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Dear Minister

Productivity in Local Government

May I take the opportunity to welcome you to your new role as Minister for Local Government. Your predecessor wrote to councils in April requesting that they produce a productivity plan by 19 July 2024 and this is the response from the Royal Borough of Greenwich.

I would like to start by providing some background to local government finance, much of which I am sure that you are familiar with - it is important to set the new statement in context.

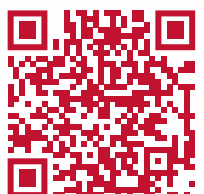
London boroughs have had to become more productive and more efficient over the past 14 years since the period of austerity which saw significant reductions to funding. Since 2010/11, it is estimated that London boroughs' Core Spending Power reduced by £2.2bn (20%) in real terms from £11.1bn to £8.8bn in 2024-25.

Over the same period, London's population has grown by 884,000 (11%) – larger than the entire population of Leeds - with significant associated increases in demand for services. This means Core Spending Power per capita is now 28% lower than it was in 2010/11.

London boroughs have also taken on new duties and responsibilities without sufficient or sustained funding. Some examples include: the localisation of council tax support in 2013; the transfer of public health duties in 2013; duties resulting from the Homeless Reduction Act 2017; duties resulting from the 2014 Children & Families Act; changes to Youth Justice and Health policy that impact children's social care. In total, we estimate new duties and responsibilities and other new or underfunded burdens have added over £1bn of additional funding pressures to London boroughs.



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London boroughs have had to reduce employee numbers significantly as a result of these funding reductions. London boroughs employ around 54,000 (29%) fewer Full Time Equivalent staff (FTE) than in 2010.

The story for Greenwich has actually been more challenging than the London average, since 2010:

- core spending power DOWN by 20% in real terms (that's after inflation)
- population INCREASED by 19% (that's 46,776 more residents)
- core spending power per capita DOWN 33% (that's a loss of £497 per person)
- full time equivalent staff LOSS of 26% (that's 2,233 fewer staff)

In order to keep providing services, the council has had to continually adapt and become more productive to attempt to absorb the loss of funding over that period, but that has only been possible up to a point, as that level of reduction has not been delivered without services being affected.

It is not going to be possible for councils to keep providing services at current levels without significant financial intervention from the government including reform of the local government finance system and other policy measures. A list of “asks” is outlined in the response to Theme 4 in the Productivity Statement (Appendix A – attached).

I would welcome the opportunity for a new conversation on the “asks” at your earliest convenience and after that, we can then talk more about productivity in local government.

Yours faithfully,

A handwritten signature in black ink, reading 'Denise Hyland'. The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Councillor Denise Hyland
Finance, Resources and Social Value
Royal Borough of Greenwich