Overview & Scrutiny

Scrutiny Panel

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

Monday 7 February 2022

7.00 pm

Council Chamber, Hackney Town Hall, Mare Street, London E8 1EA

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

https://youtu.be/YS6reDfxezQ

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

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Mark Carroll
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

Hackney

7	**Minutes of the Previous Meeting (9:15 - 9:20)**	(Pages 87 - 104)
8	**Scrutiny Panel Work Programme 2021/2022 (9:20 - 9:30)**	(Pages 105 - 112)
9	**Any Other Business**	

To access the meeting please click in the link https://youtu.be/YS6reDfxezQ

Back up link https://youtu.be/GhEZ5CJ6aKc

Access and Information

Getting to the Town Hall

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Accessibility

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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

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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.

Hackney

Scrutiny Panel 7 February 2022 **Item 4 – Poverty Reduction: Strategic Framework**	Item No **4**

OUTLINE

Since 2016 the UK Government has had no official measurement for poverty nor targets for poverty reduction. Despite this the Hackney Labour party manifesto pledged in 2018:

'We will tackle poverty, including child poverty, as well as key inequalities in health, education and employment based on a solid understanding of the barriers and needs of our different communities, listening to their concerns and expanding the use of social value and co-design.'

The need to address poverty in Hackney was a key finding in the consultation for the Community Strategy 2018-2028 and tackling inequality and entrenched poverty is a key priority.

Report in the agenda:

To support this discussion the following presentation is included for information.

- Presentation slides on Poverty Reduction: Strategic Framework.

This session aims to review the work of the council in relation developing a poverty reduction strategic framework to achieve the broader objectives and aspirations to reduce poverty in Hackney.

Invite and Attending for this item

London Borough of Hackney

- Cllr Carole Williams, Cabinet Member Employment Skills and Human Resources
- Cllr Chris Kennedy, Health, adult social care, voluntary sector and leisure
- Cllr Rob Chapman, Cabinet Member Finance
- Cllr Caroline Woodley, Cabinet Member Families, early years, parks and play
- Sonia Khan, Head of Policy and Strategic Delivery
- Adrian McDowell, Strategic Delivery Officer.

ACTION

Scrutiny Panel is requested to consider the presented and to ask questions.

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Poverty Reduction: Strategic Framework

Scrutiny Panel Monday 7 February 2022

Hackney

Poverty Reduction

The Hackney Labour Party Manifesto for the 2018 Mayoral and Council elections pledged that:

> ‘We will tackle poverty, including child poverty, as well as key inequalities in health, education and employment based on a solid understanding of the barriers and needs of our different communities, listening to their concerns and expanding the use of social value and co-design.’

The need to address poverty in Hackney was one of the main findings following consultation on the Community Strategy 2018-2028

Hackney

Poverty Reduction: Quick timeline

- **December 2019-March 2020**: Key lines of inquiry, evidence base, mapping and gapping exercise and staff engagement.
- **Summer 2020**: A framework is tested with Cabinet Leads and poverty reduction is included in the Corporate Plan update.

September 2020: The strategic framework and next steps are agreed by HMT (Link)

- **October to December 2020**: An internal review of relevant service areas, programmes, and projects is completed and a scope is developed for the Poverty Reduction Network.
- **February to June 2021**: The Poverty Reduction Network comes together in February and begins meeting every two weeks from March. Review session in July 2021.

What we mean by poverty

‘When a person’s resources (mainly their material resources) are not sufficient to meet their minimum needs (including social participation)’ - JRF, 2014

Hackney

Why poverty matters in Hackney

- **Impact on individuals and families** - Poverty can limit a person's potential to live a satisfying and fulfilling life. For example, poverty can cause poor physical and mental health, limit cognitive development and educational attainment and lead to a person feeling socially excluded.

Impact on society - Poverty affects everyone, not just people living in poverty. For example, poverty leads to higher public spending on the benefits system and health service and limits economic performance because of lower productivity and reduced demand for goods and services. Poverty can also contribute to wider social problems such as crime and reduced social cohesion.

Who is affected by poverty

- **Around 1 in 3 Hackney households are in poverty after housing costs**: Just under 20% (17.9%) of households live in poverty before housing costs and over a third (36.3%) of households are in poverty after housing costs. 39,000 households.
- **Almost half of children are in poverty after housing costs**: In 2021 it was estimated that almost half (48%) of children in Hackney were living in poverty after housing costs. 28,000 children aged 0-15 years old.
- **2 in 5 older people in income deprivation**: A total of 41% of residents in Hackney aged 60 and over live in income deprivation making Hackney the second highest London borough for deprivation affecting older people.
- **Poverty is far more common for diabled households**: In London poverty after housing costs is 35% for households in which someone is disabled compared to 26% for households in which no one is disabled.

Who is affected by poverty

- **Across all areas of Hackney**: Poverty is relatively evenly distributed with some concentration in the centre and east of the borough.
- **Big increase in Universal Credit claimants**: In September 2021 there were just under 34,250 people claiming Universal Credit in Hackney, this has increased from 13,700 at the start of the pandemic in March 2020.
- **A significant number of people on Universal Credit are employed**: In September 2021 40% of people claiming Universal Credit were employed and 60% were not working.
- **Increased food demand**: In 2020 the number of clients served by Hackney Food Bank increased to just over 19,000 from just under 8,400 in 2019

Hackney

Those most at risk of poverty

Child poverty

- Lone parent households
- Households with a disabled child
- Larger families (3+ children)
- Households with younger children - multiple children aged under 10 years old and youngest under 4

Working age

- Households not in work
- Households with only one working adult
- Households with a disabled adult
- Adults with low formal qualifications

Other groups

- Older residents
- Tenants in the private rented and socially rented sectors
- Non-White households, particularly Black and Other ethnic households
- Residents with no recourse to public funds

Hackney

Causes of poverty

Market forces: Labour market, childcare and housing market

- **Worklessness** work remains a significant cause of poverty, however, worklessness has decreased significantly in recent years and does not explain the scale of poverty in Hackney.

In-work poverty: Increasing numbers of people experiencing poverty who are in some form of work. In London it is estimated that 60% of households in poverty are working households.

- **Childcare costs:** The cost of childcare has risen above inflation for a number of years with Inner London experiencing the highest increases.
- **Housing costs**: In Hackney poverty rates more than double after housing costs (17.9% to 36.3%) demonstrating the impact of high housing costs on driving poverty in Inner London.

Causes of poverty

The State

- **Limited benefit system**: The main forms of income support, Universal Credit for the working age adults, offers low levels of income protection. These benefits are at their lowest real terms value since the early 1990s.

Socio-economic

- **Disability**: There is a strong relationship between disability and poverty. At a London level 35% of households in which someone is disbaled are in poverty after housing costs compared to 26% of non-disabled households.
- **Ethnicity**: At a London level poverty is higher amongst the non-White population at 39% compared to 21% for White Londoners. This could be for a number of reasons including direct and indirect discrimination, immigration status and larger and younger family size.

Poverty Reduction framework

Ways of working

- Community-insight, place-based working and holistic support
- Creating a poverty aware workforce

Prevention, early years and early help for all ages

- Supporting an inclusive and strong early years offer
- Developing an early help offer for people of all ages, identifying risks and acting early

Responding to the material impacts of poverty

- Emergency support (e.g. hardship funding, fuel vouchers)
- Income maximisation and debt support (e.g. welfare and benefits advice, consumer advice)
- Community Partnerships to tackle the material impacts of poverty (e.g. food, digital)

Responding to the cost of living and low wages

- Housing affordability, including Homelessness prevention
- Supporting quality employment, skills and training

Links to strategic areas

- Relationships to other strategic areas (e.g. Health, Education)

Ways of working

Poverty is a complex and varied experience for residents both in terms of its causes and how it impacts their lives. By working in a way which acknowledges this complexity and takes the resident's needs as the main reference point we will be better equipped to reduce poverty.

- Working across the whole system to share learning and develop shared approaches to prevent crisis and escalation of need
- Ensuring that place-based approaches include a focus on poverty reduction
- Developing partnerships between frontline services working to support our most vulnerable residents and sharing assets and resources
- Embedding reflective practice and peer support in teams and services to enable trauma-informed and anti-racist practice in the way we work

Hackney

Ways of working - Case Study

- Created time and space to bring frontline staff together from a range of council services and partner organisations to talk about cases, identify issues, reflect on what works for residents and identify ways to improve ways of working.
  This has been extremely valuable for frontline practitioners who often don’t have the time or resources to do this kind of reflective work, especially during the pandemic.
- The work has been independently evaluated by UCL and found to be highly beneficial for practitioners and residents and recommended that such work continues and becomes a permanent way of working.

Hackney

Prevention, early years and early help

We will take an approach to poverty reduction which focuses on prevention, early years and earlier help for residents across the life course and at key life transitions. This approach will combine a particular focus on early years with a lifetime approach to tackling multiple disadvantage and reducing poverty.

- Support a strong and inclusive early years service to tackle child poverty and create the conditions for healthy family life
- Develop an early help model for people of all ages which identify key risk factors and takes action early to prevent crisis and longer term impact

Hackney

Responding to the material impacts of poverty

These activities will aim to ensure that all Hackney residents have the resources they need to meet their minimum needs such as housing, food, energy and other essentials like clothing.

- Provide emergency support for people experiencing or at risk of destitution and hardship
- Support people to access income maximisation and debt services
- Coordinating community partnerships to respond to the material impacts of poverty

Hackney

Material impacts of poverty - Case study

- Included the Council’s main forms of financial and hardship support on the Better Conversations tool which is a digital tool built to support council staff and partners to make more effective referrals for residents.
- Run information briefings with the Advice Network to inform local advice providers of the main schemes available
- Held a a workshop with partners to improve how we make emergency forms of support and hardship schemes more accessible to residents. For example, looking at how we can improve access to forms of support like Discretionary Housing Payments and Council Tax Reduction Scheme for those most in need.

Hackney

Tackling cost of living and low wages

These activities will aim to ensure that residents are well supported to access services and opportunities which will reduce poverty in the longer term. We will focus on issues relating to housing and employment, training and skills.

- Increase local housing affordability, raising housing standards and improving housing management for those most at risk of poverty
- Deliver high quality employment, training and skills for those most at risk of poverty

Hackney

Links to other strategic areas

We recognise that poverty is highly relevant to a number of other strategic areas and we want to build meaningful relationships with these areas to support one another in our shared objectives.

- Influence others areas at the strategic level to include a focus on poverty reduction and addressing the needs of lower income residents
- Establish strong working relationships with other key strategic areas in order to support one another to achieve our shared priorities
- Create a whole system approach to poverty reduction

Hackney

Measurement

We will take a three stage approach to measuring poverty and the impact we are having.

1. **Direct measures of poverty** for all households, child poverty and income deprivation affecting older people
2. **Contextual measures** from the Inclusive Economy Strategy which explain some of the causes of poverty and its effects. For example, employment rate, UC claims and educational attainment for pupils on free school meals. Incorporate with some additional measures with further focus on poverty.
3. **Outcomes based on the framework** which will be linked to the delivery plan.

Hackney

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Hackney

Scrutiny Panel 7 February 2022 Item 5 – Mayor Cabinet Question Time	Item No 5

OUTLINE

A key element of the scrutiny function is to hold the Mayor and Cabinet to account in public as part of a Cabinet Question Time Session. The Mayor's Cabinet Question Time is the responsibility of the Scrutiny Panel.

The Mayor is given advance notice of the topic areas which will be the focus of the questions. The planned session to cover:

1) Information about the most effective decarbonising policies and why.
2) Information about the biggest factors facing housing supply in Hackney; actions the council can take to increase supply and the impact of the pandemic on house prices and the cost & supply of materials.
3) Information about the biggest challenges and opportunities for Hackney Council over the next 4 years?

Below is the link to the last session with Mayor Philip Glanville on 5th October 2020.
https://hackney.moderngov.co.uk/documents/s74632/6b%20-%20SP%20Minutes%20Oct%2020.pdf

Attending for this item
- Mayor Philip Glanville

The Mayor, Philip Glanville, is the lead within Cabinet on the following areas:
- property and capital programme
- digital and ICT
- devolution and policy (with support from the cabinet member for community safety, policy, and the voluntary sector)
- customer services, casework review and complaints
- Woodberry Down regeneration
- co-chair of health and wellbeing board.

ACTION
Members are asked to consider the response and ask questions.

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Hackney

Scrutiny Panel 7 February 2022 **Item 6 - Quarterly 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 November 2021
- Capital Report January 2022

The finance update will also include information about the following:

1. An outline of the local government finance settlement
2. Information about the planned increase in fees and charges and impact.
3. The impact of the ongoing SEND pressures on the Council budget
4. An outline of the pressures on the Housing Revenue Account, an update on the backlog of rent and impact on the collection rates following Covid and the cyber-attack.

Attending for this item

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

ACTION

Scrutiny Panel is requested to consider the reports, verbal update and to ask questions.

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2021/22 Overall Financial Position that takes account of the estimated financial impact of Covid-19 and the on-going emergency **Key Decision No. FCR R87**	
CABINET MEETING DATE (2021/22) 24 January 2022	**CLASSIFICATION:** Open **If exempt, the reason will be listed in the main body of this report.**
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, Group Director, Finance and Corporate Resources	

1. CABINET MEMBER'S INTRODUCTION

1.1 This is the sixth Overall Financial Position (OFP) report for 2021-22. It shows that as at November 2021 the Council is forecast to have an overspend of £4.999m on the general fund - an increase of £490k from the previous month.

1.2 As stated previously, and summarised in Table 1 of paragraph 2.5 below, much of this overspend relates to the Covid-19 expenditure and the cyberattack, but there are significant areas of non-Covid-19 and Cyberattack pressures in respect of looked-after-children placements, staffing in Children's Services, and care packages in Adults Services.

1.3 Although there is an increase in the forecast overspend this month the "non-essential" expenditure controls agreed by the Council's management team and reported to you in September have continued to be effective. The forecast overspend of £7.3m reported for August has been significantly reduced. As part of the budget monitoring cycle the implementation of the vacancy factor has been reviewed and at this stage in the year it is forecast that 98% of the total saving of £6m will be achieved. The specific reasons for this month's increase in the forecast overspend are set out in para 2.2 below.

1.4 The Council will continue to face significant financial pressures in 2022/23, and future years. Demand for services, notably children's and adult's social care, are on an upward trend and are likely to remain high. It follows that we must take all steps to mitigate the overspend in the current year.

1.5 The Government published the 2022-23 Provisional Local Government Finance Settlement on 16th November. This is a one year Settlement and is broadly in line with the 2021 Spending Review. At the national level, the proposals result in an increase in Core Spending Power for local authorities in England of up to £3.5 billion - which the Government states is a real terms increase of over 4%. Only part of this- £2.1bn represents an increase in actual government funding, the remaining £1.4bn is assumed to be funded by assumed council tax increases; and this will still not bring us back to 2010 funding levels. There is also no additional funding to mitigate ongoing Covid pressures.

1.6 Councils will have access to a £700 million of a new grant specifically for social care and there is £162 million for Adult Social Care reform but there is nothing to address current pressures in the service. Moreover, much of this funding is coming from the £1.6bn additional Local Government Departmental Spending Limit announced in the 2021 SR so is actually being funded from a Local Government pot rather than a Department of Health and Social Care pot. There is also a new one-off Services Grant worth £822 million, again funded from the LG Departmental Spending Limit. However, much of this will be used to cover off the National Insurance increase arising from the new Social Care Levy so it is hardly new money. Also, this grant is for 2022/23 only as the Government stated it intends "to work closely with local government next year on how to best use this funding from 2023/24 onwards". So if it isn't reissued the Council will in future have to find the funding for the National Insurance increase from elsewhere.

1.7 The Government also provided details on the council tax referendum arrangements next year. They confirmed that a core council tax referendum principle of up to 2% for London boroughs is proposed and an Adult Social Care (ASC) Precept of 1% will be available for all authorities responsible for ASC services, giving a total allowable increase in a London borough of 2.99%.

1.8 In the coming months, the Government will work closely with the sector and other stakeholders to update the current funding system (Fair Funding Review). In the Statement, much attention is given to the transitional arrangements (that will partially protect Councils that lose from the review) which likely implies that there will be major changes. It must also be noted that the redistribution of funding resulting from the new funding system will not only impact on core funding but could also impact on the distribution of Social Care Grants as much of the current funding is distributed on the basis of elements of the current funding system.

1.9 In summary, our initial view is that the Finance Settlement is in line with expectations and we would expect to be able to close off the 2022-23 residual budget gap as outlined in the report to cabinet in December. However, the prospects for future years are very concerning given the likely introduction of ‘Fair Funding’, The issues here are considered fully in the Group Director’s introduction below.

1.10 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 £4.999m after the application of the Covid-19, Children’s and Cyberattack set asides as provided for in the budget. The impact of Cyberattack is estimated to be c. £6m in the current year. The vast majority of this falls in F&CR (ICT and Revenue and Benefits).

2.2 There has been an increase in the overspend this month of £0.49m. This reflects increasing demand for care package costs in Adult Social Care, increased coroners costs, interpreters fee payments in children's services for the previous financial year not being unaccounted for at year end, increased cyber costs in ICT and a reduction in ICT income in respect of Hackney Education traded services.

2.3 The non-essential spend controls, set out in the July OFP, and the review of capital financing reported in the September OFP have had a positive impact on the forecast, noting we were forecasting an overspend of £7.3m in August 2021 which was £2.3m higher than the current overspend. However, we are still well short of balancing the budget and we must continue to drive down non-essential expenditure across all services to bring the budget back into balance. We also need to be mindful that in the winter months further pressures following Covid-19 may still come to the fore so we will need to maintain our tight grip on the finances.

2.4 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.

2.5 The financial position for services in November is shown in the first table below. The second table shows how this will be funded - by applying the Covid-19 and cyber set asides and the savings from the review of the funding of the capital programme noted in the September OFP.

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

Revised Budget	Service Area	Forecast Variance After reserves	Change in Variance from last month	Covid19 Impact	Cyber-attack Impact
£k		£k	£k	£k	£k
84,902	Children and Education	2,391	208	1,660	64
97,540	Adults, Health and Integration	4,062	117	1,214	1,073
25,415	Neighbourhood & Housing	2,579	30	1,929	230
21,264	Finance & Corporate Resources	6,264	135	1,000	4,759
17,396	Chief Executive	203	0	1,319	0
44,075	General Finance Account	0	0	0	0
290,592	**GENERAL FUND TOTAL**	**15,499**	**490**	**7,122**	**6,126**

	Forecast Variance Before Reserves
	£000
GENERAL FUND TOTAL	15,499
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
LESS RESOURCES FREED UP BY REVIEW OF FUNDING OF CAPITAL PROGRAMME AND SLIPPAGE IN RCCO	-1,500
NET OVERSPEND	**4,999**

2.6 It should be noted that we are forecasting full achievement of the 2021-22 budget savings and 98% of the vacancy savings.

2.7 On 17th November the Provisional Settlement was introduced. The main points are as follows:

- Core Spending Power will increase by £3.5bn
- The main council tax referendum principle will be 2% and the Adult Social Care Precept will be 1% for relevant authorities.
- The Settlement Funding Assessment will increase by £75m (0.5%) nationally
- A one off “Services Grant“ worth £822m nationally was confirmed

- £162m to deliver adult social care funding reforms will be allocated in 2022-23 with a further £600m in both 2023-24 and 2024-25 nationally but no funding towards current pressures
- The Social Care Grant will increase by £636m mostly paid for out of the Local Government Pot
- The Improved Better Care Fund will increase by 3%
- Funding for New Home Bonus will decrease from £622m to £555m (11%)
- Lower Tier Services Grant of £111m will continue
- Allocations have not yet been published for the Public Health Grant, Homelessness Reduction Grant, Rough Sleeping Initiative Fund and the Independent Living Fund.
- The government will work with the sector and consult in the coming months on reforms to measuring relative need and resources.

2.8 We will need to wait for the Final Settlement (expected in Early February 2022) for confirmation but my initial view is that the Provisional Finance Settlement is in line with expectations and we would expect to be able to close off the 2022-23 residual budget gap. However, the prospects for future years are very concerning. This is because in the Settlement, the Government announced it would, in the coming months, work closely with the sector and other stakeholders to update the current funding system (Fair Funding Review); and since little work has been done on the review since 2019, presumably the Government will be consulting on proposals that were formulated then, which as we know, disadvantaged us. Worse still, the new system will not only negatively impact core funding but could also impact the current Social Care grant allocations, as the distribution is based on elements of the *current* funding system which may well be amended in the new arrangements. Further, no commitment has been given to extend the 2022/23 one off Services grant into 2023/24 and this is likely to be used to fund other things, which may result in the Council having to find the funding for the NI increase from elsewhere. Finally, in the Statement, much attention is given to the transitional arrangements (that will partially protect Councils that lose from the review) which likely implies that there will be major changes. Now if we do lose funding, it must be recognised that even if we get reasonable protection in 2023-24, our funding will continue to reduce each year after until we reach the new lower funding level.

2.9 So whilst the Settlement does not ring any alarm bells for 2022-23, there is potentially much to be concerned about in future years. We would expect to receive exemplifications throughout the consultation process but if past practice is followed we will not get a consolidated position until the summer of next year, when the Government issues a technical consultation on the changes (not to be confused with the Settlement consultation which follows in December.

2.10 Work continues in relation to non-essential spend, particularly around the impetus to reduce agency spend where it is appropriate to do so. The impact of this will not be shown in the forecast until agency staff have left the Council. Furthermore at this stage the corporate contingency of £2m has not been applied to the forecast. We are mindful of the potential impact of the pay award for the current year which has not yet been agreed. A zero increase was being mooted at one point, but we as a council did make provision for an increase, although the outcome is likely to be higher than was provided for and therefore a call on the corporate contingency may be required.

2.11 The October OFP set out the savings which will be introduced in 2022/23 and 2023/24. The remaining budget gap for 2022-23 will now be closed off by the application of some of the one-off funding awarded in the 2022/23 Provisional Finance Settlement (The Services Grant)

3. RECOMMENDATIONS

3.1 There are no specific recommendations arising from this report. Members are asked to note the update on the overall financial position for November covering the General Fund and HRA

4. REASONS FOR DECISION

4.1 To facilitate financial management and control of the Council's finances.

4.2 CHILDREN AND EDUCATION

Summary

The Children's & Education directorate is forecasting an overspend of £2.391m after the application of reserves.

The Cyber Attack

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. The estimated cost impact of the cyber attack to date for Children & Families is £64k, and this is to fund additional staffing resources in the Business Support Team to provide additional capacity in the service to respond to issues arising from the cyber attack.

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

Covid-19

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's centres (£200k), income from traded services (£300k), resulting in a total pressure of £500k. The impact of these forecasts may change as the year progresses, especially in the next few months with the spread of the Omicron Covid-19 strain, and this has had some impact on the normal opening of children's centres recently. 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 through this report on a monthly basis.

Children's Services

Children and Families Services (CFS) is forecasting a £2.10m overspend (4.0%) after the application of reserves. Covid-19 related expenditure accounts for £1.2m of the reported budget overspend. The draw down from reserves includes:

(a) £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.

(b) £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 has increased incrementally year on year and in this financial year, the grant increased further to £1.71bn nationally and this has meant the Council has received a total of £12.6m this year. 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 the 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 £0.8m compared to last year (this excludes use of reserves and the additional 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 £2.3m, and this is on top of the £1.3m that was added into the budget last year to create permanent posts linked to the Social Care Grant. 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 strategic staffing review of the service, however this has been delayed. For this financial year, £1.1m of additional resources has been funded from the increase in the Social Care Grant (bringing the net staffing budget pressure to £1.3m). However, this is not sustainable and a review has commenced by the Group Director and Director and will form part of the wider review of the service.

Corporate Parenting is forecast to overspend by £2m after the use of £4.2m of commissioning reserves. This overspend includes £0.97m of Covid-19 related expenditure. This position also includes the use of £4.5m of Social Care Grant funding - £0.6m is in relation to staffing costs and the remaining £3.9m is for placements. The overall position for Corporate Parenting has increased by £0.8m 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 £26.1m compared to last year's outturn of £25.3m – an increase of £0.8m.

Placements Summary for LAC and Leaving Care

Service Type	Budget	Forecast	Forecast Variance	Funded Placements *	Current Placements
Residential	4,981	9,602	4,621	21	40
Secure Accommodation (Welfare)	-	234	234	-	1
Independent Foster Agency	7,688	7,089	(599)	155	129
In-House Fostering	2,400	2,026	(375)	99	85
Semi-Independent (Under 18)	1,570	2,142	572	20	23
Semi-independent (18+)	1,370	2,441	1,071	85	90
Family & Friends	869	958	90	49	55
Residential Family Centre (P & Child)	300	376	76	2	4
Other Local Authorities	-	162	162	-	6
Overstayers (18+)	290	63	(227)	23	2
Staying Put (18+)	500	492	(8)	38	34
Supported Lodging	-	60	60	-	4
Extended Fostering (18+)	-	48	48	-	1
UASC (Under 18)	(1,090)	(520)	570	11	18
Former UASC (18+)	390	982	592	76	95

Service Type	Budget	Forecast	Forecast Variance	Funded Placements *	Current Placements
Expenditure	18,877	26,154	6,887	580	587

*based on the average cost of placements.

The table above illustrates funded placements - these are what the budget can fund based on the average cost of placements for each of the service types. The gross overspend position on Corporate Parenting placements is £6.9m including UASC income. The UASC income is in excess of the placement costs incurred in the service, hence the extra income is funding the additional staffing unit within the Looked-After Children service. There is a shortfall in funding for those UASCs who are 18+ (Former UASC), which highlights the financial pressure caused by a lower funding rate from the Home Office when UASCs turn 18.

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	9,602	182	4,540	40	38
Secure Accommodation (Welfare)	234	-	0	1	1
Independent Foster Agency	7,089	-	952	129	130
In-House Fostering	2,026	-	472	85	77
Semi-Independent (Under 18)	2,142	2	1,514	23	24
Semi-independent (18+)	2,441	7	308	90	109
Family & Friends	958	-	338	55	52
Residential Family Centre (P&Child)	376	-	3,619	4	2
Other Local Authorities	162	-	361	6	5
Overstayers (18+)	63	0	238	2	3
Staying Put (18+)	492	13	381	34	34
Supported Lodging	60	1	257	4	3
Extended Fostering (18+)	48	0	398	1	1
UASC (Under 18)	(520)	81	492	18	21
Former UASC (18+)	982	4	267	95	66
Total	26,154	290	14,137	587	566

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 important that we maximise our in-house placements. It is essential that the service delivers the cost reduction plans outlined below. These plans have been factored into the overall forecast for the Children and Families Service and not delivering will result in further budget pressures.

The Disabled Children's Service is forecast to overspend by £310k after the use of £1.2m of reserves. Staffing is projecting an overspend due to additional staff being brought in to address increased demand for the service. Demand in the service continues to rise year-on-year in care packages including homecare, direct payments and short breaks.

The Directorate Management Team is forecast to overspend by £135k primarily due to interpreters fee payments for the previous financial year which were unaccounted for at year end.

Domestic Abuse Intervention Service is forecasted to overspend by £99k primarily due to Domestic Homicide Case Review costs (£66k) which is a statutory service and an additional staff resource due to Covid-19 where we have seen an increase in referrals during the pandemic (£23k).

Safeguarding Service is forecasted to overspend by £85k. This is primarily due to the unachievement of income targets and staffing pressures.

The Children's Procurement and Business Support Teams are forecasted to overspend by £84k which primarily relates to agency premiums for both the procurement and the business support teams.

Clinical Services is forecast to underspend by £170k due to vacant / late recruitment to the Specialist Clinical Practitioner posts.

The Family Learning Intervention Programme is forecast to underspend by £101k due to staff vacancies.

The Access & Assessment and Multi Agency Safeguarding Hub (MASH) service are showing a full year forecast underspend of £100k. The underspend relates to late recruitment of posts from the Access and Assessment staff unit realignment and lower staffing costs from the Emergency Duty Team within the MASH service.

No Recourse to Public Fund team is forecasted to underspend by £85k in Section 17 as the number of clients are declining. This is an increase of £68k from last month which is due to a net increase in Section 17 clients.

Hackney Education

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

Hackney Education is forecast to overspend by around £5.8m. 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 £7m forecast over-spend in SEND, offset by a forecast £1.4m of savings in other areas of Hackney Education. The £7m 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). The EHCP forecast outturn may increase during the year: there are 135 EHCP applications currently being assessed. An assessment is expected to be completed within a 20 week cycle; the level of need for these and future applications cannot be determined at this point.

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.

Government 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	Reserves Usage	Forecast Variance After reserves	Narrative
53,192	192	53,384	High Needs and School Places	8,100	(1,100)	7,000	The forecast has been increased by approximately £600K following pupil transfer to schools and education establishments in September with the new academic year. The forecast is likely to change over the next few months as a result of volatility in the number of SEND plans and increased demand for services.
3,578	64	3,642	Education Operations	402	-	402	The Education Operations division is forecasting a 402k overspend at the end of November 2021. Main risk areas for this division are: (1) over establishment costs for payroll and loss of income for Tomlinson centre due to Covid-19. (2) staffing budget pressures in the Strategy, Policy & Governance (SPAG) and School Improvement and Projects team due to maternity cover costs (3) additional software costs from the Synergy SEND project and CPD booking system plus staffing budget pressures in MISA due to additional staff relating to the Synergy project.
42,547	277	42,824	Early Years, Early Help and Wellbeing	824	(500)	324	Budget pressures from previous years expected childcare fees income increases not achieved. Covid-19 additional costs from the continuing loss of childcare fees income.
1,705	62	1,767	School Standards and Performance	(45)	-	(45)	Forecast underspend £100k primarily relating to the expected in-year release of Monitoring and Brokerage Grant. Reserves relate to the funding of a post in Secondary Support.
8,854	-555	8,299	Contingencies and recharges	(1,003)	-	(1,003)	The year-end forecast underspend relates to the education contingency budget which offset the overall overspend.
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	-	-	-	-
23,803	**40**	**23,843**	**Totals**	**7,427**	**(1,600)**	**5,827**	

Vacancy Rate and 2021/22 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). The table below shows the target split between the service areas. 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. For Education, there is a risk of £250k due to turnover being lower than anticipated, however the service has identified non-recurrent staffing budgets to mitigate the shortfall this financial year. Progress against the target is 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-19 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.

The full year forecast is on track at this stage in the year and will continue to be monitored closely through Children and Education SMT on a monthly basis.

Cost reduction proposals

The table below outlines the key proposals for cost reductions which have been endorsed across the Children & Education directorate in 2021-22. The reporting against these cost reduction proposals is being 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. To date, £888k has been delivered. It is important to emphasise that further cost reduction proposals will need to be identified as the current proposals will not 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.

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). This is being monitored through the Corporate Parenting budget review meetings.	£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 spend 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. There is an ongoing plan to develop further in-borough provision. The plans are still being developed and likely savings/ cost avoidance are being worked up; the timescales for the delivery of these savings is unlikely to be achieved in 2021-22 and is more achievable over the medium term.	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. Again the timescales for	TBC

			the delivery of these savings are unlikely to be achieved in 2021-22 and identified as the SEND service is reviewed.	

Measures to control spend

The Directorate has forecast a £100k reduction in spend thus far as a result of the implementation of non-essential spend control measures We will update Cabinet on further progress in forthcoming OFPs. The directorate is also looking to achieve reductions in agency spend by converting agency staff into permanent staff in budgeted posts. In Children and Families, the service is interviewing 13 agency staff this month and this will continue to be monitored closely through the Workforce Development Board. If this initiative is not successful, then we will consider other alternatives to reduce agency spend including fixed term contracts. These proposals are constantly under review and will be updated monthly as part of the OFP process.

4.3 Adults, Health & Integration (AH&I)

Summary Position

The AH&I directorate is forecasting an overspend of £4.1m after the application of reserves. This compares to a 2020/21 outturn position of £8.6m overspend (this included £6.5m of which was attributed to Covid-19 expenditure).

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 as well as an interim system that has been developed by ICT. 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. 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.

In addition, the service is currently unable to complete financial assessments for new service users, resulting in a significant loss of care-charging income. We are working with ICT to look at possible workarounds to allow the service to re-commence care charging assessments. The impact from the cyber attack for this financial year relates to additional staffing deployed within the service (£318k estimated for the full year) and loss of care charges income as a result of not being able to undertake financial assessments (£755k estimated to the end of Nov-21). This estimate will continue to increase whilst the ability to undertake assessments remains unavailable.

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

Covid-19

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 £1.2m this financial year. The impact of these forecasts may change as the year progresses, especially in the next few months with the spread of the Omicron Covid-19 strain, and this will continue to be monitored and reported through this report.

Adults

The November 2021 revenue forecast for Adult Social Care is a £3.9m overspend. Covid-19 related expenditure accounts for £1.15m 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 increased further to £1.71bn and this has meant the local authority has received a total of £12.6m this year. 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 have continued to lobby the Government for a long term funding solution.

This month, the Government finally presented its long overdue white paper (People at the Heart of Care: Adult Social Care reform). The paper describes the key investment priorities for social care and how the additional money will be used. The investment is being funded from the new Health and Social Care Levy. It details the priorities following the settlement announcements of £5.4 billion over three years solely for adult social care reform:

£3.6 billion to pay for the cap on care costs, the extension to means test, and supporting progress towards local authorities paying a fair cost of care, which together aim to remove unpredictable care costs;

and £1.7 billion to improve social care in England, including at least £500 million investment in the workforce.

The government's vision for 10 year reform of adult social care focuses on 3 key objectives:

(1) how to support people to have choice, control and independence;

(2) how to provide an outstanding quality of care; and

(3) how to ensure that care is provided in a way that is fair and accessible to everyone who needs it.

We will continue to work through the announcements and wait for further information to establish the impact for Hackney and its residents.

This financial year, Adult Social Care received a further £712k (third tranche), £486k (fourth tranche) and £749k (fifth 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. The council has also been allocated £951k from the Workforce Recruitment and Retention Fund for adult social care to support providers to maintain the provision of safe care and bolstering capacity within providers to deliver more hours of care, support timely and safe discharge from hospital to where ongoing care and support is needed, support providers to prevent admission to hospital, enable timely new care provision in the community and support and boost retention of staff within social care. There was a further announcement of £300m in early December on top of this funding to recruit and reward the ASC workforce, however we have yet to receive further information and an allocation from this fund.

Care Support Commissioning (external commissioned packages of care) contains the main element of the overspending in Adult Social Care, with a £3.9m pressure against the £44.2m budget. 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 and this is factored into the forecast as it materialises. 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	Nov 2021 Forecast	Full Year Variance to budget	Variance from previous period
Learning Disabilities	18,002	19,846	1,844	(321)
Physical and Sensory	16,712	17,714	1,002	580
Memory, Cognition and Mental Health ASC (OP)	8,592	9,493	900	108
Occupational Therapy Equipment	740	739	(1)	0
Asylum Seekers Support	170	361	191	0
Total	44,216	48,153	3,936	367

Physical & Sensory Support is forecasting an overspend of £1.0m (£0.42m Oct-21). The gross forecast spend on care packages in Physical Support is £25.3m (£24.9m in Oct-21) and in Sensory Support is £0.90m (£0.89m in Oct-21). Forecasts continue to be updated based on continuous reviews of care package costs, particularly in nursing homes and the cost of home care. The forecast includes £350k of iBCF funding, £1.0m of social care grant and £1.6m 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 £0.90m (£0.79m in Oct-21). The gross forecast spend on care packages for 21/22 is £12.5m (£12.5m in Oct-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 (LD) service is forecasting an overspend of £1.844m (£2.17m in Oct-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 £34.4m (£34.8m in Oct-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 £3.0m (£3.0m in Oct-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 £1.31m (£1.24m in Sep-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 £0.33m (£0.47m in Oct-21). Within this position are two contrasting positions:

Housing with Care has an overspend of £1.03m (£1.15m in Oct-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 due to Covid-19. As a result of the occupational health risk assessment outcome (high or critical risk) completed as part of the council's vulnerability assessment procedure, a number of HwC staff who have underlying health conditions can only perform limited tasks hence the reliance on agency staff needed to complete the required duties. The forecast includes funding made available from the Infection Control Fund and the Workforce Recruitment and Retention Fund. 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 £0.70m (£0.68m in Oct-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 the remainder of the financial year.

ASC Commissioning is forecasting a £0.83m underspend (£0.67m in Oct-21) and this includes significant levels of one-off funding of £1.23m in 2021/22 supporting activity within commissioning. This includes increased capacity in the Project Management Office (PMO), ASC Commissioning, and the Direct Payments Teams. 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 underachievement of Housing with Care savings on a non-recurrent basis this financial year.

Preventative services is forecasting an underspend of £1.1m and is primarily attributable to the interim bed facility at Leander Court (£0.57m) and Substance Misuse (£0.3m) linked to lower than expected demand for rehab placements. In addition the Carers services reflect an underspend of £0.22m due to a significant reduction in carers assessment activity linked to the Covid-19 pandemic.

Care Management and Adult Divisional Support is forecasting an overspend of £0.24m (£0.24m in Oct-21) and this is driven primarily by increased staffing costs within the Integrated Learning Disabilities team (£0.25m) and staffing pressure within the Long Term Team (£0.16m) 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-19 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 have been 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 £172k, of which £67k relates to the balance remaining from Hackney’s Wave 2 mortality management contribution. The position has moved adversely by £67k this month, primarily driven by an increase in the council's contribution towards Coroners cost. 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. We have received a reimbursement of £343k as a result of the pan-London provision being lower than the anticipated, with the remaining balance of £67k now being the cost for this 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 stage 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-19 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 £727k 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 by the AH&I Senior Management Team.

The 2021-22 savings are on track to be achieved with the exception of Housing with Care (HwC). 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 mitigate the savings gap, contract efficiencies are being 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. 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 £257k to date from unused balances on service user accounts. 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.

Cost Reduction Proposals

	Initiative / Area	**Description**	**Initial Indicative Target**
1	Operations: Implementation of an overall panel process	Bringing together multiple panel processes into one process, enabling closer financial oversight and strategic oversight across all operational services. 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. At the end of October-21, more than £200k of costs had been avoided by the use of robust challenge.	£250K
2	Provided Services: Review of operational staffing issues	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. If 50% of the staff on limited duties were to return to full duties from 1st December, it is estimated that this would reduce the staffing forecast by £118k to the end of the financial year.	TBC
3	Adult Services: Review Agency Spend & implement a new process for sign off for new agency staff	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. 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	£100K

		agreement over the budgeted staffing establishment.	
4	Mental Health Budget - reduce overspend	Working with ELFT to bring expenditure back in line with the budget. This will be delivered through the joint working group meetings with ELFT. Measures include: ● A more robust panel process in line with the ASC panel process has been implemented and reductions to a number of packages have already been made, amounting to £64k savings to date. This figure will increase over the coming weeks. ● The use of the Care Cubed tool to assess the cost of care has begun, targeting the highest cost care packages as well as being used to review all existing care packages. All packages will have been reviewed in the next 12 months using Care Cubed. ● Commissioners are now working on re-introducing a framework to reduce the reliance on spot purchase and are also reviewing the HRS block contract to ensure efficiency.	£350K

Measures to control spend

The Directorate has forecast a £80k reduction in spend thus far as a result of the implementation of non-essential spend control measures We will update Cabinet on further progress in forthcoming OFPs. Also, all Directors are reviewing agency assignments with the view to release 1 in 5. This will be supported by a Matrix report of agency staff - including how long in post, hours worked and if they have taken leave etc. The reduction of 1 in 5 may not be possible for all services, however the directorate will pull together an approach which demonstrates its commitment to reducing agency spend. This will include a systematic review and challenge process for all agency staff. All agency staff in post for more than 12 months are being tracked and reviewed. For example a number of these posts are additional staff brought in to support the hospital discharge service and brokerage to increase capacity during covid and to facilitate 7 day working in the hospital. In addition, Directors are considering not appointing to vacant posts (permanent or agency) and not extending existing agency staff. Business cases are being produced for recruitment to permanent vacancies, these are shared with the Director and Group Director for sign-off. There are difficulties recruiting agency social work staff which means there are vacant posts being carried for longer periods of time. All appointments (permanent or agency) and agency extensions require justification from the relevant Director and Group Director.

4.4 NEIGHBOURHOODS & HOUSING DIRECTORATE

Summary Position

The directorate is forecasting an overspend of £2.6m of which £1.9m is due to the impact of Covid as set out above. This is an adverse movement of £30K on the position reported for October. The non Covid-19 overspend is £650K following the use of £2,275K of reserves. This is a decrease in the underlying overspend of £171K on the October position and is mainly due to tight financial control of all budget lines.

The Directorate is forecasting a full achievement of the directorate savings plan of £1.4m and a full achievement of the vacancy factor saving, though there remains a risk relating to this saving especially with the potential impact of the new variant of Omnicron on sickness and self isolation absences. In respect of the vacancy factor, £119K of the savings target in Environmental Services has been delivered, however, it has not been possible to deliver the remaining £435K from staffing budgets. The delivery of the remainder of the savings will be made through underspends against other budget lines.

Covid Narrative

Parks and Green Spaces have a projected Covid-19 impact of £75k, £45k of this is due to the loss of income. This 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. There is also a £30k Covid-19 forecast relating to legal fees and other expenses, but underspends on other budgets across the service area are being held to mitigate these costs.

Community Safety, Enforcement & Business Regulation are forecasting a spend relating to Covid-19 of £511K in the Civil Protection team. This has reduced slightly due to the application of grant funding. The areas of Covid-19 expenditure are: Staff costs including training, uniforms, overtime and four additional staff covering Covid-19 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.

Environmental Operations has a projected overspend of £788k relating to the impact of Covid-19. There is an estimated loss of £492k on Commercial Waste income, £278k for use of agency staff to cover sickness/self isolation absence now being forecast up to the end of March 2022 due to the new variant Omicron which has recently emerged. Whilst staff absences relating to Covid-19 are still low, there could be a spike over the Christmas period. Additional vehicle cleansing still remains an essential protocol for a Covid-19 safe working environment and we are forecasting this additional spend up to the end of the financial year due to the additional measures announced by the Government to respond to the new variant. There is also a forecast spend of £20k on additional PPE and other materials. The service has adopted a prudent approach to potential spend arising from the pandemic and for the forecast loss of income and will maintain close monitoring on costs and income as the year progresses.

Markets and Shop Front Trading is showing an estimated Covid-19 impact of £230k made up of £61k income shortfall and £169k additional expenditure on security measures and staffing to ensure Covid-19 safe trading. This is based on the assumption that there will be no further lockdowns.

Streetscene is forecasting a shortfall of £325K Highways licence income which is a result of slower than expected recovery of development activity due to the impact of Covid-19. The service is containing this shortfall as far as possible within its overall cash limit by holding underspends against other budgets.

Cyber Narrative. Planning Services are forecasting an estimated £230K loss of land charges income due to the continuing impact of the cyberattack on the land charges service.

The position on individual services is now considered.

Directorate Management is forecasting a £17k underspend, which is an adverse movement of £25k since the October return.

Planning Services is forecasting an overspend of £989K, after the use of £603K reserves. £103K of reserve usage is to part-fund work on area-based plans and £500K to part-fund the underlying overspend in the service. This is an increase of £14K on the overspend position reported in October. There is a £230k variance in Land Charges income as a direct result of the cyberattack where only a partial service will be provided until the summer of 2022. The underlying overspend in Planning Services primarily relates to Planning Application and Building Control fees income, which has seen a steady decline over the past year. The service has achieved the vacancy factor savings of £150K, but this reduction in resource will impact on the resource to process planning applications and is leading to pressures on existing staff.

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. There has been an increase in Planning Performance Agreement income which is now meeting its budgeted income levels, and additional charges have been introduced for commercial planning enquiries. In addition, there has been a recent promotion of the building control services.

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 and a further decline to £1.3m has been seen during this year. 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 now forecast not to be achieved, and 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 then Acting Chief Executive and Section 151 Officer.

Environmental Operations is showing a forecast overspend of £808K which is primarily due to the impact of the Pandemic. The Covid-19 impact on the service is currently forecast at £788k, a rise of £78k from the October 2021 position as set out above. This increase is mainly due to forecasting the use of additional staff up to the year end to cover covid related absences that may arise due to the new variant Omicron.

Waste Strategy is expected to break even as any underspend 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 £276k, no change from October's position. Additional staffing costs and a shortfall in income account for £230k due to the Covid-19 impact on income and expenditure. The service is drawing up plans to mitigate this overspend, in particular staffing levels, which will be monitored closely as the year progresses. The other area of overspend is non-delivery of the £30k vacancy factor saving which the Director Sustainability and Public Realm has decided will be delivered by Parking Services.

There is a risk within the Market Service with regards to the contract for setting up and dismantling stalls. Work is being carried out to bring this service in-house and there is a risk that this may not be achievable within this financial year which would add an additional £123k to the contractor costs. The Head of Service is exploring strategies to mitigate this risk.

Other than the impact of Covid-19 relating to loss of income and legal costs (£75k) which are detailed above, Leisure, Parks & Green Spaces continue to forecast a £9k overspend, showing no change since the October return.

Streetscene is forecasting an underspend of £47k, which is an adverse movement of £18k because of a lower than forecast income due to the current climate since the October position. There are two key risks which need to be managed, both relating to income. The recharge to capital income is dependent on Transport for London (TfL) funding. Whilst the current allocation to date is less than in previous years it has not had a significant impact on the budget as vacancies are being held in mitigation. 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. Network team income collection is the other risk area and the forecast has been reduced as the service is being prudent on income projections because the income from highways licences has not yet recovered to pre pandemic levels. Income will be closely monitored throughout the year and reflected in future forecasts. The Service will continue to hold underspends across other budgets to mitigate this budget pressure.

Within Housing GF there is a slight underspend currently forecast relating to staff savings within the Travellers cost centre.

Community Safety Enforcement and Business Regulation are forecasting an overspend of £602K, a reduction of £87K from the October position. The main overspend is within Civil Protection for Covid-19 related costs, an overspend of £511K, which has reduced since October due to the application of grant funding. It may decrease further if additional grants are applied directly to the service. The other cost pressures within the service as reported in previous OFP reports continue and the Head of Service is working with finance to resolve these pressures namely, the non-achievement of Proceeds of Crime (POCA) income, £90K and the cost of software licences, £36K. The improvement in the forecast is due to a review of the forecast expenditure across the service and income to cover bereavement costs that were previously forecast as an overspend.

Cost Reduction Proposals Forecast - Non Essential Spend

The table below outlines the key proposals for cost reductions from the non essential spend review which have been forecast across Neighbourhoods and Housing Directorate in 2021-22.

Service Area	Team	Description	2021/22 Target
			£
Directorate Management	Directors Team	Forecasting a net reduction across all controllable budgets.	17
Leisure & Green Spaces	Various	Forecasting a net reduction in supplies & services (including transport costs).	66
Community Safety, Enforcement & Business Regulation	Various	Forecasting a net reduction in supplies and services	13
Streetscene	Various	Forecasting a net reduction in staffing due to leavers. This is one off for this financial year and going forward staff will need to be recruited.	64
			160

Across the directorate one off underspends of £160K were identified from the non essential spend review and are being held to mitigate the overspend. This is a reduction of £29K since the October position due in the main to the need for a one of piece of work to respond to results of the staff survey. Management continues to explore opportunities to find cost reductions as is evident from the reduction in the underlying overspend since October which demonstrates the tight financial management within the directorate. The reporting against these cost reduction proposals will be monitored through the monthly finance 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 managers will continue to identify opportunities for cost reductions to mitigate the directorate overspend.

4.5 FINANCE & CORPORATE RESOURCES

F&R is forecasting an overspend of £6.264m. Of this, £4.76m is due to the impact of the cyberattack and £1m due to Covid.

Covid-19

The total net cost of Covid to is estimated at £1m in additional costs and lost income after taking into account what can be covered with existing budgets, government grants and earmarked reserves. The main service areas affected are Commercial Property (rental income) and Revenues, Benefits and Housing Needs (increase in demand). Costs in the latter areas are expected to be covered by grant funding and one off reserves.

Cyberattack

The total net cost of Cyber is currently estimated at £4.8m. The system problems are causing significant overspends across Revenues and Benefits (£1m) and Housing Needs (£175k). 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 a reduction on the October forecast as the timeline for system recovery has shifted further into 2022/23. ICT are currently reporting £3.48m of costs relating to restoring or rebuilding systems and an additional resource in finance has also been allocated to cyber costing £100k.

Non Essential Spend

The non-essential spend controls implemented in September continue to be monitored and it is expected at this stage that the reduction of £380k will be achieved.

Financial Management & Control

Financial Management is currently forecast to budget with the exception of Cyber related costs of 100k. This is for a Project Accountant to assist with tracking and monitoring the Cyber spend as well as reviewing all business cases for additional spend on the recovery. The 3.5% vacancy savings has been agreed and will be closely monitored.

Property Services

Overall, Property Services are forecasting an overspend of £969k which includes £900k of lost rental income due to Covid19. This figure is after reserves and provisions to cover the proposed new structure which is to address shortfalls in resources within the service following significant increases in the portfolio of properties managed by this service over a period of several years and reduce the use of unbudgeted consultants and agency staff; and unbudgeted premises costs for security and maintenance. Commercial Property is forecasting an overspend before reserves of £1.5m which includes Covid related costs for lost rental income (£900k) and unbudgeted premises costs for security and maintenance (£600k). Education Property is overspending by £120k which will be met from Education Empty Property reserves as it is due to security costs on vacant sites.

R&B Core Services

Revenue and Benefits are forecasting an overspend of £1m after reserves usage. There has been no movement from the previous month's forecast.

Revenues is currently reporting an overspend of £700k which is no change on the previous month. The overspend relates to:

> £350k staffing costs in Customer Services Contact Centre who are working on the increase in the level of customer calls relating to council tax.
>
> £350k forecast relating to Cyber recovery, which is expected to commence in January 2022. The Business Case is for a 6 month period, with costs approved upto £1m. The majority of costs are expected to be incurred in 2022/2023.

Currently the service is forecasting £1m lost income in court costs as a result of Covid and Cyber, which has significantly reduced legal action across the service. The cost can be partially absorbed by underspends elsewhere and any additional loss will be offset by unspent Revenue Grants from previous years.

Benefits is currently reporting an overspend of £300k which is no change on the previous month. The overspend relates to a £300k forecast relating to Cyber recovery and working on the backlog of claims.

There is an expectation that there will be additional demand for the service, which has been factored into the forecast and can be offset by Revenue Grants Unapplied from previous years. However, until the backlog of claims is cleared, it is impossible to determine the source and extent of increased demand.

R&B Customer Services

Customer Services have recently undergone a restructure to consolidate the Corporate and Housing Contact Centres, in order to increase frontline staff and reduce the need for agency staff. The restructure remains in the transition period and it has been agreed with the Head of Service that a forecast overspend of £200k is reasonable to cover any additional agency costs which continue to be incurred during the transition period.

Housing Needs GF

Housing Needs is currently forecasting an overspend of £175k for 2021/22, after the allocation of grant income and reserves. The 3.5% vacancy factor savings represents £244k for this function and is being achieved.

Covid related costs for housing needs are currently estimated at £3.4m for 2021/22. This cost and its mitigations within the forecast are as follows.

£2m relates to the ongoing support provided for rough sleepers, following the 'everyone in' programme which commenced as a result of the pandemic. Specific funding has been identified for approx £0.3m of the total cost, and homelessness grants held in reserves from previous years will be used to cover the costs, if no further government funding is forthcoming. The programme as it stands is expected to run to the end of the financial year, at which point it is currently anticipated that more suitable, permanent accommodation will be secured

£850k relates to an expected increase in demand. Grant income received in 21/22 that is in excess of the budgeted amount is expected to meet this cost.

£760k relates to an anticipated reduction in rental income.

The remaining £175k net overspend is driven by additional staffing costs related to cyber recovery.

Progress on the recovery of the systems that Housing Needs uses continues. In the last few weeks the planned interim system (IFS) arrangements have been implemented. This has begun to improve visibility of rental income profiles. Further work is being undertaken over the coming weeks to refine this information within the finance forecasts.

Registration Services

Registration Services is currently forecast to budget.

Facilities Management

Facilities Management are currently forecasting an overspend of £75k, which is predominantly due to increased security costs. Budgets in this area are being reviewed for the coming year.

Audit & Anti-Fraud

Audit & Anti-Fraud are forecasting an underspend of £284k due to staff vacancies.

ICT

The ICT Division is forecast to overspend by £3,930k after a 183k reserve drawdown.

ICT Corporate is currently forecasting an overspend of £3,450k after a drawdown from reserves and recharges identified for project work across the council. The revenue forecast cost for cyber recovery in 2021/22 is currently £3,484k, an adverse movement of £29k on last month's forecast. It should be noted that the outturn for the year will be affected by the speed at which the recovery progresses.

Financial Management Systems are forecasting to underspend by £6k

Hackney Education ICT is predicted to overspend by £486k which is a worsening of £28k month on month. 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 November. 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 2023/24.

Procurement

The Central Procurement Service and the Energy Team are forecasting to come in at budget with the exception of £100k for PPE cost. No additional stock has been purchased to date however, due to potential changes in Covid guidance and restrictions, a nominal amount has been included in the forecast. This will be reviewed as guidance changes.

Directorate Finance Team

The Directorate Finance Team is currently reporting a balanced budget.

Human Resources

HR is currently forecast to budget. Savings have been identified for the 3.5% vacancy factor.

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 £0.2m after the application of reserves, including a Covid impact of £1.3m.

Covid-19

Engagement, Culture and Organisational Development are still being impacted by the effects of Covid-19 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 cancellations and refunds.The service is currently estimating a loss of income in the region of £338k. However, it is very difficult to determine the income projection for the year with further cancellations likely in the coming months as the new variant (Omnicron) impacts local restrictions. 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 is being reviewed on a monthly basis, currently this is giving a £72k pressure/overspend within the service. The Library service is also having to provide additional security staff on an ongoing basis due to the effects of the Covid-19 Pandemic and the need to enforce correct social distancing procedures within buildings, particularly if they are shared occupancy, which is resulting in an estimated £90k overspend across the service.

Inclusive Economy and Corporate Policy Covid-19 related expenditure of £819k is due to the self-isolation support framework forecast to cost £608k and support for clinically extremely vulnerable residents £97k, which are fully funded from a combination of government grants and health funding. There is £114k Covid-19 cost relating to running of the elections which will be met from GLA and reserves.

The position of services is discussed below.

<u>The Chief Executive</u> services are forecast to overspend by £203k after the use of reserves of £3,386k. This is no change from the October positions.

<u>Engagement, Culture and Organisational Development are forecasting an</u> overspend of £286k after the use of reserves. The ongoing impact of Covid-19 accounts for £338k loss of income as mentioned above, which is partially offset by a combination of additional income from internal bookings recharged to services, and holding vacancies (£118k). An assessment of the impact of the restrictions in respect of the new variant

(Omnicron) on income from the use of venues is underway and will be reflected in the forecast for December. The other significant overspend area is Hackney Today, where there is a £191k loss of income generated from advertising and publishing statutory notices due to the court ruling to limit the publications of Hackney Today. This is partially offset by reduction in agency and distribution costs. The remaining overspends are partially offset from the income generated by the design and film income teams.

Libraries & Heritage continue to forecast a £69k overspend which is no change from the October forecast, all of which can be attributed to the lasting effects of Covid-19 as detailed above. There continues to be a prudent approach in the service area and although security forecasts have increased further in November, controllable budget forecasts have been scrutinised and challenged to absorb this increase and try to help mitigate the overspend.

Legal & Governance services are forecasting an underspend of £18k after usage of reserves which is no change from October. The service is forecasting a significant shortfall in external income targets from property, S106 income and capital recharges with activity reducing. However, this is being mitigated by a combination of holding vacancies and reducing external commissioned legal service, although an increase in case load could have an adverse impact on the current financial forecast.

Inclusive Economy and Corporate Policy are currently forecasting an underspend of £52k. The forecast underspend is due to a combination of vacant post, employees not on top of spinal points, and employees opting out of the pension scheme

Within Regeneration, there is an £82k underspend currently forecast after reserves usage. The majority of this relates to savings within Private Sector Housing, which are offset somewhat by cost pressures 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.

Cost reduction proposals

The table below outlines the key proposals for cost reductions which have been endorsed across the Chief Executives Directorate in 2021-22.

	Service	Team	Description	Indicative target
1	ECOD	Venues	Forecasting additional income from internal recharges for bookings combined with holding vacancies.	£118k
2	ECOD	Design Team	Forecasting above budgeted income. However, this mainly from internal recharge from across the council	£39k
3	ECOD	Film Location Management	Forecasting additional income from more filming in the borough. However, there is risk regarding sustainability as income levels fluctuates	£35k
4	ECOD	Hackney Today	Forecasting a reduction in agency and distribution cost as result of the court ruling	£28k
5	ECOD	Various	Forecasting a combination of holding vacancies and a net reduction in supplies and services (including transport cost).	£21k
6	Legal	Legal	Forecasting a combination of holding vacancies and reducing external commissioned legal service. However, an increase in case load would have an adverse impact on the current financial forecast.	£100k
7	Libraries and Heritage	Various	Forecasting a net reduction in supplies and services (including transport cost), but this is only sustainable as a short term one off commitment.	65K

The reporting against these cost reduction proposals will be monitored through the monthly finance report highlighting delivery against these targets. It is essential that the service delivers against these plans as this has been factored into the overall forecast for the directorate. Currently, these cost reduction measures are on track to be delivered. It is important to emphasise that further cost reduction proposals will need to be identified as the current proposals reduce the overspend. However, they do not bring the forecast back in line with the budget.

4.7 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 during the pandemic and so if volume exceeds the capacity of the DLO, additional work will be allocated to contractors.

During the past year there has been a significant increase in rent arrears, but as procedures are introduced to escalate tenants in arrears it is forecast the arrears will start to reduce. The resultant overspend will be funded from a reduction in RCCO. The current capital contracts are ending and are being re-procured, and so there is limited value remaining on the expiring contracts, therefore less capital funding is 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 later in the year.

More specifically, **Dwelling Rent and Tenant Charges** is forecast at £1.446m over budget due to a continued increase in voids due to the demolition of properties on regeneration estates and the delays in the reletting of properties. The performance of voids and relets is being monitored; however, the lack of an IT system makes the process manual and takes 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.

A pressure on the **leaseholder income** for the administration of major works (section 20) has been identified as a consequence of the reduction in capital works taking place. There are some capital works taking place which will result in leaseholder Major Works recharges, however this is estimated to be minimal in 2021/22, and the loss of income is estimated at £180,000.

On Expenditure, **the Housing Repairs Account** is forecast to overspend due to restrictions 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 £437k overspend is due to an increase in lift servicing and repairs and a 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.

5.0 DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

This budget monitoring report is primarily an update on the Council's financial position

6.0 BACKGROUND

6.1 **Policy Context**

This report describes the Council's financial position as at the end of November 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 All other legal implications have been incorporated within the body of this report.

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Hackney

Capital Update and Property Disposals and Acquisitions Report **Key Decision No - FCR R88**	
CABINET MEETING DATE (2021/22) 24 January 2022	**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 on the capital programme for 2021/22 updates members on the programme agreed in the 2021/22 budget and brings forward an exciting opportunity working in partnership with East and South-East Asian communities in Hackney through entering into a lease agreement to restore community, voluntary sector and business space in Englefield Road. These communities have suffered a lot during the pandemic including rising hate crime, economic shocks and face emerging needs around the plight of Hong Kongers fleeing repression. Led by Hackney Archives we are also working with the Vietnamese Community to restore the An-Viet Archive which used to be housed in this building, but has since been damaged and put at risk when the building was squatted. Overall this project continues our work to bring back into use and maintain those buildings in the corporate estate that are earmarked for voluntary sector uses and ensure they are fit for purpose and we maximise their use to deliver on the Council and the borough's priorities represented in the Community Strategy 2020-28 and the VCS Strategy 2019.

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 and invest in public facilities that everyone can enjoy.

1.3 This month approval is sought for investment of £3,857k in Transport for London funded schemes across a range of projects to reduce road traffic accidents, deliver Vision Zero and encourage sustainable transport within the borough. In its Emergency Transport Plan, the Council recognised that the pandemic has changed the way we all get around - people are walking and cycling more, spending more time in their local area and drastically reducing the amount they travel by public transport. This investment will help to deliver a range of measures to reallocate road space to enable more walking and cycling and to support social distancing on public transport.

1.4 Approval is sought for S106 contributions to improve our parks and their amenities. These community facilities have become evermore important to our residents during the pandemic and we propose that £49k is incorporated into capital budgets to improve Fairchild's Garden and Clissold Park splash pool.

1.5 Finally, as outlined above this month's report seeks approval for entering into a 10 year lease agreement with Hackney Chinese Community Services Association Ltd at 12-14 Englefield Rd. It will bring the building back into active use and as set out below the proposal builds upon the long-standing history and legacy of this property being used to serve East and Southeast Asian communities - having previously been home to the An-Viet Foundation which was for many years a vibrant and much loved for the Vietnamese community. It also unlocks £453k of Greater London Authority investment into the borough and the centre with a core vision being to serve all East and Southeast Asian communities and other local residents too. It will offer a range of services including; training, education, employment, advocacy and advice, health and wellbeing activities and a lunch club. There will also be space for meetings, events, arts and cultural activities and it will house a community cafe, as well as an outdoor space for summer events, food growing and horticulture. The centre will support local businesses through office and hot desking space for hire and be equipped with high-speed broadband.

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 17 of this report .

2.2 This report also seeks approval to enter into an agreement to grant Hackney Chinese Community Services Association Ltd (HCCS) a lease of 10 years on the property at 12-14 Englefield Rd. HCCS has secured a total of £453k from the Greater London Authority (GLA) for the property which will be used for tenant works and fit-out prior to occupation. As a condition of the grant agreement with the GLA, HCCS are required to have secured a 10 year lease for the property. HCCS will establish a new East and Southeast Asian Centre (ESAC) at 12-14 Englefield Rd. The ESAC will provide valuable facilities and services for East and Southeast Asian communities as well as other residents in Hackney.

2.3 12-14 Englefield Rd is a property held in the Council's Voluntary and Community Sector (VCS) Property Portfolio. It was occupied for over 30 years by the An-Viet Foundation until 2018, since then it has been empty. The An-Viet Foundation was dissolved in 2018. Prior to the dissolution of the An-Viet Foundation (AVF) in 2017, AVF and HCCS jointly approached the Council with a proposal to establish an East and Southeast Asian Community Centre (ESAC) at the premises. Following the dissolution of AVF in 2018 this dialogue has been with HCCS who, at that time, recruited Vietnamese community representatives onto their Board of Trustees. The ESAC proposals build upon the long-standing history and legacy of the property being used to serve East and Southeast Asian communities.

2.4 The business plan for the ESAC is detailed and has been developed over a number of years by HCCS and their partners. The core vision for the centre is that it will serve all East and Southeast Asian communities and other local residents too. The governance, operations and partnerships along with branding, publicity and marketing will reflect this inclusive approach. These aims and objectives will be set out in a management and community agreement agreed with the Council and appended to a lease agreement. The ESAC will provide valuable facilities and services for East and Southeast Asian communities and other local residents. It will offer a range of services including; training, education, employment, advocacy and advice, health and wellbeing activities and a lunch club. A large multi-functional hall will provide space for meetings, events, arts and cultural activities. The Centre will house a community cafe, as well as an outdoor space for summer events, food growing and horticulture. The ESAC will support entrepreneurship and there will be office and hot desking space for hire and the building will be equipped with high-speed broadband.

2.5 The ESAC aligns with local strategies and objectives including the Community Strategy 2020-28 and the VCS Strategy 2019. The project recognises the importance of providing a space and services for a population that has been marginalised and faced discrimination, factors which may now have increased as East and South East Asian community have suffered significantly throughout the pandemic in relation to hate crime and discrimination. The GLA is very supportive of this project and views it as a high profile project that has the potential to deliver significant community benefits in Hackney and in surrounding areas of London. This support is reflected by the GLA's decision to invest in the project.

2.6 The building is in a very poor state of repair and requires Council works to put the premises into good repair prior to letting. The Council has developed a schedule of works and allocated a budget of £950k and these works will proceed in early 2022. The schedule of works has been informed by the plans for the ESAC. Following the Council works, subject to a lease being agreed between the Council and HCCS, the proposed tenant (HCCS) will undertake a programme of works and fit out to prepare the building for opening and the launch of the ESAC. The total GLA investment agreed is £453k which will be used for tenant works and the fit-out. Along with the strength of ESAC proposals for the site, the GLA also considered the level of proposed investment by the Council, and the fact that the Council's capital project is at an advanced stage, as important factors in their investment decision. The GLA grant funding is conditional on the Council's investment 'match-funding' their grant funding.

3. RECOMMENDATION(S)

3.1 That the scheme for Neighbourhood and Housing (Non) as set out in section 17.2 be given approval as follows:

Transport for London (TfL) Funded Local Implementation Plan (LIP) - Corridors, Quietways Cycle Route, Central London Grid, Streetspace and Local Transport Fund: Resource and spend approval of £3,857k in 2021/22 is requested to enable Council Officers to implement and facilitate the delivery of the TfL funded schemes to implement measures to reduce road traffic accidents and fund projects to encourage sustainable transport within the borough.

3.2 That the S106 capital scheme summarised below and set out in section 11.3 be approved:

S106	2021/22 £'000	2022/23 £'000	Total
Capital	1	48	49

Total S106 Resource & Spend for Approval	**1**	**48**	**49**

3.3 That the S106 capital summarised below and set out in section 11.4 be noted.

S106	2021/22 £'000	2022/23 £'000	Total
Capital	57	61	118
Total S106 Resource & Spend for Approval	**57**	**61**	**118**

3.4 That the schemes outlined in section 11.5 be noted.

3.5 That the capital programme adjustments as set out in para 11.6 be approved.

3.6 To authorise entering into a lease with ('the proposed tenant') Hackney Chinese Community Services Association Ltd - a company limited by guarantee and a registered charity, for a term of 10 years for the Property at 12-14 Englefield Rd, London, N1 4LS ('the Property') as is shown edged red on the plan attached at Appendix 1.

3.7 To agree that the parties should enter a binding Agreement that prior to the grant of the lease the proposed tenant should:

- Submit final construction plans to the Council as landlord for approval prior to commencement of works;
- Obtain all necessary planning and building consents as required for the works;
- Provide written confirmation from funders that all finance for the tenant works is available to proceed to a start on site;
- Submit relevant documents certifying the practical completion of construction works within 2 months of completion;
- Submit a viable business plan for the operation of the East and Southeast Asian Centre which includes provision for proper maintenance of the premises;
- Conclude a Community and Management Agreement with the Council that sets out the vision, services and approach to governance and operations of the East and Southeast Asian Centre.

3.8 To authorise the Director of Strategic Property Services to make reasonable adjustments to the timing requirements of the above conditions if the proposed tenant is unable to meet the deadlines because of circumstances outside of its control.

3.9 To authorise the Corporate Director of Legal and Democratic Services and the Director of Strategic Property Services to agree the Heads of Terms of such an agreement on the basis of these conditions and to incorporate a covenant that a lease will be granted upon the full performance of these conditions.

3.10 To delegate authority to the Group Director of Finance and Corporate Resources to enter into a lease of 10 years, and to agree all other terms of the lease provided that the requirements of S123 Local Government Act 1972 are met.

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 and to approve the property proposal 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. BACKGROUND

5.1. 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.

5.2 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.

5.3 Sustainability

As above.

5.4 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.

5.5 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.

6. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

6.1 The historic use of the site at 12-14 Englefield Rd has a long association with serving East and Southeast Asian communities, were key factors in the decision to proceed with developing the ESAC project in conjunction with HCCS. It would be possible to offer them a shorter lease for the property but this option was rejected because it would jeopardise the external investment of £453k from the GLA. Various other options for the property have been considered including disposal, redevelopment, commercial letting, or other VCS uses. All of these options present significant challenges. In brief, selling or redeveloping the site would be difficult because of the planning requirement to replace the lost community space and also because there would almost certainly be considerable local opposition. Letting the property for a more commercial use would be difficult for similar reasons.

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

7.1 The gross approved Capital Spending Programme for 2021/22 currently totals **£171.750m (£69.084m non-housing and £102.666m 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 **£175.701m (£73.047m non-housing and £102.654m housing).**

Current Directorate	**Revised Budget Position**	**Jan 2022 Cabinet**	**Capital Adjustments**	**Updated Budget Position**
	£'000	**£'000**	**£'000**	**£'000**
Chief Executive's (Non-Housing)	2,320	0	0	2,320
Adults, Health & Integration	0	0	0	0
Children & Education	15,230	0	0	15,230
Finance & Corporate Resources	22,535	47	0	22,582
Neighbourhood & Housing (Non)	28,999	3,916	0	32,914

Total Non-Housing	**69,084**	**3,963**	**0**	**73,047**
Housing	102,666	0	(12)	102,654
Total	**171,750**	**3,963**	**(12)**	**175,701**

7.4 The current, agreed, capital programme has an amount of £950,112 earmarked for the works to 12-14 Englefield Road split across the 2021/22 & 2022/23 financial years, which sits in line with the proposed schedule of works that has been developed.

7.5 Subsequent to Hackney's expenditure on landlord works, the tenants will, via a GLA grant, spend £453k on the fit out of this building, which will be occupied on LB Hackney's standard VCS rental terms for a period of 10 years, generating an annual rental income of £24,468 per annum, subject to periodic rent reviews and any potential rent-free periods as negotiated between the tenant and Council.

7.6 The option to sell the property has been considered, however it is felt that a greater community benefit would be realised by the granting of a lease, which would see building ownership retained by and leaseholder rights returned to LBH at the end of the lease, allowing the option of disposal to be revisited at that point. The property would also require the same level of landlord works to be saleable, as it is a state of disrepair, meaning that the same level of expenditure would be required.

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 3.2 and paragraph 11.3 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, S106 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.

8.7 With regard to recommendation 3.6, where Cabinet is being invited to approve entering into a lease agreement and enabling the disposal of a leasehold interest for a term of up to 10 years. Section 123(2) and (7) of the Local Government Act 1972 ("LGA") provides that the Council cannot dispose of land for a term of years in excess of 7 years where that disposal is for consideration at less than best value that can reasonably be obtained on the open market without the consent of the Secretary of State. In the event that the undervalue will be less than £2 million and the disposal will yield an economic, social or environmental benefit for the area then the disposal will fall within the parameters of the LGA General Disposal Consent (England) 2003 (available to local authorities) and disposal can proceed. Given that the land forms part of the Council's HRA Estate consideration must also be given to a further general consent provided by the Secretary of State for the disposal of land held for purposes pursuant to ss32(2), 33(2) and 34 of the Housing Act 1985. The consent defines land as vacant where:

(i) No dwelling houses have been built or
(ii) Where dwelling houses have been built, such dwelling houses have been demolished or are no longer capable of human habitation and are due to be demolished.

8.8 The general consent confirms that a local authority may dispose of vacant land. The recommendation to grant a long term lease of this property is further supported by s2 of the Localism Act 2002 which grants every local authority the power to do anything which they consider is likely to achieve economic well being of the area. In this case ensuring investment in the asset which will benefit the local community meets the criteria of the 2002 Act. The resultant lease will be drafted to contain all covenants required to protect the Council's interest and there is evidence to illustrate that the agreement meets the best value threshold, there is no legal impediment to the grant of the lease for the required term.

9. COMMENTS OF THE DIRECTOR OF STRATEGIC PROPERTY SERVICES

9.1 Where the Council enters into a lease of more than 7 years this constitutes a disposal for the purpose of s.123 of the Local Government Act 1972 and the Council is required to demonstrate that it has achieved best consideration. The Council is accepting a land payment which is less than best consideration. Local authorities are able under the General Disposal Consent 2003 to sell at less than best consideration where the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the economic, social or environmental wellbeing of the area and provided that the undervalue is less than £2 million. In the opinion of our registered valuers, the undervalue is less than £2m as set out in the valuation report. The valuation report has been reviewed by the Director of Legal Services and is considered to be generally compliant with statutory requirements. Therefore the council is permitted to dispose of this land at an undervalue despite the bar under s123 of the Local Government Act 1972.

9.2 Following landlord works to the premises, HCCS' will invest £453k of GLA grant funding in tenant works. These works will add value to the premises by creating a series of community facilities including purpose built classrooms for education and training, a large open-plan community space for activities, flexible workspace and office space. In addition HCCS fit out a modern commercial grade kitchen for training, luncheon clubs and a community cafe. As outlined above the ESAC will deliver services which contribute significant social, economic and community benefits to the local area. It will serve some of the most vulnerable or marginalised members of the community. The grant of a longer term lease will enable them to enhance and improve these services. This has also informed the recommendations contained within this report and forms part of the consideration of the best use for this site.

9.3 The recommendations in this proposal are aligned with the boroughs' Community Strategy and with the Council's VCS Strategy 2019-22. The VCS Strategy notes that Hackney's Community Strategy emphasises 'the importance of building community resilience and opportunities for residents to come together, meet their neighbours and lead active and independent lives'. There is recognition in the strategy that accessible community spaces can help promote this – for example, by encouraging health and well being, promoting cultural awareness and activities and providing services such as advice, training and education. By allowing for a longer lease to be granted, subject to the conditions set out above being met, the Council will bring a valuable community asset back into active use and help establish a comprehensive range of services to be delivered to a marginalised section of the community.

10. VAT IMPLICATIONS ON LAND & PROPERTY TRANSACTIONS

10.1 As there will be a rent charged after any rent free period and 'no option to tax' is in place the lease will be exempt from VAT and all of the VAT on costs attributable to the lease will need to be included in the Council's partial exemption calculation, including the £950k of works. No apportionment could be made for the rent free period to reduce the amount of VAT included. If the Council decides to 'opt to tax' the Council would only need to raise a VAT only invoice to the Voluntary and Community Sector tenants for the rent free period if the tenant was undertaking works for the Council in return for getting the rent free period. If the tenant makes no supply to the Council to get the rent free period then no VAT would be due on the rent foregone.

11. CAPITAL PROGRAMME 2021/22 AND FUTURE YEARS

11.1 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.

11.2 Neighbourhood and Housing (Non):

11.2.1 **Transport for London (TfL) Funded Local Implementation Plan (LIP) - Corridors, Quietways cycle Route, Central London Grid, Streetspace and Local Transport Fund: Resource and spend approval of £3,857k in 2021/22** is requested to enable Council Officers to implement and facilitate the delivery of the TfL funded schemes to implement measures to reduce road traffic accidents and fund projects to encourage sustainable transport within the borough. In 2020,Transport for London (TfL) established a London Streetscape Plan in response to the coronavirus pandemic. In addition to this, The Council's Cabinet approved Hackney's Emergency Transport Plan which recognises that the pandemic has changed the way we all get around. People are walking and cycling more, spending more time in their local area and drastically reducing the amount they travel by public transport. TfL awarded Hackney Local Implementation Plan funding to deliver a range of measures to reallocate road space to enable more walking and cycling and to support social distancing on public transport as part of their London Streetspace Plan measures. This external grant funding will be used as set out below:

- To fund staffing costs to deliver these projects.
- To install modal filters which is a feature used to limit through-journeys along a street by certain modes of transport. Modal filters are used to achieve filtered permeability and are part of the toolbox of low traffic neighbourhoods which include closing roads to motor traffic by using planters or large barriers, to create low traffic neighbourhoods at various locations within the Borough

- To continue the implementation of 40 school streets in the borough.
- To implement bus gate and associated closures on Stoke Newington Church Street.
- To develop a number of cycling measures including a segregated cycle route through Millfields Park and further sections of Balls Pond Road, Queensbridge Road and Green Lanes.

This is consistent with the DfT requirements and the Council's Transport Strategy and Emergency Transport Plan to encourage sustainable transport such as cycle parking, cycle training, behaviour change programmes, traffic management measures to increase cycle permeability and care club expansion. This capital project supports Priority 3 in the Hackney's Sustainable Community Strategy 2018-2028 ‘A greener and environmentally sustainable community which is prepared for the future', Priority 4 'An open, cohesive, safer and supportive community', and Priority 5 ‘A borough with healthy, active and independent residents’. This approval will have no net impact on the capital programme as this resource is funded by grant.

11.3 S106 Capital Approvals

11.3.1 Capital Resource and Spend approval is requested for **£49k (£1k in 2021/22 and £48k in 2022/23)** of S106 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.

Planning Site No.	Project Description	Agreement Development Site	2021/22 £'000	2022/23 £'000	Total
2012/3259	Fairchild's Garden Improvement Project	145 City road London EC1-37 East Road N1 6AZ	0	24	24
2006/0721 & 2009/0033		Sheep Lane 4 - 6 E8	0	8	8
2004/1880 & 2014/1880		35- 41 Westland Place Shoreditch London N1 7LP	0	12	12
2012/0506		61 Great Eastern Street, 5 Ravey Street 93 Leonard St	0	2	2
2011/3021		62 Paul Street,London EC2A 4NA	0	3	3
2013/0298	Clissold Park Splash Pool	2 Salcombe Road, London N16 BAX	1	0	1
Total S106 Capital for Approval			**1**	**48**	**49**

This contribution will be used to cover refurbishments of the current disused park into a welcoming and flexible space. The proposals include new landscaping, paths, seating, fencing, timber decking and a kiosk in the northern part of the site that will provide children's play equipment, food and drink and contain a toilet. There will also be a new table tennis table. The paddling pool in Clissold Park has come to the end of its useful life, with the structure failing and regularly needing extensive repairs. This contribution will help construct a new children's splash pad on the site of the former bowling green. This will provide families with new water play facilities.

11.4 S106 Capital For Noting

11.4.1 The s106/CIL board meeting dated 20 December 2020 considered the following bids for resource and spend approval. As a result **£118k (£57k in 2021/22 and £61k in 2022/23)** of s106 capital funding will be spent in accordance with the terms of the appropriate s106 agreements.

Planning Site No.	Project Description	Agreement Development Site	2021/22 £'000	2022/23 £'000	Total
2012/3259	Legible London Signing	145 City road London EC1-37 East Road N1 6AZ	17	0	17
2013/0457		Holy Trinity Primary School Beechwood E8 3DY	15	0	15
2013/2042 & 2015/2577		51 -57 Kingsland High Street London E8 2JS	15	0	15
2012/3871		Land @ Curtain Road,Hewett Street,Great Eastern	10	17	27
2015/0877		5-29 Sun street,1-17 Crown Place,8-16 Earl St. London EC2M 2PS	0	28	28
2015/2199		Satellite House,17 Corsham Street,London N1 6DR	0	16	16
Total S106 Capital for Noting			**57**	**61**	**118**

This contribution will be used to cover the Legible London signs to be erected in the Borough. As most of the contributions come from developments in Shoreditch and Dalston it will be spent to improve the signage in the vicinity in these areas including upgrades and repairs. The opportunity will also be taken to erect public transport Totem signs outside Hoxton and Hackney Central stations to show local attractions and venues as well as enhance connectivity.

11.5 For Noting

11.5.1 The delegated powers reports dated 1 April 2021 gave resource and spend approval to enter into a grant funding agreement with BEIS (Department for Business, Energy and Industrial Strategy) to enable Council officers to proceed with the delivery of the enable **feasibility study into linking the existing Shoreditch Heat Network and planned Colville Estate Network** to decarbonise a large number of Council owned estates (over 3000 homes) in the surrounding area as well as businesses, leisure centres and hospitals. The project will Improve air quality in the borough through electrification of heat and reduce carbon emissions by up to 60% in year 10 of this heat network compared to gas boilers, saving up to 105,475t/CO_2. As a result, **£47k in 2021/22** was approved to spend on this capital project. This is in addition to the £23k from the Council's Carbon Offset fund approved by the Cabinet in November 2021. District heating networks have a key role to play in support of the UK's target to reduce its greenhouse gas emissions to net zero by 2050 from 1990 levels. Hackney Council has gone beyond the UK target with its Climate Emergency declaration, committing to net zero by 2040. The Council aims to deliver strategic heat network infrastructure in the Borough as part of its overall objectives to reduce carbon emissions, help to lower energy costs and promote energy security. The Masterplan study was completed in 2020 and the document explored potential of district heat networks in Hackney, identifying the key opportunity areas for district heating and developing a longer-term vision to support Hackney's growth and low carbon transition using decentralised energy. It provided an evidence base for the development of district heating network schemes in Hackney, informing both policy and delivery. 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 grant.

11.6 Capital Adjustments from 2021/22

11.6.1 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.

Summary of Capital Adjustments	Revised Budget 2021/22	To Change	Updated Budget 2021/22
	£	£	£
Children & Education			
Colvestone AMP	308,496	357	308,853
Randal Cremer AMP	0	40,000	40,000
Education Asbestos Removal	100,000	14,020	114,020
Shoreditch Park AMP	458,170	581	458,751
AMP Contingency	491,592	(55,240)	436,352
Queensbridge ARP	600	1,339	1,939
The Garden School SEN	2,727,177	(1,339)	2,725,838
Clapton Portico	8,000	282	8,282
Housing			

Estate Lighting	70,000	(50,000)	20,000
Road & Footpath Renewals	119,094	50,000	169,094
Lift Renewals	500,000	(340,000)	160,000
Boiler Hse Major Works	600,000	200,000	800,000
Bridport	1,675,198	140,000	1,815,198
Sheep Lane s106	26,581	(11,994)	14,587
Total	7,084,908	(11,994)	7,072,914

APPENDICES

Appendix 1 - Site Plan 12-14 Englefield Road.

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.

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Comments for Group Director of Finance and Resources	Jackie Moylan, Director, Financial Management Tel: 020 8356 3032 jackie.moylan@hackney.gov.uk
Comments for the Director of Legal and Governance Services	Dawn Carter-McDonald, Director of Legal and Governance Services Tel: 020 8356 4817 dawn.carter-mcdonald@hackney.gov.uk

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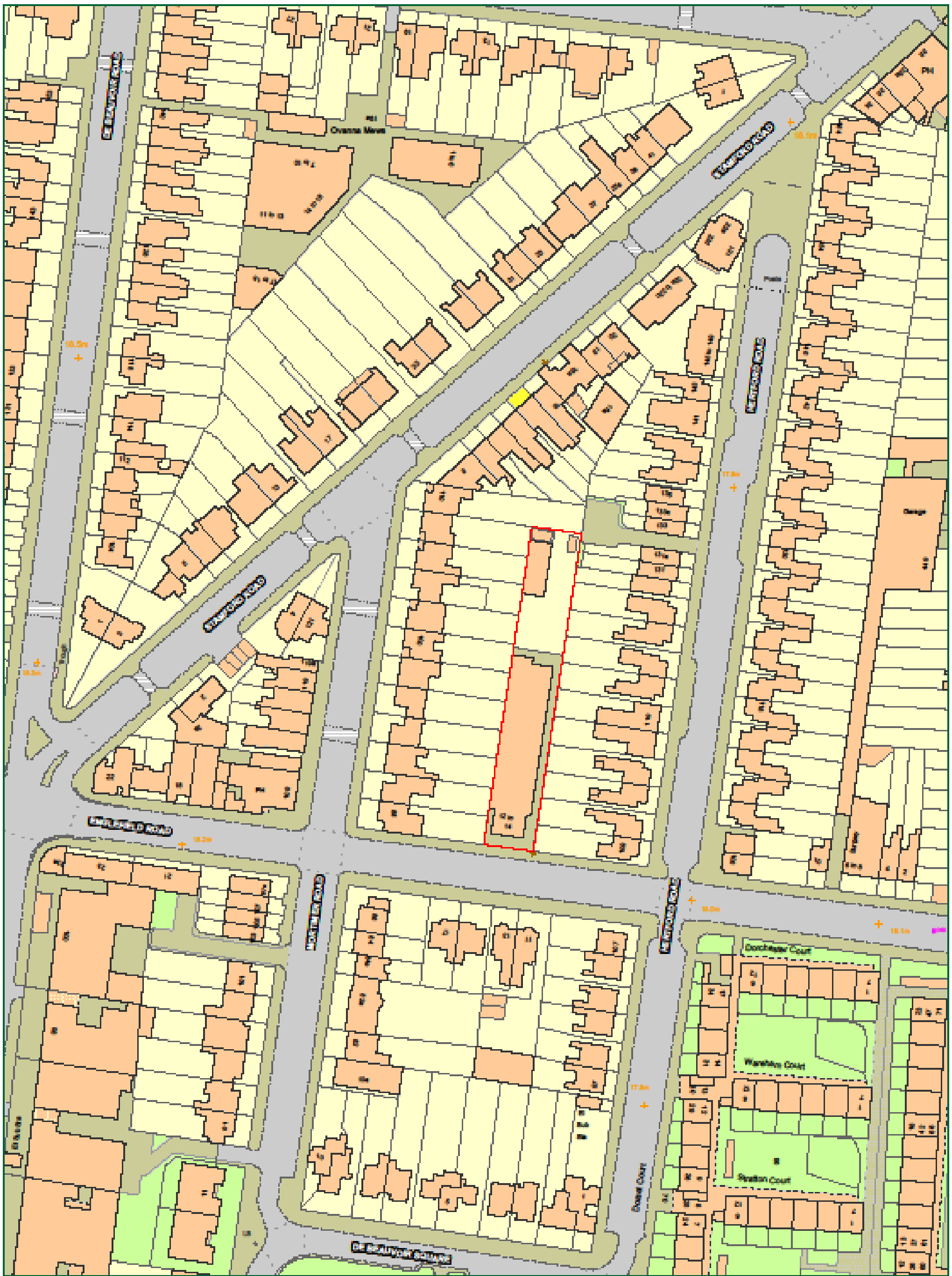
Appendix 1: Site plan, 12-14 Englefield Road, N1 4LS



NORTH

Scale: 1:1,250 at A4

OS Map

An Viet House, 12 Englefield Road, N1 4LS

Hackney

16/11/2009

Produced by: Property Services

email:gis@hackney.gov.uk web:www.hackney.gov.uk/gis

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Hackney

Scrutiny Panel 7 February 2022 **Item 7 - Minutes and matters arising**	Item No **7**

OUTLINE

Attached are the draft minutes of the meeting of the Scrutiny Panel held on 4th October 2021.

ACTION

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

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London Borough of Hackney
Scrutiny Panel
Municipal Year 2021/22
Date of meeting Monday, 4 October 2021

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

Chair	**Cllr Margaret Gordon**
Councillors in Attendance	**Cllr Clare Potter, Cllr Sharon Patrick, Cllr Peter Snell, Cllr Nick Sharman, Cllr Mete Coban, Cllr Soraya Adejare, Cllr Polly Billington, Cllr Ben Hayhurst**
Officers in Attendance	**Aled Richards, Strategic Director, Sustainability and Public Realm; Sam Kirk, Head of Sustainability and Environment; Bruce Devile, Head of Business Intelligence, Elections and Member Services; Ian Williams, Group Director Finance and Corporate Resources; Matthew Carrington, Strategic Delivery Manager; Steve Waddington, Strategic Director of Housing; Mark Carroll, Chief Executive.**
Other People in Attendance	**Kate Hand, Head of Climate Change, London Councils; Jon Gregg, Sustainability Engineer, Buro Happold; Martha Dillon, Sustainability Consultant, Buro Happold.**
Members of the Public	**None**
YouTube link	**The meeting can be viewed at** https://www.youtube.com/watch?v=H 44OImEzACA 43y2trGmk
Officer Contact:	**Tracey Anderson** 020 8356 3312 tracey.anderson@hackney.gov.uk

Councillor Margaret Gordon in the Chair

1 Apologies for Absence

1.1 Cllr Conway and Mayor Philip Glanville sent apologies.

2 Urgent Items / Order of Business

2.1 There were no urgent items.

3 Declarations of Interest

3.1 There were no declarations of interest.

4 Net Zero Carbon

4.1 The chair introduced the item stating that the statutory target set by the Climate Change Act is at least 100% reductions in greenhouse gasses by 2050 compared with 1990 levels. Hackney Council announced a climate emergency in 2019, and net zero will form a key part of scrutiny work in the coming years.

4.2 The chair invited the Head of Climate Change from London Councils to present.

4.3 Head of Climate Change advised that they would be presenting on the climate action plans published in April 2020 and emphasised that this is London Councils' outline of the various action plans across boroughs, and that the presentation hasn't been signed off by individual boroughs.

4.4 It was advised that every borough is producing a Climate Action Plan (CAP), but that they vary considerably. Most address council and borough wide emissions but approaches to scopes and data vary.

4.5 It was noted that London Council's climate programmes are unevenly reflected, and that there is limited information available on financing, but costs are significantly higher than available resources.

4.6 It was advised that engagement and collaboration is widespread but isn't reaching all the audiences that it needs to, and that there's much innovation happening alongside the many challenges.

4.7 It was advised in terms of Governance and Data, target dates will vary. Governance arrangements, definitions and metrics vary, but most councils have a target of net-zero by 2030. It was noted that individual boroughs have different definitions of net-zero, and this should be remembered, but most councils are looking at 'scope 1 and 2 emissions.

4.8 It was advised that there are seven climate workstreams across Enfield, Waltham Forest, Hackney, Kingston, Westminster, Islington, Harrow, Hounslow and Southwark.

4.9 It was noted that many of these plans feature ‘low carbon transport’ as a priority, which isn’t surprising considering the work of councils, but it was noted that only 5% of actions within these plans are concerned with the green economy. It was noted that a balanced approach will be needed to meet net zero needs.

4.10 London Councils looked at all 2,000 possible actions when analyzing council’s CAPs, and noted that among those actions there needs to be a greater balance in terms of their representation in CAPs.

4.11 The Head of Climate Change advised on the findings of London Council’s Finance and Resourcing survey. It was noted that there were 20 responses in total, and all responses include significant caveats around figures and early stage of costings.

4.12 The costs will be in the 10’s of billions and identified funding sources lean heavily on government grants. Even so, costs are significantly higher than available resources.

4.13 Among the costs, retrofit is considered the most expensive, but retrofit costs are currently better understood in comparison to the rest.

4.14 In terms of engagement, the Head of Climate Change noted there have been citizen assemblies, summits, environment networks, consultations – all of which have been hampered by COVID-19.

4.15 It was observed that businesses, council staff, schools, private landlords, VCS organisations, and residents are all well engaged groups; conversely, NHS, PHE, Further Education and other boroughs are less so. It was stressed that collaboration is very important.

4.16 The Head of Climate Change outlined serious challenges in the future. The diversity of CAPs may hamper collaboration and peer learning. Climate programmes are not evenly reflected or supported, and do not reflect some CAP priorities.

4.17 It was noted that stakeholder engagement is missing key sectors, residents may be unclear on priorities for action, and the challenge of securing long term financial investment, particularly from central government, is the greatest challenge.

4.18 The following recommendations were given:

4.19 CAPs should include genesis, design, purpose, audience, data, governance and review, focused and measurable actions, policy gaps, enabling actions, and collaboration.

4.20 CAPs should encourage greater collaboration across boroughs.

4.21 CAPs should engage and communicate better with the full range of stakeholders.

4.22 London Councils, Environment and Finance Directors, WDAs and ReLondon should support CAPs.

4.23 There were also specific recommendations given for Hackney specifically:

- To consider the findings of the CAPs review
- To engage with lead boroughs for the climate programmes around collaboration
- To discuss best practice with other boroughs, including:
    - Merton: annual action plan with clear steps, and RAG rating for each workstream to support understanding of overall delivery
    - Wandsworth: carbon impact scores for action
    - Hammersmith and Fulham: actions assigned to a dept and service area
    - Sutton: stakeholder engagement, including e.g. PHE
    - Southwark: actions for councils, borough and others
    - Ealing: co-benefits, health through to financial savings
    - Lewisham: lobbying and advocacy.

4.24 The chair thanked the Head of Climate Change for their presentation and invited the next speakers, the Sustainability Engineer and the Sustainability Consultant from Buro Happold to present.

4.25 It was advised that the purpose of Buro Happold's (BH) plan is to provide and overview of other climate emergency action plan strategies by other boroughs and local authorities; to scope and baseline key emission types for Hackney to monitor in future years; to model policy interventions and decarbonization interventions needed to achieve net-zero; and to provide Hackney with a clear and concise evidence base that can be used to engage with a range of relevant stakeholders on this issue.

4.26 In terms of where Hackney is now, BH advised that Hackney has committed to achieving a 45% reduction in emissions against 2010 levels by 2030, and net zero carbon emissions across functions by 2040.

4.27 Scope 1 and 2 are within this plan, as well as some scope 3 for council activities.

4.28 In terms of current performance, Hackney Council has reduced its own emissions by 29% since 2010, and these account for <5% of total borough emissions.

4.29 Borough wide, there has been a 27% reduction since 2010.

4.30 It was advised that in February, a draft emissions scoping document was issued by BH to Hackney.

4.31 In March, a workshop was held between BH members and members of the council from across various teams. In the workshop, scoping was discussed along with the approach taken by other councils.

4.32 It was advised that feedback from the workshop was incorporated into proposed scoping and has informed the emissions pathways.

4.33 A 2018 breakdown of emissions was made available. It was noted that Hackney emissions amounted to 2,900 ktCO2e; of this, approximately one third relate to territorial emissions that Hackney report to BEIS every year and F-gasses. Other consumption emissions account for 71% of the total scoped baseline. Notable emissions in this category include embodied emissions of food, aviation, and textiles.

4.34 It was advised that, in terms of scoping, a monitoring process should be put in place. That data should be reviewed, as well as supporting actions to help people reduce those emissions from these areas too.

4.35 It was advised that so far, three scenarios have been modeled by BH.

4.36 In the first scenario, BH looked at a no action case. They wanted to understand what would happen if there were no interventions going forward to reduce emissions, what are the impacts on what would be the impact of growth projections for the area, and on new build rates in the local plan. The scenario also asked what would happen if the grid wasn't decarbonized if trees were planted, and that gives a useful reference point to compare the other scenarios against. Under that scenario, there is a fair amount of emissions reductions, but by 2040, you're only seeing about 46%.

4.37 In the second scenario, BH looked at current policies, current projections for decarbonisation in the UK, and it's changed a lot even in the last six months. Some gas phase out was included, as well as some level of building retrofit, and a shift in transport based on local planning. Under that current policy scenario, there's a much bigger drop in emissions

4.38 The third model scenario was trying to consider what a more radical and ambitious policy landscape would need to look like to reach a full reduction in emissions. This was looking at a really aggressive gas phase out at a much higher rate of building retrofits, a big shift in vehicle electrification, and then lots of renewable energy and tree planting as well.

4.39 It was advised that current policy data is tracking fairly well against that narrowed Net Zero target to about 2030 - 2035, at which point the impacts of grid decarbonisation are fulfilled. The lack of additional policy to decarbonize means that the pathways are tapering off and not reaching that full drop in emissions.

4.40 The no action scenario is really seeing stagnation very rapidly and not reaching net zero carbon anywhere on by any timescale. That radical scenario is showing a steady decrease in emissions till around the 2040 mark, at which point, there are some residual emissions.

4.41 The next step is about setting and developing the action plan, which the Head of Climate Change talked about for a lot of the other authorities out there. This is going to be looking at underpinning actions and implementing strategies across those. That needs to go across all functions.

4.42 The chair thanked BH for their contribution and invited the next presentation, a joint presentation between Cllr Coban, the Strategic Director of Sustainability and Public Realm, the Strategic Delivery Manager, the Head of Sustainability and Environment, the Group Director of Finance and Corporate Resources.

4.43 Council has significant work to do in relation to Climate Emergency, the pandemic has created significant challenges for the authority.

4.44 Corporate Plan: Climate emergency an ongoing and increasing priority but achieving wider benefits will be key.

4.45 Cross-cutting theme: Sustainability is an organisation wide agenda encompassing economic, environmental and social objectives and will need a diverse range of contributors and leadership at all levels.

4.46 Timeframes: We need to deliver carbon reduction at pace within a narrowing window (major progress needed by 2030).

4.47 There have been a number of changes to our organisational structure over the last 24 months to better prepare us for the more systematic response required to the climate crisis. Key ones are:

- Public Realm division: Elements have been restructured to provide a greater focus on sustainability through a Strategic Director role, supported by a Head of service for Sustainability and Environment and a Sustainability Manager;
- Energy and Carbon Management Service: The Energy Management Services team has been restructured and a Head of service post created to oversee our Net Zero Energy Strategy;
- Corporate centre: There is staff resource within the Policy and Strategic Delivery team providing broad expertise across the climate crisis piece.

4.48 We are directly responsible for about 5% of our local area emissions excluding our own social housing (32,000 homes). However, we have many levers that can be used to deliver wider local action to reduce emissions and prepare local areas for a changing climate particularly through leadership and placemaking.

4.49 Only about a further 25% in total we have strong influence over, much of the remainder is associated with consumption emissions where our leverage may be more variable - waste much higher but probably less in some cases (such as taking personal flights).

4.50 The balance between our own emissions and influencing the reduction of borough wide emissions is a key consideration in the Climate Action Plan being developed.

4.51 It was noted that some of the services that have roles at all levels of influence are separated out by category in the presentation, and are as follows:

- Direct Control: Housing, corporate property, fleet, energy purchase
- Procurement and commissioning: Generally all services have some role in this with key responsibilities in finance
- Place shaping: Planning, Area Regeneration, Our New Homes programme, Transport, Parks and open spaces, enforcement,

Streetscene, markets, parking
- ➢ Showcasing: Public realm (urban tree canopy, SUDs), fleet services (HVO fuels), New homes, employment and adult skills.

4.52 It was noted that we do need to engage stakeholders through the whole process. Working with others will be key, the Council can't do everything alone. For example, LBH have increased participation generally particularly with other LAs and London Councils and are collaborating better with our communities.

4.53 To date, there has been a significant focus on delivery, future actions must not only continue at pace but in an increasingly systematic fashion. LBH is moving beyond 'start up'.

4.54 Hackney's existing decarbonisation plans (e.g. Net Zero Energy Strategy) will be integrated under the larger umbrella of the Hackney Climate Action Plan, to be formally published in 2022. Work is underway.

4.55 Adopting London Councils themes to develop our climate action plan so as to help London speak more with one voice and promote consistency.

4.56 Financing is a key challenge and will require us to look creatively and robustly at opportunities to plug the gap, commercial green finance is likely having a more significant role to play in the future.

4.57 Key tasks for the short-term were then outlined:

- ➢ Develop Draft Hackney Climate Action Plan: Working groups established and draft action plans for each theme to be developed by January 2022.
- ➢ Deliver Pilot Carbon Literacy Programme: Climate, energy, sustainability and carbon understanding needs to be embedded in the whole authority, across staff and systems. Proposal approved and scheduled to be delivered from October 2021.
- ➢ Further develop External Communications and Engagement Strategy: We need to develop a stronger narrative telling the story of what needs to be done better to get wider buy-in to the vision for change, building on the Roadmap to COP26 and Rebuilding a Greener Hackney.
- ➢ Develop a robust Monitoring and Review Framework: There is an increasing need to demonstrate our progress against measurable targets. To be developed as part of CAP process by March 2022.

4.58 In addition to those short-term objectives, information was given about key organisation tasks including: Harnessing the enthusiasm of the wider range of staff members with environmental sustainability skills outside of the usual service areas; Addressing wider and more complex organisational emissions arising from our procurement activities; Ensuring the workforce strategy proactively responds to our likely future skills needs; Strengthening all our processes, procedures and decision making to embed the key considerations needed to address the climate crisis; and using annual service planning amongst others to embed organisationally.

4.59 In terms of community engagement, it was noted that it needs to be further shaped by the outcomes from the Green Recovery community engagement event in October 21 and proposed Climate Summit for Spring 22; Build on the outline engagement framework mapped out in the report to Full Council in July 20 and further updated in July 21; Use the opportunities created by the development of the Climate Action Plan to develop a comprehensive forward plan of our engagement activities; and to Reflect existing climate emergency motion commitments for more engagement and scrutiny, ensuring that it be shaped by what is considered most effective.

4.60 In terms of finance, stretching carbon reduction targets that have been set requires funding beyond that which would ordinarily be available to the Council, we must be proactive and creative as a Council in seeking out new funding and financing mechanisms.

4.61 The Council has currently allocated a total of £26.1m to green initiatives in the period 2021/22 - 2023/24 although likely to increase over time.

4.62 Established an internal Finance and Resources Group to provide the oversight of the financial requirements identified through our Climate Action Plan (CAP) and prepare a Climate Emergency Financial Strategy.

4.63 LBH also completed an initial external funding assessment for building retrofit before the Summer that was presented to the Environmental Sustainability Board.

4.64 4 main areas of funding approaches were identified:

- Securing additional grant funding: successful applications to the government's LAD scheme for buildings retrofit and Public Sector Decarbonisation Fund, OLEV and GULCS funding to subsidise EV point installation;
- Investing as a result of positive business cases and/or added

income potential: fleet, residual waste collection changes.

- Blending funding schemes: Our £1 million Green Homes programme using carbon offset funding and ECO amongst others.
- Creating commercial opportunities where risks are significant: currently market testing to commission a commercial operator to install and operate EV charging points across the borough to 2030.

4.65 It was noted that the finance element wouldn't be without its challenges. They include: Sheer size of investment and pace of delivery needed to deliver net zero; coupled with a lack of long term funding from government to underpin the drive for change; Speed of technological improvement, optimally timing investments can be an issue (PVs became 80% cheaper over 10 years); Many business investment cases are still marginal - however this may be more fluid for example if energy prices were maintained in the long term or more levies imposed; The lack of supportive policy and regulatory levers to drive market development and create investment certainty; A need to mitigate principal agent issues such as within the private rented and social housing sector.

4.66 A list of opportunities was also provided, including: Rapidly developing capability to bid for funding across a wider range of net zero project activities such as building retrofit; Potential to use our Energy Service Company: Hackney Light and Power as a vehicle for investments and transformative change; Organisational experience of commercial propositions through our housing regeneration programmes; Asset managers are looking for investments which reduce exposure to stranded future assets and increase their sustainability rating; Working with neighbouring boroughs and regionally to maximise efficiencies and learn from others.

4.67 The chair thanked the speakers for their presentations and opened the floor to questions.

4.68 The chair asked, in relation to the varied stakeholders, how much information has been gathered in relation towards our journey about how much of a centre the work is, and what that means for the near future, and resident's input and awareness of the work.

4.69 Cllr Coban responded by saying it's important for the borough to shift toward green policies, but also to maintain the conversation with residents. It was also advised that it's always important that we have our senior leaders who see this as a centre and not as an additional piece of work.

4.70 The Head of Climate Change added that London Council's will be putting together an internal communications plan.

4.71 Cllr Potter observed that she is impressed with the thoroughness and the approach of this work. Cllr Potter also expressed interest in looking at specific work streams.

4.72 Cllr Snell asked about the London Councils' climate trade programme initiatives, and in particular, the one addressing low carbon developments. Cllr Snell wished to understand exactly what that covers, does it not just look at new developments that we manage, does it look across all 10 years and all sectors? Does it include a review of our planning controls and our building controls? could perhaps some expand on exactly what that what that involves?

4.73 The Strategic Director of Sustainability and Public Realm responded around the Low Carbon work stream noting that Hackney is leading it. This workstream is looking at the entire planning process in the building but building control process looking at new development planning guidance on the green buildings, but also spatial planning, policy planning, and strong mitigation and measures in order to get much improved sustainable buildings and sustainable land use planning.

4.74 The Chief Executive observed that it is important to be mindful of pace and to avoid implementing changes faster than people can adapt to, but also not too slowly.

4.75 Cllr Gordon thanked all the speakers for their input and opened the next item.

5 Annual Complaints and Members Enquiries Report

5.1 The chair introduced the item and advised that this is in relation to our annual complaints and members inquiries report. This report is the panel's view of its accounts and complaints from members inquiries process pertains to the agenda package January 2021.

5.2 The Head of Business Intelligence was welcomed to the meeting and asked to present.

5.3 The Head of Business Intelligence advised that complaints rose slightly up about 7% in the year, but they're still below the three previous years. Inquiries were up about 10%.

5.4 The number of Stage two's that went onto the ombudsman reduced from 34%, down to or less than 22%. LBH is resolving more complaints in house. There's been an increase in the length of time taken to answer complaints owing to the effects of the cyber-attack, and a lack of quick data available for the same reason.

5.5 In previous years, members have asked about the learning from case worker complaints, and there's a number of case studies.

5.6 LBH has also introduced a new casework system which also offers more granular data on complaints, which is useful for managers to get greater insight into what's behind people's upset.

5.7 Chair asked whether there are going to be delays in seeing increased complaints and members complaints due to COVID and the cyberattack. It was also asked whether it's likely that there will be an increase in the volume of activity in the space in the ongoing months when things go into recovery.

5.8 The Head of Business Intelligence responded, saying that there is an uptick in the volume of complaint activity, and that the stated reasons will have contributed to that.

5.9 Chair asked whether the Head of Business Intelligence has any further thoughts in terms on what is producing the volumes of complaints in relation to specific service areas.

5.10 The Head of Business Intelligence responded by saying that the more granular data that is coming but presently missing will help to draw a clear picture of how complaints are being driven from specific service areas.

5.11 The Strategic Director of Housing added that one of the things for housing repair complaints is that Housing is always the service that residents value the most and is always the service that residents complain about the most, because it's where we have the greatest interaction. It's not unusual to be doing upwards of 90,000 - 100,000 repairs a year, on average, when you factor in gas servicing, as well.

5.12 Cllr Snell asked whether members can rely on members' inquiries going through quickly, and on our officers being able to answer any questions we raised with them.

5.13 Cllr Potter observed that communication between departments also can sometimes be an issue with a large organisation such as ours and asked what work is being done in this area. Cllr Potter would encourage the council to be more transparent around complaints and timescales when dealing with residents.

5.14 Cllr Patrick asked whether there's some nuances that could be implemented in responses to inquiries as opposed to standardized responses and asked why the mayor and cabinet can seem to get better responses to inquiries than members.

5.15 The Head of Business Intelligence responded by saying that the responses are a very one size fits all approach at the moment. We know that there's things that will be dealt with differently quicker and cheaper because of that, and a written response doesn't solve the problem in every case.

5.16 The Head of Business Intelligence advised that in terms of inquiries and response rates, as the current system carries on, you will probably see a worsening before an improvement because of the nature of longer complaints.

5.17 Chair thanked all speakers and brought the item to a close.

6 Quarterly Finance Update

6.1 Chair invited the Group Director of Finance and Corporate to speak.

6.2 The Group Director of Finance and Corporate advised that his presentation would begin with where we are with the 2021/2022 budget for the General Fund. Last month, he agreed with the corporate management team to bring in some expenditure control measures to tighten down on what is called ‘non-essential spend quick update’ on where the council is with adult social care funding, then a review of the latest position on 22/23 budget update.

6.3 It was advised that his team are forecasting across the council and expects an overspend of just over six and a half million pounds. He would caution that that is after applying significant provisions built into the budget for 2022.

6.4 It was noted the council has also made provision in the budget for some resources to support the work being carried out from a revenue perspective on the cyber-attack. The pressure will significantly affect all directorates, particularly in financial resources, continuing as cost pressures emerge.

6.5 It was advised that The Group Director of Finance and Corporate's team has been doing a lot of work with neighbouring boroughs to just make sure that we're all learning from each other, and also making sure that any measures that we can bring into control expenditure are being brought in.

6.6 It was noted that Neighbourhoods and Housing are also forecasting a an overspend that predominantly relates to some issues in planning services where they've seen a reduction in the number of significant major applications, but also challenges in terms of section 106 monies, as well as some of their income services being down on what would have been normally expected.

6.7 The Group Director of Finance and Corporate advised that what we're looking to do is to see where budgets have been at this point forecast to be spent but not committed and look to see whether we can call back some of that to mitigate their expense.

6.8 A lot of work with colleagues has been carried out with HR to make sure that departments and redirects in particular have access to all the agency details that exist within their respective portfolios. We have seen a number of agency workers work more than the standard 36 hours per week. Such departments have been asked to minimise the existence of people being paid for more than 36 hours a week, but also to ensure that people who are agency also take the leave that actually is built into the ongoing day rate.

6.9 The Group Director of Finance and Corporate advised that Scrutiny Panel will be aware of the ongoing issue that's affecting all the numbers in relation to Thames Water, and that the agency arrangement has been in place for many years.

6.10 The Group Director of Finance and Corporate resources gave an update then on the capital programme reports, stating that the budget for the current year of just shy of £200 million; that encompasses a range of investment across all service areas, with £46 million on housing stock, £14 million on leisure and green spaces, £15 million on Streetscene, and about £32 million on state regeneration and the housing supply programme.

6.11 Some of the highlights that were not September report to cabinet were significant investment in the tree planting work, which was already been extensively rolled out, as well as significant investments to facilitate the insourcing of our fleet maintenance service.

6.12 Cllr Patrick asked a question around the passing revenue account. Cllr Patrick had noticed that several residents have paid nothing towards rents but asked whether this is actual arrears or just a delay caused by the cyberattack.

6.13 The Group Director of Finance and Corporate advised that effectively, what we did was to rerun the previous month's payment runs after her cyberattack, so whilst we haven't been able to until fairly recently adjust them for inflationary uplifts, we were able to effectively maintain the degree of payment.

6.14 The Group Director of Finance and Corporate noted that he is aware of some instances of people who do actually pay their rent through non-digital methods, whether it's paper cash with a direct debit, who, on the outbreak of pandemic and cyber-attack, and are not having the powers to either sue people to the extents we've done before, obscured the picture of the rates of arrears.

6.15 The Group Director of Finance and Corporate advised that in relation to council tax recovery, all the financial transactions will be loaded into council's tax system soon, and then will be worked through with issue bills for 21/22. The Group Director of Finance and Corporate advised that the council can also engage closely with various local support advice agencies as well to make sure that we are assisting residents as much as we can in understanding what it is we're doing.

6.16 Finally, The Group Director of Finance and Corporate advised his team will expect Scrutiny Panel to look at housekeeping and all the various other mechanisms that needs to be brought through for council tax to recover. Once the transfer of online forms has been completed, work will commence then to make sure that we've cleared off all final backlogs of contact in a controlled manner, and, where possible, was making sure residents receive the one bill which effectively changes what they've been advised.

7 Minutes of the Previous Meeting

7.1 The minutes from the previous meeting were approved.

8 Scrutiny Panel Work Programme

8.1 The work programme was noted.

9 Any of Businesses

9.1 There was no other business, and the meeting was drawn to a close.

Meeting closed at 9:55pm.

Scrutiny Panel 7 February 2022 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.

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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 12th 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 22rd 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 • 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: 1. An overview of the Council's vision and work planned to achieve the net zero targets and address the sustainability challenges facing Hackney.

Dates	Proposed Item	Directorate and officer contact	Comment and Action
			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?
	Quarterly Finance Update	Finance and Corporate Resources Directorate Ian Williams	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.

Dates	Proposed Item	Directorate and officer contact	Comment and Action
Mon 7th Feb 2022 Papers deadline: Wed 26th Jan	Quarterly Finance Update	Finance and Corporate Resources Directorate Ian Williams	Finance Update • Overall Financial Position November 2021 • Capital Report January 2022 To also include: 1. An outline of the local government finance settlement 2. Information about the planned increase in fees and charges and impact. 3. The impact of the ongoing SEND pressures on the Council budget 4. An outline of the pressures on the Housing Revenue Account, an update on the backlog of rent and impact on the collection rates following Covid and the cyber-attack.
	Poverty Reduction Framework	Chief Executive's Directorate Overview and Scrutiny Tracey Anderson	Update on the proposed Poverty Reduction Strategic Framework
	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. 1) Information about the most effective decarbonising policies and why. 2) Information about the biggest factors facing housing supply in Hackney; actions the council can take to increase supply and the impact of the pandemic on house prices and the cost & supply of materials.

Dates	Proposed Item	Directorate and officer contact	Comment and Action
			3) Information about the biggest challenges and opportunities for Hackney Council over the next 4 years?
Mon 25th Apr 2022 Papers deadline: Wed 13th Apr ***Date to be reviewed***	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
	Reflection Workshop for Scrutiny Panel		

<u>Items postponed to New Municipal year</u>

1. Ageing Well Strategy
2. Chief Executive's Question time

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