



COUNCIL

27TH SEPTEMBER 2016

AGENDA ITEM (9)

MULTI-YEAR SETTLEMENTS AND EFFICIENCY PLANS

Accountable Member	Councillor Lynden Stowe Leader of the Council
Accountable Officer	Jenny Poole Chief Finance Officer 01285 623313 jenny.poole@cotswold.gov.uk

Purpose of Report	To consider whether the Council should seek to adopt a Multi-Year Settlement (2017/18 to 2019/20) in accordance with the requirements specified by the Department for Communities and Local Government (DCLG).
CABINET Recommendations	(a) That the Council approves the submission of a request for a Multi-Year Settlement to the Department for Communities and Local Government (DCLG); (b) that, subject to approval of recommendation (a), the Chief Finance Officer be authorised to prepare and submit a Four Year Efficiency Plan to the DCLG using the approved Medium Term Financial Strategy as the basis for that submission.
Reason(s) for Recommendation(s)	To support a Multi-Year Settlement (2017/18 to 2019/20) that will create certainty regarding elements of the Council's finance stream by guaranteeing a minimum funding settlement from the Government which has already been incorporated into the Council's Medium Term Financial Strategy.

Ward(s) Affected	All
Key Decision	No
Recommendation to Council	Yes, from the Cabinet

Financial Implications	Subject of the report
Legal and Human Rights Implications	None
Environmental and Sustainability Implications	None directly arising from this report

Human Resource Implications	None
Key Risks	See paragraph 4
Related Decisions	Medium Term Financial Strategy 2016/17 to 2019/20 and Budget 2016/17 - Council - 23 February 2016
Background Documents	None
Appendices	Appendix 'A' - Conditions of the Multi-Year Settlement

Performance Management Follow Up	Implement Council decision(s)
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Options for Joint Working	None - individual local authority decision.
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Background Information

1. Multi-Year Settlements and Efficiency Plans

1.1 As part of the Local Government Finance Settlement for 2016/17, the opportunity to achieve greater certainty and confidence from a four-year budget was announced. The intention was that this would strengthen and support the Council's financial management.

1.2 The settlement consultation process showed support for this approach, but raised a number of queries about what the offer includes and the requirements to accept the offer. A copy of the details provided by the Department for Communities and Local Government (DCLG) of what the offer includes and the process required to accept the offer is attached at **Appendix 'A'**.

1.3 In summary, the multi-year settlement includes: Revenue Support Grant; Transitional Grant; and Rural Services Delivery Grant allocations. In terms of business rates, tariffs and top-ups for 2017/18, 2018/19 and 2019/20 will not be altered for relative needs adjustment and, in the final year, **MAY** be subject to the implementation of 100% business rates retention.

1.4 The Government is committed to local government retaining 100% of its business rates by the end of this Parliament, which would give control of £13b tax collected. However, these reforms need to be fiscally neutral and local government will take on extra responsibilities and functions. These additional responsibilities will be subject to discussion papers from DCLG and the Local Government Association (LGA) for future debate.

1.5 The DCLG establishes a Settlement Funding Assessment for each local authority as part of the Local Government Financial Settlement each year. The Settlement Funding Assessment comprises of the **target** value of retained business rates and the **actual** amount of Revenue Support Grant for each local authority.

1.6 The actual value of retained business rates will depend on the value of business rates income collected by the local authority. Where income (after application of the Tariff) exceeds the target value, a levy is applied to share the excess income between central and local government. Where net income is lower than the target value, local authorities bear the impact of the loss to the level of the Safety Net Threshold. Losses in excess of the Safety Net Threshold are funded by the Government. The following table includes all elements of the Key Information for Local Authorities published by the DCLG. The multi-year settlement provides **minimum** allocations for **some** of the lines in the Key Information table (highlighted in green). Notably, the Safety Net Threshold, Levy Rate and Target for Retained Business Rates are not protected under the multi-year settlement provisions:-

Multi-Year Settlement Data - Published by DCLG

	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s
DCLG Key Information For Local Authorities:				
Settlement Funding Assessment - Net Retained Business Rates Element	(1,719)	(1,753)	(1,804)	(1,644)
Tariff/Top-Up	10,309	10,512	10,822	11,168
Tariff/Top-Up adjustment				218
Safety Net Threshold	(1,590)	(1,621)	(1,669)	(1,723)
Levy Rate (p in £)	0.50	0.50	0.50	0.50
Settlement Funding Assessment - Revenue Support Grant Element	(856)	(386)	(101)	0
Transitional Grant	(42)	(43)		
Rural Services Delivery Grant	(599)	(483)	(372)	(483)
Lines included in the multi-year settlement offer				

1.7 Where authorities are part of the Business Rates Pool, such as the Gloucestershire Business Rates Pool, the Levy Rate and Safety Net Threshold will be different as it will apply to the whole Pool. For simplicity, the table above shows the data for this Council outside a Business Rates Pool.

2. Process to Apply

2.1 In order to apply for the multi-year settlement, the Council would need to send an e-mail or letter to the DCLG by 14th October 2016 and include a link to a published efficiency plan. CIPFA and the LGA have provided guidance on the preparation of the efficiency plan which is summarised below:-

- The submission is likely to be based on or drawn from the Medium Term Financial Strategy (MTFS) or something similar. It is not intended that authorities spend a lot of time producing a document specifically for this purpose.
- It is suggested that the efficiency plan should be 2-4 pages, although this may be determined by what existing documents are being applied. Other documents, such as a Corporate Plan, can be referenced in the submission but do not need to be explained in detail.
- The efficiency plan should cover the four-year period 2016/17 to 2019/20. It should provide a narrative about how the authority is addressing its financial position over this period, how it is planning to balance its budget, where it will find savings/efficiencies, and how it will use its reserves.
- It should provide information about current transformation projects, and savings and efficiency plans.
- Risks and uncertainties should be highlighted, for example, funding and spending pressures, as well as action the authority would take to respond to them such as reserves, contingencies and further savings.
- The plan should outline key partnerships and collaboration, but this should focus on where they impact on the authority's finances, e.g. sharing costs, generating additional income.
- There are no specific sign off requirements and it does not necessarily require formal approval by Members. It is recommended that the Chief Finance Officer approves the Efficiency Plan.

3. Proposed Course of Action

3.1 The information regarding the Council's financial position and plans for efficiency savings over a four year period immediately points towards the Council's current MTFS. This was approved by the Council on 23rd February 2016 and incorporated the settlement figures for Revenue Support Grant, Transitional Grant and Rural Services Delivery Grant for 2016/17 to 2019/20, in line with the multi-year settlement, and also includes efficiency savings over this period linked to the 2020 Vision programme, the Leisure and Museum contract, and savings identified from the 2014/15 outturn.

3.2 It is proposed the Chief Financial Officer submits a Four-Year Efficiency Plan utilising the approved MTFS as a basis for that submission.

4. Key Risks

4.1 By applying for a multi-year settlement, the Council is guaranteeing a minimum settlement allocation, not a fixed allocation. The key risk of not applying for the multi-year settlement is that the Council would be subject to the existing yearly process for determining the local government settlement.

4.2 There is a risk of fundamental changes to the underlying needs formulae, which would lead to changes in the Settlement Funding Assessment or further cuts in the total funding that could also impact on the Settlement Funding Assessment. The multi-year settlement provides protection against cuts to Revenue Support Grant but there remains a risk of impact via the Retained Business Rates target, Safety Net and Levy rate.

5. Conclusion

The specific elements of a four-year funding settlement have already been incorporated into the MTFS. Signing up to a multi-year settlement gives some certainty to minimum levels of future settlements. On that basis alone, it would be prudent for the Council to apply for a multi-year settlement.

6. Cabinet Deliberations

This matter was considered by the Cabinet at its meeting on 15th September 2016. The Cabinet commended the recommendations as presented to Council for approval.

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