

INTEGRATED PLAN

PART B - STRATEGIC DIRECTION AND FINANCIAL CONSEQUENCES

Resources and Performance Portfolio

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Resources & Performance Portfolio

Strategic Direction: to provide centralised support services to the Council's departments, and front line services (Registration, Coroners, Citizenship)

Scope

- Delivery of effective centralised support services including those through private sector partners; Assurance services, Finance, HR, Improvement & Technology, Member services, Property, Procurement, Legal, Communication and Policy support.
- Leadership and direction to support organisational transformation and improvement
- Provision of citizen focused services for Births, Deaths, Marriages and Citizenship Services, delivery of school meals through Herts Catering Limited and the supplies service HertsFullstop servicing the needs of the authority and its schools

Summary of Key Savings Proposals

- Further reduction in back office costs through HCC services (£1.9m) and external partners (£0.9m)
- Additional revenue from traded and statutory services - £0.6m
- Ensuring effective capital financing strategy linked to asset life £10m
- Effective property and asset management
- Maximising business rates and collection fund income

Key Risks in achieving IP proposals

- Changes in funding and grant announcements
- Volatility of and changes to local business rates system
- Council tax reforms and changes to council tax base
- Wider inflation, interest and borrowing rate risks post Brexit
- Ability to market assets and secure revenue streams
- Continuing to attract, recruit and retain an effective workforce
- Impact of the decision to exit the EU across inflation, property and workforce

Summary of budget

	16/17	17/18 forecast	18/19 forecast
Net Budget (Revenue) Resources	£62.4m	£62.2m	£62.7m
Central Items	£40.4m	£29.3m	£47.3m

Summary of Key Priorities and Programmes

- **Delivering transformation activities**, including
 - Driving forward digital strategies to maximise the effectiveness of digital solutions for the council and its clients.
 - Leading on an effective People Strategy to deliver a high performing, engaged and committed workforce.
 - Maximising the use of public sector assets to drive out efficiencies and generate ongoing revenue streams.
 - Driving forward further commercial opportunities for trading, procurement and contract management.
 - Leading on enabling and developing a Smart, flexible and mobile workforce.
 - Enable effective approaches to prevention and demand management
- **Funding** – proactively responding to, analysing and assessing the impact of proposed changes to Business Rates (NNDR) and central government funding.

Capital Programme

	17/18	18/19	19/20
Capital Programme	£14.7m	£4.7m	£4.1m

Key Capital Schemes:

Major programme: Capital Maintenance of HCC's Non-School buildings; acquisition of assets.

Capital Strategy: to generate optimum return from capital assets including revenue income streams and capital receipts

Resources and Performance Portfolio: Future Strategic Direction

1 What are the key priorities for the portfolio over the period 2017/18 – 2019/20?

Resources provide centralised support services to the Council's departments, as well as providing front-line services including Registration, Coroners and Citizenship Services and Herts Business Services. As of July 2016 the Resources Directorate also includes Policy, Corporate Communications, Libraries and Customer Services. Information on Libraries and Customer services is included in the Public Health, Localism & Libraries Portfolio. The net total departmental budget for 2015/16 was £58.2m and £20.62m of savings have been achieved between 2010/11 and 2015/16. A further £3.95m of savings are already assumed in the baseline figures for 2016/17 rising to £4.14m by 2019/20.

A significant proportion of the service is carried out through third party providers and managed under contract including pensions' administration, payroll, occupational health, IT support and development, HR and finance transactions, temporary staff recruitment, facilities management and some property services (Leasehold and empty property management & maintenance, valuation services, capital projects delivery and project management). Approximately 35% of the gross Resources budget is spent on these outsourced services.

Resources has a key role in supporting the Council's departments to improve services and make savings enabling the Council to continue to operate within increasingly difficult financial circumstances. In key areas of the service such as technology we will need to sustain the capacity of our teams in order to drive change; this may increase the pressure to drive out savings in other areas of the service to meet the authority's funding gap.

Our priorities over the next three years are to:

1. **Be proactive enablers of change** – providing leadership, direction and support to drive transformation and improvement. This includes;
 - Making the most of our **property**, office and service accommodation portfolios.
 - Increasing **commercial opportunities** including those relating to major re-procurements
 - Supporting the right approaches to **prevention and demand management**
 - Using outcome driven technology to respond to fast-changing **digital opportunities**
 - Having a **high performing, engaged, and committed workforce**
 - Developing and enabling **SmartWorkers** throughout the organisation
2. Ensure that Resources Directorate meets the needs of the organisation, provides best **value for money** and enables our frontline services to continue to provide effective services. We will review our structures and ways of working to ensure that we are as efficient as possible and can effectively support the changing needs of the organisation.
3. Proactively respond to and manage the proposed changes to government funding and other policy changes, including the proposed devolution of Business Rates.

4. Support the Council's delivery of service led projects and programmes, including;
 - Family Safeguarding Project
 - Health and Social Care integration
 - Apprenticeship Levy
5. Enable effective internal and external communication and engagement with other citizens and partners
6. Managing the strategic partnership framework for the county – Hertfordshire Forward – which brings together the key decision makers around the table to secure common purpose.
7. Support and enable the role of Members.

2 What are the key pressures and challenges facing your portfolio for 2017/18 – 2019/20?

- As the provider of Support Services to the organisation the Resources Directorate needs to ensure that it responds to the ever changing needs of departments whilst continuing to identify opportunities to deliver savings and other efficiencies. This involves working with services to predict and respond to the impact of demographic pressures and other policy changes, ensuring continued effective and appropriate support services. In particular Resources Directorate needs to ensure that it is resourced to respond to the following changes;
 - Academisation of schools
 - The impact of the decision to leave the European Union
 - National Living Wage
 - Statutory changes including Solicitors Regulation Authority (SRA).
 - Taxation changes related to commissioned self-employed resources
- Ensuring that the organisation is able to use the best technology to improve efficiency and productivity and engagement with its citizens. This will include use of the most appropriate fit for purpose technology including cloud services and ensure safe and effective transition of any changes. It will also involve maximising digital opportunities with a user-focussed end to end service re-design, exploiting data analysis to tailor services and pre-empt trends and needs and efficiencies around ways of working.
- Responding to changes in funding; in particular the risks and opportunities associated with changes to Business Rate localisation. In addition, there is an increased risk of more schools becoming Academies and insufficient funds to meet the needs of the remaining schools.
- Ensuring that we support the organisation to develop a workforce strategy that ensures that we maintain the capability and capacity to deliver current and future outcomes and we continue to attract, recruit and retain people with the right skills, abilities and values, particularly in key shortage skill areas including Social Work, Planning and Legal. We need to maintain and growing a talent and knowledge pipeline, with an age profile of 6.9% aged under 25 and 23.7% over 55.

- Ensuring that we have the resources, knowledge and skills to support transformation, including the development of the property company and other commercial opportunities.

3 What are the key projects/programmes that the portfolio will deliver 2017/18 – 2019/20?

Procurement – ensuring we have effective procurement and contracts management arrangements in place across the council. Enabling the effective review and procurement of Directorate contracts; including the Shared Managed Services (SMS) and Pension Fund contracts.

Funding – proactively responding to proposed changes to Business Rates (NNDR) and central government funding to ensure that the impact for HCC is understood and informs Medium Term Financial Strategy. Working with our partners, to ensure that the impact of any changes (including local growth) are understood and reflected in the medium term financial strategy.

Assurance – building on the development of Assurance Services identifying opportunities to extend and market the service to improve efficiencies. Embedding the development of the Shared Anti-Fraud Service (SAFS) and ensure anti-fraud arrangements are embedded across the organisation.

Insurance – Ensuring the contract for external insurance which expires on 31 August 2017 delivers the appropriate balance between policy cover and self-insurance thereby helping to reduce future revenue expenditure. As part of the forthcoming contract procurement process the Authority will use an independent party to carry out an actuarial review of its insurance provisions and reserves and will consider the merits of any potential savings that may be identified as part of this work.

Legal Services - continued development of the case management system including workflows and document management to improve service delivery efficiency enhancing in-house advocacy and reducing reliance on counsel and engagement with client departments to manage in conjunction with them increasing demands for legal advice.

Democratic Services –supporting the new Council and members induction post May 2017 County Council elections.

Elections - delivering the County Council election May 2017.

Coroner Service - continued development of the case management system to enable electronic referral of sudden deaths and electronic signing and distribution of post-investigation documents to improve service to the bereaved and efficiency. Prepare for the introduction of the Medical Examiner Service April 2018.

Registration & Citizenship Service – continued development of customer online appointment and ceremony booking, and development of online payment system to improve customer service and service efficiency. Identifying opportunities to extend income generating service delivery to improve efficiencies (including expansion of the role as Home Office agent for settlement and naturalisation).

Financial and HR systems review – Implementing the outcome of the SAP systems review to ensure that use of the core system is maximised through end to end system redesign and implementation of improved functionality.

Human Resources – implementation of the Apprenticeship Levy and formation of the Hertfordshire Apprenticeship Alliance (HAA)

Demographic growth - develop existing modelling for demographic growth and pressures to ensure that it exploits data on trends and needs to better inform future pressures and to inform management decisions.

Corporate Policy & Communications - Supporting services on policy and service changes, building the County Council's external profile, supporting the county's strategic partnership and joint working arrangements through Hertfordshire Forward and the Public Sector Chief Executives Group and maintaining internal communication with staff to support organisational change.

Supporting the Organisation – supporting services to deliver their change programmes and savings and where appropriate develop the capability and capacity to deliver improved trading income and opportunities for partnership working.

Leading on our **property and office and service accommodation**

- To make better use of the public sector portfolio of assets by sharing buildings and developing more multipurpose facilities, particularly in support of co-delivered services. This is proposed to reduce costs and deliver better outcomes wherever possible to staff and service customers
- In the context of Local Strategic Plans and the need for significant housing and infrastructure development, to drive forward required development and return with some or all of the profit component to the public sector or, through private rented housing, to generate ongoing revenue income streams to support spending on essential services.

Leading on increasing **commercial opportunities**

- Implement consistent and coherent approach to HCC companies
- Review opportunities for existing trading to ensure continued sustainability (*Herts Fullstop*)
- Enhance approach to strategic commercial planning & re-tendering
- Enhance staff capacity and capability to improve contract management and commercial mindsets.

Leading on outcome driven technology to respond to fast-changing **digital opportunities**

- Targeting service-specific agile redesign to maximise quick wins – the strategy is delivery
- Encourage greater level of user-focussed end to end service re-design, exploiting data analysis to tailor services and pre-empt trends & needs
- Deliver an effective technology infrastructure to underpin resilient digital first approaches across the council
- Ensure a digitally confident and competent workforce

Leading on an effective **People Strategy** to deliver a high performing, engaged, and committed workforce

- Ensuring our workforce has the capability and capacity to deliver current and future outcomes
- Positioning HCC so that we are recognised as an employer of choice
- Developing reward frameworks that support us to attract, recruit and retain people with the right skills, abilities and values
- Ensure Workforce plans are aligned with IP and service business plans
- Right person, right place doing the right thing.

Leading on developing and enabling **SmartWorkers** throughout the organisation

- Leading widespread cultural change to drive increased collaboration, mobility and flexibility;
- Delivering modern technologies to enable smarter ways of working as the new normal;
- Ensure close links to office estate consolidation, people strategy and digital workstreams;

Supporting the right approaches to **prevention & demand management**

- Working with services and partners to identify and analyse the quantum of funding supporting prevention activity and the outcome of such spend
- Supporting the development of outcome measures and toolkits.

4 How has the portfolio reviewed its effectiveness / value for money in delivering service outcomes?

The service undertook a comprehensive review of the level and scope of its services through joint work with Essex County Council, and ten other county councils to inform the 2016/17 budget plan. This exercise identified that we compare relatively favourably on costs and scope of service spending 4.4% of our gross budget on support service with only one of the 10 other councils spending a lower proportion.

Subsequent to this a number of further exercises have been undertaken:

- **Insurance and risk management** - research of operational models across six other authorities to draw on best practice and develop opportunities for partnership working with the District authorities across Hertfordshire. The authority provides insurance services to North Herts and risk management to both North Herts & Hertsmere District Councils.
- **Shared Internal Audit Service (SIAs)** – compliance with the Public Sector Internal Audit Standards was the subject of an independent peer review; an exercise that confirmed the Service was operating at the highest level of conformance. In addition the audit methodology used by the Service was revised and commended by the external review team.
- **Legal Services** – are part of the Public Law Partnership (PLP is the legal services partnership of authorities in Essex, Hertfordshire, Suffolk and Cambridgeshire). PLP share staff, legal information, know-how and training to ensure . Our aim is also to

work closely with other legal departments in Hertfordshire authorities to share training and, where appropriate, resource. Other opportunities to work with partners are being developed including a jointly funded prosecutions post with Hertsmere BC and opportunities to work closely with other authorities including developing a commercial hub.

- **SERCO**– the outcome of the mid-year review undertaken by an independent assessor revealed that the overall contract price across all service lines is 9% below reference group average, and therefore continues to represent value for money at the aggregate level. Opportunities to improve the contract efficiency have been driven forward which improve client interface and simplify back office processes including those related to supplier payment and income collection.
- **Property services** – the work to develop the approach to management and development of property assets has involved research with external providers and other organisations to determine options and best practice in this area. Officers are working with “One Public Estate” to pump prime collaboration across all Herts public sector.
- **Review of back office systems** – the 2016 review of SAP has enabled engagement with SAP, alternative providers and other public sector organisation to develop best practice for finance, HR and procurement. It has identified opportunities to improve and develop our back office systems which will be taken forward in 2017 subject to business case.
- **HR service** – the development of the new service (April 2016) has been built on an activity costing model to enable the demand and supply side issues in remodelling the service. Following the appointment of a new AD in July, the service has continued to review its activity during the implementation of the new service to review what if any changes are required. This ongoing review, coupled with budget pressures means proposals are in place to bring about further efficiencies from the financial year 2017/18.
- In addition as part of the response to the apprenticeship levy the service have engaged with the Hertfordshire LEP, Districts and the Further Education community to identify opportunities which minimise the financial impact of the levy as well as addressing the skills and availability of its future workforce. The organisational liability for the levy (excluding schools) is just over £900,000. Plans are in place to gain as much of this cost back by either appointing appropriate vacant posts as an apprenticeship (as a strategic position on workforce planning), or using the levy to develop existing staff.
- A review of recruitment media spend to reduce the use of third party suppliers and advertisement costs.

5 What are the key savings proposals that have been identified to meet the budget gap 2017/18 to 2019/20; what additional actions will need to be taken to achieve these, and what are the potential impacts?

Resources Directorate has looked to reduce the costs of its operation, ensuring that it is efficient and fit for purpose. Since 2010 it has delivered savings of £20m rising to £23m by

2019/20. This included working with external partners such as London Pension Fund Agency and SERCO to lever out savings through more efficient ways of working and maximising the use of available technology where appropriate. It continues to review opportunities for joint working with partners to reduce the fixed costs of its operation. In addition to the joint partnership with Shared Internal Audit Service/Shared Anti-Fraud Service, Resources Directorate is looking to extend partnership working through opportunities in Legal, HR, Insurance and Risk Management.

The proposals set out in the IP cover:

- Further reduction in back office costs – this includes savings across each of the Resources and Performance teams - £1m
- Further reductions in back office costs through external partners - £0.9m
- Additional income from traded and statutory services - £0.282m
- Investment return Herts Catering Ltd - £0.5m
- Capital financing – review of Minimum Revenue Provision to improve linkage to capital lifecycle - £10.4m
- Property and asset management - £0.200m

Key to future savings will be the extent to which the Directorate can identify further efficiencies from the key cross-cutting transformation programmes. In the short term there may be a requirement for additional investment to support and drive the transformational changes across the organisation.

6 What are the key risks in delivering projects and programmes for this portfolio, and what mitigations are in place? What steps are being taken to ensure resilience?

Major budget related risks are set out in the Sensitivity Analysis (IP Part A – Overview) with a number of these relating to this portfolio. In particular

- potential income from business rate incentives; success of the Local Enterprise Partnership; impact of business rate appeals; outcomes of proposed Business Rates Pooling arrangements;
- the Collection Fund balance and council tax base for future years, as well as council tax support schemes and wider council tax reforms;
- outstanding grant announcements;
- inflation: non-pay inflation including exceptional inflation;
- delivery of savings to timescale;
- interest rates, impacting on borrowing costs and investment income; and
- ability to sell assets and secure capital receipts.
- Potential impact of the decision to exit the EU on inflation, treasury management, the property development market and staff recruitment and retention.

Some of the key mitigations in place include:

- Continuing to review and manage our overall resource position including changes to grant funding.
- Continued commitment to deliver savings through robust project management and ensuring the focus remains on key priorities.

- The availability of contingency funding which alongside general fund and specific reserves takes account of the uncertainties and risks across the organisation.
- Continued leadership of cross-cutting transformation programmes to support transformation change across the organisation and deliver future savings.
- Workforce planning and strategy to ensure that we recruit, engage and retain a highly performing workforce and deal with key skill shortage areas.

The council needs to communicate with residents and staff to ensure they understand the context in which decisions are being made and they have an opportunity to have their say on how services are reconfigured for the future. This can have an impact on resources but is being mitigated by implementing a review of how we communicate which is monitored and evaluated to ensure value for money and best practice.

As part of the IP process an overall Equality Impact Assessment (EqIA) is undertaken. The potential for compounded impacts on particular groups are identified in individual equality impact assessments, which generally involve engagement and consultation with a wide range of stakeholders. The process uses available data from national and local sources identified as relevant to the individual equality impact assessment which includes the results from local consultation. Action planning and monitoring is part of the process which seeks to mitigate potential effects.

KEY BUDGET MOVEMENTS 2017/18 - 2019/20

	2017/18 TOTAL £000s	2018/19 TOTAL £000s	2019/20 TOTAL £000s
Technical Adjustment	(746)	(746)	(746)
Service Specific Inflation	12	12	12
Previous Policy Decision	(250)	(250)	(250)
Legislative	(125)	(136)	(136)
Other Pressures	759	4,535	7,788
TOTAL PRESSURES	384	4,149	7,402
Existing Efficiencies	(12,519)	(12,636)	(12,636)
New Efficiencies	(1,594)	(1,613)	(1,634)
TOTAL SAVINGS	(14,113)	(14,249)	(14,270)

Ref	Description	Dept	Type of budget movement	2017/18 TOTAL £000s	2018/19 TOTAL £000s	2019/20 TOTAL £000s	Approximate current budget £'000
	Technical Adjustments						
TA05	<u>Reversal of one-off grant funding</u> SEN reform grant	Resources - Central Items	Technical Adjustment	(746)	(746)	(746)	n/a
	Service Specific Inflation						
	<u>Coroner Service - Mortuary Services</u> Mortuary services provided under contract to three NHS Trusts (West Herts, East & North Herts and Princess Alexandra). Contracts awarded in July 2016 therefore 2017/18 is the first full year. NB: The contracts allow for annual increases up to NHS inflation rates which is usually higher than general inflation.	Resources	Service Specific Inflation	10	10	10	197
	<u>Coroner Services - Mortuary Services (Income 1.0%)</u> This recharge to Hertfordshire Police is for Coroner's Officers and therefore any increase should be based on salary inflation.	Resources	Service Specific Inflation	2	2	2	(189)
	Pressures						
PPD02	<u>Hemel Public Service Quarter</u> HCC and Dacorum Borough Council are working together to provide a new public sector building in Hemel Hempstead, which will provide suitable facilities for shared working across the public sector in Hertfordshire, including a replacement Library and the Registration service, alongside Dacorum's central office. This is time-limited additional funding for decant costs as first presented in 2012/13.	Resources	Previous Policy Decision	(250)	(250)	(250)	n/a
L06	<u>County Councillors superannuation scheme</u> With the County Council elections taking place in May 2017, all members who are currently on the scheme will cease to be members of the LGPS regardless of whether they are re-elected to a new term of office.	Resources	Legislative	(125)	(136)	(136)	n/a

Ref	Description	Dept	Type of budget movement	2017/18 TOTAL £000s	2018/19 TOTAL £000s	2019/20 TOTAL £000s	Approximate current budget £'000
OP13	<u>Robertson & Farnham House</u> At the point of purchase of the freehold of Robertson and Farnham House in Stevenage, Aviva held a lease of the freehold with HCC subleasing from Aviva. This situation continues until the Aviva lease expires in September 2018. However, there is a difference in the values of the lease (£3.7m) and the sublease (£2.5m) of £1.269m which in turn will create a pressure on the overall property budget when the Aviva lease ends. As Aviva do not make profit from this arrangement they will not look to renew the lease.	Resources	Other Pressures	0	635	1,269	15,179
OP14	<u>Rental increase for Mundells</u> At the time that the original Mundells property lease was agreed, the contract terms scheduled a rent review for February 2016. The rent review was finalised in September 2016 and new terms agreed resulting in an increase in the annual rent (of £77.3k).	Resources	Other Pressures	77	77	77	15,179
OP15	<u>Rental increase for Bishops Stortford Library</u> The landlord of 6 The Causeway, Bishop Stortford (Bishop Stortford Library) served notice (on 12th September 2016) to end HCC's lease on this property from 14th March 2017 and proposed a new tenancy at an increased annual rental amount.	Resources	Other Pressures	43	43	43	15,179
OP17	<u>Interest cost - HCC</u> Interest cost increase due to the borrowing required to fund the rest of HCC's capital programme not funded by grants, contributions or reserves.	Resources - CFIB	Other Pressures	382	1,593	2,508	11,157
OP18	<u>Interest on Investment Balances (external)</u> Reduction in interest earned on externally invested funds due to fall in interest rates	Resources - CFIB	Other Pressures	280	351	351	11,157
OP19	<u>Minimum Revenue Provision Policy choice</u> As a result of moving the calculation of the provision to the annuity method the savings generated are front loaded and creates a pressure in future years.	Resources - CFIB	Other Pressures	0	450	625	21,122
OP20	<u>Treasury Management</u> Impact of cashflow movements	Resources - CFIB	Other Pressures	(23)	(23)	(23)	11,157
OP21	<u>Additional Borrowing to fund the Capital Programme</u> Borrowing to fund the Capital Programme results in a higher minimum revenue provision. The minimum revenue provision is the statutory amount that HCC must charge to council tax in order to repay the principal on borrowing.	Resources - CFIB	Other Pressures	0	1,409	2,938	21,122
	Savings						
RES01	<u>Statutory Services - Highway Boundary, Registration & Citizenship & Coroners</u> Residual element of on-going savings.	Resources	Existing efficiencies	(5)	(5)	(5)	1,236
RES02	<u>Democratic and Statutory Services</u> Savings across all budgets including additional income (£80k Registration and £20k Land Charges); efficiencies (Democratic Services £20k, Coroners £15k).	Resources	Existing efficiencies	(135)	(135)	(135)	1,236
RES03	<u>Improvement & Technology - Process review</u> Residual element of on-going savings.	Resources	Existing efficiencies	(61)	(61)	(61)	10,860
RES04	<u>Improvement & Technology - Management Graduate scheme</u> Remove support for academic qualification and reduce cohort from 6 to 5 trainees.	Resources	Existing efficiencies	(56)	(87)	(87)	10,860

Ref	Description	Dept	Type of budget movement	2017/18 TOTAL £000s	2018/19 TOTAL £000s	2019/20 TOTAL £000s	Approximate current budget £'000
RES05	<u>Assurance Services</u> Additional income and staff restructuring in Insurance/Risk.	Resources	Existing efficiencies	(146)	(146)	(146)	430
RES06	<u>HR - review of operating model, org structure and processes</u> Fundamental review during 2014/15 of the in-house Herts HR service to reduce operation costs and align the service to the future needs of the council. The end to end process reviews will also cover those parts of the service delivered by 3rd party contractors e.g. SERCO, Reed Learning, and Guidant group. Also in scope are departmentally based Learning & Development activities to assess value for money and fitness for future purpose.	Resources	Existing efficiencies	(170)	(170)	(170)	3,937
RES07	HR - further staffing efficiencies	Resources	Existing efficiencies	(20)	(20)	(20)	3,937
RES08	<u>HBS Increased Income Target</u> Increasing income target. Targets identified following development of four year strategic business plan, developed in conjunction with LGA. Increased competition within markets will make 2017/18 targets a significant challenge.	Resources	Existing efficiencies	(142)	(142)	(142)	1,317
RES09	<u>Finance - Prompt payment discount</u> Through the development of improved payment processes and a suppliers portal, provide suppliers with improved visibility of payment processes and improve the customer journey. This also offers an opportunity to negotiate early payment discounts from suppliers which supports the cash flow for Small and Medium Enterprises and reduces the cost to the authority.	Resources	Existing efficiencies	(80)	(160)	(160)	n/a
RES10 (X2)	<u>Finance - Staffing efficiencies/ETW printing</u> Additional efficiency saving	Resources	Existing efficiencies	(60)	(60)	(60)	3,431
RES11	<u>Legal</u> Reduction in the use of counsel for advocacy, reduction in the use of external lawyers and increase in income. This will be reliant on the recruitment of in-house lawyers of sufficient calibre to undertake the work, smarter commissioning of work by service departments and capture of service savings.	Resources	Existing efficiencies	(100)	(100)	(100)	4,615
RES12 & RES13	<u>SMS</u> Savings in relation to a reduction on the core contract value.	Resources	Existing efficiencies	(900)	(900)	(900)	13,064
RES14	<u>Property</u> Additional efficiency savings	Resources	Existing efficiencies	(200)	(200)	(200)	15,179
RES15	<u>Engagement and Consultation Phase 2</u> Ceasing the residents' survey	Resources	New efficiencies	(21)	0	(21)	n/a
RES21	<u>Corporate Initiatives budget</u> Reduction in spend have been identified against this budget.	Resources	New efficiencies	(10)	(10)	(10)	605
RES22	<u>Corporate Policy team</u> Staffing efficiencies	Resources	New efficiencies	(30)	(30)	(30)	605

Ref	Description	Dept	Type of budget movement	2017/18 TOTAL £000s	2018/19 TOTAL £000s	2019/20 TOTAL £000s	Approximate current budget £'000
RES23	<u>Additional savings</u> Vacancy factor of 2% across Resources areas.	Resources	New efficiencies	(910)	(910)	(910)	n/a
RES24	<u>Corporate Communications</u> Create income or trading opportunities e.g. Schools, Districts, Health and PCC.	Resources	New efficiencies	(60)	(100)	(100)	1,096
RES25 (X1)	<u>Printing Contract Savings</u> Savings through a reduction in print costs achieved through the new managed print service contract.	Resources	Existing efficiencies	(13)	(19)	(19)	n/a
CI01	<u>Capital Financing</u> Decrease in the Minimum Revenue Provision, which is money set aside each year to pay the principal element of borrowing to fund the capital programme, resulting from proposed policy change. The new calculation matches the provision for repayment of debt more closely to asset life, and moving to an annuity basis reduces the charge in early years.	Resources - CFIB	Existing efficiencies	(10,402)	(10,402)	(10,402)	21,122
CI02	<u>Interest on Balances (Internal)</u> Reduction in interest payable to internal balances held due to fall in interest rates	Resources - CFIB	Existing efficiencies	(29)	(29)	(29)	11,157
CI03	<u>Leasing</u> All Vehicle leases expected to cease by 31.3.17 - no renewals	Resources - CFIB	New efficiencies	(63)	(63)	(63)	11,157
CI04	<u>Contribution from Herts Catering Ltd</u> Share of profits to HCC as 100% shareholder	Resources - Central Items	New efficiencies	(500)	(500)	(500)	n/a

Note 1

A number of pressures and savings impact on a several portfolios. The total amounts across all portfolios is given here:

Savings - Printer savings cross cutter (X1)	(76)	(113)	(113)
Savings - Enabling the worker (X2)	(1,122)	(1,807)	(1,807)
Savings - Environment departmental overheads (X3)	(174)	(174)	(174)

ANALYSIS OF REVENUE BUDGET BY OBJECTIVE AREAS

2016/17 Original Net Budget £'000	Objective Area	Gross Budget 2017/18 £'000	Income £'000	Net Budget 2017/18 £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000
1,294	<p>Resources</p> <p><u>Resources Central Items</u> This budget includes:</p> <p>Chief Executive: - Overall corporate management and operational responsibility, including management responsibility for all officers.</p> <p>Director of Resources & Performance: - Oversee the strategic management of the department, ensuring compliance with legal and regulatory frameworks and the delivery of Statutory Services.</p>	1,318	(30)	1,288	1,288	1,288
3,792	<p><u>Herts Finance</u> Give strategic advice and support to key financial processes. This includes the preparation of the annual revenue and capital budgets, setting and monitoring financial standards and providing finance and accountancy support functions to all council services. This budget also includes the payment of charges on banking transactions and external audit fees. Other Services - includes budgets for car loans and staff mortgages and other miscellaneous items.</p>	4,018	(417)	3,601	3,516	3,516
3,895	<p><u>Herts HR</u> Development of corporate people strategy and policies, workforce planning, learning and organisational development, pay and reward, employee and industrial relations, equality and diversity in employment, employee well being, recruitment and retention, safe staffing, talent and succession management, leadership and management development.</p>	4,934	(1,253)	3,681	3,681	3,681
14,397	<p><u>Shared Managed Services</u> Provides overall Contract Management for the SMS contract for all operational services provided under the partnership, regardless of service type.</p>	15,988	(2,797)	13,191	13,190	13,190
10,895	<p><u>Improvement and Technology</u></p> <ul style="list-style-type: none"> - Provides the strategic lead and design function for IT and telecommunications infrastructure across the authority. - Delivers and champions the effective use of, management information and performance data for HCC departments, corporate management and partnership purposes. - Delivers improvement programmes and project management for key authority wide and departmental initiatives ensuring Equalities and Diversity issues are effectively addressed. - Supports the organisation's Data Protection, Freedom of Information, Open Data and Records Management activity. - Supports the organisation's commissioning and procurement activity providing technical support, supplier relationship advice and best practice advice to enable effective, value for money contracting. 	13,089	(2,068)	11,021	10,989	10,989

2016/17 Original Net Budget £'000	Objective Area	Gross Budget 2017/18 £'000	Income £'000	Net Budget 2017/18 £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000
15,310	<p><u>Property</u></p> <p>Property Teams: - Provide the strategic asset management and advice function in support of land, buildings and other property assets owned or leased by the County Council. Act as the Corporate Client for outsourced property services including property lease and managing agent function, property and land specialist consultancy services, property & land disposals and acquisitions services. Deliver Development Services function for county assets (planning permissions), responses to District Council Strategic Land Use Plans and negotiates S106/CIL infrastructure development funding agreements.</p> <p>Central & Shared Buildings - This budget covers the facilities management and running costs for all shared offices (County Hall, Apsley, Stevenage and Mundells), as well as certain other divisional buildings throughout the county. It is managed by Property and all costs are recovered by recharges to the building occupiers.</p> <p>Service Property Costs - Property are responsible for the provision of 'hard' Facilities management (reactive and planned maintenance works) across the majority of operational service properties, e.g. the libraries, fire stations etc.</p> <p>Corporate Managed Properties - This budget covers the management of all properties that are not being used for direct services delivery by the county council, including those in the property disposal programme.</p> <p>Staff Housing Pool - Managed by Aldwyck Housing Association, this provides staff temporary housing and provides an income that is used to pay for the repairs and maintenance of the properties.</p>	34,320	(18,149)	16,171	16,806	17,440
433	<p><u>Assurance (Internal Audit, Scrutiny and Health & Safety)</u></p> <p>Internal Audit - Internal Audit gives assurance to members and senior managers on all the Council's governance, risk management and internal control arrangements, so as to ensure that these key areas work effectively to deliver council objectives.</p> <p>Counter Fraud - Counter fraud activity delivered by the Shared Anti Fraud Service; pro-active and re-active work to prevent and detect fraud</p> <p>Scrutiny - Scrutiny has the responsibility to hold The Executive to account by scrutinising decisions made by, or on behalf of the Council or Cabinet, and any operational or policy aspect of the council's business. It also has the power to scrutinise health services.</p> <p>Health and Safety - The team delivers strategic and operational Health and Safety advice and guidance, with a risk-based model of service delivery.</p>	1,569	(1,294)	275	276	276

2016/17 Original Net Budget £'000	Objective Area	Gross Budget 2017/18 £'000	Income £'000	Net Budget 2017/18 £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000
5,768	<p><u>Legal Services & Statutory Services</u> Legal Services - Provide high quality legal and administrative services to enable the County Council to carry out its policies and statutory obligations within the law and the council's own procedures in a cost effective manner.</p> <p>Highway Boundaries & Land Charges Unit - The Highway Boundaries and Land Charges Unit undertake searches on behalf of district councils, solicitors, and members of the public into inquiries about the status of roads, rights of way, and other highway matters. They also answer enquiries relating to common land.</p> <p>Elections - The elections budget represents the budget needed to pay for any by-elections in year, and to fund the cycle of county council elections which take place every four years.</p> <p>Democratic Services - This team is responsible for supporting county councillors to carry out their formal duties as councillors. It is responsible for arranging and supporting all of the council's formal meetings, including county council and Cabinet meetings, and ensuring that an accurate record of these is maintained.</p> <p>Coroners Service - The Coroner Service provides administrative and investigatory services to Her Majesty's Coroner for the district of Hertfordshire, in accordance with the responsibilities of the relevant authority as defined in the Coroners and Justice Act 2009. The service investigates sudden or unexpected deaths.</p> <p>Registration & Citizenship Service - Hertfordshire Registration & Citizenship Service is responsible for registering births, deaths, marriages and civil partnerships, and citizenship services in Hertfordshire. The</p>	9,134	(3,567)	5,567	5,568	5,568
(1,315)	<p><u>Hertfordshire Business Services</u> Hertfordshire Business Services comprises of the following sections:</p> <ul style="list-style-type: none"> • Hertfordshire Contract Management Services • Hertfordshire Supplies • Hertfordshire Fleet Management Services (HFMS) • Hertfordshire Reprographics • Surecare Supplies 	11,384	(12,932)	(1,548)	(1,547)	(1,547)

2016/17 Original Net Budget £'000	Objective Area	Gross Budget 2017/18 £'000	Income £'000	Net Budget 2017/18 £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000
3,699	<u>Insurance</u> The insurance costs of the County Council are met through this budget. These costs include external insurance premiums paid, an amount set aside each year to meet the internally insured claims and excesses on externally insured claims, and the operational cost of running the County Council's insurance	3,896	0	3,896	3,896	3,896
0	<u>Care Payments</u> The care payments team make payments to care providers and citizens paying for their own care.	1,336	(108)	1,228	1,227	1,227
3,110	<u>Corporate Policy (see note 1)</u> Corporate Policy is concerned with analysing national policy developments, research studies and best practice to support the formulation of policy across the county council. This includes leading on the corporate plan, the localism agenda and the coordination of policy consultation.	2,784	0	2,784	2,794	2,773
1,116	<u>Communications (see note 1)</u> Communications aims to increase awareness of county council services through effective communication with residents, stakeholders and other target audiences. It is responsible for developing and implementing the council's corporate and departmental communications strategies.	1,093	(56)	1,037	997	997
62,394	Resources Total	104,863	(42,671)	62,192	62,681	63,294

2016/17 Original Net Budget £'000	Objective Area	Gross Budget 2017/18 £'000	Income £'000	Net Budget 2017/18 £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000
	Central items					
21,122	<u>Capital Financing</u> The revenue costs of the capital programme are met through this budget. It is made up of the interest costs of borrowing to fund the capital programme and the Minimum Revenue Provision, which is the amount put aside each year to repay the borrowing.	10,720		10,720	12,579	14,283
11,157	<u>Interest on Balances</u> The council's cash balances not required immediately to pay for services are invested to earn interest and this budget reflects the interest earned. The interest earned is offset by the allocation of interest to the various reserves the council holds cash balances for e.g. client accounts and the insurance fund.	11,595		11,595	12,877	13,792
4,803	<u>Contingency</u> This budget provides for potential cost increases in areas of risk/uncertainty.	4,061		4,061	4,061	4,061
2,220	<u>Lee Valley Regional Park and Environment Agency levies</u> The county council has to contribute to the funding of these two organisations. • The Lee Valley Regional Park Authority develops, preserves and manages an area next to the River Lee as a regional park. • The Environment Agency issues a local levy to the county council to fund flood defence.	2,220		2,220	2,220	2,220
1,085	<u>Other</u> Includes inflation and adjustment for Invest to Transform payments still to be allocated	696		696	15,596	30,496
40,387	Central Items Total	29,292	0	29,292	47,333	64,852

Note 1: Responsibility for Corporate Policy and Communications transferred from the Environment department to Resources in 2016/17

Proposed Resources and Performance Portfolio Capital Programme 2017/18-2019/20

The total proposed Capital Programme 2017/18 to 2019/20 for the portfolio is £23.546m. This includes all new bids and re-programming from 2016/17 at the end of quarter 2. It includes HCC funding of £22.646m.

	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m
HCC Funding	14.413	4.401	3.832	22.646
Grant	-	-	-	-
Contributions	-	-	-	-
Reserves	0.300	0.300	0.300	0.900
Revenue	-	-	-	-
Total	14.713	4.701	4.132	23.546

New Capital Bids

Resources and Performance have four new bids which increase total HCC funding. In total an additional £10.820m is required for these schemes in 2017/18 compared to the previous Integrated Plan, and £12.170m across the programme period 2017/18-2019/20. There is no external funding available for these schemes

Scheme	Additional Cost 2017/18 (HCC funded) £m	Total Additional Cost 2017/18-2019/20 (HCC Funded) £m	
Energy Performance Certificate Property Improvements	0.200	0.550	From April 2018, it will be illegal to issue a new letting on either residential or commercial premises where a minimum energy efficiency standard (a rating of 'E') for the building has not been achieved. We have identified approx. 75 properties which require upgrading due to lease renewal occurring in the next 3 years to meet the energy efficient statutory requirement. These include 25 Rural Estate dwellings and 50 properties let to deliver a service purpose such as Children's centres and residential properties let to Housing associations.
Acquisition of Assets, Hertford (Leahoe)	2.500	2.500	The acquisition of the remaining properties at Leahoe Gardens, Hertford, in order to assist the redevelopment of the area.

Scheme	Additional Cost 2017/18 (HCC funded)	Total Additional Cost 2017/18-2019/20 (HCC Funded)	
Acquisition of land, Stevenage	7.870	8.370	To acquire land in Stevenage to provide opportunities over the medium and longer term.
25 by 20	0.250	0.750	Budget required in order to make changes to facilities and space within our main office sites and working with districts to supply touchdown facilities in order to reduce Property costs of the main office estate by 25% between 2017 and 2020.
	10.820	12.170	

Revised Capital Bids increasing total HCC Funding

Resources and Performance have 3 bids which increase total HCC funding compared to the previous Integrated Plan. In total £3,698k of HCC funding is requested for 2017/18-2019/20.

Scheme	Additional Cost 2017/18	Total Additional Cost 2017/18-2019/20	
	£m	£m	
ICT Refresh budget and Refresh Mobile Computing Devices	0.789	2.967	An additional £0.789m has been requested for 3 years as hardware is not as up to date or capable for future needs. To deliver certain users and teams a 2in1 device is proposed, physically similar to an ipad but based on Microsoft technology. This will enable users to have equipment with a modern ergonomic design, flexibility and the ability to work anywhere. £0.600m of this additional budget relates to the rolling programme for 2019/20, to be able to responsive to the requests for users for Laptops, Servers and Hardware.
Touchdowns - deliver new and upgrade existing facilities	0.150	0.150	This will deliver new Touchdown facilities alongside upgrades and revisions to existing facilities across the county. Touchdowns enable staff to work efficiently, reducing travel times.
HBS Vehicles	-	0.581	Vehicles required to support the work of Herts Fullstop. £0.489m relates to the forecast spend for 2019/20. £0.092m relates to revised price information for the vehicles expected to be replaced in 2018/19.
	0.939	3.698	

Proposed Resources & Performance Portfolio Capital Programme 2017/18-19/20

		2017/18 Integrated Plan			2018/19	2019/20		
<u>Resources and Performance</u> <i>New Request (N) or Existing Request (E) or Revised Request (R)</i>		Directorate	Annual Programme/ Scheme Cost	Cost	HCC Funding	Reserves	Cost	Cost
			£'000	£'000	£'000	£'000	£'000	£'000
1	Capital Maintenance Improvements (Non-Schools) & Non Schools Annual Programme of Minor Works (E): Budget to assist Facilities Management in maintaining and managing the stock of properties for which it is responsible. If capital is not made available this will impact directly on revenue resources.	Resources and Performance	Annual Programme	1,500	1,500	-	1,500	1,500
2	ICT Refresh budget and Refresh Mobile Computing Devices (R): £600k of this budget is a rolling programme to be responsive to the requests for users for Laptops, Servers and Hardware. An additional £789k has been requested for 3 years as hardware is not as up to date or capable for future needs. To deliver certain users and teams a 2in1 device, physically similar to an ipad but based on Microsoft technology. This will enable users to have equipment with a modern ergonomic design, flexibility and the ability to work anywhere.		Annual Programme	1,389	1,389	-	1,389	1,389
3	Salix Funded Projects (E): Investment in energy conservation projects generating revenue savings, The energy saving costs are then used to repay the capital expenditure which then funds further energy projects. There may be revenue savings for schemes that have now exceed their payback period.	Resources and Performance	Annual Programme	300	-	300	300	300
4	Required Health & Safety works to Car Park surfaces and associated infrastructure to County Hall Car Parks (E): The funding is required to maintain the structural integrity of the three storey car park.	Resources and Performance	1,000	200	200	-	200	-

			2017/18 Integrated Plan			2018/19	2019/20		
Resources and Performance <i>New Request (N) or Existing Request (E) or Revised Request (R)</i>			Directorate	Annual Programme/ Scheme Cost	Cost	HCC Funding	Reserves	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000
5	HBS Vehicles (R): Vehicles required to support the work of Herts Fullstop.	Resources and Performance	Annual Programme	-	-	-	308	489	
6	Access control and Car Park control improvements (E): This project will deliver car park management systems to both rear and front car parks at County Hall. All car parks are currently over-subscribed with no control over who is accessing or using these areas. The safety of users is compromised by excessive parking in non car park areas. Access to the site for emergency vehicles is also compromised.	Resources and Performance	700 Invest to Transform	300	300	-	-	-	
7	Rural Estate – Annual Capital Buildings, Land & Equipment Programme (E): Budget required for capital equipment and building improvements on the rural estate.	Resources and Performance	Annual Programme	54	54	-	54	54	
8	EPC Property Improvements – Rural & Operational Estate (N) From April 2018, it will be illegal to issue a new letting on either residential or commercial premises where a minimum energy efficiency standard (a rating of 'E') for the building has not been achieved. We have identified approx. 75 properties which require upgrading due to lease renewal occurring in the next 3 years to meet the energy efficient statutory requirement. These include 25 Rural Estate dwellings and 50 properties let to deliver a service purpose such as Children's centres and residential properties let to Housing associations.	Resources and Performance		200	200	-	200	150	
9	Touchdowns - deliver new and upgrade existing facilities (R) - This will deliver new Touchdown facilities alongside upgrades and revisions to existing facilities across the county.	Resources and Performance		150	150	-	-	-	

		2017/18 Integrated Plan			2018/19	2019/20		
Resources and Performance <i>New Request (N) or Existing Request (E) or Revised Request (R)</i>		Directorate	Annual Programme/ Scheme Cost	Cost	HCC Funding	Reserves	Cost	Cost
			£'000	£'000	£'000	£'000	£'000	£'000
10	Acquisition of assets, Hertford (Leahoe) (N) - The acquisition of three houses and a domestic garage at Leahoe Gardens, Hertford. The council own all the properties in the immediate area, apart from three houses and one lock up garage. In order to assist the redevelopment of the area and avoid any ransom issues occurring, both in terms of financial positions and project delivery, the acquisition these four assets is considered appropriate.	Resources and Performance		2,500	2,500	-	-	-
11	Acquisition of land, Stevenage (N): - To acquire two pieces of land in Stevenage, one located near to the council's household waste recycling centre (HWRC) and Farnham, Robertson and Abel Smith House; and the second close by at Bessemer Drive. This will provide strategic opportunities for these surrounding council assets over the medium and longer term, as well as ownership of car parking facilities (avoiding current rent costs).	Resources and Performance	8,370	7,870	7,870	-	500	-
12	25 by 20 (N): -making changes to facilities and space within our main office sites and working with districts to supply touchdown facilities in order to reduce Property costs of the main office estate by 25% between 2017 and 2020.	Resources and Performance	250	250	250	-	250	250
TOTAL RESOURCES AND PERFORMANCE				14,713	14,413	300	4,701	4,132