

PART A

Report to: Cabinet / Council
Date of meeting: 10 October 2016 / 11 October 2016
Report of: Head of Finance (shared services)
Title: **Four-year funding settlement**

1.0 SUMMARY

1.1 This report covers the decision on whether to accept the Government's offer of a four-year financial settlement and the requirement to publish an Efficiency Plan.

2.0 RECOMMENDATIONS

2.1 The Director of Finance recommends that the offer is accepted.

2.2 If Council accepts the Government's offer then they should also agree and approve the Efficiency Plan at Appendix 1 to allow the four-year settlement to be taken.

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Report approved by: Bob Watson, Head of Finance (shared services)

3.0 DETAILED PROPOSAL

3.1 As part of the Local Government Finance Settlement (LGFS) in February 2016, the Government published an indicative four-year settlement, with the settlement for 2016/17 confirmed and a provisional settlement for the three future periods 2017/18 to 2019/20. The Government indicated that it would honour these figures depending on individual local authorities agreeing to publish their Efficiency Plan. At the time of the settlement the full details behind this announcement were not available. In March 2016 the Government wrote to Local Authorities to confirm the requirements for an Efficiency Plan and the timescale for accepting the Government's offer, being 14 October 2016.

3.2 If the Council wishes to accept the Government's offer then it will need to provide an Efficiency Plan by 14th October 2016. The Efficiency Plan will need to be approved by Council – a proposed Efficiency Plan is attached at Appendix 1.

3.3 The Government offer is as follows:

'The relevant lines included with the financial settlement that are protected as part of this offer are;

- *Revenue Support Grant*
- *Transitional Grant; and*
- *Rural Services Delivery Grant Allocations. [NB: does not apply to WBC]'*

3.4 The Director of Finance recommends that the four-year settlement is the best option to follow because this provides an element of certainty and it is difficult to see any authorities who choose not to accept the offer benefiting as a result. It is highly likely that any further cuts to local government funding would fall on those authorities outside of the agreed settlement.

3.5 The table below shows the final settlement as published on 8 February 2016 for Watford Borough Council:

Final Settlement – Watford Borough Council

	2016/17	2017/18	2018/19	2019/20
RSG	£1,311,304	£565,196	£114,299	0
Transition Grant	£92,587	£92,242	0	0
Rural Services Grant	0	0	0	0

3.6 The Council has other funding streams outside of those listed above which are not covered by the offer, including Business Rates and Council Tax. These are therefore not included in this report.

4.0 **IMPLICATIONS**

4.1 **Financial**

4.1.1 The Shared Director of Finance comments that the recommendations in this report are within the Council's agreed policy. The current Medium Term Financial Strategy reflects the figures in the provisional settlement as the final figures were not confirmed until after the budget-setting Council meeting. The final figures will be included in the revised budget that is taken to Council in January 2017.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Democracy and Governance comments that there are no legal implications in this report

4.3 **Equalities**

4.3.1 None

4.4 **Potential Risks**

None

Appendices

1 Watford Borough Council Efficiency Plan 2016-2020

Watford Borough Council Efficiency Plan 2016-2019

The current medium term financial plan is based on the settlement figures provided in the Local Government Finance Settlement in February this year. As such it identifies the use of reserves to offset the expenditure and income figures. This not sustainable and therefore the council has already instigated or is in the process of instigating the following efficiency programme measures:

<u>Efficiency measure</u>	<u>Cumulative revenue cost / (savings) (£'000)</u>			
	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
<i>Items already included in the Medium Term Financial Strategy</i>				
Service Reviews	0	150	300	300
Letting of Council accommodation	0	70	140	140
Planning performance income	60	100	140	140
Staffing reviews	210	367	522	522
Other efficiency savings	161	422	702	702
<i>Other Projects to be Considered</i>				
Established the Property Investment Board to rationalise and dispose of uneconomic property assets and reinvest to enhance rental returns	197	278	767	767
Development of service transformation programme	0	0	1,000	1,000

In addition the Council is investing in some major redevelopment and regeneration projects that will provide both a capital and revenue return over the medium to longer term. These projects include:

- Consideration of options to reduce temporary accommodation costs
- Watford Health Campus
- Watford Business Park
- Joint Venture with Watford Community Housing Trust