



Scrutiny Panel

Report of the Budget Scrutiny Task & Finish Panel on the Council Budget 2026/27

**Summary of outcomes from the Budget
Scrutiny meetings**

2 February 2026

Overview and Scrutiny

FOREWORD

As Chair of the Scrutiny Panel I'm pleased to present the first report of the dedicated **Budget Scrutiny Task and Finish Panel** which we created to scrutinise the Council's budget proposals for the 2026/27 budget.

Effective backbench Scrutiny of the Executive is a cornerstone of local democracy. Budget Scrutiny is one of the most significant functions of Scrutiny and in Hackney we have worked to create a process which is both agile and effective and have subjected that process to ongoing learning and review.

We created the Budget Scrutiny Task & Finish Panel building on the experience gained from our previous budget scrutiny work which took place within the individual Commissions as well as at the Scrutiny Panel. The process was also informed by feedback from the Centre for Governance and Scrutiny Review as well as the Corporate Peer Review. The task and finish format created a dedicated cross party group of backbench councillors who attended sessions dealing with all policy areas and were able to build up knowledge and experience of the process as well as having an overview of the Council's financial challenges.

The challenge facing the Panel in its first year was a considerable one. In common with many local authorities Hackney was facing a significant ongoing budget gap. When we started there was a projected cumulative budget gap of £30m by 28/29, even after £21m Transformation savings and use of reserves was applied. This was putting the Council's ability to deliver services to our most vulnerable residents at threat. I am pleased that the 3 year Financial Settlement has alleviated these immediate pressures and means a balanced budget has been delivered without the need to use Hackney's reserves.

The Task & Finish Panel interrogated the drivers of increased need for vital services supporting residents facing homelessness and those requiring support from Children's and Adult social care. We urge the executive to focus on early intervention and providing where necessary compassionate, publicly provided and locally based support for those needing these services. We also provided meticulous detailed feedback on savings proposals focussing on the impact on Hackney's vulnerable and marginalised residents.

A huge thanks to all members of the Task & Finish Panel who gave their dedicated time and expertise to the process: Cllrs Binnie-Lubbock, Gooch, Lucas, Ogundemuren, Potter, Troughton and Turbet-Delof. This team, which was drawn from across the Scrutiny Commissions, was a mix of experienced and more newly elected councillors.

Further thanks to Naeem Ahmed (Group Director Finance and Corporate Resources), Deirdre Worrall (Director of Financial Management) and their teams who presented us with timely information and were continuously helpful and responsive

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Thanks also goes to the Mayor of Hackney Caroline Woodley and Cllr Rob Chapman Lead Member for Finance who attended all sessions as well as Hackney's Cabinet Members for their help and contributions.

We could not have completed this work without the help and support of Hackney's brilliant Scrutiny Team of Tracey Anderson, Jarlath O'Connell, Martin Bradford and Craig Player who were tireless and consummately professional in their dedication to the task.

I commend this report to the Mayor and Cabinet.

Cllr Margaret Gordon, Chair of Scrutiny Panel 2025/26

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1. BUDGET SCRUTINY for Council Budget 2026/27

1.1 Context

1.1.1 Scrutiny Panel (SP) has overall responsibility for scrutinising the Council's budget. Scrutiny of the Council's finances is increasingly important for a number of reasons, especially as a means of reality checking budgets and financial plans, ensuring there are clear links between budget setting and corporate priorities, and assessing the value for money currently provided by services. Separately the Audit Committee has another important but distinct role here, dealing with governance and risk management policies and procedures.

1.1.2 Scrutiny Panel has a role in both budget monitoring and in budget scrutiny. For the former, at each meeting Scrutiny Panel receives Quarterly Financial Updates where we consider the most recent *Overall Financial Position (OFP)* and the *Capital Programme and Housing Revenue Account* reports as they go to Cabinet. For the latter, we created this year a dedicated *Budget Scrutiny Task and Finish Panel* to hold in-depth, private discussions and to provide some 'critical friend challenge' to the Council's budget savings proposals. These were not held in public due to the confidential nature of the financial information being presented and discussed and the sensitivity of early drafts of Cabinet proposals, which Scrutiny Members were then able to review and challenge.

1.2 A New Process for Budget Scrutiny

1.2.1 Budget Scrutiny has been organised in various ways over the recent years. Most recently, Scrutiny Panel delegated the bulk of the work to the four themed Scrutiny Commissions who organised additional meetings to complete the task. Cross cutting issues were dealt with by SP itself. This meant that a wide cohort of Members were involved. This past year however we tried a different and more focused approach which was to establish a dedicated *Budget Scrutiny Task & Finish Panel*.

1.2.2 There's a distinction to be drawn here between 'budget monitoring' and 'budget scrutiny', the former ensures day-to-day adherence to the budget while the latter provides a broader evaluative framework to ensure alignment to strategic priorities and accountability. Both processes are complementary but serve different roles in financial governance.

1.2.3 The purpose of the Task & Finish Panel is to focus on *budget scrutiny* however the urgent and immediate job of the Panel was to take on the task of scrutinising cost savings proposals the administration considers essential for the 26/27 budget as they emerged during the summer of 2025.

1.2.4 A driver for us in refreshing the budget scrutiny process was the report of the *Independent Review of the Scrutiny Function¹ in Hackney* carried out by the Centre for Governance and Scrutiny in summer 2024. It made a specific recommendation that aimed to strengthen budget scrutiny in Hackney namely

¹ [Scrutiny Improvement Review Report on LB Hackney by CfGS - Oct '24](#)

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Recommendation 3

We commend the good and early involvement of scrutiny which Hackney has developed to support the MTFP. We recommend that this could be strengthened further by the Scrutiny Panel also scrutinising the essential building blocks of these plans, such as financial/economic assumptions, risks and pressures, horizon scanning, savings and transformation plans, community impact etc

and in response a plan was developed to have a dedicated Budget Scrutiny Task & Finish Panel this year. The ‘Budget Scrutiny Task and Finish Panel’ **Terms of Reference** agreed in June by SP is attached at Appendix 1. Our ability to consult with the community was limited due to the confidential nature of the Task and Finish Group but the Members represent residents in wards and community impact was fundamental to consideration of each proposal.

1.2.5 The Task & Finish Panel’s report, detailing our findings and suggestions, is taken on board by Cabinet as part of the budget setting process and appended to the main Council Budget report, which is agreed at Cabinet and Full Council in late Feb/early March each year.

1.3 Timeline for Budget Scrutiny Task & Finish Panel

1.3.1 The timeline for the work was as follows:

12 June ‘25	Scrutiny Panel establishes the <i>Budget Scrutiny Task and Finish Panel</i> and agrees terms of reference.
June-Nov	Budget Scrutiny Task and Finish Panel meets 6 times to consider the savings proposals as they emerge (<i>see schedule below</i>)
Sept	Panel’s comments on the first round of proposals taken to Cabinet
Nov-Dec	Report drafting session
27 Jan ‘26	Scrutiny Panel signs off the Task and Finish Panel’s report to Cabinet
2nd Feb	Scrutiny Panel submits it to Mayor and Cabinet who prepare a response
2 March 4 March	Panel’s report and Cabinet Response agreed at the budget setting meetings of Cabinet and Full Council

1.3.2 The Panel met on these dates and considered proposals in the following areas:

Proposals from	Panel meeting date
Adults, Health and Integration; Finance and Corporate Resources; Children and Education; Chief Executives;	25 June
Climate Homes and Economy - General Fund; Climate Homes and Economy - HRA.	30 June
Finance and Corporate Resources; Children and Education; Climate Homes	16 July

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and Economy - General Fund; Climate Homes and Economy - HRA	
Chief Executive's Directorate (Transformation - Target Operating Model)	29 July
Children and Education Directorate (Demand Management & Prevention Proposals)	18 Sept
General Fund - Medium Term Financial Plan Development; Housing Revenue Account Business Development Plan	3 Nov
To agree comments arising from 18 Sept and 3 Nov and to agree overarching comments from the process and outline for the final report.	20 Nov

1.4 Criteria for Savings Proposals

1.4.1 Scrutiny of budget savings proposals is most effective when there are clear criteria for the selection of what goes forward. This ensures that the Task & Finish Panel is adding value to the budget-setting process and using its resources effectively and constructively. The criteria below were agreed therefore as a guide for prioritising and selecting proposals for Panel.

Proposals are deemed suitable for scrutiny when one or more of the following criteria are met:

- a) The proposal relates to an area of high local importance and/or concern
- b) The proposal is relevant to all or large parts of the borough
- c) The proposal involves a reduction in service and/or significant staffing reductions/changes
- d) The proposal requires approval through the key decision process.

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2. MEDIUM TERM FINANCIAL PLAN DEVELOPMENT

2.1 General Fund Medium Term Financial Plan Development (3 Nov)

2.1.1 In its final session the Panel moved on from considering specific proposals by Directorate to looking at the big picture and the Medium Term Financial Plan development. The following was noted:

<i>Issue</i>	<i>Concerns/Suggestions</i>
General position	<p>Panel Members noted that this would be the second year that the Council has used its reserves to balance the budget following further overspend increases. £10m of non-recurrent reserves have been used to balance the budget in 2025/26. The projected budget gap is £51m (including assumed transformation savings) across the 3 years of the MTFP (2026/27 - 2028/29). Panel Members noted that if the Council was to do nothing and continued to overspend at the current rate, reserves will be exhausted within 1-2 years, or faster, if spending continues to grow. We agree with the Section 151 Officer that the urgency of this needs to take priority as the alternative would be that decisions are taken away from Hackney's elected politicians and residents. We would also add that there needs to be a clear plan for informing residents about the explicit consequences of going into Exceptional Financial Support (EFS) - what are the statutory implications and what exactly would happen in what order e.g. impact on statutory minimum services, firesales of assets etc. We would welcome sight of a communications plan for residents.</p> <p>While understanding the urgency of the situation we ask for clarity on what steps are being taken to have a joint action plan with neighbouring councils or statistical neighbours who are in a similar position. We ask if the Council could be better coordinated on what the plan will be over and above just advocacy and lobbying with our neighbours. It's vital that the Panel should be kept up to date with the developments in this situation in line with our ongoing scrutiny function and have access to the most up to date figures particularly should the situation deteriorate.</p>

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<p>The ‘Provisional Settlement’ and planning around the new ‘Fair Funding’ allocation</p>	<p>Panel Members noted and Section 151 Officer stressed that because of the uncertainties regarding the final form of the new funding system, the estimates used in the MTFP are essentially illustrative only. The Council will have to wait until the <i>2026-27 Provisional Settlement</i> is published in the third week of December 2025 before finding out the final external funding allocation. Panel Members are concerned about the impact of the <i>Fair Funding Review</i> on Hackney into the 2026-27 reserves calculation, along with the estimated reserves requirement needed to fund the 2026-27 budget gap, the Council will only have c. £9.2m of earmarked reserves at the start of the new financial year. That could potentially require the Council to ask for <i>Exceptional Financial Support (EFS)</i>, something which Panel Members agree should be avoided. We noted that Hackney has had experience of loss of financial control 25 years ago and the impact on vulnerable residents had been severe.</p>
<p>Reviewing the forecasting for Growth in the MTFP model</p>	<p>Panel Members noted the Section 151 Officer’s concern that there is a need to focus on robust cost reduction measures to avoid growth being factored into services, as a significant amount of the budget gap is attributable to growth assumptions. Growth decisions are driven by a focus on high demand areas and delivering priorities in the Strategic Plan. There is a process for Financial Risk and Scenario Planning and we noted the calculations for net growth in the 25/26 budget were for example: £20.9m for ASC, £1.4m for Children’s Social Care and £21.3m for Homelessness. The work of IMPOWER to help the Council reduce growth assumptions was noted, an initiative that should deliver £7.4m savings in the first year. It is important that the increases in growth budgets are addressed. Panel Members welcome the focus on this but noted that the growth assumptions have been surpassed every year.</p> <p>Panel Members would welcome more frequent updates on changes in the growth assumptions and further information to better understand these figures. We appreciate that the services are ambitious about delivering on their savings proposals despite them being challenging. The focus now needs to be on whether services have the requisite resources, knowledge and management processes in place to deliver, and whether they are confident that the savings are the correct ones, given that most services will already have been through previous rounds of cost savings proposals.</p>
<p>Further control on delivery of savings</p>	<p>A key challenge here is relying on the assumption that agreed savings are delivered within set timeframes, noting that slippage in delivery often occurs, such as due to longer consultation periods for restructures. Control</p>

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	<p>on delivery of savings has two dimensions: maximising savings to the upper end of the stretch targets and bringing savings proposals forward as soon as a judgement can be made that they are deliverable.</p> <p>In this regard, it was outlined to us some of the potential measures to improve the financial position and protect reserves which need to be considered urgently:</p> <p><i>The measures being considered are: -</i></p> <ul style="list-style-type: none"> ● <i>Review wider savings and transformation programmes to identify if savings can be delivered earlier to reduce the pressures.</i> ● <i>Expanding savings from transformation (stretched targets).</i> ● <i>Partly reduce £12m growth assumption in 26/27 (£32m across the MTFP period). The IMPOWER initiative is forecast to deliver a minimum of £7.4m which could rise to £13.1m.</i> ● <i>The budget gap forecast assumes £1m each year (£3m across the MTFP) of increased borrowing. A smaller capital programme will reduce this requirement.</i> ● <i>Strategic review of agency placements (a 200 FTE reduction at a £50k average would have a £10m Full Year Effect).</i> ● <i>Ensure the scale of the Transformation investment is strategically prioritised to deliver the maximum return on investment (ROI), whilst completing key change requirements.</i> ● <i>Scale up planned capital disposals.”</i> <p>The Scrutiny Panel will be asking for updates on these throughout the coming months and and for assurances that financial monitoring of non-delivery of savings is sufficiently robust. Panel Members would like regular updates on, for example, what actions are being taken when targets are repeatedly missed. In this regard, Panel Members welcome the initiatives such as the temporary Financial Improvement Boards which have been put in place to oversee delivery of savings in HRA and Adult Services.</p>
<p>Re-profiling of savings proposals which are not on schedule</p>	<p>Transformation savings are expected to narrow the budget gap by £14m in 26/27 and then by £21m in both 27/28 and 28/29. The significance of these cannot be overstated as the gaps will rise markedly over the period if the Transformation savings identified are not delivered. The budget gap also assumes the savings plans approved in previous years (and impacting over the planning period) will be fully delivered. This remains the key worry and the need to re-profile savings proposals which are not being met will undermine the plan to</p>

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	stabilise the budget. We would add that account also needs to be taken of decommissioning costs related to saving proposals and costs associated with decommissioning facilities.
Transparency around business cases	The Section 151 Officer reassured Panel Members that the Council has a good track record overall of delivering savings, and applying a “probability discount” (as a Member suggested) would further increase the budget gap. He stressed the importance of robust business cases and due consideration of consultation and lead times to ensure savings proposals are realistic. The approach is commended but we would add that, the greater the transparency around business cases, the easier it would be for relevant O&S Commissions to check the assumptions and to support monitoring of their delivery. This would also contribute to earlier identification of what might later become barriers to delivery. We would add that there needs to be more transparency in relation to costs associated with redundancies in the savings figures.
Investment needed to deliver certain savings proposals - ‘spend to save’	We looked at a very wide range of savings proposals and in a few instances it became clear that some investment will also be required to deliver some proposals i.e. taking a spend to save approach. We have received very little detail on these and would welcome clarification on the total investment needed to achieve these savings as soon as possible.

2.2 Housing Revenue Account Business Plan Development (3 Nov)

<i>Issue</i>	<i>Concerns/Suggestions</i>
Resources gap - investment in existing stock	<p>Panel Members are concerned about the risks related to the volume of repairs and costs continuing to rise - particularly with the additional requirements of ‘Awaab’s Law’ - which is contributing to the significant gap in resources needed to invest in HRA dwellings.</p> <p>We recognise that there is a need to balance the need to invest, the resources available, and the capacity to deliver but, whilst the Social Housing Rent Settlement and the implementation of social rent convergence have the potential to reduce the budget gap over the longer term, it is not entirely clear to us what options are being considered to help address immediate pressures. Furthermore there was a general concern for residents who</p>

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	do not get timely repairs and the impact on their physical and mental health and the knock-on deterioration of the stock condition. It also remains unclear how the Housing Improvement Plan aligns with the budget setting process and is contributing to reducing the gap - which is concerning given the scale and pace of change. Whilst Panel Members understand that the programme is not primarily a cost saving exercise, the intended efficiencies should be contributing to financial savings and there needs to be a more explicit link between financial plans and transformational activities.
Future capacity - housing delivery	<p>Panel Members commend the continued prioritisation given to building new social homes and the delivery over the past few years, despite the significant challenges posed by Brexit, Covid-19, new building regulations and inflationary pressures.</p> <p>Whilst we note that the future financial capacity for housing delivery has improved after a challenging period for the wider economy, construction sector and property market, we do have ongoing reservations about the ability of the current HRA model to achieve the level of social housing needed in the borough.</p> <p>There is scope for the Council to deliver many more social homes in the years to come, but we remain concerned that this will not be possible without the right policy and funding support from central government and, ultimately, a fairer and more sustainable HRA model.</p>

2.3 General Comments from 3rd Nov

<i>Issue</i>	<i>Concerns/Suggestions</i>
EIAs	Equality Impact Assessments are an ongoing duty for the Council and so are required for all the proposals and of course impacts of cost savings proposals will vary considerably. A key factor to be considered here is the 'human cost' risks associated with finding savings in high-demand areas. EIAs need to be considered not just on the council or the borough but also on the wider public ecosystem - whether that be health, housing or

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<i>Issue</i>	<i>Concerns/Suggestions</i>
	<p>community safety. Decisions taken by the Council will impact on partners and thus on relationships with partners, perhaps sometimes straining relations, and they may be acutely felt by VCS organisations who are often on the front line when vulnerable residents are affected.</p> <p>We are disappointed that Equality Impact Assessments had not been completed for many of the proposals which came to us and we will, as a priority, want to review these as they emerge. We have highlighted this in the past in our previous budget scrutiny work and we would like to see this improved in the next round of budget scrutiny.</p>

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3. SUMMARY OF COMMENTS ON THE SAVINGS PROPOSALS

This chapter summarises our key comments and any concerns raised when the proposals were presented. While we acknowledge the scale of the financial challenge facing the Council, and the difficult decisions that need to be made, we would re-iterate what we stated last year which is that while the task of putting the Council's finances on a firm financial footing is vital, if in doing so we inadvertently contribute to damaging the existing social fabric in the borough, we run the risk of storing up further costs for the future. The Transformation Programme therefore needs to be built on principles of sustainable solutions for the Council and the borough.

The proposals presented to BSTFP meetings were carefully reviewed and Cabinet Members and officers answered questions and provided reassurances. We held meetings on 25 June, 30 June, 16 July, 29 July, 18 Sept and 3 Nov 2025 and we had a session on 20 Nov to discuss our findings.

25 JUNE 2025 MEETING

3.1 Adults Health and Integration

<i>No.</i>	<i>Proposal</i>	<i>Concerns/suggestions</i>
AHI1	Double Handed Care (0.645m)	Panel Members learnt that the increase in demand for homecare by 72% is far outstripping resources. We learnt that double handed care is mainly at hospital discharge but after reablement intervention it can be reduced. Panel Members' concern is that with increased acuity that this is monitored closely and a response provided if this negatively impacts recovery.
AHI2	Placement Review Team (0.252m)	No specific comments.

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No.	Proposal	Concerns/suggestions
AHI3	Direct Payments increased roll out (0.335m)	<p>While acknowledging the existing safeguards for those on Direct Payments, Panel Members are concerned about the capacity in the community to provide adequate support via Personal Assistants considering the anticipated increase in demand and potential for safeguarding risks and relating to financial abuse.</p> <p>We welcome the Council's goal of creating a Personal Assistant Register. This register would enable individuals receiving direct payments, particularly those without family or a support network, to access care from commissioned providers or find a suitable personal assistant. However, Panel Members remain concerned about the employment responsibilities of PAs and ensuring the protection of this vulnerable group.</p> <p><i>Risk assessments for Personal Assistants of those on Direct Payments</i></p> <p>Concern about risks of swapping regulated care staff for individuals in the community and what quality checks are on the latter. The officer argued it's not more risky than providing care. They do it in conjunction with service users and family and generally won't approve someone from the same household for example. Light-touch assessments rely on actual DWP financial data, not statistical assumptions, with built-in review safeguards, minimizing income loss risk.</p>
AHI4	Light touch financial assessments (2.200m)	<p>The council's existing data-sharing agreement with the DWP for service user financial information should facilitate the rapid identification of service users below the financial payment threshold. Panel Members welcome the elimination of an additional administrative burden for the financial assessment process for these individuals. Panel Members were concerned particularly in Adult Social Care about how fluctuating circumstances would be safeguarded in this process. It is important to Panel Members that addressing the backlog aligns with the council's current debt collection practices and policies. We also wanted to make sure that no one would suddenly find themselves with huge bills due to a backlog not of their own making.</p>
AHI5	Light touch financial assessments - backlog (1.000m)	<p>Panel Members acknowledged the deployment of agency staff to address the backlog within the Adult Social Care Charging Team. Nevertheless, given the council's objective to lessen its dependency on agency staff, we strongly advocate for investing in the upskilling of current staff. This approach would not only help clear the existing backlog but also equip the council with the necessary internal expertise for both immediate and future needs. There was some skepticism about whether the savings here could be achieved.</p>

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No.	Proposal	Concerns/suggestions
AH16	Increased contributions from health (0.300m)	<p>The original "invest to save" proposal approved last financial year funded the recruitment of an agency nurse assessor but did not formally cost the social work input required for joint assessments. To date, an agency social worker has been seconded from the OSR team to undertake this work, which has placed unplanned pressure on that team, particularly around competing priorities such as safeguarding and Court of Protection work. This proposal seeks to formally fund the social worker post alongside the nurse assessor for a period of two years.</p> <p>Panel Members noted that NHS NEL has a similar objective to reduce their own input to these jointly funded services so depending on them to fill an increased gap is a problem and therefore no net benefit would be guaranteed.</p>
AH17	Charging for tech enabled living (0.040m)	<p>Note this is only being removed from Housing with Care clients but before proceeding with this it would help to have reassurance from practitioners in these settings that this would not be detrimental overall to the clients. There remains a concern about clients who would deteriorate and despite being in a HwC setting will require additional support in future, presumably also tech enabled. Further reassurances about the projections that have been done here would help.</p>
AH18	Care charging policy changes (1.303m)	<p>We noted that Dame Louise Casey will shortly begin the <i>National Review of Care Charging</i>. In terms of workforce it will include fair pay agreement and some staff will be upskilled for tasks such as blood pressure monitoring. Officers cautioned that the increased funding likely here will come into the council but will be ring fenced and passed on to providers.</p> <p>Concern re the calculation of £2.2 million savings from streamlining financial assessments and how this is balanced with the cost of administering this. Also the increasing community capacity and training for direct payments and the length of the assessment backlog. Officers clarified that the £2.2 million savings come from more quickly collecting missed income due to the backlog of over 1,400 unassessed individuals. They aim to be collecting income in a more timely manner going forward rather than collecting arrears.</p>

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No.	Proposal	Concerns/suggestions
		<p>Concerns about employment responsibilities for service users opting for a direct payment to have a personal assistant. Regarding direct payments, the council aims to develop a personal assistant register and involve care agencies in training to increase community capacity.</p> <p>A concern about how the model might handle fluctuating circumstances of clients (being chargeable and then not) not just financial but health related to such as mental capacity issues. Note that it's done through accessing information via DWP and there is also safeguard built in that financial assessments are always reviewed when circumstances change.</p> <p>Panel Members expressed some concerns about understanding the savings here and the potential to realise savings from collecting overpayments. Concerns also about the employment risks (who employs PAs and potential redundancies), the possibility of income loss with light-touch assessments, and the fairness of the proposed approach. Officers reassured that arrears would not be applied if assessments have not been previously attempted. PAs are employed by the person receiving care.</p>
<i>Other issues raised by Panel Members</i>		
	Redundancy costs	<p>Concern that costs of redundancies are not built into the saving proposals. Learned that redundancy costs are typically non-recurrent and would be met from reserves and that the Council also explores options like voluntary redundancy and considers natural staff turnover to mitigate the need for compulsory redundancies. However, given the existing pressures on Council reserves we need to be mindful of the impact of this.</p> <p>Re AHI savings noted that care workers are employed by commissioned service providers not the Council and on the contrary there is a shortage of care workers so redundancies are very unlikely. More will be needed. Reducing double handed care will release workers to support someone else.</p>

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No.	Proposal	Concerns/suggestions
	Immigration Visas for care workers	<p>Concern about the potential impact of immigration white paper proposals on visas for social care workers and long-term recruitment. Learned that 98% of staff in commissioned services come from Hackney so not many are using the visa system here. Learned that national numbers of care staff needed are likely to rise from 250k to 750k by 2050 so policies will have to change to respond to this. Due to increasing demand for commissioned care, redundancies of frontline care staff are not anticipated.</p> <p>Panel Members voiced concerns that the immigration white paper proposals could impact the availability of social care workers by affecting visa applications, potentially leading to staff shortages for social workers and carers. However, it was noted that most staff in Hackney's commissioned care services are local residents, with very few relying on the visa system.</p>
	Co-design with service users	In principle we would welcome an approach, where possible, that embodies co-design with service users.

3.2 Finance and Corporate Resources

No.	Proposal	Concerns/suggestions
FCR1 and HRA1	Actuarial valuation of the Pension Fund (4.818m)	Panel Members acknowledge the Actuarial expertise received by the Pension Fund and the LGPS's stringent regulation of local government pensions. However, major concerns remain regarding the significant drop of 6% in employer contribution percentage within a single evaluation period. Panel Members are worried about the potential risks to the Pension Fund and the Council's capacity to reverse this decision and increase contributions before the next 3 year re-evaluation, should unforeseen circumstances arise.

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<i>No.</i>	<i>Proposal</i>	<i>Concerns/suggestions</i>
		Panel Members would also suggest that scheme members should be fully informed in plain language of the changes and that the principle of seeking their views, established by the scheme members survey, should continue.
FCR2	Revenues - post reduction - digitisation and transfer to Universal Credit (0.600m)	No specific comments.
FCR3	Financial Management and Support (0.300m)	No specific comments
FCR4	Strategic Property Services - Rating review (0.540m)	No specific comments.

3.3 Children and Education

<i>No.</i>	<i>Proposal</i>	<i>Concerns/suggestions</i>
C&E1	Leadership & Management review - SEND (0.100m)	Panel Members had a concern here, at this time of acute budget pressures in SEND, whether this proposal would adversely affect the monitoring and oversight of this crucial area. Similarly we would suggest that the principle of co-design is not lost in any service configuration.

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<i>No.</i>	<i>Proposal</i>	<i>Concerns/suggestions</i>
C&E2	Introducing Alternatively Qualified Practitioners (0.070m)	Concern as to why this had taken so long in Hackney and it was suggested that any impacts should be monitored and should include input from service users.
C&E3	Virtual Headteacher Service - Review of the Virtual School (0.050m)	No specific comments.
<i>Other issues raised by Panel Members</i>		
	Volume of savings in this round	Concern that current savings proposals appear relatively small compared to previous years. Officers confirmed that these are smaller savings, and more significant savings have already been delivered and others are forthcoming. We noted that C&E has already identified £2 million in savings over the last 18 months.

3.4 Chief Executive's Directorate

<i>No.</i>	<i>Proposal</i>	<i>Concerns/suggestions</i>
CEX1	HR & OD (0.100m)	No specific comments
CEX2	Corporate Strategy & Transformation (0.150m)	No specific comments.

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3.5 Climate Homes and Economy - General Fund

No.	Proposal	Concerns/suggestions
CHE1	Private Licensing Scheme (2.000m)	Concerns were raised around how realistic the proposed savings are and whether income will be substantial enough to run a surplus against running costs, as additional enforcement capacity will be needed not only to enforce licensing requirements, but also the new obligations set to be introduced by the Renters' (Reform) Bill. There was also a concern about the accuracy of projected savings without a complete understanding of the number of properties which will come under the licensing and the condition of those properties.
2	Roll out of UC means we can spend less on Housing Benefit administration (0.500m)	Concerns were raised around the impact that the likely removal of grant funding for housing benefit administration would have on the proposed savings. Whilst it was noted that this had been factored into the projections there was still a lack of clarity around how staff reductions and software automation would generate significant savings.
3	Parks and Venues (0.150m)	Concerns were raised about income generation from parks and equitable access for all parts of the community, highlighting potential tensions similar to those experienced with festivals in Finsbury Park and Brockwell Park. Emphasis was placed on prioritising less extreme proposals than large-scale events, ensuring good management and minimal disruption and working closely with park user groups. There were also some concerns about the capacity of enforcement teams should there be a significant growth in the number and scale of events.
4	Employment, Skills and Adult Learning (0.299m)	No specific comments.
5	Licensing Street Furniture (0.160m)	Concerns were raised around the impact of A-boards on pedestrian safety and freedom of movement, especially for residents with visual impairments or physical disabilities. Whilst it was noted that by introducing licensing the Council can ensure they are located appropriately and safely, concerns remained around the capacity of enforcement teams to manage this. If there is significant

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		<p>enforcement this will lead to increased enforcement costs and will impact on potential savings.</p> <p>Emphasis was also placed on working closely with residents and disability groups to support any concerns regarding access and movement. It would provide some reassurance if the process allowed for checks to be carried out prior to granting a licence.</p>
6	GLL Agency Model (0.100m)	No specific comments.

3.6 Climate Homes and Economy - Housing Revenue Account

<i>No.</i>	<i>Proposal</i>	<i>Concerns/suggestions</i>
HRA1	Actuarial valuation of the pension (1.800m)	<p>Emphasis was placed on the importance of explaining the reduction in employer contributions to scheme Panel Members for reassurance, noting that there would be no change to employee rates and no impact on scheme member benefits. The importance of responsible investment was also highlighted, although it was noted that the actuary focuses predominantly on yield rather than where assets are invested and that government policy limited local control beyond high-level strategy.</p> <p>The principle of seeking Panel Members' views, established by the scheme Panel Members survey, should continue.</p>
HRA2	Options for efficiencies across all operational budgets (1.050m)	<p>Concerns were raised around the savings being predicated on technology and new systems that have not been fully implemented, and the potential impact of losing experienced staff Panel Members on remaining staff workloads as they work to meet increasing demands with fewer resources. The considerable backlog in housing issues noted by the Housing Ombudsman was highlighted as another risk factor needing further consideration.</p>

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HRA3	Increase general fees and charges above inflation (0.400m)	Concerns were raised around increasing fees and charges whilst many residents are already facing cost of living challenges, are not receiving the level of service that they should be from their landlord and services are at risk of being reduced due to financial challenges and transformation goals. The importance of ensuring that increases are reasonable, and subject to review, and of benchmarking was highlighted, as well the need to proactively identify and support residents who might be at risk of arrears.
HRA4	Income from Delivery Lockers on estates (0.300m)	No specific comments.

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3.7 Finance and Corporate Resources

<i>No.</i>	<i>Proposal</i>	<i>Concerns/suggestions</i>
FCR1	ICT, Customer Services, and Registrars - Transformation & Efficiency (1.400m)	Concerns were raised around potentially losing experienced Panel Members of staff, particularly should the number of roles receiving market supplements reduce significantly. Whilst we were assured that the review of market supplements would align pay rates with external benchmarks, and not necessarily lead to an exodus of staff, the risk of asking remaining staff to deliver the service with less resource and the impact this might have on end user support (e.g. ICT support desk and corporate contact centre) and implementing new technologies was highlighted.

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3.8 Children and Education

No.	Proposal	Concerns/suggestions
C&E 1	Children’s Integrated Commissioning/ Contract efficiencies from the consolidation of the directorate commissioning function (1.000m)	Whilst this proposal was broadly welcomed, given the complexity of the programme to achieve required savings and the previous under achievement of savings in this budget, Panel Members would welcome further assurance about the robustness of governance arrangements to oversee the effective integration and the delivery of the required savings, particularly as this also involves NHS partners who are themselves undergoing structural reorganisation.
C&E 2	Whole service staffing review, including those staff on teachers terms & conditions and leadership and management review (0.550m)	Panel Members asked for further information about the number of HE staff that would be impacted through this proposal, in particular the number (and proportion) of staff who were currently employed on teachers' terms and conditions. Details of the five different contracts on which HE staff were currently employed, was also requested. Panel Members sought reassurance that Unions would be engaged as early as possible in this process.
C&E 3	Disabled Children Service - Short Breaks Offer (0.050m)	Panel Members require further assurance that additional support will be provided for those families for whom personal independent payments may be difficult to administer, or indeed, may not be an option for them to personally manage. Given the relatively modest savings, and the likelihood of further intervention support being required for some families, there must be doubts as to the achievability of this proposal.
C&E 4	School Improvement Service - Service Reduction Redesign	Whilst the Cabinet member reassured Panel Members that oversight and challenge to local schools would be maintained in the restructure of this service, Panel Members were concerned that these important functions would diminish with the reduction in capacity of this service. Furthermore, these concerns would be exacerbated if the school improvement service was contracted to an arms length body, as this service would

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<i>No.</i>	<i>Proposal</i>	<i>Concerns/suggestions</i>
	(1.000m)	no longer be embedded within the operation of the Council and further limit its ability to direct and coordinate service improvement. There also remain ongoing concerns around academy participation in the school improvement service.
C&E 5	Clinical Services - Service reduction (0.750m)	As local children and young people would now be dependent solely on an already overstretched local CAMHS, there were concerns that the reduction of inhouse clinical services provision will restrict the availability of fully integrated support offer, and increase the length of time for which children and young people and their families may have to wait to access mental health services. There were also concerns that the reduction of in-house clinical support team may result in delayed access to care and support which may impact on the operation of key children's social care services (foster care and edge of care team) which may adversely affect provision and may result in higher costs to the council. The Clinical Service is also highly valued by local foster carers and any diminution of this service may impact foster care retention and recruitment, which is key to the children's social care budgets.

3.9 Climate Homes and Economy - General Fund

<i>No.</i>	<i>Proposal</i>	<i>Concerns/suggestions</i>
CHE - 1	Benefits & Homeless Prevention - Service Transformation/ Temporary Accommodation Supply Programme (3.000m)	Concerns were raised around the risk of increased legal challenges, with the importance of bolstering resources within the team to manage this (e.g. embedding legal support) emphasised. Concerns were also raised around the proposal's ability to respond to growing demand for temporary accommodation (TA), noting many variables (e.g. government policy, housing market and the wider economy) are outside of the Council's control. Strong assurance would need to be put in place to ensure early warning signs are picked up on, with the discovery of a significant overspend in TA costs last year cited.
CHE -2	Culture, Libraries, Heritage & Venues -	Concerns were raised around the impact that a more limited programme of activities across the service would have on community cohesion, local pride, heritage appreciation and reducing isolation. It was also stressed

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	Service Reduction (0.250m)	that some vulnerable communities lack the resources to partner with the Council or other organisations to deliver activities, and careful consideration would need to be given to how these communities will be reached, supported and not left behind should the proposal go ahead.
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3.10 Climate Homes and Economy - Housing Revenue Account

No.	Proposal	Concerns/suggestions
HRA 1	Introduce charges for tenants and leaseholders who receive a specific service to ensure the wider tenant cohort do not subsidise these services (1.800m)	The Council's initiative to inform residents about the proposed changes, despite no formal consultation being required, is a welcome step. The importance of ensuring that when the proposed changes are communicated and rolled out, this should be alongside wider improvement plans for service quality, transparency, and effectiveness was highlighted. It was emphasised that ensuring the right systems, processes and data is in place to support the changes, and with residents' trust and confidence in the service low, there is a risk of backlash and increased complaints (e.g. around communication, transparency and fairness).
HRA 2	Introduce a process for rechargeable repairs (0.700m)	Concerns were raised around the possibility that the introduction of charges may discourage residents from reporting issues, especially those who cannot afford to pay, potentially leading to more significant repairs later. The importance of regular property audits and open relationships with residents to avoid situations where issues go unreported was emphasised, as was the need to ensure it is coupled with training for staff to recognise and respond to any vulnerabilities which may affect residents' liability or ability to pay. The comments made above in HRA 1 are applicable to HRA 2 too.

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3.11 Chief Executive's Directorate (Transformation - Target Operating Model)

<i>No.</i>	<i>Proposal</i>	<i>Concerns/suggestions</i>
TOM 1	Workforce Transformation (6.750m)	<p>Panel Members found it difficult to fully understand the difference between the existing model(s) and the Target Operating Model which was presented and there was a general fear that it would be difficult for these proposals NOT to lead to service reduction or at least a reduction in service quality.</p> <p>Panel Members remain somewhat sceptical about the Target Operating Model's elasticity and of the accuracy of its projections considering the ever changing demands on the Council. Concern was also expressed about how the optimal baseline data here had been determined and whether structures that will be deleted might need to be re-created in the near future if the projections are off.</p> <p>Panel Members were concerned that in the absence of the Equalities Impact Assessments (EIAs) it was difficult to provide comments when there was limited information about the impact on the workforce and service provision.</p> <p>Concern was expressed about the sickness absence reduction target and if it was feasible, worrying that it could lead to an increase in officer stress which in turn lead to more sick leave.</p> <p>Despite the best efforts of the Transformation Team Panel Members expressed scepticism about the targets to reduce the level of agency spend, given past commitments to do this. Panel Members welcomed however the news that control measures introduced last year seem to have led to a reduction in agency spend, with a lower forecast for the current year.</p>
TOM 2	Strategic & Enabling Services Transformation (4.316m)	<p>Regarding frontline services for residents, concern was expressed about the reputational risk of potentially diminishing resident-facing teams in areas as varied as communications and debt collection. While we welcome that much work is being done on optimising processes to improve resident experience, such as</p>

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		<p>consistent information sharing across service boundaries, we are concerned that relying on more digitalisation and AI supported processes does also come with a down side. Increasing the use of AI is expected to lead to less staff resources but if AI processes are not implemented correctly this could lead to widening the digital divide and impacting negatively on vulnerable residents. We would like to see a digital strategy for the whole organisation so that core principles can be set that guide the adoption of AI processes by service areas. This will also help the organisation identify the right organisation and AI software to be commissioned. We would suggest that this needs to be explored and better understood so that suitable mitigations can be put in place early for vulnerable residents.</p> <p>Our key concern here was that officers have come up with specific savings figures linked to specific numbers of posts being saved across the 3 years of the programme, while at the same time saying that the detailed review work that underpins these decisions has yet to be completed. Whilst we acknowledge that the predominant financial impact here has to be via staff reductions, there is a concern that, at least from the outset, a rather arbitrary target of job reductions has been fixed upon. While we appreciate that a transformation programme has to 'nail its colours to the mast' at the beginning, there is a need to be more transparent about the assumptions that had to be made here. We note however how finance officers have been working very closely with the transformation team and that any duplications across various savings strands have been carefully avoided. We also suggest that the council undertakes early engagement with trade union leaders for TOM 1, TOM 2, & TOM 3 proposals.</p> <p>We noted in our Q&A that there has been careful benchmarking with other councils "strategic and enabling services" as set out in the papers and the Chair has asked to see published research underlying these models.</p>
TOM 3	<p>Resident Experience Transformation Programme - Phase 2 (2.916m)</p>	<p>Panel Members had a concern about the significant upfront funding required for the transformation program and its impact on projected savings. We noted however that some capital investment, such as website upgrades and process mapping for services like council tax, was already underway.</p> <p>Panel Members expressed concern that the root causes of the things we are trying to improve here have not been sufficiently elaborated on e.g. on issues such as the problem of multiple contacts with an individual. The concern is that these issues might not be fully identified during this process e.g. the impact of a culture of silo working. On this we would add that work pressures brought about by reducing the size of teams might further exacerbate silo working rather than cure it, if root causes are not tackled too. It's worth noting that some</p>

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		<p>council services have yet to fully recover since the 2020 cyber attack. Therefore having a heavy reliance on digital/AI for the provision of services will require the council to ensure resilience against cyber attacks.</p> <p>Panel Members remain rather sceptical about the corporate ownership of the "one council approach" to Transformation suggesting that simply "working with other teams" might be insufficient and emphasizing the need for clear leadership and direction from the top to embed this culture across the council. The Transformation Board needs to ensure proper resources, governance, and reporting to track progress is in place. We would suggest that more examples of where teams are working together demonstrating the one council approach are showcased within the council to help embed and reinforce the culture change needed.</p> <p>Panel Members questioned the fairness of comparing staff reductions in service centers to other councils of similar size, given that varying levels of deprivation might be a complicating factor. We noted that having a joined-up view of residents through data and improving staff access to services would optimize the resident experience and also address high-volume contact areas and we welcome this.</p> <p>Concerns were expressed about ensuring the inclusion of digitally excluded residents and those with English as a second language. We heard about responses to this such as exploring voice automation for phone requests, improving website accessibility for visually impaired individuals, and potential auto-translation into top community languages, but a clear focus on reducing digital exclusion needs to be embedded.</p> <p>Concern was expressed about the need to retain manual workarounds for customer journeys, citing instances where residents could not engage with digital systems due to specific requirements like having a mobile phone number or system limitations.</p> <p>Concerns were expressed at possible over reliance on AI in some solutions and we noted that an Ethics Board for data and technology will also be established and we welcome this. However there needs to be more clarity about coordination, principles for commissioning this, the safeguards being put in place, as well as governance and sustainability issues. We stated that the Scrutiny Panel would be exploring this in more detail.</p>
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In addition here are some common themes we wish to highlight from what we heard:

3.11 General comments from 25 and 30 June meetings

<i>Issue</i>	<i>Concerns/Suggestions</i>
Historical track record of achievement of savings targets particularly in C&E, CHE and F&CR	There is a concern here that there was a significant increase in temporary accommodation last year and we have little resilience for further shocks. Officers acknowledged that there is always risk in the assumptions made for the medium-term financial plan due to factors such as demand for services. They added that while ambitious savings plans have been in place, most savings have been delivered, with particular challenges in CHE this year due to issues like vandalism and behaviour change affecting the Parking Account for example. We learned that savings impacting frontline services can face delays but the Council is committed to delivering them.
Cost-benefit analysis of proposals and cumulative impact	There is a general concern that proposals will often result in pressure on other services e.g. charging for bulky waste drives up fly tipping. A fine balance has to be struck here and it is not fully understood how this balance is monitored and evaluated. Consideration also has to be given to costs and benefits that are harder to quantify e.g. impact of increasing service fees and charges on the local economy.
How is cashflow impacted by the special accounting provision for £19m SEND savings. It is taken from Reserves?	Regarding the SEND overspend, officers acknowledged the cash flow implications and that relying on balance sheet treatment is not a sustainable long-term solution, a point which has very much been flagged nationally. Cash flow implications of this policy will need to be addressed.
Redundancy costs (also raised on 30th)	Concern that costs of redundancies are not built into the saving proposals. Learned that redundancy costs are typically non-recurrent and would be met from reserves. Panel Members would like to see the Council explore options like voluntary redundancy and consider natural staff turnover to mitigate the need for compulsory redundancies. However, given the existing pressures on Council reserves we need to be mindful of the impact of this.

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Short-term financial pressures on HRA	<p>Whilst the new rent settlement and support for new housing delivery has the potential to reduce the budget gap over the longer term, there were concerns that a deeper deficit over the next five to 10 years still seems likely given the immediate revenue pressures driven by repairs, enhanced regulation and proposed staff training requirements and the need to provide for increased capital expenditure. Emphasis was placed on ensuring strong mitigations are in place to address the budget gap during the short to medium term.</p>
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3.12 General comment from 16 & 29 July meetings

<i>Issue</i>	<i>Concerns/Suggestions</i>
Equalities Impact Assessments	<p>A key concern about the absence of Equalities Impact Assessments (EIAs) and that these are not a key feature taken into consideration when deciding what the impact of the proposed change is likely to bring. The Chair requested a timeline for their completion.</p>

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3.13 Children and Education - Business cases for prevention and demand management savings

<i>Issue</i>	<i>Concerns/Suggestions</i>
General	<ul style="list-style-type: none"> - 1. Greater clarity on the savings figures presented in the report would have supported more effective budget scrutiny of these proposals. <ul style="list-style-type: none"> (i) as these were primarily 'invest to save' proposals, it was disappointing that no figures (one-off or recurrent) were presented in the report on the financial investment needed to achieve the suggested reduction in demand. This is particularly concerning given the recurrent nature to some of the suggested investment costs (i.e. new / increased staff teams).

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	<p>(ii) Panel Members would have welcomed, to help understand the feasibility of the proposals, further details as to how the suggested saving figures for each of the proposals had been calculated, in particular, stretch targets for each of the proposals to help provide context to Panel Members to enable us to assess the potential achievability of cost avoidance measures.</p> <ul style="list-style-type: none"> - 2. Given the centrality of these business cases to the future sustainability of the Council's budget, Panel Members would have welcomed further details about the data cited in the presentations which underpinned the financial modelling for demand management savings (particularly as the Group Director questioned the savings delivery cited for other local authorities e.g. Sandwell BC). It would be helpful to understand what due diligence has been undertaken to assess the evidence base which has been used to underpin the business case (i.e. has direct contact been made with respective case study local authorities). Also it would be helpful to know how the local populations compare with Hackney. - 3. Panel Members would welcome further opportunities to scrutinise these proposals (perhaps via CYP Scrutiny) when business cases have been developed in greater detail. We also feel that not enough emphasis has been given to drawing on the body of work which CYP SC and other Commissions have built up over the past few years which does not appear to be referred to in the Transformation evidence base. - 4. An ongoing challenge for budget scrutiny is that it is difficult for the Panel to make judgements without sight of the business cases which underpin the high level figures we're presented with. There is obviously a level of trust required here but without sufficient detail it is difficult to be reassured that the savings will be achieved.
<p>Special Educational Needs and Disabilities Transformation Programme (2.619m)</p>	<p>Panel Members broadly welcomed the intention of these proposals. We would welcome further clarity on:</p> <ul style="list-style-type: none"> (i) The level of investment that would be needed to support the delivery of these proposals (one-off and recurrent). (ii) Financial details, delivery plans and risk assessments for the creation of a new specialist school, and when expected savings will impact on the General Fund position.

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	<p>(iii) Assurance that demand management plans would not exacerbate local inequalities and that any changes to EHCPs, and support for children with SEND, should actively seek to reduce inequalities in their take-up, rather than just not exacerbating them. We would add that progress on this needs to be monitored.</p> <p>(iv) Assurance as to how local academies will be engaged and involved in these proposals, particularly in relation to increased number of ARP in secondary settings and the uptake and application of local training to improve SEND practice and support.</p> <p>(v) How we will involve parents, carers and young people in the transformation of SEND services, ensuring their views are incorporated throughout the journey of change.</p>
<p>Develop an approach to matching the needs of looked after children with the right care and support (2.356m)</p>	<p>Panel Members broadly welcomed the intention of these proposals and we would welcome further clarity on:</p> <p>(i) The level of investment that would be needed to support the delivery of these proposals (one-off and recurrent).</p> <p>(ii) The costs associated with placing children in care settings unsuitable to their needs (i.e. how many children are placed in residential care when not needed);</p> <p>(iii) How proposals will deliver improved contract monitoring in terms of quality and costs of placements.</p> <p>(iv) The details of the work with other local authorities to develop alternative options to high costs in <i>private and independent</i> residential settings.</p> <p>We noted that pilots are planned in this area and the expected savings attached to them seem quite high therefore we query how realistic these are. This would benefit from further scrutiny at CYP SC. We would also suggest also that the Council needs to keep abreast of the potential impact on ECHPs and SEND provision e.g. autism of the new Mental Health Bill.</p>
<p>Supporting our Fostering Service to increase recruitment, retention and utilisation (2.529m)</p>	<p>(i) Panel Members welcomed these proposals, but would highlight that CYP SC has already carried out a scrutiny review in relation to the recruitment and retention of in-house foster carers, in particular the barrier that local housing capacity played in preventing local foster carers coming forward. Panel Members would welcome greater detail as to how housing options can be developed to support recruitment. We would suggest that CYP</p>

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	<p>Scrutiny Commission's work on this, which is Hackney specific, be also taken into consideration as part of the Transformation Programme evidence base.</p> <p>(ii) Further clarity/data as to the achievability of these savings through increased recruitment of in-house foster carers alone, that is, how many additional in-house foster carers were needed (on top of c110 current) to produce the required savings?</p> <p>(iii) We were concerned as to how the proposal to increase support for in-house foster carers will be reconciled with a budget saving proposal to reduce in-house Clinical Services provision (by 50%), a service which is known to be greatly valued and utilised by in-house foster carers - especially when this savings is predicated on increasing the numbers of in-house foster carers.</p> <p>(iv) To help improve utilisation rates of foster carers, Panel Members suggest further exploration of working with Disabled Children Service and the provision of respite care.</p>
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4. OVERARCHING THEMES AND CROSS CUTTING ISSUES

4.1 General and overarching comments

<i>Issue</i>	<i>Concerns/Suggestions</i>
Greater transparency on Business Cases	<p>The Panel stressed the importance of robust business cases and due consideration of consultation and lead times to ensure savings proposals are realistic. The proposals we consider come to us following a business case process and we would welcome greater transparency and sight of key documents that underpin these proposals. We would argue that the greater the transparency around the business cases, the easier it will be for relevant Scrutiny committees to check the assumptions and to support monitoring of their delivery. Such a process would also contribute to earlier identification of what might later become barriers to delivery.</p>
Financial Clarity and Deliverability	<p>The Panel acknowledged the officers' efforts to be creative on savings proposals however there was a general concern too about a lack of supporting evidence from officers on some of the proposals. We request that in future the data backing up proposals needs to always be presented <u>at the proposal stage</u> otherwise that proposal needs to be postponed.</p> <p>Concern was expressed too about a lack of clarity at times regarding upfront costs and the short-term net impact of proposals, relating for example to investment and redundancy costs. We also would like to stress the need for close monitoring to address issues of deliverability and slippage early on, adding that maximum effort should be put into implementing all available saving measures now to avoid future regrets about decisions not taken. Panel Members commented that some "invest to save" measures could have been implemented earlier and therefore with less of an impact.</p>
Public Engagement and communications	<p>The Panel suggested that there needs to be great clarity as we move forward on exactly how imminent a Section 114 declaration might be and the consequent need to enter into EFS (Exceptional Financial Support). This needs to build on the communications already done, explaining the cuts that had to be made. There is a need now to move to the next step and provide greater clarity to residents on the risks associated with entering</p>

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	<p>EFS and the steps that need to be taken to avoid this. We suggest a communications plan which would engage the public earlier on the steps that would be taken should we enter into EFS and subsequently require S.114 declaration, this would help lessen the frustration or shock should a financial crisis occur. The communications with residents would need to be transparent about typical consequences based on what has happened elsewhere - closure of services, end of anything that is not statutory etc</p>
<p>A “one council” approach and the cultural shift required</p>	<p>A key challenge with ongoing cost savings programmes is the need to avoid silo working by Directorates and departments which is inevitable when they are being continually asked to offer up savings. For these savings plans to be effective however, they need to take a holistic or ‘one council’ approach, where impacts on other directorates or on partners or impacts down the line, have to be considered in the business case for each proposal. We’d also point out that because this process has been ongoing for a few years, Directorates need to be on the front foot with proposals and to be learning as they go along. The learning cannot be left until the end of the process. Accompanying this there is a need for a wider cultural shift among the Executive and staff, at all levels, to be conscious of the financial challenge in everything that they do. With each passing year the options for savings are fewer so hoping that an area can remain untouched in the medium term can no longer be tenable.</p>

4.2 Lessons learned for next year

4.2.1 A dedicated 8-member Task & Finish Panel

On balance we welcomed the new budget scrutiny process adopted this year with the creation of a dedicated Panel under SP. We concluded that developing a core group of 8 councillors for the Task and Finish Panel was probably the better approach for continuity, despite the concern about the lack of more general Member input. It was noted that Finance and Scrutiny officers supported the specialist group approach, noting that having more consistent Panel Membership this year allowed for greater focus, faster learning, easier compilation of comments, stronger group questioning, and greater engagement compared to previous struggles to get consistency across the meetings and attendees. Some felt that input from the knowledge and experience of the wider cohort of Scrutiny Panel Members could have helped the process, as the work was quite demanding on a small group over a relatively short period. The Chair noted that the process has now been refined every year since dedicated budget scrutiny began and this practice of reflection and continuous improvement would continue.

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4.2.2 More work to be done on understanding the modelling and prioritisation processes

The Panel greatly appreciates the constructive attitude of the Finance officers in helping us to refine the process each year so that it can be more streamlined and effective. This has resulted in better quality scrutiny work with each passing year.

There remains however a few ongoing concerns from the Panel:

- 1) Although we appreciate these are moving targets, there was often a lack of explanation and rigour on underlying assumptions in the modelling process for many of the proposed savings. Often there was little context provided on the numbers.
- 2) A concern about the weight given to Transformation Savings in the process when it is largely unproven in practice and therefore the risk for the Council is to keep ploughing more spend into the Transformation function, including external consultants, to function almost as a comfort blanket, because it allows higher savings to be modelled (but probably not met), potentially at the expense of frontline services.
- 3) A lack of detail in some cases where the saving proposal was not properly explained or outlined or was incomplete or incoherent in the papers (e.g. a couple of sentences in a slide), particularly in the early sessions. We appreciate the work done on the template already and where these were fully completed they were very helpful indeed.

4.2.3 A more robust feedback loop to Scrutiny Panel

There is a need to be able to demonstrate our input and to close the loop back to the Panel, so that we can see which of our comments were taken on board and learned from and whether our suggestions were helpful or not. We would suggest in future that an additional column is added to this comments table to capture your response.

Currently, for proposals which progress to Cabinet early in the year, our comments are sent to Cabinet after each round but the Cabinet report just notes that our input was taken on board and gives no details. We would ask therefore that Scrutiny Panel Members, after each meeting, receive some written feedback from Finance on the comments we have submitted. These will be collated and included in the final report to Full Council.

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4.3 Final Comments from the Chair

4.3.1 We would like to stress the need for regular updates to Scrutiny on the implementation of savings, and "growth" areas of spend, to prevent budgetary shocks and to maintain an ongoing understanding of the financial direction.

4.3.2 We would like to emphasise a need for smarter use of Council resources, including work on innovation, analysis, and research for the whole system, to better understand cost drivers and find innovative ways to support residents through this very challenging period.

4.3.3 We were somewhat disappointed that, often, SP and the Commissions' recent significant work and recommendations on service improvement, across a range of areas, were not being sufficiently utilised by the Transformation Programme, and we question why the Council first looks outside for service transformation examples when some work has already been done in our past reviews. The Transformation Programme therefore needs to look at what insight we already hold internally and then establish where the evidence gaps are before going outside.

4.3.4 We appreciate that the scrutiny process this year was intensified, as it had to be, but we would welcome a discussion with the Mayor and Cabinet on the process and how backbench Members generally can be included in budget setting going forward, outside of the internal party Group meetings, and whether our very reactive scrutiny model is delivering most for our residents.

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5. PARTICIPANTS

The following attended the Budget Scrutiny Task and Finish Panel meetings:

Budget Scrutiny Task & Finish Panel Members	Cabinet Members	Council Officers
<ul style="list-style-type: none"> ● Cllr Margaret Gordon (Chair also Chair of Scrutiny Panel/ Vice Chair of CYP SC) ● Cllr Alastair Binnie-Lubbock (Opposition Member) ● Cllr George Gooch ● Cllr Ben Lucas (also Vice Chair of HiH) ● Cllr Joseph Ogundemuren ● Cllr Clare Potter (also Chair of SEG) ● Cllr Lynne Troughton ● Cllr Claudia Turbet-Delof (Opposition Member) <p>Commission Chairs/Vice Chairs not on the Panel but were invited to attend:</p> <ul style="list-style-type: none"> ● Cllr Soraya Adejare (Chair of LiH) ● Cllr Sophie Conway (Chair of CYP) ● Cllr Ben Hayhurst (Chair of HiH) ● Cllr Ali Sadek (Vice Chair of SEG) <p>Other Scrutiny Members</p> <ul style="list-style-type: none"> ● Cllr Penny Wrouth 	<ul style="list-style-type: none"> ● Caroline Woodley, Mayor of Hackney ● Cllr Anntoinette Bramble, Statutory Deputy Mayor/Cabinet Member for Education, Young People and Children's Social Care ● Cllr Guy Nicholson, Deputy Mayor for Delivery, Inclusive Economy & Regeneration ● Cllr Robert Chapman, Cabinet Member for Finance, Insourcing & Customer Service ● Cllr Sade Etti, Cabinet Member for Homelessness prevention, Rough sleeping and Temporary accommodation ● Cllr Susan Fajana-Thomas, Cabinet Member, Community Safety and Regulatory Services ● Cllr Chris Kennedy, Cabinet Member, Health, Adult Social Care, Voluntary Sector and Culture ● Cllr Carole Williams, Cabinet Member for Employment, Human Resources and Equalities ● Cllr Sarah Young, Cabinet Member for Climate Change, Environment and Transport <p>Deputy Cabinet Members</p> <ul style="list-style-type: none"> ● Cllr Sem Moema, Deputy Cabinet Member for Private Rented Sector and Housing Affordability 	<ul style="list-style-type: none"> ● Naeem Ahmed, Group Director - Finance & Resources ● Jacqui Burke, Group Director, Children and Education ● Rickardo Hyatt, Group Director Climate, Homes and Inclusive Economy ● Helen Woodland, Group Director - Adults, Health & Integration ● Louise Humphreys, Director, Legal, Democratic and Electoral Services and Monitoring Officer ● Sandra Farquharson), Director of HR and OD ● Deirdre Worrell, Director - Financial Management ● Kieran Read, Director of Corporate Strategy & Transformation ● Geeta Subramaniam-Mooney, Director Environment and Climate Change ● Suzanne Johnson, Director of Regeneration, Economy and Housing Development ● Julie Curtis, Assistant Director of Finance - Housing Finance ● Sajeed, Patni, Assistant Director of Finance - Finance and Corporate Resources ● Kain Roach, Operations Director, HRA Property Services <ul style="list-style-type: none"> ● Tracey Anderson, Head of Scrutiny & Ward Forums ● Emmie Bathurst, Strategic Delivery Officer ● Martin Bradford, Overview & Scrutiny Officer ● Nicola Duncan, Strategic Delivery Officer ● Jarlath O'Connell, Overview & Scrutiny Officer ● Craig Player, Overview & Scrutiny Officer

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	<ul style="list-style-type: none">• Cllr Sam Pallis, Deputy Cabinet Member for Inclusive Economy• Cllr Anya Sizer, Deputy Cabinet Member for Families, Early Years and SEND• Cllr Joe Walker, Deputy Cabinet Member for Strengthening Neighbourhoods	
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Overview and Scrutiny

6. APPENDICES

Appendix 1 - Terms of Reference for the *Budget Scrutiny Task and Finish Panel* (as agreed by Scrutiny Panel on 12 June 2025)

Purpose and principles

To review the development of the Council's budget by holding decision-makers accountable, ensuring transparency and challenging the effectiveness of resource allocation, with a focus on whether the proposed budget aligns with Council's Strategic Plan objectives and priorities, delivers value for money, and meets community priorities.

In practice, this will involve reviewing and challenging:

- a) Spend priorities, pressures and opportunities*
- b) Alignment of budget with the Strategic Plan objectives and priorities*
- c) Budget savings proposals*
- d) Alignment of transformation activities with the Strategic Plan and budget-setting process.*

The Budget Scrutiny Task and Finish Panel's work will be underpinned by the following key principles:

- Open and honest conversations about the pressures that services are experiencing and their impact on the Council, service users and residents*
- Early and proactive information sharing to allow Members an opportunity to inform Cabinet decisions and add most value to the budget-setting process*
- Consistency across the Council's directorates in terms of the timeliness, level and quality of information provided, with confidentiality strictly adhered to by all Members*

Membership

The allocation of Scrutiny Members to the Task and Finish Panel will be proposed by each political party on an annual basis. Neither the Mayor nor Members of the Cabinet are eligible to be Members of the Scrutiny Task and Finish Panel.

The Task and Finish Panel membership will be limited to the current municipal year and reconstituted annually. Membership will not be just confined to Scrutiny Panel Members. The membership will also be open to backbench councillors. Those put forward must be a Scrutiny Commission Member. Members of the Task & Finish Panel will be expected to be present for all the meetings.

The Task and Finish Panel Membership will be as follows:

- 6x Labour Group*
- 1x Green Group*
- 1x Hackney Independent Socialist Group*
- 1x Conservative Group*

Overview and Scrutiny

Through the party whips Members will be nominated to serve on the Task and Finish Panel. The membership will be appointed by the Scrutiny Panel at its first meeting of the municipal year. The appointment of the Chair and Vice Chair will also take place at the first meeting of the municipal year for the Scrutiny Panel. The Chair will be a Member of the majority party (Labour Group).

Regardless of membership, all Scrutiny Members will be encouraged to attend the meetings of the Task and Finish Panel to observe and ask questions with strict confidentiality expected where appropriate.

Meeting arrangements

The Scrutiny Panel will maintain oversight of the budget setting process, and the findings of the Task and Finish Panel, as part of their wider responsibility for having an overview of the budgeting process. Following approval of the terms of reference, the Task and Finish Panel will hold up to four evidence sessions and in attendance (related to their portfolios) will be the Mayor, Cabinet Members, and Corporate Leadership Team between July and November, although additional meetings may be needed and set up on an ad hoc basis.

Whilst the opening scene-setting evidence session will be held in public at an ordinary meeting of the Scrutiny Panel, the remaining evidence gathering sessions will take place in private owing to the confidential information under consideration.

Meeting	Aims
<i>Evidence session 1</i>	<i>To provide an overview of the Council's budget, directorate spend priorities, pressures and opportunities, progress of savings and the budget's alignment with strategic objectives and priorities. To review budget proposals for the Council's budget relating to specific directorates.</i>
<i>Evidence sessions 2 and 3</i>	<i>To review budget proposals for the Council's budget relating to specific directorates.</i>
<i>Evidence session 4</i>	<i>To review the progress of key transformation activities, and how they align with the budget-setting process.</i>

Reporting

The budget scrutiny process and report will be owned by the Scrutiny Panel and the outcomes and recommendations of the Task and Finish Panel will be reported in public to the Scrutiny Panel.

An interim feedback report will be reported to an ordinary meeting of the Cabinet, and the final budget scrutiny report will be appended to the Full Council annual budget-setting report presented at designated Full Council meeting each year. Both of these meetings are held in public, and the papers will be made available on the Council's website.

Overview and Scrutiny

The final report and feedback reports of the Budget Scrutiny Task & Finish Panel will inform the budget setting process.

Access to information

The Budget Scrutiny Task and Finish Panel will have the right to request relevant financial and performance data from departments.