TITLE OF REPORT: GENERAL EXCEPTION - 2021/2022 BUDGET AND COUNCIL TAX REPORT

CABINET MEETING DATE 2020/21 **22 February 2021**	**CLASSIFICATION:** **OPEN**
WARD(S) AFFECTED **All Wards**	
CABINET MEMBER **Mayor Glanville**	
KEY DECISION **Yes** **REASON** **Spending or Savings**	
GROUP DIRECTOR **Ian Williams Finance and Corporate Resources**	

1.0 MAYOR'S INTRODUCTION

1.1 Responding to the coronavirus pandemic continues to be the greatest challenge that Hackney Council, our borough, its residents and our local businesses have faced in a generation. For many, a significant impact of this crisis has been financial, and for the Council it is no different. The pressures the Council faces have been increased still further by organised criminals who targetted us last October with a cyberattack. But because of our sound political and financial management we have the space, capacity and leadership to respond. We are not faced with some of the deeper underlying issues that other local authorities went into the Covid-19 crisis with, nor has the crisis forced us into making damaging knee jerk or short term decisions. Throughout the past year we have continued to invest in the things that matter, stayed true to our values, responded to Covid-19 and worked to deliver our ambitious manifesto through the revised Corporate Plan to Rebuild a Better Hackney.

1.2 We do, of course, face our greatest challenge against the backdrop of over 10 years of austerity. Since 2010, our core government funding has shrunk by £140 million ─ a cut of 45% of government grant income. This is not unique ─ cuts to local government mean councils across the country have lost 60p out of every £1 that the last government was spending a decade ago. In Hackney, per household we have seen the biggest funding cut of any London borough at £1,459.

1.3 In the current year and for 2021/22 the Government has announced a number of different funding streams in response to the pandemic. Whilst this helps us maintain our services now and in the immediate future, there remains a lack of long term clarity on funding levels from Government with the level of need for our service only rising.

1.4 We continue to be faced additional costs from increasing demands for services, in part due to cuts to other public services and damaging welfare reform. In a Budget report these can be described as 'costs' or 'pressures', but what we are really highlighting is the lived experience of thousands of Hackney residents, whose lives have been made harder by the rise in in-work poverty; a failure to regulate the private rented sector; the hostile environment; universal credit and wider welfare reform; and now of course Covid-19. This impacts the ability of the Council to respond and compounds the impact of austerity, for instance we spent £1 million per year on temporary accomodation in 2010. We now spend £16million on Temporary Accommodation and Homelessness services every year, and if you add the cost of Housing Benefit, this figure is over £50m.

1.5 Last year we recounted that austerity was not over for local government nor the citizens of Hackney. Whilst we will receive additional resources for 2021/22 as set out in the 2021/22 LGFS and 2020 Spending Review, the majority of new funds relate to our response to the pandemic and others are of a one-off nature, which do not cover the gaps in existing funding in services like social care and SEND; and we still need to find an estimated additional £11.2m million of savings by 2022/23 and a further £12.6m by 2023/24. We also need to ensure the Council is on sustainable financial footing as we approach the three Spending Review and Fair Funding.

1.6 In this budget we are proposing that Council Tax will increase by 4.99%, this is never an easy decision and we know that any rise can have an impact on those that are on fixed incomes. This will raise £4.3 million to help us to continue to run the services our residents need. For the average household in Hackney, the increase will add less than £1 a week to their bill. Despite this increase, it is expected that Hackney will still have one of the lowest Council Tax rates in London. And if we look at the period 2010-11 to 2020-21, the cumulative increase in Hackney's Council Tax is over 5% less than RPI (14.4% less than CPI).

1.7 Through a decade of cuts to our budgets Labour councils like Hackney have protected our frontline services, invested in our workforce and protected our most vulnerable residents from the worst impacts of austerity, and for 2021/22 we aim to do the same ─ mindful that Covid-19 has severely impacted those already in poverty, widened inequality and pushed more people into poverty. We remain ambitious and working to make Hackney fairer, safer and more sustainable. We are investing in Hackney despite our budget challenge, and seeking to help more of our residents with their own budget challenges. This budget will help us do that by supporting our poorest residents, protecting the most vulnerable, investing in frontline services we all use, and rebuilding a greener Hackney.

1.8 We are explicitly investing more in rebuilding a fairer Hackney, and this year we are pledging more money to help our residents in poverty by investing a further £500,000 into projects to directly help our poorest residents, including help for families in food poverty to access fresh, healthy food. We are also clear that Hackney remains a borough for everyone and we propose £100k of additional investment on those with no recourse to public funds (NRPF) building on the charities hardship grant scheme and additional support for families and rough sleepers provided this year as part of our Covid-19 response. We anticipate that there will be further need here given the lack of Government support in this area and the ongoing impact of the pandemic.

1.9 We will be supporting around 24,000 low or no income families that receive up to a 85% discount on their Council Tax bill by committing to a further £60 reduction in their bill in 2021/22, alongside most pensioners on low incomes and care leavers who are not being charged Council Tax at all. Council Tax is a regressive tax that hits the poorest residents the hardest, but Government cuts mean we will rely more on our taxbase to fund our services in the future. So we will work towards ensuring all of the boroughs families on low or no incomes pay no Council Tax at all by 2030, and ensure that they benefit from at least a 90% discount by 2025/26. This does, however, represent a significant challenge in the context of high and rising claimant numbers and the lack of certainty on Government funding going forward.

1.10 We know how important frontline services have been to our residents. In many ways, councils have proven to be the fourth emergency service throughout the current crisis. Our staff have been there for those relying on us and it is those services delivered directly by the Council, rather than external contractors, that have been best placed to change direction and respond to the coronavirus crisis. We will keep working to make services more accountable, innovative and ultimately better value for money for residents. We plan to do this by bringing services in-house where it is financially viable to do so and where we can deliver a better service to residents and fairer pay and conditions for those that deliver them. So far we have brought in-house school and corporate cleaning, gully cleansing and fleet maintenance ─ £6 million pounds worth of contracts ─ and next year we will insource parking enforcement services.

1.11 We will also continue to fund our award winning employment and apprenticeship schemes ensuring Hackney's local and vibrant economy provides direct opportunities for the borough's residents. Following the start of the Covid19 pandemic, and the accompanying rise in unemployment as well as concerns around future job prospects, the Council's focus on creating high quality opportunities is more pressing than ever. Our apprenticeship programme remains award winning, and we have tripled the number of inhouse, local, London Living Wage paid apprentices since 2016. Since September 2020, the Council's Adult Learning service has been integrated with the wider Employment & Skills service with a total investment of £4.5m. This creates an opportunity to ensure that the Council's investment in adult skills, funded via the GLA's Adult Education Budget, is aligned with the Council's aspirations set out in the Inclusive Economy strategy - specifically in terms of ensuring residents have the skills to access high quality jobs and careers. We are now planning to expand our Hackney Apprenticeship Network and have created a Hackney Kickstarter programme to support those who find themselves unemployed because of this crisis. We have also this year secured the Department of Work and Pensions as a tenant to the Annex building in Hillman Street. As well as securing a welcome additional income stream this will enable closer working to the benefit of our residents. We have also secured nearly £120,000 of new resources from the GLA to help close the adult training digital divide.

1.12 We also know that crime and safety is a really important issue for many of our residents, especially given some of the tragic incidents that have taken place on our streets over the last year. This budget will help make Hackney safer, investing £7 million budget to fund programmes like the Integrated Gangs Unit ─ our unique partnership with the Police, Probation Service and other partners, aimed at supporting people out of gang involvement. We are also expanding our CCTV network, maintaining our enforcement team to ensure it can proactively deal with the increased workload resulting from the Covid-19 pandemic and facilitating the safe opening of the economy and maintaining our Civil Protection service. Along with our care workers, our Civil Protection service has been at the forefront of our response to the pandemic. It has been the primary coordinator for our response to Covid-19 and has set up temporary mortuaries and our network of Covid testing centres and provided 24/7 on call support to the borough Gold Commanders. We are also doing all we can to support the community in ensuring safe, Covid compliant business. We have set up a Covid Response Team to deal with complaints against businesses who are not Covid secure and working with the Hackney Business Network to support businesses to become Covid secure.

1.13 This budget also invests in helping keep our children and families safe and increasing their opportunities. We propose an additional £300k investment in the attainment of our young people over the next four years, specifically for groups that have historically underachieved, to reduce exclusion and assist with the transition between primary and secondary school. An issue of even greater concern given gaps in school attendance brought about by school closures during the pandemic. In addition we are working with schools to supplement the government devices to schools by appealing for donations from businesses and residents. We have received over a 150 so far and have also received over £7000 in cash donations - supporting with the Government scheme over 4,000 digital devices to support young people.

1.14 We know keeping people safe, especially young people, also means providing opportunities and support. We will continue to invest £13.6 million on youth and early help services for families, including our four youth hubs, six adventure playgrounds and other satellite-based community provision. Over the last year our youth and play services have seen 37,565 attendances. Although the pandemic has impacted our attendance and delivery of services, throughout the pandemic our youth hubs and playgrounds have remained open for the delivery of covid-secure services reflecting PHE and Government guidance. Support groups and online delivery has continued and been supplemented by an online programme of activities and support. Young Hackney has also continued to work with approximately 700 young people at any one time through the Early Help team, providing tailored individual support to improve their emotional and mental health, family school and peer relationships, engagement with education, or to decrease the risk of exploitation or engagement in offending. The service has also supported our work to ensure that no young person or their family goes hungry in Hackney.

1.15 Last year the Council declared a climate emergency, and making our borough greener and more sustainable runs through the heart of this budget. We've committed significant funding for projects, including £2.3m over the next three years to switch all our street lights to energy efficient LED bulbs ─ saving energy costs and reducing our electricity consumption through our streetlights by 60%. This year, our municipal energy company Hackney Light and Power will also invest the £200K Green Homes Fund in rolling-out free home insulation, helping lower energy bills for thousands of local residents and significantly reduce the gases produced by heating our homes and will also be making a further investment of £700k to deliver solar panel installation on the Council's existing roof space assets. We are also planting 35,000 new trees in our streets, parks and green spaces (some through charitable partners), investing in more sustainable transport, making our parks and leisure centres greener and better for users, increasing drinking water fountains and by the end of year we will have 44 School Streets throughout the borough. In addition, the introduction of fortnightly refuse collections in March will see reduction in emissions of approx 3,000 tonnes of CO2eq associated with incinerating black bag waste, contributing to our climate targets. This service change will also mitigate the extent of the increase in the waste levy the borough pays.

1.16 Council and other public services have not been the only ones to respond to the coronavirus crisis. Over the past year, communities have come together to support each other ─ through mutual aid groups and volunteering, whether that was doing someone's shopping, collecting prescriptions, or just having a friendly chat to keep someone company. It was a vital part of our public health response to this pandemic because it helped make lockdowns manageable for everyone. The

Council helped facilitate and deploy 1000 volunteers through Volunteer Hackney ─ giving them training, support and safeguarding for the vulnerable residents they were helping. At the same time, our partners in the voluntary and community sectors stepped-up and coordinated with council frontline services at an unprecedented scale. And they have continued with that support, like through our Community Food Hubs ─ helping deliver thousands of food parcels and hot meals every week. I'd like to thank all our partners and every Hackney resident for showing the best of the #HackneySpirit, especially those that gave up their time for someone else.

1.17 This budget invests in Hackney, showing that despite Hackney's budget challenge Hackney Council continues to prioritise our communities, fairness and transforming lives. Despite the impact of the pandemic and cyberattack, we are committed to rebuilding a better Hackney. Over the next year alone, Hackney Council will spend approximately £236 million through capital projects like the brand new leisure centre and the permanent site for City of London Academy Shoreditch Park at Britannia which are due to open this summer. We own and manage over 22,000 council homes, and next year we'll spend £64m on improving them. We will also continue to keep Hackney building, for those who desperately need new homes through our £63 million house building programme. In 2021/22 we will be on site delivering over 400 genuinely affordable Council homes at social rent and shared ownership. We will invest nearly £16m in our schools including the continuation of our schools facades programme, general school maintenance and increasing provision for special educational needs in the borough. We'll also invest £13.5m in managing and maintaining Hackney's 58 parks, gardens and open spaces and seven sport and leisure centres - ever more important as our residents have relied on our open spaces even more during the pandemic. We will be investing £1.8 million into the boroughs libraries. Throughout 2020/21, the Libraries and Museum service have had periods of closure due to the pandemic but we have retained services in lockdown periods to tackle digital exclusion through provision of public PC use, and ensured continued access to books through order and collect and the Community Library Service. Elements of the service have been moved online and the service has been utilising technology to reach new audiences. We will also see the benefits of new digital partnerships to deliver fibre optic connectivity into our community halls, council estates and temporary accomodation locations.

1.18 We can only achieve all of this through careful and sound financial management. If we do not pass a balanced budget, and plan an illegal deficit budget, the result would be handing over budget and service management to Whitehall civil servants. We will need to continue passing prudent budgets, particularly given future risks such as Brexit, and the forthcoming Funding Review by Government and the ongoing impact of the pandemic and the associated economic recession. We also now need to make provision for the recovery from the cyber attack.

1.19 I would like to thank Deputy Mayor Rennison, my Cabinet and councillor colleagues especially on Scrutiny and Audit, the Group Director for Finance and Corporate Resource Ian Williams and his entire team for their work on the budget report, as well as the continued work to maintain the financial resilience of the Council.

1.20 This is an ambitious and Labour values driven Budget in the most challenging of times that protects universal services, invests in our priorities, creates more opportunities and supports the most vulnerable and I am proud to commend this report and my fifth Budget to Cabinet.

2.0 GROUP DIRECTOR'S INTRODUCTION

2.1 This report asks Cabinet to agree and recommend to Council for approval, the 2021/22 General Fund budget estimates, a 4.99% increase in the Hackney element of Council Tax made up of 3% in respect of adult social care and 1.99% in respect of other services, and a series of recommendations relating to the Council finances in respect of the 2021/22 financial year.

2.2 I would like to place on record my thanks and gratitude for the support and cooperation I have received from the Mayor, Cabinet Members, Scrutiny and Audit Committee members as well as colleagues on the Hackney Management Team and Officers within my own team and the other Directorates throughout the budget setting process. It is an understatement to say that it has been a process like no other but the way that everyone has worked together collaboratively has been fantastic and made what could have been a really difficult process progress smoothly. This will be my thirteenth budget report to Full Council on the Budget as Hackney's Group Director of Finance and Corporate Resources (Section 151 officer) and it has also coincided with me holding the office of President of the Society of London Treasurers and I am grateful to everyone in Hackney for supporting me in this role and allowing me to do this nearly forty years since someone from Hackney held this position. It has meant a great deal to me. It would also be remiss of me not to also put on record that the setting of the 2021/22 budget will be the final budget in Hackney that my long standing colleague and friend Tim Shields our Chief Executive will be a part of following his decision to retire from the 31 May 2021. We will I am sure have the opportunity to celebrate the many significant achievements Tim has had in Hackney in other places, but given his instrumental role in the rebuilding of the Council and importantly its strong track record of financial management from near financial ruin, it is that legacy that it feels most important to recognise in this paper. In addition, the 2021/22 Annual Billing cycle will be the last at Hackney for David Umney, our Head of Revenues who is due to retire this summer. David and his team have overseen a remarkable improvement in the performance of income collection in Hackney alongside sustained improvements in Customer Service culminating very recently in the launch of our 'One approach' to Corporate Debt. It is fair to say that whilst this past year has not been anything like 'normal' for any of us, for David and the teams he leads it has been unprecedented. They have had to pivot from income collection to paying out vast amounts of business grants and reliefs totalling over £100m and I would like to place on record my thanks and appreciation to David for his fantastic service over nearly two decades to Hackney.

2.3 The 2021/22 Revenue Budget and Capital Strategy was put together against the backdrop of £140m funding cuts since 2010/11, whilst costs in areas such as adult social care, children's services, supporting an ageing population, homelessness and inflationary impacts have increased significantly. Whilst the publication of the 2021-22

Local Government Finance Settlement gave us some certainty regarding the next financial year, we face an extremely uncertain financial environment going forward. In the ministerial speech accompanying the publication of the Settlement, the Secretary of State stated that the Government will “revisit the priorities for finance reform in time for the next Spending Review, taking account of wider work on the future of business rates and how best to organise and finance adult social care”. So the financial future is now even more uncertain than ever which greatly increases the difficulty of effective financial planning. It is also very likely that the impact of Covid19 will continue into 2021-22. We have already seen that the pandemic has greatly restricted the financial flexibility of the Council going forward as we have had to use a considerable amount of one-off funding (primarily S31 Grant) in 2020/21. It has also depressed income levels for various income streams including council tax, business rates, commercial property rents, car parking and trade waste. Whilst we expect a recovery in 2021/22, it may not be full for some of these especially property rents and trade waste, if the downturn arising out of the pandemic continues for any length of time. There could also be an impact on business rates income if the working from home trend continues after the restrictions have been lifted. Not only will it impact on income in the short term but it could also have a detrimental impact in the longer term if it results in a depression of rent levels (which largely determine rateable values) in the office sector. We also continue to face significant cost pressures which are not Covid related in 2021/22 particularly in many areas which are considered in detail in the main body of the report below. Finally, the cyber attack made a number of key financial and operational systems inaccessible during October and the first part of November 2020 but access has now been now restored to the Council’s finance system (Cedar) but at the time of writing there was still other systems in revenues and housing that were either inaccessible or partly inaccessible. This has meant that details held on these systems are not current and the longer these systems remain inaccessible, the greater the backlog that will need to be addressed to get us up to date and which may adversely impact on our on-going activities in 2021/22.

2.4 Turning to Council Tax, this report proposes to set an increase of 4.99% in the Hackney element of the Tax in 2021/22. Given the significant reduction in external funding since 2010/11 which has risen to at least 45% by 2021/22, I believe such an increase is essential to protect the Council’s funding position in both the short and medium term whilst balancing the demands it places on local taxpayers. Moreover, the increase must be viewed not just in the context of the external funding losses but also against the backdrop of the impact of the on-going Covid-19 pandemic, economic downturn and Brexit. In addition and as previously noted, we also face significant cost pressures in services such as Adult Social Care, Children’s Services, Homelessness and Temporary Accommodation and Special Education Needs as well as the ongoing impact of the welfare reforms, the Homeless Reduction Act and Universal Credit.

2.5 With regard to the 2021/22 revenue budget proposals set out in this report, they are underpinned by efficiency proposals approved throughout the current and previous financial years. We have developed proposals that achieve expenditure reductions primarily through service transformation, further back office savings throughout the Council and the restructuring of services. We have also sought to maximize income opportunities from the considerable asset base the Council holds to protect and sustain universal services and those to the most vulnerable.

2.6 In order to meet the financial challenges ahead, it will be necessary to continue the Council's proven record in relation to tight financial management and control. We will continue to adopt financial solutions that increase financial sustainability, with an emphasis on our customers, residents and businesses.

2.7 In preparing this budget we have ensured that the Council has in place, appropriate arrangements and controls to manage the risks and impacts. These include: -

(a) Extensive Financial Management, Monitoring and reporting. Regular finance updates are provided in the Overall Financial Position (OFP) report. We have also built greater ownership of the Council's financial challenges this year through regular joint sessions of Cabinet and the Hackney Management Team on financial planning in the short and medium term. This will be further enhanced in 2021/22 where we will look to more closely align where we are with these challenges with performance monitoring data measures. This will have added importance as we are implementing a vacancy factor saving approach in 2021/22.

(b) Risk Management. The Council has in place mechanisms for managing risks on savings through relevant risk registers and has looked to link the delivery of savings to outputs and performance, taking on board recommendations from Scrutiny Panel.

(c) Prioritising Resources to Corporate Plan Objectives. This report includes an update on the Corporate Plan and sets out how we continue to invest in line with our priorities.

(d) Equality. The Hackney Management Team makes sure that equality underpins all that we do. It also looks to ensure that all equality impact assessments on employment matters have been undertaken and details of these are available for review by Members and are published on the Council Website.

2.8 In considering the proposals set out in this report Members should have regard to the future indicative budgetary position of the General Fund that has been set out throughout the year. The Medium Term Financial Plan, at **Appendix 6**, sets out in the challenges we face in future years. It is vital therefore that the work already underway to bridge this gap intensifies so that innovative plans and proposals for future years can be set out and progress on early implementation achieved to ensure that we continue to maintain our strong track record of sound financial management. To this end also set out in **Appendix 11** to this report following the release of the CIPFA Financial Management Code Guidance Notes, we have undertaken a self assessment of how we shape up compared to the financial standards which are a translation of CIPFA's Principles of Good Financial Management.

2.9 In order to accommodate the possibility that the GLA precept varies from that currently advised (the GLA doesn't meet to set its budget until 25th February 2021) the recommendation to Council is that it approves the recommendation set out in 3.2.21 below after noting 3.2.20 and to (a) delegate authority to the Group Director

Finance and Corporate Resources to reflect any amendments to the GLA Precept in the Council's Council Tax billing information and (b) to agree to convene a further meeting of full Council to consider any such amendments in accordance with the requirements of the Local Government Finance Act 1992.

3. RECOMMENDATION(S)

3.1 Cabinet is recommended to consider the report and make the following recommendations to Council for approval:

3.2 Council is recommended:

3.2.1 To bring forward into 2021/22 the Council's projected General Fund balances of £15.0m and to note the Housing Revenue Account (HRA) balances of £11.2m

3.2.2 To agree for approval the directorate estimates and estimates for the General Finance Account items set out in Table 1, below.

3.2.3 To note that the budget is a financial exposition of the priorities set out within the Corporate Plan included at Section 6 below.

3.2.4 To note that in line with the requirements of the Local Government Act 2003, the Group Director, Finance and Corporate Resources, is of the view that:

The General Fund balances of £15.0m and the level of reserves, particularly in relation to capital, are adequate to meet the Council's financial needs for 2021/22 and that considering the economic uncertainty they should not fall below this level. This view takes account of the reserves included in the Council's latest published 2019/20 Accounts and the movements of those reserves since that date – which have been tracked through the Overall Financial Position (OFP) Reports, and the latest OFP projections. Note also, that the projections in the HRA Budget to maintain the balance at £11.2m by 31 March 2021 are also considered to be adequate at this point in time but will need to continue to be reviewed in the light of the challenges facing the HRA. The HRA balance has reduced from £15m in 2020-21 because of the need to set up a provision for Thames Water agency refunds but there is a plan to get back up to £15m by increasing the savings plan over the medium term to replenish reserves.

The General Fund estimates are sufficiently robust to set a balanced budget for 2021/22. This takes into account the adequacy of the level of balances and reserves outlined above and the assurance gained from the comparisons of the 2021/22 budget with the projected spend identified in the December 2020 OFP. The overall level of the corporate contingency has been set at £2m.

3.2.5 To approve the proposed General Fund fees and charges as set out in Appendix 8 for implementation from 1st April 2021.

3.2.6 To continue the policy requiring the Group Director, Finance and Corporate

Resources to seek to mitigate the impact of significant changes to either resources or expenditure requirements.

3.2.7 To note the summary of the HRA Budget and Rent setting report agreed by Cabinet on 25th January 2021.

3.2.8 To authorise the Group Director, Finance and Corporate Resources to implement any virements required to allocate provision for demand and growth pressures set out in this report subject to the appropriate evidence base being provided.

3.2.9 To approve:

The allocation of resources to the 2021/22 Non-Housing capital schemes referred to in Section 24 and Appendix 7.

The allocation of resources to the 2021/22 Housing indicative capital programme referred to in Section 24 and Appendix 7, including the HRA approvals previously agreed by Cabinet on January 25th 2021.

3.2.10 To note that the new capital expenditure proposals match uncommitted resources for the year 2021/22.

3.2.11 To agree the prudential indicators for Capital Expenditure and the Capital Financing Requirement, the Authorised Limit and Operational Boundary for External Debt, the Affordability prudential indicators and the Treasury Management Prudential Indicators for 2020/21 as set out in Section 25 and Appendix 3.

3.2.12 To confirm that the authorised limit for external debt of £536m agreed above for 2021/22 will be the statutory limit determined under section 3(1) of the Local Government Act 2003. Further reassurance about the robustness of the budget is the confirmation that the Council's borrowings are within the boundaries of prudential guidelines.

3.2.13 To continue to support the approach of using reserves to manage emerging risks and liabilities and to note the latest reserve position.

3.2.14 To note that at its meeting on 27 January 2021 the Council agreed its Council Tax Base for the 2021/22 financial year as 72,039 in accordance with regulations made under section 33(5) of the Local Government Finance Act 1992. The Council Tax Base is the total number of properties in each of the eight council tax bands A to H converted to an equivalent number of band D properties.

3.2.15(1) To agree that the following amounts be now calculated by the Council for the year 2021/22 in accordance with Sections 31A to 36 of the Localism Act 2011.

The authority calculates the aggregate of: (in accordance with Section 31A (2) of the Act)

(a) £1,199.503m being the expenditure which the authority estimates it will incur in the year in performing its functions and will charge to a revenue account, other than a BID Revenue Account, for the year in accordance with proper practices.

(b) £2m being such allowance as the authority estimates will be appropriate for contingencies in relation to amounts to be charged or credited to a revenue account for the year in accordance with proper practices.

(c) £nil being the financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure.

(d) £nil being such financial reserves as are sufficient to meet so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as has not already been provided for.

(e) £18.171m being the amount which it estimates will be transferred in the year from its general fund to its collection fund in accordance with section 97(4) of the 1988 Act, and

(f) £nil being the amount which it estimates will be transferred from its general fund to its collection fund pursuant to a direction under section 98(5) of the 1988 Act and charged to a revenue account for the year.

3.2.16(2) The authority calculates the aggregate of: (in accordance with Section 31A (3) of the Act)

(a) £1,116.488m being the income which it estimates will accrue to it in the year and which it will credit to a revenue account, other than a BID Revenue Account, for the year in accordance with proper practices.

(b) £nil being the amount which it estimates will be transferred in the year from its collection fund to its general fund in accordance with section 97(3) of the 1988 Act.

(c) £nil being the amount which it estimates will be transferred from its collection fund to its general fund pursuant to a direction under section 98(4) of the 1988 Act and will be credited to a revenue account for the year, and

(d) £13.967m being the amount of the financial reserves which the authority estimates it will use in order to provide for the items mentioned in subsection (2) (a), (b), (e) and (f) above.

3.2.17 **£89.219m being the amount by which the aggregate calculated under subsection (1) above exceeds that calculated under subsection (2) above, the authority calculates the amount equal to the difference; and the amount so calculated is its Council Tax Requirement for the year.**

3.2.18 **being the amount at (3.2.17) divided by the amount at (3.2.14) above, calculated by the Council, in accordance with section 31A of the Act, £1,238.47 as the basic amount of its council tax for the year**

3.2.19 **That the Council in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council tax for 2021/22 for each part of its area and for each of the categories of dwellings.**

Valuation Bands Hackney

A	B	C	D	E	F	G	H
825.65	963.25	1100.86	1238.47	1513.69	1788.91	2064.12	2476.95

3.2.20 **That it be noted that for 2021/22 the Greater London Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below.**

Valuation Bands GLA

A	B	C	D	E	F	G	H
242.44	282.85	323.25	363.66	444.47	525.29	606.10	727.32

3.2.21 **That having calculated the aggregate in each case of the amounts at 3.2.19 and 3.2.20 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for 2021/22 for each of the categories of dwellings as shown below.**

Valuation Bands Combined Hackney/GLA

A	B	C	D	E	F	G	H
1068.09	1246.10	1424.11	1602.13	1958.16	2314.20	2670.22	3204.27

3.2.22 **To agree In the event of any changes to the proposed levels of the GLA Precept as set out in 3.2.20 following the consideration of its budget on 25 February 2021, to (a) delegate authority to the Group Director Finance and**

Corporate Resources to reflect any amendments to the GLA Precept in the Council's Council Tax billing information and (b) to agree to convene a further meeting of full Council to consider any such amendments in accordance with the requirements of the Local Government Finance Act 1992

3.2.23 To agree, subject to the decision of Members on recommendations 3.2.16 to 3.2.18 that Hackney's Council Tax requirement for 2021/22 be £89.219m which results in a Band D Council Tax of £1,238.47 for Hackney purposes and a total Band D Council Tax of £1,602.13 including the Greater London Authority (GLA) precept. An analysis of the tax base total Band D Council Tax across Council Tax Bands is shown in 3.2.21 above and an exemplification of the taxbase and discounts by band, is shown in Appendix 5.

3.2.24 To agree that in accordance with principles approved under section 52ZB of the Local Government Finance Act 1992, and the new provisions included in the Localism Act 2011, the increase in the Council's Council Tax requirement for 2021/22 as shown at Appendix 9 is not excessive (5% or above) and therefore does not require the Council to hold a referendum.

3.2.24 To agree the Treasury Management Strategy for 2021/22 to 2023/24, set out at Appendix 3.

3.2.25 To agree the criteria for lending and the financial limits set out at Appendix 3.

3.2.26 To approve the MRP statement setting out the method of calculation to be used, as set out in paragraphs 25.21-25.26 below.

4.0 REASONS FOR DECISION

4.1 The Council has a legal obligation to set its Council Tax and adopt its annual budget. This report is seeking formal approval of the 2021/22 budget

4.2 Previous decisions in this context relate to:

- The Council Budget and Council Tax Report for 2020/21 agreed by Cabinet on January 26th 2020.
- The Overall Financial Position reports presented monthly to Council during 2020/21
- The Calculation of the 2021-22 Council Taxbase & Local Business Rates report approved by Council on 25th January 2021

5.0 DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

5.1 The requirement to agree a legal budget and set the Council Tax for the forthcoming year has been laid down by Statute. As such there are no alternatives to be considered.

5.2 The details of the budget, including savings have been the subject of many reports to Cabinet and consideration by the Hackney Management Team at meetings throughout 2019 and 2020.

5.3 As part of the political process opposition groups are permitted to put forward alternatives to these proposals for consideration. Any alternative proposals put forward will be tabled at the Council meeting on 24th February.

6.0 BACKGROUND

Policy Context and Prioritising Resources to deliver the Corporate Plan

6.1 This report sets out the Council's Budget Revenue Proposals for 2021/22.

6.2 The Mayor's budget proposals set out in this report show the position in relation to the development of the 2021/22 Revenue Budget including the effect of savings proposals which were agreed by Members as part of the 2021/22 budget setting some of which were formulated during the 2020/21 process.

6.3 The annual budget decisions are among the most important of those which local authorities are called upon to make during the course of the year. This is emphasised by the fact that they are among the few decisions which the Council is not permitted by law to delegate to a Committee or to Officers. They affect every household and service user and the manner in which decisions must be made, is closely prescribed by law. **Appendix 1** of this report sets out the relevant legal considerations which affect the budget process of which Members must be aware. Members are required therefore to give careful consideration to the information and advice set out in this report. It is also important in taking this decision for Members to take into account the Medium-Term financial forecast (which is attached at **Appendix 6**) and recognise that the scale of reductions set out will impact significantly on the services the Council provides beyond 2021/22.

6.4 In addition, the Local Government Act 2003 placed a specific personal duty on the Group Director, Finance and Corporate Resources to report to Council on the robustness of the estimates and the adequacy of reserves allowed for in the budget proposals. Members are advised that due regard has been given to the requirement of the Local Government Act 2003 during the current budget process. Specific reference is made to the adequacy of the General Fund reserves in paragraph 21.4. The position on the HRA reserves includes a projected level of balances of £11.2m by 31 March 2021. This level of balances is in-line with the Council's policy on reserves and balances. However, he advises that this is a matter that Members should keep under review.

6.5 It should also be noted that there is an ongoing requirement to review limits and indicators in accordance with the Prudential Code. There is a requirement to agree these indicators and limits are set in conjunction with the Council's overall budget.

Corporate Plan

6.6 The Council's revenue and capital budgets are set in the context of its Corporate Plan for 2018-22 approved by Cabinet in November 2018. The Corporate Plan committed the Council to publishing an accessible Corporate Delivery Plan (CDP) update to show how the Corporate Plan is being delivered. The CDP update helps us to assess where we are strategically and informs staff and the public, in a concise and accessible way, how we have performed against the priorities we set out in our Corporate Plan. It also enables us to drive our work across the Council more proactively.

6.7 The first update of the Corporate Delivery Plan was published along with the Budget in February 2020. 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. The report also identified some priority areas for £500k investment to tackle poverty and inequality.

6.8 This was the assessment before the pandemic. The community impact of the pandemic and the fiscal context presents far more acute challenges. For this reason, in July 2020, Cabinet adopted a refreshed Corporate Plan. This Plan took stock of the direct and indirect impacts of pandemic, considered the ways that community, businesses and the Council have been affected and in particular the community and equality impacts.

6.9 The refreshed Corporate Plan set out a revised set of priorities and some cross cutting ways of working and, for each, provided a detailed progress update and direction of travel. The refreshed plan simplified and consolidated the 9 priorities in our 2018 corporate plan into 7. This was to ensure priorities are reframed more squarely from the perspective of the challenges in our communities and the cumulative community impacts arising from the pandemic. Our approach to supporting the vulnerable and tackling key inequalities is now embedded across all priorities. The plan also reviewed the investment proposals to tackle poverty and inequality and affirmed that these proposals were needed more than ever to address issues in the short and medium term. Despite the pandemic much progress has been made as set out below. Where activities have been delayed because of the pandemic, the funding will be rolled over into 2021/22.

Crosscutting: Keep in focus the **most vulnerable and and key inequalities**, and specifically racial inequality

Fairer

1. Poverty reduction
2. Rebuilding an inclusive economy
3. Lasting solutions to London's housing crisis and homelessness
4. Supporting children and families to thrive
5. Community wellbeing and tackling health inequalities

Safer
6. Reducing harm

Greener
7. Responding to the climate emergency

6.10 Having just reset the corporate plan in July and provided a full update at the time, a shorter progress update on progress is provided in this budget report. This focuses on our cross cutting responses to inequality, poverty, and vulnerability which need to be central to our continuing pandemic response and the recovery actions we need to take.

Tackling Inequality

6.11 From the outset the Council endeavoured to track the impact of Covid on Hackney's diverse communities. These impacts are complex and manifold and will be felt by many for years to come.

a) Those experiencing pre-existing poverty especially households with children and those facing inequalities such as racial discrimination, language barriers, restricted access to benefits and services due to immigration status and those with pre-existing impairments and health conditions have been most severely impacted.
b) Older and disabled residents, those working in frontline services, many of whom are low-paid and from ethnically diverse backgrounds, have been most likely to contract, or die of Covid.
c) Others have been indirectly impacted. Children and young people, through loss of education and continued uncertainty about exams and exposure to violence, exacerbated by long periods of lockdown and reduced contact with services that can help.
d) Homelessness has increased among single people who may have lost their jobs or living in informal tenancies which have broken down during lockdown - some have no recourse to public funds.
e)Those with pre-existing or new medical conditions have found it harder to access treatments - which may lead to a worsening of their conditions in the longer-term.
f) Loneliness and isolation have challenged those who are less mobile and those living alone, including disabled and older people and those who are not online, which may be because they have communication or language barriers, dementia, learning difficulties or autism.
g) There has been an increase in requests for domestic violence support since the start of lockdown. Also concern about increased abuse and neglect of children.
h) People who are LGBTQ, including young people, may find themselves in hostile home environments without social support or access to support and healthcare services.
i) Concerns about the application of lockdown rules and enforcement by the Police and other statutory agencies have led to tensions and a decline in trust and confidence in state institutions particularly among younger,

ethnically diverse and socially and economically deprived communities.
k) The Entertainment, Cultural and Hospitality industries, which are heavily represented in Hackney, have been hardest hit. Claims for Universal Credit have more than doubled. There are concerns about the scarring effects of long-term unemployment, particularly for young people.
l) The pandemic and the lockdown has impacted negatively on mental health for a range of reasons linked to the impacts set out in this section.

6.12 As well as resetting priorities, the refreshed Corporate Plan adopted in July 2020 sets out how we need to work differently to respond to the impacts of the pandemic and to the stark inequality and poverty in Hackney pre-pandemic. A key focus of the last six months has been on how we lead more inclusively and in a more collaborative way. Central to this is the way we are promoting a culture of inclusive leadership. To support this we continue to draw on our 35 strong group of inclusive leadership champions. Having trained all our senior leaders in the principle of inclusive leadership, they helped reach a further 500 managers covering the key principles of inclusive leadership, cultural competency and anti-racism. They are also facilitating and supporting change in their own divisions. For example, Champions in Regeneration have been working to explore how we can work with a more diverse range of contractors to promote diversity, not only in the Council but the wider economy. Champions in Adults, and Children's Services have been developing action plans to increase the proportion of culturally and ethnically diverse staff at senior levels and developing anti-racist practices.

6.13 We are also taking actions to ensure that the workforce is more diverse at all levels. Building on extensive staff engagement and co-design of solutions, we have developed an inclusive management toolkit (to be published in spring 2021). This will take on board a lot of good practice and innovation - for example - we recently ensured that recruitment for two group directors was as inclusive as possible in terms of what was valued in the leadership style and in the design of the attraction and assessment. We have also secured the commitment of all strategic partners to commit to promoting inclusive leadership and anti-racism across the system and are working through the tools and frameworks that are needed as well as securing their commitments. The police specifically have committed to anti-racism training early in 2021 and we are also working with them on ways to improve engagement and accountability.

6.14 The pandemic has revealed a complex range of inequalities and our response is also wide ranging:

a) In summer 2020, the Council issued a clear statement setting out our commitment to anti racism and therefore to tackling structural racial inequality and systemic racism. We are now progressing work to embed an anti-racist approach across the Council and partners. In addition to the actions outlined above about institutional culture and workforce we are progressing work to co-design solutions through the Improving Outcomes for Young Black Men Programme and Hackney Young Futures Commission; we have also launched the accountability board as part of the Improving Outcomes programme to ensure greater community ownership and leadership. In January 2021, we started scoping out our approach to tackling inequalities in the Turkish and Kurdish community. We continue to address inequalities for migrants and refugees including those with No Recourse to Public Funds and those impacted by the Windrush scandal. We have provided guidance and tools to Hackney's schools to create a diverse and anti-racist curriculum, and this is being taken up by hundreds of schools across the country. Our Review, Rename, Reclaim has been launched as a collaboration between the Council and community leaders, cultural experts, historians, teachers and young people to make Hackney's public spaces more representative of the communities that live here. Cassland Road Gardens is the first sign to be removed and will be the first to be renamed.

b) We are developing a system-wide health inequalities plan for the City and Hackney.

c) Hackney's Ageing Well Strategy was adopted by Cabinet in December and we are now launching new governance led by older people and will be co-designing solutions.

d) Covid has exposed the extent of the digital divide in Hackney and how this is driving inequalities. We are close to finalising agreements that will bring faster and more reliable internet services to Council homes and estates, as well as deriving wider benefits - connecting local facilities, housing for older people, and temporary accommodation hostels and delivering digital training, apprenticeship and job opportunities for Hackney residents. We are also working with schools to supplement the government devices to schools by appealing for donations from businesses and residents. We have received over a 100 so far and have also received nearly £3000 in cash donations. We are repurposing the laptops so that they can get out to schools over the next two months. To address digital skills gaps we have developed Digital Skills Resources that can be used to help residents get online as well as a Buddies scheme that has trained over 20 people. We also know that it will take many partners to work together to tackle digital exclusion and so in December, we have also launched a cross sector Digital Inclusion Network to co-produce the solutions and form new partnerships.

Poverty reduction

6.15 The pandemic has accelerated work that we was already developing to reduce poverty:

a) During Lockdown 1, the Council delivered a range of direct interventions which supported people in financial difficulty, that were fully captured in the Corporate Plan Refresh the Rebuilding a Better Hackney report.

b) Since summer 2020, we have kept our Covid-19 Here to Help line running to take calls and make welfare calls, taking a strength based approach. We have worked closely with a wide range of community organisations to set up the Community Partnerships Network to help us support communities through the pandemic and avert a worsening situation. The network operates at scale delivering over 3000 meals a week and 2000 food parcels or grocery top ups to individuals known to organisations. They also take referrals from the Here to Help line. By building a network we have been able to attract well over £300,000 of external funding (including over £20,000 raised over Christmas from individual donations) and also improved the way food surplus is brought into the borough and distributed.

c) In November 2020, the government announced extra targeted financial support for those in need over the winter period through the Winter Grant, focused on children. We are distributing vouchers (£45 in total) to 2,200 under 5s through our children's centres and to the 12,000 children on our free school meal register, working with schools. We have also set up a fuel voucher scheme with the Citizens Advice Bureau and worked with organisations in the Orthodox Jewish community to reach families who might not be on the free school meals register.

d) Turning to wider work, we have now developed a poverty reduction framework and are in the process of embedding this across the Council covering:

- Crisis support, income maximisation and debt support: Working across the Council, with DWP, advice providers, housing providers and other partners to co-design ways to boost benefit take up and income maximisation, prevent debt, as well as consolidating approaches to debt collection and preventing evictions.
- Further develop the Community Partnerships Network as a longer term local system of support in the community to tackle poverty and also local solutions to food access and supply.
- Continue to deliver actions to prevent significant rises in homelessness over the coming months
- Accelerated focus through our Inclusive Economy work on how we use our social infrastructure, assets and anchor organisations differently now to support people into good work (e.g. hyper-local flexible childcare offer)
- Ways of working: taking a localised and bottom-up approach and developing relational skills and trauma informed practice

6.15 £500k of investment in activity to tackle poverty and inequality was included in the 20/21 budget as part of the delivery of the Corporate Plan. Our refreshed corporate plan which went to Cabinet in July 2020 reviewed these investment proposals and affirmed that these were needed more than ever to address issues in the short and medium term. Despite the pandemic much progress has been made as set out below. Where activities have been delayed because of the pandemic, the funding will be rolled over into 2021/22. A further update is provided under 20.8 under Investment in Services.

6.16 Further investment of £500k is also proposed from the 2021/22 budget supporting a whole system response to serious multiple disadvantage and developing the community partnerships network as a longer term system of support to be in place beyond the pandemic:

a) Developing a whole system response to serious multiple disadvantage: this work will seek to bring about lasting change to the way we work with people who have multiple disadvantage. We will work across the system - to change the way residents get help by better identifying needs and accelerating the response needed; we will develop more person centred ways of working with residents, recognising that by working differently with individuals and those with frontline insights, you start to ask different questions of the client and the system. We will seek to work more collaboratively across the system, learning as we go. This direction builds on existing good practice which has been going on in different areas over the last few years, including trauma informed work, the review of advice services, the work to redesign Benefits and Housing Needs redesign and the adoption of the Three Conversations in Adult Social Care. It builds on person centred services like Pause and STEPS. The work will be developed through existing integration partnerships, critically the Integrated Commissioning Board and Neighbourhoods Programme. Funding will be allocated to test and learn pilots and to overall development and co-ordination of what is intensive work.

b) Developing the community partnerships network as a longer term system of support to be in place beyond the pandemic: we want to work across the voluntary and community sector, health sector and Council services to ensure that the current way of working to respond to the impacts arising from the pandemic is developed and sustained. This is because we know that the impacts of the pandemic will go on for years and we need to make sure that there is a coordinated response to meet the immediate material impacts of poverty and better pick up vulnerability, identify needs and develop longer term and preventative pathways of support. In 21/22, we will build on the developmental work that has started (1) developing a Multi Disciplinary Triage, providing a route into council services for voluntary sector and advice partners to help navigate through the system to find the right support (2) Developing and embedding a strength based approach across the community partnerships network helping them to help residents more effectively (3) Developing the Here to Help phone line and the tools that help identify needs, identify support and share information. (4) Developing the way the community partnerships network so that all of the different aspects of support - help with food, financial inclusion and advice, help with digital connect together and also that new partnerships are developed to ensure the needs of different groups are fully met. We will use the budget to support test and learn pilots, including grants, and to overall development and co-ordination of what is intensive work.

6.17 A large proportion of the savings that will be implemented in 2021/22 relate to efficiencies. The Budget includes proposals agreed at Cabinet in January 2021 to an increase in Council Housing rent of 1.5% (Consumer Price Index Inflation + 1%). This is in line with The Social Housing Regulator’s rent standard. Rents will increase on average by £1.52 from £101.58 per week to £103.10 per week with effect from Monday 5th April 2021. In considering the impacts of this rent increase, we are relying on the Government's impact assessment of September 2018 which concluded that they did not consider that any specific equalities impacts will arise. Furthermore, this increase will contribute to the budget for the capital resources required to improve and maintain the quality of the Council's housing stock. Good quality housing is a generally accepted key determinant of health and general well-being and investment in the housing stock will have a positive impact on tenants including some of the most deprived people in the borough.

6.18 The Budget proposals agreed for 2020/21 included an enhancement of the Council Tax Reduction Scheme (CTRS) reducing the Minimum Contribution from 17% to 15% for all working age households. Occupants of larger, higher banded properties benefiting marginally more than those in smaller, lower banded property and was a positive outcome for Hackney's larger families. As applicants who are women form a large proportion of the CTRS caseload changes to the scheme also benefited more women than men, particularly lone parents. In the 2021/22 budget we have provided for an additional one-off council tax discount of £60 for all working age CTRS claimants. This means that no claimant of working age on full CTRS support in whatever property band will face an increase in their tax bill (both the LBH and GLA element) next year.

6.19 The Budget proposals include proposals to support the Council's priority to reduce poverty. In prioritising this area for investment, we are recognising that poverty in Hackney has increased during the pandemic and that significant sections of our communities will be struggling for many years as the economic impacts continue. The proposal has a specific focus on those who face multiple disadvantage and so we are addressing the underlying causes of disadvantage. The Budget proposals also include investment which addresses some of the community impacts arising from the pandemic that have been outlined above- for residents with no recourse to public funds, who will not have been able to access support through the welfare system if they lost their jobs due to the pandemic, and to support pupil achievement, focusing on groups who were already disadvantaged and are most likely to have been impacted negatively by the pandemic and specifically by school closures.

Cumulative Impacts

6.20 Guidance from the Equality and Human Rights Commission advises that the public sector should see individual decisions within the wider context of decisions made by the authority and by the wider public sector, so that people with particular protected characteristics are not unduly affected by the cumulative effects of different decisions. This means that alongside ensuring that equality impact assessments are carried out for individual decisions that have a material impact on staff or residents, we also undertake a cumulative impact assessment. This has informed corporate planning, for example previous cumulative impact assessments have informed our 2018 corporate plan and Single Equality Scheme. This year, in the light of the pandemic we have undertaken a new cumulative impact assessment. The purpose of a cumulative impact assessment is to understand the compounding impacts on a specific equality or vulnerable group that arise from changes across a set of services; and the knock on impact on other services arising from a cut or change to a Council Service. This assessment has been informed by the community impact assessment that has been undertaken since the beginning of the pandemic to provide us with an understanding of the direct and indirect ways that the pandemic is affecting communities. This is summarised above at 6.11.

6.21 The assessment of cumulative impacts has been shared back with directors responsible for budget proposals to take on board both at this stage and during implementation. Cumulative issues identified will also be picked up as part of corporate planning and will support further planning of the budget for 2022/23. The cumulative impact assessment notes that there are a number of savings proposals that could impact some of the most vulnerable children, who are also a group most impacted by the pandemic. It will be really important that any impacts are understood, mitigations are in place and that the impacts continue to be tracked over time.

7.0 COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

7.1 The Group Director's comments are set out in section 2 of this report

8.0 COMMENTS OF THE DIRECTOR OF LEGAL

8.1 Under the Local Government Act 2003 calculation of the Council Tax and adoption of an annual budget must be carried out by full Council on the recommendation of the Mayor and Cabinet.

8.2 When considering decisions on the budget and the level of Council Tax, Members should have regard to the legal framework for such decisions which is shown at **Appendix 1.** When considering the budget, Council must take into account this report from the Chief Finance Officer on the robustness of the estimates and the adequacy of the proposals for reserves. The Council has a legal duty to set a lawfully balanced budget and adoption of the recommendations in this report would fulfil its obligations in this regard.

9. THE COUNCIL'S GENERAL FUND FINANCIAL PERFORMANCE IN 2020/21

9.1 Based on Directorate returns, the General Fund forecast for 2020/21 at the end of December 2020 is forecasting an outturn which is overspent against the revenue budget of £1.8m. This is made up of a Covid19 related underspend (after the application of Emergency Funding and an estimate of the Sales, Fees and Charges compensation) of £3.2m and a non-covid19 overspend of £5m.

Revised Budgets	Service Unit	Forecast: Change from Revised Budget after Reserves	Amount of variance owed to COVID-19	Variance excluding COVID-19
		£k	£k	£k
61,507	Children's Services	3,604	2,135	1,469
25,711	Education	2,739	2,739	0
95,098	ASC & Commissioning	6,803	4,511	2,292
33,763	Community Health	1,312	1,710	-398
216,079	**Total CACH**	14,458	11,095	3,363
36,653	**Neighbourhood & Housing**	15,105	14,030	1,075
19,757	**Finance & Corporate Resources**	13,165	12,674	496
8,947	**Chief Executive**	994	899	95
34,403	**General Finance Account**	0	0	0
312,878	**GENERAL FUND TOTAL**	**43,722**	**38,698**	**5,029**
	Estimated Emergency Fund	**-32,349**	**-32,349**	
	Funding to Partially Compensate loss of Sales, Fees & Charges income	**-9,575**	**-9,575**	
	FUNDING STILL REQUIRED AFTER APPLICATION OF GRANT	**1,798**	**-3,226**	

9.2 Although the table above shows a surplus in relation to Covid-19 this must be disregarded given all the uncertainties that lie ahead. It must also be noted that the additional spend and income reduction estimates shown above were cast before we have understood the full impact of the current national lockdown on the demand for our services and income levels. In view of these factors, we cannot assume that at the end of the year, that the external funding allocations will cover all the additional spend and income losses arising from Covid-19 and further funding may well be needed before April.

9.3 It must also be noted that the non-Covid-19 overspend is on an upward trajectory having increased by £3.6m since May. Directorates are required to contain further spending increases as failure to do so will make an extremely challenging situation very much worse.

9.4 This reflects the position part way through the year and as with all forecasts, particularly given Covid-19, there is always a possibility of unforeseen circumstances changing things but assuming the position remains unchanged to the end of the financial year 2020/21 unallocated General Fund reserves of £15.0m brought into 2020/21 will be unchanged going into 2021/22, and any deficit in 2020-21 will be funded by unspent S31 grants.

9.5 The maintenance of corporate contingencies continues to be an important element of the Council's Financial Strategy and the inclusion of adequate contingencies in the base budget going forward is essential. However, this must be balanced between holding back contingencies to mitigate unforeseen circumstances with the recognition that in an environment of budget reductions, contingencies at too high a level could result in reductions to other budgets. The

Group Director, Finance and Corporate Resources is content to maintain the total level of corporate contingencies at £2m for 2021/22. This will however be reviewed on an annual basis. It should be noted however, that contingencies are a buffer against unforeseen and exceptional circumstances and there is still the same requirement for Group Directors to ensure they keep within their base budget allocation.

9.6 It is recommended that similar reporting arrangements for contingencies apply for 2021/22, as those that apply to 2020/21, i.e. that the commitment of these sums in-year should continue to be permitted only on the agreement of Cabinet after it has considered a written report from the Group Director, Finance and Corporate Resources setting out the circumstances of each case and with a full justification provided by the relevant Group Director.

10.0 THE GENERAL FUND BUDGET STRATEGY 2021/22

Background and context

10.1 Planning for the 2021/22 budget has been set against the continuing uncertainty over the main funding streams in 2021/22, which was not fully resolved until the Provisional 2021/22 Local Government Finance Settlement was published in December and the 2020 Spending Review in November. There is even more uncertainty going forward in light of the Covid-19 pandemic, the economic downturn and the announcement by the Secretary of State in relation to the 2021-22 Final Local Government Finance Settlement that “the Government will “revisit the priorities for finance reform in time for the next Spending Review, taking account of wider work on the future of business rates and how best to organise and finance adult social care”, thereby possibly indicating it will carry out a much more embracing review that that set out in the original Far Funding terms of reference.

10.2 The Local Business Rate retention scheme came into effect from 2013/14 as part of the changes to Local Government funding in the Local Government Finance Act 2012. In essence the scheme allowed Local Government to keep 50% of any Business Rate growth from its baseline position. For Hackney and all other London Boroughs the remaining 50% share was split on a 60/40 basis with the Greater London Authority (GLA). In 2017/18 these proportions were amended to the following distribution of all business rates collected: - the GLA 37%; Central Government 33% and London Boroughs 30%.

10.3 A change to the system was made in 2018/19 with the introduction of the London 100% Business Rates Retention and Pooling Pilot scheme. Under this scheme Hackney retained 64% of the rates raised and the GLA kept 36% with no Government share plus a share of any growth achieved by the boroughs

10.4 Yet another change was made in 2019/20 with the introduction of a 75% London Business Rates Retention and Pooling Pilot scheme. Under this scheme, Hackney retained 48% of the rates raised, the GLA retained 27% and Central Government 25%. In both 2020/21 and 2021/22 the Government decided it would not provide for the continuation of the 75% local shares scheme and that the 2017/18 shares of business rates income will apply, i.e. GLA 37%; Central Government 33% and London Boroughs 30%. This reduces the amount of business rates retained by Hackney from 48% to 30% but the losses in income will be mitigated to some extent by additional Government funding.

10.5 In 2020/21, even though the financial benefits of the London Business Rates Retention and Pooling Pilot scheme were lower than previous years, the boroughs decided to continue with the pooling arrangement. This decision in part was made for strategic reasons as boroughs regarded the scheme as a key milestone on the journey towards greater fiscal and functional devolution, demonstrating the clear benefits of collective working between London authorities.

10.6 For 2021/22, the outlook for business rates in London has changed as a result of Covid-19, the associated downturn in the economy, Brexit and a potential decision by the Valuation Office to devalue office and retail rateable values in England. Because of these factors, the risk of boroughs making business rates losses is much greater than in previous years, losses which would not be equally distributed amongst the boroughs, and so the boroughs unanimously decided not to continue the London Rates Retention and Pooling scheme in 2021/22 but remain committed to reconstituting the pool in 2022/23.

10.7 Directorate savings plans have been formulated as part of the 2020-21 and 2021-22 budget processes totalling £3.301m, and these are set out for approval in the December OFP which is on the same agenda as this report.

10.8 These savings together with the corporate savings which were included in the November OFP and approved by Cabinet in January Cabinet has allowed the Council to propose a balanced budget despite the ongoing impact of significant reductions in financial support from Central Government.

10.9 Of course identifying savings to offset a reduction in financial support is only part of the budget setting process. For 2021/22, as has been the case for many years, there have been emerging cost pressures and areas of unavoidable growth. These have been addressed, in the same way as previous years, by a combination of reallocating existing resources and additional savings. The following paragraphs set out some of the cost pressures and growth in more detail.

Cost Pressures and Growth

10.10 The Council's preferred strategy to manage growth and cost pressures has for the last 5 years been for service areas to manage pressures within their budgets wherever possible. A similar approach has been taken for managing non-pay inflation (see paragraph 12). This strategy will continue for 2021/22. However, it has always been recognised that there will inevitably be some cost pressures which cannot be managed by service areas or which are truly unavoidable e.g. Levies and Concessionary Fares.

10.11 For 2021/22 whilst again most cost pressures have been contained within existing budgets the following have been added to the budget and to address corporate priorities.

- Assumed Pay award - £2m (see paragraph 12)
- Directorate Cost pressures (see paragraph 19)

Funding for Directorate cost pressures will be held corporately until such time as the pressure emerges and will only be allocated to Directorates following agreement of the Group Director, Finance and Corporate Resources and after there has been set out a clear business case showing that the pressure cannot be managed from within the current directorate cash limits.

10.12 £3.1m of growth has been allocated to Adults and Children's services in 2021/22 to reflect demographic pressures, transitions, homecare and children's placement costs. In addition, a further £3m has been allocated to mitigate the on-going additional costs of Covid19 on the service, including supporting the market, additional demand, children's placements and leaving care.

Summary

10.13 To summarise, this strategy produces a balanced budget for 2021/22. However, there are numerous further potential cost pressures on the horizon attributable to a variety of factors including increased demand for services and changes in Central government policy. These are dealt with in detail at paragraph 19 below.

11. THE LOCAL GOVERNMENT SETTLEMENT 2021/22

11.1 The Provisional Local Government Finance Settlement was published on 14th December 2020 and the Final Settlement on 4th February 2021. The Final Settlement sets out many of the funding allocations that local authorities will be awarded next year. In summary, in overall terms we will have a similar level of resources in 2021/22 but there is no guarantee that this funding level will be maintained in future years.

12. GENERAL FUND PRINCIPLES 2021/22

Inflation and Local Government pay

12.1 The Government's preferred measure of inflation for economic management purposes is the Consumer Price Index (CPI). CPI is also the measure that the Bank of England's Monetary Policy Committee must target when setting the Bank Rate. The latest Office for Budget Responsibility (OBR) inflation expectations, are as follows:

	CPI
2020	1.4%
2021	1.8%
2022	2.1%
2023	2.1%

12.2 There will inevitably always be some costs which don't correlate with CPI e.g. Levies and Concessionary Fares and care contracts which are aligned to more local indices. Where known to be unmanageable within existing cash limits, specific provision has been made in the budget proposals.

12.3 Negotiations are currently underway on the 2021 pay award and the outcome is uncertain. We have assumed 1% in the budget and smaller other potential increases for subsets of employees which yields an estimated cost in 2021/22 (excluding the HRA) is £2m.

Concessionary Fares Update

12.4 The method of calculating Hackney's contribution to the Concessionary Fares Scheme in 2021/22 has been advised by London Councils. This includes the contribution to Transport for London (TfL), National Rail, Non-TfL bus and survey and re-issue costs. The annual charge rose dramatically between 2007/08, when it was £5.308m, and 2016/17 when it peaked at £12.5m. In subsequent years we have seen a decline in the cost. For 2021/22 the charge is £10.075m, a £1.681m reduction on the previous year. We have continued to prudently provide for year-on-year increases in concessionary fares for medium-term budget planning, but we will keep this under review in the coming years as travel patterns and fares policy will likely to see significant changes and pressures.

North London Waste Authority Levy

12.5 The North London Waste Authority (NLWA) charges Hackney, by way of a levy for the disposal of the Borough's waste from residents and businesses. The levy in 2021/22 will be £7.71m, which is £800k higher than the previous year.

12.6 As has been documented for some time, NLWA's existing waste management infrastructure at Edmonton is reaching the end of its operating life and options for a replacement facility are being developed. The plant processes in excess of 500,000 tonnes per annum of waste arising from the seven constituent boroughs, including Hackney. This is waste which has been diverted away from landfill. The establishment of a new plant will increase the annual cost to all seven boroughs in the medium to long term.

12.7 Our levy is increasing over the medium-term as construction, and the associated borrowing/capital expenditure continues. We could see our annual levy increase to over £12m during the construction period and subsequently the repayment of borrowing will form a part of the levy over the long term.

12.8 Mitigating this additional cost is key. From 1 March 2021, waste will be collected every two weeks from street-level properties in Hackney, to encourage people to recycle more and reduce the amount of rubbish sent for incineration (food waste and recycling collections remain weekly). We have also implemented plans to increase recycling on estates.

Use of Reserves

12.9 Other than planned use of reserves already agreed by Members as part of previous reports, these budget proposals do not include any further planned usage.

Pension Fund

12.10 In the previous Budget Reports, Members have been provided with updates on the impact on the Pension Fund of auto-enrolment, the new benefit structure from the LGPS 2014 Scheme and the changes coming through to the State Pension Scheme and how these might impact on Council budgets.

12.11 Since auto-enrolment was introduced, participation rates in the pension scheme amongst Hackney employees have remained high. For budget setting purposes all staff are assumed to be in the Pension Scheme. Therefore, although Scheme membership numbers affect the level of contributions to the Fund, there is no financial impact on the 2021/22 budget. The introduction of freedom and choice in pensions, which has given pension savers the opportunity to access pension benefits early and withdraw cash from pension schemes, has to date continued to have minimal impact on LGPS members, with very little interest to transfer benefits out of the secure defined benefit structure offered by the LGPS.

12.13 31st March 2019 saw the last triennial valuation process for the Pension Fund. The Fund's actuarial advisers reviewed the changes since the last valuation taking into account a wide range of factors to assess the liabilities that the Pension Fund needs to meet over the longer term and assess the assets that the Fund holds to meet these liabilities. At the previous valuation on 31 March 2016, the Fund was 77% funded i.e. it held 77p worth of assets to meet every £1 of liabilities. Over the 3-year period the assets of the Fund have increased significantly due to a mix of the contributions paid by the Council and other employers and employees, but also the investment income and capital growth in the investments held. However, whilst the assets had increased to almost £1.6bn as at the end of March 2019, liabilities also showed large increases to £1.7bn. The overall monetary deficit reduced by £218m to £131m representing an overall funding level of 92%. Following the receipt of the valuation data, discussions took place with employers in the fund in order to determine appropriate contribution rates. Given the position of the Council as a long-term stable employer, we were able to agree a reduction in the Council's overall contribution rate of 1.5% in 2020/21 and 2021/22 and this has been accounted for in the budget setting process. This is a result of the use of a realistic approach to funding the Council's pension scheme in recent years.

12.14 It is recognised that the value of assets and liabilities has been particularly volatile during the current pandemic crisis, however the fund's funding level has returned to levels similar to that at the completion of the valuation exercise. The Fund's actuary has confirmed that the assumptions used at the valuation date remain valid and that we do not need to revisit the funding strategy at this time. The next valuation will be as at 31 March 2022, with results feeding through to the 2023/24 budget.

12.15 The Pension Fund has continued to work hard to collaborate with other LGPS funds both through national procurement frameworks and through the collective investment vehicle in London (LCIV). The government published criteria and guidance for all LGPS funds in England and Wales to pool all the investment assets into 6 pools of around £25bn a piece and asked each fund to come forward with proposals on how funds will deliver against the criteria and guidance. There are 4 criteria, namely economies of scale, governance, reduced costs and an improved capacity to invest in infrastructure. The LCIV was officially confirmed as one of the 6 pools, having already received FCA registration, established an authorised contractual scheme and already bringing assets into the sub-funds. The Council continues to work closely with colleagues in London to ensure the success of the London CIV, and has transferred a significant portion of the Fund's assets onto the CIV platform, through implementation of its agreed investment strategy. The Pension Fund is currently completing a review of its investment strategy following on from the triennial valuation and plans to continue to move further assets to the LCIV as suitable funds become available. Over time such changes will deliver significant benefits in terms of cost savings and opportunities to benefit from investment opportunities. Such benefits will however take time to flow through to the Pension Fund and ultimately the Council and therefore are not able to contribute to budget savings at this time.

13.0 GROWTH, EFFICIENCY SAVINGS AND COST PRESSURES

13.1 Growth allocations are noted in 10.12 and Efficiency savings in 10.7 and 10.8. A number of specific cost pressures are discussed in section 19 below. The Group Director, Finance and Corporate Resources will in liaison with other Group Directors seek to manage any further pressures if/when they emerge during 2021/22.

14.0 COUNCIL TAXBASE, COLLECTION RATE AND COLLECTION FUND SURPLUS

14.1 For 2021/22, the referendum limit is 3% for the social care precept and 1.99% for general spending.

14.2 In recognition of the significant pressures on adult social care budgets, both in terms of increased cost of provision and increased demand for the service; and significant cost pressures in other services; this budget proposes to increase the

Band D Council Tax rate by 3% in respect of adult social care and 1.99% in respect of other services giving a total increase of 4.99% for 2021/22. This proposal will generate around £4.3 additional resources which will help protect adult social care services and other services.

14.5 To determine the total amount of income to be raised from Council Tax for 2021/22, both the amount expected to be collected (the collection rate) and the physical number of properties in the Borough (the taxbase) must be considered.

14.6 In these proposals an assumed collection rate of 94% has been used. In 2020/21, collection rates were adversely affected by the Covid-19 pandemic and the associated economic downturn which reduced rates below the budgeted estimate of 95.5% to an estimated 92.04%. Whilst we expect collection rates to recover in 2021/22, given the on-going impact of Covid-19 on the local economy, we do not expect it to reach 95.5% in 2021/22 although we fully expect to achieve this rate in 2022/23. It is very difficult to estimate what the rate will be in 2021/22 given the uncertainties resulting from Covid-19 and the associated restrictions, the economic downturn and Brexit, but we believe that an assumed rate of 94% is an evidence based prudent estimate which takes account of our improved collection performance since 2013/14 and the ongoing downturn in the local economy and its impact on residents' ability to pay.

14.7 The calculation of the taxbase for 2021/22 was finalised and approved by Council on 27th January 2021. At the meeting, a taxbase of 72,039 Band D equivalent properties was agreed.

15. OVERALL POSITION ON THE GENERAL FUND

15.1 The overall 2021/22 proposed budget position is summarised in the table below.

15.2 Please note that the income total includes £13.9m of one-off income which will not be available to fund on-going expenditure but instead used primarily to fund on-going Covid19 costs.

TABLE 1: PROPOSED NET EXPENDITURE BUDGETS 2021-22

Table 1	2021/22 Budget £m	2020/21 Budget £m
Net Expenditure Budgets		
Adults Services	92.651	89.056
Public Health	34.334	33.684
Children's Services	56.132	55.267
Education	18.274	19.910
Education – Schools Budget (estimate)	220.433	215.633
Less Dedicated Schools Grant (estimate)	-220.433	-215.633
Neighbourhoods and Housing	16.755	16.910
Chief Executives	20.731	22.522
Finance & Resources	49.142	45.716
HRA Recharge	-8.000	-8.000
Directorate Cash Limits	**280.020**	**275.065**
General Finance Account (Note 1)	41.581	30.814
RCCO in base budget	2.880	3.880
Collection Fund surplus used to fund capital and other one-off spend	0.000	3.118
Net Expenditure Budget	**324.481**	**312.877**
Revenue Support Grant Allocation	-35.556	-35.361
Top up Grant	-72.526	-72.526
Retained Business Rates adjusted for deficit	-43.663	-44.040
Collection Fund surplus/-deficit	1.600	-3.118
Public Health Grant	-33.888	-33.240
New Homes Bonus Grant	-4.514	-7.551
Better Care Fund	-7.700	-7.700
Additional Better Care Fund	-14.148	-12.753
Covid19 Emergency Funding	-11.000	0.000
Other Income including S31 Grants (Note 1)	-13.867	-8.843
Resources	**-235.262**	**-225.132**
Council Tax Requirement	**89.219**	**87.745**

Note 1: The increase in the GFA spend primarily reflects the fact that we are holding one-off covid19 related spend here which will be allocated to services during 2021/22 when it is incurred . Additionally, the VR savings that were held in the GFA in 2020-21 have been allocated to cash limits in 2021/22 which has had the impact of increasing the size of the 2021/22 GFA relative to the 2020/21 Account, and in 2021/22 the concessionary fares budget has been transferred from ASC to the GFA.

In the 2021/22 Other Income excluding S31 Grants entry, we are holding the Local Council Tax Support Grant and the Local Services Grant which primarily explains the increase here.

16.0 LEVIES

16.1 The Council receives levies from a variety of other bodies, which it must meet from within its total budget requirement. The levies include those from the North London Waste Authority [NLWA], the Environment Agency, the Lee Valley Regional Park Authority [LVRPA], and the London Pensions Fund Authority. In addition, the Council also pays into the London Borough Grants Scheme (LBGS).

16.2 Other than the NLWA levy, which is apportioned on a different basis, the levies are apportioned on Band D taxbase. As mentioned at Paragraph 14.7 above, the taxbase for Hackney for 2020/21 was agreed at 72,039 Band D equivalent properties and this figure has been used for apportionment of the applicable levies.

16.3 The following table summarises the 2021/22 levies and the 2020/21 levies for comparison.

Levying Authority	**2021/22 Levy**	**2020/21 Levy**
	£m	**£m**
North London Waste Authority	7.71	7.08
London Pensions Fund Authority*	1.06	1.06
Lee Valley Regional Park*	0.17	0.17
Environment Agency*	0.17	0.17
London Borough Grants Scheme	0.21	0.21
TOTAL	9.32	8.69

*Provisional

17.0 PRECEPTS

17.1 The only body which issues a precept to the Council is the Greater London Authority [GLA]. Payments to the GLA will be made from the Collection Fund. The GLA advises the Council of the total amount of precept required and calculates the amount of Council Tax this equates to. The precept will be net of government support. The amount of Council Tax required as calculated by the GLA, is added to the Council's own calculation to give the total Council Tax to be charged.

17.2 The GLA Group Budget Proposals and Precepts were published 15 December 2020. The final consolidated draft budget was published on 14th January 2020 and will be presented to the London Assembly for final decision on 25th February 2020. The final consolidated budget requires a precept of £363.66 per Band D property, which is a 9.5% increase from 2020/21. The total GLA precept for Hackney will be £26.2m.

18. HACKNEY'S COUNCIL TAX FOR 2021/22

18.1 A description of the Council Tax regime is set out in **Appendix 4** as background information for Members. The Council Tax figures set out below are based on a 4.99% increase in the Council Tax and a collection rate of 94.0%. The collection rate is in line with the Council's Medium-Term Planning Forecast and supports Mayoral Priority 2, to ensure the Council delivers high quality services, financial stability and first-class local facilities, by ensuring that everyone pays what they owe and that the Council spends the money in the most effective way.

Table 2: Council Tax Income

2021/22 COUNCIL TAX TO BE RAISED	**2021/22**
	£m
Net Budget Requirement	**324.481**
External Support	-191.599
Retained Business Rates	-43.663
Collection Fund Surplus	0.000
Council Tax requirement for Hackney	**89.219**
Council Tax requirement for the Greater London Authority (GLA)	**26.198**
Overall Council Tax Requirement	**115.417**
No. of Band D equivalent properties (the Council's Taxbase)	72,039.3
Basic amount of Council Tax for Hackney	1,238.47
Basic amount of Council Tax for GLA	363.66
Total Basic amount of Council Tax (per Band D property)	**1,602.13**

18.2 Members should note that decisions around the level of Council Tax increase must be made with reference not only to local political and financial considerations but also taking into account the Government's controls over Local Government spending such as the use of local referendum powers. In addition, the Council has to formally consult with representatives of the local business community. Local business representatives were invited to a consultation meeting to be held on the 21st February 2020 to discuss the final budget proposals.

18.3 The amount of the Council's General Fund revenue expenditure to be funded from Council Tax is £89.219m

18.4 The formal resolutions by Council to agree the budget and Council Tax rate are set out in the recommendations to this report. These can only be agreed by Council. The decisions cannot be delegated

19.0 FUTURE YEARS COST PRESSURES AND BUDGET PLANNING

19.1 The finance strategy underlying the budget is unchanged from previous years such that the budget is not looked at solely in isolation of the year in question but also in terms of the issues that may affect the budget in future years.

19.2 The Council produces its Medium-Term Planning Forecast and the Group Director, Finance and Corporate Resources also updates HMT and Cabinet on the future year's indicative budgets on a regular basis throughout each year. This report does not revisit the overall forecast position as to do so would be a duplication of the information already provided.

19.3 The Council continues to feel the financial impact of Covid19 both in terms of growth in demand in some services areas, as set out below and in the loss of income in others. For areas where additional demand has arisen from the pandemic and is anticipated to be ongoing additional growth has been built into budgets as set out in paragraph 10.12 above. One-off resources have also been set aside in respect of impacts which are anticipated, at this point in time, to continue into 2021/22 only. For example - loss of commercial income, where there are no compensatory Government scheme, and loss of income in respect of Parking, commercial waste, markets and from events in parks where Government compensation schemes are unlikely to be sufficient.

19.4 The cyber attack on the Council in October 2020 also has financial ramifications which have been considered as part of the budget setting process and funds have been set aside for costs associated with the ongoing system recovery.

19.5 At a service level, the following cost pressures and management actions are noted:

(a) In Adult Services increases in the cost of care packages have exceeded allocated demographic growth year on year, primarily driven by additional demand and increasing complexity of care needs.

There has also been an increase in people being discharged from hospital with intensive support packages and this pressure has risen significantly during the ongoing Covid-19 period. These pressures will be partially offset by the proposed 3% rise in Council Tax to directly contribute to adult social care, NHS discharge funding and additional one-off funding for social care announced by the Government, however this additional revenue is significantly below the additional cost pressures forecast and does not provide a sustainable, long term settlement for social care.

Work to reduce cost pressures in this area includes:

- a collaborative project with CCG colleagues to determine a baseline contribution to reflect the health needs of service users. This project is currently well progressed in Learning Disabilities and plans are being developed to adapt the approach for other client groups as part of the further integration of health and social care services.

- a commitment to work with health, voluntary and community sector partners to develop a neighbourhood model of integrated working. Aligned to this, Adult Social Care are moving to a 'strengths based approach' when working with residents which focuses on prevention, early intervention and providing the right support at the right time. The model is integral to the services approach to managing demand in the medium and longer term and the impact of this will be monitored.

- investing in non-statutory support to help people maintain their tenancies and live independently whilst remaining connected to their communities. Although there have been reductions in spend on Housing Related Support services Hackney continues, given the level of need, to be one of the highest investors in this area in London.

(b) In looked after children and leaving care services there is a continuing financial pressure resulting from increases in the number of children and young people that have come into care since 2011/12, the significant increase in residential placements (increased from 19 placements in March 2012 to 40 placements as at December 2020) and the adverse ratio between independent foster care and in-house placements. In comparison to the previous year, the gross forecast for 2020/21 for looked after children and leaving care placements has increased by £4m. Over the period from 2015/16 to 2020/21 the service has seen budget growth of £8.1m, however, increases in spend outstrips this growth year on year. Management actions are continuing to be developed by the service to reduce the number and unit cost of residential placements. It is imperative that these are in place as soon as possible and in advance of the new financial year - the current position whereby there is significant reliance on reserves as a result of year on year increases in spend is not sustainable.

(c) As well as increases across looking after children and leaving care services, there is also a sustained increase in referrals into the children's social care system which is putting pressure on staffing budgets as the services ensure that caseloads remain at reasonable levels.

Following on from the Ofsted inspection In November 2019, a Children's Leadership and Development Board was set up, which is accountable to a Children Members Oversight Group. The focus of these meetings is to ensure that all service areas within the department are delivering to a consistently high standard for all children and young people, and that the recommendations arising from the Ofsted inspection are addressed. The Children's Leadership and Development Board continues to work through the strategic response to the recommendations from the Ofsted report around consistency and management oversight and the requirement for a Council-wide response that encompasses the impact of other service areas such as Legal, ICT and Housing. A short term resourcing plan was developed to respond to the report last year, and the service are reviewing the level of resources required for 2021/22 to ensure they can continue to respond to increased demand whilst driving forward the transformation of services. This was in addition to a proportion of the social care grant which was earmarked to contribute to demand pressures in relation to looked after children placement costs and additional staffing already in place in response to the increased demand. In 2021/22, the social care grant will increase by £300m nationally and this will result in a £3.4m increase for Hackney which will be split equally across both Children's and Adult Social Care respectively. This funding is being worked into service and budget plans for 2021/22, and will be used flexibly to respond to shifting patterns of demand across the service. The application of this additional resource will be reported through the OFP.

(d) The cost of services in respect of young people with special education needs due to the significant increase in young people with Education and Health Care Plans continues to be a significant issue for the Council. A cost which is meant to be met by the High Needs Block of the Dedicated Schools Grant; a funding source which until recently has seen minimal growth despite the increase in demand. Announcements last calendar year in respect of additional funding in this area will assist the position but will not be sufficient to address the full extent of this growing pressure and as yet it is unclear what the funding will be beyond 2021/22. In 2021/22, Hackney expects to receive an additional £5.0m. This is only about half the sum required to meet the in-year funding gap. As a result, a major issue facing the Council is the continuing escalation in unfunded SEND costs and the resulting overspend in DSG. This is considered in more detail in 19.4 below

(e) As reported in OFP throughout this year, Planning services is forecast to overspend by £1.7m this year due to an income shortfall. The shortfall in planning application fee income 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 years. The reduction in major planning applications has inevitably resulted in a reduction in the CIL and s106 income due to delays of schemes starting construction. A review of the service is currently underway to determine the extent to which the shortfall income is cyclical and therefore ascertain the underlying budget pressure in the service. The review, undertaken will consider options for reducing costs where appropriate and review the sustainability of the income targets for the service. There may be a need to reduce these targets but until the review of costs and income is complete we will not know the underlying budget pressure.

19.4 As referred to above the cost of providing services for young people on ECHCPs continues to outstrip the funding available by a considerable margin. Since 2006 the dedicated schools grant (DSG) has funded local authorities for their current expenditure on schools, early years and children and young people with high needs. This specific grant must be spent on the local authority’s Schools Budget. At the end of each financial year, a local authority may have underspent or overspend of its DSG allocation.

19.5 Until the last few years, few local authorities were recording DSG overspends, and those overspends were small. However, pressures on the high needs budget have led to more and larger overspends in recent years. Further many local authority Section 151 Officers have concluded that if their DSG account is in deficit, they need to be able to cover the deficit from the authority’s general reserves – a view shared by organisations that audit local authority accounts. Given the size of some authorities’ DSG deficits, and the other pressures on authorities’ reserves, there is a risk that covering DSG deficits from general funds may lead authorities to make spending reductions in other services that they would not otherwise make.

19.6 In response to this, the Government announced at the beginning of 2020 that DSG deficits should not be covered from general funds but that over time they should be recovered from DSG income. No timescale has been set for the length of this process. The DfE have held discussions with the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Ministry of Housing, Communities and Local Government (MHCLG) about changes that it might make to the DSG conditions of grant and the regulations in order to create certainty that local authorities will not have to pay for DSG deficits out of their general funds. Such changes have now been written into regulations and under the new regulations, effectively Local Authorities will not be permitted to fund any part of a DSG deficit from sources other than DSG itself. Should they wish to use core council funds then they will need to apply to the Secretary of State for permission.

19.7 The implications of what the DfE are doing is in theory helpful – they are suggesting that the DfE needs to be responsible for the funding of the accumulated deficits. Where there is a DSG deficit, Councils must include the deficit on the balance sheet with an assumption that some, as yet unspecified, amount of extra funding will come along to make it good at some point in the future. However, given the lack of clarity on the timing and conditions of any funding along with the amount this still represents a significant risk to local authority balance sheets. The matter has been raised with DfE and MHCLG and we understand that conversations continue to take place with CIPFA and other key stakeholders.

19.5 The above highlights that whilst the majority of efforts from Officers will be to manage existing services in the light of further reduced resources, there are also potentially big future demand and cost pressure issues that will need to be considered and any future planning strategy needs to look at managing these as part of any future plans.

20. COUNCIL INVESTMENT IN SERVICES

20.1 Adult Services

Adult Services plan to spend approximately £119.77m (gross expenditure) in 2021/22 and this encompasses expenditure on statutory Adult Social Care services from assessment of need, hospital discharge planning and the commissioning and provision of care and housing related support. We support many people including those with learning disabilities, mental health conditions, physical disabilities, sensory impairments as well as older people and unpaid carers. We have worked incredibly hard over the last year, and continue to do so, to support people to live well and safely through the Covid-19 pandemic and more latterly despite the impact of the cyber attack. Services provided include:

- Safeguarding vulnerable adults
- Providing information and advice
- Linking people to universal and preventative services including reablement
- Brokering and commissioning of individual packages of care for clients
- Commissioning residential and nursing placements

- Monitoring and quality assuring services being provided
- Provision of out of hours emergency service
- Support to vulnerable members of the community to attain or maintain a tenancy, via the provision of housing related support
- Supporting carers
- Supporting the resilience of our providers

Adults Services work with a number of key stakeholders, including the City and Hackney Clinical Commissioning Group (CCG), Homerton University Hospital Foundation Trust (HUHFT), the East London NHS Foundation Trust (ELFT), and a range of third sector partners as well as independent providers to deliver joined up care for people in Hackney.

Over the last five years Adult Services has focused on working with people in a personalised way, putting individuals at the centre and promoting people's independence. Promoting independence means wherever possible supporting people to continue to live at home rather than going into care settings. This has been achieved by utilising services like Reablement to support people to regain skills they may have lost as a result of a hospital admission and making use of aids, adaptations and care and support packages designed around the individual. This has been successful at reducing the number of people in more expensive residential and nursing care provision and increasing the number of people supported to live at home within their own communities. We have also successfully implemented the national government's Home First policy - to get people being discharged from hospital back into their homes as soon as possible, with a care support package to support their recovery and independence.

To support this agenda Adult Services have continued to invest in services that help prevent, delay and reduce the need for care and support. For example:

- We are committed to working with health and voluntary and community sector partners to develop a neighbourhood model of integrated working. Aligned to this, Adult Services are moving to a 'Strengths Based Approach' when working with residents which focuses on prevention, early intervention and providing the right support at the right time.

- We continue to look to innovative solutions to support people to remain at home and within their local communities wherever possible. In Hackney, we are keen to modernise our Assistive Technology offer, and work closely with the London Office of Technology and Innovation (LOTI) to pilot new devices to support our residents.

- We invest in non-statutory support to help people maintain their tenancies and live independently whilst remaining connected to their communities. Although there have been reductions in spend on these 'Housing Related Support' services Hackney continues, given the level of need, to be one of the highest investors in this area in London. Spend on this service in 2021/22 will be approximately £6.833m

- We have worked with CCG and housing colleagues to develop a Hospital Discharge Pathway for homeless people, accessing NHS funding to create a new team to help improve health outcomes for this client group as well as divert them from the streets into appropriate accommodation pathways which supports the Mayor's priority of reducing homelessness.

- Our Covid-19 response has included a significant contribution to the local provider sector. We have distributed the national Covid-19 infection control grant to all home care and care home providers, as well as other mental health, learning disability and homelessness providers - encouraging them to increase infection control measures and pay staff in full when they have to self isolate.

- We have set up a number of contracts to support our Covid-19 efforts and have supported providers through distributing grant funding as well as directly funded and or supplied PPE, particularly when PPE was scarce. Currently, we are supporting our providers to access vaccinations.

Adult Services continues to deliver in-house statutory services which many areas have outsourced, including Oswald Street Day Centre, direct care provision through Housing with Care services and a Shared Lives service to support people with learning disabilities to live in a family home rather than in residential care. We also recently in-sourced some of our provision for carers.

Integration with health services remains a significant priority for Adult Services into 2021/22 with the ongoing Integrated Commissioning programme which sees Adult Services budgets pooled or aligned under a Section 75 agreement with the City and Hackney Clinical Commissioning Group. The focus of which to date has been about working together to look at joint commissioning and funding arrangements to find long term and sustainable solutions to budget pressures and to improve services to residents and patients, smoothing pathways and minimising duplication to ensure delivery is as efficient as possible.

Adult Services has continued to make significant contributions to the efficiency agenda of the Council, having delivered £30.1m savings over the previous 9 years with a further £1.05m to be achieved in 2021/22.

20.2 Public Health

The ring-fenced grant funding allocation for 2021/22 is £33.88m

The grant is currently ring-fenced for Public Health, conditions of which are that the local authority must take steps to ensure it is aware of, and has considered, what the health needs of its local population are, and what the evidence suggests would be the appropriate steps to take to address those needs. Local authorities have some freedom in terms of how they choose to invest their grant to improve their population’s health, though they must have regard to the national Public Health Outcomes Framework, ensure delivery of a number of mandated functions, and should consider the evidence regarding public health measures.

As referred to above the Public Health Grant is aligned with CCG funds as part of the integrated commissioning arrangements for services mainly within the Prevention and Children, Young People and Maternity workstreams.

Public Health has been playing a lead role in the response to Covid-19 since January 2020, prioritising the response to protect the health and wellbeing of residents. This has meant Public Health no longer had the capacity to oversee all of its 'business as usual' work and much of it's commissioning activity had to be paused during 2020.

The main public health service programmes and activities are:

- Mandated sexual health services for adults with an annual expenditure of around £7.5m, largely spent on open access sexual health clinics provided by Homerton Hospital and Trusts across London. Activity levels have reduced due to the impact of Covid 19 but this is balanced by the need to support providers to ensure their remains sufficient capacity within the system and provide additional online capacity for both testing for sexually transmitted infections and provision of contraception. We anticipate the spend continuing to reduce in the medium term, though as an open access demand-led service it is tricky to manage.

- Spend on the health of 0 to 5-year-old children, incorporating the Healthy Child programme (predominantly the mandated health visiting service) will be approximately £6.5m in 2021/22.

- Almost £1.3m per annum for a range of projects aimed at reducing adult and child obesity and increasing physical activity. The budget for this has stayed relatively stable over the past few years, though we have worked closely with the CCG and others to improve support across the 'tiers' of healthy weight, from universal services like the OneYou exercise and healthy eating programme on local housing estates, to weight management and exercise on referral.

- Substance misuse services (a council statutory service); total expenditure across adults and young people's support for 2021/22 will be of the order of £4.6m. The service was successfully re-procured in 2020/21 as a single, integrated service for City and Hackney.

- Up to £1m per annum to fund smoking cessation initiatives and tobacco control projects. Smoking in Hackney remains a significant cause of morbidity and mortality. The service continues to operate effectively and we have retained funding to support wider tobacco control activity (including funding for Trading Standards colleagues to better tackle the sale of illicit tobacco).

- Health promotion and prevention for children aged 5-19, including school nursing and young people's sexual health services, at an overall cost of around £2.1m per annum. This includes services such as CHYPS+ and school safeguarding.

- Public mental health services commissioned from a wide range of voluntary organisations, within an overall sum of around £1.4m per annum. This has remained stable over the past 3 years.

- There have been some reductions to Community Based Services, however, an overall sum of more than £500k continues to be available for interventions such as the estate-based health activities and, violence prevention services.

Other public health services include affordable warmth advice, accident prevention (injury from falls etc.), NHS Health Checks, dental health etc. The Public Health grant also funds staffing for public health intelligence and strategy, commissioning and contract management.

The Council has entered into a service level agreement with the City of London to manage a number of public health services for City residents, for which the City pays an agreed service contributions and management fees.

20.3 Children's Services

The Children and Families Services (CFS) plan to spend approximately £63.9m (gross expenditure) in 2021/22. The Service encompasses statutory Children's Social Care Services and early help and statutory youth justice provision delivered by the Early Help and Prevention Service.

The Service works with families to support safe and effective parenting where children are at risk of significant harm. Where it is not possible for children to be safely cared for within their family network, the Service will look after those children. The core focus is child protection, supporting families where their children are on the edge of care, securing positive long-term life chances of children looked after by the Council and providing universal and targeted early help and prevention services for Hackney's children and young people. The Council's Domestic Abuse and Intervention Service also sits within the Children and Families portfolio.

The Children and Families Service is made up of the following areas:

- The Family Intervention and Support Service includes referral and screening activity (through the multi-agency First Access and Screening Team) and statutory assessments for children in need. The Service safeguards children and young people assessed as being in need of social work intervention or protection through statutory processes. This includes child protection work, court proceedings and statutory family intervention to help children remain at home safely. The Service also includes the Disabled Children's Service, which provides specialist services to disabled children and young people and their families.

- Corporate Parenting works with and provides statutory services to children and young people who are looked after, including those in foster care, semi-independent or residential placements, as well as those leaving care. The service also manages in-house foster carers and their training. The permanency team provides support to Special Guardianship cases and connected persons carers. Support for children, adoptive parents, and birth family members during and after the adoption process has moved to the regional adoption agency Adopt London North.

- Safeguarding and Learning incorporates the statutory work of Independent Reviewing Officers and child protection conferences, the quality assurance of all activities in CFS and holds responsibility for the professional training and development programme across the Directorate, including the statutory social care workforce development. The service interfaces with the Department for Education, the Youth Justice Board, Ofsted and other inspectorates and ensures the business keeps abreast of legislative directions, government policy and guidance and research developments.

- The Clinical Service is an integrated and specialist Child and Adolescent Mental Health Services (CAMHS) for children accessing Children's Social Care Services, the Family Support Service, Young Hackney and the Youth Justice Service. The Service provides family therapy, psychology and other specialist clinical input into the assessment and treatment of children and families, including for the purpose of legal proceedings and for young people on youth justice orders. The service also provides accredited systemic training for practitioners across CFS.

- The Early Help and Prevention Service consists of Young Hackney, Youth Justice, Parental Support and the Domestic Abuse Intervention Service (DAIS):

- Young Hackney incorporates the Council's early help, prevention and diversion service for children and young people aged 6-19 years old (and up to 25 if a young person has special educational needs, is disabled and/or engaged with the substance misuse team). The service works with young people to support their development and transition to adulthood by intervening early to address adolescent risk, develop pro- social behaviors and build resilience.

- The Youth Justice Service holds statutory responsibility for Youth Offending, including providing dedicated and specialist support to young people on statutory youth justice orders.

- The Parenting Support Service aims to strengthen parenting capacity and reduce the risk of children unnecessarily entering care and includes the Council's Troubled Families programme, Family Support Units and other preventative programmes.

- The inhouse Domestic Abuse Intervention Service (DAIS) works with anyone in Hackney experiencing domestic abuse. The service assesses need; provides information and support on legal and housing rights; supports service users with court attendance; supports service users to obtain legal protection; and works with service users and other professionals to address their needs. The service also works with perpetrators of domestic abuse to try to reduce risk.

Some of the key planned activities and recent data for the Children and Families Service include:

- 4,923 statutory social work assessments were completed for children in 2019-20
- 457 looked after children (as at 30th September 2020)
- 279 child protection plans (as at 30th September 2020)
- 838 children supported by Children in Need plans (as at 31st March 2020)
- 87 families and 134 children were supported during 2019-20 due to having No Recourse to Public Funds
- At 31st March 2020, 165 children were placed with Hackney foster carers
- 40 children were in residential placements at 30th September 2020.
- Providing support and care for 402 disabled children in 2019-20.
- Providing support to 313 care leavers aged 17-21 and 79 care leavers aged over 21 (as at 31st March 2020).
- Youth activities and support for 6-19 year olds provided through Young Hackney (up to the age of 25 if a young person has special educational needs, a disability and/or is engaged with the substance misuse team) with 170,780 attendances at universal services during 2019-20.
- Young Hackney work with approximately 600 young people at any one time through the Early Help team providing tailored individual support.
- Activities for young people provided at 4 Young Hackney hubs, 6 adventure playgrounds and satellite-based community provision.
- Additional activities provided for young people delivered by voluntary and community sector organisations commissioned by Young Hackney.
- Providing support to 73 young people on statutory youth justice orders (as at 30th September 2020).
- An average of 25 referrals per week were received by the Domestic Abuse Intervention Service in 2019/20.

The Children and Families Service has been successful in bringing in significant additional funding in recent years to provide resources for projects that support vulnerable children and families. These projects include the Family Learning Intervention Programme, the Contextual Safeguarding Project, the North London Social Work Teaching Partnership, funding to provide additional support for unaccompanied asylum-seeking children, and the Home Office Trusted

Relationships Fund.

20.4 Education Services

Hackney Education (HE) plans to spend around £268m (gross expenditure) in 2021/22, which includes around £170m delegated to maintained mainstream schools and maintained special schools. HE runs all the education services for the London Borough of Hackney. This includes ensuring the Council is compliant with its legal obligations, as well providing a range of educational services through the delivery of a traded offer, operating in an increasingly competitive sector. As such, HE has a trading relationship with all Hackney schools and is working with a number of schools outside of the borough.

HE's vision continues to be the further acceleration of the pace of continuous improvement in order to ensure that all schools in the borough are graded good or better as soon as possible, and that every pupil is taught by good or better teachers with a curriculum that enables and promotes lifelong learning.As at the end of the autumn term 2020, 70 of 76 schools (92%) (all phases) were rated as good or better by Ofsted for overall effectiveness.

94% of pupils at Hackney schools, which have been inspected by Ofsted, now attend a good or outstanding school (all phases).

In addition to HE's aim to continuously improve schools to be rated good or better, there are several other key activities, including early years activities and those activities which focus on support needed by children and young people who have special educational needs and disabilities (SEND).

Work undertaken by the Early Years team includes delivering the Council's statutory duty to offer free early years education for every eligible child in Hackney. This applies to all eligible 2, 3 and 4 year olds attending school nursery provision, childminders and private, voluntary and independent settings. The team also directly manages and commissions Hackney's children's centres. Children's centres have a clear core purpose, focused on improving outcomes for young children and their families, with a particular focus on the most disadvantaged families, in order to reduce inequalities in child development and school readiness.

The SEND team delivers the Council's legal duties associated with children and young people with SEND. This includes ensuring there is adequate assessment and funding for additional provision for some 2,600 children and young people with education, health and care plans (EHCP's). They are also responsible for putting in place home-to-school transport provision for those that are eligible.

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20.5 Neighbourhoods

The combined proposed budget (gross expenditure) for Environmental Operations, Waste and Recycling, Streetscene, Parking and Street Markets is **£61.1m** in 2021/22.

Environmental Operations

- 261km of Hackney's streets are being cleaned at various frequencies, including at least twice weekly for all residential roads and daily or more often for zone 1 roads. Town centres and all high streets are swept and cleared of waste daily Monday – Sunday, up to 8 times a day.
- Four Graffiti and fly-posting removal teams and one additional wash down crew dedicated to removing graffiti, flyposting and staining from the public highway.
- A cleansing maintenance service delivered to all Hackney Markets including Saturday, with 70% of waste generated from Ridley Road being recycled.
- Domestic Waste collections provided to 55,000 estate-based dwellings with frequencies ranging from weekly to thrice weekly depending on the amount of waste generated and the estate's needs. This equates to approximately 0.5m yearly waste and recycling collections from estate bin stores.
- Domestic waste and recycling collections provided to almost 55,000 street-based properties on a weekly basis. Collections of domestic and recycling waste are provided on the same day. Door-to-door weekly waste and recycling collections amount to some 6.4m collections per year.
- Domestic Waste collections provided to over 5,000 dwellings in Hackney's commercial areas (predominantly flats above shops) with frequencies ranging from weekly to daily depending on the location.
- Recycling collections provided to both street and estate-based properties include, co-mingled (plastic packaging, plastic bottles, cartons, paper, cardboard, tins and cans and glass), food and garden waste collections.
- 24-hour management of Nighttime Economy areas of the borough with the continuous removal of waste and litter 7 days a week.
- Delivery of commercial waste services to the borough's businesses 7 days a week which includes commercial recycling at a low cost to businesses. Turnover exceeds £6.4 million per annum.
- Delivery of an integrated cleansing service across all Hackney estates and streets which delivers services in a more cost effective, efficient and high performing manner.
- Delivery of food waste collection services on estates.
- Daily check and rectify of all housing estate blocks where every building and landing is inspected, and any rectification required is undertaken.
- A scheduled cleaning service for blocks of flats whereby regular scheduled cleansing takes place in addition to the daily checks. This service is backed up by a deep (steam) cleanse of all internal block surfaces, as required.
- A scheduled cleaning service for Council offices and other operational buildings. The service was insourced in January 2021.
- In house service delivery of gully cleansing and winter maintenance.
- Delivery of a subsidised door-to-door bulky waste service 5 days per week to all residents in the borough. This includes collection, processing and disposal of up to 5 items per collection.
- The operation of a waste transfer facility 6 days a week for street cleansing

waste and bulky household items. The facility operates a recycling service separating recyclable materials and non-recyclable waste.

- Around 24,000 tonnes of material recycled from Hackney households each year, including approximately 13,500 tonnes of commingled recycling, 3,500 tonnes of food and 2,800 tonnes of garden waste.
- Approximately 1.5m commercial waste and recycling collections per year, generating around 4,500 tonnes of dry recycling and 900 tonnes of food for composting.
- Approximately 24,160 mattresses are collected annually and sent for recycling.

<u>Waste Strategy and Recycling</u>

- Ongoing strategic development of the waste management and recycling services.
- Submission of all statutory data returns to Central Government.
- Publicity and promotion of waste management and recycling services.
- Management and delivery of the Ward Improvement Programme and formal monitoring of street cleansing standards.
- Lead on advising architects and planners at the pre-planning stage as well as formally commenting on full applications with regard to waste and recycling storage provision for all residential, commercial and mixed-use developments.
- Provision of around 600 ‘Recycling on the Go’ bins across the borough which contribute approximately 240 tonnes of recycling over the year.
- Delivery of the Environmental Education contract with Ecoactive to engage and promote recycling and waste prevention to around 7,000 primary and secondary school students per year; and collect around 800 tonnes of commingled recycling from schools.
- Maintain the furniture re-use collection service delivering over 1,100 re- use collections and avoiding around 100 tonnes of furniture from disposal.
- Development and implementation of estates interventions to improve performance across all estates recycling (not limited to the Council’s Housing estates), including additional recycling collections at busy sites, introducing new design recycling bins with larger lid apertures, introducing c160 additional recycling bins at the Council’s Housing sites and reviewing Waste Planning Guidance.
- Planning and roll out of a new Green Champions scheme focused on estate-based residents, to improve recycling on estates.
- Introduction of Hackney’s first reverse vending machine to reward residents for depositing single use drinks containers, on one estate.
- Ongoing corporate programme (the Estates Recycling Programme) working to improve recycling on the Council’s Housing estates. Most notably the closure of waste chutes and building replacement bin stores on seven estates to improve recycling infrastructure for estate-based residents.
- Deliver the first Object Lending Library in the borough to enable residents to hire tools instead of purchasing to reduce waste.
- Deliver the Zero Waste Hubs to enable residents to re-use their household items, to fix their bikes, textiles and electrical goods.
- Deliver a campaign to reduce single use plastics via social media and local

outreach events.

- Deliver the annual Christmas Toy Gift Appeal, collecting over 1 tonne of toys, or 2,000 toys worth more than £4,700. These are re-homed at various educational centers, refugee centres and other charitable organisations.
- Work with Hackney Real Nappy Network to encourage residents to ditch 100 tonnes of disposable nappies for reusable cloth nappies and to engage with over 2,000 parents.
- Launch the #ZeroWasteHackney campaign which aims to reduce, reuse, rent, refill, repair and swap households' items through the established waste prevention services offered to residents.
- Deliver the 'Zero Waste Hackney' summer large event to encourage residents and businesses to reduce their waste.
- Attend over 30 local resident events to promote recycling and waste prevention and to engage with face to face with over 1,000 residents.
- Launch the first Low Plastic Zone in Dalston with over 30 businesses signed up to reduce their single use plastics.

<u>Land, Water, Air (LWA) & Asbestos Pollution Control Teams</u>

- Develops policy and advises Council on land water and air issues.
- Manages and/or delivers all LWA Team project work, including schools, and air quality monitoring.
- Delivers more complex air quality and contaminated land planning issues.
- Sources external funding, for example through the London Mayor's Air Quality Fund.
- Day to day Environmental Permitting duties for the Council.
- Developing, implementing and coordinating projects for the Air Quality Action Plan.
- Contracting and managing Refurbishment and Demolition Asbestos Surveys.

<u>Parking, Markets and Street Trading</u>

- A parking service that is based on technology which means that, following the launch of e-vouchers in 2020/21, residents are able to arrange parking for their visitors in seconds.
- Effective enforcement of controlled parking areas within Hackney, that ensure road safety, support traffic flow, and protect parking for those who most need it.
- The continued management of parking places, pay & display equipment, signs and lines, car park facilities and the CPZ review programme for over 70% of the borough, including 87 Council Estates and 6 off-street car parks.
- Consultation with uncontrolled areas where there is a demand from local residents for parking controls to be introduced.
- The management of Hackney's six street markets and in a normal year their 6.1m annual customers, delivering continued growth across our markets and providing support and training to service users and customers, which supports business growth and entrepreneurialism.

- The licensing and management of shop front trading, with a focus on achieving growth, which supports regeneration and economic growth in Hackney, and facilitates effective enforcement to ensure effective trader compliance.

Streetscene

- Management of the public highway network that includes inspecting and repairing 240 km of carriageways, 480km of footways.
- Inspecting and repairing 11,214 streetlights, 9,670 gullies and 20 bridges.
- Maintenance of around 10,500 street trees on the borough's roads and footpaths and trees within parks with a commitment to significantly increase this over the next few years.
- During the winter period Streetscene are responsible for precautionary gritting of 30% of the road network. This includes all the main roads (inclusive of all bus routes & access to all emergency services) and susceptible routes (roads near water courses, steep gradients and problem sites).
- Maintenance of lining and signing on the road network (including at signal junctions, zebra crossings and yellow box markings) to ensure compliance with current regulations.
- Provision of cycle training for more than 1,800 people including 1,400 school children, 300 individual adults, and we also provide cycle training for community groups and all ability groups.
- Promotion of walking and cycling across the borough including events such Pit Stops and the world record breaking Bike around the Borough.
- Road Safety education and publicity including the school crossing patrol service.
- Managing skip and other highway licenses.
- Coordinating and managing Council, utility and developer works on our roads.

Leisure & Green Spaces

The Leisure and Green Spaces service plans to spend around £7.1m in 2021/22, managing and maintaining Hackney's parks, and green spaces and its seven sport and leisure centres.

Hackney's green spaces from potentially the largest concentration of football pitches in Europe at Hackney Marshes, to Springfield and Clissold parks. There are now 27 Green Flag Parks in Hackney – the national quality standard for parks.

The Sports and Physical Activity service works with partners to improve the health and wellbeing of local residents and support the development of sports and physical activity. In addition to providing a significant range of opportunities for individuals and groups to be involved in sport and physical activity, it also works in close partnership with Greenwich Leisure Limited (GLL), the organisation which manages leisure facilities in Hackney on the Council's behalf. All of Hackney's leisure centres (7) are QUEST accredited, the national quality mark for leisure facilities, and they normally attract well over 2 million visits each year.

Planning Services

The Planning Service expects to spend around £4.6m (gross expenditure) in providing services across the borough. This investment is in the following five service areas:

The Strategic Planning Team leads the preparation of the Council's Local Plan, the local authority's key planning document setting out how growth and spatial change will be managed across the Borough over a 15-year period. They also prepare accompanying Area Action Plans, Supplementary Planning Documents, the Authority Monitoring Report and a broad range of evidence and research documents to justify/inform the plans and ensure effective implementation.

Development Management & Enforcement implements policies set out in the Local plan documents by providing the Council's statutory responsibilities in respect of processing and determining planning applications, representing the Council at planning appeals, and carrying out the planning enforcement function. The Service processes, consults on and determines over 4,000 planning applications per annum, generating approximately £1.8m income per annum. In addition, the Planning Enforcement team investigates over 600 planning breaches per annum.

The Growth Team collects and monitors Section 106 income and Community Infrastructure Levy funding, delivers master plans and capital projects for areas of growth and change, leads on design and conservation issues, and determines major planning applications, with larger more complex applications being subject to Planning Performance Agreements, which typically generates £500k income per annum to cover the cost of the team.

The Building Control team's primary function is to ensure that buildings are properly designed and constructed to meet regulatory requirements that guarantee the health, safety and welfare of people in or around buildings.

The Business Technical team supports the Planning service in day to day processes which includes handling planning applications and validations, building control fees, land charges, Community Infrastructure Levy (CIL), Section 106 and Planning Performance Agreements (PPAs).

Community Safety, Enforcement and Business Regulation

The Community Safety, Enforcement and Business Regulation Service has a gross annual budget of £7m to provide community safety and enforcement services across the borough. This investment is in the following five service areas:

Integrated Partnership Unit and Intelligence Hub – This unit brings together all strategy, partnership and intelligence capabilities and undertakes and coordinates the strategy and partnerships actions for the entire service creating a consistent joined up approach to strategy development and delivery.

Integrated Gangs Unit (IGU) – This unit is a multi-agency team which delivers a prevention, intervention and enforcement approach to known street gang members. The IGU has the capacity to work with 150 gang affiliates in Hackney. The aim of the team is to reduce gang related violence and to encourage gang members to leave the gang lifestyle. There is a focus upon risk assessment and risk management to ensure that both victims and perpetrators are kept safe as per safeguarding requirements. The unit is made up of staff from the Council, Police, Probation, Department for Work and Pensions (DWP) and voluntary organisations.

Civil Protection - This service is responsible for the strategic and tactical management of the Council's CCTV systems, Emergency Planning and Response and various engineering functions such as optical fibre cabling networks and radio voice systems.

The Civil Protection Service is an important component of the Council's work countering crime, disorder, terrorism and anything that disrupts the normal fabric of Hackney’s life and wellbeing. It also provides the Borough with a centralised CCTV capability with experience, expertise, and knowledge of systems, as well as operational, management and legislation oversight for other council Public Spaces Surveillance systems.

Business Regulation Unit – This Unit brings together Food Safety, Health and Safety, Environmental Protection, Licensing, Bereavement Services, Trading Standards and all the main business engagement enforcement specialisms into one place under a single management structure. It captures and delivers what’s best about specialist service delivery, but also enhances this with greater joint working and flexibility. This creates greater capacity to address demand and solves entrenched and complex issues and problems.

Enforcement – The team brings together all the various frontline enforcement response services. This is an integrated area-based enforcement service with officers empowered to enforce a range of legislation, including street scene enforcement, anti-social behaviour (ASB) and noise nuisance. The service integrates with and enhances the activities of staff within the other specialised legislative areas enforced; licensing, trading standards and environmental health. The service provides a casework system that sees complaints through from inception and through to resolution, including enforcement action with Officers working closely through a targeted process with other officers from other sections of the Council particularly Housing, Waste, Highways and Street Scene, Police and other emergency services.

20.6 Housing Regeneration

Hackney is building, and through its innovative cross-subsidy approach the Council has now directly delivered more than 1,000 new homes since 2010. Nearly 200 more have been completed in the last 12 months alone, almost 70% of which are for social rent, shared ownership and Hackney Living Rent – part of a commitment to ensuring more than half the homes we build a genuinely affordable, with homes sold outright only to help pay for them in the absence of government funding.

The Council's two in-house, not-for-profit development programmes – the Estate Regeneration Programme and the Housing Supply Programme – are together delivering thousands of new homes without partnering with private developers, instead using Council land to build housing that is prioritised for local people first.

The Regeneration Division is also responsible for the Woodberry Down regeneration – one of the largest and most complex regeneration projects in the country, being developed in partnership with Berkeley Homes, Notting Hill Genesis Housing Association and the Woodberry Down Community Organisation. The Woodberry Down regeneration team is responsible for the delivery of the programme which will see the replacement of the 1,981 homes on the existing estate with up to 5,584 new homes, of which 41% will be affordable.

The Division is also responsible for the development of the Council's Housing Strategy and policy, liaison with the borough's Registered Providers, and working to improve housing conditions and management in private sector housing through its #BetterRenting campaign.

The Regeneration Division plans to spend £0.9m in revenue, £2.1m in capital grants, and is leading the Council's regeneration programmes with a planned capital spend of £68m in 2021/22.

The Private Sector Housing team is responsible for driving up standards in Hackney's privately rented homes by tackling rogue landlords, supporting private renters and encouraging the professionalisation of the sector, in line with the Council's #BetterRenting commitments. As well as providing a responsive complaints service, the team proactively enforces three property licensing schemes that ensure that landlords of every House in Multiple Occupation in Hackney and all privately rented homes in three wards where conditions are at their worst needs to hold a licence committing them to maintaining high standards and fair treatment of tenants, or risk tough penalties. The service also delivers a range of financial support, through a programme of grants and adaptations, to vulnerable residents to enable them to remain living independently in safe and healthy homes that are suitable for their needs. It also works to bring long-term empty homes back into use.

In a typical year the service will:

- *Respond to over 700 residents service requests concerning poor housing conditions;*

- *Bring 20 long term empty homes back into residential use;*
- *Improve 250 private sector dwellings (i.e. significant hazards removed);*
- *Through the Disabled Facilities Grants programme, enable over 100 vulnerable residents to remain living independently in safe and healthy homes that are suitable for their needs;*
- *Through the discretionary grants programme support over 30 residents maintain secure, warm homes in good repair; and*
- *Support Hackney landlords to become accredited under the London Landlord Accreditation Scheme*

The Housing Strategy and Policy Service is responsible for developing, monitoring and implementing housing policy in line with the Council's strategic objectives and manifesto commitments, developing and overseeing the implementation of the Council's Housing Strategy, and maximising the housing resources and opportunities available to the Council through its enabling function with Housing Associations; as well as lobbying work with Central and Regional Government.

The Service also oversees the new Mayor of London's grant-funded housing development programme in Hackney undertaken by Housing Associations, as well as managing the Mayor of Hackney's Housing Challenge, which is seeking to leverage additional Housing Association backed resources into a £50m housing pot to fund the development of genuinely affordable rented housing in Hackney.

Through its policy development and lobbying work the Housing Strategy and Policy Service has successfully:

- Achieved a major Government policy change, in cooperation with other councils and organisations, with the removal of the Housing Revenue Account borrowing cap,
- Influenced the indefinite delay of measures in the Housing and Planning Act that would damage the Council's housing policies.
- Successfully campaigned for a range of Government policy initiatives with respect to improving standards, security of tenure and affordability in the private rented sector (PRS).

The Service supports the Mayor and Lead Members in influencing and shaping the external housing policy environment in accordance with Hackney's housing policy imperatives; promotes and supports the Council's housing regeneration and PRS enforcement successes; and forward scans, risk assesses and mitigates housing policy and resource threats to the Council's housing and regeneration services. It is the Council lead for facilitating and supporting Housing Association development and other activities within Hackney.

20.7 Area Regeneration

The Area Regeneration Service is responsible for delivering and coordinating strategic regeneration in the borough. The Council has adopted the Inclusive Economy Strategy which sets out a new approach to regeneration and economic development aimed at maximising the local benefits of growth. This focus on area regeneration involves the Council working in partnership alongside the community and stakeholders at a local level to identify and deliver on a clear vision and priorities for different places.

Area regeneration is able to deliver more benefits for people and places by ensuring that growth and development opportunities are unlocked, initiatives in an area are holistic and aligned, partnership working is improved, and the benefits of regeneration and growth are maximised for the community. Working across the Regeneration Division, the Neighbourhoods and Housing Directorate, and the Council, the Area Regeneration Service focuses on:

- Strategic area regeneration and placemaking in regeneration areas/growth corridors;
- Partnership working to deliver area regeneration and a more inclusive economy;
- Business engagement, communications and support; and
- Supporting the delivery of workspace (with a focus on affordable workspace).

The service focuses on town centres and areas of economic growth in the borough and identifies priorities for areas by working with local stakeholders including bringing forward development sites, transport infrastructure improvements, public realm schemes, new commercial space and affordable workspace, social and economic regeneration programmes, and initiatives to support town centres and businesses.

The Hackney Wick Masterplan provides a framework to guide future development around Hackney Wick station and will ensure that affordable workspace is prioritised in this location, including space aimed at existing businesses at risk of eviction or rising rents. In Dalston and Hackney Central, the service will use the feedback from the Dalston and Hackney Central Conversations to shape the future of these areas and bring forward projects and initiatives to support our town centres.

In Shoreditch the service is working in partnership with neighbouring boroughs, businesses, developers and landowners to deliver improvements to the area and maximise the benefits of economic growth for local residents and businesses. The service is working with Transport for London and the London Borough of Islington on the changes to Old Street roundabout and future physical and economic opportunities in this area. The service has launched the Shoreditch and Hoxton Art Fund which is delivering community focused arts and cultural projects via contributions from private development sites.

The service is working to deliver new affordable workspace both on Council-owned sites and in partnership with other landowners and businesses. Two Council-owned buildings in Hackney Wick are currently being converted to provide more affordable workspace in the area, new affordable workspace has been delivered in Woodberry Down. There is also a proposal to convert redundant garages at the ground floor of Council housing buildings to affordable workspace for local businesses. Work is currently underway to develop designs for the conversion of two pilot garage sites into workspace.

The Hackney Business Network is aimed at businesses of all sizes and provides business information, guidance, and support making it easier for small and medium-sized businesses, as well as larger businesses, to grow and to flourish in the borough. In championing, supporting and advocating for the business sector, the Council is encouraging businesses to take an active role in delivering a more inclusive economy – including providing high-quality jobs, local apprenticeships and work experience opportunities, paying the London Living Wage, and delivering affordable workspace and more sustainable business practices.

20.8 Strategy and Economic Development

Over the past few years, the Council has sought to progress faster a range of socio-economic outcomes, including the delivery of an increasingly inclusive approach to economic growth. In effect, we are committed to building a more inclusive economy and ensuring that the benefits of inclusive growth are seen and experienced as widely possible across the borough.

The approach aims to bring together three areas of economic development – access to employment and opportunities; strategic area regeneration; and the Council’s relationship with business – and to ensure these strategic areas are all fully aligned and mutually supportive and that inclusive growth is delivered as a result of these activities and a more joined up and inclusive approach to economic development.

Access to employment and opportunities is a key priority and ensuring that economic growth creates real, meaningful and high-quality employment opportunities is at the heart of everything the Council is doing around economic development. Over the past few years, the Council has made a conscious decision to significantly broaden its employment opportunities offer. The overarching aim is to provide borough residents with a range of different employment pathways including work placements, volunteering, apprenticeships and ring-fenced job opportunities.

Following the start of the Covid-19 pandemic, and the accompanying rise in unemployment as well as concerns around future job prospects, the Council’s focus on creating high quality opportunities is more pressing than ever.

Since September 2020, the Council’s Adult Learning service has been integrated with the wider Employment & Skills service. This creates an opportunity to ensure that the Council’s investment in adult skills, funded via the GLA’s Adult Education Budget, is aligned with the Council’s aspirations set out in the Inclusive Economy strategy - specifically in terms of ensuring residents have the skills to access high quality jobs and careers.

Hackney Works has continued to provide high quality and personalised employment support and job brokerage to in excess of 1000 residents annually. The team works with a wide range of residents including young people/NEETs, parents/single parents, those with health conditions, long-term unemployed, low income earners, homeless/or at risk of homlessness, ex-offenders, refugees and those recently out of work/impacted by COVID. The Hackney Works team also has a strong focus on partnership to achieve outcomes for residents.

The team has adapted its service provision to provide a remote service and maximise support for residents in response to the COVID-19 pandemic by establishing three project teams with the following areas of focus:

Information, advice & guidance:
Managing registrations & referrals and providing comprehensive Information, Advice & Guidance (IAG) to help residents to address barriers to work. The team have helped clients in a range of areas for example in relation to ESOL needs, functional skills, debt, obtaining a DBS, understanding in work benefits, digital exclusion and accessing basic necessities e.g. funds for fuel as well as clothing for interviews. The team has strong partnership links across the council and with external organisations e.g. Citizens Advice & Volunteer Centre Hackney. In the last year, they have strengthened partnerships with Jobcentreplus, Ingeus and New City College to establish a Youth Hub in order to provide an enhanced offer of support for young people. The team also supports residents to prepare and access other programmes, for example, the Apprenticeship programme and is now focused on connecting residents to the new Kickstart scheme.

Employability & skills:
This team provides both one to one and group support with job search, CV support, help to apply for jobs, help to prepare for interviews, advice on applying for work with a criminal record and developing/coordinating training opportunities for residents. The team has strong partnerships with ELBA (East London Business Alliance), the NHS, SmartWorks and a number of training providers, for example the WEA (The Workers' Educational Association). In the last year, the team successfully developed a programme of online training with key workshops covering interview techniques, the fundamentals of Linkedin, transferable skills, digital jobsearch, working in the London Fire Brigade, the Met Police & NHS, coping with interview nerves, disclosing health conditions and criminal records when applying for jobs as well as careers coaching/motivational workshops.

Hackney Works
Focused on helping residents to access job opportunities arising through the Council, it's supply chains and wider key sectors including work on local development sites (linked to S106 agreements). In the last year, the team has strengthened relationships with HR in order to help to better prepare and connect residents to job opportunities within the Council. The team has also supported recruiting managers to run information events to promote awareness of large scale recruitment in the council e.g. in the care sector. The team has established a talent bank in the following areas: security, construction, hospitality, health & social care, cleaning, youth work, education, warehouse, retail, customer service, admin, benefits/housing, creative/media, IT, apprenticeships & management. The team works with recruiting managers to understand their requirements and promotes opportunities to local residents, carries out screening and matches candidates to suitable opportunities.

Hackney’s Supported Employment Team has continued to deliver on the commitment to ensuring young people, with Special Educational Needs and Disabilities (SEND) aged 16-24, have access to high quality employment opportunities, through further development of its Supported Internship Programme. Working in partnership with Hackney Education, the service offers internship placements across a range of service areas within the Council, ensuring Hackney is at the forefront of leading by example on this agenda. Both the Council and Homerton Hospital sites have adopted the Project SEARCH model of best practice; encompassing a wide range of work placements and vocational training to improve general employability, whilst developing links with (and educating) employers to create suitable paid employment opportunities. In the current climate, the internship programme has made use of online methods for teaching, whilst also creating work placements onsite at Bsix College.

Additionally, the Supported Employment Advisors have adapted their approaches, in light of Covid, to include a number of ‘Work and Wellbeing’ virtual workshops, targeting residents who have been furloughed or made redundant. Acknowledging that many are now managing more common mental health conditions, the sessions have adopted a focus on building employability skills, whilst developing strategies to support general health and wellbeing, whilst promoting positive mental health.

During the last financial year, the team’s Employment Champion began working closely with special schools and SENCOs (Special Educational Needs Coordinators) within mainstream schools; capacity building and equipping staff with the skills to conduct meaningful discussions with students about preparing for the world of work. This role has also been instrumental in further developing links with the SEND Team, at Hackney Education; working collaboratively to promote Supported Internships.

Following the start of the pandemic, the Adult Learning service has focused on quickly moving as much course delivery on line as possible. This was challenging, as the in-house team, and the majority of community based commissioned providers had no pre-existing capacity or expertise to deliver on line provision. During the Summer term of academic year 19/20, the Council’s in-house Curriculum team managed to launch 36% of planned courses on-line in English, maths, ESOL and ICT ranging from Entry 1 to Level 2. In addition, through working closely with commissioned providers, the Curriculum team managed to ensure that a relatively high proportion (50% and over) of vocational, functional skills and ESOL commissioned courses were delivered digitally during this period. Community learning courses proved more challenging - typically due to the more practical nature of these courses.

In the lead up to the start of academic year 20/21, the Council’s approach to both commissioning adult learning provision, as well as decision making concerning in-house provision sought to explicitly reflect the Council’s Inclusive Economy strategic priorities; as well as ensuring compliance with the GLA funding requirements, and Ofsted quality requirements.

As many learners do not have access to on-line learning, the Employment, Skills and Adult Learning service has worked closely with the Council's ICT team on a number of projects with the aim of addressing the complex challenge of digital exclusion. This has resulted in further development of the Council's 'Hackney Opportunities' digital service to include the adult learning offer which can now be easily accessed and booked online for the first time.

Since April 2020, the Employment Pathways team have managed the recruitment and on-boarding of 55 apprentices. Our summer recruitment campaign was adapted in the context of Covid, and attracted over 1,000 applications. We ran a series of online information sessions, and ran over 40 group assessment sessions via Zoom, as well as putting on assessment days at Hackney Town Hall for those without the digital skills or equipment to join a Zoom session. This year's cohort has included 24 digital apprenticeships. 11 of those recruited are women, and 21 will be studying a higher or degree level apprenticeship.

We have also continued to work with local employers through the Hackney Apprenticeship Network. Since April 2020, we have transferred over £50,000 of apprenticeship levy funds to local employers to fund training for new apprentices and the upskilling of existing staff.

The Employment Pathways team launched a traineeship scheme for older residents in February 2020, finishing in December 2020 with trainees graduating (online). We had 14 trainees on the programme, all of whom were aged 25+. 4 of their trainees were in their 40s, with a further 4 in their 50s. We particularly targeted residents who were learning English as a second language and residents with childcare responsibilities. Trainees did a paid work placement, alongside English, Maths and Employability training. Placements were hosted at the Council and with employers across the borough. Despite the challenges of Covid, trainees completed over 1,300 hours of work. 11 Trainees gained qualifications in Maths and English. 2 trainees have now progressed into apprenticeship positions at Hackney Council, and 4 more trainees have progressed into full-time or part-time jobs.

Below are the Employment & Opportunities programme outputs from April - September 2020 (Q1/Q2 20/21)

Sign- Up for Hackney Works (HW)	1087
Equalities Monitoring of sign-ups - *BAME* - *Disability/Health condition* - *Female*	 44% 4% 31%

Residents receiving employability support from HW	688
Job Starts via HW	41
Adult Learning (across academic year 19/20): - Enrolments - Course completions	 2571 2379
Total Apprentices employed by Council	115

20.9 Benefits and Housing Needs Service, and Revenues

The **Benefits and Housing Needs Service** plan to spend approximately £340m (gross expenditure) including Housing Benefit payments in 2021/22. The Service delivers the statutory administration of:

- Housing benefits
- Council tax reduction
- Housing advice and the prevention and relief of homelessness,
- Provision of temporary accommodation including procurement, placement, property management, maintenance, and rent collection
- Housing register and social housing allocation,
- Test and trace isolation support payments

and non statutory functions:

- Rough sleeping response
- Discretionary awards including the Crisis Discretionary Support and Council Tax Hardship fund
- Providing downsizing support for those who are under-occupying their social housing properties to make best use of housing stock

The Service works with single residents and families in a holistic manner.

Challenges

- Impact of Covid 19 - the potential impact on income and rent arrears will not be evident until the end of the statutory ban on evictions for c.75,000 private and social tenants. We await to see the impact of the protection ending at the end of March 2021, as this will drive demand for BHN services.
- Cyber attack - the Service has been severely impacted by the cyber attack. The cost of recovery is still being worked on and is dependent on support

we receive from software suppliers and the date at which systems are restored. There is also ongoing liaison with the DWP and our external auditors in respect of the impact on our subsidy claim - as there will be an impact on issues such as the recovery of overpayments.

- Shrinkage of statutory central government contribution - It is anticipated that around £277m will be paid out in Housing Benefit and £28m discounts via the Council Tax Reduction Scheme for 2020/21 with increased figures projected for 2021/22. However, administrative funding from the Department for Work and Pensions is reduced year on year, with a 34% cut evidenced since 2013 against a caseload reduction of only 17%. Despite the rollout of Universal Credit, the Housing Benefit/ Council Tax Reduction caseload of 37,600 remains the highest in London.
- Increase in homelessness demand - An increase of 4% of residents approaching the Service for housing advice and support and an 18% decrease of those provided with temporary accommodation is evidenced for 2020/21. Despite the decrease, the majority of the planned gross budget is spent on providing temporary accommodation and is recovered through Housing Benefit subsidy and rental income. The income collection rate for temporary accommodation achieved for 2019/20 pre-Covid was 104%, which dropped slightly despite the pandemic to 97% pre-Cyber attack during 2020/21. c.550 regeneration voids are used as temporary accommodation and the Service has developed another 92 bed hostel in the last year, further reducing the need for costly bed and breakfast accommodation outside the borough. However, the continued cost is mainly due to the demand for temporary accommodation rather than the type used. MHCLG have reviewed and streamlined annual grant funding and have incorporated a small uplift in recognition for 2021/22.
- Increase in demand for social housing - the number of residents registering for social housing increased to more than 13,500 households on the housing register, however the number of social lets available to the Council has reduced dramatically to c.600. This has resulted in 3350 households in temporary accommodation remaining there longer, with 1342 of these placed outside the borough. Waiting times have increased and can be viewed on the council website: https://hackney.gov.uk/housing-application
- Increase in destitution for residents with multiple and complex needs - as at Jan 2021 the Council continues to support 76 rough sleepers in a Covid protect hotel, including 46 NRPF individuals. The flow of new rough sleepers has increased with official numbers increasing from 14 to 18 and this is incurring additional cost to the Service in hotel rooms as the normal pan London framework is not operating as before due to shared airspace concerns and infection control.

Some of the recent data for the Benefits and Housing Needs Service include:

- 43% of homeless approaches from residents have support needs, with 17% multiple and complex support needs
- 23.5% of homeless approaches are from young people under 16-25
- 41% of homeless approaches are due to family/friends no longer willing or able to accommodate the applicant/household and a 6% increase in approaches from this cohort.
- 7% of households fleeing domestic abuse - increasing

- 80% of working age households in TA are either working or in receipt of non-passported benefits
- The profile of social housing demand has changed with one beds now in highest demand at 5187

The Benefits and Housing Needs Service has been successful in bidding for significant additional funding in recent years to provide resources for projects that support vulnerable residents. These projects include:

- Rough Sleeping Initiative Funding £738k
- Next Steps Accommodation funding - Revenue £1.2m
- Rough Sleeping Accommodation Programme - Revenue & Capital £1.7m
- Out of hospital homeless funding £81k
- Private rented sector access £300k
- Capital letters membership - top sliced grant
- Life chances fund - single homeless prevention service- top sliced grant

The Benefits and Housing Needs Service key planned activities for 2021/22 will be:

- Review of repairs and property maintenance for temporary accommodation portfolio, including schedule of works and programme - remedial and fire safety work cost as yet unknown
- Development of new Council managed temporary accommodation hostels for single residents- 153 units -cost to be determined but will be a saving against the current usage of expensive nightly paid
- Development of the new Lettings Policy and accompanying new housing register software system - estimated c.£100k
- Expanded housing advice offer - funded by release of staff via automation of a new system, politically unpalatable and want extra offer front loaded
- Changing Futures whole system change - match funding required for MHCLG bid - between £1 - 4.5m - bid to be submitted by March 2021
- Health and single homeless hub - Greenhouse relocation and expansion - seed funding of £50k is progressing the property survey and estimated cost - could form the above match funding
- Rough sleeping and homeless supported accommodation pathway development - cost to be determined and will form part of housing strategy
- Further development of the Homeless, Health and Housing MDT function - as above could form the match funding or bid
- Embedding social workers in the service pilot -
- Phase 5 of service transformation to decommission the Universal Housing system - cost to be determined

The **Revenues Service** plans to spend approximately £4.5m (gross expenditure) in 2021/22. The Service delivers the statutory administration of:

- Council Tax billing and collection
- Non Domestic rate billing and collection
- Housing Benefit Overpayment collection,
- Temporary Accommodation Former tenant arrears collection

The service is also working, in conjunction with Area Regeneration, to deliver grants to businesses to support them through the impact of Covid-19. The funding for the grants is provided by the Government.

Challenges

- Impact of Covid 19 - the potential impact on income and arrears will not be fully quantifiable until such time as recovery action for non payment can begin again in full. The Government is introducing Breathing Space regulations in 2021 which will allow customers with arrears to request a statutory breathing space whilst they take debt advice. This is likely to lead to lengthened debt recovery periods. Impact on income will also be exacerbated by any increase in unemployment and by business failures, leading to a reduction in ability to pay.
- Cyber attack - the Service has been unable to access its systems during this period, meaning that it has been unable to process changes to accounts. It has been possible to collect payment from customers who pay by direct debit by replicating the last direct debit runs prior to the attack. The cost of reconciliation and recovery for the Service, as well as the impact on collection rates is currently being estimated.
- The taxbase continues to grow. There are now circa 117,000 Council Tax properties and circa 12,000 Non Domestic rate properties. In 2020/21 Non Domestic ratepayers with businesses deemed to fall in the categories of retail, hospitality and leisure received a 100% reduction in their rates bill. At present the indication is that this will not continue in 2021/22
- Preparation for the next Business Rates revaluation in 2022.

The Revenues Service key planned activities for 2021/22 will be:

- Introduction of Breathing Space Regulations, and the associated impact on collection
- Review of collection strategy in light of Covid 19 and the impact of Breathing Space
- Further work towards a centralised income collection service
- Preparation for the 2022 Business Rates revaluation
- Preparation for more direct collection of Housing Benefit overpayments from tenants rather than from ongoing benefits as more cases transfer to Universal Credit.

20.10 Libraries & Heritage

The Libraries and Heritage Service plans to spend around £5.6m (gross expenditure) in 2021/22 across Hackney's libraries, museum and archives functions.

Hackney has eight libraries and a community library service and works with a range of partners to deliver a service which aims to connect with all sectors of the community. The service provides opportunities and support for learning, leisure, information, health related information and activities, helping people to gain paid employment and combating social exclusion. A range of innovative activities are provided for children and have been successful in encouraging reading skills and the pleasure of reading. The service is the largest provider of free internet access in the borough. The Community Library Service delivers books, DVDs and CDs to those who are unable to visit the libraries due to sickness or disability.

In a typical year the library service delivers the following:

- Over 1.6 million visits by members of the public
- 600,000 issues of books, CDs and DVDs
- Over 457,000 hours of free PC use in addition to free Wi-Fi in each library
- 3,700 children take part in the Summer Reading Challenge

Hackney Museum is recognised as one of the best community museums in the capital. Following its move to a state-of-the-art facility in Dalston, Hackney Archives has increased visitor numbers threefold. The two service elements offer a joint Community Education service which works with every state primary school in the borough.

In a typical year Museum and Archives deliver the following:

- Over 37,200 visits in person
- Over 3,700 collection online enquiries
- Nearly 8,000 school pupils took part in learning activities
- A number of well received and high-profile major exhibitions and platform exhibitions at the Museum
- Support the Council's Black History Season and Windrush Celebrations.

Throughout 2020/21, the Libraries and Museum service have had periods of closure due to the pandemic and have been offering reduced services in lockdown periods to tackle digital exclusion through provision of public PC use, and ensure continued access to books through order and collect and the Community Library Service. Elements of the service have been moved online and the service has been utilising technology to reach new audiences. In 2021/22 there will be a full review of Library Services which will include wide community engagement.

20.11 Corporate Plan Cost Cutting Services - Cross Cutting Investment in Reducing poverty, inequality and building social cohesion

£500k of investment in activity to tackle poverty and inequality was included in the 20/21 budget . Covid-19 has severely impacted those already in poverty, widened inequality and pushed more people into poverty. The pandemic has also directly and indirectly impacted older people, the disabled and younger people and people from different ethnic minority backgrounds. The racial inequalities and disproportionality experienced by Hackney's diverse black communities have been compounded by wider injustices in society, and all that we do sits in the shadow of the murder of George Floyd and the Black Lives Matter response. Our refreshed corporate plan which went to Cabinet in July 2020 reviewed these investment proposals and affirmed that these proposals were needed more than ever to address issues in the short and medium term.

Despite the pandemic much progress has been made as set out below. Where activities have been delayed because of the pandemic, the funding will be rolled over into 2021/22.

Objective	Deliverables and progress
Improve the offer for families in food poverty to improve children's access to affordable fresh food. **Total allocated: £20k** Support the development of the fruit and vegetable voucher scheme run by the charity Alexandra Rose. The scheme's eligibility criteria mirrors Healthy Start but those with NRPF are also able to access the vouchers which are worth £3 per week per child. Identify ways to increase healthy start and free school meals Coordination of food poverty support under one food poverty action plan covering: A more coordinated approach to food banks / cook and eat / community meal activities Designing a scheme to better link grass roots food waste schemes to food poverty schemes Developing a more coordinated response to holiday hunger and community meals	Progress: Supporting the Alexander Rose Voucher Scheme 250 households (315 children) have been supported over the last year, with £36,000 worth of vouchers distributed through 6 children's centres. Ridley Road Market, Hoxton Street Market and two independent retailers in Stamford Hill are part of the scheme, and markets are in the process of trying to bring another market on board. Next steps: an impact assessment will be undertaken at the end of the full year (March 2021) but the work is already giving us insights into what encourages take up of this scheme and healthy start vouchers. The work is also raising the profile of the role of markets in tackling food poverty, to be developed further. Progress: The Community Partnership Network (CPN) has been developed to ensure that there is a community based system of support that continues to respond to the direct and indirect material impacts arising from the pandemic. To develop and maintain this system of support, we bring together the Here to Help covid phone line, the network of voluntary and community sector providers and health navigators. The CPN creates the more coordinated approach we needed and food surplus is now better distributed across the sector from two hubs. We have also been able to lever in significant external resources such that the network is distributing 3000 hot meals and 5000 parcels per week at community level, in addition to taking about 75 direct funded referrals per week from the phone line. As we need to scale up activity in the context of lockdown 3 and increasing infection rates, we have allocated the £20k co-ordinating budget towards staff time from November to January. Next steps: the medium term ambition is that this system remains in place beyond the pandemic as a more coordinated tier of preventative support. We are now beginning the work to develop the network into this system, and will be working across sectors to ensure we identify vulnerability and respond to meet immediate needs as well as developing more preventative pathways.

	The £40k allocated for 20/21 has been used.
Strengthening support for those with the most complex needs (including a specific focus on those in housing need). **Total allocated: £200k** Embedded mental health support in housing benefits team - as we anticipate an increase in demand on the service, and an increased vulnerability for those with mental health needs this is a key way to respond to needs.	Progress: Benefits & Housing Needs Service are working with Future.gov to pilot the role of 2 new social workers - one generalist and one with mental health expertise. We are piloting interventions across the service to explore where we can use their skills to learn what works. Both social workers have now been recruited and are embedded into the team piloting work needed to better support complex needs. They are trialling a shared plan with clients, which is then facilitating shared working and working with hospitals on discharge. Next steps: the work will continue into 21/22 with underspend rolled over.
Strengthening support for families. **Total allocated: £70k** This investment improves the way we reach families who need help more quickly - as families become more vulnerable, and there are formal ways to identify needs, this becomes more significant. Services have already had to work differently to identify vulnerable families and proactively contact them. £70k has been used to support the development of early help and the development of the First Access Screening Team (FAST). Some repurposing for Education posts in FAST to support schools.	Progress: An Early Help Screening and Referral Manager has been in place in FAST since April. There is some evidence that this early engagement could contribute to a reduction in the number of repeat referrals of the same children and families to FAST, which could contribute to a reduction in demand in Children's Social Care and improved outcomes for children and families. This is currently being audited. Some of the development funding is assessing the impact of a permanent Education Officer role in FAST, to ensure FAST and schools were working in alignment to best identify needs and provide the appropriate support for children and families. This project has identified opportunities to improve referral pathways for children accessing our services, and is actively working to address these issues. This project has also highlighted that there was an absence of a direct link between Hackney Education, the FAST team and Schools, which this role has addressed. Some impactful outcomes of this work include improved relationships with schools, better signposting for early help support, which avoided referrals at a later stage, and improved attendance in schools. Whilst the work has not directly affected changes in social work practice, it has helped build confidence in the system. The education manager role has proved of value even in the longer term. Next steps: Detailed learning and evaluation reports will be collated for 'Series 1' pilots, in order to inform

	the design phase of the Early Help Review, initiating in the new year. £62k has been spent so far
Poverty proofing policies Total allocation £30k	This has been delayed due to the pandemic but now the poverty reduction framework has been developed we will identify opportunities to test ways to poverty proof. The budget will be rolled over into 2021/22/
Helping people to age well in Hackney by co-designing solutions identified in the Ageing Well Strategy. Total allocation: £80k	This was delayed due to the need to defer consultation on the Strategy. The Strategy went to Cabinet in December and we are now working on the implementation plan and next stage of co-design. Spend will start in the new year and be rolled over.
Engaging and improving services for young people by upskilling young people to co-design of test and learn experiments which influence public service design. Total allocation: £80k The budget will support implementation of Young Futures report: 'Valuing the Future Through Young Voices' and the new Improving Outcomes for Young Black Men Programme Board.	Our focus has been developing the Accountability Board of the Improving Outcomes for Young Black Men Programme which is led by black men from the community. Funding this year will be spent on the development of this group and of the board.

In addition to funds rolled over as above, proposals for the 21/22 budget include a further £500k investment to tackle poverty and inequality. The focus for 21/22 will build and consolidate the poverty reduction work started in 20/21: (1) developing a whole system response to serious multiple disadvantage, building on existing good practice including trauma informed work, review of advice services and Benefits and Housing Needs redesign. (2) developing the community partnerships network as a longer term system of support to be in place beyond the pandemic, working across the voluntary and community sector, health sector and Council services to continue to meet the material impacts of poverty and better pick up vulnerability, identify needs and develop pathways of support. Further details of this work are set out at section 6 (the Corporate Plan).

The work to tackle inequalities for young people and older people will continue although this will largely use existing funds from 20/21 rolled over into 21/22.

20.12 Central Services

To support the front-line services the Council has a number of support service functions e.g. Human Resources, Financial Management, Insurance, ICT, Property Services and Legal Services, but there are also a number of services e.g. Corporate and Democratic Core, Governance Services for Councillors and Registrars which are unique to Local authorities and other governmental organisations.

In addition to the above there is also, included within Finance and Corporate Resources, the General Finance Account (GFA). This is where all expenditure that is not easily attributable to any division or directorate is contained. Gross expenditure budgets contained in the GFA include; NWLA Levy, Pension Back funding and Revenue Contributions to Capital Outlay.

21. ROBUSTNESS OF THE ESTIMATES, ADEQUACY OF RESERVES AND CONTINGENCY

21.1 All local authorities face a number of corporate risks. Risks identified as emerging after the period of this budget will be dealt with through the risk register and are not repeated in this report.

21.2 Section 25 of the Local Government Act 2003 requires the Council's Chief Finance Officer (The Group Director, Finance and Corporate Resources) to report on the following matters; the robustness of the estimates and the adequacy of the proposed financial reserves.

21.3 The Council has taken a long term and strategic approach to managing the budget gap over a number of years and this has allowed and continues to allow proposals to be developed to cover a range of years to enable services to be properly and fully reviewed. The authority enjoys a high measure of financial stability and has over a number of years managed its finances well. Inevitably there are several risks to the budget, and these have been set out in this report including the challenges around cost pressures and the measures in place to mitigate these risks. The clear advice of the Group Director, Finance and Corporate Resources is that the current level of General Balances should be held at the existing position of £15m which is in line with our current policy to not allow the general balance to drop below £15m and to hold earmarked reserves for a range of specific purposes.

21.4 To summarise, based upon the measures in place to manage the delivery of the savings, the provisions made in relation to contingency sums, levels of reserves and balances the Group Director, Finance and Corporate Resources is of the view that the estimates are sufficiently robust and reserves adequate on the basis that no allocations unless already planned are undertaken.

22. HOUSING REVENUE ACCOUNT

22.1 Formal proposals for the Housing Revenue Account Budget including Tenants Rent and Service Charges for 2021/22 were included in a report to Cabinet in January 2021.

22.2 The rent increase of 1.5% in the 2021/22 budget is in line with the Social Housing Regulator's recommendation of CPI+1%.

22.3 Most tenant service charges will be frozen at 2020/21 levels with increases only in respect of cleaning and concierge. Cleansing services will increase in line with the rent increases, i.e 1.5%, to reflect the enhancement of services to residents such as deep clean and weekend services. We are able to restrict increases to these areas as we are making savings whilst maintaining and/or improving services to our residents. For those blocks with a concierge service, there will be an increase to reflect the last year of phasing the cost recovery for this service.

22.4 From this year we are introducing a service charge for those residents that benefit from 24 hour CCTV monitoring for their estates. This is in line with the principle that only those households receiving a service pay for that service. The average charge for this service will be about 44p per week which represents good value to improve the security of peoples' homes.

22.5 Fees and charges will be increased in line with inflation of 0.5%. Rents for garages will increase by £1 per week to reflect the cost of maintaining them at a lettable standard and to bring them more in line with the local rental market.

22.6 This year, the pandemic has had a significant impact on the budget for managing and maintaining Council homes, with more tenants put into financial difficulty and struggling to pay their rent, higher costs from providing additional support to those residents most in need, and less extra income from other sources such as hiring out community halls. Unlike other Council services central government funding has not been available to support the HRA in respect of the costs incurred directly as a result of the pandemic. Additional provision for unpaid rent will be made in 2020/21 and an additional allowance has been made in the 2021/22 budget. However if the impact of the pandemic continues it is likely that arrears will continue to increase and additional provision for bad debt will be needed which will require additional saving. This is being closely monitored through the OFP process.

23..0 RECHARGES

23.1 The budgets shown at paragraph 15 are before central recharges. The majority of central services cost centres will be fully or partially recharged to front line services in accordance with CIPFA Service Reporting Code of Practice.

23.2 This will be carried out in March 2021, after consideration of the budget by full Council but this has no impact on the Council's overall budget.

24.0 CAPITAL

24.1 This Section and Appendix 7 present the Council's indicative three-year capital budget, for 2021/22 to 2023/24, although it should be noted that formal resource approval is sought only for 2021/22. Annual profiling of capital spend will change, as schemes are developed more fully. Robust business cases are required before formal resource and spend approvals are sought. The three year programme is included as it is used to inform the calculation of the prudential indicators, which are required to be set out for the next three financial years. The current year's (2020/21) forecast capital outturn position is included, to provide better understanding of the whole capital programme and put into context the increase in capital investment.

24.2 The Council's programme for 2021/22 is budgeted at £236m, of which £141m relates to Housing and Regeneration, and £95m is non-Housing schemes. For the four years from 2020/21 to 2023/24, the programme budgets as a whole total £1.2bn.

24.3 There are of course risks associated with the capital programme, particularly as a significant proportion requires substantial upfront investment financed by increased borrowing, to be repaid as capital receipts are realised from the sale of assets developed within mixed-use schemes and our substantial regeneration programme.

24.4 The Housing Self-Financing Settlement of 2012 left the London Borough of Hackney in a fortunate position. £752m of HRA debt that was until that point serviced through the Housing Subsidy system was effectively repaid by the Government, leaving us debt free. This has meant that we have not needed to borrow externally on a long-term basis until the 2019/20 financial year, when we commenced borrowing of £80m from PWLB. The expectation is that we will require more external borrowing over the medium-term window of 21/22 to 23/24, to at the least temporarily cashflow the capital programme being presented here.

24.5 The good news in relation to borrowing is that, after a brief period of grappling with how to address a growing appetite for commercialism within the local authority sector (which has shrunk considerably on the back of Covid-19), where borrowing for non-housing schemes was charged at 1% greater than the rate for housing schemes, Central Government (CLG and Treasury) have settled on an approach which should mean that, when we require long-term borrowing, PWLB rates will be the cheapest option.

24.6 The new PWLB lending terms enable local authority to borrow for the following outcomes:

- Service delivery
- Regeneration
- Refinancing and treasury management
- Preventative action
- Housing

The schemes within our capital programme meet these criteria. The PWLB preferential rate is not permitted to fund investments and assets primarily for yield. For indicative purposes, borrowing for 30 years at the point this report was being written (mid January 2021) could be secured for between 1.5% and 1.7%, depending on repayment type.

Schemes

24.7 Full details of the three-year indicative Capital Programme is presented in Appendix 7. The programme provides a breakdown for each directorate with a further analysis summarising the Housing and Non-Housing requirements. The 2021/22 budget incorporates the re-profiling work carried out in 2020/21 during September and December, and includes schemes which have already been approved through previous decisions of the Cabinet and Council. As already stated, all schemes where spend approval is not already in place will require robust business cases before any further resource and/or spend approval is given. Such schemes cannot proceed until this has been completed. Details of the new resource approvals being sought as part of this budget setting process are included in the schedules at Appendix 7.

24.8 The indicative programme incorporates schemes that will deliver the following:

- An ongoing and ambitious regeneration programme which will bring homes of different tenures to the market.
- Conclusion of schemes to delivery the required secondary school places, namely the permanent site for the City of London Academy Shoreditch Park (CoLASP) and the Urswick extension alongside ensuring our existing school estate is kept in a suitable state of repair, including the ongoing programme of works to primary school facades.
- Investment in expanding in-borough SEN provision.
- Completion and handover of the brand new Britannia Leisure Centre this summer.
- Regeneration of our town centres.
- Ongoing maintenance of the corporate property estate and the maintenance of the ICT infrastructure going forward following the current investment in upgrades to the Council’s main ICT platforms.
- A highways maintenance programme retained at the current level of £4m pa and associated schemes
- Maintenance of the Council’s parks and green spaces and libraries, including refurbishment of Stoke Newington and Stamford Hill Libraries.
- An ongoing commitment towards delivering on our zero carbon target, including LED streetlighting.
- Working in partnership with City and Hackney’s CCG to build two new primary care facilities in the borough.

24.9 Members will be familiar with Nile St and Tiger Way, two mixed use education/residential for sale sites,which are now now in defects period. At Tiger Way, construction was completed in February 2019, with Nightingale Primary School operational in February 2019 and all 89 residential units now sold. New Regents College, a Pupil Referral Unit with 150 pupil capacity, became operational at Nile Street in summer 2019, and the final construction stage of the residential element was completed in February 2020. The timing of completion has meant that sales have been impacted by the pandemic and 86 of the 175 residential units are currently sold.

24.10 In April 2017 Cabinet considered and approved proposals to replace the Britannia Leisure Centre, deliver a new secondary school (City of London Academy Shoreditch Park) and at least 80 affordable homes paid for in part by the development of 400 private for sale housing units. The Council has prioritised the up front delivery of the social infrastructure (phase one) and affordable housing (phase 2a) with the majority of the private for sale housing (388 of the 400 homes) being delivered as part of Phase 2b of the project.

24.11 Construction on phase one of the project, the new leisure centre and school, started on site in January 2019 and is due to complete this coming summer. The project remains within budget with no significant delays despite the impact the pandemic has had on the construction industry more generally.

24.12 Phase 2a, consisting of 81 affordable homes and 12 private for sale housing units is due to start on site in July 2021 subject to the Secretary of State granting S77 approval for the use of part of Shoreditch Park Primary School's playground - for which we have put forward a substantial package of compensation including the provision of additional playspace to compensate for the majority of playspace lost, the upgrading of all other playspace, investing in bringing a disused building back into use and a new early years centre at the base of the residential units.

24.13 The majority of the private for sale units (388) form phase 2b of the project. This phase received outline planning permission as part of the Britannia Masterplan and is now progressing to submission of a detailed planning application as part of reserved matters.

24.14 All three mixed-use schemes are funded primarily by sale of on-site private residential accommodation, and therein lies a significant element of risk. Brexit, followed by Covid has destabilised the housing market and there is considerable work continuing to monitor and manage the risk that has been brought to bear in this new era. There are separate project boards and governance processes for Britannia and Nile/Tiger, in terms of ongoing project management and the relevant financial scrutiny.

24.15 The Council wishes to sustain its investment in its housing assets by ensuring all homes are maintained to a high standard, through a wide range of works and cyclical programmes that ensure compliance with legal and safety regulations and that protect against, and prevent deterioration of its buildings.

24.16 In addition to investment in existing properties, the Council continues to progress three extensive regeneration programmes within the borough: Woodberry Down, the Estate Regeneration Programme (ERP), and the Housing Supply Programme (HSP). The financial plans for the existing HRA stock and the regeneration programmes are presented and monitored separately to ensure the viability of each of the asset investments. The numbers presented here include regeneration schemes which are at tender stage, and which can only go ahead where it is financially viable to do so.

24.17 In 2019/20 we acquired our first tranche of properties via our wholly owned subsidiaries. Hackney PRS Housing Limited has acquired 25 properties developed as part of the Council's regeneration programme. A combination of £16m equity/loan was issued to the company to acquire the units at Hoxton Press, Colville Estate. In 2020/21 Hackney HLR Housing Limited purchased 8 properties at Bridge House from the Council, at a cost of £3.4m, with all of the units occupied by Hackney residents paying a living rent.

Capital Programme

Non-Housing	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**Total**
	Forecast	**Estimate**	**Estimate**	**Estimate**	
	£m	**£m**	**£m**	**£m**	**£m**
Chief Executive's (Libs, museums)	1.3	1.8	2.6	1.4	7.1
Children, Adults & Community Services	7.2	15.9	16.1	10.8	50.0
Neighbourhoods and Housing	59.2	32.5	64.6	88.1	244.4
Finance/Corp Resources – commercial schemes	12.9	15.3	18.4	2.6	49.2
Finance/Corp Resources - other	31.3	30.0	21.0	11.5	93.8
Non-Housing budget	**111.9**	**95.5**	**122.7**	**114.3**	**444.5**
Housing					
Asset Management Plan	47.1	64.2	63.4	65.2	239.9
Regeneration	40.9	44.7	91.3	112.3	289.1
Housing Supply Programme	15.4	18.6	71.1	69.9	175.2
GF schemes/Private sector hsg	4.4	13.4	13.5	13.5	44.8
Housing budget	**107.9**	**140.9**	**239.3**	**260.9**	**749.0**
Total Annual Capital Budgets	**219.8**	**236.4**	**362.1**	**375.2**	**1193.5**

*Regeneration, Housing Supply Programme and Private Sector Housing form part of Chief Executive's directorate for 2021/22 onwards, but are presented within Housing above to delineate financing arrangements

Resources

24.18 The Capital Programme is funded through various sources including;

1) Specific & non-specific government grants
2) Capital receipts
3) Council Reserves
4) Revenue contributions to capital
5) Other one off funding sources e.g. S106 developer contributions
6) Borrowing

24.19 The indicative resources available for each year of the Capital Programme is set out below. It is important to note that these are based upon the work done as part of the development of the Capital Strategy, taking account of the progression of various negotiations with Developers and other External Parties. They are therefore best estimates using the information currently available and will be subject to change. Any change in resources available will result in changes to the associated expenditure and/or financing plans in order that a net balanced position for the capital budget is maintained.

Non - Housing Financing		**20/21**	**21/22**	**22/23**	**23/24**	**Total**
		£m	**£m**	**£m**	**£m**	
Medium-term borrowing		53.1	33.3	67.3	83.2	236.9
Capital Receipts – other		29.8	30.0	25.0	8.0	92.8
Reserves/Discretionary		0.0	6.0	12.1	11.6	29.7
Grants		19.4	8.7	1.5	6.2	35.8
Revenue contribution		3.9	2.9	2.9	2.9	12.5
S106/CIL		5.7	9.7	5.2	2.5	23.1
Borrowing		0.0	5.0	8.7	0.0	13.7
TOTAL		**111.9**	**95.5**	**122.7**	**114.3**	**444.5**

24.20 The detailed resource position reflects the following:

- The "medium-term borrowing" line reflects expenditure in the programme on the mixed-use schemes, primarily Britannia, that is funded by sales of dwellings, and which in large part will happen post-construction. Income from capital receipts occurs after construction, meaning there will be a short to medium term borrowing requirement. Further, where actual sales are lower than anticipated, and/or where they are later than expected, there may then become a funding that needs to be financed by another means.

- The Grants & Contributions incorporates resources announced by the government for 2021/22 and the figure for the following two years captures our forecast based on initial agreements with various governmental Departments. These largely relate to the education programme where we are expecting some limited, albeit not sufficient, Government support for the delivery of additional school places and ongoing maintenance.

24.21 The resources available to finance the Housing capital programme are summarised in the table below.

Housing Financing	**20/21**	**21/22**	**22/23**	**23/24**	**Total**
	£m	**£m**	**£m**	**£m**	
Medium-term borrowing		8.1	146.0	129.9	284.0
Capital Receipts	60.1	38.3	4.8	42.4	145.5
Grants	3.8	27.8	19.4	16.6	67.7

Revenue contribution	44.0	57.6	60.5	63.4	225.5
Borrowing		9.0	8.6	8.7	26.3
Total	**107.9**	**140.9**	**239.3**	**260.9**	**749.0**

24.22 The detailed resource position reflects the following:

- The medium-term borrowing line denotes the cash flow requirement of the regeneration programme, which will be recouped via capital receipts from private for sale dwellings from various current and future schemes including Woodberry Down and Colville Estate. These figures are in line with those included in the approved HRA business plan.

- The revenue contribution includes the Major Repairs Reserve (MRR), which is the depreciation calculation on the housing stock recycled to create resources for re-investment. The amount of MRR for 2021/22 is £44m.

- The remainder of the Revenue Contributions include the Revenue Contributions to Capital Outlay (RCCO) and leaseholder contributions.

- The Capital Receipts line incorporates the Council's projected share of brought forward Right to Buy disposals. We anticipate additional RTB receipts for the year ahead, however for prudential measures these have not been included as it is difficult to estimate the number of RTB sales in future years.

- With the allocation of all expected and known resources, the Housing Capital Plan is projecting a significant and rising borrowing requirement through this three year programme. A surplus in capital receipts is anticipated for 2023/24, which will reverse the trend and repay borrowing, however long term affordability of the Housing programme remains the focus.

24.23 The Council continues to budget for Revenue Contributions to Capital outlay (RCCOs) in 2021/22, amounting to £2.8m within the General Fund and £10.7m in the Housing Revenue Account. This level of contribution, particularly in the General Fund may, not be feasible in future years as the Council continues to deal with significant reductions in revenue funding from the government.

Financial exposure within the programme

24.24 As has been alluded to above, the key risk to financing Hackney's capital programme for this medium-term window is capital expenditure that is funded by private for sale dwellings. The combined impact of the short-term borrowing requirement of Britannia and regenerations schemes as planned exceeds £0.5bn across 2020/21 to 2023/24. Whilst we expect to generate capital receipts in the years directly after 2023/24 to pay for the expenditure, a funding gap is realised where receipts are not recouped at values incorporated into planning. The risk of this has increased with the advent of Covid-19 which has destabilised the housing market.

24.25 This risk is being closely monitored through the Housing Delivery Board and the Britannia Development Board. Regeneration schemes must demonstrate viability (which would take into account risk around sales) before being permitted to commence. Mitigation plans are being developed in respect of the sales risks of the private units being developed as part of the Britannia scheme.

24.26 Outside of this risk, it should also be noted that on the non-housing side, and excluding Britannia, the commitments within the capital programme as laid out exhaust us of available capital receipts (£100m), and there are currently no significant anticipated future receipts. This means borrowing will become a bigger constituent part of funding our capital programme in the years after this medium-term period.

24.27 Appropriate profiling of our capital budgets will become ever more important, where we need to borrow externally and incur a cost in doing so. Members have been taken through this by officers at Audit Committee, and targets for outturns relative to profiled annual budgets are being agreed, as a means to track and monitor accuracy of profiling.

Capital Overall Summary

24.28 This report sets out an indicative three year programme which is designed to deliver an ambitious Capital plan in order that the objectives set out earlier are met. It also details the impact of reduced supported funding for the Capital schemes and that the Council will need to borrow in order to ensure it has sufficient resources to deliver the ambitious plan. Having a longer-term outlook of the Capital programme, as presented here, will allow for better financial management of the resources as this captures requirements over the life of the projects which can then effectively be fed into the Council's Treasury Management. A council-wide capital management review, chaired by the Group Director of Finance and Capital Resources will, amongst wider objectives, ensure that the procedures in place are fit for purpose in this regard.

24.29 Due consideration continues to be given, through the governance structures already in place, to how the UK's changing economic position is impacting on key parts of the capital programme as it currently stands. Adjustments to plans will be made where it is deemed in the best interests of the borough's long term financial sustainability.

25.0 PRUDENTIAL CODE

Background

25.1 The Prudential Code for Capital Finance in Local Authorities (the Code) was originally implemented in 2004/05 and the latest version is 2018. This is a professional Code that sets out a framework for self-regulation of capital spending, in effect allowing authorities to invest in capital projects, through borrowing, without any imposed limit as long as they are affordable, prudent and sustainable.

25.2 Hackney's capital investment is limited by the Code's requirement that borrowing is sustainable, affordable and prudent and the overarching requirement that local authorities set balanced revenue budgets. The Government also has reserve powers to restrict aggregate local authority borrowing for national economic reasons and to intervene to restrict individual local authority's borrowing.

25.3 Under section 3(1) of the Local Government Act 2003 Local Authorities are required to maintain the prudential indicator for the authorised limit for external debt for the current year. Regulation around local authority borrowing and capital investment is subject to change by the Government at any point and dependent on macroeconomic circumstances.

25.4 The Prudential Code requires the Council to agree and monitor a minimum number of prudential indicators which for housing authorities are separated into HRA and non-HRA elements. These indicators are mandatory but can be supplemented with local indicators if this aids interpretation.

25.5 The indicators from both Codes are purely for internal use by the Council because any comparisons with other Councils would not be meaningful. However, comparing the level of the indicators over time does add value to the capital and treasury management process. The codes require projections for the next three financial years up to 2023/24.

Capital Expenditure and the Capital Financing Requirement

25.6 The Prudential Code requires local authorities to calculate the Capital Financing Requirement (CFR). The CFR represents the Council's underlying need to borrow for a capital purpose. Movement between years will be influenced by in-year capital expenditure and provision for repayment of debt.

25.7 The Prudential Code allows local authorities to undertake unsupported borrowing so they can deliver projects such as spend to save schemes (which may have previously been limited by the credit approval system) or take decisions to direct resources from revenue to capital to enable service enhancements. However before using unsupported borrowing the authority must be satisfied that the additional borrowing costs can be afforded within future year's revenue budgets, for both General Fund and HRA.

25.8 The Council anticipates the potential need to undertake unsupported borrowing to fund both its Housing and non-Housing capital programme in this medium-term window, given the nature of the programme set out, particularly in respect of the provision of new leisure facilities, investment in schools, ongoing maintenance programmes and housing projects that will require forward funding before realisation of capital receipts.

25.9 The capital expenditure set out in the tables below is based on the level of capital resources that can be realistically estimated over the next three years. Decisions on the actual financing of capital expenditure are taken each year during the year-end closure of accounts process on the basis of all the relevant information available at that time. It is therefore possible that the balance of the resources used in a particular year, for example, between capital receipts and Major Repairs Reserve (MRR), may change, although the totals over the three year period are expected to remain broadly the same.

25.11 Following Royal Assent of the Localism Act 2011, HRA Self Financing started in April 2012. The subsidy system was replaced and the Council now retains all rent and service charge income in return for it delivering housing services to tenants and taking on investment in its housing assets based on a 30 year business plan. A "once and for all settlement" between Government and local authorities, in the form of a "one off" reallocation of debt was also undertaken. Government may reopen the settlement in very limited circumstances for major policy changes making a "substantial and material impact on the landlord business". For the Council, this equated to a reduction in debt and DCLG settled this by repaying a proportion of each of the Council's PWLB loans. As a result Hackney was debt free until 2019/20.

25.12 The International Financial Reporting Standards (IFRS) require the Council to review all operational leases to ensure that they are correctly classified as operational leases in accordance with strict criteria. Reclassification of a lease as a finance lease means that the assets are recognised on the Council's balance sheet and matching long term liabilities are also recognised. The CFR figures within this report have been adjusted to reflect these reclassifications.

25.13 IFRS also required PFI schemes to be brought onto the balance sheet, however, the Council's PFI scheme was already on the balance sheet and included in the calculation of its CFR, and is shown in Table 2 as "Other long term liabilities".

25.14 Tables 1 and 2 summarise the proposed level of capital expenditure, the means of funding that expenditure and projections of the CFR over the next three years. The Council is asked to approve these projections.

Table 1: Capital Expenditure and Financing 2020/21 to 2023/24

	2020/21 Forecast £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Capital Programme:				
Non-Housing	111.9	95.5	122.7	114.3
Housing	107.9	140.9	239.3	260.9
Total spend	**219.8**	**236.4**	**362.1**	**375.2**
Financed by:				
Capital Receipts	89.9	77.3	38.4	59.0
Government Grants	23.2	36.5	20.9	22.8
Reserves	0.0	6.0	12.1	11.6

Revenue	47.9	60.5	63.4	66.3
S106/CIL	5.7	9.7	5.2	2.5
Borrowing	53.1	46.4	222.0	213.0
Leasing and PFI				
Total Financing	**219.8**	**236.4**	**362.1**	**375.2**

Table 2: Capital Financing Requirement and External Debt 2020/21 to 2023/24

	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Capital Financing Requirement At Year End					
CFR – Non Housing	383	379	342	378	428
CFR – Housing	110	110	127	282	421
Total CFR	**493**	**489**	**469**	**660**	**749**
Net CFR movement		-4	-20	191	189
External Debt					
Borrowing	126	100	120	275	413
Other long term liabilities	12	12	11	10	9
Total Debt 31 March	**138**	**112**	**131**	**285**	**422**

Limits to Borrowing Activity

25.15 The first key control over the Council's activity is to ensure that over the medium term debt is only for a capital purpose. The Council needs to ensure that external debt (i.e. borrowing for any purpose, plus other long-term liabilities) does not, except in the short term, exceed the total of the capital financing requirement in the previous year plus the estimates of any increase in the capital financing requirement at the end of the current and next two financial years. This allows some flexibility for limited early borrowing for future years.

Table 3: Gross Debt Compared to Capital Financing Requirement

	2020/21 Approved £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Gross Debt	138	112	131	285	422
CFR	493	489	469	660	749

25.16 The Group Director, Finance Corporate Resources confirms that the Council will comply with the requirement to keep gross debt below the Capital Financing Requirement over the next 3 years. The estimated movement in gross debt and the CFR is set out in Table 3 and takes into account current commitments, existing plans, and the proposals in the budget report. The increase in gross debt over the period reflects both the anticipated increase in the CFR and prudent assumptions on the future movement of revenue reserves and balances.

25.17 A further two Prudential Indicators assist in exercising control of the overall level of borrowing which supports capital investment. These are:

- **Authorised limit** – This represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, whilst not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under Section 3 (1) of the Local Government Act 2003.
- **Operational boundary** – This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached.

25.18 The authorised limits and operational boundary need to be set at a level which will allow for borrowing to support the delivery of the capital programme as set out earlier in this report. Increases in the HRA CFR arise from HRA Unsupported Borrowing undertaken to support the HRA Business Plan. The increases in the General Fund CFR arise from GF Unsupported Borrowing undertaken to fund the capital programme as reserves and cash balances held by the Council reduce, and shorter term cashflowing of our mixed-use schemes, where there is a lag in the receiving of capital receipts from residential sales.

25.19 The Council is asked to approve the following Authorised and Operational Limits, which have been calculated in the case of the Operational Limit on the basis of anticipated cash flow and the potential increase in the Capital Financing Requirement, and in the case of the Authorised Limit allowing a margin for unlikely (but possible) scenarios affecting the timing of grant receipts, Council Tax collection and capital receipts:

Authorised Limit and Operational Boundary

	2020/21 Approved £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Authorised limit for external debt				
Borrowing	582	519	710	899
Other long term liabilities	18	18	17	16
Total	**600**	**536**	**727**	**914**
Operational boundary for external debt				
Borrowing	552	489	680	869
Other long term liabilities	18	18	17	16
Total	**570**	**507**	**697**	**915**

Affordability Prudential Indicators

25.20 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the overall Council finances. The Council is asked to approve the following indicators:

- **Actual and Estimates of the ratio of financing costs to net revenue stream** – This indicator identifies the trend in the cost of capital (borrowing costs net of investment income) against the net revenue stream, separately for housing and non-housing services. The higher ratio for the HRA reflects the high depreciation charges which are included as financing costs in the HRA and represent a significant proportion of the HRA revenue budget. The increase in the Non-HRA indicator is largely the result of the requirement to replace internal borrowing with external as cash reserves reduce in future years. The estimates of financing costs allow for the level of borrowing set out in the capital expenditure plans.

Ratio of financing costs to net revenue stream

Ratio of Financing Costs to Net Revenue Stream	2020/21 Approved	2020/21 Revised	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Non-HRA	0.9%	1.1%	1.2%	1.2%	1.3%
HRA	34.7%	31.5%	31.0%	31.3%	32.1%

MRP Statement

25.21 The Local Authorities (Capital Finance and Accounting) England)(Amendment) Regulations 2018 place a duty on local authorities to put aside resources to repay debt that has been used to finance capital expenditure in later years. The amount charged to the revenue budget for the repayment of debt is known as the Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Statutory Guidance on the Minimum Revenue Provision issued by the MHCLG in February 2018 made some key changes to the way MRP is calculated. Highlights include:

- disallowing a nil MRP charge to a revenue account, except where the CFR is nil or negative or previous years' overpayment(s) are being used to offset the current year's charge
- clarity that the MRP charge to a revenue cannot be negative
- disallowing the charge for MRP in respect of investment properties to be linked to depreciation, since these assets are not depreciated
- confirmation that a change in MRP policy cannot be applied retrospectively and therefore cannot give rise to an 'overpayment' in relation to previous years
- introducing a maximum useful life of 50 years for MRP purposes, except where a longer life is supported by an opinion from a suitably qualified professional adviser or by the term of a lease or PFI contract

- requirement to separately disclose in-year and cumulative overpayments (ie amounts in excess of the prudent minimum) that can be used to reduce the charge in later years.

25.23 The broad aim of the MHCLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits. The Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP, although it does not preclude other prudent methods.

25.24 The four MRP options available are:
- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

25.25 The MRP Statement must be submitted to Council before the start of the relevant financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

25.26 The following statement outlines Hackney's MRP policy and incorporates options recommended in the Guidance:

- For capital expenditure incurred before 1st April 2008, MRP will be determined by charging the expenditure over the average useful life of the relevant assets.
- For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over a period which reflects the economic benefit to the council.
- For assets acquired by finance leases or Private Finance Initiative (PFI), MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- No MRP will be charged in respect of assets held within the Housing Revenue Account
- MRP in respect of leases and Private Finance Initiative schemes brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.

APPENDICES

The following are appended to this report

Legal framework governing budget decisions	Appendix 1
Gross and Net budgets by Directorate 2021/22	Appendix 2

Treasury Management Strategy 2021/22 to 2023/24	Appendix 3
The Council Tax regime	Appendix 4
The Council Tax base 2021/22	Appendix 5
Medium Term Financial Forecast 2021/22 to 2023/24	Appendix 6
Proposed Capital Schedules 2021/22 to 2023/24	Appendix 7
Proposed Fees and Charges 2021/22	Appendix 8
Referendum Calculation 2021/22	Appendix 9
Capital Strategy 2021/22	Appendix 10
Financial Management Code Position Statement	Appendix 11

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