

TRAFFORD COUNCIL

Report to: Executive
Date: 19 September 2016
Report for: Decision
Report of: Executive Member for Finance and Chief Finance Officer

Report Title

Trafford Council Efficiency Plan for the Financial Years 2016/17 to 2019/20

Summary

As part of the December 2015 Local Government Finance Settlement, the Secretary of State for Communities and Local Government made an offer to councils to take up a four year funding settlement for the period 2016/17 to 2019/20. To accept this offer an efficiency plan must be prepared and published by 14th October 2016. The report proposes that the offer is accepted in order to give greater certainty and to enable longer term financial planning.

Recommendation(s)

That:

1. the Executive approve the publication of the Council's Efficiency Plan (attached as Appendix A)
2. the Executive accepts the 4 year funding settlement for the period 2016/17 to 2019/20 as set out in paragraph 1.4
3. the Executive notes the increased flexibility in the use of capital receipts described in section 2 of this report

Contact person for access to background papers and further information:

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Background Papers: none

Relationship to Policy Framework/Corporate Priorities	Low Council Tax, Value for Money and services focused on the most vulnerable people
Financial	The acceptance of this settlement and the publication of the Efficiency Plan will give a greater degree of financial certainty to Trafford and will enable longer term planning.
Legal Implications:	None
Equality/Diversity Implications	None
Sustainability Implications	None
Resource Implications e.g. Staffing / ICT / Assets	Staff will be required to undertake the transformational programme work. This paper does not look in detail at this programme or any resource implications.
Risk Management Implications	The acceptance of this 4 year funding agreement and the publication of the Efficiency Plan will reduce the financial risk faced by the council over this four year period.
Health & Wellbeing Implications	None
Health and Safety Implications	None

1.0 Four Year Funding Offer

- 1.1 Local authorities have seen the biggest reductions in terms of central government funding since 2010. Budget planning for these reductions has been made more difficult in the last few years because of a degree of volatility and uncertainty around the phasing/ timing of these reductions.
- 1.2 As part of the December 2015 finance settlement for local government the Secretary of State, Greg Clarke made an offer to any council to accept a four year funding agreement for the years 2016/17 to 2019/20. This settlement will cover Revenue Support Grant, transitional funding and Rural Services Delivery grant. This offer was confirmed by letter (Appendix B), after a consultation period, on 10th March 2016.
- 1.3 In order to accept this offer each council has to produce an efficiency plan covering the period of the settlement; this efficiency plan must be a published document.
- 1.4 On 9 February the final local government settlement for Trafford was announced and an element of this is covered by the four year settlement offer:-
- Revenue Support Grant;
 - Transitional Grant; and
 - Rural Services Delivery Grant allocations.

The Council's allocations over the settlement period are as follows:-

	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000
Revenue Support Grant	22,989	15,276	10,303	5,299
Transitional Grant	465	458	0	0
Rural Services Delivery Grant	0	0	0	0
	23,454	15,734	10,303	5,299

In addition, tariffs and top-ups for those accepting the agreement will not be changed in 2017-18, 2018-19 and 2019-20 for reasons related to the relative needs of local authorities; although for Greater Manchester councils the top-ups and tariffs will alter as part of the 100% business rates retention pilot but the guaranteed quantum of funding under this deal will not be changed by this pilot.

2.0 Flexible Use of Capital Receipts

- 2.1 As part of the local government settlement for 2016/17 Government announced greater flexibility for Council's in how they make use of capital receipts. Currently capital receipts only finance a small proportion of the overall capital programme which is predominantly financed by capital grants and contributions. Councils were previously only allowed to spend capital receipts on further capital projects but now capital receipts can be used to fund the revenue costs of transformation projects which are designed to generate ongoing revenue savings in the delivery of public services and /or to transform service delivery in a way that reduces costs or demand for services in the future.
- 2.2 The guidance on the use of capital receipts in this way suggests that a Flexible Use of Capital Receipts Strategy be included in the Efficiency Plan and that any planned use be reported to Council. The February 2016 Budget Report and the related Treasury Management Strategy did not anticipate the use of capital receipts in this way during 2016/17 financial year. However, given the size and scale of the transformation programme outlined above, it is likely the facility to use capital receipts in this flexible manner will be required in future.
- 2.4 The intended use of any capital receipts in this way will be included in the Treasury Management Strategy and included in updates to Council's Efficiency Plan.

Other Options

The Council could choose not to take up this offer however this would mean that the council would then be subject to the existing yearly process to determining the local government finance settlement. Allocations for those councils who do not accept the offer could be

subject to additional reductions dependant on the fiscal climate. At present we do not expect any further multi-year settlements to be offered over the course of this parliament.

Reasons for Recommendation

To ensure a minimum guaranteed level of funding for the four year period to March 2020 and increase the Council’s ability to make longer term transformational plans.

Key Decision: yes

If Key Decision, has 28-day notice been given? yes

Finance Officer Clearance **NB**
Legal Officer Clearance **JL**

ORPORATE DIRECTOR’S SIGNATURE : 

To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.