

**REPORT TO:** CABINET

**DATE:** 13 OCTOBER 2106

**TITLE:** FINANCE UPDATE

**PORTFOLIO HOLDER(S):** COUNCILLOR JON CLEMPNER, LEADER OF THE COUNCIL  
COUNCILLOR MIKE DANVERS, PORTFOLIO HOLDER FOR RESOURCES

**LEAD OFFICER(S):** MALCOLM MORLEY OBE, CHIEF EXECUTIVE, (01279) 446000  
SIMON FREEMAN, HEAD OF FINANCE, (01279) 446228

**This is a Key Decision**

**It is not on the Forward Plan and is being considered under Urgency Procedures due to the late release of the relevant information from the Government.**

**This decision is not subject to Call-in procedures for the following reasons:**  
Given the late release of details from the Government, the acceptance of the offer is required to be made before call in procedures could be applied.

**This decision will affect no ward specifically.**

**RECOMMENDED that:**

- A Cabinet agrees to accept the four year local government funding settlement as set out in this report.

**REASON FOR DECISION**

- A Despite releasing very little detail in relation to the settlement, the Government has set a deadline of 14 October 2016 for Councils to accept the offer of a four year financial settlement.

**BACKGROUND**

1. Indicative figures were released at the time of the 2016/17 Local Government Finance Settlement setting out the grants that could be expected as part of

the Settlement Funding Assessment for the period 2016/17 to 2019/20. These figures were incorporated in to the Council's Medium Term Financial Strategy as approved by Council at its meeting held on 4 February 2016. The figures in the table below replicate the funding incorporated from the settlement into the Councils approved MTFS.

	<b>2015/16 £million</b>	<b>2016/17 £million</b>	<b>2017/18 £million</b>	<b>2018/19 £million</b>	<b>2019/20 £million</b>
Revenue Support Grant	2.15	1.29	0.60	0.18	0.00
Retained Business Rates	2.83	2.85	2.91	3.00	3.09
<b>Settlement Funding Assessment (SFA)</b>	<b>4.98</b>	<b>4.14</b>	<b>3.51</b>	<b>3.17</b>	<b>3.09</b>
Decrease £		0.84	0.63	0.34	0.08
Decrease %		16.87	15.22	9.69	2.52

Source - DCLG

2. Despite the early announcements of the four year deal, very little has been released by the Government regarding the details of the proposal other than a brief letter from the Secretary of State for Communities and Local Government dated 10 March 2016 and attached as Appendix A.
3. On 15 September 2016, the Government released a new technical consultation document – “The 2017/18 Local Government Finance Settlement”. This paper included a section seeking views on grants to be included within the multi-year settlement offer and repeated some of the points raised in the March letter regarding the four year deal.

## ISSUES/PROPOSALS

4. In both the Secretary of State’s letter and the more recent consultation paper, the Government states that it will honour the four year figures for those Councils accepting the deal and that there would be no changes to the funding other than “barring exceptional circumstances”. Brexit and the financial uncertainty that it brings may well be one of those exceptional circumstances yet to be confirmed. However, it also states that “The Government is making a clear commitment to provide minimum allocations for each year of the spending review should councils accept the offer”.
5. The Secretary of State’s letter also states that where the four year deal is not accepted: “I cannot guarantee future levels of funding to those who prefer not to have a four year settlement”. This implies that if further reductions are needed in local government funding they would be likely to fall most heavily on the Councils that choose to keep their funding on a year-by-year basis.

6. It would seem that the acceptance of the four year deal would provide greater certainty for planning purposes. Despite the risk that there may be deemed to exist “exceptional circumstances” in relation to the Brexit decision, this will not be known until after the deadline for submission of the acceptance of the offer. It is also clear that there is a potentially greater risk from, and nothing to be gained from, opting to remain on an annual settlement arrangement.
7. Key to the acceptance of the four year deal is the requirement for Councils to prepare and publish an Efficiency Plan that covers the four year period. Again in the letter the Secretary of State has clearly said that “I do not intend to provide further guidance on what efficiency plans may contain”.
8. Whilst the Government has chosen to not provide any guidance on the publication of an Efficiency Plan, it has stated that their production should “be as simple and straightforward as possible” and be guided by sector led advice produced by the Local Government Association and CIPFA.
9. Following these guidelines the Council’s draft Efficiency Plan is attached to this report as Appendix B and, subject to any final amendments and the agreement of the Cabinet, it will be submitted to DCLG ahead of the 14 October deadline of 5.00pm.

## **IMPLICATIONS**

### **Place (includes Sustainability)**

None Specific

Author: **Graeme Bloomer, Head of Place**

### **Finance (Includes ICT)**

As contained in the report

Author: **Simon Freeman, Head of Finance**

### **Housing**

None Specific

Author: **Andrew Murray, Head of Housing**

### **Community Wellbeing (includes Equalities and Social Inclusion)**

None Specific

Author: **Jane Greer, Head of Community Wellbeing**

### **Governance (includes HR)**

None Specific

Author: **Brian Keane, Head of Governance**

**Background Papers**

*[These are papers referred to in the preparation of the report that are not attached as appendices but that are available for public or Councillor study.]*

[List all background papers. Add new rows if required.]

**Glossary of terms/abbreviations used**

[list all abbreviations/acronyms here and spell out in full. Add new rows if required.]