

Agenda Item

No:

**8**

**HERTFORDSHIRE COUNTY COUNCIL**

**CABINET**

**MONDAY, 18 DECEMBER 2017 AT 2:00PM**

**HERTFORDSHIRE COUNTY COUNCIL FINANCE REPORT – QUARTER 2,  
2017/18**

*Report of the Director of Resources*

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Resources, Property and the Economy portfolio)



Hertfordshire County Council

# Budget Monitor Report

Quarter 2 2017

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## Section 1 – Executive Summary

### Revenue Monitor

- The projected revenue outturn at 30<sup>th</sup> September 2017 is an overspend of **£2.191m** after adjusting for ringfenced underspends which will be taken to reserves, or an overspend of £0.078m before carryforwards. Services are continuing to review forecast overspends and are actively seeking opportunities to make in-year savings in order to bring outturn projections back in line with budget. At the same time, some new pressures are emerging. The net forecast overspend has increased by £0.2m since Q1.

**Table 1 - Summary Revenue Budget Monitor**

Summary Revenue Budget Monitor as at 30 September 2017								
SERVICE	Ref	Latest Approved Budget	Projected outturn at Year End	Projected Variance before C/F at Q2 2017	Carry Forwards	Projected Variance after C/F at Q2 2017	Projected Variance after C/F at Q1 2017	Quarterly Movement
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Care Services	2.1	321,936	320,114	(1,822)	2,031	209	348	(139)
Public Health	2.2	49,433	49,351	(82)	82	0	337	(337)
Children's Services	2.3	167,915	171,119	3,204	0	3,204	2,321	883
Environment	2.4	106,678	106,778	100	0	100	100	(0)
Resources	2.5	71,881	71,675	(206)	0	(206)	(119)	(87)
Community Protection	2.6	35,099	35,157	58	0	58	(255)	313
Central Capital Financing and Interest on Balances		22,315	21,457	(858)	0	(858)	(708)	(150)
(Additional) / less Grant Income	2.7	0	(317)	(317)	0	(317)	(62)	(255)
Contingency/Special Provision		7,648	7,648	0	0	0	0	0
Precepts/Levies		2,112	2,112	0	0	0	0	0
Apprentice Levy		933	933	0	0	0	0	0
					0	0	0	0
<b>NET REVENUE BUDGET</b>		<b>785,949</b>	<b>786,027</b>	<b>78</b>	<b>2,113</b>	<b>2,191</b>	<b>1,962</b>	<b>229</b>
Funded from Balances		2,489	2,489	0	0	0	0	0
Contribution to Capital		0	0	0	0	0	0	0
<b>COUNTY FUND TOTAL</b>		<b>788,438</b>	<b>788,516</b>	<b>78</b>	<b>2,113</b>	<b>2,191</b>	<b>1,962</b>	<b>229</b>
CS Schools funded by direct government grant		621,587	609,054	(12,532)	0	(12,532)	(13,603)	1,071
Schools Grant & Other Funding		(621,587)	(608,276)	13,310	0	13,310	13,006	304
Schools Overspend/ (Underspend)		0	778	778	0	778	(598)	1,376

**Table 1A – Breakdown of Variances**

Breakdown of Variances as at 30 September 2017						
SERVICE	Projected Variance at Q2 2017 £'000	Early Achievement of Savings / Pressures £'000	One off £'000	Additional Ongoing £'000	Carry Forwards £'000	Total £'000
Adult Care Services	(1,822)	1,343	(714)	(420)	(2,031)	(1,822)
Public Health	(82)	0		0	(82)	(82)
Children's Services	3,204	681	2,524	0	0	3,205
Environment	100	0	100	0	0	100
Resources	(206)	(245)	39	0	0	(206)
Community Protection	58	0	58	0	0	58
Central Capital Financing and Interest on Balances	(858)	0	(858)	0	0	(858)
(Additional) / less Grant Income	(317)	0	(317)	0	0	(317)
Contingency/Special Provision	0	0	0	0	0	0
Precepts/Levies	0	0	0	0	0	0
Apprentice Levy	0	0	0	0	0	0
<b>TOTAL</b>	<b>78</b>	<b>1,779</b>	<b>832</b>	<b>(420)</b>	<b>(2,113)</b>	<b>78</b>

- This report also includes the latest position on the Invest to Transform Fund (ITT), shown in Appendix A, including progress against current active schemes.
- Details of approved virements and technical adjustments can be found in Appendix B.

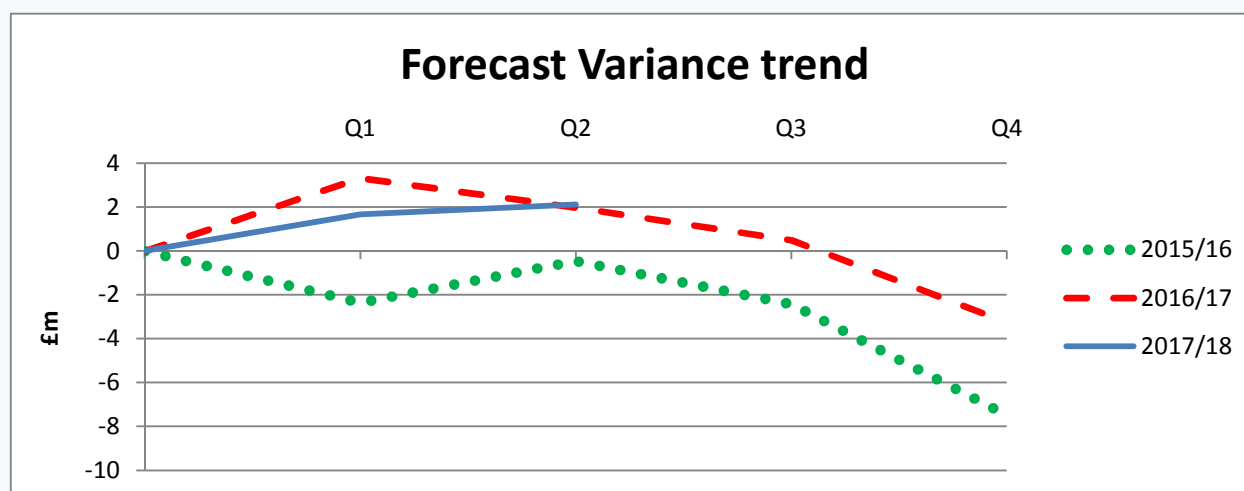
### Key Variances

Area	Variance	Ref
Older People	(£5.345m)	2.1.1
Adult Disability Service	£2.409m	2.1.2
Mainstream Transport & SEN Transport	£1.618m	2.3.1
Independent Placements	£1.222m	2.3.3

Revenue Financing	(£0.928m)	2.7.1
Property	(£0.801m)	2.5.1
Herts Business Services	£0.724m	2.5.2

### HCC Forecast Variance Trend

The graph below shows how the forecast variance has moved quarterly for the current and last two financial years. This graph shows the position net of carry forwards which for Q2 would bring the position to an overspend of £2.191m.



### Capital Monitor

- The projected capital outturn position as at 30<sup>th</sup> September 2017 is a variance of (£62.694m) comprising:
  - Proposed Reprogramming to Future Years - (£62.587m) as shown in Appendix C, and including £38.3m for Croxley rail link
  - Underspends – (£0.567m)
  - Overspends – £0.460m
- These variances are calculated on the latest budget of £237.395m, which takes into account reprogramming from 2016/17.
- Details of significant capital variances are shown in Section 5.2.

### Recommendations

The Resources, Property & the Economy Cabinet Panel will consider a report on this item of business at its meeting on 15 December 2017. The Panel will be invited to recommend to Cabinet that Cabinet approves the following:

- that capital budgets of £63.866m, be reprogrammed to 2018/19 or future years; and
- that capital budgets of £1.279m, be reprogrammed from 2018/19 to 2017/18, to meet spend in that year.

The reprogramming from 2018/19 to 2017/18 includes £0.785m Highways Maintenance budget. This is being brought forward to cover a net forecast overspend in 2017/18, in order to avoid the need to reduce spend on other 2017/18 schemes. The service are taking steps to contain the overspend, and it is proposed that any reprogramming not required in 2017/18 be transferred back to the 2018/19 budget at year end, subject to Member approval.

The Cabinet Panel's recommendation/s to Cabinet will be reported orally at the Cabinet meeting and circulated to Members in the Order of Business sheet.

## Schools Monitor

The Schools' budget is funded from the Dedicated Schools Grant (DSG) and sixth form grant which is separately received from the Education Funding Agency (EFA). A net variance of **£0.778m** overspend is projected.

Additional details regarding this variance can be found in Section 4.

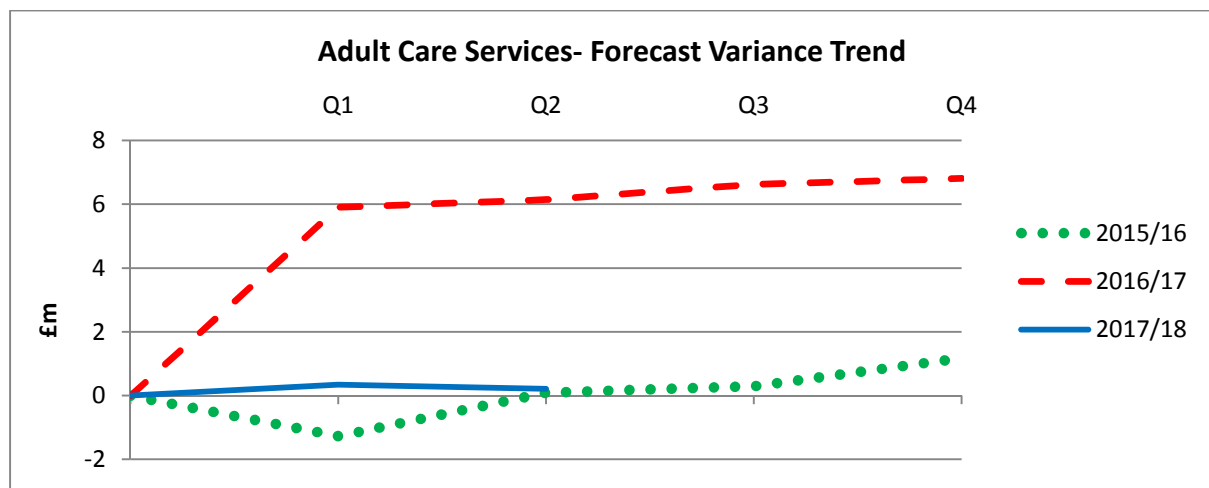
## Section 2 – Forecast Variances over £250k by Service

### 2.1 Adult Care Services (ACS)

#### Summary of total ACS position:

The table below summarises the forecast monitor position for the department, with the graph beneath showing how the forecast variance has moved quarterly for the last 2 financial years.

Adult Care Services	Ref	LAB	Projected Spend	Variance	Variance Last Quarter	Movement in Quarterly Variance
		£000s	£000s	£000s	£000s	£000s
Older People & Adult Disability Services	2.1.1 2.1.2	226,858	226,848	(15)	153	(168)
Better Care Fund & Improved Better Care Fund	2.1.3	40,443	38,412	(2,031)	(300)	(1,731)
Mental Health Services	2.1.4	15,988	16,347	359	200	159
Preventative Services	2.1.5	16,930	16,616	(314)	(258)	(56)
In House Day Care Services & Transport SLA		14,116	14,208	92	174	(82)
Strategic Centre & Support Services		7,574	7,661	87	79	8
Grant Funded Projects		27	27	-	-	-
<b>Adult Care Services Total (before c/f)</b>		<b>321,936</b>	<b>320,114</b>	<b>(1,822)</b>	<b>48</b>	<b>(1,870)</b>
<i>Carry Forward</i>				<b>2,031</b>	<b>300</b>	<b>1,731</b>
<b>Adult Care Services Total (after c/f)</b>		<b>321,936</b>	<b>320,114</b>	<b>209</b>	<b>348</b>	<b>(138)</b>





## Key variances:

2.1.1 Older People					Breakdown of Variance			
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
97,344	92,889	(4,455)	(2,730)	(1,725)	-	(2,174)	(250)	(2,031)

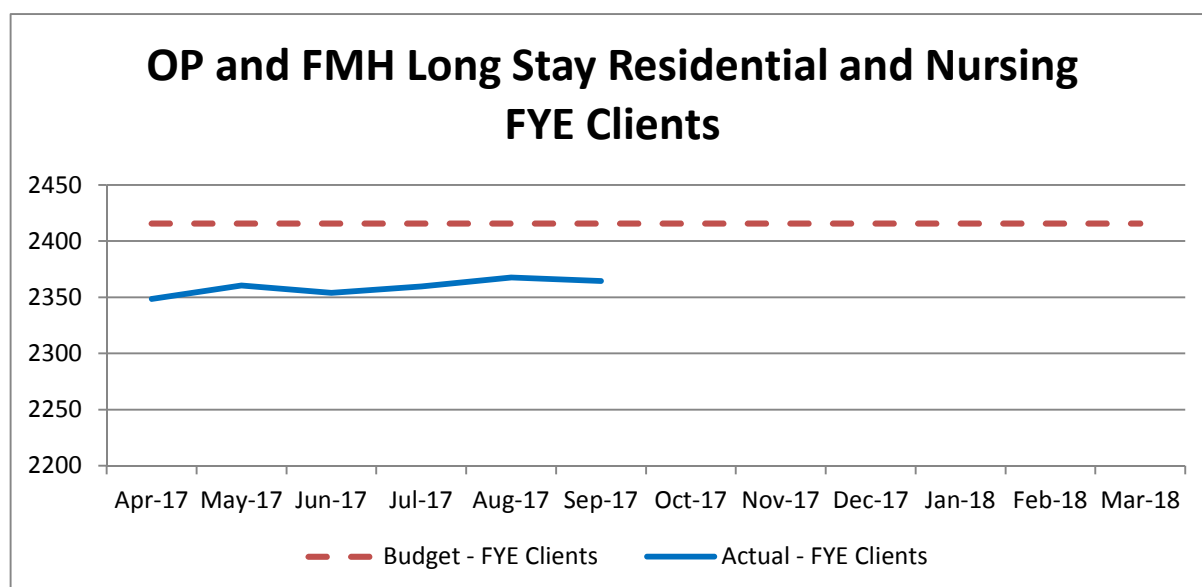
The older people's care purchasing budget was under significant pressure during 2016/17 from demand greater than that projected, particularly from hospitals; increased price requests from care providers; and increases in people's complexity. Management action was taken to address these issues with new practice principles drafted to assist staff, additional staff and managers in hospitals to manage demand and more services commissioned to enable people with higher needs. Budget setting for 2017/18 took place whilst these new arrangements were being put in place, prior to winter and before additional monies were announced by the Chancellor.

The *main components of the variance* are:

- (£3,000k) The overall quantum of people being placed in residential care has reduced in line with service strategy with 51 fewer people being funded in care homes since the budget plans set in December 2016. Confirmation of alternative funding streams for care now means that 22 clients are assessed as being self-funding and 6 being recognised as fully funded by the NHS.

Expenditure on residential and direct payments this year is being managed carefully in preparation for the final reduction in funding from Herts Valleys CCG next year.

The graph below demonstrates the number of full year equivalent residential and nursing clients.



- £320k overspend on supporting people to stay at home. This is broken down as follows:
  - £1,620k overspend as a result of more homecare being provided to people as an

### 2.1.1 Older People

alternative to residential and nursing care caused primarily by a lower recovery of income overall (more income is recovered from people in care home settings than remaining at home through national charging rules).

- (£1,300k) underspend on the direct payments budget. A comprehensive review strategy has been in place since mid-way through the last financial year, which reviewed DP balances and adjusted people's payments in line with their eligible needs. This and an overall net reduction in packages since the budget was set last December has resulted in an underspend of (£880k). In addition the full year impact of additional fairer charging contributions from people remaining at home is projecting an underspend of (£420k).
- (£190k) underspend on carer's direct payments. Since the overspend last year, teams have been asked to review people's payments in line with eligible carer's needs.
- (£420k) underspend on the Herts Equipment Service budget. A one-off investment was made by the NHS and local authority to provide additional staffing to boost performance of the service and provide robust challenge to prescribers. For 2017/18 this one-off investment is no longer required, therefore Adult Care Services' original share of the investment of (£250k) can be shown as a saving in the 18/19 budget plans along with the in-year underspend on equipment.
- £890k - There is a requirement to provide for an increased level of client debt especially any classified as statute barred debt. The impact of this is an overspend of £890k

#### *Main reasons for quarterly movement*

- (£590k) overall reduction within the core care purchasing budgets (residential, homecare, direct payments, daycare). As highlighted above the majority of the movement relates to reduced direct payment commitments through either deceased clients, the backdating of clients now fully CHC funded and the ending of packages where they are no longer receiving services.
- (£310k) reduction as a result of movements across a number of areas within the older people's budget.

### 2.1.2 Adult Disability Services

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
169,957	172,336	2,409	2,583	(174)	1,343	1,066	-	-

The care purchasing budgets for people with a learning and/or physical disability remains under significant pressure from demand greater than that projected, particularly for people aged 0-25; increased price requests from care providers and requests to increase existing care packages

## 2.1.2 Adult Disability Services

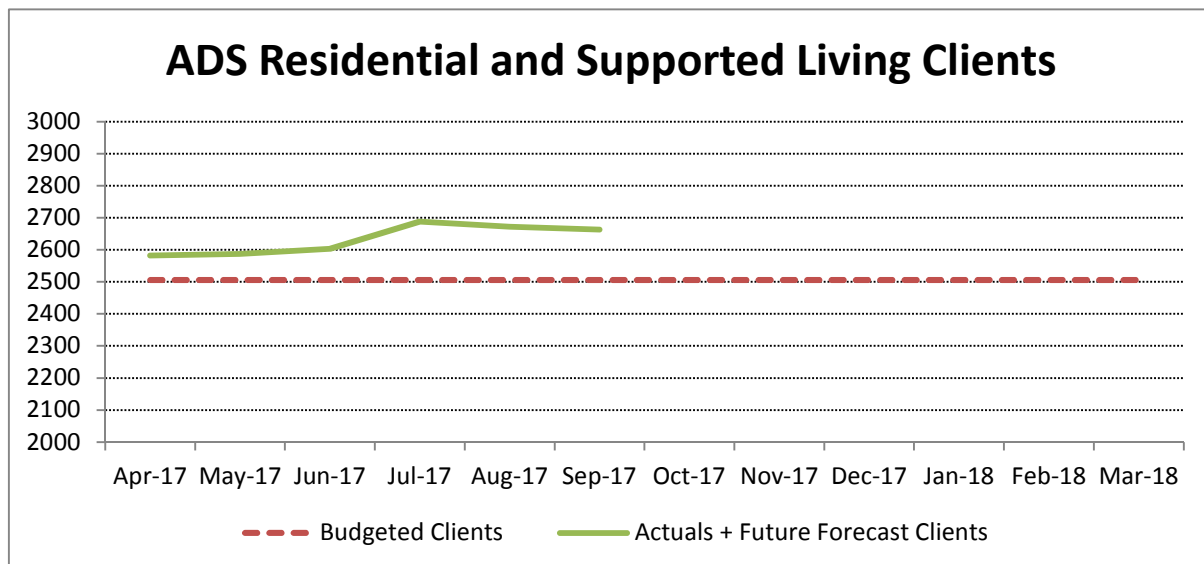
because of people's increasing levels of disability and complexity.

A restructure of the social work teams, to pull together a long-term case management model, was completed in April 2017 to address these issues. Staff are now working to clarify the future care purchasing demands on the service more accurately as well as working with people and their families to find community alternatives as well as more cost-effective statutory social care services. Budget setting for 2017/18 took place whilst these new arrangements were being put in place. The main components of the variance are:

- The residential / supported living budget for people with adult disabilities has a forecast overspend of £2,130k. This forecast is a combination of the costs of existing care packages currently being received by people, plus an estimation of new care package costs that will emerge in 2017/18 that are recorded on the system.
- A new comprehensive 'Care Costs Finance Dashboard' has been launched to managers in the new service this year, which will be providing improved financial monitoring information for budget holders. This incorporates a forecasting screen where team managers provide regular updates about potential new clients in comparison to budgeted demographic pressures. Due to the risk that more data cleansing is required as managers become familiar with the new expectations, a full review of the forecasting screen is being undertaken with the aim of completion by the November monitor. It had also been planned to make 97 placements up to the end of September but as a result of demand pressures actually 133 placements have been made.

The forecast also includes a £320k pressure regarding settlement over sleep-in payments with a number of providers. There remains a risk that further providers will come forward and be able to demonstrate a legitimate challenge against current payment levels.

The graph below demonstrates that placements to the end of September are above budgeted levels.



- (£230k) underspend on the Adult Disability direct payments budget representing the full year effect of additional fairer charging income.
- £640k overspend on the homecare budget. There has been an increased number of homecare packages being provided within the Adult Disability service, being driven by a

### 2.1.2 Adult Disability Services

change in need as a result of hospital admissions or deterioration in conditions.

- (£490k) underspend in the operational teams budget due to vacancies held within the service as the new Adult Disability service is embedded and budget position improves.
- £150k overspend on the in-house supported living budget.
- £400k overspend on the external day services budget as a result of non-achievement of the 17/18 IP saving - management action is being taken to improve this position.
- (£200k) underspend as a result of small variances across a number of areas within the general Adult Disability Service budget.

### 2.1.3 Better Care Fund & Improved Better Care Fund

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
40,443	38,412	(2,031)	(300)	(1,731)	-	-	-	(2,031)

The underspend relates to:

- (£320k) underspend against budget on the Better Care Fund. This is primarily as a result of the inflationary uplift recommended by the NHS within national BCF guidance. A request will be made to carry forward the underspend into the next financial year as per the legal agreement.
- (£1,710k) underspend on the Improved Better Care Fund budget as a result of slippage and the phased implementation of agreed schemes funded by the IBCF-New allocation. Plans are in place but full implementation will not be delivered until 18/19. A request will be made to carry forward these funds into the new financial year.

### 2.1.4 Mental Health Services

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last month £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
15,988	16,347	359	200	159	-	359	-	-

The overspend primarily relates to a forecast shortfall in the delivery of the £1,040k IP saving for Mental Health. The project associated with moving clients out of specialist into more mainstream

#### 2.1.4 Mental Health Services

accommodation requires further work between ACS, HPFT and District Councils to identify accommodation and carefully manage the moves. This process may not be fully concluded before the end of the financial year.

#### 2.1.5 Preventative Services

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last month £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
16,930	16,616	(314)	(258)	(56)	-	(144)	(170)	-

(£170k) as a result of the full year effect of the £1,000k Housing Related Support saving introduced late into the budget for 2016/17. Although there was a shortfall in 2016/17, it was recognised that additional savings would be achieved in 2017/18.

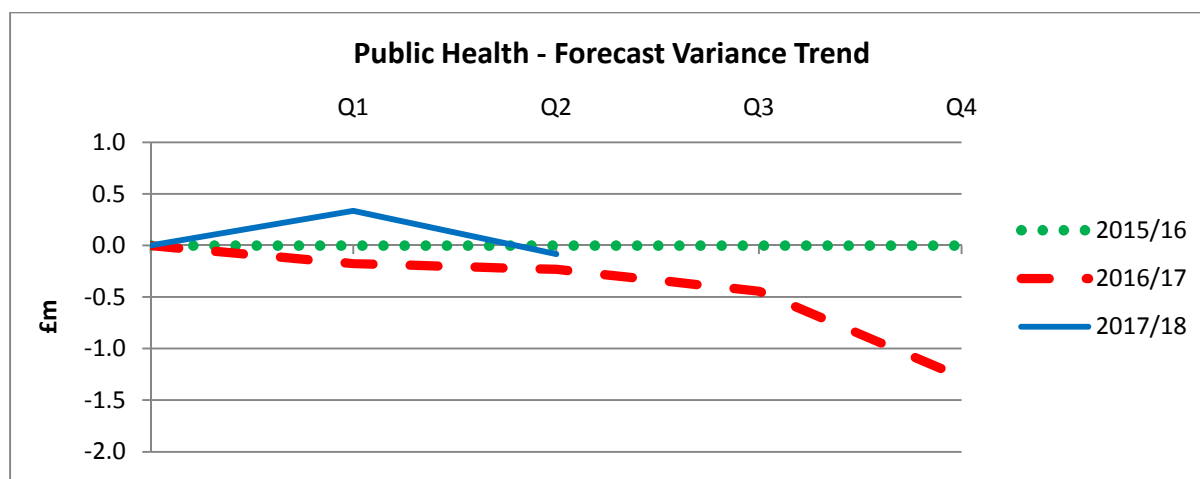
The balance is due to in year savings from reduced growth in flexicare units and reduced occupancy in a provision for Learning Disabilities.

## 2.2 Public Health

### Summary of total Public Health position:

The table below summarises the forecast monitor position for the department, with the graph beneath showing how the forecast variance has moved quarterly for the last 2 financial years. Any underspend at year end will be carried forward as ringfenced grant.

Public Health	Ref	LAB £000s	Projected Spend £000s	Variance £000s	Variance Last Quarter £000s	Movement in Quarterly Variance £000s
Corporate PH		2,770	2,596	(174)	(46)	(128)
Smoking Cessation Service		1,829	1,833	4	-	4
Sexual Health	2.2.1	9,810	10,198	388	381	7
Drugs & Alcohol		7,479	7,481	2	7	(5)
Children		19,979	19,784	(195)	-	(195)
Adults		1,383	1,379	(4)	(5)	1
District & Partnership Working		1,912	1,912	-	-	-
PH Initiatives & Commissioning		4,271	4,168	(103)	-	(103)
<b>Public Health Total</b>		<b>49,433</b>	<b>49,351</b>	<b>(82)</b>	<b>337</b>	<b>(419)</b>



### Key variances:

The table below provides an explanation of the key variances within the department.

### 2.2.1 Sexual Health

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
9,810	10,198	388	381	7	-	388	-	-

The movement relates to the contract for Integrated Sexual Health Services. The budget has been set with the expectation that savings can be achieved from the contract, however negotiations are still on going with the provider.

The current overspend of £349k is expected to be the worst case scenario and the budget holder is continuing negotiations with a view to reducing this figure.

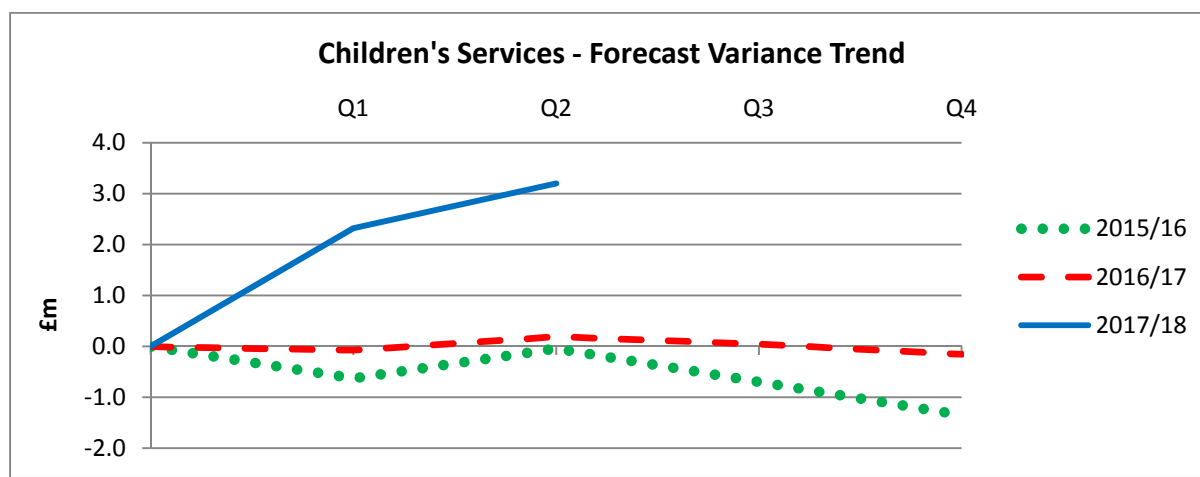
There are variances over a number of sexual health lines (many of which are activity driven) which has resulted in a further overspend of £39k.

## 2.3 Children's Services

### Summary of total Children's Services position:

The table below summarises the forecast monitor position for the department, with the graph beneath showing how the forecast variance has moved quarterly for the last 2 financial years.

Children's Services	Ref	LAB £000s	Projected Spend £000s	Variance £000s	Variance Last Quarter £000s	Movement in Monthly Variance £000s
<b>Education and Early Intervention</b>	2.3.1 2.3.2	<b>50,233</b>	<b>51,803</b>	<b>1,569</b>	<b>1,411</b>	<b>159</b>
<i>Children Looked After (CLA)</i>	2.3.3 2.3.4	43,055	44,231	1,176	381	795
<i>Other Safeguarding and Specialist Services</i>	2.3.5 2.3.6	74,407	74,882	476	529	(53)
<b>Safeguarding and Specialist Services Total</b>		<b>117,462</b>	<b>119,446</b>	<b>1,985</b>	<b>910</b>	
<b>Children's Services Overheads</b>		<b>220</b>	<b>204</b>	<b>(16)</b>	<b>-</b>	<b>(16)</b>
<b>Children's Services Total</b>		<b>167,915</b>	<b>171,119</b>	<b>3,204</b>	<b>2,321</b>	<b>883</b>



### Key variances:

The tables below provide an explanation of the key variances within the department.



### 2.3.1 Mainstream & SEN Transport

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
17,600	19,218	1,618	1,618	-		1,618		

The overspend reported on transport is due to Special Educational Needs (SEN) Home to School Transport. Although there has been little movement in the number of pupils being transported, from this time last year, the average cost per pupil has increased by £662 (£5,760 Oct 2016 to £6,422 October 2017).

The reason behind the average cost increase is because student needs are increasing and therefore more pupils are travelling alone. Students are being transported further afield and in a large number of cases out of county as SEN places within Hertfordshire are filled. As students' needs are increasing we have taken on more medically trained PAs to travel in vehicles with students. This has all contributed to higher average costs. In October 2016 67 students were travelling with an average cost of £15k+. There are now 96 students travelling at an average cost of £15k+. The changes in transport contracts for the new academic year are not fully settled until October/November. The forecast will be reviewed again and updated for the October monitor, reported in November.

The County Council are currently evaluating the transport operations report recently generated in order to explore solutions to deliver cost savings.

### 2.3.2 Premature Retirement

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
4,455	4,845	390	-	390		390		

This forecast now includes the total attributable staffing costs for Cheshunt, as the whole amount is due to be paid out in 17/18, including three year salary protection and settlement agreements. It also includes a provisional forecast to ensure some stability in some of the most financially vulnerable maintained schools.

A review is being carried out of teachers added years premiums included in this budget, and there is a potential that this may result in savings being achieved against this budget, which will reduce the overall overspend.

### 2.3.3 Independent Placements

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
22,498	23,720	1,222	450	772		1,222		

The forecast overspend of £1.2m is mainly due to an overspend for Independent Residential placements of £1.78m (44 placements), reflecting an increase in costs for complex placements and support. Independent Fostering placements are forecasting an overspend of £297k (146 active placements). This budget continues to be under pressure as placement numbers are above target. There is also an overspend in Family Assessment placements £330k (5 active placements) due to court ordered assessments being required.

These overspends are partly off-set by underspends in other areas of the budget including:

Semi-Independent (£191k), Secure (£336k) and Disability (£162k). Intensive work is ongoing to redress the balance between in-house and Independent fostering placements and Residential placements are under constant review and the service are actively seeking to increase residential placement capacity and are working with other Local Authorities to seek a regional solution to placement matching, as this is becoming an issue across Authorities.

The total number of independent placements for September 2017 is 294. The year end target has been revised to 284.

The current forecast reflects the expected additional use of £500k of funding from the High Needs DSG block to fund education costs of Children Looked After placed out of county. The Board will be completing the work on the policy and practicality of these before the end of October 2017. Should this fail to materialise, the overspend will be increased to £1.7m.

Should placement numbers meet the year end target according to the reducing CLA strategy, the forecast overspend would reduce to £491k, assuming the reduction occurs pro-rata across the remaining six months in the year and average costs remain the same.

### 2.3.3 Independent Placements

Independent Placements - Movements				
Placement	Qtr 1 (£'000)	Qtr 2 (£'000)	Movement (£'000)	Placement Forecast
Residential	1,336	1,784	448	44, target of 48 (Jun = 48 ) movement -4
Family Assessment	247	330	83	5, (Jun = 2) movement +3
Semi-independent	(970)	(191)	779	60, target of 57 (Jun = 52) movement +8
Disability	(377)	(162)	215	37, target of 33 (Jun = 36) movement +1
Secure	(203)	(336)	(133)	2, target of 2 (Jun = 2) movement 0
Fostering	417	297	(120)	146, target of 140 (Jun = 150) movement -4
Adjustment		(500)	(500)	Provisional DSG top-up
	450	1,222	772	Total placement movement -4

N.B. £1m transfer to IP Fostering from IH Fostering

### 2.3.4 CLA Client Expenditure

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
1,607	1,773	166	200	(34)		166		

CLA Client Expenditure is forecasting an overspend of £166k.

This is due to a forecast overspend of £133k against CLA transport budgets as a result of ongoing pressures against transport budgets. A county wide review of transport has been completed which will impact on this area.

Leaving Care is forecasting an overspend of £33k mainly due to the level of over 18 costs for setting up home allowances.

### 2.3.5 Safeguarding Operations – Section 17

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
874	1,222	348	196	152	340	8		

There was a significant pressure on the s17 budget over the past year from increasing numbers of families with No Recourse to Public Funds (NRPF) and intentionally homeless families. Children's Services have a duty under section 17 of the Children Act 1989 to provide support to children and families which are deemed destitute, while their claims for asylum or leave to remain in the country are being considered by the Home Office (HO). This is recognised as a growing issue here in Hertfordshire and as demand rises, the impact on the budget is steadily increasing. Due to the length of the process and the various appeal stages families have the right to pursue it is not untypical for

### 2.3.5 Safeguarding Operations – Section 17

Children’s Services to have the duty to support families for five years and in some cases more. The reliance on the Home Office to conclude on cases under appeal is problematic and we are seeing families remain with NRPF’s for significant periods and then are joined by new families so the numbers do not decrease.

Added to which there is reluctance from the private rented sector to rent to NRPF families due to their immigration status and the local authority cannot agree to act a rent guarantors. Therefore we are reliant on hotels for accommodating families. There is a task and finish group looking at accommodation options.

Another pressure is the payment for families that are Intentionally Homeless (IH), which increased significantly last year following welfare benefit changes. Children’s Services have a duty to support families with finding and providing support to access accommodation in these circumstances. It is proposed that the on-going pressure in this area will be reflected in the Integrated Plan.

We have also seen the subsistence rates paid legally challenged and therefore these have been adjusted to a higher rate.

We are currently supporting 45 NR cases as at the 30th September, an increase from quarter 1 of 7 (38). We are also supporting 10 Intentionally Homeless families an increase of 2 from quarter 1 (8).

A Welfare Reform Task Group has been set up to review all current supported cases, with the main focus on IH families. This group is clarifying the County Council’s legal response to requests to support IH families and has been tasked with exploring various options of support.

A more consistent approach is now taken with recording and monitoring the status of NR families, with one point of contact dealing directly with the Home Office in order to obtain the latest appeals information.

### 2.3.6 0-25 Together Under 18 Direct Spend

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
8,085	8,145	59	363	(304)	457	(398)		

The forecast for 0-25 Together Under 18 Direct Spend has reduced by £304k since quarter one. This is mainly due to:

£200k reduction against respite care: consequential costs associated with the closure of Nascot Lawn are now being met from corporate contingency.

£111k reduction in forecast for Homecare and Direct Payments as a result of reduced commitments.

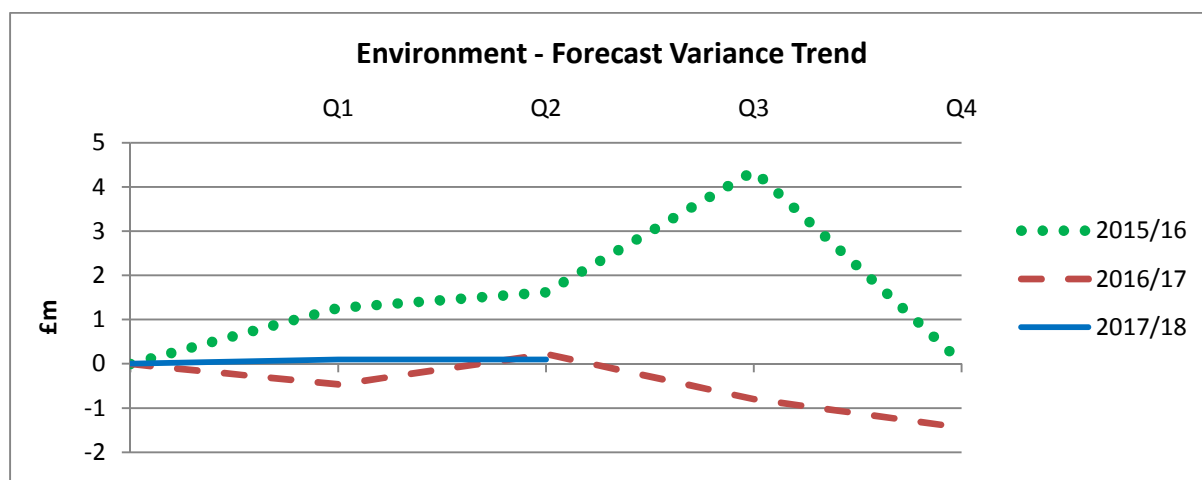
Other small movements increasing the forecast by £7k.

## 2.4 Environment

### Summary of total Environment position:

The table below summarises the forecast monitor position for the department, with the graph beneath showing how the forecast variance has moved quarterly for the last 2 financial years.

Environment	Ref	LAB £000s	Projected Spend £000s	Variance £000s	Variance Last Quarter £000s	Movement in Quarterly Variance £000s
Highways		59,117	59,217	100	100	-
Waste Management		43,080	43,080	-	-	-
Spatial Land Use and Planning		1,251	1,251	-	-	-
Environmental Management		2,309	2,309	-	-	-
Economic Development		301	301	-	-	-
Other Environment		620	620	-	(116)	(116)
<b>Environment Total</b>		<b>106,678</b>	<b>106,778</b>	<b>100</b>	<b>(16)</b>	<b>(116)</b>

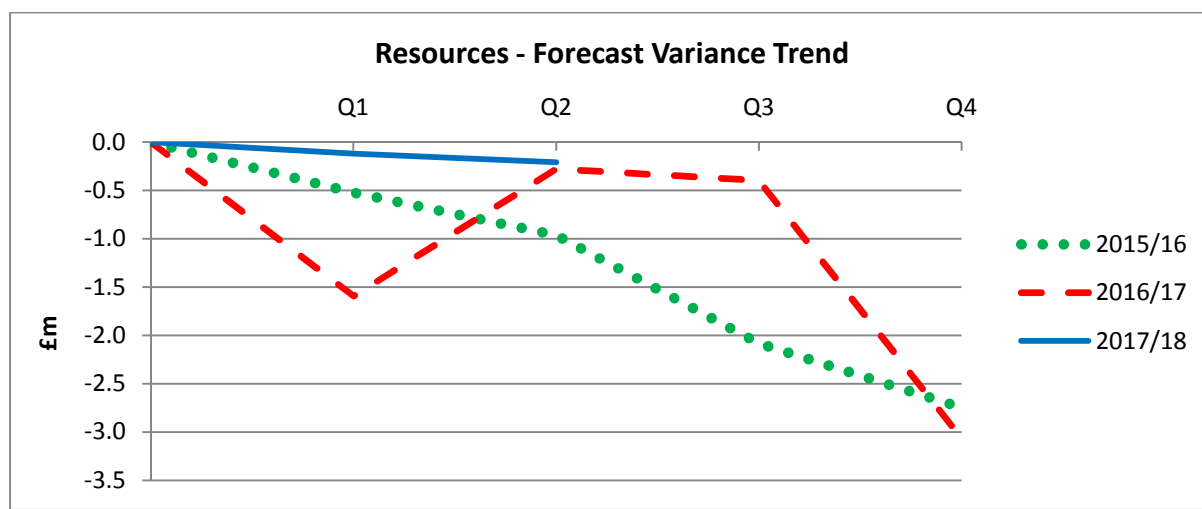


## 2.5 Resources

### Summary of total Resources position:

The table below summarises the forecast monitor position for the department, with the graph beneath showing how the forecast variance has moved quarterly for the last 2 financial years.

Resources	Ref	LAB £000s	Projected Spend £000s	Variance £000s	Variance Last Quarter £000s	Movement in Quarterly Variance £000s
Corporate Services	2.5.1	58,602	57,630	(972)	(453)	(519)
Herts Business Services	2.5.2	(1,803)	(1,079)	724	250	474
Customer Engagement		5,720	5,695	(25)	17	(42)
Libraries & HALS	2.5.3	9,862	10,179	317	317	-
Contribution from HCL	2.5.4	(500)	(750)	(250)	(250)	-
<b>Resources Total</b>		<b>71,881</b>	<b>71,675</b>	<b>(206)</b>	<b>(119)</b>	<b>(87)</b>



### Key variances:

The tables below provide an explanation of the key variances within the department.

### 2.5.1 Property

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarterly £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
15,957	15,156	(801)	(349)	(452)	(170)	(631)		

Property were previously reporting an underspend of (£349k). The Property underspend has increased by £452k this quarter, to (£801k) and is made up of the following elements:

- (£156k) Property Data Collection - A saving has been achieved from site and net capacity commissions, and this is a permanent saving (£70k) that forms part of the 2018/19 Resources IP. There has been a slippage of work (£86k) into 2018/19
- (£100k) Energy Management – The accumulated effect of previous energy saving works have resulted in a reduction of the required Carbon Reduction Credits and this will be an ongoing saving.
- (£68k) Vacancies across the Property department – Vacancies are being actively recruited to, however there has been slippage in the recruitment process and a decision not to backfill a position.
- (£105k) Corporately Managed Properties – Abel Smith House is anticipated to make a surplus since all tenants are in place for the full financial year, however this surplus is offset by an overspend on Feasibility project work and further maintenance works on the Supported Living properties managed by Aldwyck
- (£170k) Service Property – 3 rebates in relation to energy, rates and the PFI contract.
- (£90k) Hazards Management – Reactive hazards work did not materialise during the first half of the year as anticipated
- (£112k) Corporate Property Fees – Lower asset numbers and more efficient management of work streams have produced reduced contract costs. There is potential for a permanent saving from 2018/19 once the PMA contract is re-tendered

### 2.5.2 Herts Business Services (HBS)

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarterly £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
(1,803)	(1,079)	724	250	474		724		

HBS are forecasting to achieve a surplus in 2017/18 of £1.079m. However this is £0.724m short of the target of £1.803m.

### 2.5.2 Herts Business Services (HBS)

This is primarily due to reduced income in the network print function. Also within Fleet Services there is a £113k under contribution - mainly due to reduced level of purchasing and leasing vehicles.

It has not proved possible to make up the shortfall by expanded trading within HFS

The variance has worsened from the £250k reported last period. The second quarter is a critical period for HFS due to school sales. These have not materialised as expected.

Further work is being done investigating the reasons behind these variances, and any options for improving the position. Longer term investment options are also being developed with the Integrated Plan proposals.

### 2.5.3 Libraries & HALS

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarterly £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
9,862	10,179	317	317	-		317		

There is a pressure on the overall Libraries budget for the year due to not being able to achieve the Libraries Strategy saving as there have been delays in completing the roll out of community libraries in the current year (307k).

Hertfordshire Archives saving is not going to be achieved due as the proposed reduction in opening hours has been postponed (18k).

Within this overspend there is also the pressure of the income target shortfall which has increased to 143k from 136k but this is being managed through the freezing of spending on some budgets.

### 2.5.4 Contribution from HCL

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarterly £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
(500)	(750)	(250)	(250)	-		(250)		

With continued good trading it is anticipated that Herts Catering Ltd will be able to make a contribution to the County Council of £750k in 2017/18.

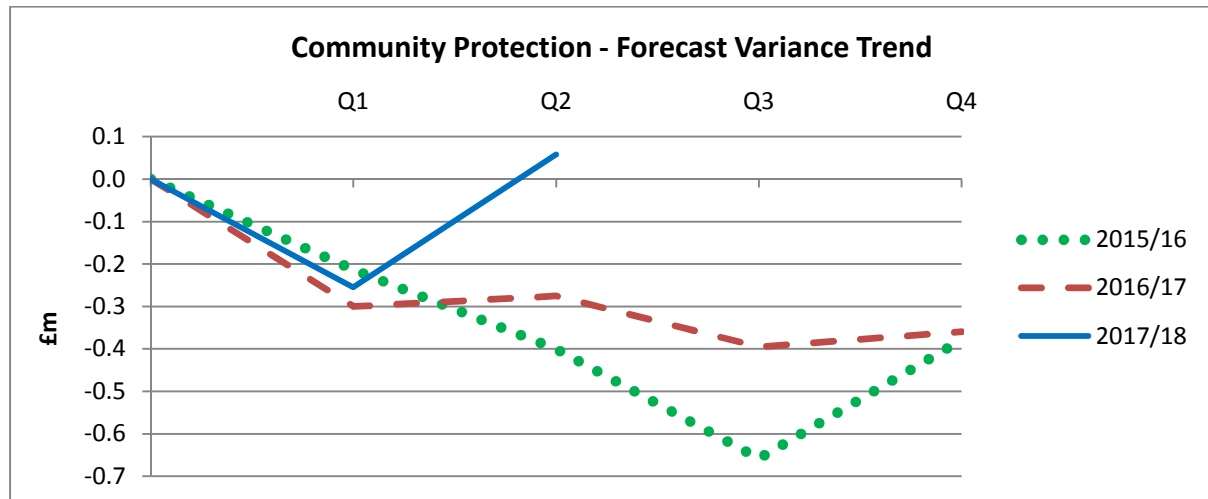


## 2.6 Community Protection

### Summary of total CP position:

The table below summarises the forecast monitor position for the department, with the graph beneath showing how the forecast variance has moved quarterly for the last 2 financial years.

Community Protection	Ref	LAB £000s	Projected Spend £000s	Variance £000s	Variance Last Quarter £000s	Movement in Quarterly Variance £000s
Fire & Rescue	2.6.1	30,498	30,697	199	(118)	(317)
Joint Protective Services		4,601	4,460	(141)	(137)	4
<b>Community Protection Total</b>		<b>35,099</b>	<b>35,157</b>	<b>58</b>	<b>(255)</b>	<b>(313)</b>



### Key variances:

The tables below provide an explanation of the key variances within the department.

2.6.1 Fire Service								
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
30,498	30,697	199	(118)	(317)	-	199	-	-

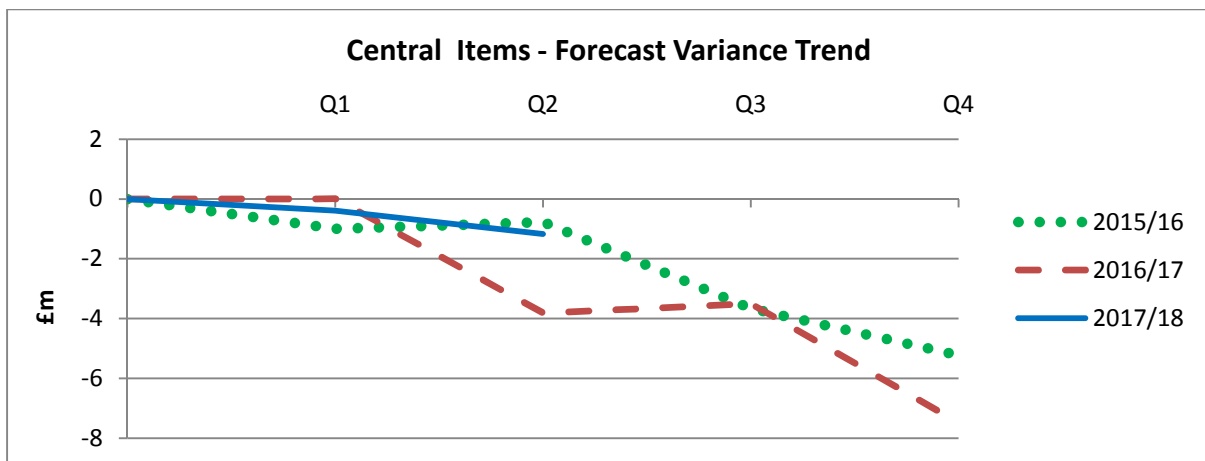
The 2017/18 budget includes a £210k saving which is being met by delaying new squad recruitment; however this is being offset by the use of pre-arranged overtime to maintain service levels. This is a new arrangement and it is proving difficult to predict how much will be required in order to maintain the minimum amount of crew on each pump.

## 2.7 Central Items

### Summary of total Central Items position:

The table below summarises the forecast monitor position for the department, with the graph beneath showing how the forecast variance has moved quarterly for the last 2 financial years.

Central Items	Ref	LAB £000s	Projected Spend £000s	Variance £000s	Variance Last Quarter £000s	Movement in Quarterly Variance £000s
Central Capital Financing and Interest on Balances	2.7.1	22,315	21,457	(858)	(708)	(150)
(Additional) / less Grant Income		-	(317)	(317)	(62)	(255)
Contingency - General		6,242	6,242	-	-	-
Contingency - Specific		1,406	1,406	-	-	-
Precepts/Levies		2,112	2,112	-	-	-
Apprenticeship Levy Recharge		933	933	-	-	-
<b>Central Total</b>		<b>33,008</b>	<b>31,833</b>	<b>(1,175)</b>	<b>(770)</b>	<b>(405)</b>



### Key variances:

The tables below provide an explanation of the key variances within the department.

## 2.7.1 Revenue Financing

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
11,595	10,677	(928)	(708)	(220)	-	-	-	-

The forecast includes interest expected from Local Authority Mortgage Scheme (LAMS) advances (£249k) and Herts Schools Building Partnership interest and dividend (£152k). These figures are based on the 2016/17 year end position and are above levels assumed when setting the budget.

Cash balances during the year are higher than expected as a result of slippage in the 2017/18 Capital Programme and some additional income received. As a consequence of higher cash balances more cash has been available to invest (greater income, £279k) and reduced borrowing requirement to date.

The budget for interest payable will be underspent by an estimated £218k as additional borrowing to fund capital expenditure is expected to occur later in the year and be less than set out during budget setting.

Interest is applied to balances held on behalf of third parties at the prevailing rate of return for the County Council's current investments. The latest forecast rate of return for 2017/18 is lower than that achieved during 2016/17 and therefore the budget for interest on balances is forecast to underspend by £52k.

Other small variances total £21k.

## Section 3 – Risks and Uncertainties

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The following budgets have potential risks which are either not yet certain or cannot yet be reliably quantified.

### 3.1 Adult Care Services

#### General Context for these budgets

Care purchasing budgets are high risk due to the requirement to meet statutory care needs for a growing number of people in light of the Care Act introduced in April 2015.

Care needs for older people are linked to the performance of the independent care market which is fragile after low investment for several years, the increased national minimum wage driving up salaries in competitor labour sectors and the impact of NHS hospitals to reduce delayed discharges home with higher need care packages. As a result there is a strong focus managing a sustainable care market on price and cost, on keeping the care sector an attractive proposition for employees and on preventing hospital admissions and managing the transition out of hospital to promote reablement and recovery. Short term care packages post-hospital care, often put in place at short notice and higher cost has a direct impact on overall spend pressures.

For Adult Disability there is a focus on ensuring that care packages deliver good value for money. Whilst processes are in place to track future care needs and therefore forecast the budgetary impact, the high complexity (and therefore cost) of some care packages means that small variations from assumptions can lead to large movements in forecast spend.

### 3.2 Childrens Services – Disabled Children’s Services

There is a risk of additional cost to social care budgets as a result of the review of service provision at Nascot Lawn. This has been estimated as £200k in 2017/18, but is being kept under review.

### 3.3 Public Health

#### NICE prescribing

There has been press coverage of pre exposure prophylaxis drugs for the control of HIV. There are ongoing negotiations between PHE and local authorities around the testing for these drugs. It is likely that the local authority will be required to pick up the cost of the liver and kidney function testing. It is difficult to estimate the potential cost but it may be around £100k per annum although there may be income from the pilot to offset some of this.

## 3.4 Treasury

### Interest Received

The performance of the Council's short-term investments is linked to fluctuations in financial markets.

The impact of a 0.1% reduction in returns on short term investments is estimated to be in the range of £50k to £70k per annum.

The economic outlook is uncertain, and as the UK Government negotiates a Brexit agreement it is possible that volatility in financial markets will become more pronounced, but it is not possible to quantify the possible impacts in more detail.

This uncertainty notwithstanding, the Council's treasury advisors do not forecast any increase in bank base rate in the foreseeable future and therefore short-term investment returns are likely to be relatively stable throughout the year.

The Council operates a diversified portfolio to manage risk and ensure its liquidity needs are met. The Treasury Team continues to take an active role in managing the, and will continue to consider investment opportunities by prioritising security and liquidity needs ahead of yield.

### Pooled Funds

The Council's longer term investments in pooled funds (Bonds, Equities and Property) will be susceptible to market volatility.

The nature of the underlying commercial property investments mean that in the shorter term returns are expected to be stable, whilst in the longer term returns will be influenced by changes in the real UK economy.

The impact of a 0.5% reduction in returns from our pooled funds is estimated to be £150k per annum.

The possibility of short-to-medium term reductions in the capital value of these funds exists but these are longer-term instruments and the intention has always been to allow these to ride out short-term instability. The Council's Treasury Advisors remain comfortable with our strategy of holding these funds long term for income generation, which mitigates the risk of capital impairment in the short-term.

## Section 4 – Children’s Services (Schools) Variances

4.1 The Schools’ budget is funded from the Dedicated Schools Grant (DSG) and sixth form grant which is separately received from the Education Funding Agency (EFA). As reported in section 1, there is a net forecasted overspend of **£778k** against this budget.

### 4.2 Variances that are not offset by grants (>£100k)

<b>Independent Schools Placement overspend</b>	<b>Variance £1,231k</b>
Independent Placements are expected to overspend by £1.231m. This is due to a higher number of new placement notifications than was budgeted (£731k). The budget was reduced this financial year due to the previous years’ underspends, and with the higher number of placements, this has now resulted in a pressure on the budget. There is also £500k of additional expenditure covering the Education of Social Care placements.	

<b>Growth Fund</b>	<b>Variance (£553k)</b>
This budget is showing a net underspend of £553k. This relates to the requirements to make allocations to academies for the summer term (as academies are funded on an academic year basis). Adjusting for this, there is an underspend on the Growth Fund of £942k, due to: <ul style="list-style-type: none"> <li>- a lower number of bulge classes than originally anticipated,</li> <li>- a delay in opening new free schools,</li> <li>- an underspend on infant class size funding as some of these schools are expanded.</li> </ul>	

### 4.3 Variances that are offset by grants/other funding (>£250k)

<b>Schools becoming Academies</b>	<b>Variance (£13,896k)</b>
The reduction in expected expenditure relating to payment of budget shares to schools is off-set by a corresponding reduction in DSG income received from DfE	

<b>Growth Fund</b>	<b>Variance £389k</b>
There is £389k of additional Growth Fund expenditure which is offset by additional DSG. This relates to the requirements to make allocations to academies for the summer term (as academies are funded on an academic year basis).	

<b>Disapplication Fund</b>	<b>Variance £3,100k</b>
<p>An additional £3.1m forecast spend in relation to the Authorities Disapplication approval for school with significant lagged pupil funding.</p> <p>The approval for the disapplication request has been granted and the terms of the spend were agreed within the last month.</p>	

<b>Contingency</b>	<b>Variance £605k</b>
<p>It was agreed at Schools Forum in September, that the deficit for Cheshunt School would be met from the school's contingency budget. Forecasts have been updated to reflect this anticipated expenditure which has resulted in this budget overspending by £605k.</p> <p>The decision to meet the deficit of Cheshunt School from the contingency budget was made at the September Schools Forum meeting.</p>	

<b>Other Non-Delegated</b>	<b>Variance (£271k)</b>
<p>The underspend of £271k relates to £107k savings resulting from the net impact of variations in rates costs compared to estimates on which the School Budget Shares were based; underspend on Units and Bases of £70k due to funding ceasing for a PNI designated school; and underspends on various smaller budgets totalling £94k.</p> <p>The movement this month of £164k relates to underspend on Units and Bases of £70k due to funding ceasing for a PNI designated school; and underspends on various smaller budgets totalling £94k.</p>	

<b>Integrated Services for Learning DSG</b>	<b>Variance (£1,685k)</b>
<p>Speech and Language Therapy is expected to underspend by <b>£87k</b>. Whilst the anticipated contract value is as expected, uncommitted funding is being held pending a review of the Speech and Language joint contract (with the CCGs) and delivery model.</p> <p>Developing Special Provision Locally (DSPL) is overspent by <b>£47k</b>. This budget is used to fund the 9 DSPL Area Groups and also to support special schools in developing and building confidence to meet more complex needs such as Autism. As the spending on this budget is demand led, it is therefore difficult to predict the number of claims to be received from schools. An element of the overspend relates to a higher than estimated level of claims received.</p> <p>The SEN Strategy Development Fund is expected to underspend by <b>£3m</b>. This fund has been established to support new initiatives, including key priorities within the SEND strategy. As an uncommitted resource, the fund also provides useful</p>	

flexibility in managing budget risks.

**£67k** overspend is forecast on Communication Disorder & Low Incidence due to increase in contribution towards the logistics element of running the service and actual equipment spend.

Independent Placements are expected to overspend by **£1.231m**. This is due to a higher number of new placement notifications than was budgeted (£731k). The budget was reduced this financial year due to the previous years' underspends, and with the higher number of placements, this has now resulted in a pressure on the budget. There is also £500k of additional expenditure covering the Education of Social Care placements.

The Attendance teams ceased trading at the end of the last academic year. Approximately 56% of academies/free schools are currently purchasing a traded service however given the pressures on school's budgets, and changes to academy's funding, the trading environment has become increasingly challenging and at the end of this academic year there will be a shortfall in the trading income giving **£58k** forecast overspend. The service is looking at alternative ways to deliver their service going forwards.

- 4.4 While the above variances are absorbed by DSG and other funding, and do not impact the Council's budget, there is a financial risk to the authority from the schools in a deficit position which are required to convert to academy status.

Deficit applications are only approved when accompanied by a fully costed recovery and repayment plan, that will see the school clear its deficit and return to surplus. Therefore the risk detailed below will only occur where a school converts to Academy whilst still in deficit, in the circumstances where the deficit does not also transfer to the new Academy (i.e. under the sponsored Academy model).

The table below quantifies the maximum expected risk by the end of 2017/18 for schools that are either already in, applying for, or projecting deficits during 17/18.

Status	Number of Schools Q2	Deficit Value 2017-18	Number of Schools	Deficit Value 2016-17
Schools with Approved Licensed Deficits	2	£1.038m	1	£0.597m
Schools with Licensed Deficit Applications in Progress	14	£2.421m	9	£1.592m
<b>Total Projected value of Licensed Deficits for Schools at 31 March</b>	<b>16</b>	<b>£3.459m</b>	<b>10</b>	<b>£2.189m</b>



## 5.1 Capital Summary

The projected capital outturn position as at 30<sup>th</sup> September 2017 is as follows:

	£000s
Reprogramming to Future Years	(62,587)
Underspends	(567)
Overspends	460
<b>Total Variance</b>	<b>(62,694)</b>

- Details of significant capital variances are shown in Section 5.2.
- These variances are calculated on the latest budget of £237.395m. This includes the reprogramming from 2016/17 that was approved by Cabinet in June 2017 and subsequent in-year movements.
- This report includes a recommendation that reprogrammings to /from future years are approved by Cabinet.

	£k	£k
<b>Original Budget Per 2017/18 Integrated Plan</b>		<b>222,858</b>
2016/17 Reprogramming	10,148	
Additional LEP funding	1,627	
High Needs Funded Projects - funded from School's DSG	1,555	
Other Budget Adjustments	1,207	
Total Budget Adjustments		14,437
<b>Latest Approved Budget for 2017/18</b>		<b>237,395</b>

**Table 2 – Summary Capital Budget Monitor**

	Latest Approved Budget 2017/18 £'000	Underspend £'000	Overspend £'000	Reprog- ramming £'000	Total Variance £'000
<b><u>Children's Services</u></b>					
School Expansions	53,131	(249)	337	(9,200)	(9,112)
Schools R&M	18,972	-	-	-	-
High Needs projects	1,555	-	-	-	-
Other - Children's Services	1,834	-	2	(369)	(367)
<b>Total Children's Services</b>	<b>75,491</b>	<b>(249)</b>	<b>339</b>	<b>(9,569)</b>	<b>(9,479)</b>
<b><u>Environment</u></b>					
Major Projects	48,843	-	-	(40,985)	(40,985)
Road Maintenance	40,258	-	-	785	785
Street Lighting	8,945	-	-	-	-
ITP	6,717	-	-	-	-
Bridge Maintenance	5,850	-	-	-	-
Other - Environment	2,860	-	64	(120)	(56)
<b>Total Environment</b>	<b>113,473</b>	<b>-</b>	<b>64</b>	<b>(40,320)</b>	<b>(40,256)</b>
<b>Fire</b>	<b>4,044</b>	<b>-</b>	<b>-</b>	<b>(550)</b>	<b>(550)</b>
<b><u>Adult Care Services</u></b>					
Elderly People Homes Provision	8,971	-	-	(4,679)	(4,679)
Disabled Facilities Grant	6,200	-	-	-	-
HCS Property	3,221	-	5	(790)	(785)
Other - ACS	1,019	(318)	-	-	(318)
<b>Total ACS</b>	<b>19,411</b>	<b>(318)</b>	<b>5</b>	<b>(5,469)</b>	<b>(5,782)</b>
<b><u>Resources</u></b>					
Acquisitions	8,823	-	-	(800)	(800)
Broadband	8,658	-	-	(4,658)	(4,658)
Building Management	1,744	-	52	(371)	(319)
Non-School Cap. Maint.	1,520	-	-	-	-
Co-location of Libraries	1,208	-	-	(850)	(850)
Technology Purchasing	1,397	-	-	-	-
Other -Resources	1,583	-	-	-	-
<b>Total Resources</b>	<b>24,934</b>	<b>-</b>	<b>52</b>	<b>(6,679)</b>	<b>(6,627)</b>
<b>Public Health</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>237,395</b>	<b>(567)</b>	<b>460</b>	<b>(62,694)</b>	<b>(62,694)</b>

The net variance of (£62,694k) comprises re-programming of (£62,587k), underspends of (£567k), and overspends of £460k.

Details of major variances (over £250k) against the revised budget are shown below.

The impact of these variances on total financing including the borrowing requirement is shown in Table 4.

## 5.2 Significant Capital Forecast Variances

### Children's Services

Building Schools for the Future-ICT							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
364	135	(229)	(245)	16	0	0	(229)
The main reasons for the variance are:							
<ul style="list-style-type: none"> <li>£229k reprogramming is anticipated as schools are not expected to replace equipment at the expected rate.</li> </ul>							

Primary Expansions PEP 1 – 6 & Temporary Expansions Sept 2016 - HCC Managed							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
7,383	5,285	(2,098)	(1,378)	(720)	(49)	329	(2,378)
The main reasons for the variance are:							
<ul style="list-style-type: none"> <li>£2.378m is currently anticipated to be reprogrammed for Leavesden Green as project costs are currently being confirmed. This is an estimate and may be revised in future months.</li> <li>The total overspends of £329k plus underspends of £49k across the Primary Expansion programme, relate to minor variances across the programme, this will be funded by Basic Need.</li> </ul>							

Secondary Expansions - SEC2							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
14,082	13,526	(556)	(151)	(405)	(200)	0	(356)
The main reasons for the variance are:							
<ul style="list-style-type: none"> <li>£200k underspend relates to a secondary expansion agreement being £200k lower than originally anticipated.</li> <li>£356k reprogramming relates to a review of anticipated timeframes for school managed schemes.</li> </ul>							

### Secondary Expansions - SEC2.5

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramm ing £000s
7,976	1,385	(6,591)	0	(6,591)	(0)	0	(6,591)

The main reasons for the variance are:

- £5m is forecast to be reprogrammed for the expansion programme at Hemel Hempstead due to a review of project timescales. This figure is an estimate and will be reviewed. We are currently out to tender for this project and are hoping to appoint a contractor during December 2017 with anticipated start on site during February 2018.
- £1.591m is forecast to be reprogrammed for Hertswood Academy due to forecast timescales provided by an Independent Certifier.

### Environment

#### Croxley Rail Link

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
38,302	0	(38,302)	(38,302)	0	0	(38,302)	

- As a result of political changes and escalating costs, there is a risk that the Metropolitan Line Extension (Croxley Rail Link) project may not proceed as planned and therefore reprogramming is anticipated. This is being mitigated by dialogue with London Underground Ltd.

#### A602 Improvements

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last month £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogra mming £000s
6,460	5,037	(1,423)	0	(1,423)	0	0	(1,423)

The main reasons for the variance are:

- Sections A and C have started the on-site construction phase. The Planning Application process for Section B has been extended and thus the overall delivery programme for this section has been delayed, resulting in a requirement for in-year reprofiling. Discussions are thus underway with the LEP to reprofile c£1.4m into 2018/19

#### A120 Bypass Project

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
3,781	2,171	(1,610)	0	(1,610)	0	0	(1,610)

The main reason for the variance is:

- £1.610m is anticipated to be reprogrammed due to the programme being slightly delayed due to delays in the Compulsory Purchase Order (CPO) process. This has reduced the amount of advance works that may be achievable in 2017/18 and the forecast outturn for 2017/18 is now £2.171m.

Essex Road							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
130	480	350	0	350	0	0	350

The main reasons for the variance are:

- Due to acceleration of the programme, £350k is anticipated to be reprogrammed.
- The budget of £130k for 17/18 is allocated from the National Productivity Investment Fund. The reprogramming of £350k is to be bought forward from 2018/19 LEP funding. This has been agreed in principle with LEP officers and will be progressed through LEP processes by calendar year end.

Highways - Road Maintenance							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
40,258	41,043	785	885	(100)	0	0	785

The main reasons for the variance are:

- Significant coal tar has been identified within schemes and the estimated cost is £1.375m. This has been partly mitigated by the service budget, which leaves £785k pressure to be funded from the 2018/19 budget allocation.
- The £100k movement in the variance relates to the funding of a sinkhole in Hemel Hempstead from the Contingency budget.

## Fire

Fire & Rescue vehicle replacement							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
2,285	1,735	(550)	(0)	(550)	0	0	(550)

The main reasons for the variance are:

- Orders for 3 appliances will be placed in November. Costs are estimated to be £1.1m. Due to the time scale of the build approximately £550k will be required to be reprogrammed to 2018/19. There is a risk that the 2nd phase of the build may not be completed by the end of March 2018, and a further £200k may be required to be reprogrammed.

## Adult Care Services

EPH Provision							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
8,479	3,800	(4,679)	(3,020)	(1,659)	0	0	(4,679)

### EPH Provision

The main reasons for the variance are:

- £4,679k is requested to be reprogrammed following Cabinet approval in September 2017 for a review to be undertaken of the existing capital programme for renovating and rebuilding residential care homes. The review is currently underway with the outcome of the review anticipated in Q1 2018/19.

### Commissioning for Independence

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
2,267	1,567	(700)	0	(700)	0	0	(700)

The main reasons for the variance are:

- The development of the Supported Accommodation Strategy has shifted ACS approach on capital spend for LD services. Previous approaches have been on a reactive basis responding to urgent service demands. This builds in delays and risks to our ability to utilise capital effectively and a number of initiatives have fallen down due to a number of factors resulting in forecast reprogramming into 18/19 of £700k. A governance process is being set up to ensure capital is allocated for schemes whereby revenue savings are explicitly stated so that ACS can prioritise capital investments.

### ACS Vehicle Replacement

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
640	322	(318)	0	(318)	(318)	0	0

The main reasons for the variance are:

- No vehicles are planned to be purchased from the 2017/18 capital programme.

## Resources

### Broadband Delivery (Contract 2)

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
8,658	4,000	(4,658)	0	(4,658)	0	0	(4,658)

The main reasons for the variance are:

- £4.658m is forecast to be reprogrammed to 2018/19. British Telecom have not met the milestones required to make a certain payment claims. This has been due to unforeseen issues along with extra resources required to be able to deliver the fibre infrastructure. There is a risk, that the forecast could be reduced by a further £1.5m if British Telecom cannot complete the required targets set by BDUK.

Co-location of Libraries							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
1,208	358	(850)	(0)	(850)	0	0	(850)

The main reasons for the variance are:

- Public exhibitions have all taken place although delayed due to extended election period. Consultants have been appointed to undertake further value engineering, and detailed design in order to finalise planning applications and invitations to tender. £850k is forecast to be reprogrammed, this is an estimate and is subject to further review. Planning is due to be submitted in October, with tenders being issued in November. Earliest start date on site is expected to be January 2018.

Access Control/Car Park Improvements							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
519	129	(390)	0	(390)	0	0	(390)

The main reasons for the variance are:

- £390k is forecast to be reprogrammed to 2018/19. This is due to planning application to English Heritage being submitted in October, with a decision likely to be received in February/March 2018. Due to the tender process, works will not be delivered until 2018/19.

Acquisition of Leahoe							
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
2,600	1,800	(800)	(700)	(100)	0	0	(800)

The main reasons for the variance are:

- Whilst these purchases are under way, one property has exchanged but has a delayed completion. Costs attributed to this property will be required to be reprogrammed.

### 5.3 Movements in the Capital Budget's Financing

Table 3 below summarises the changes in financing to support the revised budget and the forecast financing position based on expected outturn against budget. Reprogramming and underspend, except where these are linked to grant funding or external contributions, result in a higher level of capital reserves to carry forward for funding in future years.

**Table 3 – Capital Budget Financing**

Budget Financing Source	Original Budget (2017/18 IP)	Funding Movements Agreed	Latest Adjusted Budget 2017/18	Variance (Additional Funding Movements)	Latest Forecast Outturn
	£'000	£'000	£'000	£'000	£'000
Capital Receipts	10,000	12,122	22,122	(5,000)	17,122
Capital Grants	98,537	9,374	107,911	(10,120)	97,791
Revenue contributions	-	1,772	1,772	-	1,772
Contributions from Third Parties	36,037	2,327	38,364	(26,755)	11,609
Specific Reserves	2,836	133	2,969	(1,686)	1,283
Borrowing	75,448	(11,291)	64,257	(19,133)	45,124
<b>Total</b>		<b>14,437</b>	<b>237,395</b>	<b>(62,694)</b>	<b>174,701</b>



## 5.4 Capital Receipts

£9.385m has been achieved by the end of September 2017. The Integrated Plan assumed receipts of £13m of which £3m was to fund the Invest to Save and £10m to fund the Capital Programme. The delayed receipt from Beaumont school meant that borrowing in 2016/17 was £12.1m higher than planned. This will be offset by the use of additional receipts in place of borrowing in the current year, as the Beaumont receipt will be received in full in 2017/18.

As at the end of September 2017, a deficit of £5m is forecast. At present forecast spend, this will require additional borrowing in the interim until delayed receipts are received, but this would be offset by any further reprogramming.

**Table 4 – Capital Receipts for 2017/18 – 2019/20**

	<b>Receipts to 30.9.17</b>	<b>Forecast 2017/18</b>	<b>Forecast 2018/19</b>	<b>Forecast 2019/20</b>	<b>RAG status for current year</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
<b>Targeted receipts:</b>					
Capital receipts funding assumed in IP for Capital Programme		10,000	10,000	10,000	
Re-profiling of receipts financing from 2016/17		12,122			
Subtotal		22,122	10,000	10,000	
Capital Receipts – Spend to Achieve		3,000			
Total Targeted Receipts		25,122	10,000	10,000	
Total expected receipts	9,385	20,122	14,000	3,308	
<b>Surplus/ (shortfall)</b>	<b>9,385</b>	<b>(5,000)</b>	<b>4,000</b>	<b>(6,692)</b>	

## 5.5 Spend to Achieve

The Spend to Achieve Capital Receipts Reserve is a fund that is used to deliver projects that require investment prior to generating a Capital receipt or a revenue income stream. The fund is reviewed monthly. At present, there is anticipated to be a surplus of £70k on this reserve at year end.

	<b>£000</b>
<b>Starting Balance 01/04/17</b>	<b>823</b>
<b>Top up from capital receipts 2017/18</b>	<b>3,000</b>
<b>Total Funds available 2017/18</b>	<b>3,823</b>
<b>Schemes</b>	
Replacement Accommodation for Judo Club, Ariston Works	(1,050)
Lands at Beaumont School, St. Albans Forward Funding.	(770)
Other Small Schemes	(1,933)
<b>Total Spend</b>	<b>(3,753)</b>
<b>Balance forecast to 31/03/18</b>	<b>70</b>

## 5.6 Other Matters

### Schools R&M

The County Council and its insurers are seeking to recover all losses relating to flooding at Highwood School (both insured and uninsured) should the evidence support a claim against either the contractor or building designer. Any costs not recovered will be met from the Schools R&M budget in 2017/18.

### School expansions

Reprogramming of up to £17m may be required for new school developments as the timing of spend is dependent on a range of external factors. In addition, reprogramming for the Secondary Expansions may be required in 2017/18. These are mainly school managed projects, where we have less control over the delivery of the projects and when the payments are due.

### Bishops Stortford North Expansion

£44m budget was approved within the September 2014 Cabinet for the provision of Schools on a site within Bishop's Stortford North Expansion. Current indications are showing that there is potentially a budget gap of £9.36m. The schools are contingent on the start of the development of housing across sites.

### A120 Bypass (Little Hadham)

The total scheme outturn indicates a c£4.5m pressure on the current available funding. A capital bid is proposed, combined with an approach to the LEP.

Within 17/18, re-profiling will be undertaken due to funding changes and delays in works.

## **Croxley Rail Link**

As a result of political changes and escalating costs, there is a risk that the Metropolitan Line Extension (Croxley Rail Link) project may not proceed as planned. This is being mitigated by dialogue with London Underground Ltd. Therefore, the scheme has been reprogrammed to 18/19 until further information is provided.

### **Equalities Impact Assessment (EqIA)**

When considering proposals placed before Members it is important that they are fully aware of, and have themselves rigorously considered the equalities implications of the decision that they are taking.

Rigorous consideration will ensure that proper appreciation of any potential impact of that decision on the County Council's statutory obligations under the Public Sector Equality Duty. As a minimum this requires decision makers to read and carefully consider the content of any Equalities Impact Assessment (EqIA) produced by officers.

The Equality Act 2010 requires the Council when exercising its functions to have due regard to the need to (a) eliminate discrimination, harassment, victimisation and other conduct prohibited under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The protected characteristics under the Equality Act 2010 are age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief, sex and sexual orientation.

No EqIA was undertaken for this report because the report does not impact on equalities or affect any of the protected characteristics which would require an EqIA to be completed.

### 6 Other Financial Information

Appendix D shows the reported 2016/17 Treasury Management prudential indicators, and Appendix E shows summary information on debt management.

#### 6.1 Treasury Management Report

The Council's Treasury management activities in this period were undertaken in an environment of continued uncertainty and negative market sentiment as has been the case since the EU membership referendum in June 2016 and subsequent triggering of Article 50 by the UK Government on 29th March 2017.

The Bank of England base rate has remained stable at 0.25% during the period, and economic data showed subdued growth in Gross Domestic Product [GDP], at 0.2% and 0.3% in the first and second quarters respectively. During the same period Consumer Price Index [CPI] inflation rose to 3.0%, above the 2% Bank of England target, while wage growth was 2.1% in August 2017.

The Bank of England had looked to business investment and exports to sustain GDP, while consumer spending remains vital for growth. Negative real-terms wage growth coupled with falling household savings may constrain economic activity during the remaining months of the calendar year.

The inflationary pressures noted above are an expected consequence of the approximately 20% decline in the value of Sterling during 2016/17. Despite an expectation that the Bank of England would look through short-term peaks in inflation resulting from currency fluctuation and maintain support for the economy through continued low interest rates and asset purchases, the rhetoric of MPC members has changed to imply an increase in bank rate in coming months.

As a consequence of speculation about a forthcoming rate increase, gilt yields and short-term investment rates increased slightly towards the end of the second quarter, although Investment yields remained low overall with the 7-day LIBID benchmark at 0.11% for the quarter.

During the second quarter of 2017/18 the Council held an average investment portfolio of £129.02m, and achieved an investment return of £0.467m. The total annual forecast for interest earned on treasury investments throughout the year is currently £1.713m, which represents an underspend of £0.279m on budget, due to strong performance of pooled funds and higher than originally expected balances.

The overall rate of rate of return for the second quarter was 1.45%, which represents an improvement of 0.14% on the previous quarter. Underlying this, the pooled fund investments returned 4.86% and the remaining, mainly short-term investments returned 0.32%. The improved rate of return reflects the strong performance of the pooled funds, and the decision to make some new fixed-term loans for a period of elevated cash balances which have delivered improved returns by comparison with the call account and money market funds where this cash would otherwise have been held.

## 6.2 Debt Management Report

A summary of the debt performance for 2017/18 is provided below.

The following table summarises the debt recovery status of invoices at end of the previous quarter and shows the in-quarter change in total outstanding.

As at 30/06/17	Debt Recovery Status	As at 30/09/17		Description	Quarterly Change £ m
£ m		£ m	% of Total		
26.8	Within Payment Terms	26.8	50.8	Invoices that have not reached the due date for payment	-0.1
18.2	Reminders issued	6.9	13.1	Invoices where reminders have been issued	-11.3
3.9	Action Taken	7.5	14.3	Invoices where active debt recovery is in progress	3.6
5.5	Action Required	11.5	21.9	Invoices awaiting budget manager/holder decision	6.0
<b>54.4</b>	<b>Total</b>	<b>52.6</b>	<b>100</b>		<b>-1.8</b>

Total debt at 30<sup>th</sup> September 2017 was £52.6m – this is a decrease of £1.8m from the previous quarter. Within this there is a large reduction (£11.3m) in the value of invoices at the reminder stage which is offset an increase of £9.6m in the value of invoices where action is required or has been taken.

The change in the value of invoices at the reminder stage reflects the unusual value of CCG invoices reaching this stage in the previous quarter (£10.8m). During the quarter the value of overdue invoices for Herts Valleys CCG reduced by £4.3m.

The remainder of the £11.3m reduction is attributable to a larger than usual value of invoices being raised at the start of June, which caused them to fall due in June and distort the values.

The £6.9m of Invoices where reminders have been issued at the end of Q2 is £0.5m lower than the Q2 2016/17 amount and is a more typical value.

There was a significant increase in the value of invoices where active debt recovery is in process (£3.6m) which relates to ACS Invoices. These were all invoices to CCGs, and included a £3.5m invoice raised in May and now paid.

Invoices awaiting budget manager/holder decision increased in value by £6.0m. This was due to £4.18m of ACS invoices and £1.78m of Resources Invoices.

Of the ACS invoices, £2.7m was for CCG invoices; £0.2m related to client contributions for residential care; £0.7m was for client contributions secured by legal charge; £0.4m was for non-residential care contributions; and £0.2m was for other invoice types.

Invoices to CCGs are raised regularly for significant amounts, and whilst there is an ongoing dialogue to ensure the correct information is provided there can be long delays while they check that the client data underlying the invoices matches their records. Whilst there has been some progress in releasing payments for Better Care Fund invoicing, there are ongoing negotiations with the CCGs related to Continuing Health Care and Funded Nursing Care invoices which form the bulk of the long-term debts.

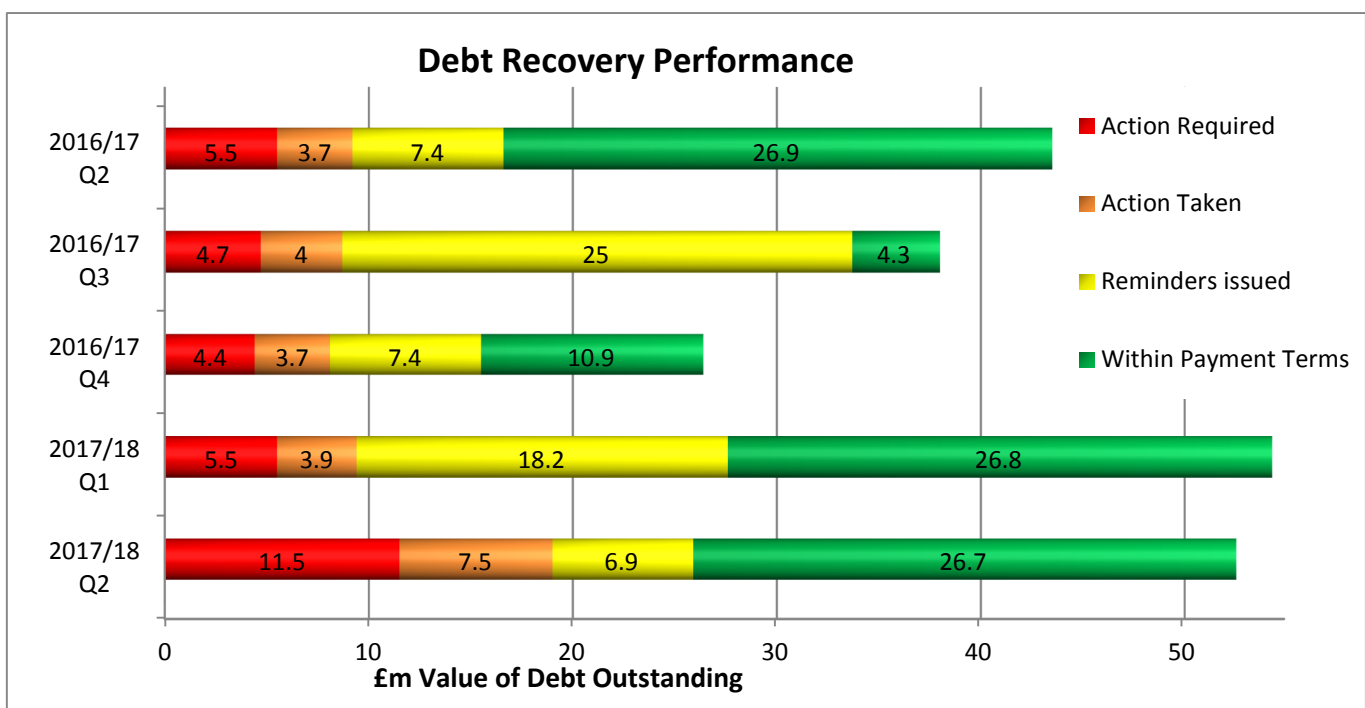
The volume of invoices raised for Residential Client Contributions has increased this year as this income is no longer collected by the care homes themselves. These invoices are the subject of constant work by the ACS Debt Manager. Secured invoices cannot be collected until the estate is settled following a client’s passing, and whilst there is a low-risk of default this can be a lengthy legal process.

The Resources invoices include two high value invoices to Surecare Supplies, totalling £1.2m, which have now been paid. They also include a single invoice for £356k relating to property debt: resolution is being sought by Property and Legal officers.

Total debt outside of payment terms at 30<sup>th</sup> June 2017 was £27.6m, and this value decreased by £1.7m to a total of £25.9m as at 30<sup>th</sup> September 2017.

The following chart provides a trend analysis of debt recovery performance for the past 5 quarters.

Chart 1 illustrates the amount of debt raised at the end of the past five quarters. This quarter there has been a decrease in total debt of £1.8m. This is due to a decrease of £11.3m in Invoices where reminders have been issued and increases of £3.6m and £6.0m in invoices where action has been taken and Invoices where action is required respectively.



### 6.3 Financial Implications

This report outlines the financial position of the council for the 2017/18 financial year as at the end of Quarter 2.

**Appendix A – Invest to Transform Fund**

The table below shows the brought forward position on the ITT and approvals to date.

Invest to Transform Fund	Spend to 31/03/17 £'000	Budget 2017/18 £'000	2018/19 onwards £'000	Expected Outcome (from Business Case) and achievement against these	2017/18 YTD spend £'000	Project Progress
B/F Funding	34,303	17,805	17,161			
Underspends transferred to Fund as at 31/03/17		3,265				
Schemes completed by 31/03/17	(706)					
<b>TOTAL BALANCE</b>	<b>33,597</b>	<b>21,070</b>	<b>17,161</b>			
<b>Live Schemes (approved before 2017/18)</b>						
Telecare	1,773	78	156	ITT funding is to provide the ongoing support costs for the provision of preventative telecare to a cohort of 1,000 people with current low to moderate needs, to reduce demand for more complex support	32	In year spend covers the installation, monitoring and responder service costs for the cohort of 1,000 users. Equipment was paid for up front and the service has 1000 sets of kit that they recycle. Current plans are to continue until 2020 subject to SMS contract extension negotiations as the service forms part of the SMS contract. The service is now setting a new Assistive Technology strategy to identify and deliver further efficiencies.
Broadband (Funding ring-fenced)		1,500		This investment will release match funding against grant from Department of Culture, Media & Sport. 97%+ superfast coverage domestic & business properties		British Telecom have not met the milestones required to make certain payment claims. This has been due to unforeseen issues along with extra resources required to be able to deliver the fibre infrastructure. This money will be spent in 2018/19.
Broxbourne Land Acquisition		500		To fund Local Plan Review and planning permission application	41	Planning application proceeding with all necessary due surveys being undertaken. Project also includes development of Greater Brookfield Retail Park.
Web-site upgrade (including £120k Intranet)	774	226		To enhance online transactions & self-service. Savings from reduced calls volume to Customer Services Centre	34	Main website delivered in timescale and savings made. Remaining costs for further development and improvement, including: <ul style="list-style-type: none"> <li>accessibility improvement and accreditation</li> <li>improved filter tools (helping customers narrow down choice of events, documents and other resources).</li> <li>Implementation of new search functionality</li> <li>new recruitment website</li> <li>enhanced resources for professionals and partners.</li> </ul>
Adult Complex Needs Phase 2	90	30		Agencies in Hertfordshire pool resources and work more closely together to identify and deliver services to adults with complex needs and chaotic lifestyles, to achieve a more cost effective service, and deliver interventions, solutions or improvements which are more customer focussed and effective. Key achievements include reduced anti-social behaviour; improved housing situation (reduced rent arrears & eviction threat); reduction in drug and alcohol usage and emergency callouts for Health & Police; improved life skills	29	This is the final year of the project
Accommodation for Independence programme	513			Project agreed ~November 2015 to fund over 4 years a team to facilitate changes and achieve savings through an 'Accommodation for Independence Programme'. The premise of the programme was to facilitate the large scale conversion of residential care homes for people with learning disabilities into supported living accommodation.		Government consultation in November 2016 proposed changes to the funding framework for supported housing as part of its implementation of Universal Credit, and introduced a level of uncertainty for housing providers which meant that there was less willingness from residential home providers to pursue conversion to supported living. The basis therefore of the original proposal was no longer achievable although a number of services (4) are de registering over the next year. Nonetheless, accommodation and the associated care / support delivered into specific settings for people with learning disabilities is a major area of council expenditure and a strategic approach is necessary to deliver effective solutions which offer good outcomes for individuals and provide value for the public purse. This project has been ended and

Invest to Transform Fund	Spend to 31/03/17 £'000	Budget 2017/18 £'000	2018/19 onwards £'000	Expected Outcome (from Business Case) and achievement against these	2017/18 YTD spend £'000	Project Progress
						a new bid for Learning Disabilities Transformation has been approved (see below).
Families First	20	612	68	Set up 9 local Families First hubs which offer quicker access & co-ordinated approach. Multi agency panels to reduce duplication & fragmentation. Early help to reduce referrals into Children's Services, reduce escalation into Specialist Services. Reduce contacts with Customer Services Centre. Action & Impact meetings to reduce referrals & have alternative solutions	316	<p>There are Families First partnership hubs in all 9 districts, Watford and Three Rivers are one hub with excellent multi- agency representation from most key stakeholders including the Community and Voluntary Sector. Implementation plans have been developed to drive forward the ethos and key messages of Families First, Broxbourne held a local launch in June which was very well attended and positively received. Partnership agreements are also being developed which sets out the roles and responsibilities in delivering early help. Triage panels are operational in all nine areas and schedule their triage panels weekly, in the last six months, 895 families have consented and had their circumstances discussed with a multi-agency agreement on further actions. The Invest To Transform bid is providing funding for co-ordination and triage processes has led to initial transformation in the way that early help support is managed and there is a clear upward trend in the number of partners taking on the keyworker role. Contacts to the central triage team to process to Triage panels and step up to safeguarding teams have reached an unprecedented level peaking at 1, 200 per month in peak times. The Early Help module is established as the case management system for Early Help Teams and this is also due to be trialled with two Children's Centres groups from November. The system also supports requests for support, triage and Families First Assessments (formerly CAF). Over 1,500 practitioners are trained on this new system, and there is still high demand for training. Work is underway to implement a robust monitoring system through a new step up/down process on EHM/LCS. The target launch date for this function is the 3rd November and staff workshops are scheduled to take place in mid-October. A LCS/EHM guidance is in development to ensure that staff are aware of the changes and processes required to undertake step ups/downs. A learning and development programme has been implemented to increase the skills and confidence of the wider workforce; Action and Impact meetings supporting professionals to improve outcomes for children and families builds on ethos and principles of Families First and are forums sharing skills, knowledge and range of interventions available. Partners are contributing to Families First, the Community Well Being Model is being developed with CAMHs transformation board ,4 Children's Well- Being Practitioners have been recruited and 3 Children's and Young People's mental health workers are currently being recruited with links to YC Hertfordshire's empathy project. AFDASH is the new commissioned service for adolescent and families experiencing drug and alcohol problems and additional funding for Local Family Offer from DWP and Family Group Conferencing to address parental conflict and the impact on children. An integrated model of early intervention and problem solving is being developed with Hertfordshire Constabulary to manage demand on the force in respect of antisocial behaviour, domestic abuse , CSE and serious, organised and gang related crime.</p>



Invest to Transform Fund	Spend to 31/03/17 £'000	Budget 2017/18 £'000	2018/19 onwards £'000	Expected Outcome (from Business Case) and achievement against these	2017/18 YTD spend £'000	Project Progress
Library Strategy review	503	1,281	3,856	<p>Bid supports delivery of 'Inspiring Libraries' strategy, through</p> <p>1. Property investment: Eleven library buildings were identified as priorities for re-provision in the 'Delivering Inspiring Libraries' Cabinet Paper due to their configuration, condition or location. This bid seeks to underwrite and support these projects, but acknowledges that wholesale replacement of single properties is most likely to be achieved through a 'sell to release' improvement plan that will be the subject of individual capital bids progressed when opportunities are presented. These should deliver their own individual investment plans as and when they arise, but funding may be required from this fund. Wherever applicable, S106 monies will be used. Other opportunities to improve library buildings in line with the Inspiring Libraries Strategy will be considered as they arise.</p> <p>A project to co-locate libraries with retained fire stations in Redbourn, Sawbridgeworth and Wheathampstead, supported by grant funding from the DCLG, is included. £186k funding is currently allocated from this budget but further support may be required from within this budget.</p> <p>2. Investment in technology that includes:</p> <ul style="list-style-type: none"> <li>• Rolling out a Library Link service via a video link to enable customers in self-service or volunteer-supervised libraries to summon assistance from a librarian in another library.</li> <li>• Piloting and rolling out swipe card access to library buildings via a smart library card to extend self-service library access beyond core opening hours.</li> <li>• Extending the use of tablets for both staff and public use, including the Home Library Service, as part of the library IT offer to encourage customers to access information in digital formats.</li> <li>• CreatorSpace, which includes 3D printers.</li> <li>• Exploring cloud-based software access to ensure that the software on public access ICT remains robust and current, potentially replacing the need for a network of desktop PCs.</li> <li>• Interactive touch screens.</li> <li>• Developing Wi-Fi printing to enable customers to print documents from their own devices when using the library Wi-Fi.</li> <li>• Exploring video-chat facility for the public at various libraries.</li> </ul>	43	<p>1. Property investment – this funding had supported a number of library property projects including:</p> <ul style="list-style-type: none"> <li>• Major refurbishment of Watford Central Library (including Creatorspace) completed in 2016. <ul style="list-style-type: none"> <li>• Re-provision of Hemel Hempstead Library completed in 2017</li> <li>• Re-provision of Berkhamsted Library completed in 2017</li> <li>• Major refurbishment of St Albans Library planned for 2017/18</li> <li>• Building alterations at Croxley Green Library to enable the piloting of Open+ have been completed, now planning to roll out to other libraries .</li> <li>• Funding to support the project to co-locate libraries with fire stations in three locations. Consultants have been appointed to undertake further value engineering, and detailed design in order to finalise planning applications and invitations to tender. Planning is due to be submitted in October, with tenders being issued in November. Earliest start date on site is expected to be January 2018.</li> </ul> </li> </ul> <p>2. Investment in Technology has included:</p> <ul style="list-style-type: none"> <li>• Provision of CreatorSpaces at Watford Central and Hemel Hempstead Libraries – offering individuals and local groups the opportunity to access and experiment with a range of creative technologies and develop their skills in a safe and supportive environment. A CreatorSpace is also planned for St Albans.</li> <li>• Library Link – a videolink that allows customers and volunteers in volunteer-supervised Community Libraries to call up support from trained library staff to deal with more complex enquiries. We are currently investigating a new software solution to support this.</li> <li>• Dual function kiosks - adaptation of self-service kiosks in all libraries to enable customers to release and pay for printing from the public access computers without staff intervention is complete.</li> <li>• Wi-Fi printing – enabling customers in all libraries to print to print from their own laptops, tablets and smartphones - releasing and paying for prints through the self-service kiosks is complete.</li> <li>• Provision of tablets to support staff and customers in all Tier 1 and 2 libraries is complete.</li> </ul> <p>Funding of a contract technical architect post. - Developing a solution to allow volunteer access to library IT is in progress.</p>
<b>Schemes Commencing 2017/18:</b>						
E- commerce project (approved April 2016)		225		Replacement of e-income collection & Merchant card provider into one system. Telephone & Web based payments. Savings from reduced reconciliation / payment / refund times; reduced call handling time; reduced processing costs; reduced cheque payments, enhanced reporting functionality	100	All project initiation process completed and implementation has started. Majority of services in phase 1 have been migrated and plans in place for remaining services. Cloudbuy switch off completed at end of October 2017. Majority of Chip & PIN Machines now deployed. Procurement of new Merchant Card provider progressing but at slower pace due to resources constraints. Orange Leaf procurement completed and implementation plans being drawn up. Interim solution for HALS finalised. Implementation for CSC and Library (and HALS) events progressing.

Invest to Transform Fund	Spend to 31/03/17 £'000	Budget 2017/18 £'000	2018/19 onwards £'000	Expected Outcome (from Business Case) and achievement against these	2017/18 YTD spend £'000	Project Progress
Development of e-allowances		102		New package from Oxford Computer Company to automate c 800 payment reviews per year for adoption orders, special guardianship orders and child arrangement orders. Reduce time & manual input, claimant completes form online & automated payment follows. Savings from decommissioning Softbox		High level design for new infrastructure delivered. Serco are finishing off proposal for HCC approval. Work is expected to be completed by the end of the financial year.
Local Authority Trading Company for Adult Care Services (approved April 2017)		134	10	Production of business model and options-appraisal; preferred vehicle identified and costed; savings evaluated and verified; Options in relation to governance produced; Route to market and options for in-house services identified with timescales for implementation.	29	There has been good progress over the last three months and a report will be going to Cabinet on 18 December that seeks authority to set up a Local Authority Trading Company for the delivery of adult care services. The project team have worked with HR, Finance and Legal to take develop the scoping and feasibility work. A consultant has been appointed to develop the initial business plan and this has now been circulated to legal and resources colleagues following presentation to ACSMB. Work is now being undertaken to progress feasibility work around home care and the consultant is supporting the project team to look into home care in two areas in response to continued market pressures. Subject to Cabinet approval, we are still on track to have the company set up early in 2018 and for it to be ready to deliver services in 2018 subject to Member approval, and the necessary due diligence and business appraisals.
A414 Strategy studies (approved February 2017)		150		DfT compliant Outline Business Cases establishing the preferred options for Hertford Bypass and potentially A414 Junction Upgrade Package; Financial / Funding Strategy for the delivery of interventions along the A414 corridor	10	We have an agreed approach and brief for the work with a supporting programme that seeks to complete the work by the end of the year. Stage 1 (£15k) and 2 (£75k) are complete with 3 just starting. The completed document will set out a medium to long term investment strategy for the corridor with dependencies identified along with funding opportunities. The document will support future bids to government, enable informed discussions with developers and begin to develop the business case for priority schemes.
Adult Care Services - Business Process Efficiency (Approved February 2017)		57		To scope a business process efficiency review for HCS that will aim to review and improve business processes and identify efficiency improvements. The appropriate structures for business support will also be considered.	19	Phase 1 Adult Disability Service Finance dashboard and financial forecasting has been completed. Examples of projects ongoing include: Rationalising ContrOCC user profiles; using core ContrOCC functionality for block contracts, respite & suspensions. Upcoming projects: Care Package Line Item design rationalisation – September/October; ACSIS/ContrOCC training and Super Users programme – September onwards; Online financial assessment – January/February
Adult Care Services - Mental Health Accommodation-Project Manager (Approved February 2017)		42		Achievement of capital receipts; introduction of recovery and move on model; measured by reduction in care spend; measured via benchmarking towards the comparator average & targets for number of people assisted to recover and move on	12	Project Manager appointed, the review is on target to return/reprovide £1.5m of property by 31/03/2018. Another £2.37m is likely to be released between July and Nov 2018 when a further four properties are returned/reprovided or disposed of. The recovery model will be achieved by 31 Mar 2018. Service users and providers have been engaged with effective move on plans for 7 out of 10 Aldwyck tenants (remaining three are too ill at present).
Adult Care Services - Continuing Health Care assessments (Learning Disabilities & Physical Disabilities) (approved February 2017)		53		Amount of Continuing Health Care funding achieved; Number of successful cases; Number of successful challenges to Continuing Healthcare Care reductions proposed by Clinical Commissioning Groups; Benchmarking data showing movement of Herts CCGs towards national average positions	20	Contributes to £1m saving in 17/18 budget
Adult Care Services - Transport Co-ordinator (Learning Disabilities) (approved February 2017)		50		To review high cost and long standing transport arrangements; identify the most effective use of transport; establish and implement authorisation process for transport requests within CLDT to ensure cost effective transportation and compliance with policy; develop strong relationships with partners and stakeholders to enable a continuous review of transport arrangements; train staff on the Implement Assisted Transport Policy and oversee compliance with the policy in practice.		Transport Coordinator now appointed and work has commenced, initially reviewing transport for day services, including route planning and review of taxi and contract services.
Adult Care Services - Occupational Therapists (3 posts) (approved February 2017)		75	53	To fund three additional enablement Occupational Therapists, to provide support in order to reduce level of Home Care support required.	17	All 3 posts appointed to.

Invest to Transform Fund	Spend to 31/03/17 £'000	Budget 2017/18 £'000	2018/19 onwards £'000	Expected Outcome (from Business Case) and achievement against these	2017/18 YTD spend £'000	Project Progress
Ariston Site, St Albans (approved February 2017)		125		Ground studies for sinkholes in St Albans to assess the need for any remedial work before proceeding to planning permission & capital receipt (£13m) or more if goes through PropCo	5	Geophysical surveys commissioned, on site and reports due October. Asset is part of initial sites for Prop Co deliver.
Property Company (approved February 2017)		125		Funding for tax, legal advice & ongoing consultancy to set up a Joint Venture to accelerate the development process and generate better receipts	125	Work to identify preferred partner is proceeding and recruitment of PropCo Managing Director is under way
Baldock Urban extension master planning (approved May 2017)		150		The promotion and development of an urban extension, including an archaeological survey. There are a range of delivery models for the development of this site, but a residual land value of circa £100m over ten years appears to be achievable.	150	Planning application is proceeding with all associated surveys being undertaken. The Archaeological survey is currently being done. The planning application is due to be submitted in November.
Promoting HCC land to emerging local plans (approved May 2017)		150		Feasibility work to understand the level of opportunities available. HCC will also be competing with other land owners in the area who are also promoting their land. Given the land values in all of the above locations and the scale of the holdings, there is the potential for significant land value capture.	-	The brief has been written and a consultant has been commissioned and the first stage has been completed which was the inspection and review work. They are now in the second stage which is preparing the land owner recs.
Hertfordshire Partnership Foundation Trust Saving challenge (approved May 2017)		75		Audit suggests that 60% of existing Personal Budgets with a value of less than £3k do not meet eligibility criteria. Based on 524 such budgets with a current cost of £519,248 savings are estimated at £311,545.	-	HPFT are recruiting locums to undertake this work. It is anticipated that there will be full spend of the budget this financial year.
Introduction of Job Families (approved May 2017)		30		Pilot in Resources. Creation of a number of job families with a catalogue of role profiles that sit within each family at different levels linked to grade/s; Generic role profiles within each job family, replacing job descriptions & Job Evaluation Questionnaires, creating simpler job design; Common and identified Career Paths across and up the organisational structure; Encourage and allow movement and flexibility within roles and across services / department; Give a common understanding and language to certain role responsibilities i.e. Administrative, Management, Head of Service.	4	Set up a project manager & team; Engaged Resources Management Board & developed scoping paper; have purchased a model Job Family from Surrey CC; Hay have delivered a session to HR around best practice for implementation. Will engage Hay Konferry to undertake baseline assessments.
Smart Digital - Customer Facing Services		110	40	Develop 1 - 2 projects per department, e.g. whitelist of apps providing info & advice to users & carers to reduce Safe & Well contact; roster for part time & shift workers in Supported Living & Day Services; Safe & Well checks - assist decision as to which residents to target; Video conferencing tool.	26	Started Sept 17 - first projects include: <ul style="list-style-type: none"> <li>Implementing a booking system for events and appointments</li> <li>Supporting the implementation of an e-shop system for Hertfordshire Archives and Local Studies</li> <li>Market research on the use of voice assistants (e.g. Amazon Echo) to provide information to residents</li> <li>Collating whitelist of HCC recommended apps for social care and public health service users</li> <li>Supporting research and workshops looking at apps for adult social care and waste collection service users.</li> </ul> Business analyst appointed. Slight delay to project – need to recruit for a new Digital Product Manager.
Learning Disability Transformation (approved May 2017)		724	417	To improve data, intelligence, planning & commissioning, procurement exercise for supported living, better choice & control to promote independent living; support required for people being accommodated & their families, reduce accommodation costs of future demand		Work started August 2017 the key focus over the first quarter will be on staff recruitment ( operations and commissioning which is 7 roles in total ) , 3 staff are already in post , and also the establishment of key project activities, including: <ul style="list-style-type: none"> <li>Driving forward the Adult Disability Service Efficiency Programme, putting in place the overall arrangements for efficiency in this area;</li> <li>Comparison with other council approaches;</li> <li>Financial Forecasting and Future Planning;</li> <li>Access to Mainstream Accommodation/ Enablement;</li> <li>Moving home from LD specialist into mainstream residential care;</li> <li>Supported Living transformation</li> </ul>
<b>Payback</b>						
LED Street Lighting Phase I & II	12,119	(1,196)	(10,923)	LED wireless central management system for A,B,C & U roads. Save energy, maintenance & carbon		Project completed, savings achieved plus ongoing payback to ITT Fund
<b>Cumulative Total</b>	<b>17,805</b>	<b>17,161</b>	<b>21,984</b>			

## Appendix B – Details of Approved Virements & Technical Adjustments

Summary Revenue Budget Monitor as at 30 September 2017				
SERVICE	Original Budget £'000	Approved Virements & Tech Adj £'000	Latest Approved Budget £'000	Explanation of Approved Virements & Technical Adjustments
Adult Community Services	322,842	(906)	321,936	<ul style="list-style-type: none"> <li>o Apprentice Levy Charge (-269k) <b>MAY</b></li> <li>o 0-25 Service Realignment (-1,122k) <b>MAY</b></li> <li>o Carry forward from 16/17 (+472k) <b>JUNE</b></li> <li>o Funding from Contingency re Pension Strain Costs (+2k) <b>AUGUST</b></li> <li>o Funding from Contingency re redundancies (+16k) <b>SEPTEMBER</b></li> <li>o Transfer to resources regarding ICT SMS recharge (-5k) <b>SEPTEMBER</b></li> </ul>
Public Health	48,867	566	49,433	<ul style="list-style-type: none"> <li>o Apprentice Levy Charge (-12k) <b>MAY</b></li> <li>o Carry forward from 16/17 (-578k) <b>JUNE</b></li> </ul>
Children's Services	166,233	1,682	167,915	<ul style="list-style-type: none"> <li>o Apprentice Levy Charge (-319k) <b>MAY</b></li> <li>o 0-25 Service Realignment (+1,122k) <b>MAY</b></li> <li>o Schools Notification System (+11k) <b>MAY</b></li> <li>o Customer Services Charge (-49k) <b>MAY</b></li> <li>o Transfer from SEND reform (+489k) <b>JUNE</b></li> <li>o Carry forward from 16/17 (+559k) <b>JUNE</b></li> <li>o Carry forward from 16/17 (-142k) <b>JULY</b></li> <li>o Funding from Contingency re redundancies (+7k) <b>AUGUST</b></li> <li>o Funding from Contingency re redundancies (+5k) <b>SEPTEMBER</b></li> </ul>
Environment	106,525	153	106,678	<ul style="list-style-type: none"> <li>o Apprentice Levy Charge (-56k) <b>MAY</b></li> <li>o Carry forward from 16/17 (+209k) <b>JUNE</b></li> </ul>
Community Protection	35,195	(96)	35,099	<ul style="list-style-type: none"> <li>o Apprentice Levy Charge (-122k) <b>MAY</b></li> <li>o Schools Notification System (-11k) <b>MAY</b></li> <li>o Carry forward from 16/17 (+20k) <b>JUNE</b></li> <li>o Transfer from Proceeds of Crime Act reserve (+16k) <b>AUGUST</b></li> </ul>
Resources	72,565	(683)	71,881	<ul style="list-style-type: none"> <li>o Apprentice Levy Charge (-156k) <b>MAY</b></li> <li>o Customer Services Charge (+49k) <b>MAY</b></li> <li>o Contribution from HCL (-500k) <b>MAY</b></li> <li>o Carry forward from 16/17 (-83k) <b>JUNE</b></li> <li>o Funding from Contingency re redundancies (+6k) <b>AUGUST</b></li> <li>o Transfer from Contingency re consultancy costs (-20k) <b>AUGUST</b></li> <li>o Funding from Contingency re redundancies (+16k) <b>SEPTEMBER</b></li> <li>o Transfer from ACS regarding ICT SMS recharge (+5k) <b>SEPTEMBER</b></li> <li>o Transfer to Capital for Planned Maint for Leahoe (-100k) <b>SEPTEMBER</b></li> <li>o Transfer to Resources for Property Consultancy Fees (-108k) <b>SEPTEMBER</b></li> </ul>
Central Capital Financing and Interest on Balances (Additional) / less Grant Income	25,892	(3,577)	22,315	<ul style="list-style-type: none"> <li>o Transfer to Capital Finance Reserve (-2,287k) <b>JULY</b></li> <li>o Transfer to Education School Reserve (-1,290k) <b>JULY</b></li> </ul>
Contingency/Special Provision	8,415	(767)	7,648	<ul style="list-style-type: none"> <li>o Contribution from HCL (+500k) <b>MAY</b></li> <li>o Transfer to Invest to Transform RE Street Lighting (-1,196k) <b>AUGUST</b></li> <li>o Transfer to ACS re Pension Strain Costs (-2k) <b>AUGUST</b></li> <li>o Transfer to Resources re redundancies (-6k) <b>AUGUST</b></li> <li>o Transfer to Children's Services re redundancies (-7k) <b>AUGUST</b></li> <li>o Transfer to Resources re consultancy costs (-20k) <b>AUGUST</b></li> <li>o Transfer to Children Services re redundancies (-5k) <b>SEPTEMBER</b></li> <li>o Transfer to Resources re redundancies (-16k) <b>SEPTEMBER</b></li> <li>o Transfer to ACS re redundancies (-16k) <b>SEPTEMBER</b></li> </ul>
Precepts/Levies	2,112	-	2,112	
Apprentice Levy	-	933	933	o Apprentice Levy Charge from services (+933k) <b>MAY</b>
<b>NET REVENUE BUDGET</b>	<b>788,647</b>	<b>(2,638)</b>	<b>785,949</b>	
Funded from Balances	-	2,489	2,489	<ul style="list-style-type: none"> <li>o Carry forward from 16/17 (-2,268k) <b>JUNE</b></li> <li>o Transfer from Central Capital Financing &amp; Interest (+2,287k) <b>JULY</b></li> <li>o Transfer from Central Capital Financing &amp; Interest (+1,290k) <b>JULY</b></li> <li>o Transfer from Contingency RE Street Lighting (+1,196k) <b>AUGUST</b></li> <li>o Transfer to Community Protection from POCA reserve (-16k) <b>AUGUST</b></li> </ul>
Contribution to Capital	-	208	208	<ul style="list-style-type: none"> <li>o Transfer from Resources for Planned Maint for Leahoe (+100k) <b>SEPTEMBER</b></li> <li>o Transfer from Resources for Property Consultancy Fees (+108k) <b>SEPTEMBER</b></li> </ul>
<b>COUNTY FUND TOTAL</b>	<b>788,647</b>	<b>-</b>	<b>788,647</b>	
<b>CS Schools funded by direct government</b>	<b>918,729</b>	<b>(297,143)</b>	<b>621,587</b>	
<b>Schools Grant &amp; Other Funding</b>	<b>(918,729)</b>	<b>297,143</b>	<b>(621,587)</b>	

## Appendix C – Capital Reprogramming

Number	Directorate and Service Area	Name of Scheme	Planned reprogramming	Externally Funded	Commentary	Future Years' Budget
			£k	£k		£
1	Children's Services	Bishop's Stortford North 6FE Secondary	125	Yes	£125k of reprogramming will be required to cover the cost of value engineering the design for the Secondary School.	44,000
2	Children's Services	Building Schools for the Future-ICT	(229)	No	£229k reprogramming is anticipated as schools are planning on spending at a slower rate than profiled.	90
3	Children's Services	Liquidlogic EHM Implementation (Early Help Module)	(140)	No	£140k is anticipated to be reprogrammed to 2018/19 as it is anticipated that not all the work will be completed by year end. We are waiting for an implementation plan from Liquidlogic for the upgraded software.	132
4	Children's Services	Primary Expansions PEP6 & Temporary Expansions Sept 2016 - HCC Managed	(2,378)	Yes	£2.378m is currently anticipated to be reprogrammed for Leavesden Green to a review of project cashflows. This is an estimate and may be revised in future months.	0
5	Children's Services	Secondary Expansions - SEC2	(356)	Yes	£356k is forecast to be reprogrammed for the secondary school expansions due to updated information received by an Independent Certifier.	4,596

Number	Directorate and Service Area	Name of Scheme	Planned reprogramming	Externally Funded	Commentary	Future Years' Budget
			£k	£k		£
6	Children's Services	Secondary Expansions - SEC2.5	(6,591)	Yes	<p>£5m is forecast to be reprogrammed for the expansion programme at Hemel Hempstead due to a review of project timescales. This figure is an estimate and will be reviewed. We are currently out to tender for this project and are hoping to appoint a contractor during December 2017 with anticipated start on site during February 2018.</p> <p>£1.591m is forecast to be reprogrammed for Hertswood Academy due to forecast timescales provided by an Independent Certifier.</p>	0
7	Environment	Croxley Rail Link	(38,302)	Partly (HCC funded £15,135k, Externally funded £23,167k)	As a result of political changes and escalating costs, there is a risk that the Metropolitan Line Extension (Croxley Rail Link) project may not proceed as planned. This is being mitigated by dialogue with London Underground Ltd. The scheme has therefore been reprogrammed to 2018/19 until further information is provided.	32,800
8	Environment	A602 Improvements	(1,423)	Yes	Sections A and C have started the on-site construction phase. The Planning Application process for Section B has been extended and thus the overall delivery programme for this section has been delayed, resulting in a requirement for in-year reprofiling. Discussions are thus underway with the LEP to reprofile c£1.4m into 2018/19	16,617
9	Environment	A120 Bypass Project	(1,610)	Partly (HCC funded £500k, Externally funded £1,110k)	£1.610m is anticipated to be reprogrammed due to the programme being slightly delayed due to delays in the Compulsory Purchase Order (CPO) process. This has reduced the amount of advance works that may be achievable in 2017/18.	28,128

Number	Directorate and Service Area	Name of Scheme	Planned reprogramming	Externally Funded	Commentary	Future Years' Budget
			£k	£k		£
10	Environment	Essex Road	350	Yes	Due to acceleration of the programme, £350k is anticipated to be reprogrammed.	851
11	Environment	Waste Infrastructure Capital Grant	(45)	Yes	Tenders for construction of Re-Use Centres at HWRC have now been received and are in the process of being evaluated. Planning permission has been obtained for the Harpenden and Waterdale proposals; however, the Rickmansworth proposals have been delayed pending a review of the site layout and available budget for implementation. It is still anticipated that these two modular buildings will be completed in 2017. But a request to carry forward c.£45k of the grant money is requested due to the delay in delivering a re-use facility at the Rickmansworth HWRC.	0
12	Environment	Waste Management System Development	(75)	No	Due to delays in finalising the contract documents, tender documents will now go out in October 2017 for a new Waste Management data system. If awarded successfully, the programme is to commence in February 18. Therefore a reprofile of the capital spends is requested to £50k in 2017/18 and £200k in 2018/19.	125
13	Environment	Highways – Road Maintenance	785	No	Significant coal tar has been identified within schemes and the estimated cost is £1.375m. This has been partly mitigated by the service budget, which leaves £785k pressure to be funded from the 2018/19 budget allocation.	68,229

Number	Directorate and Service Area	Name of Scheme	Planned reprogramming	Externally Funded	Commentary	Future Years' Budget
			£k	£k		£
14	Fire	F&R Vehicle Replacement	(550)	No	Orders for 3 appliances will be placed in November. Costs are estimated to be £1.1m. Due to the timescale of the build, approximately £550k will be required to be reprogrammed to 2018/19. There is a risk that the 2nd phase of the build may not be completed by the end of March 2018, and a further £200k may be required to be reprogrammed.	2,247
15	ACS	Day Services Modernisation	(90)	Yes	£90k has been reprogrammed into 18/19 to assist with refurbishment of two day service buildings. Work to commence in the final quarter of 2017 to scope and procure the works ready for works to commence in the new financial year.	200
16	ACS	Commissioning for Independence	(700)	No	The development of the Supported Accommodation Strategy has shifted ACS approach on capital spend for LD services. Previous approaches have been on a reactive basis responding to urgent service demands. This builds in delays and risks to our ability to utilise capital effectively and a number of initiatives have fallen down due to a number of factors resulting in forecast reprogramming into 18/19 of £700k. There is governance being set up to ensure capital is allocated for schemes whereby revenue savings are explicitly stated so that ACS can prioritise capital investments.	2,600
17	ACS	EPH Re provision	(4,679)	No	£4,679k is forecast to be reprogrammed following Cabinet approval in September 2017 for a review to be undertaken of the existing capital programme for renovating and rebuilding residential care homes. The review is currently underway with the outcome of the review anticipated in Q1 2018/19	5,208



Number	Directorate and Service Area	Name of Scheme	Planned reprogramming	Externally Funded	Commentary	Future Years' Budget
			£k	£k		£
18	Resources	Co-location of Libraries	(850)	Partly (HCC funded £591k inc Invest to Transform, Externally funded £259k)	Public exhibitions have all taken place although delayed due to extended election period. Consultants have been appointed to undertake further value engineering, and detailed design in order to finalise planning applications and invitations to tender. £850k is forecast to be reprogrammed, this is an estimate and is subject to further review. Planning is due to be submitted in October, with tenders being issued in November. Earliest start date on site is expected to be January 2018.	677
19	Resources	Broadband Delivery (Contract 2)	(4,658)	Partly (HCC funded £2,588k inc Invest to Transform, Externally funded £2,070k)	£4.658m is forecast to be reprogrammed to 2018/19. British Telecom has not met the milestones required to make certain payment claims. This has been due to unforeseen issues along with extra resources required to be able to deliver the fibre infrastructure. There is a risk, that the forecast could be reduced by a further £1.5m if British Telecom cannot complete the required targets set by BDUK.	1,395
20	Resources	County Hall H&S Car Parks	19	No	Phase 1 of the works are now completed. Due to the phasing of the project it is anticipated that the final account will require £19k of reprogramming from 18/19.	200
21	Resources	Access Control/Car Park Improvements	(390)	No	£390k reprogrammed to 2018/19 for the front of County Hall. This is due to planning application to English Heritage being submitted in October 17, with a decision likely to be received in February/March 2018. Due to Tender process, works will not be delivered until 2018/19.	0

Number	Directorate and Service Area	Name of Scheme	Planned reprogramming	Externally Funded	Commentary	Future Years' Budget
			£k	£k		£
22	Resources	Acquisition of Leahoe	(800)	No	No. 18 has been acquired. No. 20 is expected to complete by 31st March 2018. We have exchanged contract on No. 14, although it is subject to a delayed completion, therefore costs attributed to this property will be required to be reprogrammed	0
	<b>Total</b>		<b>(62,587)</b>			

## Appendix D: Prudential Indicators 2017/18 – 30 September 2017

### 1. Capital financing Indicators

	Indicator	Description	Integrated Plan Ref.	2017/18 IP	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4
	<p><b>Indicators 1 to 3 demonstrate the affordability and sustainability of the capital programme. The projections for financial years 2017/18 to 2018/19 are set out in the Integrated Plan at the reference shown in the table below.</b></p>							
1	<b>Capital Expenditure</b>		2.4 Table 1	£219.29m	£192.40m	£174.7m		
	Monitors capital expenditure for 2017/18 against the projections set out in the Integrated Plan							
2	<b>Capital Financing Requirement (CFR)</b>		2.10 Table 3	£580.44m	£577.80m	£564.81m		
	Monitors the Council's underlying need to borrow for capital purposes for 2017/18 against the projections set out in the Integrated Plan							
3	<b>Ratio of financing costs to net revenue stream</b>		2.11 Table 4	1.47%	1.37%	1.35%		
	Monitors the percentage of revenue budget set aside to service capital financing costs (borrowing costs net of lending income) for 2017/18 against projections set out in the Integrated Plan.							

	Indicator	Description	Integrated Plan Ref.	2017/18 IP	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4
	<b>Treasury Position:</b> The Treasury Management Prudential Indicators are set to contain lending and borrowing activities within approved limits. The indicators are set at a level that will provide enough flexibility for effective treasury management whilst managing the risk of a negative impact on the Council's overall financial position in the event of adverse movements in interest rates or borrowing decisions. The indicators are also used to demonstrate that Net Borrowing does not exceed the Capital Financing Requirement. The projections for financial years 2014/15 to 2017/18 are set out in the Integrated Plan.							
4A	<b>Net Borrowing</b>		NA	NA	£151.08m	£137.89m		
	Monitors actual borrowing less actual lending							
4B	<b>Net Borrowing Less than CFR</b>		NA	NA	✓	✓		
	Comparison of net borrowing to CFR							
	<b>Borrowing: Indicators 5 and 6 control the overall level of borrowing. The limits for 2017/18 to 2017/18 are set out in the Integrated Plan.</b>							
5	<b>Authorised Limit (against maximum position)</b>		6.5 Table 11	£495m (LIMIT)	£495m	£495m		
	Monitors the borrowing limit for 2017/18 beyond which borrowing is prohibited without Member approval.							
6	<b>Operational Boundary</b>		6.5 Table 11	£465m (LIMIT)	£465m	£465m		
	Monitors the estimated external debt for the financial year 2017/18. This is not a limit and actual borrowing can vary. This estimate acts as an indicator to ensure the authorised limit is not breached.							

## 2. Treasury Management Indicators

	Indicator	Description	Integrated Plan Ref.	2017/18 Budget	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4
	<b>Interest Rate Exposure:</b> Indicators 7 and 8 limit the Council's exposure to both fixed and variable interest rate movements. The limits for 2017/18 to 2017/18 are set out in the Integrated Plan.							
7	<b>Upper limit on fixed interest rates (against maximum position)</b> Monitors the limits set for 2017/18 for the volume and value of the (lending) /borrowing portfolios that may be committed for fixed interest rate investments or borrowing	6.7 Table 12	£325.00m (LIMIT)	£258.78m	£258.78m			
8	<b>Upper limits on variable interest rates (against maximum position)</b> Monitors the net limits set for 2017/18 for the volume and value of the (lending) /borrowing portfolios that may be committed for variable interest rate investments or borrowing	6.7 Table 12	£97.50m (LIMIT)	(£107.70m)	(£120.89m)			
	<b>Maturity structure of fixed rate borrowing (against maximum position):</b> Indicator 9 limits the Council's exposure to large fixed rate sums falling due for refinancing in the same period. The indicators are set relatively high to give the council enough flexibility to respond to opportunities to repay or reschedule debt during the financial year, while remaining within the parameters set by the indicators.							
9A	Under 12 months	6.8 Table 13	50%	0.00%	0.00%			
9B	12 months to 2 years	6.8 Table 13	50%	0.00%	0.10%			
9C	2 years to 5 years	6.8 Table 13	60%	1.22%	1.12%			
9D	5 years to 10 years	6.8 Table 13	80%	3.28%	3.28%			

	Indicator	Description	Integrated Plan Ref.	2017/18 Budget	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4
<b>9E</b>	10 years to 20 years		6.8 Table 13	85%	7.92%	7.92%		
<b>9F</b>	20 years to 30 years		6.8 Table 13	90%	12.34%	12.34%		
<b>9G</b>	30 years and above		6.8 Table 13	100%	75.24%	75.24%		
	<b>Investments greater than 364 days (against maximum limit):</b> <b>Indicator 10 measures the Council's exposure to investing for periods greater than one year.</b> <b>This indicator is required to ensure that the Council is aware of the cashflow implications for long term investments.</b> <b>This includes deposits at risk in Icelandic Banks.</b>							
<b>10</b>	Investments greater than 364 days (Maximum Limit)*		6.9 Table 14	£50m	£30.63m	£30.63m		

\*Includes Pooled Fund investments, which can be withdrawn in less than one year but the intention is to hold for the long-term to minimise the risk of capital value volatility, as agreed at Full Council on the 25<sup>th</sup> November 2014.

### 3. Treasury Management Performance and Activity Measures

	Indicator	Description	Integrated Plan Ref.	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4
<p><b>The CIPFA Treasury Management Code of Practice requires the Council to set performance indicators to assess the treasury function. Group A measures performance for “Security, Liquidity and Yield” and Group B measures the performance of “Operational Activities”</b></p>							
<p><b>GROUP A: Security, Liquidity and Yield</b></p>							
	Average Investment Portfolio		7.3 Table 16	£133.47m	£129.02m		
	Monitors the average amount HCC has had invested in third parties.						
	Average borrowing portfolio		6.3 Table 10	£258.78m	£258.78m		
	Monitors the average amount HCC has as long term borrowing during the quarter						
	Security Indicator: Average Credit Rating of Investments held		Section 6.10	4.46	4.72		
	Measured on a 1 to 10 scale, where 1 is a very good Credit Rating, i.e., government guaranteed						
	Liquidity Indicator: Weighted Average Maturity of investments held		Section 6.10	23 days	14 days		
	Measures the liquidity/accessibility of investments in average days						
	Yield Indicator: Interest Earned*		7.3 Table 16	1.35%	1.45%		
	Monitors the interest earned on HCC investments. Shown as both an actual amount and a percentage of amount invested			£0.451m	£0.467m		
	Yield Indicator: Interest Paid		7.2 Table 15	4.35%	4.74%		
	Monitors the interest paid on HCC borrowing. Shown as both an actual amount and a percentage of amount borrowed			£3.13m	£3.10m		

\*includes Pooled Fund investments, see Yield section below for further information for rate excluding Pooled Funds

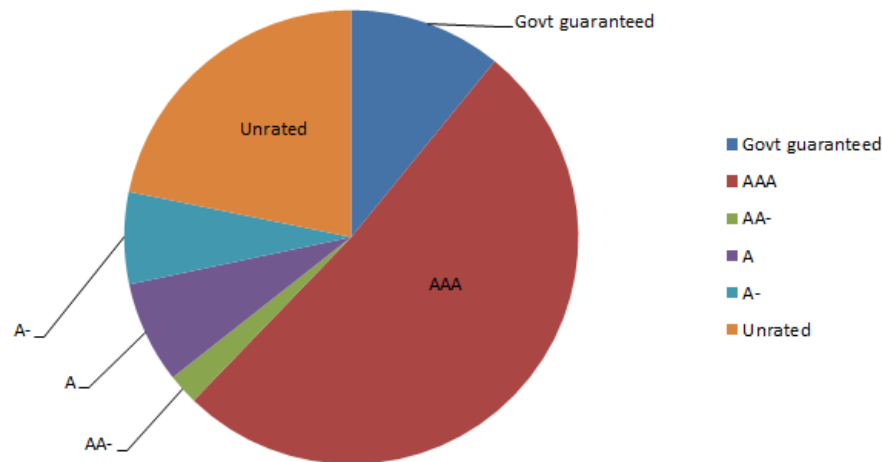
## Security, Liquidity and Yield

### Security - Exposure to Risk

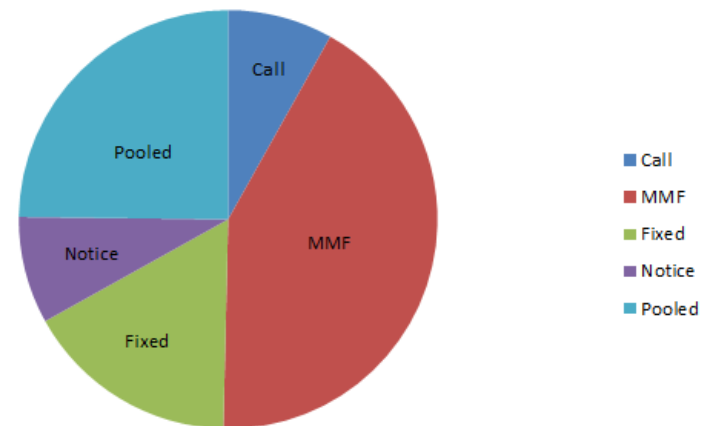
The Treasury Management Strategy was approved on 21<sup>st</sup> February 2017 as Part D of the Integrated Plan. This maintained the range of investment types approved for use in 2016/17. The approved instruments were last changed in 2014/15 to enable greater diversification of the investment portfolio; these changes introduced greater flexibility in use of investment instruments whilst continuing to maintain security and liquidity of investments.

The following diagrams illustrate the credit rating breakdown of all investment instruments by credit rating grade and investment type for the Council's investment portfolio as at 30th September 2017

**Diagram 1: Investment Credit Risk  
As at 30th Sept 2017**



**Diagram 2: Investment by Type  
As at 30th Sept 2017**





## Investment Portfolio and Activity

The greater proportion of the investment portfolio is held in highly liquid money market funds and call accounts. This reflects the need to ensure adequate liquidity in the management of cash balances to meet daily cashflow requirements.

Investments in pooled funds consist of the CCLA Property Fund, two bond funds, two multi-asset funds and one equity fund.

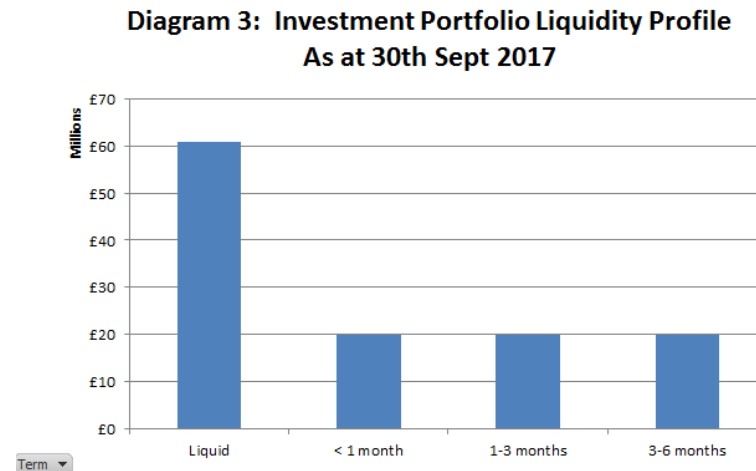
One new fixed term deposit was made during the period. This is with Salford City Council for four months.

A fixed term loan to Worthing Borough Council, and a Svenska Handelsbanken bond matured during the period

## Liquidity

Investment balances are forecast to reduce during the second half of 2017/18, which has restricted opportunities to make new fixed-term investments. Diagram 3 (overleaf) provides a graph showing the liquidity of the Council's investments portfolio as at 30th September 2017.

The potential capital volatility of the pooled fund investments means that they are intended to be held for 3-5 years, but in the graph below these investments are shown on the basis of their accessibility. These funds are all classified as "liquid", except the Property Fund which accessible on 30 days' notice.

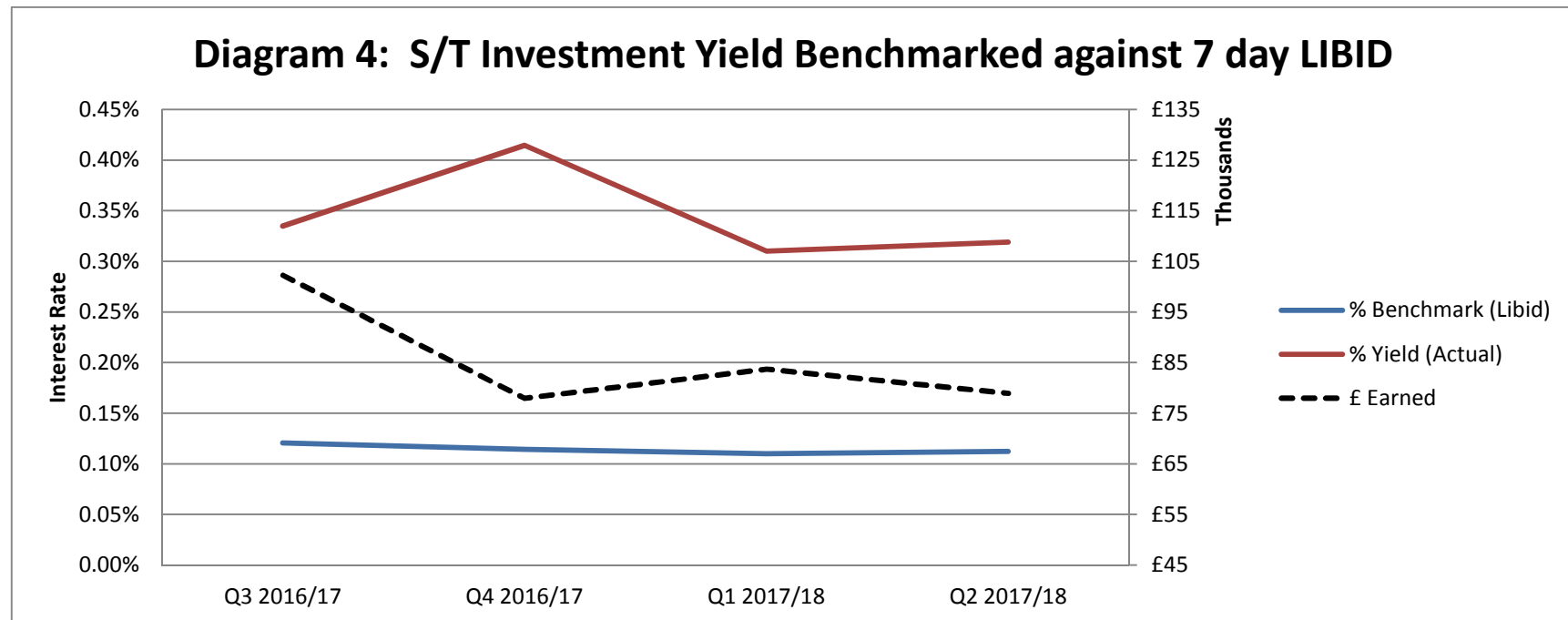


## Yield

### Yield: Short-Term Investments

The benchmark used for assessing the performance of return on short-term lending is the 7-Day London Interbank Bid Rate (LIBID). Diagram 4 shows yield against the benchmark for the last four quarters (solid lines, right-hand axis) and the actual cash earned (dashed line, right-hand axis).

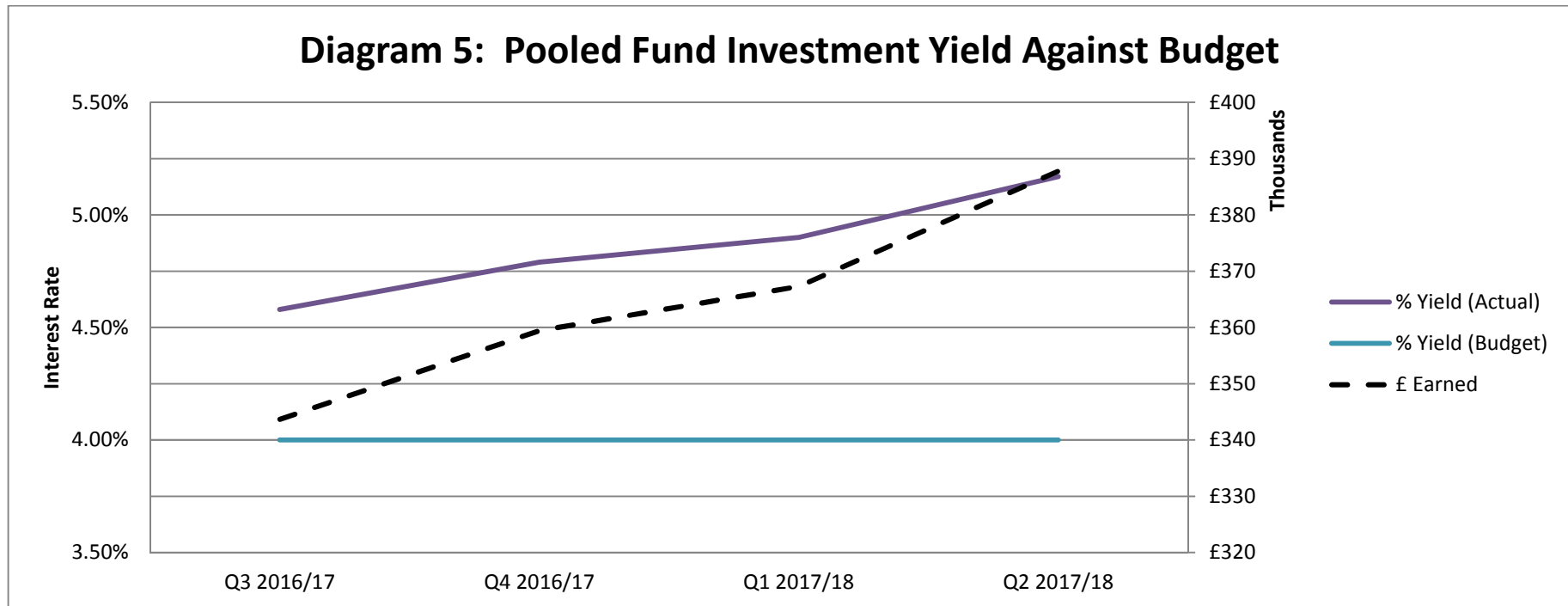
LIBID remained constant at 0.11% during the first half of the year, remaining stable despite significant uncertainty in financial markets. The return excluding pooled fund interest increased from 0.31% to 0.32%. This additional fixed-term lending during the second quarter which improved % yield despite lower average balances.



## Yield: Pooled Funds

The performance of the Council's strategic investments is benchmarked against the target yield level of 4.00%, which forms the basis of the income budget. Diagram 5 shows yield against budget for the last four quarters (solid lines, left-hand axis) and the actual cash earned (dashed line, right-hand axis).

The Pooled funds have consistently achieved returns exceeding expectations, and the average % yield during 2017/18 is equivalent to 4.86% per annum.



## Appendix E Debt Management Reports

### 1 Debt Management Performance Reports

Information for the quarterly debt management reports are derived from the Debt Dashboard which is accessible to Members from the [Members' Information System](#) in the Budget Section, Debt Dashboard.

The Debt Dashboard provides interactive reports giving debt management information from two perspectives:

#### a. How Much Debt Do We Have?

- a snapshot, taken at the end of each month, showing total value of invoices raised with summary detail at departmental level shown as a monetary value, by volume of invoices and percentage of total debt;
- also provides further analysis at departmental level and debt raised by individual services giving details of the current debt recovery status; and
- trend data over a rolling 12 month period of invoices raised and debt recovery status.

#### b. How Effective is the Debt Recovery Process?

- a dashboard giving a departmental view of debt performance selectable by month and at key stages of debt recovery;
- indicator to show whether performance is better or worse than the previous month; and
- drills down to underlying trend data by department and debt recovery status showing the trend over a rolling 12 month period against benchmarks.

The following sections provide a summary of debt and trend data derived from the Debt Dashboard. Further detail and information at a departmental level can be accessed on line via the Members' Information System.

### 2 Summary of Debt Outstanding at 30 September 2017

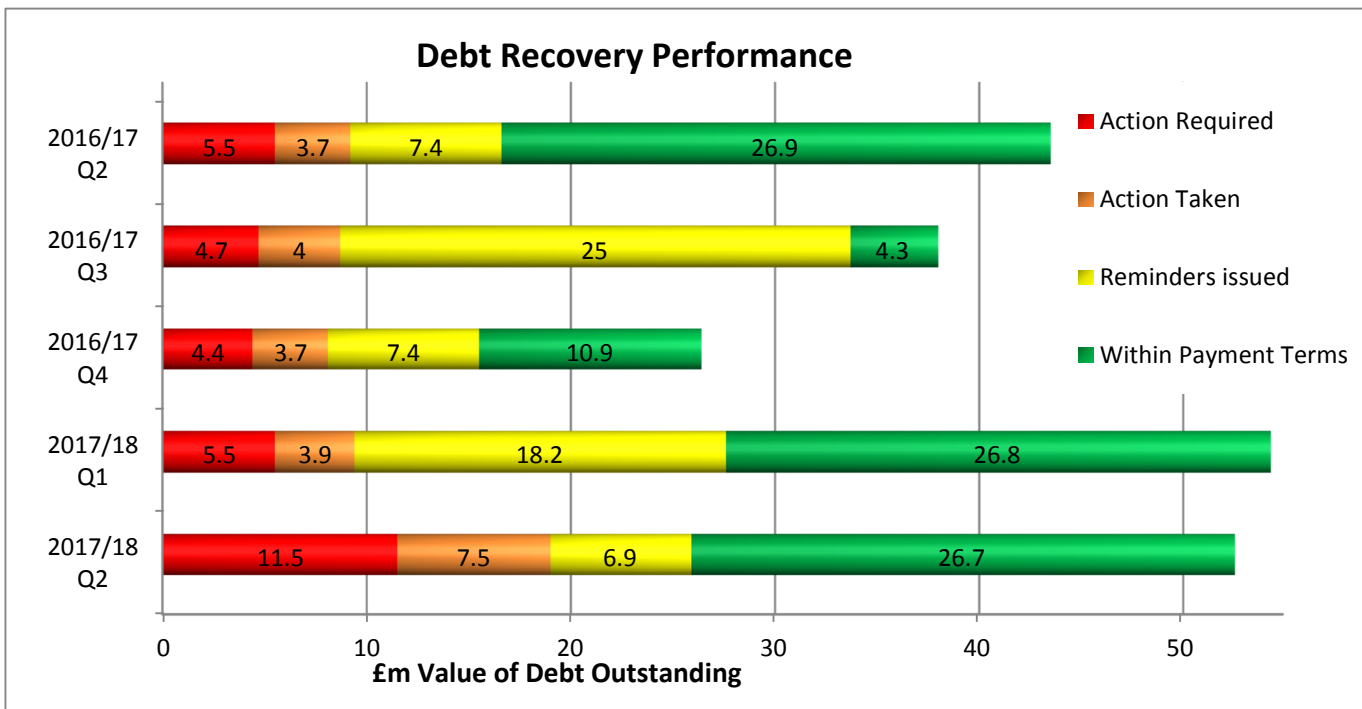
The following chart provides a summary of debt at 30 September 2017 analysed by the current debt recovery status and shows the change between quarters.

As at 30/06/17 £ m	Debt Recovery Status	As at 30/09/17		Description	Quarterly Change £ m
		£ m	% of Total		
26.8	Within Payment Terms	26.8	50.8	Invoices that have not reached the due date for payment	-0.1
18.2	Reminders issued	6.9	13.1	Invoices where reminders have been issued	-11.3
3.9	Action Taken	7.5	14.3	Invoices where active debt recovery is in progress	3.6
5.5	Action Required	11.5	21.9	Invoices awaiting budget manager/holder decision	6.0
<b>54.4</b>	<b>Total</b>	<b>52.6</b>	<b>100</b>		<b>-1.8</b>

Debt of £52.6m as at 30 September 2017 decreased between quarters by £1.8m.

Total debt outside of payment terms at 30 September 2017 was £25.9m. This is a decrease of £1.7m from the previous quarter.

The following chart provides a trend analysis of debt recovery performance for the past 5 quarters.



The chart above illustrates that the amount of debt raised each quarter and debt flowing through the reminder process fluctuates in relation to seasonal billing cycles. The value of invoices where reminders have been issued has returned to a more normal level having been influenced by a small number of high value invoices in the previous period. The value of debt which has passed through the reminder stage and is subject to action, or a decision on further action is pending has increased substantially during the second quarter, from £9.4m to £19m

Debt recovery status “Action Taken” indicates that a decision has been made by the budget manager/holder about the next actions for debt recovery. This may include letters before action, commissioning advice from Legal Services, progressing debt recovery through the Court or, where Court judgment found in favour of the County Council, then enforcement of the judgment.

Debt recovery status “Action Required” indicates that a decision is awaited from budget manager/holder on next actions for debt recovery.

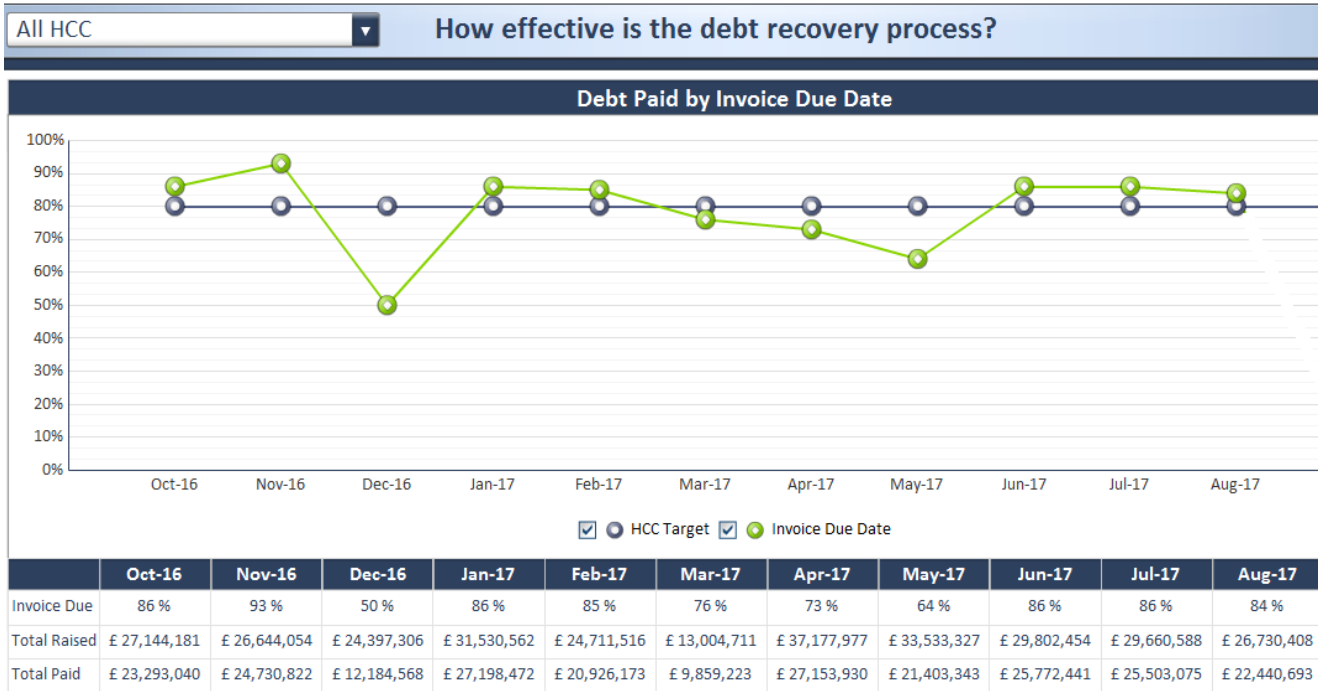
The online Debt Dashboard will provide further detail giving the breakdown between departments with underlying trend data.

### 3 Debt Management Trend Data

The underlying data used to show the trends of debt recovery performance is based on invoices raised in a specific month. The following charts illustrate performance at a County Council level. Individual departmental performance is available from the online Debt Dashboard. Benchmarks are derived from the upper quartile of performance across Local Authorities.

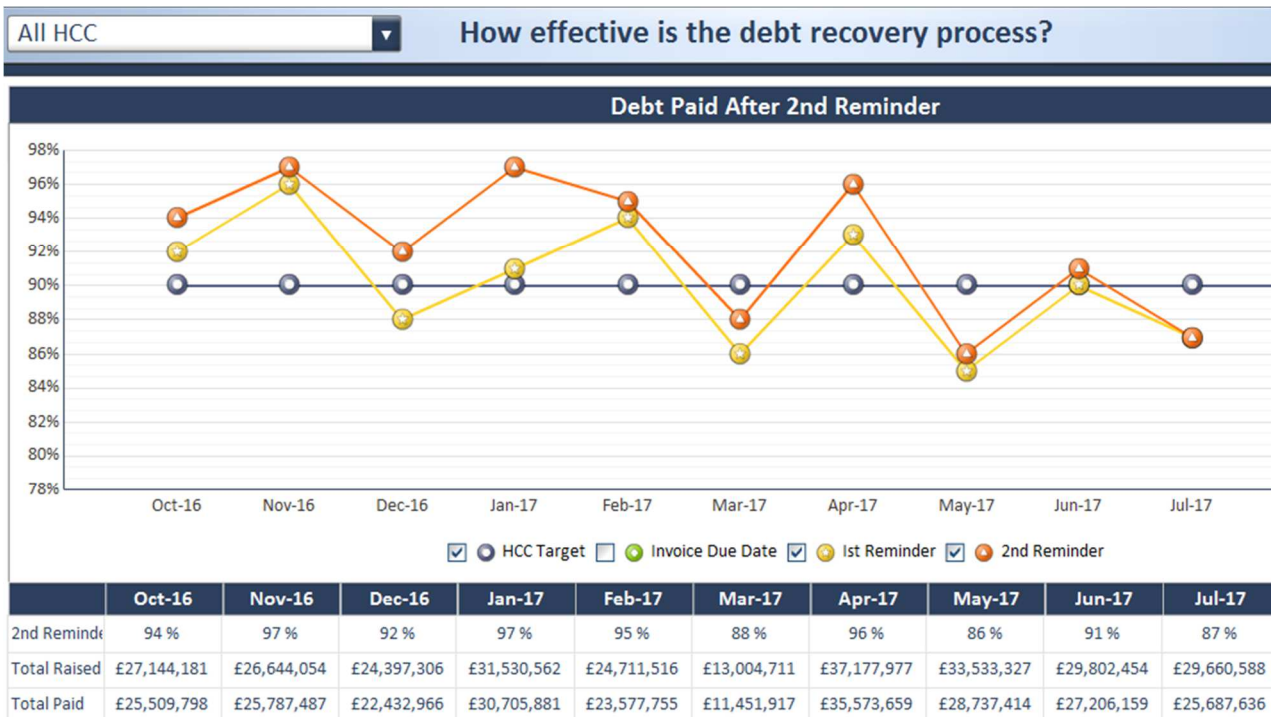
**a. Invoices paid within terms (by the due date)**

The following chart shows the trend in the value of invoices paid within terms over the period October 2016 to August 2017. On a rolling 12 month basis to August 2017 the average value of invoices raised in a month was £27.8m and an average 79.71% of debt was paid within payment terms. This is below the County Council benchmark of 80%.



**b. Invoices paid by the end of dunning (after standard reminder letters)**

The following chart shows the trend in the value of invoices paid by the end of the dunning cycle. On a rolling 12 month basis to July 2017 the average value of invoices raised in a month was £27.6m and an average 93.24% of debt was paid by the end of the dunning cycle. This exceeded the County Council benchmark of 90%. On average a further 13.52% of invoices were paid following the issue of reminder letters.



**c. Invoices paid within 90 days**

The following chart shows the trend in the value of invoices paid within 90 days. On a rolling 12 month basis to June 2017 the average value of invoices raised in a month was £27.3m and an average 94.0% of debt was paid within 90 days following the due date. This includes invoices paid by the due date and following the dunning cycle. This is below the County Council benchmark of 95%.

