

Covid Recovery Deep Dive Review

AUDIT COMMITTEE MEETING DATE
2020/21

13th October 2021

CLASSIFICATION:

Open

WARD(S) AFFECTED

All Wards

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1. INTRODUCTION AND PURPOSE

- 1.1 For several years now the Audit Committee has been undertaking deep dives into areas where a potential risk to the Council's financial position has been highlighted by the Committee. Most recently the Committee have taken a close look at the Council's approach to Covid-19 recovery, recognising that the pandemic continues to have an ongoing impact on the needs of residents in the borough as well as on Council Services.
- 1.2 The review so far has encompassed two deep dive workshops focussing on the following areas:

Workshop one (26th July):

- Strategic Approach to Covid Recovery;
- New Ways of Working/Workforce Strategy; and
- Adult Learning/Employment & Skills

Workshop two (29th September)

- Responding to the strategic challenges (building on information heard at the first workshop)
- New ways of working (new ways of working building on what has been done to respond to the pandemic including work with the community and voluntary sector and work with front-line services)

- 1.3 This report provides a brief overview of the financial context to the pandemic in the last and the current financial year and Government support provided and also highlights the issues emerging from the review of the Council's approach to New Ways of Working/Workforce Strategy and Adult Learning/ Employment & Skills from the first workshop.
- 1.4 The issues arising from the above, alongside those from a third 'discussion and wrap up' workshop to be held in November will be the subject of a second report to the Audit Committee in January 2022.

2. FINANCIAL CONTEXT

2.1 2020/21

Covid-19 has had a significant impact on Hackney's finances, which had already been subject to a decade of Government cuts to resources. We have been at the forefront of the response to both the public health and economic crises caused by Covid-19, having mobilised rapidly and played a central part in coordinating the emergency response across public services in the local area. The government's funding response has been to provide direct funding and other supportive financial measures to lessen the impact on local government since March 2020.

The primary funding stream covered four categories:

- General emergency funding
- Compensation for lost sales fees and charges income
- Targeted funding for specific services/purposes
- Support for businesses and residents that councils administer and have varying degrees of control over

The Government also paid various grants ahead of schedule to mitigate the impact of Covid-19 on cash flow and partially compensated boroughs for Covid19 losses in Business Rates. A similar scheme for council tax provided little or no support to the Council despite the Government's promises.

We received four tranches of general emergency funding for 2020-21 which totalled £32.3m, which together with a forecast sales, fees and charges compensation grant of c. £11.5m, broadly covered our additional Covid-19 related expenditure and lost income which was not covered by the targeted grants. Our total net additional Covid-19 expenditure not covered by targeted grants in 2020-21 was £43m.

The emergency grant wasn't ring-fenced but priorities included getting emergency support into adult social care and more general support thereafter; children's services; public health services; shielding the clinically extremely vulnerable people; homelessness and rough sleeping; domestic abuse; and managing excess deaths.

There were two major omissions in the sales, fees and charges income scheme, which reduced our allocation considerably. The first related to Local Authority Leisure Centres operated by private sector organisations and the second and more important for us was commercial property rents. We experienced significant shortfalls in commercial property rents in 2020-21 for which we received no compensation.

With regard to specifically targeted funding, the main element was the Contain Outbreak Management Fund (COMF) which covered many functions including testing, track and trace, support for vulnerable people, support for self isolation and prevention. We received £10m which covered our expenditure. We also received funding for rough sleeping and for reopening High Streets Safely.

Finally the Government provided support for businesses and residents in the form of business rates reliefs and grant schemes as well as a £500 million hardship relief scheme for councils to support local residents largely through their Local CTS schemes. We received £4.6m of grant from the hardship relief scheme and awarded £46.5m of Covid-19 reliefs to businesses (for which we were compensated).

2.2 2021/22

As the pandemic continues with new cases remaining at a high level so the financial impact continues to be felt by the Council. Across London the evidence

of long-Covid in cost pressure terms is emerging. In terms of Government funding for 2021-22, we have received £11m Emergency Covid Funding from the Government (compared to the £32m received last year). This was part factored into the base budget to meet known and ongoing cost pressures that had arisen as a result of Covid and part set aside to mitigate one-off Covid cost pressures.

The sales, fees and charges compensation scheme finishes after the first quarter of the current financial year and we are currently submitting our final claim and factored an estimated compensation level into our 2021/22 budget.

In terms of the latest forecast position for the current financial year, we are forecasting a £6.5m overspend against budget and this is driven in part by the additional Covid costs which are estimated to exceed one-off funding set aside by approximately £2.8m. It is increasingly difficult to specify what costs are Covid-related and what are a result of wider demand-led issues - this is a result of costs such as those in relation to care packages of residents discharged from hospital being ongoing.

Although the last London Business Rates Rates Retention Pool applied in 2020-21, any surplus or deficit will be determined in 2021-22 and any payment due or from the Pool will be made in 2021-22. In previous years, Hackney has made surpluses from the Pool but because of Covid-19, we will make a loss in 2020-21. It is not possible to make a robust estimate of the loss at this stage as it will depend on how all the other London boroughs business rate collection performed in 2020-21 but initial estimates from London Councils/LG Futures is that we could make a loss of £0.6m. This is factored into our financial planning.

As announced at the Budget on 3 March 2021 by the Chancellor, the government will roll forward the 2020-21 eligible retail, hospitality and leisure properties business rates relief scheme into 2021-22. The rate will be 100% from 1 April 2021 to 30 June 2021. This will be followed by 66% business rates relief for the period from 1 July 2021 to 31 March 2022, capped at £2 million per business for properties that were required to be closed on 5 January 2021, or £105,000 per business for other eligible properties. The government will reimburse councils for their loss of income resulting from awarding the relief under this scheme.

3.0 NEW WAYS OF WORKING

At the first Deep Dive workshop Committee members heard from the Strategic Director Customer and Workplace on the approach to 'returning to the office' following around 15 months of Council employees working from home where it was possible to do so. It was noted that the Council was well placed in this regard following early thinking which commenced in the summer of 2020.

The Prime Minister's announced on 12th July 2021:

"...the Government will remove outstanding legal restrictions on social contact, life events, and open the remaining closed settings. The Government will instead enable people to make informed decisions about how to manage the risk to themselves and

others. The Government will provide guidance to the public and to businesses on how they can help reduce the spread of COVID-19 and mitigate the risk of a resurgence which puts the NHS under unsustainable pressure.”

Following this announcement the emphasis shifted very much to the employer with Council now needing to implement its response to ensure that its public service spaces, venues and workplaces continue to be ‘Covid-secure’. The Council had anticipated that careful planning would be needed to review Government guidance and decide how we should apply this. As a consequence staff were advised that arrangements for working in our offices would remain as they currently were until at least the start of September and arrangements for other workspaces (including guidance for work that involves visiting other people’s homes) would be reviewed to reflect the revised guidance from the Government.

The workshop heard how a ‘The Future Workplace Group’ chaired by the Strategic Director and Workplace has engaged extensively with staff to shape our direction and develop our strategic principles in regard to future working. This has been crucial in ensuring that we build on the experiences of staff through the Covid period and take on board their feedback.

The Wellbeing Survey carried out earlier this year also provided a range of valuable insights that have informed the development of [our strategic principles](#).

[Services’ office champions](#) have worked closely with the Future Workplace group to consider the strategic principles, explore how these can be applied to service working arrangements and also to organise practical support that services need (e.g. ensuring that sufficient ‘Covid secure’ office space is available to meet service delivery needs).

It was emphasised that applying the Council’s inclusive leadership values to our future working arrangements is core to the strategic principles that we’ve developed. To support this we held a series of open workshops for staff from different underrepresented groups (and also a session for any member of staff to attend). These helped us to understand the future needs of different staff groups that we will need to consider and also historic challenges that we will try to address through this work. Looking forward, we are keen to explore the potential to continue to engage through these groups in the longer term and will be giving that further thought.

It was recognised that communication was key and communications to staff, including by email, our [Google Currents community](#), livestreams as part of Leaders’ Week, and through services’ office champions has been ongoing since the beginning of the pandemic.

It was noted that the Council has a large number of staff whose work is not office based and who have continued to need to work in their normal workplaces throughout the lockdown. Supporting safe working arrangements for these staff has been a core priority.

We continue to review and update our guidance on the precautions Council staff should take when carrying out work that involves visiting people's homes. This helped colleagues and services as they made their plans to step up services in line with lockdown easing. This guidance is supported by the Council's [Covid-19 vulnerability assessment process](#), which helps managers and staff identify where individuals might be at greater clinical risk and supports the implementation of mitigation measures such as workplace adjustments that should be made.

The workshop heard of the work undertaken in relation to safe working spaces. We initially made 'Covid-secure' office space available in Hackney Town Hall, the Hackney Service Centre and Technology & Learning Centre in June 2020. These arrangements have been updated in line with Government guidance and we have been able to provide office space where needed throughout the periods of lockdown and social distancing restrictions since June 2020.

We also made arrangements to set up pilot space on the 4th floor of the HSC to help us consider the future layout of our office space. This included looking at more adaptable use of space, using smaller meeting rooms to provide space for people using the offices to join online meetings, different furniture to support collaborative working, improvements to acoustics and management of ventilation. We are coordinating with office champions and focus groups to help us get feedback on the pilot configurations so that we can use that to inform the wider plans.

The workshop reflected on the huge challenges the pandemic has proven to be for society as a whole, for Hackney's residents and businesses, and for the Council's workforce. It also heard that nonetheless a number of opportunities which arose because of the ways that the Council has responded to the pandemic may help the Council respond to future financial challenges and be ambitious in the ways we deliver services for our borough. Opportunities include:

- Increased confidence in use of modern technology and collaboration tools both in supporting service delivery (e.g. the food support service in Spring 2020 and the development of the Here to Help service) and in the significant increase in online meetings, but recognising that 'video meeting overload' is a potential stress factor.
- Opportunities to reduce our office accommodation needs as our current assessment based on service feedback is that the Council will need less office space than was the case prior to the pandemic and work is in progress to identify sites that we will not prioritise for reopening.
- The greater flexibility that is made possible through the strategic workplace principles that we have agreed offer significant opportunities in terms of work / life balance and the Council's ability to recruit and retain a high calibre workforce.

- The response to the pandemic has been underpinned by high levels of collaborative working across the Council's services, with statutory partners such as the NHS and Police, and with the local community sector (including the response to the need to provide a food service for people who were shielding or otherwise unable to access food). This presents a significant opportunity to further deepen collaborative partnership working moving forward, which might include looking at ways that our use of technology and workspace design can further enhance this.

It is anticipated that the second report to the Committee will expand on this latter point and how this is being taken forward.

4.0 WORKFORCE STRATEGY

The workshop heard from the Strategic Director for Engagement, Culture, and OD on how the Council has established an Organisational Development Board to oversee the delivery of the Workforce Strategy. This is chaired by the Strategic Director for Engagement, Culture, and OD, and sponsored by the Chief Executive, and the Cabinet Member for Employment, Skills, HR and Equalities.

The workforce strategy was written in 2019, but much of the content has been superseded by the Covid pandemic. The strategy has been reviewed by the Board and by HMT, in the light of radical change to the Council's working practices. It was agreed that the Council's strategic workforce priorities had not changed, but that the actions needed to meet them would have changed substantially, and the strategy has been rewritten in that light.

The workshop noted that the workforce priorities were:

1. To achieve a stable and sustainable workforce, with the skills to meet our future challenges in a changing workplace
2. To develop a fully engaged workforce, with high levels of morale across the Council
3. To become an employer of choice in the London public sector, attracting the best people to deliver the best services, and growing our local workforce
4. To be an inclusive organisation, that actively tackles inequalities, and with leadership that reflects the communities we serve

The newly rewritten strategy puts additional emphasis on the importance of recruiting a local workforce, especially where we can play a role in providing opportunities for those who have been economically disadvantaged by the pandemic, and the Hackney Works service will be playing a growing role in ensuring that Council opportunities are available to those people locally who would most benefit from them. It also encompasses the additional diversity, inclusive leadership, and anti-racism work that has been carried out over the past

year.

The Strategic Director for Engagement, Culture, and OD emphasised the work being undertaken to develop the workforce in the context of the pandemic comment notably:

- It was emphasised that managers of office/home based staff will need to develop the skills required to manage teams in a hybrid environment, which in some ways is more challenging than managing a team that is entirely remote. There could be particular implications for equity and inclusion, as well as longer term team morale, relationships, and learning and development.
- Throughout the pandemic, pulse surveys have been carried out to take the temperature of the organisation, and check in on the wellbeing of staff. Directors have been encouraged to develop action plans for their individual areas, and internal communication and staff engagement activities have been shaped using data gained from these surveys. The Council intends to continue to use its pulse survey software, to provide directly comparable data to allow us to track staff morale, levels of engagement, and key indicators around inclusion and equalities.
- The Council needed to develop an up to date understanding of the training and development needs of its workforce to inform an effective corporate training and development offer. In response the Organisational Development team undertook a full learning and development needs assessment for the Council in which each manager was been asked to focus their summer Check-Ins on development needs and submit a summary of the needs within their team, so the service can collate an organisation wide picture to which it can develop a corporate response.

The OD service has launched hybrid workplace training for managers. 65 managers are participating in the pilot sessions which are being delivered across September and October, and feedback from these sessions will help us to refine the offer, tailor it for Hackney, and ensure that the right managers are receiving it. Early feedback is that managers are finding it helpful. The content focuses on maintaining morale and productivity, ensuring that teams do not fragment into a 'core and fringe' base on physical presence, managing performance in hybrid teams, and ensuring an inclusive working culture.

OD are working through the returns from the Learning and Development Needs Assessment, which show that alongside job specific training, the needs most commonly identified are in ICT skills, management and leadership, and knowledge skills such as project management. This will help to shape the corporate learning and development offer.

The new pilot management training programme, covering all aspects of Employee Experience, will launch on October 21st, with the first cohort having the new Chief Executive as its HMT sponsor.

5.0 EMPLOYMENT, SKILLS & ADULT LEARNING

The workshop heard from the Head of Employment, Skills & Adult Learning on the work of his teams in the context of the pandemic noting that they were central to the delivery of the key priorities of poverty reduction and rebuilding a more inclusive economy as set out in the refreshed Corporate Plan.

At the start of pandemic, Hackney Works created 3 thematic approaches to respond to rising unemployment and support needs of residents:

- **Information Advice and Guidance (IAG) team:** Supporting clients with benefits, better off in work calculations, budgeting support and signposting to relevant service provision e.g. food banks & wellbeing support.
- **Employability team:** Helping clients with job search, applying for jobs and preparing for interviews.
- **Job Brokerage team:** Matching and submitting clients for job opportunities with a focus on supporting recruitment to Council key worker vacancies/temporary vacancies

In Summer 2020, at the early height of the pandemic the Council established the 18-24 employment & skills partnership with key local partners - Job Centre Plus (JCP); New City College (NCC); Ingeus; HCVS - in order to adopt a borough wide 'whole system' approach to tackling youth unemployment. Key outcomes of this partnership approach include:

- Establishment of Youth Employment hub at NCC
- Securing funding for a kickstart programme to create over 400 paid work placements for Hackney young people
- Establishment of a new JCP office at 2 Hillman Street, enabling co-location of Hackney Works staff and integration of JCP and Council service delivery

A Memorandum of Understanding was also signed between Council and JCP setting out shared commitment to joint working, with key areas of focus including:

- Integrated and high quality employment support;
- Place-based approach to national programmes;
- Joint employer partnerships; and
- Focus on skills & training.

This partnership approach extends to the Employer Engagement team which successfully developed relationships and strategic partnerships with a variety of businesses and organisations across Hackney and East London encouraging and enabling businesses to recruit locally, and providing pathways into jobs for out of work residents. Alongside this partnership approach the Council utilises a

number of strong social value levers to create high quality ringfenced employment opportunities for local residents. These include section 106 agreements and Council contracts/ supply chain.

Throughout the period the Council has continued with its Supported Employment programme - a specialist employment support team, funded by Adult Services, to provide intensive employment support to residents with learning disabilities; mental health conditions, and autism. Using the learning from this, the team will shortly be commencing the delivery of a pilot project funded by Public Health England, in collaboration with the Council's public health team, to provide employment support and pathways into jobs for residents in receipt of treatment for alcohol and substance misuse.

The Council has continued to operate its highly successful apprenticeship programme and its workplace placement programme which is focused on interventions aimed at providing 'stepping stones' into apprenticeships and jobs for priority groups.

The workshop was provided with a range of practical case studies across all aspects of the teams work set out above giving a real sense of the impact that programmes have on local people.

It was noted that since September 2020, the Council's Adult Learning Service is fully integrated with the Council's wider employment & skills service - enabling delivery of a more joined up and holistic offer for our most disadvantaged residents. There is now a clear strategic framework and evidence base to underpin decision making in relation to Adult Education in the borough with the service has now adopting an outcomes-based approach to both in house provision and commissioned delivery, closely aligned to the GLA's strategic aims (funder for Adult Learning) as well as the direction of travel for Ofsted as regulator.

The presentation to the workshop from the Head of Employment, Skills & Adult Learning is attached here [Employment & Skills presentation - Audit Committee](#).

6 CONCLUSIONS & NEXT STEPS

The presentations to the workshop demonstrated a clear and focussed response to the impacts of the pandemic on the community and the workforce. The unforeseen extent of these impacts meant that services had to work flexibly and responsively to implement new ways of working and service delivery. It is pleasing to note that the Council is looking to capture the learning from these experiences and look to harness opportunities that have been identified - for example, the extended partnership working, use of technology, hybrid working and the potential these initiatives offer.

The Committee looks forward to the final workshop where the plan is to drill down further to consider the alignment of the workforce strategy and organisation development to the strategic challenges which were discussed at the second

workshop and also to consider further how the Council is responding to the these challenges in the context of our community and the ongoing impact of the pandemic.

7 COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

7.1 There are no direct financial consequences arising from this report.

8. COMMENTS OF THE DIRECTOR OF LEGAL

8.1 The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk.

8.2 There are no immediate legal implications arising from the report.

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