

# North Hertfordshire District Council

## Sustainability Plan

**2016-20**

This plan has been created in response to the Government's four year settlement offer for 2016-20.

A four year settlement provides certainty over the level of Revenue Support Grant (RSG) that the Council will receive. The level of RSG that the Council receives has reduced to zero in 2016/17, and funding is expected to reduce further in 2019/20 through the introduction of an increased Business Rates tariff. Although having greater certainty over future funding does help with medium-term financial planning, this is limited by the fact that this only covers one specific funding stream. This plan is a summary of the Council's Corporate Plan and Medium-Term Financial Strategy.

The plan includes:

- Forecasts of future funding, including areas of uncertainty
  - The Council's priorities
  - Availability and use of capital funding
  - The delivery of efficiencies to date
  - Plans to deliver future sustainability

### Supporting documents

Corporate Plan- [version as at September 2016](#)

The Medium Term Financial Strategy- [version as at September 2016](#)

Capital Programme- [version as at February 2016](#)

## The financial challenge ahead

In recent years, the Council has received funding from four main sources; Council Tax, Business Rates, Revenue Support Grant and New Homes Bonus. The level of funding from Revenue Support Grant has decreased significantly over recent years and is zero in 2016/17. Alongside this reduction in funding, the Council has also had to manage the cost pressures that arise from increasing demand, changes to legislation and inflation. To continue to deliver services it has been necessary for the Council to identify areas where it can make savings, generate income and increase Council Tax.

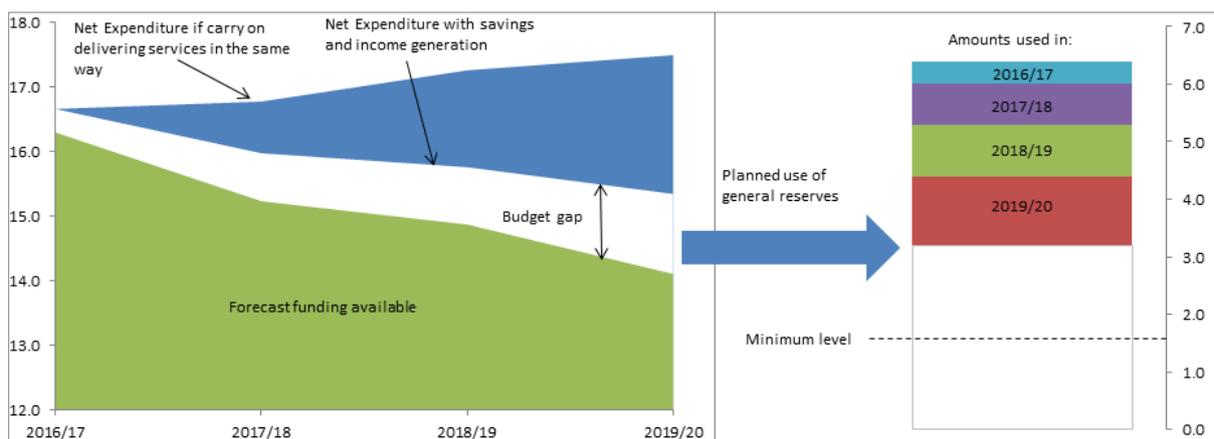
In 2019/20, current forecasts are that the Council will have an increased Business Rates tariff (referred to as negative RSG) which will further reduce the funding available by just over £1 million. Whilst accepting the principle of a four year settlement as beneficial to future financial planning, the Council would urge Government to seek a future funding arrangement through the 100% Retention of Business rates process that would avoid the need for such a tariff to be applied.

The level of funding that the Council receives from New Homes Bonus is uncertain as Government have indicated that there will be a change to how it is calculated. Overall the funding is linked to the number of new homes that are built in the District. However there could be changes to how long the bonus for each home is received for and whether it is only received above a certain baseline.

Over the last few years, the Council has increased the level of its general reserves. This provides a small cushion that gives some time to develop those savings and income generating ideas that will take longer to get going. However these reserves can only be spent once, so it is important to balance annual income and expenditure as quickly as possible.

The Council has some money set aside for the up-front costs of projects that need investment to deliver savings in the medium-term.

The graphic below summarises the expected budget challenge:



The total savings and income generation to be delivered by 2019/20 is £2.15 million, and this still does not bring expenditure and income together. The Council's Medium Term Financial Strategy is updated each year and goes through a number of versions during each year. The current version includes expenditure and income forecasts up to 2020/21. This forecasts that further significant reductions in net expenditure will need to be delivered in 2020/21 (a further £0.6 million) and it is also likely that reductions will be required in later years as well.

## **The Council's Priorities**

The Council's vision is to **make North Hertfordshire a vibrant place to live, work and prosper.**

Underpinning this vision are three objectives:

- To work with our partners to provide an attractive and safe environment for our residents, where diversity is welcomed and the disadvantaged are supported
- To promote sustainable growth within our district to ensure economic and social opportunities exist for our communities, whilst remaining mindful of our cultural and physical heritage
- To ensure that the Council delivers cost effective and necessary services to our residents that are responsive to developing need and financial constraints

There is also a need to continue to deliver a wide range of services that are 'business as usual'. These include: routine waste collection, recycling, street cleansing, food inspection, collecting Council Tax and Business rates and finding temporary and permanent homes for residents. These are all services which our residents value.

The Council is committed to working with its local communities, to continue delivering good quality services that reflect the local priorities and the resources available (internally and via delivery partners). The identification of priorities is drawn from a range of information, such as consultation with residents, local businesses and population data. This helps to inform the Council's current work, as well as supporting the planning for future population needs.

## **Capital Investment**

The Council uses assets to deliver a number of its services, including car parks, leisure centres and office accommodation.

The Council also acts as custodian of a number of assets (mainly land and buildings) throughout the District. There has been a continual balance as to how to make best use of these assets, including:

- Use by the community through lettings and asset transfers
- Commercial lettings that provide income to fund the delivery of other services
- Selling of assets to generate capital receipts to invest in other projects

The Council currently has a moderate amount of capital funding that it can use to invest in purchasing, building and improving assets. It can also borrow money for capital investment but this incurs ongoing costs (e.g. interest payments) that would add to the efficiencies that need to be found. The plans for capital investment are refreshed each year in the capital programme. The current programme includes spend of around £19.7 million over 4 years.

## **Delivery to date**

Since 2010/11, the Council has delivered almost £7 million of savings. By delivering savings early, it has allowed the build-up of general reserves to allow some more time for the delivery of future savings.

For 'business as usual' services, there is an ongoing review of the way it is delivered and the cost of it. This means that there is a constant focus on more economic, efficient and effective ways of delivering services. A number of services are delivered by contractors or through partnerships and other delivery models. Irrespective of who delivers a service, the impact on service users is a primary consideration.

## **Delivering future sustainability**

Any relatively easy efficiencies have already been delivered and moderately difficult ones are in process. Unfortunately this means that remaining efficiencies will be exceptionally difficult without there being some impact on the services that are delivered. To try to minimise this, future sustainability will be based on:

- Opportunities for up-front capital investment to enable change
- Further working with others to deliver services e.g. joint provision, joint procurement
- Ensuring that services are aligned to the delivery of the Council's objectives
- Options for generating revenue income from capital investment and/ or trading

Specific examples of how this can be delivered include:

- Working with Stevenage Leisure Limited to enable the extended North Herts Leisure Centre to offer an increased range of physical activities
- Continuing to extend the Council's community alarm and telecare service (Careline), both in terms of the services offered and the locations covered
- Roll out competitive Building Control Services in a shared service company with six other Hertfordshire authorities
- Optimising use, management and profitability of the Council's assets, including consideration of long term lease transfers to sustain community and social opportunities, and for land, consider options to develop market, social or affordable housing
- Complete the redevelopment of the Council's office accommodation and explore opportunities to share that accommodation with other partners, to increase financial and resource efficiency
- Review of the Council's Car Parking Strategy to ensure it supports our corporate objectives
- Ensuring that waste and street cleansing contracts, continue to provide as efficient and effective a service as possible, whilst continuing to improve recycling rates. This will include a joint procurement and shared service with East Herts Council.

There will also be a need for the Council to consider the income that it receives from fees, charges and Council Tax.