbonise. The strategy will be the culmination of the announcement of policies aimed at closing the gap to the fourth and fifth carbon budgets; setting the level of the sixth carbon budget; sector-by-sector strategies setting out pathways to decarbonisation by 2050; and HM Treasury publishing its review on the cost of net zero and principles for how it could be paid for. Government aims to integrate its plans for establishing a net zero strategy within its wider economic response to COVID-19 (paragraphs 3.2 and 3.3, and Figure 9).

BEIS should:

- prepare contingency plans that consider how to provide greater certainty and transparency around its net zero plans even if a full strategy is not possible prior to COP26 given the ongoing uncertainty around the impact of COVID-19.

14 Establishing a clear strategy before COP26 is a critical step if the UK is to achieve net zero by 2050. Our past work on major projects and programmes has demonstrated the importance of government clearly defining what it is aiming to achieve from the outset. This enables it to identify the people, policies and funding that are needed, both within government and the wider set of actors which it is dependent on, such as businesses and individuals. While doing this for net zero, government must also enable flexibility in its plans to accommodate longer-term uncertainty, such as the rate of technology development and deployment and the degree to which individuals change behaviours. BEIS told us that its strategy would reflect the level of uncertainty in each sector and include milestones for when decisions are needed, such as the preferred technology for decarbonising the heating of buildings (paragraphs 3.5 to 3.9).

BEIS should:

- identify and evaluate the elements of the net zero strategy which are uncertain and develop a plan to reduce this over time, including assigning responsibilities for managing reduction in uncertainty (such as by carrying out sufficient research or piloting); and
- set out its timetable for when key decisions in the pathway to net zero will need to be taken.

15 Government still needs to identify how it will manage the links between different aspects of achieving net zero and how it relates to other government priorities.

One of the complexities of the challenge to achieve net zero is that the different aspects of reducing emissions will have an impact on one another. For example, the increasing take-up of electric vehicles to reduce surface transport emissions will increase demand on the power sector. There are also links between activities to achieve net zero and other government priorities. This includes both its other environmental goals, such as for clean air, and wider objectives such as its 'levelling up' agenda whereby it aims to create opportunity for everyone in all regions and address disparities in economic and social outcomes. BEIS has modelled the different activities in achieving net zero that impact on one another. It is now considering how to build on this model to ensure these interdependencies are well managed, including engaging wider expertise on taking a 'systems approach' that joins up policy areas as a whole rather than managing them in isolation (paragraphs 1.9 and 3.10 to 3.12).

BEIS should:

- ensure that the main interdependencies within the achievement of net zero are understood by the relevant departments involved;
- ensure the net zero strategy takes account of the main interdependencies between different work streams; and
- set out its plan for managing interdependencies in the future, including who is responsible for managing each interdependency and how it will review progress on a regular basis.

All departments with lead responsibility for decarbonising sectors (BEIS, Defra, DfT and MHCLG) should:

- work on widening government’s understanding of links between achieving net zero and other government aims, such as for clean air and ‘levelling up’; and
- use this understanding to establish how trade-offs between net zero and other aims will be managed, including the prioritisation of resources.

16 BEIS recognises it needs to do more to establish monitoring arrangements to track progress towards net zero. BEIS reports actual and forecast greenhouse gas emissions annually, broken down by sector, which gives a high-level view of whether the UK is on track to meet net zero. It also projects annually the effect of government policies on reducing future greenhouse gas emissions. But there is currently no process for monitoring the progress of policies on a more regular basis or for escalating problems identified by monitoring information. This limits decision-makers’ oversight of whether policies are on course to achieve the necessary emissions reductions and may affect their ability to act early if things go off track. BEIS is working to establish how performance will be reported to the NSIG and Cabinet committees (paragraphs 3.13 to 3.17 and Figure 11).

BEIS, Cabinet Office and HM Treasury should:

- develop and monitor a set of clear, relevant and consistent data on the progress of net zero policies across government along with a process for escalating issues when the data show policies are off track.

17 Neither BEIS nor HM Treasury collates information on the total costs and benefits of government policies that contribute to achieving net zero. Our work on government’s preparations for EU Exit found that government did not have spending information at a cross-government level and relied on existing control frameworks and systems of departmental accountability. This created risks to financial management, such as where reprioritisation of either EU Exit work or business-as-usual activity might be necessary, and public accountability. Similarly, government has not yet collated data on current and future spending on net zero-related policies, nor the benefits derived from this expenditure. In lieu of this information, we analysed recent spending proposals and found that, since 2017, government has committed around £20 billion to policies aimed at reducing greenhouse gas emissions. This does not include new commitments included in government’s *Ten Point Plan for a Green Industrial Revolution*, which it published in November 2020 (paragraphs 1.14 and 3.17, and Appendix Three).³

³ HM Government, *The Ten Point Plan for a Green Industrial Revolution*, November 2020.

BEIS and HM Treasury should:

- collate information on how much government is spending to achieve net zero overall, including how much it has committed and how much it has actually spent. This should include the costs of policies that go through consumers' bills.

18 BEIS recognises the importance of engaging the public to achieve net zero and has recently begun considering how to do this in a coordinated way.

Future emissions reductions are likely to require individuals to purchase different products to those they currently use, such as buying a zero-emission car, or to make more fundamental changes to how they live, such as reducing meat and dairy consumption. BEIS estimates that achieving net zero will cost less if the public understands and accepts the changes that are required. But there is evidence of a disconnect between public support for tackling climate change and people's understanding of the changes they need to make in their own lives. Additionally, our past work has shown that government often overestimates consumer buy-in to its policies aimed at reducing emissions. In April 2020, BEIS established a behaviour change and public engagement team for net zero to design a public engagement strategy and share good practice across government. It told us this team had not existed sooner because most prior decarbonisation policies had not required individuals to change their behaviour significantly (paragraphs 3.23 to 3.28 and Figures 12 and 13).

BEIS, with input from other departments, should:

- establish a public engagement strategy that sets out how government will ensure ongoing buy-in to the changes required by the transition to net zero. This should include consideration of how it will tailor its messages for audiences with different characteristics, including ethnic minorities; age groups; geographical locations; and income levels; and
- ensure it has data that enable it to monitor the cumulative social and economic impact on different individuals and communities of the transition to net zero so that government can consider whether to change course if it deems the burden is falling overly onto specific groups.

19 BEIS's plans for engaging the private sector are more advanced but risks remain to securing the investment that is required. Government depends on private sector investment to achieve net zero, both to develop and deploy low-carbon products, such as electric vehicles and heat pumps, and to provide the necessary infrastructure. In 2019, BEIS and HM Treasury published the Green Finance Strategy, which set out how government would mobilise green investment by establishing long-term policy frameworks, improve access to finance and address market barriers. Our past reports demonstrate the difficulties government faces when it seeks to share risks with the private sector and create investor confidence in new initiatives, and the importance of tracking progress where private sector engagement is a critical success factor (paragraphs 3.19 to 3.22).

BEIS and HM Treasury should:

- establish progress measures and monitoring arrangements that enable them to track whether they are achieving the required investment from the private sector.

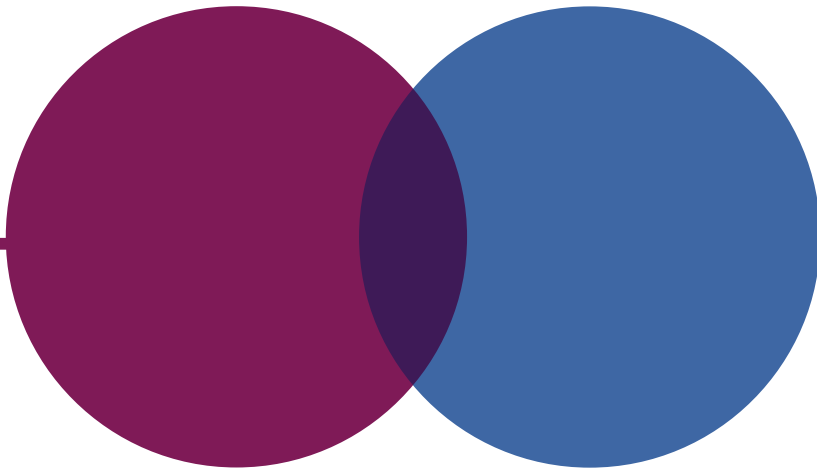
Concluding comments

20 Government's reorganisation of its approach to tackling climate change reflects the high political priority attached to achieving net zero and the cross-government nature of the challenge. While emissions have reduced steadily over recent years, particularly in the power sector, achieving net zero will require wide-ranging changes across society and the economy at a pace which leaves little room for delay. BEIS, alongside the other departments involved, is yet to put in place all the essential components for effective cross-government working, such as integrated planning and progress monitoring, and processes to manage interdependencies, to ensure all of government steps up to this challenge. Beyond these internal structures government also needs to spearhead a concerted national effort to achieve the ambitious outcome of net zero greenhouse gas emissions by 2050. To do so, it needs to engage actively and constructively with all those who will need to play a part – across the public sector, with industry and with citizens – to inject the necessary momentum.

This page is intentionally left blank



National Audit Office



Local government and net zero in England

HM Government


REPORT

**by the Comptroller
and Auditor General**

SESSION 2021-22

16 JULY 2021

HC 304



We are the UK's independent public spending watchdog.

We support Parliament in holding government to account and we help improve public services through our high-quality audits.

The National Audit Office (NAO) scrutinises public spending for Parliament and is independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services.

The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent.

In 2020, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £926 million.



National Audit Office

Local government and net zero in England

HM Government

Report by the Comptroller and Auditor General

Ordered by the House of Commons
to be printed on 14 July 2021

This report has been prepared under Section 6 of the
National Audit Act 1983 for presentation to the House of
Commons in accordance with Section 9 of the Act

Gareth Davies
Comptroller and Auditor General
National Audit Office

12 July 2021

Value for money reports

Our value for money reports examine government expenditure in order to form a judgement on whether value for money has been achieved. We also make recommendations to public bodies on how to improve public services.

The material featured in this document is subject to National Audit Office (NAO) copyright. The material may be copied or reproduced for non-commercial purposes only, namely reproduction for research, private study or for limited internal circulation within an organisation for the purpose of review.

Copying for non-commercial purposes is subject to the material being accompanied by a sufficient acknowledgement, reproduced accurately, and not being used in a misleading context. To reproduce NAO copyright material for any other use, you must contact copyright@nao.org.uk. Please tell us who you are, the organisation you represent (if any) and how and why you wish to use our material. Please include your full contact details: name, address, telephone number and email.

Please note that the material featured in this document may not be reproduced for commercial gain without the NAO's express and direct permission and that the NAO reserves its right to pursue copyright infringement proceedings against individuals or companies who reproduce material for commercial gain without our permission.

Links to external websites were valid at the time of publication of this report. The National Audit Office is not responsible for the future validity of the links.



Contents

Key facts 4

Summary 5

Part One

Local authorities' role in achieving net zero 15

Part Two

Local authorities' skills and resources for net zero 34

Appendix One

Our audit approach 50

Appendix Two

Our evidence base 52

Appendix Three

Findings from National Audit Office work that inform this study 55

This report can be found on the National Audit Office website at www.nao.org.uk


If you need a version of this report in an alternative format for accessibility reasons, or any of the figures in a different format, contact the NAO at enquiries@nao.org.uk


The National Audit Office study team consisted of:


Katy Losse, Stephanie Woodrow, Daisy McLachlan, Shoko Okamura, Charlie Acton, Angie Eagle and Shaun Ecclestone under the direction of Keith Davis

For further information about the National Audit Office please contact:

National Audit Office
Press Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

 020 7798 7400

 www.nao.org.uk

 @NAOorguk

Key facts

2050

year by which government has a statutory commitment to achieving 'net zero' greenhouse gas emissions

2023–2027

period in which the UK's emissions are projected to exceed government's targets without further action

22

dedicated grant schemes for net zero work that local authorities could apply for in 2020-21

- 333** principal local authorities in England – London borough councils, unitary authorities, metropolitan councils, county councils and district councils (Figure 1)
- 91%** percentage of local authorities that have adopted at least one commitment to decarbonise in line with net zero (estimate based on a sample of 232 authorities)
- £1.2 billion** estimated grant funding provided to local authorities in 2020-21 through the 21 dedicated grant schemes relevant to net zero action for which departments could provide a breakdown of data
- 45** number of policy areas that the Ministry of Housing, Communities & Local Government identified as likely to affect the opportunities, decisions and barriers for local action on climate change in an informal stocktake carried out in March 2020

Summary

Introduction

1 In June 2019, the UK government passed legislation committing it to achieving 'net zero' greenhouse gas emissions by 2050. This is significantly more challenging than government's previous target to reduce net emissions by 80% compared with 1990 levels by 2050. Achieving net zero will require changes that are unprecedented in their scale and scope, including changes to the way electricity is generated, how people travel, how land is used and how buildings are heated.

2 In our December 2020 report on government's overall set-up for net zero we highlighted that local authorities will have a critical part to play.¹ There are 333 principal local authorities and 10 combined authorities (as well as the Greater London Authority) in England, between them providing a range of services to people in their areas which impact on net zero, such as transport planning, social housing and recycling and waste services. The services provided by individual local authorities vary with their powers and functions.

3 Local authorities are democratically elected bodies that are primarily accountable to their local communities (through elected councillors and, where applicable, mayors) for the decisions they make and how they use resources. Central government can direct local authorities to do work where there are statutory provisions for this; otherwise central government may incentivise local authorities to act, for example through voluntary engagement.

¹ Comptroller and Auditor General, *Achieving net zero*, Session 2019–2021, HC 1035, National Audit Office, December 2020.

4 A number of central government departments have responsibilities related to local authorities' work on net zero:

- The Department for Business, Energy & Industrial Strategy (BEIS) has overall responsibility in government for achieving net zero.
- The Ministry of Housing, Communities & Local Government (MHCLG) acts as a steward for the local government finance system and is responsible for the planning system.
- The Department for Environment, Food & Rural Affairs (Defra) has policy responsibility for waste.
- The Department for Transport (DfT) provides policy, guidance, and funding to English local authorities to help them run and maintain their road networks and local transport services.
- HM Treasury is responsible for allocating budgets to central government departments, and for taking decisions about local government funding at major fiscal events such as Spending Reviews, with the support of MHCLG.
- Other departments have responsibility for cross-cutting 'enablers', such as procurement and ensuring sufficient skills in the economy.

The scope and purpose of this report

5 This report responds to a request from the Environmental Audit Committee to examine local government and net zero. Drawing on lessons from our previous work (Appendix Three), it considers how effectively central government and local authorities in England are collaborating on net zero, in particular to:

- clarify the role of local authorities in contributing to the UK's statutory net zero target; and
- ensure local authorities have the right resources and skills for net zero.

6 We focus on local authority work that contributes to the UK's net zero target rather than on climate work more broadly. Our focus in this report is on local authority work that contributes to emissions reductions within the UK, rather than on work to adapt to the changing climate or to reduce the emissions associated with imported goods or services. Our report also focuses on the relationship between the UK government and local authorities in England for net zero. It does not examine how national and local government are collaborating on net zero in Scotland, Wales and Northern Ireland.

Key findings

Local authorities' role in achieving net zero

7 Central government has not yet developed with local authorities any overall expectations about their roles in achieving the national net zero target. We reviewed a sample of local authorities' commitments in line with net zero and estimate that 91% of local authorities have adopted at least one commitment to decarbonise their own activities or their local area. We found that more than one-third (38%) of single- and upper-tier authorities have adopted a commitment to decarbonise their local area by or before 2030. Local authorities have also started a range of climate work, covering both strategic engagement such as climate assemblies, as well as practical actions such as group buying programmes for solar panels and installation of electric vehicle charge points – some of this is a result of schemes run by government departments. However, central government has yet to determine, in consultation with the sector, local authorities' overall responsibilities and priorities in achieving the national net zero target, and whether or not any of these might require a statutory basis. Without a clear sense of responsibilities and priorities we see a risk that local authority action on net zero is not as coordinated, targeted, or widespread as it might need to be. For example, some local authorities in our focus groups and workshops told us it is unclear what the most effective balance of national, local and regional action is likely to be to reduce emissions (paragraphs 1.8 to 1.10 and 1.17 to 1.20, and Figure 2).

8 Government has not yet set out to local authorities how it will work with them to clarify responsibilities for net zero. Decisions about local authorities' role in achieving the national net zero target are tied up with government's overall strategy for net zero as well as with the underpinning sector decarbonisation strategies. Government plans to publish these strategies before the next United Nations climate conference, COP26, in November 2021, and has committed to include a statement in its overall net zero strategy about respective responsibilities at national, regional and local level. Departments have carried out some engagement with the sector to help factor local authorities' perspectives into the development of these strategies. For example, DfT invited local authorities to contribute to its strategy for decarbonising transport through open and targeted consultations; MHCLG worked with a coalition of stakeholders to run a series of informal workshops on local authorities' powers and resources for net zero; and BEIS held a workshop on the overall net zero strategy with a group of local authorities representing cities. However, we are not convinced that overall the engagement has yet been sufficiently strategic or co-ordinated to determine, in partnership with the sector, as clear as possible a role for local authorities on the national net zero target. We have seen from previous work that clarifying how different organisations will contribute is critical to deliver complex policies (paragraphs 1.16 to 1.18, and Appendix Three).

9 While the exact scale and nature of local authorities' roles and responsibilities are to be decided, it is already clear that they have an important part to play.

Local authorities have an essential part to play in decarbonising local transport, social housing and waste because of their powers and responsibilities in these sectors. More broadly, key stakeholders such as the Climate Change Committee (CCC) see a key role for local authorities in encouraging and enabling wider changes among local residents and businesses to reduce emissions, through local authorities' investment and procurement decisions, planning responsibilities, and direct engagement with local people. The challenges and opportunities for local authority work on net zero will vary according to their powers, functions and local circumstances (paragraphs 1.11 to 1.15, 1.21 and Figure 3).

10 Current reforms are a critical opportunity to ensure that the national planning framework supports local authorities to align decisions with net zero.

MHCLG is developing a series of plans and legislation to reform the National Planning Policy Framework, which local authorities with planning responsibilities have to follow. The aim of the reforms is to simplify and speed up the planning system, with the ambition of "supporting the delivery of homes that local people need and creating more beautiful and greener communities". It has not yet set out how it will ensure these changes align with the net zero target, beyond a proposed ambition to set a Future Homes Standard for 2025, which it expects would lead to new homes producing 75%–80% lower CO₂ emissions compared with current levels. Government expects to bring the Planning Bill before Parliament during 2021 but it is likely to be a couple of years before the new planning framework is operational. More broadly, the CCC and others have raised concerns that the pace of change on building standards is too slow, because of the number of new homes being built that will require retrofitting (paragraph 1.23).

11 There is little consistency in local authorities' reporting on net zero, which makes it difficult to get an overall picture of what local authorities have achieved.

Local authorities have taken many different approaches to reporting their activities and progress. BEIS has taken steps to help local authorities understand and measure their carbon emissions and to promote consistent voluntary emissions reporting, including by funding the development of an emissions calculating tool that is free for local authorities to use. Given the pace of change required to get to net zero, it will be important for all bodies involved in delivery to learn from what works so they can make progress at the pace and scale required (paragraphs 1.21, 1.24 and 1.25).

12 Overall, local authorities find it hard to engage with central government on net zero.

Local authority representatives we spoke to told us that there was a lack of coordination across government of departments' different requirements. In March 2020 in an informal stocktake MHCLG found around 45 policy areas across five departments that are likely to impact on the opportunities, decisions and barriers for local action on climate change; it recognises that this poses a significant risk of inconsistent goals and messages (paragraphs 1.28 and 1.29).

13 Departments have started to coordinate their engagement with local authorities on net zero but there is no single senior point of responsibility for making more fundamental improvements. In April 2020 MHCLG set up a new cross-department local government policy group to discuss local government action on climate change mitigation and adaptation. The group discussed proposals for climate change officers in local authorities to feed into a local climate action taskforce which would be sponsored by a minister. However, this was put on hold because of the COVID-19 pandemic, and BEIS is now considering options for improving engagement between local and central government as part of the net zero strategy. In the meantime, MHCLG is working with a coalition of local authorities, environmental groups and academics to run a series of workshops on the powers and resources required for local government to deliver on net zero (paragraphs 1.17, 1.31 and 1.32).

Local authorities' resources and skills for net zero

14 Funding is a critical issue for local authority work on net zero. Local authority finances have been under pressure after a period of funding reductions and growth in demand for services, and the impact of the COVID-19 pandemic. Notwithstanding government's financial support to the sector during the pandemic, the financial position of local government remains a cause for concern, and for many local authorities spending is increasingly concentrated on statutory duties. The scale and nature of the net zero funding requirements for local authorities will partly depend on decisions about their role in reaching the UK's statutory net zero target. At the least, local authorities will need the spending power to decarbonise their own buildings and the social housing they own, and to build the skills to incorporate net zero into their existing functions such as transport planning (paragraphs 2.3 and 2.21).

15 Neither MHCLG nor HM Treasury has assessed the totality of funding that central government provides to local government that is linked with net zero.

There are three main sources of funding that central government provides to local authorities, that could be used towards their work on net zero:

- Core settlement funding, a government contribution to local authority finance coordinated by MHCLG which is unrestricted and governed by the local accountability system. Local authorities may choose to spend some of this funding on net zero.
- Dedicated grant funding for work related to net zero, which local authorities can bid for.
- Wider funding that is targeted at other or more general outcomes, such as social or economic growth, but which require, encourage or allow the delivery of net zero objectives.

From late summer 2021, the UK Infrastructure Bank will also be able to lend up to £4 billion to local authorities to help them achieve the net zero target and support economic growth. MHCLG and HM Treasury have not so far carried out an overall assessment of what funding local authorities are able to use for their work on net zero. This would help determine how much local authorities are able to draw on core settlement funding in practice, and whether the balance of different types of funding is likely to be effective (paragraphs 2.3, 2.4 and 2.16).

16 Our analysis shows that dedicated grant funding for local authority work on net zero increased significantly in 2020-21 but remains fragmented. We estimate that in 2020-21 there were 22 grant funds that local authorities could apply to for net zero-related work. Departments provided us with a breakdown of funding data for 21 of these funds, on the basis of which we estimate that:

- these 21 funds provided £1.2 billion to local authorities in 2020-21. This is over 16 times more than the £74 million provided in 2019-20, due to the creation of five new funds, four of them initiated partly as a result of an economic stimulus response to the pandemic; and
- when funding from these 21 funds to different levels of local authorities is combined, 17 local authority areas received £20 million or more each through these funds while 37 received less than £2 million each. In terms of funding per person, 14 local authority areas received £50 or more per person from these funds, while 67 received less than £12.50 per person from these funds (paragraphs 2.5 to 2.8, and Figure 6 and 7).

17 The nature of grant funding can hinder value for money. While competitive processes can help focus funding on the best projects, a fragmented funding landscape dominated by competitive funds brings the risk that money does not go to where the need or opportunity is greatest, and it can make it difficult for local authorities to plan for the long term. It can also mean that local authorities that have been successful in winning funding previously continue to win most of the funding, because they have people with the expertise and time to identify suitable grants and apply. These challenges can be more severe where funds have short timescales for application and delivery. Some local authorities we spoke to were particularly concerned about the Green Homes Grant Local Authority Delivery scheme's timetable, which had restrictively short timescales for both application and delivery (paragraphs 2.9, 2.10 and 2.25, and Figure 8).

18 Local authorities have varying levels of capacity to engage with net zero.

While we heard at a roundtable discussion that a few councils have climate teams of around 30 people, in a Local Government Association climate change survey in 2020, 79 out of 90 respondents thought a lack of workforce capacity was a moderate or significant barrier to tackling climate change and 70 respondents identified skills and expertise as a moderate or significant barrier. Recent reports by the CCC have also raised concerns about the need to develop skills in the wider supply chain to enable local authorities' work on net zero, especially on energy efficiency and low-carbon heating. In November 2020, BEIS and the Department for Education jointly established a ministerial-led Green Jobs Taskforce to support policy and strategy development for a green recovery and net zero (paragraphs 2.22, 2.23 and 2.26).

19 Government has taken steps to encourage local authorities to use wider funding for economic growth and “levelling up” in a way that aligns with net zero.

Local authorities will need to manage the links between net zero and their wider work on other government policy objectives such as tackling inequality, improving air quality and adapting to climate change if they are to avoid efforts pulling in different directions and make the most of opportunities for co-benefits. Five key funds for local authorities to support local growth and tackle inequalities include criteria or statements to encourage local authorities to invest in projects that support, or at least do not work against, the achievement of net zero. These funds have also explicitly sought to address skills and resources shortages in local authorities by including capacity funding or support to help them prepare bids. The impact of these funds for net zero will depend on how stringently local authorities apply the criteria in practice (paragraphs 2.13 and 2.14).

20 BEIS has set up dedicated organisations to support local authorities on energy decarbonisation and DfT is setting up a similar body on active travel.

BEIS's Heat Networks Delivery Unit has supported local authorities on heat networks since 2013. In 2017 BEIS created five local energy hubs, which together with its local energy team, provide support to local authorities to deliver low-carbon economic growth. In July 2020, DfT announced a new funding body and inspectorate, Active Travel England, whose role would include improving capacity and assistance for local authorities on active travel initiatives, designed to help decarbonise transport. BEIS has not carried out a recent evaluation of the merits of providing support via dedicated organisations, or how accessible these are to all local authorities, but considers that the scale of projects they have helped develop is a strong indicator of their success. For example, as at June 2021 the hubs had helped complete or commission 64 projects totalling £120 million, with 314 'live' projects in the pipeline totalling £703 million (paragraph 2.17).

21 The standard approach to Spending Reviews is not likely to provide an adequate analysis of local authorities' resourcing for net zero. HM Treasury expects to start the next Comprehensive Spending Review in summer 2021, which will allocate budgets to departments over the medium term, including funding to local authorities. It expects net zero to feature more in future Spending Reviews and has recognised that it needs to strengthen the process for assessing climate impacts. An integrated view of public spending across organisational boundaries and over the long term is key to making well-informed budgeting decisions. Our previous work has found that the Spending Review structure has not been well suited in the past to deal with issues that span departmental boundaries, nor to ensure sufficient focus on the long term. Departments have not yet decided how they will work together to ensure that the next Spending Review is informed by a coherent and strategic analysis of resourcing for local authority action on net zero. Responsibilities for considering local authorities' resourcing for net zero are split across government, with MHCLG, BEIS, DfT, Defra and HM Treasury all having relevant initiatives and responsibilities (paragraphs 2.18 to 2.21).

Conclusion

22 While the exact scale and nature of local authorities' roles and responsibilities in reaching the UK's national net zero target are to be decided, it is already clear that they have an important part to play, as a result of the sector's powers and responsibilities for waste, local transport and social housing, and through their influence in local communities. Government departments have supported local authority work related to net zero through targeted support and funding. However, there are serious weaknesses in central government's approach to working with local authorities on decarbonisation, stemming from a lack of clarity over local authorities' overall roles, piecemeal funding, and diffuse accountabilities. This hampers local authorities' ability to plan effectively for the long-term, build skills and capacity, and prioritise effort. It creates significant risks to value for money as spending is likely to increase quickly.

23 MHCLG, BEIS and other departments recognise these challenges and are taking steps to improve their approach. Their progress has understandably been slowed by the COVID-19 pandemic, but there is now great urgency to the development of a more coherent approach, including because of the imminence of the next United Nations climate conference, COP26.

Recommendations

24 To improve its collaboration with local authorities on net zero, the main departments that engage with local authorities on net zero (BEIS, MHCLG, DfT and Defra, working with HMT) should:

- a** **establish a clear lead in central government for developing the way departments work with local authorities on net zero.** This individual or group should:
 - i) act as a primary point of contact for local authorities on net zero;
 - ii) take lead responsibility for tracking government's progress in tackling the challenges identified in this report;
 - iii) identify and disseminate good practice and learning; and
 - iv) report progress to the cross-government Board for net zero (the net zero National Strategy Implementation Group (NSIG)), so that they can help resolve any ongoing challenges.

- b** **work in partnership with local authorities and their representative bodies to develop a dedicated section in the overall and sector decarbonisation strategies to set out how key actions, decisions and responsibilities will be split across national, regional and local government bodies.** This should:
 - i) reflect the different roles and responsibilities of different types of local authorities whether district, county or unitary, in predominantly rural or urban areas, and the level of deprivation in their local areas;
 - ii) explicitly distinguish between action that all local authorities will need to take if the UK is to meet net zero by 2050, and action that local authorities can most usefully take where they wish to forge ahead more quickly; and
 - iii) recognise that for some issues there will be unavoidable uncertainty about who will be best placed to do what, and set out the principles that will underpin these choices and an expected timetable for making these decisions.

As part of clarifying these responsibilities government should consider the case for a statutory duty for local authorities on net zero.

- c** **set out a clear pathway for how government expects to further align the planning system with net zero** in the forthcoming planning reforms.

- d convene a local and central government working group to establish a few simple standards for local authority reporting on net zero.** This group should have a clear remit to develop standards that make it quicker and easier for local authorities to report net zero progress, for government to form a picture of overall progress, and to facilitate sharing of good practice, without adding unnecessary burdens. Its recommendations would not need to be mandatory to have benefit.
- e carry out an overall outline analysis of local authority funding for net zero, to inform the next Comprehensive Spending Review.** This should:
 - i) be developed in parallel with, and informed by, the development of a clearer articulation of local authorities' role in achieving the national net zero strategy;
 - ii) consider short, medium and long-term cost pressures and funding requirements to allow local action in line with the national decarbonisation strategies;
 - iii) explicitly reflect that not all components of costs are knowable or certain at this time, particularly over the long-term. Where possible it should determine a range of potential cost implications for local authorities and where it is not even possible to determine a range yet, it should set a timetable for updating this part of the analysis as different aspects of government's approach to net zero are developed; and
 - iv) consider how to improve the way that funding is provided to local authorities for net zero action, so that local authorities have the long-term certainty they need to plan effectively and build skills and resources, and so that an appropriate portion of the money goes to where need is greatest.
- f set an appropriate review point, within the next 18 months, to assess the extent to which local authorities have in practice been able to use wider funding for economic growth and 'levelling up' in ways that align with net zero** and to identify and address any challenges.
- g work with local authorities to assess the skills gaps for their work towards the national net zero target and how these might be addressed,** drawing on the work of the Green Jobs Taskforce.

25 We also recommend that **the local government sector considers how best to disseminate good practice on local authority work on net zero** given the scale and urgency of the net zero challenge, and the wide range of different opportunities and challenges that local authorities will encounter in their net zero work.

Part One

Local authorities' role in achieving net zero

1.1 This part of the report considers:

- local authorities and their relationship with central government;
- the scale and urgency of the net zero challenge;
- local authorities' commitments and actions so far towards net zero;
- local authorities' potential role in achieving the national net zero target by 2050;
- risks associated with the lack of clarity over local authorities' role for the national net zero target;
- local authorities' reporting of plans and progress for net zero; and
- communication between central and local government on net zero.

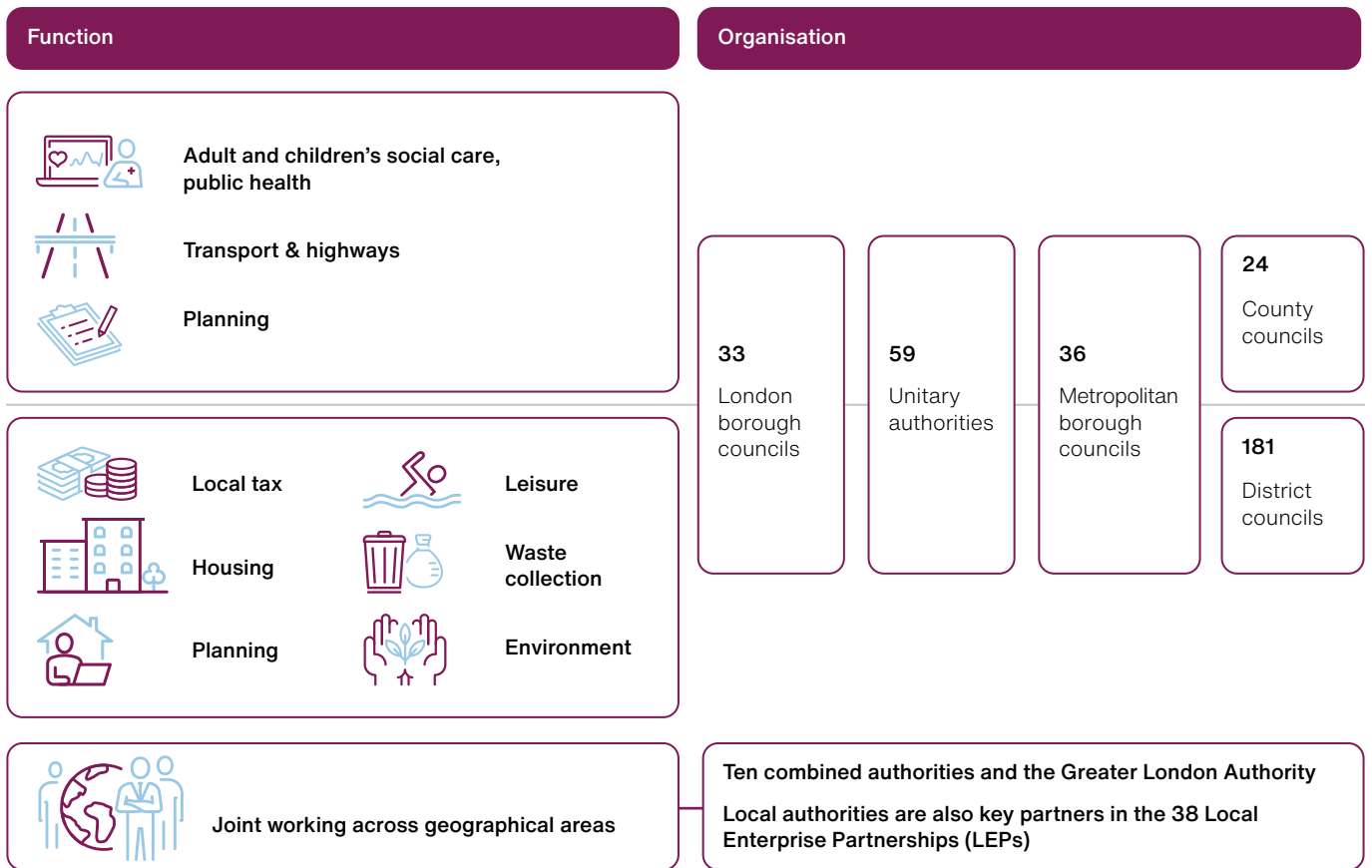
Local authorities and their relationship with central government

1.2 Local authorities are democratically elected bodies that are accountable to their local communities (through elected councillors and, where applicable, mayors) for the decisions they make and how they use resources. Different types of local authority have different statutory powers and functions (**Figure 1** overleaf), they cover geographical areas of different sizes and with different characteristics, and they vary by population (for example, West Midlands Combined Authority covers an area with four million residents whereas Rutland County Council has 40,000). There are also smaller local authorities with unique structures, for example the City of London and the Isles of Scilly have 9,700 and 2,200 residents respectively.

1.3 Central government sets a framework of legal duties and financial controls that local authorities operate within; it can only direct local authorities to act where there are agreed requirements and associated funding in place. Otherwise local authorities are free to set their own priorities and make decisions about how to allocate resources, subject to the different powers and functions devolved to each type. Central government can also incentivise local authorities to act, for example: by offering funding for specific activities that local authorities can bid for; or through voluntary engagement and support, offered either to local authorities directly or via representative organisations in the sector.

Figure 1
The types and functions of local authorities in England

From April 2021 there are 333 principal local authorities in England



Local authorities outside the scope of this report

Fire and rescue authorities, police and crime commissioners and other police authorities, joint waste authorities, national parks authorities and parish and town councils.

Notes

- 1 We include as principal local authorities the London borough councils and the Corporation of London; unitary authorities and the Council of the Isles of Scilly; metropolitan councils, county councils; and district councils.
- 2 Combined authorities are set up using legislation that enables a group of two or more councils to collaborate and take collective decisions across council boundaries. Combined authorities must be initiated and supported by the councils involved and have varying powers and funding devolved to them by national government. We include the Greater London Authority, a regional body, with combined authorities.

Source: National Audit Office

The scale and urgency of the net zero challenge

1.4 In June 2019, government passed legislation committing it to achieving ‘net zero’ greenhouse gas emissions by 2050. This means that the greenhouse gases the UK still emits in 2050 must be equal to or less than what is removed from the atmosphere by either the natural environment or carbon capture technologies. This is a significant increase in the level of ambition from government’s previous emissions reduction target, set in 2008, for the UK to reduce its net greenhouse gas emissions in 2050 by 80% compared with 1990 levels. Between 1990 and 2018, emissions have reduced by 43%²; and since 2008, most of the reduction has come from changes in the way electricity is generated, including a switch away from coal and increased supply from renewable sources such as wind and solar power.

1.5 Reducing emissions further to achieve net zero will require changes that are unprecedented in their overall scale. Meeting the net zero target is therefore one of the biggest, most complex and cross-cutting challenges that government faces:

- All sectors of the UK economy will need to consider how to decarbonise and this will require changes – such as to the way people travel, how land is used and how buildings are heated – that will impact on all of our lives.
- There are links between achieving net zero and government’s wider objectives, such as to “level up” the prosperity of different regions of the UK and government’s ambition for a “green recovery” from the COVID-19 pandemic.
- There are also links between different activities required to achieve net zero, such as between sectors (for example, the increasing take-up of electric vehicles to reduce surface transport emissions will increase demand on the power sector), or where multiple sectors are drawing on the same resources (for example, in terms of land use or supply chains).

1.6 The Climate Change Act established a system of legally binding carbon budgets which limit the country’s net greenhouse gas emissions in successive five-year periods. In April 2021, government adopted the recommendation of the Climate Change Committee (CCC) and committed to set a statutory target for the sixth ‘carbon budget’ to reduce the UK’s emissions by 78% from 1990 levels, by 2035.³ While UK emissions were, or are expected to be, below the caps set by the first three carbon budgets up to 2022, the Department for Business, Energy & Industrial Strategy’s (BEIS’s) analysis suggests that without further action, the UK will exceed its carbon budgets for the periods 2023 to 2027 and 2028 to 2032. The CCC has stated that the sixth carbon budget can only be achieved if government, regional agencies and local authorities work seamlessly together.

² Emissions reduction according to *2018 UK Greenhouse Gas Emissions: final figures - statistical release*, published by the Department for Business, Energy & Industrial Strategy in February 2020.

³ The Climate Change Committee is an independent statutory body established under the Climate Change Act 2008. It advises the UK and devolved governments on emissions targets and reports to Parliament on progress made.

Local authorities' commitments and actions so far towards net zero

1.7 Some local authorities have a history of commitments to reduce emissions that pre-date both the national net zero target and the 80% target set by the Climate Change Act 2008. Between 2000 and 2008, more than 300 UK local authorities and partner organisations signed the Nottingham Declaration on climate change. Signatories committed to develop an action plan within two years to tackle the causes and effects of climate change and reduce greenhouse gas emissions, although as these commitments were made more than a decade ago, it is hard to tell whether and to what extent local authorities acted on them. Between 2008 and 2014, central government collected information on emissions from local authorities' estates and operations for the first time, initially against a voluntary national indicator introduced by the then Ministry for Communities and Local Government and, from 2011, by the Department for Energy and Climate Change (DECC). By 2013, DECC had collected emissions reports from more than 250 local authorities.

1.8 We estimate that since 2018, 91% of local authorities in England have formally adopted at least one new or updated commitment with the aim of reducing emissions at least as quickly as the national net zero target, although these vary in scope (**Figure 2**). This corresponds with the growth of the international climate emergency movement in the UK, the aims of which are to build public awareness; demand that governments declare a climate emergency; and demand climate mobilisation at sufficient scale and speed to prevent catastrophic climate change. Many local authorities in England have adopted a statement of climate emergency since 2018; we also identified some authorities that have made commitments to reduce emissions without adopting such a statement.

1.9 Overall, local authorities' current commitments to reduce emissions vary from specific and well developed to more general, and from definitive to more tentative. These commitments are typically framed around reducing emissions from an authority's own activities, from within a local area, or both. Our work to understand local authorities' commitments found they could be interpreted narrowly or more broadly depending on the terminology an authority had used, for example only some commitments specify which types of emissions are included. There was also no set order in which local authorities developed their commitments; we found examples that were adopted both before and after work to understand what was feasible for an authority to deliver.

Figure 2

Local authority commitments in line with net zero

Local authorities have made a range of commitments to reduce emissions in line with net zero, although these vary in scope¹

A commitment to work towards carbon neutral or net zero emissions in the local authority area	73% of single and upper tier authorities ² (base 152)
Of which ³	
By or before 2030	38%
Between 2031 and 2050	33%
No date set	3%
A commitment to work towards carbon neutral or net zero emissions from their own activities	75% of local authorities in our sample ⁴ (base 232)
At least one commitment to work towards carbon neutral or net zero emissions with any scope	91% of local authorities in our sample ⁴ (base 232)

Notes

- 1 We counted as commitments any policy statements by local authorities to work towards net zero emissions or to be carbon neutral (Appendix 2). We did not review how all the local authorities in our sample had described the terms they used. Of those we looked at in detail, local authorities had either specifically defined the terms as being interchangeable; explained 'carbon neutral' with reference to both reducing and offsetting emissions; or not specified what they understood the terms to mean.
- 2 We have included as single- and upper-tier authorities: county councils, metropolitan borough councils, London boroughs (including the City of London) and unitary authorities (including the Isles of Scilly). We have not included district councils or combined authorities in this calculation to avoid any double counting of shared commitments within the same geographical area.
- 3 Percentages do not sum due to rounding.
- 4 These percentages are estimates based on sample of 232 local authorities in England. The sample consists of the 152 single and upper tier authorities (that is, 33 London borough councils (including the City of London), 59 unitary authorities (including the Isles of Scilly); 36 metropolitan borough councils; 24 county councils); 10 combined authorities and the Greater London Authority; and a stratified random sample of 69 district councils.

Source: National Audit Office analysis of local authorities' commitments to be net zero or carbon neutral

1.10 Local authorities across England have committed to a wide range of actions to reduce emissions. We found examples across all types of local authorities of work to reduce emissions, including:

- **practical steps to decarbonise what is in the authority's direct control** such as switching to renewable energy for public buildings, or funding retrofit projects to make energy efficiency improvements to local authority-owned housing;
- **organisational changes to embed decarbonisation in decision-making, funding and purchasing** for example by providing carbon literacy training to staff or developing tools to assess the impact on emissions of local authority decisions;
- **partnership working between local authorities and with other organisations in an area** for example, some local authorities are members of local climate partnerships, through which members coordinate work to reduce emissions and engage with residents; and
- **wider work to engage communities and influence or incentivise people and businesses to act** such as by: convening climate assemblies or citizens' panels; providing group buying programmes to give affordable access to solar panels; installing charge points for electric vehicles; or providing targeted funding to businesses to help them reduce their carbon footprint or energy use.

Local authorities' potential role in achieving the national net zero target by 2050

1.11 Many local authorities are keen to play a core role in delivering net zero, for example the UK100 group of local authority leaders published *Power Shift 100* (April 2021), which highlighted the essential role that local authorities have in decarbonising local transport, buildings, energy and waste, as part of a wider review of whether local authorities have the powers and duties they need to act. The report highlights that overarching powers held by local authorities such as for spending, borrowing and investment and for procurement can also have a role in reducing emissions. In addition to their existing powers, we have identified or heard from local authorities that are seeking to develop their potential to use investment, procurement, and planning powers, coordinate partnerships and encourage public engagement to help achieve net zero.

1.12 There are areas where local authorities' existing powers and responsibilities give them an essential part to play in decarbonisation including:

- **on transport:** Local authorities determine local transport policies and objectives with responsibility for 98% of publicly owned roads in England. This means local authorities have an important influence over local provision for bus journeys, walking and cycling, and on-street charging facilities for electric vehicles;
- **on housing:** Local authorities are directly responsible for council housing (7% of all homes) and can have an influence on private registered providers of social housing (10% of all homes), as well as holding responsibility for their own buildings. This means local authorities can influence the energy efficiency and the installation of low-carbon heating in these buildings; and
- **on waste:** Local authorities have a statutory duty to collect and dispose of household waste. Most of the greenhouse gas impact from waste is from methane from the decomposition of biodegradable waste in landfill. Reducing waste and increasing recycling are key to cutting this source of emissions. Using electric or hydrogen-fuelled vehicles can help reduce emissions from waste collection.

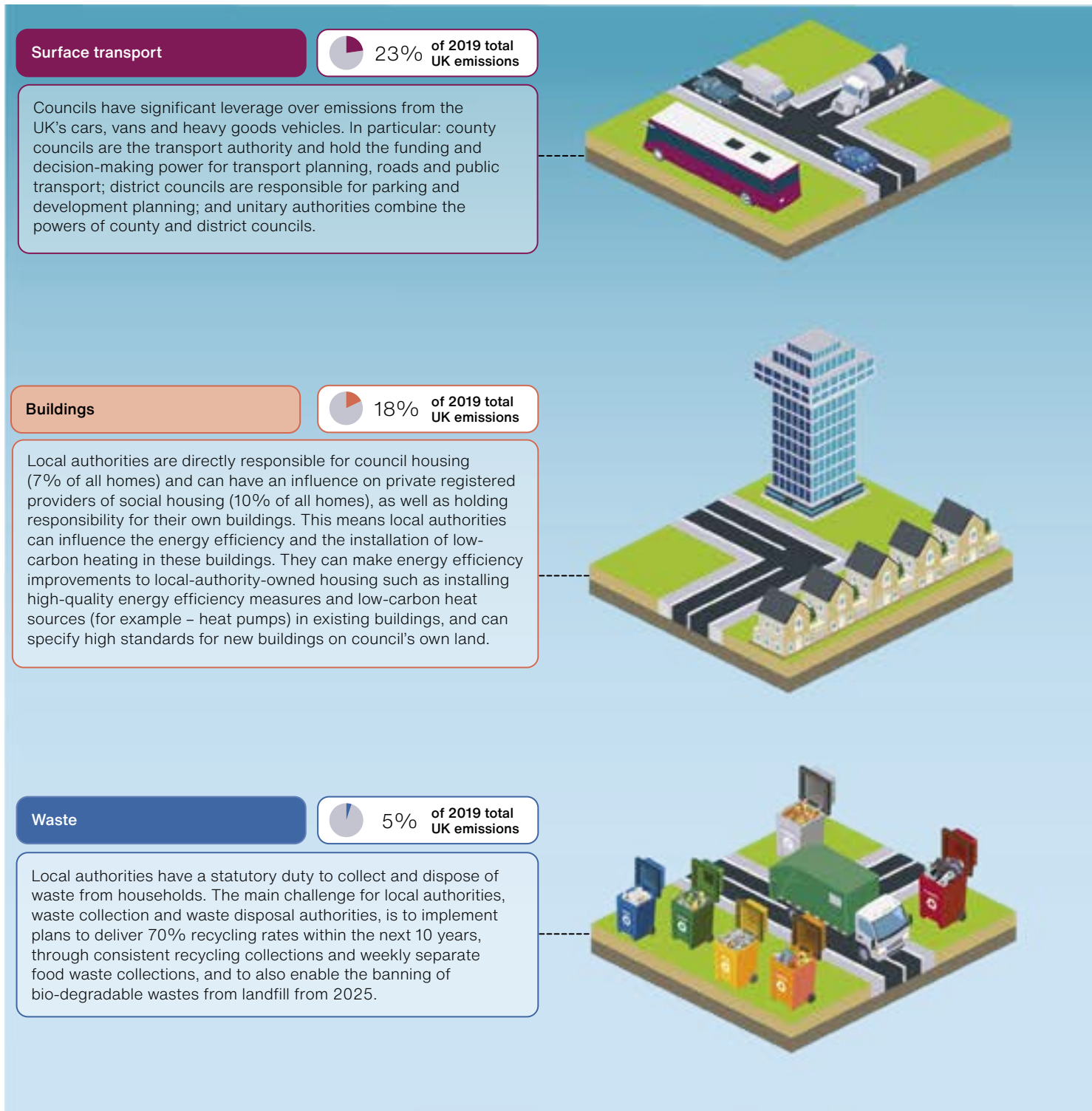
1.13 Stakeholders such as the CCC and Green Alliance agree that there is considerable potential for local authorities to play a key role in achieving net zero:

- The CCC has reported that around one-third of the UK's emissions are dependent on sectors that are directly shaped or influenced by local authority practice, policy or partnerships. It has identified areas where it expects local authorities to have a key role in reducing greenhouse gas emissions (**Figure 3** on pages 22 to 25). In its *Progress in Reducing Emissions 2021 Report to Parliament*, CCC recommended "a framework for local delivery to deliver ambitious climate objectives at different scales (that is, devolved administrations, regions and local authorities), through workable business models, removal of barriers to action, dedicated resource and an approach that facilitates sub-national action to complement action at the national level".
- Green Alliance, an independent environmental think tank, worked with local authorities to produce *The Local Climate Challenge* (December 2020). The report highlighted the influence over emissions that local authorities can have through transport and planning policy and through the management of their land and buildings, as well as being vital partners for central government in tailoring and progressing climate policy. The report states that without more expertise, funding and an enabling central government framework, they cannot begin to make the changes they want to, and consequently they are missing out on the local economic and social opportunities of doing so.

Figure 3

Examples of key actions the Climate Change Committee (CCC) considers that local authorities should take to reduce emissions

The CCC identified a wide range of opportunities for local authorities to reduce greenhouse gas emissions across several sectors

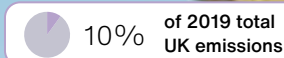


Aviation and shipping



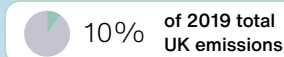
Some local authorities own airports (for example Luton, Manchester). Local authorities owning airports or with airports in their area should encourage these airports to reduce their direct emissions and indirect emissions from purchased energy use to net zero, connect to public transport networks and engage with sustainable aviation networks.

Agriculture and land use, land use change and forestry



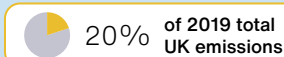
Local authorities are a key stakeholder in the management of land. They have a range of powers, levers and influence over land use and related emissions through land ownership, highways functions and development planning.

Power

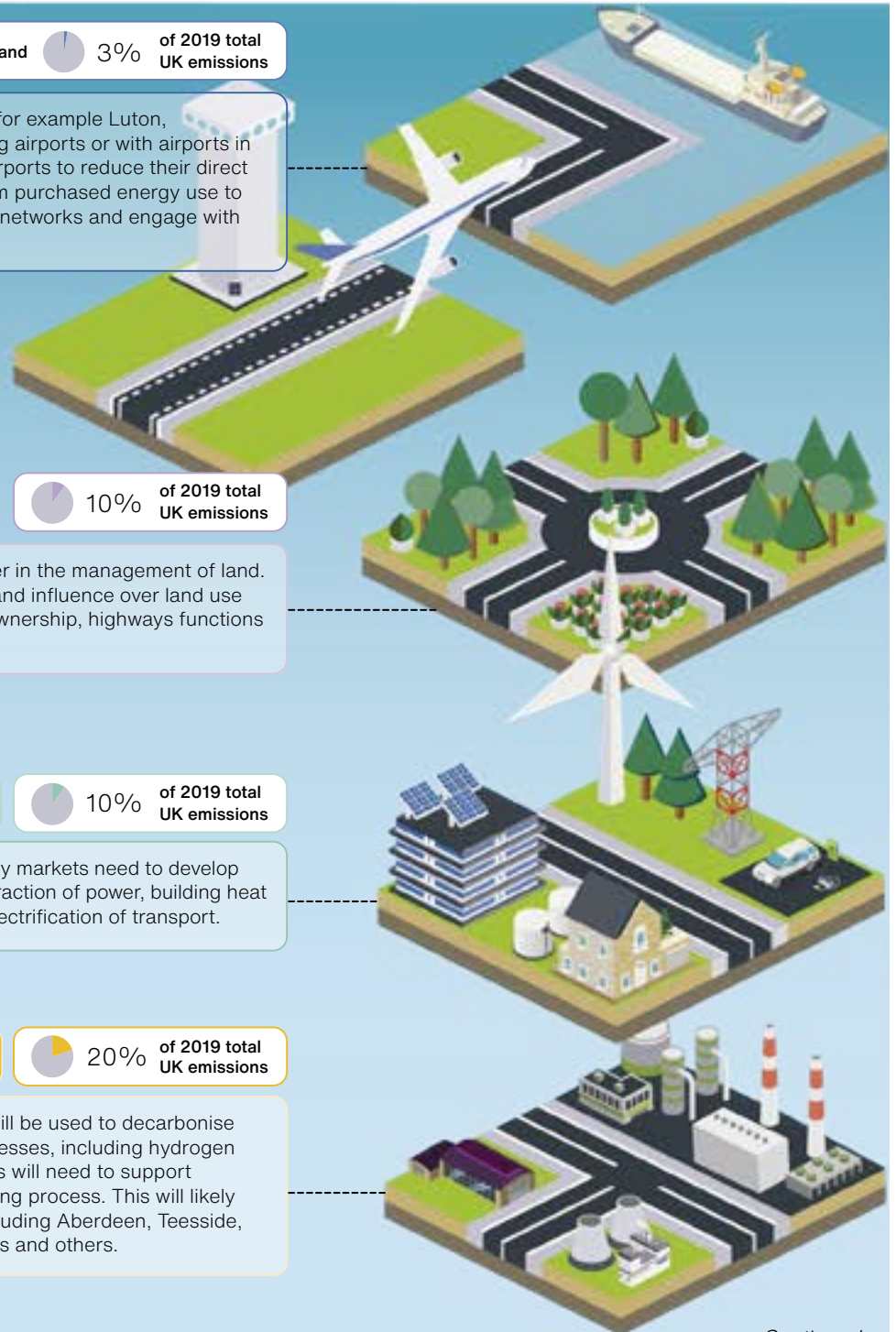


Local authorities, investors and energy markets need to develop project pipelines for the complex interaction of power, building heat demand, hydrogen, biogas and the electrification of transport.

Industry



Carbon capture and storage (CCS) will be used to decarbonise industrial and power generation processes, including hydrogen production. Local planning authorities will need to support CCS development through the planning process. This will likely focus around clusters of industry including Aberdeen, Teesside, Merseyside, the Humber, South Wales and others.



Continued

Figure 3 *continued*

Examples of key actions the Climate Change Committee (CCC) considers that local authorities should take to reduce emissions

Sector	Strategy and policy	Enabling and communication
Surface transport	<p>Ensure that policies and plans support walking, cycling and public transport.</p> <p>Work jointly with bus operators to provide a bus network that is rapid, reliable and affordable.</p> <p>Use parking powers to repurpose parking spaces for car clubs, cycle parking and Electric Vehicle (EV) charging; scale parking charges to promote the use of public transport.</p> <p>Implement Low Emission and Clean Air zones and Air Quality Management Areas to reduce polluting traffic.</p>	<p>Communications and conversations with residents and businesses on their travel and transport needs to prepare the way for changes.</p> <p>In rural authorities reduce car reliance, promote EV use and support innovations in rural bus services and shared transport.</p> <p>Reduce business and customer travel to council services.</p> <p>Promote EV uptake by installing EV charge points, switching fleets to EVs.</p> <p>Support logistics improvements to reduce heavy goods vehicle emissions using traffic powers; restricting vehicle type, weight and delivery times in specific areas.</p>
Buildings	<p>Develop an energy efficiency and decarbonised heat strategy and action plans for delivery in the 2020s.</p> <p>Update carbon reduction plans for the council estate to bring them in line with net zero.</p> <p>Local planning authorities currently developing Local Plans should gather evidence to support policies that require developments to exceed current building standards.</p>	<p>Provide advice and information for residents and businesses on energy efficiency and low-carbon heating options.</p> <p>Invest in energy, housing and environment staff and skills.</p> <p>Raise awareness and engage key staff across the whole council.</p> <p>Build capacity to partner in research, demonstration, pilot and pathfinder projects.</p> <p>Housing and Economic Development teams should collaborate to provide support to the local supply chain in the building and installer sectors.</p> <p>Identify areas suitable for heat networks, which are effective in providing low-carbon heat to dense areas.</p>
Waste	<p>Planning ahead to ensure emissions are locked out rather than locked in at procurement, as 10-year waste contracts with renewal options are in place in many local authorities.</p> <p>Procure electric or hydrogen-fuelled waste and recycling vehicles when vehicles need renewing.</p> <p>Collection authorities should prepare to provide or continue to provide separate collections for recyclable/compostable materials.</p>	<p>Include waste minimisation messages in climate emergency, public health and resilient recovery communications.</p> <p>Local authorities should ensure their Local Enterprise Partnerships support the development of a circular economy, including supporting resource efficiency and materials processing and reuse.</p>
Aviation and shipping	<p>Local authorities in their planning role have an influence over airport expansion, which can affect transport emissions, and installation of new fuel production and storage facilities; this could include facilities for sustainable aviation fuel production.</p>	

Figure 3 *continued*

Examples of key actions the Climate Change Committee (CCC) considers that local authorities should take to reduce emissions

Sector	Strategy and policy	Enabling and communication
Agriculture and land use, land use change and forestry	<p>Make Biodiversity Net Gain a priority alongside emission reduction in planning policy.</p> <p>Support woodland creation and management compliant with the UK Forestry Standard.</p> <p>Increase urban green space.</p> <p>Introduce marine management strategies that put in protection and recovery for marine life.</p> <p>Support Green Finance Initiatives.</p>	<p>Promote the benefits of woodlands, wildlife and nature.</p> <p>Provide business support to farmers and landowners to integrate climate change and farming.</p> <p>Support farm building and infrastructure modernisation and low-carbon refurbishment through planning policy.</p> <p>Support peatland restoration and engage with farmers on cover cropping, re-wetting and Environmental Land Management schemes.</p> <p>Promote government healthy eating guidelines, local procurement and so on.</p>
Energy	<p>Work with distribution network operators, neighbouring authorities and across their wider climate and energy partnerships to prepare local energy plans for the area.</p> <p>Switch to renewable and low-carbon electricity.</p> <p>Local Plans should support renewable energy and low-carbon heat.</p> <p>Develop an onshore wind strategy.</p>	<p>Support local people and community energy organisations to install renewable generation for on-site local use, and link this to energy efficiency behaviours.</p> <p>Work with employers and training providers to assess and improve skills availability for the renewable and low-carbon energy sector.</p> <p>Increase skills and knowledge of the energy system, UK energy markets and upcoming technological and societal changes. This will build capacity to develop funding bids, manage projects and work effectively with regional Energy Hubs and partners.</p>
Industry	<p>Local planning authorities will need to support CCS development through the planning process.</p> <p>Local planning authorities should be supportive of ports applying to install new shore-based power facilities and renewable hydrogen or ammonia production facilities.</p>	

Note

1 2019 emissions figures are taken from Climate Change Committee, Progress in reducing emissions, 2021 Report to Parliament.

Source: National Audit Office summary of Climate Change Committee report: Local authorities and the 6th Carbon Budget, December 2020

1.14 There is also likely to be a role for local authorities in relation to engaging the public with net zero, and in influencing the decisions and actions of people and businesses in their area. BEIS research into public dialogue on net zero found that there were perceived gaps in the way the public had been directly addressed on net zero, and that the implications and expectations for individuals, society and businesses will need to be clearly set out by central and local government, alongside the support that will be provided to start to raise awareness and buy-in.

1.15 Organisations including the CCC and the partners in the Blueprint Coalition see a role for local authorities in influencing public behaviour to reduce emissions.⁴ For example, the CCC has reported that nearly 60% of the changes in its pathway to the sixth carbon budget rely on societal or behavioural changes, and notes that local authorities' leadership role with the public puts them at the heart of developing and replicating local solutions. The Blueprint Coalition sees local authorities as essential to encouraging longer-term behaviour change, such as by providing better-quality, accessible public transport and safer provision for walking and cycling.

Risks associated with the lack of clarity over local authorities' role for the national net zero target

1.16 Given the complexity and cross-cutting nature of the work that will be required to meet the national net zero target, it will be important for central and local government to work together, to reach a clear, shared understanding of roles and responsibilities for net zero. In particular, our work on improving operational delivery in government has highlighted the importance of taking a 'whole systems' approach to delivering complex policies to enable organisations to work effectively together, adapt to changing demands and sustain improvements.⁵ Our work on government's approach to COVID-19 has reinforced the importance of these factors when working across local and central government (Appendix Three).⁶

1.17 Decisions about local authorities' role in achieving the national net zero target are tied up with government's overall strategy for net zero as well as with the underpinning sector decarbonisation strategies. Government plans to publish an overall strategy for net zero and associated sector decarbonisation strategies before the next United Nations climate conference, COP 26, in November 2021. In *Achieving net zero* (December 2020), BEIS told us that it expected local authorities' roles to be clarified through these strategies. Departments have engaged with the sector to help factor local authorities' perspectives into the development of these strategies, although the extent and nature of this engagement varies:

- BEIS is responsible for developing the overall net zero strategy and, with the Ministry of Housing, Communities & Local Government (MHCLG), a sector strategy for heat and buildings. BEIS has set out options to consider the role of place in developing the overall net zero strategy, and it has held or is planning to hold workshops on the overall strategy with local authorities' representative groups for cities and combined authorities respectively. For the heat and buildings strategy, the BEIS local energy team are developing a place-based analysis, drawing on their knowledge of the local government sector.

4 The Blueprint Coalition brings together ADEPT (Association of Directors for the Environment, Planning & Transport), Ashden, Friends of the Earth, Grantham Institute, Green Alliance, Greenpeace, LEDNet (London Environment Directors' Network), PCAN (Place-Based Climate Action Network) and SOLACE -and is backed by more than 125 local authorities.

5 National Audit Office, *Improving operational delivery in government: A good practice guide for senior leaders*, March 2021.

6 Comptroller and Auditor General, *Initial learning from the government's response to the COVID-19 pandemic*, Session 2021-22, HC 66, National Audit Office, May 2021.

- MHCLG is working with the Blueprint Coalition to run a series of informal workshops on the powers and resources that the Coalition has identified as required for local government to deliver on net zero. The workshops will cover: growing the zero-carbon economy; governance and accounting; buildings retrofit and planning; transport; nature; and waste and consumption.
- The Department for Transport (DfT) held an open consultation on its transport decarbonisation plan in July and August 2020 that invited views from stakeholders including local authorities. It also ran a series of workshops with local authorities, Local Enterprise Partnerships and other interested parties to discuss issues and possible solutions.
- The Department for Environment, Food & Rural Affairs (Defra) is developing a chapter for the overall net zero strategy that will set out plans to decarbonise waste, land use (agriculture, forestry and peatlands) and fluorinated gases. It is not carrying out separate consultation with local authority stakeholders on this chapter. Defra discusses policies relevant to decarbonising waste with the Resources and Waste Strategy Stakeholder Advisory Group, the membership of which includes the Association of Directors of Environment, Economy, Planning & Transport (ADEPT) and the Local Government Association (LGA).

1.18 Overall, we are not convinced that this engagement has yet been sufficiently strategic or coordinated to determine as clear as possible a role for local authorities on the national net zero target in partnership with the sector. Government has committed to include a statement in its overall net zero strategy about respective responsibilities at national, regional and local level, but it has not yet set out to local authorities how it will work with them to specify the split of actions and responsibilities across central and local government bodies; and where there are unavoidable uncertainties about who will do what, how these will be resolved over time.

1.19 With their role in achieving net zero yet to be defined, there is a risk that local authority action towards net zero is not as widespread as it might need to be. While many local authorities have chosen to do work to reduce emissions that should contribute to the national net zero target, they do not have a specific statutory responsibility to do so.

1.20 Likewise, without an overall framework of roles and responsibilities, there is a risk that local authority action is not as coordinated or targeted as it needs to be. For example:

- The CCC thinks that hydrogen could play a role in heating of buildings and highlights regional switchover to hydrogen for heat as one aspect of transformation that would need regional coordination and cooperation, although the extent of hydrogen conversion will depend on strategic choices and wider considerations. It reports that “a flexible net zero framework would enable local authorities to develop plans appropriate to their local areas, avoiding energy or transport ‘islands’ or a patchwork of conflicting approaches; however, this should not hold back those local authorities already forging ahead with delivery”.
- Local authorities we spoke to in our focus groups and workshops are aware that there is a need for rapid and coordinated action to achieve net zero but some highlighted that this can be difficult without clarity on their role, and that it is unclear what the most effective balance and sequencing of national, local and regional action is likely to be to tackle different sources of emissions.
- There are many different sources of information and good practice available for local authorities that choose to act, including from central government bodies, representative organisations and other stakeholders (**Figure 4**). We spoke to a group of local authorities convened by the LGA and heard that the many sources of good practice can be difficult to work through, to filter out what might work in their area.

1.21 Given the pace of change required to get to net zero, it will be important for all bodies involved in delivery to learn from what works so they can make progress at the pace and scale required. While some local authorities are perceived as leaders in work to reduce emissions, it can be difficult for other local authorities to establish whether or how actions that are right for one area can be transferred to another. Local authorities’ ability to influence emissions reductions depends not just on the availability of good practice but on their powers and responsibilities and can vary according to their capacity, resources, skills, geography or political will to act. The costs and impacts for a local area of the transition to net zero will also vary across the country. For example, actions to renew housing stock may be more expensive or more needed in some areas than others, while changes in job markets, such as declines in the oil and gas industry, could have a disproportionate effect in some areas. Local authority representative groups we spoke to see the need for more strategic ways to share learning and to support local authorities to change working practices in ways likely to reduce emissions; some have started to develop ready-to-use policies and frameworks in areas such as sustainable procurement.

Figure 4

Sources of good practice on climate change and net zero available to local authorities

Local authorities use a very wide range of sources to inform their activities on climate change and net zero, ranging from government departments and local government membership bodies, to non-governmental organisations

Sources of good practice	Examples
Central government and statutory bodies	<p>Government communications directly relating to local authorities on climate change tend to be from specific government departments on narrow policy areas and information made available through narrow sector specific datasets.</p> <p>Salix: a non-departmental public body, owned wholly by government which provides government funding to the public sector to improve energy efficiency and decarbonise heat in order to reduce carbon emissions.</p> <p>Energy Saving Trust: funded by the Department for Transport, Energy Saving Trust delivers the Local Government Support Programme, Fleet Reviews and On-Street Residential Chargepoint Scheme grant funding to assist local authorities with decarbonising transport.</p> <p>CCC: The Climate Change Committee is an independent, statutory body established under the Climate Change Act 2008. It has published reports and held events about local authorities' role in net zero.</p>
Local government membership bodies	<p>ADEPT: The Association of Directors of Environment, Economy, Planning and Transport – representing directors who are responsible for delivering day-to-day council services including local highways, recycling, waste and planning – provides support and advice to its members via its Climate Change Hub.</p> <p>APSE: Association for Public Service Excellence -a networking community that assists local authorities that are striving to improve their frontline services. APSE hosts a UK-wide climate change network which is free to access for APSE members' councils. APSE Energy is a collaboration of local authorities working on municipal energy and renewables through its network of council members promoting net zero in council buildings and assets.</p> <p>LGA: The Local Government Association is a national membership body for local authorities. It has a Climate Emergency Knowledge Hub Group, a platform where local authorities that have declared a climate emergency or made any other type of commitment to reduce carbon and improve the environment can share information and experiences. The LGA has collected good practice from councils and this can be found at: local.gov.uk/our-support/climate-change.</p> <p>UK100: The Collaborating for Net Zero Knowledge Hub is a platform for sharing how city and regional authorities are translating net zero ambitions into action.</p>
Partnership organisations	<p>Local Partnerships: Collaboration between the LGA, HM Treasury and the Welsh Government. It is a non-profit consultancy for public sector organisations. On net zero, it supports local authorities with greenhouse gas accounting, funding bids and delivery.</p>
Non-governmental organisations	<p>The Place-based Climate Action Network supports the establishment of local/regional climate commissions, bringing together private, public and third sector organisations in partnership with local authorities.</p> <p>Core Cities Climate Change Group: created to support climate change mitigation, adaptation strategy and action across all core cities' activities.</p> <p>Climate Emergency UK, mySociety and Carbon Copy collect and share public information about local authorities' climate commitments or plans.</p>

Source: National Audit Office analysis of published good practice

1.22 MHCLG is responsible for the national planning policy framework which local authorities with planning responsibilities have to follow. Local planning authorities set the policies that define the need and location for development in their local plans, and acceptable standards for new developments. Local authorities also have a duty to enforce the minimum standards required by building regulations, which helps to ensure that the levels of energy efficiency and renewable energy in the plans for new buildings are actually delivered when they are built. The national planning framework circumscribes local authorities' decisions on issues that have significant consequences for local emissions, such as on planning applications for new businesses, airports, and new homes and communities. There have been examples of public debate over the implications of local planning decisions for national emissions, for example:

- in March 2021, after repeated consideration by the local council of a planning application for a new coking coal mine near Whitehaven, Cumbria, the Secretary of State for Housing, Communities and Local Government called in the decision and government will hold a public inquiry to explore the different positions; and
- in April 2021, the Secretary of State for Housing, Communities and Local Government issued a holding direction to Leeds City Council, preventing councillors from granting planning permission for a replacement passenger terminal and a reduction in night-time flying hours at Leeds Bradford Airport. This gives the Secretary of State more time to consider whether to call in the planning application. The local planning authority had to refer the application to the Secretary of State due to the size of the building and because the airport's operational boundary is within the Green Belt. Some of the objections received by the authority included references to greenhouse gas emissions and climate change.

1.23 MHCLG has recently consulted on reforms to the planning system with the ambition of “supporting the delivery of homes that local people need and creating more beautiful and greener communities”. The aim of the reforms is to simplify, modernise and speed up the planning system by changing local plans so that they provide more certainty over the type, scale and design of development permitted on different categories of land. The *Planning for the Future* white paper recognised that all levels of government have a role to play in meeting the net zero goal. It stated that “local planning authorities, as well as central government, should be accountable for the actions that they are taking, and the consultation response will look to clarify the role that they can play in setting energy-efficiency standards for new-build developments.” Government has not yet set out how it will ensure these changes align with the net zero target, other than the ambition, stated in the national *Future Homes Standard*, that from 2025, new homes are expected to produce 75%–80% lower CO₂ emissions compared with current levels. The Climate Change Committee and others have raised concerns that the pace of change on building standards is too slow, because of the number of new homes being built that will require retrofitting. Government expects to bring the Planning Bill before Parliament during 2021 but it is likely to be a couple of years before the new planning framework is operational.

Local authorities’ reporting of plans and progress for net zero

1.24 There is little consistency in local authorities’ reporting of plans and progress on net zero, which makes it difficult for central and local government to understand the overall picture. We found that local authorities have taken many different approaches to understanding their emissions, reporting their activities and monitoring their progress. BEIS told us that these differences in engagement and approach make it difficult to get an overall picture of what local authorities are doing towards net zero.

1.25 BEIS has taken steps to help local authorities understand and measure their carbon emissions and to promote consistent emissions reporting within voluntary frameworks:

- BEIS funded the development of SCATTER, an emissions tool that is free for local authorities to use. It allows local authorities to calculate their carbon emissions and to understand the carbon savings that would come from different interventions. BEIS does not collect information on how many authorities have used SCATTER to understand their emissions.
- Between 2018-19 and 2020-21, local authorities could choose to report their emissions to BEIS under the voluntary Emissions Reduction Pledge for public and higher education organisations. This provided local authorities with a framework and guidance for reporting, with the aim of reducing greenhouse gas emissions by at least 30% from 2009-10 levels. Of the 31 local authorities that signed up to the pledge, nine have so far provided data to BEIS that show they have met the target. BEIS told us that it is not extending the pledge in its current form but expects to incorporate lessons into the overall net zero strategy.

Communication between central and local government on net zero

1.26 Effective two-way communication between local authorities and government departments is essential if local authorities are to contribute effectively to achieving the government's net zero target. The foundation for good communication is likely to be good collaboration in developing a shared understanding of roles (paragraph 1.16), but that is not enough on its own. Our past work has shown that it is important that there is good ongoing communication between central and local government so that local authorities have the opportunity to feed their front-line experience into the design of schemes and initiatives where government expect local delivery to be a key feature (Appendix Three).

1.27 Several government departments have responsibilities related to local authorities' work on net zero:

- BEIS has overall responsibility in government for achieving net zero.
- MHCLG acts as a steward for the local government finance system and is responsible for the planning system.
- Defra has policy responsibility for waste.
- DfT provides policy, guidance, and funding to English local authorities to help them run and maintain their road networks and local transport services.
- HM Treasury is responsible for allocating budgets to government departments and for taking decisions about local government funding at major fiscal events such as Spending Reviews, with the support of MHCLG.

1.28 Other departments have responsibility for cross-cutting ‘enablers’, such as ensuring sufficient skills in the economy and the Office for Zero Emission Vehicles (OZEV) works across government to support the transition to zero-emission vehicles. In an informal stocktake in March 2020 MHCLG found around 45 policy areas across five departments that are likely to have an impact on the opportunities, decisions and barriers at a local level. It recognised this poses a significant risk of inconsistent goals and messages for local authorities.

1.29 Local authority representatives we spoke to also raised this issue, saying that there was a lack of coordination across government of departments’ different requirements and that overall, they find it hard to engage with central government on net zero. Our analysis suggests the following factors may contribute to this lack of coordination:

- As each department has separate and different arrangements for liaising with local authorities on net zero issues (paragraph 1.17) local authorities have problems navigating whom they should talk to about what. This is made more complicated where issues with net zero implications cut across several departments. For example, BEIS, DfT and Defra all have an interest in planning considerations for new housing – energy supplies, transport links and environmental impacts.
- Departments often liaise with intermediary bodies (see Figure 4) or groups which might not be visible to all local authorities, such as MHCLG’s regular meetings with chief executives of mayoral combined authorities, or BEIS’s Local Energy Contact Group.
- Communication can seem one-way, with local authorities responding to frequent consultations, without much feedback on government’s plans.

1.30 There are some areas where departments already work collaboratively on issues relevant to local authority work on net zero: OZEV is a joint BEIS/DfT team working to support the transition to zero-emission vehicles; and the Cities and Local Growth Unit is a joint MHCLG/BEIS body.

1.31 To improve wider central government coordination and engagement with local authorities on climate change and net zero, in April 2020 MHCLG set up a new cross-department local government policy group on climate change mitigation and adaptation, co-chaired by MHCLG’s Local Government Strategy team and BEIS’s Local Climate and Energy team. The group discussed proposals for climate change officers in local authorities, to feed into a local climate action taskforce via a regional representative at chief executive level. The taskforce would be sponsored by a minister.

1.32 These proposals were paused due to reprioritisation in response to the COVID-19 pandemic, and wider discussions around the way government engages with local authorities. In July 2020, MHCLG ministers asked that the Taskforce be put on hold until later in the year, when councils and officials in the department were likely to have more capacity to engage with non COVID-19 priorities. BEIS is now considering options for improving engagement between local and central government as part of the net zero strategy.

Part Two

Local authorities' skills and resources for net zero

2.1 This part examines:

- the overall landscape of local authority funding for net zero;
- dedicated net zero grant funding for local authorities;
- wider funding with significant net zero elements;
- Departments' support to local authorities on net zero;
- the allocation of funding to local authorities at Spending Reviews; and
- local authorities' skills for net zero work.

Overview of local authority funding for net zero

2.2 Local authorities receive revenue funding from a range of sources including the Ministry of Housing, Communities & Local Government (MHCLG), the Department for Education and from council tax. Some of this income is controllable, meaning that local authorities have some say over how the funding is used locally. Other income streams are non-controllable, and are passed through local authorities directly to other bodies and individuals, such as schools and benefits claimants. In 2018-19, local authorities had £63.4 billion of controllable revenue income and £47.1 billion of non-controllable revenue income.

2.3 Within controllable income, there are three main sources of funding that central government provides to local authorities, that could be used towards their work on net zero:

- Core settlement funding: A government contribution to local authority finance coordinated by MHCLG through the local government finance settlement. It is unrestricted, formula allocated and governed by the local accountability system. Local authorities may choose to spend some of this funding on net zero. However, local authority finances have been under pressure after a period of funding reductions and growth in service demand. The local authority settlement for 2021-22 provides the sector with an increase of up to 4.6% in cash terms in core spending power (council tax and government funding) compared with 2020-21, including to help address ongoing pressures from the COVID-19 pandemic. However, local authority finances will continue to be under significant pressure in 2021-22 and beyond. For many local authorities service spending is increasingly concentrated on statutory duties.
- Dedicated grants from departments to fund different aspects of decarbonisation which local authorities can bid for: These are provided under Section 31 of the 2003 Local Government Act, and enable departments to provide grant funding for specific purposes with a greater degree of control than through the settlement. MHCLG and HM Treasury expect to approve departments' use and design of such schemes (**Figure 5** (on pages 36 to 38) and paragraphs 2.5 to 2.9 below).
- Wider funding: Targeted at other or more general outcomes such as social or economic growth, but which requires, encourages or allows the delivery of net zero objectives (Figure 5 and paragraph 2.13).
- Other grants have scope for net zero application, such as in transport, but are less directly linked.

2.4 Neither MHCLG nor HM Treasury track the funding that central government provides to local government linked with net zero. Information on available grants is not easily accessible as it is spread across several government websites. MHCLG and HM Treasury have not so far carried out an overall assessment of what funding local authorities are able to use for their work on net zero. This would help determine how much local authorities are able to draw on core settlement funding in practice, and whether the balance of different types of funding is likely to be effective.

Dedicated net zero grant funding for local authorities

2.5 We estimate that in 2020-21 there were 22 dedicated funds that local authorities could bid for, for work related to net zero, of which eight were available to local authorities only, and 14 where local authorities were eligible to bid for alongside other organisations (Figure 5).

Figure 5

Overview of funding for local authorities for work relevant to net zero in 2020-21

Net zero funding for local authorities is complex and fragmented

Sponsor department and targeted sector					
Net zero focus	Type of funding	Department for Transport			Ministry of Housing, Communities & Local Government
		Local Roads	Buses (and Light Rail)	Cycling and Walking	Cross-cutting
Dedicated net zero grant funding	Funds for local authorities only		Rural Mobility Fund	Active Travel Fund	
			All Electric Bus Town and City Scheme		
	Funds for local authorities and other organisations			Bikeability	
Wider funding with objectives related to decarbonisation	Formula funding	Local Highways Maintenance Funding			Core Settlement
		Integrated Transport Block			
	Local authority funding for economic growth	Transforming Cities Fund			Towns Fund
	EU Funds with objectives related to decarbonisation				
		European Regional Development Fund			
	LIFE Programme				

Sponsor department and targeted sector							
Department for Business, Energy & Industrial Strategy				Office for Zero Emission Vehicles		Department for Environment Food & Rural Affairs	
Local Energy	Energy efficiency and heat decarbonisation of buildings	Innovation (UKRI)	Low emission vehicles	Hydrogen	Land Use	Waste	
The Heat Network Delivery Unit	Green Homes Grant Local Authority Delivery Scheme		On-street residential chargepoint scheme		Local Nature Recovery Strategy		
	Social Housing Decarbonisation Fund Demonstrator						
Heat Networks Investment Project	Public Sector Low Carbon Skills Fund	Prospering from the Energy Revolution	Workplace Charging Scheme	Hydrogen Transport Programme	Woodland Carbon Fund	Resource Action Fund	
Non-Domestic RHI	Public Sector Decarbonisation Scheme	Industrial Decarbonisation Challenge			Urban Tree Challenge Fund		
	Whole house retrofit competition				Green Recovery Challenge Fund		
							Core Settlement
							The European Agricultural Fund for Rural Development

Figure 5 *continued*

Overview of funding for local authorities for work relevant to net zero in 2020-21

Notes

- 1 This analysis covers funding awarded in 2020-21 (rather than funding paid in 2020-21), some of which may be paid in subsequent years. It does therefore not cover funds paid to local authorities but awarded in previous years such as through the Ultra-Low Emission Bus Scheme and Sustainable Travel Access Fund.
- 2 MHCLG coordinates core revenue funding through the local government finance settlement. Local authorities may use this funding on net zero initiatives including those related to waste.
- 3 Government has made other relevant funds available in subsequent financial years. These include the Levelling Up Fund, UK Community Renewal Fund, Green Homes Grant Phase 2 and 3 and Home Upgrade Grant Scheme.
- 4 This figure focuses on funding available directly to local authorities. It does not include funding to Local Enterprise Partnerships (LEPs) or Local Energy Hubs. Local authorities play a key role in influencing decisions made by LEPs. LEPs are funded by the Local Growth Fund (funded by DfT, MHCLG, BEIS and the Cabinet Office) and the Getting Building Fund (MHCLG).
- 5 For formula funding, central government allocates funds to local authorities based on complex formulae that apportion total funds available.
- 6 The LIFE programme is the EU's funding instrument for the environment and climate action.
- 7 The government intends to replace the European Regional Development Fund with the UK Shared Prosperity Fund in 2022 and aims to help places prepare for the introduction of this through the UK Community Renewal Fund, which starts in 2021-22.

Source: National Audit Office analysis of departmental documents and departments' websites

2.6 Departments provided us with a breakdown of funding data for 21 of these funds. Our analysis of these data showed that these 21 funds provided £1.2 billion to local authorities in 2020-21, over 16 times more than the £74 million provided via the equivalent funds in 2019-20. This was due to the creation of five new funds for local authorities for energy efficiency and heat decarbonisation measures in buildings (publicly owned non-domestic buildings, fuel poor homes of all tenures, and social housing), active travel and electrification of bus services, all except the latter initiated partly to support the COVID-19 pandemic recovery (**Figure 6**).

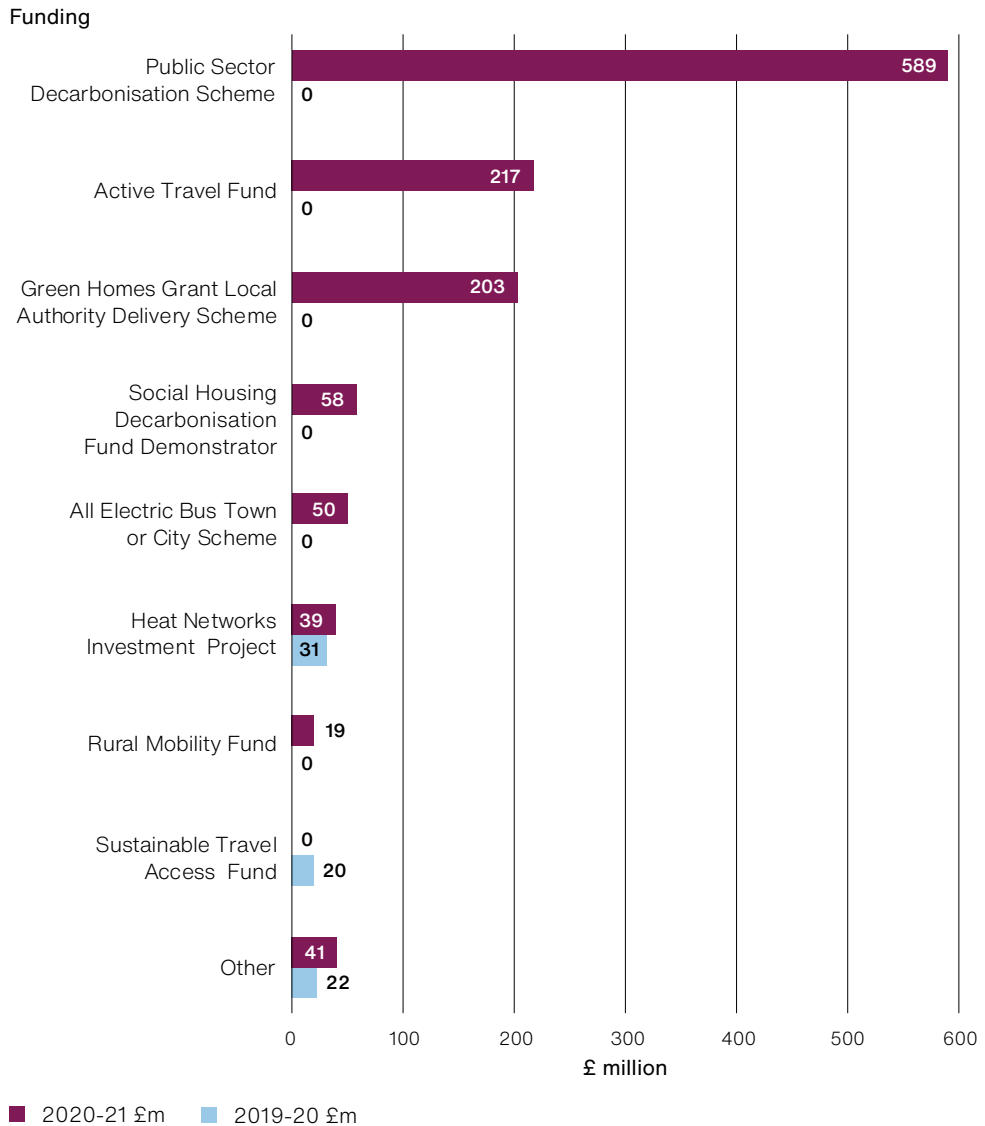
2.7 Our analysis also shows the extent to which local authorities have received very different amounts from these 21 dedicated funds for local authority work related to net zero. We estimate that in 2020-21 13 local authorities received £20 million or more through these funds while 38 did not receive anything directly. Of those 37 were district councils, all of which were in areas covered by county councils which received funding. As a result the district may have benefitted from net zero funding for county council operations (for example through transport provision), but not from funding for district council activities.

2.8 Consolidating the funding from combined authorities and district councils to single-tier and upper-tier authority areas, we estimate that 17 local authority areas received £20 million or more each through these funds while 37 received less than £2 million each. In terms of funding per person, 14 local authority areas received £50 or more per person from these funds, while 67 received less than £12.50 per person from these funds (**Figure 7** on pages 40 and 41).

Figure 6

Dedicated net zero funding for local authorities, 2019-20 and 2020-21

Funding provided for net zero activities was over 16 times higher in 2020-21 than in 2019-20



Notes

- 1 For consistency this analysis covers funding awarded in 2020-21 (rather than funding paid in 2020-21), some of which may be paid in subsequent years.
- 2 In determining these figures we included funding to consortia of other organisations where funding was allocated to the local authority as well as funding which may be conditional on validation by the funding bodies. We did not include the value of any loans.
- 3 This analysis covers 21 of the dedicated net zero funds for which local authorities can apply (see Figure 5). It does not include funding for the Non-Domestic Renewable Heat Incentive, because records for this do not necessarily include local authority details (this is administered by Ofgem). Funds in the "Other" category include Bikeability, Public Sector Low Carbon Skills Fund, Whole House Retrofit Competition, On-street Residential Charge-Point Scheme, Heat Network Delivery Unit Fund, Urban Tree Challenge Fund.
- 4 Phase 2 of the Green Homes Grant allocated a further £300 million to local energy hubs in March 2021. This is not included in the figure as we have only included funds directly given to local authorities in 2020-21.

Source: National Audit Office analysis of funding data from Department for Business, Energy & Industrial Strategy, Department for Transport and Department for Environment, Food & Rural Affairs

Figure 7

Estimated dedicated grant funding per person for net zero activities consolidated to upper tier local authority areas (including funding for combined authorities and district councils) 2020-21

There was a wide variation in 2020-21 in funding received by different local authority areas

Net zero funding for local authority areas 2020-21

- Over £50 per person
- £37.50 to £49.99 per person
- £25 to £37.49 per person
- £12.50 to £24.99 per person
- Up to £12.49 per person
- Wales – Out of scope

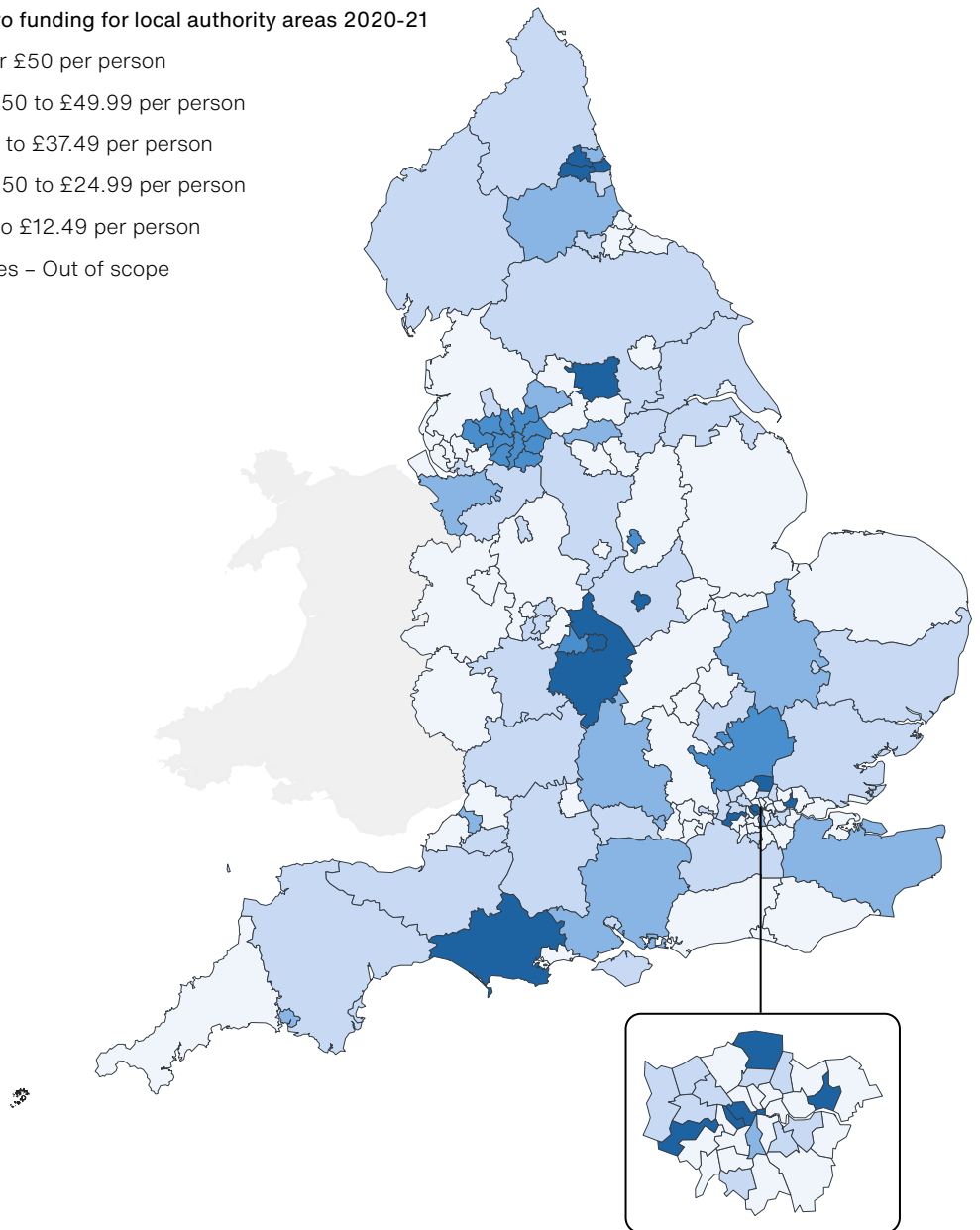


Figure 7 *continued*

Estimated dedicated grant funding per person for net zero activities consolidated to upper tier local authority areas (including funding for combined authorities and district councils) 2020-21

Notes

- 1 For consistency this analysis covers funding awarded in 2020-21 (rather than funding paid in 2020-21), some of which may be paid in subsequent years. This includes funding to consortia of other organisations where funding was allocated to the local authority as well as funding which may be conditional on validation by the funding bodies. We did not include the value of any loans.
- 2 Only the 151 upper tier (including single tier) local authority areas are shown. Combined authorities and district councils are not shown, although the funding provided to them is allocated to the relevant upper tier authority areas (as described in note 3).
- 3 Funding shown above per person for upper tier local authority areas is calculated from the following sources:
 - a funding direct to upper tier authorities;
 - b funding to combined authorities (or associated bodies such as Transport for London) which is then allocated between the constituent councils of the combined authority in proportion to their populations (apart from the All Electric Bus Town and City Scheme, see below); and
 - c funding to district councils which is amalgamated up to county council level.

The resulting funding is then divided by the total population for each upper tier local authority.
- 4 Some funding was awarded to consortia of local authorities, to whom an overall figure was allocated for all consortium members. This has been divided between the members of the consortium (where those members are local authorities in scope), pro-rated on the basis of their populations. Where members are not in scope, e.g. parish councils, they have not been allocated any funding.
- 5 This analysis covers 21 of the dedicated net zero funds for which local authorities can apply (see Figure 5). It does not include funding for the Non-Domestic Renewable Heat Incentive, because records for this do not necessarily include local authority details (this is administered by Ofgem). Funds include: Public Sector Decarbonisation Scheme, Active Travel Fund, Green Homes Grant Local Authority Delivery Scheme, Social Housing Decarbonisation Fund, All Electric Bus Town or City Scheme, Heat Networks Investment Project, Rural Mobility Fund, Bikeability, Public Sector Low Carbon Skills Fund, Whole House Retrofit Competition, On-street Residential Charge-Point Scheme, Heat Network Delivery Unit Fund, Urban Tree Challenge Fund.
- 6 Phase 2 of the Green Homes Grant allocated a further £300 million to local energy hubs in March 2021. This is not included in the figure as we have only included funds awarded directly to local authorities in 2020-21.
- 7 £50 million was awarded to West Midlands Combined Authority for the Coventry Electric Bus City scheme under the All Electric Bus Town and City Scheme. This amount has been allocated in the map to the areas where the funding was spent – £25.8 million in Coventry and £24.2 million in Warwickshire.
- 8 Population data was sourced from the Office for National Statistics mid-year population estimates for June 2020, published in June 2021.

Source: National Audit Office analysis of funding information from the Department for Business, Energy & Industrial Strategy, Department for Transport and Department for Environment, Food & Rural Affairs

2.9 Some characteristics of the funding landscape have caused barriers to the take-up of funding and the effective delivery of objectives:

- Fragmentation of funding into multiple schemes for specific purposes makes it more complex for local authorities to find funding and limits their ability to deliver across multiple objectives.
- Piecemeal funding with limited delivery timescales limits the ability of local authorities and delivery partners to plan for the longer term and develop the capacity and skills for net zero. This is exacerbated by a lack of revenue funding for ongoing costs of projects once implemented. The Climate Change Committee (CCC), local authority directors and academics have highlighted a need for greater certainty and a longer-term focus for net zero funding for local authorities.
- Competitive funding and short application timescales (**Figure 8**) favour those local authorities who have projects ready to go, or who have the capacity and resources to bid for them. As a result, resources may not necessarily go to where the need or opportunity is greatest. While competitive bids can help focus funding on the best projects, a funding landscape that is dominated by competitive funds may risk inhibiting overall value for money by making it difficult for local authorities to plan effectively over the medium- to long-term. Local authorities' difficulties in applying for funds can also mean the budget goes unused.

2.10 The first phase (1A) of the Green Homes Grant Local Authority Delivery scheme exemplified some of these difficulties:

- The timescale for application, four weeks, was too short to enable many local authorities to put bids together.
- The timescale for delivery of measures, five months to March 2021, was insufficient to enable many projects to be delivered, particularly given that this occurred over winter when low temperatures and bad weather meant it was sometimes not possible to perform some building works. The deadline was eventually extended to August 2021.
- The Department for Business, Energy and Industrial Strategy (BEIS) was only able to allocate 38% of the £200 million originally available due to the number of valid applications they received.

Figure 8

Characteristics of the four largest grant funds in 2020-21 dedicated for local authority work relevant to net zero

Three out of four biggest funds available to local authorities in 2020-21 for net zero work had application windows of six weeks or less in 2020-21

Funding pot	Application window	Delivery Timescale	Capital/ Revenue	Is the fund competitive?
Public Sector Decarbonisation Scheme Phase 1	30 September 2020 – 11 January 2021 (14 weeks)	From award to 30 September 2021 (7-11 months)	Capital	Yes – fixed total fund size, competition closed when all funds allocated.
Phase 2	07 April 2021 – 13 April 2021 (one week)	From award to 31 March 2022	Capital	
Active Travel Fund Tranche 1	27 May 2020 – 5 June 2020 (9 days)	12 weeks, or face potential clawback from future allocations	70% capital, 30% revenue	Only partially. All local authorities were given indicative allocations and awarded proportions of this according to their proposal.
Tranche 2	10 July 2020 – 07 August 2020 (four weeks)	To March 2021, subsequently extended to March 2022	80% capital, maximum 20% revenue	
Green Homes Grant Local Authority Delivery Scheme Phase 1A	04 August 2020 – 01 September 2020 (Four weeks)	28 Sept 2020 – 31 March 2021 (five months) subsequently extended to August 2021 (11 months)	Capital (at least 85%)	Yes
Phase 1B	23 October 2020 – 04 December 2020 (six weeks)	January 2021 – September 2021 (nine months)	Capital (at least 85%)	Yes
Social Housing Decarbonisation Fund Demonstrator	30 September 2020 – 12 November 2020 (Six weeks)	December 2020 – 31 December 2021 (12 months)	Capital plus revenue	Yes

Notes

- Up to 15% of the Green Homes Grant Local Authority Delivery Scheme can be used for administrative, delivery and ancillary works, including local authority staff costs for managing projects.
- Phase 2 of the Green Homes Grant allocated a further £300 million to local energy hubs in March 2021. This is not included in the figure as we have only included funds directly given to local authorities in 2020-21.

Source: National Audit Office analysis of guidance documents inviting local authorities to bid for funds

2.11 Due to the initial Phase 1 competition being undersubscribed, in October 2020, BEIS launched another funding round (1B) of the competition. Following feedback from local authorities, for this round, local authorities had a slightly longer application window of six weeks and a longer delivery timescale of nine months. In March 2021, BEIS announced the allocation of all remaining £126 million from Phase 1A to 81 projects in over 200 local authorities through Phase 1B. It also announced allocations for Phase 2 of the competition, with a further £300 million to be provided through five Local Energy Hubs that will work with local authorities in their region. BEIS told us this is intended to expand the geographical reach of the scheme to help bring in less-experienced local authorities.

2.12 In March 2021, BEIS allocated another £300 million of funding to be delivered through local authorities through an extension of the Green Homes Grant Local Authority Delivery Scheme and the Social Housing Demonstrator Fund. BEIS launched the invitation to local authorities for applications for £200 million of this funding through the Sustainable Warmth competition on 16th June 2021. This followed the early closure of the Green Homes Grant Voucher scheme for households, which closed to new applications at the end of March 2021.

Wider funding with significant net zero elements

2.13 One way that government is starting to tackle these problems is to build net zero objectives into wider funding for economic growth and “levelling up”. Five key funds for local authorities to support local growth and tackle inequalities (totalling more than £11 billion)⁷ include criteria or statements designed to encourage local authorities to invest in projects that support the achievement of net zero, or at least do not work against it. For example, the Levelling Up Fund prospectus stipulates that “projects should be aligned to and support Net Zero goals: for instance, be based on low or zero carbon best practice; adopt and support innovative clean tech and/or support the growth of green skills and sustainable supply chains”. The UK Community Renewal Fund also expects investment made under the fund to be able to demonstrate the extent of contribution to net zero objectives, but has the less ambitious requirement that “As a minimum, bids should not conflict with the UK’s legal commitment to cut greenhouse gas emissions to net zero by 2050”. These funds have also explicitly sought to address skills and resource shortages in local authorities by including capacity funding or support to help places prepare bids.

2.14 It will be important for local authorities to consider and manage the links between net zero and their wider work to support growth and tackle economic and health inequalities, as well as with wider environmental issues such as air quality and adapting to climate change, because achieving net zero will involve major changes and substantial investment across the whole economy. It will be important for all organisations to make the most of opportunities to achieve multiple benefits at the same time, and manage the risks of efforts pulling in opposite directions.

⁷ We looked at the criteria for the UK Community Renewal Fund, Levelling Up Fund, Transforming Cities Fund, Towns Fund and the Freeports Fund.

2.15 There are also European Union funds that include objectives related to net zero, which local authorities have been able to apply for. In particular the European Regional Development Fund (ERDF) included £437 million of funding in England for supporting the shift towards a low carbon economy from 2014 to September 2020. The government intends to replace the ERDF and the European Social Fund with the UK Shared Prosperity Fund in 2022 and aims to help places prepare for the introduction of this through the UK Community Renewal Fund, which starts in 2021-22.

2.16 From late summer 2021, the UK Infrastructure Bank will be able to lend up to £4 billion to local authorities to help them meet its core objectives of achieving the 2050 net zero target and supporting regional and local economic growth. Funding will be aimed at large (at least £5 million), ambitious projects, and the bank will offer advice and expertise to help local authorities with development and delivery.

Departments' support to local authorities on net zero

2.17 Departments have adopted different approaches to their engagement with local authorities around building capacity for net zero projects:

- BEIS has set up dedicated teams to work directly with local authorities on heat networks and local energy plans.
 - BEIS's Heat Networks Delivery Unit (HNDU) has supported more than 150 local authorities since 2013, managed 10 rounds of development funding worth £25.6 million and has helped local authorities to develop a pipeline of capital projects worth more than £1.5 billion. In the 2018 evaluation of the unit, local authorities said that HNDU guidance worked well in building their capability for heat networks. They mentioned specific effective mechanisms, for example, one-to-one support from HNDU project leads and regular 'checking-in' with local authority officers to discuss progress. The range of guidance also meant it was adaptable to the different circumstances of local authorities. They did however raise concerns that HNDU project leads appeared to be becoming increasingly stretched which could impact on the effectiveness of future guidance.
 - BEIS's Local Energy Team supports the capacity and capability of Local Enterprise Partnerships (LEPs) and local authorities in England in delivering low-carbon economic growth through the Local Energy Programme. In 2017 the team launched a £4.7 million programme to finance five Local Energy Hubs across England which provide LEPs and local authorities with access to expertise to help develop and secure investment in low-carbon projects. BEIS has not evaluated the hubs but referred us to the hubs projects tracker as evidence of their success. As at June 2021, the tracker showed 314 live projects across the five hubs, with a total value of £703 million, and 64 completed or commissioned projects totalling £120 million.

- In July 2020, the Department for Transport (DfT) announced a new funding body and inspectorate, Active Travel England, whose role would include improving capacity and assistance for local authorities on active travel initiatives, designed to help decarbonise transport and provide other environmental and health benefits. The body would have a role in promoting best practice, advising local authorities, training staff and contractors and allowing local authorities to learn from each other. The body is still in development.
- The Department for Environment, Food and Rural Affairs (Defra) provides support to local authorities for the waste and recycling sectors via the Waste and Resources Action Programme (WRAP). WRAP runs the Resource Action Fund of £18 million to support resource-efficiency projects in England providing grants with expert support on food, plastics, textiles, recycling infrastructure and litter. A Textiles Recycling and Re-use fund of £1.5 million and various grants around food waste and behaviours are also available. WRAP provides free support to local authorities including benchmarking and guidance.

Allocation of funding to local authorities at the Spending Review

2.18 Spending Reviews allocate budgets to departments over the medium term, including funding to local authorities. Departments started to review local authorities' resourcing for net zero in the last Spending Review, but plans changed in response to the COVID-19 pandemic. HM Treasury initially planned that the 2020 Spending Review would be a multi-year settlement and set net zero as one of its six priorities. It asked departments to provide a detailed assessment of the climate impact of their capital expenditure plans, but not all departments did so. As part of its preparations, BEIS prepared a bid for a multi-year programme of support for local authorities to accelerate decarbonisation. MHCLG told us that it also started to try to coordinate bids for net zero funding to local government across departments, although coordination of bids was hampered due to departments having different internal processes and being at different stages of preparation. In October 2020 HM Treasury announced that the Spending Review would primarily become a one-year review focused on the response to the COVID-19 pandemic and supporting jobs.

2.19 HM Treasury, MHCLG and BEIS recognise that it will be important to consider local authorities' resourcing for net zero in the next Spending Review. HM Treasury expects net zero to feature more in future Spending Reviews and recognises that it needs to strengthen the process for assessing climate impacts. Responsibilities for considering local authorities' resourcing for net zero are split across government, with a number of relevant initiatives. MHCLG has overall responsibility in central government for the financial framework for local government, including taking the cross-government lead in assessing the funding requirements of local authorities and supporting HM Treasury on decisions about local government funding at major fiscal events such as Spending Reviews. BEIS has overall responsibility for net zero. DfT is developing plans to reform local transport funding, in order to better enable local authorities to achieve the government's ambitions for local transport, including net zero. Defra is also reviewing the new burdens that its planned waste reforms to support decarbonisation will place on local authorities and how these will be funded.

2.20 There is also, in principle, the opportunity for local government to be covered as part of HM Treasury's current review of how the costs of net zero should be shared between government, businesses and individuals, which it plans to publish prior to the next United Nations climate conference, COP26, in November 2021. HM Treasury's net zero review interim report, setting out initial analysis, does not mention local government. HM Treasury expects to start the next Comprehensive Spending Review in summer 2021 but departments have not yet decided how they will work together to ensure it is informed by a coherent and strategic analysis of resourcing for local authority action on net zero. An integrated view of public spending across organisational boundaries and over the long-term is key to making well-informed budgeting decisions. Our previous work has found that the Spending Review structure has not been well suited in the past to deal with issues that span departmental boundaries, nor to ensure sufficient focus on the long-term.

2.21 The scale and nature of the funding requirements for local authorities will partly depend on decisions about the nature and extent of their role in reaching the UK's statutory net zero target. At the least, there will be costs for local authorities associated with using their existing powers and responsibilities to help decarbonise, for example to build the skills to be able to incorporate net zero into their existing functions such as on transport planning, or to decarbonise their own buildings and housing stock. Analysis commissioned by the Local Government Association (LGA) estimated the cost to councils of achieving net zero carbon emissions from their housing stock to be around £1 billion per year over the next 30 years.

Local authorities' skills for net zero work

2.22 Recent reports by the CCC, Green Alliance and the 'Blueprint Coalition' have highlighted the need to develop local authorities' access to skills for net zero work.⁸ This is both:

- *within the council*, for example for local government officers around retrofit, low carbon heating and energy systems, low-carbon planning and development, developing low-carbon economies, financing and delivering low carbon projects, and more widely developing carbon literacy among officers and councillors; and
- *within the wider supply chain and project partners*, especially in energy efficiency and buildings retrofit, and low-carbon heating.

2.23 The scale and nature of local authorities' skills requirements in the future will partly depend on decisions about their role in reaching the UK's statutory net zero target. While we heard at a roundtable discussion hosted by the Municipal Journal that a few councils have climate teams of around 30 people, in a climate change survey undertaken by the LGA in 2020, 79 out of 90 respondents (88%) to a question on barriers thought a lack of workforce capacity was a moderate or significant barrier to tackling climate change; and 70 out of 90 respondents (78%) identified skills and expertise as a moderate or significant barrier.⁹

2.24 Estimates of the wider skills in the economy needed to deliver the changes required to meet net zero vary, and the extent to which local authorities will be directly affected by these skills requirements will depend on their role and ambitions. The Construction Industry Training Board, for example, has identified a number of key training requirements to develop the workforce needed to decarbonise the building sector. These include, from 2021 to 2027, an annual requirement for an additional 12,000 retrofitting specialists (such as surveyors and insulation installers); 7,500 to 15,000 heat pump installers; and an increase in the skills required for the maintenance and adaptation of traditional buildings.

⁸ The Blueprint Coalition brings together ADEPT (Association of Directors for the Environment, Planning & Transport), Ashden, Friends of the Earth, Grantham Institute, Green Alliance, Greenpeace, LEDNet (London Environment Directors' Network), PCAN (Place-Based Climate Action Network) and SOLACE -and is backed by over 125 local authorities.

⁹ Twenty nine per cent of councils in England responded to the survey.

2.25 Skills shortages for local authorities can be made more severe by the short term, competitive nature of much net zero funding from departments. It can lead to a cycle where local authorities that have been successful in previous funding rounds continue to win most of the funding, because they have people with the expertise and time to apply. The 'stop-start' and short-term nature of the funding can also make it more difficult for businesses in the supply chain to invest in skills.

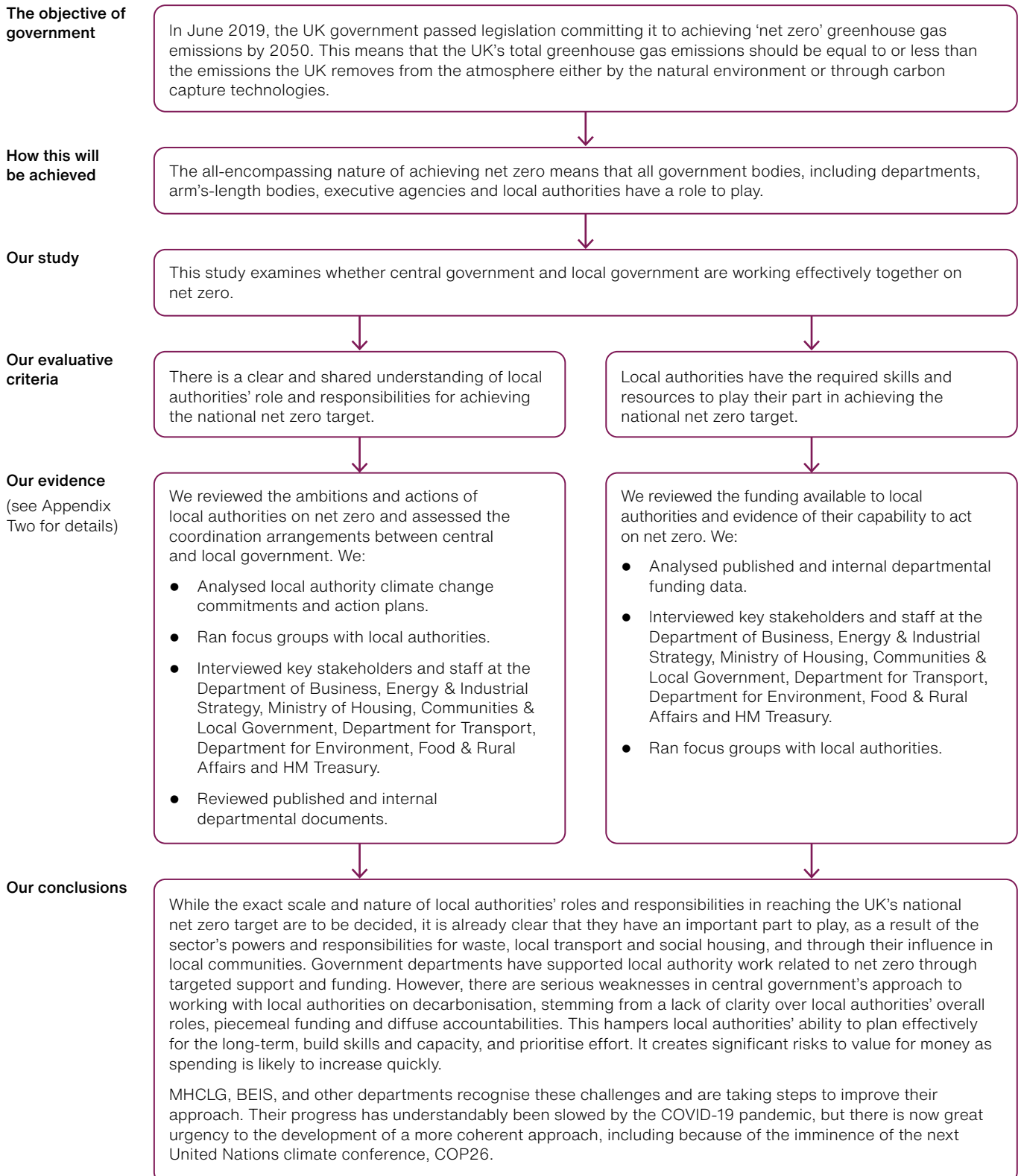
2.26 In November 2020, BEIS and the Department for Education jointly established a ministerial-led Green Jobs Taskforce to develop a green jobs and skills action plan to support the government's policy and strategy development for a green recovery and net zero. Early findings highlight the importance of place-based solutions as the labour market transitions to net zero, and that this transition will have a variable impact on skills across the UK with local stakeholders being best placed to feedback on this. Government expects the Taskforce to report in summer this year. As part of reforms to the planning system, MHCLG also plans to develop a resources and skills strategy to ensure local authorities are equipped with what they need to meet planning objectives.

Appendix One

Our audit approach

1 This study examines how effectively central government and local authorities in England are collaborating on net zero, in particular: to clarify the role of local authorities in contributing to the UK's statutory net zero target (Part One); and to ensure local authorities have the right resources and skills for net zero (Part Two). It draws on our experience of auditing previous cross-government challenges including large-scale, long-term projects and programmes and more recently, COVID-19, to identify what we expect good to look like.

2 **Figure 9** gives our evaluative criteria. Our evidence base is described in Appendix Two.

Figure 9**Our audit approach**

Appendix Two

Our evidence base

- 1** We reached our conclusion on how effectively local authorities and central government are collaborating on net zero by analysing evidence collected between January and June 2021.
- 2** We applied an analytical framework with evaluative criteria that considered roles and responsibilities, collaboration between central and local government and resources and skills required by local authorities in achieving net zero. Our audit approach is set out in Appendix One.

Methods

- 3** In producing this report, we drew on a variety of evidence sources.
- 4 Interviewing officials:** we interviewed staff from five departments with responsibilities related to local authorities' work on net zero: the Department for Business Energy & Industrial Strategy (BEIS); the Ministry of Housing Communities and Local Government (MHCLG); the Department for Environment Food & Rural Affairs (Defra); the Department for Transport (DfT); and HM Treasury. Focusing on local authorities and net zero, these meetings covered: roles, responsibilities and strategies; engagement and collaboration including consultation and support; and resources and skills. We also spoke to UK Research and Innovation about how it supports local authorities to improve local smart energy projects, and the Office for Zero Emission Vehicles (OZEV) about the Go Ultra Low Cities Fund.
- 5** We also interviewed a range of other organisations involved in, or with an interest in, local government and net zero. The organisations included: Association of Directors of Environment, Economy, Planning & Transport (ADEPT), the Blueprint Coalition, the Chartered Institute of Public Finance & Accountancy, the Climate Change Committee (CCC), Climate Emergency UK, Community Energy London, Green Alliance, the Local Government Association (LGA), Local Partnerships, London Councils and UK100.

6 Workshops and meetings with stakeholder groups: we held workshops with ADEPT's environment board and LGA's climate action group and participated in a Municipal Journal roundtable discussion on local government and net zero attended by senior officials from nine local authorities.

7 Focus groups with local authorities: we held three focus groups with local authorities: one with county councils and combined authorities, one with single-tier authorities and one with district councils. In selecting attendees, we looked to have a spread across the regions of England (including a mix of rural and urban authorities), relative deprivation and the apparent extent of engagement with net zero. As a proxy for this we looked at whether local authorities had an action plan or equivalent available on their website and the extent to which this explained how they were going to achieve their emissions reduction statement (that is, net zero commitment or otherwise).

8 Topic areas included: local authorities' role in net zero; what supported them in achieving successes in this area; obstacles they faced; how they engaged with central government on net zero and how this might be improved; and how they combined net zero with other local and wider government objectives.

9 Document review: we reviewed departmental documents providing supporting evidence for topics discussed in interviews (see above) such as examples of engagement events, consultations and guidance for local authorities, minutes of the cross government local climate action group and information about the funds provided to local authorities with a net zero focus. We carried out a review of our own work as well as external literature. We focused on our recent work covering local government, environment and climate change, government's response to COVID-19 and good-practice reports, such as on operational management to establish good-practice criteria. Our review of external literature included reports published in the last three years by the Business, Energy and Industrial Strategy Committee, the Housing, Communities and Local Government Committee, CCC, ADEPT, Green Alliance, the Blueprint Coalition and UK100.

10 Data analysis: for Part One, to identify local authorities' commitments and actions on net zero, we reviewed the commitments and plans of a sample of 232 local authorities, from the population of local authorities in England from 1 April 2021. This encompassed all 152 single- and upper-tier authorities, 10 combined authorities and the Greater London Authority, and a random, stratified sample of 69 out of the 181 district councils. We selected the district councils taking into consideration regional distribution, rurality and deprivation.

11 To identify local authorities' commitments in line with net zero, we reviewed information from local authorities' websites. We used search terms such as: net zero, carbon, climate, emissions, 2030 and 2050 to identify what each authority had committed to. We also checked minutes of council meetings, or checked public statements against information from other sources, primarily Climate Emergency UK and mySociety. We captured in each case any commitment to decarbonise the local authorities' activities, the whole local authority area, or any other commitment to decarbonise in line with net zero, with a record of the source. We collected this information between April and June 2021.

12 We analysed funding data (publicly available and directly from departments) from four departments:

- For dedicated grant schemes relevant to net zero action, where these were available by local authority (all tiers) any funding for organisations other than local authorities was filtered out, and funding was aggregated by funding year and stream to obtain the annual comparison of funding, and breakdown by major funding streams in Figure 6.
- To show the comparative numbers of councils getting different amounts of funding in paragraph 2.7, the figures aggregated by year and local authority were used.
- To show the comparative levels of funding per person on a map of upper tier councils (Figure 7), the funding from combined authorities and district councils was combined and added to upper tier authorities as follows:
 - If the upper-tier authority was part of a combined authority, the funding for the combined authority was divided between the councils within it on the basis of their populations (an exception was made for the All Electric Bus Town and City Scheme, for which £50 million of funding was awarded to West Midlands Combined Authority, but which was spent in the Coventry City and Warwickshire areas, and so is divided between these on the basis of the amount spent).
 - If the upper-tier authority was a county council, the funding for all the district authorities in its area was allocated to it.
- Where funding was awarded to consortia of local authorities, this was allocated to consortium members pro-rated on the basis of their populations.

Appendix Three

Findings from National Audit Office work that inform this study

Initial learning from the government's response to the COVID-19 pandemic (May 2021)

Transparency and public trust: Even when government is acting at speed it is important that there is clarity over what it is trying to achieve and whether it is making a difference (pages 16 and 17).

Co-ordination and delivery models: Learning for government includes to

- clarify responsibilities for decision-making, implementation and governance, especially where delivery chains are complex and involve multiple actors (pages 7 and 23); and
- ensure that there is effective coordination and communication between government departments, central and local government, and private and public sector bodies (pages 7 and 23).

Local government finance in the pandemic (March 2021)

- Local authorities have been under severe financial strain, and their financial position remains a cause for concern (paragraphs 11 to 13, and 20 to 21).
- There may be good-practice lessons from the way the Ministry of Housing, Communities & Local Government (MHCLG) engaged with the sector during the pandemic, whereas some engagement with the sector by other departments worked less well (paragraphs 17 and 2.15 to 2.18).
- MHCLG engaged with other departments to develop an overview of cross government costs and cost pressures (paragraphs 2.20 to 2.22).

Improving operational delivery in government: A good-practice guide for senior leaders (March 2021)

- “Alignment and transparency on purpose and progress” are critical when delivering policies that involve multiple organisations (page 8).
- In order to ‘close the gap between policy design and service reality’ it is important to involve local authorities in designing policies that are delivered locally, to make the most of their practical service experience (page 11).
- Service design needs to consider total demand on local authorities (page 11).
- In order to build technical and leadership capability, staff need the skills, methods and time to spot, raise and fix problems (page 14).
- Understanding the diversity of users’ needs is really important for behaviour change (page 18).
- All departments should be thinking about how their work with local authorities secures best value for money for the Exchequer as a whole (page 8).

Achieving net zero (December 2020)

- The importance of defining roles and responsibilities, particularly when there are lots of public bodies involved (paragraph 2.20).
- The importance of sharing of information and learning, for example on pilots and innovative approaches that could be applied more widely (paragraph 2.18).
- The importance of leadership capacity and capability (paragraphs 2.16 and 2.17).

Environmental metrics: governments approach to monitoring the state of the natural environment (January 2019)

- Performance information should be at the heart of government’s decision-making, as it allows policymakers to track whether projects and programmes are achieving their objectives (paragraphs 7 and 1.5).
- Policy to meet environmental objectives is often complex and cross-cutting ... While this brings practical challenges for developing a coherent and coordinated approach to tracking progress, difficulties are not insurmountable (paragraphs 8 and 1.6).
- Metrics should be part of a good performance system, with clear goals and objectives and mechanisms for reviewing data and acting on it. This...mitigates the risk that the development of metrics becomes a distraction or a substitute for tackling underlying policy challenges (paragraphs 7 and 1.5).
- It is vital to have good, accessible public reporting on performance information. This allows stakeholders to test and challenge the conclusions that decision-makers draw from it. It can also help engage citizens with any behaviour changes required (paragraphs 9 and 1.5).

This report has been printed on Pro Digital Silk and contains material sourced from responsibly managed and sustainable forests certified in accordance with the FSC (Forest Stewardship Council).

The wood pulp is totally recyclable and acid-free. Our printers also have full ISO 14001 environmental accreditation, which ensures that they have effective procedures in place to manage waste and practices that may affect the environment.



National Audit Office

Design and Production by NAO External Relations
DP Ref: 009173-001

£10.00

ISBN 978-1-78604-383-2



9 781786 043832

Scrutiny Panel 4 October 2021 Item 5 - Annual Report of the Council's Complaints and Members' Enquiries	Item No 5
---	-------------------------

OUTLINE

This report is in accordance with the Scrutiny Panel's remit to monitor the Council's Complaints and Members Enquiries process.

Attached is the Annual Report of the service for 2020/21. It provides an analysis of the volume of complaints received, the performance of the service, and progress being made with improvement work and quality assessment from the complaints and enquiries received in order to ensure that there is learning from the service and that the learning is being adequately shared.

Attending for this item will be:

Bruce Devile, Head of Business Intelligence, Elections & Member Services

ACTION

Members are asked to consider the report and ask questions.

This page is intentionally left blank

INTRODUCTION

- 1.1 This report provides an overview of complaints and Member/MP enquiries made to the Council during 2020/21. In November 2020 a new complaints software system, OneCase, was implemented to manage casework. One benefit of the new system is the improved reporting that will come from it. As such, this report refers in places to information between November 2020 and March 2021 which has been extracted from the new system.

2. RECOMMENDATION(S)

- 2.1 The Scrutiny Panel is recommended to:
 1. There are no official recommendations arising from this report. This report is for information purposes and Scrutiny Panel can note the complaints and enquiries managed during 2020/21

3. BACKGROUND

- 3.1 This report is in accordance with the Scrutiny Panel's remit in monitoring the Complaints and Enquiries process.

4. COMMENTS OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

- 4.1 There are no additional financial implications arising from this report. The cost of staff dealing with complaints across the Council is met from within the relevant revenue budgets, as are any compensation payments made. The cost of complaints monitoring is met within the approved revenue budget of the Business Analysis and Complaints Team (BACT).
- 4.2 Such costs, however, can be minimised by ensuring that complaints are dealt with successfully at the first stage, thus reducing the numbers that proceed to later stages.

5. COMMENTS OF THE DIRECTOR OF LEGAL SERVICES

- 5.1 Section 3.3 of the Council's constitution outlines the terms of reference for the Scrutiny Panel. This report has no official recommendations other than that the panel note the trends and related commentary with regards to complaints and enquiries managed during 2020/21. It is a function as set out within the constitution that the panel coordinates and oversees the scrutiny function of the Council. This can involve considering policy development, review and examining issues of concern to local people. This report provides an overview of the level of complaints and enquiries received relating to a range of Council services together with Member and Mayor and Cabinet enquiries. It is informative in nature and assists the panel in giving consideration to how the Council engages and supports its wider community.
- 5.2 There are no direct legal implications arising from the contents of this report.

APPENDICES

- 1 - Complaints and Enquiries Annual Report 2020/21
- 2 - Stage 1 and 2 Complaints Data 2020/21

BACKGROUND PAPERS

In accordance with Section 100D of the Local Government Act, 1972 - Access to Information a list of Background Papers used in the preparation of reports is required.

Description of document	Location	Date

Report Author	Simon Gray Tel: 020 8356 8218 Email: Simon.Gray@hackney.gov.uk
Comments of the Group Director of Finance and Corporate Resources	Mizanur Rahman Financial Advisor Tel 020 8356 4347 Email: mizanur.rahman@hackney.gov.uk
Comments of the Director of Legal Services	Josephine Sterakides Tel: 020 8356 2775 Email: josephine.sterakides@hackney.gov.uk

Appendix 1

Complaints and Enquiries Annual Report 2020-21

1. Introduction

- 1.1 This report provides an overview of the Complaints & Enquiries received in 2020/21 covering volume and performance in managing and learning from them.

2. Volumes and Performance

- 2.1 Further detail on volumes of complaints and enquiries received in 2020/21, the way they are managed and the intelligence they provide are set out in this report. In summary, 2020/21 saw the number of stage 1 complaints rise by 7% (2,322 to 2,485) compared to the previous year.
- 2.2 Although the overall number of stage 1 complaints has risen, there are some variances within services that have seen some increases and some reductions - para 3.10 below sets out which services. The volume of stage 2 complaints has increased by 15% (186 compared to 160 in 2019/20). There has been a 10% increase (2,035 from 1,847) in the number of Members Enquiries compared to 2019/20 levels. In the two areas with statutory complaints procedures, volumes of complaints fell slightly in Adult Social Care (74 to 73) and decreased by 40% (25 to 15) in Children's Social Care. There has been a 28% increase (1,904 to 2,647) in the number of Mayor & Cabinet Enquiries.
- 2.3 186 of 2,485 stage 1 complaints went on to stage 2 giving an escalation rate of 7.5%. This is the fourth consecutive yearly increase moving from an escalation rate of 4.3% in 2016/17. This may reflect a lack of confidence in outcomes of investigations at stage 1. The number of stage 2 investigations escalating to become formal investigations by the Local Government & Social Care Ombudsman (LGSCO) and the Housing Ombudsman Service (HOS), at 41, is similar to the 39 in the previous year and equates to around 22% (34% in 2019/20) of cases exhausting the Council's complaints process. The support of services where stage 2 investigations agree with the conclusions of theirs and the challenge given where there it does not, indicates, as well as the conclusion of those cases progressing to the Ombudsman, that the stage 2 process is working well.
- 2.4 Of the 41 formal investigations undertaken by both the LGSCO and HOS, 28 (68%) were upheld, up on 46% last year. It should be noted that at the conclusion of the Council's investigation of a complaint there is either fault found or not. Regardless of whether fault is found or not, complainants can, and often do, still take their concerns to the Ombudsman. As such, in some of the cases where the Ombudsman upholds a complaint, it may be the case that they are mirroring the Council's earlier decision in finding fault. The remedy imposed by the Ombudsman, financial or action, could differ from that offered by the Council.

3. Complaints and Enquiries Data Analysis (2020/2021)

- 3.1 The number of complaints received by the Council in 2020/21 rose by 7% compared to the previous year but is still at a lower rate than the previous three years. The number of Members Enquiries increased by 10% in 2020/21 and Mayor & Cabinet Enquiry volumes rose by 28%.
- 3.2 2020/21, commencing with the start of the Covid-19 Pandemic and continuing with the criminal cyber attack on Council services in October 2020 have made it difficult to interpret volumes and trends relating to complaints and enquiries (though it should be noted, the cyber attack hasn't affected the data or records in any way). The shut down of many services meant that casework volumes reduced i.e. parks/leisure, tenancy & leasehold, whilst others, Parking and Streetscene, saw increases linked to the introduction of Low Traffic Neighbourhoods (LTNS). The cyber attack meant some services such as Children's Social Care could not process and respond to complaints due to the inability to access case files, etc.
- 3.3 Whilst any complaint received means the Council have, in the opinion of our residents or service users, failed to provide an acceptable service, the numbers of complaints and those which are escalated should be viewed in the context of the size of the borough, the number of transactions and the complexity/nature of those transactions. Hackney has a population of 285,000 living in c.120,000 households. Relevant to the areas with the highest volume of complaints we are the landlord for 21,819 homes and have an additional 9,437 leaseholders/freeholders, have a population with a significant reliance on the Benefits and Housing Needs system and issue more than 187,000 parking penalty charge notices. This report covers the period from April 2020 until March 2021 whilst services dealt with the impact of and response to the Covid 19 Pandemic as well as the impact of the criminal cyber attack which impacted many services and the associated ability to investigate complaints and respond to enquiries.

Type	2016/17	2017/18	2018/19	2019/20	2020/21
Stage 1	3,005	2,967	2,701	2,322	2,485
Stage 2	130	153	161	160	186
Members Enquiries	1,676	1,908	2,077	1,847	2,035
Mayor & Cabinet Enquiries	1,775	1,900	1,859	1,904	2,647

Average Response Times		2016/17	2017/18	2018/19	2019/20	2020/21
Stage Complaints	1	20.6 working days	17.7 working days	20.9 working days	19.7 working days	23.7 working days
Stage Complaints	2	19.5 working days	18.9 working days	20.2 working days	20.2 working days	20.8 working days

3.4 The number of stage 1 complaints (see para 3.9 for more detail) has increased for the first time in a number of years, along with an associated increase of 4 days in the average time taken to respond compared to 2019/20. These delays can, in many areas, be attributed to the impact of the cyber attack on the ability to investigate cases due to the unavailability of documentary evidence, files and systems. We do not set a rigid response standard, but do aim to respond on average within 15 working days, recognising some cases are more complex and will take longer to resolve. The only exception to this is the change in the standard made in September 2020 for Housing complaints which is now 10 working days in line with Housing Ombudsman scheme requirements. Delays in responding to complaints caused by the impact of pandemic and cyber attack meant that Housing complaints also took on average 23.7 days to conclude.

3.5 Case study examples of learning from complaints

- Environmental Services Strategy Team

The move to fortnightly household refuse collection led to some complaints and Member Enquiries being raised, resulting in closer working with some councillors and residents to find alternatives to the standard issue 180 litre bin. In some instances this led to different approaches being adopted, such as the provision of smaller bins, talking to residents about storing the bins in their garden or in some cases, agreeing removal of bins completely, whilst properties still remained on fortnightly collections. In other cases, learning led to moving some stretches of road to timebanded or bi-weekly collections as fortnightly collections simply couldn't work applying the options mentioned above for those properties. In response to issues in the north of the borough, there was closer working with councillors who raised various issues, with the team still working on a phased approach to support residents in their behaviour change. Enquiries and complaints have also directed the service to residents needing additional support and a visit from the Behaviour Change Team. As a result of residents complaining, the service improved things for them and others - something that could not have been done without that contact and engagement.

- Housing

a) Failure to supply documentation (e.g. rent statements, seller packs) and not responding to correspondence (e.g. leasehold service charge arrears letters) generated large numbers of complaints and enquiries during the second half of 2020/21 as residents could not access details related to service charge billing and

right to buy applications for example. This was one of the results of the cyber attack as officers lost access to systems containing historic resident records and correspondence. This was identified through analysis of complaints cases and as a result, work was prioritised with ICT for the development of both a rent statement tool and a correspondence tracker dashboard. The latter has enabled Housing Services to regain access to old email correspondence so that residents are provided with the information they need.

b) During the Covid-19 related lockdowns that occurred during 2020/21, the DLO (the internal repairs service) only carried out Immediate and Emergency repairs to resident's properties (these are only the most urgent jobs). Analysis of complaints flagged up a significant number of cases where residents were unhappy that the repairs they were contacting Housing Services to report were not being given the required priority by call handlers to warrant a repair. Complaint cases demonstrated that call handlers were not applying the necessary vulnerable person priorities to repair jobs consistently, so further training was undertaken and also increased communication to staff on what constituted an Immediate and Emergency repair. However, for the considerable number of cases where the correct priority had been applied, the service explained to the resident what the position was and that it would carry out their repair as soon as lockdown restrictions were lifted.

c) Analysis of repairs complaints also showed a significant number of cases where updates on follow up works that needed to be completed were not being communicated to residents. As a result of this, Housing Services have utilised the new functionality of our OneCase system to issue corrective actions (i.e. follow up tasks) to managers and surveyors so that they are aware of all tasks they need to follow up on and reports are being produced so that monitoring of the delivery of these tasks is being carried out by managers. This is starting to ensure that commitments made to residents in response to complaints about further action are now being formally assigned to officers and tracked to ensure they are proactively delivered so residents do not have to chase the Council.

- Streetscene

a) A number of street closures have been implemented in the London Fields area as part of the Low Traffic Neighbourhoods (LTN) scheme. A large number of complaints, Member and Mayor enquiries were made by blue badge holders saying that they thought disabled people had been discriminated against. The service listened to the complaints and acted to implement a new policy as a direct result. Now, some residents with disabilities who rely on motor vehicles and hold a companion e-badge are allowed to drive through certain traffic filters, thereby reducing diversion distances for residents who rely on their vehicles due to disability. With this change, the service continues to help meet the objectives of the Low Traffic

Neighbourhood, including enabling residents to walk and cycle to their destinations and to protect local residential streets from an increase in through traffic.

b) Following implementation of the London Fields LTN, the service received a number of complaints and enquiries from residents living in Laburnum Street claiming that their road had as a result become a new rat run and by way of resolution asked for the introduction of further changes to keep traffic levels low on their street. Whilst it is not always possible on all schemes to be able to act on everything residents ask for, as a result of complaints in this case, the service implemented two turning restrictions aimed at reducing the traffic levels along the road, helping to contribute to a safe environment around the Bridge Academy and reducing levels of displaced traffic on Laburnum Street.

c) A number of road closures in the Walford Road area were consulted on, aimed at reducing through-traffic, reducing the number of road traffic accidents and improving road safety in the area. During the scheme consultation, several complaints were made regarding the increase in air pollution in the area because of the traffic movement. As a result, the Council brought forward funding to reduce polluting traffic on Stoke Newington Church Street and Albion Road and submitted a further bid to Transport for London's Streetspace Programme for funding to implement further measures to reduce traffic on Stoke Newington Church Street.

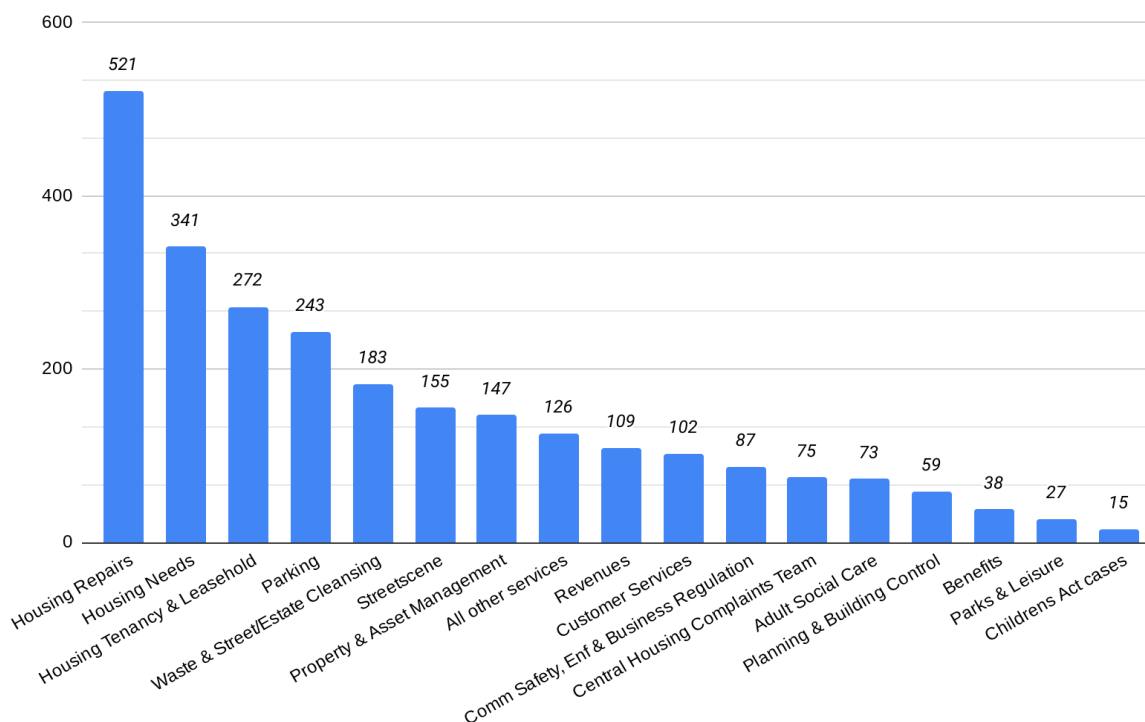
3.6 There were 186 stage 2 complaints in 2020/21, an increase of 26 cases compared to the year before. The majority distributed across the following services – Housing - Building Maintenance 47, Housing Tenancy & Leasehold 39, Benefits/Housing Needs 22, Parking 20, Planned & Asset Management 13 and Community Safety, Enforcement & Business Regulation 11.

3.7 More detail and data behind stage 1 and 2 complaints, including a focus on some of the higher casework generating services, can be found at appendix 2.

3.8 Stage 1 Complaints breakdown

3.9 The chart below sets out the services in the Council that received the highest volumes of stage 1 complaints. It is based on 2,573 cases (higher than the 2,485 reported earlier in this report) as it includes the statutory Adult Social Care and Children's Act complaints.

Stage 1 complaints received 2020/21



3.10 The 7% total increase in complaints in 2020/21 is reflected by the services below receiving less or more complaints across all of the higher generating services. The table below also shows a brief summary of the key 'drivers' of complaints.

Service	Key issues driving complaints
Housing Repairs – down 16% (617 to 521)	<ul style="list-style-type: none"> ● impact of Covid on repairs in homes ● failure to deliver service/take action ● delays ● availability of service ● quality of work/service ● complaints most commonly about <ul style="list-style-type: none"> ○ DLO, Gas, Plumbing, Purdy
Housing Needs – up 22% (280 to 341)	<ul style="list-style-type: none"> ● banding ● size/suitability of accommodation ● waiting times
Housing Tenancy & Leasehold – down 30% (387 to 272)	<ul style="list-style-type: none"> ● lack of action re. noise/ASB on estates ● service charge disputes ● requests for re-housing
Parking – up 38% (175 to 243)	<ul style="list-style-type: none"> ● paid PCNs ● consultation ● parking suspensions ● process issues ● lack of parking enforcement

Waste & Street/Estate Cleaving – up 17% (156 to 183)	<ul style="list-style-type: none"> ● fortnightly collection roll out ● missed collection (all types) ● recycling product delivery ● staff behaviour
Streetscene – up 96% (79 to 155)	<ul style="list-style-type: none"> ● Low Traffic Neighbourhoods (LTN's)/Closures ● street trees ● highway repairs/works
Planned & Asset Management – up 1% (145 to 147)	<ul style="list-style-type: none"> ● delay/quality of works ● service from contractors ● complaints most commonly about <ul style="list-style-type: none"> ○ Lifts, boilers, electrical works
All other services - down 5% (132 to 126)	Not applicable
Revenues – down 32% (161 to 109)	<ul style="list-style-type: none"> ● financial process/payment disputes ● delays in service
Customer Services – up 121% (46 to 102)	<ul style="list-style-type: none"> ● delays - wait/response in call centres ● quality of communication ● staff behaviour/poor customer service ● poor call quality/advice
Community Safety, Enforcement and Business Regulation – up 9% (80 to 87)	<ul style="list-style-type: none"> ● process of dealing with noise nuisance ● lack of enforcement action
Central Housing Complaints Team (CHCT) - new team - 75	Not applicable
Adult Social Care (statutory complaints) - down 1% (74 to 73)	<ul style="list-style-type: none"> ● communication i.e. delays/incorrect information given ● standard of care delivered ● outcome of an assessment or the care package implemented ● delays in delivering service
Planning & Building Control – up 31% (45 to 59)	<ul style="list-style-type: none"> ● dealing with enforcement reports ● applicants unhappy with planning application process ● communication/consultation ● Land search delays
Benefits – down 51% (74 to 38)	<ul style="list-style-type: none"> ● delays in service ● communication/information/advice ● decisions/awards/payments

Parks & Leisure – down 63% (72 to 27)	<ul style="list-style-type: none"> ● staff behaviour (Parks) ● cleaning/rubbish/dog fouling (Parks)
Children’s Act cases (stage 1 complaints) – down 40% (25 to 15)	<ul style="list-style-type: none"> ● communication ● staff conduct ● information included in assessments

Ombudsman Complaints

3.11 Following conclusion of the Council’s process, a complainant can approach one of two Ombudsman to ask for their case to be reviewed - the Local Government & Social Care Ombudsman (LG&SCO) or the Housing Ombudsman Service (HOS). In addition, those making a landlord related housing complaint can ask a Designated Person, primarily Cllr McKenzie, to decide whether he can help in reaching resolution of the issue without the need for the Housing Ombudsman to be involved.

3.12 The LG&SCO has published their Annual Report for 2020/21 and report that they undertook 20 formal investigations in Hackney last year of which 18 (90%) were upheld. The rate of upheld cases has risen from 58% in 2019/20 and the number of cases has fallen from 26. The LG&SCO have provided detail on the 18 upheld cases which are broken down as follows –

- 6 x Housing (up from 5 last year)
- 1 x Education & Children (down from 4 last year),
- 6 x Adult Social Care (up from 3 last year),
- 1 x Planning & Development (same as last year),
- 3 x Community Safety, Enforcement & Business Reg. (Noise) (none last year)
- 1 x Private Sector Housing (none last year).

The LG&SCO awarded a total of £7,160 compensation in addition to that offered by the Council.

3.13 The table below sets out benchmarking data from neighbouring boroughs based on 2020/21 reports published by the Local Government & Social Care Ombudsman on all local authorities and shows how Hackney compares.

Council	Detailed Investigations	Upheld (rate)	Public Reports in last 8 years (LGO benchmark)
Hackney	20	18 (90%)	*4
Haringey	36	27 (75%)	6
Islington	17	12 (71%)	2
Newham	26	19 (73%)	0
Tower Hamlets	30	25 (83%)	3
Waltham Forest	29	22 (76%)	0

*Last Public Report issued in April 2019

3.14 There were 27 housing related cases where the complainant formally asked for Designated Person (DP) assistance in resolving matters following the conclusion of the Council’s formal complaints process. This is almost double the 14 cases referred to the DP in 2019/20. In all 27 cases, the DP determined that there was no more to be added to the resolution already offered through the complaint process, allowing the complainant to approach the Housing Ombudsman if they wished to.

3.15 The Housing Ombudsman does not publish an annual letter or report and given their delays, often in the region of many months, in dealing with cases and catching up on backlogs, makes year on year comparison difficult. However, we had 22 formal investigations by the HOS in 2020/21 which is an increase on the 17 in the previous year. 21 of the 22 cases investigated have been determined of which 10 found service failure, 7 found no maladministration, 2 found reasonable redress had been made and 2 were determined to be out of jurisdiction. As last year, there were no cases of maladministration in 2020/21. The 10 cases finding service failure related to repairs (3), response to ASB/Noise (3), fault with communal door (1), recharge for repair (1), demand for payment of debt (1) and forced entry (1).

Members Enquiries

3.16 Members Enquiries consist of requests for a service or information for residents, requests for action initiated by the Councillor and sometimes reports of service failure.

3.17 Average time taken to respond to Members Enquiries was 17.7 days in 2020/21, a reduction of 6 days on the previous year with a 10% increase in volume compared to the year before as shown in the table below.

MP and Members Enquiries	2016/17	2017/18	2018/19	2019/20	2020/21
Members Enquiries Received	1,676	1,908	2,077	1,847	2,035
Average time taken to respond	15.5 working days	15.5 working days	18 working days	24 working days	17.7 working days

3.18 Since the move to the OneCase system in November 2020, 789 Member Enquiries have been logged. A headline breakdown of these cases is as follows;

- Casework raised by
 - 628 made by Councillors
 - 161 made by MPs
 - Diane Abbott, MP - 80
 - Meg Hillier, MP - 77
 - Other - 4
- Service breakdown of 789 cases
 - 129 (16%) Streetscene
 - 95 (12%) Housing Tenancy & Leasehold
 - 80 (10%) Housing Needs

- 61 (8%) Housing Building Maintenance
- 51 (6.5%) Community Safety, Enforcement & Business Regulation
- 51 (6.5%) Parking
- 46 (6%) Planning
- 45 (6%) Environmental Services
- 33 (4%) Benefits

Mayor and Cabinet Member Enquiries

3.19 Each Mayor and Cabinet Member’s Enquiry represents a comprehensive, personal response sent from the Mayor or Cabinet member to what are often wide ranging and complex enquiries.

Mayor’s & Cabinet Members Enquiries	2016/17	2017/18	2018/19	2019/20	2020/21
Enquiries received (inc referrals)	1,775	1,900	1,859	1,904	2,647
Average time taken to respond	19.9 working days	26.8 working days	27.9 working days	36.2 working days	31.5 working days

3.20 Responses from the Mayor and Cabinet are subject to extensive quality assurance by the Mayor & Cabinet Office and the Mayor or relevant Cabinet member before the response is sent, and drafts are returned to departments in cases where the resident’s query has not been fully answered. Until a full response is obtained, the case will not be concluded, and therefore this process puts significant pressure on response times.

3.21 The total number of logged enquiries received in 2020/21 increased to 2,647 from 1,904 in the previous year. In addition, 2020/21 brought with it a number of high profile campaigns, meaning that many enquiries were not formally logged on the system, but nonetheless received full casework responses which are not reflected in the figures provided above. Despite this, there was an improvement in response times to an average of 31.5 days.

3.22 The priority for Mayor and Cabinet casework continues to be resolving issues before responses are sent and ensuring a comprehensive and personal reply, and whilst this has meant that the quality of responses sent by the Mayor and Cabinet remains consistently high, this has had an ongoing impact on response times; the increasing complexity of cases raised with the Mayor and Cabinet, and ongoing demands on the Mayor and Cabinet Members’ availability to sign-off responses, also has an impact.

3.23 It is anticipated that the ongoing review of casework processes, and further amendments to the recently implemented casework IT system, will yield further improvements in response times in the coming year.

Adults Social Care & Children' Social Care Complaints

3.24 Processes for dealing with complaints relating to the social care of both adults and children are set down in specific legislation meaning they are managed differently from complaints about all other Council services. Although they are held on the corporate complaints system and are managed in line with all other complaints if they escalate to the Ombudsman, the different stages, timeframes and the confidential nature of investigations means they are handled separately by officers in those services.

Adult Social Care Statutory Complaints

3.25 The table below shows the figures related to complaints covered by the statutory Adult Social Care (ASC) process.

Complaints	2016/17	2017/18	2018/19	2019/20	2020/21
Numbers Received	127	120	84	74	73
Average time taken to respond	21 working days	28 working days	55 working days	35 working days	26 working days

3.26 Whilst the number of complaints received has remained relatively stable over the past two years, the average time taken to respond to complaints has decreased by nine days. Although there is no specific time limit for responding to ASC complaints, the service aims to resolve complaints within 20 working days where possible. As such, these figures demonstrate a considerable improvement in our response times. There is room for further improvement. However, there are occasions, particularly where a complaint involves more than one team or has several strands to address, when cases take longer to investigate. Where more time is needed the complainant is made aware and kept updated throughout the process.

3.27 The complaints received in 2020/21 were raised in relation to:

- The standard of care delivered (16%)
- The outcome of an assessment or the care package implemented (15%)
- Communication i.e. delays/incorrect information given (25%)
- Delay in delivering service (16%)
- The standard of service delivered (non-care) (8%)
- Dissatisfaction with our processes (8%)
- Staff behaviour (3%)
- Other i.e. finance/direct payments (8%)

3.28 In 2020/21, the LG&SCO have reported in their Annual Report that seven Adult Care Services complaints were formally investigated of which six were upheld and one was not upheld.

Children's Social Care Complaints

3.29 The data below for 2020/21 excludes pre-stage complaints and includes those investigations at the different stages that were completed in 2020/21 (so does not include those complaints that started in 2020/21 and carried over to 2021/22 or did not progress to formal investigation in 2020/21).

Children's Social Care Complaints	2016/17	2017/18	2018/19	2019/20	2020/21
Stage 1 Local Resolution	49	32	32	25	15
Stage 2 Investigation	9	10	9	8	3
Stage 3 Review Panel	2	1	5	6	1

3.30 The complaints data for 2020/21 is heavily influenced by the impact of the serious cyberattack the Council experienced in October 2020. Between October 2020 and March 2021 the service were unable to carry out complaint investigations due to the lack of access to historic case records following the cyberattack. The Children's Complaints Team continued to log all incoming complaints during this period and liaised closely with people who contacted the team to work on early resolution where this was possible. The team managed to resolve many of the contacts received in the months following the cyberattack and where this was not possible, the team explained the current situation to complainants and made it clear that they would be back in contact with them when they were able to restart complaint investigations. Where possible, these complaint investigations have progressed in 2021/22, dependent on the availability of information. The Local Government and Social Care Ombudsman has been kept updated during this period.

3.31 In terms of the nature of complaints, issues related to communication, staff conduct and about information included in assessments were the most common reasons for complaints in 2020/21. The majority of complaints were in relation to the Family Intervention and Support Service, which is the largest service area.

3.32 There were also two corporate Stage 1s in 2020/21.

Appendix 2

Stage 1 and 2 Complaints Date 2020-21

Stage 1

3.33 Based on the data we have from theOneCase system, which was introduced in November 2020, we have the following data which in this report is for the partial year but will be fuller data going forward. There were 1177 stage 1 investigations on OneCase in 2020/21 with details as follows;

- 1060 were determined of which;
 - 428 (40%) found fault (resolved by way of - 213 apology, 159 remedial action, 56 financial redress)
 - 447 (42%) found no fault
 - 53 (5%) not determined
 - 132 (12%) resolved upon receipt
- Total compensation paid - £14,431
- Channel complaints received through
 - 718 (61%) on-line self serve by complainant
 - 367 (31%) email
 - 83 (7%) phone
 - 9 (1%) letter/complaints form

3.34 The highest generating areas of complaint are Building Maintenance, Tenancy & Leasehold, Housing Needs, Parking and Environmental Services. A breakdown covering these areas between November 2020 and March 2021 is set out below;

- **Housing Building Maintenance** - 255 stage 1 investigations
 - Main teams complained about
 - DLO 123
 - Contractors 24
 - Surveyors 18
 - Main function or service complained about
 - DLO 53
 - Gas 42
 - Plumbing 32
 - Purdy 27
 - Main cause of complaint
 - failure to deliver service/take action - largely Covid impact related 63
 - delays 59
 - availability of service 30
 - quality of work/service 15
 - Fault was found in 68% (160) of cases, no fault found in 15% (36) cases and 15% (36) cases were resolved upon receipt
 - Where fault was found, it was resolved by
 - 52% (83) cases by remedial action i.e. putting it right

- 24% (39) by way of apology
 - 24% (38) by financial redress i.e. compensation
 - Compensation was paid in 73 cases totalling £8,895
- **Housing Tenancy & Leasehold - 129 stage 1 investigations**
 - Main teams complained about
 - Leasehold & RTB 41
 - Neighbourhood Offices 38
 - TMOs 22
 - Estate Safety & ASB 14
 - Main function or service complained about
 - Noise/ASB 21
 - service charge disputes 20
 - rehousing 15
 - Main cause of complaint
 - failure to deliver service/do something i.e. correspondence impacted by cyber attack 52
 - poor communication 19
 - delays 10
 - Fault was found in 33% (42) of cases, no fault found in 53% (68) cases, 3% (4) were not determined and 6% (8) were resolved upon receipt
 - Where fault was found, it was resolved by
 - 67% (28) by way of apology
 - 26% (11) cases by remedial action i.e. putting it right
 - 7% (3) by financial redress i.e. compensation
 - Compensation was paid in 5 cases totalling £296
- **Housing Needs - 146 stage 1 investigations**
 - Main teams complained about
 - Temporary Accommodation 45
 - Housing Register 23
 - Main function or service complained about
 - banding 13
 - size/suitability of accommodation 9
 - waiting times 6
 - disrepair 6
 - Main cause of complaint
 - delays 33
 - poor communication/information/advice 32
 - disagree with decision 30
 - Fault was found in 3% (4) of cases, no fault found in 72% (105) cases, 3% (4) were not determined and 1% (2) were resolved upon receipt - (31 (21%) not stated)
 - Where fault was found, it was resolved by
 - 3 by way of apology
 - 1 case by remedial action i.e. putting it right
- **Parking 71 stage 1 investigations**
 - Main teams complained about

- PCNs 15
 - Enforcement 14
 - Permits/Vouchers 14
 - Maintenance Services 9
 - Technical Services 7
 - Main function or service complained about
 - PCN 9
 - consultation 7
 - suspensions 6
 - process issues 6
 - lack of enforcement 6
 - Main cause of complaint
 - disagree with decision 18
 - disagree with policy/policy & procedure 9
 - communication/information/website 8
 - Fault was found in 30% (21) of cases, no fault found in 61% (43), 6% (4) were not determined and 4% (3) were resolved upon receipt
 - Where fault was found, it was resolved by
 - 48% (10) cases by remedial action i.e. putting things right
 - 38% (8) by way of apology
 - 14% (3) by financial redress i.e. compensation
 - Compensation was paid in 2 cases totalling £250
- **Environmental Services 121 stage 1 investigations**
 - Main teams complained about
 - Refuse, recycling, bulky waste 37
 - Strategy team 33
 - Street cleaning 7
 - Estate cleaning 3
 - Hygiene services 3
 - Environmental Services (other services) 38
 - Main function or service complained about
 - waste strategy 30 (22 re. fortnightly collection roll out)
 - missed collection (all types) 24
 - recycling product delivery 17
 - Main cause of complaint
 - failure to deliver service 19
 - failure to do something/take action 16
 - staff behaviour 19
 - decision making process unclear 10
 - quality of work 10
 - Fault was found in 46% (56) of cases, no fault found in 39% (47) of cases, 2% (2) were not determined and 11% (13) were resolved upon receipt
 - Where fault was found, it was resolved by
 - 32% (18) cases by remedial action i.e. putting things right
 - 68% (38) by way of apology
 - Compensation was paid in 2 cases totalling £30

Stage 2

3.35 Based on the data we have from the OneCase system, which was introduced in November 2020, we have the following data which in this report is for the partial year but will be fuller data going forward. There were 63 stage 2 investigations on OneCase with details as follows;

- Of the 63 stage 2 investigations conducted,
 - 25 (40%) found fault
 - 35 (56%) no fault found
 - 3 (8%) not determined
 - 10 cases resulted in compensation
 - 42 (67%) had the same outcome as that determined at stage 1

The 3 highest generating areas of complaint are Building Maintenance, Tenancy & Leasehold Service and Parking. A breakdown of detail covering these 3 areas between November 2020 and March 2021 is as follows;

- Housing Building Maintenance, 16 investigations
 - Main function or service complained about - Gas 3, Purdys 3, Plumbing 2, Damp 2
 - Main cause of complaint - failure to deliver service 4, delays 5
 - Fault found 9, no fault found 5, undetermined 2
 - Fault addressed by remedial action 3 and financial redress 6
 - Compensation paid in 7 cases totalling £1,641
 - 12 (75%) had the same outcome as that determined at stage 1
 - 9 fault found
 - 3 no fault found
- Housing Tenancy & Leasehold Services, 14 investigations
 - Main function or service complained about - Service charges 3, neighbour disputes 2, re-housing 2 and ASB 2
 - Main cause of complaint - failure to deliver service 8
 - Fault found 3, no fault found 11
 - Fault addressed by apology 3
 - No compensation paid
 - 10 (71%) had the same outcome as that determined at stage 1
 - 8 no fault found
 - 2 fault found
- Parking, 10 investigations
 - Main function or service complained about - Consultation 2, AV 2, PCN 2
 - Main cause of complaint - disagree with decision 5, failure to take action 2
 - Fault found 0, no fault found 9, undetermined 1
 - No compensation paid
 - 9 (90%) had the same outcome as that determined at stage 1
 - 9 no fault found

Scrutiny Panel 4 October 2021 Item 6 - Quarterly Council Finance Update	Item No 6
---	-------------------------

OUTLINE

Council Finance is a fixed item on the agenda of the Scrutiny Panel to allow members to retain oversight of the Council's overall budget. Two reports are provided for members to review:

Finance Update Budget reports

- Overall Financial Position July 2021
- Capital Report September 2021

Finance update to include information about the following:

1. An overview of the financial pressures affecting different directorates and most significant pressures.
2. The ongoing financial impact of the pandemic and the cyber-attack.
3. The biggest challenges facing this year's budget setting process.

Attending for this item will be:

- Ian Williams, Group Director Finance and Corporate Resources
- Jackie Moylan, Director of Financial Management

ACTION

Scrutiny Panel is requested to consider the reports presented and to ask questions of officers in attendance.

This page is intentionally left blank

TITLE OF REPORT :

2021/22 Overall Financial Position, Property Disposals And Acquisitions Report that takes account of the estimated financial impact of Covid-19 and the on-going emergency

Key Decision No. FCR R79

CABINET MEETING DATE 2020/21

13th September 2021

CLASSIFICATION:

Open

WARD(S) AFFECTED: ALL WARDS

CABINET MEMBER

Councillor Robert Chapman

Cabinet Member for Finance

KEY DECISION

Yes

REASON

Spending or Savings

GROUP DIRECTOR

Ian Williams: Finance and Corporate Resources

1. CABINET MEMBER'S INTRODUCTION

- 1.1 This is the second Overall Financial Position (OFP) report for 2021-22. It shows that the Council is forecast to have an overspend of £6.544m on the general fund. This is a significant and concerning increase from the overspend reported before the summer (£3.929m), especially as we are only a few months into the year. It is vital that we maintain a balanced budget to maintain the services our residents rely on. The Group Director has formulated various proposals which are set out in his commentary below.
- 1.2 Much of this overspend relates to the Covid-19 expenditure and the cyberattack, but there are significant areas of non-Covid/Cyberattack pressures in respect of looked-after-children placements, staffing in Children's Services, and care packages in Adults Services. As reported to the July Cabinet, Group Directors and Directors were charged with the development of actions to reduce expenditure. Although some actions are noted below, it is clear that, currently, these will not be sufficient to bring expenditure back into balance. HMT are considering further corporate measures to reduce spend (as set out in paragraph 2.5 below) and an update on these will be included in the next OFP report.
- 1.3 The Covid-19, Children and Education and Cyberattack set asides as provided in the budget for 2021/22 have all been fully applied in this forecast. As part of the budget monitoring cycle the implementation of the vacancy factor has been reviewed. At this stage in the year it is forecast that 90 – 95% of the total saving of £6m will be achieved.
- 1.4 I commend this report to Cabinet.

2. GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES INTRODUCTION

- 2.1 The OFP shows that the Council is forecast to have an overspend of £6.544m after the application of the Covid-19, Children's and Cyberattack set asides as provided for in the budget. The impact of Cyberattack, estimated to be c. £6.3m currently, the vast majority of which falls primarily in F&CR (ICT and Revenue and Benefits).
- 2.2 The estimated impact of Covid-19 and the Cyberattack included in the report are, at this stage, estimates which are not final and so we expect revisions to these during the next few months.
- 2.3 The financial position for July is shown below.

Table 1: Overall Financial Position (General Fund) July 2021

Service Area	Forecast Variance Before Reserves	Reserves Usage	Forecast Variance After reserves	Change in Variance from last month	How much of spend/reduced income is due to Covid19	How much of spend/reduced income is due to Cyber
	£k	£k	£k	£k	£k	£k
Children and Education	11,003	-8,516	2,487	444	1,699	32
Adults, Health and Integration	6,560	-3,448	3,112	70	1,557	627
Neighbourhood & Housing	4,126	-1,913	2,213	310	1,386	80
Finance & Corporate Resources	14,761	-7,441	7,320	2,781	1,050	5,582
Chief Executive	3,487	-3,075	412	-139	1,131	0
General Finance Account	0	0	0	0	0	0
GENERAL FUND TOTAL	39,937	-24,393	15,544	3,466	6,823	6,321

2.4 The overspend before application of the Covid and Cyberattack set-asides is £15.5m. How this will be funded and the resulting net overspend is shown below.

	Forecast Variance Before Reserves
	£000
GENERAL FUND TOTAL (OVERSPEND)	15,544
LESS COVID SET ASIDE	-4,000
LESS CHILDREN'S SET ASIDE	-2,000
LESS CYBER SET ASIDE	-2,000
LESS CYBER ADDITIONAL RESERVE CREATED IN 2021-22	-1,000
NET OVERSPEND	6,544

2.5 There has been a significant increase in the overspend since the May report and is now of concern at £6.5m and moreover, there may be continuing increased pressures relating to the Cyberattack and to other services. As flagged in the OFP reported to the July Cabinet, Group Directors and Directors were charged with the development of actions to reduce spend and although some actions are noted below, it is clear that these will not be sufficient to bring expenditure back into balance. It follows that we must give urgent consideration to introducing corporate cost reduction measures very soon while there is still time to address the overspend. I am discussing these measures and how these and/or others can be implemented as a matter of urgency with HMT and will provide an update in next month's OFP. Measures we could consider include:

- Increased controls on non-essential spend (non-essential spend to be determined by Group Directors of their respective directorates)
- Increased controls on filling vacancies.

- Reduction in agency staff, for example, 20 per cent reduction on current levels.
 - Additional controls over remaining agency spend (i.e. ensuring long-term agency staff are required to take equivalent leave of permanent roles and work a maximum of 36 hours a week).
- 2.6 It should be noted that we are forecasting full achievement of the 2021-22 budget savings and 90-95% of the vacancy savings.
- 2.7 This report also seeks approval to extend the lease to Clarion Housing to 999 years. The Council granted a development lease to Clarion Housing's predecessor, Circle 33, for a term of 125 years in 2004. This lease now has 108 years unexpired. This single head lease incorporates the site of buildings known as Hexton Court, Barkway Court, Bennington Court and Aston Court, all located close to the junction of Brownswood Road and Queens Drive, London N4. The development comprises one hundred individual flats, a proportion of which were sold outright on completion of the development in 2004. There are also a significant number of shared ownership units within the complex and the remainder held under agreed forms of assured tenancies. The Barkway Court building itself comprises forty 1 & 2 bed bedroom sheltered housing units, socially rented, and managed by Clarion Housing. The complex also incorporates a 250 sq metre retail unit, currently operated under the Costcutter banner.
- 2.8 Although the Council granted the development lease for a term of 125 years, the shared ownership leasehold interests were sold by Circle 33 / Clarion for a term of 100 years only; these leases now have only 82 years remaining. Leaseholders have expressed concern, both in terms of saleability of their leasehold interest and renewal premium costs. As time passes more residents may perceive that they are trapped in unsaleable properties. This has prompted Clarion to propose an extension of the term of the lease.
- The land was previously held in the HRA, however for the lease disposal in 2004 it would have been appropriated to the General Fund for disposal as it was no longer required for housing provided by the Council. Therefore the receipt would be for the General Fund.
- The housing provided on the site is for the benefit of residents, Clarion tenants and owner occupiers. Therefore the lease extension has no impact on the Council's housing provision.
- 2.9 This lease falls outside the ambit of the Leasehold Reform, Housing and Urban Development Act 1993 and as such there is no statutory right to an extended lease under that Act. Council officers have valued the site and have negotiated with Clarion a price of £225,000 for an extension to 999 years. The Director of Strategic Property Services confirms that the price offered meets the statutory requirements of s.123 of the Local Government Act 1972.

- 2.10 We have experienced delays in producing this report because of the ongoing impact of the cyberattack and covid which explains why this report is late.

3.0 RECOMMENDATIONS

- 3.1 **Authorise the extension of the lease to Clarion Housing to 999 years as set out in 2.7 to 2.9**
- 3.2 **Authorise the Group Director of Finance and Resources to negotiate and settle all the commercial terms of the proposed transaction.**
- 3.3 **Authorise the Director of Legal to agree and enter into all necessary documentation to effect this transaction.**
- 3.4 **To note the update on the overall financial position for July, covering the General Fund, Capital and the HRA.**

4. REASONS FOR DECISION

- 4.1 To facilitate financial management and control of the Council's finances and to approve the property proposal

4.2 CHILDREN AND EDUCATION

Summary Position

The Children's & Education Directorate is forecasting an overspend of £2.5m after the application of reserves and grants.

The cyber attack continues to have a significant impact on a number of key systems across the local authority. There is a clear project plan to restore the social care system, and the service is working with ICT, finance and performance to ensure that we restore the system and take opportunities to build back better. For Children and Families Services the significant area of financial risk is in relation to monitoring and capturing the cost of any additional demand for care, as the social care system (Mosaic) which holds and records this information remains inaccessible. Mitigation plans continue to be developed in collaboration with ICT colleagues which includes the development of an interim finance solution to capture additional demand and changes to existing care provision, until we have fully restored and recovered the social care system. A key issue to highlight is that these mitigating actions will require extensive reconciliations once the data is restored.

There are no significant financial management risks within Education as a result of the cyber attack.

Covid19

The financial impact of Covid-19 across the Children and Education directorate continues to have an impact on the overall forecast. The main impact in the forecast this year is in relation to childcare fee income losses in Hackney's children centres. The impact on childcare fees has been revised down in the region of £400k-500k as the demand for childcare places has picked up post lockdown although this is still early in the financial year and these forecasts may change again as demand for childcare places in children's centres returns back to pre-Covid 19 occupancy levels. In Children and Families, we are forecasting that the impact will be in the region of £1.2m largely due to delays in placement step downs and staffing to provide additional capacity to respond to the pandemic. The costs associated with responding to the Covid-19 pandemic will continue to be discussed with budget holders and reported in this report on a monthly basis.

Children's Services

Children and Families Services (CFS) is forecasting a £2.487m overspend (4.1%) at the end of July 2021 after the application of reserves. Covid-19 related expenditure accounts for £1.7m of the reported budget overspend. The draw down from reserves includes:

- £4.2m from the CFS Commissioning and CACH Transformation reserves (£3.7m and £0.5m respectively) to meet the cost of placements where these exceed the current budget.
- £1.2m from the Disabled Children's Reserve, to offset homecare and direct payments care package pressures in Disabled Children Services.

In 2019/20, a Social Care Grant was announced for both children's and adult social care, and at that time, the funding split between the services was to be agreed locally, and so we opted to split the funding equally between both services. This grant has increased incrementally year on year and in this financial year the total grant available is £12.6m. Children's Services and Adult Social Care have each been allocated £6.3m, and this has been fully factored into the forecast this financial year. It is clear that this is not a sustainable way to fund demand pressures in social care services, and we continue to lobby Central Government for a long term funding solution.

Set against this, there is a significant increase in spend driven by looked-after children (LAC) and leaving care (LC) placements costs within Corporate Parenting where the net overall spend is forecast to increase by £0.9m compared to last year (this excludes use of reserves and the Social Care Grant). The service view is that the increasing numbers are partly due to an increase in adolescents coming into care with more complex needs, and the impact of

austerity measures and overcrowded housing leading to increased family pressures.

There is a gross budget pressure in staffing across Children and Families Services of £2.8m, and this is above the £1.2m that was added into the budget last year to create permanent posts linked to the Social Care Grant. The gross budget pressure of £2.8m is then offset by £1.6m of Social Care Grant funding. Following the Ofsted inspection in 2019, £1.6m of non-recurrent funding was agreed for 2020/21 to increase staffing levels to manage demand alongside additional posts to respond to specific recommendations from the inspection. The intention was that after 2020/21, the funding would cease pending a wider staffing review of the service, however this has been delayed. For this financial year, the £1.6m of additional resources has been funded from the increase in the Social Care Grant, however this is not sustainable and a review will need to be completed as soon as possible. This will need to be undertaken by the new Group Director and Director and form part of the wider review of the service.

Corporate Parenting is forecast to overspend by £1.6m after the use of £4.2m of commissioning reserves. This overspend includes £0.971m of COVID-19 related expenditure. This position also includes the use of £4.8m of Social Care Grant funding - £0.6m is in relation to staffing costs and the remaining £4.2m is for placements. The overall position for Corporate Parenting has increased by £0.9m since March and is largely due to corporate parenting placements.

Gross expenditure on Looked-After Children and Leaving Care placements (as illustrated in the table below) is forecasted at £26.2m compared to last year's outturn of £25.3m – an increase of £0.9m.

Table 3: Placements Summary for LAC and Leaving Care

Service Type	Budget	Forecast	Forecast Variance	Funded Placements	Current Placements
Residential	4,981	8,764	3,784	21	39
Secure Accommodation (Welfare)	-	339	339	-	1
Independent Foster Agency	7,688	7,661	(27)	150	147
In-House Fostering	2,400	1,873	(527)	111	84
Semi-Independent (Under 18)	1,570	2,117	547	23	32
Semi-independent (18+)	1,370	2,465	1,095	89	121
Family & Friends	869	1,013	145	40	47
Residential Family Centre (P & Child)	300	258	(42)	1	1
Other Local Authorities	-	135	135	-	6
Overstayers (18+)	290	1,120	830	21	69
Staying Put (18+)	500	884	384	36	56
Extended Fostering (18+)	-	94	94	-	4
UASC	-	(515)	(515)	37	25
Expenditure	19,967	26,208	6,240	529	632

*based on the average cost of placements.

The gross overspend position on Corporate Parenting placements is £6.2m including UASC income. The UASC income is in excess of the placement costs incurred for the 25 UASC placements in the service; hence the additional funding is funding the additional staffing unit within the Looked after Children Service.

Table 4: LAC/ Leaving Care Placement Analysis

Placement Type	Annual Forecast £ 000	Weekly Cost £ 000	Weekly Unit Cost (Avg)	Current YP No	Last month YP No
Residential Care	8,870	178	4,552	39	40
Secure Accommodation (Welfare)	234	7	0	1	0
Independent Foster Agency	7,661	145	983	147	138
In-House Fostering	1,873	36	424	84	88
Semi-Independent (Under 18)	2,117	42	1,298	32	32
Semi-independent (18+)	2,465	36	296	121	121
Family & Friends	1,013	20	418	47	44
Residential Family Centre (P&Child)	258	5	4,511	1	3
Other Local Authorities	135	2	390	6	5
Overstayers (18+)	1,120	19	271	69	70
Staying Put (18+)	884	22	401	56	46
Extended Fostering (18+)	94	2	471	4	2
UASC	(515)	-	0	25	24
Total	26,208	511	14,015	632	613

The pattern in the last few years has been a consistent increase in numbers of young people in residential placements and in high-cost semi-independent placements. Where children in their late teens are deemed to be vulnerable, and in many cases are transitioning from residential to semi-independent placements, they may still require a high-level of support and in extreme circumstances bespoke crisis packages. Covid-19 has also been a factor, and has resulted in delays in young people being able to transition from these placements. The annual cost of an IFA placement (£50k) is twice as much as an In-house fostering placements (£25k) so it is increasingly important that we maximise our in-house placements. It is essential that the service delivers its agreed cost reduction plans which have been factored into the overall forecast for the Children and Families Service and not delivering will result in further budget pressures.

Access and Assessment full year forecast overspend of £305k relates to maternity cover for three posts, the vacancy factor which is being delivered in other areas of the department and additional staffing resources related to Corporate Parenting for a period of six months. The movement from the last period of £128k mainly relates to the additional staffing resources to Corporate Parenting and profiling for maternity cover.

The Disabled Children's Service is forecast to overspend by £231k after the use of £1.2m of reserves. Staffing is projecting an overspend due to additional staff being brought in to address increased demand in the service. The challenge in this service is that demand continues to rise year-on-year in care packages including homecare, direct payments and short breaks.

Young Hackney is forecast to overspend by £164k due to shortfall in funding for the Trusted Relationship service (£43k), additional staff resource due to Covid (£48k) and staffing pressure due to maternity cover (£73k). The movement from last period of £128k primarily relates to the profiling for maternity cover costs including bringing forward new starter dates and sessional staff costs across the service as Young Hackney will be celebrating their 10th year anniversary this summer.

Domestic Abuse Intervention Service is forecast to overspend by £127k due to Domestic Homicide Case Review costs (£45k) which is a statutory service that the Council must provide, additional staff resource due to Covid-19 (£45k) and staffing pressure due to maternity cover (£37k).

Safeguarding Service is forecasted to overspend by £106k. This is primarily due to the unachievement of income targets (£66k) and staffing pressures.

The Parenting Support Service is forecast to overspend by £105k due to two over-established Social Worker posts to support increased caseloads.

The No Recourse to Public Fund team is forecast to underspend by £190k in Section 17 as the number of clients are declining. The underspend in Section 17 is used to offset cost pressures in other areas of the department. The movement from the last period of £139k mainly relates to a net increase in the number of clients.

Clinical Services is forecast to underspend by £92k due to late recruitment to Specialist Clinical Practitioner posts.

Hackney Education

Hackney Education has a budget of £23.8m net of budgeted income of circa £220m. This income is primarily Dedicated Schools Grant of which the majority is passported to schools and early years settings or spent on high needs placements.

Hackney Education is forecasting to overspend by around £4.5m. Approximately £0.5m of this is the forecast financial impact of the pandemic in relation to childcare fee income losses in Hackney's children centres. The balance of the overspend is mainly as a result of a £6.4m forecast over-spend in SEND, offset by a forecast £1.9m

of savings in other areas of Hackney Education. The £6.4m over-spend in SEND is a result of a significant increase in recent years of children and young people with Education Health and Care Plans (EHCP's).

The Government formally confirmed its intention to ensure that local authorities are not left with the burden of SEND cost pressures and have issued new funding regulations which state that deficits arising from DSG shortfalls will not be met from local authorities' general funds unless Secretary of State approval is gained.

The Government's expectation is that the DSG overspend will remain in the Council's accounts as a deficit balance which will then reduce in future years as additional funding is received. However, the Government's commitment to this additional funding and the level this will be at remains unclear. There is therefore a financial risk to the Council of carrying this deficit forward.

The table below provides a breakdown of the forecast against service areas in HE and an explanation for significant variances.

Original Budget	Virement	Revised Budget	Service Unit	Forecast Variance Before Reserves	Reserve Usage	Forecast Variance After reserves	Narrative
53,224	-	53,224	High Needs and School Places	7,500	(1,100)	6,400	Continuing projected increase of £5m in year in the cost of ECHP provision with SEND based on the experience of the last 2 financial years.
3,524	-	3,524	Education Operations	274	-	274	Year-end forecast under 5%. Over establishment of payroll, maternity cover costs for SPAG and a shortfall of income for Tomlinson Centre.
42,571	-	42,571	Early Years, Early Help and Wellbeing	309	(500)	(191)	Budget pressures from previous years' savings being delayed and Covid-19 additional costs from the continuing loss of childcare fees income.
1,705	-	1,705	School Standards and Performance	(45)		(45)	Forecast underspend primarily relates to the expected in-year release of Monitoring and Brokerage Grant reserves and further update next reporting cycle.
8,854	-	8,854	Contingencies and recharges	(1,075)	-	(1,075)	Forecast under-spends in contingency and savings delivered in previous years.
134,360	-	134,360	Delegated school funding to maintained mainstream schools	(851)	-	(851)	Forecast variance reflects Schools' Forum agreement to vire from Schools Block of the DSG to the High Needs block to contribute to the SEND pressure.
(220,433)		(220,433)	DSG income	-	-	-	Estimated additional Early Years DSG
23,805	-	23,805	Totals	6,112	(1,600)	4,512	

2021-22 Vacancy Rate Savings. A vacancy rate savings target of £1,754k has been set for the directorate in 2021-22 (£900k for Children and Families and £854k for Education). This saving is a challenging target for services with a significant number of front-line staff. At this point in the financial year, it is forecast that it will be achieved. Progress against the target will be carefully monitored and tracked by the C&E Senior Management Team and this will continue to be monitored closely and reported with each OFP report. The directorate has outlined a series of actions that will aim to achieve the vacancy rate savings in 2021-22. Actions include identifying specific vacant posts and holding them vacant, identifying all staff who are below the top of their salary grade or part-time in full-time posts, waiting to recruit to any vacant posts, except where there are multiple vacancies within teams (i.e. due to long term sickness) or particular covid or cyber related pressures, continuing to seek external funding sources - e.g. through partnership working, monitoring agency spend closely and ensuring those staff take the annual leave they have accrued, as well as identifying any non-essential budgets that can be held for the year. However, there are long term risks to the sustainability of this approach, and the directorate approach will need to be reviewed to take into account where the vacancy factor is being met by non-recurrent savings.

2021-22 Savings The directorate has a savings target of £532k. It is forecast that these will be achieved. The savings are spread across seven service areas including Virtual Schools, the Safeguarding & Learning Service, re-organisation of the MISA team and executive and administrative support structure, and the re-organisation of school improvement services. Each of these are c. £100k and there are smaller savings in three other service areas. All of these are on track to be delivered.

2021-22 Cost Reduction Proposals

The service has also developed various proposals for cost reductions which have been endorsed across Children & Education in 2021-22. These are as follows:

Cost Reduction Proposals

#	Service	Initiative	Description	Target
1	CFS	Reduction of residential placements	As part of the forensic analysis of residential placements, the service is targeting a reduction of five residential placements (costing on average £200k per annum, per placement)	£1m
2	CFS	Operations: Implementation of an overall panel process and forensic review of the Top 20 high cost placements.	Bringing together multiple panel processes into one process, enabling closer financial oversight and strategic oversight across all operational services. The £250k cost reduction will be achieved by reviewing the top 20 high cost placements and seeking a 5% reduction in costs through analysis of care package support (through the CFC tool) and through targeted negotiations with care providers.	£250K
3	CFS	Review Agency Spend & implement a new process for sign off for new agency staff	Reviewing spending on agency staff will enable us to make savings/reduce overspend. Regular reporting and scrutiny through the Workforce Development Board for sign-off for new agency staff will enable the directorate to closely monitor the use of agency staff and related expenditure. This will also prevent new staff being employed without agreement over the staffing establishment, preventing overspending.	£100K
4	CFS	Placement Management Business Support Improvement	The cost reductions realised from the Leaving Care Welfare/ Benefits Officer post will achieve in the region of £130k-£230k, by increasing the number of young people claiming housing benefit post 18 from 50% to between 60%-70%.	£150K
5	Ed	Developing in-borough SEND provision	The Council currently spends a significant amount on independent special schools settings. There is an ongoing plan to develop further in-borough provision.	TBC
6	Ed	Reviewing SEND Transport eligibility	Reviewing the way transport agreements are made for children and young people with special educational needs against our legal duties. This will include benchmarking against local authorities to understand how our offer compares to others.	TBC

The reporting against these cost reduction proposals will be monitored on a monthly basis through this report highlighting delivery against these indicative targets. It is essential that the service delivers against these plans as this has been factored into the overall forecast for the directorate. It is important to emphasise that further cost reduction proposals will need to be identified as the current proposals will bring the forecast back in line with the budget. Detailed plans

continue to be developed for these proposals, and these will be part of monthly discussions at C&E SMT.

4.3 Adults, Health & Integration (AH&I)

Summary Position

The AH&I directorate is forecasting an overspend of £3.1m after the application of reserves of £3.4m.

The cyber attack continues to have a significant impact on a number of key systems across the local authority. There is a clear project plan to restore the social care system, and the service is working with ICT, finance and performance to ensure that we restore the system and take opportunities to build back better.

For Adult Social Care the significant area of financial risk is in relation to monitoring and capturing the cost of any additional demand for care, as the social care system (Mosaic) which holds and records this information remains inaccessible. In addition, the service is currently unable to complete financial assessments for new service users, resulting in a significant loss of care-charging income. The estimated cost impact from the cyber attack for this financial year is £627k, of which £286k relates to additional staffing deployed within the service and the remaining £341k relates to loss of care charges income as a result of not being able to undertake financial assessments.

Mitigation plans continue to be developed in collaboration with ICT colleagues which includes the development of an interim finance solution to capture additional demand and changes to existing care provision, until we have fully restored and recovered the social care system. A key issue to highlight is that these mitigating actions will require extensive reconciliations once the data is restored.

There are no significant financial management risks within Public Health as a result of the cyber attack.

Covid19 Covid-19 presents a significant financial risk to the Adults, Health & Integration forecast for 2021-22 with the costs resulting from actions undertaken to limit the spread of infection. In recognition of this risk, the local authority has provided corporate growth of £3m to offset increased costs attributed to Covid-19 within Adult Social Care. However, the reduction of NHS funding to 6 weeks in 2021/22 for hospital discharge care packages has led to a £3.2m reduction in Covid-19 funding this year. The estimated net cost of the pandemic for the directorate above the level of corporate and grant funding received is a net cost of £1.55m this financial year.

Adults

The July 2021 forecast for Adult Social Care is a £2.7m overspend. Covid-19 related expenditure accounts for £1.14m of the reported budget overspend.

The overall position for Adult Social Care last year was an overspend of £6.9m (this included £5.1m attributed to the Covid-19 pandemic). The revenue forecast includes significant levels of non-recurrent funding including iBCF (£2m), Social Care Support Grant (£6.3m), and Independent Living Fund (£0.7m).

In 2019/20, a Social Care Grant was announced for both children's and adult social care, and at that time, the funding split between the services was to be agreed locally, and so we opted to split the funding equally between both services. This has increased incrementally year on year and in this financial year, the grant totals £12.6m. Children's Services and Adult Social Care have each been allocated £6.3m, and this has been fully factored into the forecast this financial year. It is clear that this is not a sustainable way to fund demand pressures in social care services, and we continue to lobby Central Government for a long term funding solution.

This financial year, Adult Social Care received a further £712k (third tranche) and £486k (fourth tranche) of Infection Control and Rapid Testing Funding for care homes to fight COVID-19. Our role in this is primarily one of passporting the funding and so the allocation we received cannot be viewed as further assistance to mitigate the financial pressures we are under.

Care Support Commissioning (external commissioned packages of care) contains the main element of the overspend in Adult Social Care, with a £2.1m pressure. The cyber attack continues to impact on the ability to forecast the expenditure accurately in this area since a number of manual processes require additional reconciliation. Again, this poses a risk to the forecast that new service users are not included in these manual processes, and understates the budget pressures in the service area. Finance is working closely with the service to ensure that manual processes seek to capture all new clients, and any changes to care package provision.

The current forecast includes only existing service users and does not include any potential costs arising from additional demand above estimated initial demographic growth assumptions. Year-on-year, the forecast increases by approximately 10% which represents an additional cost in the region of £4m. The service will need to have a really robust panel process to enable closer financial scrutiny and oversight to reduce costs of care packages. It is expected alongside this, the additional work required from the manual processes will result in greater volatility in the forecast over the coming months than would normally be expected.

Service type	2021/22 Budget	July 2021 Forecast	Full Year Variance to budget	Variance from previous period
Learning Disabilities	18,002	18,889	887	705
Physical and Sensory	16,712	17,512	800	(44)
Memory, Cognition and Mental Health ASC (OP)	8,592	8,885	292	(312)
Occupational Therapy Equipment	740	741	1	1
Asylum Seekers Support	170	317	147	41
Total	44,216	46,344	2,127	391

Physical & Sensory Support is forecasting an overspend of £0.80m. The gross forecast spend on care packages in Physical Support is £24.7m (£23.3m in May-21) and in Sensory Support is £1.21m (£1.04m in May-21). Forecasts have been revised upwards based on continuing review of care package costs particularly in residential care settings and the cost of home care. The forecast includes £350k of iBCF funding, £1.0m of social care grant and £1.1m of reserve funding towards the increased level of care packages in 21/22.

Memory, Cognition and Mental Health ASC (OP) is forecasting an overspend of £0.3m (£0.6m in May-21). The reduction is partly attributable to renegotiated nursing home rates with one of the main providers. The gross forecast spend on care packages for 21/22 is £12.2m (£12.7m in May-21). The forecast includes £350k of iBCF funding, £650k of social care grant and £400k of reserve funding towards care package costs in 21/22.

The Learning Disabilities service is forecasting an overspend of £0.88m (£0.18m in May-21). There continues to be pressures driven by the increasing complexity of care needs for new and existing clients coupled with inflationary pressures requested by care providers. The gross forecast spend on care packages in Learning Disabilities is £32.7m (£32.0m in May-21). The forecast also includes significant non-recurrent funding from the iBCF (£1.0m) and Social Care Grant (£4.66m). In addition, a contribution from the CCG of £2.7m (no change since May-21) for jointly funded care packages for service users has been factored into the forecast. This is building on the work completed across previous years to agree joint funding for complex health and social care packages within the service.

The Mental Health service is provided in partnership with the East London Foundation Trust (ELFT), and is forecasting an overspend of £0.95m (£1.03m in May-21). The overall position is largely attributed to an overspend on externally commissioned care services, and as

part of the cost reduction plans, Adult Services and the ELFT will work closely to forensically review care packages within the service to seek a reduction of at least £350k this financial year.

Provided Services is forecasting an overspend of £0.53m (£0.5m in May-21). Within this position are two contrasting positions:

- *Housing with Care* has an overspend of £1.1m (£1.0m in May-21), of which the majority is in relation to the significant cost of additional agency staff employed to cover for staff who are absent or unable to carry out full duties at present due to Covid-19. The savings target of £500k for efficiencies across the Housing with Care schemes is not forecast to be achieved within this financial year and will be delivered through contract efficiencies within commissioned services. There are a number of void properties within Housing with Care schemes where property rental continues to be paid whilst the flats remain vacant. This cost pressure is reflected within care support commissioning budgets and will form part of the short term review of the service to deliver efficiencies.
- *Day Care Services* are projected to underspend by £0.57m (£0.5m in May-21). The Oswald Street day centre re-opened in October 2020 but is still currently supporting a reduced number of service users due to Covid-19 restrictions. Consequently, staff vacancies are forecast to remain vacant across a proportion of the financial year.

ASC Commissioning is forecasting a £0.21m underspend (£0.2m underspend in May-21), and this includes significant levels of one-off funding of £1.66m in 2021/22 (£1.8m in May-21) supporting activity within commissioning. Within teams this includes increased capacity with the Project Management Office (PMO), ASC Commissioning, and the Direct Payments Teams. This also includes a project to fund the Lime Tree and St Peters' care scheme prior to a wider recommissioning exercise. Disabled Facilities Grant funding has been applied to the Telecare contract. The service has renegotiated some Housing Related Support contracts which has resulted in efficiency savings of approximately £0.5m in 21/22, and this has largely offset the Housing with Care savings on a non-recurrent basis this financial year.

Preventative Services is forecasting an underspend of £0.96m and is primarily attributable to the interim bed facility at Leander Court (£0.58m) and Substance Misuse (£0.2m) linked to lower than expected demand for rehab placements. In addition Carers services reflect an underspend of £0.22m due to a significant reduction in carers assessment activity linked to the C19 pandemic.

Care Management and Adult Divisional Support is forecasting an overspend of £0.25m (£0.15m in May-21) and this is driven primarily by increased staffing costs within the Integrated Learning Disabilities team (£0.3m) and staffing pressure within the Long Term Team (£0.1m) which is partly offset by underspends in other areas of the service.

Public Health

Public Health is forecasting a breakeven position, this includes the delivery of planned savings of £217k.

The Public Health (PH) grant increased by approximately 1m in 2021/22, although £775k of the total increase relates to the funding allocated for PrEP related activity, as this was previously funded via a separate grant in 2020/21 (£344k). The 2021/22 grant will continue to be subject to conditions, including a ring-fence requiring local authorities to use the grant exclusively for public health activity which may include public health challenges arising directly or indirectly from COVID-19.

The Covid-19 pandemic has seen a significant increase in Public Health activities specifically around helping reduce the spread of the virus in the local area, whilst still continuing to ensure other non-covid related demand-led services such as sexual health continue to be managed.

As previously advised Hackney was allocated £3.1m of the total £300m announced by the Government to support Local Authorities in 2020/21 to develop and action their plans to reduce the spread of the virus in their local area as part of the launch of the wider NHS Test and Trace Service. Last financial year, £1.5m was spent, with a further planned commitment this year of £1.6m. This funding continues to support the development and implementation of tailored local Covid 19 outbreak plans, with all decisions on how the funding is allocated being approved by the Health Protection Board chaired by the Director of Public Health. The £1.6m for this financial year is reflected as a net nil position in the forecast as it is offset by the income we received the previous year. In addition to the Test and Trace funding, the Local authority has also been allocated £2.8m in 2021/22 from the Contain Outbreak Management fund (COMF) to help support public health activities to tackle Covid-19. Plans are being developed with the service to ensure that these funds are committed in line with the grant criteria.

The Hackney Mortuary service is forecast to overspend by £432k, of which £410k relates to the balance remaining from Hackney's Wave 2 mortality management contribution. As highlighted previously Mortuary costs increased significantly last year during Covid-19 with the response to the pandemic plan requiring the Mortality Management Group to activate the Dedicated Disaster Mortuary (DDM) plans for London. Additional capacity was required rapidly to ensure that there was enough capacity to meet demand from the initial wave, and subsequently to meet increased demand for the second wave. Hackney's share of the total additional cost for Wave 1 (£732k) & Wave 2 (£510k) combined was £1.242m. Recently we were informed that Hackney's provision for Wave 2 was not fully spent in the last financial year, with the remaining balance of £410k

now being rolled forward into the 2021/22 financial year. The expectation is this will be fully spent in the current financial year.

Vacancy Rate and 2021/22 Savings

A vacancy rate savings target of £864k has been set for Adult Social Care in 2021-22. This saving is a challenging target for a service with a significant number of front-line staff. At this point in the financial year, it is forecast that it will be achieved. Progress against the target will be carefully monitored and tracked by the AH&I Senior Management Team and this will continue to be monitored closely and reported with each OFP report.

The directorate has outlined a series of actions that will aim to achieve the vacancy rate savings in 2021-22. Actions include identifying specific vacant posts and holding them vacant, identifying all staff who are below the top of their salary grade or part-time in full-time posts, waiting to recruit to any vacant posts, except where there are multiple vacancies within teams (i.e. due to long term sickness) or particular covid or cyber related pressures, continuing to seek external funding sources - e.g. through partnership working, monitoring agency spend closely and ensuring those staff take the annual leave they have accrued, as well as identifying any non-essential budgets that can be held for the year. However, there are long term risks to the sustainability of this approach, and the directorate approach will need to be reviewed to take into account where the vacancy factor is being met by non-recurrent savings.

A review of actual spend on salaries showed that £338k had been achieved against this target to date. This shows progress against the annual target of £864k so far - consequently the full year forecast is shown as on track at this stage in the year and will continue to be monitored closely through the ASC Workforce Development Board.

The 2021-22 savings are on track to be achieved with the exception of Housing with Care (HcW). The AH&I Group Director is reviewing the Service, and wants to pause the service review whilst we consider different methods of service delivery. To plug the savings gap, contract efficiencies will be made within commissioned services to ensure there is not a budget pressure during this period. There will be four project focused delivery groups to support the delivery of savings within HwC. The first two will be operational groups focused on delivering immediate savings and efficiencies through reviewing the use of agency and a revised process to maximise void usage. The commissioning groups will then look at immediate contract efficiencies and the other group will focus on a long-term review of services and service redesign.

2021-22 Cost Reduction Proposals

The service has also developed various proposals for cost reductions. The table below outlines the key proposals for cost

reductions which have been endorsed across Adult Services in 2021-22.

Table 1D: Cost Reduction Proposals

	Initiative / Area	Description	Initial Indicative Target
1	Operations: Implementation of an overall panel process	<p>Bringing together multiple panel processes into one process, enabling closer financial oversight and strategic oversight across all operational services.</p> <p>The £250K indicative target is based on the avoidance of approximately 3-4 placements, through the introduction of the new panel process to reduce the number of longer term placements. Alternatives to residential care placements are being explored thoroughly along with the use of assistive technology to reduce care package costs. The process also means that the importance of 6 week reviews to step down packages is being highlighted.</p>	£250K
2	Provided Services: Review of operational staffing issues	<p>Reviewing operational staffing issues across Housing with Care will enable us to ensure that we are getting the most from our workforce. 20 staff who were originally assessed as being unable to carry out face to face work due to Covid-19 vulnerability are being referred to occupational health as temporary cover arrangements are unsustainable from an operational and financial perspective.</p>	TBC
3	Adult Services: Review Agency Spend & implement a new process for sign off for new agency staff	<p>Reviewing spend on agency staff will enable us to make savings/reduce overspend. This includes a review of every agency member of staff with managers and checking that no agency staff are working more than 36 hours per week and that they are all regularly taking annual leave.</p> <p>Introducing a new process for sign-off for new agency staff will enable the directorate to closely monitor the use of agency staff and related expenditure. This will also prevent new staff being employed without agreement over the budgeted staffing establishment.</p>	£100K
4	Mental Health Budget - reduce overspend	<p>Working with ELFT to bring expenditure back in line with the budget. This will be delivered through the joint working group meetings with ELFT.</p> <p>Overspend in the region of £700k, and the service will work on a £350k reduction in Year 1 and then a further £350k reduction in spend in Year 2.</p> <p>Implementation of a more robust panel process in line with the ASC panel process is being implemented. Options around use of HwC are being explored along with commissioning discussions around the use of spot-purchased supported living. Efficiencies are also being sought through utilisation of the in-house cleaning service for blitz cleans.</p>	£350K

The cost reduction proposals will be monitored on a monthly basis highlighting delivery against these indicative targets. It is essential that the service delivers against these plans as this has been factored into the overall forecast for Adult Social Care. Detailed plans continue to be developed for these proposals, and these will be part of monthly discussions at AH&I SMT.

In addition to the initiatives listed above, the department has reduced costs in other areas:

From April 2021, the Direct Payments team has implemented more robust monitoring of accounts, which has led to recovery of £322,816 to date. It is expected that recovery of funds will continue at a similar rate throughout the financial year, resulting in further cost reductions.

The Occupational Therapy team is delivering a Better Care project between April 2021 - Oct 2021, aiming to reduce the number of residents receiving double-handed care, through implementing new and innovative moving and handling equipment and techniques. To date, this has resulted in cost reductions of £300k.

4.4 NEIGHBOURHOODS & HOUSING DIRECTORATE

The directorate is forecasting an overspend of £2.2m of which £1.4m is due to the impact of Covid as set out below.

Planning Services is forecasting an overspend of £636K, after the use of £514K reserves. £14K of reserve usage is to fund the completion of one area action plan and £500K to part-fund the underlying overspend in the services. This is an improvement of £193K on the May position which is due a forecast reduction in staffing costs. The underlying overspend in Planning Services is primarily related to Planning application fees and building control fees income. In addition there are other cost pressures; there is a non-achievement of the vacancy factor savings of £150K and there is an estimated overspend of £80K relating to the impact of the cyberattack, a shortfall in Land Charges income and additional staffing costs to restore data to the new planning systems.

The shortfall in planning application fee income, within the underlying overspend, is linked to a decline in the number of very large major applications being received rather than a significant fall in overall planning application numbers for the past 2 - 3 years. This has further resulted in a reduction in the CIL and s106 income due to delays of schemes starting construction.

Despite a 20% uplift in planning fees 3 years ago, the income has consistently fluctuated between £1.5-1.7m over the past 3 years. With a budget of £2.2m and a plateau in the housing market, this level of income is unachievable. The income target for minor applications of £1.2m is forecast to be achieved, however the cost of determination of minor applications is more than the fee received as Local Authorities have not yet been afforded the option by the Government of setting their own fees. In practice, major applications help subsidise minor applications therefore the shortfall in new major applications will also detrimentally affect this cross subsidy.

The Head of Planning has worked with finance to undertake a review of the service to address the cost pressures in the service. The review is now complete and the report recommendations bringing the Planning budget into balance over the medium term are being implemented. This includes an allocation from reserves to mitigate

part of the overspend as agreed with the Acting Chief Executive and Section 151 Officer.

Environmental Operations is showing a forecast overspend of £677K which is primarily due to the impact of the Pandemic. The Covid impact on the service is currently forecast at £667k where there is an estimated loss of £492k on Commercial Waste income, £155k for use of agency staff to cover sickness/self isolation absence and additional vehicle cleansing forecast up to the end of September, and £20k spend on additional PPE and other materials. The service has adopted a prudent approach to potential spend arising from the pandemic and the forecast loss of income and will keep a close eye on developments over the summer in case things change drastically and further lockdown restrictions re-introduced

Waste Strategy is expected to break even as any underspends within the service will be applied to any ongoing or new recycling initiatives and to support the fortnightly refuse and recycling collection service change which will reduce the call on reserves to deliver the project.

Markets and Shop Front Trading is showing an overspend of £265k which is an adverse movement of £87k from the May position. Additional staffing costs and shortfall in income account for £235k due to covid impact on income and expenditure (made up of £61k income shortfall and £174k additional expenditure of security measures and staffing to ensure Covid safe trading). The service is drawing up plans to mitigate this overspend, in particular staffing which will be reviewed from September 2021. The other area of overspend is non-delivery of the vacancy factor which is being delivered by Parking Services.

Other than the impact of Covid, loss of income and expenditure from Covid, Leisure & Green Spaces are forecasting a break-even budget position. Parks and Green Spaces have a projected Covid Impact of £84k due to the loss of income (£60k), which primarily relates to the Events Team as there are very few bookings as activity is not expected to return to pre 2020/21 levels for some time yet. The remaining £24k relates to legal fees and expenses to remove an unauthorised encampment of people protesting about COVID restrictions on Hackney Downs. The actual estimated cost of this is £50k but some net underspends are being held to help mitigate this overspend.

Whilst Streetscene is showing a forecast to budget, there are two key risks which need to be managed, both relating to income. The recharge to capital income is dependent on Transport for Funding (TfL) funding which has not been confirmed for the full year and is expected to be less than in previous years. The Head of Streetscene maintains a watching brief on the position to ensure that the service is able to react swiftly to funding announcements thereby ensuring maximisation of available funding. The Network team income collection is the other risk area and the forecast has been reduced as

the service is being prudent on income projections and it is still uncertain if business will pick up sufficiently as the lockdown comes to an end to meet income targets. Income will be closely monitored throughout the year.

Within the Housing GF there is a slight underspend currently forecast relating to staffing on the Travellers cost centre.

The main overspend in Community Safety Enforcement & Business Regulation is within Civil Protection for covid related costs of £400K which may decrease if grants are applied directly to the service. The areas of expenditure are: Staff costs including training, uniforms, overtime and four additional staff covering covid tasks; security for infrastructure and testing sites; PPE expenditure; temporary mortuary expenses; premises costs arising from setting up, folding down, repairs and cleaning of testing sites and, the hire of vehicles.

Vacancy Factor and Savings 2021-22

The Directorate is forecasting a full achievement of the directorate savings plan of £1.4m and a forecast achievement of £1.2m, 89%, of the vacancy factor savings. The area of non-achievement of the vacancy factor savings is Planning Services. In respect of Planning, the Strategic Director, Sustainability and Public Realm is working with his management team to develop alternative plans to achieve this vacancy factor saving in these areas and this will be reported in the next OFP report to Cabinet.

4.5 FINANCE & CORPORATE RESOURCES

F&R is forecasting an overspend of £7.320m. Of this, £5.6m is due to the impact of the Cyberattack and £1m is due to the impact of Covid. With regards to the Cyberattack, system problems are still causing significant overspends across Revenues and Benefits (£1.35m) and Housing Needs (£500k). This is the estimated cost of resources required to restore lost data and clear the backlog incurred whilst the systems were out of action. This is higher than last month because the estimated cost of recovery for Revenues, which was anticipated to be split over 2 years, has been brought forward into 21/22 with the aim of getting up to date before annual billing. ICT are currently reporting £3.6m of costs relating to restoring or rebuilding systems. This is likely to increase but some of the spend may be capitalised. An additional resource in finance has also been allocated to cyber £100k.

Covid 19

The cost of Covid is estimated to total £1.05m in additional costs and lost income after taking into account what can be covered with existing budgets, government grants and earmarked reserves. Main

services that are affected are Commercial Property rental income, due to tenants experiencing difficulties, and Revenues and Benefits and Housing Needs due to increased demand. In the event of an economic downturn there is a risk that Covid could impact these areas in years to come through changes in the lettings market and increased demand for Benefits and Temporary Accommodation. Costs in these areas are expected to be covered by grant funding and one off reserves. The residual balance will be covered by the Covid set aside. It should be noted that the current extra demand in Benefits is very difficult to assign to Cyber or Covid as there is a big backlog of work due to Cyber but until the work is completed, we do not know what is contained and the reasons for changes in circumstances.

Strategic Property Services are forecasting an overall overspend of £900k after the application of provisions and reserves for cost pressures such as for empty properties, staff costs within Corporate Property and Asset Management (CPAM) and NNDR costs within Fleet Maintenance. The remaining overspend relates to lost rental income due to Covid. The actual loss is £2.2m but £1.3m can be absorbed within the budget.

R&B Core Services Revenues and Benefits continue to be impacted significantly by both Covid and the system outage. Benefits have some revenue grants unapplied which will cover the anticipated additional demand as a result of Covid. However, it is estimated that an additional resource of £500k could be incurred to clear the backlog of claims. Revenues are reporting a severely reduced court cost income due to Covid of around £800k, however it is expected that half of this may be offset with reduced legal costs and other underspends across the service, reducing the impact to £400k which will be covered by grants set aside from previous periods. There is also an additional estimate to clear the outage backlog of £850k. Customer Services have just finalised consultation on a restructure which consolidates the corporate and housing contact centres, and is within the budget envelope. This is unlikely to be live until October, there are a number of moving parts, and currently it has been agreed with the Head of Service that an overspend of £200k is a reasonable estimate to cover agency costs that continue to be incurred until the restructure is complete. After the application of unapplied grants, and cyberattack- set-aside to these pressures, the overall overspend is estimated to be £200k.

Housing Needs is forecasting an overspend of £500k due to system failures after use of reserves of £1.9m. There isn't much change in forecast cost from previous months, it is more that some of the proposed reserves usage can be covered from grants received in-year. The service continues to provide support for rough sleepers accommodated under the 'Everyone In' programme at the start of Covid. Extending the programme in its current format for the full year will cost approximately £2.4m. Specific funding has been identified for approximately £0.5m of this cost, and if no further funding is identified

it will be covered by grants unapplied from previous periods. We are also expecting an increased demand as the tenants eviction protection has ended. It is impossible to predict this demand. Additional funding has been provided by MHCLG in the form of a higher homelessness grant, and it is expected at this stage that this will cover the costs. There are still system issues which mean we are unable to get a Temporary Accommodation rent forecast for the year as we currently have no visibility of income, and are unable to set up new accounts at this stage. The system issues are also likely to cause additional resources required to catch up the backlog. There is currently an estimate of £500k in the forecast overspend for this.

The ICT Division is forecast to overspend by £3.556m, most of which is owed to the impact of the Cyberattack. Much of the cyber spend is reactive to the discovery of the most appropriate ways to restore council systems and therefore there is a risk of significant unexpected expenditure in future months. Hackney Education ICT is predicted to overspend by £463k. The Head of Education ICT is carrying out a financial sustainability review of the service in response to historic overspends, which continue to be reflected in this year's forecast. This will be reported to the Director of Education and Strategic Director, Customer & Workspace in September. The objectives of the review are to clarify cost drivers which underpin the historic overspends, reprofile budgets for 2021/22 to better reflect the service, and to confirm the business plan to achieve a balanced budget in 2021/22, moving to a surplus position by 2023/2

The Central Procurement Service and the Energy Team are forecasting to come in under budget, except for a £100k PPE cost. This is a nominal amount, purely to represent that it is likely that there will be some costs incurred but we are unsure how much. We have yet to purchase any additional stock and any further costs will be driven by changes in Covid guidance and restrictions.

FM, HR, Registration, Audit and Anti Fraud and Education Partnerships are currently forecast to come in at or close to the budget.

Vacancy Rate and 2021/22 Savings

The vacancy target is £1.622m and it is forecast that £1.521m will be achieved. The underachievement of £0.101m is in Property and the directorate is looking at ways to deliver offsetting savings in other areas. All of the budgeted 2021-22 savings are forecast to be achieved.

4.6 CHIEF EXECUTIVE

The Chief Executive services are forecasting to overspend by £0.412m after the application of reserves, including a Covid impact of £1.7m.

Covid

Engagement, Culture and Organisational Development are still being impacted by the effects of Covid19 relating to income generation activity from running events. Hackney Council has taken a local decision to maintain restrictions such as social distancing at venues resulting in an increased number of cancellation and refunds. The service is currently estimating a loss of income in the region of £327k. However, it is very difficult to determine the income projection for the year with further cancellations likely in the coming months as local restrictions apply. The income levels will be closely monitored going forward. Libraries & Heritage have little prospect of meeting their income targets where fines are currently suspended and there are no room bookings and minimal sales etc. It is hoped that income collection will gradually pick up in the coming months but this will be a slow process and will need to be reviewed on a monthly basis, currently this is giving a £56k pressure/overspend within the service due to the ongoing effect of the COVID Pandemic.

Inclusive Economy and Corporate Policy Covid related expenditure of £748k is due to the self-isolation support framework forecast to cost £546k and support for clinically extremely vulnerable £97k, which are fully funded from a combination of government grants and health funding. There is £105k covid cost relating to running of the elections which will be met from GLA and reserves.

Engagement, Culture and Organisational Development are forecasting an overspend of £352k after the use of reserves of £382k. This is an adverse movement of £30k from the position as of May 2021. The ongoing impact of Covid19 accounts for the £327k loss of income as mentioned above. The other significant overspend area is Hackney Today. There is a £215k loss of income generated from advertising and publishing statutory notices due to the court ruling to limit the publications of Hackney Today/Hackney Life. The Strategic Director, Engagement, Culture and Organisational Development is developing options on the future of the Council's print publications which range from continuing the existing model, which is financially unsustainable, through to a more limited frequency and circulation. In the meantime, other budget lines across the service are being reviewed by the Strategic Director to mitigate this pressure. To date, underspends generated by the design and film income teams totaling £66k and other small net underspends totaling £124k are being held by managers to mitigate the overspend.

Libraries & Heritage are forecasting an overspend of £97k of which £56k can be attributed to the lasting effects of COVID. The remaining overspend is being caused by two ongoing pressures: NNDR, where there is no additional budget to cover the increases that are passed on to the service and security costs due to the need to have increased security in the Libraries since the pandemic. There continues to be a prudent approach in the service area and

controllable budget forecasts are reviewed on a monthly basis to mitigate the overspend.

Legal & Governance services are forecasting an overspend of £24k after usage of reserves of £218k. This is a favourable movement of £166k from the position reported in May 2021. The overspend is due to a forecast shortfall in external income targets of £290k from capital recharges, property and S106 income with activity reducing. This has largely been offset by a forecast underspend of £270k from a combination of vacant posts and a reduction in externally commissioned legal services.

Inclusive Economy and Corporate Policy are currently forecasting an overspend of £10k due to minor cost pressures across the whole service.

Within Regeneration, there is a £71k underspend currently forecast. The majority of this relates to underspends within Private Sector Housing, which is offset somewhat by cost pressure in the Housing Strategy and Policy Team.

Vacancy Rate Savings and 2021/22 Savings

The vacancy target is £0.677m and it is forecast that this will be achieved. All of the budgeted savings are forecast to be achieved.

4.6 HOUSING REVENUE ACCOUNT (HRA)

The HRA forecast, which is projected to come in at budget, includes the continuing impact of Covid, with limitations on the repairs that can be carried out and the moratorium on evictions during the first quarter. As restrictions are lifted, there is likely to be more calls for repairs which tenants have not reported and so if volume exceeds capacity of the DLO, additional work will be allocated to contractors. During the past year there has been a significant increase in arrears, as procedures are introduced to escalate tenants in arrears and it is forecast that the arrears will reduce. The resultant overspend will be funded from a reduction in RCCO. The capital contracts are coming to an end of their contract period and are being procured, and so there is limited value remaining on the expiring contracts and there will be time to mobilise the new contracts. Therefore there is less capital funding required during the year. However, the works and the funding will be required in future years and factored into a revision of the HRA business plan.

More specifically, Dwelling Rent and Tenant Charges is forecast at £1m over budget due to a continued increase in voids due to the reletting of properties. The performance of voids and relets is being monitored but the lack of an IT system results in the process taking longer.

The Non-dwelling Rent forecast has reduced due to the continued lack of booking in Community Halls. Bookings and usage will be monitored during the year but it is unlikely to achieve the budget level of income. However, there may be a NNDR rebate due for the period of the pandemic which will offset this variance.

On Expenditure, the Housing Repairs Account is forecast to overspend by £1.3m due to restriction during the first quarter and the potential for increased demand as restrictions are lifted. In addition, there is an increasing number of legal disrepair cases that will require work. The Special Services variance of a £385k overspend is due to potential increase in utility costs. There is also an increase in Bad and Doubtful debt as a result of the increase in arrears potentially being written off during the year. To off-set the variances, the RCCO has been reduced to forecast a balanced budget. This capital resource is not required in the year due to a reduced capital programme.

4.7 CAPITAL

This is the first OFP Capital Programme monitoring report for the financial year 2021/22. The actual year to date capital expenditure for the four months April 2021 to July 2021 is £14.7m and the forecast is currently **£188.5m**. This represents a forecast of 80% of the approved budget of £236.4m, approved by Cabinet in February 2021 (Council's Budget Report) and is relative to the previous year's outturn of £202.2m. Covid-19 and the additional financial pressures have had a major impact on the Capital Programme in particular with the start times and the delivery of projects and programmes. Each financial year, two re-profiling exercises within the capital programme are carried out in order that the budgets and monitoring reflect the anticipated progress of schemes. The September Cabinet will be asked to approve a total of £71.5m into future years together with details of the requested transfer of slippage from 2020/21 into the 2021/22 capital programme. A summary of the forecast and phase 1 re-profiling by directorate is shown in the table below along with brief details of the reasons for the major variances.

Table 1 Summary of the Capital

Capital Programme Q1 2021-22	Budget Set at Feb Cab 2021	Budget at July Cab & Slippage	Spend	Forecast	Variance (Under/Over)	To Re-Profile 2021/22	Capital Adjustments & New Bids	Updated Budget Position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive's (Non-Housing)	3,047	5,911	49	3,465	(2,446)	(2,323)	246	3,834
Adults, Health & Integration	39	130	0	0	(130)	(130)	0	0
Children & Education	15,858	20,933	297	17,202	(3,731)	(3,638)	(120)	17,175
Finance & Corporate Resources	15,292	18,468	316	12,867	(5,601)	(5,805)	(30)	12,633
Mixed Use Development	34,315	25,881	604	15,920	(9,961)	(9,961)	0	15,920
Neighbourhoods & Housing (Non)	26,974	36,577	1,266	30,526	(6,051)	(5,579)	598	31,596
Total Non-Housing	95,525	107,900	2,533	79,980	(27,919)	(27,436)	(150)	81,1584
AMP Housing Schemes HRA	64,175	74,519	3,335	46,440	(28,079)	(27,930)	(149)	46,440
Council Schemes GF	11,273	5,387	2,037	20,690	15,303	20,000	0	25,387
Private Sector Housing	2,122	2,091	155	1,580	(511)	0	0	2,091
Estate Regeneration	38,394	45,494	3,023	21,317	(24,177)	(24,177)	0	21,317
Housing Supply Programme	18,638	25,344	1,123	11,502	(13,841)	(13,841)	0	11,502
Woodberry Down Regeneration	6,263	5,075	2,453	6,949	1,874	1,852	0	6,927
Total Housing	140,864	157,909	12,126	108,478	(49,431)	(44,096)	(149)	113,664
Total Capital Budget	236,389	265,809	14,658	188,459	(77,351)	(71,532)	545	194,822

CHIEF EXECUTIVE'S (NON-HOUSING)

The current forecast is £3.5m, £2.5m below the revised budget of £5.9m. More detailed commentary is outlined below.

CX Directorate Capital Forecast	Budget Set at Feb Cab 2021	Budget at July Cab Plus Slippage 20/21	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Employment, Skills & Adult Learning	0	13	0	13	0
Libraries and Archives	1,753	2,354	23	964	(1,390)
Area Regeneration	1,294	3,544	26	2,488	(1,055)
Total Non-Housing	3,047	5,911	49	3,465	(2,446)

Employment, Skills & Adult Learning

The overall scheme is forecast to spend the full budget this financial year. The main scheme is a Greater London Authority (GLA) grant funded project to provide ICT equipment to support the needs of adult learners during this pandemic and at risk of digital exclusion. Most of the equipment was ordered and delivered back in March 2021 and awaiting final invoices. The team is looking at spending the remaining budget on equipment for face-to-face adult learning at the employment Hubs.

Libraries and Archives

The overall scheme is forecasting £1.4m underspend against the respective in-year budget of £2.4m. The main project which is causing the variance relates to the budget set aside for the refurbishments to Stoke Newington Library. The spend for this year will be for the initial surveys and development plans with further decisions made later on in the year. Therefore the budget will be re-profiled to reflect the likely timeframe of the project.

Area Regeneration

The overall scheme is forecasting £1.1m underspend against the respective in-year budget of £3.5m. Below is a brief update on a few of the schemes.

Dalston and Hackney Town Centre - The most significant underspend relates to the resource held for the development plans for the Dalston & Hackney Town Centre. The project is in progress with the Invitation to Tender in final draft form, to be issued in the coming month to ensure the Design Team is appointed for commencement in early January 2022. The development of the site briefs has been supported by due diligence, including review of heritage assets undertaken by specialist advisors. The Area Regeneration team is looking to appoint a Senior Capital Project Manager (PM) to support the delivery of the programme. The delay to recruitment of the PM officer and design team means a slight shift in expected spend against spend approval from 2021/22 to 2022/23. The team will be looking to confirm resource approval early in the new year, with the appointment of the lead consultant to align with the jointly agreed programme. The budget will, therefore, be re-profiled to 2022/23.

Multi Use Games Area (MUGA) and Classroom Project at 80-80a Eastway - Following the delays to the start of the works, the Contractor (Neilcott) is on site. The works are progressing and aiming for practical completion in the early part of the Autumn 2021.

ADULTS, HEALTH AND INTEGRATION

The overall scheme is forecasting no spend this financial year against the respective in-year budget of £0.1m. The variance relates to the resource set aside for Median Road which has been put on hold with plans to review in future years. The remaining budget will be reviewed in the next quarter and if not required will be offered up as savings.

AHI Directorate Capital Forecast	Budget Set at Feb Cab 2021	Budget at July Cab Plus Slippage 20/21	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Adults, Health and Integration	39	130	0	0	(130)
TOTAL	39	130	0	0	(130)

CHILDREN, ADULTS AND COMMUNITY HEALTH

The current forecast is £17.2m, £3.7m below the revised budget of £20.9m. More detailed commentary is outlined below.

C&E Directorate Capital Forecast	Budget Set at Feb Cab 2021	Budget at July Cab Plus Slippage 20/21	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Children & Family Services	0	572	2	572	0
Education Asset Management Plan	3,484	3,225	302	3,410	185
Building Schools for the Future	0	250	0	370	120
Other Education & Children's Services	1,937	2,771	479	2,765	(5)
Primary School Programmes	6,548	8,589	(237)	5,909	(2,680)
Secondary School Programmes	3,889	5,525	(249)	4,175	(1,350)
TOTAL	15,858	20,933	297	17,202	(3,731)

Children & Family Services

The overall scheme is forecast to spend the in-year respective budget and there are two capital projects in this area. Below is a brief update on these projects:

Loft conversions - The Loft conversions to three of the Council foster carers' homes to increase the space in their homes. This physical space will offer additional space to children who are currently sharing a room, accommodate overnight stays, and offer extra long term placement to another child. This project is progressing with the full budget forecasted to spend.

Shoreditch Park Play Adventure - This capital project is the refurbishment of the Shoreditch Play Adventure Playground and Play Hut. The plan is to demolish the existing and build a new modular play-hut with a cabin/classroom and landscaping to this site. This will significantly improve play provision, creating a rich play environment as well ensuring improved accessibility for young people with special educational needs and disabilities to access and engage in all of the play activities offered at the playground. This project is progressing with the full budget forecasted to spend.

Education Asset Management Plan

The overall scheme is forecasting a minor overspend of £0.02m against an in-year respective budget of £3.2m. This is the Borough's cyclical and periodic yearly maintenance programme to the education asset which includes works such as upgrades to lighting, heating, boiler, fire safety and refurbishments to toilets and playgrounds. Below is a brief update on a few of the schemes:

Jubilee School - This project is the work on the school's lighting. The contract award is signed and the works will commence by the summer.

Colvestone School - This project is to refurbish the toilets. Currently on site with anticipated completion by early autumn.

Shoreditch Park School - A Section 77 application has been submitted to the Secretary of State for Education to release a section of the land on the existing site to change the use. Following the decision the overall budget will be reviewed.

Sir Thomas Abney School - This project is in the initial stages and awaiting feedback from the condition survey.

Berger School - The planning application has been granted for installation of 10 condenser units to roof level and the installation is imminent.

Daubeney School - The Contractor has withdrawn and another contractor has been approached for a further quotation on the works.

Building Schools for the Future

The overall scheme is forecasting an overspend of £0.01m against the in-year respective budget of £0.02m.

Ickburgh School (on the site Formerly used by Cardinal Pole Upper School) - The variance relates to the on-going works to rectify poor installation of heating at this site. In addition, the Council received further Government funding to help local authorities create new school places for children and young people with SEND. This capital expenditure will be spent on the expansion of post 16 resources at the School and consist of creation of additional storage, additional toilet provision, associated staff facilities and the relocation of a bike store to provide additional space for bus parking.

Other Education & Children's Services

The overall scheme is forecasting a minor underspend against the in-year respective budget of £2.7m. The schemes relate to the expansion of Hackney's specialist resource provision (SRP) for pupils with Social, Emotional and Mental Health (SEMH) and Autistic Spectrum Disorder (ASD) needs funded by the SEN Special Provision capital grant fund. Below is a brief update on the schemes:

Gainsborough School - The variance is to support ongoing works and retention which will be settled in 2022/23.

The Garden School (on the site Formerly used by Ickburgh School) - The main expansion works are progressing. The asbestos removal, which was discovered during the major works, has started. The asbestos removal will take place alongside the major works and be completed by autumn 2021. This capital project is to deliver additional places for pupils aged 14-16 years, post 16 pupils and expand the school building. The forecast is to spend the full budget this financial year.

Primary School Programmes

The overall Primary School Programme is forecasting an underspend of £2.7m against the in-year respective budget of £8.6m. The main programme relates to the rolling health and safety remedial works to Facades of 23 London School Board (LSB) schools that began in 2017. Several of the schools are at the planning and tendering stages which have been delayed. Further explanations of the schemes causing the variance is set out below. A total of £3.4m will be re-profiled from the 2021/2 budget to 2022/23 budget to reflect the anticipated spend. We are currently seeking further explanation as to this significant slippage.

Woodberry Down Children's Centre Relocation - Currently out to tender. The Contract Award is expected by autumn 2021.

Princess, Hoxton Gardens and De Beauvoir Facade - Contractor is on site.

Daubeney, Colvestone Mandeville and Gayhurst Facade - Currently in the planning stage and the tender application is nearing completion.

Grasmere Facade - Due to 'lead time' for windows manufacturing, there is a delay to the start of the project. The 'lead time' is the time between the initiation and completion of the production process. The project is anticipated to be completed by early 2022.

Harrington Hill Facade - Tender documentation near completion, contractor needs to update survey for site visit to schools in the

autumn of 2021. Contractor starts onsite for early 2022, anticipated completion is summer 2022.

Millfields, Rushmore and Morningside Facade - The scaffold design has delayed the start. The completion is due by the autumn of 2021.

Queensbridge Facade - Rear wall structural design and architectural design are approved. The works will start by the autumn of 2021.

Southwold, Springfield, William Patten, Orchard and Tyssen Facade - All tender documents for these sites have been issued to contractors for a school site visit in October 2021. Contract Award due January 2022 and anticipated contract completion date is summer 2022.

Woodberry Down Facade - There will be no spend this financial year. The business case will be completed by autumn 2021 and the tender documentation by winter 2021.

Secondary School Programmes

The overall scheme is forecasting an underspend of £1.4m against the in-year respective budget of £5.5m.

The Urswick School Expansion - The main variance is the expansion to the school. The variance is due to the changes to the project. The science lab was completed in July 2021 and two temporary classrooms will be installed in August 2021. The retention period is February 2022. The modular classroom is currently at the contract award stage. The variance has been re-profiled to 2022/23 to reflect the anticipated spend.

FINANCE AND CORPORATE RESOURCES

The overall forecast in Finance and Corporate Resources is £28.8m, £15.6m under the revised budget of £44.4m. More detailed commentary is outlined below.

F&CR Directorate Capital Forecast	Budget Set at Feb Cab 2021	Budget at July Cab Plus Slippage 20/21	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Property Services	11,022	13,235	223	8,061	(5,175)
ICT	3,518	3,861	163	3,861	0
Financial Management	0	0	(139)	0	0
Other Schemes	752	1,371	69	945	(426)
Total	15,292	18,468	316	12,867	(5,601)
Mixed Use Development	34,315	25,881	604	15,920	(9,961)
TOTAL	49,607	44,349	920	28,787	(15,562)

Strategic Properties Services - Strategy & Projects

The overall scheme is forecasting an overspend of £5.2m against the in-year respective budget of £13.2m.

The City & Hackney Clinical Commissioning Group (CCG) Primary Care Project - This project is the main cause of the variance in Strategic Property. It is forecasting an underspend of £3.7m. This project is to develop The City & Hackney Clinical Commissioning Group (CCG) Primary Care estate. This scheme proposes to construct one new build primary care surgery and convert and expand a listed building to accommodate two practices at land rear of 2- 28 Belfast Road and The Portico Building at 34 Linscott Road. The project is still at the planning application stage, which has been reflected in the slippage of spend into 2022/23. All the spend to date is on the feasibility and project management costs to develop the restate pre-construction works. The construction work is expected to start in January/February 2022. Very little of the main project budget will be spent this year.

ICT Capital

The overall ICT scheme is forecast to spend the full in-year respective budget of £3.7m. The main variance resource will be held along with any other underspends across the overall scheme to support any costs relating to the cyber recovery.

Other Schemes

The schemes are forecasting an underspend of £0.4m against the in-year respective budget of £0.8m.

Solar Panel - The main variance relates to the Solar Panel Installation project. Following consultation with key stakeholders, 9 sites were chosen with an additional 3 to potentially go ahead. They are all commercial properties. The contract has been awarded to the supplier and the work has started on planning applications and Distribution Network Operator (DNO) for connection. We anticipate starting onsite in the autumn of 2021. This follows the successful pilot of solar installation to West Reservoir Leisure Centre and the London Fields Lido. The variance has been re-profiled to 2022/23.

Mixed Use Developments

The schemes are forecasting an underspend of £10m against the in-year respective budget of £25.8m.

Tiger Way - The school (Nightingale Primary School) and residential building are now occupied with all residential units sold. The variance relates to retention payments and the budget has been reprofiled to reflect this.

Nile Street - The school (New Regents College) is completed and occupied. As at July 2021, 89 of the 175 residential units have been sold. The variance relates to retention payments which will be due in 2022/23 and the budget has been reprofiled to reflect this.

Britannia Site - The overall forecast is an underspend of £4m against the in-year respective budget of £20m. Phase 1a (new Leisure centre) - The Britannia Leisure Centre is now open to the public and in operation. Phase 1b (School) - City of London Academy Shoreditch Park is now completed and occupied by the school. Phase 2a (Residential) - This phase remains under review and the variance re-profiled to 2022/23.

NEIGHBOURHOODS AND HOUSING (NON-HOUSING)

The overall forecast in Neighbourhoods and Housing (Non) is £30.5m, £6.1m under the revised budget of £36.6m. More detailed commentary is outlined below.

N&H – Non Housing Capital Forecast	Budget Set at Feb Cab 2021	Budget at July Cab Plus Slippage 20/21	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Leisure, Parks & Green Spaces	13,566	17,328	279	13,716	(3,612)
Streetscene	11,856	16,366	685	14,904	(1,461)
Environmental Operations & Other	626	1,227	0	601	(627)
Public Realms TfL Funded Schemes	0	23	234	23	0
Parking & Market Schemes	358	358	0	100	(258)
Community Safety, Enforcement & Business Regulations	567	1,275	68	1,182	(94)
Total	26,974	36,577	1,266	30,526	(6,051)

Leisure, Parks and Green Spaces

The overall scheme is forecasting an underspend of £3.6m against the in-year respective budget of £17.3m. Below is the brief update on the schemes.

Abney Park Refurbishment - The project is showing the most significant variance which was caused by delays in the procurement process. The approval from the Cabinet Procurement and Insourcing Committee was granted in June 2021 to appoint the Contractor (Quinn Construction Limited). Quinn will commence mobilisation on 6 September 2021 and will start work on site early November 2021. The contract programme is 62 weeks so they expect to complete work in the autumn of 2022. The underspend has been re-profiled to 2022/23 to reflect the change in the programme of works.

Shoreditch Park Refurbishment - The planning application has been granted and the tender application is nearing completion. The plan is

to go out to tender for the main contractor by the end of this summer with a scheduled start onsite by quarter 3 of 2021/22. It is anticipated the forecasted budget will be fully spent this financial year.

Parks Depot - The team will be concentrating on Millfields depot initially and it is likely that the works to the remaining depots will slip to 2022/23. The variance has been reprofiled to 2022/23 to recognise the re-prioritising of these works.

Environmental Services and Other

The variance is due to the delay to the delivery of vehicles. The Street Winter Gritter and a Gully cleansing vehicle are now due for delivery in autumn 2021. The remaining budget has been re-profiled for now and will be reviewed to see if this budget can be released as part of the Council's budget-setting exercise.

HOUSING

The overall forecast in Housing is £108.5m, £49.4m below the revised budget of £157.9m. More detailed commentary is outlined below.

Housing Capital Forecast	Budget Set at Feb Cab 2021	Budget at July Cab Plus Slippage 20/21	Spend	Forecast	Variance
		£000	£000	£000	£000
AMP Housing Schemes HRA	64,175	74,519	3,335	46,440	(28,079)
Council Schemes GF	11,273	5,387	2,037	20,690	15,303
Private Sector Housing	2,122	2,091	155	1,580	(511)
Estate Regeneration	38,394	45,494	3,023	21,317	(24,177)
Housing Supply Programme	18,638	25,344	1,123	11,502	(13,841)
Woodberry Down Regeneration	6,263	5,075	2,453	6,949	1,874
Total Housing	140,864	157,909	12,126	108,478	(49,431)

AMP Housing Schemes HRA

The overall scheme is forecasting an underspend of £28.1m against the in-year respective budget of £74.5m. The Housing AMP is underspent this year because the main contract (£40-50m p.a.) is ending on 31 August 2021 and no more works can be issued under that contract. However, the work and the budget are required when the new contracts are awarded later in the year, but work and spend will not commence until 2022/23. The variance has been reprofiled to 2022/23 to recognise the change affecting the programme of works.

Council Schemes GF

The overall scheme is forecasting an overspend of £15.3m against the in-year budget of £5.4m. The additional cost in Council Schemes GF is the funding of the buyback scheme approved by Cabinet. £10m for Local Space Properties and £10m for Leaseholders including 9 properties from L&Q Housing Association. The budget from 2022/23 and 2023/24 has been re-profiled back to the current year to support this overspend.

Estate Regeneration and Housing Supply Programme

The Estate Regeneration scheme (ERP) is forecasting an underspend of £24.2m against the in-year respective budget of £45.5m and the Housing Supply Programme (HSP) is forecasting an underspend of £13.8m against the in-year respective budget of £25.3m. Both schemes (ERP and HSP) are underspent due to slippage in the programme. There are 3 schemes on site, all of which will complete toward the end of the year. There are 5 other schemes with tenders returned, but as the tenders are higher than the appraisal cost, there is additional work to reduce the cost and make the schemes viable before awarding the contract. Once awarded, there is a period of mobilisation before the works and expenditure commences. This additional work on the viability of schemes has led to a delay to contract awards and the start of site works which means significant slippage on the programme. These budgets will be slipped into 2022/23 and be rephased to reflect the build programme once contracts are awarded. There are a further 3 schemes due to go out to tender, but as a result of the high tender returns, more work is being done before tendering to ensure their viability. This will lead to further slippage on the programmes and so reprofiling of these schemes will be carried out as part of the capital budget development process for 2022/23.

Woodberry Down Regeneration

The £1.9m overspend on Woodberry Down is based on the forecast of 15 Buybacks due this financial year. The budget has been re-profiled from 2022-23 back into the 2021/22 budget to cover the anticipated spend.

5.0 DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

This budget monitoring report is primarily an update on the Council's financial position and there are no alternative options here. There are no options to the Property proposal described at 2.7 to 2.9.

6.0 BACKGROUND

6.1 Policy Context

This report describes the Council's financial position as at the end of May 2021. Full Council agreed the 2021/22 budget on 24th February 2021.

6.2 Equality Impact Assessment

Equality impact assessments are carried out at budget setting time and included in the relevant reports to Cabinet. Such details are not repeated in this report.

6.3 Sustainability

As above

6.4 Consultations

Relevant consultations have been carried out in respect of the forecasts contained within this report involving the Mayor, the Cabinet Member for Finance, Housing Needs and Supply, HMT, Heads of Finance and Directors of Finance.

6.5 Risk Assessment

The risks associated with the Council's financial position are detailed in this report.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

7.1 The Group Director, Finance and Corporate Resources' financial considerations are included throughout the report.

8. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE

8.1 The Group Director, Finance and Corporate Resources is the officer designated by the Council as having the statutory responsibility set out in section 151 of the Local Government Act 1972. The section 151 officer is responsible for the proper administration of the Council's financial affairs.

8.2 In order to fulfil these statutory duties and legislative requirements the Section 151 Officer will:

- (i) Set appropriate financial management standards for the Council which comply with the Council's policies and proper accounting practices and monitor compliance with them.

- (ii) Determine the accounting records to be kept by the Council.
 - (iii) Ensure there is an appropriate framework of budgetary management and control.
 - (iv) Monitor performance against the Council's budget and advise upon the corporate financial position.
- 8.3 Under the Council's constitution, although full Council sets the overall budget, it is the Cabinet that is responsible for putting the Council's policies into effect and responsible for most of the Council's decisions. The Cabinet must take decisions in line with the Council's overall policies and budget.
- 8.4 Paragraph 2.6.3 of FPR2 Financial Planning and Annual Estimates states that each Group Director in charge of a revenue budget shall monitor and control Directorate expenditure within their approved budget and report progress against their budget through the Overall Financial Position (OFP) Report to Cabinet. This Report is submitted to Cabinet under such provision.
- 8.5 Article 13.6 of the Constitution states that Key decisions can be taken by the Elected Mayor alone, the Executive collectively, individual Cabinet Members and officers. Therefore, this Report is being submitted to Cabinet for approval.
- 8.6 On the Property Proposal, an extension of the lease with Clarion will be a surrender and re-grant; the grant of a 999 year lease is a disposal. Under the Hackney Mayoral Scheme of Delegation of January 2017, the disposal of land is reserved to the Mayor and Cabinet. Section 123(1) of the Local Government Act 1972 provides the Council with the power to dispose of land and property, provided such disposal is made for the best consideration reasonably obtainable. However, the General Disposal Consent 2003 removes the requirement for local authorities to seek specific consent from the Secretary of State for any disposal of land where: the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of: (i) the promotion or improvement of economic well-being; (ii) the promotion or improvement of social well-being; (iii) the promotion or improvement of environmental well-being; and the "undervalue" (i.e. the difference between the unrestricted value of the interest to be disposed of and the consideration accepted) is £2 million or less. Where the case does not fall within the terms of this General Consent then an application to the Secretary of State for Communities and Local Government for a specific consent is required. Furthermore, the General Consent Order 2003 specifies that it is the responsibility of the Council to satisfy itself that the land is held under powers which permit it to be disposed of under the terms of the 1972 Act. A grant of a long lease is defined as a disposal within the Local Government Act 1972.

8.7 All other legal implications have been incorporated within the body of this report.

9.0 COMMENTS OF THE DIRECTOR OF STRATEGIC PROPERTY SERVICES

9.1 The Director of Strategic Property Services confirms that the price offered meets the statutory requirements of s.123 of the Local Government Act 1972.

Report Author	Russell Harvey – Tel: 020-8356-2739 Senior Financial Control Officer russell.harvey@hackney.gov.uk
Comments of the Group Director of Finance and Corporate Resources	Ian Williams – Tel: 020-8356-3003 Group Director of Finance and Corporate Resources ian.williams@hackney.gov.uk
Comments of the Director of Legal and Governance	Louise Humphreys – Tel: 020-8356-4817 Head of Legal and Governance louise.humphreys@hackney.gov.uk

Capital Update Report KEY DECISION NO. FCR R80	
CABINET MEETING DATE 13 September 2021	CLASSIFICATION: Open If exempt, the reason will be listed in the main body of this report.
WARD(S) AFFECTED All Wards	
CABINET MEMBER Philip Glanville, Mayor of Hackney	
KEY DECISION Yes REASON Spending or Savings	
GROUP DIRECTOR Ian Williams Finance and Corporate Resources	

1. CABINET MEMBER'S INTRODUCTION

- 1.1 This report updates members on the capital programme agreed in the 2021/22 budget.
- 1.2 The recommendations contained in this report demonstrate our continued commitment to meeting our manifesto pledges and the Council's revised Corporate Plan to Rebuild a Better Hackney – which includes our work to give our young people the best start in life and invest in public facilities that everyone can enjoy, as well as contributing to our response to the climate emergency.
- 1.3 The Council has long recognised the impact that sport and physical activity can have on the achievement of its priorities and since 2005 has made improvements to both the quality and operation of its sport and leisure facilities. To ensure we continue to improve sport and physical activity opportunities for residents we need to make decisions about how our leisure facilities continue to meet the demands and expectations of the community, within the context of a growing population and reducing resources. We have already done this with the development of a new Britannia Leisure Centre that opened in June 2021 and last month we reported on our plans to secure the future of Kings Hall Leisure Centre (KHLC) and approved investment in structural works to the building and to develop clear plans and cost estimates for refurbishing KHLC in order to inform future decision making. In this report we turn to outdoor play and exercise bringing forward plans to invest £148k to resurface the tennis courts and replace fencing in Clissold Park.
- 1.4 This month we are also seeking approval for £100k of investment into Stoke Newington Library and a further £2,125k for tree planting across the borough, further investment in our programme to Rebuild a Greener Hackney and includes additional resources via a successful bid to the GLA's Urban Tree Challenge Fund. The library, an important destination and facility for our residents, is located in a Grade II listed building and this investment will fund the development of plans for restoring the library to its former glory and redesigning its layout so it can continue to provide quality library services to residents into the future. The additional funding for tree planting will help us increase the tree canopy cover on our streets as we continue to deliver against our climate emergency commitment and pledge to plant at least 5,000 new street trees by 2022. I also note and welcome the investment in Hackney Wick to support young people and the wider community.
- 1.5 Finally, this report notes investment of £464k to support the insourcing of fleet maintenance on equipment and refurbishment at our workshop. Where we insource services we want to ensure standards are maintained or improved and we are investing here to ensure this is the case.
- 1.6 I commend this report to Cabinet.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1 This report updates Members on the current position of the Capital Programme

and seeks spending and resource approval as required to enable officers to proceed with the delivery of those schemes as set out in Section 9 of this report.

3. RECOMMENDATION(S)

3.1 That the scheme for Chief Executives as set out in section 9.2 be given approval as follows:

Stoke Newington Library Refurbishment: Spend approval of **£100k in 2021/22** is requested to fund the survey and development plans for the refurbishment of this facility.

3.2 That the scheme for Neighbourhood and Housing (Non) as set out in section 9.3 be given approval as follows:

Tennis Court Refurbishments: Resource and spend approval of **£148k in 2021/22** to fund the refurbishment works to Tennis Court Facilities.

Tree Planting Programme: Resource and spend approval of **£2,125k in 2021/22** is requested to fund the programme to increase tree canopy cover around the borough.

3.3 That the S106 schemes as set out in section 9.4 and summarised below be approved as follows:

S106	2021/22 £'000
Capital	67
Total S106 Resource & Spend for Approval	67

3.4 That the scheme summarised in section 9.5 be noted.

3.5 That the expenditure plans and associated resources to be carried from 2020/21 to 2021/22 as set out in para 9.6 and summarised below be approved:

Current Directorate	Slippage 20/21 £'000
Total Non-Housing	7,826
Total Housing	12,310
Total	20,136

3.5 That the re-profiling of the budgets as set out in para 9.7 and summarised below be approved:

Current Directorate	Re-profiling 21/22	Re-profiling 22/23	Re-profiling 23/24
	£'000	£'000	£'000
Total Non-Housing	(27,436)	26,686	750
Total Housing	(44,096)	54,096	(10,000)
Total	(71,532)	80,782	(9,250)

3.6 That the capital programme adjustments as set out in para 9.8 and summarised below be approved:

Current Directorate	Capital Adjustments 21/22
	£'000
Total Non-Housing	(150)
Total Housing	(149)
Total	(299)

4. REASONS FOR DECISION

4.1 The decisions required are necessary in order that the schemes within the Council's approved Capital programme can be delivered as set out in this report.

4.2 In most cases, resources have already been allocated to the schemes as part of the budget setting exercise but spending approval is required in order for the scheme to proceed. Where however resources have not previously been allocated, resource approval is requested in this report.

5. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

None.

6. BACKGROUND

6.1 Policy Context

The report to recommend the Council Budget and Council Tax for 2021/22 considered by Council on 22 February 2021 sets out the original Capital Plan for 2021/22. Subsequent update reports considered by Cabinet amend the Capital

Plan for additional approved schemes and other variations as required.

6.2 Equality Impact Assessment

Equality impact assessments are carried out on individual projects and included in the relevant reports to Cabinet or Procurement Committee, as required. Such details are not repeated in this report.

6.3 Sustainability

As above.

6.4 Consultations

Relevant consultations have been carried out in respect of the projects included within this report, as required. Once again details of such consultations would be included in the relevant detailed reports to Cabinet or Procurement Committee. As referenced above the feasibility work in both Dalston and Hackney Central will be subject to further community engagement and eventually consultation.

6.5 Risk Assessment

The risks associated with the schemes detailed in this report are considered in detail at individual scheme level. Primarily these will relate to the risk of the projects not being delivered on time or to budget. Such risks are however constantly monitored via the regular capital budget monitoring exercise and reported to cabinet within the Overall Financial Position reports. Specific risks outside of these will be recorded on departmental or project based risk registers as appropriate.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

7.1 The gross approved Capital Spending Programme for 2021/22 currently totals **£245.673m (£100.074m non-housing and £145.600m housing)**. This is funded by discretionary resources (borrowing, capital receipts, capital reserves (mainly Major Repairs Reserve and revenue contributions) and earmarked funding from external sources.

7.2 The financial implications arising from the individual recommendations in this report are contained within the main report.

7.3 If the recommendations in this report are approved, the revised gross capital spending programme for 2021/22 will total **£196.547m (£82.883m non-housing and £113.664m housing)**.

Current Directorate	Revised Budget Position	Sept 2021 Cabinet	Slippage from 20/21	Re-profiling 21/22	Capital Adjustments	Updated Budget Position
	£'000	£'000	£'000	£'000	£'000	£'000

Chief Executive's (Non-Housing)	5,098	246	813	(2,323)	0	3,834
Adults, Health & Integration	169	0	(39)	(130)	0	0
Children & Education	20,752	0	181	(3,638)	(120)	17,175
Finance & Corporate Resources	40,115	0	4,234	(15,766)	(30)	28,553
Neighbourhood & Housing (Non)	33,941	2,323	2,636	(5,579)	0	33,321
Total Non-Housing	100,074	2,569	7,826	(27,436)	(150)	82,883
Housing	145,600	0	12,310	(44,096)	(149)	113,664
Total	245,673	2,569	20,136	(71,532)	(299)	196,547

8. COMMENTS OF THE DIRECTOR OF LEGAL

- 8.1 The Group Director, Finance and Corporate Resources is the officer designated by the Council as having the statutory responsibility set out in section 151 of the Local Government Act 1972. The section 151 officer is responsible for the proper administration of the Council's financial affairs.
- 8.2 In order to fulfil these statutory duties and legislative requirements the Section 151 Officer will:
- (i) Set appropriate financial management standards for the Council which comply with the Council's policies and proper accounting practices, and monitor compliance with them.
 - (ii) Determine the accounting records to be kept by the Council.
 - (iii) Ensure there is an appropriate framework of budgetary management and control.
 - (iv) Monitor performance against the Council's budget and advise upon the corporate financial position.
- 8.3 Under the Council's Constitution, although full Council set the overall Budget it is the Cabinet that is responsible for putting the Council's policies into effect and responsible for most of the Councils' decisions. The Cabinet has to take decisions in line with the Council's overall policies and budget.
- 8.4 The recommendations include requests for spending approvals. The Council's Financial Procedure Rules (FPR) paragraphs 2.7 and 2.8 cover the capital programme with 2.8 dealing with monitoring and budgetary control arrangement
- 8.5 Paragraph 2.8.1 provides that Cabinet shall exercise control over capital spending and resources and may authorise variations to the Council's Capital Programme provided such variations: (a) are within the available resources (b) are consistent with Council policy.
- 8.6 With regard to recommendation 3.3 and paragraph 9.4 where Cabinet is being invited to approve the allocation of monies from agreements under section 106 of the Town and Country Planning Act 1990, s.106 permits anyone with an interest in

land to enter into a planning obligation enforceable by the local planning authority. Planning obligations are private agreements intended to make acceptable developments which would otherwise be unacceptable in planning terms. They may prescribe the nature of the development (for example by requiring that a percentage of the development is for affordable housing), secure a contribution to compensate for the loss or damage created by the development or they may mitigate the development's impact. Local authorities must have regard to Regulation 122 of the Community Infrastructure Levy Regulations 2010. Regulation 122 enshrines in legislation for the first time the legal test that planning obligations must meet. Hackney Council approved the Planning Contributions Supplementary Planning Document on 25 November 2015 under which contributions are secured under S106 agreements. Once completed, S.106 agreements are legally binding contracts. This means that any monies which are the subject of the Agreement can only be expended in accordance with the terms of the Agreement.

9. CAPITAL PROGRAMME 2021/22 AND FUTURE YEARS

9.1 This report seeks spending approval for schemes where resources have previously been allocated as part of the budget setting process, as well as additional resource and spending approvals for new schemes where required.

9.2 Chief Executive:

9.2.1 **Stoke Newington Library Refurbishment:** Spend approval of **£100k in 2021/22** is requested to fund the survey and development plans for the refurbishment of this site. This 'development budget' enables an in depth survey to be conducted to inform design and cost estimates for the repair of the Stoke Newington Library building. This will be the first drawdown against the £4.5m capital budget allocated to the library which is a Grade II listed building in very poor repair. The overall budget was set aside to repair the building fabric and modernise the library service. The library was built in 1892 and currently hosts a full range of library services. The renovation is aimed at restoring the library to its former glory and redesigning its layout so it can continue to provide quality library services to residents into the future. This approval will have no net impact as the resources already form part of the capital programme.

9.3 Neighbourhoods and Housing (Non):

9.3.1 **Tennis Court Refurbishments:** Resource and spend approval of **£148k in 2021/22** to fund the refurbishment works to Clissold Park Tennis Facilities. This funding from the Football Foundation relates specifically to Clissold Park Tennis Facilities and will be used to resurface the tennis courts that did not form part of the recent refurbishment programme. The remaining funding will be used to replace the tennis court fencing around all of the courts which has reached end of life and needs replacing. This demonstrates the Council's commitment to maximise the opportunities for safe play and outdoor activities across our parks. We can also enhance the green space and public space here. We have created safer, healthier, more inclusive streets and neighbourhoods and made sure that we have made the most of the public space, open space and green space across

the borough, and worked with the community to make sure that these are accessible, welcoming and pleasant spaces to walk, play, cycle and spend time, including for local families, young people, older and disabled people. This project supports the Council's Community Strategy by meeting the following strategic priorities: Priority 1. 'A borough where everyone can enjoy a good quality of life and the whole community can benefit from growth' and Priority 3 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no impact as the resources are fully funded by grant.

- 9.3.2 **Tree Planting Programme 2021/22:** Resource and spend approval of **£2,125k in 2021/22** is requested to continue the rolling programme to increase tree canopy cover on streets around the borough from 20% to 30% by 2022 which began last year. The Council is looking to meet the demanding targets set out in our climate emergency motion and has committed to a range of decisive infrastructural changes and improvements to achieve this. This includes increasing on-street canopy cover in Hackney by 50% through the planting of 5,000 new street trees and 1,000 trees in parks across parks and open spaces and housing land. In January 2021 Cabinet approved £1,750k to fund the first stage in tackling the urgent issue of poor air quality on the streets of Hackney and as of 31 March 2021, approximately 2,500 trees have been planted on the public Highways across the borough. The Council was successfully awarded external funding from the GLA Urban Tree Challenge Fund and £400k will go towards the funding of this programme. The planting of trees is a key part of the Council's 'nature-based solution' of increasing green infrastructure and significantly reducing carbon dioxide emissions, reducing global warming and protecting and conserving biodiversity. This capital project supports our work to Rebuild a Greener Hackney and the Council's 2018-2028 Sustainable Community Strategy Priority 3 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no net impact on the capital programme as it will be funded by grant.

9.4 S106 Capital Approvals

- 9.4.1 Capital Virement and Spend approval is requested for **£67k in 2021/22** of capital funding to be financed by S106 contributions. The works to be carried out are in accordance with the terms of the appropriate S106 agreements. This approval requests the reallocating of the use of the unspent budget of historical S106 funding agreements previously allocated to fund the Ridley Road Project. This S106 expenditure was approved over ten years ago and the project is complete. The remaining budget will be moved to fund the **Dalston Good Growth Fund project** and contribute towards the match funding for this project. The Dalston Good Growth Fund project was developed via a successful bid to the Mayor of London's Good Growth Fund (Round 2) where the project was awarded £770k of GLA capital funding. The project will deliver public realm improvements along Ridley Road and to Ridley Road market including additional trees, a new market layout and new stalls, public wifi, seating and gateway signage at Ridley Road, as well as new trees, greening, signage and public realm improvements on Ashwin Street. This approval will have no net impact as the resources already form part of

the capital programme. This will be an internal movement of the unspent budgets to the scheme below.

Planning Site No.	Project Description	Agreement Development Site	2021/22 £'000
2004/0849	Dalston Good Growth Fund Project	Texryte House, Southgate Road, London, N1 3HJ	16
2004/0150		Dalston Lane 63-67	43
2007/1803		Dalston Square (land South of) including railway Land	8
Total Capital S106 for Approval			67

9.5 For Noting

9.5.1 The delegated powers report dated 28 August 2020 gave resource and spend approval to enter into a grant funding agreement with the London Legacy Development Corporation (LLDC) to enable Council officers to proceed with the delivery of the **MUGA and classroom project** (Young Hackney Eastway) as part of the Wick Workspace project. On 9th June 2020, the Council was successfully awarded further Neighbourhood CIL (Community Infrastructure Levy) funding from the London Legacy Development Corporation (LLDC). As a result **£246k in 2021/22** was approved to spend on this project. This follows November 2018 Cabinet approval of £350k from Council's Capital Contribution Young Hackney, July 2019 Cabinet approval of £390k from GLA Good Growth Fund and May 2020 Cabinet approval of £116k from the LLDC. The Wick Workspaces project seeks to utilise Council assets and land as affordable business and community space in Hackney Wick. The grant funding will be spent on a new youth sports facility at the back of the building and include a Multi Use Games area (MUGA) and a classroom.

The funding will allow the council to work in a new way within the local Hackney Wick neighbourhood, with local people, grassroots community networks and community anchor organisations, specifically in a place where some residents feel that they have been left behind and have not benefited from the recent growth Hackney has experienced. This funding will help deliver local economic development and prosperity, creating new opportunities and wider social and economic benefits for the local community. It will help to keep young people safer and promote social inclusion for isolated residents. This capital project supports the Council's 2018-2028 Sustainable Community Strategy Priority 1. 'A borough where everyone can enjoy a good quality of life and the whole community can benefit from growth' and Priority 5 'A borough with healthy, active and independent residents'. This approval will have no net impact on the capital programme as it will be funded by grant.

9.5.2 The Cabinet Procurement Committee report dated 9 November 2020 gave resource and spend approval to enable Council officers to proceed and purchase the equipment required to carry out the function for the **Vehicle Maintenance workshop** which was brought back in-house in April 2021. The insourced model

has shown to be more affordable than a tendered outsourced model. The protection of the Council's operator licence is highly visible and keeps control in the hands of the Council. Having a facility in the heart of Hackney improves vehicle up-time and improved maintenance leads to lower costs and is beneficial to the environment. As a result **£464k (£50k in 21/22, £396k in 22/23 and £18k in 23/24)** was approved to spend on the equipment and refurbishment to the workshop. The planned expenditure consists of: brake roller tester, fleet management software, workshop compressor, MIG welder, service vans, resurfacing workshop floor, MOT bay, renew exhaust extraction/ventilation equipment, column lifts, air conditioning regassing kit, generic plug-in diagnostic kit and steering alignment equipment for car, light commercial vehicles, heavy goods vehicles and buses. This capital project supports the Council's 2018-2028 Sustainable Community Strategy Priority 3 'A greener and environmentally sustainable community which is prepared for the future'. This approval will have no net impact on the capital programme as it will be funded by discretionary resources held by the authority.

9.6 Carry Forward of Schemes from 2020/21 to 2021/22

9.6.1 Further to the outturn position reported in the March OFP report, the table below summaries the proposed carry forward to **2021/22 of £20,136k** in respect of overall slippage against the 2020/21 capital programme with a detailed scheme provided in Appendix 1 be approved.

Current Directorate	Slippage 20/21
	£'000
Chief Executive's (Non-Housing)	813
Adults, Health & Integration	(39)
Children & Education	181
Finance & Corporate Resources	4,234
Neighbourhood & Housing (Non)	2,636
Total Non-Housing	7,826
Housing	12,310
Total	20,136

9.7 Re-Profiling of the Capital Budgets:

9.7.1 The capital programme is re-profiled twice each year to ensure that the budgets reflect changes in the anticipated development and progress of schemes within the approved programme. This helps to enhance capital budget monitoring and associated financing decisions. The table below summarises the re-profiling of the capital programme between years, the full details of which are shown in Appendix 2.

Current Directorate	Re-profiling 21/22	Re-profiling 22/23	Re-profiling 23/24
	£'000	£'000	£'000
Chief Executive's (Non-Housing)	(2,323)	1,573	750
Adults, Health & Integration	(130)	130	0
Children & Education	(3,638)	3,638	0
Finance & Corporate Resources	(15,766)	15,766	0
Neighbourhood & Housing (Non)	(5,579)	5,579	0
Total Non-Housing	(27,436)	26,686	750
Housing	(44,096)	54,096	(10,000)
Total	(71,532)	80,782	(9,250)

9.8 Capital Adjustments from 2021/22

9.8.1 Capital Programme adjustments are requested in order to adjust and reapportion the 2021/22 approved budgets to better reflect project delivery of the anticipated programme set out below with a detailed scheme provided in Appendix 2.

Current Directorate	Capital Adjustments 21/22
	£'000
Chief Executive's (Non-Housing)	0
Adults, Health & Integration	0
Children & Education	(120)
Finance & Corporate Resources	(30)
Neighbourhood & Housing (Non)	0
Total Non-Housing	(150)
Housing	(149)
Total	(299)

APPENDICES

Two.

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication

of Background Papers used in the preparation of reports is required.

None.

Report Author	Samantha Lewis, 020 8356 2612 samantha.lewis@hackney.gov.uk
Comments of the Group Director of Finance and Corporate Resources	Jackie Moylan, 020 8356 3032 jackie.moylan@hackney.gov.uk
Comments of the Director of Legal	Dawn Carter-McDonald, 020 8356 4817 dawn.carter-mcdonald@hackney.gov.uk

APPENDIX 1 - SLIPPAGE 2020/21

Directorate	Revised 21/22 Budget	Slippage 20/21	Revised 21/22 Budget
Chief Executives (Non-Hsg)			
Adult Learning Equipment	0	13,006	13,006
Library Capital Works	684,606	(31,878)	652,728
Library Refurb Programme	0	53,763	53,763
Dalston & Hackney Town Centre	305,000	30,000	335,000
Hackney Central TC Mang.Project	31,352	2,727	34,079
Hackney Wick Regeneration	135,847	33,056	168,903
80-80a Eastwy(GLA)	300,320	350,120	650,441
Trowbridge (GLA)	0	39,788	39,788
Ridley Road Improvements	841,263	322,628	1,163,891
Total Chief Executives (Non-Hsg)	2,298,388	813,210	3,111,598
Adults, Health & Integration			
Oswald Street Day Centre	38,880	(38,880)	0
Total Adults, Health & Integration	38,880	(38,880)	0
Children & Education			
Shoreditch Play Adventure	341,250	8,750	350,000
Jubilee Primary	757,600	1,800	759,400
Queensbridge Primary	0	10,543	10,543
Benthal AMP	166,218	11,304	177,522
Betty Layward AMP	0	5,156	5,156
Education Asbestos Removal	30,000	3,016	33,016
AMP Contingency	293,075	(4,700)	288,375
Berger School Works	275,283	383	275,666
Ickburgh BSF Ph3	18,406	(18,406)	0
Queensbridge ARP	49,327	798	50,125
The Garden School SEN	2,671,787	5,865	2,677,652
Gainsborough SEND	37,861	5,204	43,065
Woodberry Down CC Relocation	1,547,869	39,352	1,587,221
Shacklewell School	7,960	(7,960)	0
Contingency Facade Repairs	361,416	32,571	393,987
BSF Whole Life Costing	4,150	2,413	6,562
Clapton Girls BSF Life Cycle	0	36,099	36,099
BSF LC Early Failure Contingency	800,000	13,353	813,353
Haggerston School Lifecycle	0	404	404
The Garden Lifecycle	7,362,201	35,333	7,397,534
Total Children & Education	14,724,402	181,278	14,905,681
Finance & Corporate Resources			
Annex (Staff Moves)	0	56,412	56,412
Decant to MBH & Moves to CAH	0	499,738	499,738
HLT Restack	14,799	(38)	14,761
HSC Flooring Replacement Works	0	243,390	243,390

HTH Essential Works	492,000	407,806	899,806
Asbestos Surveys	440,000	122,488	562,488
39-43 Andrews Road Works	120,000	28,542	148,542
40-43 St Andrews Road	0	178,735	178,735
14 Andrews Rd Roof Renewal	201,425	15,540	216,965
HSC Lighting Upgrade	203,090	(373)	202,718
The Annexe	50,000	(30,000)	20,000
Landlord Wks 12-14 Englefield Rd	354,534	(59,422)	295,112
Dalston Lane Terrace	50,000	31,870	81,870
Chats Palace R&M	0	25,526	25,526
161 Northwold Rd	0	58,358	58,358
VCS 186 Homerton High St	0	19,428	19,428
Acquisition Gd Flr Retail DWC	0	3,914	3,914
Landlord wks 37-39 Leswin Road	176,696	3,487	180,182
Wally Foster Centre	200,000	(5,831)	194,169
Voluntary Sector	677,201	(53,066)	624,136
Commercial Properties	200,000	(7,521)	192,479
Digital Discharge to Social Care	0	86,587	86,587
Record Management Optimisation	41,500	8,500	50,000
End-user Mtg Rm Device Refresh	20,586	41,345	61,930
HLT G Suite	3,214	(3,214)	0
Members Device Refresh	0	27,383	27,383
New Payroll & Recruitment System	0	111,608	111,608
Devices for Hackney Residents	0	57,727	57,727
ICT Health Check	0	81,599	81,599
Green Homes Fund	395,000	10,000	405,000
Solar Project (Commercial)	660,000	67,227	727,227
PRU Nile Street	4,264,276	(288,760)	3,975,516
Britannia Site	9,356,234	2,747,090	12,103,324
Britannia Phase 2a	6,078,555	(251,964)	5,826,591
Total Finance & Corporate Resources	23,999,110	4,234,112	28,233,221
Neighbourhood & Housing (non)			
Essential Main to Leisure	700,000	814,299	1,514,299
Parks Strategy - Infrastructure	991,166	129,431	1,120,597
Parks Public Conveniences & Cafes	225,000	202,298	427,298
Play Area Refurbishments	1,000,000	76,310	1,076,310
Clissold Park Paddling Pool	650,000	26,844	676,844
Parks Equipment and Machinery	0	81,726	81,726
Daubeney Fields Play Area	0	149,707	149,707
Millfields Estate Play Area	0	3,844	3,844
Drinking Water Fountains	81,932	29,915	111,847
London Fields Learner Pool	(200,000)	200,000	0
Parks Depot	650,000	338,820	988,820
Abney Park	3,919,894	19,692	3,939,585

Shoreditch Park	1,862,605	49,074	1,911,678
Fairchild's Gardens	464,840	9,996	474,837
St Leonards Church Wall	0	23,144	23,144
Wick Road	0	105,031	105,031
Parks Trees	200,000	(4,762)	195,238
Tree Planting	250,000	77,079	327,079
Greens Screens	600,000	28,537	628,537
Highways Planned Water Drainage	0	49,870	49,870
Bridge Maintenance Schemes	0	36,914	36,914
Borough Wide 20mph	50,000	33,174	83,174
Highways Planned	4,000,000	(3,332)	3,996,668
SS Road Safety	372,000	61,227	433,227
Develop Borough Infrastructure	300,000	49,387	349,387
LED Lights on Highways	615,000	62,189	677,189
Schools Streets	0	70,000	70,000
COVID Transport (DfT)	0	23,261	23,261
Legible London Wayfinding	0	4,255	4,255
East Rd Car Club Bays	0	14,400	14,400
Updating Traffic Calming Measure	100,000	90,000	190,000
25a Wilberforce Road	0	3,496	3,496
42 Lower Clapton Road	12,150	(10,020)	2,130
Highways works Denman House	23,011	(17,459)	5,552
Hackney Car Club - Furr & Hom	0	7,650	7,650
Highway wks 70 Wilson Street	0	49,262	49,262
The Shoreditch Public Realm	568,444	33,727	602,171
Highway Works 25 Penhurst Rd	11,936	(11,936)	0
Highway Works 2-26 Bentley Rd	30,797	(28,775)	2,022
Pembury Circus Improvement Wks	814,365	58,521	872,886
HighwayWk Kingsland Fire Station	0	31,954	31,954
Highway Wks 55 Pitfield	26,597	(5,000)	21,597
Highway Wks at The Stage	218,935	(116,000)	102,935
Highway Wks at 293-295 Old St	11,944	(1,000)	10,944
Highway Wks 180-182 Lordship	7,149	(7,149)	0
Highway Wks Zaim Trading Est	0	5,408	5,408
Highway works Homerton Bapt	13,807	(3,726)	10,081
Highway Wks Land 83 Upper Clapton	0	26,100	26,100
Highway Wks 97-137 Hackney Rd	0	76,569	76,569
Highway Wks at Mare St Studios	0	78,165	78,165
Highway Wks Cranwood & Napier Hse	0	27,199	27,199
Highway Wks Lyttleton House	66,295	(45,510)	20,785
Highway Wks Former Frampton Arms	27,097	(25,807)	1,290
Highway Wks 42 Well Street	9,343	(3,230)	6,113
Highway Wk 420-424 Seven Sister	80,657	(30,000)	50,657
Highway Wk Sheep Lane Ion Hse	22,450	24,865	47,315

Public Realm New Inn Broadway	725,609	(236,250)	489,359
Highway Wk 183-187 Shoreditch	0	335,707	335,707
St Thomas's Rec Shelter	0	5,113	5,113
Highway Wks One Crown Place	0	172,032	172,032
Highway Wks W-berry Down 1b+2	140,000	(140,000)	0
Comm Vehicles Winter Maintenance	250,513	329,487	580,000
Waste Wheeled Bins	0	21,355	21,355
Corridors (TFL)	10,000	(10,000)	0
Streetspace (TFL)	952,000	(952,000)	0
Enforcement Database	0	27,298	27,298
Comm Vehicles CCTV	0	36,612	36,612
Shoreditch CCTV Cameras	658,110	77,353	735,463
Total Neighbourhood & Housing (non)	21,513,645	2,636,340	24,149,986
Housing			
Decent Homes	0	50,000	50,000
HiPs North West	6,900,000	2,142,315	9,042,315
HiPs Central	12,800,000	5,149,449	17,949,449
HiPs South West	11,226,409	424,464	11,650,873
PAM - Delay Costs COVID19	0	500,000	500,000
CCTV upgrade	1,500,000	46,390	1,546,390
Street Lighting SLA	1,000,000	146,223	1,146,223
Drainage	500,000	(250,078)	249,921
Lifts Major Components	400,000	161,237	561,237
Disabled Adaptations	1,200,000	153,268	1,353,268
Integrated Housing Management System	3,000,000	54,271	3,054,271
Fire Risk Works	6,000,000	(751,570)	5,248,430
Lightning Conductors	400,000	95,496	495,496
Capitalised Salaries	5,000,000	(519,610)	4,480,390
Lateral Mains	660,000	(102,015)	557,985
Commercial Properties	500,000	119,256	619,257
Comm Vehicles Building Maintenance	0	69,875	69,875
Recycling Scheme	906,761	54,643	961,404
Bridport	3,185,000	783,254	3,968,254
B/wide Housing under occupation	636,500	(178,117)	458,383
Purchase Leasehold Properties	10,000,000	(5,260,659)	4,739,341
Estate Renewal Implementation	8,714,418	3,869,111	12,583,529
Marian Court Phase 3	11,828,128	(358,737)	11,469,391
Bridge House Phase 2	0	82,415	82,415
Kings Crescent Phase 3+4	4,852,874	75,138	4,928,012
Colville Phase 2	0	877,396	877,396
Colville Phase 2C	1,996,618	(65,118)	1,931,499
ER1 Colville phase 3	0	48,767	48,767
ER1 Colville phase 4	1,200,000	(97,935)	1,102,065
ER1 Colville phase 5	800,000	766,620	1,566,620

St Leonard's Court	0	2,893	2,893
Aikin Court	0	37,810	37,810
King Edwards Road	0	118,283	118,283
Nightingale	418,204	(418,204)	0
Frampton Park Regeneration	0	200,954	200,954
Lyttelton House	0	312,332	312,332
ER1 Tower Court	7,433,858	249,383	7,683,241
Sheep Lane s106	0	99,200	99,200
Garage Conversion Affordable Workspace	161,500	153,798	315,298
Housing Supply Programme	2,633,301	(426,066)	2,207,235
Gooch House	971,068	32,337	1,003,405
Wimbourne Street	2,362,267	36,586	2,398,853
Buckland Street	2,265,884	47,814	2,313,698
Murray Grove	1,005,022	30,793	1,035,815
Downham Road 1	1,122,689	339,485	1,462,174
Downham Road 2	61,051	35,129	96,180
Balmes Road	35,865	136,342	172,206
Pedro Street	6,266,928	(19,805)	6,247,123
Mandeville Street	347,541	529,745	877,286
Tradescant House	898,239	12,157	910,396
Lincoln Court	329,633	236,131	565,764
Rose Lipman Project	130,947	219,346	350,293
Woolridge Way	2,125,555	34,427	2,159,982
81 Downham Road	295,086	341,493	636,579
Daubeney Road	2,024,017	688,852	2,712,868
Hereford Road	109,817	83,832	193,649
Phase2 & Other Heads	2,823,874	1,108,803	3,932,678
Total Housing	129,029,054	12,309,594	141,338,648
Overall Total	191,603,480	20,135,655	211,739,134

This page is intentionally left blank

APPENDIX 1 - RE-PROFILING PHASE ONE 2021/22

Summary of Re-Profiling	To Re-Profile 2021/22	To Re-Profile 2022/23	To Re-Profile 2023/24
	£'000	£'000	£'000
Chief Executive's (Non-Housing)			
Library Security	(50)	50	0
Library Capital Works	(142)	142	0
2nd Gen Library Self Issue Mac	(120)	120	0
Hackney Museum Refurbishment	(150)	150	0
Stoke Newington Library Refurb	(750)	0	750
Stamford Hill Library	(150)	150	0
Dalston & Hackney Town Centre	(784)	784	0
Hackney Wick Regeneration	(146)	146	0
Plough Yard Fit Out	(31)	31	0
Adults, Health & Integration			
Median Road Refurbishment	(130)	130	0
Children & Education			
Jubilee Primary	(40)	40	0
Shoreditch Park AMP	516	(516)	0
Lauriston AMP	(55)	55	0
AMP Contingency	(87)	87	0
Gainsborough SEND	(5)	5	0
Woodberry Down CC Relocation	(1,200)	1,200	0
Façade Development & Profes Cost	144	(144)	0
Daubeney Façade	(59)	59	0
Princess May Façade	(161)	161	0
Colvestone Façade	(347)	347	0
De Beauvoir Façade	(128)	128	0
Gayhurst Façade	(238)	238	0
Grasmere Façade	75	(75)	0
Harrington Hill Façade	(44)	44	0
Hoxton Gardens Façade	(255)	255	0
Mandeville Façade	(363)	363	0
Millfields Façade	(27)	27	0
Morningside Façade	(13)	13	0

Orchard Façade	(36)	36	0
Rushmore Façade	69	(69)	0
Southwold Façade	(159)	159	0
Springfield Façade	(108)	108	0
Tyssen Façade	(13)	13	0
Woodberry Down Facade	(550)	550	0
The Urswick School Expansion	(553)	553	0
Finance & Corporate Resources			
HSC Flooring Replacement Works	(116)	116	0
SFA - Stoke Newington Assembly	(754)	754	0
DDA	(246)	246	0
Asbestos Surveys	(412)	412	0
CCG Primary Care Capital Proje	(3,677)	3,677	0
HSC Lighting Upgrade	(203)	203	0
Installation of AMR's	(40)	40	0
Green Homes Fund	(105)	105	0
Solar Pilot (Leisure Centres)	(59)	59	0
Solar Project (Commercial)	(192)	192	0
Tiger Way Development	(2,000)	2,000	0
PRU Nile Street	(3,921)	3,921	0
Britannia Site	(1,975)	1,975	0
Britannia Phase 2a	(2,064)	2,064	0
Neighbourhood & Housing (Non)			
Play Area Refurbishments	(476)	476	0
Parks Depot	(489)	489	0
Abney Park	(1,990)	1,990	0
SS Road Safety	(472)	472	0
Develop Borough's Infrast	(300)	300	0
Pembury Circus Improvement Wks	(873)	873	0
Recycling Weighing Equipment	(246)	246	0
Waste & Fleet Replacement	(130)	130	0
Comm Vehicles Winter Maintenance	(251)	251	0
Hackney Street Markets Strat	(258)	258	0
Hackney Central AAP Town Centre	(64)	64	0
Planning/Building Control hh	(15)	15	0
Comm Vehicles CCTV	(15)	15	0
Housing			

HiPs North West	(4,312)	4,312	0
HiPs Central	(11,263)	11,263	0
HiPs South West	(8,680)	8,680	0
Estate Lighting	(50)	50	0
Ventilation Systems	(276)	276	0
Street Lighting SLA	(146)	146	0
Door Entry System (Replacements)	(465)	465	0
Dom Boiler Replace/Central Heating	(78)	78	0
H & S and Major Replacement	(500)	500	0
Boiler Hse Major Works	(168)	168	0
Fire Risk Works	(980)	980	0
Lightning Conductors	(114)	114	0
Lateral Mains	(512)	512	0
Commercial Properties	(316)	316	0
Comm Vehicles Building Main	(70)	70	0
Purchase Leasehold Properties	20,000	(10,000)	(10,000)
Estate Renewal Implementation	(3,607)	3,607	0
Marian Court Phase 3	(10,625)	10,625	0
Bridge House Phase 2	(68)	68	0
Kings Crescent Phase 3+4	(3,885)	3,885	0
Colville Phase 2	(875)	875	0
Colville Phase 2C	(252)	252	0
ER1 Colville phase 3	(49)	49	0
ER1 Colville phase 4	(652)	652	0
ER1 Colville phase 5	(1,567)	1,567	0
Aikin Court	(38)	38	0
King Edwards Road	(28)	28	0
Nightingale - Block E	(1,907)	1,907	0
Frampton Park Regeneration	(188)	188	0
Lyttelton House	(303)	303	0
Sheep Lane s106	(73)	73	0
Garage Conversion Affordable Workspace	(62)	62	0
Gooch House	(205)	205	0
Wimbourne Street	(1,533)	1,533	0
Buckland Street	(1,263)	1,263	0
Murray Grove	(255)	255	0
Downham Road 1	(1,373)	1,373	0

Balmes Road	(77)	77	0
Pedro Street	(5,346)	5,346	0
Tradescant House	(871)	871	0
Lincoln Court	(234)	234	0
Rose Lipman Project	(40)	40	0
Woolridge Way	(2,009)	2,009	0
81 Downham Road	(480)	480	0
Hereford Road	(155)	155	0
Other Heads	126	(126)	0
Phase2 & Other Heads	1,727	(1,727)	0
Total	(71,532)	80,782	(9,250)

APPENDIX 1 - CAPITAL ADJUSTMENTS 2021/22

Summary of Capital Adjustments	Revised Budget 2021/22	To Change	Updated Budget 2021/22
	£'000	£'000	£'000
Chief Executive's (Non-Housing)			
Library Management System	8	(8)	0
Library Capital Works	653	28	681
Library Self-Issue Machines	20	(20)	0
Dalston TC Mngmt Projects S106	43	(43)	0
Dalston Square Open Space	8	(8)	0
Dalston 2011/12 (CE)	43	(43)	0
Ridley Road Improvements	1,164	94	1,258
Children & Education			
Jubilee Primary	759	(204)	555
Queensbridge Primary	11	(11)	0
Benthal AMP	178	(178)	0
Betty Layward AMP	5	(5)	0
Colvestone AMP	337	13	350
Parkwood AMP	81	(81)	0
Randal Cremer AMP	0	30	30
Education Asbestos Removal	33	37	70
Shoreditch Park AMP	502	2	504
Fernbank CC AMP	250	(125)	125
Hillside CC AMP	41	(41)	0
AMP Contingency	288	418	707
Berger School Works	276	24	300
Ickburgh BSF Ph3	0	120	120
Woodberry Down	23	(23)	(0)
Woodberry Down CC Relocation	1,587	700	2,287
Gainsborough Façade Repair	7	(7)	0
Contingency Facade Repairs	394	8	402
BSF Whole Life Costing	213	(83)	130
Clapton Girls BSF Life Cycle	120	(14)	106
BSF LC Early Failure Contingency	813	187	1,000
The Urswick School Expansion	2,000	(797)	1,203

The Garden Lifecycle	119	(35)	84
Thomas Fairchild Lifecycle	84	(54)	30
Finance & Corporate Resources			
234-238 Mare Street	0	32	32
Dalston Lane Terrace	82	(32)	50
INVAC Project	30	(30)	0
Housing			
HiPs Central	17,949	(225)	17,725
Dom Boiler Replace/Central Heating	1,764	(88)	1,677
Replace Play Equipment	100	100	200
Void Re-Servicing	2,000	(500)	1,500
Water Mains/Boosters	250	(130)	120
H & S and Major Replacement	1,500	(500)	1,000
Boiler Hse Major Works	200	568	768
High Value Repairs/Imp & Wk	1,000	699	1,699
Lightning Conductors	495	5	500
Capitalised Salaries	4,480	(149)	4,331
Re-wire	400	(200)	200
Cycle Facilities	0	33	33
Hardware Smoke Alarms	100	100	200
Gypsy & Trav Bung Roof Repair	0	50	50
Better Estates Cherbury Court	0	86	86
Commercial Properties	619	0	619
Gascoyne Comm Hall refurb	0	1	1
General repairs grant (GRG)	190	10	200
Warmth & security grant (WSG)	267	(10)	258
Estate Renewal Implementation	12,584	(199)	12,384
St Leonard's Court	3	11	14
Nightingale	0	159	159
ER1 Tower Court	7,683	29	7,713
Housing Supply Programme	2,207	355	2,562
Murray Grove	1,036	(648)	388
Downham Road 2	96	29	125
Mandeville Street	877	15	893
Daubeney Road	2,713	248	2,961
Total	68,690	(299)	68,390

Scrutiny Panel 4th October 2021 Item 7 - Minutes and matters arising	Item No 7
--	-------------------------

OUTLINE

Attached are the draft minutes of the meeting of the Scrutiny Panel held on 22nd July 2021.

ACTION

Members are asked to agree the minutes and note the matters arising.

This page is intentionally left blank

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
Officer Contact:	Tracey Anderson ☎ 020 8356 3312 ✉ tracey.anderson@hackney.gov.uk

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.

Scrutiny Panel 4 October 2021 Item 8 - Scrutiny Panel Work Programme 2021/22	Item No 8
--	-------------------------

OUTLINE

Attached is the work programme for the Scrutiny Panel for 2021-22. Please note that this is a working document and regularly updated.

ACTION

The Scrutiny Panel is asked for any comments, amendments or suggestions for the work programme.

This page is intentionally left blank

Overview & Scrutiny

Scrutiny Panel Scrutiny Commission

Rolling Work Programme May 2021 – April 2022

All meetings take place at 7.00 pm and will be virtual until further notice. This rolling work programme report is updated and published on the agenda for each meeting of the Panel.

Dates	Proposed Item	Directorate and officer contact	Comment and Action
Thurs 22nd Jul 2021 Papers deadline: Mon 12 th July	Impact of Cyber Attack on Council Services	Finance and Corporate Resources Directorate Ian Williams	An update on the impact of the cyber-attack and the recovery programme to restore affected services.
	Quarterly Finance Update	Finance and Corporate Resources Directorate Ian Williams	Finance Update - Budget reports - Overall Financial Position May 2021 - Capital Report July 2021
	Overview and Scrutiny Commission's Work Programme for 2021/22	Chief Executive's Directorate Overview and Scrutiny Team Tracey Anderson	Discussion and review of the Overview and Scrutiny function work programmes for 2021/22. Update from each scrutiny commission Chair on their work programme for 2021/22.
	Council Tax Reduction Scheme Task Group Terms of Reference	Chief Executive's Directorate Overview and Scrutiny Team Tracey Anderson	To review the terms of reference for the proposed task and finish group to examine the Council Tax Reduction Scheme.

Dates	Proposed Item	Directorate and officer contact	Comment and Action
Mon 4 Oct 2021 Papers deadline: Wed 22 nd Sept	Scrutiny Panel Work Programme 2021/22	Chief Executive's Directorate Overview and Scrutiny Team Tracey Anderson	Review of the Scrutiny Panel work Programme for 2021/22
	Annual report on Complaints and Members Enquires	Chief Executive's Directorate Business Intelligence, Elections & Member Services Bruce Devile	Annual report of the Council's Complaints and Members Enquires for 2020/21
	Net Zero Carbon	London Councils Kate Hand Neighbourhoods and Housing Directorate Aled Richards Cabinet Member Energy, waste, transport and public realm Cllr Mete Coban	Information from London Councils <ul style="list-style-type: none"> • An overview of local authorities work in London on Climate Action Plans • Best practice and learning from work to date • Recommendations on London boroughs to get further detail about their work. Information from Hackney Council about the Council's governance arrangements, cost implications and strategic leadership in relation to achieving the net zero carbon targets and embedding the climate change work programmes across the organisation. The planned session to cover: <ol style="list-style-type: none"> 1. An overview of the Council's vision and work planned to achieve the net zero targets and address the sustainability challenges facing Hackney. 2. An overview of the Council's governance

Dates	Proposed Item	Directorate and officer contact	Comment and Action
			<p>framework to support the sustainability and net zero carbon target work programme?</p> <p>3. Senior leadership, across directorates and across the council, responsibility for the sustainability and net zero carbon target work programme in preparation for COP 26. How will this work be coordinated and embedded into the council's policies, service delivery, supply chain (procurement) and the LP33 across the Council?</p> <p>4. How will the costs of this work programme be met by the Council and embedded in the council's procurement and budgeting processes?</p>
	Quarterly Finance Update	Finance and Corporate Resources Directorate Ian Williams	<p>Finance Update Budget reports</p> <ul style="list-style-type: none"> - Overall Financial Position July 2021 - Capital Report September 2021 <p>Finance update to include information about the following:</p> <ol style="list-style-type: none"> 1. An overview of the financial pressures affecting different directorates and most significant pressures. 2. The ongoing financial impact of the pandemic and the cyber-attack. 3. The biggest challenges facing this year's budget setting process.

Dates	Proposed Item	Directorate and officer contact	Comment and Action
Mon 7th Feb 2022 Papers deadline: Wed 26 th Jan	Quarterly Finance Update	Finance and Corporate Resources Directorate Ian Williams	Finance Update
	Chief Executive Question Time	Chief Executive's Directorate Chief Executive Tim Shields	Question time session with the Chief Executive
	Scrutiny Panel Work Programme 2021/22	Chief Executive's Directorate Overview and Scrutiny Tracey Anderson	Review of the Scrutiny Panel work Programme for 2021/22
	Cabinet Question Time Mayor Philip Glanville	Chief Executive's Directorate Mayor's Office Ben Bradley / Tessa Mitchell	CQT session with the Mayor.
Mon 25th Apr 2022 Papers deadline: Wed 13 th Apr	Scrutiny Panel Work Programme 2021/22	Chief Executive's Directorate Overview and Scrutiny Tracey Anderson	Review of the Scrutiny Panel work Programme for 2021/22 and note any suggestions for the work programme in the new municipal year
	TBC		



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
Officer Contact:	Tracey Anderson ☎ 020 8356 3312 ✉ tracey.anderson@hackney.gov.uk

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.