

**HUNTINGDONSHIRE DISTRICT COUNCIL**  
**STRATEGIC RESOURCES PLAN: FOUR-YEAR EFFICIENCY**  
**(2017/18 to 2020/21)**

**1.0 INTRODUCTION**

1.1 Over the past few years, Huntingdonshire District Council (the Council) has been on a road of modernising service delivery. The scene is now set for transformation with the aim of providing more efficient and effective services for its residents. It is envisaged that the process of continuous improvement will continue for the foreseeable future and well into the next Parliament. This 2017/18 to 2020/21 efficiency plan highlights further efficiency initiatives that are being developed over and above those already included in the 2016/17 to 2020/21 Medium Term Financial Strategy.

**2.0 MEDIUM TERM FINANCIAL STRATEGY**

2.1 In February 2016, Full Council approved the [2016/17 Medium Term Financial Strategy \(MTFS\)](#); this covered the period from 2016/17 through to 2020/21 and the headlines within the MTFS are:

- i. a net reduction in the Budget Requirement over the period of the MTFS of £6.1m (£19.9m, 2016/17 to £13.9m, 2020/21).
- ii. a forecast budget surplus for 2016/17 and 2017/18 of £2.2m and £0.7m respectively.
- iii. the freezing of Council Tax through to 2020/21, at the same rate as per the three preceding years,
- iv. that by 2020/21, the Council will be financially self-sufficient it that it will only be reliant on Service Income, Non-Domestic Rates and Council Tax to finance its services.
- v. that by 2020/21 there will be a forecast budget gap of £3.6m.

**3.0 FUTURE EFFICIENCY**

The Council has a good track record in ensuring that service priorities are delivered in the most cost effective way. Although currently being reviewed, the currently published “Plan-on-a-Page” document shown at **Appendix 1** shows how the Council has progressed along the path of continuous improvement over the medium-term.

3.1 Reflecting on the transformation themes shown in the “Plan-on-a-Page”, paragraphs 4.0 to 7.0 will illustrate how the Council will meet its 4-year efficiency strategic resources plan.

**4.0 INCOME GENERATION**

There are three main initiatives by which the Council will generate additional income over the next 4 years; namely an increase in Council Tax, further roll-out of the Commercial Investment Strategy and changes to the Councils Fees and Charging Policy.

#### 4.1 Council Tax

The Council is in the fourth year of freezing its Council Tax. However it is recognised that after the rebasing of the Councils cost base, an increase in Council Tax will enable the Council to allocate increased resources to meet its corporate priorities and be able to make choices around where to invest extra spending.

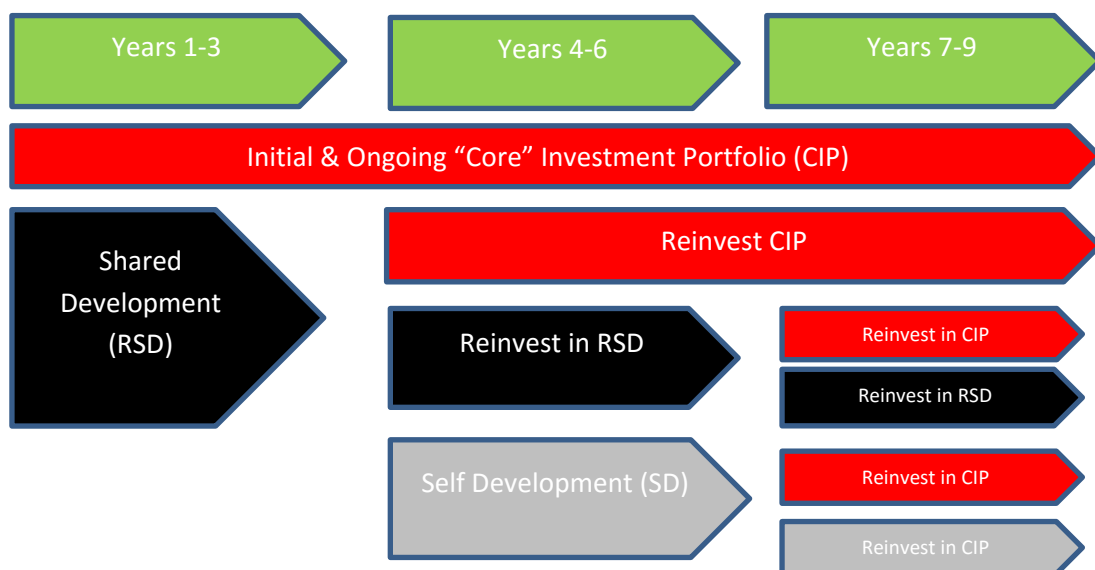
Considering the Councils objective of being self-financing by 2020/21, there is political support for a moderate increase in Council Tax over the next four consecutive years. However, any increase should be affordable by the local community and if an increase was based on local pay/pension type indicators; this would mean that Council Tax could increase by around 2% per annum. Such an increase would, by 2020/21, generate additional annual income of £0.7m.

#### 4.2 Commercial Investment Strategy

The Council has a good record of managing its investment portfolio. Prior to the approval of the Commercial Investment Strategy (CIS) in September 2015 and the CIS Business Plan (BP) in December 2015, the Councils portfolio was made up of two distinct elements:

- A £20.1m property portfolio that included a mix of industrial type units and an office block. This portfolio generated a net revenue contribution of £1.6m and a yield of 7.6%.
- Over the past few years the Council has provided loan finance to three local organisations, including:
  - £5.0m to Luminus Housing, providing a return of 1.5%.
  - £1.5m to Huntingdonshire Regional College, providing a return of 0.9%.
  - £75k to Huntingdon Gymnastic Club, providing a return of 2.5%.

The CIS Business Plan (BP) is a 9-year strategy that follows a 3-year/3-tranche programme, with the exposure to risk being managed particularly tightly in the early years:



Since approval of the BP, the Council has acquired three commercial assets and made an investment in a Property Fund, a total investment of £12.5m. These investments have provided further diversification of the Councils portfolio and has been financed from the

prudent use of its reserves. This means that these investments are making a direct revenue contribution to support current service activity. Future investments will include both property backed investment funds and further land and property acquisitions. These assets will be purchased from a mix of both internal funds and external borrowing. Over the MTF5 period, based on prudent borrowing and income yield rates, it is anticipated that the CIS will contribute a further £0.9m in direct revenue contributions.

#### 4.3 **Moderate increases in fees and charges**

Over the previous few years the Council has been actively reducing its cost base but there have only been incremental increases in its service fees and charges. However, the Council is currently reviewing its current approach to setting its fees and charges in that if it is:

- not in a monopoly position, that it charges a fair price reflecting the cost of the services it delivers.
- in a monopoly position, that it only increases prices reflective of local need, cost of living and those charged by neighbouring Councils.

Analysis of the current charges set by the Council has shown that by 2020/21 additional income of £0.06m can be achieved by the introduction of a Differential Charging Policy, whereby services users will pay for the level of service that they require and an increase in Car Parking Fees so they are reflective of how users actually use the Councils car parks.

#### 5.0 **BUDGET REVIEW**

In the 18 months leading up to the setting of the 2016/17 budget, the Council undertook a Zero Based Budgeting review of all its services. This was a robust budget challenge process, including a Cabinet led Star Chamber review process; the outcome of the process is that it has reduced the Council's Budget Requirement by 30% (£5.9m) by 2020/21.

As all budgets have been zero based, the Council has a more robust and confident approach to budget setting incorporating elements of a traditional "line-by-line" review with a holistic/outcomes approach being developed that will ensure that where there are cross-cutting approaches to service delivery that they are identified and the economic benefits achieved. Current indications are that a saving of £0.750m will be achieved.

#### 6.0 **SHARED SERVICES and SERVICE COMMERCIALISATION**

Over the past few years the Council has actively engaged in Shared Services. To date the Council has established shared service arrangements in respect of Disabled Facilities Grant Assessment and Administration, CCTV, Legal, Building Control and Information and Communication Technology. These collaborative arrangements have primarily been with two local strategic partners, Cambridge City Council (CCC) and South Cambridgeshire District Councils (SCDC) with some two way and some three way. The latter three services are managed under a joint committee arrangement under the "3C's" shared services brand.

Future savings that are expected to be accrued from further shared and or commercialised services. With regard to:

- Shared Services, a saving of £74k is expected to be achieved from:
  - the introduction of an Internal Audit Shared Service, this being the fourth 3C's branded operation, and
  - a shared Financial Management System with CCC and SHDC.
- Commercialisation, £50k from a profit share arrangement once the Councils Document Management and CCTV operations commence working with a private sector commercial partner as part of a joint venture operation.

## **7.0 TRANSFORMATION**

The Council is about to commence a transformation programme. This will be a two-year programme with the aim of ensuring the sustainability and improvement of services to customers (internal, external and partners) alongside the embedding of a culture of continuous improvement, responsibility and accountability.

The programme is expected to touch every aspect of how the Council interacts with its customers. By adopting LEAN principles and Digital-by-Default this will ensure that processes and services are reshaped to reflect the needs of current and future customers. The consequences of this programme will be that:

- a more efficient and effective approach in delivering the Councils services shall be established; whether this is insourcing, further sharing or consideration of other commercialisation models (see 6.0 for two services that are being assessed for commercialisation),
- the resourcing of services will be addressed to reflect medium term need,
- the optimum asset utilisation will be established, and
- further information technology integration shall be undertaken, including the enablement of remote working thereby increasing staff agility and flexibility and promoting user channel shift.

As ever with such programmes, there will be the need for some "up front" investment, which the Council can meet from its reserves. However, at this time the amount of efficiency is not known but it is expected that the programme will, by its conclusion, have generated a considerable capital receipt as a consequence of the asset rationalisation stream (estimated to be in the region of £5m) plus annual revenue savings of at least £0.350m.

## **8.0 CONCLUSIONS OF EFFICIENCY PLAN**

- 8.1 The Council has a very good record of effectively managing its resource budget and will continue to innovate and undertake transformational change to ensure that the Council is providing value for money services for its residents.
- 8.2 With the implementation of the initiatives noted within this Efficiency Plan, by 2020/21, as shown in **Appendix 2**, the Council will have:

- Reduced gross expenditure by 2% (£1.2m)
- Increased gross income by 2% (£1.0m)
- Reduced net expenditure by 14% (£2.2m)
- Reduced the forecast budget gap by 80% (£2.9m)
- Increased the budget requirement by 5% (£0.7m)

8.3 These changes are encapsulated with the Councils updated “Plan-on-a-Page” as shown in **Appendix 3**.

8.4 Further, with maintaining General Reserves at 15% of Net Expenditure, this will mean that over the 4 years that by 2020/21 the Council will be able to contribute a further £5.0m to earmarked reserves, even after financing the current forecast budget gap of £0.7m. The additional sums saved could be used to:

- support further service transformation,
- revenue funding to acquire further capital investments that will generate an ongoing revenue stream,
- develop an infrastructure pump-priming fund to support ongoing devolution activity within the District.



**Robin Howe**  
Executive Leader, Chairman of the Cabinet



**Jonathan Gray**  
Deputy Executive Leader, Executive Councillor for Strategic Resources



**Joanne Lancaster**  
Managing Director



**Clive Mason**  
Head of Resources and Section 151 Officer

**Plan-on-a-Page: How the Council will meet the Budget Challenge  
(before 4-year Strategic Resources Review)**

**Appendix 1**

**VISION**

We want to improve the quality of life, deliver economic growth and provide value for money services for the people of Huntingdonshire

**STRATEGIC PRIORITIES**

Enabling Communities

Delivering Sustainable Growth

Becoming a More Efficient and Effective Council

**CURRENT SERVICES**

Customer Service Strategy / Service Standards

Lean

Shared Services

Zero Basing

Income Generation

**FINANCIAL**

Financial ambitions

To reduce the Council's reliance on Central Government Funding and in so doing create a sustainable financial platform

	2016/17	2017/18	2018/19	2019/20	2020/21
Approved expenditure	£17.903m	£17.545m	£17.401m	£17.232m	£17.471m
% change	0.0%	5.2% (-£0.9m)	10.6% (-£1.8m)	16.0% (-£2.7m)	21.0% (-£3.6m)
Budget requirement	£17.903m	£16.644m	£15.599m	£14.529m	£13.868m

**Variance between the “approved” MTFs and the “Strategic Resources Plan” MTFs**

**Appendix 2**

	Medium Term Financial Strategy Currently Approved				Medium Term Financial Strategy Post Strategic Resources Plan				Variance	
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	£000	%
Gross Expenditure	78,324	79,111	79,351	79,760	77,400	78,037	78,127	78,536	(1,224)	-2%
Income & Fees	(60,779)	(61,711)	(62,119)	(62,289)	(62,196)	(62,909)	(63,156)	(63,264)	(975)	2%
<b>Net Expenditure</b>	<b>17,545</b>	<b>17,400</b>	<b>17,232</b>	<b>17,471</b>	<b>15,204</b>	<b>15,128</b>	<b>14,971</b>	<b>15,272</b>	<b>(2,199)</b>	<b>-13%</b>
Contribution to/(from) General Fund	656	(830)	(2,358)	(3,604)	3,158	1,773	413	(705)	2,899	-80%
<b>Budget Requirement</b>	<b>18,201</b>	<b>16,570</b>	<b>14,874</b>	<b>13,867</b>	<b>18,362</b>	<b>16,901</b>	<b>15,384</b>	<b>14,567</b>	<b>700</b>	<b>5%</b>
Non-Domestic Rates	(5,250)	(5,292)	(5,335)	(5,378)	(5,250)	(5,292)	(5,335)	(5,378)		
Revenue Support Grant	(1,180)	(604)	42	0	(1,180)	(604)	42	0		
New Homes Bonus	(3,724)	(2,483)	(1,241)	0	(3,724)	(2,483)	(1,241)	0		
<b>Council Tax Requirement</b>	<b>8,047</b>	<b>8,191</b>	<b>8,340</b>	<b>8,489</b>	<b>8,208</b>	<b>8,522</b>	<b>8,850</b>	<b>9,189</b>		

**Reserves Analysis**

**Reserves: General Fund**

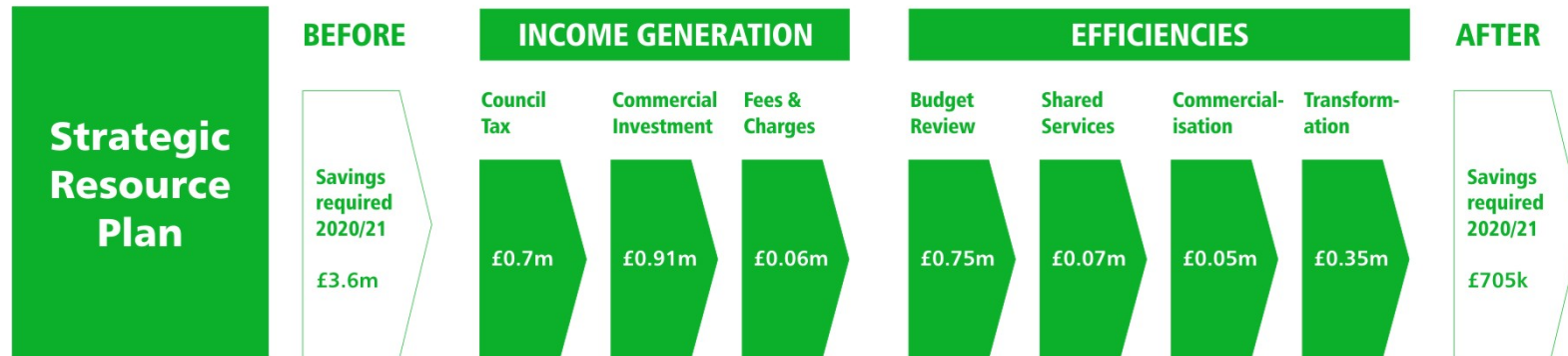
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
B/f	2,687	2,281	2,269	2,246
Contribution to/(from) Services	3,158	1,773	413	(705)
Contribution (to)/from Earmarked Reserves	(3,564)	(1,784)	(437)	750
<b>C/f</b>	<b>2,281</b>	<b>2,269</b>	<b>2,246</b>	<b>2,291</b>
Minimum level for General Fund of Net Expenditure	15%	2,281	2,269	2,246

**Reserves: Earmarked**

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Cumulative Total £000
Capital Investment	50%	1,782	892	218	2,893
Budget Surplus	50%	1,782	892	218	(750)
<b>Total</b>		<b>3,564</b>	<b>1,784</b>	<b>437</b>	<b>(750)</b>

**Plan-on-a-Page: How the Council will meet the Budget Challenge  
(Strategic Resources Plan: 4-year Efficiency)**

**Appendix 3**



**Financial Strategy**

	2017/18	2018/19	2019/20	2020/21
Net expenditure	£15.204m	£15.128m	£14.971m	£15.272m
Budget surplus / (deficit)	<b>£3.158m</b>	<b>£1.773m</b>	<b>£0.413m</b>	<b>(£0.705m)</b>
Budget requirement	£18.362m	£16.901m	£15.384m	£14.567m