

<b>Title of Report</b>	2025/26 Overall Financial Position - February 2026	
<b>Key Decision No</b>	F S528	
<b>For Consideration By</b>	Cabinet	
<b>Meeting Date</b>	27 April 2026	
<b>Cabinet Member</b>	Cllr Robert Chapman, Cabinet Member for Finance, Insourcing and Customer Service	
<b>Classification</b>	Open	
<b>Ward(s) Affected</b>	All Wards	
<b>Key Decision &amp; Reason</b>	Yes	Result in the Council incurring expenditure or savings which are significant having regard to the Council's budget for the service / function
<b>Implementation Date if Not Called In</b>	4 May 2026	
<b>Group Director</b>	Naeem Ahmed, Group Director, Finance & Corporate Resources	
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## 1. Cabinet Member's Introduction

- 1.1 This is the Council's ninth Overall Financial Position (OFP) for 2025/26. As at February, the Council is forecast to have an overspend of £8.342m. I am pleased to report that this is a reduction of £1.325m from the January forecast.
- 1.2 There has been a significant reduction in the Housing, Climate and Economy net expenditure of £1.367m taking the service into an underspend position. There are smaller reductions in the Chief Executive and Finance & Corporate Resources overspends, but the Children and Families forecast overspend has increased by £0.215m. It should be noted though that the service (excluding Hackney Education) remains significantly underspent at £0.816m.

1.3 This improvement is very welcome and signals a continuing improvement in the Council's financial situation. It also demonstrates that the mitigation measures outlined below are having effect although the continuing pressure on the Adult Social Care budget remains a concern.

1.4 I commend this report to Cabinet

## **2. Group Director's Introduction**

2.1 The OFP shows that the Council is forecast to have an overspend of £8.342m after the application of reserves. This is a decrease of £1.325m from the January forecast which is welcome news demonstrating that the Council's focus on the budget and finances through enhanced governance arrangements has had some success in that the overspend has plateaued and has dropped slightly over the last couple of months. There has been a £1.367m decrease in the Housing, Climate and Economy (HCE) net expenditure taking it into an underspend position, a £121k decrease in the overspend of Finance and Corporate Resources (F&CR) and a £45k decrease in that of the Chief Executive. The overspend in Children and Education (C&E) is £215k higher than in January. The overspend on Adult Social Care was broadly unchanged from January.

2.2 Cabinet will recall that we added a significant amount of growth to budgets in 2025-26 - £45.640m (primarily in Adult Social Care £20.858m and £21.300m in Temporary Accommodation) excluding growth for the pay award. There was also a £9.15m increase in social care grants, and a £3.4m increase in Homeless Prevention Grant. However, as this report demonstrates, we still have a significant overspend.

2.3 Full details on the overall position is set out in sections 6 to 12 below

## **RECOMMENDATIONS**

**3.1 To note the overall financial position of the Council as at February 2026 and in particular the overspend and the initiatives set out to mitigate this.**

## **4. Reasons for Decision**

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

## **5. Background**

5.1 The report is primarily an update on the Council's financial position.

### Strategic Policy Context

5.2 This report describes the Council's financial position as at the end of February 2026. Full Council agreed the 2025/26 budget on 26 February 2025.

### Options Appraisal

- 5.3 This report is primarily an update on the Council's financial position and there are no options for change this month.

### Equality, Diversity and Belonging

- 5.4 Equality impact and Diversity assessments are carried out at budget setting time and included in the relevant reports to Cabinet. Such details are not repeated in this report.

### Sustainability and Climate Change

- 5.5 Impacts relating to Sustainability and Climate Change are carried out as part of the implementation of proposals and will be included in any relevant reports to Cabinet.

### Consultations/Engagement

- 5.6 Relevant consultations have been carried out in respect of the forecasts contained within this report involving the Cabinet Member for Finance, Insourcing and Customer Service, the Mayor, Scrutiny, Audit, and Directors of Finance and Service Directors through liaison with Assistant Directors of Finance and their Teams.

### Risk Assessment

- 5.7 The risks associated with the Council's financial position are detailed throughout the report.

## **6. Overall Financial Position**

- 6.1 The overall financial position is as follows and individual directorate commentaries are included in section 7 onwards.

**Table 1: Overall Financial Position (General Fund) February 2026**

Revised Budget £000	Service Area	Forecast Variance Before Reserves £000	Appropriati on to Reserves £000	Reserves Usage £000	Forecast Variance After Reserves £000	Change in Variance from last month £000
100,594	Children and Education	7,251	1,083	-4,653	3,681	215
160,996	Adults, Health and Integration	-1,685	10,677	-4,001	4,991	-7
93,864	HCE	-852	769	-261	-344	-1,367
1,857	Finance & Corporate Resources	983	25	-741	267	-121
8,056	Chief Executive	355	27	-635	-253	-45
60,493	General Finance Account	0	0	0	0	0
425,860	SUB TOTAL	6,052	12,581	-10,291	8,342	-1,325

**Note:** The £10m received from Homerton Hospital in respect of the Section 75 Partnership Agreement with the Homerton Healthcare NHS Foundation Trust to support transformation initiatives in City and Hackney (approved by

Cabinet on 2 March 2026) has been applied to the AH&I variance before reserves and then appropriated to reserves such that it has a nil impact on the net overspend.

6.2 The main areas of overspend are:

**Children's and Education** - £3.7m primarily in Hackney Education (HE) resulting from the increase in our Education Health and Care Plan (EHCP) costs for the necessary staffing support needed within the assessment of our EHCPs; a pressure in Early Years largely due to not meeting savings in respect to the reconfiguration of our Children Centres in previous years; and a pressure on Home to School SEND Transport. The service is working to implement in-year mitigations for SEND Transport including implementing independent travel training. The staffing support needed in respect to the assessment of EHCP applications has to be balanced against the requirement to assess applications within the statutory timeframe of 20 weeks. Future years MTFP projections include a review of staffing structures which will also include these service areas. Excluding HE, the service has an underspend of £0.8m.

**Adults, Health and Integration** - £5m primarily in the areas of Care Support Commissioning and Mental Health.

**Finance & Corporate Resources** - £0.27m primarily in Revenues Administration

**Housing, Climate and Economy** is underspent by £344k and the **Chief Executive** is underspent by £253k.

6.3 It must be noted that within this broad description of the overspends, we do have elements such as staff over establishment and agency premiums, which we expect services to address through proactive reviews in the remainder of the year and into 2026/27. In terms of staff over establishment, there are a number of reasons that this occurs such as - responding to increased demand in the service, e.g. social workers dealing with increased caseload, operatives dealing with increased level of repairs, providing cover for sickness in frontline services such as waste operations and providing support to manage the transition to new IT systems.

6.4 Initiatives to Mitigate the Overspend

6.4.1 Despite the growth that has been added to the budget for 2025/26 we are forecasting an overspend which, if not mitigated, will require a further draw down on reserves. It is imperative that we continue to act decisively to reduce the level of spend and contain the draw down on reserves. The £1.325m improvement in the forecast for February demonstrates that the focus and actions are bearing down on costs and we must continue this approach for the coming year.

6.4.2 The Corporate Leadership Team (CLT) will maintain oversight and focus on the budget and finances going forward. The enhanced governance arrangements have contributed to reducing the overspend in the last three months. The ongoing mitigations are as follows:

- **Budget Recovery Board** - Established in mid 2024 with an overall objective to mitigate the Council's challenging financial position the refreshed Budget Recovery Board will continue its focus on tracking savings delivery, with an emphasis on management actions to get back on track, and identifying cross Council initiatives to reduce spend, which for the current year included a hold on non-essential spend. Separate targeted Financial Improvement Boards will continue their focus on the overspending areas - Adult Social Care, agency and staff spend, and the Housing Revenue Account as set out below.
- **CLT Resources Approval Panel** - Agency expenditure remains high. There are recruitment restraints in place and currently Group Directors and budget managers are required to provide approval for resources to deliver services. In addition, CLT has agreed to the establishment of a Resources Approval Panel to maintain oversight and approval of all recruitment activity, both permanent and temporary, and all enhanced payment arrangements for permanent staff. This Board aims to ensure a consistency of approach in relation to employee remuneration to ensure that staffing costs are maintained within approved budgets and enhancements to pay are applied consistently across the Council. An automated, streamlined process has been designed and is to be implemented and reported on from the second quarter of 2026/27.
- **Housing Revenue Account Finance Improvement Panel** - As we have reported the HRA is in a precarious financial position and we had to draw on reserves to fund the overspend in 2024/25 and will need to do so again for 2025/26. The Group Director Finance and Corporate Resources established the HRA Finance Improvement Board to interrogate the cost pressures within the service and introduce management actions to contain expenditure throughout 2025/26. The spend controls implemented so far are showing a positive effect; the overspend is forecast to be £2.414m lower than last year. This Panel has also overseen the development of savings proposals for the HRA as well as the review and refresh of the HRA Business Plan.
- **Adult Social Care Improvement Board** - In light of the increased overspend since May, the Group Director Finance and Corporate Resources has established an Adult Social Care Finance Improvement Board to focus upon the financial sustainability of Adult Social Care. Following the publication of the Care Quality Commission report on ASC, the Board will now widen its scope to become the Adult Social Care Improvement Board, focusing on service delivery and practice. It will continue to enhance the collective understanding of the underlying causes of key cost drivers and determine mitigating measures for short to medium-term cost control. Furthermore, it will develop long-term strategic measures to address the root causes of increasing demand and costs. The Board is taking advice from Local Government Association experts and has an independent chair who is a highly experienced former director of Adult Social Services.

- 6.4.3 CLT is continuing the non essential spend controls which contributed over £3m of mitigations across the General Fund and HRA in 2024/25. It is also continuing with the non-essential spending freeze that we introduced last year to mitigate the current overspend and to protect reserves.
- 6.4.4 As at the end of February 2026, the non-essential spend in-year savings were £2.2m. This reflects the financial discipline of budget holders throughout the year in holding unspent budgets to mitigate the Council's overspend and are taken account of in the forecast
- 6.4.5 These and any other emerging initiatives will be communicated through the established Senior Manager Network and all-staff communications and the outcomes reported to Cabinet in future OFP reports.

#### 6.5 2025-26 Savings

**Appendix 1** presents an assessment of how services are performing in delivering the 2025-26 budgeted savings which cover the years 2025-26 to 2026-27. The savings amount forecast to be achieved in the year has increased by £1.6m since August.

A focus of the refreshed Budget Recovery Board will be to review delivery of approved savings and establish recovery plans to either 1) get the savings plan back on track or 2) require Group Directors to find alternatives to deliver the savings.

#### 6.6 Reserves

- 6.6.1 The table below sets out the position on the Council reserves as at 1 February 2025 and the forecast position taking account of specific reserves that we plan on using in-year along with planned appropriations to reserves.

**Table 2: Forecast Reserves 2025/26**

	<b>£m</b>
<b>Overall General Fund Reserves as at 31 March 2025</b>	<b>111.6</b>
Less: General Fund Balance	19.0
Less: Schools balances	5.9
<b>GF Reserves (excl GF balance &amp; Schools Balances)</b>	<b>86.7</b>
Less Forecast Net Reserves usage 2025/26 (note, this is an estimated figure which is subject to change depending on variations to the current year forecast)	7.7
Less Committed Reserves (main elements are the PFI, the Insurance Fund & elections reserves)	12.5
Less Third Party Agreement (S256 agreements with health and other joint balances)	16.1
Less Grant reserves (Adult Education, Homes For Ukraine, and other grants)	4.0
<b>Other Earmarked reserves</b>	<b>46.4</b>

6.6.2 The final overspend position for 2025/26 will reduce this reserve balance. In addition, we need to factor in the impact of any shortfall on our capital receipts planned to be used for transformation. In simple terms if we were to do nothing and we were to continue to overspend at the current rate our reserves will be exhausted within 2-3 years, faster if spending continues to grow. It must also be recognised that it is likely that additional cost pressures will negatively impact the budget gaps further in future years.

## 6.7 Agency Staff Expenditure

6.7.1 The following tables show the trend and expenditure on agency staff. Table 1 below shows the change in General Fund Agency Spend. In this context, General Fund agency spending excludes agency staff funded from other sources such as grants, the HRA, Capital and Reserves. There has been a decrease since January of £171k

**Table 3: Trend in Agency Spend**

Directorate	General Fund Agency Spend Forecast	Change from Agency Spend forecast from last month	Agency Spend forecast as a % of total staff budget 2025/26	Agency Spend outturn as a % of total staff budget 2024/25
	£k	£k	%	%
CHILDREN & EDUCATION	8,918	-	12	16
ADULTS, HEALTH AND INTEGRATION	7,097	94	21	22
HOUSING, CLIMATE AND ECONOMY	11,240	-163	12.1	13
FINANCE & CORPORATE RESOURCES	5,799	-67	11	17
CHIEF EXECUTIVE	968	-35	5	9
<b>TOTAL</b>	<b>34,022</b>	<b>-171</b>		

6.7.2 As the table shows the forecast spend has decreased by £171k. The focus of CLT's control of agency spend is through the Group Directors and budget managers approval for resources to deliver services. The CLT Resources Approval Panel which is critical to controlling our spend going forward.

The next table shows a breakdown of these costs

**Table 4: Breakdown of Agency Spend**

Directorate	General Fund Agency Spend Forecast	Over Establishment	Filling Vacant Permanent Posts	Covering Maternity or Long-term Sick
	£k	£k	£k	£k
CHILDREN & EDUCATION	8,918	1,475	6,843	600
ADULTS, HEALTH AND INTEGRATION	7,097	635	6,178	284
HOUSING, CLIMATE AND ECONOMY	11,240	1,171	6,425	3,643
FINANCE & CORPORATE RESOURCES	5,799	308	5,491	0
CHIEF EXECUTIVE	968	0	871	97
<b>TOTAL</b>	<b>34,022</b>	<b>3,589</b>	<b>25,808</b>	<b>4,624</b>

6.7.3 The total agency spend for each directorate (i.e. agency staff funded from all sources) and the change in total agency staff numbers is shown below. Whilst the spend on agency remains high, the spend compared to last year has reduced by £4.8m a reduction of 10%.

**Table 5: Total Agency Spend**

Directorate	Agency Staff Forecast (£k)	2024/25 Actuals (£k)
Children and Education	9,959	11,778
Adults, Health & Integration	9,670	8,766
Housing, Climate and Economy	13,290	14,675
Finance & Corporate Resources	8,107	9,344
Chief Executive	1,785	3,080
<b>Total</b>	<b>42,811</b>	<b>47,643</b>

**Table 6: Agency Staff Numbers**

Directorate	FTE Agency Staffing Numbers February	FTE Agency Staffing Numbers January	Difference
Children and Education	241	252	-11
Adults, Health & Integration	138	138	0
Housing, Climate and Economy	209	201	8
Finance & Corporate Resources	99	99	0
Chief Executive	26	26	0
<b>Total</b>	<b>713</b>	<b>716</b>	<b>-3</b>

#### 6.7.4 Children's and Education

Hackney Education has an agency forecast of £3.268m of which £0.441m is attributable to the DSG, leaving a general fund cost of £2.826m. £1.139m of the agency forecast relates to children's centres. This service is currently undertaking recruitment activity, however it must on all occasions meet the statutory staff to child ratios and as such agency staff sometimes remain necessary. The SEN transport service has an agency forecast of £0.774m, the service is seeking to fill vacant roles to reduce the use of agency staff. In addition this service has two assistant managers hired through an agency to create more capacity in the service.

Children's Services has an agency forecast of £6.692M as at February 2026, of which £6.092M is related to the General Fund.

*Over-established* (£1.049M : 17% of Total GF Funded): 36 posts are categorised as over-established, of which, 24 are Social Worker posts (£0.718M, 68%).

*Filling Vacant Permanent Posts* (£4.552M : 75% of Total GF Funded): £2.629m [58%] of the agency costs are related to filling vacant permanent posts which are for front line services where competition for social workers make permanent and agency recruitment challenging. £0.566M [12%] of these costs are for Specialist Clinical Practitioners used by the Clinical Services, the cost of these staff is more expensive as it is difficult to attract to the roles due to comparatively higher NHS rates.

*Maternity & Long Term Sick* (£0.490M : 8% of Total GF Funded): Nine posts are used to support maternity cover £0.325M [66%] and seven posts are used to support long term sick cover £0.165M [34%] across the Children's directorate.

#### 6.7.5 Adults, Health & Integration

The Adults, Health & Integration (AH&I) agency forecast for February 2026 is £9.7M, with the General Fund responsible for £7.1M of this total. This is an adverse movement of £0.1m compared to the last forecast. However, the permanent staff forecast has been reduced by £0.6M due to service-wide recruitment delays.

Over-established positions account for 4 Full-Time Equivalents (FTEs), representing £0.25M, or 3.6% of the Total General Fund (GF) Funded amount.

Invest to Save initiatives comprise 7 FTEs, totaling £0.38M, or 5.3% of the Total GF Funded amount.

The filling of vacant permanent posts represents £6.2M, or 87% of the Total GF Funded amount.

Covering Maternity or Long-term Sick represents £0.28M, or 4% of the Total GF Funded amount.

The Agency Full-Time Equivalent (FTE) figures in Table 4 are based on actual agency staff numbers across the service. An exception is made for Provided Services, specifically Housing with Care (HwC), where FTEs are an estimate based on the number of vacancies. This estimation is necessary because HwC locum arrangements use bulk orders, which are not easily converted into a standard FTE metric. The increase in agency staff expenditures is primarily attributed to two significant challenges within Adult Social Care (ASC): escalating demand for services and persistent difficulties in recruiting and retaining permanent employees. To secure the specialised expertise required in the social work field, it is frequently necessary to offer premium rates to agency staff.

The service continues its efforts to transition agency workers to permanent or fixed-term contracts where feasible, and the duration of assignments has been subjected to careful evaluation. This situation will remain under continuous review to identify further opportunities for reductions where practicable.

#### 6.7.6 Housing, Climate & Economy

The majority of agency spend within Environment and Climate Change is in Environmental Operations. High agency costs in frontline services are primarily driven by the need to maintain continuous operations, which differs from other services. When staff are absent due to leave, sickness, parental leave, requirements to fill other roles or when vacancies exist, agency staff must be employed to ensure essential services are delivered without interruption. It should be noted that the Service does have a continuous turnover of staff as operatives leave the service for one reason or another. For this reason recruitment only takes place periodically to avoid managers constantly being in recruitment cycles.

There was a £163K favourable movement between January and February 26 in the forecast mainly due to small forecast revisions.

Within the Benefits and Homeless Prevention Service, there has been a favourable £16k movement, driven by backdated uplifts materialising slightly below previously forecast levels. Overall, the agency spend is being used to cover critical vacancies and provide temporary support for implementing the new ICT system. For many administrative roles with high turnover, using agency staff has proven more cost-effective than repeated recruitment. Despite a difficult recruitment market, we are actively managing this expenditure through regular reviews to ensure value and reduce costs wherever feasible.

#### 6.7.7 Finance and Corporate Resources

The Finance and Corporate Resources directorate is currently carrying 7 over-establishment agency staff within the Revenues service to support council tax collection and queries. While these positions cost approximately £308k, they provide essential operational resilience during periods of high

demand. This investment has already contributed to an increased collection forecast and is projected to generate an additional £0.5m in revenue. Although this demonstrates a positive return, the overall collection rate expected in-year remains below the 94% target, reinforcing the need for this temporary support to maintain service continuity and minimise income loss.

The majority of agency assignments across the directorate are being used to fill budgeted posts that are currently vacant, particularly within administrative and support roles where staff turnover is high. In these cases, using agency workers has proven to be a cost-effective solution, as their expense is often lower than the combined salary, on-costs, and recruitment costs of a permanent employee. This approach also aligns with the transformation programme's resident experience element; by utilising agency staff in areas scheduled for post reduction, the Council can minimise redundancies and achieve cost savings, making it an appropriate strategy for business support and administration at this time.

Agency assignments continue to be necessary due to ongoing challenges in recruiting permanent staff. However, efforts to identify and implement further reductions in agency costs will persist wherever it is cost effective. The directorate will continue to review agency assignments and adhere to the recruitment freeze where it is safe to do so.

#### 6.7.8 Chief Executive

Agency spend in the Chief Executive's Service is managed to ensure operational resilience. It is used for two primary purposes: to cover hard-to-fill vacant posts and to provide essential 'flex capacity' by engaging staff above our core establishment during periods of peak demand. This approach allows us to maintain service continuity while actively managing costs, and all assignments are under continuous review for best value.

#### 6.7.9 Housing Revenue Account

The same analysis is made of HRA agency costs as shown below:

**Table 6: Trend in Agency Spend**

Directorate	HRA Agency Spend Forecast	Change from Agency Spend forecast from last month	Agency Spend forecast as a % of total staff budget 2025/26	Agency Spend outturn as a % of total staff budget 2024/25
	£k	£k	%	%
HRA	3,629	13	6.12%	10.25%

**Table 7: Breakdown of Agency Spend**

Directorate	HRA Agency Spend Forecast	Over Establishment	Filling Vacant Permanent Posts	Covering Maternity or Long-term Sick
	£k	£k	£k	£k
HRA	3,629	954	2,639	36

**Table 8: Agency Staff Numbers**

Directorate	FTE Agency Staffing Numbers January	FTE Agency Staffing Numbers February	Difference)
HRA	24	23	-1

6.7.10 The total agency spend for the HRA staff funded from all sources is £3.629m (in 2024/25 the total spend was £5.2m). February sees an increase of £13k in the total forecast spend. There are currently 23 live placements for Agency staff within the HRA. The forecast links directly to the Service Review and the planned end dates of current agency staff, the recruitment of permanent staff along with refinement of the forecasts.

#### 6.7.11 Over Establishment

The use of additional agency staff beyond the established headcount is a direct response to the increased demand for repairs. This approach is deemed appropriate for managing fluctuating demand and will continue while the Planned Preventative Maintenance Programmes are being implemented. A service review is expected to lead to a reduction in these staff as permanent positions are created to align with the new model for delivering Housing Services.

#### 6.7.12 Filling Budgeted Posts

The service is undergoing a service review where the aim is to establish staff into permanent roles as we fill posts within the new structure, this should reduce spend on Agency staff as they will be replaced by permanent staff.

#### 6.7.13 Covering Maternity and Long term sick

There is a very small forecast related to the covering of maternity/sick leave. It is not possible to comment on whether this will increase in future forecasts due to the type of cover.

6.7.14 The HRA Agency Staff Cost Forecast for February indicates an overall decrease in agency staff spending compared to the previous year. The use of Agency staff is likely to decrease over the second half of the financial year as the Housing Service undergoes a service review with the aim of establishing staff into permanent roles within the new structure

## 6.8 Cost of Living Response

6.8.1 The residual impact of the cost of living crisis is ongoing. As we have seen in previous years' OFPs, the Council has responded positively to this with a range of initiatives, many of which are continuing in 2025-26. As well as responding to material needs, our initiatives continue to focus on developing a more coordinated emergency support and advice network, with more preventative help, linking emergency support with income maximisation and advice. This includes working alongside frontline services and community partners, who are often best placed to support residents. We have also funded a range of activities to assist vulnerable adults in accordance with the Council's Poverty Reduction Framework utilising funding from the Government's Household Support Fund. Here to Help continues to tackle benefits under-claiming in the borough and contributes to income maximisation and reduction in financial distress for some of Hackney's most vulnerable residents.

6.8.2 Hackney Here To Help is an easily accessible, multi-disciplinary service that brings together some benefits assessment support with assessment for a range of discretionary grants managed by LBH, in a delivery model with data-led, active outreach at its heart. The core goal of Here To Help is tackling benefits under-claiming in the borough; it is estimated that residents are missing out on £28 million in financial support they are entitled to. Here To Help contributes to income maximisation and reduction in financial distress for some of Hackney's most vulnerable residents.

Here To Help grew out of the commitment made in the Poverty Reduction Strategic Framework 2022-2026 to "better meet people's immediate material needs and offer more preventative help". The Framework was published in 2022 and Here To Help became operational in November of that year.

### Tasks Here To Help undertakes:

Receive applications via its online application form and outreach events for help with:

- benefits check (general & disability)
- council tax bill or debt
- rent arrears
- imminent eviction
- cost of living support
- home goods
- transport
- removals
- storage
- money management

Lead the analysis of Council-held data to inform and shape proactive outbound information campaigns to tackle lack of awareness of eligibility for specific benefits

<b>Specifically, this means:</b>
Check for take up of benefits entitlement
Assess eligibility for and administer food and fuel vouchers funded via the Household Support Funds
Assess eligibility for and administer Hackney Discretionary Crisis Support Scheme, which provides household goods
Assess eligibility for and administer Discretionary Housing Payments, which provides grants towards rent arrears and rent deposit in advance
Assess eligibility for and administer Council Tax Reduction Discretionary Scheme
Assess eligibility for and administer transport costs
Assess eligibility for and administer removals costs
Assess eligibility for disability benefits, support application and lead mandatory reviews and challenges, including taking cases to tribunal
Sign post to additional support (food banks; debt advice; immigration advice etc)
Complex case work
Reviews and complaints

6.8.3 The latest activity figures, for the end of **February 26** show that, since its commencement in November 2022, the Here To Help distributed £6.75m of discretionary funds including: -

Discretionary Housing Payments - £3.6m

Household Support Fund - £2.45m

Hackney Discretionary Crisis Support Scheme - £0.5m

CTRS discretionary hardship scheme £0.2M

The team also achieved £7m worth of increased incomes through benefits uptake work. This is an increase of £90k since December 25 nearly all due to officer led benefits uptake case work.

6.8.4 The Council has also invested in a raft of initiatives from funding provided by the Government's Household Support Fund. These initiatives focus on assisting vulnerable people, particularly children and families, and breaking down the barriers to reach a wider group of vulnerable residents at risk of poverty. For 2025-26, Hackney's Household Support Fund allocation is £4.974m. In March 2025, Cabinet authorised the distribution of the grant to a wide range of voluntary and community sector and independent organisations working with residents and the Council. The grants are being distributed in line with Household Support Fund requirements - supporting households struggling to meet the cost of food, fuel, water and other household essentials.

## 7. Children and Education

Revised Budget	Service Area	Forecast Variance After reserves
£000		£000
100,594	Children and Education	3,681

7.1 Children & Education have a forecast overspend before reserves of £7.3m and £3.7m after reserves for 2025/26.

7.2 **Children and Families Services (CFS)** is predicted to underspend by £0.816m after the allocation of specific ring-fenced reserves and the application of 50% of the Social Care Grant that the Council receives which totals £20.4m. The main areas of overspend relate to the Directorate Management Team (£0.5m), Disabled Children Services (£0.4m) and Looked After Children & Leaving Care Services (£0.3m). In previous years Corporate Parenting has experienced pressures from an increase in the profile of more expensive placements linked to the complexity of care for children and young people. In 2025/26, additional budget growth of £0.7m and social care grant of £3.3m has been applied to Corporate Parenting and the service is currently predicting an underspend of £1.4m based on current placement costs and the number of children and young people in our care. It is to be noted that the forecast is susceptible to variation during the course of the year, holiday periods during the summer and winter in particular have historically experienced increases in demand and pressure on the budget due to care arrangements breaking down, this represents a risk for the service. Two Children's Homes are also currently under development within the borough and are anticipated to open during 2026/27. These homes are expected to help mitigate the costs associated with our most expensive external care packages in future years.

7.3 **Hackney Education (HE)** is forecast to overspend by £4.496m on the general fund and be balanced on the Dedicated Schools Grant (DSG). The overspend on the general fund includes the increase in our EHCP costs for the necessary staffing support needed within the assessment of our EHCPs, including Education Psychologists (£1.445m). The SEND Transport Service is also continuing to experience budgetary pressures relating to home to school transport for children with SEND (£1.290m). Plans are being implemented to resolve this. In addition there is £1.161m pressure in Early Years, largely due to not meeting savings in respect to the reconfiguration of our Children Centres in previous years. A series of options are being formulated to address this as per the lessons learned review.

7.4 In addition to budgeted savings further cost reduction measures have been developed for 2025/26. For CFS, management actions of £1.5m had been identified and these are included in the predicted outturn position. These include reductions in the number of high cost placements (£0.5m); review of the top 30 high cost placements (£0.3m); a Foster First Approach (£0.5m);

and review of agency spend through maximising permanent recruitment and greater challenge through the workforce development board (£0.2m).

7.5 For Hackney Education, the focus of cost reduction measures this year will be through further development of in-borough SEND provision and early engagement work, that will allow more children with SEND to have their needs met in local provision including in school themselves, often mainstream settings with access to specialist provision through the work of additional resource base provision (ARP). Detailed plans continue to be developed for these proposals, in particular the development of in-borough SEND provision has been factored into our SEND deficit recovery plans which have been developed with the DfE and CIPFA.

7.6 There is also a great deal of work being undertaken with SEND transport to reduce the overspend. This includes rebrokering of expensive taxi routes, moving children from taxis to buses where possible and other plans to reduce expenditure and solutions which are not best value.

## 8. Adults, Health and Integration

Revised Budget	Service Area	Forecast Variance After reserves
£000		£000
160,996	Adults, Health and Integration	4,991

8.1 **Adult Social Care (ASC)** is forecasting a £5m overspend for 2025/26, a significant reduction from the £20m overspend reported in 2024/25. This shift is attributable to a £20.8m increase in the budget allocation, in-year efficiency savings and the full utilisation of the £21.1m Social Care Grant. There is no material movement compared to the January 2026 reported position.

8.2 **The Care Support Commissioning** budget is forecasting an overspend of £5.2m on its total budget of £68.7m. The current position shows an adverse £0.3m movement compared to last month. The primary driver of the adverse movement is demand pressures driven by increased costs related to Occupational Therapy equipment and accommodation expenses for individuals without recourse to public funds.

8.3 **The Mental Health** budget is forecasting an overspend of £0.7m on its total budget of £11.5m. This is primarily due to rising demand for Mental Health care services and increase in complexity of cases. The current position shows an adverse movement of £0.1m compared to last month. This adverse movement is primarily due to increases in the complexity of cases for existing service users.

8.4 **The Provided Services** budget is forecasting a net £0.9m underspend on its £13.4m budget. The position is driven by a £1.4m underspend in Day Services, including savings from vacant posts at Oswald Street, where operating levels are currently not at full capacity. This underspend offsets a

£0.5m overspend in Extra Care schemes due to the increased staffing requirements for residents with complex needs. Since the last reported period, the overall position has improved by £0.2m, largely due to delays in recruitment for vacancies across the service.

- 8.5 **Other ASC services** budgets are forecasting a breakeven position.
- 8.6 The overspend is primarily driven by a sustained increase in client activity and the rising complexity of commissioned care. Adult Social Care demand has grown steadily over five years, with budget uplifts failing to fully match service pressures.
- 8.7 Despite a £20.8m budget increase and a £3.3m boost in Social Care grants (including the Market Sustainability and Improvement Fund - MSIF), the ASC budget continues to face substantial challenges. Unit costs have significantly increased due to inflationary factors, notably the London Living Wage (LLW) and the MSIF has not been uplifted for 2025/26, further exacerbating resource strain.
- 8.8 **The Public Health (PH)** is forecasting a breakeven position, with planned £1m of savings on track. Hackney received an uplift of £2.1m in 2025/26 through the national Public Health Grant, which must be used in line with the ring fenced grant conditions. These include meeting service demand pressures, funding inflationary costs, and supporting workforce pay increases within public health commissioned services.
- 8.9 In addition to the 2025/26 ASC planned budgeted savings of £2.1m, the service has implemented cost reduction measures under invest-to-save initiatives. These management actions will be rigorously monitored and tracked monthly, and will be included in the forecast once realised. The cost reduction strategies include:
- Continuation of the high-cost placements review work being undertaken by the commissioning review team, anticipated to achieve at least £0.2m in cost reductions. Anything achieved beyond the initial £0.2m in cost reductions will contribute towards the £0.3m budgeted savings target for 2025/26
  - Joint Funding Reviews: With a projected saving of £0.3m identified
  - Monitoring direct payments accounts, projected to save £0.4m.

## 9. Housing, Climate and Economy

Revised Budget	Service Area	Forecast Variance After reserves
£000		£000
93,864	Housing, Climate and Economy	-344

- 9.1 The directorate is showing a £0.344m underspend after use of £0.261m in reserves. There are material overspends currently reported in the Climate,

Sustainability & Environmental Services and the Streetscene service is forecasting significant income shortfalls.

9.2 **The Homelessness Prevention Service** reports an underspend of £5.407m for 2025/26, a favourable movement of £1.596m compared with the previous period. The positive shift is a result of increased TA rent income, though this is balanced by the negative movement in the Benefits budget related to the higher Net Cost of benefits. Benefits and HPS are closely interlinked, with adverse movements in Benefits producing favourable movements for HPS due to the Housing Benefit calculation. It must be noted that demand for temporary accommodation has been rising more slowly than in 2024/25, allowing the service to manage its expenditure within the 2025/26 budget and growth allocations. The shift from Housing Benefit to Universal Credit is expected to increase the risk of non-payment, potentially requiring a corresponding increase in the bad-debt provision. This necessity stems from the inherent unpredictability of Universal Credit. The management actions outlined below are aimed at containing spend and implementing cost-reduction/avoidance measures, although they will take time to impact the forecast.

- 1) The acquisition of the Ridley Villas hostel will protect and expand our supply of suitable temporary accommodation, helping shield us from further cost increases. This has now closed for refurbishment, which will improve the facility's accommodation.
- 2) Management is exploring options to increase the supply of temporary accommodation, including leveraging the LAHF3 grant to deliver 59 properties. To date, 32 properties have been acquired, with an additional 25 currently under consideration. It is projected that once all properties are delivered, an annual cost saving of approximately £1.5m will be achieved by housing residents rather than accommodating them in the nightly paid market.
- 3) The acquisition of 34 specialist supported housing units in Hackney is scheduled for completion in September 2026. This strategic acquisition aims to alleviate the substantial financial burden of expensive, nightly-paid temporary accommodation and provide improved support for homeless adults with complex needs.
- 4) The Council is establishing the Housing Acquisition Programme (CHAP) to acquire 125 homes for use as temporary accommodation. Supported by the Greater London Authority, the programme aims to reduce the Council's reliance on expensive, nightly paid units. This acquisition is projected to deliver an annual cost avoidance of approximately £3.3m compared to housing residents in the nightly-paid market.

9.3 **Benefit administration** reports an overspend of £4.209m for 2025/26, an adverse movement of £1.543m since the last period, driven by a worsening of the Net Cost of Benefits (NCOB) position. It is important to note that this adverse movement is directly netted off with the favourable movement within the Homeless Prevention Service, due to the Housing Benefit

calculation. The subsidy loss forecast within NCOB entirely drives the benefits overspend, while all other cost centres are forecast to be within budget or show minor underspends. The NCOB position faces a risk of further deterioration. This is due to an anticipated increase in residents transitioning to Universal Credit, which will subsequently diminish our capacity to recover historical overpayments.

- 9.4 **Streetscene** is forecasting an underspend of £0.506m (£0.649m over last period). Traffic Orders Road Closure fees and income from issuing Highways Act licenses are forecast to be significantly lower than budgeted. This line of income is wholly dependent on third parties and largely tracks the economy as well as third party investment in infrastructure (such as fibre optic cabling or other utilities). The improvement in the forecast relates mainly to confirmation of revenue share from the cycle hire contract that is higher than was previously forecast.
- 9.5 **Community Safety, Enforcement, and Business Regulation (CSEBR)** is forecasting an underspend of £0.087m (£0.006m overspend last period). The underspend relates to the deferred hiring for roles originally forecast to be filled during this period. Some planned CCTV works have been deferred and licence fee income exceeding income target also contributed to the underspend.
- 9.6 **Climate, Sustainability & Environmental Services (CSES)** is forecasting a combined overspend of £2.012m (£2.103m last period). Environmental Operations are forecast to overspend by £2.266m. The primary drivers are (a) £1.111m service and operational pressures, (b) £0.695m - increased costs of operation and maintenance of the vehicle fleet and (c) £0.460m savings from the Commercial Waste company that will not be achieved in 2025/26; partially offset by an underspend of £0.254m in the Climate and Sustainability Team.
- 9.7 **Planning and Building Control** is forecasting a £0.306m overspend (£0.166m last period). The overspend relates to dangerous structure debtors that may not be recovered in full and to reduced income forecasts where receipts will now relate to work to be undertaken in 2026/27 rather than 25/26.
- 9.8 **Culture, Libraries and Heritage** service is forecasting an overspend of £0.145m (£0.083m last period). The pressure relates to Town Hall square refurbishment works affecting income generation and additional security costs at Stoke Newington library. The Culture service is also holding a £0.042m council-wide budget pressure for Carnival savings made via Neighbourhood Community Infrastructure Levy. (NCIL) funds in 2025/26.
- 9.9 **Housing (General Fund)** reports an underspend of £0.076m (£0.072m last period) driven by rent income forecast being greater than budgeted, increasing by £0.034m, and staffing underspends of £0.022m in the Travellers delegated cost centre.
- 9.9 Other services are forecasting broadly to budget at this stage in the financial year or to underspend.

## 10. Finance and Corporate Resources

Revised Budget	Service Area	Forecast Variance After reserves
£000		£000
1,857	Finance & Corporate Resources	267

- 10.1 Finance and Corporate Resources project an overspend of £267k, a favourable movement of £121k compared to the last reporting period, inclusive of a reserve drawdown of £741k.
- 10.2 The **Audit and Anti-Fraud** reports an underspend of £156k, a favourable movement of £10k from the last reporting period. The overall underspend is due to the service holding vacant posts.
- 10.3 **Customer Services, Digital, and Data** reports an underspend of £49k, a favourable movement of £9k from the last reporting period. The overall underspend is due to the service holding vacant posts with recent leavers taking on secondment opportunities across other Council departments.
- 10.4 **Education Client Services** reports no variance to budget, no movement from the last reporting period. Included within the service are ongoing fees related to the management companies' overheads and void charges of the unoccupied units at one of the sites.
- 10.5 **Financial Management and Directorate Finance Support** reports an underspend of £18k after a reserve drawdown of £268k, a favourable movement of £18k from the last reporting period. The underspend is due to the service holding vacant posts. The reserves usage is specifically for one-off expenditure related to development advice for the 55 Morning Lane project.
- 10.6 **ICT and Workplace** ICT and Workplace services reports an overspend of £189k after reserve drawdown of £130k, no movement from the last reporting period. The overspend is primarily attributable to the Education ICT Management Information System (MIS) team's inability to achieve its income target from traded services, thereby limiting its capacity to cover operational costs. Increased market competition has had a detrimental impact, as educational institutions, including schools and academies, that are facing budgetary constraints, are increasingly seeking more cost-effective MIS support options. The cessation of the service was approved by Hackney Education Senior Leadership Team.
- 10.7 **Registration Services** reports an underspend of £133k, with a favourable movement of £25k compared with the last reporting period. The overachievement of income targets drives the underspend.
- 10.8 **Procurement and Energy Services** reports an underspend of £192k, a favourable movement of £68k from the last reporting period. The overall underspend is due to the service holding vacant posts.

- 10.9 The **Revenues Service** reports an overspend of £627k, an adverse movement of £10k from the last reporting period. The service has now cleared the majority of backdated cases, thus reducing the forecasted court income. Alongside this, we have also seen an improvement in collection rates, reducing arrears and thus court income. The overspend reflects increased debt-recovery costs due to a rise in resident calls to the Service Centre, as well as rising costs of supplies and services. Despite the current overspend, the service has increased its collection forecast. If the current performance level is maintained for the rest of the year, an additional £0.5m in the Collection Fund is projected.
- 10.10 **Soft Facilities Management** Soft Facilities Management reports an overspend of £428k, an adverse movement of £199k from the last reporting period. The overspend is primarily driven by increased security costs associated with our main campus buildings and increased costs in cleaning and waste services. A comprehensive review is underway to look at alternative security measures which could alleviate some of this pressure.
- 10.11 **Strategic Property Services** Strategic Property Services reports an underspend of £428k, after reserves drawdown of £344k, a favourable movement of £199k from the last reporting period. The service continues to review agency assignments and adhere to a recruitment freeze, where it is safe to do so. The Commercial Property portfolio continues to experience financial pressure due to the under-recovery of income, which remains a key budgetary risk. Further, there is an elevated risk of income deficits and potential tenant defaults, reflecting the current climate of market uncertainty. While a continuous monitoring framework is in effect, it is projected that these financial challenges will continue into the forthcoming financial year. Furthermore, periods of vacancy are generating additional financial strain, as non-recoverable void costs, such as security costs and business rates are being incurred in the absence of rental revenue. If void levels increase or persist for longer than anticipated, the cumulative impact of these costs could significantly exacerbate the budgetary pressures.
- 10.12 It should be noted that some of these financial pressures will be alleviated through the utilisation of reserves allocated in previous years, specifically to manage fluctuations in commercial property income and void costs.
- 10.13 **Fleet Maintenance** also continues to forecast an overspend which is primarily related to fleet growth and an increase in statutory maintenance obligations. The demand for repairs and rising inflation have significantly escalated the costs of materials and labour for vehicle repairs. This is partially offset by several vacancies held across the service.
- 10.14 It is essential to highlight that the Directorate is actively taking steps to mitigate the current overspend by maintaining several vacant positions. Management has committed to reviewing service requirements and, where feasible, deferring recruitment to ease budgetary pressures for the remainder of the financial year.

## 11. Chief Executive

Revised Budget	Service Area	Forecast Variance After reserves
£000		£000
8,055	Chief Executive	-208

11.1 The Chief Executive's Directorate position is forecasting an underspend of £253K, a £45k improvement from the previous period. (£234k underspend in 24/25) after the planned use of £635k of reserves (£1,534k in 24/25).

11.2 Legal, Democratic & Electoral Services are forecast to underspend by £46k (previous period £60k) based on reduced forecast for Members allowances. Corporate Strategy & Transformation overall is forecast to underspend by £197k (previous period £148k) due to early achievement of savings within the policy and strategy team. Within this there is a cost pressure from Communications and Engagement associated with printing and distribution for Love Hackney publication where the service plans to provide 8 editions this year. There are further pressures relating to storage costs, subscriptions and software licence fees across the directorate.

## 12. Housing Revenue Account (HRA)

12.1 The HRA is required to identify significant mitigations in order to breakeven for 2025/26. The HRA is forecasting to overspend on Operations expenditure by £8.757m, a positive movement on the January position of £205k. In order to address this overspend and to balance the HRA in year for 2025/26 the following mitigations have been taken and included in the forecast:

- The budgeted contribution to reserves of £2.059m in 2025/26 has not been forecast;
- A drawdown from earmarked reserves of £0.982m has been forecast to partially offset the overspend in addition to the budgeted drawdown from reserves of £1m. This will completely deplete all balances available in earmarked reserves for the HRA.
- With effect from April 2025 the rents charged on HRA Dwellings being used for Temporary Accommodation have been restructured as part of the Council's overall TA rent policy. This will generate additional income for the HRA whilst HRA Dwellings are being used for this purpose. This is not a base budget adjustment and is directly linked to the availability and use of void and regeneration properties for TA purposes. The net additional income forecast for 2025/26 is £4.3m.
- A drawdown of £1.633m from general reserves is required to balance the HRA in 2025/26 an increase of £85k from Period 10 despite the positive movement on Operations Expenditure due to an increased forecast on Central HRA Items.

- 12.2 The key risk to the HRA in 2025/26 continues to be repairs and maintenance expenditure which has continued to be forecast above budget. The forecast for 2025/26 is below the outturn for 2024/25 though, by £2.414m. Management action has been taken to contain expenditure which includes that all work should be ordered on the repairs hub with a clear commitment to aid budget monitoring / management and that expenditure is limited to the 'musts' i.e. the legal requirements. These instructions set out the need to work within set budgets during 2025/26 as well as reviewing and setting authorisation limits to improve financial controls. Bi-weekly spend review meetings will review all works raised via the surveying function and all follow-on works requested by the DLO.
- 12.3 The current financial position and depletion of earmarked reserves places the HRA budgets under significant financial pressure and the current level of spend is not sustainable within the HRA MTFs and 30 Year Business Plan. The newly created HRA Finance Improvement Board will continue to oversee and monitor the financial sustainability of the HRA and recommend appropriate action.
- 12.4 The main under and overspends are as follows: -

***Home Ownership - £760k underspend***

The recent Internal Audit of Leasehold Major Works Debt Recovery recommended that a provision for the write-off of Major Works bad debt should be promptly raised in the financial records for current and future debt write-offs. A provision for £1.5m will be set up in 2025/26. This is offset by the impact of the 2024/25 actuals on the income due from Leaseholders for 2025/26 which results in an increased forecast of £1.4m along with a review of the rents charged and due from Housing Associations which results in increased income of £1.2m.

***Housing Management - £5.527m underspend***

With effect from April 2025 the rents charged on HRA Dwellings being used for Temporary Accommodation have been restructured as part of the Council's overall TA rent policy. This will generate additional income for the HRA whilst HRA Dwellings are being used for this purpose. This is not a base budget adjustment and is directly linked to the availability and use of void and regeneration properties for TA purposes. The additional income forecast for 2025/26 has been reviewed at Quarter 3 and has been revised to £6.5m. An increase of £2.1m gross, however this is offset within the Central HRA Budgets by an increase to the required top up to the Bad Debt provision of £1m. Additional income offsets the forecasts for the Cleaning recharge from the General Fund which is £264k more than budget along with a forecast increase of £156k in Business rates.

***Alternative Dispute Resolution (ADR) - £3.058m overspend***

As a result of the take up of the ADR Process settlement and repair costs continue to be forecast to be more than budgeted. This expectation is in line with the 2024/25 outturn position, it is anticipated that the new operatives recruited should generate additional repairs income during the year. In

addition a review is underway to compare the business case to the outcome for 2025/26 with a view to updating it.

***Building Maintenance Salaries - £1.215m overspend***

Additional agency staff and BSO to manage the demand of Damp and Mould works as well as responsive repairs works, which is still very high, continue to result in a forecast overspend. The use of Agency staff is reducing.

***Direct Labour Organisation (DLO) - £5.126m overspend***

The DLO is forecast to be overspent by £5.126m as a result of increased operating costs, the need for additional operatives to manage legal, voids and revenue repairs works and together with increased materials costs. The current Schedule of Rates (SOR) does not account for the additional accumulated pay awards or the rising cost of materials, leading to a significant deficit. As part of budget setting for 2026/27 the DLO SOR's were uplifted to reflect the increased cost of labour/materials.

***Legal Disrepair - £5.360m overspend***

The forecast for Period 11 has reduced slightly but overall the forecast reflects the increase in the number of cases that progress through the courts in 2025/26, as there are more resources in place. As a consequence legal costs, court costs and compensation costs will rise significantly. Thus, the actual year end forecast on legal charges is significantly higher than budget as more cases are expected to go through courts for final settlements in order to reduce the overall number of cases.

***Repairs and Maintenance - £5.489m underspend***

Overall the full year forecast has reduced by £5.489m to take into account capitalisation and the spend controls imposed to manage the overall repairs and maintenance spend. The impact from the spend control will be monitored closely, the impact continues to be assessed. The building maintenance team continues to face high demand for reactive repairs and damp and mould works together with additional pressure from the Awaab's law going live in October 2025.

**13. Financial Implications**

- 13.1 The Group Director Finance and Corporate Resources financial considerations in respect of the Overall Financial Position are included throughout the report.

Financial comments prepared by Naeem Ahmed, Group Director Finance & Corporate Resources, Email: naeem.ahmed@hackney.gov.uk, Date: 9 April 2026

## 14. HR & OD Implications

14.1 The financial report's forecast **£8.342m overspend** has significant implications for HR & OD, demanding a strategic response focused on stringent cost management, proactive workforce planning, and sustained employee wellbeing support.

### 14.2 **Workforce Cost Management:**

- **Agency Reduction:** The top priority is controlling the substantial General Fund agency spend, which is currently forecast to be £5m lower than the 2024-25 total. There are 707 FTEs. This will primarily be managed through the newly established **CLT Resources Approval Panel**, ensuring rigorous scrutiny and approval of all recruitment activity, both permanent and temporary. Efforts will continue to focus on transitioning agency workers to permanent roles via service reviews (HRA, Housing) where it is appropriate to do so, and to C2H where temporary resources are essential to delivery, and there is a saving/income to be made from reduction of agency rate.
- **Staffing Levels:** Regular star chambers have commenced with Group Directors to address agency reduction and over-establishment across multiple directorates to align staffing with approved budgets, in line with the work of the **Budget Recovery Board**.
- **Spend Freeze:** Define and communicate a clear, sensitive policy for any re-introduced non-essential workforce spending freeze, ensuring it is applied consistently and does not impede front-line service delivery or critical, cost-saving recruitment.

### 14.3 **Workforce Planning & Change:**

- **Recruitment/Retention:** The Resourcing & Talent Acquisition team will develop targeted strategies (potentially including competitive remuneration) to fill persistent 'hard-to-fill' permanent specialist roles, particularly **Social Workers, Specialist Clinical Practitioners (Children's), and roles within Adult Social Care**, to reduce the high reliance on premium-rate agency staff.
- **Organisational Change:** Supported by the workforce transformation projects, the HR function will provide expert HR advice (TUPE, consultation, employee relations) to manage forthcoming change projects and restructures, including the **HRA Service Review** aimed at reducing its £3.395m agency spend by establishing permanent roles within the new structure. This support will also manage potential increases in casework stemming from grievances and complaints.
- **Governance Support:** HR & OD will provide embedded support to the **ASC Finance Improvement Panel** and **HRA Finance Improvement Panel** to ensure workforce implications are central to their financial sustainability plans.

#### 14.4 **Employee Wellbeing:**

- **Support:** Ensure staff support channels (EAP, mental health first aiders/champions and staff networks) are promoted and available, acknowledging the "additional pressures" on staff due to the transformation and financial situation.
- **Culture:** Monitor morale and promote a "one Council" culture, emphasising collective responsibility and transparent communication regarding the financial challenge. Conduct staff surveys and wellbeing focussed surveys and continuous staff engagement to ensure everyone feels supported.

14.5 In summary, HR & OD will focus on stringent financial control of the workforce budget, leveraging the new governance panels to manage agency spend and over-establishment, while simultaneously driving necessary organisational change and supporting long-term recruitment efforts to achieve financial sustainability.

HR/OD comments by Sandra Farquharson, Director of Human Resources and Organisational Development, Email: [sandra.farquharson@hackney.gov.uk](mailto:sandra.farquharson@hackney.gov.uk) Date: 10th April 2026

#### 15. **Legal Implications**

- 15.1 Cabinet is reminded of the fiduciary duty owed by elected members as trustees of the Council's assets including the need to apply those assets in the public interest and thus the need to ensure prudent use of the Council's resources both in the short, medium and long term; striking a balance between the interests of the council tax/rate payers and the community's interest in adequate and efficient services; and acting in good faith in compliance with its duties.
- 15.2 Under the Council's Constitution, although Full Council sets the overall budget, it is Cabinet that is responsible for putting the Council's policies into effect and responsible for most of the Council's decisions. Cabinet must take decisions in line with the Council's overall policies and budget.
- 15.3 The Group Director of Finance and Corporate Resources is the officer designated by the Council as having the statutory responsibility set out in section 151 of the Local Government Act 1972. The section 151 officer is responsible for the proper administration of the Council's financial affairs.
- 15.4 In order to fulfil these statutory duties and legislative requirements the Section 151 Officer will:
- (i) Set appropriate financial management standards for the Council which comply with the Council's policies and proper accounting practices and monitor compliance with them.

- (ii) Determine the accounting records to be kept by the Council.
  - (iii) Ensure there is an appropriate framework of budgetary management and control.
  - (iv) Monitor performance against the Council's budget and advise upon the corporate financial position.
- 15.5 Paragraph 2.9 of FPR2 Financial Planning and Annual Estimates states that each Group Director in charge of a revenue budget shall monitor and control Directorate expenditure within their approved budget and report progress against their budget through the Overall Financial Position (OFP) Report to Cabinet. This Report is submitted to Cabinet under such provision.
- 15.6 Article 13.6 of the Constitution (Part Two) states that key decisions can be taken by the Elected Mayor alone, the Executive collectively, individual Cabinet Members and officers. Under the Mayor's Scheme of Delegation financial matters are reserved to Cabinet, therefore, this report is being submitted to Cabinet for approval.
- 15.7 All other legal implications have been incorporated within the body of this report.

Legal comments prepared by Louise Humphreys, Director of Legal, Democratic & Electoral Services Email: [louise.humphreys@legal.hackney.gov.uk](mailto:louise.humphreys@legal.hackney.gov.uk) Date: 16 April 2026

## **Appendices**

Appendix 1: Savings Performance Assessment 2025/26 to 2027/28

## **Background documents**

None.