

Report to: Cabinet

Date of meeting: 18 October 2016

By: Chief Executive

Title: Reconciling Policy, Performance and Resources – the Government’s Multi Year Settlement Offer

Purpose: To consider whether to accept the Government’s Multi Year Settlement Offer and the efficiency plan.

RECOMMENDATIONS: Cabinet is recommended to consider whether to accept the Government’s Multi Year Settlement Offer as set out in the report and to approve the efficiency plan attached as Appendix 2 to this report

1 Background

1.1 Following publication of the final 2016/17 local government finance settlement, the Secretary of State for Communities and Local Government wrote to all local authorities on 10 March 2016 providing clarification of the requirements for applying to accept the multi-year offer. Acceptance of the offer would provide certainty of funding for those areas set out in table 1 below, ie the Revenue Support Grant and Business Rate top-up to 2019/20 and the Transition Grant for 2017/18, in all but exceptional circumstances; what would be considered an exceptional circumstance has not been set out. Acceptance is entirely optional but the Secretary of State has stated that he could not “...guarantee future levels of funding to those who prefer not to have a four year settlement”. A further consultation launched on 15 September, has indicated that other grants may be included in the offer. The letter from the Secretary of State required authorities accepting the offer to publish an “efficiency plan”.

Table 1

	2017/18	2018/19	2019/20
	£m	£m	£m
Business Rates Top-Up	58.429	60.153	62.075
Revenue Support Grant	26.727	14.966	3.491
Transition Grant	2.696	-	-
Total	87.852	75.119	65.566

1.2 The offer was made before the recent changes in ministerial responsibilities. It is therefore even harder to identify the full implications of accepting or rejecting this offer. This

is particularly pertinent, as the Autumn Statement on the 23 November 2016 is now being seen as an opportunity to reset the public finances, after the target for reaching a budgetary surplus by the end of the Parliament appears to have softened. However, many authorities have indicated that they will accept the multi-year settlement as it does provide some certainty of funding at a time when there is so much uncertainty about local government finances. A copy of the letter from the then Secretary of State setting out the offer is attached at Appendix 1

1.3 At its meeting on 11 October the Cabinet considered the draft efficiency plan, (attached as Appendix 2 to this report report) which was based on the Medium Term Financial Plan agreed by the County Council in February 2016 and updated as part of the State of the County which was reported to the Council in July. The plan includes a narrative explaining the Council's Reconciling Policy, Performance and Resources process, its agreed priorities, operating principles and plans for managing within the resources available which were considered in approving the budget, Capital Programme and Council Plan. Further detail regarding the latest update on the Medium Term Financial Plan and the savings proposals is contained in the report considered by the Cabinet on 11 October and the Cabinet report to the County Council to be considered on 18 October.

1.4 Whilst consideration of the multi year offer is an executive decision, bearing in mind the medium term budgetary implications for the Council, at its meeting on 11 October the Cabinet agreed that the view of County Council should be sought on whether to accept the multi-year settlement and on the draft efficiency plan. Any motion agreed by the County Council at its meeting on 18 October will be reported to the Cabinet.

2. Conclusion and Reason for Recommendation

2.1 Having considered any view expressed by the County Council, the Cabinet is asked to consider whether to accept the multi-year settlement and whether to approve the efficiency plan. Should it be decided to accept the offer, the Department of Communities and Local Government will be reminded of the significant financial pressures around Adult Social Care and Children's Services that need to be addressed and that the reductions in Government Funding cannot be achieved through efficiencies alone, but require difficult cuts in services.

BECKY SHAW

Chief Executive

LOCAL MEMBERS:

ALL

BACKGROUND DOCUMENTS

Reconciling Policy, Performance and Resources report to Cabinet - 11 October 2016

Cabinet report to the County Council – 18 October 2016