

<b>CABINET</b>	<b>AGENDA ITEM No. 10</b>
<b>26 SEPTEMBER 2016</b>	<b>PUBLIC REPORT</b>

Cabinet Member(s) responsible:	Councillor David Seaton, Cabinet Member for Resources	
Contact Officer(s):	John Harrison, Corporate Director: Resources	Tel. 452520

**EFFICIENCY STRATEGY 2016/17 – 2019/20**

RECOMMENDATIONS	
<b>FROM :</b> Councillor David Seaton	<b>Deadline date :</b> N/A
<p>1. It is recommended that Cabinet approves the Peterborough City Council Efficiency Strategy for 2016/17 – 2019/20.</p>	

**1. ORIGIN OF REPORT**

1.1 This report is submitted to Cabinet following a referral from the s151 Finance Officer.

**2. PURPOSE AND REASON FOR REPORT**

- 2.1 The purpose of this report is for Cabinet to consider the proposed 2016/17 – 2019/20 Efficiency Strategy which will enable the Council to become eligible for a Four-Year Funding Settlement from Government.
- 2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.4 ‘To promote the Council’s corporate and key strategies and Peterborough’s Community Strategy and approve strategies and cross-cutting programme not included within the Council’s major policy and budget framework’.

**3. TIMESCALE**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If Yes, date for relevant Cabinet Meeting	<b>N/A</b>
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**4. BACKGROUND**

- 4.1. As part of the Local Government Finance Settlement in February 2016, the Government confirmed its offer of a 4-year Finance Settlement to Local Authorities. The 4-Year Finance Settlement would provide indicative levels of funding over a 4-year period to allow Local Authorities more scope to plan ahead in return for producing an Efficiency Strategy.
- 4.2. The Government announced that this strategy must be approved and submitted by 14th October 2016 if the Council wishes to accept the offer. The Government has indicated that it cannot guarantee the same level of funding for Councils that do not accept a 4-Year offer.

**What It Includes**

- 4.3. As part of the Final Settlement, the Government issued indicative 4-year figures for Revenue Support Grant (RSG), Improved Better Care Fund and New Homes Bonus.

- 4.4. The Government has now confirmed that the 4-Year offer will include RSG, Transitional Grant and Rural Services Delivery Grant (PCC only receives RSG). Improved Better Care Fund and New Homes Bonus are not included in this offer.
- 4.5. Therefore, the 'guaranteed' levels of funding would be as follows:

Item	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Revenue Support Grant	26,983	19,821	15,056	10,246
Transitional Grant	0	0	0	0
Rural Services Delivery Grant	0	0	0	0
<b>Total</b>	<b>26,983</b>	<b>19,821</b>	<b>15,056</b>	<b>10,246</b>

- 4.6. A survey of 15 Local Authorities indicated that 48% will definitely take the Government's offer with a further 38% saying that they will probably accept. No Authorities have said that they will definitely not accept the offer.
- 4.7. Whilst a 4-year funding settlement does give the Council increased scope to plan ahead, it should be noted that the figures above represent only a very small element of the Council's total income streams, therefore, significant risks of volatility remain.

### **Efficiency Strategy Document**

- 4.8. The draft Efficiency Strategy has been attached at Appendix 1.
- 4.9. Whilst there is no formal guidance from the Secretary of State on what this document should contain, officers have had regard to the best practice recommendations issued by CIPFA and the LGA.
- 4.10. In the four years to 2020, it is recommended that the Council review its strategy annually.
- 4.11. It is not yet known whether another 4-Year Settlement will be available from 2020 onwards. The Government's aim is to have implemented a system of '100%' Business Rates retention by this time, in which case, RSG may become redundant. Officers will continue to monitor developments and report to Members as necessary.
- 4.12. Given the outcome of the recent referendum, there is a significant risk that the offer may be withdrawn or amended. The 4-Year offer was caveated with a statement that the deal was '*subject to changes in multiplier; changes to functions and unforeseen events*'. More detail will be known following the Government's next Budget, which is expected in the Autumn.
- 4.13. There is also additional risk to funding not included in this agreement. The Final Settlement confirmed reforms to New Homes Bonus, which would likely see funding redistributed through a formula which is not beneficial to Peterborough.

## **5. CONSULTATION**

- 5.1. At its meeting on 14 September 2016, the Cross-Party Budget Working Group has considered the offer of a 4-year funding settlement and the draft Efficiency Strategy.

## **6. ANTICIPATED OUTCOMES**

- 6.1. That the Efficiency Strategy be agreed in order to enable the Council to become eligible for a 4-year funding settlement.
- 6.2. This Strategy will be reviewed annually as part of the Medium-Term Financial Strategy process up to the year 2019/20.

## **7. REASONS FOR RECOMMENDATIONS**

7.1. The approval of the attached Strategy is a Government requirement for eligibility for a 4-year funding settlement.

## **8. ALTERNATIVE OPTIONS CONSIDERED**

8.1. The Council is not bound to accept a 4-year funding settlement – it has the option to receive one-year funding settlements as per the current arrangements. However, the Government has said that it ‘cannot guarantee’ the same levels of funding for Councils who do not accept the offer.

## **9. IMPLICATIONS**

### **Financial**

9.1. Whilst this report is financial in nature, it does not change the Council’s anticipated levels of funding.

### **Risks**

9.2. Risks are outlined in the main body of the report.

## **10. BACKGROUND DOCUMENTS**

10.1. Appendix 1 – Draft Efficiency Strategy

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