

TITLE OF REPORT - [COVID 19, CORPORATE PLAN AND MEDIUM TERM FINANCIAL PLAN UPDATE.](#)

Key Decision No - [FCR Q90](#)

**CABINET MEETING DATE
(2019/20)**

20th July 2020

AUDIT COMMITTEE

27TH July 2020

CLASSIFICATION:

Open

If exempt, the reason will be listed in the main body of this report.

**WARD(S) AFFECTED
ALL**

**CABINET MEMBER
The Mayor / Deputy Mayor**

KEY DECISION

Yes

REASON

Affects two or more wards

GROUP DIRECTOR

Ian Williams, Group Director for Finance and Resources

1. CABINET MEMBER'S INTRODUCTION

- 1.1. Covid-19 (Coronavirus) has already impacted on services, businesses and communities in ways that will resonate for many years. Unlike other crises that local government has had to respond to, there really is no "going back to normal" or "business as usual." For many in Hackney, 'normal' was also not working for them economically or socially before this crisis, and we now have an opportunity to respond to these challenges as we work to rebuild a better Hackney. We will still be responding to the direct and indirect impacts for many months and years.
- 1.2. I would like to thank everyone in Hackney who has helped respond to this unprecedented crisis - Council staff, partners, volunteers and residents. It has been a hugely challenging time and will continue to be in the weeks and months ahead. We continue to mourn the 222 Hackney residents we have lost, think about how to best collectively remember them and also support those they have left behind.
- 1.3. As we start to come out of lockdown and the rate of infection slows, it is timely that we start to take stock of the short, medium and long term impacts on the Council and the community. This has to be considered in the context of the stark financial context which is detailed in this report.
- 1.4. We are still responding to the pandemic, whilst managing the process of the Council and the borough safely coming out of lockdown and the possibility of localised outbreaks or a full 'second wave'. Working with Newham, Camden and Barnet our public health team is part of a Good Practice Network to ensure that the Council is well placed to manage any future outbreaks or rise in new infections.
- 1.5. What is also clear is that our residents will continue to be impacted and vulnerable for the foreseeable future. We are seeing increased poverty, unemployment and a struggling business, voluntary and community sector, and specific needs for more vulnerable groups like rough sleepers and people with no recourse to public funds. At the same time, the longer term issues for individuals and communities cannot be parked or we will see long and enduring impacts on individual life chances and inequalities. Even as we continue to grapple with the immediate concerns, we have to start revisiting our existing corporate and political priorities. From the very beginning of the pandemic we decided to keep community and equality impacts across different time frames under review and this is now proving to be an invaluable evidence base underpinning what we put forward in this report.
- 1.6. Coronavirus has had devastating impacts on communities, businesses and the voluntary sector, bringing inequality and specifically racial inequality into stark relief. This has reiterated the need to focus on

existing priorities, which already focused on reducing poverty and inequality, but to make sure that we understand, validate and centre our response on the lived experiences of those most negatively impacted and respond with a nuanced, informed and sophisticated understanding of inequality. We do not need to undertake more extensive research and reviews. We have a good understanding of the impacts and are already working with communities on the solutions needed, but we do need to keep listening and evolving our response, and to think about what we all need to do differently because collectively we are not making the progress we need to. This has to include a conversation about leadership and how we can lead more collaboratively and inclusively.

- 1.7. A significant part of doing things differently is going to be about doing everything in our powers to promote a far more inclusive economy. The number of Universal Credit claimants has seen a five fold increase and we know that Hackney employers have furloughed 34,000 jobs in Hackney. Even as businesses are allowed to re-open, many companies in hospitality and the arts and culture, including social enterprises, are going to struggle with viability. Just before lockdown we had adopted an inclusive economy strategy. More than ever, we need to shape the economy, tackle the skills and employment challenges and co-ordinate pathways into employment - using the levers we have in planning (the new Local Plan is also before Cabinet), procurement, Council and community assets and in creating opportunities through training, apprenticeships and jobs to respond.
- 1.8. This report sets the direction of travel for what we need to do that is different or accelerated in response to coronavirus. It includes the principles that will lead to the reopening of services and how we will continue to protect our workforce as some of them return to the physical workplace and others continue to have to work from home. The report seeks to look at everything through the prism of inequalities, vulnerability and poverty and to take a very honest look at how we need to work differently. This will include building on ways of working that have been better during the crisis, particularly with respect to the way we have worked across a whole system, going beyond institutional silos and valuing partnerships across the public sector and community.
- 1.9. In 2018 as a Mayor and Cabinet we set out an ambitious programme based on our manifesto to build a fairer, safer and more sustainable Hackney, this report seeks to renew that commitment, but also look to rebuilding a better Hackney as we come out of the first phase of this crisis. Our ambition includes ending rough sleeping, ensuring that no one in Hackney goes hungry, that the vulnerable get the support they need, the inclusive economy is supported, we keep building the homes the borough needs and there is a clear employment and skills offer available to all - whether someone is coming off furlough and lose their job or are a young person leaving school or college and needing support to start their career.

- 1.10. The financial challenges are set out in this report and in the regular updates received by Cabinet since the start of the crisis, they illustrate that Hackney has done 'whatever it takes' to support our services, residents, businesses and the voluntary sector. This is not however an 'emergency budget' nor does this report signal one in the autumn; Hackney because of its sound financial management is better placed than most, despite the high levels of need, able with further funding from Government to manage this crisis.
- 1.11. Our resolve to provide excellent services, even in an age of austerity, while tackling the challenges of inequality, poverty and climate change remains. Where we don't have the powers or resources to achieve these objectives, we resolve to continue to be a campaigning Council advocating for policy change and investment into Hackney, the emerging issues, asks of Government and public policy priorities are covered in this report.
- 1.12. None of this can be done alone, it is no coincidence that Cabinet is also considering today the work of the Hackney Young Futures Commission - illustrating that the administration and the Council has made good on our commitment to more deeply involve local people, in this case local young people, in shaping the future direction of our borough. This will continue to be an iterative and adaptive process as we grapple with the health, social and economic challenges ahead.
- 1.13. I recommend this report to Cabinet.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1. In 2018, Hackney adopted a Community Strategy which was rooted in extensive community engagement. This aims to keep our long term vision in focus, despite what might knock us off course. We also adopted a Corporate Plan and a Single Equality Scheme which set out how we would deliver this strategy over the medium term. These plans already identify priorities around poverty reduction, inclusive economy, housing, climate emergency, serious violence, children and families, community wellbeing and health inequalities. All these plans look at issues through the prism of key inequalities, and the Single Equality Scheme sets out the proactive objectives we adopt and the work plan that supports that.
- 2.2. In February this year, Cabinet agreed a progress update of delivery against the corporate plan. The report described the challenging context. After a decade of austerity we faced acute financial challenges in local government, with increased strains on our services and in communities, as well as continued uncertainty about the future. We talked about growing inequality and vulnerability among our residents and that, in the face of this, maintaining strong, cohesive, healthy communities was one of our greatest and most difficult tasks. This was

the assessment before the pandemic and the impact in the community and on our finances is now far worse.

- 2.3 This report takes stock of the direct and indirect impacts of pandemic and considers the ways that community, businesses and the Council has been affected. The report sets out how the Council has responded to the pandemic and will continue to respond. The stark financial context is also provided. The Council is facing combined increased costs and reduced income of £67m in this financial year due to coronavirus covering both the General Fund and HRA. This is made up of an estimated £24m in additional spending and £43m in lost income. So far, central government has provided £18m of additional support, plus we will get a share of a further £500m support package announced earlier this month (we estimate we will get c. £2.8m) and some partial compensation for income losses under which we will get a maximum of £9.5m. This still leaves us with a significant in-year shortfall for both the General Fund and HRA of c. £37m. To put this in context, the entire loss of funding during a decade of austerity was £140m. The report considers how our corporate plan will change to take account of this and the financial impacts on the Council and partners, setting out the ways of working and direction of travel for our corporate priorities. The report is clear that we cannot fully respond without financial support from central government and includes a number of public policy asks of central government.
- 2.4 This report also includes an updated overview of the Council's financial position in 2020/21 post Covid-19 and an indicative three year Medium Term Financial Plan (both included in **Appendix 2**). The Plan is necessarily indicative because we have only had three months experience of the increased cost pressures and reduced income arising from Covid-19 and there is considerable uncertainty about the future course of the economy and hence public spending plans and funding. The difficulties are exasperated by the fact that we don't know how long it will take for the local economy to recover which will impact on income from car parking, commercial properties and commercial waste; and the impact of removing the furlough on Council Tax Reduction Scheme (CTRS) claimant numbers and hence council tax income. Any significant increase in CTRS numbers will reduce our council tax income. In view of these uncertainties, we will be producing a further iteration of the Medium Term Financial Plan in September / October.
- 2.5 Specifically **Appendix 2** presents an indicative forecast of the 2021-22 budget which models three scenarios - medium, best and worse case - and an outline of the position in the following two years. This should be read in conjunction with the May OFP (also on the Agenda) which sets out the impact of Covid-19 on the 2020-21 Budget.
- 2.6 The reason for the lateness of the report is because in order to give the most accurate assessment of the council's financial position going forward, we wanted to include our grant allocation from the third

Emergency Fund tranche of funding from the Ministry for Housing, Communities and Local Government (MHCLG) and technical information from MHCLG on the working of the sales, fees and charge compensation scheme. The former was not published until 16th July and the latter has still not been made available and so we are still forced to use estimates and projections in the report.

3. RECOMMENDATION(S)

Cabinet is asked to:

- 3.1. Agree Appendix 1 - The refreshed direction of travel for the corporate plan and priorities detailed in the main body of this report, which takes account of the direct and indirect impacts of the pandemic and response and includes some key public policy asks.**
- 3.2. Note the financial considerations that underpin this direction of travel, as laid out in the medium term financial plan provided as Appendix 2.**
- 3.4 Note the updated 2021/22 Budget forecast which reflects the additional costs pressures and income reductions resulting from Covid-19 and the outline of its impact on the financial position over the following two years.**

Council is asked to:

- 3.5 Note the above recommendations and the report.**

4. REASONS FOR DECISION

REFRESHED DIRECTION OF TRAVEL FOR THE CORPORATE PLAN

- 4.1. Hackney adopted a new Community Strategy and Corporate Plan in 2018. An update on progress against the Corporate Plan was taken in February 2020.**
- 4.2. This report takes stock of the direct and indirect impacts of pandemic and considers the ways that community, businesses and the Council has been affected. The report sets out how our corporate plan will change to take account of this and the financial impacts on the Council and partners, setting out the ways of working and direction of travel for our corporate priorities.**
- 4.3. Even before the pandemic, we were trying to progress priorities in an extremely challenging context. The situation is now far worse and so this refresh of the corporate plan is needed, to set the direction of travel for the Council in terms of the corporate priorities we should all be focused on and to put this in the context of the latest financial assessment. The main risk is that we are unable to make progress with our priorities without changes to the way we work, to public policy and**

a fairer financial settlement

4.4. The refresh of the corporate plan covers:

The Impacts on the Community

The Council's Response

Resetting our Corporate Plan:

Principles for re-opening services and moving to a new normal for the workforce

Revisiting our existing corporate plan

Ways of working

Workforce strategy

Reset of strategic priorities

Planned investment in 2020/21 budget to tackle poverty and inequality

Asks of central government

2021/22 BUDGET FORECAST AND OUTLINE MEDIUM TERM FINANCIAL PLAN

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

5. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

5.1. The Council could have chosen to do nothing and continue to work on the existing corporate plan. This has been rejected because we would be ignoring impacts and missing opportunities to work differently and learn from our response. We would be out of step with other local authorities making collaborations more difficult. We would lose the confidence of our staff, partners and communities who will be looking for the Council to lead a process to take stock and reset priorities.

5.2. The Council could have chosen to adopt a completely new vision and corporate plan. We have not done this because our analysis of impacts tells us that we were focused on the right priorities and approaches: poverty reduction, inclusive economy, housing, climate emergency, serious violence, children and families, community wellbeing and health inequalities and also a focus on the key inequalities. We also concluded we had identified the right ways of working in terms of workforce and engagement. This report identifies what more we need to sharpen our approach or accelerate our response, or to adopt different ways of working, rather than starting again.

5.3 With regards to the budget forecast and medium term financial plan, this is primarily an update on the council's financial position and there are no alternatives here.

6. BACKGROUND

6.1. Policy Context

In 2018, Hackney adopted a Community Strategy which was rooted in extensive community engagement. This was about helping us keep our long term vision in focus, despite what might knock us off course. We also adopted a Corporate Plan which set out how we would deliver this strategy over the medium term. These plans already identify priorities around poverty reduction, inclusive economy, housing, climate emergency, serious violence, children and families, community wellbeing and health inequalities and also a focus on the impacts on different equality groups. This was underpinned by equality objectives and an equality scheme which was also adopted in 2018. This sets out everything we need proactively to do to meet the key inequalities that we have identified and published in an evidence base. An update on progress against the Corporate Plan was taken to Cabinet in February 2020. A review of progress against the Single Equality Scheme has also been undertaken. This has been the starting point for a refresh of the corporate plan. We have considered these progress reviews and the taken stock of the impacts of the pandemic through a community impact assessment, equality assessment, review of health inequalities, consideration of the Council response and lessons learnt, public policy analysis and critically, a consideration of the financial position.

With regards to the budget forecast, this report updates the Council's financial position post Covid-19. Full Council agreed the 2020/21 budget on 26th February 2020

6.2 Equality Impact Assessment

Covid-19 has had devastating impacts on communities, businesses and the voluntary sector, bringing inequality and specifically racial inequality into stark relief. This refresh of our corporate plan reiterates the need to focus on the priorities identified in our corporate plan, but sets out a commitment to ensure that we understand, validate and centre our response on the lived experiences of those most negatively impacted and respond with a nuanced, informed and sophisticated understanding of inequality.

We have done this firstly by keeping an ongoing log of impacts, identified through community insight, survey work and data analysis, from the earliest point in mid March. We considered how these impacts might interact to create knock on impacts in communities. We used this early analysis to inform our emergency response and also to help determine existing work that should remain a high priority, For example, we kept the Hackney Young Futures Commission and the Improving Outcomes for Young Black Men Programme because we knew young people, and specifically young black men would be one of many groups would be disproportionately impacted.

The community impact assessment was kept under review to test if early hypotheses were borne out and then shared widely to check

working assumptions. We also developed an equality grid so we could consider impacts by specific equality groups, and consider impacts in the short, medium and longer term. An officer with expertise in equality analysis was embedded into the group of officers who were developing the humanitarian assistance response so that we could draw out the specific equality considerations that could be taken into account as we planned for the next phase of community support.

These impacts identified are described in this report in the section on Impacts and also under each of the priorities. This analysis has also directly informed the reset of our corporate plan:

- Ensuring that the second phase of our Covid-19 response fully takes on board equality considerations for the workforce - whether in terms of getting back to work or continuing to work from home
- Reaffirming the need to develop a leadership culture that can respond to the complex needs and inequalities in the community and in our workforce- building on our inclusive leadership work
- Continuing to progress actions to ensure that our workforce reflects the diversity of our communities at all levels and the actions which we are taking form a key part of our workforce strategy.
- Adopting a clear statement setting out our commitment to anti racism and therefore to tackling structural racial inequality and systemic racism, and developing specific actions that tackle this, building on existing work. We know that we do not need to undertake more research and reviews. We have a good understanding of the impacts and are already working with communities on the solutions needed, but we do need to keep listening and evolving our response, and to think about what we all need to do differently because collectively we are not making the progress we need to.
- Continue to progress our single equality scheme
- Ensure that supporting the vulnerable and tackling key inequalities is embedded across all priorities.

6.3 Sustainability

This report sets out the work that we need to do in relation to Climate Emergency as a specific priority and also considers how we can work towards a green recovery within other priorities.

6.4 Consultations

The refresh of the corporate plan has been developed by drawing on insights from a range of surveys, engagement activities and conversations and partnership meetings which have been run during the pandemic. These are detailed in the report. Some of the key sessions are summarised below:

- Hackney Young Futures Commission
- Residents Survey

- HCVS Neighbourhood Conversations and meetings about racial inequality
- Engagement with organisations working on community support
- Voluntary sector surveys and surveys and engagement with specific sectors
- Engagement with businesses including the cultural sector
- Fortnightly faith forum

The direction of the travel for the plan was also shared and developed further with the Community Strategy Partnership Board and in workshops with senior managers.

We know that whilst some people in the community will want to move on and get back to the new normal, there will be others left with residual questions and aspirations to rethink the way we live our lives and reflect on what this means for the big issues like inequality and climate emergency. This is why we will be sharing a public facing version of this plan widely so that we are being open and transparent about how we see coronavirus impacting on the Council and the community. We are also working with partners to develop a shared approach to how we engage with residents, about these priorities and about their aspirations:

- Working with residents to take stock and respond to impacts, understanding and building on aspirations, commemorating lives lost and celebrating huge contributions that have been made by volunteers and staff.
- Developing more inclusive ways to communicate and engage with residents about coronavirus so that everyone can access the information and support they need
- Taking an asset based approach to developing this information and supporting, working with the formal and informal sector
- Identifying the positive proactive actions needed to support community resilience, specifically with regards to promoting social distancing, addressing community tensions and promoting community safety

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

6.5 Risk Assessment

Even before the pandemic, we were trying to progress priorities in an extremely challenging context. The situation is now far worse and so this refresh of the corporate plan is needed, to set the direction of travel for the Council in terms of the corporate priorities we should all be focused on, and to put this in the context of the latest financial assessment. The main risk is that we are unable to make progress with our priorities without changes to the way we work, to public policy and a fairer financial settlement. This is why this report considers, under each priority, the main ways that progress is now at risk and a new direction of travel. This is also why we are setting out the financial context and challenges in the same report, along with public policy asks.

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

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

8. COMMENTS OF THE DIRECTOR, LEGAL & GOVERNANCE SERVICES

- 8.1 The Council has both express powers to deliver many of the services they have committed to in the Corporate Plan, The Corporate plan approved by Cabinet and Council in 2018 and the legal advice remains the same. This report is a refresh of the previously approved Corporate report and appropriately takes stock of the direct and indirect impacts of the pandemic and considers the ways that community, businesses and the Council has been affected. The report sets out how our corporate plan will change to take account of this and the financial impacts on the Council and partners, setting out the ways of working and direction of travel for our corporate priorities. The Council is able to rely on section 111 Local Government Act 1972, or the Local Authority's general powers of competence as set out in section 1 Localism Act 2011.
- 8.2 The Corporate Plan will continue to be supported by the Councils corporate governance arrangements which are in place. Legal and Governance Services will support and advise on all legal issues which arise from particular services and projects in order to aid the achievement of the corporate priorities.

APPENDICES

Appendix 1: Refresh of corporate plan
Appendix 2: Medium Term Financial Plan

EXEMPT

Not applicable.

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

Description of document (or None)

Our [community strategy 2018-2028](#) is our collective response to the big changes we've experienced and the challenges we face in our borough. It sets out our vision for the kind of future we'd like to see for our communities, and lays out the steps we're going to take to achieve this.

[Hackney – A place for everyone: corporate plan 2018 to 2022](#)

This sets out how the Council will deliver Mayoral Priorities and the Community Strategy in a medium term time frame.

Corporate Plan Progress Update February 2020 - this was agreed by Cabinet in February 2020 and provides an update on the first year of delivery of the plan.

[Community Impact Assessment](#) - considers all direct and indirect impacts logged during the pandemic

An [Equality Grid](#) considers equality impacts identified during the pandemic over the short, medium and long term

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