

<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	LOCAL GOVERNMENT FINANCE SETTLEMENT – FOUR YEAR FUNDING SETTLEMENT 2016/17 TO 2019/20		
<b>DATE OF DECISION:</b>	21 SEPTEMBER 2016		
<b>REPORT OF:</b>	CABINET MEMBER FOR FINANCE		
<b><u>CONTACT DETAILS</u></b>			
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#### **STATEMENT OF CONFIDENTIALITY**

Not Applicable.

#### **BRIEF SUMMARY**

In December 2015, the Secretary of State announced an option for local authorities to access four year financial settlements for the period 2016/17 to 2019/20. This was intended to offer more financial security in the medium term and in order to encourage efficiency savings.

A prerequisite of accepting the four year settlement is evidence of an approved and published efficiency plan.

The purpose of this report is to set out the details of the Council's efficiency plan and to formally seek Council approval of the efficiency plan and of the acceptance of the Government's offer of a four year funding settlement.

#### **RECOMMENDATIONS:**

##### **Council are recommended to:**

	(i)	Approve the efficiency plan for Southampton City Council as detailed in Appendix 1.
	(ii)	Give approval to accept the Government's offer of a four year funding settlement 2016/17 to 2019/20.

#### **REASONS FOR REPORT RECOMMENDATIONS**

1.	Local authorities are required to indicate the acceptance of the four year settlement by way of a formal response by the 14th October 2016. To take advantage of this offer each authority needs to submit evidence of an approved efficiency plan.
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#### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2.	The council could choose not to accept the Government's four year
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	settlement. However the impact on those councils not accepting the offer is uncertain and may carry more risk in terms of shouldering a disproportionate share of any unforeseen changes in overall central funding than those councils accepting the offer.
<b>DETAIL (Including consultation carried out)</b>	
	<b>Provisional Local Government Finance Settlement (PLGFS)</b>
3.	Following the Comprehensive Spending Review the Government issued the Provisional Local Government Finance Settlement (PLGFS) in December 2015 which detailed indicative funding figures for each local authority for the period 2016/17 to 2019/20. The government also stated as part of the PLGFS that it would offer any council that wished to take it up, a four year funding settlement to 2019/20. This does not provide any overall additional resources but was aimed at providing more financial security in the medium term and in order to encourage efficiency savings.
4.	The offer includes the Revenue Support Grant, transitional funding and Rural Services delivery grant. It excludes other elements of Core Spending Power mainly the New Homes Bonus and enhanced Better Care Fund.
5.	In addition, protection will be provided that ensures tariffs and top ups for 2017/18 – 2019/20 will not be altered for reasons related to any changes in the relative needs of local authorities.
6.	The settlements are guaranteed by the Secretary of State but on the basis that no significant or unforeseen financial changes occur for central or local government. At the current time the likely impact and any changes as a result of Brexit are not known.
7.	It is also currently unclear how or what impact the implementation of 100% Business Rates Retention, planned for 2019/20 onwards, will have on the four year funding settlement agreement.
8.	It should be noted that whilst seeking approval to accept the four year funding settlement, it is on the basis that: <ul style="list-style-type: none"> <li>• Any additional funding made available to local authorities through future local government funding settlements will have a share of the additional funding given to those authorities that have taken up the offer;</li> <li>• Any new burdens and extra responsibilities will need to be fully funded;</li> <li>• There is a risk that additional funding that may have been received for example from changes in Relative Needs Assessment, will not be received.</li> </ul>
9.	Acceptance of the offer must be made by 5pm on 14 <sup>th</sup> October 2016. It is recommended that this is joint submission of the Leader of the Council and the Chief Executive endorsed by the Section 151 Officer.
	<b>Efficiency Plan</b>
10.	The PLGFS contained limited information on what would be included in the offer and the mechanism for accepting the offer. It did however indicate that there would be a requirement for the submission of an efficiency plan.

11.	The implications of the PLGFS were incorporated into the Medium Term Financial Strategy 2015/16 to 2019/20 approved by Council in February 2016. This included an Efficiency Strategy with an expectation of this being further developed when clarification on the details on the required Efficiency Plan structure and content were known.
12.	<p>Whilst the Government are not being prescriptive they have indicated that the efficiency plan:</p> <ul style="list-style-type: none"> <li>• Does not need to be a separate document, it can be combined with existing documents such as the Medium Term Financial Strategy (MTFS);</li> <li>• Links to the Council Plan and other key strategies;</li> <li>• Should demonstrate how we intend to deal with ongoing financial and service pressures including details of any transformation programmes;</li> <li>• Acknowledges links to partner organisations;</li> <li>• Identifies planned use of balances and reserves and assessment of risks.</li> </ul>
13.	The final efficiency plan is set out in Appendix 1. It is proposed that this will be incorporated into future updates of the MTFS.
14.	Although the MTFS was approved by Council in February 2016, no formal approval of the acceptance of the Government's offer of a four year settlement was sought or made at that time.
15.	Council is recommended to accept the four year funding settlement offer and to approve the Efficiency Plan.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

16.	Revenue and capital resource implications are included within the MTFS, Capital Strategy, and within the Revenue and Capital budgets approved by Council in February 2016.
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### **Property/Other**

17.	None
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## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

18.	Not applicable
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### **Other Legal Implications:**

19.	None
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## **POLICY FRAMEWORK IMPLICATIONS**

20.	None
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<b>KEY DECISION?</b>	Yes
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<b>WARDS/COMMUNITIES AFFECTED:</b>	All
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	
1.	Efficiency Plan 2016/17 to 2019/20
<b>Documents In Members' Rooms</b>	
1.	None.
<b>Equality Impact Assessment</b>	
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
<b>Privacy Impact Assessment</b>	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
<b>Other Background Documents</b>	
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	Medium Term Financial Strategy