



**Report Number**

**Corporate Policy and  
Resources Committee**

**Date 22<sup>nd</sup> September 2016**

**Subject: 4 Year Settlement Agreement**

Report by:

Ian Knowles  
Director of Resources (S151)

Contact Officer:

Ian Knowles  
Director of Resources  
01427 676591  
[Ian.Knowles@west-lindsey.gov.uk](mailto:Ian.Knowles@west-lindsey.gov.uk)

Purpose / Summary:

To consider the Government's invitation to agree a 4 year financial settlement.

**RECOMMENDATION(S):**

- 1 - That Corporate Policy and Resources Committee approve that the Council pursue a 4 Year Settlement and provide a supporting Efficiency Plan.
- 2 – That members of this committee recommend to Council the submission of the attached efficiency plan along with the MTFP agreed in March 2016
- 3 – That members delegate to the Chief Executive and Director of Resources in consultation with the Leader any presentational changes deemed appropriate before submission.

## IMPLICATIONS

**Legal: None**

### **Financial : FIN/50/17**

The Medium Term Financial Plan (MTFP) 2016/17 – 2020/21 was based on the 4 year indicative settlement figures. The financial position will therefore remain in line with the MTFP and by accepting a 4 year settlement this provides some level of certainty.

**Staffing** : Efficiencies within the MTFP will affect staff, and this will be managed effectively and in accordance with our policies.

### **Equality and Diversity including Human Rights :**

West Lindsey District Council has a commitment to equal opportunities and any staff affected will be treated fairly.

### **Risk Assessment :**

Accepting the deal will reduce the risk of settlement funding volatility.

We should be aware that there remains uncertainty around the impact of the retention of NNDR and New Homes Bonus scheme.

### **Climate Related Risks and Opportunities : None**

### **Title and Location of any Background Papers used in the preparation of this report:**

Medium Term Financial Plan 2016/17

### **Call in and Urgency:**

#### **Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?**

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

**Yes**

**No**

### **Key Decision:**

A matter which affects two or more wards, or has significant financial implications

**Yes**

**No**

## Introduction

As part of the local government final settlement in February 2016, the DCLG offered Local Authorities the opportunity to sign up to a four year deal regarding the three elements of grant within the announcement. Those grant areas are, Revenue Support Grant (RSG), Rural Services Delivery Grant (RSDG) and Transition Grant (TG).

The four year profile provided for these grants is as follows:

(£m)	2016/17	2017/18	2018/19	2019/20
RSG	1.387	0.761	0.371	0.0
RSDG	0.471	0.381	0.293	0.381
TG	0.0	0.0	0.0	0.0

The summary of our MTFP for 2016/17 is as follows:

Net Funding Gap	0.0	0.382	0.683	0.703
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The current proposals to balance the future years are:

New Income	0.0	0.110	0.151	0.183
Streams				
Increased Tax	0.0	0.030	0.051	0.063
New Efficiencies	0.0	0.044	0.202	0.330
Organisational Restructures				
2017/18		0.200	0.200	0.200
2019/20			0.100	0.200
<u>Total Savings</u>	<u>0.0</u>	<u>0.384</u>	<u>0.704</u>	<u>0.976</u>

The level of reductions to our bottom line exceed the net funding gap for the years 2018/19 and 2019/20 as we are have a requirement in 2020/21 of £1,065k. Our proposals are therefore geared to deliver a balance over 4 years not just the four years required by DCLG.

## **Options**

1 – To submit an efficiency plan (expected to be a summary of the MTFP providing detail behind the proposals above) to DCLG and fix the levels of grant for the next four years.

2 – To choose not to submit an efficiency plan and run the risk of the grant levels being changed by Government.

3 – To write expressing our commitment to delivering a balanced position over the four year period but not submitting an efficiency plan.

## **Considerations**

In making a decision on submitting a four year efficiency plan and agreeing the level of government funding set out in the settlement for 2016/17 the following matters should be taken into account.

### Revenue Support Grant (RSG)

The RSG will no longer exist by 2019/20 and in our own circumstances we cease to receive RSG within three years. By agreeing to a four year deal it is proposed that this arrangement will not change, i.e. the time period will not be shortened.

### Rural Service Delivery Grant (RSDG)

This grant was substantially increased in the revised settlement in February. Our settlement provided the following levels of grant over the next four years:

2016/17 £ 471k, 2017/18 £381k, 2018/19 £293k, 2019/20 £381k .

The four year deal would secure this income stream for the four years.

### WLDC Strategy

As an Authority West Lindsey District Council is committed to being independent of RSG in the next four years. The Government's commitment would provide some certainty over that period whilst we put provision in place to deliver that strategy.

A commitment to DCLG will require that we are confident of our plans to secure a balanced budget over the medium term.

### Risks

At this time there is no indication of any monitoring to be undertaken by DCLG and therefore this is a low maintenance arrangement. However we must be conscious that with the changes in government this may change.

The new government has made no announcements regarding this proposition and we are therefore assuming it is still committed to the four year deal arrangements. However, it is known that the new Chancellor will deliver his first autumn statement on the 23<sup>rd</sup> November which will set the new government's financial strategy for the remainder of the current political term.

At the same time as offering a four year deal on revenue funding, the Government is committed to devolving 100% of NNDR ( Business Rates) to Local Government. This is a delegation to the Sector and not for each Authority to retain its own NNDR collected. This devolvement will carry with it additional responsibilities for the sector equal to £13bn of expenditure currently undertaken by central government. This will build in additional risk to the finances of the Authority and at the moment we are not in a position to estimate the level of those risks. In addition, the treatment of NNDR with regards to needs assessment and the retention of growth is also unknown at this time.

The negotiations to leave the EU are have yet to be initiated and create additional uncertainty at this time.

### **Conclusions**

There is great uncertainty around the country's financial and economic position and it is not possible to predict just how the Country will respond or change as we make arrangements to leave the EU.

Therefore if the Government is able to continue its commitment to the current grant provisions then it would be better to have entered into the arrangement than to find ourselves with changes that do not affect all Authorities.

### **Recommendation**

**Members are therefore asked to consider the attached efficiency plan document and recommend to full Council to enter into a four year grant agreement with the Government.**

**Members are also asked to delegate to the Chief Executive and Director of Resources in consultation with the Leader any presentational changes that may be considered appropriate before submission.**

## **Efficiency Plan 2016 – 2020**

### **Introduction**

In March 2016 WLDC agreed a five year Medium Term Financial Strategy. This strategy set out the current position and challenges facing the Authority and how it intended to finance an ambitious future for the District.

This paper summarises the actions agreed in that paper and how those actions will deliver a balanced five year financial position.

### **Corporate Plan**

The priorities agreed by Council for the next four years have the following themes:

- Open for Business
- Asset Management
- People First
- Local Plan
- Devolution/Partnerships
- Excellent Services

These themes are subsequently broken down into a range of priorities which are then reflected in the Service Level Business Development Plans. The Business Development Plans provide the building blocks of the financial forecasts for the next four years.

### **Strategic Clusters**

The organisation is currently organised around six clusters of services: Customer Focus, Economic Development and Neighbourhoods, Housing and Regeneration, Democratic and Business Support, Organisation Transformation and Commercial Activity.

The six clusters are led by Officers known as Strategic Leads who report into the Directors and Chief Executive.

This medium term financial plan commits the Authority to delivering the above priorities by:

#### Commercial

- Delivery of an annual commercial plan that will be considered by Council alongside the Medium Term Financial Plan. For 2016/17, there will be further emphasis on enhancing our land and property assets. This will include the development of capital projects and a more dynamic approach to managing the Council's property and investment portfolio.

#### Customer First

- Developing a Customer First Strategy and Roadmap, which clearly sets out the ethos of Customer First and how it will be embedded across the

organisation. The roadmap will set out our plans for six key areas, Customer Insight, Access, Process, People, Culture and Delivery; and will have close links with other key strategies in the Council.

- Enhance and develop the Councils approach to customer access through a customer-focussed front line; utilising enabling technology to best effect, and optimising access channels across different services.
- Embedding a culture of Customer First across the organisation.

#### Economic Development and Neighbourhoods

- Adoption of the Local plan and numerous neighbourhood plans to direct economic and housing growth in the district for the next 20 years  
Neighbourhood plans will give local communities more influence over the growth and development of their settlements and build the capacity of these communities to be self-sustaining.
- Regeneration of Gainsborough – a blended programme of social, economic and environmental regeneration has been devised to deliver the local plan targets and Housing Zone commitments to Homes and Communities Agency.  
Economic positioning – further develop synergies and relationships with the devolution agenda and GLLEP to ensure WLDC position in the Lincolnshire Growth Agenda is enhanced.
- In addition strategic relationships with the Humber LEP and Sheffield City Region are being developed to ensure WLDC is at the centre and can benefit from the region's major regeneration programmes.

#### Housing and Regeneration

- Delivering the Property and Land Management Strategy is a key priority in order to ensure that the WLDC property portfolio delivers the anticipated revenue, and covers its own costs wherever possible, along with the delivery of major commercial projects
- The Housing Strategy is a priority to ensure that growth targets can be delivered by fully understanding the demand, supply, micro-markets within the district and those of neighbouring authorities, as well as looking at potential partnership opportunities with developers, social landlords and specialist service providers.
- The leisure contract review (due for renewal in 2018) seeks to generate a surplus from this facility and to secure a better offer for the district to promote healthy living, and to improve the attraction of the district for both residents and visitors.

#### Democratic and Business Support

- Delivery of the Councils people strategy and culture change program
- Delivery of this Medium Term Financial Plan which aims to be sustainable and supports the ambitions of the Council

- A member development programme which gives our elected members the skills and knowledge to make good decisions for the district.

## Organisation Transformation

- A cross-cutting Transformation Programme will be introduced which will review current methods of delivery and associated processes to ensure they put the customer at the centre of service delivery and secure commercial behaviour across the Authority.
- The income generating potential of services will be fully explored to ensure current income streams are maximised and potential new markets are identified.
- Building on the current ICT Strategic Overview and action plan, an ICT strategy will be developed. It is also imperative that the Council's governance processes and structures remain robust to support effective decision making.

## **Financial Strategy**

The priorities above will be supported and delivered by a financial strategy that will focus on four areas:

- Development of new income streams
- Delivery of new efficiencies
- Increased tax income through growth of the district
- Implementation of a new organisational structure

The assumptions within the MTFP 2016/17 achieved a balanced budget. From 2017/18 onwards the following efficiencies will provide a fully balanced MTFP, as detailed in the table below, with further details attached at Appendix 1.

<b>INITIATIVE</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
New Income Streams	109,650	150,500	183,300
Delivery of New Efficiencies	44,000	202,000	330,000
Increase Tax through Growth	30,000	51,000	63,000
Organisational Restructures	200,000	300,000	400,000
<b>TOTAL</b>	<b>383,650</b>	<b>703,500</b>	<b>976,300</b>



## APPENDIX 1

	2017/18	2018/19	2019/20
<b>New Income Streams</b>			
Meeting Rooms/Virtual Office	10,000	15,000	20,000
Building Control Service	17,350	31,200	59,000
Estate Management	46,000	46,000	46,000
Vending machines	1,300	1,300	1,300
Loans fund interest	35,000	35,000	35,000
FiTS income from Solar Panels		22,000	22,000
	<b>109,650</b>	<b>150,500</b>	<b>183,300</b>
<b>Delivery of New Efficiencies</b>			
Democratic Services - Committee Admin System	19,000	19,000	19,000
Reduce corporate publications	25,000	25,000	25,000
Leisure services - contract renewal		138,000	265,000
Contractual Savings		20,000	21,000
	<b>44,000</b>	<b>202,000</b>	<b>330,000</b>
<b>Increased Tax through Growth</b>			
Council Tax Base	30,000	51,000	63,000
	30,000	51,000	63,000
<b>Organisational Restructures</b>			
In year service review	200,000	200,000	200,000
Organisational delivery model		100,000	200,000
	<b>200,000</b>	<b>300,000</b>	<b>400,000</b>
<b>TOTAL EFFICIENCIES</b>	<b>383,650</b>	<b>703,500</b>	<b>976,300</b>