

**LONDON BOROUGH OF HACKNEY
EFFICIENCY PLAN
SEPTEMBER 2016**

1. Historical Context

- 1.1 The need to make significant savings on an annual basis has been a common theme since 2010/11. From 2010/11 to 2016/17, the Council has lost £110m of funding and will lose a further estimated £28m over the next three years. In addition, we have faced additional costs from increasing demands for services, particularly from older people and residents with disabilities, and homelessness clients; and from increases in uncontrollable costs such as levies. The funding loss over the period 2010/11 to 2016/17 is shown below

Funding Loss 2010/11 to 2016/17

FUNDING	2010/11 £m	FUNDING	2016/17 £m
Formula Grant 2010-11	253.597	Revenue Support Grant	69.140
CTRS Grant (Estimated)	26.333	Top-up	75.148
Early Intervention Grant	23.035	Business Rates Total including S31	27.600
Supporting People	21.300	New Homes Bonus Grant	18.286
Council Tax	49.740	Council Tax	67.851
Other Specific Grants	4.500	ESG	2.600
TOTAL RESOURCES	378.505	NHS funding for Social Care	7.740
		TOTAL RESOURCES	268.365
		REDUCTION	110.140

- 1.1.2 The Council has coped with these pressures well to date and has continued to maintain service levels at a high level partly by adopting a financial strategy built on key principles; namely sustainability, proactively managing the impact of (future) resource requirements, linking capital and revenue, continuing to meet the Government's efficiency agenda, demonstrating value for money and pursuing sound financial management. Additionally, since 2010, when looking at savings options for the following year's budget, importance has been attached to not just the year in question but also following years. As such, savings plans developed in one year have in many cases, had an element which related to and impacted on, future years. We intend to continue with this proactive approach in 2016/17 and beyond – devising sustainable plans which impact on more than one year while at the same time developing additional proposals for future years.
- 1.1.3 It is important not to simply allow the scale of the reductions in expenditure over the period 2010/11 to 2016/17 to undermine the real achievements that have arisen over a sustained period. Hackney Council is one of London's leading local authorities and was recognised in the peer review as high performing and effective. We have come from being the worst performing Council in the UK to one of the very best in a decade. Public services and infrastructure in Hackney have been transformed. Schools, leisure facilities, public transport, parks, libraries; all have seen significant levels of investment and improvement, giving Hackney one of the most impressive public service offers in the capital.

- 1.1.4 The transformation of Hackney's public services has created the conditions for the unprecedented economic regeneration that Hackney is now experiencing, with rapid growth in the technology, creative and hospitality sectors. The 2012 Games provided another great catalyst for change, and we have worked to harness the benefits, including securing a transformative economic legacy and the creation of up to 6,000 local jobs.
- 1.1.5 The critical measure of any Council's performance is resident satisfaction. In February 2013, Ipsos MORI found that 89% of Hackney people were satisfied with the area, and that satisfaction with the Council has risen to 74%, up from only 23% in 2001. This places Hackney comfortably above the national average for Council satisfaction, and on a footing with far more affluent boroughs for place satisfaction. And it must be remembered that this has all been achieved while the Council Tax was frozen over the period 2006/07 to 2015/16.

2.0 Medium Term Planning 2016/17 to 2019/20

- 2.1 When setting the Council's budgets in the past, the focus was often on the incremental changes being made to current expenditure from the previous year's budget. More recently we have focused on shaping what is still in excess of £1billion that will continue to be spent on services throughout the year. Pre-existing resources will be recast and spent in ways that are not only more effective financially, but have greater effect for the service user. From street-cleaning to social care, from libraries to leisure centres, new ways of using existing expenditure have been adopted in the past and will continue to be adopted to improve and/or expand front-line services whilst driving out costs from the back office and delivering better outcomes. Of course, in the current MTPF and the implied budgets, the first call on resources generated by efficiency savings will be to maintain frontline services.
- 2.2 Over the medium term, the Councils strategy is to minimise the tax levels on both residents and businesses, and maintain and enhance service levels. The Council strives to enable informed and effective engagement in its financial planning through conversations with residents, businesses and other interested stakeholders in a timely manner.
- 2.3 The Council will continue to ensure it understands activity levels as well as the cost base, cost drivers and income potential, to inform cost reduction and charging policies. The Council shares its understanding transparently with operational managers and key stakeholders. Being familiar with benchmarking and trend performance and opportunities to improve, the Council will continue to focus on cost reduction and good, long term forecasting over the period 2016/17 to 2019/20. The Council will invest in the future and promote economic growth through innovation and constant challenge in how services are delivered. By facilitating these investments, the financial strategy in conjunction with the corporate and service strategies will enable the Council to continue to make efficiency gains and build a thriving local economy that creates employment opportunities for local people, with training and support for job seekers; and to create affordable work space, apprenticeships, thereby continuing to promote Hackney businesses both locally and to a global audience.
- 2.4 We will also continue to ensure co-operative and effective working with other public bodies, including the voluntary sector, through clear objectives, responsibilities and accountabilities that are agreed, understood and recorded by all parties. Effective partnership will allow us to maintain our award-winning parks, libraries and leisure centres; secure ethical social care provided by staff on a living wage; and reduce health inequalities across our communities. Also we work effectively with secondary schools to ensure that they will secure five good GCSEs, including English and Maths, for at least 70% of pupils by 2018. Further all of our schools are assessed as 'good' or 'outstanding'; and we deliver popular,

effective youth services and outstanding social care that keeps children safe and supports families.

- 2.5 The Council will also determine clear objectives for employees and Members underpinned by investment in appropriate financial training. This will help employees and Members achieve the financial and service efficiency objectives. The Council will ensure that employees' skills and equipment are equal to keep pace with the financial challenges faced. Keeping pace with the financial challenges and continuing to reshape the way we do things to generate on-going efficiency gains enables Hackney to divert sufficient resources to keep the borough clean with streets that are great for cyclists and pedestrians; and to take a sustainable approach to building, planning and the environment.
- 2.6 In devising savings plans for these years, we will continue to build on approaches adopted in previous years. Service reviews have found new ways of using existing expenditure to improve, or at least maintain at reduced cost, front-line services. However, given the scale of savings to be found it is becoming increasingly difficult to minimise impacts without stepping back and considering radically different ways of delivering services. To support this process, the Council has adopted a corporate plan and cross cutting programmes which recognise the need to redesign services. Officers will continue to engage with the Budget Task and Finish Groups which have been established by the Governance and Resources commission of Overview and Scrutiny. The task and finish groups examine areas of major spend and consider the Council's budget saving and efficiency proposals, and models for the future shape of council services.
- 2.7 We have also carried out a cumulative impact assessment in order to understand the compounding impacts on a specific equality or vulnerable groups that arise from changes across a set of services. The assessment found that where savings proposals have had impacts, they are achieved through plans to integrate, redesign or transform services, against policies agreed in previous years. And so our goal in 2016/17 to 2019/20 will be to make services more responsive to need, to give service users greater agency and choice and to focus on greatest need. We will continue to support transformational service redesign and engage residents and people who are directly impacted. This assessment will now inform strategic planning, corporate planning, community engagement and partnership working.
- 2.8 Over the period 2011/17 to 2019/20, we will also continue to produce a balanced and sustainable budget and make adequate provision to cover financial risks and ensure key assumptions are 'stress tested' (for public benefit, political acceptability and practical achievability). The continuation of a balanced and sustainable budget has enabled the Council to deliver one of the UK's largest affordable housing programmes, including more than 600 Council-built homes for social rent and shared ownership; raising housing standards by completing investment in all Hackney Homes stock, and developing a Council-backed lettings agency and licensing scheme for the private rented sector. We will also build upon the Council's proven record in relation to tight financial management and control and attention has been paid to ensuring the Council has in place appropriate management arrangements and controls to manage the risks and impacts on people, place and staff.
- 2.9 2016/17

In 2016/17, we developed proposals that will achieve expenditure reductions through a rationalisation of the council's senior management structure, further back office savings throughout the Council and a re-engineering and re-structuring of services such as in Childrens' Services with the 1CYPS initiative, Adult Social Day Care and Financial Services. We have also integrated various waste services, further rationalised the corporate

estate, implemented various income generation schemes and the renegotiated contracts with suppliers on more favourable terms.

These measures improved services to clients and to internal customers and generated significant savings which had no impact on the quality of front line services. Services provided to residents therefore were protected while the organization became better able to cope with the financial challenges that lie ahead.

2.10 2017/18 to 2019/20

We will continue with the well-established strategy of driving out efficiencies and transforming services. Initiatives that have been approved by Cabinet thus far this year, that sum to £12.5m and will be effective in 2017/18 and beyond, include:- reviews and restructures of services such as revenues and benefits and customer care, and legal services; the on-going re-design of services (such as housing support for vulnerable adults); the implementation of further efficiency savings within Streetscene, ICT, the HLT, Parking Services and Financial Management; and a re-balancing of partnership contributions (such as Intermediate Care).

The Council's senior management team - HMT - and Members are currently working on a raft of other possible initiatives. These include: a cross cutting review of enforcement services; a cross cutting review of public realm services; a review and possible restructure of HR services across the Council; further service re-design in housing related support for vulnerable adults; possible service transformation within public health; a further re-modelling of parts of Children's services following 1CYPs implementation; and the review of; policy and performance services, communications, sports development teams across the Council, the contact centre and cashiers.

These proposals focus on driving out efficiencies, reducing the cost base, minimising duplication and transforming services – in other words doing more for less.

3.0 Impact on Residents

- 3.1 The Council's approach to financial and service planning and delivery with its emphasis on efficiency gains has brought significant benefits to residents. Council Tax was frozen for 10 years and there has been a marked improvement in the quality of services provided. As we have seen, we have come from being the worst performing Council in the UK to one of the very best in a decade. Public services and infrastructure in Hackney have been transformed which in turn has created the conditions for the unprecedented economic regeneration that Hackney is now experiencing, with rapid growth in the technology, creative and hospitality sectors, all of which has and will continue to benefit residents. It is also worth restating the residents' satisfaction survey which has seen satisfaction with the Council has rising to 74%, up from only 23% in 2001.
- 3.2 The approach adopted for 2016/17 to 2019/20 will continue and build upon the approach that has been so successful in the past. We will continue to drive out efficiencies, minimising duplication, redoing the way we do things, consolidating functions, incorporating labour saving new technologies, service transformation and linking financial planning to service planning. We are also exploring radically different ways of delivering services and as previously stated, to support this process, the Council has adopted a corporate plan and cross cutting programmes which recognise the need to redesign services.

- 3.3 We are entirely confident that our approach to financial, service and corporate planning will allow us continue to improve services to residents whilst at the same time managing the significant reduction in resources that we will encounter. Maximising efficiency and achieving economy will be heart of this approach.
- 3.4 We also welcome the Government's 'offer' relating to RSG and other funding streams as this will enable us to plan with more certainty and rigour over the medium term horizon and in particular, it will reduce the need to revise the Plan each year in the light of the Annual Finance Settlements. Such revisions and the implied uncertainty can hinder the development of sustainable medium term financial planning especially for services which are developing transformation plans that span more than one year. They can also lead to a diversion of resources at key points in the financial and service planning process.