

COUNCIL	DATE 24 February 2022	ITEM NO: 14
TITLE Medium Term Financial Strategy 2022/23+	WARD (S) All	
CHIEF OFFICER Director of Finance	CABINET MEMBER Finance and Resources	
DECISION CLASSIFICATION Key Non-exempt report Non-exempt appendices	IS THE FINAL DECISION ON THE RECOMMENDATIONS IN THIS REPORT TO BE MADE AT THIS MEETING? Yes	

I. **Decisions required**

Council is requested to:

- I.1 Note that the impact of over a decade of government austerity has led to the council facing around £150m of pressures over that period, when combined with huge demographic demands and price inflation it is challenging to set a balanced budget for each financial year (Section 4)
- I.2 Note the number of properties rated for council tax has grown by less than 1% year on year for the second consecutive year. (Section 8.24)
- I.3 Note the effect which Covid has had on employment, with a 7% increase in the number of working age claimants for the Local Council Tax Support Scheme since pre-Covid levels (Section 8.26)
- I.4 Note the impact of the Government's Financial Settlement and related developments around the MTFS:
 - the Chancellor announced a one-year Settlement only for 2022/23, which allows certainty for a one-year period despite announcing 3 years spending plans for Government Departments
 - the loss of funding of £3.6m from the New Homes Bonus Scheme (Section 8.19)
 - a continuation of the break from the London wide Business Rates pooling arrangement for 2022/23 (Section 8.13)
 - the Schools funding position (Section 8.28)
- I.5 Agree Greenwich investment decisions to provide for demographic and price pressures of £14.370m and waste and street service pressures of £1.700m (Section 9)

- I.6 Note that Cabinet has been recommended to agree the fees and charges for 2022/23 (Section 6.6 – Appendix A and B) to the extent the functions are executive functions
- I.7 Note budgetary impact of previously agreed income / savings proposals of £8.7m in 2022/23 (Section 10)
- I.8 Agree that £3.862m one-off reduction in the 2022/23 Freedom Pass costs are used to support the 2022/23 budget (Section 8.41)
- I.9 Agree that the £5.755m one off 2022/23 Services Grant is set aside to support any ongoing Covid financial pressures and the council’s strategic plans for recovery and renewal (Section 9.5)
- I.10 Agree the use of one-off resources to fund:
- the Ward Budget Scheme (up to £0.600m) (Section 9.6)
 - School uniform / clothing grants (up to £0.400m) (Section 9.2.12)
 - the Leisure offer (up to £0.200m) (Section 9.2.12)
- I.11 Agree to provide all current and new recipients of working age Local Council Tax Support (LCTS) during the financial year 2022-23 with a further reduction in their annual council tax bill of up to £175, under the Covid Hardship Fund, (through the use of discretionary powers under section 13A(1)(c) of the Local Government Finance Act 1992) (Section 9.10).
- I.12 Note a forecasted reduction in the overall resourcing gap by 2025/26 to £21.5m (Section 15.15)
- I.13 Agree the Medium Term Financial Strategy 2022/23 to 2025/26 as set out in this report and subsequently recommend to Council for approval:
- the MTFS as per this report
 - that the borough element of council tax is raised by:
 - 1.00% adult social care precept
 - 1.99% main council tax rate
 - a balanced budget for 2022/23
- I.14 Note the potentially significant financial risks to the MTFS going forward (Section 15.17)

- 1.15 Note the contribution that a Continuous Improvement programme will have upon the authority's residents and finances (Section 14)
- 1.16 Note the outcome of the results of the public consultation between 17 January 2022 – 6 February 2022 (Section 16)
- 1.17 To note the comments of the Overview and Scrutiny Committee of its meeting on 16 February 2022 and the response from Cabinet (Appendix C – to follow).

2. Links to the Royal Greenwich Strategy

- 2.1 This report relates to the delivery of all of the high-level objectives contained within the Royal Greenwich Strategy.

Budget Principles

- 2.2 Building a Fairer Greenwich, set out in February 2020, has the budget principles outlined in Table 1.

Table 1 – Fairer Greenwich Budget Principles

Principle	Description
A Fairer Greenwich	<i>an inclusive economy with financial inclusion reducing poverty, improving life quality and increasing opportunities for disadvantaged residents</i>
Maintaining the highest possible quality and efficient services commensurate with the cuts imposed by Central Government	<i>this underpins a commitment to continuing to provide value for money services and seeking to keep increases in council tax to a minimum</i>
Recognition of front line service pressures	<i>this recognises the prioritisation of key services, in particular those provided to children and vulnerable adults, as well as those that underpin the quality of life in the public realm and support reductions in violent crime</i>
Maintenance of reserves at a prudent level	<i>this allows the Council to maintain and deliver service stability, longer term plans and respond to a range of financial risks and uncertainties, thus supporting the Council's approach to developing its</i>

	<i>financial standing whilst delivering major capital investment</i>
Investing in and delivering the Growth Strategy	<i>this means maximising, as far as possible, investment and delivery of the Growth Strategy and prioritising interventions which will have the greatest impact on growing the local economy with the consequent benefit for jobs, housing (including New Homes Bonus) and business rate growth</i>
Deepening Financial Resilience	<i>developing new sustainable strategies within a Continuous Improvement context, to manage resources and ensure continuity of service delivery</i>
Effective Governance in the context of diminishing resources	<i>using information about costs and performance to facilitate effective and informed decision making</i>

2.3 This report contains the sections set out in Table 2.

Table 2 – Structure of the Report

Ref	Section
3	Purpose of Report and Executive Summary
4	Introduction and Background
5	Autumn Budget and Spending Review 2021
6	Medium Term Financial Strategy (MTFS) Autumn 2021 Review
7	Latest monitoring position 2021/22
8	Local Government Finance Settlement 2022/23 and other updates
9	Investment Decisions
10	Savings
11	Available Options for Balancing 2022/23
12	Preferred Options
13	Reasons for Recommendations
14	Continuous Improvement
15	Looking ahead, the updated MTFS and risk.
16	Consultation and Timetable
17	Cross Cutting Issues and Implications
App A	Existing Fees and Charges 2022/23
App B	New Fees and Charges 2022/23
App C	Comments from the Overview and Scrutiny meeting of 16 February 2022 (to follow)

3. Purpose of Report and Executive Summary

- 3.1 This report sets out the Medium Term Financial Strategy (MTFS) for the Authority for the next four years (2022/23 to 2025/26). The MTFS balances the financial implications of objectives and policies against constraints in resources and provides the basis for decision making.
- 3.2 Subject to agreement to the proposals contained within this report:
- the Authority will deliver a balanced budget for 2022/23
 - the strategy identifies a 2023/24 budget gap of £8.1m in 2023/24, increasing to £21.5m by 2025/26.

4. Introduction and Background

Austerity and Local Government Funding

- 4.1 Since the start of austerity in 2010, the pressures on scarce revenue resources have grown and over the last few years due to an increasing demand from a growing population, complex need patterns, price increases and reduction in government funding. Since 2010, the council has been faced with pressures of around £150m when you take into account cuts to non-core grants, cash frozen grants and the significant demographic demand growth that the borough has faced coupled with price inflation pressures, with inflation up by around 35% over that period.
- 4.2 The scheme for government funding changed in 2013/14 with the introduction of the business rates retention scheme. Chart 1 below excludes Council Tax as this is a locally raised tax

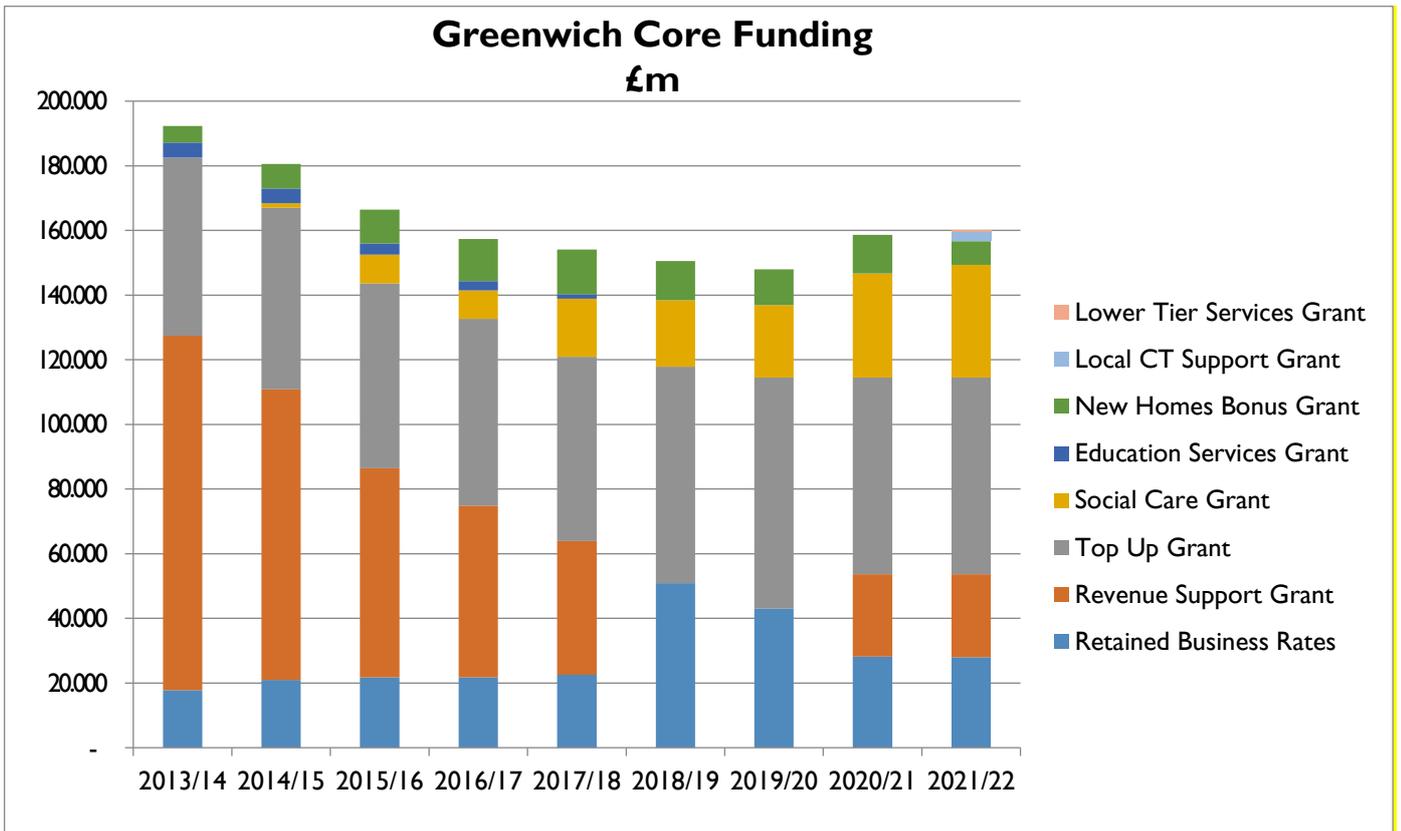


Chart 1: Core Funding 2013/14 to date

4.3 A growing importance has therefore been placed on Council Tax funding, including the Adult Social Care (ASC) Precept (Chart 2).

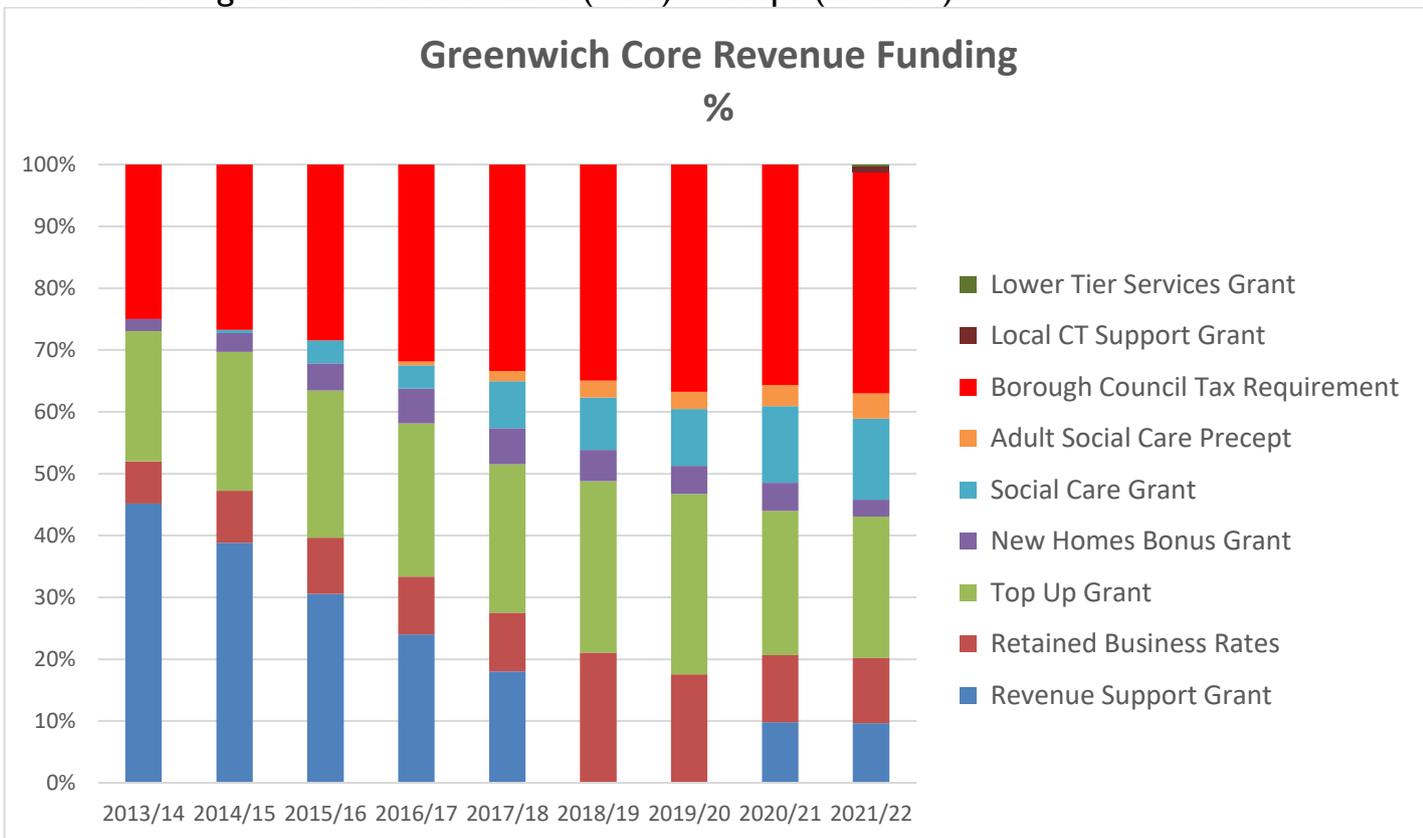


Chart 2: Funding Stream Composition 2013/14 to date

- 4.4 With increasing demand, rising costs and ever decreasing resources – services for vulnerable residents continue to be at risk if this situation continues.
- 4.5 Changes in government policy and the uncertainties created by Brexit and Covid-19 is no guarantee that the financial difficulties local authorities face will ease. The policy of the Government of “rebalancing” or “levelling up” the national economy is a risk that could lead to a regional shift in resources away from London and metropolitan areas to other areas within the UK in the medium term.

5. Autumn Budget and Spending Review 2021

- 5.1 The Chancellor announced the Government’s Autumn Budget and Spending Review on Wednesday 27th October 2021. Government department’s budgets for the next three financial years were announced.
- 5.2 New grant funding for Adult Social Care reforms totalling £3.6 billion across the three years, of which £200m will be distributed to authorities in 2022/23. This will be funded through the Health and Social Care Levy on National Insurance contributions and will be allocated directly to local authorities to implement charging reforms. Included in this funding is the Market Sustainability and Fair Cost of Care Funding of £162m in 22/23 which is intended to support local authorities in preparing their markets for reform and move towards paying providers a fair cost of care. Public sector employers will be allocated a sum for their direct employee costs incurred from the increase to National Insurance rates. There is significant uncertainty in respect of this funding as we currently do not know the additional costs of the reforms or the amount of the grant we will receive.
- 5.3 New core grant funding for Local Government a flat annual £1.6 billion funding which will start in 2022/23 and remain at the same level for each of the next three financial years, this represents a 1.8% real terms funding increase. Part of this funding stream will be used to compensate authorities for the increased National Insurance employers’ costs. This funding pot remains at the same level for each of the three years and there is no assurance this will continue after 2024/25. The effective front-loaded nature of this funding places more reliance on individual Council’s to increase Council Tax levels and deliver more efficiencies in future years in order to fund increased inflation.

- 5.4 Neither the timetable nor the scope of the proposed reforms to local government finance (the business rates reset and the Review of Relative Needs and Resources) were confirmed, however both reforms remain a possibility.
- 5.5 Council Tax referendum threshold is expected to remain at 2% per year through the three-year Spending Review period, with an additional 1% allowed per year for social care authorities.

6. **Medium Term Financial Strategy (MTFS) Autumn 2021 Review**

- 6.1 Medium term financial planning is central to a robust financial management framework and to this end the authority has continued to plan for the medium term, despite a lack of certainty in relation to government funding for the years after 2022/23.
- 6.2 The most recent MTFS report was presented to Council on 25 February 2021. The report set out the forecasted budget position for the Authority between 2021/22 and 2024/25. The report showed a balanced budget for 2021/22 and a budget gap of £17m in 2022/23, increasing to £23m in 2024/25.

Table 3 – February 2021 MTFS forecast (£m)

MTFS Variable	21/22	22/23	23/24	24/25
Govt Funding Reduction	1	8	12	13
Inflation (Pay and Other)	6	12	18	25
Demographic/Demand	4	8	12	16
Digital Improvement Plan	0	8	8	7
Budget Realignment	5	7	7	7
Total Expenditure Pressures	16	43	57	68
Income - Property Growth	(1)	(2)	(3)	(4)
Total	15	41	54	64
Savings:				
Savings Proposals	(11)	(16)	(18)	(19)
Digital Improvement Plan	(0)	(4)	(11)	(18)
Council Tax:	(4)	(4)	(4)	(4)
Net Budget Gap	0	17	21	23

- 6.3 In order to update the MTFS, the February 2021 position has been rebased in order to show 22/23 as the base year. As per the CIPFA requirement to maintain a rolling four year MTFS, the strategy was extended to 2025/26 with the following assumptions made for the year:

- a further £1m reduction in Government funding
- an additional £6m budget to meet inflationary pressures
- an additional £4m budget to meet demographic and demand pressures
- an additional £1m income from growth in the Council Tax base.

Table 4 – February 2021 MTFs forecast rebased from 2022/23 to 2025/26 (£m)

MTFS Variable	22/23	23/24	24/25	25/26
Govt Funding Reduction	7	11	12	13
Inflation (Pay and Other)	6	12	19	25
Demographic/Demand	4	8	12	16
Digital Improvement Plan	8	8	7	7
Budget Realignment	2	2	2	2
Total Expenditure Pressures	27	41	52	63
Income - Property Growth	(1)	(2)	(3)	(4)
Total	26	39	49	59
Savings:				
Savings Proposals	(5)	(7)	(8)	(8)
Digital Improvement Plan	(4)	(11)	(18)	(18)
Council Tax:	(0)	(0)	(0)	(0)
Net Budget Gap	17	21	23	33

6.4 A review of existing assumptions within the MTFs was undertaken in Autumn 2021 in order to obtain a revised position as part of preparations for the Local Government Finance Settlement. The following adjustments to the forecast reported to Cabinet in February 2021 were made.

6.5 Increases to the February 2021 forecasted Budget Gap:

- Increased UK inflation rates will in turn lead to higher contract costs incurred by the Council. September 2021 Retail Price Index (RPI) had increased to 4.9% (from 1.4% in February 2021) and September 2021 Consumer Price Index (CPI) had increased to 3.0% (from 0.5% in February 2021) when the last MTFs was presented to Cabinet. An additional £4.3m has been included in the 2022/23 budget in order to meet the additional costs.
- An increased budgetary pressure of £2.2m due to the cessation of the LCTS hardship grant received in 2021/22.

- On 7 September 2021 the Government announced a new UK-wide Health and Social Care Levy, raised via a 1.25% increase to National Insurance employer contribution rates. The resources raised will be ringfenced for adult social care. It is estimated this will cost an additional £1.4m.
- Additional leasing costs which have arisen from a change in accounting standards under IFRS 16. It estimated this will cost an additional £0.8m per annum

6.6 Reductions to the February 2021 forecasted Budget Gap:

- There is now increased certainty in forecasting future income when operating as a single authority as opposed to the London wide pool (further information in section 8.11 to 8.14). An additional £4.1m income from Business Rates can now be included in the MTFS from 2022/23 onwards.
- A lowering of £1.0m due to the Covid scarring effect on future budgets which and is in line with the judgements made in the Office for Budget Responsibilities “Economic and Fiscal Outlook” October 2021 report. A reduction in budget required for the Digital Improvement Plan of £2.1m in 2022/23 and 2023/24 and £1.3m in 2024/25. Together these have the effect of reducing base budget realignment for 2022/23 by £3.1m. This reflects a revised budgeted cashflow to fund this element of the strategy.
- The forecasted reduction in core Government funding as a result of a potential Fair Funding Review for 2022/23 has been reversed. This has reduced the budget gap by £1.7m. This followed the Autumn Spending Review and Budget 2021 which indicated national funding for Local Government would increase in real terms.
- Include an increase of £1.0m income from proposed fees & charges for 2022/23. Where fees and charges are increasing by inflation or full cost recovery these are outlined in Appendix A. New fees and charges introduced for 2022/23 are shown in Appendix B, which are also charged at cost recovery.

6.7 The revision to the assumptions contained within the February 2021 MTFS position are summarised in Table 5.

Table 5 – Autumn MTFS adjustments to MTFS Budget Gap

MTFS Variable	£m	£m
Contract Inflation (Sept 2021 CPI)	4.3	
Removal of LCTS Hardship grant	2.2	
NIC's for Health & Social Care	1.4	
IFRS Leasing Costs	0.8	
		8.7
Business Rates (no London Pool)	(4.1)	
Base Budget Realignment	(3.1)	
Remove 22/23 Gov Funding Reduction	(1.7)	
Fees & Charges	(1.0)	
		(9.9)
Total Autumn Refresh		(1.2)

- 6.8 Table 6 shows the revised net budget gap for 2022/23 to 2025/26 following the Autumn 2021 review, before the effects of the 2022/23 Local Government Finance Settlement and the use of any one-off resources which would impact the budget gap.

Table 6 –Budget Gap pre 2022/23 Local Government Finance Settlement (£m)

	22/23	23/24	24/25	25/26
February 2021 Budget Gap	17.6	20.2	22.0	32.7
Autumn Refresh	(1.2)	(1.2)	(0.4)	(0.4)
Budget Gap pre Finance Settlement	16.4	19.0	21.6	32.3

7. Latest Monitor for 2021/22

- 7.1 The latest monitoring report for 2021/22 was reported to Cabinet on 17th February. The monitoring report is based on Quarter 3 / Period 9 information, overspend pressures as outlined in Table 7 below.

Table 7 Forecast Outturn Variance by Directorate – Period 9

Forecast Spend versus Budget	2021/22 Forecast Business as usual Overspend / (Underspend) £m
Health & Adults	1.8
Children’s Services	1.1
Communities & Environment	1.9
Housing & Safer Communities	1.5
Finance & Legal Services	(0.2)
Regeneration Enterprise & Skills	4.8
Service Total	10.9
No Recourse to Public Funds	2.6
Treasury Management premium	(8.1)
Net GF Position	5.4
HRA Position	2.3

7.2 For comparison the Q3 position for 2020/21 showed a Net General Fund pressure of £7m.

8. Local Government Finance Settlement 2022/23 and other updates

Local Government Finance Settlement

8.1 The Local Government Finance Settlement outlines funding allocations for local authorities for 2022/23 financial year only.

8.2 The main points nationally are:

- Core Spending Power will increase by £3.7bn (7.3% in cash terms) nationally and £541m (7.3%) across London boroughs.
- London boroughs will receive £243m (16%) of the £1.5bn new grant funding for 2022-23 set out at SR21.
- The main council tax referendum principle will be 2% and the Adult Social Care Precept will be 1% for relevant authorities.
- Settlement Funding Assessment will increase by £72m (0.5%).
- A one off “Services Grant“ worth £822m was confirmed.
- £162m to deliver adult social care funding reforms will be allocated in 2022/23, with a further £600m in both 2023-24 and 2024-25.

- The Social Care Grant will increase by £636m (37%) to £2.3bn.
- The Improved Better Care Fund will increase by £63m (3%).
- Funding for New Home Bonus will decrease from £622m to £556m (11%).
- Business Rates Multiplier Compensation will increase by 96% from £650m to £1.275bn.
- Lower Tier Services Grant of £111m will continue.
- Homelessness Prevention Grant will continue at the same level in 22/23 as 21/22, with £310m allocated.
- Allocations have not yet been published for the Rough Sleeping Initiative Fund and the Independent Living Fund.
- The Government will work with the sector and consult in the coming months on reforms to measuring relative need and resources.

8.3 The final Local Government Finance Settlement was confirmed on 7 February 2022.

Core Spending Power

8.4 The Core Spending Power (CSP) amounts have been split across four areas:

- Settlement Funding Assessment
- Council Tax
- New Homes Bonus
- Specific Grants

8.5 Nationally CSP is forecast to increase by 7.4%, whereas for Greenwich, the rise is 6.9% reflecting a notional increase in resources of £17.4m. The breakdown of the Greenwich CSP is shown in the table 8 below:

Table 8 – Greenwich Core Spending Power (£m)

Greenwich Core Spending Power as per DLUHC	2021/22	2022/23
Notional		
SFA (including business rates multiplier grant compensation)	113.5	118.5
Council Tax Requirement excluding parish precepts	105.8	110.7
Sub-total	219.3	229.2
Actual		
Improved Better Care Fund	15.0	15.4
New Homes Bonus	7.3	3.7
Social Care Grant	11.1	15.0
Lower Tier Services Grant	0.6	0.7
Market Sustainability and Fair Cost of Care Fund	0.0	0.9
Sub-total	34.0	35.7
Services		
2022/23 Services Grant		5.8
Core Spending Power	253.3	270.6

8.6 Based on the provisional settlement an analysis of the forecasted change in CSP excluding Market Sustainability and Fair Cost of Care Fund (as assumed associated new burden costs) for Greenwich compared with the overall England movement is shown in Chart 3.

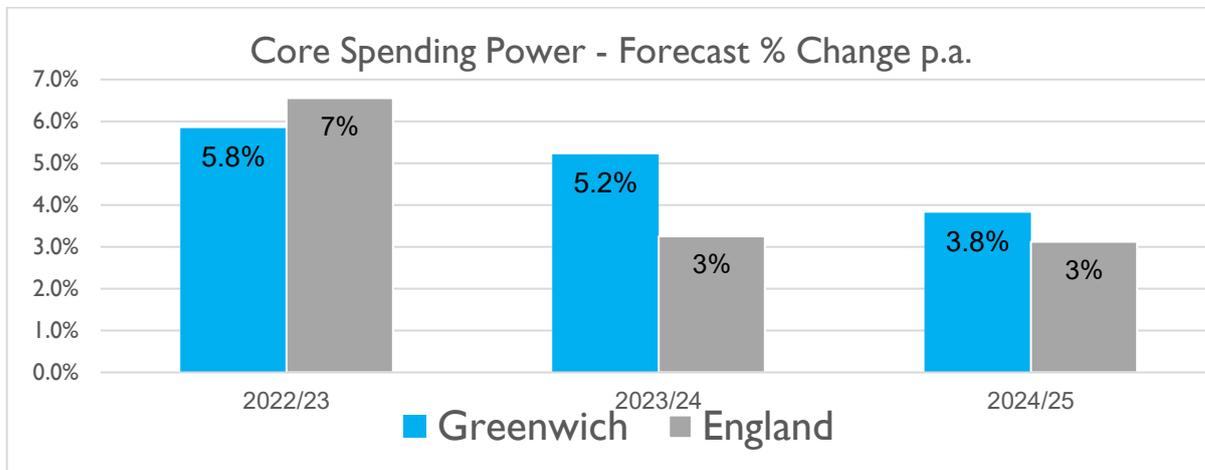


Chart 3: CSP increase RBG vs England

8.7 There is a significant reliance on council tax within the National CSP. The level of assumed income from council tax included in the CSP of local authorities has increased from 49% in 15/16 to 59% in 22/23. This represents an increasing shift of income generation from residents, reducing central government funding to local government.

8.8 Removing council tax from the CSP analysis shows government sourced CSP for Greenwich has increased in cash terms in 2022/23 by £12.4m (8.4%).

Settlement Funding Assessment (SFA)

8.9 The Settlement Funding Assessment consists of the local share of business rates and Revenue Support Grant (RSG). For 2022/23 the multiplier and business rates Baseline Funding Level (BFL) are to be frozen. RSG is to be updated in line with CPI inflation. There has also been two minor grants rolled into RSG; the Electoral Registration Grant and the Financial Transparency of Local Authority Maintained Schools Grant. Greenwich will receive an additional £0.8m via RSG in 2022/23.

8.10 It was confirmed the business rates multiplier has been frozen for 2022/23. Local authorities will be compensated for the shortfall in income which would have otherwise been generated from local businesses if the Government did not freeze the multiplier. Greenwich has been allocated an additional £4.2m income to compensate for this Central Government decision.

Business Rates Retention

- 8.11 National arrangements for business rates in 2022/23 are based on 50% business rates retention schemes. In 2017/18, the local share for individual London Boroughs was increased to 67% for future years (central share was reduced to 33%) to reflect GLA taking on extra functions.
- 8.12 Between 2018/19 and 2020/21 Greenwich was a member of the pan London-wide Pool which included all 33 local authorities and the GLA. Since the introduction of London pooling, these arrangements have had a beneficial effect on business rates income for Greenwich. However, the Covid-19 pandemic significantly reduced the advantages of pooling arrangements due to the impact on business rates receipts, to the point that the anticipated risks of pooling in 2021/22 far outweighed the anticipated benefits for many boroughs.
- 8.13 The ongoing uncertainties over business rates income resulted in a collective agreement in January 2021 by London Council Leaders and the Mayor of London to not continue to pool business rates in 2021/22. Furthermore, in 2022/23 Greenwich will continue to operate as a single entity, external to any pooling arrangements. The situation will be kept under review, so that if the position stabilizes a full London-wide pool may well be viable in future years.
- 8.14 Operating external to the London wide pool has removed an element of financial uncertainty which existed due to the inherent nature of an arrangement working with 33 individual authorities. As such, operating as a single entity in 2022/23 has made it possible to reflect an additional £4m of income from business rates in this strategy from 2022/23 onwards. This additional income recognises the growth in the Greenwich Business Rate base since the baseline was set in 2013/14. It should be noted, that this additional growth income is at risk in any future resets to the resource funding.

Council Tax

- 8.15 The Government, in the Core Spending Power calculations, has assumed that not only will local authorities increase their council tax level by the maximum permissible (1.99%) and Adult Social Care the same (1.00%), but they will also have seen their tax-base increase by the same average rate as they have done over the last few years.

- 8.16 The Covid-19 pandemic has had a significant detrimental effect on the economy, which has seen the slowing of housebuilding levels.
- 8.17 As such, the Government’s expectation is that council tax income will increase by 4.7% (for Greenwich), representing £4.9m of additional income.

New Homes Bonus (NHB)

- 8.18 The New Homes Bonus is a flexible, non-ringfenced fund, for local authorities to spend as they see fit.
- 8.19 The settlement contains a reduction in the NHB national allocation from £622m to £554m, with the Government making a new round of allocations for 2022/23. The Government retains the current national baseline for housing growth at 0.4% of council tax base, below which New Homes Bonus is not paid. Greenwich is in line to receive £3.707m in 2022/23, this represents a reduction of NHB funding of £3.573m.
- 8.20 Greenwich has received the second largest overall reduction in NHB allocation across London (and third in the country) for 22/23. This large reduction is a consequence of relatively high levels funding the Council received compared to other authorities in the early years of the scheme, with the Council now losing funding as the national control totals reduce.

Greenwich’s allocations over the last decade are shown in Chart 4.

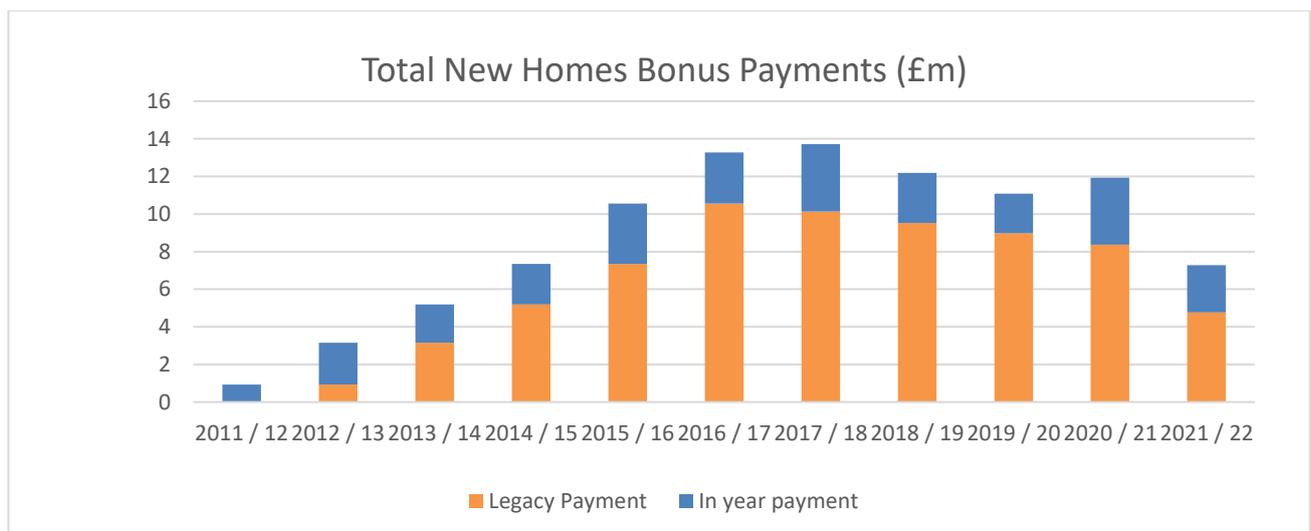


Chart 4: Total New Homes Bonus Payments 2011/12 to 2021/22

- 8.21 The significant reduction of the 2021/22 grant is primarily due to the legacy payments in the allocation decreasing from two years to one year in addition to the new year 2022/23 allocation.

8.22 The previous forecast (February 2021) assumed the 2022/23 cut to the New Homes Bonus funding would be more severe than the allocation granted, therefore despite the reduction in funding, there is £1.6m extra resources allocated in 2022/23 than previously anticipated. The current MTFs forecast assumes 2022/23 will be the final year of New Homes Bonus under the current approach.

Taxbase

8.23 Dwelling numbers in Greenwich continue to grow as set out in Chart 5, with 12,673 additional dwellings over the period since 2015/16 (+11.7%), an increase of approximately 2,000 per annum.

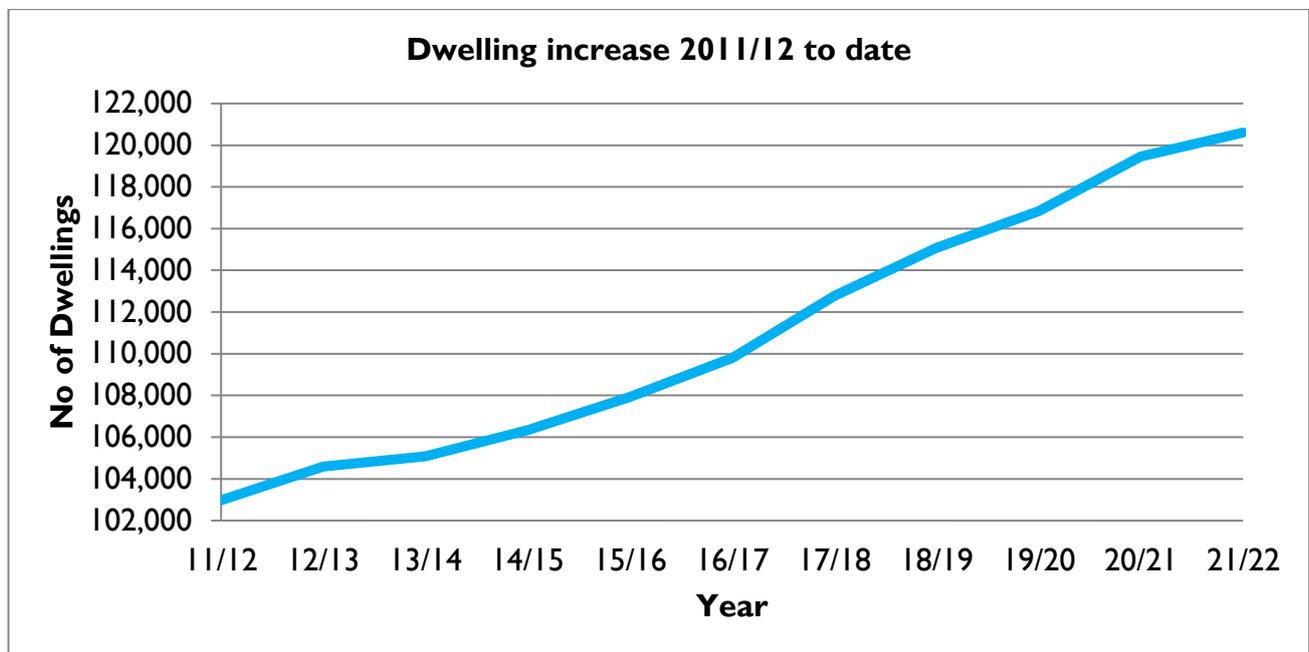


Chart 5: Dwelling Increase 2011/12 to date

8.24 Greenwich would normally be in line for a similar increase in dwellings in 2022/23, however Covid-19 has impacted the tax base, with the increase in the number of properties rated by the Valuation Office Agency year on year only up 1,182 (+0.98%). In addition, ongoing high Local Council Tax Support (LCTS) scheme pressures due to the pandemic have suppressed the increase in the taxbase.

8.25 An additional government hardship grant of £2.771m was provided by the Government in 2021/22 to support the significant pressures on the LCTS scheme caused by Covid-19 in 2021/22. This resource was to compensate the council for reduced council tax income due to the increases in Working Age LCTS caseload.

8.26 Chart 6 shows that whilst LCTS caseload is has marginally reduced in 2021, it is still significantly higher than pre pandemic levels. December 2021 claimant numbers are 7% higher than February 2020. High levels of LCTS reduce the authority’s ability to generate funds via collection of council tax.

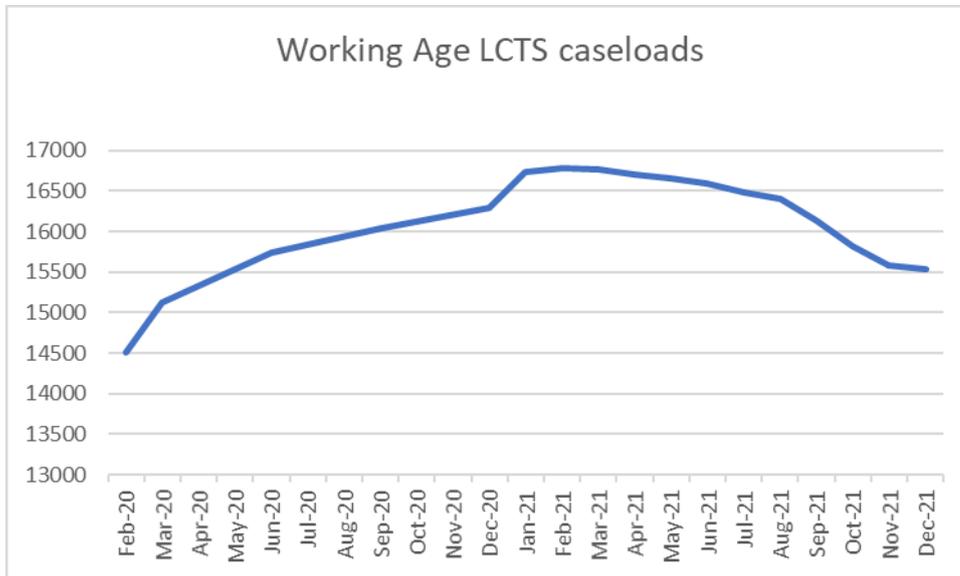


Chart 6: LCTS working age caseloads

8.27 Despite a high LCTS caseload, the 2021/22 hardship grant of £2.771m has ceased in 2022/23.

Schools Funding

8.28 On 16th December 2021, the Education and Skills Funding Agency (ESFA) published the Dedicated Schools Grant (DSG) funding allocations for 2022/23. The Royal Borough of Greenwich will receive Dedicated Schools Grant funding in 2022/23, as set out in Table 9.

Table 9 – DSG 2022/23 (£m)

Dedicated Schools Grant	21/22	22/23	Variance
	Includes TPPG *	Adjusted Includes TPPG *	
Schools Block	246.7	253.4	6.7
Central Block	4.7	4.2	(0.5)
High Needs Block	56.9	61.9	5.0
Early Years Block	28.1	26.7	(1.4)
Total	336.4	346.2	9.8

**Teacher's Pay and Pensions Grant*

- 8.29 There is a net increase in DSG of £9.8m (2.9%) with the Schools and High Needs blocks seeing rises. The Central Block and Early Years blocks saw reductions in their funding allocations.

The Central Block, currently worth £4.7m, sees a £0.5m reduction to £4.2m. Funding for the block was reduced by £0.7m in 2021/22 and has therefore seen a £1.2m reduction over 2 years. The block provides funding for local authority functions such as planned maintenance and the virtual school.

The Schools Block has increased by £6.7m (2.7%), the High Needs Block by £5m (8.9%) above the funding levels of 2021/22. The funding for the Early Years Block reduced by £1.4m (4.9%) due to the reduction in the number of 2, 3 and 4-year-old children. The hourly rate for 3 and 4-year-olds increased by £0.17 to £6.48 while the funding for 2 year-olds increased by £0.21 to £6.87. The number of 3 and 4-year-olds dropped by 323 pupils and the 2 year-olds by 143.

The Teachers Pay and Pension Grant (TPPG) has now been rolled into the funding for 22/23. The figures in table 9 for 21/22 have therefore been restated to include the TPPG which was £10.0m for the Schools Block and £0.1m for the Central Block.

Social Care including the Better Care Funds and Public Health

Social Care Grant

- 8.30 The 2022/23 settlement confirms the continuation of the 2021/22 Social Care Grant which is to be increased by £636m nationwide. Greenwich's share of the £636m of additional grant funding is £3.870m. This grant will continue to not be ringfenced and conditions or reporting requirements will not be attached.
- 8.31 The intensive work being undertaken by the council within the social care environment portrays a picture where spending can be contained within resources provided to date.

Better Care Fund (BCF)

- 8.32 This amount forms part of a pooled budget between the CCG and the Council (HAS), with plans for spending being jointly overseen by the Health

and Wellbeing Board.

8.33 The Council's share has increased by £649k to £12.2m for 2022/23.

Improved Better Care Fund (iBCF)

8.34 A 2022/23 inflationary increase of 3.0% to the iBCF 2021/22 levels. Of this £2.1bn of national funding, Greenwich receives £15.4m, an increase in funding of £0.453m.

Public Health

8.35 The Government had previously announced that the public health grant ring-fenced status would come to an end at the end of March 2020, to be replaced by a funding model for local government based upon retained business rates. However, other political priorities and the Covid-19 pandemic have delayed consultation on the proposed change.

8.36 Councils received notification of the 2022/23 public health grants allocations on 7th February. Greenwich received an allocation of £24.688m which represents a 2.8% increase from 2021/22. These resources are ringfenced within Public Health.

Lower Tier Services Grant

8.37 A new grant of £111m was awarded in 2021/22 to local authorities for lower tier services i.e. those Councils whose functions include homelessness, planning, recycling and refuse collection and leisure services). For 2022/23, the amount allocated and methodology remain unchanged. However, this does alter the individual authority allocations, as authorities are in a different position in terms of the Core Spending Power change between years, compared to 2021/22. The 2022/23 Greenwich allocation is £0.683m, representing an increase of £0.047m.

Services Grant

8.38 This is a new funding stream for 2022/23 and the new grant totals £822m nationally. It will be distributed via 2013/14 SFA shares and the Greenwich allocation is £5.755m. It appears that this means of distribution is for one year only and that whilst the total national funding will remain in future years, its utilisation and distribution will change. The Government has confirmed

that this sum will not form part of our baseline when the funding changes are announced. Therefore this grant is being treated as a one-off cash sum.

Adult Social Care Reform Funding

- 8.39 The new social care funding for Adult Social Care Reform is included in the Core Spending Power figures. The Market Sustainability & Fair Cost of Care Fund represents £162m nationally of which Greenwich's allocation is set to be £0.898m. Whilst this is new funding, there are associated new burdens associated with the funding and therefore the amount is expected to be utilised to meet increased costs.

Independent Living Fund

- 8.40 Following the closure of the Independent Living Fund (ILF) in June 2015, the Government agreed to continue funding pre-existing ILF arrangements until the end of 2019/20, through the Former ILF Recipient Grant. On 4 February 2021, the Government confirmed that the former ILF recipient grant will continue to be paid to local authorities in 2021/22 and Greenwich received £1.1m for the year. Councils have not yet received notification of the arrangements for 2022/23.

Freedom Pass

- 8.41 The cost to the Council of the London-wide freedom Pass Scheme was £9.629m in 20/21. Due to the effects of Covid-19, travel take-up across the Capital has significantly reduced since the start of the pandemic. This cost is estimated to drop in 22/23 to £5.767m, thus leaving £3.862m available to support the 2022/23 budget. Passenger numbers increased recently and modelling will be kept under review.

Other Update

- 8.42 The chancellor announced on the 3rd February a £150 council tax rebate for households to help with energy bills. The saving, which will be paid in April, applies to homes in England in council tax bands A to D and covers about 80 per cent of households in England. The council awaits further details of this which will be subject to a separate governance report and does not impact on this MTFs.

Funding Change Summary

- 8.43 In light of funding changes contained in the local government settlement and other resourcing announcements, the 2022/23 resource position is summarised in Tables 10 and 11 respectively.

Table 10 – One Offs Resources

One Offs Resources	£m
(i) 22/23 Services Grant	(5.755)
(ii) Support for Pressures 20/21	(0.433)
One Off Capacity c/f	(6.188)

Table 11 – Local Government Finance Settlement Ongoing Resources 2022/23

Ongoing Resources	£m
(i) Social Care Grant increase	(3.870)
(ii) Multiplier Cap Grant	(4.183)
(iii) New Homes Bonus	(1.601)
(iv) Revenue Support Grant	(0.791)
(v) Improved Better Care Fund	(0.453)
(vi) Lower Tier Grant	(0.047)
Ongoing Resources c/f	(10.945)

9. Investment Decisions

Cost of Living

- 9.1 Many people across the UK face a cost of living crisis with the combined effects of the increased energy costs, the 1.25% increase in National Insurance employee contributions and rising inflation rates, which the Bank of England expect will reach 6% by spring 2022.
- 9.2 This represents the highest rate of inflation in 30 years; and as food prices rise and more people struggle to afford the essentials, the reliance on support from the Council will increase.

Support to the Community

- 9.2.1 There are a range of schemes which the council administer, such as Housing Benefit and Council Tax Support to local residents. Discretionary Housing Payments (DHP) are available in appropriate circumstances to assist with

rent. Additionally, the council administers Free School Meal claims for local authority maintained schools and promote take up of Healthy Start vouchers through our childrens centres and health visiting services.

9.2.2 The council does more than this though. In Greenwich, there is a long history of supplementing the core offer provided by Central government, to ensure that residents on the lowest incomes are supported (both financially and holistically considering their full circumstances).

9.2.3 Our Council Tax Support scheme for working age residents can provide maximum support of 100% (Greenwich increased its support in 2020, when most local authorities were reducing support). From this, residents on the lowest incomes (over 10,000 households) are 100% supported towards the payment of their council tax.

Greenwich has supplemented the DHP budget for many years, to ensure that we can support more residents with difficulties with their rent.

9.2.4 We award school clothing grants to pupils in low-income households attending local authority-maintained schools (where they are in qualifying year groups), of which we are in the minority of authorities who retain such a scheme.

9.2.5 In 2020, our Emergency Support Scheme became a permanent support tool. Through this scheme, we provide targeted one-off financial support for residents in immediate financial difficulty and goods and services for residents setting up home or to help them to maintain their home. Demand for this scheme has increased significantly in recent years – in 19/20, expenditure was close to £390k, this increased to £520k in 20/21 and this year is looking to exceed £600k.

9.2.6 In addition to direct financial support, we provide advice and support through the Welfare Rights Service and Universal Support Teams (the latter will be even more important going forward, as the government reduce the Help to Claim provision which supports new UC claimants). The service consistently supports residents to claim millions of pounds of benefits they are entitled to. Our support is complemented by Live Well, who work closely with the Welfare Rights Service by ensuring residents in financial difficulty are also offered other support (including health related, practical support, and other forms of advice).

9.2.7 Further, the Stay Warm Stay Safe campaign provides targeted support to vulnerable residents every year to help with costs towards their utility bills.

9.2.8 The impact of COVID, the recent loss of the UC uplift, and the rising costs of living are all contributing to increased demand on all of the above services.

New things we do

9.2.9 Through COVID, and through one-off funding from central government, we have been able to expand and strengthen the one-off financial support we have provided to residents. We have done this through the Emergency Support Scheme. We have supported more people with financial support, and used the funding innovatively to fund food provision through food banks and community networks, through targeted payments from the Household Support Grants, and through digital inclusion pilots to provide data and devices to residents.

9.2.10 In 21/22, we have provided funds to provide additional support towards council tax bills, to award up to £150 per working age households where they have an LCTS claim. This has taken more low income residents out of having any council tax to pay.

9.2.11 The Council has also increased the funding into advice provision. The capacity in the Welfare Rights Service has been increased, referral routes (such as with the Community Hub, and through the Furlough Support Scheme) have been expanded and strengthened, and the Welfare Rights Service is increasing its provision with budgeting support, and increasing its use of targeted take up campaigns. Central government does not provide any additional funding for this, however we recognise how important it is and as such, the council agree in January 2022 to provide advice hubs across the borough.

9.2.12 The Council is therefore also putting in place the following one-off support measures for 2022/23:

- school uniform / clothing grants (up to £0.400m) – to include an uprating of amounts, widening access to pupils attending academies, a discretionary element for those not automatically eligible, for one year subject to review
- leisure offer (up to £0.200m)– expanding access at reduced rates and providing a universal offer.

One Off Funding

- 9.3 It is possible to deploy one-off funding (listed in section 8.43) for specific projects, costs and to smooth short term budget pressures over a life of the financial strategy.
- 9.4 Throughout the pandemic Local Authorities have seen unprecedented financial pressures due to a combination of significant increased expenditure and a reduction in income streams. In order to support Local Authorities through this challenging period, Central Government has provided various Covid specific grants to Councils in 2020/21 and 2021/22. It is anticipated that the vast majority of this financial support will cease in 2022/23, however Authorities will likely see continuing pressures for years to come.
- 9.5 It is proposed that the one-off Services Grant of £5.755m is held to support the ongoing Covid costs in 2022/23 and any actions that support recovery and renewal post-Covid which will be set out in the council's future strategic plans from 2022 onwards.

Ward Budget Scheme

- 9.6 The Ward Budget Scheme first started in the 2014-2018 Council, continuing in the 2018-2022 Council. This will enable a continuation of the scheme to invest in the local area. Each ward would be allocated a pot of funds to be spent on projects either as a ward or jointly with other wards. It is proposed that a one off up to £0.600m is utilised in 2022/23 to fund the Ward Budget Scheme.
- 9.7 The full list of proposed one off deployment is shown below in Table 12

Covid Hardship Fund

- 9.8 Whilst the Council continues to have a 100% Local Council Tax Support scheme which fully protects the residents on the lowest incomes, for residents who are in low wage employment it is likely that they will have to make some contribution towards their Council Tax bill. This is because, by being a means-tested scheme, earnings are taken into account.
- 9.9 Providing an additional one-off payment, to residents already in receipt of some Local Council Tax Support during 2022/23, would particularly help residents in low wage employment.

- 9.10 The Council has supported residents with a Covid Hardship Fund since 2020, and it is proposed a scheme is agreed for 2022/23 to provide all current and new recipients of working age Local Council Tax Support (LCTS) with a further reduction in their annual council tax bill of up to £175 (through the use of discretionary powers under section 13A(1)(c) of the Local Government Finance Act 1992). The cost of extending this scheme into 2022/23 can be met from resources already earmarked for this Fund in the last two financial years. This is in addition to the energy bills support announced by the government on 3 February 2022, including a £150 payment for homes Banded A to D, plus discretionary support - details of which can be found on the council's website.

Table 12 – One Offs Capacity Deployment

One Offs Position	£m
One Off Capacity b/f	(6.188)
(i) Ward Budget Scheme	0.600
(ii) School Uniform / Clothing	0.400
(iii) Leisure Offer	0.200
(iv) Recovery and Renewal	4.988
One Off Capacity c/f	0.000

Ongoing Funding

Demographic and Price Demands (£14.370m)

- 9.11 Demand pressures the authority faces still continue to rise significantly in most services the Council delivers due to population increases and have been exacerbated by Covid-19 pressures.
- 9.12 The pay and terms of conditions of employment for local government services' workers is determined by the National Joint Council (NJC) for Local Government Services. There is currently no agreement for the level of pay increase for both 2021/22 and 2022/23. Discussions for 21/22 are ongoing, however the Council will be required to pay increase once agreed.
- 9.13 UK consumer price index (CPI) inflation hit 5.4% in December 2021, the highest it has been since it was first measured in 1997. The Office for National Statistics (ONS) has modelled historic levels, and if it had been measured for longer, it would last have topped this level 30 years ago in 1992. As a result the Authority will be incurring increased costs to deliver all the services it provides.

- 9.14 The Demographic and Price Demands resources will be allocated to the appropriate Directorate's budgets during in 2022/23.

Base Realignment (£1.000m)

- 9.15 Over the years, the shape and size of the council's General Fund and Housing Revenue Account services have shifted relative to each other and as a consequence, the apportionment of the cost of the council's enabling functions needs to be kept abreast of these changes – with £1m earmarked for this shift in 2022/23, with the credit to the HRA being reflected within its own MTFS, which was considered by Cabinet on 17th February.

Waste and Street Service (£1.700m)

- 9.16 Waste and Street Services have faced increased pressure from both demand and price increases. A review is currently being undertaken to identify proposals to mitigate the budgetary impact on the service of these increases. Pending the outcome of this review and to allow for all options identified to be fully considered, £1.700m will be ring-fenced to potentially support the costs pressures on these universal services. This is reflected in Table 13 below.

Table 13 – On-going Capacity Deployment

On-going Position	£m
On-going Capacity b/f	(10.945)
(i) Waste and Street Services	1.700
On-going Capacity c/f	(9.245)

10. Savings

- 10.1 The council engaged in a savings review to inform the February 2021 MTFS report. Table 14 shows 2022/23 savings previously agreed by Cabinet in February 2021 which are included in the opening MTFS position.

Table 14 – Previously Agreed Savings Proposals (£m)

Departmental Summary	Savings 2022/23
Housing & Safer Communities	(0.077)
Community & Environment	(0.044)
Childrens Services*	0.330
Health & Adult Services	(0.210)
Regeneration, Enterprise & Skills	(4.950)
Digital	(3.700)
Total	(8.651)

* reversal of one off measures in 21/22

10.2 Non achievement of any of the above savings would increase the reported budget gap and could result in an overspend in 2022/23.

11. Available Options for Balancing 2022/23

11.1 Following the Autumn Review and the 2022/23 Local Government Finance Settlement (LGFS), it has been possible to revise the budget position for 2022/23 financial year in the table below. Including the previously agreed savings proposals identified in section 10, the council is left with a gap of £3.2m in the annual budget for 2022/23, as set out in Table 15.

Table 15 – Residual Gap 2022/23

Residual Gap 2022/23 b/f	£m
Gap to be financed b/f	17.578
Autumn Review (section 6)	(1.241)
On-going Capacity (section 9)	(9.245)
Freedom Pass 22/23 one off	(3.862)
Residual Gap 2022/23 c/f	3.230

11.2 Options for balancing 2022/23 are as follows:

- A. further use of one offs / reserves
- B. service reductions / cuts
- C. council tax.

11.3 Option A is not a path that is recommended – one offs are exactly that and reserves should be used for the purpose that they have been earmarked. The

residual gap includes a one-off usage of the reduction in the 2022/23 Freedom Pass costs and further reliance on one offs would further increase budgetary pressures in future years.

- 11.4 Savings of approximately £8.7m are already included in residual budget gap position. This amount represents the second year effect of savings agreed by Cabinet in February 2021. The ability to produce any further material savings, with confidence, for Option B, in such a short period would be somewhat challenging.
- 11.5 The Government continues to expect Councils to partly fund adult social care through Council Tax and therefore assumes within its calculations that authorities will take up the maximum level of council tax price rise and the same for adult social care. There is a case for raising the adult social care precept to account for the disproportionately large pressures this service has and will continue to see.
- 11.6 Under Option C, Table 16 demonstrates the effects of maximum permissible rises in council tax (1.99%) and adult social care precept (1.00%).

Table 16 – Council Tax options for 2022/23 (borough element)

Valuation Band	Borough Element £	ASC +1.00 % £	CT +1.99 % £	Total per Year	ASC +1.00 % pence	CT +1.99 % pence	Total per Week
A	851	+9	+16	£25	+16	+33	49p
B	993	+10	+20	£30	+19	+38	57p
C	1,135	+11	+23	£34	+22	+43	65p
D	1,276	+13	+25	£38	+25	+48	73p
E	1,560	+16	+31	£47	+30	+60	90p
F	1,844	+18	+37	£55	+35	+71	106p
G	2,127	+21	+43	£64	+41	+81	122p
H	2,553	+26	+50	£76	+49	+98	147p

Numbers rounded and exclude discounts and LCTS

- 11.7 Therefore agreement to an up lift of 2.99% (+1% Adult Social Care Precept and +1.99% council tax for Adult Social Care) would equate to an increase of 73 pence per week at Band D and would deliver additional resources of £3.2m per annum.

GLA Precept proposals

- 11.8 The latest position that the GLA have released for the Mayor of London's provisional budget, is a proposed 8.8% precept increase (Table 17), subject to agreement by the GLA on 24 February 2022.

Table 17 – Proposed GLA Precept

Band D	2021/22	2022/23	Change	
Non-police precept	£96.53	£98.46	£1.93	22.72%
Police precept	£267.13	£277.13	£10.00	3.74%
Non-police precept (TfL)	£0.00	£20.00	£20.00	N/A
Total	£363.66	£395.59	£31.93	8.78%

- 11.9 Table 18 shows the changes the proposals would have on the relevant council tax bands.

Table 18 – Proposed GLA Precept effect

Valuation Band	GLA Precept £	+8.8% GLA £	Per Week
A	242	+21	41p
B	283	+25	48p
C	323	+28	55p
D	364	+32	61p
E	444	+39	75p
F	525	+46	89p
G	606	+53	102p
H	727	+64	123p

Numbers rounded and exclude discounts and LCTS

- 11.10 The overall Council Tax increase for Greenwich residents 2022/23 including the GLA precept from the proposals above would be 4.3%.

12. Preferred Options

- 12.1 Not applicable

13. Reasons for Recommendations

13.1 Not applicable

14. Continuous Improvement

14.1 In 2020 the Council established an organisational wide improvement programme. This was supported by a small Continuous Improvement Team made up of staff who were already within the Council, their role has been to work with the Council's senior leadership team and wider organisation to define, develop and support the delivery of this improvement programme.

14.2 The Covid-19 pandemic has required the Council to remain flexible to adapt and deal with emerging priorities. This meant that for much of the last few years the Council has not been able to provide the focus it would have liked on this Improvement programme as it has had to deal with the immediate demands of the pandemic. However, there has still been significant progress made in regards to this programme and wider cultural change within the organisation.

14.3 As set out in the 20/21 MTFS there are a number of Tier 3 Corporate Priorities for Change and Improvement, these have been further developed and defined over the last year, these are set out below alongside summary updates of progress. The programs will also explore how we can facilitate greater collaboration across teams and with our communities to support service delivery, creativity, productivity and potentially yield financial savings and / or additional income.

Corporate Reform

14.4 Corporate reform is a group of programmes focused on improving internal enabling services and processes in order to deliver an enhanced resident experience.

14.5 Digital Strategy

In November 2020 the council's digital strategy was approved by Full Council. In February 2021 a four year digital investment of up to £29m was agreed as part of the council's medium-term financial strategy. In March, a digital restructure was agreed to grow the digital team from c. 30 headcount to between 120 and 130.

The team is currently around 80, after some intense recruitment. This new team represents having in-house digital skills in the council for the first time, and cover a wide range of design disciplines, user research, product management, delivery management, data, and software development.

In their first year (20/21) the priorities where to recruit and develop the team and a number of improvements to existing services including building an online Council Tax Service, the roll out of 2000 new devices to support remote working, building a data management system and migration to the cloud.

The roadmap for year 2 and future years is currently being developed with a large number of potential projects and programmes currently being scoped.

14.6 Finance Function Reform

In 2021 a Project Manager was appointed to lead this programme of work. Progress was made in the development of a framework for this review and initial stakeholder engagement exercises were carried out. With the Project Manager unable to conclude the work on Finance Function Reform a new project management solution is being pursued. This has delayed the diagnostic phase of the project. However, once achieved, it will then be a process of determining the priority for tackling the agenda. Savings and efficiencies can then be scoped and programmed in for delivery. A significant element of this work will go towards the digital savings targets in the MTFS.

14.7 Future of Work

The Future of Work programme began in April 2021 to plan for lockdown restrictions lifting and develop an approach for our longer-term future of work. Since delivering guidelines for working during a 'transition phase' (in response to changing restrictions due to Covid), the programme has been focused on the long-term plans.

This programme aims to modernise and improve our working environment and practices, to deliver a more agile, productive, resilient and connected organisation, which supports the diverse needs of staff and services. This will take account of different working styles and service needs.

The programme covers different aspects of our working environment and practices, including our buildings and workspaces, digital offer and capability,

HR policies and how we connect across the organisation. There will be a range of benefits for the organisation, including increased productivity, efficiencies and improved collaboration between services and the community.

The programme is led by HR with senior ownership by the Director of Legal & HR. There is strategic support from Property, Digital, Continuous Improvement and Communications as well as leads from each Directorate and there has been engagement with staff through surveys and focus groups to develop long term changes.

14.8 Legal Services Reform

This programme of work is focused around a demand management review of Legal Services to establish how, as an organisation, we can best meet our requirements for legal advice and support.

The programme was fully scoped and defined following an initial report to GMT in August 2020 and the 9 priority areas were identified to consider in further detail as below:

Priority 1

- Contracts & Procurement
- Adults Safeguarding

Priority 2

- Special Education Needs
- Planning
- Property

Priority 3

- FOI and Data Protection
- Employment

Priority 4

- Housing and Litigation Team work
- Safeguarding Children

It was agreed that 9 separate reports would be produced, along with an executive summary highlighting recommendations, and sent to GMT. All reports will examine the different models for delivering the service, considering factors such as service quality, cost, recruitment / retention difficulties.

There has been good progress to date and the majority of the reviews having been conducted, it is anticipated that draft reports will be ready for presentation to GMT in spring/summer 2022.

14.9 HR Reform

In the autumn of 2021 there was a change in the top level structure of the Council and HR moved to report to the Director of Legal & HR. Following this change the Director of Legal & HR has worked with the Service to develop a high level programme plan for HR reform.

The early phases of this work consisted of engaging with stakeholders and carrying out a current state assessment to establish clearly where we are. In addition benchmarking exercises have been carried out to compare Greenwich's position to that of other Local Authorities.

This work is now nearing completion and the next stage of the work will be to establish the vision for our future HR function and then beginning the process of delivering this vision.

14.10 Governance Review

The key objective for this element is to strengthen our corporate culture and specifically the outcomes are:

- more effective collective decision-making
- increased transparency and accountability
- clarity, confidence and adherence across the organisation
- robust processes that stand up to scrutiny.

The outcomes will be delivered in a number of ways.

- More effective collective decision-making:
 - through rapid design and implementation of a number of 1-pager core business processes (simple, clear, effective)
- Increased transparency and accountability:
 - through rapid development of a single governance schedule that can be easily maintained, updated and communicated
- Clarity, confidence and adherence across the organisation:

- through collective communication and engagement, with strongly aligned corporate leadership – supported by effective education
- through effective alignment of plans and processes
- Robust processes that stand up to scrutiny:
 - through demonstrable governance and compliance arrangements that holds us to account in the best interests of our residents

The outcomes are relatively straight forward and will hopefully remove some of the perceived bureaucracy and double / triple handling of governance processes, with benefits flowing initially to officers and Members, but ultimately residents. Technology will be a key part of the solution here in respect of a joined up governance start to finish process.

14.11 Corporate Strategic Asset Review

This is a component of the wider review and improvement of the Council’s estate and property management service which also includes the development of a Corporate Landlord Model. This priority sees the establishment of a rolling review of the Council’s non-housing assets to ensure these assets best meet service and resident need as well as identify potential opportunities for leasing/disposal of assets that meet certain criteria.

The focus over the past year has been on appointing a project team to lead this work including an Asset Review Manager reporting to the Head of Property. Following this the team has had to carry out a significant data review and gathering exercise to ensure that there is consistent and correct information available on all of our assets to inform the review, significant progress has been made in this area. The team are now beginning to carry out internal officer stakeholder meetings to understand service demands and priorities. This will be used to develop a weighting criterion to begin undertaking the assessment of our portfolio.

14.12 Integrated People Commissioning

This priority focused on the further integration and closer working of all people-services commissioning to deliver better outcomes for residents and potentially realise efficiencies.

Over the last 9 months a cross directorate group chaired by the Director of Health and Adults and the Director of Children’s Services has met monthly to take this work forward. They identified some initial areas for exploration, but

it became apparent that there is a need to focus on establishing our joint priorities across people-related services in the context of the development of integrated commissioning with South East London Integrated Care System. The upcoming refresh to the borough strategic needs assessment would help in the definition of these priorities.

Work has started with Oxleas NHS Trust, to promote health and care jobs locally as part of the economic development strategy and the consultation on changes to day opportunities for people with learning disabilities proposes a wider local offer that will draw on voluntary and community sector. In addition, Children's Services, Health and Adults Services and Public Health are working to develop aligned contracts registers and procurement plans with the support of Newton Europe. This support is provided as part of the social value component of their contract. This will include the development of a Power BI dashboard to enable better identification of future cross-council opportunities.

The group have agreed to look to develop this set of combined people objectives through the 'Recovery and Renewal' strategic planning exercise that will set the overall priorities for the Borough and Council over the next few years.

14.13 Our Relationship with Residents

Originally titled 'New Deal' this priority focuses on using a cross-directorate group to identify and develop projects and programmes that can deliver improvements in resident facing activities. This includes:

- Looking at how we can improve initial contacts with residents when they reach out to the Council (a key document that will help steer and inform this work is the customer services strategy which is currently in development)
- Identifying opportunities for improvements in resident facing services in line with a set of clear principles and vision
- Thinking about how we can best develop sustainable community resilience and peer to peer support within communities in the Borough

This group was established in the summer of 2021 following the re-profiling of the 'New Deal' priority, triggered by the retirement of the previous Director of Communities and Environment. This re-profiling saw the delivery of the Council's Digital Strategy move to the Corporate Reform Priority within Tier 3.

Now led by the Director of Housing and Safer Communities, the group has initially focused on defining a vision for Our Relationship with Residents. This includes carrying out reviews of approaches taken in other local authorities e.g. Wigan, as well as identifying best practice and what has worked in Greenwich e.g. MHCLG funded work looking into vaccine uptake in hard to reach groups.

15. Looking Ahead / Risk

National Economic Position

15.1 The impacts of Covid-19 are having a significant and ongoing effect on the Nations Finances and the performance of the economy, as shown in Chart 7:

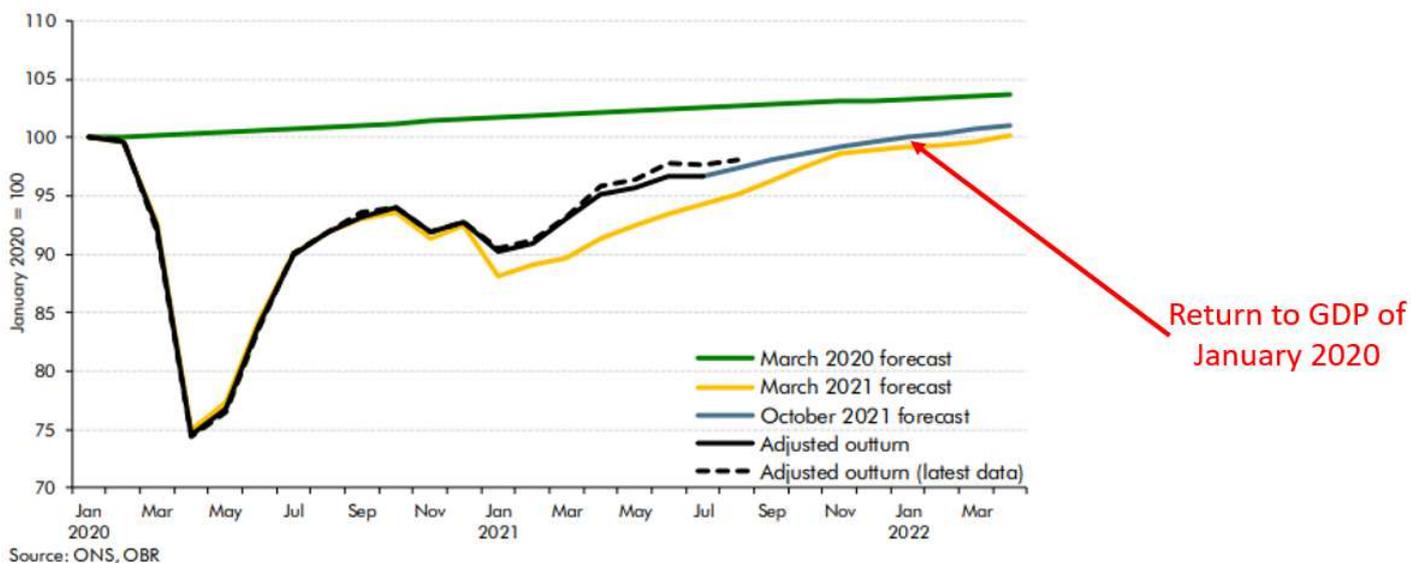


Chart 7: UK GDP, January 2020 to Spring 2022

- 15.2 The effects of Covid-19 has led to an unprecedented increase in government borrowing, which in the medium to long term will need to be addressed by the Government taking some hard economic decisions.
- 15.3 The Bank of England Monetary Policy report for August 2021 shows CPI inflation rising markedly above the MPC's target of 2% and is projected to rise temporarily to above 4% in the near term (chart 8). The rise largely reflects the impact of the pandemic as the economy recovers. As such, above-target inflation is expected to be transitory and expected to fall back down close to the 2% target in the medium term. The higher than expected inflation rate will increase the service cost, more so on contracts that are linked to the inflation index.

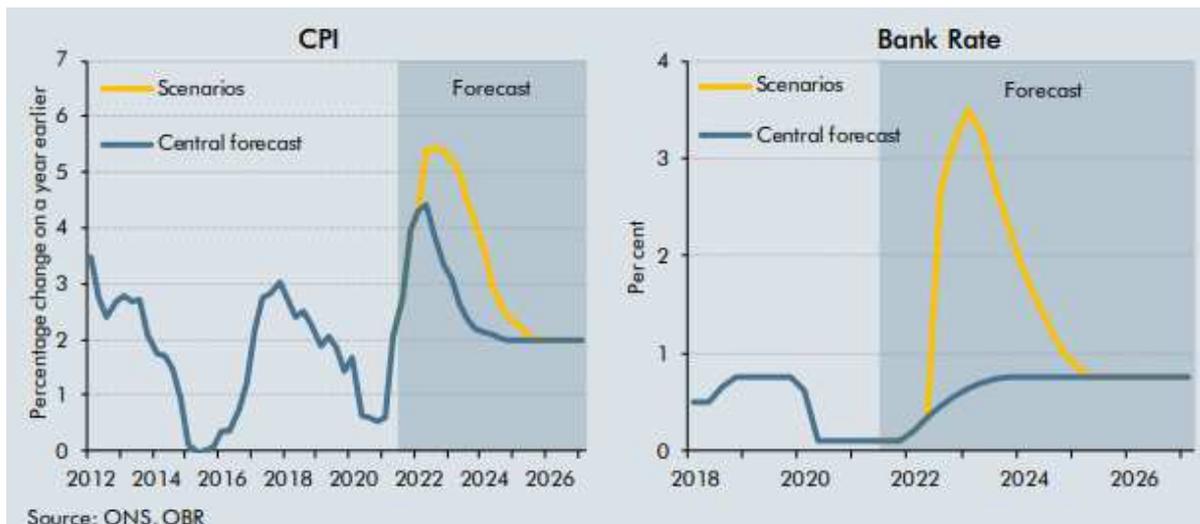


Chart 8: Inflation and interest rates

- 15.4 The local government finance settlement for 2022/23 is again a one year only settlement, with the deferral again of significant reform of the local government funding.

Fair Funding and Business rates reform

- 15.5 Local Government has been awaiting funding reform since the original planned 2019/20 implementation and this was once again deferred for the 2022/23 financial year. Areas of possible reform that have been deferred are:

- Fair Funding Review (including the Area cost adjustment - ACA)
- Business Rate Baseline Reset
- A move from 50% to 75% Business Rate Retention
- The potential introduction of the Alternative Business Rate Retention System

- 15.6 No exact timeline was discussed when the settlement was released in December 2021, for when these reforms are now likely to take place. The only Government announcement in respect of reforms was as follows, “Government is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. The data used to assess this has not been updated in a number of years, dating from 2013-14 to a large degree, and even as far back as 2000. Over the coming months, we will work closely with the sector and other stakeholders to update this and to look at the challenges and opportunities facing the sector before consulting on any potential changes”.

- 15.7 The demographics today are considerable difference from those 20 years ago which is likely to cause significant changes to the way local government resources are distributed around the country.
- 15.8 The lack of a set timetable for implementing the delayed Fair Funding Review and Business Rates Reset raises uncertainty as to whether any potential reforms would be in place for 2023/24.
- 15.9 There is a risk that these reforms will be significant, affecting the way local government resources are allocated at both the national and local level. There is a strong possibility that that these reforms mean local government resources are likely to be relocated from London to the districts and in particular to those areas in the north as part of the Government's 'Levelling Up' agenda.

New Home Bonus Scheme

- 15.10 Last year, the Government announced a consultation on reforms to the New Homes Bonus (NHB), implementing reform in 2022/23. The Government has decided to maintain the current approach to the NHB payments in 2022/23. The future of this scheme is uncertain and will likely form part of the wider Fair Funding Reform.
- 15.11 The NHB allocation for Greenwich fell £3.6m in 22/23. Further change to/or an end to the NHB scheme will put the remaining funding of £3.7m that Greenwich receives at risk.

Other Issues

- 15.12 Other events likely to impact looking ahead are:
- The ongoing focus on Business Rates - amplified at national level by the ongoing Covid-19 crisis - may well result in changes to how this tax is raised from the taxpayers. This will be of particular interest to local government as the Business Rate Retention scheme is the principal form of external local government funding.
 - Business Rates Appeals are likely to have an increasingly significant impact on business rate receipts due to insolvency and as rateable values are likely to be reduced on appeal as a result of Covid-19, and backdated.

- Additional Business Rate Relief funded by the government approx. £21m (21%) of business rates turnover in Greenwich in 2021/22 because of Covid-19 are at risk of being impacted by appeals, with the likelihood that Greenwich will have to pay back a significant amount of this relief. Any widespread reductions in Rateable Values of businesses in the borough by the Valuation Office Agency could result in a reduction of business rate income for Greenwich.
- The next Revaluation of Business Rates List is now due to take place on 1 April 2023 and will be based on April 2021 property prices.

Updated MTFS

- 15.13 Until the Government can provide medium term financial settlements, this will significantly impede local authorities in medium-term financial planning. Whilst Central Government announced department spending totals for the next 3 years, individual authority allocations were only made for 2022/23.
- 15.14 Despite this obstacle, Greenwich will continue to use medium term financial planning to achieve financial stability.
- 15.15 In light of the Continuous Improvement Agenda discussed in Section 14, including the Digital Improvement Plan and the updates in this report, the MTFS can be revised to that shown in Table 19.

Table 19 – Revised MTFS central forecast (£m)

MTFS Variable	22/23	23/24	24/25	25/26
Govt Funding Change	(1.9)	3.5	5.2	6.9
Inflation (Pay and Other)	10.5	16.6	22.8	29.0
Demographic/Demand	3.9	7.8	11.7	15.7
Digital Improvement Plan	6.2	5.7	5.4	5.4
National Insurance Increase	1.4	1.4	1.4	1.4
Budget Realignment	1.0	1.0	1.0	1.0
IFRS 16 Costs	0.8	0.8	0.8	0.8
Total Expenditure Pressures	21.8	36.9	48.3	60.1
Income – Business Rates Growth	(4.0)	(4.0)	(4.0)	(4.0)
Income – Ctax Property Growth	(1.1)	(2.1)	(3.2)	(4.3)
Income – Fees & Charges	(1.0)	(1.0)	(1.0)	(1.0)
Total	15.7	29.7	40.1	50.7
Savings:				
Savings Proposals (Cab Feb 21)	(5.0)	(7.6)	(8.8)	(8.8)
Digital Improvement Plan (Cab Nov 20)	(3.7)	(10.8)	(17.3)	(17.3)
Freedom Pass one- off	(3.9)	0.0	0.0	0.0
Council Tax:	(3.2)	(3.2)	(3.2)	(3.2)
Net Budget	0.0	8.1	10.8	21.5

15.16 The revised Central forecast of the MTFS shows:

- a balanced position for 22/23, once Council Tax increases of 1.00% for the Adult Social Care Precept and 1.99% borough increases are included.
- a significant improvement from the original MTFS in Section 5 over the 4-year time period the MTFS covers. This includes:
 - estimated government funding reduction improvement (£6m)
 - business rate base growth (£4m)

Risks for Greenwich

15.17 The MTFS shows an improved position, but this improvement is based mainly on the successful implementation of the Continuous Improvement Agenda through the Digital Improvement Plan, the achievement of savings and the continued success of the Forward Thinking and Building Brilliant Outcomes Together (BBOT) initiatives.

15.18 Not included in the Strategy are the risks of radical reform to local government funding discussed earlier in this section. Specific risks include:

- the New Homes Bonus scheme for which Greenwich faces a potential total loss of the remaining funding of £3.7m, if the scheme is radically reformed or curtailed.
- the Government have used an updated ACA factor to allocate Covid-19 funding. Whereas under the current funding system Greenwich has a reasonable ACA, Greenwich would lose out significantly if this new ACA factor was used.

15.19 Any future reset in the business rates could pose a risk to future funding for Greenwich. Since the business rates baseline funding level was set in 2013/14, Greenwich has been able to benefit from approximately £7m of growth in the business rates base. There is uncertainty on how this growth will be reflected in any potential baseline reset.

15.20 Significant other risks remain, and a timescale and further details of future funding reform are awaited from the Government.

15.21 Management of risks above will be the key focus over the coming months for financial control and monitoring processes for Greenwich. Members will receive further updates in due course.

16. Consultation and Timetable

16.1 This year, the authority has engaged in an online consultation regarding proposals for 2022/23. The consultation was for the period 17 January until 6 February 2022.

16.2 A total of 135 respondents engaged with the consultation. It provided an opportunity for stakeholders to input their feelings on key themes. To summarise, marginally less than half of respondents were in favour of a rise in the Borough element of council tax

16.3 Other headlines were as follows:

- 81% want front line services to be protected
- 20% want the council to make cuts to services
- 66% want to increase income by way of fees and charges

16.4 In terms of the priorities around building a fairer, greener Greenwich, respondents provided replies to a number of further questions as follows:

- 69% want the council to prioritise spending on the increased demand for social care services

- 60% want the council to prioritise spending on reducing poverty and trying to support residents struggling with the cost-of-living crisis
- 59% want the council to prioritise spending on supporting families in dealing with the cost-of-living crisis
- 54% want the council to prioritise spending on building more affordable council housing
- 53% want the council to prioritise spending on supporting the Community and Voluntary Sector
- 64% want the council to reduce poverty by helping working age residents on the lowest incomes
- 21% want the School Uniform Grant scheme improved. Whilst support for this scheme appears to be low from the responses provided, it should be balanced against the positive responses for supporting prioritising spending on reducing poverty and trying to support residents and families in dealing with the cost-of-living crisis. Therefore, financial provision has been made to improve this scheme, but it will be subject to a further decision and consultation process
- 36% want council tax exemptions for defined categories of households

16.5 A number of respondents suggested:

- increasing income from developers
- increased enforcement activity
- staffing reductions including use of agency workers and consultants
- improve & develop housing in the Borough
- maintain/improve infrastructure
- continued investment in waste and street services
- increased opportunities in activity services for Children and Young People including those with disabilities and special needs

16.6 The governance timetable is shown in Table 20

Table 20 – Governance Timetable

Meeting	Date	Subject
Public	17 Jan – 06	MTFS
Consultation	Feb	
O&S	16 Feb	MTFS & Budget
Cabinet	17 Feb	MTFS & Budget recommended to Council
GLA Assembly	24 Feb	Precept Agreed
Council	24 Feb	Budget & MTFS Summary approved by Council

17. Cross-Cutting Issues and Implications

Issue	Implications	Sign-off
<p>Legal including Human Rights Act</p>	<p>The proposals in this report provide the foundations to allow the Council to meet its statutory obligations to set a balanced budget each year in accordance with the Local Government Finance Act 1992 the Local Government Act 2003.</p> <p>In considering proposals concerning services, it is important that Members consider the policy choices about those services it wishes to fund and the extent of that funding. Members should consider all relevant factors in reaching a decision and balance the needs of those who might have a call on resources against the resources available.</p> <p>The outcome of the high-level consultation process already undertaken needs to be considered carefully and conscientiously taken into account in making the decisions set out in this report.</p> <p>More detailed project and business plans will be prepared in relation to a number of the previously agreed savings proposals set out at Section 10 of the report. Further decisions in relation to the detail of some proposals may need to be made by Cabinet in due course, for example where actions are not delegated under the Constitution, or where further consultation outcomes in relation to those proposals need to be considered by Members. using the Council's agreed policies and procedures.</p>	<p>Davidaire Horsford Assistant Head of Legal Services 11/02/2022</p>

	<p>If any of the savings or income proposals are challenged this will result in a delay to implementation, or if savings take longer than anticipated to deliver, or significant risks occur then further resources may need to be found from additional service changes or reserves to balance the budget. Progress will be monitored by Directors.</p> <p>Full Council will also consider recommendations in relation to the Council's budget and council tax at this meeting.</p>	
Finance	This report is authored by the Director of Finance and there are no other financial implications arising.	Michael Bate Assistant Director of Finance, 26 January 2022
Equalities	<p>Decision-makers are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.</p> <p>The proposals at Section 9 of this report in particular are intended to support the Council's residents most in need, contributing to the Council's Equality and Equity Charter and the Council's Equality Objectives 2020-2024. The Equalities Charter actively promotes equality and works with partners and the community to ensure the Council's services, information and products are more accessible and inclusive. Whilst these</p>	Michael Bate Assistant Director of Finance, 26 January 2022

	<p>proposals can reasonably be expected to improve outcomes for these households at an aggregate level, the equalities impact of individual proposals will be considered by the relevant decision taker, including the undertaking of full equalities impact assessments where necessary.</p> <p>With regards to other proposals still to be finalised, these will be the subject of further equality analysis where appropriate before the relevant decisions are taken.</p>	
Climate change	This report does not make any direct contribution to the Greenwich Carbon Neutral Plan agreed by Cabinet on 18 November 2020.	Michael Bate Assistant Director of Finance, 26 January 2022

18. Report Appendices

18.1 The following documents are to be published with and form part of the report:

- Appendix A: Existing Service Fees and Charges
- Appendix B: New Service Fees and Charges
- Appendix C – Comments of the Overview and Scrutiny meeting of 16 February 2022 and the response from the Cabinet (to follow).

Report Author: Nick Moody / Richard Pulfer – Accountancy Business Change Manager

Tel No. 020 8921 5209

Email. Nicholas.Moody@royalgreenwich.gov.uk / Richard.Pulfer@royalgreenwich.gov.uk

Reporting to: Michael Bate – Assistant Director of Finance

Tel No. 020 8921 4292

Email. Michael.Bate@royalgreenwich.gov.uk

Chief Officer: Damon Cook - Director of Finance

Tel No. 020 8921 3508

Email. Damon.Cook@royalgreenwich.gov.uk