

# (Informal Joint) Cabinet



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title:</b>	<b>Agenda</b>
<b>Date:</b>	<b>Tuesday 20 September 2016</b>
<b>Time:</b>	<b>6.00 pm</b>
<b>Venue:</b>	<p><b>District Offices</b>  <b>College Heath Road</b>  Mildenhall  Suffolk IP28 7EY</p> <p><b>**PLEASE NOTE THE VENUE**</b></p>
	<p><b>6.00pm</b>  <b>Open Forum</b>  At each Cabinet meeting, up to 15 minutes shall be allocated for questions from and discussion with, non-Cabinet members. Members wishing to speak during this session should if possible, give notice in advance. Who speaks and for how long will be at the complete discretion of the person presiding.</p> <hr/> <p><b>6.00 pm</b> <i>(or at the conclusion of the Open Forum, whichever is the later)</i>  <b>Public Participation</b>  Members of the public who live or work in the Borough are invited to put one question or statement of not more than three minutes duration relating to items to be discussed in Part 1 of the agenda only. If a question is asked and answered within three minutes, the person who asked the question may ask a supplementary question that arises from the reply.</p> <p>A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start.</p> <p>There is an overall time limit of 15 minutes for public speaking, which may be extended at the Chairman's discretion.</p> <hr/> <p><b>6.15 pm</b>  The formal meeting of the Cabinet will commence at 6.15 pm or immediately following the conclusion of the informal discussions, whichever is the later, in the Council Chamber.</p>

<b>Membership:</b>	<p style="text-align: center;"><b>Leader</b> John Griffiths</p> <p style="text-align: center;"><b>Deputy Leader</b> Sara Mildmay-White</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;"><b><u>Councillor</u></b></td> <td style="width: 50%;"><b><u>Portfolio</u></b></td> </tr> <tr> <td>Robert Everitt</td> <td>Families and Communities</td> </tr> <tr> <td>Sara Mildmay-White</td> <td>Housing</td> </tr> <tr> <td>John Griffiths</td> <td>Leader</td> </tr> <tr> <td>Ian Houlder</td> <td>Resources and Performance</td> </tr> <tr> <td>Alaric Pugh</td> <td>Planning and Growth</td> </tr> <tr> <td>Jo Rayner</td> <td>Leisure and Culture</td> </tr> <tr> <td>Peter Stevens</td> <td>Operations</td> </tr> </table>	<b><u>Councillor</u></b>	<b><u>Portfolio</u></b>	Robert Everitt	Families and Communities	Sara Mildmay-White	Housing	John Griffiths	Leader	Ian Houlder	Resources and Performance	Alaric Pugh	Planning and Growth	Jo Rayner	Leisure and Culture	Peter Stevens	Operations
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<b>Interests – Declaration and Restriction on Participation:</b>	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.																
<b>Quorum:</b>	Three Members																
<b>Committee administrator:</b>	<p><b>Claire Skoyles</b> Democratic Services Officer <b>Tel:</b> 01284 757176 <b>Email:</b> <a href="mailto:claire.skoyles@westsuffolk.gov.uk">claire.skoyles@westsuffolk.gov.uk</a></p>																

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# Public Information

<b>Venue:</b>	<b>District Offices</b> College Heath Road Mildenhall Suffolk IP28 7EY	Tel: 01284 757176 Email: <a href="mailto:democratic.services@westsuffolk.gov.uk">democratic.services@westsuffolk.gov.uk</a> Web: <a href="http://www.westsuffolk.gov.uk">www.westsuffolk.gov.uk</a>
<b>Access to agenda and reports before the meeting:</b>	Copies of the agenda and reports are open for public inspection at the following address at least five clear days before the meeting. They are also available to view on our website.  <b>West Suffolk House</b> Western Way Bury St Edmunds Suffolk IP33 3YU	
<b>Attendance at meetings:</b>	The West Suffolk Councils actively welcome members of the public and the press to attend their meetings and holds as many of their meetings as possible in public.	
<b>Public participation:</b>	Members of the public who live or work in the Borough/District are invited to put one question or statement of not more than three minutes duration relating to items to be discussed in Part 1 of the agenda only. If a question is asked and answered within three minutes, the person who asked the question may ask a supplementary question that arises from the reply. A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start. There is an overall time limit of 15 minutes for public speaking, which may be extended at the Chairman's discretion.	
<b>Disabled access:</b>	The public gallery is on the first floor and is accessible via stairs. There is not a lift but disabled seating is available at the back of the Council Chamber on the ground floor. Please see the Committee Administrator who will be able to help you.	
<b>Induction loop:</b>	An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter.	
<b>Recording of meetings:</b>	The Council may record this meeting and permits members of the public and media to record or broadcast it as well (when the media and public are not lawfully excluded).  Any member of the public who attends a meeting and objects to being filmed should advise the Committee Administrator who will instruct that they are not included in the filming.	

# Agenda

## Procedural Matters

All Members of Forest Heath District Council's Cabinet will be in attendance to enable informal discussions on the report listed in Item 4. below to take place between the two authorities:

<b><u>Councillor</u></b>	<b><u>Portfolio</u></b>
David Bowman	Operations
Andy Drummond	Leisure and Culture
Stephen Edwards	Resources and Performance
Robin Millar	Deputy Leader/Families and Communities
Lance Stanbury	Planning and Growth
James Waters	Leader

QUORUM: *Three Members*

On the conclusion of the informal joint discussions, the Cabinet will hold its formal meeting in the Council Chamber as follows:

### 1. **Apologies for Absence**

## **Part 1 - Public**

### 2. **Open Forum**

*(This item will be undertaken at the beginning of the informal discussions, to allow Members to consider the issues raised by the non-Cabinet members)*

### 3. **Public Participation**

*(This item will be undertaken at the beginning of the informal discussions, to allow Members to consider the issues raised by the members of the public)*

***(Following the informal discussions held with Forest Heath District Council's (FHDC) Cabinet on Item 4. below, Members are asked to refrain from partaking in any further discussion. Separate formal meetings of both FHDC and St Edmundsbury Borough Councils' Cabinets will then commence with Members being requested to formally resolve Item 4. below.)***

NON-KEY DECISIONS

- 4. Consideration of: Approach to Delivering a Sustainable Medium Term Financial Strategy 2016-2020; Four-Year Settlement Offer from Central Government; and Economic Development and Growth Funding Requests** **1 - 24**

Report No: **CAB/SE/16/045**

Portfolio Holder: Ian Houlder      Lead Officer: Rachael Mann

*(For reference purposes, Forest Heath District Council's Report Number is CAB/FH/16/041)*

**Part 2 – Exempt**

**NONE**

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# (Informal Joint) Cabinet



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Consideration of: Approach to Delivering a Sustainable Medium Term Financial Strategy 2016 – 2020; Four-Year Settlement Offer from Central Government; and Economic Development and Growth Funding Requests</b>	
<b>Report No:</b>	<b>CAB/SE/16/045</b>	
<b>Report to and dates:</b>	<b>(Informal Joint) Cabinet</b>	20 September 2016
	<b>Council</b>	27 September 2016
<b>Portfolio holder:</b>	Ian Houlder Portfolio Holder for Resources and Performance <b>Tel:</b> 01284 810074 <b>Email:</b> <a href="mailto:ian.houlder@stedsbc.gov.uk">ian.houlder@stedsbc.gov.uk</a>	
<b>Lead Officer:</b>	Rachael Mann Head of Resources and Performance <b>Tel:</b> 01638 719245 <b>Email:</b> <a href="mailto:rachael.mann@westsuffolk.gov.uk">rachael.mann@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	<p>To consider the recommendations of the Overview and Scrutiny Committee which relate to seeking support for the Council's approach to delivering a sustainable medium term financial strategy 2016 -2020; and regarding the Council's direction on whether it wishes to accept Government's offer of a four-year finance settlement.</p> <p>The Cabinet is also asked to consider funding requests proposed by the Economic Development and Growth service.</p>	

<b>Recommendations:</b>	<p>It is <b>RECOMMENDED</b> that, subject to the approval of full Council:</p> <p>(A) and subject to any amendments/additions proposed by the Overview and Scrutiny (O&amp;S) Committee, the following recommendations due to be considered by the O&amp;S Committee on 14 September 2016, as set out in Report No: OAS/SE/16/022, be approved:</p> <p>(1) The approach to delivering a sustainable medium term financial strategy 2016 -2020 as set out in Report No: OAS/SE/16/022, be supported.</p> <p>(2) Government’s offer of a four-year Finance Settlement be accepted, and the Head of Resources and Performance (Chief Financial Officer) be authorised to advise Government of Council’s decision.</p> <p>(3) That the Council’s existing Medium Term Financial Strategy (MTFS) document and the approach paper (Report No: OAS/SE/16/022) be recognised as the Council’s Efficiency Plan, for the purposes of accepting any four-year Finance Settlement under (1) above.</p> <p>(B) Approval be given to an allocation of £250,500 from its Strategic Priorities and MTFS Reserves, as SEBC’s share towards funding the in-year (and in some cases future years) Economic Development and Growth funding requests outlined in Appendix 2 to Report No: CAB/SE/16/045.</p>
<b>Key Decision:</b>  <i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p> <p>As they are decisions of full Council, not Cabinet.</p>
<b>Consultation:</b>	See Report No: OAS/SE/16/022
<b>Alternative option(s):</b>	See Report No: OAS/SE/16/022



<b>Implications:</b>			
Are there any <b>financial</b> implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> See Report No: OAS/SE/16/022	
Are there any <b>staffing</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> See Report No: OAS/SE/16/022	
Are there any <b>ICT</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> See Report No: OAS/SE/16/022	
Are there any <b>legal and/or policy</b> implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> See Report No: OAS/SE/16/022	
Are there any <b>equality</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> See Report No: OAS/SE/16/022	
<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
See Report No: OAS/SE/16/022			
<b>Wards affected:</b>		See Report No: OAS/SE/16/022	
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>		See Overview and Scrutiny Committee <a href="#">Report No: OAS/SE/16/022</a> 14 September 2016 (as attached to this report)	
<b>Documents attached:</b>		<b>Appendix 1:</b> Report No: OAS/SE/16/022 and its appendices:  <b>Appendix A</b> – DCLG Multi-year settlement and Efficiency plan letter <b>Appendix A: Annex 1</b> – Conditions of multi-year settlement <b>Appendix B</b> – Visual document for MTFS themes and approach <b>Appendix C</b> – MTFS Work packages  <b>Appendix 2</b> - Economic Development and Growth area funding requests	

## **1. Key issues and reasons for recommendations**

### **1.1 Approach to Delivering a Sustainable Medium Term Financial Strategy 2016 - 2020 and Consideration of the Four Year Settlement Offer from Central Government (Report No: OAS/SE/16/022)**

- 1.1.1 On 14 September 2016, the Overview and Scrutiny Committee will consider Report No: OAS/SE/16/022, '*Approach to Delivering a Sustainable Medium Term Financial Strategy 2016 - 2020 and Consideration of the Four Year Settlement Offer from Central Government*'. It is being asked to recommend to Cabinet and Council, approval of three recommendations as set out under Recommendation (A) on page 1 of this report.
- 1.1.2 In accordance with Access to Information regulations, the agenda and papers for the Cabinet meeting on 20 September 2016 have been despatched and published prior to the Overview and Scrutiny Committee meeting on 14 September 2016. Confirmation will therefore be provided at the Cabinet meeting whether the Overview and Scrutiny Committee's recommendations have been recommended as printed in Report No: OAS/SE/16/022. If however, there are any amendments or additions to the recommendations re-produced under Recommendation (A) of this report, these will either be provided to the Cabinet as a late paper or reported verbally during the joint informal discussion of this item with Forest Heath District Council's Cabinet on 20 September 2016.
- 1.1.3 To ensure the Cabinet is fully conversant with its contents, attached as Appendix 1 to this report, is the full report and appendices due to be considered by the Overview and Scrutiny Committee.

### **1.2 Economic Development and Growth funding requests**

- 1.2.1 A review of the 2016/17 base budget, against the 2015/16 outturn has already commenced. So too has the review of the Council's key MTFS budget assumptions. Work to date has identified areas within the Economic Development and Growth (ED&G) service that require in-year (and in some cases future years too) funding requests to be considered in order to ensure that the team can meet project timescales. Appendix 2 attached, sets out the funding requirements to progress the ED&G projects currently being worked on by Forest Heath District Council (FHDC) and St Edmundsbury Borough Council (SEBC). The Cabinet is asked to consider recommending approval to Council for its share **only** of the total allocation that is required to fund these projects. Subject to approval, £391,500 would be allocated by FHDC and £250,500 allocated by SEBC, with each sum being met from the respective authority's Strategic Priorities and MTFS Reserves.

# Overview and Scrutiny Committee



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Approach to delivering a sustainable medium term financial strategy 2016 - 2020 and consideration of the four year settlement offer from central government</b>	
<b>Report No:</b>	<b>OAS/SE/16/022</b>	
<b>Report to and date:</b>	<b>Overview and Scrutiny Committee</b>	14 September 2016
<b>Portfolio holder:</b>	Cllr Ian Houlder Portfolio Holder Resources and Performance <b>Tel:</b> 07597 961069 <b>Email:</b> <a href="mailto:Ian.Houlder@stedsbc.gov.uk">Ian.Houlder@stedsbc.gov.uk</a>	
<b>Lead officer:</b>	Rachael Mann Head of Resources and Performance <b>Tel:</b> 01638 719245 <b>Email:</b> <a href="mailto:Rachael.mann@westsuffolk.gov.uk">Rachael.mann@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	To gain support for the Council's approach to delivering a sustainable medium term financial strategy 2017 -2020. To also gain Council's direction on whether it wishes to accept Government's offer of a four-year finance settlement.	

<b>Recommendation:</b>	<p><b>That the Overview and Scrutiny Committee <u>RECOMMEND</u> to Cabinet the following recommendations, subject to Full Council approval:</b></p> <p>(1) Support the approach to delivering a sustainable medium term financial strategy 2016 -2020 as set out in this paper</p> <p>(2) Accept Government’s offer of a four-year Finance Settlement, and authorise the Head of Resources and Performance (Chief Financial Officer) to advise Government of Council’s decision.</p> <p>(3) That the Council’s existing Medium Term Financial Strategy (MTFS) document and this approach paper be recognised as the Council’s Efficiency Plan, for the purposes of accepting any four-year Finance Settlement under (1) above.</p>
<b>Consultation:</b>	<ul style="list-style-type: none"> <li>• Through the Scrutiny Committee, onto Cabinet and Full Council.</li> <li>• Member briefings to be made available</li> </ul>
<b>Alternative option(s):</b>	<ul style="list-style-type: none"> <li>• To not accept the 4 year settlement and proposed approach. This would mean that the Council would not benefit from certainty over future funding levels.</li> </ul>
<b>Implications:</b>	
<p>Are there any <b>financial</b> implications? If yes, please give details</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> <li>• See main body of this report</li> </ul>
<p>Are there any <b>staffing</b> implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> <li>• None as a result of this report</li> </ul>
<p>Are there any <b>ICT</b> implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> <li>• None as a result of this report</li> </ul>
<p>Are there any <b>legal and/or policy</b> implications? If yes, please give details</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> <li>• See main body of this report</li> </ul>
<p>Are there any <b>equality</b> implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> <li>• None as a result of this report</li> </ul>

<b>Risk/opportunity assessment:</b>			
<b>Risk area</b>	<b>Inherent level of risk (before controls)</b>	<b>Controls</b>	<b>Residual risk (after controls)</b>
	Low/Medium/ High*		Low/Medium/ High*
Lack of medium term funding to support delivery of the West Suffolk Strategic Plan	Medium	Approval of the approach contained in this report, to delivering a sustainable medium term financial strategy 2016 - 2020 to ensure resources are available to deliver projects and therefore strategic priorities. Ensure medium term business planning process in place to fully assess value for money of detailed proposals	Low
Uncertainty annual central government funding over the medium term	Medium	Acceptance of governments four year settlement offer. Monitor potential risks (i.e. introduction of 100% business rates) to level of funding	Low
<b>Ward(s) affected:</b>		All Wards	
<b>Background papers:</b> (all background papers are to be published on the website and a link included)		<a href="https://democracy.westsuffolk.gov.uk/documents/s9399/Referrals%20of%20Recommendations%20from%20Cabinet.pdf">https://democracy.westsuffolk.gov.uk/documents/s9399/Referrals%20of%20Recommendations%20from%20Cabinet.pdf</a>  <a href="https://democracy.westsuffolk.gov.uk/documents/s9479/COU.SE.15.028%20Schedule%20of%20Referrals%20from%20Cabinet.pdf">https://democracy.westsuffolk.gov.uk/documents/s9479/COU.SE.15.028%20Schedule%20of%20Referrals%20from%20Cabinet.pdf</a>	
Documents attached:		<ul style="list-style-type: none"> <li>• Appendix A – DCLG Multi-year settlement and Efficiency plan letter</li> <li>• Appendix B – Visual document for MTFS themes and approach</li> <li>• Appendix C – MTFS Work packages</li> </ul>	

## **1. Background**

- 1.1 The current West Suffolk Medium Term Financial Strategy (MTFS) was approved by full council for SEBC on 22 September 2015. The six MTFS themes (see paragraph 1.4 below) continue to be at the forefront of both councils' financial strategies for delivering a sustainable medium term budget. As the financial landscape of local government changes so to does our approach to and application of each of the six themes.
- 1.2 The approach(es) taken to date to deliver our year-on-year savings programmes have, in the main, been very successful, delivering balanced budgets that have held up to member scrutiny and challenge and been able to absorb changes as a result of external circumstances.
- 1.3 For the 2014/15 budget process we took an extra step to align our resources to both the new West Suffolk strategic plan 2014-16 and the financial requirements of delivering essential services – one of our MTFS themes. We then took the opportunity to consider the other five MTFS themes across the remaining elements of our budget (those services that were non-priority and non-essential) to consider reducing their costs or investing to earn in order to minimise any reduction in service delivery. At that time the main driver for savings was still through the continuation of the shared service agenda and transformation of service delivery and digitising customer access.
- 1.4 Our six MTFS themes, as approved in the MTFS 2016-2020, are:
1. aligning resources to both councils' new strategic plan and essential services;
  2. continuation of the shared service agenda and transformation of service delivery;
  3. behaving more commercially;
  4. considering new funding models (e.g. acting as an investor);
  5. encouraging the use of digital forms for customer access; and
  6. taking advantage of new forms of local government finance (e.g. business rate retention).

### **A shift in emphasis – income generation**

- 1.5 This approach (alignment and then overlaying the remaining MTFS themes) continued into the 2015/16 and 2016/17 (current year) budget process but with a noticeable shift from cost reduction initiatives through shared services and transforming / digitising services to a move towards income generation. This included our services behaving more commercially and considering new funding models, such as the joint venture for facilities management and establishing our housing company, Barley Homes (Group) Ltd.
- 1.6 As we start to look towards our financial challenges for 2017/18 onwards it is likely that this shift towards behaving more commercially and considering new funding models will continue. We have a number of projects in the pipeline that involve income generation to increase self-sufficiency and self-sufficiency, in order to stay ahead of the curve and to ensure we have a core

funding stream to support our future service delivery. However, we must also ensure focus is given to how we take advantage of new forms of local government finance, through business rates growth, for example.

1.7 It is worth noting that St Edmundsbury has an excellent track record of delivering cost reduction plans. However, generating new income streams or growing existing income streams, looking at new funding models for investment, or taking advantage of new forms of local government finance are a different ball game altogether. For these areas the efforts required (including funding) versus financial rewards are sometimes unknown or difficult to predict accurately and so it requires a different approach to budgeting in terms of assumptions, risk, presentation and appetite for officers and members.

1.8 **Budget gaps – reminder**

1.9 Listed below are the current medium term budget gaps and an analysis of the main factors creating those budget gaps.

1.10 **Table 1**

	2017/18	2018/19	2019/20
<b><u>St Edmundsbury BC</u></b>			
<b>2017/18</b>	<b>£1.0m</b>	<b>£1.0m</b>	<b>£1.0m</b>
<b>2018/19</b>		<b>£0.5m</b>	<b>£0.5m</b>
<b>2019/20</b>			<b>£0.2m</b>
<b>SEBC Total</b>	<b>£1.0m</b>	<b>£1.5m</b>	<b>£1.7m</b>

2. **Approach to delivering a sustainable medium term financial strategy 2017 -2020**

2.1 One of the other noticeable differences in approach needed for this year’s budget process is the need to look more at the medium term budget position. We also need to balance those projects that will deliver new income streams to mitigate the reduction in revenue support grant; alongside those needed to address our underlying requirement to continually live within our means.

2.2 One of the reasons St Edmundsbury experiences year on year budget gaps is as a result of net inflationary pressures (income inflation assumptions are less than cost inflation assumptions). We need to get to the root cause and try and mitigate this in the first place instead of simply creating year-on-year savings or new income to try and cover it, which is the current approach.

2.3 We have a handful of strategic projects (such as the West Suffolk Operational Hub and Mildenhall Hub) that seek investment to deliver on operational responsibilities across West Suffolk. These projects also look to address future growth and meet operational demand for the area at the same time as taking the opportunity, sometimes being the first, to really transform public sector service delivery through greater integration with the wider public sector and our key partners.

- 2.4 Alongside these types of projects, we also have a number of strategic projects across West Suffolk (such as the Western Way development in Bury St Edmunds, housing company and solar project) under the behaving more commercially / new funding model agendas (new income streams). These projects also require significant investment in order to be unlocked / delivered and so the need to look at the medium term position is key to understanding the impact of these projects, not just the year of outlay.
- 2.5 All of these projects require significant officer and member focus. They involve project teams, supported by various cross-council disciplines, to carry out the feasibility stage, develop detailed business case(s), seek approval, manage delivery and then embed the final delivered product seamlessly into the council's day-to-day service delivery.
- 2.6 These projects often have long lead-in times too, but generate significant financial and non-financial benefits for the council, its residents and business communities. As these projects often span more than two financial years we need to look in more detail now with regards to our medium to longer term planning and not just the new financial year ahead. We shouldn't and cannot take our eyes off our statutory requirement to set a balanced budget each year. However, we can start to explore the use of our reserves to act as a temporary tool to manage the timings of these projects and their financial returns across the medium term as long as we balance and replenish the reserves we require in the medium term.
- 2.7 This approach won't remove the need for an annual savings programme, not least because the projects that are live or in the pipeline in themselves do not deliver sufficient savings to meet our medium term position. Also because we shouldn't lose sight of the fact that, even without reductions in government funding, we need to continue to live within our means. It feels that it is the right time now to get into the root causes of our annual net inflationary cost issues. This means we will need to add to our list of current projects/workload to address this issue and to achieve a balanced medium term budget.
- 2.8 With so many project opportunities, both those in the pipeline and those that are likely to join as a result of this MTFS work, it seems we need to establish some core financial outcomes for each project to be assessed against in order to prioritise. It is important that we find a way through management and delivery of all the projects required to achieve our core financial outcomes (and a balanced medium term budget) as well as our strategic outcomes (to run alongside this work to inform the West Suffolk Strategic Plan 2017-2020).
- 2.9 These are the proposed financial outcomes required.
- Seeks to address (or protect us with) our operational/statutory responsibilities and/or one or more MTFS issues:
    - unfunded leisure/property assets – capital;
    - growth in service demand – council tax doesn't cover incremental cost.
  - Contributes financially towards our move to being self-sufficient and the removal of revenue support grant.
  - Addresses our underlying inflation cost pressures.



2.10 In order to bring all this MTFS work together, a work package approach is proposed. These work packages are set out in **Appendix C** to this report. The MTFS themes would continue to be a key feature in our thinking as we look at each work package. **Appendix B** shows visually the links.

### **3. Four-year settlement offer**

3.1 The above approach is very timely as it will help shape the council's response to central government's offer to all local authorities of a four-year finance settlement 2016-2020, which was announced in the autumn budget statement in 2015. A response along with an efficiency plan (if the response is to accept the settlement) is required to be submitted to Government by 14 October 2016.

3.2 On 9 February 2016 the Government provided summaries and breakdown figures for each year of the four-year settlement to each council. It was confirmed that the relevant grants included in the multi-year settlement offer, where appropriate, were:

- Revenue Support Grant;
- Transitional Grant; and
- Rural Services Delivery Grant allocations.

3.3 The breakdown figures for each year of the four-year settlement to St Edmundsbury is set out in table 2 below:

**Table 2**

<b>4 year settlement total</b>	<b>SEBC</b>
	<b>£K</b>
<b>2016/17</b>	1,341
<b>2017/18</b>	692
<b>2018/19</b>	237
<b>2019/20</b>	-157
<b>2015/16 (for info)</b>	1,623

3.4 The Government commitment is to provide minimum allocations for each year of the Spending Review period, should councils choose to accept the offer and if they have published an efficiency plan. All available details and terms of the four-year offer are included at **Appendix A**.

3.5 Importantly, the multi-year settlement projections referred to in the Annex to the **Appendix A** are already reflected in the council's MTFS. It is clear that Government are taking a very light touch approach, in both their offer and what authorities need to do to sign up for it.

### **4. Four-Year Settlement Offer Process**

4.1 With regard to the four-year settlement offer, council could take either of the options below.

#### 4.2 **Accept Government's offer**

It is understood that Government intend to honour the grant figures previously announced, and so this option is expected to be neutral in terms of its impact on existing financial projections and financial strategy. This option would give more certainty for financial planning purposes, therefore for these reasons, it is the recommended option.

#### 4.3 **Reject Government's offer**

This would give no certainty over funding levels. The expectation should be that if this option is chosen, there would be greater risk that future funding would be less than currently offered, rather than there being more chance of settlement funding increasing. The council's MTFS would need amending to reflect this. As set out in **Appendix A**, the Secretary of State (SoS) highlights that the 'offer is entirely optional. It is open to any council to continue to work on a year-by-year basis, but the SoS cannot guarantee future levels of funding to those who prefer not to have a four year settlement'. It seems therefore, that there is no obvious benefit in pursuing this option.



Department for  
Communities and  
Local Government

**The Rt Hon Greg Clark MP**  
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10 March 2016

*Dear Colleagues*

## **MULTI-YEAR SETTLEMENTS AND EFFICIENCY PLANS**

On 17 December I announced a historic opportunity for councils to achieve greater certainty and confidence from a 4-year budget. I see this as a key step to supporting you to strengthen your financial management, at the same time as working collaboratively with your local partners and reforming the way services are provided.

The settlement consultation process showed great support for this approach and identified a number of queries about what the offer includes and the requirements for applying to accept this offer. I have therefore set out some further details in the attached annex. But I want to reiterate that I want this offer, and the production of an efficiency plan, to be as simple and straightforward as possible, and reassure you that this is not about creating additional bureaucracy.

If you wish to apply to accept the offer you simply need to send an email or letter to [MultiYearSettlements@communities.gsi.gov.uk](mailto:MultiYearSettlements@communities.gsi.gov.uk) by **5pm on Friday 14<sup>th</sup> October** and include a link to your published efficiency plan.

I do not intend to provide further guidance on what efficiency plans should contain – they should be locally owned and locally driven. But it is important that they show how this greater certainty can bring about opportunities for further savings. They should cover the full 4-year period and be open and transparent about the benefits this will bring to both your council and your community. You should collaborate with your local neighbours and public sector partners and link into devolution deals where appropriate.

Of course this offer is entirely optional. It is open to any council to continue to work on a year-by-year basis, but I cannot guarantee future levels of funding to those who prefer not to have a four year settlement.

I have been delighted by the response of councils all over the country to the offer of four year budgets and I look forward to hearing from you if you would like to avail yourself of it.

For any further queries, please contact officials at the above address.

*Yours sincerely*

A handwritten signature in black ink, appearing to be 'G Clark', written in a cursive style.

**THE RT HON GREG CLARK MP**

**Conditions of the multi-year settlement**

The Government will offer any council that wishes to take it up a four-year funding settlement to 2019-20. This includes:

- Common Council of the City of London
- London borough councils
- district councils
- county councils
- Council of the Isles of Scilly
- Greater London Authority
- metropolitan county fire and rescue authorities
- combined fire and rescue authorities.

The Government is making a clear commitment to provide minimum allocations for each year of the Spending Review period, should councils choose to accept the offer and if they have published an efficiency plan.

**What the offer includes**

On 9 February we provided summaries and breakdown figures for each year to your s151 Officer. From those figures the relevant lines that are included in the multi-year settlement offer, where appropriate, are:

- Revenue Support Grant;
- Transitional Grant; and
- Rural Services Delivery Grant allocations.

In addition, tariffs and top-ups in 2017-18, 2018-19 and 2019-20 will not be altered for reasons related to the relative needs of local authorities, and in the final year may be subject to the implementation of 100% business rates retention.

The Government is committed to local government retaining 100% of its business rate revenues by the end of this Parliament. This will give them control over an additional £13 billion of tax that they collect.

To ensure that the reforms are fiscally neutral local government will need to take on extra responsibilities and functions. DCLG and the Local Government Association will soon be publishing a series of discussion papers which will inform this and other areas of the reform debate.

The new burdens doctrine operates outside the settlement, so accepting this offer will not impact on any new burden payments agreed over the course of the four years.

The Government will also need to take account of future events such as the transfer of functions to local government, transfers of responsibility for functions between local authorities, mergers between authorities and any other unforeseen events. However, barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement, the Government expects these to be the amounts presented to Parliament each year.

## **Process for applying for the offer**

Interest in accepting this offer will only be considered if a link to a published efficiency plan is received by 5pm Friday 14<sup>th</sup> October. We will provide confirmation of the offer shortly after the deadline.

## **Efficiency Plans**

Efficiency plans do not need to be a separate document. They can be combined with Medium Term Financial Strategies or the strategy set out in the guidance (<https://www.gov.uk/government/publications/guidance-on-flexible-use-of-capital-receipts>) on how you intend to make the most of the capital receipt flexibilities if appropriate.

The Home Office will provide guidance on the criteria and sign off process for efficiency plans for single purpose Fire and Rescue authorities. All Fire and Rescue authorities, including those which are county councils, should set out clearly in their efficiency plans how they will collaborate with the police and other partners to improve their efficiency.

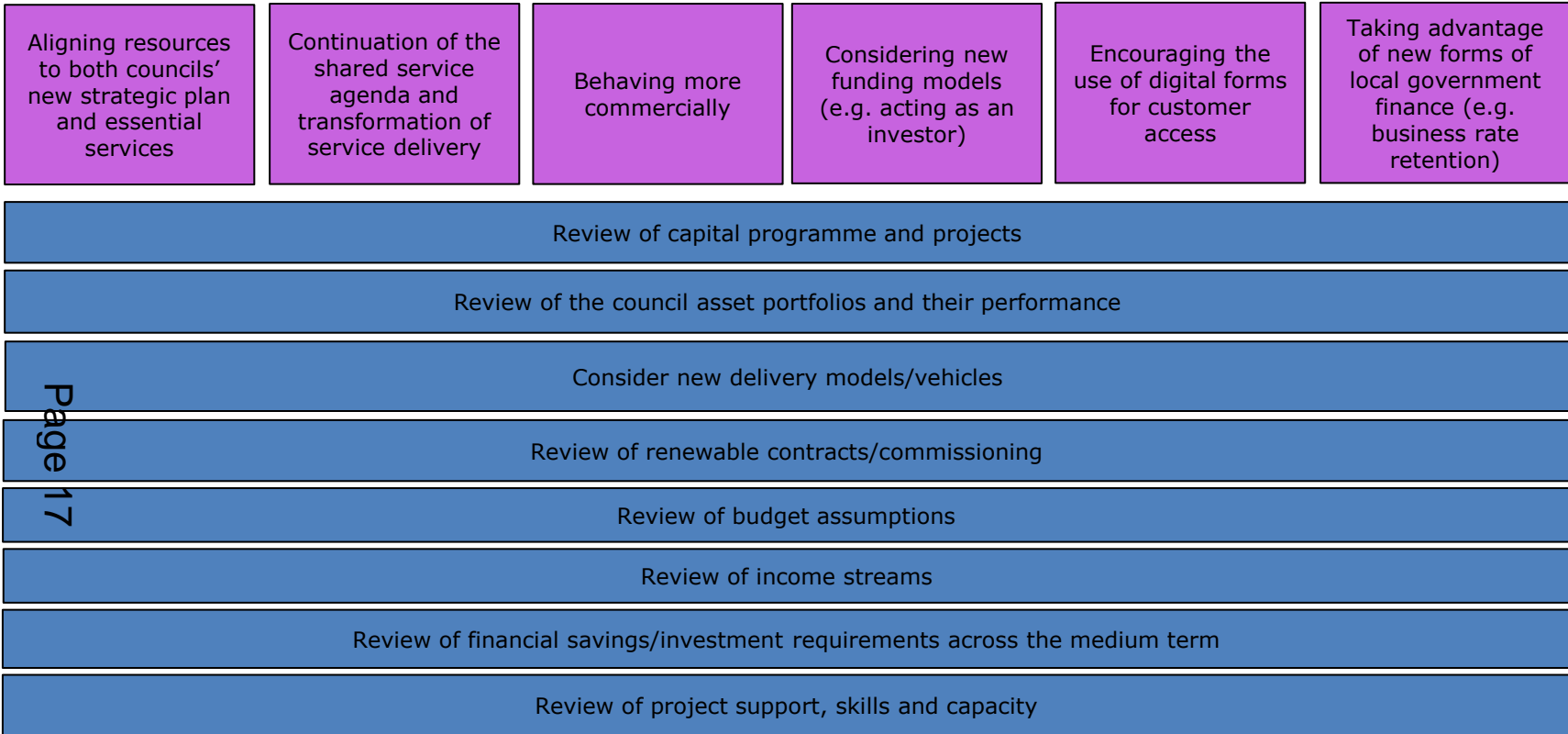
## **Process for those who do not take up the offer**

Those councils that chose not to accept the offer, or do not qualify, will be subject to the existing yearly process for determining the local government finance settlement.

Allocations could be subject to additional reductions dependant on the fiscal climate and the need to make further savings to reduce the deficit.

At present we do not expect any further multi-year settlements to be offered over the course of this parliament

# Medium Term Financial Strategy



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### Approach proposed – work packages

#### **Review of capital programme and projects** to ensure they:

- meet one or more of the financial outcomes required;
- have a clear financial/commercial strategy with costs/benefits and whole life cost considerations. Plus any council tax, NHB or Business Rates income; and
- have an understanding of the resources and timescales around delivery.

#### **Review of the Council's asset portfolios and their performance** with an aim to:

- maximise asset utilisation/performance of existing asset base, including rent and lease reviews, valuations;
- introduce a strategic property acquisition focus looking to create new asset portfolio or increase those performing well; and
- establish disposal and acquisition policy along side updated Asset Management Plan.

#### **Consider new delivery models/vehicles** to:

- meet one or more of the financial outcomes required; and
- enable commercial working/decision making and/or opportunities.

#### **Review of renewable contracts/commissioning** to:

- understand our renewable contracts, spending habits, contract inflation exposure;
- establish future commissioning needs (delivery model/vehicle) and service levels, contract opportunities and negotiations needs; and
- consider future monitoring and reporting requirements.

#### **Review of budget assumptions** including:

- establishing a list of key corporate and service budget assumptions and the basis of those assumptions, in particular income assumptions; and
- challenging the basis of assumptions and inflation, including demand management and target operating model principles:
  - review of inflationary assumptions and drill down into root cause and consider mitigation strategy;
  - establish a corporate approach to budget assumptions including risk assessment, use of reserves (i.e. equalisation reserves) sensitivity analysis.

#### **Review of income streams** including:

- analysis of key income groups, their performance and growth/inflation expectations;
- understanding the market, margins, effort and demands of income groups;
- considering growth in existing and new income streams; and

- considering future monitoring and reporting requirements.

**Review of financial savings/investment requirements across the medium term** including:

- understanding the cumulative impact and asks of the above;
- use of reserves and their potential replenishment across the medium term; and
- effective and efficient Treasury Management activities to support investment requirements.

**Review of project support, skills and capacity** to support overall prioritisation and delivery plans.

### Funding for Economic Development and Growth Projects

#### 1. Funding approvals to be requested

1.1. There are four projects which require funding in 2016/17 (and in some cases, future years) in order that they can meet project timescales. Funding required for FHDC projects are included for SEBC's information only and vice-versa.

1.2. Further detail for each of these projects is below (in alphabetical order):

#### 2.3 *Bury St Edmunds Destination Management Organisation (SEBC)*

2.3.1 A report produced by AECOM in 2015 highlighted the potential for a Destination Management Organisation (DMO) for Bury St Edmunds and the surrounding area.

2.3.2 A DMO is a coalition of local businesses and organisations that represent a particular destination which drives and coordinates tourism activities providing long-term strategic direction, bringing together resources and expertise within the destination.

2.3.3 Key stakeholders in Bury St Edmunds, including St Edmundsbury Borough Council, have explored this recommendation and are formulating the strategic direction of the potential DMO.

2.3.4 The current tourism provision for Bury St Edmunds is managed by a number of organisations. St Edmundsbury Borough Council, Ourburystedmunds Business Improvement District, Bury St Edmunds Tourism Group and Visit Suffolk, each undertaking activities to promote Bury St Edmunds as a destination.

2.3.5 There is a variety of different literature and branding facing potential visitors and a number of websites promoting the town with differing information and styles.

2.3.6 Considering the points above there is a need to consolidate the current tourism management and marketing efforts currently being undertaken for Bury St Edmunds with the DMO model.

2.3.7 Following a funding agreement from St Edmundsbury Borough Council a DMO would be set up as a business entity together with the funding partners. Strategic work currently being undertaken could then start to be actioned. With a brand manager in place, the marketing and destination management would commence under the supervision of a DMO board (the council would have a seat).

- 2.3.8 The project will result in a step-change in local tourism delivery. Stakeholders and partners will be engaged in a strategic vision for the visitor economy. Evidence-based strategic interventions will be delivered to ensure the provision of the right infrastructure to ultimately increase the number of overnight stays/tourism spend.
- 2.3.9 Any funding would be subject to a Service Level Agreement (SLA). The SLA will include: the strategic vision for the DMO; key deliverables; monitoring arrangements; a clear understanding of the existing baseline provision to be able to measure success going forward; governance arrangements; and a funding sustainability plan.
- 2.3.10 **Funding request from SEBC:**
- a) £50,000 per annum from 2016-7, for three years
  - b) Maximum total of £150,000 to be funded from the SEBC Strategic Priorities and MTFS reserve**
  - c) 50% match funding to come from private sector partners

#### **2.4 Local Plan - Forest Heath (FHDC)**

- 2.4.1 This funding is required to provide evidence base for the FHDC Local Plan, to ensure that it is sound, ready for adoption and legally compliant at examination. The request is to top up the approximate £100k per annum provision already in place. However this is seen as a one off increase during the period 2016/17 to 2017/18. The annual budget provision is deemed appropriate going forward.
- 2.4.2 **Funding request from FHDC:**
- a) Total of £233,000
  - b) Consisting of £109,000 in 2016-17 and £124,000 in 2017-18 **to be funded from the FHDC Strategic Priorities and MTFS reserve**

#### **2.5 Masterplans (Phase 1 - Production of masterplan documents only) (FHDC/SEBC)**

- 2.5.1 The Haverhill Town Centre Masterplan was adopted by SEBC full Council in September 2015. The masterplanning process is currently underway for Bury St Edmunds Town Centre, with a view that the final masterplan is adopted by the end of 2017.
- 2.5.2 Consultants are required to help produce masterplans that can be adopted by SEBC/FHDC full Councils as a Supplementary Planning Document. In addition to this, funding is required to pay for the associated consultation and engagement costs.
- 2.5.3 In 2016-17, funding will need to be drawn down for the Bury St Edmunds Town Centre Masterplan (BSETCMP). More details on the BSETCMP are overleaf:

#### 2.5.4 **Bury St Edmunds Town Centre Masterplan:**

The Bury St Edmunds Vision 2031 document was adopted in September 2014. Policy B27 of this document stipulated that a detailed town centre masterplan "will be prepared for Bury St Edmunds town centre to provide the context for the future development of the area and provide the framework for individual development proposals to come forward".

2.5.5 Funding is required to appoint a consultant to help deliver the masterplan and for associated consultation and stakeholder engagement costs (costs based upon the experience of delivering the Haverhill Town Centre Masterplan).

2.5.6 Once a consultant is appointed, the project timetable will be agreed with the appointed consultants with a view to the masterplan being completed by the end of 2017.

#### 2.5.7 **Funding request from FHDC/SEBC:**

- a) Total of £234,000
- b) Consisting of £210,000 to appoint consultants (Bury St Edmunds - £80,000; Mildenhall - £65,000; and Newmarket - £65,000). **£80,000 to be funded from the SEBC Strategic Priorities and MTFS reserves and £130,000 from the FHDC Strategic Priorities and MTFS reserves**
- c) Consisting of £24,000 for consultation and stakeholder engagement costs (Bury St Edmunds - £8,000; Mildenhall - £8,000; and Newmarket - £8,000). **£8,000 to be funded from the SEBC Strategic Priorities and MTFS reserve and £16,000 from the FHDC Strategic Priorities and MTFS reserve**

#### 2.6 **West Suffolk Partnership match funding opportunities (FHDC/SEBC)**

2.6.1 This funding is requested for 2016-17 (and in future years, which is included in the MTFS) to give flexibility to the councils to work with partners on relevant opportunities/initiatives that may arise. The fund would need to be spent on initiatives that meet the corporate objectives; lever in match-funding from other partners; and create outcomes that would not otherwise be achieved

#### 2.6.2 **Funding request from FHDC/SEBC:**

- a) Total of £25,000 for 2016-17. **£12,500 to be funded from the SEBC Strategic Priorities and MTFS reserve and £12,500 from the FHDC Strategic Priorities and MTFS reserve.**

Total funding request from SEBC from its Strategic Priorities and MTFS reserve:  
**£250,500**

Total funding request from FHDC from its Strategic Priorities and MTFS reserve:  
**£391,500**

**Lead Officer:** Steven Wood

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