

**Committee: Cabinet**

**Agenda Item**

**Date: 12 October 2016**

**8**

**Title: Multi-Year Settlement**

**Portfolio Holder: Cllr Simon Howell**

Item for decision

## Summary

1. At its meeting on 15 September Cabinet approved that
  - a) The Council agrees in principal to opt for the multi-year settlement offer; and
  - b) Requested that The S151 Officer in consultation with the Finance Portfolio Holder is asked to prepare the efficiency plan for approval at the October meeting of Cabinet.
- 2) This report includes the efficiency plan and requests authority from the Cabinet to submit the Multi-Year Settlement request.

## Recommendations

- 3) The Cabinet is recommended to:
  - a) Authorise the S151 Officer to submit the Multi-Year Settlement request and associated efficiency plan.

## Financial Implications

- 4) There are no implications for the council's budget in 2016/17. By being part of the Multi-Year settlement the Council will be able to get a degree of certainty around parts of its future funding.

## Background Papers

None

## Impact

Communication/Consultation	No specific implications
Community Safety	No specific implications
Equalities	No specific implications
Health and Safety	No specific implications
Human Rights/Legal Implications	No specific implications
Sustainability	No specific implications

Ward-specific impacts	No specific implications
Workforce/Workplace	No specific implications

## Multi-Year Settlement

- 5) In the provisional local government finance settlement 2016/17, the government stated that it would offer any council that wishes to take it up, a four-year funding settlement to 2019/20. At that time, information was limited on what the offer included and how to apply, but that an efficiency plan would need to be submitted when such an offer was requested.
- 6) The final local government finance settlement 2016/17 confirmed that the deadline for requesting this offer was 14 October 2016.
- 7) The Secretary of State for Communities and Local Government subsequently issued a letter on 10 March 2016 which clarified that the offer covers Revenue Support Grant, Transitional Grant and Rural Services Delivery Grant.
- 8) For Uttlesford 2017/18 is the final year of Revenue Support Grant so the advantages of the four year settlement are limited. However it would provide greater certainty for planning purposes which is key as we move forward to times when our financial position is likely to get more challenging
- 9) The letter was however accompanied by an annex which said the Government would “need to take account of future events” and that the offer would be honoured “barring exceptional circumstances”. It is possible that recent events may be seen as exceptional and may inhibit the ability of the Government to honour this offer, but we are unlikely to know this before the deadline for acceptance in mid-October.
- 10) The letter also contains a note of caution for authorities that do not take up the option, “It is open to any council to continue to work on a year-by-year basis, but 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 authorities that choose to keep their funding on a year-by-year basis.
- 11) On balance it would appear prudent to opt for the multi-year settlement offer.
- 12) To take up the offer, as mentioned above, the Council needs to produce an efficiency statement. There is no prescribed format for such a statement however CIPFA working with the Local Government Association and DCLG have put together a document setting out some key thoughts about the document.
- 13) They start off by setting out that every council in the country is different. Each will have its own vision, policies, opportunities and challenges and each will be at a different stage in its journey to financial sustainability. So no two efficiency plans are likely to focus on the same things; have common aims or include the same reports. Each council should therefore be judged on its own merits when reviewing their plans. How clear are their targets? What role partnership working is expected to take? Aspirations around any transformation programmes? How are councils planning to achieve their efficiencies? Is there

clear ownership and accountability? And is there robustness around the management, monitoring and measurement of outcomes?

14) The way a council chooses to put this story together in their efficiency plan remains for them to decide, as is the supporting documents that they would choose to include. Thoughts around the content of the plan are:

- The cornerstone of the efficiency plan is probably the Medium Term Financial Plan (MTFP) or Strategy (MTFS) for the four years of the offer. Not just the numbers in a table but a short narrative that sets out what a council intends to do to address the challenge of financial sustainability and where it hopes to be at the end of the period. An efficiency plan needs to be about more than just money.
- Most practitioners favour a short 2 – 4 page narrative, with typical documents to support this narrative to include its latest budget, corporate plan, transformation plan, asset-management plan and baseline organisational structure.
- It follows that an efficiency plan needs to have clear links to the Council’s corporate plan and where the authority is involved in key partnerships, such as shared management arrangements or progress towards a combined authority. It should acknowledge any links with partner organisations and plans that this entails.
- It also needs to reference ongoing and planned transformation projects and programmes where these are significant in ensuring the council reduces its costs or generates additional income locally.
- However, an efficiency plan need not be any more than an ‘abridged version’ of key/ existing public documents already put together by a council. Most councils should not find themselves doing a major piece of extra work to deliver an efficiency plan.
- Councils could consider presenting the efficiency plan by theme, for example, what it is doing to grow its local economy, to bear down on costs, to manage current and future demand or to re-forge its ‘contract’ with local residents.

15) Attached as Appendix One is the Council’s efficiency statement

## Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Failure to opt for the multi-year settlement may leave the Council in a less well-off position	4 It is almost inevitable that funding will be cut. The unknown at the moment is the scale of the cuts and the timing	3 There will be an impact and it is likely to be significant	Officers recommend taking up the multi-Year Settlement

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.