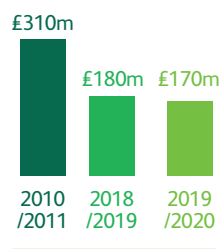


# Our challenges: What we face over the next four years and how we will respond

## The financial challenge

Hackney has a strong financial track record, but eight years of Government cuts are taking their toll on public services. More and more people are turning to the Council for support, yet there are less resources available to help them.



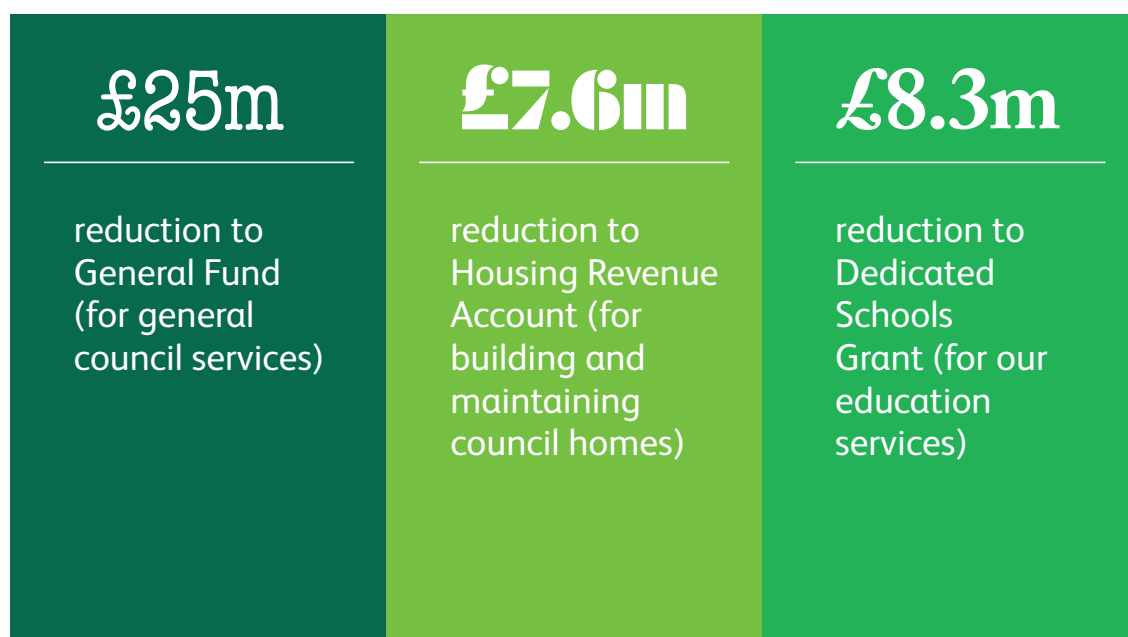
Our Government grant has been cut from £310m in 2010/11 to £180m in 2018/19. Next year it is expected to be just £170m - a total reduction of £140m, or 45%. Per head of population we have seen the biggest funding cut of any London borough at £512. Compounding the reduction in funding has been increasing demand for Council services, a demand which is forecast to continue growing.

So far we've been able to manage these challenges without significantly reducing services or increasing charges. We've taken measures like cutting our management bill from £18.4m to £9.7m, and other back office efficiencies which saved £40m. However, we're now at the stage where we're running out of such options to save money.

The decisions we are going to have to take over the next four years will be increasingly difficult.

## Forecast for the future

From now until 2021/22, the Council needs to save a further £40.9m:



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**£35m**

savings required by  
City and Hackney CCG

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Alongside these savings sit a range of other current, and potential, financial challenges:

- City and Hackney Clinical Commissioning Group (CCG) have identified a savings requirement of £35m by 2021/22, taking the total savings required to £85.7m for Hackney
- The Council is delivering an ambitious capital programme - including new homes, schools and a leisure centre - the revenue cost of delivery needs to be considered
- There are considerable demand pressures across many service areas, particularly adult and children's social care, temporary accommodation, special educational needs and waste disposal
- The huge scale of additional fire safety work arising from the Grenfell tragedy
- The potential impact of Universal Credit on rent collection
- The outcome of the Fair Funding Review, which could see a new formula resulting in less funding for Hackney
- Uncertainties around the future system of Business Rates retention
- The Government's spending plans up to 2022/23, which will be announced in autumn 2019
- Possible cuts to the Public Health Grant and the Improved Better Care Fund
- The impact of Brexit.

### **Rising to the funding challenge**

The scale of the financial challenge is unprecedented and we have to be realistic and acknowledge that the current ways of providing services are not going to be sustainable over the next four years, let alone ten. This may mean people will no longer be entitled to the same levels of service or, in some cases, any service at all. There will be tough decisions about increasing Council Tax and charges for those who can afford to pay.

Alongside this tough budget shortfall is the implementation of an exciting and ambitious 2018 manifesto. We'll need to balance delivery of this against the wide range of services, many of them statutory, which residents and businesses expect on a day-to-day basis. Some of these services will need to stop, change and reduce in the context of the vastly reduced resources available. We need to ensure that we maintain our overall financial position, as this has been the bedrock of the Council's success over the past decade. It has afforded us the flexibilities to enable the creativity and innovation Hackney is renowned for.

Despite the funding pressures, we are still ambitious to keep investing in our communities and sustain the vital services on which our most vulnerable residents rely. We will also campaign and look for new resources. The next four years are not about trying to manage decline. We want to work smarter and more innovatively to improve our offer to residents and businesses. Making sure that every resident can access the opportunities created by the growth in our local economy.

To achieve these aims, we will develop a more flexible and innovative approach to how we do things, broadly arranged under three themes:

## **Municipal entrepreneurialism**

A more entrepreneurial and commercially-minded approach to planning and delivering, to maximise resources available and opportunities to insource services and reduce the funding gap.

## *Productivity and efficiency*

Review the way we deliver services and identify opportunities to reduce cost while delivering the same or improved outcomes.

## **Demand management/cost avoidance**

Better understand increasing demand on our services and identifying actions to mitigate the impact.

### **The policy and service challenge**

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# 148

commitments in the  
Mayor's manifesto

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The 2018-2022 manifesto on which the Mayor and his Group were elected sets out 148 commitments which describe an ambitious vision for Hackney. These include firm commitments to continue to deliver high quality core services that protect vulnerable children and adults; keep our streets safe and clean; provide the best possible learning opportunities for children; continue to build homes for social rent; ensure that all citizens have an accessible pathway towards employment and opportunity; continue to be business-friendly; and ensure we take a holistic approach to place shaping and area regeneration. This is essential so that we safeguard the improvements that Hackney has achieved over the last 20 years, which have made the borough the best place to live and work in the country.

In addition to this, the manifesto also sets out far reaching goals that will address the biggest challenges we face as a borough. These cut across multiple service areas and include:

- Reducing poverty, inequality and building social cohesion
- Tackling homelessness
- Improving recycling on our estates
- Adult and children's social care – responding to increased demand
- Continuing to deliver lasting solutions to London's housing crisis
- Ensuring that Hackney is a sustainable borough, fit for the future
- Tackling gang crime and serious youth violence through working with community groups, other statutory agencies, and directly with young people
- Supporting residents through the implementation of Universal Credit
- Tackling key health inequalities whilst responding to major change in the health sector and integrated commissioning.

We must deliver clearly defined outcomes in these areas while retaining a sharp focus on day to day activity and the other core business of the Council. That requires us to think, work and act differently. How we plan to achieve this is set out in Part 2 below.

### The workforce challenge

Everything that we want to achieve in Hackney depends on having the right workforce in place. We need to recruit, retain, and develop, talented and committed staff in order to provide the best services for residents. Everyone working here needs to be performing at their best to take Hackney on the next stage of its journey. We need to make the most of the skills and talents of all our people to deliver services in a challenging environment.

Our employees are our most valuable asset. We need to ensure that we remain an attractive employer and we will place significant emphasis on flexible working and supporting our shift workers. We must provide the professional development and benefits which ensure all our staff are able to succeed as employees of Hackney Council. Hackney Council has always had high levels of staff satisfaction and morale in comparison to public sector averages, and the 2018 Ipsos MORI staff survey will provide up to date insight into how our workforce is responding to the new and increasing challenges that we face.

The role of managers at all levels in leading the workforce will continue to be pivotal. The Council continues to successfully manage the challenge of continuing to provide good quality frontline services in a time of rapidly reducing resources. This inevitably puts strain on our employees which places even more emphasis on the need to ensure that they understand what is expected of them. Everyone working here must have access to the tools, training and development opportunities to enable them to fulfil their roles and their potential.

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# 31

number of other London boroughs Hackney competes against in the job market

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Numbers of staff are likely to reduce further, whilst skill requirements will change. We will be asking our employees to do more, and different, jobs. Services are likely to need to change and restructure regularly in order to meet the financial and service delivery challenges and it is important throughout that we continue to support our employees through such change processes. At the same time, as the largest employer in the Borough, others look to us to provide a standard of excellence that they can follow in terms of workforce management and support. It is important that the Council maintains this reputation. Initiatives such as paying the London Living Wage, Hackney 100, the apprenticeships programme, and our wide range of employee benefits, are examples of our leadership.

Hackney Council is operating in a highly challenging and competitive job market. To recruit the best staff we must compete against 31 other London boroughs, and also a whole range of other public sector employers, including the civil service, the GLA, and the NHS. In addition, in some areas, such as law, property services, and ICT, skills are easily transferable to and from the private sector, and proximity to the City means we are competing with some of the highest paying employers in the UK.

### Specific issues include:



#### ***Housing affordability***

The increasing cost of housing in Hackney means that the proportion of our staff who live locally has fallen over the past 15 years from around 40% to 24%. This fact will increasingly impact on recruitment, especially on lower graded roles, as fewer new entrants will be able to afford to live in Hackney, and the cost of commuting makes travelling into the borough a less attractive option. Housing costs also make it harder to recruit people from outside London into more senior roles, meaning we are recruiting from an ever diminishing pool.



#### ***An ageing workforce***

In some parts of the Council, particularly in manual and lower graded roles, we have an ageing workforce, a large proportion of which will reach retirement age in the next 10-15 years. The workforce as a whole is significantly older, on average, than the population it serves. It is vital that we act now to safeguard the future of those areas of work by thinking creatively about how to fill those roles as they become available, through apprenticeships, providing opportunity for local young people, and ensuring that Hackney has a workforce fit for the future.



#### ***Diversity and inclusive leadership***

Hackney has an extremely diverse workforce, which broadly reflects the demographic profile of the borough, in terms of ethnicity. However, that is not consistent through all levels of the organisation, with the lack of ethnic diversity in the top three tiers of the Council and the ethnicity pay-gap being of particular concern to staff, to Members, and to senior management. The Council has a good gender balance at the top of the organisation, and has made significant strides in the past two to three years to support and celebrate LGBTQI staff. However, it is clear from staff feedback that disabled staff feel that more could be done to support them and their progress through the organisation.

Having a demographically diverse workforce can help businesses to be successful, drive innovation and capture new markets. In the public sector having a diverse workforce is seen as a way of bringing in a diversity of experiences and perspectives to better meet the needs of residents, customers and improve services. It is also seen as a way of tapping into and harnessing talent from across the whole community. We are not just interested in workforce diversity, we are also interested in ensuring that we have an inclusive culture that encourages a diversity of perspectives. This will help us engender the innovation and creative thinking that we need to tackle some of the most pressing public service challenges.

## The skills challenge

Over the next four years the Council will continue to develop its award winning Apprenticeship Programme with the twin aim of creating high quality employment pathways into the Council across all directorates for local residents; and seeking to build a highly skilled workforce for the future.

The programme will continue to create opportunities at a range of levels ranging from entry level to graduate. Our focus will be on high quality training, pastoral and development support to the apprentices. Particular care will be taken to ensure pathways exist for cohorts facing barriers to the labour market including care leavers, those not in education employment or training (NEETs), young black men and young people with Special Educational Needs and Disabilities (SEND), by further developing the Council's pre-apprenticeship and work placement programmes. We will seek to maximise the opportunity presented by the Government's Apprenticeship Levy to upskill existing staff via scaling up of the Council's Career Development Qualification (CDQ) programme. This will be done in a strategic way, focusing investment on those areas of the Council where there is an ageing workforce and/or skills gap existing now or likely to emerge.

We will also seek to work in innovative and imaginative ways wherever possible with the aim of providing apprentices with a range of skills required by both the Council and the wider economy. This may include for example sharing apprentices with organisations in the wider public and private sector. Alongside leading by example on the apprenticeship agenda, the Council will also seek to lead by example as an employer of residents with disabilities - both visible and invisible.

The Council has recognised that it needs to do more to attract, recruit and sustain employment at all levels of the organisation for residents with disabilities. The Council will be looking at changes which can feasibly be made to HR processes to achieve this. We will also ensure candidates and hiring managers are provided with the appropriate bespoke support to assist them through these processes, via the Council's Supported Employment service.

Alongside other public sector organisations, we will be initiating a bespoke work placement programme providing a pathway into Council employment for young people with SEND. The Council will also be working with Timewise to develop and pilot part-time apprenticeships, with the aim of enabling more people with disabilities to join the Council as apprentices.

**In summary, over the next four years, the Council will approach its workforce and skills challenge through a number of routes:**



A refreshed approach to recruitment marketing, ensuring that Hackney is able to attract the best staff at all levels.



A targeted campaign to attract more local residents into jobs in the Council



Further appropriate and targeted use of market supplements to address salary differences



Further developing our offer to staff to ensure that we remain an excellent employer



Growing our apprenticeship offer, to provide a broad range of opportunities and bring in younger people



Developing programmes to grow our own talent, retaining and developing our best staff, and ensuring a more diverse senior management cohort in the future



Developing an 'inclusive leadership' approach, to address equalities issues in the organisation and promote innovation and creativity



Developing an organisation-wide skills and learning strategy to make sure that staff are fully equipped to do their jobs in a fast changing organisation



Using staff surveys to ensure up to date insight into how staff are responding to change, and robust action plans to tackle issues arising



Implementing a new staff engagement strategy for the next four years



Offering competitive staff benefits and creative approaches to flexible working.

## Managing the challenge of growth and change

Improvements to our services, infrastructure and reputation have made Hackney increasingly attractive as a place to live and do business. We have seen the borough's population grow and change as a result. Whilst average incomes in the borough remain relatively low, the changes have attracted a high proportion of affluent, higher skilled residents. As a consequence we are now seeing growing inequalities. This concerns us, and our residents, and tackling inequality entrenched poverty is a key priority.

The changes have catalysed rapid economic growth and our focus must be on ensuring growth happens in a way that doesn't leave anyone behind. We will focus on community wealth building through sustainable procurement, economic development and planning. As our business base continues to grow and become a more significant part of the borough, we need to reset our relationship with businesses. We must maximise opportunities for residents to ensure that we are effectively managing the impacts arising from increased commercial activity.

Along with other parts of London, Hackney has seen rapid population growth over the last 15 years. We expect this growth to continue for the next couple of decades. There are limits to the Council's ability to influence population increases. The Council cannot control the population growth, which is affecting all of London, but we can ensure that we engage in new ways and that planning policy is used effectively to shape the nature and location of development and maximise its benefits for the whole community.

We need to ensure that we have the infrastructure needed to cater for this continued growth. We will work proactively with the Greater London Authority (GLA), central Government and neighbouring boroughs to secure investment in projects like Crossrail 2 which has the potential to radically improve connectivity and transport capacity in Hackney. In terms of social infrastructure such as schools and health facilities, the Council faces a funding gap. It is difficult to fully fund such projects through public finances and developers' contributions alone. We also need to protect our parks and open spaces for residents to use and to help counter climate change, alleviating the urban heat island effect and improving drainage.

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# 443

schools in areas  
exceeding safe  
air quality levels

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The growth we are experiencing has made it vital that we develop more sustainable ways to live and do business. Hackney needs to continue to make it easier to walk and cycle. The health impact of poor air quality is significant, with children among the most vulnerable to the effects of air pollution. It is estimated that 443 schools in the capital are in areas exceeding safe air quality levels. Given Hackney's location and the amount of traffic that passes through the borough, we cannot act on air quality on our own. Hackney will set a very high aspiration for improving air quality, but must recognise that our local actions need close partnership with regional and national government to affect real improvements in the quality of London's air.