

REPORT TO:		Cabinet	
DATE:		12 October 2016	
PORTFOLIO:		Cllr Gareth Molineux - Resources	
REPORT AUTHOR:		Stephen Brindle – Head of Accountancy	
TITLE OF REPORT:		Multi-year Settlements and Efficiency Plans	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	No	Not applicable	
KEY DECISION:	No	If yes, date of publication:	

1. **Purpose of Report**

- 1.1 To set out and evaluate the details of the offer made by the DCLG to confirm central revenue funding levels for Hyndburn Council up to and including the financial year 2019/20.

2. **Recommendations**

- 2.1 It is recommended the offer is accepted.

3. **Reasons for Recommendations and Background**

- 3.1 On March 10th 2016 the Secretary of State for Communities and Local Government wrote to all authorities about multi-year settlements and efficiency plans. The letter offered a four year funding settlement up to and including 2019/20 provided the authority produced an efficiency plan which, *'should cover the full four year period and be open and transparent about the benefits this will bring to both your council and your community.'*
- 3.2 It is an optional offer and if the Council chooses instead to continue on a year by year basis, DCLG cannot *'guarantee future levels of funding for those who prefer not to have a four year settlement.'*
- 3.3 The figures for Hyndburn Council are in the table below. Acceptance of the offer has to be made by e-mail or letter before 5pm on Friday 14th October.

	16/17	17/18	18/19	19/20
	£k	£k	£k	£k
RSG	3,194.7	2,481.1	2,034.1	1,534.7

- 3.4 It is expected this will be the only time during the current Parliament that a multi-year settlement will be offered. The offer covers revenue support grant (RSG), transitional grant (TG) and rural services delivery grant (RSDG); only the first affects Hyndburn BC.
- 3.5 In addition, protection will be provided to ensure that tariffs and top-ups for 2017/18 to 2019/20 will not be altered because of changes in the relative needs of the local authority.
- 3.6 The protection will not cover:
- a) Extra responsibilities and functions that might be devolved as part of the 100% business rates retention scheme.
 - b) Further transfer of functions to or between local authorities or the impact of mergers.
 - c) Any other unforeseen events.
- 3.7 With respect to item (c), there is no definition of unforeseen events and it is possible that public sector funding reductions in excess of those announced in the settlement following the 2015 spending review may be defined as 'unforeseen'.
- 3.8 If an authority asks for and is given a four year settlement, it is not clear whether it could subsequently withdraw because of a change in circumstances.
- 3.9 Finally, there are no published criteria for assessing the accompanying efficiency plan.
- 3.10 Overall, the offer gives an increased amount of certainty as well as guaranteeing RSG. In the current climate it is unlikely any additional money will be forthcoming. Financial planning over the next four years, with acceptance, will become more stable.

4. Alternative Options considered and Reasons for Rejection

- 4.1 The alternative is not to take up the offer and risk future changes in the level of RSG which could be either a reduction in the annual amounts or complete withdrawal. In the present economic climate it is extremely unlikely that more funding will become available to local government via central government.
- 4.2 Continued dependence on the *annual* funding model, in light of the government's assertion that it cannot guarantee these amounts, increases the risk of volatility in the Council's financial planning which could lead to shortfalls having to be met by savings over and above those planned in the medium term financial strategy.

5. Consultations

5.1 None

6. Implications

Financial implications (including any future financial commitments for the Council)	As described in the report.
Legal and human rights implications	None
Assessment of risk	<p>If the offer is accepted, there will be a decrease in risk related to the continuity of funding.</p> <p>If the offer is not taken up the volatility of funding will increase.</p> <p>In both cases risk will be monitored as part of the continuing financial planning, principally via the medium term financial strategy.</p>
Equality and diversity implications <i>A Customer First Analysis should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	None

7. Local Government (Access to Information) Act 1985: List of Background Papers

7.1 **Multi Year Settlements and Efficiency Plans – Letter**

Annex to Letter

8. Freedom of Information

8.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.