

**APPENDIX A (ANNEX 1)
TO REPORT NO: OAS/SE/16/022**

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 14th 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