

Agenda



AGENDA for a meeting of the CABINET in COMMITTEE ROOM B, County Hall, Hertford on MONDAY, 22 JANUARY 2018 AT 2.00PM

MEMBERS OF THE CABINET (Executive responsibilities are as indicated).

(Quorum = 3)

D A Ashley	Environment, Planning & Transport
T L F Douris	Education, Libraries & Localism
T C Heritage	Children's Services
T W Hone	Community Safety & Waste Management
R M Roberts	Public Health, Prevention & Performance
R Sangster	Highways
J D Williams	Leader of the Council and portfolio holder for Resources, Property & the Economy
C B Wyatt-Lowe	Adult Care & Health

AGENDA

Meetings of the Cabinet are open to the public (this includes the press) and attendance is welcomed. However, there may be occasions when the public are excluded from the meeting for particular items of business. Any such items are taken at the end of the public part of the meeting and are listed under "Part II ('closed') agenda".

The Committee Room is fitted with an audio system to assist those with hearing impairment. Anyone who wishes to use this should contact main (front) reception.

Members are reminded that all equalities implications and equalities impact assessments undertaken in relation to any matter on this agenda must be rigorously considered prior to any decision being reached on that matter.

Members are reminded that:

- (1) if they consider that they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting they must declare that interest and must not participate in or vote on that matter unless a dispensation has been granted by the Standards Committee;
- (2) if they consider that they have a Declarable Interest (as defined in paragraph 5.3 of the Code of Conduct for Members) in any matter to be considered at the meeting they must declare the existence and nature of that interest but they can speak and vote on the matter.

PART I (PUBLIC) AGENDA

1. MINUTES

To confirm the Minutes of the Cabinet meeting held on 18 December 2017 (attached).

2. QUESTIONS FROM MEMBERS OF THE COUNCIL TO EXECUTIVE MEMBERS

To deal with any questions directed to the Leader of the Council and Executive Members. All such questions shall have been notified to the Chief Legal Officer at least 5 clear days before the meeting.

Questions will be answered at the meeting in the order in which notice was received. At the end of each reply the questioner may ask one supplementary question to the person to whom the original question was put, who may reply orally or may undertake to reply in writing within 7 days.

The period allocated to questions shall not exceed 15 minutes. Any remaining after that period has elapsed shall be answered in writing within 7 days.

[No questions had been received at the time of agenda despatch.]

3. PUBLIC PETITIONS

The opportunity for any member of the public, being resident in Hertfordshire, to present a petition relating only to a matter on the Cabinet Agenda which has not been considered by a Cabinet Panel and which contains 250 or more signatories who are either resident in or who work in Hertfordshire.

If you have any queries about the petitions procedure for this meeting please contact Deborah Jeffery, Assistant Democratic Services Manager, by telephone on (01992) 555563 or by email to deborah.jeffery@hertfordshire.gov.uk.

4. INTEGRATED PLAN 2018/19 - 2021/22

4(i). PUBLIC ENGAGEMENT ON THE 2018/19 – 2021/22 INTEGRATED PLAN

[Forward Plan Ref: A062/17]

Report of the Director of Resources

NOTE: This report has been circulated under separate cover to all Members of the County Council. **Please bring the report to the meeting.**

4(ii). **INTEGRATED PLAN 2018/19 - 2021/22 (incorporating the Strategic Direction and Financial Consequences and the Treasury Management Strategy)**

[Forward Plan Ref: A061/17]

Report of the Director of Resources

NOTE: This report and its appendices:-

Part A – Integrated Plan Overview
Part B – Strategic Direction and Financial Consequences
Part C – The Prudential Code for Capital Finance and Treasury Management Strategy
Part D – Capital and Asset Strategy and Invest to Transform
Part E – Insurance & Risk Strategy
Part F – Equality Impact Assessment
Part G – Other Technical Information (Tables)

have been circulated under separate cover to all Members of the County Council. **Please bring the report and its appendices to the meeting.**

5. **HARPENDEN SECONDARY SCHOOL – AUTHORITY TO ENTER INTO THE DEVELOPMENT AGREEMENT AND LEASE**

[Forward Plan Ref: A084/17]

Report of the Director of Resources

6. **CROXLEY GREEN SECONDARY SCHOOL – AUTHORITY TO ENTER INTO THE DEVELOPMENT AGREEMENT AND OCCUPATION LEASE**

[Forward Plan Ref: A085/17]

Report of the Director of Resources

7. **HERTFORDSHIRE SKILLS STRATEGY TO 2020**

[Forward Plan Ref: A060/17]

Report of the Director of Resources

8. **CHANGES TO CHARGING ARRANGEMENTS FOR COMMUNITY BASED ADULT SOCIAL CARE**

[Forward Plan Ref: A068/17]

Report of the Director of Resources

**PART II ('CLOSED') AGENDA
EXCLUSION OF PRESS AND PUBLIC**

No Part II business has been notified. If Part II business is notified and the procedures set out in the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 have been complied with. The Chairman will move:-

“That under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item/s of business on the grounds that it/they involve/s the likely disclosure of exempt information as defined in paragraph.... of Part 1 of Schedule 12A to the said Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

If you require further information about this agenda please contact Deborah Jeffery, Democratic and Statutory Services on telephone no. (01992) 555563 or email deborah.jeffery@hertfordshire.gov.uk

Agenda documents are also available on the internet at <https://cmis.hertfordshire.gov.uk/hertfordshire/Calendarofcouncilmeetings.aspx>

**KATHRYN PETTITT
CHIEF LEGAL OFFICER**

Minutes



To: All Members of the Cabinet,
Chief Executive, Chief Officers

From: Legal, Democratic & Statutory Services
Ask for: Deborah Jeffery
Ext: 25563

CABINET 18 DECEMBER 2017

ATTENDANCE

MEMBERS OF THE CABINET

D A Ashley, T L F Douris, T C Heritage, T W Hone, R M Roberts, R Sangster, J D Williams
(Leader of the Council), C B Wyatt-Lowe

Other Members in Attendance

T Hutchings, R Thake

Upon consideration of the agenda for the Cabinet meeting on 18 December 2017 as circulated, copy annexed, conclusions were reached and are recorded below:

Note: Interests declared by Members of the Cabinet in relation to the matters on which conclusions were reached at this meeting are recorded at item 5 below.

PART I ('OPEN') BUSINESS

1. MINUTES

- 1.1 The Minutes of the Cabinet meeting held on 13 November 2017 were confirmed as a correct record and signed by the Chairman.

2. QUESTIONS FROM MEMBERS OF THE COUNCIL TO EXECUTIVE MEMBERS

- 2.1 There were no questions from Members of the Council to Executive Members.

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3. PUBLIC PETITIONS

3.1 There were no public petitions.

4. ADULT CARE SERVICES ESTABLISHMENT OF A LOCAL AUTHORITY TRADING COMPANY TO PROVIDE ADULT SOCIAL CARE SERVICES

[Forward Plan Ref: A058/17]

Decision

4.1 Cabinet:

- i. approved the business case for, and the establishment of, the wholly owned trading company as referred to in the report;
- ii. delegated to the Director of Adult Care Services in consultation with the Executive Member for Adult Care & Health, the Executive Member for Resources, Property & the Economy, the Director of Resources and the Chief Legal Officer, the authority to agree such documents and arrangements and to take such other actions as are appropriate to establish the company;
- iii. authorised the Chief Legal Officer, in consultation with the Director of Adult Care Services, to appoint officers as directors of the company;
- iv. agreed to provide indemnities (or equivalent insurance) under the Local Authorities (Indemnities for Members and Officers) Order 2004 to employees of the Council who are appointed as Directors of the company and delegates to the Chief Legal Officer the power to finalise and issue the indemnities;
- v. delegated authority to the Director of Resources to exercise the rights of the Council as shareholder including attending and voting at meetings, and requesting the Directors to take or refrain from taking action.

Reasons for the decision

4.2 Adult Care Services in Hertfordshire are facing unprecedented challenges while the demand for care is rising. At the same time there have been a number of cases of providers withdrawing from the market, and occasions in the home care, supported living, and residential care sectors that have required the Council to intervene to source alternative provision or take to on the services. This has highlighted the need to look at innovative solutions when the Council is required to intervene to stabilise services and ensure continuity of care.

4.3 Where alternative providers cannot be sourced, or urgency means it is not feasible to re-procure a service in time, the only option at present is for the Council to take on the direct management of a service. While this can work well, the increasing number of interventions is placing a considerable strain on

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resources and new ways of addressing the problems in the local care market need to be explored. Officers have undertaken preparatory work assessing various options including the option of creating a Council-owned Local Authority Trading Company.

- 4.4 In reaching its decision, Cabinet considered its statutory responsibilities; the business case attached at Appendix 1 to the Report, the financial implications; the positive results of the equality impact assessment carried out; and the recommendations of the Adult Care & Health Cabinet Panel.

Any alternative options considered and rejected

None.

5. REVIEW OF CURRENT FINANCIAL ARRANGEMENTS WITH GROUNDWORK EAST AND THE HERTS AND MIDDLESEX WILDLIFE TRUST

[Forward Plan Ref: A077/17]

- 5.1 **D A Ashley** declared a Declarable Interest in this item due to being a Board Member of Groundwork East. **R Sangster** declared a Declarable Interest in this item due to being a Board Member of Groundwork East. Both members remained in the room and participated in the debate and vote.

Decision

- 5.2 Cabinet agreed:-

- (i) a phased withdrawal of financial support from Herts and Middlesex Wildlife Trust and Groundwork East with effect from 1 April 2018 as follows:-
 - (a) Herts and Middlesex Wildlife Trust – a £5,000 reduction in 2018/19 and a further £5,000 reduction in 2019/20; and
 - (b) Groundwork East – a £10,000 reduction in 2018/19, a further £15,000 reduction in 2019/20 and a final reduction of £16,000 in 2020/21
- (ii) that the Chief Executive and Director of Environment be authorised to give notice to Herts and Middlesex Wildlife Trust and Groundwork East of the decision to withdraw funding, as set out in (i)(a) and (b) above.

Reasons for the decision

- 5.2 Both Groundwork East (GE) and Herts and Middlesex Wildlife Trust (HMWT) have been provided with annual grant aid and project funding support from the

Council for over 3 decades. Over the years this financial support has diminished but both still receive annual contributions; GE £41,000 per annum; and HMWT £10,000 per annum. The Council ceased all other direct financial support to other Hertfordshire based environmental trusts/charities over a decade ago (although continued annual financial support is provided to the Chilterns Area of Outstanding Natural Beauty).

5.3 While a reduction in funding or withdrawal of funding would be a cause of concern to both organisations, it is unlikely to represent a serious financial dilemma for either. There would be no direct impacts to any Council services or activities and any external funding leveraged in through this funding does not contribute directly to Council activities or budgets.

5.4 In reaching its decision, Cabinet considered the above, together with the financial implications that a reduction in funding would effectively deliver an efficiency saving to the Council as there would be no impacts on any of the services; the legal implications; and the recommendations of the Environment, Planning and Transport Cabinet Panel.

6. WINTER SERVICE CRITERIA
[Forward Plan Ref: A051/17]

Decision

6.1 Cabinet agreed the winter service criteria as set out in paragraph 4 of the report for implementation in 2018/19.

Reasons for the decision

6.2 In October 2016, Well Maintained Highways was revised and introduced as “Well-Managed Highway Infrastructure – A code of Practice”. The new code of practice changes what highway authorities should consider when designing their maintenance services, including winter services. The document requires more significant changes to Hertfordshire’s winter service including a review of which roads are treated. A review of the criteria and the routes to be treated will take place and come into effect for the start of the 2018/19 winter season.

6.3 In reaching its decision, Cabinet considered its statutory responsibilities, the financial implications that it is not expected that the proposed criteria will have an impact on the overall winter service budget; the equalities impact assessment, including the action plan to mitigate any potential impact on those with protected characteristics and the recommendations of the Highways Cabinet Panel.

Any alternative options considered and rejected

None.

7. HIGHWAYS DRAINAGE GULLY EMPTYING AND CLEANING SERVICE

[Forward Plan Ref: A075/17]

Decision

7.1 Cabinet approved:

- i. the proposed revisions to the gully emptying and cleaning service as set out in the report; and
- ii. the proposed changes to the highway fault reporting system as set out in the report.

Reasons for the decision

7.2 The Council has stabilised the gully emptying and cleaning service through the implementation of a number of interventions. The gully emptying and cleaning service has been in the performing zone for the last two years and gully dig outs have reduced blocked gullies to less than 2% of the total number of gullies in each Member division. Revisions to the gully emptying and cleaning service include risk based assessments of gully cleaning and reorganising. Cleaning on a regular basis to ensure gullies are not filling with silt.

7.3 A change to the fault reporting system is in development that will more fully automate the reporting of a blocked gully and improve the customer journey. The fault will automatically be transferred into the Cat 5 defect pool and then is closed by the system. Customers will be informed that the fault has been transferred. This change makes it clearer to the customer that the required gully dig out has been logged as a fault

7.4 In reaching its decision, Cabinet considered the above, together with the financial implications; the equality impact assessment; and the recommendations of the Highways Cabinet Panel.

Any alternative options considered and rejected

None.

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

[Forward Plan Ref: A052/17]

Decision

8.1 Cabinet approved the following:

- capital budgets of £63.866m, be reprogrammed to 2018/19 or future years; and

- capital budgets of £1.279m, be reprogrammed from 2018/19 to 2017/18, to meet spend in that year as set out in the report.

[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.]

Reasons for the decision

8.2 As set out above.

Any alternative options considered and rejected

None.

9. SALE OF THE AUTHORITY'S SHARE OF HERTFORDSHIRE SCHOOLS BUILDING PARTNERSHIP

[Forward Plan Ref: A057/17]

Decision

9.1 Cabinet:

- i. agreed and authorised the sale of the County Council's minority interest of 20 shares in Hertfordshire Schools Building Partnership Limited and 180 shares in Hertfordshire Schools Building Partnership Phase 1 Holdings Limited for the total sum of £1.745m to Building Schools for the Future Investments LLP; and
- ii delegated to the Director of Resources, in consultation with the Chief Legal Officer, authority to finalise the terms of the sale of the shares of the companies, and to agree the Sale and Purchase Agreement, and all other required legal documents and for the Chief Legal Officer to execute the required legal documents relating to the sale.

Reasons for the decision

9.2 At the time of investment in the companies it was anticipated that it would be used to deliver significant construction through the Hertfordshire Building Schools for the Future programme. With the ending of the programme by the Government in 2010, only those schemes which had reached financial close went ahead. The companies have been used to deliver 15 projects but a shareholding in the companies is not fundamental to the ongoing operation of the County Council, and does not have a strategic fit with other developments.

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Also, given the overarching need to review the structure for County Council's company holdings, this is a helpful simplification of those holdings.

9.3 In reaching its decision, Cabinet considered the above, together with the legal implications; the financial implications; and the recommendations of the Resources, Property & the Economy Cabinet Panel.

10. JOINT PROMOTION OF LAND OWNED BY HERTFORDSHIRE COUNTY COUNCIL AND BOROUGH OF BROXBOURNE AT BROOKFIELD RIVERSIDE

[Forward Plan Ref: A076/17]

10.1 Discussion took place on this item in Part I.

11. PROCUREMENT OF THE PROPERTY DEVELOPMENT PARTNER

[Forward Plan Ref: A040/17]

Discussion took place on this item in Part I.

12. HIGHWAY SERVICE REVIEW:

(i) POTENTIAL EXTENSION OF HIGHWAYS SERVICE TERM (RINGWAY) CONTRACT AND

(ii) POTENTIAL EXTENSION TO THE CLIENT SUPPORT TERM (OPUS-ARUP) CONTRACT

[Forward Plan Ref: A072/17]

12.1 Discussion took place on this item in Part I.

13. SCHOOL TO SERVE HIGH LEIGH HOUSING DEVELOPMENT AND POTENTIAL RELOCATION OF WESTFIELD COMMUNITY PRIMARY SCHOOL, HODDESDON

[Forward Plan Ref: A083/17]

13.1 Discussion took place on this item in Part I.

14. PART II ('CLOSED') AGENDA EXCLUSION OF PRESS AND PUBLIC

14.1 Cabinet then decided to move into Part II ('closed' session') and passed the decision at paragraph 14.2 below.

14.2 That under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the said Act and the public interest in

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maintaining the exemption outweighs the public interest in disclosing the information.

- 14.3 Following discussion on the Part II Reports on the items referred to at 10, 11, 12 and 13 above and Recommendations, Cabinet took a decision in Part 2 on Item 11 and then moved back into Part I (open session) and considered the Part I Recommendations and made the decisions at 15.1, 16.1, 17.1 and 18.1 below.

15. JOINT PROMOTION OF LAND OWNED BY HERTFORDSHIRE COUNTY COUNCIL AND BOROUGH OF BROXBOURNE AT BROOKFIELD RIVERSIDE

[Forward Plan Ref: A076/17]

Decision

- 15.1 Cabinet:
- (a) agreed that a joint marketing and procurement exercise between the County Council and Broxbourne Council be carried out as soon as possible, in accordance with the Public Contract Regulations 2015 using the Official Journal of the European Union in order to identify a suitable development partner for both councils' land holdings at Brookfield, Riverside, Cheshunt;
 - (b) delegated to the Director of Resources in consultation with the Leader of the Council (as responsible for Resources, Property and the Economy portfolio) working with appropriate representatives from Broxbourne Council, authority to carry out the procurement process to determine which Development Partner is selected, including the necessary detailed negotiations;
 - (c) delegated to the Director of Resources in consultation with the Leader of the Council (as responsible for Resources, Property and the Economy portfolio) and the Chief Legal Officer, authority to agree the terms of any agreements required between the County Council and Broxbourne Council and/or the identified Development Partner and/or any third parties;
 - (d) noted the intention to make a planning application for Garden Village;
 - (e) delegated to the Director of Resources in consultation with the Executive Member for Resources, Property and the Economy, to produce the necessary business case with regards the relocation of the County Council's household waste recycling centre (HWRC) and traveller's site at Halfhide Lane, Cheshunt, with consideration being given on the necessary County Council budget to support this scheme, all in accordance with the agreed

masterplan for the Garden Village.

- (f) approved the marketing of the HWRC and travellers site, and delegated to the Director of Resources in consultation with the Leader of the Council (as responsible for Resources, Property and the Economy portfolio) and the Chief Legal Officer authority to agree the terms of this disposal (including the required legal documentation) ensuring compliance with section 123 under the Local Government Act 1972 (best consideration), as well as to consider the displacement of the services carrying out the required consultation process applicable, subject to (g) below;
- (g) noted a further report will be presented to Cabinet for approval to appoint the preferred Development Partner and terms of the agreed disposals as set out in these recommendations, including and other relevant recommendations/approvals to enable the Greater Brookfield development opportunity to be awarded and proceed.

Reasons for the decision

- 15.2 It has been a long standing policy ambition of Broxbourne Council to continue the development of the existing Brookfield Retail Park, a large, established retail area close to the A10 at Cheshunt. In 2014, Broxbourne Council and the County Council purchased land in equal shares at Cheshunt Park Farm to the north/north east of Brookfield. More recently this land has been promoted for a Garden Village development through Broxbourne’s emerging Local Plan.
- 15.3 The position has now been reached where the councils are ready to formally seek the procurement and appointment of a development partner for Brookfield Riverside and property advisor Cushman & Wakefield have been instructed by Broxbourne Council to prepare the necessary documentation.
- 15.4 Even though there is a financial cost (estimated at £60k to the County Council) and a significant resourcing impact with the County Council project participation, the overall feeling is the market will respond more positively with all land owning partners participating in the promotion. By being involved in the promotion, the County Council will also have better clarity on the delivery of key infrastructure that is needed to access the urban extension. The delivery of the infrastructure needed for the urban extension means receipts can begin to flow from that project.
- 15.5 In reaching its decision, Cabinet considered the above, together with the information from the Part II report; alternative options at items 4 of the report, the financial, legal and risk management implications and the recommendations of the Resources, Property & the Economy Cabinet Panel.

Any alternative options considered and rejected

As per item 4 of the report.

16. PROCUREMENT OF THE PROPERTY DEVELOPMENT PARTNER

[Forward Plan Ref: A040/17]

Decision

16.1 Cabinet:

- i. having considered the matters set out in Part 1 & Part 2 reports, authorised the selection of the Preferred Bidder (as agreed in the Part II business).
- ii. authorised the Director of Resources, in consultation with the Leader of the Council (as responsible for the Resources, Performance & Economy portfolio), to enter into discussions with the Preferred Bidder with a view to clarifying, specifying and optimising aspects of the Preferred Bidder's final tender (including but not limited to project governance, sites to be developed, phasing, financial profile and communications) and to confirm commitments contained in the final tender.
- iii. agreed that a further report relating to the award of contract to the Preferred Bidder and approval of the final documentation to support the establishment of the JV, arrangements and the agreement of the relevant business plans is brought to Cabinet, following further refinement at closure of the preferred bidder stage.
- iv. noted that the detail of the governance arrangements, including the delegation matrix, will be reported to Cabinet following further refinement at the preferred bidder stage.
- v. delegated to the Director of Resources in consultation with the Leader of the Council (as responsible for the Resources, Performance & Economy portfolio) to work with the Managing Director of Herts Living Limited to create and agree a robust business case for the future objectives of Herts Living Limited, incorporating the objectives of the County Council.
- vi. approved the request for £0.5m allocated for capital spend to be made available for revenue spend, as set out in paragraph 11.3 of the report.

Cabinet noted that the following actions were completed as delegated per the Cabinet decision of 10 July 2017:

- i the creation of the company, Herts Living Limited ("the Company") which was incorporated on 5 September 2017

(Company number 10947722), wholly owned by the County Council to work, in due course (subject to a decision to this effect being made by the County Council), with the joint venture partner and explore other opportunities to develop land and building assets for the benefit of County Council. The model articles and memorandum of association were adopted in accordance with the Companies Act 2006. The County Council is the sole shareholder, with a holding of 1,750 ordinary shares with an aggregate nominal value of £175,000.

- ii the recruitment and appointment of a Managing Director (MD) of Herts Living Ltd, with an anticipated start date of 1 February 2018. All terms and conditions of the employment have been agreed.
- iii the appointment of the following employees of County Council as Directors of the Company: Simon Aries, Mike Evans and John Oakley, with the appropriate indemnities in accordance with the Local Authorities (Indemnities for Members and Officers) Order 2004.”

Reasons for the decision

- 16.2 In March 2017, Cabinet gave approval to carry out the procurement process to identify a Joint Venture development partner to assist the County Council, through a wholly owned subsidiary (now established as Herts Living Ltd), in the development of 12 initial sites. The OJEU process proceeded through autumn/summer 2017. Officers have completed the evaluation of final tenders submitted as part of the procurement process and recommended a Preferred Bidder, as agreed in the Part II business.
- 16.3 Cabinet considered the above, together with the Part II Report, the legal structure, the financial implications set out in the Part II Report, the risks referred to in both the Part I & II Reports and the recommendations of the Resources, Property and the Economy Cabinet Panel in reaching its decisions.

Any alternative options considered and rejected

None.

17. **HIGHWAY SERVICE REVIEW:**
(i) POTENTIAL EXTENSION OF HIGHWAYS SERVICE TERM (RINGWAY) CONTRACT AND
(ii) POTENTIAL EXTENSION TO THE CLIENT SUPPORT TERM (OPUS-ARUP) CONTRACT
[Forward Plan Ref: A072/17]

Decision

17.1 Cabinet agreed that:

- (i) the Client Support Term contract with Opus International Consultants (UK) Limited and Ove Arup and Partners Limited be extended in accordance with the contract for a period of up to 5 years;
- (ii) the Highways Service Term Contract with Ringway Infrastructure Services Limited be extended in accordance with the contract for a period of up to 5 years;
- (iii) the decision to agree the final terms of the above extensions, including the contractual documentation and any necessary notices or other documents required, is delegated to the Deputy Director of Environment in consultation with the Executive Member for Highways and the Chief Legal Officer; and
- (iv) that a report be presented to the Cabinet Panel at a later date on the final contractual arrangements for the extension of the contracts as mentioned in (i) and (ii) above.

Reasons for the decision

17.2 Given the current level of service performance, the stable platform and improved relationships within the service, combined with market uncertainty and general inflationary pressures, Cabinet considered that both contracts be extended in accordance with the contract terms. Cabinet also considered the information within the Part II Report; the independent review; the financial implications and the recommendations of the Highways Cabinet Panel when reaching its decision.

18. **SCHOOL TO SERVE HIGH LEIGH HOUSING DEVELOPMENT AND POTENTIAL RELOCATION OF WESTFIELD COMMUNITY PRIMARY SCHOOL, HODDESDON**
[Forward Plan Ref: A083/17]

Decision

18.1 Cabinet:

- i. agreed the proposal to pursue the option to deliver a 2 f.e. school to meet demand from the High Leigh housing development, Hoddesdon through the relocation and enlargement of Westfield Community Primary School, subject to the outcome of a statutory consultation;
- ii. gave approval, with final terms to be agreed by the Director of Resources in consultation with the Leader of the Council (as responsible for the Resources, Property and the Economy portfolio) and the Executive Member for Education, Libraries and Localism, for:
 - the acquisition of additional land at High Leigh, Hoddesdon
 - the application of indexed s106 funds as detailed in the formal s106 agreement relating to the High Leigh housing development, Hoddesdon
 - the use of County Council funding equivalent to the value of the eventual disposal receipt to part-fund the acquisition of additional land at High Leigh, Hoddesdon and additional building costs
 - the use of schools Repairs and Maintenance budget and Basic Need funding to bridge the funding gap
 - the submission of a planning application for housing on the Westfield School site and completion of any planning agreement
 - the submission of a planning application for the proposed new school
 - the procurement of the new school premises, and
 - the subsequent disposal of the Westfield School site;
- iii. agreed that the Director of Children's Services is authorised to proceed with a statutory consultation, commencing in January 2018, on the proposed enlargement of Westfield Community Primary School and non-statutory consultation on its relocation to High Leigh, Hoddesdon (in line with the developer's programme, when available, and related s106 agreement stages); and
- iv. to receive an update on the financial viability of the proposal when it receives the outcome of the public consultation on the relocation and expansion of the school in April 2018.

Reasons for the decision

- 18.2 Planning permission for up to 523 dwellings at High Leigh, Hoddesdon was granted on 2 April 2015. A s106 agreement was also completed on 2 April 2015. Pupil yield from the development is anticipated to be approximately 1f.e. The s106 agreement provides for the transfer of a 1f.e. school site to the County Council and the funding to build the school at that size, however, the Council prefers schools of at least 2 f.e. due to them being more financially and educationally more viable in the longer term. Larger schools can also offer a broad curriculum and manage fluctuations in pupil numbers more easily than a smaller school.
- 18.3 The proposed development lies less than half a mile from the existing 1f.e. Westfield Community Primary School, an option for the County Council to acquire additional land sufficient to accommodate a 2f.e. school (in order to facilitate the relocation of Westfield) was secured within the s106 agreement. Relocation of the school from an older school building to modern, energy efficient accommodation would also have a positive impact on the school's running costs and the Council's ongoing repairs and maintenance responsibilities. The Governing Body of Westfield Primary is supportive of the proposal to relocate as a 2 f.e. School.
- 18.4 Cabinet considered the above together with the Council's statutory responsibility for ensuring that there are sufficient school places available in the County to meet demand, the forecast demand from the new development; the financial implications of the proposal set out in the Part I and Part II reports, and the recommendations of the Children's Services and the Resources and Performance Cabinet Panels.
- 18.5 Cabinet also expressed concern that section 106 planning obligations should be sufficient to cover all requisite infrastructure (e.g. cost of school places) and this was not always achieved.

PART II ('CLOSED') AGENDA

- 1. JOINT PROMOTION OF LAND OWNED BY HERTFORDSHIRE COUNTY COUNCIL AND BOROUGH OF BROXBOURNE AT BROOKFIELD RIVERSIDE**
[Forward Plan Ref: A076/17]

Decision

- 1.1 The Part I decision reached on this item of business is recorded at item 15 above.

2. PROCUREMENT OF THE PROPERTY DEVELOPMENT PARTNER

[Forward Plan Ref: A040/17]

2.1 The Part I decision reached on this item of business is recorded at item 16 above. The Part II decision reached on this item of business is recorded in the separate Part II Minutes.

3. HIGHWAY SERVICE REVIEW:

(i) POTENTIAL EXTENSION OF HIGHWAYS SERVICE TERM (RINGWAY) CONTRACT AND

(ii) POTENTIAL EXTENSION TO THE CLIENT SUPPORT TERM (OPUS-ARUP) CONTRACT

[Forward Plan Ref: A072/17]

3.1 The Part I decision reached on this item of business is recorded at item 17 above.

4. SCHOOL TO SERVE HIGH LEIGH HOUSING DEVELOPMENT AND POTENTIAL RELOCATION OF WESTFIELD COMMUNITY PRIMARY SCHOOL, HODDESDON

[Forward Plan Ref: A083/17]

The Part I decision reached on this item of business is recorded at item 18 above.

**KATHRYN PETTITT
CHIEF LEGAL OFFICER**

CHAIRMAN _____

**CHAIRMAN'S
INITIALS**

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Dear Member

PUBLIC ENGAGEMENT ON THE 2018/19 – 2021/22 INTEGRATED PLAN

Please find attached a report on the 'Public Engagement on the 2018/19 – 2021/22 Integrated Plan'. Please bring the report to the following meetings:-

- 22 January 2018 Cabinet**
- 24 January 2018
& 1 February 2018 Overview & Scrutiny Committee**
- 30 January 2018 Adult Care & Health Cabinet Panel**
- 31 January 2018 Highways Cabinet Panel**
- 2 February 2018 Public Health, Prevention & Performance Cabinet Panel**
- 5 February 2018 Environment, Planning & Transport Cabinet Panel**
- 6 February 2018 Education, Libraries & Localism Cabinet Panel**
- 7 February 2018 Children's Services Cabinet Panel**
- 8 February 2018 Community Safety & Waste Management Cabinet Panel**
- 14 February 2018 Resources, Property & the Economy Cabinet Panel**
- 19 February 2018 Cabinet**
- 20 February 2018 County Council**

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11 January 2018

CABINET
MONDAY 22 JANUARY 2018 AT 2.00PM

PUBLIC ENGAGEMENT ON THE 2018/19 – 2021/22 INTEGRATED PLAN

Report of the Director of Resources

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Executive Member:- David Williams, Leader of the Council and Executive
Member for Resources, Property and the Economy

1. Purpose of report

1.1 To report on the public engagement activities undertaken on the Council's budget and spending priorities for 2018/19 and beyond.

2. Summary

2.1 The results of the key public engagement activity undertaken on the Integrated Plan for 2018/19 are set out in the paragraphs below.

2.2 The IP engagement process has primarily been focused on informing and raising awareness with residents about the financial pressures faced by the County Council. This year a variety of techniques have been used to engage with the public. This has included an online survey for residents on budget priorities, events with community leaders and discussions with young people in Hertfordshire as part of YC Hertfordshire's (Youth connexions) Takeover day.

2.3 This approach is largely a reflection of the fact that with the multi-year financial planning process employed by the County Council, any significant service changes will be subject to their own consultation exercises and Cabinet decisions.

3. Recommendation

3.1 That Cabinet notes the results of the public engagement activity undertaken and takes this into account when considering the proposed Integrated Plan for 2018/19 – 2021/22.

4. Background

- 4.1 The County Council has a good track record of consulting and engaging with residents using a wide variety of methods. Ongoing dialogue concerning the financial issues the Council faces continues to be promoted through channels such as Herts Horizons, the Council website, and through stakeholder and user groups.
- 4.2 Specific service-related proposals which affect the integrated plan are each subject to their own individual consultations, the outcomes of which are reported to Cabinet separately at the appropriate time.
- 4.3 Alongside this consultation activity, the County Council has engaged widely with service users and partners to help shape its future spending and service plans. Notable examples of this include:
 - a) The Council's involvement in the key countywide partnerships such as Hertfordshire Forward, the Health and Wellbeing Board and the Hertfordshire Local Enterprise Partnership. Hertfordshire Forward's annual conference, held on 21 June 2017, focused on the topic of prevention. This explored how partners across the county could work together to improve outcomes, influence behaviour and help reduce demands on public services.
 - b) Engagement with key partners such as the Hertfordshire Local Enterprise Partnership, the county's district and borough councils, the Highways Agency and the Department of Transport on major transport schemes.
 - c) Countywide conferences on health and wellbeing (30 June 2017), working with the voluntary and community sector (9 October 2017) and public health (22 February 2017). An annual partnership meeting with town and parish councils was also held on 3 July 2017.
- 4.4 The following activities have been undertaken for this year's engagement with the public on the Integrated Plan:
 - a) An online survey inviting residents to feedback what is important to them and the priorities they consider the Council should be focusing on. A copy of the survey can be found in Appendix A.
 - b) This year an additional webpage giving useful contextual information about Hertfordshire's budget, where our funding comes from and service pressures/priorities was made available to help inform residents when completing the survey. This information can be accessed by clicking on: <https://www.hertfordshire.gov.uk/about-the-council/consultations/council-budget/have-your-say-on-budget-spending.aspx>.

- c) A community leaders' engagement event took place on 30 November 2017. A summary of this event can be found in Appendix B.
- d) An engagement activity with young people from Hertfordshire's Young Commissioners, students from North Herts College and members of the Children in Care Council also took place on 24 November 2017 as part of YC Hertfordshire's Takeover day. A summary of this discussion can be found in Appendix C.
- e) Statutory consultation with the business community via the Hertfordshire Local Enterprise Partnership and Hertfordshire Chamber of Commerce is planned at the beginning of 2018 following the approval draft of the Integrated Plan.

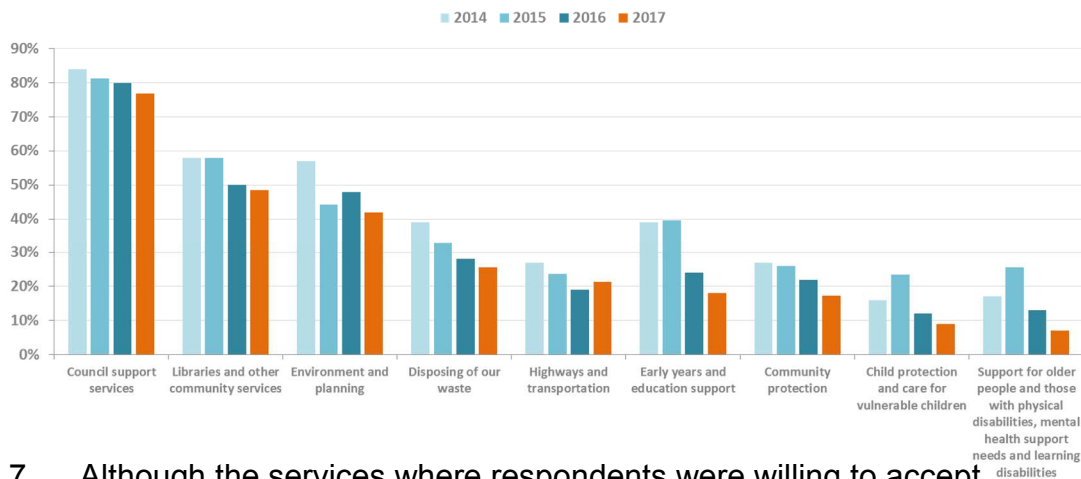
5. Online Survey

- 5.1 An online survey was created and published on the consultation section of www.hertfordshire.gov.uk. This asked respondents to select the service areas in which they thought spending could be reduced/ maintained by the County Council in the next financial year. The survey also asked respondents whether they had suggestions on how service spending could be reduced in specific areas and whether council tax should be increased. The survey opened on 10 November 2017 and ran until 17 December 2017.
- 5.2 Social media communications and blogs were also put out to direct people to the survey and a short video of the Leader of the Council was published to encourage people to take part. Posters were also displayed around Hertfordshire libraries and other key sites. District and borough councils were also contacted to encourage people to complete the survey. Hard copy versions of the survey were also available on request.
- 5.3 A newsletter was sent to the 1,625 members of the Hertfordshire Citizens Panel, inviting them to take part in the survey. The Citizens Panel is a representative group of Hertfordshire residents who are regularly consulted for their views on how Hertfordshire County Council should deliver its services. Two Update Me articles with links to the survey were sent electronically to the over 3,500 members of the public who subscribe to this service.
- 5.4 In total, 1225 responses to the survey were received this year. This is down on the number of responses received last year (1,937) but slightly higher than the average response rate experienced during the 4 previous years the Council has run a version of this survey (1,010).
- 5.5 This year the group which was most under-represented was 90+ year olds, whereas last year it was 18-24 year olds. The age range of most respondents to this year's survey was 35-44, similar to last year's

results. As in previous years a larger proportion of respondents (48.7%) identified as female compared to male (29.6%). Please note that these results are not a direct representation of Hertfordshire’s population and although some groups were under-represented, analysis of data weighted to correct for this under-representation revealed little or no change to the overall results. Please also note the margin for error in the survey results is +/- 3%.

5.6

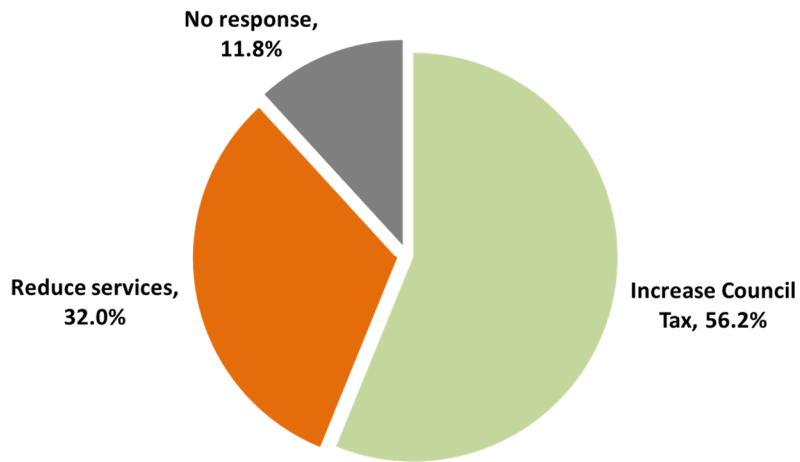
In response to the question “**In which service areas do you feel that spending should be reduced?**” the participants answered broadly the same way as they have done in previous years. The most supported areas for spending reductions were ‘Council Support Services’, ‘Libraries and community services’ and ‘Environment and Planning’. The full results for this year (compared with results from the 2014, 2015 and 2016 survey) were as follows¹:



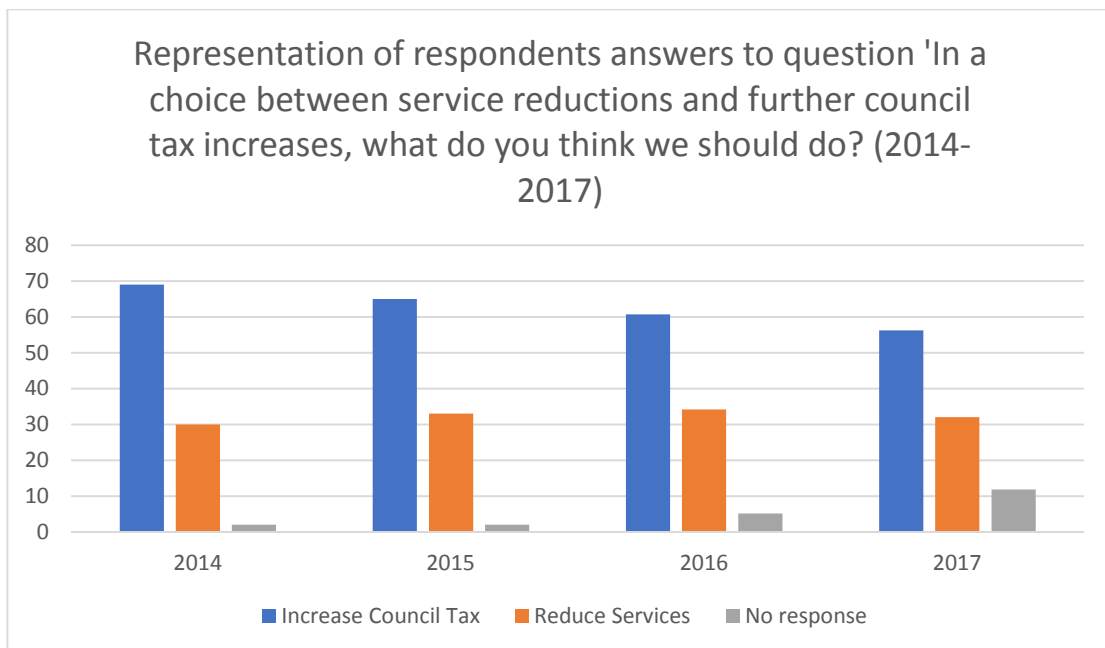
5.7 Although the services where respondents were willing to accept reductions were in a similar priority order to last year, the proportion of people willing to support service reductions is lower this year than last. For example, compared to last year, 6% less respondents chose to reduce spending in ‘Environment and planning’, ‘Early years and Education support’ and ‘Support for older people and those with physical disabilities, mental health support needs and learning disabilities’. The majority of other services also saw a reduction in the percentage of participants choosing to reduce budget spending.

5.8 In response to the question, “**In a choice between service reductions, and further council tax increases, what do you think we should do?**”, the following results are apparent:

¹ Please note – in the analysis of this question, the percentages are out of the number of respondents that answered each particular question (for example, only 1205 respondents answered the question regarding Council support services in 2017, and 77% of these supported reduction in expenditure). The analysis was performed this way in previous years, so this method has been preserved in order for the year-on-year results to be directly comparable.



5.9 56.2% of those who answered this question preferred council tax to be raised rather than see reductions in services. The below charts demonstrate how respondents have answered this question over the last couple of years. The amount of people choosing to increase council tax has reduced over the period whilst the amount of people choosing to reduce services has stayed broadly the same. However an increase can be observed in the amount of people choosing to not answer this question.



Comments and Feedback

5.10 29.5% of survey participants (361) left additional comments covering a wide range of topics. Many comments covered several different subjects.

5.11 These comments present an interesting snapshot into some residents' views, but it is important to emphasise that they are not representative of the overall views of respondents to the survey as a whole.

- 5.12 Nearly a quarter of the comments received in this year's survey related to areas which are outside the council's control. This has been a common area of focus in previous surveys and comments covered a range of services which are delivered by other bodies/organisations. In particular, District Councils are responsible for a number of the services which were commented on in this survey. This included public parking and fines, improving waste collection and concerns around town growth, housing and planning constraints. There were also comments on services delivered by other organisations such as the NHS and police and a number of comments relating to legislation/ policy set by central government and therefore outside of the County Council's control. An example of this were comments which called for an increase/reduction in business rates.
- 5.13 Following this category, nearly a fifth of comments made suggestions on how the County Council could reduce spending by making efficiency savings. Proposals ranged from reviewing and simplifying current council processes to being more strategic in managing investments and spending. Like previous years, there were a number of comments relating to improving the repair of faults on highways and footpaths and waste issues. In terms of the latter, suggestions included that opening hours be increased at household waste recycling centres sites. Other comments suggested that the County Council relook at how budgets are distributed among services and where possible combine responsibilities across directorates.
- 5.14 A similar amount of comments concerned the Council's staff recruitment and expenses scheme. Many called for reductions in senior managers' salaries, and asked the County Council to focus on recruiting permanent staff rather than relying on locums and consultants. Further responses suggested efficiencies relating to staff, including having a more thorough review of roles and responsibilities to see if any savings can be made/processes changed. Like previous years, there were a number of comments which called for a reduction in expenses associated with councillors and council meetings. There was also a small number of comments calling for a reorganisation of local government.
- 5.15 Another theme which emerged from this year's survey was concerns over the County Council's relationships with partners and external contractors. A number of comments raised concerns about the contract costs of SERCO and Ringway, who deliver services across the county. There were also a lot of suggestions that the Council should improve how it delivers partnership working with other organisations including other local authorities and the voluntary sector. Some comments also suggested that there should be better procurement procedures/ contract monitoring in place and that the County Council do more to identify areas where volunteers can get involved and support the council in delivering services, thus making savings.

- 5.16 From the results above it is clear that many participants chose 'Increase Council tax' rather than 'Reduce services'. There were number of comments which support this option, suggesting that vulnerable people would suffer if services were not maintained at their current level. However, there were some comments which suggested that council tax should only be increased by a minimal amount if all other saving options have been explored.
- 5.17 Like results from previous years, some of the comments gave suggestions on how we can make efficiencies from increased use of technology. This included suggestions to continue to digitise council services, using less paper and reducing the amount of external communications sent in leaflet/magazine form to residents. There were also calls for the Council to make better use of its own property be it through sharing office space with others or selling this to generate revenue and future income to help balance the books. A couple of comments also suggested more should be done to promote more working from home in order to free up additional office space.
- 5.18 Like last year suggestions relating to how the County Council can make energy efficiencies within its own property estate were also mentioned. This included suggestions to cut back on street lights, investment in renewable energy sources, using LEDs and more durable building materials and promoting a cultural change to encourage staff to be more energy efficient. However, there were a number of comments which saw respondents calling for street light provision to be improved, with arguments that they should be switched on later into the evening to ensure residents felt safe.
- 5.19 The specific areas where respondents commented spending should be maintained were mainly those which provide social care/educational services to adults and children. Many commented that the most vulnerable Hertfordshire residents should remain a top priority for the Council and instead of making reductions in these services, more be done to look at how efficiency savings could be made.
- 5.20 There were also specific comments on services where spending could be reduced/improved. Although it did not feature as a prominent category, there were comments which suggested the Council review or reduce its current library model, and consider whether these premises could be used in collaboration with other services. There were also a small amount of comments calling for the Highways services to focus on ensuring that sustainable transport options such as cycling and public transport can operate effectively as well as investment in sustainable solutions such as wind turbines/solar panels.
- 5.21 A number of comments touched upon how the Council can be doing more to prevent residents needing to use services. This included suggestions such as providing advice earlier and doing more to promote the benefits of keeping healthy so residents are not reliant on

our services in the future. Some participants also commented more be done to create and maintain inclusive communities that are able to offer help and support to residents rather than continually signpost to council services.

6. Engagement with Community Leaders

6.1 On the 30 November 2017, community leaders representing a range of voluntary and community groups and town and parish councils from across Hertfordshire met at Robertson House, Stevenage to hear from the Leader of the Council and Director of Resources about Hertfordshire County Council's budget challenges and priorities. The discussion also included information about Hertfordshire County Council's Prevention Agenda and upcoming plans for the 'Year of Physical Activity' which is officially launching in January 2018.

6.2 Following the presentation there was a vibrant question and answer session. The following themes were discussed during this session:

- Concerns were raised about the plans for more housing in the county and how Hertfordshire County Council could help these remain affordable and accessible to current residents. Audience members also questioned how the county council will ensure there are a sufficient number of employment opportunities, and effective infrastructure to support this growth, particularly in relation to roads.
- Guests were keen to ask the Leader about how the County Council can help ensure volunteering levels are maintained in the count. There was also some anxiety and apprehension expressed around the relationship between the voluntary sector and the county council, especially in regards to procurement and commissioning processes.
- Audience members were also keen to learn what plans and strategies the County Council had to deliver savings in the future. Suggestions from the audience included increasing the amount of council tax residents have to pay and enquiring whether there were opportunities to reform the county's current local government structures.

6.3 A full summary of the discussions had at this event can be found in Appendix B.

7. Youth Engagement

7.1 In conjunction with YC Hertfordshire (Youth Connexions), a discussion on the council's priorities and budget was held on the 24 November 2017. There were 22 participants with representation from Hertfordshire's Young Commissioners, students from North Herts College and members of the Children in Care Council.

7.2 Attendees took part in two activities. The first a quiz on the results from last year's survey, as well as their knowledge on the Councils' current budget. They were asked which services they believed respondents had selected to maintain/reduce budget spending for last year, and were mainly correct in their answers. They were also asked specific questions on the amount of budget each of the County Councils services received and how much they thought the Council had saved/needed to save over the next few years.

7.3 In the second task, the group were asked for their opinions and reasoning on which services budgets should be maintained/reduced in the next financial year. Feedback highlighted that the services in which the group felt budgets should be maintained mostly included those which kept people safe and provided care and support to vulnerable citizens. This included:

- Support for older people and people with physical disabilities, mental health support needs and learning disabilities
- Early years and education support
- Community protection

Many of the participants were passionate that these budgets be maintained as it was felt that the services and activities delivered enable people to be empowered, stimulated and offer new opportunities for growth and development. It was also commented that there needed to be a strong focus on supporting carers.

7.4 There was debate over whether the budget for council support services should be maintained or reduced as some of the group recognized how these services were integral in supporting council employees to run services. They argued that the budget for Environment and planning should not be reduced, but suggested they may be ways of combining it with the money the Council spends on disposing of waste. There were also suggestions that the child protection and care for vulnerable children budget be increased in the next financial year with comments that there should be better facilities for younger people.

7.5 When asked about which service budgets should be reduced they suggested highways and transportation, disposing of our waste and libraries and other community services. What followed was a lively discussion on how savings in these departments could be achieved. For example, for libraries there were suggestions of charging the public membership fees and generating income by adding additional facilities such as coffee shops/bars.

7.6 A wider summary of this discussion can be found in Appendix C.

8 Consultation with the Business Community

8.1 Following confirmation of the County Council's draft Integrated Plan at Cabinet on 22 January 2018, Hertfordshire businesses will be contacted, via the Hertfordshire Local Enterprise Partnership and

Hertfordshire Chamber of Commerce, to encourage businesses to comment. This timing is in line with requirements under the Non-Domestic Ratepayers (Consultation) Regulations 1992.

9. Financial Implications

- 9.1 The financial implications of the Integrated Plan are considered elsewhere on this agenda. This report relates to the public engagement and consultation on the draft plan and there are no financial implications for this work.

10. Equalities Impact

- 10.1 The equalities implications of the Integrated Plan are considered elsewhere on this agenda.

Background Information

County Council consultations webpage:

<https://www.hertfordshire.gov.uk/about-the-council/consultations/council-budget/have-your-say-on-budget-spending.aspx#>

Your Priorities

The council continues to face significant financial challenges. Since 2010 we have made savings of almost £290 million from our annual budget and we must make further savings of £42 million by 2020. This is because the Government has significantly reduced its grant to councils and because the number of people living in Hertfordshire is growing every year. As our population ages and more people require care, more of our budget will be spent on supporting older people. For instance, an additional £6.8 million was needed to support older and vulnerable people in the 2016/2017 financial year than was allocated in the budget.

Although we face these financial pressures, we will continue to find innovative ways to make savings and deliver high quality services to our residents.

Your priorities survey

The services below are listed in the order of how much we spend on them (from largest to smallest).


While recognising there are no easy answers, in which service areas do you feel spending should be reduced? (Please tick at least three areas).

Your feedback will be used to inform our decision-making process; you will be able to follow the discussion and find out the final outcome at the County Council Meeting on Tuesday 20th February 2018.


If you would like help understanding this information, for example, if you would like to request it in an alternative format, please contact corporatepolicy@hertfordshire.gov.uk

Please note Public Health services have not been referenced as a budget to maintain/reduce as they are funded by a specific grant which can only be used on these services. Other department budgets are formulated from an array of different income sources.


1. Support for older people and those with physical disabilities, mental health support needs and learning disabilities

	<p>(£322.8 million pounds in 2017/2018)</p> <p>This pays for things like:</p> <ul style="list-style-type: none"> - Safeguarding adults at risk of abuse or neglect - Support to help people in need of care and support to leave hospital - Help for people to stay well and independent in their own homes - Help for older people and disabled people with activities such as getting up, washed and dressed - Day activities and other services for adults with disabilities, mental ill health, dementia and for older people. - Residential and nursing care - Information and advice - Support for carers to help them stay well and continue to provide care 	<p>Maintain budget</p>	<p>Reduce budget</p>
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2. Child protection and care for vulnerable children

	<p>(£103.6 million pounds in 2017/2018)</p> <p>This pays for things like:</p> <ul style="list-style-type: none"> - Keeping vulnerable children safe within their families - Providing foster carers and residential homes to support our children looked after - Finding new adoptive families for children looked after - Providing support to disabled children and their families 	<p>Maintain budget</p>	<p>Reduce budget</p>
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3. Early years and education support

	(£62.7 million pounds in 2017/2018) This pays for things like: <ul style="list-style-type: none"> - Funding of mainstream education - Support and oversight of maintained schools - Provision and/or funding of services for children with special educational needs and disabilities - Provision of adequate school places - Co-ordination of school admissions 	Maintain budget	Reduce budget


4. Highways and transportation

	(£59.4 million pounds in 2017/2018) This pays for things like: <ul style="list-style-type: none"> - Maintenance of 3,000 miles of roads and pavements - Repairs and resurfacing - Road improvement schemes - Streetlights - Gritting in the winter - Subsidising and supporting bus services - Road safety 	Maintain budget	Reduce budget


5. Council support services

	(£59.1 million pounds in 2017/2018) This pays for things like: <ul style="list-style-type: none"> - Financial advice and processing - Legal services - Planning and managing our workforce - Technology - Property services - Communications - Support to the democratic process 	Maintain budget	Reduce budget

6. Disposing of our waste

	(£43.1 million pounds in 2017/2018)	Maintain budget	Reduce budget
	<p>This pays for things like:</p> <ul style="list-style-type: none"> - Ensuring the waste you produce is legally and safely disposed of in well managed facilities. - Providing residents with a network of household waste recycling centres (tips/dumps). - Making arrangements for the reuse, recycling and composting of waste to reduce the amount sent for disposal (such as in landfill sites). <p>* Your local district and borough council provides collection of rubbish and recycling from your home.</p>		


7. Community protection

	(£35.2 million pounds in 2017/2018)	Maintain budget	Reduce budget
	<p>This pays for things like:</p> <ul style="list-style-type: none"> - Fire and Rescue Service - Trading standards - Resilience (Emergency Planning) - County Community Safety Unit 		

8. Libraries and other community services

	<p>(£15.0 million pounds in 2017/2018)</p> <p>This pays for things like:</p> <ul style="list-style-type: none"> - 46 public libraries (supporting literacy and access to reading, information and online services) - Registrars (registration of births, deaths, marriages and civil partnerships) - Hertfordshire Archives (preservation of local historical records) 	<p>Maintain budget</p>	<p>Reduce budget</p>
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9. Environment and planning

	<p>(£3.7 million pounds in 2017/2018)</p> <p>This pays for things like:</p> <ul style="list-style-type: none"> - Working with district councils to ensure future growth is well planned with the right infrastructure - Ensuring up to date policies are in place from waste and minerals planning - Monitoring the impact of potential airport expansion in the South East and the growth of London - Looking after footpaths, bridleways and the environment - Flood management issues - Developing the Local Transport Plan for the county 	<p>Maintain budget</p>	<p>Reduce budget</p>
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Do you have additional comments about how we could reduce spending in some areas?

In a choice between service reductions and further council tax increases, what do you think we should do?	Please tick one
Increase Council Tax	
Reduce services	

IP Community Leaders' Event: 'Meeting Hertfordshire's Challenges', 30 November 2017

The annual 'Meeting Hertfordshire's Challenges' community leaders event took place on Thursday 30 November. Representatives from the voluntary and community sector and town and parish councils heard from the Leader of the Council, David Williams, and Director of Resources, Owen Mapley, about Hertfordshire's budget challenges, work on prevention and plans for a Year of Physical Activity, which will be launching in early 2018.

Following a presentation on these topics, the floor was opened to questions from attendees, and a vibrant Q and A session followed touching on the below topics:

New housing and jobs

With plans for more houses to be built across the county, many questions were raised about:

- how the necessary infrastructure to support this growth will be delivered;
- whether there will be sufficient new jobs and employment opportunities; and
- how to ensure these houses are affordable and accessible to current Hertfordshire residents.

Concerns were also expressed about the additional pressures to Hertfordshire's roads.

An attendee from the NHS added how due to the ageing population, it would be necessary to ensure the county is able to attract an increasing number of health and social care workers to provide services to this growing area of the population.

It was mentioned that the county's district and borough councils, in their role as local planning authorities had the task of establishing where this new housing would be located. In doing so, they were seeking to ensure there was a better mix of affordable social and private housing built, with opportunities for shared equity and also starter homes.

Alongside this, the County Council had recently announced plans to create its own property company. Through the development of land it owns, but no longer uses, it was planning to deliver over 6,000 new homes in the county the next 15 years. Plans for a significant development in Baldock were given as an example of this.

As well as an opportunity to help the County Council manage the financial pressures it faces, these plans will also enable it to take a leading role in delivering the sort of high quality, sustainable settlements the county needs.

Through these plans, the Council will also be seeking to provide more much needed assisted living accommodation. Alongside providing more suitable accommodation for some of the county's older people, this will in turn help free up family sized properties for use by others.

It is also estimated that 100,000 more jobs will accompany this growth in housing over the next 15 years. The County Council is working with the Hertfordshire Local Enterprise Partnership and the Department of Work and Pensions to ensure that the county's workforce is appropriately skilled to meet the needs of local employers in the county. In doing so, there is a particular focus on key sector industries such as enviro-tech and life sciences.

Transport policy

Questions were also raised about the Council's transport policy.

With more 175,000 more people expected to be living in Hertfordshire by 2031, it was recognised that there would be a huge impact on the congestion and journey times in the county, particularly during peak travel periods. However, it was also noted that it would not be possible to solve this issue by simply building more roads and encouraging more car use.

As such, the Council's proposed new local transport plan strategy seeks to achieve a change in travel behaviour where people chose to travel by other modes of transport where possible. The plan was currently out for [consultation](#) and set to be adopted in 2018.

Due to a change in working culture in many organisations there is an increase in the amount of people able to work from home and plans for improved rail links with the Thameslink commute across the county.

Volunteering and engagement with the voluntary sector

Questions were also raised about Hertfordshire's corporate plan and the objective of providing residents with the 'opportunity to take part'. It was explained that the Council's aspiration was to enable residents to take a more active part in their local areas. This included encouraging residents to get involved in local issues and volunteer in their communities.

It was recognised that there was a vibrant culture of volunteering and voluntary groups in the county and the County Council was seeking to promote, celebrate and further nurture this through initiatives such as the 'Year of Volunteering'.

It was noted that many of Hertfordshire's services are supported by volunteers. Concerns were expressed about whether the pool of those willing to volunteer was reducing and tended to be those who were older in age. With people retiring later, it was felt that there were less young volunteers and this raised concerns about the future sustainability of community services.

Issues were raised about how voluntary sector groups were finding it increasingly difficult to access funding from the County Council. Changes in the council's procurement and commission processes meant that tenders were more often awarded to larger commercial bodies rather than those in the voluntary sector.

It was recognised that due to the financial pressures facing the council, changes in approach had been made. However, the council's Community Wellbeing team was working to ensure that voluntary and community groups had fair access to tender opportunities.

As part of this, the Hertfordshire COMPACT was mentioned, a written understanding between the voluntary and community sector and public sector organisations about how they will co-operate and work together positively. It was recognised that, as with others, the County Council did not always get everything right but this was an important mechanism to allow issues to be resolved when they did arise.

Financial Pressures

Questions were also asked about what plans the County Council had to make the savings that were required to balance its books. Whilst the council was always looking at ways to reduce costs and be more efficient, it was also looking at ways to maximise the value of its assets and increase revenue streams to reduce the overall impact to frontline services.

As had been mentioned, the Council would be launching its own property company which, amongst other benefits, would generate both capital receipts and longer term revenue income. Through its prevention agenda, the Council was also looking at ways to intervene in potential problem areas earlier to, not only improve outcomes for residents, but also reduce the demand on council services.

Additional suggestions from attendees included requesting additional funding from central government and considering raising council tax further to help meet the Council's increasing pressures. Questions were also asked about whether a restructure of the county's local government structures would provide additional financial savings.

Conclusion

Attendees asked that update be provided at next year's event on how discussions at this meeting had influenced the Council's budget setting approach. This was noted and agreed.

Discussion with young people from Hertfordshire Young commissioners, students from North Herts College and members of the Children in Care Council
County Hall, Hertford, Friday 24th November 2017

On the 24th November 2017, an officer from the Corporate Policy team hosted an event in conjunction with YC Hertfordshire (Youth Connexions) as part of Takeover day.

[Takeover Day](#) is a national initiative, led by YC Hertfordshire locally, which puts children and young people into decision making positions and encourages organisations to hear their views. 22 participants attended and the event shared with them results from previous engagement surveys and tested their knowledge on our budget spending in the current financial year.

Participants were also tasked to select whether they thought specific service budgets should be maintained or reduced in the 2018/2019 financial year and to give reasons behind these decisions. The notes below detail the discussions which followed.

1. Support for older people and those with physical disabilities, mental health support needs and learning disabilities

The general feedback was that this service's budget should be maintained at its current level. When asked for reasoning behind this many of the participants highlighted how this service is integral in supporting vulnerable people as the activities and support they offer keep people empowered, minds stimulated and offer new opportunities. They also referred to how it is important to support carers who offer care to those with additional needs which in turn supports the economy as a whole.

2. Child protection and care for vulnerable children

Feedback on this topic demonstrated how all of the participants believed this service's budget should be maintained and if possible increased. Participants argued that it is essential to keep children and young people safe and to give them the best opportunities in life. They added how staff working in these industries are often over worked and are facing increasing pressures in their day to day work. They also added that there should be better facilities for children and young people.

3. Early Years and Education support

The group decided that the budget for this service should be maintained, adding that schools are already facing pressures so extra support is needed.

4. Highways and Transportation

Participants felt that this service was one area in which the county council could reduce spending, believing there were areas where savings and efficiencies could be made. They believed the standard of services should remain the same and recognised the importance of public transport such as buses, particularly in providing elderly and young people with transport links as well as those in rural areas.

5. Council Support Services

There was divided opinion on whether the budget for this service should be maintained or reduced. Some participants argued that as these services do not have a direct impact on communities, there may be areas where savings could be made. One suggestion which arose from this discussion was whether council owned art work could be sold to help maintain other HCC services. However, some of the group argued that this budget should not be reduced, recognising how support from these departments is integral in allowing HCC to deliver and maintain services.

6. Disposing of our waste

Participants argued that this service was an area where efficiencies and savings could be made. They highlighted how there is too much household waste and it is important for HCC and its partners to continue to emphasise the benefits and need for residents to recycle and reuse.

7. Community protection

There was a unanimous decision to maintain this service's budget, with participants arguing that it is an essential service in maintaining residents' safety.

8. Libraries and other community services

Many of the participants felt that there could be savings made in this service's budget. They suggested that more should be done to digitise information and deliver more online services and also made suggestions on how libraries could make additional revenue. For example, suggestions included privatising libraries or charging membership fees. There were also discussions around whether this budget could be incorporated into other services, such as Early Years Education and Support or Schools. A final suggestion was whether these facilities could procure coffee shops/bars on site as an additional way to generate income.

9. Environment and planning

There were mixed views on whether this budget should be maintained or reduced with some participants arguing that as it was the smallest service budget in the council, was it fair to reduce it further. However, suggestions were

made that this budget could be incorporated with other services such as Disposing of Waste, as a way of making savings.

Following this session, participants were sent the link to the online survey to have their say.

Dear Member

INTEGRATED PLAN 2018/19 - 2021/22 (incorporating the Strategic Direction and Financial Consequences and the Treasury Management Strategy)

Please find attached a report on the Council's Integrated Plan proposals for 2018/19 – 2021/22. Please bring the report to the following meetings:-

22 January 2018 Cabinet

**24 January 2018
& 1 February 2018 Overview & Scrutiny Committee**

30 January 2018 Adult Care & Health Cabinet Panel

31 January 2018 Highways Cabinet Panel

2 February 2018 Public Health, Prevention & Performance Cabinet Panel

5 February 2018 Environment, Planning & Transport Cabinet Panel

6 February 2018 Education, Libraries & Localism Cabinet Panel

7 February 2018 Children's Services Cabinet Panel

8 February 2018 Community Safety & Waste Management Cabinet Panel

14 February 2018 Resources, Property & the Economy Cabinet Panel

19 February 2018 Cabinet

20 February 2018 County Council

Deborah Jeffery
Assistant Democratic Services Manager
Email: deborah.jeffery@hertfordshire.gov.uk
Tel: 01992 555563 (Comnet 25563)
11 January 2018

HERTFORDSHIRE COUNTY COUNCIL

**CABINET
MONDAY, 22 JANUARY 2018 AT 2.00PM**

<u>Agenda Item</u> <u>No.</u>
4(ii)a

INTEGRATED PLAN 2018/19 - 2021/22 (incorporating the Strategic Direction and Financial Consequences and the Treasury Management Strategy)

Report of the Director of Resources

Authors:

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Executive Member:

David Williams, Leader of the Council (as responsible for the Resources, Property & the Economy portfolio)

1. Purpose of report

- 1.1 To propose a draft Integrated Plan for 2018/19 - 2021/22 taking account of forecast pressures and funding changes, including the updated position from the provisional finance settlement for 2018/19.
- 1.2 To propose a Schools' budget for 2018/19, and obtain approval for release of Schools budget data/information to the Department for Education.
- 1.3 This cover report summarises the context and process for preparing the Integrated Plan, including the funding position. The Integrated Plan comprises:
 - Overview of the proposed revenue budget and capital programme, including the Director of Resources' statutory review of the budget estimates and adequacy of reserves (Part A);
 - Strategic Direction and Financial Consequences - by portfolio (Part B);
 - the Treasury Management Strategy (Part C) ;
 - the Capital and Asset Strategy and Invest to Transform Update (Part D);
 - the Insurance and Risk Strategy (Part E);
 - an Equalities Impact Assessment (Part F); and
 - other technical information and finance summaries (Part G)
- 1.4 The draft Integrated Plan will be considered by Cabinet Panels (between 30 January and 14 February), the Overview & Scrutiny Committee (24 January and 1 February) and the Resources, Property & the Economy Cabinet Panel (14

February). The final recommendations will be made by Cabinet on 19 February, for determination by the County Council on 20 February 2018.

2. Summary

2.1 The Integrated Plan (IP) brings together the financial impact of service plans and the available funding to resource these, over the next four years. These plans have been set in the context of the difficult challenges that the council faces, including:

- Increasing demand for services from our growing and ageing population and increasing complexity of needs of existing service users, for example within social care related services; and
- Further reductions in grant funding expected over the IP period.

2.2 Despite these challenges, we want Hertfordshire to continue to be a county where people have the opportunity to live healthy, fulfilling lives in thriving, prosperous communities. This Integrated Plan supports this by delivering:

- Support for vulnerable people: additional funding to address growing demand and changing needs, including for disability services; support for the paid and unpaid care workforce to attract and retain people into vital caring roles;
- Investment to help meet the challenges of a growing county: additional investment in Hertfordshire's road network; the establishment of a dedicated Growth and Infrastructure team to provide the capacity and expertise to respond to the planned economic and population growth across the county, and resource for this team to develop proposals and ensure Hertfordshire is well placed to bid for major infrastructure funding;
- Continued investment in service transformation: for example in Adult Social Care – funding for a proposed transformation programme to design and implement new approaches to commissioning care for older people and adults with disabilities; and
- A continued focus on prevention, notably in adult social care, to prevent needs increasing further, for example in relation to exploring opportunities to use digital technology to foster independent living.

The council continues to invest to deliver services more efficiently and with better outcomes for users. We will continue to prioritise frontline services – the vast majority of proposed savings (87%) are from efficiencies rather than policy changes impacting service delivery. However, given the scale of the challenges faced, some difficult decisions are unavoidable. Where policy choices are necessary, we will continue to engage widely before any final decisions are taken.

2.3 Each portfolio has produced a Strategic Direction summary which details the future direction of services to meet these objectives within resource constraints. These strategies have been informed by comparative benchmarking, both through published data and informal networks with other comparable authorities, to identify areas of potential efficiency gains.

2.4 The Integrated Plan period has been extended to 2021/22, to enable forward planning to respond to changing demand and to deliver service change. However, while the first two years fall within the Government's four year settlement offer, subsequent years will depend on proposed changes to local authority financing, including Business Rates Retention; and also by the outcomes of a Fair Funding Review of the relative needs and resources of local authorities, which is likely to give some redistribution of funding. These changes mean forward forecasting of resources is very uncertain: the IP assumes some continued reduction in core funding (£5m p.a.). Improved Better Care Fund (iBCF) is also unconfirmed beyond 2019/20: the IP assumes funding continues at that year's level, but this is by no means certain.

2.5 The 2017/18 IP included two assumed increases for council tax payers: an annual increase in general council tax of 1.99% p.a., and an additional 3% Adult Social Care Precept in 2018/19 only. In the Provisional Settlement, published on 19 December, the Secretary of State announced an increase in the council tax referendum threshold, allowing local authorities to increase general council tax in 2018/19 by up to 3% before triggering a referendum. This IP proposes taking up the 2.99% general Council Tax increase in 2018/19 and 2019/20. These increases will:

- Provide additional investment of £26m over the next 4 years into our core roads network to ensure this is maintained to the high standards residents expect;
- Provide a one-off programme of funding for our local roads to improve standards across this element of the network at a cost of £29m over the first four years;
- Respond proactively to the challenges of medium term economic and population growth, including support for infrastructure and sustainable transport;
- Invest in adult social care, with additional funding to address growing demand and changing needs, including services for people being discharged from hospital, as well as investing in transformation; and
- Reduce the budget gap we face in future years, helping provide protection to front-line services.

2.6 Services have identified additional savings of £18.9m since last year's IP, to bring total 2018/19 savings to £30.1m. Whilst the majority of these are achieved through more efficient ways of working, it has been necessary to seek some savings through a policy change in service delivery (£3.9m, or 13% of 18/19 savings). Policy changes proposed for 2018/19 have been or are being taken to Cabinet Panels and Cabinet, for member approval. Services continue to drive new ways of delivering services and innovative approaches to achieve these savings, including developing the digital agenda, commercial initiatives and enabling more efficient ways of working.

2.7 The IP process includes a review of the level of reserves and contingency, based on an assessment of risk and uncertainty in the revenue budget

proposals. £1.2m of specific reserves have been identified as no longer required for their original purpose, and have been released to support the 2018/19 budget. Actuarial review of the Insurance Reserve indicates that some replenishment will be needed during 2018/19, as explained in the Insurance Strategy (Part E section 2.6). Further details are to be found in Sections 3 and 4 of the IP Overview (Part A).

At this stage the proposed general contingency is £6m for 2018/19, to reflect the significant risks across the IP including demographic pressures and the challenges of delivering increased savings (detailed in Part A Section 3). Assessment of these risks indicates an increase both in the scale of financial exposure and the probability of risk crystallising as increased costs, partly due to the significant service redesign programmes commencing in 2018/19. The Contingency provision also covers unexpected in-year pressures and the cost of redundancy payments and pension strain costs, which are met centrally.

It is also recommended that the General Fund balance be maintained at 4.0% of the Net Revenue Budget.

- 2.8 Details of key revenue budget movements are set out in part 4 of this report, with further details in the IP Overview (Part A). Further analysis is detailed in the Strategic Direction and Financial Consequences (Part B) for each portfolio, with a breakdown by departments and summary movements shown in Other Technical Information (Part G). A summary movement statement of both resources and spending is provided in Appendix A at the end of this report.
- 2.9 The Integrated Plan also includes the proposed Capital Programme for 2018/19 – 2021/22. All schemes from the 2017/18 – 2019/20 Capital Programme, approved in February 2017, have been reviewed and new or amended bids have been considered and challenged by senior officers. Additional investment is proposed for Highways, including an additional £25.7m over the four year IP period on core maintenance budgets, to meet inflation and other pressures and to maintain target standards, based on current road conditions. A further additional one off programme is proposed for our local unclassified roads to improve standards across this element of the network: this will add £29m investment across the IP period.
- 2.10 The Treasury Management Strategy (Part C) has been prepared as required by statutory guidance, and with regard to changes introduced in the new Prudential Code for Capital Finance in Local Authorities and the Treasury Management Code of Practice, both published by CIPFA in late December 2017. Given this timing, and as guidance notes on the new Codes (including details of new Treasury Management indicators) are still awaited, any further changes required will be brought to Council for approval during 2018/19.
- 2.11 The Capital and Asset Management Strategy and Invest to Transform update (Part D) sets out the Council's approach to investment both in its fixed assets and in other programmes to enable service transformation and/or deliver a financial return. It details the Council's priorities for spending and how this is to be funded; and its approach to asset management including the Property

Development Programme. It sets out proposals for the disposal of assets where there is a robust business case for using these receipts to deliver new assets that give a better service fit and value for money. Part D also includes an update for the Invest to Transform Fund, showing how this is being used to help to deliver better outcomes and meet the challenge of achieving a balanced budget in future years.

2.12 The Insurance Strategy (Part E) has been reviewed and updated. It explains the Council's overall approach to risk retention and the management of its corporate insurance programme through relevant policies of insurance.

2.13 The Integrated Plan includes an assessment of potential equality implications of IP proposals, at Part F.

2.14 Key decisions within the Integrated Plan include:

- Increased investment in roads and infrastructure, including £62m additional Highways maintenance (Table v and Part B Highways Portfolio), and provision for a central infrastructure and sustainable transport budget;
- Maintaining a differential above National Living Wage for our care staff and those of our key providers;
- Provision for specific inflation on spending budgets where there are contractual or statutory increases, but otherwise requiring services to absorb non pay inflation within budgets (part G table 6);
- Efficiency savings of £26.2m in 2018/19 (rising to £60.6m by 2021/22) ;
- Changes to service delivery policies to meet the balance of savings requirements - £3.9m in 2018/19 (0.5% of net budget). These will be made in Adult Social Care charging, Children's Centres and Youth Connexions;
- Decisions on the level of Council Tax and Adult Social Care Precept, taking up the option to raise general council tax by 2.99% in 2018/19 as well as raising the remaining permitted 3% ASC Precept (part A section 2.19-2.22);
- Use of £10m capital receipts per annum to support the capital programme and reduce borrowing costs, whilst also earmarking surplus sites for further development to generate enhanced future receipts and/or income streams (Capital Strategy Part D Section 2.2);
- Setting out principles for the disposal of specific assets to fund new capital projects, where there is a reliable business case (Capital Strategy Part D section 2.5); and
- A review of reserves, which has identified £1.2m no longer needed for its original purpose, and so will be used as a one off contribution to help bridge the 2018/19 savings gap.

3 Recommendations

- 3.1 That Cabinet invites members to consider the proposed Integrated Plan, including the revenue budget and capital programmes for 2018/19 – 2021/22. The Integrated Plan will then be presented for review by Service Cabinet Panels, Overview & Scrutiny Committee, and Resources and Performance Cabinet Panel, prior to the next Cabinet meeting on 19 February 2018.
- 3.2 That Cabinet approves the release of schools budget data/information to the Department for Education (DfE), and delegates authority to the Director of Resources to make any consequential amendments arising from current uncertainties.

4 Financial Context

Revenue Budget

- 4.1 The current proposed revenue budget is £831.3 million in 2018/19. This represents an increase in spending of 1.8% on last year's budget, and includes £11.7m additional Improved Better Care funding. The revenue budget increases to £854.4 million by 2021/22 (an increase of 4.6% from last year's budget).
- 4.2 Table i below summarises the movements in the revenue budget between 2017/18 and 2018/19 – these movements are shown in more detail in Appendix A. Key changes are shown in individual Portfolio Strategic Direction Statements (Part B) and a detailed analysis of the resultant budget by service is shown in table 3 in Part G (Other Technical Information) of the Integrated Plan.

From the starting point of the 2017/18 net budget of £826.974m, the budget has moved by:

- Technical adjustments –changes in specific grants matched by changes in spend, and removal of one-off capital financing;
- Inflation;
- Pressures from population changes (demography), legislation including costs of National Living Wage, and other changes. This item also includes new spend and reduced CCG contributions covered by the additional Improved Better Care Fund (iBCF) monies announced in the March 2017 budget; and
- An overall reduction of £33.6m in government grants.

These changes created a budget gap of £78.1m, which has been met by:

- Savings totalling £30.1m;
- Additional iBCF funding £11.7m; and
- Council Tax and Social Care Precept increases £36.3m.

Table i: Summary Budget Movements

	£m
2017/18 balanced net revenue budget	816.974
Technical Adjustments	(5.520)
Inflation - pay	5.869
Inflation - non pay	2.272
Pressures - demography	10.642
Pressures - other	31.154
met by:	
Existing proposed savings	(5.576)
New efficiency savings	(21.200)
New policy choice savings	(3.306)
Net Revenue Budget 2018/19	831.309
plus pressure from funding changes - net grant reduction	33.599
Met by increased funding:	
iBCF	(11.656)
Council tax increase (including taxbase growth)	(21.598)
ASC Precept increase 3%	(16.729)
Collection fund balances	2.048
	<u>816.974</u>

Further details of these movements are given below.

Inflation

- 4.3 It is estimated that inflation for 2018/19 will cost £8.141 million, rising to £58.2 million by 2021/22. Future years are based on high level forecasts and will be reviewed annually. Pay inflation is modelled at 2.0% per year plus the additional increases on lower bands included in the employers' offer for 2018/19 and 2019/20. These give a total cost of £5.9m (2.7%) for each year's increase. Standard non-pay expenditure inflation has been frozen again for 2018/19 (and assumed at 2.0% thereafter).
- 4.4 Specific inflation rates for 2018/19 have been applied where more relevant inflation factors are available, either countywide or relating to specific service costs. Calculations include a review of rates assumed in the previous year's IP, compared with actual price changes over the period and any overprovision is adjusted.
- 4.5 All fees and charges are subject to an annual pricing review to ensure that full cost recovery is made and that any exceptions are identified in accordance with the Hertfordshire Charging Policy agreed by Cabinet in July 2010. Exceptions to the standard rate are shown in Table 7 in Part G – Other Technical Information.

Pressures

- 4.6 The impact of pressures (demography, legislative changes and other) reflects the additional expenditure required to continue to deliver the same level of service on the same basis as the previous year, and to meet new responsibilities. The 2017/18 - 2019/20 Integrated Plan approved last year has been reviewed to reflect latest estimates of pressures in maintaining a standstill budget. Demographic change in the elderly and child populations, together with growth in Learning Disability and other social care client groups, continues to generate the greatest pressures. These forecasts have been subject to detailed review and challenge. Legislative pressures include landfill tax and the National Living Wage (NLW), where provision has been made to meet NLW and maintain a differential for pay levels immediately above this, for both Council and third party providers' staff. Pressures have been estimated at £41.8 million in 2018/19 rising to £89.6 million by 2021/22.

Savings

- 4.7 Proposals for service change have been taken to Cabinet Panels throughout the year for member decisions, with final proposals being taken in January 2018. At the same time, existing savings options have been reviewed to confirm they are deliverable, and new efficiency savings have been identified. Officers will continue to monitor delivery of savings during 2018/19, and report on any issues in the quarterly Finance monitor.
- 4.8 As a result of this work, departments have identified a total £30.1 million savings in 2018/19. For future years, additional savings will be required, rising to £101 million by 2021/22, of which £30million is yet to be identified, as shown below. The challenge of delivering these savings proposals, along with the scale of the remaining gap, mean there will further difficult decisions over the IP period.

Table ii: Total Savings in 2018/19 -2021/22 Integrated Plan

	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m
Existing efficiencies - ongoing impact	(5.013)	(5.807)	(5.786)	(5.807)
Existing Policy Choices - ongoing impact	(0.563)	(1.157)	(1.862)	(1.912)
New efficiencies	(21.200)	(31.305)	(42.763)	(54.812)
New Policy Choices	(3.306)	(7.237)	(7.728)	(8.953)
Further savings required (to close gap)	-	(8.087)	(23.966)	(29.747)
Total Savings	(30.082)	(53.593)	(82.105)	(101.231)
Total Revenue Budget	831.323	835.686	841.102	854.401

Funding – Provisional Finance Settlement

- 4.9 The Government announced the provisional Local Government Finance Settlement for 2018/19 on 19 December 2017, following the announcement of overall spending and funding plans in the Chancellor's Autumn Statement on 23 November.
- 4.10 This was the third year of the Government's four year settlement offer for authorities who submitted an Efficiency Plan, including Hertfordshire. A number of the reductions to funding were therefore known in advance when preparing the proposed budget. The Settlement still gives a significant reduction in funding, with a £22m loss of Revenue Support Grant (RSG) between 2017/18 and 2018/19 (making a loss of £96m RSG since 2015/16). Total Settlement Funding Assessment (SFA), the Government's calculation of need to be met by Revenue Support Grant (RSG) and business rates, has reduced by 11.5% between 2017/18 and 2018/19.
- 4.11 Changes to New Homes Bonus are as announced previously, with payments for growth reduced to a four year period from 2018/19. As in 2017/18, bonus will not be paid on the first 0.4% of growth.
- 4.12 Additionally, greater flexibility has been announced for Local Authorities, who now have the option to levy an additional 1% in Council Tax before a referendum is required. These options are considered in sections 4.17 – 4.19 below.
- 4.13 The Provisional Settlement also included details of authorities selected to pilot 100% business rates retention. DCLG were looking for a range of authorities, with an emphasis on more rural pilots: only 10 out of 26 applications were approved, and unfortunately Hertfordshire's application for 2018/19 was not successful. However further pilots are planned for 2019/20 and we will consider this opportunity as soon as further details are made available by the Government.
- 4.14 Hertfordshire's application to form a Business Rates Pool as agreed by Cabinet in October, has been accepted. This will include the County Council and Broxbourne, Hertsmere, North Herts, Three Rivers and Welwyn Hatfield Borough/District Councils, who continue to form the optimum membership in terms of total gains to Hertfordshire. Based on current forecast growth, the Pool would generate £2.7m additional retained rates, of which £0.4m would be allocated to the County Council and £0.4m to an Economic Growth Fund available for bids from all Hertfordshire authorities.
- 4.15 The Secretary of State confirmed timelines for changes to Business Rates Retention, and the implementation of a Fair Funding Review that will re-assess funding need across all authorities. These are now expected to be introduced in 2020/21, when the current four year settlement ends. The Government are now proposing a move to 75% retention of Business Rates (from the current 50%), rather than to the full 100% indicated previously. Whilst there is likely to be some

transitional protection, these changes may give some significant funding movements from 2020/21.

Response to Provisional Settlement consultation

4.16 The consultation period on the provisional settlement closes on 16 January 2018. While we welcome the new flexibilities that give greater local accountability on Council Tax, HCC's response highlights the following issues:

- The methodology for RSG distribution remains unchanged and is based on a dated needs assessment, distorted by authorities with a relatively high council tax income, and double counts the ability of authorities to generate income from council tax.
- Whilst the Settlement acknowledges pressures for authorities providing Adult Social Care, it offers very little to meet these. The ending of transitional funding, which had partially offset loss of RSG, creates an additional pressure. The £4.2m additional Adult Social Care Support grant in 2017/18 is not being continued. Despite the additional Improved Better Care Fund monies announced in the March 2017 Budget (after the 2017/18 IP was set), there is still a long term concern that new funding for Adult Social Care will not be sufficient given the demographic and cost pressures in this area.
- We support the government's decision not to withhold New Homes Bonus payable where planning permission has been given on appeal, previously considered. However the shortening of the period over which this grant is paid, and the continuation of the 0.4% baseline threshold (with grant only paid on growth above this level), as announced previously, are creating a further funding challenge for authorities.
- We are disappointed not to have been successful in our application to form a Business Rates Retention Pilot, and ask that groups of authorities unsuccessful in this round be prioritised for 2019/20 pilots, to allow wider learning and a sharing of the benefits of pilots.
- Hertfordshire has taken a robust approach to managing balances, ensuring that it maintains an optimum level to respond to uncertainty in wider funding and the risks associated with budget pressures. The council continues to review reserves regularly and ensures that specific reserves are still required for their original purpose. They include funds held for investment that will enable the delivery of savings in future years. Whilst some unused funds will be released in 2018/19, this does not address the longer term funding issues facing the Council.

Council Tax and Social Care Precept

4.17 Given the continued cost and funding pressures and projected medium term financial position, the 2017/18 – 2019/20 IP assumed two council tax increases:

- a council tax increase of 1.99% in 2018/19 and future years, subject to agreement by County Council in February.
- a precept of 3% in 2018/19 only, to meet pressures from Adult Social Care (ASC), having raised 2% in 2016/17 and 3% in 2017/18.

4.18 The proposed council tax increases had been set with regard to the referendum threshold. This previously required councils to seek the approval of their local electorate if they planned to set a general council tax increase of 2% or above. This threshold has now been raised to 3%, and the higher threshold is expected to continue for 2019/20.

4.19 The Council proposes to take up this additional 1% increase in council tax in 2018/19, which will generate £5.5 million income. The IP also includes this additional increase in 2019/20, generating total additional income of £11.5m in that and subsequent years. It is proposed that the 3% ASC precept remain as planned. With increases of £2.99% basic Council Tax and 3% ASC precept, the Band D Council Tax for the County Council in 2018/19 would be £1,320.46. The amount of tax calculated for each valuation band is shown in Table iii.

From 2020/21, an annual council tax increase of 1.99% is assumed, as the Government has not committed to a longer term threshold change .

Table iii: HCC Council Tax Bands

Band	2017/18 Council Tax			2018/19 Council Tax (2.99%+3.00%)		
	Basic	ASC Precept	Total	Basic	ASC Precept	Total
A	£791.61	£38.94	£830.55	£816.45	£63.85	£880.30
B	£923.54	£45.44	£968.98	£952.52	£74.51	£1,027.03
C	£1,055.48	£51.92	£1,107.40	£1,088.60	£85.14	£1,173.74
D	£1,187.41	£58.42	£1,245.83	£1,224.67	£95.79	£1,320.46
E	£1,451.28	£71.40	£1,522.68	£1,496.82	£117.07	£1,613.89
F	£1,715.14	£84.39	£1,799.53	£1,768.96	£138.37	£1,907.33
G	£1,979.02	£97.36	£2,076.38	£2,041.12	£159.64	£2,200.76
H	£2,374.82	£116.84	£2,491.66	£2,449.34	£191.58	£2,640.92

Other Funding Information

4.20 Some funding information is not yet available, and will need to be built into the 2018/19 budget before this is finalised for February Cabinet and Council. The following information is outstanding:

- a) final estimate figures for the council tax base, the collection fund balance and levies;
- b) final estimates for business rates collection;
- c) final Local Government Finance Settlement expected early February; and
- d) other outstanding Government grant announcements.

Should this provide any additional resource, Cabinet will need to decide in February where this is to be applied. This could include consideration of the required level of contingency and potential bids against the new central infrastructure and investment budget, for example to meet the costs of a major transformation programme planned in Adult Social Care, which includes making use of developing technology to keep people safe in their own homes.

5 Schools Budget

- 5.1 Part B – Schools Budget sets out the proposed schools’ revenue budget for 2018/19. Cabinet are requested to agree this schools’ element of the IP in advance of the main budget process, in order to meet the Department for Education (DfE) deadline in mid-January. There may be some small adjustments as final data checks are completed and as the DfE position on Minimum Funding Guarantee exceptions is confirmed. This budget is wholly grant funded and decisions have no impact on the overall Council budget.

6 Capital Programme, Funding and Financing Charges

- 6.1 All schemes in programme years 2017/18 to 2018/19 have been reviewed to confirm that the budget is still required for its original purpose, and to make adjustments for changes in external funding and cashflow profiles. Services have been required to identify external sources of funding wherever possible. New and revised bids have been submitted with supporting business cases, to ensure these meet the Council’s priorities for investment set out in Part F Capital and Investment Management Strategy. Table iii shows the total proposed programme and funding.

Table iv: Summary Proposed Capital Programme 2018/19 – 2021/22 (updated)

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Adult Care & Health	20,998	29,931	13,645	11,498
Children's Services	372	180	180	180
Community Safety & Waste Management	12,032	5,255	8,803	4,463
Education, Libraries & Localism	68,867	80,580	44,803	37,131
Environment, Planning & Transport	21,090	31,770	21,552	2,975
Highways	84,394	110,378	94,728	65,843
Public Health, Prevention & Performance	725			
Resources, Property & the Economy	35,546	6,326	2,859	2,779
Total	244,024	264,420	186,570	124,869

Financed by:

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Borrowing	101,466	99,276	82,811	52,009
Capital receipts	10,000	10,000	10,000	10,000
Grant	81,649	81,040	56,502	60,595
Contribution	48,148	72,029	36,132	1,890
Reserves	2,761	2,075	1,125	375
Total	244,024	264,420	186,570	124,869

- 6.2 The Council continues to invest significantly in its infrastructure and assets. The proposed 2018/19 - 2021/22 Capital Programme includes new and revised schemes totalling £168.209m, of which £116.167m is HCC funded. These include further primary and secondary schools expansion, largely externally funded; completion of the LED street lighting programme; and purchase of sites to reduce current leasing costs and give a net return. A number of these schemes will therefore support the delivery of savings included in revenue budgets in this IP.
- 6.3 Budgets for Highways maintenance have been reworked to calculate the level of spend required to continue to meet current standards. The proposed programme includes total increased spend of £25.7m for carriageway maintenance and £7.1m for other core maintenance budgets over the four year IP period, along with £29m one off spend over the period, to improve the condition of local, unclassified roads that often fall outside the core programme. These additional budgets (the amounts by which 2017/18 budgets will be increased from 2018/19) are summarised below.

Table v: Additional Highways Maintenance Capital Programme

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Highways Core Maintenance:					
Carriageways	4,158	6,341	7,041	8,137	25,677
Bridges and Structures	-	150	305	463	918
Drainage	69	140	213	288	710
Footway & Cycleways	100	184	377	360	1,021
Total Core Maintenance	4,327	6,815	7,936	9,248	28,326
Highways Locality Budget	1,113	1,113	1,113	1,113	4,452
Improving Local (unclassified) Roads	5,000	8,000	8,000	8,000	29,000
Total additional Capital Maintenance	10,440	15,928	17,049	18,361	61,778

- 6.4 In recent years, the Council has used revenue contributions, one-off underspends and Capital Financing and Capital Receipts Reserves to sustain the capital programme while minimising the need for new borrowing, thus delivering savings in the costs of interest and of Minimum Revenue Provision (MRP – the amount the Council is required to set aside in its revenue budget for debt repayment).
- 6.5 In determining the funding of the proposed Capital Programme, current lower interest rates make borrowing relatively attractive, particularly where capital investment will generate revenue benefits through additional income or reduced costs. Furthermore, projected capital receipts are limited: all receipts generated by end 2017/18 are expected to be applied to fund spend in year, with no balance to carry forward. A number of sites have been earmarked for development under the Herts Living Property Company programme (see 6.8).
- 6.6 As MRP requires a revenue charge across the life of the asset, it is preferable for borrowing to be used for longer life assets only. Proposed funding for the Capital Programme therefore assumes £10m funding for short life assets from capital receipts, if necessary supplemented from the Investment Reserve created from one off MRP savings in 2017/18.
- 6.7 New borrowing of £101.466m is forecast for 2018/19, £99.276m in 2019/20, £82.811m in 2020/21 and £52.009m in 2021/22. Given the low interest rates which are currently forecast to continue, it is proposed that an element of this borrowing be managed through a rolling portfolio of short term borrowing, at the same time considering tranches of longer term borrowing as capital expenditure crystallises an ongoing cash requirement. The Minimum Revenue Provision for this additional borrowing will be £1.979m for 2019/20, £3.359m for 2020/21 and £4.610m for 2021/22.

- 6.8 Alongside the Capital Programme, the Herts Living programme has identified surplus sites suitable for development to generate an enhanced capital receipt or revenue income stream in future years. A Joint Venture partnership is being established and will take forward the development of an initial set of surplus sites. These proposals are expected to make an important contribution to the revenue budget, and savings proposals include an assumed revenue return from 2020/21. This is expected to comprise both revenue income from overage arrangements and savings from the use of capital receipts from the earmarked sites to reduce borrowing from the levels assumed in the current capital programme funding. These estimates will be updated when the JV partner is in place.
- 6.9 The Spend to Achieve Capital Receipts Reserve was created in 2014/15 to fund the costs of works or other spend necessary to generate capital receipts which are then available to fund future schemes, reducing the need to borrow. In previous years it has been topped up by £3m p.a., from capital receipts. The forecast requirement for 2018/19 is up to £3.8m, which will help deliver enhanced receipts for some major sites. The level and source of top up for subsequent years will be reviewed in future Integrated Plans.

Background information referred to by the authors

Hertfordshire County Council Integrated Plan 2017/18 to 2019/20, February 2017.

Department for Communities and Local Government - Provisional Local Authority Finance Settlement for 2018/19, 19 December 2017

Appendix A: Summary Budget Movement Statement

2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
822.182 Original Budget	816.974	816.974	816.974	816.974
(2.542) Technical Adjustments	(5.506)	(7.646)	(9.161)	(9.161)
4.834 Inflation	8.141	24.809	41.343	58.206
824.474 Base Budget	819.609	834.137	849.156	866.019
Pressures for change:				
(0.250) Previous Policy Decisions	0.050	-	-	-
19.454 Demography	10.642	21.211	31.929	42.737
5.758 Legislative	6.029	10.491	15.834	16.074
3.577 Capital Financing	1.095	2.868	4.708	6.470
4.961 Other	23.980	20.572	21.580	24.332
33.500 Total Pressures for Change	41.796	55.142	74.051	89.613
857.974 Subtotal	861.405	889.279	923.207	955.632
Savings:				
(2.461) Existing efficiencies - ongoing impact	(5.013)	(5.807)	(5.786)	(5.807)
(5.039) Existing Policy Choice - ongoing impact	(0.563)	(1.157)	(1.862)	(1.912)
(22.663) New efficiencies	(21.200)	(31.305)	(42.763)	(54.812)
(10.837) New Policy Choice	(3.306)	(7.237)	(7.728)	(8.953)
- Further savings required	-	(8.087)	(23.966)	(29.747)
(41.000) Total Savings	(30.082)	(53.593)	(82.105)	(101.231)
816.974 REVENUE BUDGET (before funding specific to service area)	831.323	835.686	841.102	854.401

Funding Statement

2017/18 £m		2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
46.394	Business Rates Income	47.841	50.605	53.530	56.623
69.531	Business Rates Top-Up Grant	71.498	71.380	71.263	71.145
44.535	Revenue Support Grant	22.599	1.890	(5.916)	(13.892)
160.459		141.938	123.876	118.876	113.876
	<u>Non-ringfenced Grants:</u>				
	Compensation for impact of changes to				
3.139	Business Rates (S31 grant)	2.799	4.406	4.406	4.406
3.261	Education Services Grant (ESG)	-	-	-	-
5.648	New Homes Bonus	3.474	3.005	2.535	2.066
0.835	SEN Reform	0.835	-	-	-
2.070	Independent Living Fund	2.005	1.944	1.944	1.944
7.849	Transition Grant	-	-	-	-
4.153	Adult Social Care Support Grant	-	-	-	-
0.842	School Improvement Grant	-	-	-	-
1.085	Other non-ringfenced grants	1.000	1.006	1.006	1.006
28.883		10.114	10.361	9.891	9.422
	<u>Ringfenced Grants:</u>				
33.659	Public Health Grant	32.798	31.926	31.926	31.926
15.154	Public Health - Health visitors	14.760	14.376	14.376	14.376
2.605	Adult Skills and Community Learning	2.744	2.744	2.744	2.744
1.111	Local Authority Bus Subsidy Grant (formally				
	Bus Service Operators Grant)	1.111	1.111	1.111	1.111
1.122	Unaccompanied Asylum Seeking Children				
	Grant (UASC)	1.122	1.122	1.122	1.122
2.467	Troubled Families Grant	1.515	1.515	-	-
1.258	Music Education Grant	1.258	1.258	1.258	1.258
0.815	Youth Justice Good Practice Grant	0.815	0.815	0.815	0.815
58.191		56.123	54.867	53.352	53.352
	<u>Better Care Fund:</u>				
18.949	iBCF - old	24.722	32.904	32.904	32.904
-	iBCF - new	11.656	5.819	-	-
18.949		36.378	38.723	32.904	32.904
	<u>Council Tax and Collection Funds:</u>				
518.146	Council Tax	539.744	562.715	580.509	598.846
25.493	Council Tax relating to Social Care Precept				
	(3% 18/19; 0% 19/20)	42.222	42.644	43.071	43.501
9.077	Collection Fund Balance - Council Tax	6.304	4.000	4.000	4.000
(2.225)	Collection Fund Balance - Business Rates	(1.500)	(1.500)	(1.500)	(1.500)
550.492		586.771	607.860	626.079	644.848
816.974	TOTAL	831.323	835.686	841.102	854.401

INTEGRATED PLAN
PART A – OVERVIEW

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1 Introduction – Strategic Context and Key Decisions

- 1.1 The Integrated Plan (IP) sets out the Council's plans for service delivery within available funding. It brings together services' key priorities and plans for delivering these, alongside the strategies that shape how the Council manages its resources.
- 1.2 These plans have been set in the context of the difficult challenges that the council faces, including:
- Increasing demand for services from our growing and ageing population and increasing complexity of needs within existing service users for example within social care related services; and
 - Further reductions in grant funding expected over the IP period.

Despite these challenges, we want Hertfordshire to continue to be a county where people have the opportunity to live healthy, fulfilling lives in thriving, prosperous communities. This Integrated Plan supports this by delivering:

- Support for vulnerable people: additional funding to address growing demand and changing needs, including for disability services; support for the paid and unpaid care workforce to attract and retain people into vital caring roles;
- Investment to help meet the challenges of a growing county: additional investment in Hertfordshire's road network and the establishment of a dedicated Growth and Infrastructure team to provide the capacity and expertise to respond to the planned economic and population growth across the county, and resource for this team to develop proposals and ensure Hertfordshire is well placed to bid for major infrastructure funding;
- Continued investment in service transformation: for example in Adult Social Care – funding for a proposed transformation programme to design and implement new approaches to commissioning care for older people and adults with disabilities; and
- A continued focus on prevention, notably in adult social care, to prevent need increasing further, for example in relation to exploring opportunities to use digital technology to foster independent living.

The council continues to invest to deliver services more efficiently and with better outcomes for users. We will continue to prioritise frontline services – the vast majority of savings (87%) are proposed from efficiencies rather than policy changes impacting service delivery. However, given the scale of the challenges faced, some difficult decisions are unavoidable. Where policy choices are necessary, we will continue to engage widely before any final decisions are taken.

- 1.3 The Integrated Plan approved in February 2017 outlined two potential council tax increases for 2018/19: a 3% increase specifically to support adult social care, and a general increase of 1.99% to help fund all council services. The government has recently announced new rules covering potential council tax increases. The general increase can now be up to 2.99%, an increase of 1%.

Our recent consultation on IP plans indicated that a majority of respondents would rather see council tax increases than further service reductions. As such the Council proposes to adopt the general council tax increase allowed by the government. Our

plans for 2018/19 therefore include an increase of 2.99% to help fund all council services. The second increase is specifically to support adult social care and will remain a 3% increase as planned last year. This makes a total proposed increase of 5.99%. These increases will enable the Council to do the following:

- Provide additional investment of £26m over the next 4 years into our core road network to ensure they are maintained to the high standards residents expect
- Provide a one-off programme of funding for our local roads to improve standards across this element of the network at a cost of £29m over the first four years
- Respond proactively to the challenges of medium term economic and population growth, to ensure Hertfordshire is well placed to bid for national and regional resources;
- Invest in adult social care, with additional funding to address growing demand and changing needs, including services for people being discharged from hospital , as well as investing in transformation; and
- Reduce the budget gap we face in future years, helping provide some protection to front-line services

Despite this, the financial challenges will continue for the foreseeable future. Extending the Integrated Planning period to four years allows us to consider medium term plans to be able to respond to the scale of these challenges. The table below illustrates that whilst the proposed budget is balanced for next year, there is an increasing budget gap in the years after that, rising to almost £30m by 2021/22. Further difficult choices are likely to be necessary in future years.

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Further savings required	-	8.087	23.966	29.747

- 1.4 Revenue and capital plans have been set for the four year period to 2021/22, to enable the forward planning needed for more fundamental service redesign to deliver transformed services and achieve challenging savings. However, while core government funding for 2018/19 and 2019/20 is covered by the four year settlement provided in 2016, revenue funding beyond this is uncertain. Forward projections in this IP assume a £5m per annum ongoing reduction. Resources will also be impacted by the outcomes of the Fair Funding Review, which the government propose to implement from 2020/21 and which is likely to give some redistribution that cannot be predicted at this stage.
- 1.5 The proposed IP includes additional funding for Social Care via the Adult Social Care precept powers granted in the Spending Review, and additional Improved Better Care Fund announced in the March 2017 Budget. It assumes that funding will continue at the same level in 2020/21 and 2021/22: as yet there is no information on these years, and this funding is by no means guaranteed.
- 1.6 Revenue budgets (the net running costs of the Council's services) are based on the current year budget. This is adjusted for inflation and for any unavoidable changes for example population increases, new legal and statutory responsibilities, and where

services are funded by specific grants. Any changes are challenged, and the resulting costs are compared to forecast overall funding, with the difference – the savings gap – to be met by making savings, or by reviewing and where appropriate reducing reserves.

- 1.7 For the IP period, services will continue to face demand pressures from population changes, not only from the growing elderly population but more significantly from learning disability and children's special education needs, in part arising from improved diagnosis (including Asperger's and autism), higher expectations and the duty to meet these. This higher demand has impacted the market for social care, increasing prices for specialist care. £41.8m additional expenditure is required in 2018/19 to continue to deliver the same level of service on the same basis as the previous year and to meet new responsibilities.
- 1.8 In response, services seek new ways of working to deliver improved services and efficiencies, through digital and commercial initiatives and through smarter use of our workforce. There is a continued focus on the need to develop preventative strategies to reduce demand and deliver better outcomes for Hertfordshire residents and businesses, such as the review and redesign of adult social care services over the IP period.
- 1.9 The Council is developing its Capital and Asset Management strategies to make best use of these resources, recognising the impact of capital spend on the revenue budget, and the opportunities to add value and generate income streams from these assets. Its new subsidiary Herts Living Ltd will be key in delivering many of these property initiatives. The proposed Capital Programme also invests in the infrastructure that will be needed for a rising population and to support economic growth.
- 1.10 Key decisions in this Integrated Plan include:
- Increased investment in roads and infrastructure, including new and additional Highways capital schemes totalling £78m (Highways Capital Programme Part B), and creation of a central Infrastructure Growth budget, to meet the costs of early work needed to put the council in a strong position to bid for major infrastructure funding;
 - Maintaining a differential above National Living Wage for our care staff and those of our key third party providers;
 - Provision for specific inflation on spending budgets where there are contractual or statutory increases, but otherwise requiring services to absorb non pay inflation within budgets (part G table 6);
 - Efficiency savings of £24.5m in 2018/19 (rising to £60.6m by 2021/22);
 - Changes to service delivery policies to meet the balance of savings requirements - £3.9m in 2018/19 (0.5% of net budget). These will be made in Adult Social Care charging, Children's Centres and Youth Connexions;
 - Decisions on the level of Council Tax and Adult Social Care Precept, taking up the option to raise general council tax by 2.99% in 2018/19 as well as raising the remaining permitted 3% ASC Precept (part A p9);

- Use of £10m capital receipts per annum to support the capital programme and reduce borrowing costs, whilst also earmarking surplus sites for further development to generate enhanced future receipts and/or income streams (Capital Strategy Part D section 2.2);
- Use of up to £3.8m further capital receipts in 2018/19 to fund spend required to generate capital receipts in future years;
- Maintaining a contingency and general fund balance (4% of net revenue budget) , based on an assessment of risks and uncertainties;
- A review of reserves, which has identified £1.2m no longer needed for its original purpose, and so will be used as a one off contribution to help bridge the 2018/19 savings gap; and
- Setting out principles for the disposal of specific assets to fund new capital projects, where there is a reliable business case (Capital Strategy Part D section 2.5).

1.11 This report includes details of the overall funding context including the impact of the government's Provisional Settlement for Local Government, announced on 19 December 2017. This will be updated for the Final Settlement, other funding announcements and for final council tax and business rates income collected by District Councils, and will be reported to Cabinet (19th February 2018) and County Council (20th February 2018).

1.12 The proposed 2018/19 revenue budget is £831.3m, an increase of 1.8% from 2017/18. The revenue budget increases to £854.4m by 2021/22. Note that the 2017/18 comparators in this report are the original budget approved in February 2017, and exclude the additional Improved Better Care Fund monies announced in the Government's March 2017 Budget.

Table 1 at the end of this section summarises the movements from the 2017/18 original budget over the Integrated Plan period 2018/19 to 2021/22; the budget by service is shown in table 3 in Part G (Other Technical Information).

1.13 From the 2017/18 balanced position, the budget has moved by:

	£m
Technical adjustments –changes in specific grants matched by changes in spend, and removal of one-off capital financing	(5.520)
Inflation	8.141
Pressures from population changes (demography), legislation including costs of National Living Wage, and other changes. This item also includes new spend and reduced CCG contributions covered by the additional Improved Better Care Fund (iBCF) monies announced in the March 2017 budget;	41.796
Reduction in government grants	<u>33.599</u>
Resulting budget gap	78.016
Met by:	
Savings	30.082
Additional Improved Better Care Fund	11.656
Council tax/ Adult Social Care Precept	36.279

1.14 The movement in the savings gap since the 2017/18 budget is summarised below. Additional savings of £19.8m have been identified for 2018/19, rising to £57.3m by 2021/22. There remains a budget gap of £8.1m for 2019/20, £29.7m by 2021.22

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Budget Gap at February 2017	20.894	41.863	41.863	41.863
Inflation - Pay (2.7% 18/19 and 19/20)	3.621	7.319	12.136	17.047
Inflation - non Pay (0% standard non -pay)	(10.380)	(12.310)	(0.593)	11.359
Demography	5.093	6.011	16.729	27.537
Capital Financing	2.813	2.882	4.722	6.484
Other Pressures	10.794	11.250	23.420	26.412
Changes in grant funding	(4.062)	(3.747)	1.723	7.192
Council Taxbase / collection fund	(8.937)	(13.882)	(32.101)	(50.870)
Additional Savings	(19.836)	(31.299)	(43.932)	(57.277)
Gap at January 2018	(0.000)	8.087	23.966	29.747

Navigating the Integrated Plan Pack

1.15 The Integrated Plan is a multi – part pack and each section forms a standalone document. It includes:

Parts A and B, supported by the schedules at Part G, set out the overall revenue and capital budget position and a detailed narrative for each Portfolio's budget proposals.

- an Overview of the proposed revenue budget and capital programme, including a review of the budget estimates and adequacy of reserves (Part A);
- Strategic Direction and Financial Consequences (Part B). These set out the future service direction and priorities, by Cabinet Panel portfolio, including details of revenue budget movements (pressures and savings) and capital programme proposals. They also include benchmarking comparisons and an assessment of key risks in delivering services within the IP;

Parts C to E provide the detailed strategies that support the Council's financial processes, and Part F summarises the equalities impact.

- the Treasury Management Strategy (Part C), a statutory requirement setting out the Council's approach to borrowing and financial investments;
- the Capital, Asset Management and Investment Strategy (part D), detailing how the Council will invest in its property and infrastructure assets, and use its resources to deliver financial returns and service efficiencies;
- the Insurance and Risk Strategy (part E), setting out the Council's approach to risk management and insurance;
- an Equalities Impact Assessment (Part F), which considers the cumulative equality impact of IP proposals; and
- Supporting Schedules showing other technical information and financial summaries (Part G).

Table 1: Summary Budget Movement Statement

2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
822.182 Original Budget	816.974	816.974	816.974	816.974
(2.542) Technical Adjustments	(5.506)	(7.646)	(9.161)	(9.161)
4.834 Inflation	8.141	24.809	41.343	58.206
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33.500 Total Pressures for Change	41.796	55.142	74.051	89.613
857.974 Subtotal	861.405	889.279	923.207	955.632
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(10.837) New Policy Choice	(3.306)	(7.237)	(7.728)	(8.953)
- Further savings required	-	(8.087)	(23.966)	(29.747)
(41.000) Total Savings	(30.082)	(53.593)	(82.105)	(101.231)
816.974 REVENUE BUDGET (before funding specific to service area)	831.323	835.686	841.102	854.401

Table 2: Funding Statement

2017/18		2018/19	2019/20	2020/21	2021/22
£m		£m	£m	£m	£m
46.394	Business Rates Income	47.841	50.605	53.530	56.623
69.531	Business Rates Top-Up Grant	71.498	71.380	71.263	71.145
44.535	Revenue Support Grant	22.599	1.890	(5.916)	(13.892)
160.459		141.938	123.876	118.876	113.876
	<u>Non-ringfenced Grants:</u>				
	Compensation for impact of changes to				
3.139	Business Rates (S31 grant)	2.799	4.406	4.406	4.406
3.261	Education Services Grant (ESG)	-	-	-	-
5.648	New Homes Bonus	3.474	3.005	2.535	2.066
0.835	SEN Reform	0.835	-	-	-
2.070	Independent Living Fund	2.005	1.944	1.944	1.944
7.849	Transition Grant	-	-	-	-
4.153	Adult Social Care Support Grant	-	-	-	-
0.842	School Improvement Grant	-	-	-	-
1.085	Other non-ringfenced grants	1.000	1.006	1.006	1.006
28.883		10.114	10.361	9.891	9.422
	<u>Ringfenced Grants:</u>				
33.659	Public Health Grant	32.798	31.926	31.926	31.926
15.154	Public Health - Health visitors	14.760	14.376	14.376	14.376
2.605	Adult Skills and Community Learning	2.744	2.744	2.744	2.744
1.111	Local Authority Bus Subsidy Grant (formally Bus Service Operators Grant)	1.111	1.111	1.111	1.111
1.122	Unaccompanied Asylum Seeking Children Grant (UASC)	1.122	1.122	1.122	1.122
2.467	Troubled Families Grant	1.515	1.515	-	-
1.258	Music Education Grant	1.258	1.258	1.258	1.258
0.815	Youth Justice Good Practice Grant	0.815	0.815	0.815	0.815
58.191		56.123	54.867	53.352	53.352
	<u>Better Care Fund:</u>				
18.949	iBCF - old	24.722	32.904	32.904	32.904
-	iBCF - new	11.656	5.819	-	-
18.949		36.378	38.723	32.904	32.904
	<u>Council Tax and Collection Funds:</u>				
518.146	Council Tax	539.744	562.715	580.509	598.846
25.493	Council Tax relating to Social Care Precept (3% 18/19; 0% 19/20)	42.222	42.644	43.071	43.501
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(2.225)	Collection Fund Balance - Business Rates	(1.500)	(1.500)	(1.500)	(1.500)
550.492		586.771	607.860	626.079	644.848
816.974	TOTAL	831.323	835.686	841.102	854.401

2 Revenue Budget – Funding

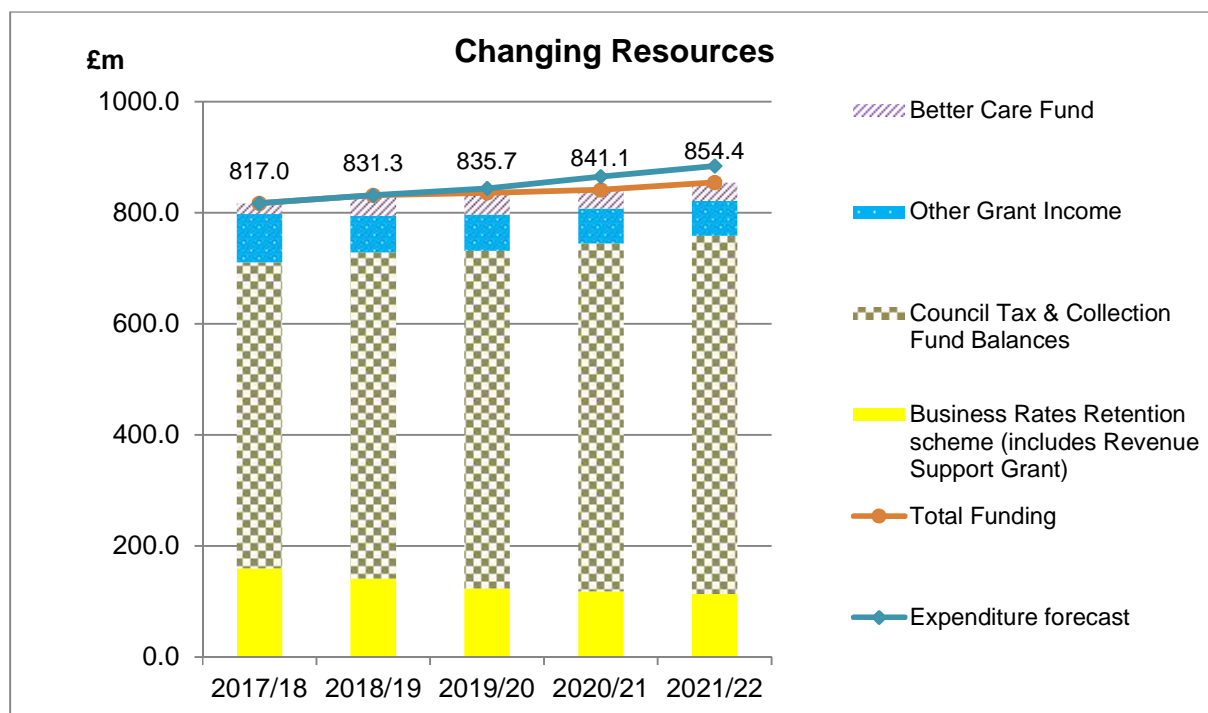
Provisional Finance Settlement

- 2.1 The provisional Local Government Finance Settlement 2018/19 announced on 19 December was the third of the Government's four year settlement offer for authorities who submitted an Efficiency Plan, including Hertfordshire. A number of the reductions to funding were therefore known in advance when preparing the proposed budget. Over the four years to 2019/20, Revenue Support Grant (RSG) will reduce by £117m from its 2015/16 level. Total Settlement Funding Assessment (SFA), the Government's calculation of need to be met by RSG and business rates, has reduced by £18.521m (11.5%) in 2018/19.
- 2.2 The Government also calculates authorities' Spending Power, which includes income from locally raised Council Tax and Adult Social Care Precept. The Council's Spending Power for 2018/19 is £748.872m, of which £164.3m is funded by central government grants and business rates.
- 2.3 The funding position at table 2 shows the latest estimates of available Central Government funding based on the provisional Settlement, together with projections of other income sources including Business Rates income and Collection Fund balances. It assumes some continued reductions of £5m per annum in funding for 2020/21 and 2021/22.
- 2.4 The Adult Social Care Precept was introduced for 2016/17, allowing authorities providing social care to raise an additional precept of up to 2% of council tax pa for four years, provided that they could demonstrate that this was needed to meet increased costs of social care. The 2017/18 Provisional gave further flexibility by allowing the precept to rise by up to 3% in a year, on condition that the total increase to 2019/20 does not exceed 6%. The Council has raised precepts of 2% in 2016/17 and 3% in 2017/18, with the final permitted 3% proposed for 2018/19.
- 2.5 The Provisional Settlement includes the changes to New Homes Bonus (NHB) introduced in 2017/18: the length of time that the bonus is paid reduced from six years to five years in 2017/18; and will reduce to four years from 2018/19. The baseline threshold introduced last year is retained: authorities will need to achieve growth of greater than 0.4 per cent before they receive any NHB funding. These changes, together with some slowing in growth as measured for this grant, have resulted in a loss of NHB of £2.174m in 2018/19. During 2017 the Government consulted on further changes, including withholding payments from local authorities that have not submitted their local plan, and where residential development has been allowed on appeal. However these changes have not yet been adopted.
- 2.6 As previously notified Education Services Grant (ESG) ceased from September 2017. Since 2017/18, some additional funding is provided through the Schools Improvement Grant, within the Children's Services budget.
- 2.7 The final Local Government Finance Settlement 2018/19 (expected early February 2019) will confirm the level of available funding from Central Government. The funding position at table 2 shows the latest estimates of available Central

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Government funding based on the provisional Settlement, together with projections of other income sources including final estimates of Council Tax base, Business Rates income and Collection Fund balances. Taxbase growth of 1.0% gives an additional £5.4m income in 2018/19 compared with 2017/18, before the 2.99% increase.

2.8 The graph below shows a breakdown of how the authority’s resources are funded. The gap between forecast expenditure and resource funding is widening over the period of this Integrated Plan.



Business Rates

2.9 Business Rates income is received as a proportion of income collected by local District/Borough councils, increased by “top up” from, or reduced by “tariff” to, central government to an assessed baseline level of need. Income increases each year by the nationally set rate, 3.0% for 2018/19 (based on September CPI).

2.10 Under the Business Rates Retention Scheme introduced in April 2013, authorities can benefit directly from supporting local business growth by allowing them to keep a proportion of any increases in business rates income. The County Council receives 10% of all such growth above baseline funding.

2.11 The first revaluation under the scheme has taken place, with effect from 1 April 2017, and rateable values (the value on which Business Rates is applied) have been updated for latest market conditions. The revaluation exercise was net neutral on total rates collected nationally. Top up and tariffs have been adjusted to ensure no Local Authority is adversely affected by the revaluation exercise; and some transitional arrangements for ratepayers have been in place following revaluation, funded by central government through Section 31 grants.

2.12 Estimates of business rates income in Hertfordshire will be confirmed at the end of January by district councils, who act as billing authority.

2.13 In September 2017, the Department for Communities and Local Government (DCLG) invited authorities to apply for pilot 100% Business Rates Retention schemes, which would allow retention of all growth in business rates, and Hertfordshire (the County Council and the ten Districts) submitted a bid. A large number of applications was received and unfortunately Hertfordshire was not successful for 2018/19. However, an application to form a Business Rates Pool has been accepted. This allows local authorities to combine to retain and share a higher proportion of growth in business rates income (currently non – pooled Districts pay a 50% levy to central government on the share of growth above baseline funding level). There is an element of risk, as the cost of any Safety Net payments, made where an authority's business rates income would otherwise fall by more than 7.5%, must be borne by the pool rather than being met by central Government.

2.14 Following a review of the options for membership of the business rates pool it is proposed to continue with the existing pool members: Broxbourne, Hertsmere and Welwyn Hatfield Borough Councils and North Herts and Three Rivers District Councils, subject to final estimates of pooling gains and any associated risks.

Grants

2.15 Table 2 shows the grants provisionally announced for 2018/19. Non-ringfenced grants are available to support all Council services, although where these relate to specific services (for example SEND reform, Independent Living Fund) the relevant service budget is normally increased to reflect the funding.

2.16 Ringfenced grant is received for Public Health responsibilities. There is a reduction in 2018/19 of £1.26m (2.5%) to the grant, and a further £1.25m in 2019/20. The provisional settlement indicated that the ringfence will be removed and the grant rolled into Business Rates Retention funding in 2020/21.

2.17 Other ringfenced grants (including Better Care Fund) for the provision of specific services are shown as direct funding against the relevant service budget; significant grants are detailed in the funding statement at Table 2.

2.18 There are still a number of outstanding Government grant announcements, including some smaller non-ringfenced grants.

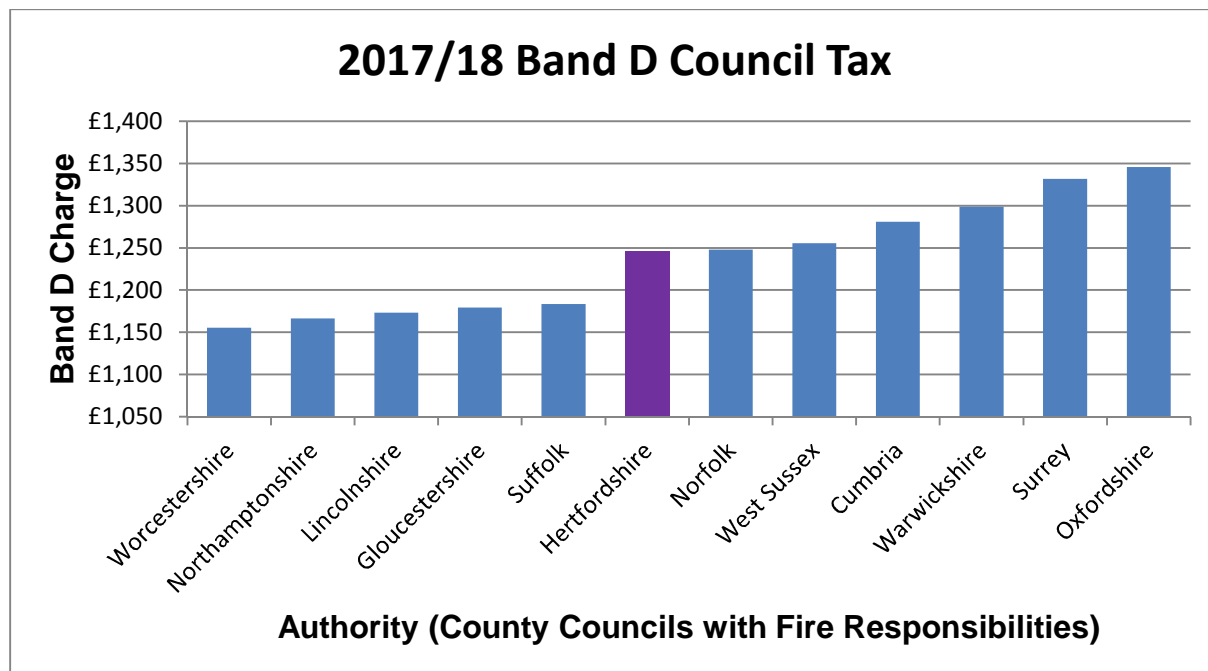
Council Tax and Social Care Precept

2.19 The 2017/18 IP assumed a general council tax increase of 1.99% each year, in the context of the increasing pressures and funding reductions outlined later in this document, and the projected medium term financial position.

2.20 The Council has made use of new powers introduced by the government in 2016/17 to raise an additional precept specifically to fund social care pressures (see section 2.3). The precept raises differing levels of resource for social care in different parts of the country unrelated to need, and passes additional costs to council tax payers. The government assumes that councils will raise this precept when calculating their central funding. This report assumes that the remaining 3% of council tax permissible is raised in 2018/19, to provide for social care pressures. This is as approved in last year's Integrated Plan.

- 2.21 In the Provisional Settlement, the Secretary of State announced a 1% increase in the referendum limit, to 3%, in recognition of the inflationary and other cost pressures that councils face. An additional 1% raises £5.5m income, and increases the Band D Council Tax for the year by £12.46. This flexibility is confirmed for 2018/19, and the government have stated their intention that this should continue in 2019/20, to be confirmed in next year's settlement. This report assumes a general council tax increase of 2.99% in 2018/19 and 2019/20, and 1.99% in subsequent years.
- 2.22 The Band D Council Tax for Hertfordshire County Council in 2017/18 was £1,245.83 which compares with a county council with fire responsibilities average of £1,238.71, ranging from £1,155.31 (Worcestershire) to £1,345.59 (Oxfordshire). See graph below.

Comparative Data, 2017/18 Band D Council Tax



The final council taxbase and collection fund balance estimates for both Council Tax and Business Rates will be provided by districts in late January. These reflect changes in the tax bases for Council Tax and Business Rates, together with the collectability of income, impact of reliefs and business rates appeals (which may have a significant backdated element). Early forecasts indicate a higher than projected surplus on the Council Tax Collection Fund at end 2017/18, as well as tax base increases from housing growth and revised assumptions for Council Tax Support. The IP presented to January Cabinet assumes a surplus of £6.3m in 2018/19, and £4m in subsequent years.

For the Business Rates Collection Fund, a deficit of £1.5m is estimated, in recognition of the continued risk from appeals, where there is considerable uncertainty following the April 2017 revaluation and changes to the appeals process.

3 Risk Management, Uncertainties, Contingency and Sensitivity Analysis

Risk Management

- 3.1. Service departments have reviewed the risks attached to delivering the 2018/19 budget and reflected any significant risks in the Corporate Risk Register. The Corporate Risk Register is reported regularly to the Public Health, Prevention and Performance Cabinet Panel as part of the Quarterly Performance monitor.
- 3.2. The Audit Committee advise the Executive on relevant audit matters including the risk management system and risk related issues. This function has been exercised through regular reports concerning the operation and effectiveness of the Corporate Risk Process and updates on other risk management activity. To strengthen the Committee's effectiveness in this oversight role, the Committee also considers, at each meeting, a report that focuses on a risk or risks from the Corporate Risk Register based on a particular theme.

Uncertainties

- 3.3. A number of uncertainties exist over the medium term which could potentially increase or decrease costs, including:
 - Liabilities for Sleep In duties, following a legal judgement that rates should be paid at an average that meets National Living Wage
 - risk of not achieving delivery of savings, examples include:
 - time taken to implement new social care strategies, for example where these require now accommodation to be found
 - additional income from review of adult social care charging policy
 - the fragility of the independent care market
 - demand led budgets:
 - impact of increases in the number of Unaccompanied Asylum Seeker Children (UASC), and to support children in families with no recourse to public funds; and from extended responsibilities to care leavers
 - impact of economic activity and housing growth on recycling and waste volumes; and risk from potential change in categorisation of wood waste
 - Risk to contributions from Clinical Commissioning Groups for protection of adult social care and funding of children's services;
 - highways maintenance: risk of road repairs due to severe winter weather and potential exceptional maintenance, including special requirements for coal tar disposal
 - potential income from business rates growth; impact of business rate appeals following revaluation and changes to the appeals system; outcomes of proposed Business Rates Pooling arrangements;
 - the Collection Fund balance and council tax base for future years, as well as council tax support schemes and wider council tax reforms;

- outstanding grant announcements;
- inflation: non-pay inflation including exceptional inflation, an example being the potential for higher than expected increases in energy and transport costs;
- interest rates, impacting on borrowing costs and investment income; and
- ability to sell assets and secure capital receipts.

Contingency

- 3.4. The figures included in this report provide for a general contingency of £6.0m in 2018/19, based on an assessment of risks and uncertainties, as detailed above. This level of contingency has been taken into account when assessing the robustness of estimates and adequacy of reserves.

Sensitivity Analysis

- 3.5. The Council's budget is constructed using best estimates for both the levels and timing of spending, cashable savings and resources. Table 3 below gives an indication of the sensitivity of the overall budget to movements in the assumptions underpinning our budgets.

Table 3: Impact of changes in our assumptions

Variable Change	Cash Impact £'000	Impact on council tax %*
1 (person change in) Asylum seeking minor (with All Rights of Appeal Exhausted) seeking to attend University	25	0.00
1% change in numbers of Children Looked After (10) per year	514	0.09
10% increase in Unaccompanied Asylum Seekers (9 per year)	222	0.04
1% change in older people client numbers (24) in residential/nursing care per year	463	0.08
1% change in older people home care hours (16,867) per year	324	0.06
1% change in physical disability client numbers (1) in residential /nursing care per year	94	0.02
1% change in learning disability client numbers (9) in residential/nursing care per year	730	0.13
1% change in learning disability client numbers (10) in supported living per year	407	0.07
1% increase in waste management spending	446	0.08
10 extra precautionary salting service outings for bad weather	306	0.06
10% change in emergency repairs needed on the highway (category 1)	597	0.11
1% increase in operational fire and rescue response activities	225	0.04
1% change in pay inflation	2,450	0.45

Variable Change	Cash Impact £'000	Impact on council tax %*
1% change in standard/income price inflation	5,771	1.05
+1% change in interest rates on borrowing (additional cost)	506	0.09
+1% change in interest rates on investments (additional income)	530	0.10
-1% change in interest rates on borrowing (reduced cost)	259	0.05
-1% change in interest rates on investments (reduced income)	530	0.10
1% change in Business Rates Retention Scheme	1,422	0.26
1% change in other non-ringfenced grants	97	0.02
£1 million change in collection fund balance	1,000	0.18
1% change in Council Tax	5,492	1.00

* This is shown only to quantify the theoretical impact in the context of council tax. It does not presume that if there were any such movement that it would be passed on through increased council tax.

4. Reserves

- 4.1. In accordance with the Local Government Act 2003, the Chief Financial Officer must undertake a review of the robustness of the budget estimates and the adequacy of reserves.

(A) Robustness of Estimates

- 4.2. The Council's process for producing budget estimates involves senior managers and finance professionals in evaluating and costing all known changes, including pay and price levels, legislative changes, demands for services and policy developments, efficiency savings and service changes. The process includes consideration of risks and uncertainties associated with projections of future pay, prices, interest rates, and projected levels and timing of income and potential liabilities.
- 4.3. Estimates are reviewed by Cabinet Panels and by Overview & Scrutiny Committee, before the recommendation of the final budget by Cabinet for Council determination.
- 4.4. The Council's Financial Regulations require Chief Officers to ensure that net expenditure does not exceed the total of their service's approved budgets, i.e. budgets are cash limited. Budgets are monitored and reported to departmental management teams and Chief Officers on a monthly basis. In previous years, where overspends have been forecast, positive action has been taken to contain these and where necessary identify offsetting underspends, so that the year end position is within budget.

(B) Adequacy of Reserves

- 4.5. The Council retains several named reserves to respond to specific issues. These are projected to be £138.9m as at 31 March 2018 and £120.5m as at 31 March 2019. These specific reserves are described in Table 10 in Part G of the Integrated Plan, together with estimated opening and closing balances. A summary of this is shown below:

Reserves Summary	Balance at 1 April 2017	Forecast Balance at 31 March 2018	Forecast Balance at 31 March 2019
	£000s	£000s	£000s
Schools	(82,842)	(78,884)	(73,784)
Other reserves held for other parties	(10,402)	(8,296)	(6,047)
Earmarked	(35,470)	(41,384)	(40,232)
ITT	(21,070)	(17,462)	(13,958)
Balances - General Fund	(31,809)	(32,000)	(32,000)
	(181,594)	(178,026)	(166,021)

- 4.6. In reviewing reserves, the following should be noted:
- Over half are held on behalf other bodies and are not available for general Council use, including schools (£79m), the LEP (£7m);
 - A further £39m are earmarked for specific purposes
 - The invest to transform fund is used to support transformation, and some items in the IP assume further use
 - Balances are held for emergency purposes, and once used are gone
 - These reserves are reviewed at least annually as part of the IP Process: £1.2m has been identified as no longer required, and will be used to support the 2018/19 budget.
- 4.7. In assessing the adequacy of the Council's reserves, the robustness of the estimates, the identified risks and uncertainties and the level of the general contingency all need to be considered. The General Fund balance needs to provide cover for such areas as uninsured losses, litigation, business continuity failures, civil emergencies, failure of information systems, and economic risks.
- 4.8. The General Fund balance as at 1 April 2017 was £31.8m and the budget proposals for 2018/19 assume no further addition to, or use of, the General Fund. Last year a General Fund balance of 4.0% of the Net Revenue Budget was seen as adequate: for 2018/19, this would equate to £31.7m.

5. Capital Programme 2018/19 – 2021/22

- 5.1 A Capital Programme for 2017/18 to 2019/20 totalling £615.515m was approved by County Council in February 2017. This included £222.858m of capital expenditure in 2017/18.

All schemes in this programme have now been reviewed to confirm that the budget is still required for its original purpose and adjustments made for changes in external funding and cashflow profiles. The proposed 2018/19 – 2021/22 Capital Programme (table 4a) includes £62.587m re-programming to 2018/19 and future years identified in the 2017/18 quarter 2 Finance Monitor. Officers have reviewed Capital budgets for ongoing annual programmes. New and revised bids are presented in the portfolio reports.

The total Capital Programme for 2018/19 to 2021/22 expenditure is £819.883m, and is summarised by portfolio in table 4a below. This includes new bids and re-programming. A detailed breakdown of the Capital Schemes and their funding sources can be found in each Portfolio's Part B Future Service Direction document.

Table 4a: Capital Programme Expenditure 2018/19 to 2021/22 by Portfolio

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Adult Care & Health	20.998	29.931	13.645	11.498	76.072
Children's Services	0.372	0.180	0.180	0.180	0.912
Community Safety & Waste Management	12.032	5.255	8.803	4.463	30.553
Education, Libraries & Localism	68.867	80.580	44.803	37.131	231.381
Environment, Planning & Transport	21.090	31.770	21.552	2.975	77.387
Highways	84.394	110.378	94.728	65.843	355.343
Public Health, Prevention & Performance	0.725	-	-	-	0.725
Resources, Property & the Economy	35.546	6.326	2.859	2.779	47.510
Total	244.024	264.420	186.570	124.869	819.883

Funding of the Capital Programme

5.2 The financing of the Capital Programme 2018/19 to 2021/22 is shown in table 4b below:

Table 4b: Financing of the Capital Programme 2018/19 to 2021/22

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Borrowing	101.466	99.276	82.811	52.009	335.562
Capital Receipts	10.000	10.000	10.000	10.000	40.000
Grant	81.649	81.040	56.502	60.595	279.786
Contributions	48.148	72.029	36.132	1.890	158.199
Reserves	2.761	2.075	1.125	0.375	6.336
Total	244.024	264.420	186.570	124.869	819.883

The programme assumes the use of £129.797m of funding from grants and contributions in 2018/19 and a total of £437.985m across all years to 2021/22. This consists of unspent balances from previous years, known future grant allocations and, in some instances, estimated future grant allocations based on previous years. It includes proposed use of contributions, including developers' S106 contributions, Any shortfall in grant allocations will need to be financed through borrowing or a reduction in expenditure.

The Council is currently expecting to have no Capital Receipts unspent at end 2017/18. A number of sites have been identified for disposal over the IP period, with potential receipts in the order of £70m. These sites exclude those currently being held for potential development via Herts Living property company, to deliver a revenue stream and/or enhanced receipt in future years.

The exact timing of receipts is uncertain, largely because of the need to take most sites through the planning process before they are marketed. The proposed Capital Programme assumes a prudent £10m of capital receipts per annum to fund the general capital programme. This target will be reviewed as more information on the value and timing of receipts becomes available. If further receipts are achieved, they may be applied to spending at end 2018/19: this will be reported in the Q4 Finance Monitor. To the extent that receipts are not available, it is proposed to use reserves set aside for capital financing and investment to fund capital spend.

Some spend is often required in order to prepare sites for disposal and achieve optimal receipts: the Spend to Achieve Capital Receipts reserve is used for this purpose. Based on forecast spend in 2018/19, it is proposed to use up to £3.8m of receipts received in year to top up this reserve. The level will be kept under review in future IP's.

The Capital Programme requires new borrowing in 2018/19-2021/22 of £101.466m in 2018/19, £99.276m in 2019/20, £82.811m in 2020/21 and £52.009m in 2021/22. The 2018/19 borrowing has increased from the £71.463m in the IP approved in February 2017 due to re-profiling of cashflows from 2017/18, and the addition of new schemes. Any increase in borrowing places additional revenue pressures on the Council in terms of interest on borrowing and the statutory requirement to put funds aside to repay the borrowing, which is profiled across the life of the asset. For example, £1m of capital expenditure on a 20 year life asset funded by borrowing equates to a revenue pressure of approximately £0.075m per annum.

INTEGRATED PLAN

PART B - STRATEGIC DIRECTION AND FINANCIAL CONSEQUENCES

Adult Care & Health Portfolio

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Adult Care & Health

Strategic Direction:

Services for adults who need care and support, promoting independence, personalisation, choice and control

Key priorities and programmes:

- Information and Advice
- Assistive Technology
- Integrated working with Health
- Community First thinking and new assessment framework
- Day opportunities and transport offer
- Employment, volunteering and education opportunities
- Supported Housing & Accommodation strategy
- Commercialisation agenda for in-house services
- Council as provider of last resort

Key services provided:

Care and support services for:

- Older people
- Adults with learning disabilities
- Adults living with mental health problems
- Adults with physical disabilities
- Family carers
- Strategic oversight and development of provider market
- Safeguarding services for vulnerable adults
- Working with NHS to deliver integrated services

Key risks in achieving IP proposals:

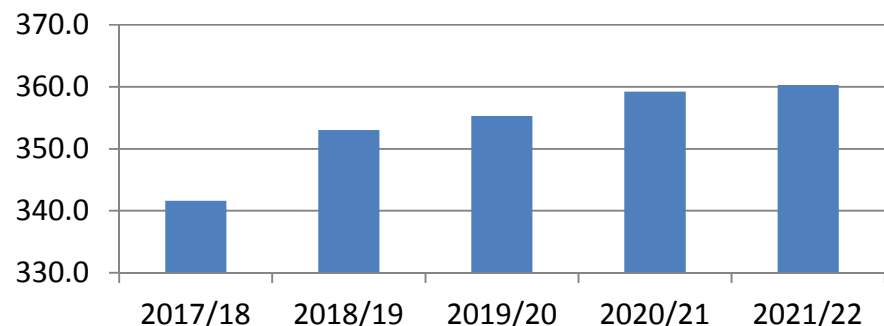
- Population pressures and fragility of care market
- Workforce supply
- Ensuring adequate resources to deliver major proposals
- Maintaining financial contribution from NHS
- Improving rates of delayed transfers of care from hospital, using Better Care Fund monies

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Adult Care & Health

£m

Net Revenue Budget



Key Revenue Pressures:

- Older People demography
- Learning Disability demography
- Mental Health and Physical Disability demography
- National Living Wage

Key Revenue Savings Proposals:

- Demand Management / Promotion of Independence / enablement
- Use of Technology
- Reducing reliance on residential care
- Better value for money in the nursing care market
- Younger People's Day Opportunities and Accommodation strategy
- Procurement and cost control strategies
- Optimisation of income and funding sources

Summary Revenue Budget Movements

	2018/19 TOTAL £000	2019/20 TOTAL £000	2020/21 TOTAL £000	2021/22 TOTAL £000
Technical Adjustment	981	920	920	920
Demography	9,345	18,941	28,595	38,216
Legislative	5,730	9,892	14,855	14,855
Other Pressures	13,511	11,815	9,505	9,505
TOTAL PRESSURES	28,586	40,648	52,955	62,576
Existing Efficiencies	(2,768)	(3,118)	(3,118)	(3,118)
Existing Policy Choice	(45)	(45)	(45)	(45)
New Efficiencies	(10,985)	(19,869)	(27,753)	(35,113)
New Policy Choice	(2,250)	(2,725)	(3,200)	(4,425)
TOTAL SAVINGS	(16,048)	(25,757)	(34,116)	(42,701)

Key Capital Schemes:

- Care Home re-provision
- Capital works in establishments
- Vehicle replacement
- Disabled facilities

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Capital Programme	20,998	29,931	13,645	11,498

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Adult Care & Health Portfolio: Future Strategic Direction

1 What are the key priorities for the portfolio over the period 2018/19 – 2021/22?

The key priorities for the period are grouped into four strategic areas as set out below.

Strategic Area 1: Information and advice

Communicating well and providing good information and advice to enable and support people to look after themselves and each other, getting help at the right time as their needs change.

Key activities will comprise:

- Review our information and advice strategy
- Implement a new Assistive Technology Strategy as part of the digital agenda
- Develop our 'HertsHelp' offer in Hertfordshire
- Build a library of useful apps that we will promote
- Increasingly connect our social care systems with colleagues in health
- Enable people to access their social care records on line

Strategic Area 2: Community First

Recognising that we depend on each other and we need to build supportive relationships and strong and resilient communities.

Key activities will comprise:

- Embed 'Community First' thinking into practice; and ensure a common understanding and approach
- Pilot an assistive technology project on using predictive data
- Review our day opportunities and transport offer
- Do more to get people into education, employment or volunteering to broaden their own connections and independence
- Develop our strategy for making the best use of property and assets

Strategic Area 3: Valuing Independence

Services that prevent future need, help people get back on track after illness and support disabled people to be independent, living purposeful lives with all of the freedoms and opportunities offered by society.

Key activities will comprise:

- A new strengths-based approach 'Connected Lives' to agreeing with people their care and support needs
- Join up health and care services for people with long-term conditions or disabilities to maximise their independence and satisfaction and support their family carers
- Ensure people are discharged from hospital at the right time, delivering required business process improvements with NHS colleagues
- Build on new interventions which alleviate pressures in hospitals, for example 'Discharge to Assess' and aligning care worker teams with the NHS
- Put in place a new Occupational Therapy strategy to promote independence

- Develop accommodation plans for each district area in consultation with district councils
- Embed the new joint Home Improvement Agency

Strategic Area 4: Caring Well

Developing services that are personalised, good quality, address people’s wellbeing and keep them safe and resilient. Services will be joined-up around an individual’s needs and those of their carers. Personal budgets are central to this approach.

- Roll out new practice principles which support delivery of these approaches
- Consolidate and drive forward our new younger people’s disability service
- Work to ensure our safeguarding work is consistently delivered in line with best practice
- Develop the council’s strategy when required to act as a provider of last resort
- Create integrated personal care services for those with chronic and complex needs alongside the NHS

2 What are the key pressures and challenges facing your portfolio for 2018/19 – 2021/22?

Demographic pressures; changing expectations and needs; 2015 Care Act

- Demand for support is forecast to grow as shown in the table below. The population of people aged 85 and over is forecast to more than double by 2030. This is significant given the greater incidence of dementia and frailty which arises in later life, and hence likely need for social care.

Table of population growth forecasts

	Older People 65+	Older People 85+	Adults with Learning Disabilities	Adults with Physical Disabilities
Current population (2015)	194,300	28,500	21,100	71,000
% Rise in population since 2010	13.1	15.9	4.5	3.3
Forecast population by 2020	225,500	46,700	22,100	75,200
Forecast population by 2030	290,900	67,700	24,200	79,100
Percentage increase 2015-2030	49.72%	137.54%	14.69%	11.40%

- The average age of older people who need support gets higher every year, with more people living with multiple and complex long-term health conditions
- In the younger adult (18-64 cohort) the population is rising steadily and other demographic and societal factors are having an impact
- The implementation of the Care Act in 2015 gave local authorities new duties, and demand for a greater level of services is evident for people with learning disabilities, autism and Asperger’s.

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- Strategies to address this include our Community First approach, the new Connected Lives assessment framework, and our prevention and demand management work
- Demography pressures are shown in lines D4-D7 of the IP key movement statement

Workforce and care market pressures

- It is difficult to source care for individuals at a price that the council can afford and providers in the market are often at risk of failure or may wish to hand back individual contracts
- Workforce issues: high levels of employment locally; an ageing care workforce; high vacancy and turnover rates; low pay and competition with other sectors for workers
- Legislative issues: National Living Wage legislation (see L4 on the IP key movement statement) is creating additional costs for care providers which are being passed on to the council. A recent judgement about the applicability of the National Minimum Wage rules to 'sleep-ins' for overnight cover will mean further cost pressure
- Impact on service quality: people say that they want to see the same staff delivering their care to build up a relationship with them and not have to repeat their needs
- An increasing shortage of home care services, which is a significant and ongoing concern
- The impact of self-funders who form a significant cohort in the county; self-funders pay more for residential and nursing care fees than local authorities

Working between Social Care and the NHS

- The Chancellor announced £2bn additional funding in his 2017 Spring Budget nationally for social care for 2017/18 to 2019/20. The money is called 'Improved Better Care Fund - new' ('IBCF –new'); is non-recurrent, and the allocation to HCC is £30.5m in total over the three years.
- There has been significant additional national scrutiny on the use of the new money to improve performance in relation to Delayed Transfers of Care from hospital, with quarterly reporting to government on progress on all 'IBCF – new' areas.
- A number of projects are underway being funded by the new money, including a new voluntary sector Community Navigator and Hospital Discharge Service, seven day social work cover in hospitals, and schemes to prevent hospital admission and to facilitate discharge
- There is comparatively less 'real' new money available in Hertfordshire since the first call upon it has been to mitigate recent funding reductions from local CCGs
- The new monies and the impact of the reduction in CCG contributions are shown in the movement statement in rows OP17 and OP18. Row NE83 of the movement statement denotes that money currently sitting within improved better care fund budgets will be transferred to support mainstream care purchasing budgets.

3 What are the key projects/programmes that the portfolio will deliver 2018/19 – 2021/22?

The key savings proposals that have been identified to meet the budget gap 2018/19 to 2021/22; the additional actions will need to be taken to achieve these, the potential impacts, and links to key corporate themes:

- The department has a number of savings proposals in the older people's care purchasing budget which relate to improving demand management, and providing community and technological alternatives to formal provision. This will be achieved within a context of supporting individuals to remain independent in their homes for longer and promoting an 'enablement' approach for people leaving hospital. (References: EE9-EE11; NE26-NE29)
- Whilst the department forecasts less reliance proportionately on residential care in future (NE29), it envisages an increasing level of need for nursing care and will be looking at strategies to achieve better rates for nursing care placements (NE30)
- In relation to the Adult Disability Service (ADS) work is underway to develop a new employment opportunities strategy and move-on approach, coupled with a new approach to day opportunities; placing particular emphasis on opportunities for people transitioning into services for adults from Children's Services (NE33)
- A further element of work in ADS (NE34) relates to ensuring optimal accommodation for all by:
 - Targeting access to mainstream housing for people with care and support needs
 - Working to increase the opportunities for people to live in Supported Living settings instead of residential accommodation
 - Providing opportunities for older people with learning disability to live in mainstream older people's services where appropriate
 - Developing our 'Shared Lives' service, giving opportunities to live in the community with families and individuals to support them
 - Looking at opportunities to use Telecare for example to reduce the use of sleep-in or waking night cover
- Across the department we will be using the new 'Connected Lives' assessment process to embed a 'strengths-based' approach into business as usual. Equally, the continued emphasis on community alternatives to formalised care will be continued and further enhanced.
- A further range of proposals for ACS relate to continuing work to improve the value for money achieved when care is purchased by robust procurement and cost control strategies, and also in relation to ensuring that all available sources of funding (such as Transforming Care and Continuing Health Care funds) are maximised (References NE31; NE36)
- There are proposals to review contracted and grant expenditure and look for opportunities improve the value for money achieved from this area as contract terms and grant award periods come to an end (NE37; NE42)

- In relation to transport expenditure a programme of rationalisation is proposed which will (NE43):
 - Review and make efficiencies on contracted transport arrangements (taxis)
 - Join up delivery of in-house transport offers (such as Dial a Ride, in-house fleet, external fleet)
 - Strengthen alternative approaches (travel training, community transport)
 - Implement an updated transport policy and ensure adherence
 - Increase charges for transport journeys.
- Proposals to review charges for community based services (NPC11) have been out to public consultation until December 2017.
- The new individual strategies for 2018/19 are summarised below:

Key Proposals; Additional Actions; Impacts	IP Ref	Types of programme (change or business as usual) and links to corporate themes
OLDER PEOPLE		
<p>Strategy 1: Demand management at Customer Service Centre / deferring need / promoting independence – drawing on assets and resources in the community</p> <ul style="list-style-type: none"> ○ New Serco contract extension provides the opportunity to re-design the contact, referral and access pathways ○ New ‘Connected Lives’ assessment process embeds a ‘strengths-based’ approach into business as usual ○ Community alternatives to formalised care to be developed and commissioned 	NE26	Changing the Business Smart Prevention
<p>Strategy 2: Optimising enabling outcomes for people – promoting independence and reducing reliance on long term social care</p> <ul style="list-style-type: none"> ○ Enabling approach with all homecare providers ○ Continuing the Specialist Care at Home service which provides specialist enablement support ○ Influencing increased provision of Intermediate Care to assist with patient flow from hospital ○ Use of equipment and technology ○ Review strategy to ensure minimisation of longer term dependence ○ Falls strategy and frailty services 	NE27	Changing the Business Smart Prevention

Key Proposals; Additional Actions; Impacts	IP Ref	Types of programme (change or business as usual) and links to corporate themes
<p>Strategy 3: Flexible outcome-based care plans with Telecare – using technology to avoid the costs of homecare, and use care resource efficiently</p> <ul style="list-style-type: none"> ○ Move to outcome based care planning with lead providers, Social Work teams and commissioning – lower delivery rate expected ○ Encourage providers to develop their own community based strategies ○ More Telecare – links to distance caring; opportunities for families to be more engaged with people at a distance ○ Links to carer’s strategy 	NE28	<p>Changing the business Smart Digital Smart Prevention</p>
<p>Strategy 4: Fewer residential care placements avoiding the costs of long term residential care</p> <ul style="list-style-type: none"> ○ Supporting people to remain independent in their own place of residence for as long as possible and in line with people’s general preferences ○ Cost reductions will be partially offset by increases in cost of homecare and reductions in income from charges 	NE29	<p>Changing the business Smart Prevention</p>
<p>Strategy 5: New nursing care commissioning - average fees lower – better fees for Nursing Care</p> <ul style="list-style-type: none"> ○ Working with nursing care providers – looking at business case for capital investment in return for lower rates 	NE30	<p>Changing the business Smart Property</p>
<p>Strategy 6: Continuing Health Care</p> <ul style="list-style-type: none"> ○ Ensuring Continuing Health Care (CHC) entitlement is achieved; in context, Hertfordshire is relatively low nationally in terms of levels of CHC awarded in the county. This means that HCC is probably stepping in to fund packages that would otherwise be funded by the NHS 	NE31	<p>Running the business</p>
<p>Other savings: Hertfordshire Equipment Services (HES)</p> <ul style="list-style-type: none"> ○ HES implemented a new strategy in 2015/16 based on new service arrangements and better control of prescriber behaviour. This strategy has led to better cost control 	NE32	<p>Running the business</p>

Key Proposals; Additional Actions; Impacts	IP Ref	Types of programme (change or business as usual) and links to corporate themes
ADULTS WITH DISABILITIES		
<p>Strategy 1: Education, work, volunteering and personal budgets - linked to day opportunities – developing strategies to respond to changing expectations and rising demand</p> <ul style="list-style-type: none"> ○ New employment opportunities strategy and move-on approach ○ New transition employment strategy for 0-25 Together ○ Day opportunities strategy ○ Autism and Asperger’s Strategy – work and independence ○ Connected Lives approach building skills for independent living & move to outcome based care plans ○ Transport training strategy ○ Community First and ‘Connected Lives’ strategies 	NE33	<p>Changing the Business Smart Prevention Key Collaborations with partners</p>
<p>Strategy 2: Optimal accommodation options for all - housing and Shared Lives – ensuring people have the right level of support in the most appropriate setting</p> <ul style="list-style-type: none"> ○ Mapping accommodation requirements at individual level and developing commissioning plans accordingly ○ Targeting access to mainstream housing for people with care and support needs ○ Working to increase the opportunities for people to live in Supported Living settings instead of residential accommodation ○ Providing opportunities for older people with learning disability to live in mainstream older people’s services ○ Developing Shared Lives opportunities giving opportunities to live in the community with families and individuals to support them ○ Looking at opportunities to use Telecare for example to reduce the use of sleep-in or waking night cover 	NE34	<p>Changing the Business Smart Property Smart Digital Key Collaborations with partners</p>

Key Proposals; Additional Actions; Impacts	IP Ref	Types of programme (change or business as usual) and links to corporate themes
<p>Strategy 3: Review Out of County placements and Transforming Care Partnership clients; more Continuing Health Care Income</p> <ul style="list-style-type: none"> ○ Looking to reduce the costs of highly complex packages ○ Ensuring Hertfordshire people receive a comparable amount of CHC funding ○ Ensuring all available funding opportunities are maximised 	NE35	Running the Business
<p>Strategy 4: Negotiating strategies with key providers</p> <ul style="list-style-type: none"> ○ Systematic approach to assessing the value for money of providers and reviewing packages to ensure fair costs for care 	NE36	Running the Business
OTHER		
<p>Housing related support savings</p> <ul style="list-style-type: none"> ○ More efficient use of Housing Related Support (HRS) resource, for example shorter episodes of support to allow an equal number of people to be supported per year by services with smaller capacities. ○ Identifying any areas of duplication in funding where an existing service can absorb the role of a current HRS service. 	NE37	Running the Business Key Collaborations
<p>Grants to voluntary organisations</p> <ul style="list-style-type: none"> ○ Reviewing existing spend and undertaking competitive processes that lead to a better or reduced use of funding. 	NE42	Running the Business Key Collaborations

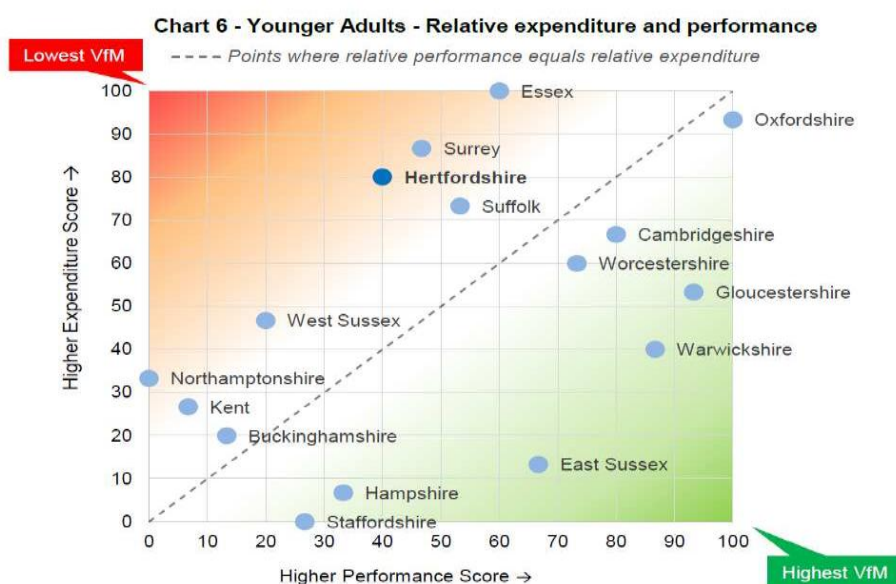
Key Proposals; Additional Actions; Impacts	IP Ref	Types of programme (change or business as usual) and links to corporate themes
Transport rationalisation <ul style="list-style-type: none"> ○ Review of contracted transport arrangements (taxis) ○ Joined up delivery of in-house transport offers (such as Dial a Ride, in-house fleet, external fleet) ○ Strengthening alternatives (travel training, community transport) ○ Implementing updated transport policy and ensure adherence 	NE43	Running the Business
Charging <ul style="list-style-type: none"> ○ Reviewing the council's charging policy for community based services to consider: ○ Including the higher rates of Attendance Allowance and Disability Living Allowance when calculating how much someone can afford to pay for care ○ Charging for second-carers ○ Reviewing the charging bands for people living in Flexi Care ○ Introducing a weekly charge for Telecare users ○ Increasing charges for transportation to and from day activities 	NPC11	Running the Business

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

- Operational performance data is collected nationally via the Adult Social Care Outcomes Framework (ASCOF) indicators. These represent a 'basket' of measures across a variety of social care areas. In the latest available set of data relating to 2015/16, Hertfordshire obtained an average ranking of 84th out of 152 authorities. Out of the 22 measures that were updated during the year, Hertfordshire's performance was better than East of England and national averages on 9 indicators.
- Within the department a new performance report has been developed which tracks information across a range of indicators on a monthly basis; this '100 point temperature check' identifies pressures and anomalies that may warrant further exploration and remedial action. The 100 point temperature check includes all the ASCOF indicators along with a range of volume measures and local targets.
- The department plays an active role in national and regional work that gives great insight into the work of other local authorities and how HCC compares. The Director of ACS is the national spokesperson on resources for the Association of

the Directors of Adult Support Services (ADASS) and in this capacity has a national role in advising on policy in relation to adult social care funding.

- ADASS is highly active in the Eastern Region and often works to compare activities on a regional basis. For example, a recent report looked at the at the 2016-17 Carers Survey results across the Eastern Region; and an exercise is currently underway to compare the costs of financial assessment.
- The cost of care is also regularly monitored and compared across the region, including as far as possible, tracking costs in the self-funder market. The intelligence shows that in general Hertfordshire pays a ‘fair’ cost for care, despite being in a generally high cost region because of proximity to London and the workforce supply issues that the county experiences.
- A tailored benchmarking report was commissioned in 2016 from LG Futures. The information gathered¹ (2015/16 actual data) demonstrated that Hertfordshire is a high cost authority for Learning Disability expenditure, even after controlling for area cost differences:



- Hertfordshire’s pattern of comparatively high spend is likely to have continued in 2016/17, particularly since the LD service financial outturn for 2016/17 was £7.6m overspend. This outturn result continued a trend of increasing overspend pressure in the service in recent years.
- A major efficiency programme has been established in response, and is overseeing the delivery of the IP strategies relation to Learning Disability.
- Further benchmarking was undertaken corporately as part of the underpinning evidence gathering process for the current IP round. Areas of strength in relation to older people’s services were: re-ablement success; involvement of carers and work to ensure short term placements did not ‘drift’ into long-term ones. Areas for

¹ LG Futures Financial Intelligence Toolkit 2016/17 – NB chart shows spend for younger adults for all client groups; LD spend is the vast majority of this

development included: Delayed Transfers of Care. Generally the Older People's service was categorised as 'low spend / high outcomes'.

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

- Adult social care budgets have been under pressure for a number of years due to the ageing population and rising expectations of people who need care and their families. The risk that budgets are not enough to meet the demands of rising population are inherent in care purchasing budgets. The department has experienced significant budget pressure in 2016/17 and has been maintaining robust budget management in order to progress back to financial balance. The cost pressures emanating from the fragility of the care market and restricted supply of care creates a risk of further escalation in prices for care.
- Equally, the council must work hard to maintain the current levels of investment that the NHS continues to make in social care, set against competing pressures in the health sector.
- Workforce pressures particularly in relation to people that deliver homecare are significant. The council works with Hertfordshire Care Providers Association to support the care workforce running an annual recruitment campaign 'Good Care' that highlights the importance and value of care workers. Training programmes for care workers are well established, and the council has tried to support wages in this sector to try and boost the attractiveness of care careers.
- The risk of supplier failure and of hand back of care contracts which suppliers judge to be non-viable for them in financial terms. When suppliers fail or contracts are handed back the council has to step in and ensure continuity of care. The council has successfully managed care hand-backs during the year and is developing plans to establish ongoing 'provider of last resort' arrangements.
- There is a reported risk that some of the new funding will be subject to claw-back if DTOC targets are not achieved.
- All the above risks are reflected in the corporate risk register.
- In addition, there are delivery risks associated with the projects and programmes necessary to achieve efficiency targets. For example the property-related dependencies in the LD Accommodation strategy introduce a risk of delay. Programme management arrangements have been set up accordingly.

KEY BUDGET MOVEMENTS 2018/19 - 2021/22

	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s
Technical Adjustment	981	920	920	920
Demography	9,345	18,941	28,595	38,216
Legislative	5,730	9,892	14,855	14,855
Other Pressures	13,511	11,815	9,505	9,505
TOTAL PRESSURES	28,586	40,648	52,955	62,576
Existing Efficiencies	(2,768)	(3,118)	(3,118)	(3,118)
Existing Policy Choice	(45)	(45)	(45)	(45)
New Efficiencies	(10,985)	(19,869)	(27,753)	(35,113)
New Policy Choice	(2,250)	(2,725)	(3,200)	(4,425)
TOTAL SAVINGS	(16,048)	(25,757)	(34,116)	(42,701)

Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
	Technical Adjustments							
TA3	<u>Independent Living Fund</u> To reflect the transfer of funding from the national Independent Living Fund to local authorities from July 2015.	ACS	Technical Adjustment	(65)	(126)	(126)	(126)	
TA4	<u>Better Care Fund</u> To reflect the inflationary increase received from CCG's	ACS	Technical Adjustment	1,046	1,046	1,046	1,046	
	Service Specific Inflation							
	None							
	Pressures							
D4	<u>Older People</u> Around 55% of the Adult Care Services budget for older people is spent on the 85 and over age group, 30% on the 75 to 84 age group and 15% on the 65 to 74 age group. The projected increases in the numbers in these age groups have been used together with the estimated spends on these age groups to produce the year on year budget increases required to meet demographic pressures.	ACS	Demography	2,894	6,261	9,539	12,963	78,499
D5	<u>Learning Disability</u> The trend of placements in the five year period 2011/12 to 2015/16 onwards has been overlaid with projected increases in population of people with learning disability in order to forecast likely future funding requirements for new service users.	ACS	Demography	5,994	11,787	17,754	23,570	144,952
D6	<u>Physical Disability</u> The projection for demographic pressures is based on the projected increase in number of clients and type of support based on previous years. New clients are a combination of those young disabled people turning 18, road traffic accidents and degenerative conditions which affect people in their adult life. The increase will support an additional 7 service users (2 residential / nursing placements and 5 homecare packages).	ACS	Demography	294	561	824	1,068	24,610
D7	<u>Mental Health</u> The projection for demographic pressures is based on the number of net new/additional clients estimated from activity data provided by Hertfordshire Partnership NHS Foundation Trust for the current year.	ACS	Demography	163	332	478	615	16,287

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Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
L4	<u>National Living Wage for Commissioned Homecare and Residential</u> As a result of the Government announcement to increase the minimum wage to a national living wage there will be an increase in costs for care providers	ACS	Legislative	5,730	9,892	14,855	14,855	126,956
OP17	<u>Loss of CCG contributions</u> This reflects removal of all discretionary funding from Herts Valleys CCG, and retention of a portion of discretionary funding from East and North CCG	ACS	Other Pressures	9,505	9,505	9,505	9,505	n/a
OP18	<u>Additional spend from IBCF-New</u> This reflects expenditure funded from additional money announced in Chancellors Spring budget	ACS	Other Pressures	4,006	2,310	0	0	n/a
EE9	<u>Savings</u> <u>Older People Homecare - use of community alternatives</u> Enhanced use of existing Universal services provided by community and voluntary organisations, leading to lower levels of statutory services commissioned and maximising of limited homecare capacity.	ACS	Existing Efficiencies	(1,275)	(1,325)	(1,325)	(1,325)	28,953
EE10	<u>Positive outcomes for people through new specialist care at home schemes</u> Fewer on-going care packages required for people leaving hospital because new specialist intensive care at home schemes rehabilitate and aid independence	ACS	Existing Efficiencies	(300)	(600)	(600)	(600)	28,953
EE11	<u>Preventative Telecare</u> Savings against the older people's care purchasing budget relating to the implementation of Telecare for 1,000 targeted people - to delay their need for adult social care.	ACS	Existing Efficiencies	(400)	(400)	(400)	(400)	109,278
EE12	<u>Older People and Physical Disability Care Purchasing</u> Maximisation of block contract usage on short stay and day care.	ACS	Existing Efficiencies	(100)	(100)	(100)	(100)	1,600
NE25	<u>Best Value Team target</u> Programme of reviewing Learning Disability provider costs and ensuring contractual compliance.	ACS	New Efficiencies	(500)	(500)	(500)	(500)	113,713
EPC2	<u>Mental Health</u> An efficiency arising from returning responsibility for social care training for Hertfordshire Partnership Foundation Trust to the ACS Learning & Development Team.	ACS	Existing Policy Choice	(45)	(45)	(45)	(45)	16,287
EE13 (X2)	<u>Enabling the Worker</u> Reduction in planned staffing in operational teams (and associated travel and accommodation costs) through implementation of mobile working technology and new touch-down bases.	XC	Existing Efficiencies	(685)	(685)	(685)	(685)	28,718
EE3 (X1)	<u>Printer saving</u> ACS target relating to the reduced price charged for printing following the introduction of the new mopier contract.	XC	Existing Efficiencies	(8)	(8)	(8)	(8)	n/a
NE26	<u>OP Strategy 1: Demand management at the Customer Service Centre / deferring need - 1% less?</u> Reducing need for services through further proactive and preventative work with service users, including opportunities to support people in making connections in the community, and to sign post people to non-formalised sources of care and support.	ACS	New Efficiencies	(1,260)	(2,520)	(3,780)	(5,040)	76,084
NE27	<u>OP Strategy 2: Optimising enabling outcomes for people (less homecare)</u> Enabling approaches which work with people to re-build their independence and reduce reliance on long term care and support solutions, for example, through the use of Enablement Occupational Therapists and equipment.	ACS	New Efficiencies	(400)	(800)	(1,200)	(1,600)	34,909
NE28	<u>OP Strategy 3: Flexible outcome-based care plans with Telecare</u> Implementing new approaches to managing scarce care resource, enabled by technology. Using technology to reduce the size of ongoing care packages, as and when appropriate.	ACS	New Efficiencies	(750)	(1,500)	(2,250)	(3,000)	34,909
NE29	<u>OP Strategy 4: Fewer residential care placements / more Flexicare Housing</u> Delivery of Integrated Accommodation Strategy, which over course of IP timeframe will deliver further alternatives to traditional residential and nursing care that are both more cost effective and more enabling, for example extra care housing, and development of further nursing capacity to manage costs in this area, with proportionately fewer people requiring ongoing residential care.	ACS	New Efficiencies	(1,100)	(2,100)	(3,100)	(4,100)	85,343

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Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
NE30	<u>OP Strategy 5: New nursing care commissioning - average fees lower</u> This strategy will focus on securing nursing care home placements to levels that reflect increases in population growth and increase in needs and in line with care practice and prescribing changes.	ACS	New Efficiencies	(500)	(1,000)	(1,500)	(2,000)	25,665
NE31	<u>OP Strategy 6: More Continuing Health Care (CHC) income</u> To increase number of service-users who receive funding for their care package from NHS CHC.	ACS	New Efficiencies	(250)	(250)	(250)	(250)	76,084
NE32	<u>OP Other savings: HES Commercial Innovation</u> For 2018/19 this will focus on savings from the transformation of Herts Equipment Service arising from the investment in logistics improvements and more efficient staffing of the service.	ACS	New Efficiencies	(250)	(350)	(450)	(450)	2,407
NE33	<u>DS Strategy 1: Education, work, vol and personal budgets - linked to day ops</u> To develop an overall strategy for the Adult Disability Service (ADS) linked to developing education, work and volunteering opportunities allowing people to live healthy and purposeful lives with opportunities to develop to their full potential of independent living.	ACS	New Efficiencies	(1,100)	(1,600)	(2,100)	(2,600)	130,000
NE34	<u>DS Strategy 2: Optimal accommodation options for all - housing and Shared Lives</u> This strategy will focus on securing the most independent level of accommodation for younger people with disabilities, in line with their care plans. This includes different levels of residential care, supported living (with appropriate night care), Shared Lives and floating support services into mainstream housing.	ACS	New Efficiencies	(1,100)	(3,600)	(5,100)	(6,600)	16,216
NE35	<u>DS Strategy 3: Review Out Of County (OOC) placements and Transforming Care Placement (TCP) clients and CHC income</u> This strategy is to review every OOC and TCP with a view to, where possible, commissioning more appropriate provision in Herts at a more suitable price. To increase number of service-users who receive the Continuing Health Care funding for their care package, thus reducing the burden on care purchasing budgets.	ACS	New Efficiencies	(450)	(1,100)	(1,750)	(2,400)	113,713
NE36	<u>DS Strategy 4: Negotiating strategies with key providers / Inflation strategy targeting non-VFM providers</u> This strategy will focus on developing and implementing negotiating strategies for key areas of ADS provision across residential (including out of county) and Supported Living.	ACS	New Efficiencies	(1,300)	(2,100)	(2,900)	(3,400)	115,040
NPC18	<u>DS Other savings: In-House Services: Commercial Innovation</u> A business case(s) will be developed to assess the options for a future operating model for day services, supported living and short breaks, to include moving the activity to a HCC-owned trading company(ies). The modelled savings include reduced revenue costs related to decreasing pension costs and employee costs overall; a reduction in property and related overheads, and increased income.	ACS	New Policy Choice	0	(250)	(500)	(1,500)	25,400
NE37	<u>Housing related support savings</u> Reducing overall contract value at opportunity of next procurement, discussion with districts	ACS	New Efficiencies	(425)	(425)	(425)	(425)	5,658
NPC19	<u>Community hubs</u> The concept of the hub is to bring together a number of different services currently provided by the county council within a single location, and to develop a community space that can help support the ACS 'Community First' strategy, and similar approaches as developed by other departments.	ACS	New Policy Choice	0	(200)	(400)	(600)	9,541
NE42	<u>Review of grants to voluntary organisations</u> This efficiency strategy will involve working with both CCG's and reviewing either existing spend or running tender processes that leads to a better or reduced use of funding.	ACS	New Efficiencies	(100)	(200)	(300)	(400)	10,786
NPC11	<u>Strategy 6: Charging Income for Community Based Adult Social Care</u> A review of the council's current charging policy has been conducted and a number of proposed amendments to the policy have been identified.	ACS	New Policy Choice	(2,250)	(2,275)	(2,300)	(2,325)	(19,475)
NE43	<u>Transport rationalisation</u> Commissioning of community transport service delivery arrangement / total transport approach	ACS	New Efficiencies	(500)	(600)	(700)	(800)	4,469

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Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
NE44	<u>Reduction of central teams</u> The proposal would be to gradually reduce staffing in the teams within the Strategic Centre via proactive vacancy management. There would also be a review of opportunities to trade services or attract grant funding to support specific posts with a view to reaching target levels by income generation.	ACS	New Efficiencies	0	(100)	(200)	(300)	3,146
NE83	<u>Utilisation of Better Care Fund (BCF)</u> Utilisation of BCF maintenance of social care funding	ACS	New Efficiencies	(1,000)	(1,000)	(1,000)	(1,000)	125,854
NE2 (X1)	<u>Serco SMS Contract savings</u> Negotiation has been undertaken with Serco regarding the extension of the Shared Managed Services contract by 2 years to March 2021.	ACS	New Efficiencies	0	(124)	(248)	(248)	

Note 1

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

EE3 (X1) - Printing Contract Savings	(37)	(37)	(37)	(37)
NE2 (X1) - Serco SMS contract savings	(199)	(533)	(691)	(665)
EE13 (X2) - Enabling the Worker	(685)	(685)	(685)	(685)

ANALYSIS OF REVENUE BUDGET BY OBJECTIVE AREAS

2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
114,092	<p>Adult Care Services <u>Older People (inc Specialist Mental Health Team)</u> Care and support services for older people who meet the council's eligibility criteria for social care including care home placements, homecare, day services and social work teams who assess those in need.</p>	164,437	(40,320)	124,117	123,488	123,001	122,497
152,610	<p><u>Disability Services (People with a Learning Disability and People with a Physical disability or sensory loss)</u> Care and support services for people with a learning disability and physical disability who meet the council's eligibility criteria for social care including residential care home placements, supported living accommodation, support at home, day services and social work teams who assess those in need.</p>	177,983	(21,724)	156,259	159,516	164,263	167,166
16,287	<p><u>Mental Health Services</u> Care and support services for people with mental ill-health who meet eligibility criteria for social care including residential care, support at home, day opportunities delivered by the voluntary sector and social work assessments delivered by Hertfordshire Partnership Foundation Trust on behalf of HCC.</p>	21,420	(5,040)	16,380	16,651	16,918	17,055
4,471	<p><u>Transport SLA</u> Day services associated transport delivered by county council staff from more than 20 locations countywide to older people and people with physical and/or learning disabilities.</p>	4,395	(348)	4,047	3,973	3,904	3,804
17,015	<p><u>Preventative Services</u> Short-term services available to people who may need adult social care in the future but who can remain independent for longer including services delivered by the voluntary sector or enabling services that encourage people to regain functional skills at home.</p>	15,494	(248)	15,246	15,263	15,303	15,203
29,893	<p><u>Provider Services</u> Comprises in house operations such as day centres, supported living services, Herts Equipment Service, Gypsy and Travellers Service, Money Advice Unit, Work Solutions and the Hertfordshire Home Improvement Agency.</p>	30,508	(1,235)	29,273	28,823	28,373	27,173
7,257	<p><u>Strategic Centre</u> Central support services including Money Advice Unit, Work Solutions Team, commissioning teams and senior management overseeing statutory social care provision.</p>	7,892	(210)	7,682	7,582	7,482	7,382
341,625	Adult Care & Health Total	422,129	(69,125)	353,004	355,296	359,244	360,280

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Adult Care & Health Services Capital Programme 2018/19-2021/22

The total Capital Programme 2018/19 to 2021/22 for the portfolio is £76.072m and for 2018/19 is £20.998m. This includes all new bids and re-programming from 2017/18 at the end of quarter 2.

	2018/19	2019/20	2020/21	2021/22	Total
	£'000	£'000	£'000	£'000	£'000
HCC Funding	14,507	23,730	7,444	5,297	50,978
Grant	6,491	6,201	6,201	6,201	25,094
Total	20,998	29,931	13,645	11,498	76,072

Revised Capital Bids

Adult Care & Health Services has two bids which increase total HCC funding compared to the previous Integrated Plan. In total, £1.4m of additional funding is requested for 2018/19 to 2021/22.

Scheme	Total Increase/ (decrease) 2018/19	HCC Funding Increase/ (decrease) 2018/19	External Funding Increase/ (decrease) 2018/19	Total Increase/ (decrease) 2018/19 to 2021/22	HCC Funding Increase/ (decrease) 2018/19 to 2021/22	External Funding Increase/ (decrease) 2018/19 to 2021/22	
	£'000	£'000	£'000	£'000	£'000	£'000	
Telecare	250	250	-	1,120	1,120	-	Increase reflects growth in demand for assistive technology.
EPH Provision (phase 1)	-	-	-	280	280	-	The bid has been increased to reflect the tendering work that was carried out in 2016 which demonstrated that building costs have increased from when the original phase 1 bid was made.
	250	250	-	1,400	1,400	-	

Updated bids for vehicle and equipment replacement programmes are included in the following portfolio capital programme. Spend on these annual programmes are variable, dependent on the use of the asset and assessment of need and risk.

Proposed Adult Care Services Directorate's Capital Programme 2018/19 - 2021/22

	Description New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost	2018/19 Integrated Plan			2019/20	2020/21	2021/22
				Cost	HCC Funding	Grants	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000
1	<u>Telecare (R)</u> Hertfordshire Careline is run by North Herts DC and provides a range of services to help older people, people living alone and people with long-term health needs to stay independent. HCC choses Hertfordshire Careline to deliver assistive technology services to service users, particularly community alarms and telecare services. This budget is used for HCC to provide a subsidy to cover equipment and installation. On behalf of HCC NH Careline currently provides support for around 20,000 people in Hertfordshire and local areas, taking 1,000 calls a day, at least a third of which are life critical emergencies.	Adult Care & Health	Annual programme	550	550	-	570	590	610
2	<u>EPH Provision (phase 1) (R)</u> Capital Project to re-provide care home places in obsolete homes by extensions to existing homes/new build on sites provided by HCC or the implementation of alternative methods of procurement, in accordance with the September 2017 Cabinet decision relating to: The Future Development of Care Homes in Hertfordshire.	Adult Care & Health	43,141	5,083	5,083	-	5,083	-	-
3	<u>EPH Provision (phase 2) (E)</u> Capital Project to re-provide care home places in obsolete homes by extensions to existing homes/new build on sites provided by HCC or the implementation of alternative methods of procurement, in accordance with the September 2017 Cabinet decision relating to: The Future Development of Care Homes in Hertfordshire.	Adult Care & Health	18,500	3,570	3,570	-	9,000	3,500	2,000

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	Description New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost	2018/19 Integrated Plan			2019/20	2020/21	2021/22
				Cost	HCC Funding	Grants	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000
4	<u>EPH Provision (phase 3) (E)</u> Capital Project to re-provide care home places in obsolete homes by extensions to existing homes/new build on sites provided by HCC or the implementation of alternative methods of procurement, in accordance with the September 2017 Cabinet decision relating to: The Future Development of Care Homes in Hertfordshire.	Adult Care & Health	10,000	1,750	1,750	-	6,000	1,500	500
5	<u>Day Services Modernisation (E)</u> Aims to modernise Day Services moving away from having day services based in large buildings which are segregated from community life, and instead developing a wider range of smaller services, integrated with other mainstream community facilities.	Adult Care & Health	5,755	290	-	290	-	-	-
6	<u>Commissioning for Independence (E)</u> The Ten Year Supported Accommodation Strategy (2017-27) aims to provide sufficient accommodation for disabled and older people who need social care over the next 10 years. The Commissioning for Independence capital programme will be used to directly commission accommodation in partnership with District and Borough Councils and residential social landlords. This may include responding to opportunities identified with district/borough partners, incorporating growth into existing planned large scale developments or new sites for future development. It may also involve re-provision of existing accommodation that is no longer fit for purpose.	Adult Care & Health	Annual programme	2,000	2,000	-	1,300	1,300	1,300

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	Description New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost	2018/19 Integrated Plan			2019/20	2020/21	2021/22
				Cost	HCC Funding	Grants	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000
7	<u>ACS Minor Capital Works (E)</u> Budget to assist in maintaining and managing HCC Buildings managed by Aldwyck on an annual on-going basis to enable Health and Community Services to ensure that all locations remain operational.	Adult Care & Health	Annual programme	137	137	-	137	137	137
8	<u>Community transport (E)</u> HCC contributes revenue and capital funding to the main voluntary and community transport (CT) schemes, to provide door to door transport to elderly, disabled and rural residents enabling them to continue to live independently. By assisting the schemes to purchase/replace accessible vehicles the County Council supports the schemes to provide door to door transport for residents who cannot get into or drive cars or cannot get to or onto local buses.	Adult Care & Health	Annual programme	60	60	-	60	60	60
9	<u>Dial a ride vehicle replacement programme (E)</u> The County vehicle fleet delivers a wide range of transport services to the public including Dial-a-Ride (DaR). The fleet is made up of specialist passenger vehicles engaged in the transportation of the elderly, disabled and rural residents, providing door to door transport services within the local community.	Adult Care & Health	Annual programme	308	308	-	79	-	-
10	<u>Day Services Vehicle Replacement Programme (R)</u> The fleet is primarily made up of specialist passenger vehicles engaged in the transportation of the elderly and disabled to various day centres around the county.	Adult Care & Health	Annual programme	900	900	-	1,275	42	410

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	Description New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost	2018/19 Integrated Plan			2019/20	2020/21	2021/22
				Cost	HCC Funding	Grants	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000
11	<u>Herts Equipment Services (R)</u> Ongoing replacement of vehicles for the Equipment Service that are required to deliver health and social care equipment to vulnerable clients within Hertfordshire. Some of this can be for end of life provision or to prevent hospital admission or a delayed transfer of care. In 2016 the service extended its hours of operation to include weekend working, as well as introducing a rapid response service.	Adult Care & Health	Annual programme	127	127	-	226	315	280
12	<u>Gypsy Section Vehicle Replacement (R)</u> This replacement vehicle is needed to replace the current vehicle that will be 9 years old and is recently costing a substantial amount to maintain. This vehicle is required to carry tools and equipment to maintain the county's eleven Gypsy and Traveller sites. It is also used for out of hour's emergency call out.	Adult Care & Health	22	22	22	-	-	-	-
13	<u>Disabled Facilities Grant (E)</u> Use of the Disabled Facilities Capital Grant to provide adaptations for disabled people who qualify under the scheme. Co-ordination of assessments and the installation of home adaptations provided by District/Borough Councils or via the shared Home Improvement Agency. Costs for the 2018/19 – 2021/22 integrated programme are based on grant received in 2017/18.	Adult Care & Health	Annual programme	6,201	-	6,201	6,201	6,201	6,201
Total				20,998	14,507	6,491	29,931	13,645	11,498

INTEGRATED PLAN

PART B - STRATEGIC DIRECTION AND FINANCIAL CONSEQUENCES

Children's Services Portfolio

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Children's Services

Strategic Direction:

Services for all children and young people in Hertfordshire and their families including universal and statutory promoting the six Outcome Bees:

- Be Happy
- Be Independent
- Be Ambitious
- Be Safe
- Be Healthy
- Be Resilient

Key priorities and programmes:

- Families First
- Reducing the Number of Children Looked After
- Family Safeguarding
- 0-25 Integration for Children and Young People with Additional Needs
- Children's Centre Programme
- Re-modelling Youth Connexions Herts
- Regional Adoption Agency

Key services provided:

- Universal services for all children and young people in Hertfordshire.
- Targeted services for those that are more vulnerable.
- Safeguarding services for children to remain safe and supported at home or if necessary in alternative provision such as foster care.

Key risks in achieving IP proposals:

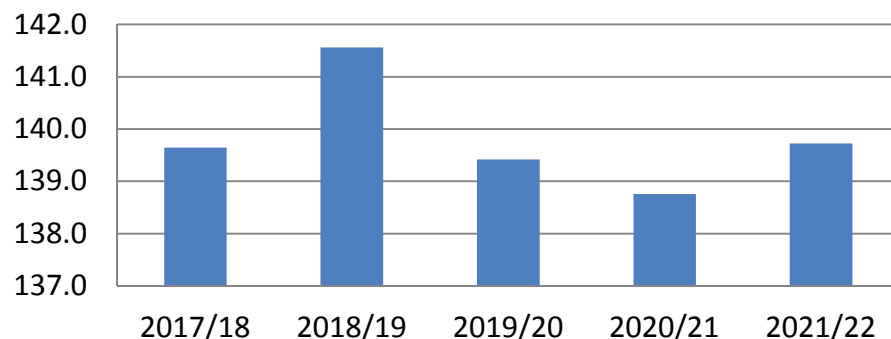
- Challenges in reaching target placement mix for Children Looked After increased budget pressure.
- An increase in unaccompanied asylum seeking children and families with no recourse to public funds.
- Recruitment and retention of social work staff may become more difficult.
- Pressures on partners will impact on ability to provide services / work effectively in partnership.
- Service transformation and re-commissioning may not deliver intended benefits.

The above risks describe the position after mitigation action has been taken.

Children's Services

£m

Net Revenue Budget



Key Revenue Pressures:

- Children Looked After (CLA) - demographic pressure
- Unaccompanied Asylum Seeking Children (UASC)
- Section 17 No Recourse to Public Funds/Intentionally Homeless
- Independent Placement Costs
- Nascot Lawn consequential costs

Summary Revenue Budget Movements

	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s
Technical Adjustment	(952)	(952)	(2,467)	(2,467)
Service Specific Inflation	1,338	1,338	1,338	1,338
Demography	1,233	2,176	3,210	4,366
Other Pressures	1,745	1,745	1,745	1,745
TOTAL PRESSURES	2,978	3,921	4,955	6,111
Existing Efficiencies	(16)	(16)	(16)	(16)
New Efficiencies	(1,127)	(1,276)	(1,452)	(1,646)
New Policy Choice	(1,024)	(3,960)	(3,960)	(3,960)
TOTAL SAVINGS	(2,167)	(5,252)	(5,428)	(5,622)

Key Revenue Savings Proposals:

- Family Centre recommissioning with a 20% reduction in budget as of October 2018
- Youth Connexions service restructure
- Independent Placements – additional use of Dedicated Schools Grant (DSG)
- Children's Service efficiencies
 - proportion to be met from DSG for costs of placements of CLA in provisions with an educational element
 - Reduction in salary budgets across Children's Services

Key Capital Schemes:

- Liquidlogic – Early Help Module Implementation
- Liquidlogic - LCS (Liquidlogic Children's System): the ICT system that manages casework recording for the Safeguarding and Specialist Services.

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Capital Programme	372	180	180	180

Children's Services Portfolio: Future Strategic Direction

1 What are the key priorities for the portfolio over the period 2018/19 – 2021/22?

See section 3 for more detail

- Reducing the number of Children Looked After and the use of high cost placements.
- The 0-25 Integration for Children and Young People with Additional Needs Programme to continue to improve services and reduce costs through better integration.
- Continuing to embed the Families First Programme for supporting families at the earliest opportunity.
- Expansion of Family Safeguarding to include educational support at Key Stage 2 and Child and Adolescent Mental Health Services (CAMHS)

2 What are the key pressures and challenges facing your portfolio for 2018/19 – 2021/22?

Set out below is a chart showing future projected changes in 0-19 population between 2017 and 2026. The overall 0-19 increase is 11.9% compared with 6.3% for the same age group nationally. The increases in Hertfordshire are particularly pronounced in the 10-14 age group (18.5% growth projected) and 15-19 age group (20.5% growth projected). These age groups tend to be those with the highest needs in the children looked after population, so a projected increase would put further concentrated pressure on Specialist Services budgets. Projected growth for these two age groups is also considerably higher than the national average (11.9% and 14.1% respectively).

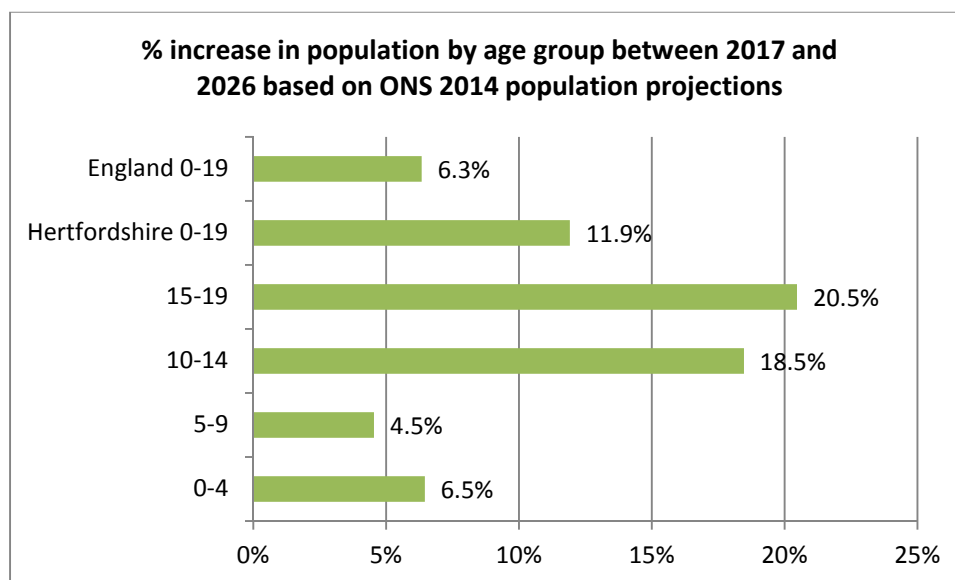


Figure 1: ONS Projected Population Increases for 0-19s 2017-2026

In addition to demographic pressures there are additional pressures relating to Unaccompanied Asylum Seeking Children (UASC) and individuals with no recourse to public funds, and those for whom all rights of appeal have been exhausted.

Future demographic pressures over the next few years will potentially see demands on specialist services within Children’s Services increase by up to 2% per year. More effective local early help provision and processes have stemmed the tide of referrals to social care. Within Children’s Social Care, the Family Safeguarding model has led to reductions in the number of children subject to child protection plans despite a rising under 18 population and national increases in the percentage subject to child protection plans. Children Looked After (CLA) numbers have also reduced as part of the Reducing the Number of CLA Strategy despite national increases, and despite the demographic changes which would otherwise be expected to lead to an increase. However, a **lack of availability of placements for teenagers** (both fostering and residential) is leading to increased costs particularly for those with high needs and complex behaviours. There are currently 26 placements where the weekly cost is over £3,500 a week. It is also becoming **more challenging to source health funding for placements** for those with complex needs.

The current scope of Children’s Services duties includes the prevention of destitution of children living in England under s17 of the Children Act 1989. **Recent changes in Immigration law and benefit provisions** have shifted a number of additional costs for the provision of housing, subsistence and utilities to Children’s Services. For example, changes to private landlord duties to ensure tenants have the right to live in England and the tightening up of duties on employers to ensure employees have the right to work in England have meant that families with no legal right to be in the UK or work here have lost their income and their homes. The duty has therefore transferred to the local authority to provide those with children under 18 with all accommodation and subsistence support until or unless they are removed from the UK which can often take over 5 years. **Benefit caps for local families** have meant that families with more than 2 children or in accommodation that alongside their subsistence needs exceeds the set housing benefit limits become intentionally homeless and are passed to children’s social care to support to prevent the children becoming destitute. The Local Government Association (LGA) & the Association of Directors of Children’s Services (ADCS) has called on the Government to undertake an urgent review of Children’s Services duties in the face of an expected national funding gap of £2bn by 2020. There is however little prospect of any change in duties or additional funding from central government to cover increasing costs to local authorities in the short term.

Pressure	2018/19 cost £000's
CLA demographic pressure	803
UASC additional numbers	259
Adoption & Special Guardianship Orders	171
Nascot Lawn consequential costs	383
Section 17 No Recourse to Public Funds/Intentionally Homeless	340
ICT transformation programme – existing	103
CLA Placement Costs	919
Total pressures	2,978
Unachievable savings:	
CLA Placement costs	1,750
0-25 Integration	145

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3 What are the key projects/programmes that the portfolio will deliver 2018/19 – 2021/22?

- How the portfolio will meet key objectives / deal with key pressures and challenges.

Families First Programme

There are now 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.

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 and has led to transformation in the way that early help support is managed. There is a clear upward trend in the number of partners taking on the keyworker role.

The Early Help module is established as the case management system for Early Help Teams. Over 1,500 practitioners are trained on this new system, and there is still high demand for training.

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.

Reducing the Number of Children Looked After

We need to reduce the number of children looked after and increase the proportion of those looked after placed in foster care (where appropriate) in order to contribute towards our considerable financial savings by 2019.

Key areas of activity include:

- Reduce the number of children entering care through earlier identification of vulnerable families
- Reduce the number of children entering care by expanding our capacity to intervene early to support children and families at risk
- Reduce the numbers of children entering care by working in a motivational way and providing easy access to adult's services to address domestic abuse, substance misuse and parental mental health that place children at risk of significant harm
- Improving resilience of children who have suffered abuse and neglect by expanding the range of co-located multi-disciplinary services delivered through Family Safeguarding to include educational support at Key Stage 2 and Child and Adolescent Mental Health Services (CAMHS) for children in need/in need of protection
- Improving the skills and confidence of staff working with vulnerable families so they can better assess and engage therapeutically with families to better support children as soon as problems emerge

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- Maximise the recruitment of in-house foster carers
- Strengthen our commissioning arrangements to ensure an appropriate range of independent placements that are cost effective
- Ensure that CLA successfully leave care at the right time through early planning and robust care
- Ensure that where children are not able to return home, alternative permanence plans are progressed in a timely manner
- Work proactively with our partners in housing, health and HCS to improve transition planning to reduce numbers returning to care
- Significantly reducing the numbers of under 11s coming into care as a result of abuse and neglect by developing the family safeguarding model
- Significantly increasing the number of revocations of care orders on long term CLA via use of motivational approaches to reunite young people with their families where safe to do so

The strategy aims to reduce the CLA population to 825 by March 2019 and we are currently on track to achieve this. Savings between £2.8m and £7.7m were projected dependent upon the placement mix eg: Hertfordshire internal foster placements, independent fostering placements and residential placements. There is also scope for savings of approximately £1m in non-placement costs by the end of March 2020. However despite being on target for the overall number of CLA, a number of high cost residential placements have meant that savings have not been achieved during 2017/18.

0-25 Integration Programme

Achieved to date:

- Identified and actioned areas for improvement following the Ofsted/CQC SEND inspection
- Launched a new disability service for children and young people aged 0 – 25. The new service is called 0-25 Together.
- Developed a professional charter to provide clarity on how children, young people and families want us to work with them
- We have reviewed our information, advice and guidance arrangements and identified recommendations for change
- We have re-affirmed our commitment to an integrated approach to commissioning for SEND through the refresh of our 0-25 SEND Integrated Commissioning Strategy

Key priorities going forward:

- Continue to respond to the outputs of the Ofsted/CQC SEND inspection
- Continue to embed the 0-25 Together Service by working closely with parents/carers and young people
- Take forward the recommendations of the information, advice and guidance review
- Identify further opportunities to align and integrate services for children and young people with SEND
- Develop a data set based on the new Children's Services Outcome's Framework (Outcome Bees) to monitor the impact of our achievements

Family Safeguarding

To consolidate and make permanent the Family Safeguarding model across children's services and to keep more vulnerable children safely within their families, avoiding where appropriate the use of care or reducing the time spent in care for children. Expansion of Family Safeguarding to focus on strengthening resilience in children in need by the inclusion of CAMHS workers to address trauma and attachment issues children have suffered and introduce 'virtual school' support at key stage 2 age 10-11 to improve educational outcomes for children on a Child in Need Plan or Child Protection Plan. We will continue to embed motivational practice and multi-disciplinary approach throughout Safeguarding services and extend to 0-25, targeted and early help services. In addition we are also supporting four other Local Authorities introduce Family Safeguarding funded through DfE Innovations Fund.

Family Centre Programme

The current Children's Centre contracts end in September 2018 and work has been underway for the past 18 months to align the family support work in children's centres to the delivery of the Healthy Child Programme (0-18 years) by health visiting and school nursing services. Following a public consultation, it was agreed to deliver the services under a single brand Family Centre Service. The family support service element is being offered for tender through four quadrant lots, although services will be consistently accessible across the county. The family support service will deliver universal and targeted public health activity, and work with an extended age range (up to 11 years). By revising the specification and with full cost recovery for some universal services, the new contracts will achieve a 20% saving of £1.2M by 2019. In 2018/19, the saving will be £62,000 due to redundancy and transition costs.

Re-Modelling YC Herts

YC Hertfordshire will build on its successful targeted strategy to exclusively focus its delivery on prevention and early help to identified individuals, groups and needs using an analytical and targeted approach. This involves actively working with vulnerable young people and those hardest to reach and most need support in a broader community environment to encourage greater integration and community cohesion.

The age range with which it works will be extended from 13 to 19 to include 11 and 12 year olds displaying adolescent behaviours and to 25 for care leavers and those with a learning difficulty or disability (LDD).

The underpinning principle of YC Hertfordshire delivery will be the development and application of skills, knowledge and experiences that empowers young people to continue in education, training and employment and make informed decisions to progress successfully to sustained outcomes and economically independent adulthood.

The service will not wait for young people to come to it but target those with needs or risk factors and developing the professional voluntary relationship that enables the skilled and trained practitioner to pro-actively support the young person's progression and their ability to make and sustain significant changes. All interventions will aim to identify where additional support can stop a current issue escalating and to work towards equipping young people with the means to help themselves and their peers in the future.

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An already successful trading portfolio with e.g. education settings in careers development and delivery of emotional health and wellbeing related projects and this will be developed to deliver a wider early intervention offer and an enhanced range of preventative services.

Regional Adoption Agency

Hertfordshire is currently working with Essex, Southend on Sea, Luton and Suffolk alongside Adoption Plus to establish the feasibility of creating a Regional Adoption Agency (RAA) in line with recommendations from the DfE.

Alongside this ongoing RAA feasibility assessment, Hertfordshire is working together with Luton to delegate Luton's statutory adoption functions to Hertfordshire through a formal service level agreement. This project is due to 'go live' in Spring 2018 (with an implementation phase lasting to October 2018) after the proposal is presented to each Executive / Cabinet Panels in early 2018. The project is in the early phases of development and are subject to decisions being made about the exact legal, governance, design methodology and service arrangements.

It is anticipated that the Hertfordshire and Luton merger to lay the foundations to inform future RAA developments.

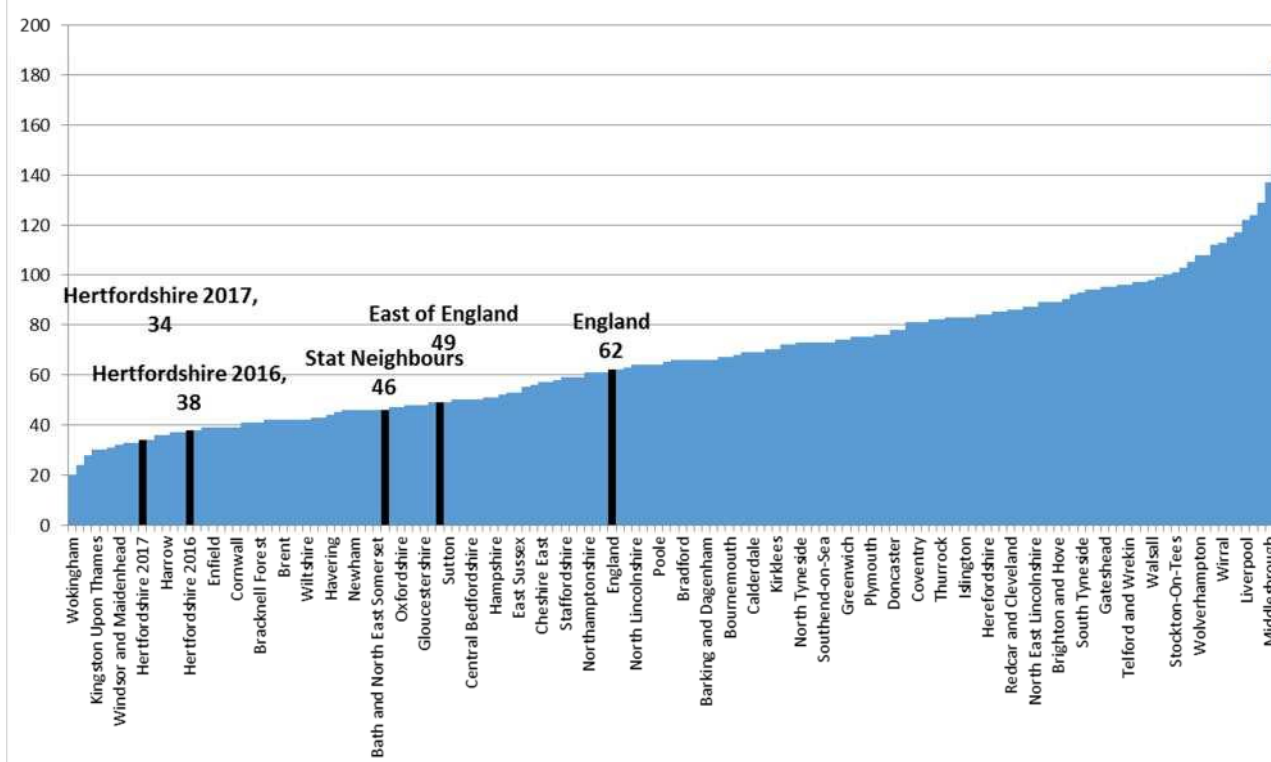
4 How has the portfolio reviewed its effectiveness / value for money in delivering service outcomes?

Hertfordshire Children's Service inspected by Ofsted in September 2015 and judged to be good. A list of recommendations from Ofsted were incorporated into a Post Inspection Action Plan (PIAP) with all recommendations completed by March 2017. There is now a programme of continuous service improvement across Children's Services which include the launch of the 'Outcome Bees' framework will provide a consistent framework against which to measure the impact of the service on improving the experience and outcomes for children, young people and their families.



Hertfordshire is in the top quartile nationally for the lowest number of referrals to social care, numbers of children subject to child protection plans and numbers of children looked after. Performance is monitored against statistical neighbour indicators on a regular basis and where performance is below expected standards, this is challenged via performance meetings and specialist 'Performance Clinics' for areas of concern. Children's Services also participate in the Eastern Region Sector Led Improvement Programme which includes a Director of Children's Services led Self Assessment peer challenge process and a rolling programme of thematic peer reviews. In March 2017 Hertfordshire Children's Services commissioned a peer review of its Referral and Assessment services which highlighted strengths of the service and also made recommendations that were incorporated into an improvement plan.

**Children Looked After (rate per 10,000 0-18 population)
as at 31/03/2017**



Indicator (rate per 10,000, 0-18 population)	2015/16	2016/17	National Ranking (lowest to highest)
Referrals to Social Care	254.2	238.2	2*
Number subject to Child Protection as 31/03	27.9	19.96	5*
Number of children looked after as at 31/03	38	34	10

* Hertfordshire 2017 data compared with national 2016 data.

Hertfordshire is a lead authority for benchmarking in the Eastern Region and receives funding to compare performance on an agreed set of performance indicators on a quarterly basis, together with coordinating 'deep dives' into performance areas agreed across the Region.

The average weekly cost per child looked after in Hertfordshire has risen by £95 compared with an increase of £51 nationally. This is a result of having less children looked after but with more complex needs. However, the reduced number of children looked after does mean we have a considerably lower average weekly cost per head at £148 per week compared with £254 nationally.

Estimated Average Weekly Cost Per Child Looked After – CIPFA Benchmarking		
	HCC	AVG
2014/15	£970	£921
2015/16	£893	£919
2016/17	£988	£970
Estimated Average Weekly Cost Per head of population – CIPFA Benchmarking		
	HCC	AVG
2016/17	£148	£254

The **University of Bedfordshire** was commissioned by Department for Education to independently evaluate the Family Safeguarding model in Hertfordshire. The evaluation report was published in July 2017 and these are the headlines from the report:

1. Exceptional organisational changes were put in place over the course of the year being evaluated
2. Specialist adult workers were important in making a difference to outcomes for children and contributed to a more multi-disciplinary way of thinking and talking about families as well as working with them
3. The creation of a suite of key performance indicators, in relation to use of health, policing, education and other services was one of the most innovative elements of the programme as they are meaningful for both families and services.
4. The data collected during the evaluation period showed:
 - substantial reductions in contact with the police (monthly contacts reduced by 66%)
 - reductions in emergency hospital admissions for adults (which reduced by one half on average)
 - improved attendance at school by the children in the cohort by 36%
 - estimated cost savings for the first 12 months to Children's Services were £2.6 from reduced care and children protection costs.

The report concludes that all local authorities should consider the potential that Family Safeguarding has achieved for improving practice and outcomes in Children's Services

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

Considerable progress continues to be made in reducing demand for services and particularly in the areas of reductions in the numbers of those subject to child protection plans and numbers of children look after. However, there is a risk that reductions in numbers will not lead to consequential savings at the level forecast, because of the increasing costs of placements for children looked after particularly independent purchased placements, impact of additional costs and demand pressures.

If the service is unable to recruit and retain high quality foster carers, children and young people will need to be placed with independent agencies, some of which will be out of county. In order to mitigate this, the recruitment process is monitored on a regular basis to ensure there is year on year net growth in the number of in house council foster carers.

Another key risk is that if pay and conditions for staff and managers fail to remain competitive the council may not be able to retain highly qualified professionals. To mitigate this, the service via its HR partners are regularly monitoring market conditions to ensure pay and conditions are appropriate with targeted additional payments where required.

The following further significant risks exist in relation to the IP savings proposals put forward:

1. The number of Unaccompanied Asylum Seeking Children (UASC) may increase by more than predicted
2. The placement cost mix for UASC and Children Looked After (CLA) may be less favourable than predicted
3. The recruitment and retention of social work staff may become more difficult, increasing use of agency and consequently undercutting our salary budget savings assumptions
4. There is a risk that the numbers of families with no recourse to public funds and supported through the relevant budget continues to increase rather than remain stable at the current year's level
5. There is a risk that the numbers of Special Guardianship Orders (SGO) continue to rise, exceeding prediction on which the budget is based.
6. The re-commissioning of children's centres/family centres doesn't deliver good providers to meet the needs of families in Hertfordshire.
7. Service transformation of YC Herts results in reduced capacity in the service leading to a knock on effect of increased referrals to children's social care.
8. Reductions in non-statutory early help provision may achieve short term reductions but negated by longer term impact on statutory provision as needs escalate without that early intervention.
9. Pressures on partners will impact on ability to provide services/ work effectively in partnership

The above risks describe the position after mitigation action has been taken.

KEY BUDGET MOVEMENTS 2018/19 - 2021/22

	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s
Technical Adjustment	(952)	(952)	(2,467)	(2,467)
Service Specific Inflation	1,338	1,338	1,338	1,338
Demography	1,233	2,176	3,210	4,366
Other Pressures	1,745	1,745	1,745	1,745
TOTAL PRESSURES	2,978	3,921	4,955	6,111
Existing Efficiencies	(16)	(16)	(16)	(16)
New Efficiencies	(1,127)	(1,276)	(1,452)	(1,646)
New Policy Choice	(1,024)	(3,960)	(3,960)	(3,960)
TOTAL SAVINGS	(2,167)	(5,252)	(5,428)	(5,622)

Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
TA1	Technical Adjustments <u>Troubled Families (TF) Grant</u> Thriving Families grant income has been amended to reflect the actual expected income in each year from the programme in line with the plan for Phase 2 of TF. This has been updated given there are restrictions on the amount of income expected from Payment by Results, as the requirements of the programme mean more (longer term) evidence is required before claims can be made.	CS	Technical Adjustment	(952)	(952)	(2,467)	(2,467)	3,240
	Service Specific Inflation <u>Independent Placements</u> Inflation has been calculated based on the change in average cost of each placement type between 16/17 and 17/18 to date. As placements are purchased on an individual basis it is not possible to use an inflationary rate from a contract <u>In-house Fostering, Adoption allowances, Special Guardianship Orders, Child Arrangement Orders and Leaving Care</u> • Fostering fees – inflation is based HCC pay rate of 1%. • Carer's allowances and day care. Allowances for Child Arrangement order, Special Guardianship Order and Adoption Order – 1.32% inflation is based on the increase to the DFES National Minimum Fostering Allowance (South East) rates • Section 23 In-house Fostering 18+ - 1.45% inflation is based on the in house foster carers allowance increase, as per above, less pocket money and clothing allowance <u>0-25 Together - Direct Payments (DP)</u> Based on Adult Care Services' (ACS) calculation, this increase will allow 1% pay increase to carers employed <u>0-25 Together - homecare</u> Based on ACS calculation, Homecare providers give both personal care and provide enabling services to Disabled Children. The basis of the 3.52% is the increase in providers' Spot purchasing costs <u>Transport</u> The price increase is a clause within the bus contract, set at CPI minus 1. There are individual contracts with each taxi provider. The rate of inflation used in these is set at the same rate as the overall bus contract.	CS	Service Specific Inflation	751	751	751	751	
		CS	Service Specific Inflation	238	238	238	238	
		CS	Service Specific Inflation	25	25	25	25	
		CS	Service Specific Inflation	48	48	48	48	
		CS	Service Specific Inflation	276	276	276	276	

Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
	Pressures							
D1	<u>Children Looked After (CLA)</u> The demographic pressure estimates for CLA are based on an increasing child population in Hertfordshire and maintaining numbers of CLA at a specified rate per 10,000. The CLA savings assume a decreasing number of CLA based on reducing the target from 39 to 34 per 10,000 and are based on the current child population of 262,000. It is estimated that the child population will increase to 283,341 by 2019/20 and this pressure reflects the impact this will have to maintain CLA at the target rates per 10,000.	CS	Demography	803	1,746	2,780	3,936	44,100
D2	<u>Unaccompanied Asylum Seeking Children (UASC)</u> The introduction of the National Transfer Scheme has a voluntary target of 0.07% of UASC to Child Population. Hertfordshire is part of the Eastern Region Group and will take additional UASC as part of this scheme. If the Target of 0.07% is to be reached this would increase our numbers by around 100. This will cause increasing pressure on placement and case management staffing budgets.	CS	Demography	259	259	259	259	1,926
D8	<u>Adoption & Special Guardianship Orders</u> Increasing numbers of children being adopted and moving to Special Guardianship Orders (SGO) is putting pressure on the Adoption and SGO Allowances budget. It is anticipated that the number of SGOs with financial support will increase by 65 in 2018/19.	CS	Demography	171	171	171	171	7,693
OP4	<u>Nascot Lawn consequential costs</u> HCC has received notification from Herts Valleys CCG that funding for Nascot Lawn would cease as of 1st November 2017. The children and young people may receive other services as such as personal budgets and shared care. It is expected, however, that additional hours will be required from the existing HCC Overnight Short Break Units. Pressure against 17/18 budgets is being met from contingency but the pressure is expected to be ongoing.	CS	Other Pressures	383	383	383	383	8,085
OP6	<u>Section 17 No Recourse to Public Funds/Intentionally Homeless</u> There has been an increasing number of families with NRPF who require support under Section 17 of the Children Act. 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. Family's status is also not being resolved quickly by the HO, which means we remain responsible for families for longer both for their subsistence and accommodation costs.	CS	Other Pressures	340	340	340	340	874
OP8	<u>ICT transformation programme</u> Ongoing revenue commitments from previously approved capital ICT projects.	CS	Other Pressures	103	103	103	103	
OP31	<u>Independent Placement Costs</u> Although the overall number of CLA has reduced in line with the reducing CLA strategy the % mix of care packages across the care continuum along with increasing cost of placements is causing pressure against these budgets. Current year overspend indicates an additional pressure of £919k over and above removal of the Family Focus saving	CS	Other Pressures	919	919	919	919	21,498

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Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
	Savings							
EE3 (X1)	<u>Printing Contract Savings</u> Savings through a reduction in print costs achieved through the new managed print service contract.	XC	Existing Efficiencies	(16)	(16)	(16)	(16)	N/A
NE1	<u>Families First Invest To Transform Bid</u> Savings from the ITT investment to set up the local triage model for early help for families	CS	New Efficiencies	(37)	(87)	(236)	(236)	700
NPC1	<u>Family Centre Recommissioning</u> The service is being recommissioned in 2018/19 with a 20% reduction in budget as of October 2018. Saving for 2018/19 reflects both part year effect of the saving and associated transitional costs.	CS	New Policy Choice	(62)	(2,169)	(2,169)	(2,169)	10,844
NPC2	<u>Youth Connexions</u> Proposed service restructure - with a 10% reduction in 2018/19	CS	New Policy Choice	(829)	(1,658)	(1,658)	(1,658)	8,290
NE2 (X1)	<u>Serco SMS contract savings</u> Negotiation has been undertaken with Serco regarding the extension of the Shared Managed Services contract by 2 years to March 2021. This will contribute a saving rising to £1.1m per annum by 2019/20 (including £300k in relation to current glide path savings).	CS	New Efficiencies	0	(99)	(126)	(126)	1,599
NPC3 (X1)	<u>Children's Services Efficiencies</u> Reduction of £400,000 in salary budgets across CS, of which £250,000 is required to meet the unfunded costs of the Apprenticeship Levy	CS	New Policy Choice	(133)	(133)	(133)	(133)	48,242
NE69	<u>Valuing Care ITT bid</u> Savings from the Valuing Care Invest to Transform bid which will develop a needs identification system, allowing for more consistent placements across the value curve between need and cost of placement	CS	New Efficiencies	0	0	0	(194)	43,055
NE85	<u>Independent Placements - additional use of DSG</u> An additional £1,090k of Independent Placement costs will be met from Dedicated School Grant. This is subject to appropriate consents and regulatory compliance.	CS	New Efficiencies	(1,090)	(1,090)	(1,090)	(1,090)	21,498

Note 1

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

EE3 (X1) - Printing Contract Savings	(37)	(37)	(37)	(37)
NE2 (X1) - Serco SMS contract savings	(199)	(533)	(691)	(665)
EE13 (X2) - Enabling the Worker	(685)	(685)	(685)	(685)
NPC3 (X1) Children's Services Efficiencies	(150)	(150)	(150)	(150)

ANALYSIS OF REVENUE BUDGET BY OBJECTIVE AREAS

2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
21,830	<p>Safeguarding & Specialist Services</p> <p><u>Safeguarding Operations</u></p> <p>This budget provides for pay and related expenditure for social work assessment teams, locality (child protection) teams, family assessment teams and children looked after teams. In addition the budgets in this area support commissioning costs of the Childcare Litigation Unit which provides the advice, advocacy and legal representation required in Children' Social Care.</p>	22,562	(329)	22,233	22,233	22,233	22,233
50,264	<p><u>Services for Children Looked After & Leaving Care</u></p> <p>This Budget provides for the following:</p> <ul style="list-style-type: none"> • Residential Services comprises accommodation and care for Children Looked After in 4 children's homes, two Adolescent Resource Centres providing specialist multi-agency outreach service for adolescents, specialist foster care and 3 short term residential beds, The Datchworth project providing specialist multi-agency outreach services for younger children and specialist foster care. • The Fostering Service budget funds all the fostering teams, including Recruitment, Family and Friends, Area Fostering teams, Fostering Panel administration and allowances & fees to carers to support placements for Children looked After. • Independent Placements – Residential: This budget funds both residential placements for the whole age range of children and supported living arrangements for those aged 16 plus that are supplied by independent providers. Independent placements of this nature which are commissioned when there are no vacancies in our in-house provision. • Independent Placements – Fostering: This budget funds the costs of foster placements that are purchased from independent agencies. Independent providers are only used when in-house placements are at full capacity. • The Contact Service SLA provides some 3,000 supervised contact sessions a month for children in care proceedings to meet with their parents in a safe and child friendly environment through an SLA with 	52,531	(479)	52,052	52,896	53,903	54,865
9,486	<p><u>Adoption Services</u></p> <p>This budget funds two Area Adoption Teams, a Family Finder Team, the Adoption Support Team (AST), Adoption Panel administration and adoption and special guardianship allowances to carers. The AST provides a service to children and adults as well as those with special guardianships.</p>	9,739	(24)	9,715	9,715	9,715	9,715
10,477	<p><u>Disabled Children's Services</u></p> <p>This service provides statutory and supportive social work services and short breaks to all children and young people residing in Hertfordshire, with a substantial disability. This includes providing support in the community and in residential settings where necessary and works closely with Adult Care Service to ensure that all young people requiring ongoing social care services receive an effective handover. In addition budget supports early help for children with a disability through Short Break Local Offer.</p>	12,227	(158)	12,069	12,069	12,069	12,069

2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
7,680	<u>Other Specialist Services</u> The budgets in this area include Child & Adolescent Mental Health Services and the Brokerage Service and other specialist services budgets.	8,367	(523)	7,844	7,844	7,844	7,844
3,192	<u>Child Protection & Quality Assurance</u> The Child Protection and Statutory Review Service undertakes safeguarding functions such as child protection conferencing, independent reviewing of children's care plans, allegations management and child protection advice, support and training to schools. This service also leads on policy and practice development and quality assurance of social work practice.	3,408	(226)	3,182	3,182	3,182	3,182
102,929	Safeguarding & Specialist Services Total:	108,834	(1,739)	107,095	107,939	108,946	109,908
15,925	Education & Early Intervention Services <u>Services for Young People</u> Services for Young People include a number of budgets as detailed below: <ul style="list-style-type: none"> • Youth Connexions Service: provides integrated youth support for young people aged 13 - 19 (up to age 25 for those with a learning difficulty or disability). This includes information, advice and guidance, access to positive activities and targeted support for more disadvantaged young people. The service also includes a specialist Personal Adviser team for young people with learning difficulties and disabilities. • Targeted Youth Support Service (TYS): provides support for the most vulnerable young people with a particular focus on those at significant risk of becoming 'Children Looked After'. TYS also incorporates: <ul style="list-style-type: none"> - Youth Justice Service: a statutory service to manage young offenders and reduce the likelihood of offending or re-offending. - Teenage Pregnancy Service: supports the delivery of our strategy for reducing teenage pregnancies and for supporting young mothers. - Young People's Substance Misuse: supports the delivery of provision that underpins the county's young person's substance misuse strategy. In addition the budget includes specialist services relating to counselling, resilience and teenage pregnancy strategies. 	19,079	(4,045)	15,034	14,205	14,205	14,205
4,399	<u>Intensive Family Support Service</u> Thriving Families aims to empower families with multiple and complex needs to achieve better outcomes and therefore prevent escalation of problems, by ensuring a safe and effective service, which responds quickly and intensively to the families' needs. This area also includes budget for the oversight of the Common Assessment Framework and the 0-18 Targeted Advice Service (TAS), which provide Early Intervention for 5-11 year olds.	3,269	(78)	3,191	3,141	1,477	1,477

2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
12,405	<u>Early Childhood & Early Help Commissioning</u> Childhood Support Services (CSS) provide the countywide strategic, policy and service development lead for universal and preventative services for young children and their families under the age of 5. A key focus is on targeting those children and families at risk of poor outcomes and particularly children living in low income families.	12,251	(2)	12,249	10,142	10,142	10,142
1,527	<u>Corporate Parenting</u> The Corporate Parenting function of the Local Authority means it acts as a guardian for Children Looked After (CLA). The virtual school for CLA aims to improve the educational outcomes and life chances of this group of children and young people.	1,528	(8)	1,520	1,520	1,520	1,520
34,256	Education & Early Intervention Total:	36,127	(4,133)	31,994	29,008	27,344	27,344
	Children's Services Overheads						
2,238	<u>Performance and Business Support</u> The Performance and Business Support area contains the following areas which support the whole of CS department: • Performance and Improvement • IT Budget • Business Infrastructure Service • Children and Young People's Strategic Commissioning	2,259	0	2,259	2,259	2,259	2,259
220	<u>CS Departmental Overheads</u> This budget is Children's Services departmental overheads.	212		212	212	212	212
2,458	Children's Services Overheads Total:	2,471	0	2,471	2,471	2,471	2,471
139,643	Children's Services Total	147,432	(5,872)	141,560	139,418	138,761	139,723

Children's Services Capital Programme 2018/19-2021/22

The total Capital Programme 2018/19 to 2021/22 for the portfolio is £0.912m and for 2018/19 is £0.372m. This includes all new bids and re-programming from 2017/18 at the end of quarter 2.

	2018/19	2019/20	2020/21	2021/22	Total
	£'000	£'000	£'000	£'000	£'000
HCC Funding	372	180	180	180	912
Total	372	180	180	180	912

Revised Capital Bids

The directorate has revised one bid compared to the previous Integrated Plan. This requires reduced HCC funding of £0.08m in 2018/19 to 2021/22.

Scheme	Total Increase/ (decrease) 2018/19	HCC Funding Increase/ (decrease) 2018/19	External Funding Increase/ (decrease) 2018/19	Total Increase/ (decrease) 2018/19 to 2021/22	HCC Funding Increase/ (decrease) 2018/19 to 2021/22	External Funding Increase/ (decrease) 2018/19 to 2021/22	
	£'000	£'000	£'000	£'000	£'000	£'000	
Liquidlogic - LCS (Liquidlogic Children's System):	(80)	(80)	-	(80)	(80)	-	Decrease of £80k is due to a review of expected outcomes within 2018/19.
	(80)	(80)	-	(80)	(80)	-	

Proposed Children's Services Directorate's Capital Programme 2018/19 - 2021/22

	Scheme New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost £'000	2018/19 Integrated Plan		2019/20	2020/21	2021/22
				Cost	HCC Funding	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000
1	Liquidlogic – Early Help Module Implementation (E): covers the delivery and implementation of a series of new software modules to support the introduction of MASH (Multi Agency Safeguarding Hub), the Families First process, Education, Health & Care Plans, improved information sharing with partner agencies and families and mobile working.	Children's Services	525	272	272	-	-	-
2	Liquidlogic - LCS (Liquidlogic Children's System) (R): the ICT system that manages casework recording for the Safeguarding and Specialist Services.	Children's Services	Annual Programme	100	100	180	180	180
Total				372	372	180	180	180

INTEGRATED PLAN

PART B - STRATEGIC DIRECTION AND FINANCIAL CONSEQUENCES

Community Safety & Waste Management Portfolio

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Community Safety & Waste Management

Strategic Direction:

- **Community Protection** provides emergency fire & rescue response, maintains a fair and safe trading environment and prepares and protects from fire, rogue trading, scams, and major incidents.
- **Waste Management** delivers essential waste management services for the residents of Hertfordshire and has a statutory responsibility as Waste Disposal Authority

Key priorities and programmes:

Community Protection

- Integrated Risk Management Plan (IRMP) – the current plan expires in 2018/19 and must balance risk, cost and benefit. The document is a statutory requirement and must be consulted upon and published by 31 March 2019
- Undertaking a programme of works entitled 'Single Place' that will ensure effective data integration by replacing existing, outdated software, applications and systems.
- Collaborate with Hertfordshire Constabulary and the East of England Ambulance service to maximise efficiency and effectiveness
- Increase income through Primary Authority partnerships and other activities
- Work in partnership with the National Trading Standards Scams Team to prevent Hertfordshire citizens from being scammed
- Maintain a balanced budget and deliver efficiencies

Waste Management Unit

- To ensure the effective management of Hertfordshire's waste
- To monitor delivery of the proposed Energy Recovery Facility at Ratty's Lane, Hoddesdon, critical to provide a long term solution for the management and disposal of Hertfordshire's residual waste
- To work closely with Waste Collection Authorities through the Hertfordshire Waste Partnership
- To manage the considerable pressure on the services, in particular the provision of the HWRCs and future cost of waste disposal
- To seek improvements in performance, manage expectations and maintain current value for money will be a major challenge

Key services provided:

Community Protection

- Fire & Rescue emergency response
- Investigation and prosecution for the most serious Trading Standards and Fire Protection offences
- Fire protection and Trading Standards advice to Businesses
- Targeted safe & well, home safety, scams prevention & fire prevention activities to elderly and vulnerable people
- Emergency Planning & Resilience
- The County Community Safety Unit

The Waste Management Unit

- Makes arrangements for the disposal and/or treatment of circa 530,000 tonnes of waste arising in Hertfordshire each year
- Provides the Household Waste Recycling Centre service at 17 locations in Hertfordshire
- Makes recycling credit and transport subsidy payments to the District and Borough Councils
- Promotes sustainable waste management through support of the Hertfordshire Waste Partnership's WasteAware campaign
- Facilitates and supports the Hertfordshire Waste Partnership

Key risks in achieving IP proposals:

Community Protection

- The IRMP drives community risk reduction activities for Hertfordshire – significant alteration to resources (high risk strategy) is likely to result in staff/public unrest
- Peer review highlighted lack of investment in estates and IT systems as very apparent and likely to hamper future effectiveness – see 'Single Place'
- Succession planning – experienced managers retiring/leaving

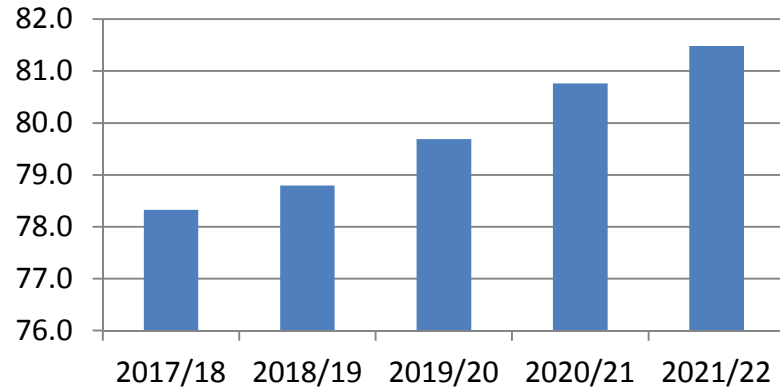
Waste Management Unit

- Two of the interim waste disposal contracts (Edmonton and Westmill) are potentially time limited. Should either of these facilities become unavailable waste will be directed to alternative more expensive facilities.

Community Safety & Waste Management

£m

Net Revenue Budget



Key Revenue Pressures:

- FRS pay offer and reward
- Older people demography
- Growth and development of housing, commercial premises and the economy
- Geography of Hertfordshire and lack of proximate disposal facilities
- Growth, development and population change
- High expectations of our communities.

Key Revenue Savings Proposals:

- Fire Prevention – continue transition of Grey to Green Book roles
- Removal of Risk Reduction role
- Trading Standards reduction in budget in stationery and training through efficiencies and increase in Primary Authority income
- Restructure and gradual shift of some roles from Grey to Green Book using model trialed in JPS
- Occupational Health income from commercial services
- Ceasing Sophtlogic licencing
- Vision licencing.
- Negotiation of interim waste disposal contracts resulted in pressures being reduced by circa £1.9m in 2018/19; £2.1m in 2019/20; £1.45m in 2020/21 and £1m in 2021/22.
- Subject to Member consideration, HWRC savings could be delivered through network rationalisation and policy changes e.g. resident only permits and charges for the disposal of non-household wastes.

Summary Revenue Budget Movements

	2018/19 TOTAL £000	2019/20 TOTAL £000	2020/21 TOTAL £000	2021/22 TOTAL £000
Service Specific Inflation	403	403	403	403
Legislative	310	610	930	1,170
Other Pressures	1,743	1,843	2,513	2,993
TOTAL PRESSURES	2,053	2,453	3,443	4,163
Existing Efficiencies	(213)	(636)	(636)	(636)
New Efficiencies	(1,766)	(846)	(766)	(766)
TOTAL SAVINGS	(1,979)	(1,482)	(1,402)	(1,402)

Key Capital Schemes:

- Vehicle Replacement FRS
- Equipment Replacement FRS
- Community Protection ICT Equipment FRS
- Headquarters & Training Centre replacement and estate rationalisation
- Ware and Stevenage HWRC expansion
- Improvements to Rickmansworth HWRC layout
- Construction of Re-use Centre buildings
- Replacement of waste management data system
- Waterdale Recycling Building fire suppression expansion

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Capital Programme	12,032	5,255	8,803	4,463

Community Safety and Waste Management Portfolio: Future Strategic Direction

1 What are the key priorities for the portfolio over the period 2018/19 – 2021/22?

Community Protection

The Community Protection Directorate (CPD) delivers services across four main areas:

- Hertfordshire Fire and Rescue Service (HFRS)
- Trading Standards
- Hertfordshire Community Safety Unit
- Resilience and Emergency Planning

The combined cost of these Services is £35.2m. The majority of this funds the HFRS, mainly in the form of staff costs.

The Directorate's aim is to ensure that Hertfordshire remains a safe place to live, work and travel through by undertaking targeted and proportionate risk reduction activities. Community Protection has opportunity to influence and, in some cases, directly impact a wide range of prevention, protection and response activities through internal HCC and external partners. This includes activities as diverse as tackling rogue trading, supporting victims of hate crime, safe and well visits, supporting residents and businesses in preparing for severe weather and responding to emergencies where these occur.

Our current priorities are to:

- Ensure that there are effective means to respond to emergencies and to ensure that resources are allocated on a risk basis to maximise efficiency and effectiveness.
- Actively seek to reduce fires, road traffic collisions, other emergencies and to reduce deaths and injuries.
- Work to achieve a safe and fair trading environment, supporting the Hertfordshire economy and helping to reduce crime.
- Work in partnership with other agencies and organisations to make Hertfordshire safer and support health and wellbeing through targeted proactive prevention, education and protection work.

We aim to achieve the above by ensuring effective arrangements are in place for major emergencies, regulating the market place by providing support to businesses to ensure that they comply with legislation and giving advice to communities in taking preventative measures themselves.

Waste Management

Key Priorities:

- To ensure the continued effective management of the county's waste in conjunction with the Hertfordshire Waste Partnership, working with residents to reduce residual waste and increase recycling.

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- To provide a suitable network of Household Waste Recycling Centres (HWRCs) that is capable of meeting service demand (the Council has contracted with Amey to operate its 17 HWRCs until 2023).
- The aim of the Residual Waste Treatment Programme is to secure economically and environmentally sound residual waste management through establishment of appropriate facilities/services for the management of Hertfordshire's Local Authority Collected Waste. The contract with Veolia ES Hertfordshire Limited is for the Energy Recovery Facility at Rye House, Ratty's Lane, Hoddesdon. The development is subject to the contractor securing planning permission, a letter was received from DCLG prior to the Development Control Committee restricting the granting of planning permission whilst the Secretary of State decides whether the application should be called in. The Development Control Committee resolved that they were minded to grant planning permission on the 20th December 2017 however planning permission cannot be granted until notification has been received from the Secretary of State. There is no timeframe in which the Secretary has to make this decision.

2 What are the key pressures and challenges facing your portfolio for 2018/19 – 2021/22?

Community Protection – Fire & Rescue

- The Police and Crime Commissioner (PCC) for Hertfordshire has proposed to the Home Secretary that he takes over governance of Hertfordshire FRS. At the time of writing, an independent assessment of the business case is being undertaken to help inform the decision of the Home Secretary. These circumstances conspire to create considerable uncertainty around the future of the HFRS within HCC. The portfolio's priority is to continue to provide safe, efficient and effective services within this context. HFRS makes up 92.7% of the Community Protection directorate budget, Trading Standards 5.7%, the CCSU 0.9% and HCC Resilience 0.7%. Significant key savings can therefore only be achieved if a high proportion of savings are met by changes to the Fire & Rescue Service alongside savings within the other areas. The overriding key challenge facing the directorate is therefore planning for, and taking, appropriate policy decisions for the FRS that can amount to significant budget reductions, should these be required, whilst maintaining a proportionate approach to the management of risk. Such a process is informed by the statutory Integrated Risk Management Plan (IRMP), which needs to be undertaken and completed by the latest 31 March 2019. Significant budget reductions could only be achieved by major changes in station locations (requiring sale of existing sites and investment in new sites and building new stations) and / or significant changes in the number of resources or the way in which they are staffed, this may also need to include consideration around the response to incidents.
- Even were appropriate decisions taken to support savings within a new IRMP, many of these would require capital investment to unlock future savings and would need to be end loaded within the budget cycle to allow time for implementation. Whilst work is currently underway in developing the IRMP, realistically it can only be consulted upon and finalised when the governance issue for the FRS is clarified.
- Maintaining operational cover across Hertfordshire, particularly in the more rural areas that rely on retained firefighter cover, continues to be a pressure for the FRS, making it challenging at times to meet Member approved Emergency

Response Standards as traffic congestion continues to rise and risk moves away from properties and on to roads. The evidence suggests that the pressure to continue to provide effective operational cover within existing arrangements may not be realistic and investment is required to support changes.

- Attendance at property fires continues to represent the greatest risk to firefighters and the prevention work undertaken by the Fire Service over the past years has significantly reduced the number of fires and other emergencies being attended. This has placed significant pressure on maintaining the competence of firefighters. The provision of suitable training environments will need to attract increasing investment in the future if firefighters are to continue to remain safe and the Service is to continue to operate effectively. The Service's training facilities at Longfield require redevelopment in this respect and are subject to a capital bid within the IP process.
- The Government continues to push for further and quicker Blue Light integration and work is well underway to consider how closer working relationships in Hertfordshire can create opportunities for improvements in efficiency and effectiveness for both organisations. The Police and Crime Act introduced a wider legislative requirement to collaborate and much of the work referred to above will link to this.
- Should governance transfer from HCC to the PCC, the transition will be complex and resource intensive, with embedded and multi-agency teams operating throughout the Directorate, especially within Joint Protective Services (JPS). This also raises significant questions about the future arrangements for the other departments within the Directorate.
- Hertfordshire continues to see significant development in both the commercial and residential sectors, placing increased demands on the Fire Protection Team who, via the planning and consultation process, have a vital role to play in ensuring that the appropriate fire safety measures are built in to the design and delivery of the building.
- Whilst still in its infancy Dame Judith Hackett's Independent Review of Building Regulations and Fire Safety, commissioned after the Grenfell Tower fire may well generate a suite of recommendations which place additional responsibilities on the Fire & Rescue Service to play an even more significant assurance role. The Safe & Well visits undertaken by the Directorate is generating an increased demand for our internal Herts Home Security Service (HHSS) which is putting pressure on present resources. Increase in domestic abuse reporting places an increased demand on the HHSS.

Community Protection – Trading Standards

- Trading Standards face increasing pressure from the changing demography of both businesses and consumers, and the change in markets that these drive. The use of the internet and IT in transactions is ever increasing, and the move of businesses from identifiable shop premises to manufacturers / sellers / services which trade from home or unknown locations places huge challenges on the service.
- The continued growth in the number of elderly people living independently on their own, in their own homes will continue to be the greatest focus of risk. This group represents a disproportionately high number of fire deaths and injuries

from fires in their own homes, and is also a significant target group for rogue traders and scams.

- Hertfordshire Trading Standards recorded 517 reports of scams in Hertfordshire between April 2016 and March 2017. Research suggests however that only around 5% of victims report this type of crime, with more than 5 million people a year in the UK being a victim of scams, and one in 10 people have fallen victim to financial scams typically losing hundreds, or in many cases thousands, of pounds. National Trading Standards reported that 53% of scam victims are over the age of 65 and were typically targeted by door to door bogus callers or rogue traders, with the average victim being 75 years old.
- During 2016 Hertfordshire Trading Standards launched a partnership with Which Trusted Traders? to help residents find reputable and trustworthy traders. Developing and promoting this partnership remains a priority for the year ahead with a number of initiatives planned to raise the profile of the scheme across the County.
- A new Banking Protocol initiative was also launched in Hertfordshire earlier this year. This is a partnership between the British Banking Association, Hertfordshire Police and Hertfordshire Trading Standards with local branches now alerting Police and Trading Standards of potentially suspicious incidents that may relate to rogue trading activity and other frauds.
- Tobacco Control activity continues to be an area of focus with recent intelligence indicating that in the last 12-18 months there has been a marked increase in the importation and distribution of cigarettes and hand rolling tobacco. Specifically, by foreign National Organised Crime Groups, distributing and supplying their illicit product, through a range of retail outlets which they control.
- Product safety is an important area of responsibility for the Trading Standards Service, with unsafe products presenting a high risk to the physical harm of the consumer, to the environment and financially to the economy through the undermining of legitimate business. Large profits are made by criminals through the importation and distribution of cheap, unsafe goods and a significant proportion of high risk importers identified by Trading Standards have been linked to organised crime groups.
- The Government is considering possible changes to the product safety system in light of issues relating to product recalls and the Grenfell tragedy. Officers from Hertfordshire Trading Standards are playing a leading role in taking this work forward, engaging and working with the Government, Industry and other partners.
- Food Standards issues remain a priority, with illegal food posing a significant risk of harm, both physically and emotionally to consumers and financially to both consumers and the compliant business of Hertfordshire.
- There is still significant uncertainty as to how the EU referendum result and 'Brexit' will impact on Trading Standards and consumer protection, given that a large percentage of its roles and duties (particularly in the areas of food and safety) emanate from EU legislation.

Community Protection – Resilience

- HCC's Resilience team has continued to support HCC and our District partners to ensure that we are prepared for emergencies within Hertfordshire and to

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minimise the impact to our communities and organisation while ensuring our compliance to the Civil Contingencies Act 2004.

- The department is directly linked with the Local Resilience Forum, Herts Resilience ensuring that we are partnered with all other agencies, for example; Police, NHS, service providers such as UK Power Networks and voluntary organisations, giving greater resilience within the county and providing a connected multi-agency approach to emergency planning, response and recovery.
- There is currently a review of the department and the services it provides to ensure we are delivering the best practice and support to each of the departments within HCC and our district partners. This is a full review which will help guide HCC's resilience strategies and practices towards any future challenges the organisation and communities may face while building on lessons learnt during recent emergencies such as Grenfell Tower and terrorist events across the UK.
- The Resilience Team also supports six district councils through the Local Authority Resilience Partnership, a traded service which embeds a resilience officer within the District council to support and build their emergency preparedness, this provides a close link with HCC and the LRF guidance. We are working to extend the partnership to additional District councils to build a strong and robust resilience network providing best practice and reduced cost. The Waste Management Service has a key role in relation to the long term future stewardship of Hertfordshire's quality of life. The key pressures and challenges facing the service arise from the geography of Hertfordshire, the pressure for growth and development, population change and the high expectations of our communities. Maintaining day to day service delivery on the things that matter to local people and members in the face of these pressures and anticipated growth is a major challenge.

Community Protection – County Community Safety Unit (CCSU)

- The CCSU continues to work in partnership with and support the District and Borough Community Safety Partnerships (CSPs) in the County in reducing crime committed by those who misuse drugs and/or alcohol – we will work together to manage the risks associated with the night time economy and record the trends for alcohol related crime and anti –social behaviour.
- Hate Crime Strategy - we will co-ordinate delivery of a more joined-up response to reducing the incidents and impact of Hate Crime in the county.
- Drug Test on Arrest - we will continue to work in partnership with the Police to facilitate that all detainees that are arrested (or charged) for a trigger offence for the second time in a 12-month period will be required to undertake a test for Class A drugs.
- Continuity of Care – we will continue to develop arrangements to improve continuity of care between custody & community based services, in order for Hertfordshire offenders to have access to continuous support in recovering from their drug use.

Waste Management

- The Waste Management Service has a key role in relation to the long term future stewardship of Hertfordshire's quality of life. The key pressures and challenges facing the service arise from the geography of Hertfordshire, the pressure for growth and development, population change and the high expectations of our communities. Maintaining day to day service delivery on the things that matter to local people and members in the face of these pressures and anticipated growth is a major challenge.
- The award of planning permission for the proposed Energy Recovery Facility at Ratty's Lane, Hoddesdon is critical to meeting the Council's need to develop an alternative long term solution for the management and disposal of Hertfordshire's residual waste.
- The County Council will continue to work closely with Waste Collection Authorities through the Hertfordshire Waste Partnership to review arrangements and identify savings based on a principle of whole system costs in accordance with the Hertfordshire Waste Partnership Agreement.
- High public expectations in terms of demand for our services, responsiveness to local need and the ability to influence will continue to place considerable pressure on our services, in particular the provision of the HWRCs. Managing expectations, ensuring good relations, and maintaining value for money will be major challenges requiring strong communication and a management of service user expectations.

3 What are the key projects/programmes that the portfolio will deliver 2018/19 – 2021/22?

Community Protection

- As noted in Section 2 substantial progress on the next iteration of the IRMP cannot be made until future governance arrangements are settled.
- In preparation for the IRMP CPD has begun two major projects to ensure that operational response is appropriate, relevant and cognisant of the latest innovation and technology. These projects are the SMART Firefighting project and the Retained Duty System review.
- The SMART firefighting project is designed to ensure that the operational response is based on the latest innovation, technology and sector best practice. The retained duty system review is designed to take a holistic approach to ensuring the retained duty system in Hertfordshire is able to provide the staffing required to meet emergency response requirements, especially in rural areas.
- Both Fire and Rescue Headquarters, in Hertford, and Longfield Training and Development Centre, in Stevenage, will require significant investment or re-provision over the next few years to ensure that the Service can continue to train staff effectively and to replace the ageing and inefficient headquarters site. Work has been undertaken to consider options and a capital business case has been developed to take this forward.
- The Emergency Services Mobile Communication's Programme (ESMCP) is a national project to replace the existing communication network used by all emergency services across the UK. This is a centrally led project that will have major resource implications as it is introduced in to Hertfordshire from 2018

onwards, Hertfordshire Officers undertake key lead roles in relation to this Programme.

- The Operational Support Accommodation Programme has made a successful bid for DCLG funding that has allowed Community Protection, Libraries and Property Teams to develop plans for the relocation of a small number of libraries in to existing fire stations.
- Ensuring robust fire safety arrangements are 'built in' to the design and construction of all new building projects remains a vital programme for the Fire & Rescue Service, alongside delivering a sustainable risk based inspection programme to monitor compliance with the relevant legislation to reduce loss of life and injuries, and reduce the commercial, economic and social cost of fires and other dangers.
- Under the HCC Cross-cutting Transformation headings of 'Smart Digital' and 'Smart Working' CPD are undertaking a programme of works entitled 'Single Place' that will ensure effective data integration by replacing existing, outdated software, applications and systems. This will reduce unnecessary complexity and avoid duplication, and provide a more integrated data management system, aiming to make paperwork more redundant. It will enable inter-agency and cross-HCC sharing of data in a secure manner, encouraging end users to manage, analyse and use data effectively.
- A key component of the Policing and Crime Act is the duty on emergency services to work collaboratively to ensure that the overall service we provide our communities is effective, efficient and legitimate. To this end, the FRS are in discussion with Hertfordshire Constabulary and the East of England Ambulance Service to scope 'potential' for a more joined up estates strategy including the possible relocation of Fire Control to a collaborative site at Police HQ in Welwyn Garden City.
- As part of our future estate strategy we are actively exploring the opportunity to collaborate more closely with partners around training, operational functions, procurement and citizen safety.

Waste Management

- Key pressures and challenges for the WMU are:
 - Delivery of a long term solution for residual waste disposal in Hertfordshire,
 - Managing and ensuring capacity of interim waste disposal,
 - Review and, where appropriate, rationalise the HWRC network.
- The Waste Management Unit is utilising HCC's cross-cutting Transformation programmes as follows:
 - Smart Property - The most appropriate use of the existing HWRC network is being considered as part of the review of the HWRC Spatial Strategy annex, for example, upgrading existing sites on HCC owned land (e.g. Ware) to provide an enhanced service for residents and making best use of the land available.
 - Smart Commercial - Key pressures relate to the continued statutory requirement to fund the disposal of residual Local Authority Collected
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Wastes (LACW) arising in Hertfordshire. A range of contracts are in place that historically has provided significant value for money. Therefore the challenge is to mitigate increases in costs when these contracts end and for the short term, this has been done by negotiating new rates demonstrably below market value.

- Smart Prevention – the use of Webcams and communications campaigns to reduce the pressure on the HWRC network by allowing residents to identify when best to visit their local centre and providing tips on making their visit as streamlined as possible.
- Collaboration with the Hertfordshire Waste Partnership, which includes the ten district and borough councils in their role as Waste Collection Authorities, is key in reducing waste and costs.

Key savings proposals identified to meet the budget gap 2018/19 to 2021/22 are:

Community Protection

- A number of initial savings options have been removed from the IP pending the outcome of the Home Secretary's decision on the PCC's proposal, however all of these would require a new IRMP prior to delivery. Current savings proposals within the IP are all considered manageable and amount to £296k for 2018/19 – 2019/2020 reducing to £216k for 2020/2021 – 2021/2022. These are:
 - Fire Prevention – continue transition of Grey to Green Book roles;
 - Removal of Risk Reduction role;
 - Trading Standards reduction in budget in stationery and training through efficiencies and increase in Primary Authority income;
 - Restructure and gradual shift of some roles from Grey to Green Book using model trialled in JPS;
 - Occupational Health income from commercial services; and
 - Ceasing Sophtlogic licencing and Vision licencing.

Waste Management

- Negotiation of interim waste disposal contracts resulted in pressures being reduced by circa £1.9m in 2018/19; £2.1m in 2019/20; £1.45m in 2020/21 and £1m in 2021/22.
- Delivery of £1m inter-authority funding savings has been confirmed through a reduction in the Alternative Financial Model of £334k in 2017/18, £333k in 2018/19 and £333k in 2019/20.

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

- Community Protection keeps budget and financial issues under close scrutiny and has a successful track record in terms of reviewing and reducing costs and reallocating finance to areas of the greatest need.
- The table below details the level of operational activity over the four year period, 2013/14 to 2016/17 and demonstrates that whilst, over the last decade, a significant overall reduction of incidents has been achieved this may not be a trend that will continue indefinitely, this is demonstrated by the figures shown below.

Performance measure	2013/14	2014/15	2015/16	2016/17	% change 2013/14 to 2016/17
Total incidents	8890	8230	8633	9906	11%
Primary Fires	1339	1298	1290	1475	10%
Secondary Fires	985	1010	1062	1231	25%
All Deliberate Fires	816	923	1039	1205	48%
Deliberate Primary Fires	234	280	311	381	63%
Deliberate Secondary Fires	582	643	728	824	42%
Dwelling Fires	588	527	512	608	3%
Deaths from Fire	3	8	4	3	
Injuries from Fire	49	56	49	70	43%
False Alarms due to Automated Fire Alarm systems	2719	2324	2508	2738	1%
Malicious False Alarms	72	69	69	75	4%
Non-domestic Fires	195	179	180	174	-10%
Special Services	2165	1926	2028	2615	21%

- Despite growing pressure in relation to operational activities, and the expanding role of the Fire and Rescue Service in terms of its contribution to the wider community safety agenda, especially with Public Health, Community Protection has managed its budget well and consistently comes in on or under target each year. HFRS is one of the most cost effective Fire and Rescue Services, as are Trading Standards and Resilience.
- The latest available CIPFA fire and rescue statistics for 2015/16 show HFRS to have a budgeted expenditure of £31.93 per head of the population. This places HFRS 12th lowest in terms of cost per head of population nationally out of the 39 English FRAs, 4th lowest in its defined Family Group 4 and 6th lowest out of the 15 County Council FRA's.

- Hertfordshire Trading Standards is held in high regard both internally and externally for its innovative and effective service as part of the Community Protection Directorate and multi-agency partnership arrangements play a vital role in this. Trading Standards works within a mature, efficient and cost effective local, regional and national collaborative environment. The service is part of the East of England Trading Standards Authorities (EETSA) which removes duplication and provides efficiencies in the areas of competence, training, and operational effectiveness.
- The most recent comparative figures are from the Chartered Trading Standards Institute Workforce Survey carried out in June 2016¹:

	Hertfordshire Trading Standards (2016/17)	National Average UK	English Regions
Cost per head of population	£1.74	£1.99	£1.76
Income Generation, as a proportion of overall budget	15.2%	9.5%	
Proportion / amount of TS budget allocated for staffing costs	88%	87%	

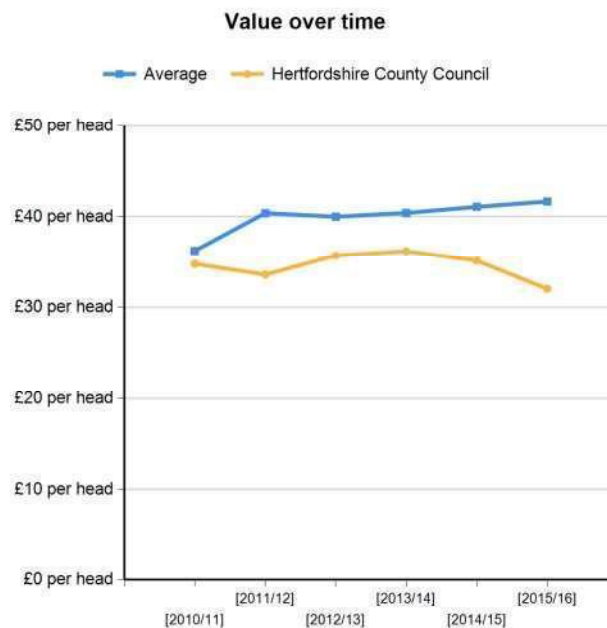
- Trading Standards has developed a number of significant Primary Authority Partnerships with some of the country's most high profile businesses. A number of new businesses have entered into partnerships with us over the past year; including most notably Amazon to whom we now provide regulatory support on a national basis. Moving to a Primary Authority relationship has enabled us to provide, at no cost to Hertfordshire taxpayers, enhanced levels of advice and other support, helping Hertfordshire-based businesses to trade safely and fairly across the UK, raising standards of compliance whilst improving consumer protection. Recent changes to Primary Authority will open up further opportunities to increase the number of small businesses that can benefit from the scheme. Developing relationships with SMEs based within Hertfordshire will be a priority for Trading Standards over the coming year.
- Satisfaction levels continue to be excellent, with Trading Standards own surveying of business evidenced levels of satisfaction of 89% in 2016/17. This represents an increase of 3% on the overall satisfaction rate for 2015/2016. This is the highest score achieved in recent years and now the eighth year in succession that figures have shown no reduction in satisfaction levels.
- The directorate has a strong track record in evidencing a very high level of competency in discharging its licensing and enforcement responsibilities in relation to Safety at Sports Grounds. As part of its role to monitor local authorities, the Sports Grounds Safety Authority operates a rolling process of audits and self-assessments to measure performance with HCC scoring the highest possible mark of 50 in 2016/17. No average score across all local

¹ <https://www.tradingstandards.uk/media/documents/policy/strategy/ctsi-workforce-survey-2016.pdf>

authorities is yet available for 2016 however in 2014 when HCC's score was 49, the average score across all local authorities was 42/50.

Waste Management

- A recent survey conducted on behalf of the National Association of Waste Disposal Officers (NAWDO) for 2016/17 provided an opportunity to benchmark the costs of the Household Waste Recycling Centre service (HWRS). The analysis in the comparisons below suggests that the HWRS in Hertfordshire is between £1.36m and £1.72m cheaper each year than the average of the surveyed comparators.
 - From the 11 peer County Councils that completed the survey, the average cost of providing a HWRS was £15.15 per household and £12.32 in Hertfordshire. In these terms, this suggests that the HWRS in Hertfordshire (which costs c. £6m p/a) is c. £1.36m cheaper than average.
 - Hertfordshire has 17 HWRCs and, consideration of the surveyed WDA cost per HWRC suggests that the average cost per HWRC is c. £451k p/annum and in Hertfordshire is £350k p/annum. This suggests that the HWRS in Hertfordshire is c. £1.72m cheaper than average.
- Figures produced by The Public Sector Audit Appointments (PSAA) VFM dataset for County Councils continues to show that the cost of waste disposal in Hertfordshire remains lower than average and has bucked a trend of rising costs, with an average spend per head in 2015/16 of £32.02 compared to an average of £41.67.



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

Community Protection

- The efficiencies identified in section 3 above, do not present significant risk and will not adversely affect emergency provision or delivery of other services within Community Protection. They can therefore be achieved with confidence of a low risk of industrial unrest or public reaction.
- The Integrated Risk Management Plan (IRMP) is both a key opportunity to consider the principles behind the Service and a risk in relation to public and staff views as a result of potential proposals for change. The development of a new IRMP will require the Fire Authority to consider a number of key principles, foremost of which will be the Authority's attendance standards, the balance between emergency response and what activities might be undertaken to prevent emergencies and reduce demand. The attendance standards are one of the key factors that help to determine, for example, how far apart fire stations can be placed. A desire to maintain existing standards will have a limiting effect on the flexibility of provision that can be achieved in the future.
- Recruitment of Retained Duty System (RDS) staff who provide a considerable amount of the emergency response provision across the rural areas of Hertfordshire are becoming increasingly difficult to attract, recruit and retain. This will have a direct impact on the ability to meet the requirements of the current IRMP. The Retained Duty System review already underway will identify ways in which this issue can be addressed.
- The Directorate management team continue to work closely with HR colleagues to ensure effective recruitment, retention and learning and development opportunities are identified. The workforce profile is constantly monitored to ensure plans are in place to manage succession to key posts.

Waste Management

- Savings from the Interim waste disposal contracts have been agreed. However, two of the contracts for disposal (at Edmonton ERF and Westmill landfill) are time limited to 2020. When these facilities become unavailable (North London Waste Authority require the capacity at Edmonton for its own waste and Biffa may not gain planning permission to extend Westmill and/or may run out of time or available void space) waste will be directed to the Waterdale Transfer Station to access alternative facilities. However, the lack of proximate options and increasing competition for limited capacity in the region remains a key area of concern for future pressures.
- The HWRC service change proposals will be Member dependent and any potential rationalisation carries associated planning, deliverability and funding risks.
- Delivery of the Ratty's Lane EfW is subject to planning permission, and could be subject to a judicial review and/or delays in the process.

KEY BUDGET MOVEMENTS 2018/19 - 2021/22

	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s
Service Specific Inflation	403	403	403	403
Legislative	310	610	930	1,170
Other Pressures	1,743	1,843	2,513	2,993
TOTAL PRESSURES	2,053	2,453	3,443	4,163
Existing Efficiencies	(213)	(636)	(636)	(636)
New Efficiencies	(1,766)	(846)	(766)	(766)
TOTAL SAVINGS	(1,979)	(1,482)	(1,402)	(1,402)

Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
	Technical Adjustments							
	None							
	Service Specific Inflation							
	<u>Waste Management - expenditure</u>							
	Indexation in Waste Management Contracts	Environment	Service Specific Inflation	346	346	346	346	
	<u>Waste Management - income</u>							
	the context for this service means the county target income inflation is not achievable	Environment	Service Specific Inflation	57	57	57	57	
	Pressures							
	<u>Impact of Landfill Tax - Waste Management (rate change)</u>							
L2	Inflationary increase in rate of landfill tax to be applied from 1st April bringing the rate charged to around £88.95 per tonne from April 2018. Subsequent increases have been projected in line with the assumed Retail Price Index rates.	Environment	Legislative	160	310	480	560	43,743
	<u>Environment Protect Act - Recycling credits</u>							
L3	The nationally set 3% annual increase in the price per tonne that has to be paid as Recycling Credits to the waste collection authorities can no longer be contained in the overall waste management budget.	Environment	Legislative	150	300	450	610	43,743
	<u>Residual Waste Disposal Contracts</u>							
OP10	As a consequence of the planning refusal for the facility at New Barnfield, interim short term waste disposal contracts were entered into which were gained at a relatively favourable rate. These contracts are set to end from 2018/19.	Environment	Other Pressures	1,650	1,750	2,420	2,900	38,905
	<u>Waste - reduction in income</u>							
OP16	The previous expectation for increased net income is not now achievable.	Environment	Other Pressures	93	93	93	93	43,743
	Savings							
	<u>Officer Response Vehicles - change from Lease to Capital Provision</u>							
EE5	A business case has been developed to change from revenue funded lease provision of officer blue light vehicles to provision via capital funding. This will result in a reduction in revenue requirement for leased vehicles over the coming years. These savings are reliant on approval of corresponding capital funding.	CP	Existing Efficiencies	(40)	(80)	(80)	(80)	200
	<u>Staffing</u>							
EE6	The 2017/18 IP included a one-off saving of £210k for 2017/18 linked to the new recruit course not starting until 3 months into the financial year. The recruits are now in WT posts and will be funded for the whole of 2018/19 onwards	CP	Existing Efficiencies	210	210	210	210	21,659
	<u>Fire Prevention</u>							
NE3	Continue transition of Grey to Green Book roles	CP	New Efficiencies	(16)	(16)	(16)	(16)	755
	<u>Removal of Risk Reduction role</u>							
NE4		CP	New Efficiencies	(30)	(30)	(30)	(30)	755
	<u>Trading Standards</u>							
NE5	Reduction in budget in stationery and training through efficiencies and increase in Primary Authority income	CP	New Efficiencies	(50)	(50)	(50)	(50)	(189)
	<u>Restructure and gradual shift of some roles from Grey to Green Book using model trialled in JPS</u>							
NE6		CP	New Efficiencies	(50)	(50)	(50)	(50)	26,848

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Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
NE7	<u>Occupational Health</u> Income from commercial services	CP	New Efficiencies	(20)	(20)	(20)	(20)	-
NE8	<u>Cease Sophistic licencing</u>	CP	New Efficiencies	(50)	(50)	(50)	(50)	1,110
NE9	<u>Vision licencing</u> Due to Government funding for control room collaborations HFRS will take a payment 'holiday' for the next two financial years until Home Office funding is spent - £80k per annum for 2 years only	CP	New Efficiencies	(80)	(80)	0	0	1,110
NE95	<u>Financial Investigating Officer</u> The Financial Investigating Officer now working within Trading Standards undertakes work around proceeds of crime and other financial matters, it is therefore acceptable to utilise Proceeds of Crime to fund a proportion of this post.	CP	New Efficiencies	(20)	(20)	(20)	(20)	2,047
NE96	<u>Primary Authority</u> Further increase in income from Primary Authority work	CP	New Efficiencies	(15)	(15)	(15)	(15)	(193)
NE97	<u>Prevention Team</u> Reduction in funding for community safety prevention initiatives	CP	New Efficiencies	(5)	(5)	(5)	(5)	130
NE98	<u>Property Maintenance Post</u> The existing incumbent retires shortly, the proposal is that this post is frozen for the next financial year pending a review of the long-term requirement	CP	New Efficiencies	(25)	0	0	0	101
NE99	<u>Property Maintenance Budget</u> In conjunction with the freeze on the post above it is proposed that the material budget for the property maintenance budget is also frozen pending completion of the review above	CP	New Efficiencies	(30)	0	0	0	156
NE100	<u>Reduction in Response Central Budget</u> This is a top slice of the existing budget	CP	New Efficiencies	(5)	(5)	(5)	(5)	21,659
NE101	<u>Reduction in Printing Costs</u> A significant quantity of colour printing still takes place in CP. Work will be undertaken in the remainder of 17/18 and in to 18/19.	CP	New Efficiencies	(15)	(15)	(15)	(15)	40
EE7	<u>Review of Discretionary Waste Disposal Payments</u> A review of the Alternative Financial Model (AFM) which is the mechanism with which Waste Authority incentivises and rewards Waste Collection Authorities to reduce residual waste has resulted in this saving.	Environment	Existing Efficiencies	(333)	(666)	(666)	(666)	38,905
NE10	<u>Residual Waste Treatment Programme</u> Reduction in External Consultancy budget.	Environment	New Efficiencies	(250)	(250)	(250)	(250)	530
EE8	<u>Household Waste Recycling Centres (HWRC) Re-Use Targets</u> The wider introduction of re-use 'shops' across the HWRC network has proved successful and should result in additional income with the planned expansion in size of some shops.	Environment	Existing Efficiencies	(50)	(100)	(100)	(100)	3,435
NE13	<u>Hertfordshire Waste Partnership</u> Post achieving equitable funding for Hertfordshire Waste Partnership activity (in 2019/20)	Environment	New Efficiencies	(20)	(40)	(40)	(40)	57
NE15	Hadham Towers Restoration Fund - one off contribution from Reserves	Environment	New Efficiencies	(125)	0	0	0	(125)
NE17	Waste Week 53 Reserve - one off contribution from Reserves	Environment	New Efficiencies	(760)	0	0	0	(1,065)
NE81	<u>Waste Collection Authority (WCA) Transport Subsidy</u> Proposed changes to the mechanism for statutory payments to district and borough councils under a direction (from the County Council) to disposal sites that are 'unreasonably' far from their areas.	Environment	New Efficiencies	(150)	(150)	(150)	(150)	43,743
NE82	<u>Composting contract</u> End of contract in March 2018 affords the opportunity to re-direct some organic waste to cheaper and more proximate composting plants.	Environment	New Efficiencies	(50)	(50)	(50)	(50)	43,743

Note 1

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

EE3 (X1) - Printing Contract Savings	(37)	(37)	(37)	(37)
NE2 (X1) - Serco SMS contract savings	(199)	(533)	(691)	(665)
EE13 (X2) - Enabling the Worker	(685)	(685)	(685)	(685)

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ANALYSIS OF REVENUE BUDGET BY OBJECTIVE AREAS

2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
22,825	<p>Fire & Rescue Service</p> <p><u>Response & Resilience</u> * Operational Response attend over 10,000 emergencies each year including fires, road traffic collisions and hazardous incidents. This budget includes the costs of operational staff salaries, fire stations and the control centre. * The Resilience Team work with departments across HCC to support business continuity planning, a leading role is also played in the Hertfordshire Local Resilience Forum and the team provides a traded service supporting a number of district and borough councils across Hertfordshire with business continuity advice.</p>	23,122	(310)	22,812	22,812	22,812	22,812
6,727	<p><u>Service Support</u> * Technical Services replace and maintain essential operating equipment, vehicles and appliances. The budget includes the costs of maintaining and replacing Personal Protective Equipment / Uniform, breathing apparatus, vehicles, hoses, ladders, pumps, thermal imaging equipment, hydraulic cutting equipment, road traffic equipment and fire appliances. * Training and Development Centre (Longfield) delivers training to new recruits, ongoing risk critical competence based training for all operational staff and Assessment and Development Centres. The HFRS training programme also includes cost effective external training such as incident command courses (delivered by the national Fire Service College), Inter Agency Liaison Officer training, national resilience training, and water safety training. * Digital Services provide fire specific emergency control room mobilising and incident ground communications (radios, mobile data terminals, station alerters, pagers etc), fallback/resilience and operational command technical support. The administration and licensing costs of core fire service specific ICT systems (mobilising, rota management, incident recording, risk information) are included here.</p>	6,852	(300)	6,552	6,567	6,647	6,647
1,059	<p><u>Performance & Business Support</u> Performance & Business Support include the cost of senior management salaries, firefighter and non-operational staff recruitment, fire risk analysis, maintenance of operational guidance / policies, employee insurance, medical costs and resilience planning.</p>	1,976	(742)	1,234	1,234	1,234	1,234
30,611	Fire & Rescue Service Total:	31,950	(1,352)	30,598	30,613	30,693	30,693

2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
4,584	<p>Other Community Protection</p> <p><u>Joint Protective Services, Resilience and County Community Safety Unit</u></p> <p>* Trading Standards protect consumers and businesses by investigating unfair and illegal business practice and helping to ensure Hertfordshire has safe, strong and healthy communities. They enforce fair trading laws, advising manufacturers, importers, retailers and service providers on how to comply with the law ensuring that legitimate businesses are able to thrive and grow within the county. They inspect goods at all stages of production and distribution in factories, warehouses, shops and markets to make sure they meet legal standards. Samples of food and other products are purchased from a range of outlets and taken for analysis and safety testing. They work closely with the Police and other agencies in performing their role.</p> <p>* Community Fire Safety exists to promote safety and educate businesses, residents and communities on how they can stay safe, and to take enforcement action where there are failures to comply with fire safety legislation. Community safety advice is a statutory requirement under the Fire and Rescue Services Act and is provided to a wide range of vulnerable groups. Other activities with Community Fire Safety include youth engagement and diversionary schemes including work with the Princes Trust. It also includes work with other high risk groups such as older people, and includes the cost of providing high risk residents with smoke alarms and fire proof bedding in collaboration with HCS.</p> <p>* The Community Safety Unit is responsible for delivering the council's statutory responsibility to reduce both crime/disorder and the effects of drug and alcohol misuse on our communities. The unit works closely with the ten district councils, Hertfordshire Constabulary and a range of other agencies.</p>	5,461	(1,076)	4,385	4,385	4,385	4,385
4,584	Other Community Protection Total:	5,461	(1,076)	4,385	4,385	4,385	4,385
43,131	<p>Environment</p> <p><u>Waste Management</u></p> <p>The county council has a duty to make disposal arrangements for the Local Authority Collected Waste (LACW) that hasn't been separated for recycling, as well as that received at its household waste recycling centres. The county's partnership with the district councils and the Waste Aware initiative has limited the rise in the total quantity of waste requiring disposal and substantially increased the proportion being recycled.</p>	46,384	(2,574)	43,810	44,692	45,682	46,402
43,131	Waste Management Total:	46,384	(2,574)	43,810	44,692	45,682	46,402
78,326	Community Safety & Waste Management Total	83,795	(5,002)	78,793	79,690	80,760	81,480

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Community Safety & Waste Management Capital Programme 2018/19 to 2021/22

The total proposed Capital Programme 2018/19 to 2021/22 for the portfolio is £30.553m and for 2018/19 is £12.032m. This includes all new bids and re-programming from 2017/18 at the end of quarter 2. HCC Funding of £11.987m is requested in 2018/19 and £30.508m over the next 4 years.

	2018/19	2019/20	2020/21	2021/22	Total
	£'000	£'000	£'000	£'000	£'000
HCC Funding	11,987	5,255	8,803	4,463	30,508
Grant	45	-	-	-	45
Total	12,032	5,255	8,803	4,463	30,553

New Capital Bids

There are two new capital bids for Community Safety and three new capital bids for Waste Management that require £4.130m for 2018/19 and £16,364m for 2018/19-2021/22.

Scheme	<u>Cost</u> <u>2018/19</u>	<u>HCC</u> <u>Funding</u> <u>2018/19</u>	<u>External</u> <u>Funding</u> <u>2018/19</u>	<u>Total</u> <u>Cost</u> <u>2018/19-</u> <u>2021/22</u>	<u>Total</u> <u>HCC</u> <u>funding</u> <u>2018/19-</u> <u>2021/22</u>	<u>Total</u> <u>External</u> <u>Funding</u> <u>2018/19</u> <u>=</u> <u>2021/22</u>	
	£'000	£'000	£'000	£'000	£'000	£'000	
Relocation of Fire Service HQ	637	637	-	12,571	12,571	-	The project is to operate on a phased basis in order to support delivery of the four Property Priorities. Review Fire stations as part of the IRMP process, Joint Fire and Rescue Headquarters / Hertford Fire Station, Longfield Training and Development Centre and Malloes Park workshop (WGC).
Telemetry-Breathing Apparatus	-	-	-	300	300	-	Additional safety equipment for the breathing apparatus.
Redevelopment of the Stevenage HWRC	3,203	3,203	-	3,203	3,203	-	The expansion and redevelopment of the Stevenage Household Waste Recycling Centre (HWRC) is needed to improve accessibility and future proof the facility against local growth.
Installation fire suppression system at the Waterdale Recycling Building	60	60	-	60	60	-	To improve safety on site, offering greater security during and out of operational hours.
Reconfiguration of the Rickmansworth HWRC	230	230	-	230	230	-	Increase size and layout and decrease the number of container exchanges.
Total	4,130	4,130		16,364	16,364	-	

Revised Capital Bids

Updated bids for vehicle and equipment replacement programmes are included in the following portfolio capital programme. Spend on these annual programmes are variable, dependent on the use of the asset and assessment of need and risk.

Community Safety & Waste Management Portfolio Capital Programme 2018/19 - 2021/22

	Description New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost	Cost 18/19	HCC Funding 18/19	Reserves 18/19	Grants 18/19	Cost 19/20	Cost 20/21	Cost 21/22
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
1	<u>Redevelopment of the Stevenage Household Waste Recycling Centre (N)</u> The expansion and redevelopment of the Stevenage Household Waste Recycling Centre (HWRC) is needed to improve accessibility and future proof the facility against local growth.	Community Safety & Waste Management	3,203	3,203	3,203	-	-	-	-	-
2	<u>Installation of a fire suppression system at the Waterdale Recycling Building (N)</u> The Waterdale Recycling Building (WRB) is a key strategic asset in HCC's waste management delivery and has been in operation since early 2014. The installation of a fire suppression system (FSS) would vastly improve the safety of the site, offering added security against fire both during and out of operational hours.	Community Safety & Waste Management	60	60	60	-	-	-	-	-
3	<u>Ware Household Waste Recycling Centre (E)</u> HCC, through the Waste Disposal Authority's Waste Spatial Strategy (WSS) 2009 (updated in 2016), has identified the need for a new "super site" Household Waste Recycling Centre (HWRC) at the existing Westmill site (in HCC's ownership) to improve the resident experience, plan for property growth, and allow consideration for the rationalisation of the HWRC network.	Community Safety & Waste Management	6,000	5,000	5,000	-	-	500	-	-

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	Description New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost	Cost 18/19	HCC Funding 18/19	Reserves 18/19	Grants 18/19	Cost 19/20	Cost 20/21	Cost 21/22
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
4	<u>Reconfiguration of the Rickmansworth Household Waste Recycling Centre (N)</u> The reconfiguration of the Rickmansworth Household Waste Recycling Centre (HWRC) is needed to improve accessibility and reduce queuing onto Riverside Drive. The new layout would include a new mobile compaction unit, which will improve payloads across a number of waste streams and reducing the amount of journeys to disposal destinations and the number container exchanges would decrease.	Community Safety & Waste Management	230	230	230	-	-	-	-	-
5	<u>Waste Management System Development (E)</u> WAMS or a replacement waste data management system is fundamentally critical to the continued efficient functions of the County Council in fulfilling its statutory role as Waste Disposal Authority. The system will also help in the WMU deliver productivity efficiencies in reducing duplication, automating process and integrating data function of both the Waste Disposal Authority and the 10 Waste Collection Authorities.	Community Safety & Waste Management	250	200	200	-	-	-	-	-
6	<u>Waste Infrastructure Capital Grant (E)</u> The project is for the provision of three new and/or expanded structures at the Rickmansworth, Waterdale and Harpenden Household Waste Recycling Centres (HWRCs) to enable the improvement of re-use options across the County. This is, not for any new money but instead for a carry forward of the existing Waste Infrastructure Capital Grant sums held by the Authority. Savings of approx £50k per year are expected.	Community Safety & Waste Management	45	45	-	-	45	-	-	-

	Description New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost	Cost 18/19	HCC Funding 18/19	Reserves 18/19	Grants 18/19	Cost 19/20	Cost 20/21	Cost 21/22
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
7	<u>Community Protection ICT Equipment (R):</u> the provision of essential ICT equipment including mobile data terminals on all vehicles in order to receive mobilising instructions and incident information. The equipment that is required to support emergency calls is not generic and is not part of the universal systems programme.	Community Safety & Waste Management	Annual Programme	459	459	-	-	386	169	70
8	<u>Vehicle Replacement Programme-HFRS (R):</u> Each of the vehicles identified for replacement has reached the end of its serviceable life based upon an individual risk assessment. Provision of the appropriate vehicles will also contribute to meeting the HCC standards for attendance to operational incidents and supports the published strategic aims; to maintain an excellent emergency response service and to deliver quality and targeted prevention work. Not replacing these vehicles would result in increased risk to the public, increased reputational risk and increased risk to firefighters as vehicles would be in danger of not operating effectively either by failing to start or complete journeys to incidents, or being unable to pump water for example once there.	Community Safety & Waste Management	Annual Programme	1,760	1,760	-	-	1,112	1,763	1,322

	Description New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost	Cost 18/19	HCC Funding 18/19	Reserves 18/19	Grants 18/19	Cost 19/20	Cost 20/21	Cost 21/22
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
9	Equipment Replacement Programme - HFRS (E): The Service has an equipment replacement plan to ensure that equipment is replaced at an appropriate time and to ensure that standards of service to the public are maintained. Some replacements, such as rope rescue harnesses have a fixed shelf life stipulated by the manufacturer or legislation, other equipment may be replaced due to wear and tear. The Service continually evaluates equipment and critiques its use and function. Internal processes such as the Operations User Forum encourage grass roots staff to play an active part in researching and testing new equipment, ensuring the Service stays at the forefront of modern technology.	Community Safety & Waste Management	Annual Programme	438	438	-	-	227	445	293
10	Relocation of Fire Service HQ (N): The aim of the project is to support the delivery of the 'Property Priorities' outlined in the draft 2017-2021 Asset Management Plan for Community Protection: Hertfordshire Fire & Rescue service. The project is to operate on a phased basis in order to support delivery of the four Property Priorities. Review Fire stations as part of the IRMP process, Joint Fire and Rescue Headquarters / Hertford Fire Station, Longfield Training and Development Centre and Mallows Park workshop (WGC).	Community Safety & Waste Management	12,571	637	637	-	-	3,030	6,426	2,478

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	Description New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost	Cost 18/19	HCC Funding 18/19	Reserves 18/19	Grants 18/19	Cost 19/20	Cost 20/21	Cost 21/22
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
11	Telemetry-Breathing Apparatus (N): The Community Protection Directorate need to ensure that its Firefighters have the best possible equipment , vehicles and clothing to allow them to serve the communities of Hertfordshire. Our expectation is that Telemetry will have advanced sufficiently in the next three to five years to really offer a system that meets expectation and operational capabilities.	Community Safety & Waste Management	300	-	-	-	-	-	-	300
	Total			12,032	11,987	-	45	5,255	8,803	4,463

INTEGRATED PLAN

PART B - STRATEGIC DIRECTION AND FINANCIAL CONSEQUENCES

EDUCATION, LIBRARIES AND LOCALISM

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Education, Libraries and Localism Portfolio

Strategic Direction:

- To ensure a good education for local children.
- Deliver Inspiring Libraries and Heritage Services strategies.

Key priorities and programmes:

- To enhance the existing high quality educational provision in the county, including for children with SEND.
- To maintain effective relationships between HCC and schools individually and collectively.
- To meet demand for additional school places, most particularly secondary and special school places and places to meet needs arising from new housing development.
- Technology and Property projects in both Libraries and Heritage Services.
- Roll out of a further 9 Community Libraries across the county.
- Exploring the potential of Library Services moving into an Alternative Delivery Model.

Key services provided:

- Oversight and improvement of quality of education in Hertfordshire, especially in maintained schools
- Provision of school places, management of admissions and home to school transport.
- Key strategic partnerships that include: Hertfordshire Armed Forces Community Covenant Board and Hertfordshire Lifestyle and Legacy Partnership.
- The delivery of Archive and Local Studies (HALS), 46 libraries and outreach services.

Key risks in achieving IP proposals:

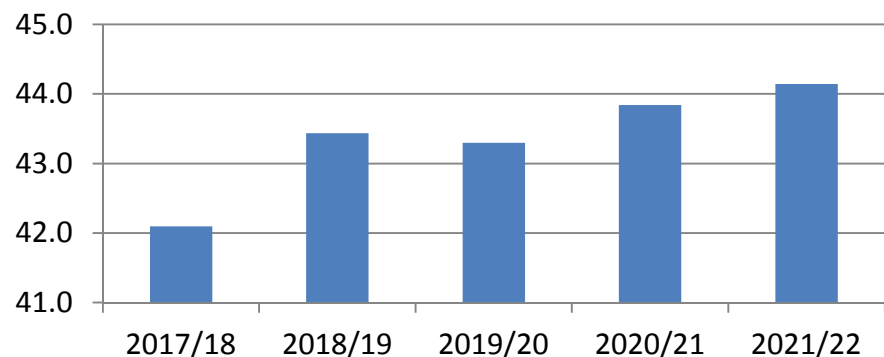
- Failure of schools to support the county council in meeting its objectives
- Failure of maintained schools to agree to fund key activities for HCC to maintain them effectively.
- That the business case for an Alternative Governance Model for Libraries does not recommend a strong enough case to proceed with the change in governance.
- The roll out of community libraries does not progress quickly enough, due to communities capacity and/or property issues.

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Education, Libraries and Localism Portfolio

£m

Net Revenue Budget



Key Revenue Pressures:

- Special Education Needs home to school transport - increased underlying costs of this statutory service.
- Customer Engagement & Libraries 2017/18 Vacancy Factor - it has not been possible to achieve the saving through vacancy management in a public facing service without unacceptable service reductions.

Summary Revenue Budget Movements

	2018/19 TOTAL £000	2019/20 TOTAL £000	2020/21 TOTAL £000	2021/22 TOTAL £000
Service Specific Inflation	20	20	20	20
Other Pressures	2,037	3,235	3,774	4,134
TOTAL PRESSURES	2,037	3,235	3,774	4,134
Existing Efficiencies	(1,873)	(1,873)	(1,873)	(1,873)
New Policy Choice	(17)	(17)	(17)	(17)
TOTAL SAVINGS	(1,890)	(1,890)	(1,890)	(1,890)

Key Revenue Savings Proposals:

- Savings required due to reduction in Education Services Grant
- Hertfordshire Archives & Local Studies - review of the service.

Key Capital Schemes:

- Primary and Secondary expansion programme
- New School developments
- Schools repairs and maintenance to buildings
- Co-location of libraries

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Capital Programme	68,867	80,580	44,803	37,131

Education, Libraries and Localism Portfolio: Future Strategic Direction

1 What are the key priorities for the portfolio over the period 2018/19 – 2021/22?

Education

- To seek to preserve and enhance for the future the existing high quality of educational provision in the county, including for children with Special Education Needs and Disabilities (SEND).
- To improve further existing standards in Maintained Schools in Hertfordshire, whilst HCC has responsibility in this area
- To manage the council's transition away from itself funding significant activity relating to standards and service provision in mainstream education.
- To seek to maintain effective relationships between HCC and schools individually and collectively in relation to continuing responsibilities for SEND and disadvantaged children.
- To meet demand for additional school places, most particularly secondary and special school places, including in particular in relation to behaviour and Alternative Provision; and school places to meet needs arising from new housing development.

Libraries and Localism

- The Library Service will continue its programme of improving Hertfordshire library buildings to ensure that they are bright, attractive, welcoming, flexible, tech-enabled spaces in convenient locations.
- The Library Service will continue to seek opportunities to extend self-service access to libraries by rolling out swipe-card access and supported self-service initiatives.
- To review and finalise the transition of Tier 3 Libraries into volunteer-partnered Community Libraries with a view to completing the roll-out in 2018/19.
- A new model for library service delivery will be explored, with the aim to achieve an additional £500,000 revenue budget saving commencing in 2019/20.
- Digitising Hertfordshire Archive and Local Studies (HALS) collections to improve public access and income generation remains a priority for the next few years.
- Progressing options for the long terms solutions for storage of Archive collections.
- Continuing to make further savings through income generation and reviewing service levels at HALS.
- Continuing the partnership work that is pivotal to the localism brief and makes an important contribution to the 'Opportunity to Take Part' theme of the Council's Corporate Plan. Two of these key partnerships are; Hertfordshire Armed Forces Community Covenant Board and Hertfordshire Lifestyle and Legacy Partnership.

2 What are the key pressures and challenges facing your portfolio for 2018/19 – 2021/22?

Education

There are three major sets of pressures/challenges facing the service. These are:

- Financial;
- Legislative and regulatory change; and
- Demographic

The service's response to these is described in Section 3.

Financial

The service's budgets are largely funded from the Dedicated Schools Grant (DSG). The allocation of this is planned by the Council working in partnership with the Schools Forum, which has a range of independent powers. DSG funded expenditure in 2018/19 is expected to be £947m, somewhat higher than the aggregate of all other HCC services. It is divided as between High Level Needs (SEN) services (£108m), Early Years (£85m), Central Services (£6m) and schools-related budgets (£747m). In previous years, a second major source of funding was the non-ring-fenced Education Services Grant (ESG) which supported £7.3m of expenditure. HCC itself funds about £26m, 75% of which is home to school transport, and the largest other element our SEN services within Integrated Services for Learning (ISL).

The first major strategic financial challenge for the next four years is managing DSG-funded services, and in particular schools, against a substantial real-terms reduction (after inflation and pressures). Our estimates for 2016/17 and 2017/18 are for an average real terms reduction in excess of 4%. Following that, despite a more-optimistic view presented by DfE, we expect next year to see local reductions after inflation of perhaps 1%. Such judgements are becoming harder to make, since schools budgets are largely protected in cash terms, or provided with modest increases, whereas general price inflation is now 3% and there is no real expectation of a pay settlement at or below 1% for academic year 2018/19.

This excludes the impact of the loss of ESG on Academies (about 2% of budgets).

When originally announced, the National Funding Formula (NFF) would have reduced secondary school budgets locally, and increased primary, with other shifts between small and large schools and less deprived and more deprived. Some of these changes have been mitigated by the introduction of various protections, so that "losers" will lose only over a longer period of time as inflation erodes the value of cash protections. However, there remains doubt over if, when and how the NFF will be implemented since implementation of the full, "Hard" NFF requires primary legislation.

Partly as a result of real-terms budget reductions an increasing number of schools are falling into deficit. This problem will become progressively more severe as budgets fall over time. For maintained schools, HCC is responsible for intervention in support of these schools. For Academies, responsibility lies with the Education Funding Agency. Over the past year we have worked with schools to restructure and reduce their staffing, and support them with consequential programmes of redundancy. The wider impact of funding reductions over time will potentially be on

standards, and also on the extent to which schools are willing to take responsibility for behaviour and other problems rather than to see these as matters for the local authority.

The second major challenge is to respond to the withdrawal of ESG, which equated to £3m in 2017/18 rising to £5m in 2018/19. In 2016 our proposals included the first stage (£3m) of reductions; this year the remaining £2m will be removed as described in Section 3, below.

The major capital programme challenge over the next four years is developing and delivering a continuing programme of school expansions and new schools, both to meet rising underlying demand for places, and to provide the schools infrastructure required as a result of major new housing developments. The capital programme for expansion of schools (and maintenance of maintained schools) is all externally-funded, largely through grant from the DfE. Annual expenditure is between £60-70m over time, but may increase with rising secondary aged pupils and the infrastructure requirements of large additional housing developments. The major new housing development at Bishops Stortford North will alone require more than £40m of investment in schools over the next few years.

Funding received from government for High Level Needs in the form of DSG on the other hand is set to rise over the next three years, with planning under way to adapt and develop our services to meet growing needs. Early Education services are also expanding.

The success of the service, across the board, depends critically on the quality of relationships and partnerships with local schools, individually and collectively, and with the various arms of Government including particularly the Regional Schools Commissioner. Our ability to achieve both local educational objectives and wider objectives round disadvantage depend absolutely on this. A major task for senior management is the maintenance and development of the existing good structure of relationships and partnerships.

The wider policy context for the service's work is that it is in support of the council's priority of opportunity to thrive. The Children's Services' Strategic Plan 2015-2018; Shaping the Future sets out the priorities for the next three years, and includes key projects/programmes which are discussed further below.

Legislative and regulatory change

In March 2016 the Government published a White Paper which foreshadowed the ending of local authorities' role in management of and quality for mainstream education. All schools were to be required to become Academies. Following ministerial changes, however, government priorities have shifted towards disadvantaged children including those just above the threshold for receipt of free school meals, encouraging social mobility, and increasing the capability of the education system. Academisation as such has taken a lower profile, but remains a longer-term aspiration for Government. There is now an expectation that local authorities may retain responsibilities for maintained schools for a considerable time to come. Indeed without primary legislation on education – and none is planned – this is now inevitable for the foreseeable future. Conversion of schools to become single-academy trusts is no longer seen as necessarily beneficial unless educational benefits can be demonstrated, especially in the primary phase, with resulting and growing emphasis on the development of Multi-Academy trusts.

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At the same time, where schools are converting voluntarily or not, continuing and substantial involvement in the shaping of the process of conversion of schools to Academy status over the next few years is required. Our aim is to help to ensure the maintenance and enhancement of standards, attention towards the needs of disadvantaged children, and the preservation of co-operation and collaboration of schools through involvement in what is described as the “Hertfordshire Family of Schools”.

A major challenge for the service over the next few years is now to plan and take the steps required if HCC is effectively to discharge its role in maintaining those schools which do not wish to become Academies for the medium term future.

However, as referred to above, the Government has nonetheless withdrawn the funding which previously allowed HCC to undertake these roles – the Education Services Grant (ESG). This requires us to move to a situation where HCC itself no longer funds significant activity relating to standards and service provision in mainstream education. This is a challenge both financially, but also in relation to the changes in roles and relationships which inevitably follow when funding is sought from others to allow such activities to continue.

The progressive implementation of the Special Educational Needs reform programme has placed major demands on services. In particular there has been a great increase in planning to meet individuals’ needs, via the Education and Health Care Plan (EHCP) process, which has required considerable enhancement of staff. There has been a rapid increase in demand for EHC Plans and entitlements to services/support after the age of 21, and consequent pressure both on service provision and on Home to School Transport.

Demographic

Growing numbers of school-aged children has driven a major programme of expansion of primary school places; the need for expansion is now increasing in the secondary phase.

Large-scale new housing development in the county requires long term planning and then delivery of new or additional school provision. The service leads in shaping this and ensuring delivery of appropriate nature and quality.

Increasing numbers of children with SEND require enhancement and reshaping of special schools and services.

Libraries and Localism

The implementation of ‘Inspiring Libraries’ was expected to save £2.5 million from the annual revenue budget over a three-year period from 2015/16 – 2017/18. In practice, the savings achieved have been as follows:

2015/16 – £1 million

2016/17 - a further £1 million

The remaining £500,000 savings of the three years of ‘Inspiring Libraries’ implementation, were planned to be achieved by completing the roll-out of 16 community libraries across the County in 2017/18. This is progressing, but the need

to win the trust and support of volunteer groups in each community means that it is a slower process than originally anticipated.

Of the total Library Service revenue budget of £9.4 million, around 10% is expected to be contributed by income generation. A number of new revenue streams have been explored as part of the Inspiring Libraries Strategy, including commissioned services, charges for the hire of library space, and donations for early years activities. However, this new income has to be balanced against the sharp decline in traditional sources of library income. Income from overdue charges is reduced because it is so much easier for customers to renew their items online, and income from DVD charges is falling as this is becoming an increasingly obsolete format. As a result, any income generated from new revenue sources is serving to offset the decline rather than raising additional money for the service.

This means that the final £500,000 of the expected savings from 'Inspiring Libraries' will not be fully achieved in the current financial year (2017/18). Whilst these saving areas will continue to be challenge it is hoped that the full saving can be achieved in 2018/19.

Localism is a key priority for the county council and corporate policy team. It is an agenda that is often embedded within service delivery and cross cutting themes, such as volunteering. However, beyond the funds available through locality budgets, there are no specific budgets allocated to the delivery of localism.

The property infrastructure for both Libraries and Heritage services remains a continued opportunity and challenge. A range of libraries will have been re-provided or refurbished in 2017/18 including Berkhamsted, St Albans and Hitchin plans are in place for a further six libraries over the next few years. However, of the 11 libraries set out in the Inspiring Libraries Strategy as top priority for re-location or re-provision, there is currently no viable solution identified for four of them.

During the next ten years, it will be necessary to plan for and take steps to secure the long term storage needs of HALS. The service is currently accruing physical archives at a rate of an average of 10 cubic metres per year. Current estimates project that there is sufficient space for archive collections for approximately 8-10 years. There are also challenges in maintaining the quality of the current storage space at County Hall, to ensure it is fit for the purpose of storing of archive materials to required standards. Work has started to specify the requirement of a new building, including investigating recently developed archive storage buildings nationally.

Technology and digital solutions likewise present a range of opportunities and challenges. Digitisation of the HALS collections will provide opportunities for increased access to archives and income, however digitising the collection is time and resource heavy causing challenges for the service as they aim to achieve their savings targets.

The Library app has proved a huge success with over 10,000 renewals of library loans each month. Open+ has been piloted at Croxley Green Library and after this successful pilot it is now in place at Berkhamsted, extending self-service opening hours at the libraries. The potential of technology and digital solutions to improve and extend services for residents are significant, however developing robust user centre solutions with suppliers can be challenging yet worth pursuing as they often achieve long term revenues savings but are reliant on upfront investment.

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3 What are the key projects/programmes that the portfolio will deliver 2018/19 – 2021/22?

Education

The major projects being undertaken are as follows:

Mainstream School places: Delivery of continuing more-limited primary expansion programme and of the enhanced secondary expansion programme. This includes in particular progressing with the EFA and other partners a new secondary free school in Harpenden and another in SW Herts; and progressing provision of 3 schools as part of the Bishops Stortford North development. Longer run, site identification through the Local Plan processes continues to be critical in terms of meeting future needs.

Special school places/ SEND strategy:

Creating sufficient good school places for all pupils, including those with special educational needs (SEN) and disabilities, is a high priority for the Council. Local authorities have important specific responsibilities for children and young people with SEN and disabilities. This is a vital role that requires long-term strategic planning, informed by detailed local knowledge enhanced through consultation with parents and carers, and good relationships with local schools. We will continue to work with maintained schools, academies, and others to agree how special educational needs should be met across Hertfordshire, including considering the best ways of supporting mainstream schools to meet these needs, for example through access to specialist services. We will need to consider the range of specialist provision available, and how the places available in special schools, special units and resourced provision meet the changing needs of children and young people.

Intervention in schools in financial and standards difficulties: The continuation of the major programme of involvement/intervention in schools with financial difficulties will continue, including any necessary consequent structural reforms, together with work to enable smooth transfer to academy status within suitable MATs.

Programme of support to improve standards and attainment in schools: this will continue, undertaken by HfL and funded by schools/centrally-held DSG.

Home to school transport (HTS)

Savings have been made in recent years in HTS by removing all provision beyond the statutory minimum entitlement for mainstream schools, and a range of measures to reduce costs, raise charges, reduce service specification and encourage alternative forms of provision to manage demand. However, during the course of 2016/17 and 2017/18 these measures have been progressively overwhelmed by rising costs and demand for transport for pupils with Special Educational Needs.

A major review of the costs and method of delivery of transport has been undertaken, involving several HCC departments and led by Environment who manage the procurement and provision of school transport. Substantial savings in costs are hoped for but there will be a time lag before the necessary changes in procurement processes can be implemented.

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Within Children's Services we will be looking again at entitlement and intensity of vehicle usage, in particular for children with disabilities over the age of 16 and for young adults.

Services relating to maintained schools funded from Education Services Grant (ESG)

Funding for school improvement: Work with Herts for Learning (HfL) and schools seeking continued de-delegation of funding to allow the continuation of school improvement and support will be critical to the maintenance of standards beyond summer 2018.

In response to the withdrawal of ESG each area of service to which it relates has been reviewed, with the intention of reducing expenditure towards zero once the grant has been withdrawn in full in 2018/19.

For 2018/19, the removal of the last tranche of grant will mean that support for maintained schools provided by HfL on behalf of HCC will cease save to the extent that it is funded externally, in particular by maintained schools "de-delegating" funding to pay for its retention. Following consultation, around 75% of schools agreed to support de-delegation to cover the costs of the relevant part of our contract with HfL for 2018/19.

Music Service: the other significant centrally-provided service is Herts Music Service. Net expenditure on the service by HCC (excluding overheads provided) was £1m in 2016/17; we hope to reduce this to £0.5m in 2017/18 and to £200k in 2018/19. A service transformation programme is underway.

Libraries and Localism

In the Inspiring Libraries Strategy there was recognition that there would be value in exploring whether an alternative delivery model for Hertfordshire Libraries was the best means of delivering the ambitions of the Inspiring Libraries Strategy and achieving future budget savings. Future savings targets include £500,000 in 2019/20.

A multi-disciplinary group has been set up to determine whether an alternative delivery model would be the best way forward for the Library Service from 2019/20.

A range of library projects are in place to further progress technology and property developments, that improve the customer experience and deliver savings for the service. The roll out of community libraries remains a high priority for the service in 2018/19, to complete the first phase of the Inspiring Library Strategy and associated £2.5m savings.

The Heritage Strategy agreed in March 2016 has a range of projects around income generation, digitisation and future storage requirements.

The localism portfolio has responsibility for a number of key strategic partnerships that include:

- Hertfordshire Armed Forces Community Covenant Board, which is responsible for maintaining and developing the county's relationship for its armed forces community past and present.
- Hertfordshire Lifestyle and Legacy Partnership, which brings together key partners involved in sport, recreation, culture and volunteering from across the

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county. One of the key priorities of this partnership is developing a co-ordinated approach to sport and arts and culture across the county to maximise opportunities to attract additional external funding.

The localism agenda will be focused through key collaboration projects include; continuing the focus on promoting and encouraging greater levels of volunteering after the end of Hertfordshire's Year of Volunteering. Ensuring the County Council supports its elected members effectively to fulfil their role as community activists and working more effectively with partners (such as other tiers of local government and voluntary and community groups) on local issues.

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

Education

Schools-related services were funded by the (non-ring-fenced) Education Services Grant (ESG). Historically we have spent significantly (20%) less than the grant provided by DfE. This is strong evidence of value for money, as DfE's assessment of need was based on its analysis of national patterns of expenditure, suitably reduced. In any event, though, HCC funding of this area of activity will end in April 2018.

The most significant area of expenditure by HCC is home-to-school transport. We have jointly commissioned an external review – The Edge review—to identify how operational savings might be achieved, though none are expected in 2018/19. The operation of Home to School Transport is undertaken by Environment Department on behalf of Children's Services.

Our benchmarking of HTS transport costs is based on DfE statistics relating to 2017/18 budgets. By comparison to other upper tier authorities our spend per head of total school population (aged 3-16) is the lowest of 27 authorities for mainstream under 16; and 3rd lowest of 27 for special (under 16). However our figures for 16-18 special spend and 18+ special spend are relatively high and the focus of further work.

Budgeted spending per capita on High Level Needs (SEND) services in aggregate (met from DSG) is 4th lowest of 27 upper tier authorities and 2nd lowest of 11 statistical neighbours.

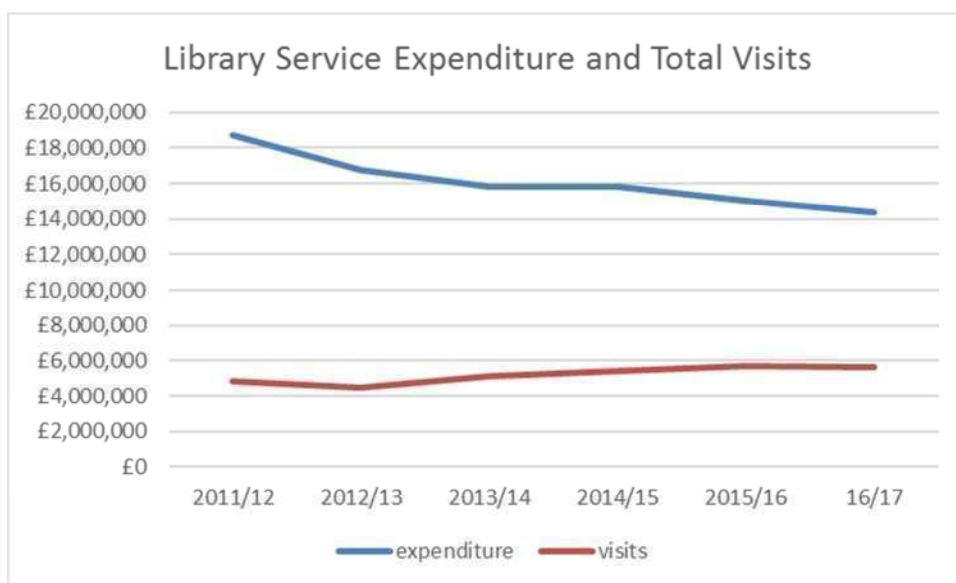
The costs of our ISL service has been critically reviewed as part of scoping the proposed increase in funding of £1m linked to the implementation of the nationally-mandated SEN Reform Programme.

Libraries and Localism

In developing and implementing the Inspiring Libraries Strategy the Library Service visited a number of comparator authorities to understand best practice in terms of technology, community engagement and capital developments, aiding the services' thinking in achieving the £2.5 m savings target by 2017/18 and options for further savings beyond 2017/18.

The Library Service has achieved £1m savings for 2015/16 and a further £1m saving for 2016/17 continuing the decreasing expenditure trend illustrated in the
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graph below, which also demonstrates the increase in visits to libraries (virtual and physical) for the same time period. The final year of the first phase of 'Inspiring Libraries' savings has been challenging, savings will be made but not the full £500k.



The net cost for library services per 1,000 population has decreased from £16,746 in 2011/12 to £12,209 in 2016/17 and for the same time period, the cost per visit has reduced from £3.90 to £2.55

Total revenue expenditure on public libraries is down by 19% since 2011. In Hertfordshire, it is down by over 25%

Councils across the country are looking to develop localism in different ways. At Hertfordshire County Council, the lead for developing this agenda rests with the Corporate Policy team but will rest in other areas in other local authorities. Given this, there is no benchmarking data available. However, in the absence of this, work had previously been undertaken by the Corporate Policy team in 2013 to compare and contrast its approach on corporate policy with three authorities that were either of a similar size, were a neighbouring authority and/ or were facing similar challenges. This research showed that the level of capacity and approach that councils dedicate to this area does vary considerably. However, the level of resource that the County Council allocates to this area seems slightly less than that of the two authorities examined that employ a similar approach. One County Council spent roughly £630,000 and had 10 members of staff working on corporate policy activities. The other spent roughly £730,000 and had 9.33 FTE working on corporate policy activities. Hertfordshire County Council's Corporate Policy team currently has a budget of £546,000 with 6.6 FTE.

There do not seem to be any examples where other county councils are doing anything dramatically different to the approach the Hertfordshire County Council is employing in this area. However, the Corporate Policy Team does regularly engage with other councils through the County Council Network and Association of County Chief Executives to share best practice and keep abreast of different approaches that other councils might be exploring.

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

Education and skills

The key risks are as follows:

- De-delegation of funding for school improvement and support proves impossible after 2018/19, either as a result of DfE Regulation or lack of support from schools themselves, leading to deterioration in standards and quality;
- Schools' willingness to work in collaboration with HCC especially round the most vulnerable young people begins to diminish, for example as a consequence of progressive reduction in schools funding;
- Falling school funding leads to progressive increase in schools budget deficits;
- Longer term school place planning is undermined by inability to secure affordable and deliverable school sites to meet future need through the local plan process.

Some of these risks are difficult to mitigate, and the mitigation of others is part of our mainstream work. An example of this relates to intensive work with maintained schools on a programme of financial activity intended to reduce costs and limit budget deficits, via joint Financial Action Groups.

As regards internal workforce planning, the main issue is recruitment and retention on Educational Psychologists. Market forces supplements are in place, and are regularly reviewed.

Libraries and Localism

In terms of the Library Service the implementation of 10 community partnered libraries and income targets remains high risk in terms of achieving this within 2018/19 to make the full £2.5m saving identified in the first phase of Inspiring Libraries implementation.

There is a risk that the work to explore an alternative delivery model for Hertfordshire Libraries may decide this is not the best means of delivering the ambitions of the Inspiring Libraries Strategy and achieving the next phase of budget savings identified for 2019/10. This outcome will put pressure on the service to identify other ways of making savings.

Clear project plans and milestones are in place to guide the implementation of future community libraries but every community is different in their capacity and appetite for the change.

Changes to the Library Service management structure to make current savings presents challenges, in ensuring the capacity and skills necessary to deliver the Inspiring Libraries Strategy. There is also a risk around succession planning for the management team of the service and several members are close to retirement. Significant time has been taken in planning the restructure of the management team to try and ensure that there is enough capacity to lead the transformation of the service, whilst balancing the necessary savings from this cohort of managers.

Finally in terms of localism, the key risk is whether it is possible to deliver the necessary cultural change both internally within the County Council and with local partners and communities in order to progress and develop its vision for localism. Internally, management of this is being taken forward through targeted learning and organisation development interventions. Externally, partner engagement is vital.

KEY BUDGET MOVEMENTS 2018/19 - 2021/22

	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s
Service Specific Inflation	20	20	20	20
Other Pressures	2,037	3,235	3,774	4,134
TOTAL PRESSURES	2,037	3,235	3,774	4,134
Existing Efficiencies	(1,873)	(1,873)	(1,873)	(1,873)
New Policy Choice	(17)	(17)	(17)	(17)
TOTAL SAVINGS	(1,890)	(1,890)	(1,890)	(1,890)

Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
	Technical Adjustments							
TA2	<u>SEN Reform</u> Removal of 17/18 grant funding for identified pressure; the remainder of the 17/8 allocation is being held in a reserve with future budget allocations to be agreed.	CS	Technical Adjustment	(271)	(271)	(271)	(271)	
TA3	<u>SEND Implementation Grant</u> Estimated grant from the DFE for 2018/19	CS	Technical Adjustment	835	0	0	0	
	Service Specific Inflation							
	<u>Libraries - income</u> A review of fees and charges was carried out in 2015/16 and 2017/18. There is no scope to increase charges again in April 2018.	Resources	Service Specific Inflation	20	20	20	20	
	Pressures							
OP1	<u>SN HTS Transport</u> This was approved as part of the 17/18 IP.	CS	Other Pressures	450	450	450	450	12,456
OP2	<u>Hadham Road Development appeal costs</u> This pressure was for one year only 2017/18 and has now been removed from future years.	CS	Other Pressures	(200)	(200)	(200)	(200)	200
OP3	<u>SEN Home to School Transport</u> Delivery of the current level of delivered service is costing substantially in excess of budget due to increased underlying costs of this statutory service.	CS	Other Pressures	1,530	1,890	2,250	2,610	12,456
OP7	<u>SEND reform programme implementation</u> Significant rise in requests for statutory SEND assessments since the introduction of the reforms due to a combination of the increased age range covered and the increased expectations of stakeholders.	CS	Other Pressures	0	838	1,017	1,017	1,561
OP20	<u>Customer Engagement & Libraries 2017/18 Vacancy Factor</u> This pressure is as a result of the vacancy factor saving applied to Customer Engagement and Libraries budgets in 2017/18. It has not been possible to achieve this saving through vacancy management in a public facing service without unacceptable service reductions.	Resources	Other Pressures	257	257	257	257	15,728
	Savings							
EE2	<u>Schools PFI contract</u> In 17/18 the assessment of the financial position on the school PFI project showed a scope of a continuing saving of £150k. Although the one off saving of £200k was only for 17/18, so the saving has been removed for future years.	CS	Existing Efficiencies	200	200	200	200	7,736
EE4	<u>Further ESG related savings</u> ESG cuts in funding from September 2017	CS	Existing Efficiencies	(2,043)	(2,043)	(2,043)	(2,043)	2,043
EE17	<u>Hertfordshire Archives & Local Studies</u> Review of the HALS service.	Resources	Existing Efficiencies	(30)	(30)	(30)	(30)	576
NPC3 (X1)	<u>Children's Services Efficiencies</u> Reduction of £400,000 in salary budgets across CS, of which £250,000 is required to meet the unfunded costs of the Apprenticeship Levy	CS	New Policy Choice	(17)	(17)	(17)	(17)	48,242

Note 1

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

EE3 (X1) - Printing Contract Savings	(37)	(37)	(37)	(37)
NE2 (X1) - Serco SMS contract savings	(199)	(533)	(691)	(665)
EE13 (X2) - Enabling the Worker	(685)	(685)	(685)	(685)
NPC3 (X1) Children's Services Efficiencies	(150)	(150)	(150)	(150)

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ANALYSIS OF REVENUE BUDGET BY OBJECTIVE AREAS

2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
5,512	<p>Education & Early Intervention</p> <p><u>Integrated Services for Learning</u> Integrated Services for Learning (ISL) delivers services for children and young people with additional and special educational needs, including a number of statutory LA duties. The service comprises of 5 integrated local teams and some central teams. It includes Educational Psychology, Special Educational Needs, Early Years (Special Educational Needs and Disability - SEND), Attendance, Access to Education team for Refugees and Travellers.</p>	6,365	(325)	6,040	6,043	6,222	6,222
18,233	<p><u>Admissions & Transport</u> The Admissions Service manages the school admissions process including coordinating in-year applications for all maintained schools. The majority of academies and voluntary aided schools within the county have also chosen to opt into the process. The service also manages and administers the eligibility and entitlement policies for home to school transport for all mainstream children and young people.</p>	20,754	(287)	20,467	20,827	21,187	21,547
2,022	<p><u>Education Services</u> Education Services includes responsibility for ensuring the statutory duties in relation to School improvement are met by the local authority. These services are now commissioned through Herts for Learning (HfL) the schools company.</p> <p>This area also contains budget for the development of 14-19 learning strategy which includes the provision of Apprenticeships.</p>	582	0	582	582	582	582
1,736	<p><u>Education Access & Provision</u> The service monitors and forecasts supply and demand for school places, manages capacity and commissions additional school places to match demand (a statutory requirement), promote improvement in educational outcomes and other policy objectives. It identifies and secures external funding, manages relationships with DfE and formulates and sponsors any resulting capital projects and programmes. Major activities are developing and overseeing delivery of primary and secondary school expansion programmes (capital) with the Hertfordshire expansion programme one of the largest nationally. This includes the lead role in relation to new and converting academies, and free schools.</p>	1,539	(9)	1,530	1,530	1,530	1,530
112	<p><u>HR Budgets</u> This area of the budget relates to historic HR liabilities relating to specific groups of school staff such as caretakers and teachers that HCC are required to honour.</p>	111		111	111	111	111

2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
0	<u>Milk & Meals</u> This budget covers the cost of running HCC's schools milk policy including purchase and sales of milk and the cost of operating the free school milk policy. Milk is run as a net nil cost service with any deficits met from DSG.	801	(801)	0	0	0	0
(324)	<u>BSF PFI Schemes</u> This budget relates to the PFI operational and unitary charges with respect to Marriotts & Lonsdale schools. Whilst It was originally expected that the PFI funded schools would become operational and unitary charge payable to the operator (Balfour Beatty Education) from September 2012 the actual handover date was 7 January 2013. The scheme is still due to end on 31 August 2037 at which stage all assets will revert to the Council. The value of the Marriotts and Lonsdale Schools (land and buildings) at the date they became operational was £43.24m. There is a net nil budget; The expenditure charges are funded through a central government PFI Initiatives grant. In the early years of the scheme, it is anticipated the scheme will run at a surplus, which will be transferred to a specific reserve. This will be utilised to fund the deficit expected in the later years of the scheme.	7,792	(7,807)	(15)	(15)	(15)	(15)
1,702	<u>Music Service</u> Hertfordshire Music Service engages over 600 instrumental and vocal teachers teaching over 25,000 children in schools and music centres across the county. The service is committed to making every child's music matter, and to improving standards in schools through music.	9,404	(7,927)	1,477	1,477	1,477	1,477
4,455	<u>Premature Retirement</u> This area of the budget relates to the liabilities arising from premature retirements in schools.	4,113	0	4,113	4,113	4,113	4,113
33,448	Education & Early Intervention Total:	51,461	(17,156)	34,305	34,668	35,207	35,567
105	Children's Services Overheads <u>Performance and Business Support</u> The Performance and Business Support area contains the following areas which support the whole of CS department: <ul style="list-style-type: none"> • Performance and Improvement • IT Budget • Business Infrastructure Service • Children and Young People's Strategic Commissioning 	152	0	152	152	152	152

2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
(1,301)	<u>Education & Early Intervention Central</u> This area of the budget covers the general overheads of running the department. It includes Integrated Education System (IES) support costs and Directorate spend. Also included within this area is the allocation of DSG income to cover support costs for DSG funded LA managed services.	(765)	(328)	(1,093)	(1,093)	(1,093)	(1,093)
(1,196)	Children's Services Overheads Total:	(613)	(328)	(941)	(941)	(941)	(941)
	Resources						
	<u>Public Library Service</u> Public libraries are a statutory service, providing access to reading, information, and knowledge for all Hertfordshire citizens. It is delivered through a free and accessible network of library buildings, mobile library vehicles, one prison library and also through online services.	10,434	(1,030)	9,404	8,904	8,904	8,904
	<u>Archives, Local Studies and Herts Museums Development</u> Hertfordshire Archives and Local Studies collects, preserves and promotes original documents and printed material covering every aspect of life in the county relating to Hertfordshire's past and its people. Hertfordshire Museums Development aims to improve and develop museum services and raise awareness of the value of museums to the wider community.	626	(67)	559	559	559	509
	<u>AD Director Customer Engagement & Libraries</u> AD Director Customer Engagement & Libraries	110	0	110	110	110	110
9,844	Resources Total	11,170	(1,097)	10,073	9,573	9,573	9,523
42,096	Education, Libraries & Localism Total	62,018	(18,581)	43,437	43,300	43,839	44,149

Education, Libraries and Localism Capital Programme 2018/19-2021/22

The total Capital Programme 2018/19 to 2021/22 for the portfolio is £231.381m and for 2018/19 is £68.867m. This includes all new bids and re-programming from 2017/18 at the end of quarter 2.

	2018/19	2019/20	2020/21	2021/22	Total
	£'000	£'000	£'000	£'000	£'000
HCC Funding	1,689	728	252	252	2,921
Reserves	886	700	750	-	2,336
Grants	53,235	52,961	28,586	36,879	171,661
Contributions	13,057	26,191	15,215	-	54,463
Total	68,867	80,580	44,803	37,131	231,381

New Capital Bids

Education, Libraries and Localism has five new bids, one of which requires HCC funding compared to the previous Integrated Plan of £0.405m in 2018/19 and £0.810m over 2018/19 to 2021/22.

Scheme	Cost 2018/19	HCC Funding 2018/19	External Funding 2018/19	Total Cost 2018/19-2021/22	Total HCC funding 2018/19-2021/22	Total External Funding 2018/19 - 2021/22	
	£'000	£'000	£'000	£'000	£'000	£'000	
Primary Expansions Programme 8	4,270	-	4,270	12,200	-	12,200	Meeting the rising demand for Primary school places.
Temporary Expansions 8	2,000	-	2,000	2,000	-	2,000	Provision of temporary buildings to meet the rising demand for School Places.
Secondary School Expansion Programme - SEC 3	6,750	-	6,750	27,000	-	27,000	Meeting the rising demand for Secondary school places.
High Needs Funded Schemes	377	-	377	377	-	377	To increase capacity and to address accommodation deficiencies at Special Schools
Replacement of Library self-service RFID Kiosks	405	405	-	810	810	-	Radio frequency identification (RFID) Kiosks in libraries are coming to 'end of life' and need to be replaced.
	13,802	405	13,397	42,387	810	41,577	

Revised Capital Bids

The directorate has revised 2 bids compared to the previous Integrated Plan. The do not require any additional HCC funding from 2018/19 to 2021/22.

Scheme	Total Increase/ (decrease) 2018/19	HCC Funding Increase/ (decrease) 2018/19	External Funding Increase/ (decrease) 2018/19	Total Increase/ (decrease) 2018/19 to 2021/22	HCC Funding Increase/ (decrease) 2018/19 to 2021/22	External Funding Increase/ (decrease) 2018/19 to 2021/22	
	£'000	£'000	£'000	£'000	£'000	£'000	
Land Acquisitions	2,950	-	2,950	6,067	-	6,067	Budget allocated to purchase additional land to serve School Places
School's Repairs & Maintenance	(587)	-	(587)	(2,348)	-	(2,348)	An estimated decrease of £587k per annum due to an anticipated reduction of the Schools Condition Allocation Grant.
	2,363	-	2,363	3,719	-	3,719	

The programme also includes the current balance of the Schools funding envelope that is shown as New Schools Developments.

Proposed Education, Libraries and Localism Directorate's Capital Programme 2018/19 - 2021/22

	Scheme New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost £'000	2018/19 Integrated Plan					2019/20	2020/21	2021/22
				Cost	HCC Funding	Reserves	Grants	Contribu tions	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1	Primary Expansion Programme 6 (E): Meeting the rising demand for Primary school places	Education, Libraries & Localism	6,739	2,378	-	-	763	1,615	-	-	-
2	Primary Expansion Programme 7 (E): Meeting the rising demand for Primary school places	Education, Libraries & Localism	4,320	4,320	-	-	4,072	248	-	-	-
3	Primary Expansions Programme 8 projection (N): Meeting the rising demand for Primary school places for September 2019.	Education, Libraries & Localism	12,200	4,270	-	-	4,270	-	7,930	-	-

	Scheme New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost £'000	2018/19 Integrated Plan					2019/20	2020/21	2021/22
				Cost	HCC Funding	Reserves	Grants	Contribu tions	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
4	Temp 8 Budget (N): Provision of temporary buildings to meet the rising demand for School Places.	Education, Libraries & Localism	2,000	2,000	-	-	2,000	-	-	-	
5	Secondary School Expansion Programme - SEC2 & 2.5 (E): Meeting the rising demand for Secondary school places.	Education, Libraries & Localism	32,541	14,918	-	-	11,381	3,537	-	-	
6	Secondary School Expansion Programme - SEC 3 (N): Meeting the rising demand for school places.	Education, Libraries & Localism	27,000	6,750	-	-	6,750	-	20,250	-	

	Scheme New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost £'000	2018/19 Integrated Plan					2019/20	2020/21	2021/22
				Cost	HCC Funding	Reserves	Grants	Contribu tions	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
7	New School Developments (R): Spend anticipated within 2018/19 - 2021/22 to provide schools where future developments or a shortage of places is known.	Education, Libraries & Localism		9,766	-	-	3,247	6,519	32,100	23,212	18,707
8	Land Acquisitions (R): The purchase of land to serve School places.	Education, Libraries & Localism	19,736	2,950	-	-	1,814	1,136	700	2,417	-
9	School's Repairs & Maintenance: Schools Condition Allocation Grant (R): Budget to assist in maintaining and managing school buildings	Education, Libraries & Localism	Annual Programme	18,172	-	-	18,172	-	18,172	18,172	18,172

	Scheme New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost £'000	2018/19 Integrated Plan					2019/20	2020/21	2021/22
				Cost	HCC Funding	Reserves	Grants	Contribu tions	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
10	High Needs Funded Schemes (N): To increase capacity and to address accommodation deficiencies at Special Schools	Education, Libraries & Localism	1,932	377	-	-	377	-	-	-	
11	Building Schools for the Future-ICT (E):	Education, Libraries & Localism	4,763	103	103	-	-	-	103	56	56
12	<u>Delivering Inspiring Libraries (E):</u> - The 'Inspiring Libraries' strategy sets out Hertfordshire Library Service's ambitions based on three main themes: <ul style="list-style-type: none"> • The library as a vibrant community asset – shaped with local people and partners to reflect local need, support sustainability and enrich communities. • The digital library – a service that is ambitious in its use of technology and digital formats for the benefit of residents. • An enhanced gateway to reading, information and wellbeing 	Education, Libraries & Localism	3,576	700	-	700	-	-	700	750	-

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	Scheme New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost £'000	2018/19 Integrated Plan					2019/20	2020/21	2021/22
				Cost	HCC Funding	Reserves	Grants	Contribu tions	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
13	Co-location of Libraries (E): As agreed in the March 2016 Cabinet, to co-locate Sawbridgeworth, Redbourn and Wheathampstead libraries within retained fire stations in those areas, to deliver a multi service property asset.	Education, Libraries & Localism	1,920	1,562	985	186	389	2	-	-	-
14	Libraries Public IT (E): The County Council would like the Library Service to be able to offer technology and digital solutions to improve service delivery, to support digital inclusion and to empower citizens. Scheme to support the maintenance and development of public access ICT, which is "business as usual" for Libraries and Heritage Services.	Education, Libraries & Localism	Annual Programme	196	196	-	-	-	196	196	196
15	Libraries Vehicle Replacement (E): Replacement of a transit van for community deliveries.	Education, Libraries & Localism	24	-	-	-	-	-	24	-	-

	Scheme New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost £'000	2018/19 Integrated Plan					2019/20	2020/21	2021/22
				Cost	HCC Funding	Reserves	Grants	Contribu tions	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
16	Replacement of Library self-service RFID Kiosks (N): Radio frequency identification (RFID) Kiosks in libraries are coming to 'end of life' and need to be replaced.	Education, Libraries & Localism	810	405	405	-	-	-	405	-	-
Total				68,867	1,689	886	53,235	13,057	80,580	44,803	37,131

INTEGRATED PLAN

PART B - STRATEGIC DIRECTION AND FINANCIAL CONSEQUENCES

Environment, Planning & Transport Portfolio

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Environment, Planning & Transport

Strategic Direction:

Supporting the delivery of sustainable development and growth, promoting safe reliable and sustainable travel and protecting the physical and natural environment of Hertfordshire

Key priorities and programmes:

- Adoption of a Local Transport Plan for Hertfordshire
- Review of the Minerals Plan
- Dealing with major planning applications for school expansion, waste facilities, Mineral sites and Transport Infrastructure
- Responding to Local Plan submissions, the Mayor for London's Plan and growth at Stansted and Luton
- Improving rail services including Cross Rail 2, WAML and franchising bids.
- Working with the LEP and LPAs on major projects including the A414 Strategy,
- Assessing and responding to the Impact and implications of the Local Bus Service Act 2017
- Supporting the Local Bus network
- Home to school mainstream and special needs transport
- Education programmes such as Learn 2 Live
- Protecting the physical and natural environment of Hertfordshire through Health Walks, Volunteering Opportunities, Rights of Way and Countryside Management Services
- Overview of the local flood risk management strategy
- Flood risk mitigation
- The provision of timely, relevant and up-to-date advice related to the historic environment
- Review of cross departmental Total Transport opportunities

Key services provided:

- Promote and provide access to a sustainable transport network and manage the public Rights of Way network and promote Health Walks
- Provide planning advice related to sustainable drainage, flood investigation and the promotion of flood risk management schemes
- Provide planning advice on the historic environment, ecology, landscape and built environment
- Working with LPAs on Local Plans and Infrastructure requirements
- Transport Policy and Planning
- Minerals and Waste Policy
- Dealing with and enforcing planning applications for County Council own development, and Minerals and Waste.
- Safeguarding the County Council interests in relation to growth pressures from London, surrounding areas and Airport expansion.

Key risks in achieving IP proposals:

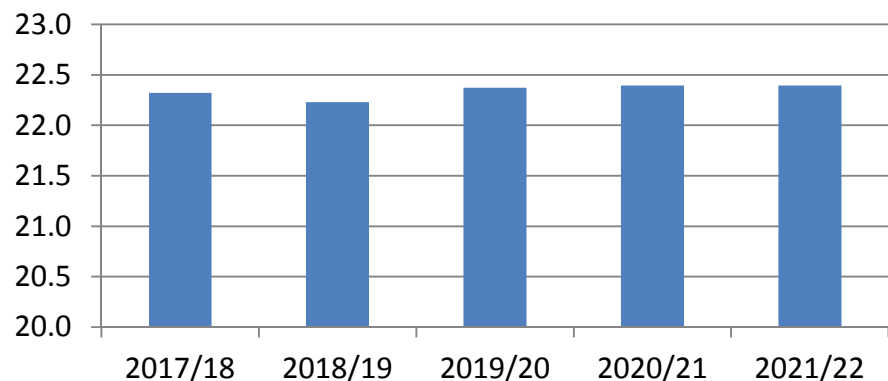
- The recruitment and retention of planners.
- The size and scale of growth and pace of development, key projects.
- Availability of resources (staff and funding) to respond to needs and volume of work involved.
- Threat to county's trees from pests and diseases and the cost and disruption of dealing with it.
- Increasing frequency of extreme weather events resulting in intense and heavy rainfall leading to increased demand and expectation of services provided by HCC as the Lead Local Flood Authority
- Balancing the delivery of contracted (non-commercial) bus services with increasing expectations
- Loss of revenue from Driver Training courses

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Environment, Planning and Transport

£m

Net Revenue Budget



Key Revenue Pressures:

- Increased level of growth and development activity
- Further changes to the planning system
- Reduction in driver training income
- Cost of SEN and Mainstream home to school transport (provided on behalf of CS and ACS)

Summary Revenue Budget Movements

	2018/19 TOTAL £000	2019/20 TOTAL £000	2020/21 TOTAL £000	2021/22 TOTAL £000
Service Specific Inflation	160	160	160	160
Legislative	-	-	60	60
Other Pressures	575	890	890	890
TOTAL PRESSURES	575	890	950	950
New Efficiencies	(500)	(655)	(675)	(675)
New Policy Choice	(15)	(35)	(51)	(51)
TOTAL SAVINGS	(515)	(690)	(726)	(726)

Key Revenue Savings Proposals:

- Increased fees for planning applications
- Increased charge for Saver card applications
- Changes to the reimbursement method for Saver card (Usage vs Mileage method)
- Income from charging for TCPA orders

Key Capital Schemes:

- Croxley Rail Link (Metropolitan Line Extension)
- Passenger Transport Information Screens
- Rail improvement projects
- Rights of Way Management and improvements

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Capital Programme	21,090	31,770	21,552	2,975

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Environment, Planning & Transport Portfolio: Future Strategic Direction

1 What are the key priorities for the portfolio over the period 2018/19 – 2021/22

- Adopt a new Local Transport Plan for Hertfordshire.
- Work with the rail industry to secure better train services.
- Work with the Local Enterprise Partnership to support the creation of a strong economy and secure funding and investment for Hertfordshire and delivery of key growth projects.
- Support the delivery of sustainable development underpinned by the right infrastructure.
- Safeguard the interests of Hertfordshire in relation to growth pressures from London, surrounding areas and airport expansion.
- To launch multi operator smart cards with bus operators for bus tickets and provide real-time information on bus times on 90% of buses across the county.
- Provide sustainable transport choices to communities, improve transport information, and encourage walking and cycling.
- The introduction of the Bus Service Act 2017 will give Hertfordshire County Council powers to review Franchising, Partnerships and Open Data.

2 What are the key pressures and challenges facing your portfolio for 2018/19 – 2021/22?

- 2.1 The services in this portfolio have a key role in relation to the long-term future stewardship of Hertfordshire's quality of life. The key pressures and challenges facing the services arise from the geography of Hertfordshire, the pressure for growth and development, population change and the high expectations of our communities.
- 2.2 Hertfordshire is a complex county with over 23 distinct settlements ranging from major urban centres on the edge of London, to a cathedral city, market towns, villages, and new towns. The dispersed nature of our settlements, four national motorways, three international airports on our borders and two national rail lines, make Hertfordshire one of the busiest counties in the country. Traffic on our roads is 35% higher than the national average and our population is expected to increase to 1.4m by 2037, an increase of 24%.
- 2.3 Over 95% of Hertfordshire is covered by some form of planning constraint – Green Belt, Areas of Outstanding Natural Beauty, and high grade agricultural Land. This makes planning for growth a major challenge. The current set of local plans propose an additional 91,000 houses and 90,000 jobs by 2031 and future rounds of plan preparation are likely to lead to even higher rates of building. There is a significant risk of a shortfall in funding available for future infrastructure to cope with this scale of growth.
- 2.4 The growth pressures from our surrounding areas (particularly London, Luton/ South Bedfordshire and Harlow and the M11 corridor) also present a major challenge to Hertfordshire. The Full Review of the London Plan is underway and this will be attempting to plan for much higher levels of housing and employment growth, with major potential implications for the areas such as Hertfordshire that abut the capital.

- 2.5 In addition, there are likely to be continuing growth pressures from the two adjacent airports at Luton and Stansted, which have experienced very rapid growth in recent years and are planning for further expansions.
- 2.6 A key challenge is what role the County Council should have in the future planning of Hertfordshire. Although we are no longer required to produce a structure plan or input into regional plans, there remains a need to ensure a strategic overview of planning issues across the county to ensure effective management of growth and infrastructure. The county council already plays a coordinating role in relation to growth and infrastructure planning in key corridors such as the A414 and the A1 and at key growth locations. In addition the County Council is also looking to play a bigger role in the planning for major new development sites in the county such as Gilston, Stevenage Town Centre, and Birchall Garden Suburb to ensure that sustainable communities are delivered with adequate levels of infrastructure.
- 2.7 The development of a longer-term transport vision and a fresh set of transport projects to support future growth has been a key priority for the last few years. Already levels of growth proposed in the county to 2031 in emerging local plans are proving to be extremely challenging in terms of the transport infrastructure required. The new Local Transport Plan will set out the next round of major transport investment in the county to meet those needs in the context of a longer-term vision of growth and technological change to 2050.

3 What are the key projects/programmes that the portfolio will deliver 2018/19 – 2021/

Planning and Growth:

- 3.1 Much of the work of the spatial planning unit is statutory. However, the planning system continues to be the subject of quite radical reform. Brexit is likely to have an impact on the UK Planning system as many EU regulations and directives underpin the current system, and leaving the EU will require the legal basis of the planning system to be redrawn.
- 3.2 Other key areas of work for the future include:
- the adoption of the new Local Transport Plan for the county and the development of key daughter policy documents;
 - strengthening the role and effectiveness of Herts Infrastructure and Planning Partnership (HIPP) to improve strategic planning, growth and infrastructure;
 - helping the District Councils to get Local Plans in place and to keep them up to date;
 - supporting the delivery of the LEP Strategic Economic Plan ;
 - preparation of the Revised Minerals Local Plan;
 - the Review of the Waste Local Plan; and
 - ensuring the interests of Hertfordshire are safeguarded by making appropriate representations on growth proposals affecting the County.
- 3.3 The Government has signalled its intent to keep raising the performance level for planning applications. Therefore, further scope for change in this area appears limited. However, there is increasing recognition that to continue to raise standards will require adequate funding. At present, the Government's offer is to raise National Planning fees

by 20%. However, it is likely that a more radical approach to funding for planning will have to be identified to make any substantial difference.

- 3.4 Passenger Transport – to expand multi operator smart cards with bus operators for bus tickets, which allow passengers to top up their cards and not need to worry about paying cash to travel. Funding to progress will be dependent upon a capital bid and potential funding through the DfT.
- 3.5 Members will make a decision on what powers they would like officers to explore with the Bus Service Act. Once a decision has been made on Franchising, implementing the Intalink partnership into an Advanced Partnership or Enhanced Partnership and what powers can be used for Open Data a programme of how this will be implemented will be designed.

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

Spatial Planning:

- 4.1 An in-depth assessment of the Development Management function was carried out by the Planning Officers Society in 2014. The review led in overall terms to efficiency savings that have been taken.
- 4.2 Comparison of cost information for planning with other county councils has been made available from the Public Sector Audit Appointments (PSAA - formerly the Audit Commission) Value for Money profiles. The last available data for 2014/15 shows the planning policy function as being in the top 20% most expensive for a county council (£1.66 per head as compared to the national average of £1.14). For Economic Development the spending per head is £1.05 compared to an average for all county councils of £3.41 and relates solely to HCC core funding for the LEP and Visit Herts.
- 4.3 A Review of Enforcement Practice and Procedures has been undertaken and recommendations for changes to this service area will be made to Development Control Committee and EPT Panel in the New Year.
- 4.4 As part of work on the recruitment and Retention of Planners there have been a number of visits to other county planning authorities, which have, collected data regarding staffing levels. Once again, in general terms the county council's structure and staffing levels seem to be generally comparable with other similar Authorities such as Surrey, Essex and West Sussex. Cambridgeshire have adopted a more radical cost-cutting regime with the abandonment of all policy planning on minerals and waste. However, in the corporate Risk register the potential problems of this approach have been identified as one of the key risks to the Authority as a whole.

Passenger Transport:

- 4.5 The Association of Transport Co-ordinating Officers (ATCO) Local Authority Passenger Transport Survey published January 2017, illustrates comparative data across all English shire counties. This survey, along with data from PSAA, shows Hertfordshire is relatively low cost and high performing when compared to the average of other Local Authorities. Punctuality, Passenger Satisfaction and service information indicators were also high compared to elsewhere.

- 4.6 Previous measures to enhance channel shift in terms of the online processing of tickets through offering a £5 discount on buying Savercards has been positive and with improvements to the website it is believed this will continue. Through improving our online processes there has been a significant shift to online application up from 25% in 2014 to 95% in September 2017. There are 15,000 Savercards produced. That is an increase of 5,000 students purchasing Savercards in this academic year of 2017. All Savercards are now smart cards which mean that usage can be monitored giving the county council better data management on student travel patterns. The introduction of Mobile Ticketing has also enhanced usage and management information of passenger journeys.
- 4.7 Spend to support local bus services in Hertfordshire is £4.62 per head, which is slightly below the average of English Shire Counties figure of £4.62. Punctuality of bus services for Hertfordshire is 81%, which is in line with the national average. (ATCO. Passenger timetable information is displayed at 92% of bus stops, compared to the national average of 50.4%, which ranks Hertfordshire third in the country. Real Time Passenger Information (RTPI) is displayed at 5.9% of our total stops, significantly better than average of 2.2% and the second highest performing shire county in the country. The service is linking with other authorities to show RTPI across the borders.

Access & Rights of Way (ARoW)

- 4.8 There is no national comparative data available for Access & Rights of Way or the Countryside Management Service. However, local data shows that over 68% of our paths were assessed as easy to use (average over the previous 4 years is 69%). CMS have increased the opportunities for volunteers to deliver surveying, maintenance and development of the network. They are also working with ARoW colleagues to develop packages of access improvement work for delivery with the support of external funds.
- 4.9 Transport Access and Road Safety has reviewed the work of the ARoW and CMS teams in 2017/18. For 2018/19, the teams will be restructured into a single unit to maximise efficiency and enhance performance through better collaborative working. It is expected that this will deliver efficiency savings of £150,000 by April 2019.
- 4.10 The Hertfordshire Health Walks initiative grew participation levels by 19% in 16/17. It has been identified to be the largest and best value scheme in the country following simple benchmarking at a national level (number of participants and cost per participant). A programme of work undertaken in 2017/18 extended this benchmarking deeper and developed understanding of the success of the scheme. This identified that the volunteer led walks were enabling people to become more active and attracting people who were either inactive or suffering one or more long-term illness. The data identified that for increased prevention performance, the initiative should be marketed to a more targeted audience, with focus on the least active in our society and those living with long-term ill-health.

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

- 5.1 The potential for further planning reform and the potential implications of Brexit have been highlighted in Section 3. It is too early to have developed mitigations for these issues given that the eventual form that potential reform of the planning system will take is as yet unknown.

- 5.2 Much of the work of the Spatial Planning Team is based on collaboration with other Agencies such as the District Councils, the LEP, the Environment Agency and Central Government Departments. The current programme of reductions in funding for the public sector as a whole and for local authorities in particular could have very significant impacts on the work of the team. At present, for example, it is not known how many of the Districts Councils in the county will resource their planning functions. Further cuts for instance in funding for the HCC monitoring service which is delivered in a large part to support the District Council's plan making function and is largely funded by them, could have a very significant service impact.
- 5.3 Recruitment and Retention of planning staff is a critical issue for service provision. A significant piece of work was undertaken in 2015 to review Recruitment and Retention practice with a view to dealing with an emerging problem across the sector. A number of initiatives have been adopted which appear to have helped to increase the quantity of applicants at the graduate and early career grade stage of progression. However recruitment to more senior posts and to specialist areas such as Waste and Minerals Planning remains a problem.
- 5.4 The unit is also actively supporting the development of the Apprenticeship route into Planning, with a level 3 Apprenticeship post created. We are also working with the University of Hertfordshire to support the development of a Degree level Apprenticeship course.
- 5.5 The county council is taking part in an ELGA initiative to come forward with initiatives to confront these problems. Alternative service delivery models are being looked at for certain business critical areas of the service. However, given that there are simply industry wide shortages of senior planners these alternatives are unlikely to deliver savings and indeed may be more expensive.
- 5.6 At this stage it is unclear what changes might be made to the Bus Services Act as it passes through the secondary legislative process. However, the Act's proposals present an opportunity for a step change in how bus services are planned and delivered with significant control and responsibility in the domain of local authorities. Unsurprisingly the commercial bus sector is very concerned about the loss of control and has voiced intentions to mount legal challenges.

KEY BUDGET MOVEMENTS 2018/19 - 2021/22

	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s
Service Specific Inflation	160	160	160	160
Legislative	0	0	60	60
Other Pressures	575	890	890	890
TOTAL PRESSURES	575	890	950	950
New Efficiencies	(500)	(655)	(675)	(675)
New Policy Choice	(15)	(35)	(51)	(51)
TOTAL SAVINGS	(515)	(690)	(726)	(726)

Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
	Technical Adjustments							
	None							
	Service Specific Inflation							
	<u>Transport Access & Road Safety: Bus Contracts - expenditure</u> Clause in the bus contract that allows for a price increase of CPI minus 1	Environment	Service Specific Inflation	102	102	102	102	
	<u>Transport Access & Road Safety - income</u> Various fees set by other bodies	Environment	Service Specific Inflation	58	58	58	58	
	Pressures							
L1	<u>Sustainable Drainage Systems</u> The SuDS function is a statutory responsibility part of the duties of the county council as Lead Local Flood Authority. Residual grant funding is available to continue, with current service provision until 20/21.	Environment	Legislative	0	0	60	60	180
OP12	<u>Advice on Tree Health</u> Extending existing fixed term post to enable the county council to continue with a strategy to respond to Ash Dieback and other tree diseases likely to have a major effect on the tree population of Hertfordshire on County owned land.	Environment	Other Pressures	0	(10)	(10)	(10)	378
OP15	<u>Driver Training</u> Based on current levels there is a worst case scenario that only 25,000 clients are referred in 2018/9 which would result in a net budget shortfall of £250,000.	Environment	Other Pressures	250	250	250	250	1,000
OP29	<u>Review of Spatial Planning - Responding to Growth</u> A new Growth & Infrastructure Team within the Environment Department to strengthen HCC's ability to respond to the growth agenda effectively.	Environment	Other Pressures	325	650	650	650	1,677
	Savings							
NE11	<u>Review & integrate Countryside Management Service (CMS) / Rights of Way</u> By bringing these two teams together (made possible by a refocus of HCC funded CMS activity in to access and rights of way) it should be possible to deliver an efficiency saving, mainly from existing staff budgets.	Environment	New Efficiencies	(100)	(150)	(150)	(150)	1,326
NE23	Planning advisory work - increase charging	Environment	New Efficiencies	(30)	(45)	(65)	(65)	278
NPC9	Review of funding to Groundwork Hertfordshire and the Herts & Middlesex Wildlife Trust	Environment	New Policy Choice	(15)	(35)	(51)	(51)	(51)
NE16	Strategic Planning Authority Inquiries Fund - one-off contribution from Reserves	Environment	New Efficiencies	(200)	0	0	0	-387

Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
NE18	National Nature Reserve - one off contribution	Environment	New Efficiencies	(20)	0	0	0	-187
NE19	Environmental Records Centre - one-off contribution	Environment	New Efficiencies	(20)	0	0	0	-20
NE20	<u>Savercard</u> Saving could be achieved through adopting a revised payments system based on actual usage of the scheme rather than the proportion of current mileage delivered by operators.	Environment	New Efficiencies	0	(200)	(200)	(200)	1,600
NE21	<u>Concessionary Bus Fares (Elderly & Disabled)</u> Negotiations with bus operators on the reimbursements made for the operation of a concessionary fares scheme have concluded satisfactorily with below inflation increases secured for 24 months.	Environment	New Efficiencies	(100)	(200)	(200)	(200)	12,500
NE24	Savercard - increased income	Environment	New Efficiencies	(30)	(60)	(60)	(60)	

Note 1

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

EE3 (X1) - Printing Contract Savings	(37)	(37)	(37)	(37)
NE2 (X1) - Serco SMS contract savings	(199)	(533)	(691)	(665)
EE13 (X2) - Enabling the Worker	(685)	(685)	(685)	(685)

ANALYSIS OF REVENUE BUDGET BY OBJECTIVE AREAS

2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
18,657	<p>Environment</p> <p><u>Passenger Transport</u> The primary use of the budget is to provide bus services by direct contract where these are not provided commercially and to operate the national elderly and disabled concessionary fares scheme. The unit also has a wider coordination of public transport role and manages home to school/college contracts on behalf of the Children's Services Department and a number of adult care transport services on behalf of the HCS department.</p>	20,054	(1,404)	18,650	18,320	18,320	18,320
2,291	<p><u>Environmental Management</u> The group works with other organisations, notably district and parish councils, the business community and the voluntary sector, on environmental issues. Areas covered include Countryside Management, Rights of Way and Flood Risk Management</p>	2,621	(569)	2,052	1,997	2,021	2,021
1,373	<p><u>Spatial Land Use and Planning</u> The purpose of spatial land use and planning is to maintain and enhance the high quality of Hertfordshire's physical and economic environment. In particular, to review and maintain planning strategies such that the integration of land use with transportation and other investment strategies for settlements is secured and to ensure that major greenfield development is kept to a minimum.</p>	1,807	(278)	1,529	2,054	2,054	2,054
22,321	Environment , Planning & Transport Total	24,482	(2,251)	22,231	22,371	22,395	22,395

Environment, Planning & Transport Capital Programme 2018/19-2021/22

The total Capital Programme 2018/19 to 2021/22 for the portfolio is £77.387m and for 2018/19 is £21.090m. This includes all new bids and re-programming from 2017/18 at the end of quarter 2.

	2018/19	2019/20	2020/21	2021/22	Total
	£'000	£'000	£'000	£'000	£'000
HCC Funding	814	18,652	15,307	880	35,653
Grant	205	205	205	205	0,820
Contributions	20,071	12,913	6,040	1,890	40,914
Total	21,090	31,770	21,552	2,975	77,387

New Capital Bids

There is one new capital bid for the directorate that requires £0.010m in 2018/19, of which £0.009m is HCC funding.

Scheme	Total Cost 2018/19	HCC Funding 2018/19	External funding 2018/19	Total scheme cost 2018/19 to 2021/22	Total HCC Funding 2018/19 – 2021/22	Total external funding 2018/19-2021/22	
	£'000	£'000	£'000	£'000	£'000	£'000	
Countryside Management Services	10	9	1	10	9	1	Replacement of vehicle to enable site visits and attendance at meetings and by volunteers undertaking roles on behalf of the CMS/RoW service.

Revised Capital Bids

Environment, Planning & Transport has one bid which increases total HCC funding compared to the previous Integrated Plan. In total, £0.525m of additional funding is requested for 2018/19 to 2021/22.

Scheme	Total increase/ (decrease) 2018/19	HCC Funding Increase/ (decrease) 2018/19	External Funding Increase/ (decrease) 2018/19	Total Increase/ (decrease) 2018/19 to 2021/22	HCC Funding Increase/ (decrease) 2018/19 to 2021/22	External Funding Increase/ (decrease) 2018/19 to 2021/22	
	£'000	£'000	£'000	£'000	£'000	£'000	
Rail Improvement project	-	-	-	525	525	-	Costs p.a. increased to include an annual provision for minor works and scheme preparation costs

Proposed Environment Directorate's Capital Programme 2018/19 - 2021/22

	Scheme New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost	2018/19 Integrated Plan				2019/20	2020/21	2021/22
				Cost	HCC Funding	Grants	Contributions	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
1	<u>Rail Improvement project (R)</u> To continue the county council's role in the development and establishment of rail interchanges and sustainable access to and at stations in co-operation with the rail industry. The bid supports the delivery of the county council's Rail and Bus strategies which form part of the statutory Local Transport Plan.	Environment, Planning & Transport	Annual programme	400	400	-	-	475	475	475
2	<u>Passenger Transport Information (E)</u> The continuation of the County Council's role in the development and establishment of Passenger Transport Information including bus stop infrastructure, as set out in the Bus Strategy.	Environment, Planning & Transport	Annual programme	250	250	-	-	250	250	250
3	<u>Management & Improvement of the Access & RoW Network (E)</u> Highway Authority statutory duties to manage the Rights of Way (RoW) network. There is an ongoing need for investment to cover repairs and maintenance to bring the network up to the required legal standard. Work involved includes; bridge repair and replacement, surfacing & drainage, clearing obstructions, constructing new routes and improving routes, especially for people with limited mobility.	Environment, Planning & Transport	Annual programme	400	155	205	40	400	400	400

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	Scheme New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost	2018/19 Integrated Plan				2019/20	2020/21	2021/22
				Cost	HCC Funding	Grants	Contributions	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
4	<u>Metropolitan Line Extension (E)</u> The Metropolitan Line Extension (Croxley Rail Link) is a proposed diversion and extension of the Watford Branch of the Metropolitan line to Watford Junction via Watford High Street. New stations will be provided on the new rail link at Ascot Road, which forms a park and ride site for the area, and Watford General Hospital serving the proposed Watford Health Campus.	Environment, Planning & Transport	128,060	20,030	-	-	20,030	30,645	20,427	1,850
5	<u>Countryside Management Services (N)</u> Replacement of vehicle used by CMS, RoW and TARS staff to enable site visits and attendance at meetings and by volunteers undertaking roles on behalf of the CMS/RoW service.	Environment, Planning & Transport	10	10	9	-	1	-	-	-
	Total			21,090	814	205	20,071	31,770	21,552	2,975

INTEGRATED PLAN

PART B - STRATEGIC DIRECTION AND FINANCIAL CONSEQUENCES

Highways Portfolio

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Highways

Strategic Direction

Ensuring a safe and efficient highways system & promoting safe, reliable and sustainable travel.

Key priorities and programmes

- Seek continuous improvement of the Highways Service through the extended HST Contract
- Sustain top tier performance for DfT Maintenance Incentive Funding
- Support the growth agenda by developing a Highways & Transport Infrastructure programme, starting construction on A120 Little Hadham Bypass, translate emerging strategies for Hemel East, Stevenage and A414 corridor into defined projects for delivery post 2021
- Complete the conversion of Hertfordshire's remaining conventional street lighting to LED and CMS technology

Key services provided

- Develop and implement transport strategies
- Deliver core maintenance services to keep the highway network safe and operational
- Work in partnership with others to reduce the numbers of people killed or injured on our roads
- Develop and deliver minor capital Integrated Transport Projects and major capital projects
- Undertake statutory network management and development management functions

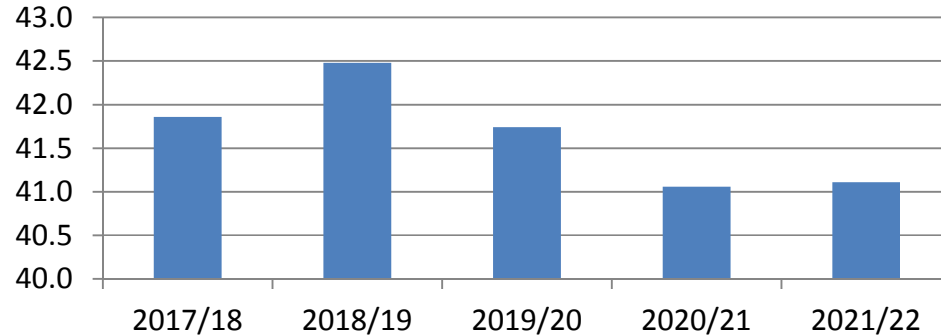
Key risks in achieving IP proposals:

- Local construction inflation outstripping efficiencies, impacting on the sustainability of the Highways Service Term Contract
- Staff shortages due to the buoyant construction industry and the influence of London

Highways

£m

Net Revenue Budget



Key Revenue Pressures

- Funding required to maintain increased road lengths resulting from A5 de-trunking and adoptions of new roads
- County Travel Survey

Key Revenue Savings Proposals

- Continue LED Street Lighting Phase 4 – saving £1.752m p.a. by 2021 and develop further invest to save initiatives for electrical assets for 2019/20 onwards
- Combat local inflation by improved efficiency

Summary Revenue Budget Movements

	2018/19 TOTAL £000	2019/20 TOTAL £000	2020/21 TOTAL £000	2021/22 TOTAL £000
Service Specific Inflation	1,116	1,116	1,116	1,116
Previous Policy Decision	50	0	0	0
Demography	64	94	124	155
Other Pressures	(150)	(150)	(115)	(65)
TOTAL PRESSURES	(36)	(56)	9	90
Existing Efficiencies	(7)	(7)	(7)	(7)
Existing Policy Choice	(468)	(1,012)	(1,717)	(1,717)
New Efficiencies	(75)	(248)	(294)	(321)
TOTAL SAVINGS	(550)	(1,267)	(2,018)	(2,045)

Key Capital Schemes

- Programmes of structural maintenance and Integrated Transport Improvements
- Major Capital Projects such as Little Hadham bypass; Essex Road and converting lights to LED & CMS

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Capital Programme	84,394	110,378	94,728	65,843

Highways Portfolio: Future Strategic Direction

1 What are the key priorities for the portfolio over the period 2018/19 – 2021/22?

The key priorities of the Highways Service are to ensure a safe and efficient highway system to **deliver safe, reliable journeys, sustainably**. It will do this by:

- Developing and implementing transport strategies in support of the Local Transport Plan and, in particular, to support the economic and housing growth agenda.
- Delivering a core 'Safe & Operational' service, which is determined and funded strategically, based upon need. Overall technical strategies and all the core programmes will be determined and delivered using most appropriate current practice and economies of scale. Reactive and responsive works will be related either to safety or asset protection and planned schemes will be conceived and delivered in technically derived programmes for maximum effectiveness and efficiency.
- Supporting elected members in taking decisions, within the overall policy framework, which affect their local area including discretionary Highway Locality Budget funded work, using the most efficient methods available.
- Improving customer access to the service and enabling them to better fathom what services we do and, do not deliver and the standards we work to.
- Delivering effective network and development management.
- Minimising the draw on County Council resources for delivering maintenance services and infrastructure improvements to support the growth agenda by securing alternative funding sources and optimising income.
- Continuing development of a collaborative approach to reduce collisions, casualties, costs and community concerns through the Hertfordshire Road Safety Partnership.
- Increasing active travel by delivering cycle training to adults and children, developing travel plans, encouraging children to walk to school and by promoting increased use of cycling and walking infrastructure, in support of HCC Transport, health and environmental strategies.
- Continuing to deliver a School Crossing Patrol (SCP) service that reduces road traffic casualties, encourages more children and parents to undertake daily physical activity by walking to school and meets public expectations, whilst minimising the cost to the authority.
- Develop and expand the range and remit of Driver Training undertaken by HCC on behalf of the National Driver Offender Retraining Scheme (NDORS) and the Constabulary.

2 What are the key pressures and challenges facing your portfolio for 2018/19 – 2021/22?

The County Travel Survey, transport planning and pre-application development management help provide robust demographic predictions. The main demographic changes come about from traffic growth, changes in travel patterns and modes and the construction of new roads associated with the drive for economic and housing.

The growth will increase the demand for travel, despite the improvements in technology enabling more Smart working.

The challenge will be to meet those pressures without adversely changing the character of the county.

Technology will have a bearing in a number of ways, via:

- Enabling greater accessibility to and from customers who will be desiring an interactive, responsive service
- Enabling the Highways Service to improve its communications, processes and design efficiency
- The revolution in transport technology enabling 'Movement As A Service' and the onset of autonomous, electric vehicles

As the surge of national infrastructure projects continues, the service is struggling to recruit and hold onto engineering staff in the face of competition particularly from London.

Similarly the impact of major national infrastructure projects, a recovering economy, increasing energy prices and green taxes are increasing costs.

Whilst HCC has been very successful in securing funding for its current major portfolio (A120 Little Hadham Bypass; A602 Stevenage to Ware and MLX) and medium sized projects such as Essex Road and A10 Buntingford Roundabout through DfT and LEP funding challenges, it now does not have a ready bank of deliverable schemes sufficiently prioritised and progressed to bid for.

The impact on traffic flow through current traffic growth, the 70-80,000 authorised highway activities per year undertaken by HCC, Utilities alongside the blight of unauthorised activities is moderated by pro-active network management that keeps traffic moving as efficiently as possible and provides multi-media real time information.

The cardinal challenge is that the boom in capital investment in infrastructure is not mirrored by the growth in revenue needed to develop and maintain the infrastructure and to support the day to day service delivery on the things that matter to local people and members.

Competing priorities and reduced capacity within partner organisations are leading to fewer driver training (speed awareness) courses being delivered by HCC. This potentially could lead to a reduction in the resources available for road safety prevention activity. This is to be considered within an emerging context of an increasing number of road casualties in Hertfordshire after many years of decline.

3 What are the key projects/programmes that the portfolio will deliver 2018/19 – 2021/22

The key initiatives are to:

- Ensure that the customer journey is simple, efficient and effective through improved processes and systems, anchored by comprehensive staff training.
- Evolve and future-proof the Highways Service by seeking continuous improvement through the extended Highways Service Term (HST) Contract
- Continue to deliver efficiency improvements that will enable current service levels to be maintained in the face of continued inflation.
- Maintain the serviceability of the highway and thus stem the need for a future Restoration programme by introducing annual campaigns of Routine maintenance directed by HCC and funded by revenue liberated by restructuring the HLB funding model. Campaigns could include fixing broken signs and fencing, refreshing lines, controlling vegetation etc.
- Sustain top tier performance for DfT Maintenance Incentive Funding and ensure that its approach takes on board the new code of practice 'Well Maintained Highway Infrastructure' in order to retain peak funding from DfT and keep HCC in the vanguard.
- Support the growth agenda by:
 - Delivering A120 Little Hadham Bypass; Essex Road, A10 Roundabout at Buntingford and A602 Stevenage to Ware improvements
 - Translating emerging strategies for Hemel East and the Enterprise Zone, Stevenage and A414 corridor into defined projects for delivery post 2021
 - Producing a master Highways & Transport Infrastructure Programme (HTIP) to capture all of the medium sized and major projects, which will enable HCC to
 - Deploy resources more effectively;
 - Give clarity to potential partners about HCC's role;
 - Chase funding opportunities to deliver HCC's priorities.
 - Developing a bow wave of business cases for medium sized projects to put HCC on a better tack to compete for funding.
 - Re-focusing DfT's ITP Block Allocation towards delivering medium sized projects
- Complete the conversion of Hertfordshire's remaining conventional street lighting to LED and CMS technology and introduce new dimming strategies to burn even less carbon and avoid costs. Introduce greater resilience to the ageing cable network.

- Introduce Highways Resilience strategies and schemes, which will reduce the amount of highway maintenance operations that typically disrupt the network and to reduce the costs of routine maintenance.
- The future Highways Service Model will need to have been identified by 2021/22 in readiness to start the procurement of the next highways contracts.
- Continue to promote smart working through the Highway Service's 12 point action plan.
- Providing support and leadership to the multi-agency Road Safety Partnership.
- To provide oversight and administration of the Police and Crime Commissioner's Road Safety Fund, ensuring that the PCC's fund continues to contribute and add value to HCC priorities.
- Continuing to focus and target available resources by developing and refining the Road Safety Strategic Assessment of Priorities and Partnership Road Safety Strategy through adoption of a 'Safe Systems' approach.
- Prepare tender and bid documents for delivery, and potential expansion, of driver training courses on behalf of the Constabulary.
- A range of initiatives including promotion, publicity and reassurance designed to increase the numbers of people walking or cycling particularly for short journeys.

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

One of the key milestones during 2017/18 was the decision to extend the Highways Service Term (HST) contract and the Client Support Term (CST) contracts.

The extensive exercise undertaken to inform the decision included consulting with, and benchmarking against other highway authorities across the country.

The exercise concluded that there was nothing to suggest that there are better services or contract models in the market and that Highways Authorities are cutting their jibs very much to meet their own, local circumstances.

Research, including the recent benchmarking exercise suggests that HCC is almost unique in its approach to providing funding for member discretion, with only a few Unitaries in the north of England providing something similar.

Most Highways Services have a defining feature that influences their overall model and its scope for effectiveness and efficiency. The model for North Yorks CC, for example, was designed around the needs of its winter service. The approach to locality is recognised as HCC's defining feature.

Value for money is optimised in the delivery of Highways Service by:

- Taking a risk based approach to service levels across all services
- Adopting strategic, rather than micro-financial management

- Investing in programme planning and co-ordination
- Bulking like-activities into countywide work streams
- Removing inter-organisational boundaries within the Whole Client Service
- Streamlining the design process through the use of 'walk and build'
- Maintaining competitive tension between contractors
- Reduced personal officer support to members and customers whilst promoting channel shift and the local member community leadership role

Compared to 2010, the operational service in 2015/16 was being delivered with:

- 87 fewer HCC FTE's, which equated to a 42% reduction
- £10.1m equating to 26% reduction in revenue budgets for works and services (including budget increases for inflation, growth in network and the like)
- £13.0m equating to 28% reduction in revenue budgets for staff, works and services overall

However, the impact of construction inflation necessitated an ongoing cash injection of from 2016/17 onwards to keep the service on an even keel.

In broad terms, HCC has halved the number of classified (A, B and C roads) roads in 'poor' condition over the past five years through the capital funded programmes.

This triggered a review of condition targets and July 2017 Cabinet agreed new targets based on current condition vis:

Classification	Target
A - Roads	3%
B & C - Roads	6%
Unclassified - Roads	15%

The percentages refer to the proportion of the network that '*should be considered for maintenance*' and therefore broadly equate to the number of roads in a 'poor' condition; a lower number is consequently better.

HCC is able to predict long term condition performance of its bridge stock against investment levels and has introduced a programme to ensure it remains at steady state.

A recent restructure within the Transport Access and Road Safety team has delivered £271k or 13% savings through a substantial reduction in staff costs and FTEs. The road safety team has been completely redesigned and teams have merged to deliver a single point of contact for all school related issues including road safety, School Crossing Patrols, sustainable travel and cycle training

5 What are the key savings proposals that have been identified to meet the budget gap 2018/19 – 2021/22; what additional actions will need to be taken to achieve these, and what are the potential impacts?

The major savings in the service were driven out during with the design of the current service model and the crafting of the HST contract that prevents the contractor over-recovering overheads and limits its margins.

Hence, there is limited scope to drive future savings from either the current contractor's business, or any future contractor, unless the markets ail and deflation sets in.

Savings will therefore be driven through working more efficiently, doing things differently, or doing fewer things.

A thorough review of income and charging opportunities will be undertaken in 2018/19.

The Highways Service will continue to deliver revenue efficiency savings, particularly through the introduction of 'invest to save' type initiatives, such as the LED lighting and optimising income through Transport Management Act activities (permits, licences and penalties for breaches).

There are further opportunities to deliver savings in energy and operational maintenance by investing in the modernisation of other electrical assets including signals, Baldock Tunnel lighting and illuminated signs.

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

The major risks to delivery are:

- Local construction inflation thwarting the sustainability of the Highways Service Term Contract.
- The impacts of climate change, which can potentially lead to roads melting, freezing and flooding all within one year. Excessive swings in moisture content can create heave to shrinkage movements in the subgrade, creating failure of the road.
- Hertfordshire's chalk geology leads to the particular risk of highway collapse due to swallow holes or the historical sinking of chalk pits.
- Staff shortages due to the buoyant construction industry and the influence of London.
- Potential swamping of the Development Management service by the scale of planning applications and developments
- Managing customer expectations for service levels that the County Council cannot afford.

Mitigating in-year weather events tend to require a re-programming of works and a fresh casting of the budget

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The service structure, levels of service, affordability and efficiencies are consistently under review, in order to deliver a sustainable service for the future and try to counter inflation. However, if the inflation costs beat the efficiency savings then service reductions may need to be considered.

The service will reach out to customers through new web pages (which will be easier to navigate) and the use of new media and improve the quality and reliability of communication through the integration of HCC and Ringway Communications and training of CSC staff.

The Highways Service is developing strategies to develop a pipeline of talent and a robust talent development programme to ensure it retains key staff. In particular, these include growing our own staff through apprenticeships, pro-actively searching for interns and running a graduate programme.

HCC works in partnership with Hertfordshire Constabulary to deliver the suite of NDORS Driver Offender Retraining Courses. The contract for this service is due to expire and, due to the number of other service providers, there is a risk that the County Council is not successful in regaining the contract. As previously stated there has been a recent reduction in the number of referrals to speed awareness courses which could directly impact on a range of non-statutory HCC road safety prevention activity. Work is already underway to prepare a response document to any invitation to tender received from the Constabulary.

KEY BUDGET MOVEMENTS 2018/19 - 2021/22

	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s
Service Specific Inflation	1,116	1,116	1,116	1,116
Previous Policy Decision	50	0	0	0
Demography	64	94	124	155
Other Pressures	(150)	(150)	(115)	(65)
TOTAL PRESSURES	(36)	(56)	9	90
Existing Efficiencies	(7)	(7)	(7)	(7)
Existing Policy Choice	(468)	(1,012)	(1,717)	(1,717)
New Efficiencies	(75)	(248)	(294)	(321)
TOTAL SAVINGS	(550)	(1,267)	(2,018)	(2,045)

Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
	Technical Adjustments							
	None							
	Service Specific Inflation							
	<u>Highways: Ringway Contract - expenditure</u> Indexation for 2018/19 under the contract is based on estimated Highways Term Maintenance Association indices	Environment	Service Specific Inflation	741	741	741	741	
	<u>Highways: Opus Arup Contract - expenditure</u> Indexation for 2018/19 under the contract is based on RPIX estimated between January 2017 and January 2018.	Environment	Service Specific Inflation	375	375	375	375	
	Pressures							
PPD1	<u>County Travel Survey</u> A comprehensive travel survey is carried out every three years so that the county can identify changing needs and trends for its services and react accordingly.	Environment	Previous Policy Decision	50	0	0	0	
D3	<u>Road length increases - routine maintenance</u> Additional budget is required to finance the extra maintenance requirements due to increased road adoptions for new residential and commercial developments.	Environment	Demography	64	94	124	155	16,864
OP11	<u>Essential Upgrade of Highways Asset Management System</u> This is the removal of a pressure that was added in 2016/17 for an update to the highways asset management system for which supplier support is being withdrawn.	Environment	Other Pressures	(50)	(50)	(50)	(50)	
OP13	<u>Legal Support for Procurement</u> Removal of time-limited pressure in 2017/18	Environment	Other Pressures	(100)	(100)	(100)	(50)	
OP14	<u>Revenue impact of the A120 Bypass Capital programme.</u>	Environment	Other Pressures	0	0	35	35	
	Savings							
EPC1	<u>Revenue impact of the LED Street Lighting – Phase 4</u>	Environment	Existing Policy Choice	(468)	(1,012)	(1,717)	(1,717)	15,656
NE12	<u>Revenue impact of the Street Lighting Refurbishment</u> Revenue savings are achieved via the ongoing reduction in energy consumption, carbon emissions and maintenance costs.	Environment	New Efficiencies	(26)	(133)	(161)	(188)	15,656

Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
NE22	Revenue impact of the Replacement of Existing Belisha Beacons with LED Units Capital programme This bid sets out the proposal to replace the existing units with LED technology, which will significantly reduce both the energy consumption and ongoing maintenance visits. It is estimated there will be an annual reduction in maintenance costs, with a potential saving in charges associated with energy and carbon tax.	Environment	New Efficiencies	(31)	(31)	(31)	(31)	-370
NE14	Reduced Street Lighting Scouting frequency	Environment	New Efficiencies	(18)	(53)	(71)	(71)	
NE70	Revenue savings from the Traffic Signals Replacement 18/19 Capital Bid The new installations enable the Council to review future maintenance regimes and costs. This creates the potential to reduce future maintenance costs by £225,000 over the 15 year lifespan. Replacement of the signal equipment will cut energy consumption by 78%. Without factoring in rising energy costs this generates a total saving over the 15 year lifespan of project of £245,325.	Environment	New Efficiencies	0	(31)	(31)	(31)	1,050
EE3 (X1)	Printing Contract Savings Savings through a reduction in print costs achieved through the new managed print service contract.	XC	Existing Efficiencies	(7)	(7)	(7)	(7)	N/A

Note 1

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

EE3 (X1) - Printing Contract Savings	(37)	(37)	(37)	(37)
NE2 (X1) - Serco SMS contract savings	(199)	(533)	(691)	(665)
EE13 (X2) - Enabling the Worker	(685)	(685)	(685)	(685)

ANALYSIS OF REVENUE BUDGET BY OBJECTIVE AREAS

2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
	Environment						
4,131	<u>Structural Maintenance</u> This primarily consists of works which slow the rate of highway deterioration caused by wear and tear or extreme weather	4,013	(124)	3,889	3,889	3,889	3,889
17,137	<u>Routine Maintenance</u> This area covers work of a cyclical nature required to maintain highways in a serviceable and operational condition, such as grass cutting, emptying gullies, keeping signals operational and sign cleaning.	18,473	(500)	17,973	18,003	18,068	18,099
3,410	<u>Winter Maintenance</u> Aimed at keeping roads and footpaths open and as safe as possible during periods of severe cold winter weather, most of the budget is spent on precautionary salting but provision is also made for the emergency clearance of snow and ice.	3,509	0	3,509	3,509	3,509	3,509
7,275	<u>Lighting</u> This budget covers the regular maintenance and energy costs of all aspects of road lighting – lit signs and bollards as well as the county's 100,000 plus street lights.	6,948	(122)	6,826	6,109	5,358	5,331
4,316	<u>Traffic Management and Safety</u> The primary aim of this budget is to reduce road accident casualties and improve movement. This means addressing the issues of safety, ease of movement and environmental concerns of all road users - motorists, pedestrians, cyclists and those affected by, or living alongside, roads.	6,285	(1,763)	4,522	4,522	4,522	4,522
3,920	<u>Transport Planning Policy and Strategy</u> This budget is concerned with the development and monitoring of transport policies providing the basis for bids made to government and other external funding sources and the development of transportation plans. It is also the place where the charges made to utilities under the New Roads and Street Works Act and Traffic Management Act to reduce congestion are managed.	8,915	(4,799)	4,116	4,066	4,066	4,116
1,668	<u>Advance Preparation and Consultation</u> The department has a medium term programme of projects which are in preparation. Part of this development work requires close working with local communities and consulting widely on all transportation schemes.	1,645	0	1,645	1,645	1,645	1,645
41,857	Highways Total	49,788	(7,308)	42,480	41,743	41,057	41,111

Highways Capital Programme 2018/19-2021/22

The total Capital Programme 2018/19 to 2021/22 for the portfolio is £365.343m and for 2018/19 is £85.394m. This includes all new bids and re-programming from 2017/18 at the end of quarter 2.

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
HCC Funding	51,777	56,631	58,341	48,533	215,282
Grant	21,673	21,673	21,510	17,310	82,166
Contributions	10,944	32,074	14,877		57,895
Total	84,394	110,378	94,728	65,843	355,343

New Capital Bids

There are five new capital bid for the directorate that requires £7.117m in 2018/19 and £46.425m for 2018/19-2021/22

Scheme	<u>Total Cost 2018/19</u>	<u>HCC Funding 2018/19</u>	<u>External Funding 2018/19</u>	<u>Total Scheme Cost 2018/19- 2021/22</u>	<u>Total HCC funding 2018/19- 2021/22</u>	<u>Total External funding 2018/19- 2021/22</u>	
	£'000	£'000	£'000	£'000	£'000	£'000	
Introduction of weight limit on A507	40	40	-	110	90	20	This project is the result of a petition to HCC to intervene to address safety concerns on this road.
A10 Buntingford South Roundabout	77	-	77	1,715	-	1,715	This project proposes major improvements to the roundabout on the A10 where it meets London Road, the southern exit from Buntingford. This will address capacity issues as the result of future development in and around the town.
A414 Hertford Major Project	1,750	1,750	-	9,000	9,000	-	To undertake the development work in identifying a series of different options for a Hertford major intervention project
Carriageway maintenance - improving local roads	5,000	5,000	-	29,000	29,000	-	This project complements the existing carriageway maintenance capital programmes by providing additional funds targeted on unclassified roads that are in or approaching a poor condition

Scheme	<u>Total Cost</u> <u>2018/19</u>	<u>HCC Funding</u> <u>2018/19</u>	<u>External Funding</u> <u>2018/19</u>	<u>Total Scheme Cost</u> <u>2018/19-</u> <u>2021/22</u>	<u>Total HCC funding</u> <u>2018/19-</u> <u>2021/22</u>	<u>Total External funding</u> <u>2018/19-</u> <u>2021/22</u>	
	£'000	£'000	£'000	£'000	£'000	£'000	
A414 Scheme development	250	89	161	6,600	1,876	4,724	Investment to improve the corridor to assist in facilitating growth set out in Local Plans along the A414 and help to mitigate the impacts of development on the network
Total	7,117	6,879	238	46,425	39,966	6,459	

Revised Capital Bids - Annual Programmes

The portfolio has 8 bids for annual programmes, of which 6 have requested increased HCC funding. These 6 bids total £144.349m in HCC funding and £69.410m from other sources. An additional £6.089m of HCC funding/borrowing is required in 2018/19 compared to the previous Integrated Plan.

As these are annual programmes, these 6 bids are requesting an additional £33.489m of HCC funding over the next 4 years. If approved, this will need funding from additional borrowing.

The portfolio has 1 Capital Bid which decreases total funding required in 2018/19 by £2.6m compared to the previous Integrated Plan. A reduction of £5m over the next 4 years in S106 contributions is anticipated in relation to this annual programme.

Scheme	<u>Total Increase/</u> <u>(decrease)</u> <u>2018/19</u>	<u>HCC Funding</u> <u>Increase/</u> <u>(decrease)</u> <u>2018/19</u>	<u>External Funding</u> <u>Increase/</u> <u>(decrease)</u> <u>) 2018/19</u>	<u>Total Increase/</u> <u>(decrease)</u> <u>2018/19 to</u> <u>2021/22</u>	<u>HCC Funding</u> <u>Increase/</u> <u>(decrease)</u> <u>2018/19 to</u> <u>2021/22</u>	<u>External Funding</u> <u>Increase/</u> <u>(decrease)</u> <u>2018/19 to</u> <u>2021/22</u>	
	£'000	£'000	£'000	£'000	£'000	£'000	
Traffic Signals Replacement	819	649	170	881	711	170	This is due to a large number of traffic signals becoming life expired and in need of refurbishment or replacement. Modern installations will also result in improved operational efficiency which will help tackle congestion.
Highways Locality Budgets	1,113	1,113	-	4,452	4,452	-	This is part of a strategy to release revenue funding that can be directed at annual campaigns of routine maintenance, therefore avoiding the need for the funding of future Restoration projects

Scheme	Total Increase/ (decrease) 2018/19	HCC Funding Increase/ (decrease) 2018/19	External Funding Increase/ (decrease) 2018/19	Total Increase/ (decrease) 2018/19 to 2021/22	HCC Funding Increase/ (decrease) 2018/19 to 2021/22	External Funding Increase/ (decrease) 2018/19 to 2021/22	
	£'000	£'000	£'000	£'000	£'000	£'000	
Bridge Asset management and maintenance	-	-	-	918	918	-	Annual Programmes are aimed at delivering our targets, which means if we are seeking steady state through implementing a steady programme then we need the same purchasing power each year. Therefore inflation has been built into the bids
Carriageway maintenance:	4,158	4,158	-	25,677	25,677	-	The amount of additional funding required to ensure that the carriageway condition targets of steady state are met following detailed modelling and after considering available grants from the DfT (that tend to vary each year), mitigating inflation impacts and the need to provide for the incidence of coal tar
Highways Drainage Asset Maintenance and resilience	69	69	-	710	710	-	Annual Programmes are aimed at delivering our targets, which means if we are seeking steady state through implementing a steady programme then we need the same purchasing power each year. Therefore inflation has been built into the bids
Footway & Cycleway maintenance	100	100	-	1,021	1,021	-	Annual Programmes are aimed at delivering our targets, which means if we are seeking steady state through implementing a steady programme then we need the same purchasing power each year. Therefore inflation has been built into the bids
Integrated transport projects	(2,605)	-	(2,605)	(5,005)	-	(5,005)	The reduction in funding of the programme is due to the reallocation of the DfT block grant towards the new A414 scheme
Total	3,654	6,089	(2,435)	28,654	33,489	(4,835)	

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Revised Capital Bids - Projects

The portfolio has 1 Capital Bid which increases total HCC funding since the scheme was approved in February 2016. The increase in HCC funding required is by £2.6m over the next 4 years. There is also an increase in external funding of £2.429m over the next 4 years.

The portfolio has 1 Capital Bid where a total overall scheme reduction of £1.688m in county capital is forecast over the next 4 years.

Scheme	Total Increase/ (decrease) 2018/19	HCC Funding Increase/ (decrease) 2018/19	External Funding Increase/ (decrease) 2018/19	Total Increase/ (decrease) 2018/19 to 2021/22	HCC Funding Increase/ (decrease) 2018/19 to 2021/22	External Funding Increase/ (decrease) 2018/19 to 2021/22	
	£'000	£'000	£'000	£'000	£'000	£'000	
A120 Little Hadham Bypass	-	-	-	5,029	2,600	2,429	This is due to a combination of inflation, geotechnical investigations showing the need for additional construction costs and Planning conditions requiring additional measures to address environmental issues.
A602	-	-	-	(1,688)	(1,688)	-	The overall forecast cost for the A602 Improvements scheme has reduced. The LEP Growth Deal Funding allocation of £18.47m remains the same but the profile of spend has changed. Some cost reduction in the construction estimate for the first phase (currently on site) was identified. In the second phase of the project, revised designs have significantly reduced the costs of bridge structures from the outline estimates.
Total	-	-	-	3,341	912	2,429	

Risks

The Maintenance of the Highway asset to prolong serviceable life and the Integrated Transport Projects allocations are based on assumed grant figures from DfT, which have yet to be confirmed.

The maintenance allocation from DfT is also based on HCC retaining its level 3 status within the Incentive Fund. In particular, HCC will need to evidence is that it is 'walking the talk' regarding asset management. Inflation remains a risk, particularly for major projects, which cannot be scaled back to meet budget pressures.

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Proposed Highways Directorate's Capital Programme 2018/19 - 2021/22

	Description New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost (£000)	2018/19 Integrated Plan				2019/20	2020/21	2021/22
				Cost	HCC Funding	Grants	Contribution	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
1	<u>Essex Road New River Bridge Scheme (E)</u> To construct a new road and bridge adjacent to the existing Essex Road link.	Highways	7,378	501	-	-	501	852	5,545	-
2	<u>Street Lighting Refurbishment Programme (E):</u>	Highways	Annual Programme	2,432	2,432	-	-	2,432	2,432	2,325
3	<u>Traffic Signals Replacement (R):</u> Programme to replace the traffic signals which are older than their useful life of 15 years.	Highways	Annual Programme	1,489	1,319	-	170	677	697	718
4	<u>Highways Locality Budgets (R):</u> Annual programme which allows councillors to direct funding in consultation with residents and communities.	Highways	Annual Programme	6,006	6,006	-	-	6,006	6,006	6,006
5	<u>Highways ITP Budget (R):</u> Projects are a mix of transport and highways improvement measures. Schemes seek to help manage and reduce congestion, provide journey time reliability, address air quality issues by encouraging a shift to the bus, walking or cycling, and the reduction of road casualties. Improve the quality of life for residents through speed compliance, and accessibility schemes and support economic development.	Highways	Annual Programme	5,595	-	4,202	1,393	5,800	3,200	-

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	Description New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost	2018/19 Integrated Plan				2019/20	2020/21	2021/22
				Cost	HCC Funding	Grants	Contribution	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
6	<u>Bridge Asset management and maintenance service (R):</u> HCC has a statutory duty to maintain highway bridges. Successful management of bridges will also prevent network disruption.	Highways	Annual Programme	4,950	4,950	-	-	5,100	5,255	5,413
7	<u>Carriageway maintenance (R):</u> This is an ongoing project to extend the life of the highway carriageway infrastructure and ensure they meet their full service potential and preserve their value to Hertfordshire. This is delivered by means of a county-wide programme of targeted preventative treatments on identified sections and repair/ rehabilitation of failing/failed sections when practicable.	Highways	Annual Programme	33,665	16,355	17,310	-	35,848	36,548	37,644
8	<u>Highways Drainage Asset Maintenance and resilience (R) :</u> This programme carries out major repairs, renewals, and upgrades to the highway drainage system with the aim of extending the life of the highway drainage assets and ensure they meet their full service potential.	Highways	Annual Programme	2,369	2,369	-	-	2,440	2,513	2,588
9	<u>Footway & Cycleway maintenance (R)</u> This is an ongoing project to extend the life of the highway footway and cycleway infrastructure and ensure they meet their full service potential and preserve their value to Hertfordshire.	Highways	Annual Programme	2,800	2,800	-	-	2,884	3,077	3,060

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	Description New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost	2018/19 Integrated Plan				2019/20	2020/21	2021/22
				Cost	HCC Funding	Grants	Contribution	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
10	<u>Introduction of weight limit on A507 (N):</u> Result of petition to HCC to intervene to address safety concerns on this road.	Highways	110	40	40	-	-	70	-	-
11	<u>A120 Bypass (Little Hadham) and Flood Alleviation Scheme (R):</u> Will provide a northern 3.9km bypass of Little Hadham	Highways	39,019	8,250	1,100	-	7,150	23,074	3,442	-
12	<u>A602 Improvements Stevenage to/from Ware (R):</u> To improve overall journey times and increase journey time reliability on the A602 route between Stevenage and Ware by increasing the capacity of specific junctions and reducing the curvature of specific bends on the A602 to meet current standards	Highways	22,662	1,553	-	-	1,553	6,290	7,513	89
13	<u>LED - Phase 4 (E):</u> Street Lighting Programmer for completion of LED replacement. The conversion will provide the Council with the ability to control the level of lighting along with the operating period, and as a consequence, reduce the costs associated with energy and carbon emissions. In addition, the LED/CMS units will significantly increase reliability and reduce ongoing maintenance.	Highways	18,500	6,167	6,167	-	-	6,167	-	-

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	Description New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost	2018/19 Integrated Plan				2019/20	2020/21	2021/22
				Cost	HCC Funding	Grants	Contribution	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
14	A120 Standon (E): Delivery of Highways Improvements to the A120 through the Village of Standon in East Herts to reduce the severance caused to the community by the road and maintain traffic flows.	Highways	1,600	1,500	1,400	-	100	-	-	-
15	A10 Buntingford South Roundabout (N): This project proposes major improvements to the roundabout on the A10 where it meets London Road, the southern exit from Buntingford. This will address capacity issues on the roundabout which will evolve as the result of future development in and around the town and, if not addressed, will cause severe congestion on the A10 itself and within the town.	Highways	1,715	77	-	-	77	1,638	-	-
16	A414 Hertford Major Project (N): To undertake the development work in identifying a series of different options for a Hertford major intervention project	Highways	9,000	1,750	1,750	-	-	2,250	5,000	-
17	Carriageway maintenance - improving local roads (N): This project complements the existing carriageway maintenance capital programmes by providing additional funds targeted on unclassified roads that are in or approaching a poor condition	Highways	37,000	5,000	5,000	-	-	8,000	8,000	8,000

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	Description New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost	2018/19 Integrated Plan				2019/20	2020/21	2021/22
				Cost	HCC Funding	Grants	Contribution	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
18	A414 Scheme development (N): Investment to improve the corridor to assist in facilitating growth set out in Local Plans along the A414 and help to mitigate the impacts of development on the network	Highways	6,000	250	89	161	-	850	5,500	-
	Total			84,394	51,777	21,673	10,944	110,378	94,728	65,843

INTEGRATED PLAN

PART B - STRATEGIC DIRECTION AND FINANCIAL CONSEQUENCES

Public Health, Prevention and Performance Portfolio

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Public Health, Prevention and Performance

Strategic Direction: To work together to improve the health & well being of the people of Hertfordshire based on best practice and evidence and reducing inequalities in health across Hertfordshire.

Key priorities and programmes:

- Starting and developing well
 - Pre-pregnancy, pregnancy and maternity
 - Early years and school aged children (mental and physical health)
 - Young people drugs and alcohol
- Keeping well (adults)
 - Mental health
 - Healthy weight, nutrition & physical activity
 - Sexual health
 - Employment and workplace health
 - Health checks
- Influencing and advising
- Working collaboratively

Key services provided:

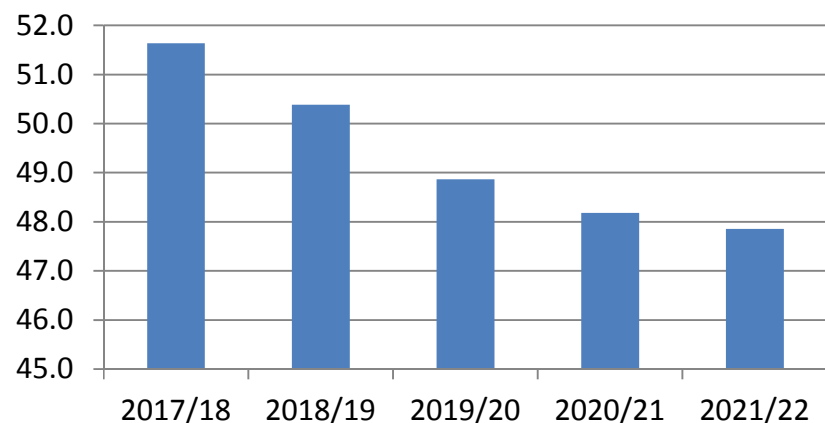
- NHS health checks
- Health protection and resilience
- Sexual health services
- Advice to clinical commissioning groups
- National child measurement programme
- Health visiting and school nursing service
- Drug and alcohol services
- Healthier lifestyle service

Key risks in achieving IP proposals:

- Achieving financial balance in context of budget reductions
- Ensuring adequate resource to deliver major proposals
- Population pressures – rising prevalence of obesity and sedentary behavior

Public Health, Prevention and Performance

£m Net Revenue Budget



Key Revenue Pressures:

- Reducing ring-fenced public health grant
- Out of area sexual health treatment
- Prescribing pressures for long acting reversible contraception and nicotine replacement

Summary Revenue Budget Movements

	2018/19 TOTAL £000	2019/20 TOTAL £000	2020/21 TOTAL £000	2021/22 TOTAL £000
Technical Adjustment	(1,116)	(2,360)	(2,360)	(2,360)
New Efficiencies	(1,474)	(1,749)	(2,434)	(2,755)
TOTAL SAVINGS	(1,474)	(1,749)	(2,434)	(2,755)

Key Revenue Savings Proposals:

- Children and young people (health visiting and school nursing re-procurement)
- Reduction of lifestyle services
- Re-procurement of drug and alcohol services and sexual health services

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Capital Programme	725	-	-	-

Key Capital Schemes:

- Sexual Health Clinic: Creation of sexual health clinic in Hatfield to enable continued delivery of integrated sexual health services.

Public Health, Prevention and Performance Portfolio: Future Strategic Direction

1 What are the key priorities for the portfolio over the period 2018/19 – 2021/22?

- A new Public Health strategy has been approved by Cabinet in September 2017. The key priorities are:
 - Commissioning high quality services (e.g. services for children, including health visitors and school nursing, sexual health services, drug and alcohol treatment services and health checks) and providing advice and guidance to meet statutory obligations in the context of a reducing budget.
 - Managing any change in funding arrangements, including the possible removal of the ring fence from the Public Health Grant, from April 2019.
 - Ensure we continue to improve and protect the health of the population of Hertfordshire and narrow the inequalities gap between groups whilst delivering National Public Health Outcomes.
 - Continue and further develop close collaboration with partner organisations.
 - Taking corporate leadership of the Smart Prevention programme to help the authority identify savings
 - Supporting the NHS in making savings through the Sustainability and Transformation Plan.

2 What are the key pressures and challenges facing your portfolio for 2018/19 – 2021/22?

- The need to reduce spending year on year to 2021/2022 will present a range of challenges including the need to:
 - Prioritise spending on all services that we commission including statutory services
 - Work with providers to re-design services for maximum efficiency and in support of the County Council's prevention agenda
 - Work with key stakeholders to understand and mitigate the effect of any service cuts
 - Understand the implications of additional cost pressures to our services from demographic and other changes such as increasing prevalence of obesity, sedentary behaviour and antibiotic resistance

3 What are the key projects/programmes that the portfolio will deliver 2018/19 – 2021/22?

- Re-procurement of:
 - 0-19 years children's' services including health visitors and school nurses
 - Drug and alcohol services in line with recent needs assessment
 - Sexual health services
- Promotion of on line testing for sexually transmitted diseases

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- Lead Smart Prevention to bring about culture change, operational business improvement, cross cutting transformational change (waste management, quality communities and social isolation) and better employment.
- On-going provision of local data, evidence and intelligence functions including the Joint Strategic Needs Assessment (JSNA).

Key savings proposals that have been identified to meet the budget gap 2018/19 to 2021/22 include:

- Vacancy management and other corporate public health savings
- Redesign of stop smoking services into lifestyle services
- Revision of drug and alcohol services in line with needs assessment
- Reduction of physical activity and healthy weight services
- Reduction of provision of sexual health services where possible

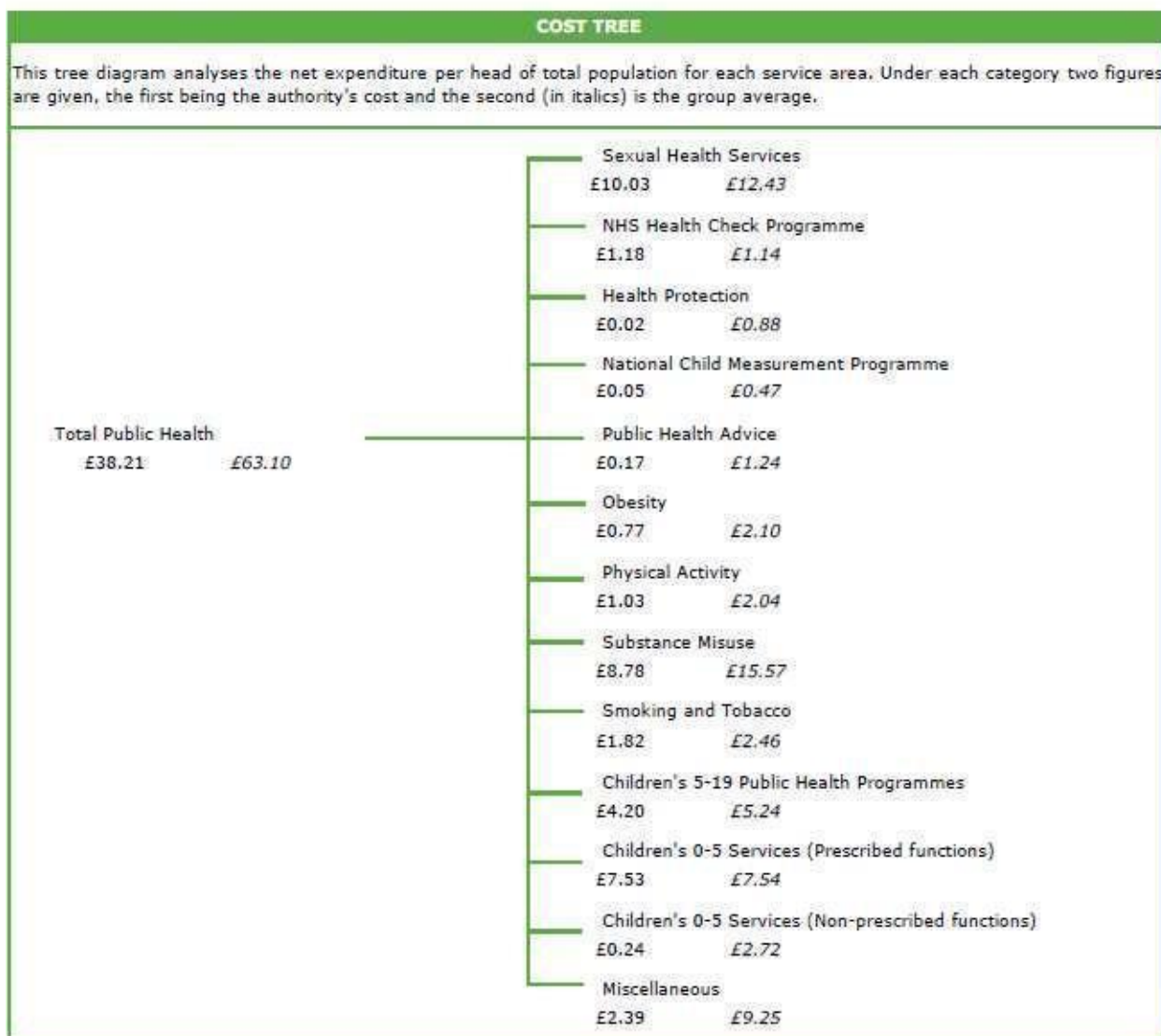
To achieve these savings, the following additional actions will need to be taken, with potential impacts as shown

Proposal	Additional action to be taken	Potential impact
Vacancy management and other corporate public health savings	<ul style="list-style-type: none"> • Review staff portfolios and team structure • Reduce training costs • Remove budget for Public Health conference 	<ul style="list-style-type: none"> • Impact on team morale • Reduced engagement with partner organisations
Redesign of stop smoking services into lifestyle services and reduction in overall budget	<ul style="list-style-type: none"> • Review services provided and staff skill mix • Present options for policy decision regarding reduced service 	<ul style="list-style-type: none"> • Failure to reduce smoking prevalence, weight loss and associated mental health issues • Increased disability from smoking related diseases with increased demand on ACS and NHS
Revision of drug and alcohol services in line with needs assessment	Present options for policy decision regarding reduced service.	Rising levels of: <ul style="list-style-type: none"> • Alcohol related illnesses • drug related crime • antisocial behaviour • homelessness
Reduction of physical activity and healthy weight services	<ul style="list-style-type: none"> • Consultation with key stakeholders. • Encourage local residents to make better lifestyle choices. 	Failure to prevent avoidable illnesses (e.g. diabetes, cancer, dementia) and disability and improvement of poor mental health
Reduction of provision of sexual health services where possible	Present options for policy decision regarding reduced service.	<ul style="list-style-type: none"> • Rise in sexually transmitted illnesses and infertility • Greater need for costly out of area treatments

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

- We can measure our effectiveness in key public health outcomes and CIPFA spend using the Public Health Outcome framework and CIPFA benchmarking reports.

Total Service Net Expenditure (excluding capital charges)



- We have instigated a process of peer challenge in October 2017 and will form an action plan following recommendations
- We have reviewed the effectiveness and value for money of the 0-19 children's service (including health visiting and school nursing) to help inform the re-procurement exercise and will be undertaking a similar process as part of the re-procurement of drugs and alcohol services and sexual health services.

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

Key risks include:

- Lack of investment in prevention activity. Because preventive activity gives the most benefit in the medium to longer term any current cuts to activity will negatively impact on future demand and capacity across the county council and partner organisations.
- Lack of provider engagement due to budget cuts
- Unable to achieve policy agreement to proposed savings
- Potential worsening of health of our residents following a reduction in services for smoking cessation, drugs and alcohol and sexual health

Steps taken to ensure resilience include:

- We have reviewed our workforce plan and have put in place a flexible work policy across the directorate.
- Covering vacancies as they arise by reviewing current roles and encouraging members of staff to work in different ways.
- Providing a training environment that maximises benefit from having public health and graduate trainees placed with us.

KEY BUDGET MOVEMENTS 2018/19 - 2021/22

	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s
Technical Adjustment	(1,116)	(2,360)	(2,360)	(2,360)
New Efficiencies	(1,474)	(1,749)	(2,434)	(2,755)
New Policy Choice	0	0	0	0
TOTAL SAVINGS	(1,474)	(1,749)	(2,434)	(2,755)

Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
	Technical Adjustments							
TA5	Herts Adult & Family Learning Service	ACS	Technical Adjustment	139	139	139	139	
TA6	Public Health - Savings Requirement Further reductions to Public Health Grant have been notified, of £1.2m (2.5%) in 2017/18, rising to a reduction of £3.7m (7.5%) by 2019/20	PH	Technical Adjustment	(1,255)	(2,499)	(2,499)	(2,499)	
	Service Specific Inflation							
	None							
	Pressures							
	None							
	Savings							
NE45	Statutory Healthchecks Use of in house team to continue to deliver at statutory levels but at lower cost	PH	New Efficiencies	(150)	(150)	(150)	(150)	1,238
NE46	Corporate PH Manage vacancies within the PH staff team to reduce costs	PH	New Efficiencies	(360)	(500)	(500)	(500)	2,624
NE47	Stop Smoking Service Redesign of the service into a lifestyle service and saving from reduced activity	PH	New Efficiencies	(250)	(250)	(250)	(250)	1,973
NE48	Drugs & Alcohol Review of Drugs & Alcohol provision in line with the needs assessment	PH	New Efficiencies	(220)	(220)	(220)	(220)	7,477
NE49	Physical Activity Reduction in Physical Activity budget	PH	New Efficiencies	(50)	(50)	(50)	(50)	67
NE50	Healthy Weight Funding from CCGs to support healthy weight programme	PH	New Efficiencies	(130)	(280)	(280)	(280)	280
NE51	Healthy Workplace Contract has ended and service is looking to provide the service in house	PH	New Efficiencies	(25)	(25)	(25)	(25)	25
NE52	District Offer Reduction in funding offered to district councils	PH	New Efficiencies	(33)	(333)	(333)	(333)	333
NE53	Public Health Carry Forward One off use of Public Health Carry Forward	PH	New Efficiencies	(1,171)	0	0	0	
NE86	Sexual Health Redesign statutory sexual health services	PH	New Efficiencies	0	(350)	(500)	(500)	9,295
NE87	Drugs & Alcohol Reduce drugs and alcohol services and ration availability	PH	New Efficiencies	0	(520)	(520)	(520)	7,477
NE88	Non Statutory Prevention Services Reduce non statutory prevention services offered through the NHS for children	PH	New Efficiencies	0	(100)	(200)	(200)	312
NE54	School Nurses / Health Visitors Redesign of the 0-19 service	PH	New Efficiencies	(340)	(1,130)	(1,565)	(1,886)	19,537

Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
NE89	<u>Stop Smoking Service</u> Reduced provision of stop smoking services	PH	New Efficiencies	0	(340)	(340)	(340)	1,973
NE55	<u>Grant Reduction</u> Offset savings already taken through the reduction in the Public Health Grant	PH	New Efficiencies	1,255	2,499	2,499	2,499	

Note 1

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

EE3 (X1) - Printing Contract Savings	(37)	(37)	(37)	(37)
NE2 (X1) - Serco SMS contract savings	(199)	(533)	(691)	(665)
EE13 (X2) - Enabling the Worker	(685)	(685)	(685)	(685)

ANALYSIS OF REVENUE BUDGET BY OBJECTIVE AREAS

2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
2,668	<p>Public Health <u>Corporate Public Health</u></p> <p>The Public Health team works to improve the health and wellbeing of the people of Hertfordshire, based on best practice and best evidence. The Corporate team provides the leadership and strategic direction for the directorate. Data analysis is also undertaken by the team to understand the demographics of Hertfordshire and comparison to other communities.</p>	2,555	(37)	2,518	2,377	2,377	2,377
1,973	<p><u>Health Improvement Services (previously Stop Smoking Services)</u></p> <p>There are approximately 300 commissioned stop smoking services, 36 specialist stop smoking clinics and 5 specialist weight management clinics in Hertfordshire, which provide intensive support and medication to smokers and obese clients for up to 12 weeks. There are also specially trained services to support pregnant smokers to quit. A specialist health improvement team supports all 300 services and contributes to Hertfordshire's tobacco control plan to reduce the prevalence of smoking in all our communities and deliver wider health improvement initiatives such as Making Every Contact Count. Between April 2016 and March 2017, 3682 smokers successfully quit smoking with a local service.</p>	1,587		1,587	1,247	1,247	1,247
9,295	<p><u>Sexual Health</u></p> <p>Hertfordshire provides sexual health services through an integrated model and the service is commissioned from Central London Community Health. This service combines the provision of genito-urinary and contraceptive services into one provider across the county. In addition services are commissioned from local GPs and Pharmacies for Emergency Hormonal Contraception and Long Acting Reversible Contraception.</p>	9,022		9,022	8,976	8,826	8,826
7,477	<p><u>Drugs & Alcohol</u></p> <p>Hertfordshire's treatment system for drugs and alcohol has been constructed over the past four years to ensure that, in line with a broad range of evidence and Government strategy, Hertfordshire drug and alcohol users have access to services that provide a range of interventions and therapies to support users and their carers to achieve long term and sustainable recovery, ideally with abstinence as the long term goal. However as drug and alcohol misuse is a chronic and relapsing condition the services provided also include harm reduction approaches for those who are not yet ready or able to engage in treatment.</p>	7,036		7,036	6,740	6,740	6,740

2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
19,980	<p><u>Children</u></p> <p>Priority work for this budget line includes: School Nursing services commissioned from Hertfordshire Community Trust (HCT) (contract ends September 2018 - procurement underway) Health Visitor services commissioned from HCT (contract ends September 2018 - procurement underway) Supporting the Healthy Start programme "Healthy Vitamins" which provide vitamins to pregnant and breast feeding women Supporting children to maintain a healthy weight through a range of initiatives within early years settings, schools and communities Promoting the emotional wellbeing of vulnerable children and young people (CYP) General meaningful health behaviour intelligence in Hertfordshire for CYP to inform future priorities - delivery of the Health Related Behaviour Questionnaire</p>	19,002		19,002	18,806	18,321	18,000
1,620	<p><u>Adults</u></p> <p>This budget has the following streams: The Health Check programme aims to prevent heart disease, stroke, diabetes, kidney disease and certain types of dementia. Everyone between the ages of 40 and 74, not already diagnosed with one of these conditions or having certain risk factors, will be invited to have a Health Check to assess risk of developing the above. Improving the quality health checks provided, ensuring those at greatest risk are assessed and that individuals are supported to change unhealthy behaviours and are referred to other preventative or treatment services as required remains the key focus of the programme. In 2016/17, over 25,350 individuals received a Health Check in Hertfordshire. Weight management schemes - both general and targeted at specific groups. Eligible adults can be referred by healthcare professionals to commercial weight loss schemes running across Hertfordshire. Healthy Workplace - public and private sector workplaces with more than 50 employees are offered a suite of effective interventions to help improve wellbeing, promote productivity and reduce sick leave. Health improvement - to run training, meetings and sessions to support the health improvement agenda across partner organisations across the county. Infection Control which encompasses communicable disease prevention and response to epidemics</p>	1,025		1,025	825	775	775

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2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
1,907	<u>Partnership</u> The Public Health service has developed strong productive partnerships with the local district/borough councils within Hertfordshire to develop the "Public Health Partnership" across the county. This initiative totals more than £2m of funding over four years - providing a package of funding and support measures to the district/borough councils to enable them to effectively co-deliver Hertfordshire's Public Health priorities locally. The programme is informed by local health data so that initiatives are tailored to local needs. The partnership funding relates to contributions to other HCC budgets which mainly support services commissioned from the third sector. Many of the services are preventative and others support Public Health priorities around drugs and alcohol.	1,873		1,873	1,573	1,573	1,573
0	<u>Public Health Initiatives</u> This budget funds pilot projects which support Public Health priorities. The evaluation of the projects may lead to the mainstream commissioning of the services by Public Health.	175		175	175	175	175
3,947	<u>Internal Commissioning</u> There are a number of schemes across the County Council which have been identified as supporting Public Health priorities. Savings have been taken from the service budget as part of the Integrated Planning process and those services are funded from this line of the Public Health budget. The funding for the Public Health recharges is also shown on this line.	5,374		5,374	5,374	5,374	5,374
48,867	Public Health Total:	47,649	(37)	47,612	46,093	45,408	45,087
	Adult Care Services						
2,771	<u>Grant funded projects</u> Miscellaneous grants received by the county council to assist people with welfare needs or low level social care needs to remain independent.	4,733	(1,962)	2,771	2,771	2,771	2,771
2,771	Adult Care Services Total	4,733	(1,962)	2,771	2,771	2,771	2,771
51,638	Public Health, Prevention & Performance Total	52,382	(1,999)	50,383	48,864	48,179	47,858

Public Health, Prevention & Performance 2018/19-2021/22

The total Capital Programme 2018/19 to 2021/22 for the portfolio is £0.725m and for 2018/19 is £0.725m. This includes all new bids and re-programming from 2017/18 at the end of quarter 2.

	2018/19	2019/20	2020/21	2021/22	Total
	£'000	£'000	£'000	£'000	£'000
HCC Funding	725	-	-	-	725
Total	725	-	-	-	725

Revised Capital Bids

Public Health, Prevention and Performance has one bid that decreases total HCC funding compared to the previous Integrated Plan. In total, a reduction of £0.675m funding is requested for 2018/19 to 2021/22.

Scheme	Total Increase/ (decrease) 2018/19	HCC Funding Increase/ (decrease) 2018/19	External Funding Increase/ (decrease) 2018/19	Total Increase/ (decrease) 2018/19 to 2021/22	HCC Funding Increase/ (decrease) 2018/19 to 2021/22	External Funding Increase/ (decrease) 2018/19 to 2021/22	
	£'000	£'000	£'000	£'000	£'000	£'000	
Sexual Health Clinic	(475)	(475)	-	(675)	(675)	-	The 17/18 IP bid included sexual health clinics in St Albans and Hemel Hempstead. The £725k for 18/19 is for a provision at Hatfield, with the previous locations no longer required
	(475)	(475)	-	(675)	(675)	-	

Proposed Public Health, Prevention & Performance 2018/19 - 2021/22

	Description New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost	2018/19 Integrated Plan			2019/20	2020/21	2021/22
				Cost	HCC Funding	Grants	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000
1	Sexual Health Clinic: Creation of a sexual health clinic in Hatfield, to enable to continue delivery of integrated sexual health services (R)	Public Health, Prevention & Performance	Annual programme	725	725	-	0	0	0
Total				725	725	-	0	0	0

INTEGRATED PLAN

PART B - STRATEGIC DIRECTION AND FINANCIAL CONSEQUENCES

Resources, Property and Enterprise Portfolio

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Resources, Property & the Economy Portfolio

Strategic Direction:

- To provide professional advice and insights, and the tools to deliver services and enable change
- Promote the economic prosperity of businesses and residents in Hertfordshire in collaboration with the LEP and in line with the Strategic Economic Plan

Key priorities and programmes:

- Driving forward digital strategies to maximise the effectiveness of digital solutions for the council and its clients.
- Leading on an effective People Strategy to deliver a high performing, engaged and committed workforce.
- Maximising the use of public sector assets to drive out efficiencies and generate ongoing revenue streams.
- Driving forward further commercial opportunities for trading, procurement and contract management.
- Leading on enabling and developing a Smart, flexible and mobile workforce.
- Enable effective approaches of prevention and demand management
- Funding – Drive forward strategic financial planning and proactively respond to the impact of proposed changes to Business Rates (NNDR) and government funding.
- To continue to work closely with the LEP to secure economic prosperity.
- To promote the tourism economy in Hertfordshire through Visit Herts

Key services provided:

- Support services including; Assurance, Finance, HR, Improvement & Technology, Procurement, Property, Legal, Democratic & Member services, Communication and Policy support.
- Citizen focused services for Births, Deaths, Marriages and Citizenship Services, Support to the Coroner, delivery of school meals through Herts Catering Limited and the supplies service HertsFullstop
- Provision of core funding to Herts LEP and joint working to sustain economic prosperity priorities.
- Financial support to the Visit Herts Tourism Partnership.

Key risks in achieving IP proposals:

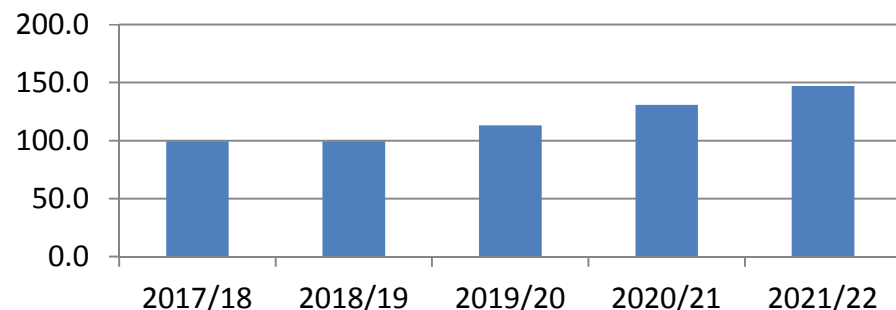
- Changes in funding and grant announcements
- Volatility of and changes to local business rates system
- Council tax reforms and changes to council tax base
- Wider inflation, interest and borrowing rate risks post Brexit
- Ability to market assets and secure revenue streams
- Continuing to attract,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

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Resources, Property & the Economy Portfolio

£m

Net Revenue Budget



Key Revenue Pressures:

- Robertson and Farnham House lease (part of 2017/18 IP) - £0.635m
- Herts Fullstop transition - £0.112m
- County Council elections - £0.085m

Key Revenue Budget Movements

	2018/19 TOTAL £000	2019/20 TOTAL £000	2020/21 TOTAL £000	2021/22 TOTAL £000
Technical Adjustment	(4,983)	(4,983)	(4,983)	(4,983)
Inflation to be allocated	5,869	22,537	39,071	55,934
Service Specific Inflation	34	34	34	34
Legislative	(11)	(11)	(11)	(11)
Other Pressures	5,517	6,371	10,321	14,036
TOTAL PRESSURES	5,506	6,360	10,310	14,025
Existing Efficiencies	(136)	(157)	(136)	(157)
Existing Policy Choice	(50)	(100)	(100)	(150)
New Efficiencies	(5,273)	(6,662)	(9,389)	(13,536)
New Policy Choice	-	(500)	(500)	(500)
TOTAL SAVINGS	(5,459)	(7,419)	(10,125)	(14,343)

Key Revenue Savings Proposals:

- Further reduction in back office costs - £0.341m
- Additional income from traded and statutory services - £0.115m
- Investment return Herts Catering Ltd - £0.500m
- Property and asset management - £0.487m
- Final savings on previously agreed MRP changes - £2.755m

Key Capital Schemes:

- 25 by 20: Property Projects
- Broadband Delivery Project Phase 2
- Capital Maintenance Improvements and Annual Programme of Minor Works
- ICT Refresh budget and Refresh Mobile Computing Devices

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Capital Programme	35,546	6,326	2,859	2,779

Resources, Property & the Economy Portfolio: Future Strategic Direction

1 What are the key priorities for the portfolio over the period 2018/19 – 2021/22?

Resources provide centralised support services to the Council's departments, as well as providing front-line services including Registration, Coroners and Citizenship Services and Herts Business Services. The Resources Directorate also includes Libraries, as well as Performance and Improvement. Information on Libraries is included in the Education, Libraries and Localism Portfolio. The work of the Performance and Improvement team is primarily reported to the Public Health, Prevention and Performance Portfolio.

The net total departmental budget for 2017/18 was £72.6m and £23.35m of savings have been achieved between 2010/11 and 2017/18. A further £2.7m of savings are already assumed in the baseline figures for 2018/19 rising to £10.6m by 2021/22.

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

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

Our priorities over the medium term are to:

1. **Be proactive enablers of change** – providing leadership, direction and support to drive transformation and improvement. This includes;
 - Making the most of our **property**, office and service accommodation portfolios, including through the Council's new property company, Herts Living Ltd
 - Increasing **commercial opportunities** including those relating to major re-procurements
 - Supporting the right approaches to **prevention and demand management**
 - Using outcome driven technology to respond to fast-changing **digital opportunities**
 - Having a **high performing, engaged, and committed workforce**
 - Developing and enabling **SmartWorking** throughout the organisation

2. Ensure that Resources Directorate meets the needs of the organisation, provides best **value for money** and enables our frontline services to continue to provide effective services. We will continue to review our structures and ways of working to ensure that we are as efficient as possible and can effectively support the changing needs of the organisation.
3. Proactively respond to and manage the proposed changes to government funding and other policy changes, including the proposed devolution of Business Rates.
4. Support the Council's delivery of service led projects and programmes
5. Enable effective internal and external communication and engagement with other citizens and partners
6. Managing the strategic partnership framework for the county – Hertfordshire Forward – which brings together the key decision makers around the table to secure common purpose.
7. Support and enable the role of Members.

Economy

- One of the County Council's Corporate Plan priorities is "Opportunity to Prosper", which aims to build a strong economy for Hertfordshire and prosperity for its residents and business.
- The County Council does not have its own Economic Development service but delivers this priority by working closely with the Hertfordshire Local Enterprise Partnership and is represented on the Board by the Executive Member for Resources, Property and the Economy. County Council core funds the LEP to the value of £250,000 per annum.
- The LEPs priorities as set out in its strategic Economic Plan are
 - Global excellence in science and technology (including Bioscience, life science and pharmaceuticals, film, digital animation and creativity).
 - Harnessing relationships with London and focussing on the county's three transport corridors – M1, A1(M) and M11/A10.
 - Reinvigorating our places, including our New Towns.
 - Creating the foundations for growth – more housing, better infrastructure, and better skills.
- The LEP secured over £220m through the Growth Fund Round 1 and 2, and a further £44m this year in Round 3. This is to advance 8 key projects around the county:
 - £19.38 million to support a package of major projects to help **regenerate Stevenage town centre** (conditional on the creation of revised governance structures).
 - £3.76 million for the newly created Hertfordshire Envirotech Enterprise Zone including £3.06m to establish a new £12m **open innovation hub at the BRE (Building Research Establishment) campus** in South West Herts.
 - £7.75 million to provide loans/grants to skills providers to ensure that they continue to meet the current and future needs of local employers.

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- £5.1 million to support the second phase of development at **West Herts College's £14.5m Dacorum campus**.
- £6.5m to **construct a new bridge** to improve access to a major employment area at Essex Road, Hoddesdon, providing growing employment opportunities including the creation of up to 400 new jobs.
- £1.96m to relieve congestion on the **A10 roundabout near Buntingford** and support future development in and around the town.

2 What are the key pressures and challenges facing your portfolio for 2018/19 – 2021/22?

- As the provider of Support Services to the organisation the Resources Directorate needs to ensure that it responds to the ever changing needs of departments whilst continuing to identify opportunities to deliver savings and other efficiencies. This involves working with services to predict and respond to the impact of demographic pressures and other policy changes, ensuring continued effective and appropriate support services.
- Ensuring that the organisation is able to use the best technology to improve efficiency and productivity and engagement with its citizens. This will include use of the most appropriate fit for purpose technology including cloud services and ensure safe and effective transition of any changes. It will also involve maximising digital opportunities with a user-focussed end to end service re-design, exploiting data analysis to tailor services and pre-empt trends and needs and efficiencies around ways of working.
- Responding to changes in funding; in particular the risks and opportunities associated with changes to Business Rate localisation. In addition, there is an increased risk of more schools becoming Academies and insufficient funds to meet the needs of the remaining schools.
- Ensuring that we support the organisation to develop a workforce strategy that ensures that we maintain the capability and capacity to deliver current and future outcomes and we continue to attract, recruit and retain people with the right skills, abilities and values, particularly in key shortage skill areas including Social Work, Planning, Digital and Legal.
- Ensuring that we have the resources, knowledge and skills to support changes in the way we operate, including the implementation of the property company (Herts Living Ltd) and other commercial opportunities.

Economy

- Hertfordshire has recovered well from the recession and the economy is picking up strongly.

www.hertfordshirelep.com/media/4343/Hertfordshire%20Economic%20Outlook%202016.pdf

- There are two key issues emerging from this:
 - The need to ensure future economic growth is sustained. This will rely on strong relationships between HCC, the LEP, the Districts and businesses to ensure the focus is on supporting our key sectors, attracting jobs and inward investment, encouraging entrepreneurship, and lobbying for resources.

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- Addressing the potential 'brakes' on the economy that could affect its success – lack of housing, labour supply and skills shortages and infrastructure to support future growth. This will rely on:
 - o working closely with the Herts Infrastructure and Planning Partnership and Districts on bringing forward land for new homes and jobs
 - o Working with the LEP, DWP and Colleges of FE, and Business on the delivery of the Hertfordshire Skills Strategy
 - o developing a Transport Vision and a pipeline of new infrastructure projects and funding mechanisms to support growth
 - o maximizing the potential regeneration opportunities of our New Towns and other town centre locations for growth
- HCC is not a 'provider' in this area and therefore our role in Economic Development is very much to work in partnership to deliver key projects.

3 What are the key projects/programmes that the portfolio will deliver 2018/19 – 2021/22?

Procurement – ensuring we have effective procurement and contracts management arrangements in place across the council. Enabling the effective review and procurement of Directorate contracts; including the Shared Managed Services (SMS), Temporary Staff Recruitment and Pension Fund contracts. Spotting and engaging in opportunities for collaborative procurement with other public sector partners.

Funding and financial planning – The IP has been extended to become a four year financial strategy. Resources will continue to support the organisation in taking a strategic, medium term view of financial challenges faced and developing option to meet these challenges. We will proactively responding to proposed changes to Business Rates (NNDR) and central government funding to ensure that the impact for HCC is understood and informs Medium Term Financial Strategy. Working with our partners, we will ensure that the impact of any changes (including local growth) are understood and reflected in the medium term financial strategy.

Assurance – The individual parts of the Service continue to consider opportunities for expanding their customer base e.g. further work from Academies and other Districts and Boroughs with a view to generating further revenue surplus contributions or by reducing charges in relation to Partnership Services (SIAS & SAFS).

Insurance –The Authority will use an independent party to carry out an actuarial review of its insurance provisions and reserves.

Legal Services – supporting the Council to achieve its objectives, particularly providing specialist and focussed support for major initiatives, taking the opportunity to develop shared service arrangements where appropriate, engagement with client departments to manage in conjunction with them increasing demands for legal advice and development of initiatives (e.g. on line resource hubs) to reduce the reliance on Legal Services.

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Democratic Services – transition to a new committee management system and supporting the development of electronic, paperless meetings where appropriate.

Coroner Service - continued development of the case management system to enable electronic referral of sudden deaths and electronic signing and distribution of post-investigation documents to improve service to the bereaved and efficiency. Prepare for the introduction of the Medical Examiner Service April 2019.

Registration & Citizenship Service – continued development of customer online appointment and ceremony booking, and development of online payment system to improve customer service and service efficiency. Identifying opportunities to extend income generating service delivery to improve efficiencies.

Customer Service - the new Hertfordshire.gov.uk website has been live for a year and achieved the highest rating from society for IT manager in the public sector. Priorities remain for its development to maximise the potential of channel shift encouraging residents to self-serve rather than call the customer call centre; and to develop more personalised content.

Financial and HR systems review – Following a detailed review of SAP systems in 2017, the Council has decided not to invest in a major system upgrade. Instead we will look for incremental change to ensure that use of the core system is maximised, whilst further reviewing future options for systems and process provision. The drivers will be to seek improvements and efficiencies for the end user and bring about efficiencies from the process design.

Human Resources – contribute to internal and external major change programmes. Work with Finance, Improvement team, Serco and Services produce a workforce plan to include a skills strategy. Commence the review of HR and Payroll services in the lead up to 2021 contract renewal of Serco and Pensions provider in 2019.

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

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

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

- To make better use of the public sector portfolio of assets by sharing buildings and developing more multipurpose facilities, particularly in support of co-delivered services. This is proposed to reduce costs and deliver better outcomes wherever possible to staff and service customers. The council will work with partners through the Hertfordshire Property Partnership and One Public Estate programme.

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- In the context of Local Strategic Plans and the need for significant housing and infrastructure development, to drive forward required development and return with some or all of the profit component to the public sector or, through private rented housing, to generate ongoing revenue income streams to support spending on essential services. This approach will utilise the Council's newly established property company (Herts Living Ltd).

Leading on increasing **commercial opportunities**

- Taking forward the Councils commercial strategy, including:
 - Implement consistent and coherent approach to HCC companies, and options for future arm's length entities
 - Developing resources to support the organisation in considering commercial opportunities
 - Review opportunities for existing trading to ensure continued sustainability (*Herts Fullstop*)
 - Enhance approach to strategic commercial planning & re-tendering
 - Enhance staff capacity and capability to improve contract management and commercial mindsets.

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

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

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

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

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

- Leading widespread cultural change to drive increased collaboration, mobility and flexibility

- Delivering modern technologies to enable smarter ways of working as the new normal
- Ensure close links to office estate consolidation, people strategy and digital workstreams.

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

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

Economy

- As well as continuing to work with the LEP on delivering their Strategic Economic Plan and Growth Deal 3 projects, the County Council will continue to work with District Councils and partners on the development of their Local Plans and key projects including Stevenage First, the Hemel Enterprise Zone, Hatfield Regeneration, the A414 corridor and the M11/East Herts/West Essex growth plans. The County Council will continue to work with the LEP, employers and DWP on the Hertfordshire Skills Strategy.
- Following the reprocurement of the Herts Destination Management Organisation, the County Council and partners will continue to work with Visit Herts and Tourism Partnership to grow the visitor economy and promote Hertfordshire's unique cultural, heritage and visitor attraction locally and internationally.

Key savings proposals include:

Resources Directorate has looked to reduce the costs of its operation, ensuring that it is efficient and fit for purpose. Since 2010 it has delivered savings of £23.35m rising to £31.23m by 2021/22. This included working with external partners such as London Pension Fund Agency and SERCO to lever out savings through more efficient ways of working and maximising the use of available technology where appropriate. It continues to review opportunities for efficiencies including reducing the use of our office space and joint working with partners to share fixed costs and generate income.

The proposals set out in the IP cover:

- Further reduction in back office costs – this includes savings across each of the Resources teams - £0.5781m
- Additional income from traded and statutory services - £0.140m
- Investment return Herts Catering Ltd - £0.500m
- Property and asset management - £1.516m
- Serco SMS contract savings - £0.199m

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

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

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

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

- **Shared Internal Audit Service (SIAS)** – following prior notice of reductions in commissions the Service underwent a restructure to ensure that it was providing VFM for its clients. Changes to management structures allowed for the maximising of cost savings with a current estimate of £34k being saved in the HCC Commissioning Account.
- **Legal Services** – are part of the Public Law Partnership (PLP is the legal services partnership of authorities in Essex, Hertfordshire, Suffolk and Cambridgeshire). PLP share staff, legal information, know-how and training to ensure value for money. Our aim is also to work closely with other legal departments in Hertfordshire authorities to share training and, where appropriate, resource.
- **SERCO**– the outcome of a previous review undertaken by an independent assessor revealed that the overall contract price across all service lines is 9% below reference group average, and therefore continues to represent value for money at the aggregate level. The Council has taken advantage of the opportunity to extend the contract from March 2019 by 2 years. In doing so it has been able to negotiate further savings on the contract, reducing cost not just in Resources but in ACS and children’s services too.
- **Property services** – the work to develop the approach to management and development of property assets has involved research with external providers and other organisations to determine options and best practice in this area. Officers are working with “One Public Estate” to pump prime collaboration across all Herts public sector.
- **HR service** – The AD undertook a review in January 2017 which was implemented from July 2017 and achieved agreed savings for the 2017/18 financial year reducing the budget by £190k. The priority for 2018/19 will be to review income generation and pricing strategies the potential of which are yet to be determined.
- In addition as part of the response to the apprenticeship levy the service have engaged with the Hertfordshire LEP, Districts and the Further Education community to identify opportunities which minimise the financial impact of the levy as well as addressing the skills and availability of its future workforce. The organisational liability for the levy (excluding schools) is just over £900,000. Plans are in place to gain as much of this cost back by either appointing

appropriate vacant posts as an apprenticeship (as a strategic position on workforce planning), or using the levy to develop existing staff.

- Procurement – the Central Buying Consortium benchmarking exercise results (published in early 2017) showed that of the 8 authorities participating, Hertfordshire ranked the second from lowest for cost of service, despite having the second from highest level of externally procured spend. Likewise, the Society of County Treasurers procurement benchmarking exercise of 12 authorities (published in early 2017) ranked Hertfordshire lowest in terms of cost of the central procurement team as a percentage of net revenue budget.

Economy

- The County Council's direct Economy Budget comprises
 - £250k core funding for the LEP
 - £50k for Visit Herts
- The latest available National Audit vfm tables show that the County Council spends £1.21 per head of population on economic development, compared to the County and single tier average of £13.13 per head. Hertfordshire overall employment rate, median weekly earning, number claiming Job Seekers Allowance, levels of qualifications and number of active businesses are all in the upper quartile compared to the county and single tier average (source: Public Sector Audit value for money profiles 2013/14).
- The LEP's £500k core funding from BIS / DCLG is predicated on HCC also providing core funding. HCC's core funding of the LEP does offer HCC a degree of leverage at the LEP Board which has so far been positive and secured support for HCC projects and objectives. The LEP is currently looking at ways to be self-sufficient in terms of core funding, and HCC as Accountable Body will in future charge for any Legal/Financial services it provides to the LEP.
- HCC's £50k support for the Visit Hertfordshire is for a 3 year term from July 2017 and is contractual. It is extendable for a further 2 years subject to review of delivery and performance.

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

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

- potential income from business rate incentives; success of the Local Enterprise Partnership; impact of business rate appeals;
- the Collection Fund balance and council tax base for future years, as well as council tax support schemes and wider council tax reforms;
- outstanding grant announcements;
- inflation: non-pay inflation including exceptional inflation;
- delivery of savings to timescale;

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- interest rates, impacting on borrowing costs and investment income;
- ability to sell assets and secure capital receipts; and
- potential impact of the decision to exit the EU on inflation, treasury management, the property development market and staff recruitment and retention.

Some of the key mitigations in place include:

- Continuing to review and manage our overall resource position including changes to grant funding.
- Continued commitment to deliver savings through robust project management and ensuring the focus remains on key priorities.
- The availability of contingency funding which alongside general fund and specific reserves takes account of the uncertainties and risks across the organisation.
- Continued leadership of cross-cutting transformation programmes to support transformation change across the organisation and deliver future savings.
- Workforce planning and strategy to ensure that we recruit, engage and retain a highly performing workforce and deal with key skill shortage areas.

Economy

The key risk in relation to the continued success of both the LEP and Visit Herts, is the health and resilience of the Hertfordshire economy, and the ability of partners to deliver and manage future growth well.

There are no proposals for any savings in the County Council's Economic Development budget for 2018/19. However the Government's review of LEPs may provide the opportunity to review the County Council's core funding to the LEP depending on emerging new governance models.

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

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

KEY BUDGET MOVEMENTS 2018/19 - 2021/22

	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s
Technical Adjustment	(4,983)	(4,983)	(4,983)	(4,983)
Service Specific Inflation	34	34	34	34
Legislative	(11)	(11)	(11)	(11)
Other Pressures	5,906	6,315	10,229	13,853
TOTAL PRESSURES	5,895	6,304	10,218	13,842
Existing Efficiencies	(136)	(157)	(136)	(157)
Existing Policy Choice	(50)	(100)	(100)	(150)
New Efficiencies	(5,273)	(6,662)	(9,389)	(13,536)
New Policy Choice	0	(500)	(500)	(500)
TOTAL SAVINGS	(5,459)	(7,419)	(10,125)	(14,343)

Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
	Technical Adjustments							
	<u>SEN Reform</u>							
TA8	An initial amount of grant funding was been allocated in 2017/18 to meet the identified pressure within Children's Services and the remainder was held centrally, with future budget allocations to be agreed.	Rsources - Central Items	Technical Adjustment	(564)	(564)	(564)	(564)	
	<u>School improvement monitoring and brokering grant</u>							
TA9	Removal of 18/19 grant, pending announcement of any further funding. Once grant conditions are confirmed, the budget will be allocated to services.	Rsources - Central Items	Technical Adjustment	(842)	(842)	(842)	(842)	
	<u>Revenue Contribution to Capital Programme</u>							
TA7	Transferred to a reserve to meet capital financing in future years, reducing the need to borrow.	Resources - CFIB	Technical Adjustment	(3,577)	(3,577)	(3,577)	(3,577)	
	Service Specific Inflation							
	<u>Coroner Service - expenditure</u>							
	HCC has a contract with 3 NHS Trusts to provide mortuary services for Coroner's Post Mortems (West Herts, East & North Herts and Princess Alexandra). The contract allows for the Trusts annual fee rises in line with NHS inflation. NHS inflation has consistently been higher than general inflation. Economic assumptions 2016/17 to 2020/21 paper on NHS website projects that NHS inflation for 2018/19 will be 2.0%.	Resources	Service Specific Inflation	4	4	4	4	
	<u>Registration & Citizenship Service - income</u>							
	Fees within this GL account are statutory and are set by the Home Office. There is no indication of proposed increase in fees for 2018/19, thus income will not rise.	Resources	Service Specific Inflation	5	5	5	5	
	<u>Registration & Citizenship Service - income</u>							
	Fees within this GL account are statutory and are set by the General Register Office. There is no indication of proposed increase in fees for 2018/19, thus income will not rise.	Resources	Service Specific Inflation	14	14	14	14	
	<u>Other Properties - income</u>							
	Abel Smith is currently fully let to businesses that have agreed rent payments to HCC at set prices until the rent reviews which do not take place until 19/20. This also means that adding income inflation would create a pressure to the budget.	Resources	Service Specific Inflation	11	11	11	11	

Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
	Pressures							
L5	<u>County Councillors - ending of superannuation scheme</u> Following County Council elections in May 2017, all members previously on the scheme will cease to be members of the LGPS.	Resources	Legislative	(11)	(11)	(11)	(11)	
OP19	<u>Robertson & Farnham House</u> At the point of purchase of the freehold of Robertson and Farnham House in Stevenage, Aviva held a lease of the freehold with HCC subleasing from Aviva. This situation continues until the Aviva lease expires in September 2018. However, there is a difference in the values of the lease (£3.7m) and the sublease (£2.5m) of £1.269m which in turn will create a pressure on the overall property budget when the Aviva lease ends. As Aviva do not make profit from this arrangement they will not look to renew the lease.	Resources	Other Pressures	589	1,168	1,168	1,168	15,179
OP21	<u>Herts Fullstop - Invest to transform and increased revenue</u> Herts Fullstop is currently facing pressures in the trading environment. the business plan for next year focuses on increasing sales income to reduce the pressure, before a planned Invest to transform bid for around £1.5m of investment would increase the surplus generated (see savings section below)	Resources	Other Pressures	112	0	0	0	(1,611)
OP22	<u>County Council Elections</u> County Council Elections are held every four years. The budget is accumulated over the four years. The current level of budget is not sufficient to meet the costs in 2021. The budget also funds any by-elections during the 4 years.	Resources	Other Pressures	85	85	85	85	308
OP23	<u>Service Property - Libraries</u> Centrapark is the libraries logistics centre (in Welwyn Garden City) that stores all the books, DVDs and items that are currently not in libraries around Hertfordshire. The original annual rent for this building was £160k a year but following the rent review (on 25th March 2017) the new cost of rent will increase to £202k a year	Resources	Other Pressures	42	42	42	42	451
OP30	<u>Loss of income from PCC</u> The CFO role for the PCC is currently provided by the Assistant Director (Strategic Finance & Performance) from the Environment Department. When that individual retires, it is unlikely that the role can be covered elsewhere, and the income is therefore likely to cease.	Resources	Other Pressures	24	31	31	31	87
OP33	<u>Sessional fees for Assistant Coroners</u>	Resources	Other Pressures	20	20	20	20	822
OP34	<u>Provision of body removals service</u>	Resources	Other Pressures	74	74	74	74	822
OP24	<u>Interest cost - HCC borrowing</u> Interest cost increase due to the borrowing required to fund the rest of HCC's capital programme not funded by grants, contributions or reserves.	Resources - CFIB	Other Pressures	342	1,993	4,065	5,927	
OP25	<u>Interest on Investment Balances (external)</u> Reduction in interest earned on externally invested funds due to fall in interest rates	Resources - CFIB	Other Pressures	(43)	(7)	33	33	
OP26	<u>Minimum Revenue Provision Policy choice</u> As a result of moving the calculation of the provision to the annuity method the savings generated are front loaded and creates a pressure in future years.	Resources - CFIB	Other Pressures	450	625	625	625	
OP27	<u>Additional Borrowing to fund the Capital Programme</u> Borrowing to fund the Capital Programme results in a higher minimum revenue provision. The minimum revenue provision is the statutory amount that HCC must charge to council tax in order to repay the principal on borrowing.	Resources - CFIB	Other Pressures	645	2,243	4,083	5,845	
OP32	<u>Environment Agency Thames/Anglian Region Levy</u> The Environment Agency is a levying body for its flood defence function under the Water Resources Act 1991. Following notification of the provisional levy for 2018/19 an increase in budget is required.	Resources - Central Items	Other Pressures	19	19	19	19	
OP36	<u>Interest on Investment Balances</u> Changes in interest earned on external balances resulting from changes in forecast balances and interest rate forecast.	Resources - CFIB	Other Pressures	56	22	(16)	(16)	

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Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
OP37	<u>Infrastructure and Investment</u> Central provision to fund projects for development of major infrastructure and sustainable transport to address future growth; for service transformation including that planned for Adult Social Care; replenishing Insurance Fund; and other projects. Allocations to be confirmed once final 2018/19 IP funding figures are known.	Resources - Central Items	Other Pressures	3,491	0	0	0	
EE14	<u>Savings</u> <u>Improvement & Technology - Management Graduate scheme</u> Remove support for academic qualification and reduce cohort from 6 to 5 trainees.	Resources	Existing Efficiencies	(31)	(31)	(31)	(31)	11,549
EE15	<u>Finance - contract savings</u> This saving from the 2017/18 IP originally envisaged savings from negotiating discounts from suppliers. The saving has been delivered as part of the Serco SMS contract renegotiation	Resources	Existing Efficiencies	(80)	(80)	(80)	(80)	12,878
EE16	<u>Engagement and Consultation Phase 2</u> Ceasing the residents' survey	Resources	Existing Efficiencies	21	0	21	0	2,782
EE18	<u>Corporate Communications</u> Create income or trading opportunities e.g. Schools, Districts, Health and PCC.	Resources	Existing Efficiencies	(40)	(40)	(40)	(40)	1,034
EE3 (X1)	<u>Printing Contract Savings</u> Savings through a reduction in print costs achieved through the new managed print service contract.	XC	Existing Efficiencies	(6)	(6)	(6)	(6)	N/A
NE56	<u>Registration & Citizenship Service</u> Further channel shift to online bookings and payments reducing telephone booking, including completion of ecommerce project and development of Ceremony Planner functionality in NEO.	Resources	New Efficiencies	0	(40)	(40)	(40)	(354)
NE57	<u>Democratic Services</u> Electronic publication and distribution of agendas, reports and minutes of formal meetings of the council.	Resources	New Efficiencies	0	(20)	(20)	(20)	337
NE58	<u>Property Data collection</u> Site capacity and Net capacity commissions	Resources	New Efficiencies	(100)	(100)	(100)	(100)	259
NE59	<u>Property review and rationalisation</u> This initiative is focussed on delivering a reduction in the costs of office accommodation by 2020, which includes a drive towards freehold ownership of property.	Resources	New Efficiencies	(487)	(987)	(1,487)	(1,487)	9,701
NE60	<u>Herts Fullstop - Invest to transform and increased revenue</u> The business plan for next year focuses on increasing sales income to reduce the current pressure, before a planned Invest to transform bid for around £1.3m of investment to increase the surplus generated. The saving is dependent on this investment.	Resources	New Efficiencies	0	(420)	(657)	(909)	(1,611)
NE61	<u>Better Contract Management</u> A number of the contracts across the Council have been reviewed, and where possible savings proposals have been brought forward specifically within dept proposals, including: • Serco SMS (savings increasing to £1.1m per annum) • Children's Centres Under this proposal, the Council will review other contracts due for renewal or retender and seek to negotiate savings	XC	New Efficiencies	0	(500)	(1,000)	(1,000)	
NE62	<u>Legal - increased income</u> Legal Services income target increased	Resources	New Efficiencies	(100)	(100)	(100)	(100)	4,414
NE66	<u>Prop Co</u> An initial estimated of returns from the councils property company (Herts living Ltd) has been undertaken. This will be revised once discussions can take place with the preferred bidder for the JV	Resources	New Efficiencies	0	0	(1,000)	(4,500)	-
NPC17	<u>Libraries</u> Further savings options have been scoped and a combination of a number of these options would deliver a £500k saving without needing to go through the process of developing a new Library Strategy	Resources	New Policy Choice	0	(500)	(500)	(500)	9,400
EPC3	<u>Museum & Archives</u> The proposal is to reduce funding to the Hertfordshire Archives and Local Studies Service, and to the Museums Development Service, and to develop and diversify other funding streams.	Resources	Existing Policy Choice	0	0	0	(50)	587
EPC4	<u>Corporate Communications: Horizons - Transition to online</u> Looking at new on-line model and reduced number of issues linked to the implementation of Gov Delivery Email/text messaging system. Assumes reduction from 3 to 2 editions a year initially.	Resources	Existing Policy Choice	(50)	(100)	(100)	(100)	1,034
NE63	<u>Customer Service – Web Team</u> Increasing income by delivering web tools and support for other organisations.	Resources	New Efficiencies	0	(10)	(30)	(30)	572

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Ref	Description	Dept	Type of budget movement	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
NE64	<u>Customer Service - Income and Payments</u> To drive out further savings through efficiencies in how the team work, developing more self-service and making better use of systems.	Resources	New Efficiencies	0	(30)	(70)	(70)	572
NE65	<u>Carbon Reduction Credits</u> Accumulated effect of previous energy saving works	Resources	New Efficiencies	(100)	(100)	(100)	(100)	319
NE2 (X1)	<u>Serco SMS contract savings</u> Negotiation has been undertaken with Serco regarding the possible extension of the Shared Managed Services contract by 2 years to March 2021. This will contribute a saving rising to £1.1m per annum by 2019/20 (including £300k in relation to current glide path savings). These savings benefit Resources, ACS and Childrens Services, and as such the remainder of savings appear in those departments	Resources	New Efficiencies	(199)	(310)	(317)	(291)	12,878
NE67	<u>Trading: Herts Catering Ltd</u> Performance from HCL means the Council can expect additional income in the coming years. This could be a mix of dividend income and fees for services that HCC provides to HCL	Resources	New Efficiencies	(500)	(300)	(500)	(700)	(500)
NE72	<u>E-commerce</u> Replacement of the existing cash management system (Cloudbuy) with Civica and retender of merchant provider contract	Resources	New Efficiencies	(72)	(72)	(72)	(72)	235
NE73	<u>Property Managed Services (PMA) Contract</u> New tender from 1st April 2018 which is expected to result in savings	Resources	New Efficiencies	(100)	(100)	(100)	(100)	1,514
NE74	<u>Property - Elderly Peoples Residential Homes (EPH)</u> Additional annual income as a result of the Rent Review of EPH homes	Resources	New Efficiencies	(401)	(401)	(401)	(401)	(5,034)
NE75	Reduction in translation services under new contract	Resources	New Efficiencies	(25)	(25)	(25)	(25)	199
NE76	Reorganisation within Improvement Team	Resources	New Efficiencies	(15)	(15)	(15)	(15)	996
NE77	Technology - contract renewals / software replacement	Resources	New Efficiencies	(82)	(82)	(82)	(82)	7,373
NE78	<u>HR stretch target</u> Following the outcomes of the SAP review, HR/Finance will look to develop plans for service redesign and efficiency to deliver savings	Resources	New Efficiencies	0	0	(73)	(184)	3,665
NE79	<u>Finance stretch target</u> Following the outcomes of the SAP review, HR/Finance will look to develop plans for service redesign and efficiency to deliver savings	Resources	New Efficiencies	0	0	(73)	(183)	3,520
NE80	Reduction in SIAS days	Resources	New Efficiencies	(25)	(25)	(25)	(25)	614
NE90	Property - utilities - non-schools Salix savings	Resources	New Efficiencies	(129)	(157)	(221)	(221)	3,878
NE91	Reprocurement of external audit fee via Public Sector Audit Appointments (PSAA)	Resources	New Efficiencies	0	(17)	(17)	(17)	235
NE92	Additional Property saving	Resources	New Efficiencies	(100)	(100)	(100)	(100)	16,171
NE93	<u>Reserve balance</u> Review of department reserves to release any that no longer need to be held	Resources	New Efficiencies	(83)	0	0	0	(988)
NE94	<u>Minimum Revenue Provision</u> Final savings arising from 2017/18 change to MRP policy	Resources - CFIB	New Efficiencies	(2,755)	(2,751)	(2,764)	(2,764)	

Note 1

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

EE3 (X1) - Printing Contract Savings	(37)	(37)	(37)	(37)
NE2 (X1) - Serco SMS contract savings	(199)	(533)	(691)	(665)
EE13 (X2) - Enabling the Worker	(685)	(685)	(685)	(685)

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ANALYSIS OF REVENUE BUDGET BY OBJECTIVE AREAS

2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
1,287	<p>Resources</p> <p><u>Resources Central Items</u></p> <p>This budget includes:</p> <p>Chief Executive: - Overall corporate management and operational responsibility, including management responsibility for all officers.</p> <p>Director of Resources & Performance: - Oversee the strategic management of the department, ensuring compliance with legal and regulatory frameworks and the delivery of Statutory Services.</p>	1,267	(29)	1,238	1,238	1,238	1,238
4,133	<p><u>Herts Finance</u></p> <p>Give strategic advice and support to key financial processes. This includes the preparation of the annual revenue and capital budgets, setting and monitoring financial standards and providing finance and accountancy support functions to all council services. This budget also includes the payment of charges on banking transactions and external audit fees. Other Services - includes budgets for car loans and staff mortgages and other miscellaneous items.</p>	4,679	(511)	4,168	4,241	4,168	4,058
3,681	<p><u>Herts HR</u></p> <p>Development of corporate people strategy and policies, workforce planning, learning and organisational development, pay and reward, employee and industrial relations, equality and diversity in employment, employee well being, recruitment and retention, safe staffing, talent and succession management, leadership and management development.</p>	4,974	(1,325)	3,649	3,649	3,576	3,465
13,191	<p><u>Shared Managed Services</u></p> <p>Provides overall Contract Management for the SMS contract for all operational services provided under the partnership, regardless of service type.</p>	15,744	(2,814)	12,930	12,819	12,812	12,838

2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
10,489	<p><u>Improvement and Technology</u></p> <ul style="list-style-type: none"> - Provides the strategic lead and design function for IT and telecommunications infrastructure across the authority. - Delivers and champions the effective use of, management information and performance data for HCC departments, corporate management and partnership purposes. - Delivers improvement programmes and project management for key authority wide and departmental initiatives ensuring Equalities and Diversity issues are effectively addressed. - Supports the organisation's Data Protection, Freedom of Information, Open Data and Records Management activity. - Supports the organisation's commissioning and procurement activity providing technical support, supplier relationship advice and best practice advice to enable effective, value for money contracting. 	13,137	(2,588)	10,549	10,549	10,549	10,549
16,171	<p><u>Property</u></p> <p>Property Teams: - Provide the strategic asset management and advice function in support of land, buildings and other property assets owned or leased by the County Council. Act as the Corporate Client for outsourced property services including property lease and managing agent function, property and land specialist consultancy services, property & land disposals and acquisitions services. Deliver Development Services function for county assets (planning permissions), responses to District Council Strategic Land Use Plans and negotiates S106/CIL infrastructure development funding agreements.</p> <p>Central & Shared Buildings - This budget covers the facilities management and running costs for all shared offices (County Hall, Apsley, Stevenage and Mundells), as well as certain other divisional buildings throughout the county. It is managed by Property and all costs are recovered by recharges to the building occupiers.</p> <p>Service Property Costs - Property are responsible for the provision of 'hard' Facilities management (reactive and planned maintenance works) across the majority of operational service properties, e.g. the libraries, fire stations etc.</p> <p>Corporate Managed Properties - This budget covers the management of all properties that are not being used for direct services delivery by the county council, including those in the property disposal programme.</p> <p>Staff Housing Pool - Managed by Aldwyck Housing Association, this provides staff temporary housing and provides an income that is used to pay for the repairs and maintenance of the properties.</p>	32,212	(16,454)	15,758	15,809	14,245	10,745

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2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
275	<p><u>Assurance (Internal Audit, Scrutiny and Health & Safety)</u> Internal Audit - Internal Audit gives assurance to members and senior managers on all the Council's governance, risk management and internal control arrangements, so as to ensure that these key areas work effectively to deliver council objectives.</p> <p>Counter Fraud - Counter fraud activity delivered by the Shared Anti Fraud Service; pro-active and re-active work to prevent and detect fraud</p> <p>Scrutiny - Scrutiny has the responsibility to hold the Executive to account by scrutinising decisions made by, or on behalf of the Council or Cabinet, and any operational or policy aspect of the council's business. It also has the power to scrutinise health services.</p> <p>Health and Safety - The team delivers strategic and operational Health and Safety advice and guidance, with a risk-based model of service delivery.</p>	1,772	(1,474)	298	298	298	298
5,567	<p><u>Legal Services & Statutory Services</u> Legal Services - Provide high quality legal and administrative services to enable the County Council to carry out its policies and statutory obligations within the law and the council's own procedures in a cost effective manner.</p> <p>Highway Boundaries & Land Charges Unit - The Highway Boundaries and Land Charges Unit undertake searches on behalf of district councils, solicitors, and members of the public into inquiries about the status of roads, rights of way, and other highway matters. They also answer enquiries relating to common land.</p> <p>Elections - The elections budget represents the budget needed to pay for any by-elections in year, and to fund the cycle of county council elections which take place every four years.</p> <p>Democratic Services - This team is responsible for supporting county councillors to carry out their formal duties as councillors. It is responsible for arranging and supporting all of the council's formal meetings, including County Council and Cabinet meetings, and ensuring that an accurate record of these is maintained.</p> <p>Coroners Service - The Coroner Service provides administrative and investigatory services to Her Majesty's Coroner for the district of Hertfordshire, in accordance with the responsibilities of the relevant authority as defined in the Coroners and Justice Act 2009. The service investigates sudden or unexpected deaths.</p> <p>Registration & Citizenship Service - Hertfordshire Registration & Citizenship Service is responsible for registering births, deaths, marriages and civil partnerships, and citizenship services in Hertfordshire. The services provided include weddings, civil partnerships, civil funerals, civil namings, citizenship ceremonies, nationality & settlement checking services, change of name deeds and reaffirmation of vows.</p>	9,235	(3,642)	5,593	5,533	5,533	5,533

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2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
(1,548)	<u>Hertfordshire Business Services</u> Hertfordshire Business Services comprises of the following sections: • Hertfordshire Contract Management Services • Hertfordshire Supplies • Hertfordshire Fleet Management Services (HFMS) • Hertfordshire Reprographics • Surecare Supplies	9,561	(11,260)	(1,699)	(2,231)	(2,468)	(2,720)
3,896	<u>Insurance</u> The insurance costs of the County Council are met through this budget. These costs include external insurance premiums paid, an amount set aside each year to meet the internally insured claims and excesses on externally insured claims, and the operational cost of running the County Council's insurance service.	3,903	0	3,903	3,903	3,903	3,903
1,228	<u>Care Payments</u> The care payments team make payments to care providers and citizens paying for their own care.	1,336	(110)	1,226	1,226	1,226	1,226
2,784	<u>Corporate Policy</u> Corporate Policy is concerned with analysing national policy developments, research studies and best practice to support the formulation of policy across the county council. This includes leading on the corporate plan, the localism agenda and the coordination of policy consultation.	2,794	0	2,794	2,773	2,794	2,773
1,037	<u>Communications</u> Communications aims to increase awareness of county council services through effective communication with residents, stakeholders and other target audiences. It is responsible for developing and implementing the council's corporate and departmental communications strategies.	1,021	(77)	944	894	894	894
527	<u>Customer Services</u> The Customer Service team are responsible for managing the Serco contract for the Customer Service Centre including Blue Badge service, leading on our website www.hertsdirect.org , providing the complaints service for Children Services and Health and Community Services and delivering the school appeals service.	924	(406)	518	478	418	418
(500)	<u>Herts Catering Limited Dividend</u> Hertfordshire Catering Ltd is a commercial company wholly owned by HCC, providing the majority of school meals in Hertfordshire.	0	(1,000)	(1,000)	(800)	(1,000)	(1,200)
62,218	Resources Total	102,559	(41,690)	60,869	60,379	58,186	54,018
327	<u>Environment</u> <u>Economic Development and Local Enterprise Partnership</u> Working in partnership with the Hertfordshire Local Enterprise Partnership (LEP) ,this budget aims to ensure Hertfordshire develops and maintains a strong economy and promotes economic prosperity for all.	321	0	321	321	321	321
327	Environment Total	321	0	321	321	321	321

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2017/18 Original Net Budget £'000	Objective Area	Gross Budget 2018/19 £'000	Income £'000	Net Budget 2018/19 £'000	Net Budget 2019/20 £'000	Net Budget 2020/21 £'000	Net Budget 2021/22 £'000
	Central items						
14,297	<u>Capital Financing</u> The revenue costs of the capital programme are met through this budget. It is made up of the interest costs of borrowing to fund the capital programme and the Minimum Revenue Provision, which is the amount put aside each year to repay the borrowing.	9,060		9,060	10,837	12,664	14,426
11,595	<u>Interest on Balances</u> The council's cash balances not required immediately to pay for services are invested to earn interest and this budget reflects the interest earned. The interest earned is offset by the allocation of interest to the various reserves the council holds cash balances for e.g. client accounts and the insurance fund.	11,950		11,950	13,603	15,677	17,539
6,317	<u>Contingency</u> This budget provides for potential cost increases in areas of risk/uncertainty. Level to be confirmed once final funding figures available in February.	6,022		6,022	4,061	4,061	4,061
-	<u>Infrastructure and Investment</u> Central provision to fund projects for development of major infrastructure and sustainable transport to address future growth; for service transformation including that planned for Adult Social Care; replenishing Insurance Fund; and other projects. Allocations to be confirmed once final 2018/19 IP funding figures are known.	3,491		3,491	0	0	0
2,112	<u>Lee Valley Regional Park and Environment Agency levies</u> The county council has to contribute to the funding of these two organisations. • The Lee Valley Regional Park Authority develops, preserves and manages an area next to the River Lee as a regional park. • The Environment Agency issues a local levy to the county council to fund flood defence.	2,131		2,131	2,131	2,131	2,131
2,602	<u>Other</u> Includes inflation for pay awards still under negotiation and future years inflation	5,591		5,591	21,759	37,793	54,656
36,923	Central Items Total	38,245	0	38,245	52,391	72,326	92,813
99,468	Resources, Property & the Economy Total	141,125	(41,690)	99,435	113,091	130,833	147,152

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Resources, Property & the Economy Capital Programme 2018/19-2021/22

The total Capital Programme 2018/19 to 2021/22 for the portfolio is £47.510m and for 2018/19 is £35.546m. This includes all new bids and re-programming from 2017/18 at the end of quarter 2.

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
HCC Funding	29,595	4,100	2,484	2,404	38,583
Reserves	1,875	1,375	375	375	4,000
Contributions	4,076	851	-	-	4,927
Total	35,546	6,326	2,859	2,779	47,510

New Capital Bids

Resources has one bid which require additional total HCC funding compared to the previous Integrated Plan. In total, £23.2m of additional funding is requested for 2018/19 to 2021/22.

Scheme	Cost 2018/19 £'000	HCC Funding 2018/19 £'000	External Funding 2018/19 £'000	Total Cost 2018/19- 2021/22 £'000	Total HCC funding 2018/19- 2021/22 £'000	Total External Funding 2018/19 - 2021/22 £'000	
25 by 20	22,200	22,200	-	23,200	23,200	-	Support for the delivery of the 25 by 20 programme

Revised Capital Bids

The directorate has revised four bids compared to the previous Integrated Plan. In total these require additional HCC funding of £0.247m in 2018/19 to 2021/22.

Scheme	Total Increase/ (decrease) 2018/19	HCC Funding Increase/ (decrease) 2018/19	External Funding Increase/ (decrease) 2018/19	Total Increase/ (decrease) 2018/19 to 2021/22	HCC Funding Increase/ (decrease) 2018/19 to 2021/22	External Funding Increase/ (decrease) 2018/19 to 2021/22	
	£'000	£'000	£'000	£'000	£'000	£'000	
Health & Safety works to County Hall Car Parks	69	69	-	69	69	-	Additional Funding of £69k required due to the extent of remedial works required.
Rural Estate-Annual programme	178	178	-	178	178	-	The budget for 18/19 has increased by £178k due to specific requirements identified at 3 rural estate properties
Broadband phase 2	1,541	-	1,541	2,392	-	2,392	Additional external funding relates to forecasted additional funding to be received from BT relating to additional customer take up of superfast Broadband.
Salix funded projects	75	-	75	300	-	300	Increase of £75k per annum due to additional grant allocation.
	1,863	247	1,616	2,939	247	2,692	

Broadband contract 3, which was included in the 17/18 IP, has been taken out of the current IP whilst the costs of the scheme and funding of this are being discussed and agreed.

Proposed Resources Directorate's Capital Programme 2018/19 - 2021/22

	Scheme New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost £'000	2018/19 Integrated Plan				2019/20	2020/21	2021/22
				Cost	HCC Funding	Reserve s	Contribu tions	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
1	Broadband Delivery Project Phase 2 (E): Phase 2 of a programme that is to ensure that 97% of Hertfordshire premises (residential and business) can receive access to superfast broadband. This is a joint project with Buckinghamshire.	Resources, Property & the Economy	14,602	7,594	2,018	1,500	4,076	851	-	-
2	Capital Maintenance Improvements (Non-Schools) & Non Schools Annual Programme of Minor Works (E): Budget to assist Facilities Management in maintaining and managing the stock of properties for which it is responsible. If capital is not made available this will impact directly on revenue resources. Now includes £50k for Libraries plus £200k for EPC improvements that were previously budgeted for separately. (E)	Resources, Property & the Economy	Annual Programme	1,750	1,750	-	-	1,750	1,750	1,750
3	ICT Refresh budget and Refresh Mobile Computing Devices (E)	Resources, Property & the Economy	Annual Programme	1,389	1,389	-	-	1,389	600	600

	Scheme New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost £'000	2018/19 Integrated Plan				2019/20	2020/21	2021/22
				Cost	HCC Funding	Reserve s	Contribu tions	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
4	Salix Funded Projects (R): Investment in energy conservation projects generating revenue savings, The energy saving costs are then used to repay the capital expenditure which then funds further energy projects. There may be revenue savings for schemes that have now exceed their payback period.	Resources, Property & the Economy	Annual Programme	375	-	375	-	375	375	375
5	<u>Required Health & Safety works to Car Park surfaces and associated infrastructure to County Hall Car Parks (R)</u>	Resources, Property & the Economy	1,094	250	-	-	-	-	-	-
6	Herts Fullstop (E): Vehicles required to support the work of Herts Fullstop.	Resources, Property & the Economy	Annual Programme	316	316	-	-	657	80	-

	Scheme New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost £'000	2018/19 Integrated Plan				2019/20	2020/21	2021/22
				Cost	HCC Funding	Reserve s	Contribu tions	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
7	<u>Access control and Car Park control improvements (E)</u> : This project will deliver car park management systems to both rear and front car parks at County Hall. All car parks are currently over-subscribed with no control over who is accessing or using these areas. The safety of users is compromised by excessive parking in non-car park areas. Access to the site for emergency vehicles is also compromised.	Resources, Property & the Economy	700	390	390	-	-	-	-	-
8	<u>Rural Estate – Annual Capital Buildings, Land & Equipment Programme (R)</u> : Budget required for capital equipment and building improvements on the rural estate.	Resources, Property & the Economy	Annual Programme	232	232	-	-	54	54	54
9	<u>Acquisition of assets, Hertford (Leahoe) (E)</u> : The acquisition of one house at Leahoe Gardens, Hertford. The council own all the properties in the immediate area, apart from one house, that has a delayed completion date.	Resources, Property & the Economy	2,600	800	800	-	-	-	-	-

	Scheme New request (N), Existing request (E) or Revised request (R)	Portfolio	Total scheme cost £'000	2018/19 Integrated Plan				2019/20	2020/21	2021/22
				Cost	HCC Funding	Reserve s	Contribu tions	Cost	Cost	Cost
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
10	25 by 20 Phase 1 (E): As part of HCC's Smart Property approach and delivery of revenue savings the authority has committed to save 25% of the costs of its office accommodation portfolio by 2020.	Resources, Property & the Economy	750	250	250	-	-	250	-	-
11	25 by 20 Phase 2 (N): Support for the delivery of the 25 by 20 programme.	Resources, Property & the Economy	23,200	22,200	22,200	-	-	1,000	-	-
Total				35,546	29,595	1,875	4,076	6,326	2,859	2,779

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PART B - STRATEGIC DIRECTION AND FINANCIAL CONSEQUENCES

Education, Libraries & Localism Portfolio – Schools

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Schools: Future Service Direction

1. OVERVIEW

- 1.1** The Schools Budget continues to be entirely funded by DSG. In 2018-19 this will be divided into four blocks; schools, central services, early years and high needs. The new central services block has been created by transferring the resource for a range of central budgets from the schools block. For the first time in 2018-19 the schools block will be ring-fenced. Therefore resource from the schools block can only be used to fund other parts of the Schools Budget in very limited circumstances. The National Funding Formula (NFF) for schools is being introduced in 2018-19 and will be used to calculate the schools block of DSG. This will comprise the sum of the NFF budget shares of Hertfordshire schools and academies (plus an allocation for premises costs and growth). However, there is no requirement to use the NFF to calculate the budget shares of individual schools and the local school funding formula will remain in place. The introduction of the NFF provides an extra £11m for Hertfordshire's schools block of DSG, an increase of 1.5%. A national funding formula is also being introduced to calculate the high needs block of DSG and this will provide an extra £4.3m for Hertfordshire, a 4.1% increase. The funding rate for the main element of the early years DSG block will remain unchanged in 2018-19. (There was a significant increase in early years funding in 2017-18, as a result of the introduction of the Early Years National Funding Formula (EYNFF)). Hertfordshire has used £8.6m of carry forward to support the schools and central services block budgets in 2017-18.
- 1.2** The Minimum Funding Guarantee (MFG) for schools remains in place. For the first time in 2018-19, local authorities have the discretion to vary the level of the MFG, provided it is set in the range -1.5% to +0.5%. The higher the level at which the MFG is set, the more resource will be tied up in funding MFG protection for individual schools. This will reduce the resource available to uplift the funding of all schools. Therefore it is intended to set the MFG at -1.5%, the same level at which it has been set nationally by the DfE in recent years. Sixth form grant and the Pupil Premium continue as separate grants (outside the MFG calculations) and have to be allocated to schools according to set DfE formulae.
- 1.3** In order to meet the government requirements, the final primary and secondary budget shares have to be submitted to the DfE by 19th January 2018 (before the Council sets its overall budget). As a result, the schools block element of the Schools Budget will have to be finalised by early January and will be considered by the Schools Forum at its meeting on 17th January 2018. Although the Council will ratify the Schools Budget (along with the other HCC budgets) at its meeting on 20th February 2018, it will be necessary for the submission to the DfE to be approved earlier than this.
- 1.4** A summary Schools Budget table is attached in section 6 and detailed commentary for each item in the Schools Budget schedule is outlined in sections 2 to 5 below. The figures shown include funding which will be removed from Hertfordshire's DSG by the DfE and paid directly to academies and special schools.
- 1.5** There is an estimated carry forward of DSG into 2018-19 of £11.2m. In deploying this resource in 2018-19, however, it will be necessary to be mindful of the operation of the Minimum Funding Guarantee (MFG) in future years. Where the one-off carry

forward is used to support school budget shares, the MFG will to an extent protect this funding in future years. However, once the carry forward is used, the Schools Budget will not be able to sustain this funding level. Thus it is necessary to continue to exercise some caution in the use of the carry forward.

1.6 Budget Strategy for 2018-19

A) Overall Approach

For several years the Authority has aimed to keep spending on schools, early years and high needs broadly compatible with the three DSG blocks. Several recent DfE announcements have strengthened the case for avoiding cross subsidy between blocks:

- The ring-fencing of the schools block in 2018-19
- The DfE's expectations under the EYNFF that a high proportion of resources from the early years block will be passed through to early years providers.
- The flexibility announced by the DfE to fund early years high needs expenditure from either the high needs or early years' blocks.

High Needs and Early Years:

In 2017-18 the high needs and early year's budgets were set at the level of their respective DSG blocks and it is intended to continue with this approach in 2018-19.

Central Services:

The central services block has two components, ongoing responsibilities budgets and historical commitments. It is intended to set the budget for ongoing responsibilities at the level of the central services DSG block in 2018-19, which is £5.8m. The main item of historical commitments, the school family workers budget of £0.9m, will be funded from DSG carry forward, as in 2017-18. The two, small, remaining historical commitments budgets, totalling £0.1m, relate to the Virtual School for looked after children and would transfer to the County Council's budget.

Schools:

The remainder of the available carry forward will be used to support the schools block.

B) Schools Block

This covers the budget shares of primary and secondary schools and academies as well as the Growth and Falling Rolls Funds. Hertfordshire is using £7.6m of carry forward to support the schools block budget in 2017-18. Of this £2m funds the Falling Rolls Fund and the remaining £5.6m is used to support school budget shares. However, the total amount of carry forward is reducing and it will therefore be necessary to use less carry forward to support the budget in 2018-19.

As mentioned above, a key issue with using any carry forward to support budget shares is the risk that it may form part of the MFG baseline in future years. Hertfordshire has for several years applied for and been granted a MFG exception to exclude from the MFG calculations a portion (£3.1m) of the carry forward being used to support budget shares. The same application has been made for 2018-19 and agreed by the DfE. This does not resolve the issue of the carry forward forming part of the MFG baseline in future years. However, there is some evidence that, having acknowledged that funding is outside the MFG in one year, the DfE may agree to exclude it from the MFG in the next. This would prevent this amount of carry forward forming part of the MFG baseline for future years. It is anticipated that prior year adjustments relating to a new free school and under or over estimates of pupil numbers at existing free schools, will also be outside the MFG calculation in 2018-19.

In view of the MFG issue, and the need to provide a reserve against other eventualities, it is considered prudent to commit a maximum of £5.2m of the carry forward to support the schools block budget. This would fund the £3.4m of budget shares projected to be outside of the MFG, plus the Falling Rolls Fund of £1.8m. Together with the £0.9m of carry forward supporting family support workers, the total use of carry forward in 2018-19 would be £6.1m.

Taking into account the increase in schools block DSG but the reduced use of carry forward when compared to 2017-18 and the other pressures that have to be funded (such as rates and new free schools) it is estimated that there will be net increase in resource for primary and secondary school budget shares of £8.3m (or 1.1%).

Schools Forum has supported allocating £3.2m of this to provide a 0.5% uplift to all pupil led funding factors in primary and secondary budget shares. The Forum has also considered two options for allocating the balance of the available resource:

- 1) To make a larger increase in primary and secondary pupil led funding
- 2) To allocate funding to reflect which schools would gain if the NFF was used to fund individual school budget shares.

Schools have been consulted about how to allocate this additional resource in 2018-19. Following the consultation, in which respondents were split as to which option they preferred, it is proposed to allocate half of the remaining balance of headroom using option 1 and half using option 2. The 1.1% increase in funding, when compared to inflation of around 2.3%, results in a real terms reduction in resources for schools of approximately 1%. However, the financial impact on individual schools will vary according to the distribution of the additional resource as well as the change between years in pupil numbers and other funding data.

C) High Needs

As outlined above, it is intended to set the high needs budget at the level of the high needs DSG block in 2018-19.

The Authority's SEN strategy review work streams continue to make recommendations for changes to provision. Several areas have been identified as requiring additional resources. These include special school places, SEN specialist support services and behaviour provision. At the same time, there is a major

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pressure in the budget for independent placements, as a result of the increase in the number of placements. The high needs budget takes account of these changes.

A significant element of the high needs budget in 2017-18 is the SEN Strategy Development Fund (SDF) of £3.4m. This provides a budget to support new initiatives and, as an uncommitted resource, the fund also provides useful flexibility in managing budget risks, both in high needs and the other budget blocks. By allocating the balance of available high needs funding to the SDF it is anticipated that the fund will increase to £5.5m in 2018-19. A number of potential priorities have been identified for the use of the SDF, including additional funding for special schools to reflect the greater complexity of their pupils' needs, funding of pressures for pay and prices in some high needs provision and a capital budget to provide for new alternative provision for primary pupils.

The Schools Forum will consider the high needs budget further at its January and February meetings.

D) Early Years

The funding rate for the main element of the early years DSG block will remain unchanged between 2017-18 and 2018-19. As outlined above it is intended to set the early years' budget at the level of the early years DSG block in 2018-19. The early years budget will be considered further by the Schools Forum at its January and February meetings.

1.7 Uncertainties

There are a number of uncertainties/risks in respect of the 2018-19 budget at this stage, in particular:

- The DfE's response to a MFG exception application in respect of historic falling rolls protection at Samuel Ryder Academy
- The DfE's response to the Authority's request to use high needs DSG for capital work to provide new alternative provision for primary pupils.
- The further adjustment to the high needs DSG block to update the import/export adjustment for the January 2018 data.
- The in-year and retrospective re-calculation of all elements of the early years DSG block
- Several data issues at individual schools
- The views of the Schools Forum, particularly when exercising its statutory powers (for example approving the budgets for the Growth Fund and Falling Rolls Fund).
- The outcome of the Authority's application to make changes to funded high needs place numbers at colleges and special academies.
- The DfE's response next year to MFG exception requests for 2019-20.

The unused remainder of the carry forward provides a reserve against future uncertainties.

1.8 2019-20

2019-20 will be the second year of operation for the national funding formulae for schools and high needs. DfE figures indicate that Hertfordshire' schools block of DSG will increase between 2018-19 and 2019-20 by £5.5m and the high needs block by £2.3m. However, given that a balance of DSG carry forward of around £3.5m is necessary as a provision for emergencies, it is anticipated that there will be little carry forward available to support the budget in 2019-20 (unless there is a substantial underspend during 2018-19). It is intended to prioritise school family workers in the future use of carry forward. Thus the net increase in primary and secondary school budget shares in 2019-20 is expected to be small, as the additional schools block DSG in 2019-20 will in practice be offset by the falling out of the carry forward used in 2018-19.

It is anticipated that the funding available to schools will continue not to take account of cost pressures and that there will be a further real terms cut in school budget shares in 2019-20. The cumulative effect of the real terms funding reductions is starting to cause extreme financial pressure in some schools. The Authority's monitoring indicates that a growing number of schools are in financial difficulty with projected deficits and it is anticipated that this number will increase in future years.

2 TECHNICAL ADJUSTMENTS

2.1 Full year effect of additional Hours for 3 and 4 year olds

From September 2017 working parents are entitled to up to 30 hours per week of 3 and 4 year olds provision. This is an increase from the current universal entitlement of 15 hours per week. The cost shown is the full year effect of funding this entitlement, after adjusting for an updated projection of take up.

Extra funding will be added to the Authority's DSG to reflect the full year effect of the cost of extending this provision.

2.2 Funding for pupils in special units

The DfE is changing the arrangements for funding special units in 2018-19. Pupils occupying special unit places will attract AWPU and other pupil led funding through the schools block budget shares. Correspondingly, high needs funding for occupied special unit places will reduce from £10k to £6k per place. As a consequence there is a transfer of cost from the high needs to the schools block budget which will be matched by a transfer of DSG from the high needs block to the schools block.

2.3 Funding for post 16 social care costs

Funding for young people (16-19) care costs to be transferred to social care.

2.4 Lead Adviser to the Virtual School

It is proposed to transfer this budget to the County Council's budget.

2.5 Education of Children in Residential Care

It is proposed to transfer this budget to the County Council's budget.

3 PRESSURES

3.1 Inflation on Pay and Prices (including National Living Wage)

This reflects the impact of the following:

- Estimated 2% increase in teachers' pay,
- Estimated 2.7% increase in local government pay, comprising a general 2% increase but higher increases for grades H4 and below in response to the National Living Wage (NLW).
- Non pay inflation of 2% but with specific inflation increases for utilities.
The pressure does not take account of increasing costs for the NLW being passed on by other service providers.

3.2 Demography (Primary, Secondary and Early Years)

This constitutes the impact of changes in pupil numbers (excluding growth in free school numbers) on AWPU and other pupil led funding in the schools and early years budget shares.

3.3 Additional special school places

This allows for an additional 56 places making a total of 2,302 funded places in special schools from September 2018.

3.4 Additional top ups in special schools

An increase in funding in the top up budget for additional placements above the funded number.

3.5 Full year effect of 2017/18 increase in special school places

The full year effect of the increases in special school places made in September 2017.

3.6 Additional high needs college places

This provides for an additional net 24 places from August 2018.

3.7 Top ups for high needs provision in colleges

An increase in the top up budget for current budget pressures as a result of increased complexity of need.

3.8 Full year effect of increase in high needs places in colleges

This is the full year effect of the increase in place numbers from September 2017.

3.9 Rates

Increases in rates costs including from inflation and revaluations.

3.10 Growth in free schools

The DSG will not take account of the additional cohort starting in free schools in September 2018. The Authority will, however, have to fund this cohort and this constitutes a budget pressure. The amount includes the new cohort at the free school which is expected to open during 2018-19.

3.11 New free school opening in 2017-18

One new free school has opened in September 2017. This pressure constitutes the lump sum allocation for this school.

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3.12 New free school opening in 2018-19

This pressure comprises the estimated part year lump sum of the free school scheduled to open in 2018-19.

3.13 Growth Fund

It is intended to increase the Growth Fund budget to reflect the new arrangements for recovering funding when a bulge class leaves, whereby the saving accrues to the budget shares rather than the Growth Fund.

3.14 Prior Year adjustments

This pressure comprises:

- the change between years in the retrospective adjustments to budget shares to correct for under or over estimates of pupil numbers at schools where the Authority is required by the DfE to estimate pupil numbers,
- providing for the 2017-18 funding of the new free school which has opened in September 2017. This will be recouped retrospectively by the DfE as part of the 2018-19 budget shares.

3.15 Licenses

The DfE has indicated that there will be an increase in the cost of licenses for schools.

3.16 Independent Placements

There are several components to this pressure:

- An increase in education placements: £960k
- An increase in the contribution to social care from DSG - this relates to placements of children with EHCPs whose needs could be met from in-county provision were it not for the social placement requirements. The number of these placements has increased to 70 whereas the contribution to social care has been calculated on a historic figure of 20 placements. The estimated average top up has also increased from £10k to £12k giving a total increase of £640k
- An increase in the contribution to social care so that it includes the place funding of £10k (as well as top up funding) for the 70 placements: £700k.

3.17 SEND Support Services

This funding was agreed in 2017-18 from the Strategy Development Fund and is now to be incorporated in the support services budget

3.18 Full year effect of top ups for high needs provision in colleges

The full year effect of last year's budget pressure, relating to an increase in the number and complexity of high needs students in colleges and independent specialist providers.

3.19 Full year effect of increase for primary behaviour

The full year effect of the additional resource for primary behaviour which was provided for in the 2017-18 budget. This resource will only be committed when agreements are in place, whereby local areas assume the responsibility for providing behaviour support and alternative provision.

3.20 Full year effect of increase for secondary behaviour

The full year effect of the additional resource for primary behaviour which was provided for in the 2017-18 budget. This resource will only be committed when agreements are in place, whereby local areas assume the responsibility for providing behaviour support and alternative provision.

4 SAVINGS

4.1 Rates

There is a saving in rates funding in budget shares due to the conversion of schools from community to academy status.

4.2 Early Years Pupil Premium

This saving reflects the slight reduction in the number of children eligible for the early years' pupil premium.

4.3 Closing schools

The Da Vinci schools in Stevenage and Letchworth closed in August 2017. The saving comprises the lump sum element of their budget shares for the period April to August.

4.4 Split Site

Hertswood has moved to one site and thus there is a saving on its split site allocation.

4.5 Looked after children (LAC) funding in budget shares

It is intended to reduce the LAC funding in budget shares by £400 per eligible pupil to reflect the increase in Pupil Premium funding for looked after children in 2018-19. The DfE has switched resource for LAC from DSG to the Pupil Premium.

4.6 Minimum Funding Guarantee

There is a reduction in the cost of the Minimum Funding Guarantee due to the impact of updating for 2018-19 data and the additional funding from headroom.

4.7 Dual Use

As part of its site moves, Hertswood has ceased to operate its dual use sports hall.

4.8 Bulge classes leaving

The DfE has approved a pupil number variation to reduce budget shares to reflect the departure of bulge classes from September 2018.

4.9 Falling Rolls Fund

It is proposed to introduce a cap on allocations from the Fund which would result in a saving.

4.10 Closure of Barnwell VI unit

This unit has closed in August 2017. The saving shown is net of transitional funding for remaining pupils.

4.11 Capital expenditure on increasing capacity in special schools

The DfE has announced a new capital grant for high needs, to run for three years from 2018-19. Hertfordshire's allocation is approximately £2m per year. It is therefore intended to take the current revenue budget supporting special schools capital as a saving.

4.12 PNI designated schools

The separate funding allocation paid to PNI designated schools has been discontinued from September 2017.

4.13 Boarding Pathfinder

Currently free places have been negotiated and this budget is only required to provide additional support costs. It is therefore underspending and it is proposed to take a saving.

4.14 Schools Forum

The element of this budget relating to travel costs is underspending and it is proposed to take a saving.

4.15 Appeals

This saving relates to the conversion of schools to academy status, potentially including an increase in the charge to academies opting to buy back the appeals service.

5 ADJUSTMENTS TO MATCH BUDGET TO DSG AVAILABLE

5.1 Pressures not being funded.

The resources available are insufficient in most blocks to fund inflation. Also the Schools Forum has previously indicated that it does not favour the automatic funding of inflation without scrutiny of the business case. Therefore the pressure for inflation has been reversed out before calculating the headroom funding available.

5.2 Headroom

The headroom is calculated as the resource available after taking account of budget pressures and savings, except inflation. The Schools Forum has supported making an increase of 0.5% in pupil led funding factors which would be the first commitment against the headroom in the schools block budget. It is intended to transfer the headroom amount in the high needs budget to the SEN Strategy Development Fund.

6. Schools Revenue Budget Statement 2018/19

	Para	Schools £'000	Central Services £'000	Early Years £'000	High Needs £'000	Total £'000
Schools Budget 2017-18 (as per Integrated Plan)		727,986	6,840	79,742	104,161	918,729
Funding for new free school opening in 2017-18 which DfE will now recoup in 2018-19		(440)				(440)
Schools Budget 2017-18 (as at Section 251 budget statement including academies)		727,546	6,840	79,742	104,161	918,289
Technical Adjustments:	2					
Full year effect of additional hours for working parents	2.1			7,082		7,082
Funding for pupils in special units	2.2	659			(659)	-
Funding for post 16 social care costs	2.3				(146)	(146)
Lead adviser to the virtual school	2.4		(78)			(78)
Education of children in residential care	2.5		(30)			(30)
Pressures:	3					
Inflation (including National Living Wage)	3.1	16,670	135	1,974	2,436	21,215
Demography	3.2	6,225		(1,319)		4,906
Additional special school places 2018-19	3.3				327	327
Additional top ups in special schools	3.4				193	193
Full year effect of 2017-18 increase in special school places	3.5				283	283
Additional college high needs places 2018-19	3.6				96	96
Top ups for high needs provision in colleges	3.7				115	115
Full year effect of 2017-18 increase in high needs college places	3.8				22	22
Rates	3.9	1,151		13	20	1,184
Growth in free schools	3.10	1,633				1,633
New free school opening in 2017-18	3.11	175				175
New free school opening in 2018-19	3.12	102				102
Growth Fund	3.13	315				315
Prior year adjustments	3.14	633				633
Licenses	3.15		33			33
Independent Placements	3.16				2,300	2,300
Provision of SEND support services	3.17				450	450
Full year effect (FYE) of top ups for high needs provision in colleges	3.18				174	174
FYE of increase for primary behaviour	3.19				255	255
FYE of increase for secondary behaviour	3.20				500	500
Savings:	4					
Rates	4.1	(300)				(300)
Early Years Pupil Premium	4.2			(48)		(48)

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		Schools	Central Services	Early Years	High Needs	Total
Closing schools	4.3	(143)				(143)
Split site	4.4	(200)				(200)
LAC funding in budget shares	4.5	(177)				(177)
Minimum Funding Guarantee	4.6	(820)				(820)
Dual use sports hall	4.7	(53)				(53)
Bulge classes leaving	4.8	(315)				(315)
Falling Rolls Fund	4.9	(216)				(216)
Closure of Barnwell VI unit	4.10				(50)	(50)
Capital expenditure on increasing capacity in special schools	4.11				(2,200)	(2,200)
PNI designated schools	4.12				(103)	(103)
Boarding Pathfinder	4.13		(40)			(40)
Schools Forum budget	4.14		(10)			(10)
Appeals	4.15		(71)			(71)
Schools Budget 2018-19 before reversing out Inflation		752,885	6,779	87,444	108,174	955,282
Reversal of Inflation	5.1	(16,670)	(135)	(1,974)	(2,436)	(21,215)
Schools Budget 2018-19 after reversing out Inflation		736,215	6,644	85,470	105,738	934,067
Headroom						
0.5% increase in per pupil funding factors		3,171				3,171
Balance to be allocated	5.2	5,123			2,052	7,175
Schools Budget 2018-19 including headroom		744,509	6,644	85,470	107,790	944,413
Estimated 2018-19 DSG		739,309	5,753	85,470	107,790	938,322
Use of carry forward		5,200	891			6,091
Total DSG Available		744,509	6,644	85,470	107,790	944,413
Difference		-	-	-	-	-

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PART C - THE PRUDENTIAL CODE FOR CAPITAL FINANCE AND TREASURY MANAGEMENT STRATEGY

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1 Background

- 1.1 Under the Local Government Act 2003, local authorities must have regard to statutory proper practices in their treasury management and borrowing activities. These are set out in the following:
- CIPFA's Treasury Management in the Public Services: Code of Practice 2011 [The CIPFA Code] which requires the Council to approve a treasury management strategy before the start of each financial year;
 - CLG Guidance on Local Authority Investments, 2010 [CLG Guidance] which requires the Council to approve an investment strategy before the start of each financial year; and
 - CIPFA Prudential Code for Capital Finance in Local Authorities 2011 (as amended in 2012) [The Prudential Code] which requires the Council to have regard to the Prudential Code when determining how much money it can afford to borrow.
- 1.2 The Council adopted the 2011 CIPFA Code on 21 February 2012 and approved the Council's Treasury Management Policy Statement which is set out as Appendix 1 to this report.
- 1.3 This report proposes the 2018/19 Treasury Management and Borrowing Strategy and Prudential Code indicators that will be set and monitored throughout 2018/19.
- 1.4 This report demonstrates that the Council has fulfilled its legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code, CLG Guidance and the Prudential Code in determining the 2018/19 Treasury Management and Borrowing Strategy.
- 1.5 This report was prepared in December 2017 in compliance with the prevailing regulations. Subsequent changes to those regulations will, if applied during 2018/19, prompt a review of this document. Expected regulatory changes are noted in 1.7 and 1.8, below, and further detail can be found in Appendix 5.
- 1.6 In accordance with the CLG Guidance, the Council will be asked to approve a revised Treasury Management Strategy Statement, should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, or in the Council's capital programme or in the level of its investment balance.
- 1.7 Towards the end of 2017 CIPFA consulted on changes to the Code of Practice for Treasury Management, and stated that it intends to publish an updated code for implementation from April 2018. The new code being unpublished, this document has been prepared in accordance with the existing code and any changes that are required in order to comply with the new code will be brought to Full Council alongside the mid-year Treasury Management report. See Appendix 5 for more detail of the proposed changes.
- 1.8 Further to the CIPFA Code changes, changes to DCLG Investment Guidance are also subject to consultation at the time of writing. Revised guidance is expected to be introduced for application from April 2018, alongside the Code changes, and any

consequent changes will be adopted in the same revision, referred to in 1.7, and brought back to Council for approval. See Appendix for more detail of the proposed changes.

2 Capital Expenditure and the Capital Financing Requirement

- 2.1 Capital expenditure plans will be partially financed by resources such as capital receipts and capital grants. The remaining element which cannot be immediately financed from other sources will impact on the Council's underlying need to finance (the Capital Financing Requirement, or CFR). A summary of capital expenditure and financing for financial year 2018/19 together with estimates for 2019/20 to 2021/22 is shown in Table 1. This forms one of the required prudential indicators which are discussed in section 6 to this report.
- 2.2 There are two main limiting factors on the Council's ability to undertake financing for capital expenditure:
- Whether revenue resource is available to fully support the implications of capital expenditure including borrowing and running costs.
 - Any limits on borrowing exercised by the government as a consequence of national economic policies which may assess that local plans are unaffordable for a specific council and, therefore, implement a control to limit its capital expenditure plans. There are no such requirements for the financial year 2018/19.
- 2.3 A key risk of the plan is that some of the estimates for other sources of funding, particularly grants and capital receipts, may be subject to change over time.
- 2.4 Taking this key risk into consideration, the Council is asked to approve the capital expenditure projections in Table 1 that reflect the recommended capital programme and financing.

Table 1: Proposed Capital Expenditure and Capital Financing

	2016/17 Actual £000	2017/18 Forecast £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Total Expenditure	179,857	175,621	244,024	264,420	186,570	124,869
Grants	104,735	98,858	81,649	81,040	56,502	60,595
Contributions (including S106 and from the LEP*)	13,822	11,592	48,148	72,029	36,132	1,890
Reserves	7,463	1,283	2,761	2,075	1,125	375
Revenue	11,678	2,705	0	0	0	0
Capital Receipts / Investment Reserve	6,160	17,122	10,000	10,000	10,000	10,000
Borrowing Requirement	35,999	44,060	101,466	99,276	82,811	52,009

* LEP – Local Enterprise Partnership

- 2.5 Any increase in the Councils CFR, the underlying need to finance the capital programme, will need to be funded through either borrowing, finance leases or PFI contracts. There are no plans to enter into additional finance leases or PFI contracts.
- 2.6 The Council is asked to approve the borrowing requirement projections in Table 2 that support the recommended capital programme.

Table 2: Capital Financing Requirement Breakdown

	2016/17 Actual £000	2017/18 Forecast £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Borrowing – General	35,999	44,060	101,466	81,504	68,384	52,009
Borrowing – Croxley	0	0	0	17,772	14,427	0
Total Movement	35,999	44,060	101,466	99,276	82,811	52,009

MRP Policy

- 2.7 Where the Council finances capital expenditure by borrowing, it must set aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as the Minimum Revenue Provision (MRP).
- 2.8 The statutory regulations governing MRP allow a range of approaches for calculating this charge, whilst meeting the broad aim that the charge should be paid over the useful life of the assets, or in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant. The Council changed its policy in 2017/18, to better link the charge to the asset lives to which the borrowing relates whilst remaining affordable within the Council's overall revenue budget.
- 2.9 The Council's MRP policy is as follows:
- a) **Relating to pre 2008 spend:** Repayment charged over 50 years from 2008, reflecting the average life of the assets. The repayments are calculated on an annuity basis, linked to the 2008 PWLB borrowing rate, to reflect the time value of money.
 - b) **Relating to spend from 2008:** Repayments charged across the expected lives of assets. These charges are also calculated on an annuity basis (using PWLB rates effective at the time the expenditure was incurred).
 - c) **For assets acquired by finance leases or Private Finance Initiative,** MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

Prior to 2017/18, the repayment for pre-2008 expenditure was calculated on a 4% reducing balance: the new policy has been backdated and the resulting savings spread across the remaining years, reducing the charge for future taxpayers across the life of the assets. The annuity method for spend from 2008 onwards has also

been backdated, releasing £19m savings. These will be released over the next three years. As agreed in the 2017/18 IP, these will be set aside in an Investment Reserve to be used for capital financing or related investment, which will reduce the need for future borrowing and hence MRP, and give some flexibility on capital funding.

- 2.10 The Council's external borrowing is significantly lower than the level of borrowing assumed by MRP (the Capital Financing Requirement was £531.0m as at end 2016/17, compared with long term borrowing of £260.8m). MRP does not therefore currently relate to actual borrowing costs.
- 2.11 MRP on general borrowing is charged centrally to revenue and included within the capital financing figure in the Integrated Plan. MRP on PFI contracts and finance lease liabilities are charged to the relevant service.
- 2.12 The annual MRP charge decreases the capital financing requirement. Borrowing and finance leases (including PFI contracts) increase the CFR.
- 2.13 Capital expenditure financed by borrowing will not incur an MRP charge until the year after the capital expenditure occurs. Therefore, the 2017/18 borrowing requirement will lead to additional MRP in 2018/19. For significant assets, MRP may be delayed until the asset is available for service use, as permitted under the Code.

Table 3: Movement in the Estimated Capital Financing Requirement

	2016/17 Actual £000	2017/18 Forecast £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Opening CFR	506,478	519,686	551,460	642,159	728,330	796,275
Net movement in CFR	13,208	31,774	90,699	86,171	67,945	35,319
Closing CFR	519,686	551,460	642,159	728,330	796,275	831,594
Net Movement in CFR comprises:						
MRP Borrowing	(21,122)	(10,790)	(9,060)	(11,237)	(12,880)	(14,648)
MRP on Finance Leases	(31)	(33)	(35)			
MRP on PFI contracts	(1,638)	(1,463)	(1,672)	(1,868)	(1,986)	(2,042)
Additional Borrowing	35,999	44,060	101,466	99,276	82,811	52,009
Total Movement	13,208	31,774	90,699	86,171	67,945	35,319

- 2.14 The Prudential Code requires the Council to assess the affordability of its capital spending plans. This is achieved by setting and monitoring two prudential indicators. These indicators provide an indication of the impact of the capital spending plans on the overall finances for the Council. The Council is asked to approve the following indicators:

Actual and Estimates of the ratio of financing costs to net revenue stream

The indicator set out in Table 4 identifies the trend in the cost of capital (borrowing costs net of lending income) against the net revenue stream. The estimates of financing costs include current and proposed borrowing proposals in this report.

Table 4: Ratio of financing costs to net revenue stream

	2016/17 Actual	2017/18 Forecast	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Ratio	3.89%	2.67%	2.61%	3.13%	3.56%	3.95%

2018/19 Context

Assuming no increase in income or reduction in expenditure from improved service delivery, an increase of 0.10% in this ratio is equivalent to an additional financing cost of approximately £780k. This equates to the Capital Financing cost of unfunded expenditure of approximately £13m at 2.95%.

Estimates of the Incremental Impact of Capital Spending decisions on Council Tax

This indicator identifies the trend in the cost of proposed changes in the three year capital programme recommended in this budget report compared to the Council's existing commitments and current plans. The forward projections are based on the assumptions included in the budget, but will invariably include some areas, such as the level of government support, which is not published over a three year period.

Table 5 shows the incremental impact on Band D Council Tax of additional capital spending interest costs for the financial years 2018/19 to 2021/22. This relates to spending over and above the levels included in the capital programme agreed in February 2017 for financial years 2017/18 to 2019/20.

Table 5: Incremental Impact of Capital Spending Decisions on Band D Council Tax

	2018/19	2019/20	2020/21	2021/22
Council Tax Impact - Band D	(£5.30)	(£2.27)	£4.79	£11.41

The incremental impact of capital spending decisions is negative in the first two years of the Integrated Plan as a result of savings derived from prior year MRP policy changes, and a lower forecast for interest payable due to some planned expenditure being reprogrammed into subsequent years, and higher than expected cash balances reducing the amount resulting in lower borrowing in the early years of the programme.

3 Context for the Treasury Management Strategy – Provided by Arlingclose

The Council's Treasury Advisors, Arlingclose, have provided the following information on the external context for the TMSS.

3.1 Economic Background

The major external influence on the Authority's treasury management strategy for 2018/19 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The domestic economy has remained relatively robust since the surprise outcome of the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff edge, but will also extend the period of uncertainty

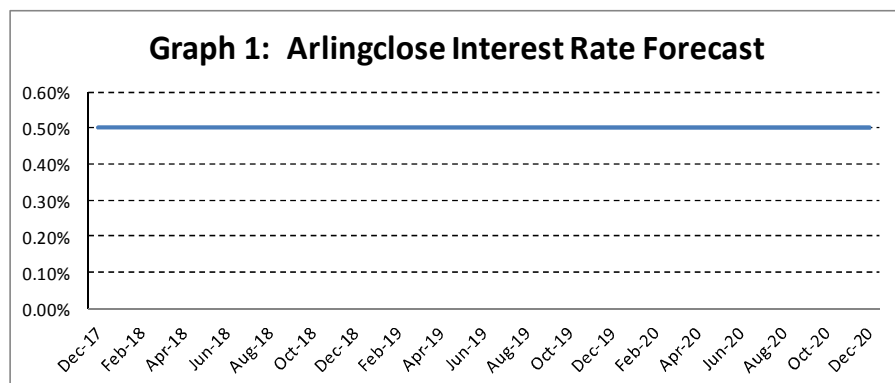
for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.

Consumer price inflation reached 3.0% in September 2017 as the post-referendum devaluation of sterling continued to feed through to imports. Unemployment continued to fall and the Bank of England's Monetary Policy Committee judged that the extent of spare capacity in the economy seemed limited and the pace at which the economy can grow without generating inflationary pressure had fallen over recent years. With its inflation-control mandate in mind, the Bank of England's Monetary Policy Committee raised official interest rates to 0.5% in November 2017.

In contrast, the US economy is performing well and the Federal Reserve is raising interest rates in regular steps to remove some of the emergency monetary stimulus it has provided for the past decade. The European Central Bank is yet to raise rates, but has started to taper its quantitative easing programme, signalling some confidence in the Eurozone economy.

3.2 Interest Rate Forecast

Graph 1, below, shows the Council's treasury adviser Arlingclose's central case for UK Bank Rate during 2018/19. Their view on this is that rates are likely to remain at 0.50%, following the rise from the historic low of 0.25%. The Monetary Policy Committee re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.



Future expectations for higher short term interest rates are subdued and on-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions. The risks to Arlingclose's forecast are broadly balanced on both sides.

Pressures which might lead to an increase in interest rates include sustained periods of inflation above the Bank's 2% target, especially where not linked to currency fluctuations and/or when inflation is accompanied by accelerated wage growth.

Pressures which might lead to a reduction in interest rates include weakening economic growth resulting from geopolitical uncertainty or economic shocks requiring economic stimulus measures to sustain economic activity.

The Arlingclose central case is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.

3.3 Credit Outlook

High profile bank failures in Italy and Portugal have reinforced concerns over the health of the European banking sector. Sluggish economies and fines for pre-crisis behaviour continue to weigh on bank profits, and any future economic slowdown will exacerbate concerns in this regard.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. In addition, the largest UK banks will ringfence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities.

The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain very low.

3.4 Current Treasury Position for Borrowing

Table 6 (below) shows the borrowing position at 31 March 2017 and the estimated position at 31 March 2018. No additional long term borrowing has been undertaken in 2017/18 since cash balances have been used to fund capital expenditure in the short-term.

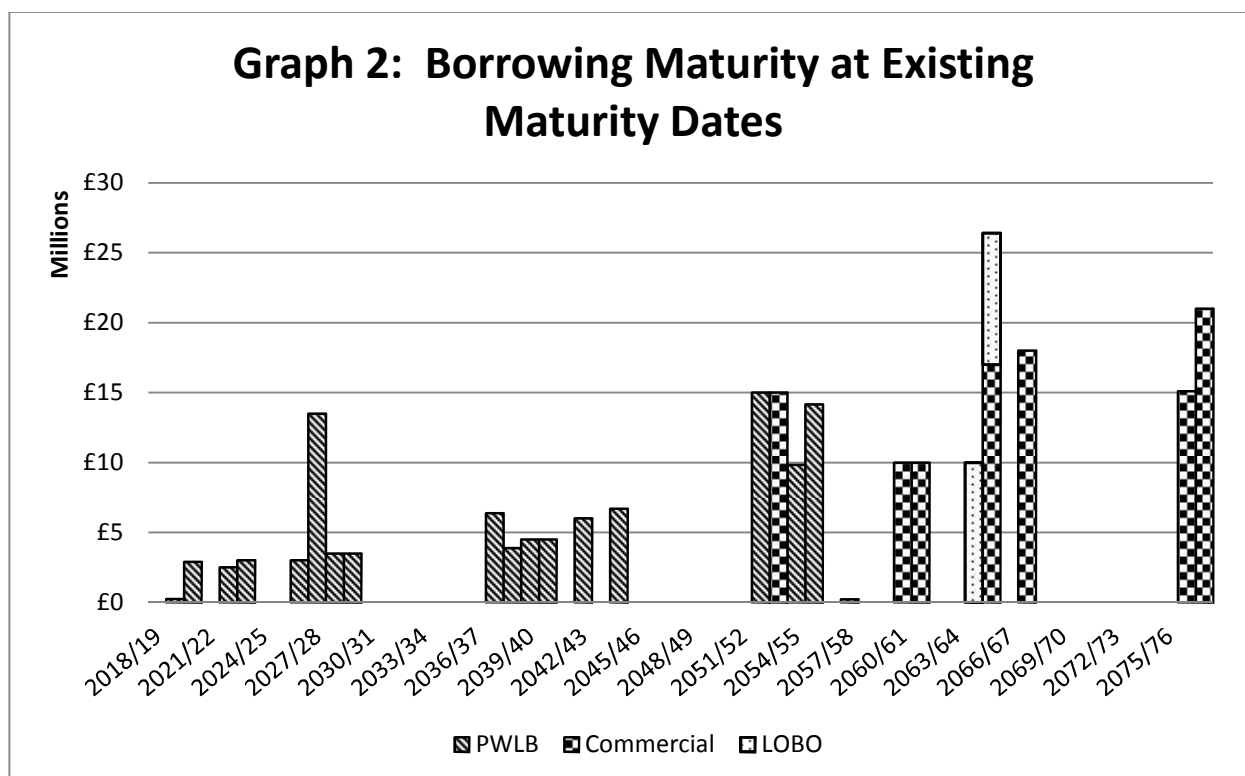
Table 6 also shows the sources of borrowing and the maturity structure of the loans. Borrowing is sourced from the government's Public Works and Loans Board [PWLB] and commercial banks. Commercial bank loans are a mixture of fixed term borrowing and Lender's Option, Borrower's Option [LOBO] loans which may be called for early repayment in advance of the existing terms. PWLB loans have a fixed maturity date.

During 16/17 LOBO loans that the Council held with Barclays Bank were converted to fixed term loans when the bank elected to permanently waive its future options on all of these instruments. A final Range LOBO with Barclays was also converted to a fixed rate loan following a negotiation and reduction of the interest rate payable. These fixed rate loans with Barclays are classified as 'Commercial' in Table 6, overleaf.

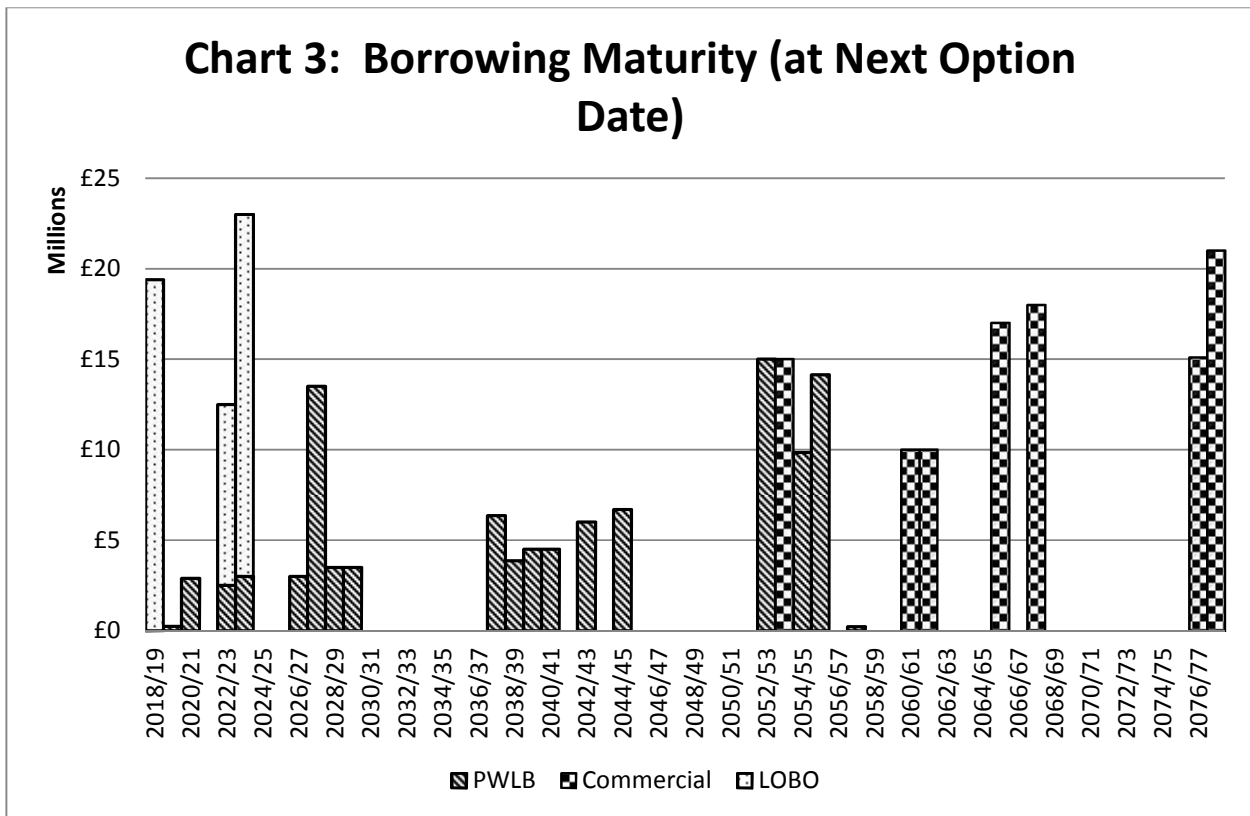
Table 6: Treasury Position for Borrowing

	2016/17 Sources of Borrowing					2017/18 Sources of Borrowing				
	Actual	PWLB	LOBO	Commercial	Other Local Authority	Estimated	PWLB	LOBO	Commercial	Other Local Authority
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
31 March Total:	288.78	103.28	49.40	106.10	30.00	302.84	103.28	49.40	106.10	44.06
Maturity Analysis:										
Under 2 years	30.00	-	-	-	30	44.31	0.25	0	0	44.06
2 to 10 years	8.65	11.65	-	-	-	24.90	24.90	0	0	0
10 to 30 years	55.43	52.43	-	-	-	38.93	38.93	0	0	0
30 years or later	194.7	39.2	49.4	106.1	-	194.70	39.20	49.4	106.1	0

Graph 2 below shows the existing maturity dates for PWLB, LOBO and commercial loans.



Graph 3 (overleaf) shows maturity dates for PWLB loans together with the next possible option for remaining LOBO loans if they were called before their maturity date.



Graph 3 highlights the inherent uncertainty around the existing terms of the remaining LOBO loans and the risk of early repayments. The Council’s treasury advisor predicts that LOBOs are very unlikely to be called in the short to medium term based on current interest rate forecasts.

In the event that LOBOs were to be called, the Council would seek to replace borrowing from sources of borrowing listed in section 4.24 at the most economic rate. As a result of the conversion of £106.1m of LOBO loans to fixed term commercial loans (Table 6) the Council’s exposure to this risk is now £49.4m.

3.5 Current Treasury Position for Lending

Table 7 shows the lending position at 31 March 2017 and the estimated position at 31 March 2018.

Table 7: Treasury Position for Lending

	2016/17 Actual £000	2017/18 Estimated £000
Total Lending at 31 March	103,141	55,612
Analysed as:		
Iceland Investments	643	612
Instant Access	36,979	25,000
95 Day Notice Account	10,000	0
Long Term MMFs	17,500	0
Fixed Term	8,019	0
Pooled Funds	30,000	30,000

4 Proposed Treasury Management Strategy

Lending Strategy

- 4.1 In developing proposals for the 2018/19 Treasury Management Strategy, risk assessments have been undertaken in conjunction with Arlingclose. Factors considered in this assessment include credit ratings, exposure to bail-in, market conditions and the outlook for interest rates.
- 4.2 Consideration has been given to the Council's risk tolerance with a primary focus on security of the Council's funds. Secondary to this is liquidity, ensuring that sufficient funds are available to meet the Council's forecast cashflow requirements; and only once both of these matters have been taken into account will the yield be considered.
- 4.3 Whilst currently deemed unlikely, were an economic downturn to occur in 2018/19 the Bank of England could chose to set a bank rate at or below zero. This would likely feed through to negative rates on all low-risk short-term investment options In this event, security would be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 4.4 The council will continue to pursue the strategy of a diversified investment portfolio adopted during 2015/16, in order to manage its credit risk exposure and liquidity requirements.
- 4.5 The use of long-term investments as part of a diversified portfolio which addresses a range of credit and counterparty risks may, when the impact of the uncertain timing of receipts and payments are considered, give rise to short-term borrowing requirements to provide required liquidity.
- 4.6 With due regard to this risk, £30m is deemed to be available for long-term investment and has been invested in a range of pooled funds. These funds are subject to market value fluctuations and are therefore intended to be held for the long-term to generate income and mitigate the risk of capital value variation. The target for these investments was to generate a yield of 4% per annum. During 2017/18 the overall return on these funds exceeded 5%. It is intended that these investments will continue to be held throughout 2018/19.

Lending Policy

- 4.7 The lending policy seeks to address risk by setting criteria such as:
- Monetary limits on terms of investment with any one single counterparty;
 - Monetary and time limits for investment with counterparty sectors or countries;
 - Group limits on counterparty sectors;
 - Diversifying investments across a number of different financial instruments and asset classes;
 - Maximum value as a single transaction for fixed term investments; and
 - Using financial data such as credit ratings to assess the creditworthiness of counterparties.
- 4.8 No additional changes are proposed to the approved list of financial instruments for investment purposes for the 2018/19 Lending Policy. These are as follows:

- Call and notice accounts
- Fixed Term deposits and loans
- Treasury Bills
- Certificate of deposits
- Shares in Money Market Funds – short and long term duration
- Commercial Paper
- Other Pooled Funds (including bond, equity and property funds)
- Loan Agreements with UK Registered Providers of social housing
- Government and Corporate Bonds
- Covered Bonds
- Reverse Repurchase Agreements
- Other collateralised arrangements
- Equity shares in the Local Capital Finance Company
- Investments in small corporates via peer to peer lending through on-line portals or specialist lending vehicles.

Further information on these instruments is set out in Appendix 3.

4.9 Investment regulations require the Council to determine what specified and non-specified investments it will use. CLG guidance defines specified investments as those:

- Denominated in sterling;
- Due to be repaid within 12 months of the arrangement;
- Not defined as capital expenditure by legislation; and
- Invested with the UK government, a UK local authority, parish council or community council or an institution of “high credit quality”.

The Council defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher (based on Fitch’s credit rating criteria). For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of AAA.

It is noted that AAA rated funds may have exposure to underlying investments with lower credit ratings than the overall fund rating; a fund’s AAA rating is assessed based on a number of factors, including the use of asset diversification to mitigate the credit risk of individual underlying investments, and the risk tolerance and fund management policies in place.

4.10 Any investment not meeting the definition of a specified investment is classed as non-specified. Limits for non-specified investments for the 2018/19 Treasury Management Strategy are set out in Table 8.

Table 8: Non-specified Investment Limits

Type of Investment	Cash limit
Total long-term investments Fixed term investments for more than 364 days from the date of arrangement and pooled funds used for longer duration investments that are not planned to mature within 364 days	£50m
Total investments without a credit rating – excluding MMFs Includes pooled funds, challenger banks, building societies and lending to corporates via peer to peer lending	£50m
Total investments without a credit rating – MMFs Money Market Funds if regulations change and these become unrated	£80m
1 Total Unsecured investments rated below A-	£10m
2 Total Secured investments rated below A-	£100m
Total equity shares in the Local Capital Finance Company	£0.5m
TOTAL NON-SPECIFIED INVESTMENT LIMIT	£140m

See Appendix 2, Section 1.9 for definition of unsecured investments

See Appendix 2, Section 1.10 for definition of secured investments

- 4.11 The Council understands that credit ratings are a good predictor of investment default but are rating agencies' expressed opinions and not a perfect indicator. Therefore, Officers will use other sources of information; including credit default swap ratings and equity prices, to determine the credit quality of an organisation. These are detailed in Appendix 2, section 4 of the proposed Lending Policy.
- 4.12 No investments will be made with an organisation if there are substantive doubts about its credit quality even though it may meet the Lending Policy criteria. This means the Lending Policy applied operationally may at times be more restrictive than is formally stated
- 4.13 When deteriorating financial market conditions affect the creditworthiness of all organisations but these are not generally reflected in credit ratings, then the Council will restrict its investments in those organisations to maintain the required level of security. These restrictions may mean that insufficient commercial organisations of "high credit quality" are available for investment and so any cash surplus will be deposited with the government's Debt Management Office or with other local authorities. This may result in a reduction in the level of investment income earned but will protect the principal sums invested.
- 4.14 The proposed 2018/19 Treasury Management Strategy has considered a full range of risks and Officers will apply the strategy to ensure that security of deposits is the prime consideration. However, in agreeing the proposed strategy, Members should be aware that there is always a risk of default of counterparties other than the Debt Management Office which is guaranteed by the government.

Non-Treasury Investments

- 4.15 Although not classed as treasury management activities and therefore not covered by the CIPFA code or the DCLG guidance, the Authority may also purchase property for investment purposes and may also make loans and investments for service purposes, for example loans to local business, or as equity investments.

Such loans and investments will be subject to the Authority's normal approval process for revenue and capital expenditure and need not comply with this TMSS

Borrowing Strategy

- 4.16 The Council's objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required.
- 4.17 The Capital Programme for 2018/19 - 2021/22 includes a requirement for additional borrowing. As Capital Assets by nature bring benefits over multiple years, so their financing is long-term in nature.
- 4.18 In recent years the council followed a policy of using internal borrowing to finance unfunded elements of the capital programme. Internal Borrowing is the use of short-term cash surpluses (generated primarily by the council's reserves and provisions) to fund Capital Projects. This is a prudent approach which reduces the cost of interest paid on borrowing in the short term. The council has relatively high levels of internal borrowing, and further internal borrowing would require the liquidation of some its current investment balances. Officers will review the returns generated by those investments against interest costs of new borrowing in order to minimise the net borrowing cost to the authority. In the long term, as reserves and provisions are used it will be necessary to convert this internal borrowing into long-term loans.
- 4.19 The current low interest rate environment, as noted in section 3, is expected to continue for the foreseeable future. In this environment, where short term borrowing is available at lower cost than long term loans, it is possible to deliver value to the council by balancing the savings from low-cost short-term borrowing against the risk of future interest rate rises increasing the long-term cost of borrowing.
- 4.20 Accordingly it is proposed that the cost of long-term financing will be managed by meeting the council's borrowing requirement from a combination of rolling shorter term loans (0-5 years duration), combined with long term borrowing (20+ years duration).
- 4.21 It will ultimately be necessary to fund this requirement using long-term loans, and officers will monitor interest rates in conjunction with its treasury advisor to ensure that an efficient balance of risk and cost is achieved.
- 4.22 This strategy meets the primary aim of security by limiting the value of surplus cash available for deposits.

Borrowing Policy

- 4.23 Borrowing will be undertaken only for a capital purpose and when it is necessary to manage short term cashflow requirements. The Chief Financial Officer, in consultation with the Council's treasury management advisers, will take the most appropriate form of borrowing depending on prevailing interest rates. The maturity profile of the borrowing portfolio will also be taken into consideration when deciding the duration of borrowing to ensure an even spread of loans and avoid a concentration of loans maturing at the same time requiring refinancing in a high interest rate environment.
- 4.24 The borrowing portfolio will be continually monitored in consultation with the Council's treasury management advisers to identify rescheduling opportunities which could reduce interest costs. The potential refinancing and interest rate risks arising from rescheduling would be considered at the same time to determine whether it is appropriate.
- 4.25 The approved sources of long term and short term borrowing will be:
- Public Works Loan Board (PWLB)
 - Any institution approved for investments in the Lending Policy
 - Any other bank or building society authorised to operate in the UK
 - Other Local Authorities
 - Capital market bond investors
 - Local Capital Finance Company and other special purpose companies created to enable local authority bond issues
 - UK public and private sector pension funds (except for Hertfordshire Pension Fund)

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Operating and finance leases
- Private Finance Initiatives
- Hire purchase
- Sale and leaseback

5 Policy on Use of Financial Derivatives

- 5.1 The CIPFA Code requires local authorities to clearly detail their policy on the use of derivatives in the annual strategy.
- 5.2 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans).
- 5.3 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) to manage specific risks such as currency or interest rate risk and where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, through entering into such contracts, such as credit exposure to derivative counterparties, will

be taken into account when determining the overall level of risk. Officers will seek professional advice and opinion from the Treasury advisers and legal services on proposals to use any form of derivative contracts.

- 5.4 Financial derivative transactions that are arranged will only be with organisations that meets the Council's approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

6 Prudential and Treasury Management Indicators and Reporting

- 6.1 The Prudential Code requires the Council to set and monitor a range of prudential indicators relating to borrowing. The objectives of the Prudential Code are to ensure, within a clear framework, that capital investment plans for local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice.
- 6.2 This report and prudential indicators set out in Tables 1, 3, 4, 5, 9 and 11 demonstrates that the Council has fulfilled the Prudential Code objectives.
- 6.3 Table 9 is a key indicator of prudence to ensure that over the medium term debt will only be for a capital purpose. The Council needs to ensure that gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and the next three financial years.

Table 9: Gross Debt and the Capital Financing Requirement

	2016/17 Comparator £000	2017/18 Forecast £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Gross Debt	258,799	302,859	368,628	467,904	550,715	602,724
CFR	519,686	551,460	642,159	728,330	796,275	831,594

- 6.4 The Council complied with the prudential indicator requirement to keep net borrowing below the relevant CFR in 2016/17, and no difficulties are envisaged for the current or future years. This reflects the borrowing strategy set out in section 4 and an allowance for potential short term borrowing to cover temporary cashflow requirements.
- 6.5 Table 10 (overleaf) sets out proposed limits for the following two prudential indicators which aim to control the overall level of borrowing. The limits are based on the Capital Financing Requirement shown in Table 9. These are:

The Authorised Limit

This represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected cash movements. This is the statutory limit determined under the Local Government Act 2003. In the

event that there is a risk of this limit being breached officers will report to Resources Panel and subsequently to Audit Committee in the annual reporting cycle

The Operational Boundary

This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached. Performance against this indicator is reported in the Quarterly performance report to Resources Panel.

The proposed limits reflect the capital programme and the borrowing strategy, including the potential for temporary overdraft arrangements.

Table 10: Authorised and Operational Limits

Authorised limit for external debt	2017/18 Limit £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Borrowing	425,000	475,000	574,500	657,500	710,000
Other long term liabilities	70,000	70,000	70,000	70,000	70,000
Total	495,000	545,000	644,500	727,500	780,000
Operational boundary for external debt	2017/18 Limit £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Borrowing	395,000	445,000	544,500	627,500	680,000
Other long term liabilities	70,000	70,000	70,000	70,000	70,000
Total	465,000	515,000	614,500	697,500	750,000

- 6.6 The Council measures and manages its exposure to treasury management risks using a range of indicators related to interest rate exposure, refinancing risks and liquidity risk. In addition, treasury activity is measured against a range of performance indicators related to security, liquidity and yield.
- 6.7 Table 11 sets out the proposed limit to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures are expressed as the amount of net principal borrowed.

Table 11: Fixed and Variable Rate Exposure

	2017/18 Upper £000	2018/19 Upper £000	2019/20 Upper £000	2020/21 Upper £000	2021/22 Upper £000
Net Limits on fixed interest rates	395,000	445,000	547,500	633,500	689,000
Net Limits on variable interest rates	118,500	133,500	188,000	222,500	234,500

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months after the start of the financial year, or the start date of the

investment if later. Instruments that mature during the financial year, or within 12 months of the start-date if later are classed as variable rate.

- 6.8 Table 12 (overleaf) proposes the gross limits set to reduce the Council's exposure to large fixed rate sums falling due for refinancing in the same period. This is known as maturity risk. The indicators are set relatively high to provide sufficient flexibility to respond to opportunities to repay or reschedule debt during the financial year, while remaining within the parameters set by the indicators.

Table 12: Maturity Structure of Fixed Interest Rate Borrowing

	2018/19 onwards	
	Lower	Upper
Under 12 months	0%	50%
12 months to 2 years	0%	50%
2 years to 5 years	0%	60%
5 years to 10 years	0%	80%
10 years to 20 years	0%	85%
20 years to 30 years	0%	90%
30 years and above	0%	100%

- 6.9 The next indicator is the total principal funds invested for greater than 364 days. The indicators proposed in Table 13 reflects the deposits already placed, which mature more than 364 days after 31 March 2018, including those at risk in Iceland, and potential new long term investments.

Table 13: Investments Greater than 364 days

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Maximum principal sums invested > 364 days	50,000	50,000	50,000	50,000

- 6.10 The CIPFA Code requires the Council to set performance indicators to assess the treasury function over the year. The proposed indicators that will be measured are:

Security, Liquidity and Yield Indicators

- Weighted average long term credit rating of the portfolio
- Weighted average maturity of the portfolio
- Return on lending compared to the 7 day LIBID rate
- Average rate payable on the borrowing portfolio

Operational Indicators

- Any breaches of the Lending Policy
- Types of financial instruments used

Treasury Management Reporting

- 6.11 Officers report to Cabinet on a quarterly basis on treasury management as part of the revenue budget monitoring process. The Audit Committee will receive a mid-year report and a report at the end of the financial year on treasury management activities and performance. A summary statement of the prudential indicators and treasury management performance indicators that are reported is provided as Appendix 4.
- 6.12 The Treasury Management Strategy set out in this report is expected be reviewed during the year as significant changes are proposed to the CIPFA Prudential Code for Capital Finance, the Treasury Management Code, and DCLG's regulatory investment guidance. At the time of preparing this document the changes had not been published but it was the stated intention of both CIPFA and DCLG for their proposed changes to apply from April 2018. Any changes that are required to be made to this Strategy as a result of these publications will be brought to Council for approval during 2018/19.
- 6.13 In addition to the changes to statutory guidance detailed above, if there are significant changes to the economic background, interest rate or changes to government guidance or best practice the TMSS will be reviewed.
- 6.14 If required, proposed revisions will be reported to full Council for Members' consideration in accordance with the CIPFA Code.

7 Financial Implications and Sensitivity to Interest Rates

- 7.1 The financial implications of treasury management activity are included in the Capital Financing and Interest on Balances budget which is part of the Council's overall budget being considered elsewhere on this agenda. This section highlights the financial implications of the Treasury Management Strategy described in section 4.
- 7.2 Table 14 (overleaf) shows forecasts of interest payable on borrowing split between existing commitments and a forecast of additional interest expected to be paid as a result of the proposed new borrowing requirement set out in section 2.

Table 14: Forecasts of interest payable on borrowing

	2017/18 Forecast £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Cumulative Additional borrowing	44,060	109,829	209,105	291,916	343,925
Funded by:					
Long-term Borrowing	0	15,282	54,915	104,553	145,958
Short-term Borrowing	44,060	94,548	154,191	187,364	197,967
Interest Cost of Borrowing:					
Interest committed as at 31/3/2017	12,352	12,352	12,352	12,352	12,352
From additional long-term borrowing	0	387	1,449	2,854	4,087
From additional short-term borrowing	20	303	847	1,468	2,062
Total Estimated Interest Payable	12,372	13,041	14,648	16,674	18,502

7.3 Table 15 shows the interest the Council expects to earn on investments in the forthcoming four financial years. The Council will continue to diversify the risk of managing an investment portfolio by maintaining low investment balances. Cashflow will be maintained on a short term basis to meet known cash outflows in the next month, plus a contingency to cover unexpected cashflows over the same period.

Table 15: Forecasts of Interest on Investments

	2017/18 Forecast £000's	2018/19 Estimate £000's	2019/20 Estimate £000's	2020/21 Estimate £000's	2021/22 Estimate £000's
Forecast Average Balance	137,000	60,500	60,500	60,500	60,500
Forecast Interest Rate Short-term	0.34%	0.34%	0.45%	0.57%	0.57%
Forecast Interest Rate Long-term	5.19%	4.25%	4.25%	4.25%	4.25%
Short-term interest earned	362	104	137	174	174
Long-term interest earned	1,557	1,275	1,275	1,275	1,275
Total Interest earned forecast	1,919	1,379	1,412	1,449	1,449

7.4 Changes to interest rates have an impact on treasury management activity. Table 16 demonstrates the impact of a 1% rise or fall in interest rates.

Table 16: Sensitivity to a 1% Increase/Decrease in Interest Rates

	2018/19 Estimated Impact 1% Rate Increase Cost / (Saving) £000	2018/19 Estimated Impact 1% Rate Decrease Cost / (Saving) £000
Interest on borrowing	504	(258)
Investment income	(606)	403
Total impact on treasury	(102)	145

7.5 The saving resulting from a reduction in interest rates are not equal to the cost of an increase in rates because there is a presumed minimum interest rate payable on borrowing, below which rates will not fall. At prevailing low rates a 1% increase rate reduction would result in a reduction of less than 1% in new borrowing rates.

7.6 The Council seeks to minimise the interest rate risk by agreeing fixed rates for new long term borrowing in the majority of cases, however in the current financial climate, as outlined in section 4.5, there are opportunities for cost savings by taking advantage of lower rates on short term borrowing. In setting the budget for short term interest earned or paid the Council takes advice about the likely pattern of interest rates over the coming financial year and models the impact of a change in rates as shown in Table 16 to illustrate the risk.

8 Treasury Management Training and Advice

8.1 CLG investment guidance requires the Council to note the following matters each year as part of the annual strategy:

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Treasury management advisers

The Council contracts with Arlingclose to provide advice and information relating to its investment and borrowing activities. This contract began in February 2017, following a competitive tender process.

The services provided are reviewed through quarterly meetings and include:

- Advice and guidance on relevant policies, strategies and reports
- Advice on investment decisions
- Notification of credit ratings and changes
- Other information on credit quality
- Advice on debt management decisions
- Technical accounting advice
- Reports on treasury performance
- Forecasts of interest rates; and
- Training courses.

Investment training

Training on treasury management will be provided in 2018/19 by the Council's treasury advisors and other professional bodies. Training will be provided to induct new members and to ensure that Members continuing in their roles in relation to treasury management keep their knowledge and skills up to date.

- 8.2 All treasury management Officers are required to attend an introductory course run by the treasury advisors. Officers new to treasury management are shadowed by more experienced Officers until they are judged to be competent to undertake transactions themselves and demonstrate a good understanding of the Council's treasury policies. To keep Officers' knowledge up to date, the Council is a member of the CIPFA Treasury Management Network which provides information and training to its members. In addition the Council's advisers provide continuous guidance, updates and training and Officers will attend conferences and courses related to the treasury function.
- 8.3 Treasury Officers will maintain a Continuing Professional Development records in order to allow the Council to maintain its Elective Professional Client status under MiFID II regulations (see section 9 for details).

9 Markets in Financial Instruments Directive

- 9.1 The UK Financial Conduct Authority [FCA] implemented regulation the EU Markets in Financial Instruments Directive (MiFID) II, with effect from 3rd January 2018. This regulation has changed the classification of Local Authorities, which were previously treated as de facto 'professional' clients of Financial Institutions [FIs], to be treated as 'retail' customers.
- 9.2 The change in default status creates a risk that the Council could lose access to some financial instruments and market participants where the Institutions are not authorised to transact with retail clients, or will charge increased fees for their services.

- 9.3 Under the regulation authorities may adopt "elective professional" status with FIs. This status is assessed by each FI on the basis of evidence provided by the applicant against criteria set by the FCA. The criteria include the size of the applicant's investment balance, and the knowledge, expertise and experience of its nominated staff.
- 9.4 The Council is in the process of seeking 'elective Professional status' with FIs where it is necessary to retain access to a market.
- 9.5 In Order to remain eligible for elective professional status the Council must:
- maintain a balance of at least £10m;
 - have at least one officer responsible with at least one year of relevant experience involved in investment decision making.
- 9.6 The following indicators will be reported to allow the Audit Committee to monitor the ongoing eligibility of the Council for elective professional status and that meets the criteria set by the FCA to elect to be a professional investor:

Table 17 – MiFID Compliance Indicators

(a) Investment Balance at Reporting Date	
Minimum Balance Limit	£10m
Actual Balance (at reporting date)	£xm

(b) Number of Officers with at least 1 Year relevant experience	
Regulatory Requirement	1
Officers Currently Named with FIs	3

10 Treasury Management for Other Organisations

- 10.1 HCC currently provides treasury management services for three organisations, the Hertfordshire Pension Fund, the Hertfordshire Police and Crime Commissioner (PCC) and the Hertfordshire Local Enterprise Partnership (LEP).
- 10.2 Hertfordshire PCC and the Pension Fund cash balances are held in separate bank accounts and separate investments are maintained for each in accordance with their respective cashflows. These investments are made in accordance with their own Treasury Management Strategies which are maintained separately and agreed by the PCC and the Pensions Committee respectively. Reporting arrangements are similar to the Council's with a mid-year and end of year report being provided on activity within the year in addition to the Strategy.
- 10.3 The Hertfordshire LEP is not a separate legal entity and HCC is the Accountable body. Therefore its balances are held with the Council's and invested as part of the wider pool. Separate information is maintained on LEP cashflows, and appropriate interest is paid over to the LEP annually. Any specific investments made on behalf of the LEP are therefore covered by the HCC Treasury Management Strategy. The Treasury Management Strategy was amended in 2016/17 is to enable investments in instruments linked to economic growth but which do this in such a way to manage risk.

APPENDIX 1 TREASURY MANAGEMENT POLICY STATEMENT

The Council's financial regulations require it to create and maintain a Treasury Management Policy statement, stating the policies, objectives and approach to risk management of its treasury activities, as a cornerstone for effective treasury management.

1 Definition

The Council defines its treasury management activities as the:

- Management of the Council's investments and cashflows, its banking, money market and capital market transactions
- Effective control of the risks associated with those activities
- Pursuit of optimum performance consistent with those risks

2 Risk management

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

3 Value for money

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

4 Borrowing policy

The Council values revenue budget stability and will therefore borrow the majority of its long term funding needs at long term fixed rates of interest. Short term and variable rate loans will only be borrowed to the extent that they either offset short term and variable rate investments or can be shown to produce revenue savings.

The Council will set an affordable borrowing limit each year in compliance with the Local Government Act 2003, and will have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities when setting that limit. It will also set limits on its exposure to changes in interest rates and limits on the maturity structure of its borrowing in the Treasury Management Strategy report each year.

5 Investment Policy

The Council's primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds are available for expenditure when needed. The generation of investment income to support the provision of local authority services is an important, but secondary, objective.

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The Council will have regard to the Communities and Local Government Guidance on Local Government Investments and will approve an investment strategy each year as part of the Treasury Management Strategy. The strategy will set criteria to determine suitable organisations with which cash may be invested, limits on the maximum duration of such investments and limits on the amount of cash that may be invested with any one organisation.

APPENDIX 2 2018/19 LENDING POLICY

1 Approved Counterparties and Limits

- 1.1 The Council may invest in any of the counterparty types in Table A, subject to the cash limits (per counterparty) and the time limits shown. The credit rating criteria in Table A is based on Fitch's long term credit ratings.

Table A must be read in conjunction with the notes to section 1.

Table A: Approved Investment Counterparties and Limits

Credit Rating	Banks Unsecured		Banks Secured		Government / Sovereign		Corporates		Registered Providers	
	Value	Time	Value	Time	Value	Time	Value	Time	Value	Time
UK Govt	N/A	N/A	N/A	N/A	Unlimited	10 years	N/A	N/A	N/A	N/A
UK Local Authorities	N/A	N/A	N/A	N/A	£10m	10 years	N/A	N/A	N/A	N/A
AAA	£10m	5 years	£15m	10 years	£10m	10 years	£10m	10 years	£10m	10 years
AA+	£10m	5 years	£15m	5 years	£10m	10 years	£10m	10 years	£10m	10 years
AA	£10m	4 years	£15m	5 years	£10m	10 years	£10m	5 years	£10m	10 years
AA-	£10m	3 years	£15m	4 years	£10m	5 years	£10m	4 years	£10m	10 years
A+	£10m	2 years	£15m	3 years	£5m	5 years	£10m	3 years	£10m	5 years
A	£10m	13 months	£15m	2 years	£5m	5 years	£10m	2 years	£10m	5 years
A-	£10m	6 months	£15m	13 months	£5m	5 years	£10m	13 months	£10m	5 years
None	£1m	6 months	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pooled Funds	£15m per Fund									
Peer to Peer Lending	Total for LEP and HCC - £5m									

- 1.2 The limits in table A are a guide and can change in periods of market stress. The council's advisers provide counterparty updates monthly, and in response to new information or changing market conditions. Where these differ from the above officers will adhere to the lower of the limits set out in the table, or according to the latest advice.

- 1.3 UK Local Authorities with a credit rating will be subject to the lower of the standard Local Authority limit or the limit for Government counterparty for the relevant credit rating shown in Table A.

1.4 Credit Ratings

Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment issued, otherwise the

counterparty credit rating is used. If an agency removes one of the set of ratings it issues for a bank or building society, the institution will be removed from the list.

Table B provides a comparison of long term credits ratings for all agencies.

Table B: Comparison of credit ratings for all agencies providing ratings

Fitch	Moody's	S&P	Definition
AAA	Aaa	AAA	Prime
AA+	Aa1	AA+	High Grade High Quality
AA	Aa2	AA	
AA-	Aa3	AA-	
A+	A1	A+	Upper Medium Grade
A	A2	A	
A-	A3	A-	
BBB+	Baa1	BBB+	Adequate Grade
BBB	Baa2	BBB	
BBB-	Baa3	BBB-	

- 1.5 The Council will continue to invest in UK institutions, e.g. banks, central government and pooled funds, even if the UK was not rated AA+.
- 1.6 Overseas subsidiaries of foreign banking groups will normally be assessed according to the country of domicile of the parent organisation. For the avoidance of doubt, Santander UK plc (a subsidiary of Spain's Banco Santander) will be classed as a UK bank due to its substantial UK franchises and the arms-length nature of the parent-subsidary relationship.
- 1.7 Sovereign credit rating criteria will not apply to investments in multilateral development banks (e.g. the European Investment Bank and the World Bank) or other supranational organisations.
- 1.8 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
- 1.9 **Banks Unsecured**
Definition: Accounts, deposits, certificates of deposit, and senior unsecured bonds with banks and building societies (other than multilateral development banks).

These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

The Authority may incur operational exposures to the banking sector through, for example, current accounts, collection accounts and merchant acquiring services. These are not classed as investments, but are still subject to the risk of a bank bail-in. Officers will seek to minimise operational exposure by keeping total operational balances as close to zero as possible. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be

bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

1.10 **Banks Secured**

Definition: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies.

These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

1.11 **Government**

Definition: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks.

These investments are not subject to bail-in, and there is an insignificant risk of insolvency.

1.12 **Corporates**

Definition: Loans, bonds and commercial paper issued by companies other than banks and registered providers.

These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

1.13 **Registered Providers**

Definition: Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations.

These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed.

1.14 **Pooled Funds**

Definition: Shares or units in diversified investment vehicles consisting of any of the investment types above, plus equity shares and property.

These funds provide wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Money Market Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

1.15 **Bond, Equity and Property Funds**

These funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash

without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

2 Policy for determining limits for deposits

- 2.1 Table C and the following notes in this section set out the limits to be applied on investments in addition to the investment counterparty limits shown in Table A.

Table C: Limits on Investments

Type	Description	Limit
Fixed Term Deposits	The maximum amount as a single transaction when placing fixed term deposits. The only exceptions to this are deposits with the DMADF and movements in and out of call accounts and pooled funds.	Unsecured £10 m per transaction Secured £15 m per transaction
Banking Groups	A group limit will apply where a number of banks are owned by a single institution.	£15 m per Group
Money Market / Pooled Funds	Total investment in any one Money Market Fund or Pooled Fund	£15 m per Fund
Money Market / Pooled Funds Groups	A group limit will apply where a number of Money Market / Pooled funds are owned by a single institution.	£35 m per Group
Total Exposure to Money Market Funds	A limit will apply to ensure exposure to Money Market Funds is proportionate and avoid excessive concentration in these instruments	£130m total
UK Country Limit	Maximum percentage of portfolio permitted to be in UK institutions	100% investment portfolio
Non-UK Country Limit	Maximum balance permitted to be in non-UK institutions (excluding Money Market Funds)	£70m
Single Non-UK Country	Maximum balance permitted to be in any one country, other than UK	£10m
Sector	A sector limit applies to unsecured investments in Building Societies to limit exposure to a common risk factor – in this case the property market	£30m

3 Policy to be followed when credit ratings change

3.1 Negative Watch

Definition: A status that credit rating agencies apply while they are deciding whether to lower that organisation's credit rating.

- If an institution is on negative rating watch the Council will treat it as one credit rating lower than it is currently rated.
- If an institution is at the bottom of the Council's credit rating criteria and is placed on negative watch, the Council will stop investing and attempt to call back any money which is currently invested, depending on the economic viability of withdrawing the investment.

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This policy does not apply to a negative outlook on a credit rating. In the case of a negative outlook any investment decision will be considered in line with all other information available but will not prompt immediate action to review existing investments.

3.2 **Downgrading**

- If an institution is downgraded below the minimum credit rating criteria, then it will be removed from the list with immediate effect, along with any subsidiaries, and no new investments will be made.
- If funds are on call with an institution when a downgrade happens, they will be withdrawn or the balance reduced as appropriate, at the earliest possible opportunity, which may be the following working day.
- If there are outstanding fixed term deposits with an institution which has been removed from the list, terms for repayment will be sought and, if offered, fully considered and documented by Officers.
- Downgrading and the action taken will be reported in the weekly treasury management meetings and quarterly reports to members.
- If the Council's own bank were to be downgraded, officers would reduce balances according to the strategy. In the event of a significant downgrading of Barclays, where the bank's credit rating fell below investment grade, officers would reduce balances to minimum operational levels, but it would not be possible to eliminate all exposure to the bank.

4 **Other matters to be considered by Officers**

4.1 In applying the policy set out above, Officers will refer to the following sources of market information on a regular basis:

- Credit Default Swap Rates
- Equity Prices
- Economic data
- Financial statements
- Outlook reports from credit agencies
- Financial Times and other financial news sources
- Professional journals and other publications

4.2 A regular briefing will be provided for all Officers involved in the dealing function, the Head of Finance – Pensions and Treasury and/or the Assistant Director of Finance. This will provide all relevant information to enable decisions to be taken about treasury activity to ensure it remains within the policy. By its very nature the information will not be definitive and Officers will do all they can to react to these sources of information with the primary objective of security. The briefings will generally be delivered by weekly meetings. If for any reason, a meeting cannot be convened, all relevant information will be circulated to Officers and the Assistant Director of Finance.

4.3 Officers maintain an overview of prevailing market rates in their regular contact with brokers. When considering fixed term deposits, Officers will consider quotes from brokers for a range of periods before making decisions.

APPENDIX 3 FINANCIAL INSTRUMENTS GLOSSARY

Call accounts

Bank account that pays a higher rate of interest than an ordinary account. These investments are subject to the risk of credit loss as a result of a bail-in should the regulator determine that the bank is failing or likely to fail.

Certificates of Deposit (CDs)

CDs are negotiable term deposits made with a bank or a building society. They are bearer instruments which can be issued at a discount and without a coupon (interest payment), however, more typically they pay either a fixed or a variable coupon; with variable rates of interest being fixed semi-annually against a reference rate such as LIBOR. The coupon is closely related to the current market deposit rate from the same counterparty for a corresponding maturity. Large issues will typically be issued at par and are actively traded on a secondary market meaning that they can be acquired and sold on a daily basis. CDs are a money market instrument and therefore the credit ratings will be the same as those for term deposits. CDs offer the same credit quality as term deposits, but due to their liquidity there is an active secondary market and therefore the rate of interest paid is typically slightly lower than the rate earned on a term deposits of the same duration.

Commercial papers

An unsecured, short-term debt instrument issued by a corporation, typically for the financing of accounts receivable, inventories and meeting short-term liabilities. Maturities on commercial paper rarely range any longer than 270 days. The debt is usually issued at a discount, reflecting prevailing market interest rates.

Corporate bonds

These are issued by companies that are looking to raise capital and are seen as riskier than gilts, as companies are likelier to default on debt than governments. You generally get a higher rate of interest for taking on this risk. A corporate bond is a loan made to a company for a fixed period by an investor, for which they receive a defined return. Investors usually receive annual payments for their cash (which are normally expressed as a percentage) as well receiving the principal sum back at the end of the term. Investment grade corporate bonds are usually issued by established companies which are deemed less likely to default on their obligations. Corporate bonds can be traded on a secondary market.

Covered Bonds, Reverse Repurchase Agreements and other Collateralised Agreements

These investments are secured on a bank or building societies' assets, which limits the potential losses in the event of insolvency which means that they are exempt from bail in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Fixed Term Deposits

A deposit held at a financial institution that has a fixed term. These are generally short-term with maturities ranging anywhere from a month to a few years. When a term deposit is purchased, the lender (the customer) understands that the money can only be withdrawn after the term has ended or by giving a predetermined number of days' notice.

These investments are subject to the risk of credit loss as a result of a fail-in should the regulator determine that the bank is failing or likely to fail.

Government Bonds (Gilts)

This type of fixed interest security is issued by the British government if it wants to raise money and is generally seen as very low risk. This is because it is highly unlikely that the British government would go bankrupt and therefore be unable to pay the interest due or repay the loan in full. Government bonds are traded on a secondary market and therefore seen to be very liquid.

Index linked gilts pay interest linked to the Retail Price Index (RPI) so their value rises with inflation.

Loans to Local Authorities or Companies

This type of investment is an arrangement under which an amount is lent for a fixed period of time to a counterparty for which a rate of interest is receivable either at intervals during the loan or on maturity.

Local Capital Finance Company (LCFC) Equity

LCFC was established in 2014 by the Local Government Association (LGA) Municipal Bond Agency. Its aim is to provide local authorities with an alternative form of borrowing to supplement current lenders such as the PWLB and banks. The LCFC plans to issue bonds on the capital markets and lend proceeds to local authorities. The LGA is seeking to raise equity of £10m from local authorities and in September 2014 the LGA had raised £4.5m from 38 councils. A mid-year change to the 2014/15 Treasury Management Strategy was agreed by Council on 25 November 2014 to enable investment in the LCFC.

Local Government Bonds

A loan raised by a local authority in the form of a fixed-interest bond, repayable at a specific date. Local Government Bonds are tradable but the market is less established as with other bond markets.

Money Market Funds

A Money Market Fund is an open-ended mutual fund that invests in a diversified pool of securities short-term debt securities such as Treasury bills and commercial paper. Money Market Funds are widely regarded as being as safe as bank deposits yet providing a higher yield.

Notice accounts

Accounts on which the account holder is required to give a notice of withdrawal a specified number of days before making the withdrawal to avoid penalties. These investments are subject to the risk of credit loss as a result of a bail-in should the regulator determine that the bank is failing or likely to fail.

Peer to Peer Lending

Peer to peer lending (P2PL) is a method of lending money to unrelated individuals, or "peers", without going through a traditional financial intermediary such as a bank or other financial institution. Typically these investment vehicles offer higher rates of return commensurate with the underlying risk of unsecured investments. In addition, this form of investment may provide a means of stimulating economic development within a corporate rather than financial risk profile and may be particularly suitable for the Local Enterprise Partnership

Pooled Funds

Pooled funds include pooled bond, equity and property funds. They provide enhanced returns over the longer period, but are, potentially, more volatile in the shorter term. These funds would enable the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Registered Providers of Social Housing

Formerly known as Housing Associations, Registered Providers for social housing are tightly regulated by the Homes and Communities Agency. They retain a high likelihood of receiving government support if needed. The Council will consider investing with unrated Registered Providers with adequate credit safeguards, subject to receiving independent advice.

Supranational Bonds

A supranational entity is formed by two or more central governments with the purpose of promoting economic development for the member countries. Supranational institutions finance their activities by issuing debt, such as supranational bonds. Examples of supranational institutions include the European Investment Bank and the World Bank.

Similarly to the government bonds, the bonds issued by these institutions are considered very safe and have a high credit rating.

Treasury Bills (T-Bills)

Treasury Bills are short term Government debt instruments. They are issued by the Debt Management Office and are an eligible sovereign instrument, meaning they have an AAA rating. T-Bills are issued on a zero-coupon, i.e. they are issued at a discount to their par nominal value whereupon maturity the par value redemption will be higher than the purchase price reflecting an income return alongside the return of the initial capital outlay. T-Bills are actively traded on a secondary market meaning that they can be acquired and sold on a daily basis.

APPENDIX 4 PRUDENTIAL AND TREASURY MANAGEMENT INDICATORS SUMMARY

The following table sets out the Prudential and Treasury Management Indicators that will be monitored and reported on during the financial year.

Table		2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Prudential Indicators					
Section 1.2	Adoption of CIPFA Treasury Management in the Public Service: Code of Practice 2011 edition	✓	✓	✓	✓
1	Capital Expenditure	244,024	264,420	186,570	124,869
3	Capital Financing Requirement (CFR)	642,159	728,330	796,275	831,594
4	Ratio of financing costs to net revenue stream	2.61%	3.13%	3.56%	3.95%
5	Incremental impact of capital investment decisions on Band D Council Tax	(5.30)	(2.27)	4.79	11.41
9	Gross Borrowing	368,628	467,904	550,715	602,724
	Net Borrowing less than CFR	Y	Y	Y	Y
10	Authorised Limit for external debt	545,000	644,500	727,500	780,000
	Operational Boundary for external debt	515,000	614,500	697,500	750,000
Treasury Management Operational and Performance Indicators					
11	Net Limit on Fixed Interest Rates	445,000	544,500	627,500	680,000
	Net Limit on Variable Interest Rates	133,500	184,500	217,500	228,000
12	Maturity Structure of fixed rate borrowing	All Years			
		Lower Limit		Upper Limit	
	Under 12 months	0%		50%	
	12 months to 2 years	0%		50%	
	2 years to 5 years	0%		60%	
	5 years to 10 years	0%		80%	
	10 years to 20 years	0%		85%	
20 years to 30 years	0%		90%		
30 years and above	0%		100%		
13	Maximum Investments greater than 364 days	50,000	50,000	50,000	50,000
Treasury Management Security Liquidity and Yield Performance Indicators					
Weighted average credit rating of the investment portfolio					
Weighted average maturity of the investment portfolio					
Return on lending compared to 7 day LIBID rate					
Average rate payable on the borrowing portfolio					
Any breaches of the Lending Policy					
Types of financial instruments used					
MiFID II Compliance Indicators					
	Minimum Investment Balance to remain eligible	£10m			
	Minimum Required Suitably Qualified Officers	1			

Appendix 5 – Regulatory Changes

1 CIPFA Prudential and Treasury Management Codes

1.1 During 2017, CIPFA consulted on proposals to amend the Prudential Code for Capital Finance and the Treasury Management Code of Practice, and that the amended codes would be effective from April 2018. It is expected that the amended codes will be published by the end of the calendar year 2017.

1.2 Underlying the changes is a desire to streamline and improve the focus and reporting, and a recognition that the existing codes need to reflect and support the increasing commercial focus of Local Government and the drive to increased property investment,

1.3 Expected changes to the Prudential Code:

- Introduction of a new “Capital Strategy” which will provide a high level report to Full Council
- Detailed Technical Information to remain in Treasury Strategy, and reporting on this delegated to a Committee
- Changes to mandatory Prudential Indicators.

1.4 Expected changes to the Treasury Code:

- Extending the scope of the code to cover non-treasury investments, such as property, which are held for financial return.
- Ability to delegate TMSS reporting to a Committee
- Changes to the Treasury Management Indicators

2 DCLG Investment Guidance

2.1 DCLG published its consultation on Proposed Changes to MRP and Investment guidance in December 2017. DCLG expects to implement changes to these documents from April 2018.

2.2 The drivers for the proposals are similar to those underlying the changes to the CIPFA codes outlined above.

- Expected changes to the guidance include a widening of the definition of investments to include “all financial and non-financial assets” held primarily to generate income.
- Extension of the principals of Security, Liquidity and Yield to non-financial investments
- Focus on risk assessment and risk management including competition in markets, barriers to entry and exit.
- Changes to the definition of “borrowing in advance of need”.
- New requirements for the training of statutory officers and members to ensure they have the skill and knowledge to make informed investment decisions.

3 Implementation

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- 3.1 This report was prepared prior to the publication of the revised CIPFA codes and final DCLG guidance to be applied from April 2018. It has therefore been prepared on the basis of the existing codes of practice and regulatory guidance from the DCLG.
- 3.2 Following publication of the new regulations, officers will undertake analyses of the requirements in order to understand what changes are required in order to maintain compliance.
- 3.3 The late publication of these documents means that it is unlikely that it will be possible to understand and incorporate any changes prior to the start of the 2018/19 financial year. As a result any revisions that are required will be brought forward during the year and applied retrospectively. Where transitional arrangements for implementation are outlined they will be observed by officers. If no such guidance is provided any changes to the TMSS will be brought forward in a revised TMSS and Capital Strategy for approval by Full Council.

INTEGRATED PLAN

PART D – CAPITAL AND ASSET STRATEGY AND INVEST TO TRANSFORM

Capital and Investment Strategy

1 Introduction

This Strategy sets out how HCC will use its resources (capital grants and contributions; revenue including reserves; surplus assets; capacity to borrow) to invest in capital and other schemes that will meet one or more of the following objectives:

- **Invest to deliver** – to support service delivery. May range from major highways or schools expansion projects, to programmes for equipment replacement. All bids are subject to business case, and should support new ways of delivering services;
- **Invest to Reduce / Avoid Costs** – projects which will reduce running costs, or avoid costs (capital or revenue) that would otherwise arise;
- **Invest to Generate Return** – either revenue streams or enhanced capital receipts. These in turn will help meet budget pressures and/or provide future capital resources;
- **Invest to Enable** – spend that supports transformation in the way services are provided, to achieve improved outcomes and/or generate efficiencies;
- **Invest for the future** – projects that will unlock future service potential, asset values or funding streams.

These are delivered via:

- the Capital Programme
- Invest to Transform Fund
- Invest to Achieve Capital Receipts fund
- Joint Venture with the Council's subsidiary company Herts Living, to invest in surplus assets to generate income streams or enhanced capital receipts
- Revenue projects met within service budgets or from grants/contributions.

Details of the Capital Programme and its funding are set out in IP Overview (part A), and summarised below.

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Adult Care & Health	20.998	29.931	13.645	11.498	76.072
Children's Services	0.372	0.180	0.180	0.180	0.912
Community Safety & Waste Management	12.032	5.255	8.803	4.463	30.553
Education, Libraries & Localism	68.867	80.580	44.803	37.131	231.381
Environment, Planning & Transport	21.090	31.770	21.552	2.975	77.387
Highways	84.394	110.378	94.728	65.843	355.343
Public Health, Prevention & Performance	0.725	-	-	-	0.725
Resources, Property & the Economy	35.546	6.326	2.859	2.779	47.510
Total	244.024	264.420	186.570	124.869	819.883

All schemes in programme years 2018/19 to 2019/20 have been reviewed to confirm that the budget is still required for its original purpose, and to make adjustments for changes in external funding and cashflow profiles. The table overleaf shows all new schemes and increases in existing schemes.

All capital bids include the business case for investment, including appraisal of alternative and “do nothing” options; arrangements for project management for delivery; and an assessment of risk and ways in which this will be mitigated. Key risks identified include:

- Increased costs, due to project design and/or inflation on construction contracts and key materials. This can be mitigated by value engineering of design; programmes of works are managed at initiation and tender stages to ensure they stay within available funding. Inclusion in the capital programme does not in itself give authorisation to spend, and all major schemes are brought to Cabinet for approval including budget before they proceed: significant cost variations (over £0.5m) must also be approved by Cabinet. Spend is monitored monthly and reported to members quarterly, for early identification of any cost variances.
- Planning permission – achieving agreement on design, and any appeals, can extend the planning period and impact costs. Similarly, projects including land acquisition may be delayed whilst legal agreements are reached.
- Weather delays to construction – timing of projects is programmed to minimise this risk.

New Capital Bids 2018/19 – 2021/22

	Total Project cost 2018/19	HCC Funding 2018/19	External Funding 2018/19	Total project cost 2018/19-2021/22	Total HCC funding 2018/19-2021/22	Total External Funding 2018/19-2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
Highways						
Introduction of weight limit on A507	40	40	-	110	90	20
A10 Buntingford South Roundabout	77	-	77	1,715	-	1,715
A414 Hertford Major Project	1,750	1,750	-	9,000	9,000	-
Carriageway maintenance - improving local roads	5,000	5,000	-	29,000	29,000	-
A414 Scheme development	250	89	161	6,600	1,876	4,724
Total	7,117	6,879	238	46,425	39,966	6,459
Community Safety & Waste Management						
Redevelopment of Stevenage HWRC	3,203	3,203	-	3,203	3,203	-
Fire suppression system at Waterdale Recycling Building	60	60	-	60	60	-
Reconfiguration of Rickmansworth HWRC	230	230	-	230	230	-
Telemetry-Breathing Apparatus	-	-	-	300	300	-
Relocation of Fire Service HQ	637	637	-	12,571	12,571	-
Total	4,130	4,130	-	16,364	16,364	-
Environment, Planning & Transport						
Countryside Management Services vehicle replacement	10	9	1	10	9	1
Total	10	9	1	10	9	1
Education, Libraries & Localism						
Primary expansion programme 8	4,270	-	4,270	12,200	-	12,200
Temporary expansions 8	2,000	-	2,000	2,000	-	2,000
Secondary school expansions SEC3	6,750	-	6,750	27,000	-	27,000
High Needs funded schemes	377	-	377	377	-	377
Replacement of Library self-service RFID Kiosks	405	405	-	810	810	-
Total	13,802	405	13,397	42,387	810	41,577
Resources, Property & the Economy						
25 by 20 –phase 2	22,200	22,200	-	23,200	23,200	-
Total	22,200	22,200	-	23,200	23,200	-
Total New Bids	47,259	33,623	13,636	128,386	80,349	48,037

Revised capital bids 2018/19 – 2021/22

The table below shows the total increase or decrease from the existing capital programme

	Total increase/ (decrease) 2018/19	HCC Funding Increase/ (decrease) 2018/19	External Funding Increase/ (decrease) 2018/19	Total project cost Increase/ (decrease) 2018/19-2021/22	Total HCC increase / (decrease) 2018/19-2021/22	Total External Increase / (decrease) 2018/19-2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
Highways						
Traffic Signals replacement	819	649	170	881	711	170
Highways Locality Budget	1,113	1,113	-	4,452	4,452	-
Bridge Asset management and maintenance	-	-	-	918	918	-
Carriageway Maintenance	4,158	4,158	-	25,677	25,677	-
Highways Drainage Asset Maintenance and resilience	69	69	-	710	710	-
Footway & Cycleway maintenance	100	100	-	1,021	1,021	-
Highways ITP budget	(2,605)	-	(2,605)	(5,005)	-	(5,005)
A120 Bypass and Flood Alleviation Scheme	-	-	-	5,029	2,600	2,429
A602 Improvements	-	-	-	(1,688)	(1,688)	-
Total	3,654	6,089	(2,435)	31,995	34,401	(2,406)
Adult Care & Health						
Telecare	250	250	-	1,120	1,120	-
EPH Provision (phase 1)	-	-	-	280	280	-
Total	250	250	-	1,400	1,400	-
Childrens Service						
Liquidlogic - LCS	(80)	(80)	-	(80)	(80)	-
Total	(80)	(80)	-	(80)	(80)	-
Environment, Planning & Transport						
Rail Improvement Project	-	-	-	525	525	-
Total	-	-	-	525	525	-
Education, Libraries & Localism						
Land Acquisitions	2,950	-	2,950	6,067	-	6,067
Schools Repairs & Maintenance	(587)	-	(587)	(2,348)	-	(2,348)
Total	2,363	-	2,363	3,719	-	3,719
Public Health, Prevention & Performance						
Sexual health clinics	(475)	(475)	-	(675)	(675)	-
Total	(475)	(475)	-	(675)	(675)	-
Resources, Property & the Economy						
Broadband Contract 2	1,541	-	1,541	2,392	-	2,392
Salix Funded Projects	75	-	75	300	-	300
Health & Safety County Hall	69	69	-	69	69	-
Rural estate	178	178	-	178	178	-
Total	1,863	247	1,616	2,939	247	2,692
Total Revised Bids	7,575	6,031	1,544	39,823	35,818	4,005

2. Funding

2.1 Overview

Capital and investment projects may be funded by external grants and contributions, borrowing (external or by using internal balances), capital receipts, reserves and from the revenue budget. These are limited by the availability of each resource and its affordability.

The first call for financing should be against external resources:

- a) Ringfenced grants and contributions; and
- b) Non-ringfenced grants, S106 and other contributions – as there is some discretion on the use of these, services will provide robust business cases that show how the scheme meets overall Capital Programme priorities.

The balance of funding will come from the county's internally generated resources: capital receipts, borrowing, and/or revenue and revenue reserves. In recent years the Council's policy has been to generate receipts from its surplus assets and use 100% of these to fund capital spend. Revenue underspends and reserves have also been used to fund capital and minimise borrowing and its associated revenue costs. As a result, there has been no new long term borrowing since 2011, and from 2016/17 any borrowing requirement has been met from internal borrowing i.e. the use of the Council's cashflow balances to fund capital spend. Once these balances have been used, this borrowing will need to be taken externally.

The business case for all capital bids met from county funding includes consideration of the revenue impact (interest costs plus Minimum Revenue Provision (MRP) for the repayment of debt) were that funding to be met from borrowing. This is calculated as the average cost over the life of the asset, in recognition of the revenue impact of capital spend beyond the Integrated Plan period.

2.2 Affordability of funding sources – capital receipts, borrowing and reserves

Current lower interest rates make borrowing relatively attractive, although it should be noted that longer term rates are above base rate. However, although interest rates are low, the requirement to charge MRP means there can be a significant revenue impact when borrowing is required. MRP is a charge for the repayment of principal over the life of the asset. The Council's policy is to calculate this on an annuity basis, using PWLB borrowing rates for the year when spend is incurred. This reduces the charge in the early years, to reflect the time value of money and also to balance the reduced interest cost where principal is repaid over the life of the asset, or the increased income earned where MRP accumulates in advance of repayment. The charge is spread over the expected life of the asset, making MRP especially high for short life assets:

Annual MRP per £1m asset with 5 year life	average £200,000 pa for 5 years
Annual MRP per £1m asset with 35 year life	average £28,570 pa for 35 years

The Council therefore seeks to use capital receipts to fund short life assets. Surplus assets have been identified that will achieve this funding level, and work is in hand to achieve these disposals. Should these not be achieved, any shortfall will need to be financed through borrowing or the use of reserves as detailed in section 2.3.

Other surplus assets have been identified as offering potential development opportunities that could be delivered by the Council's subsidiary company Herts Living, including via joint venture arrangements with an external developer (see section 3 below). These assets will generate income streams and enhanced receipts that can be used to reduce borrowing and the resulting revenue costs. The Integrated Plan revenue budget proposals include savings of £1m in 2020/21 and £4.5m in 2021/22, to be achieved from these assets. A full review of these levels will be undertaken with the joint venture partner, who is set to be confirmed in January 2018.

The Council will continue to assess all surplus assets to determine the relative benefits of immediate disposal to reduce borrowing, especially to fund short life assets, compared with the likely capital gain and revenue streams if the asset is held and developed. Progress on achieving receipts is closely monitored and matched against expected spend on short life assets, so that alternative sites can be brought forward for disposal if required. In all cases the decision compares the borrowing costs the use of the receipt will save against the potential revenue gain from enhanced capital values and future revenue returns if the asset is retained and developed.

Some spend is needed to achieve capital receipts, for example to support planning applications or consolidate sites. This is met from the Invest to Achieve Receipts reserve, created as a topslice from previous receipts to fund spending that enhances the value /deliverability of future receipts. This policy is reviewed annually, and top up will depend on the availability of receipts and the forward programme of potential schemes. The projected balance on this reserve at end 2017/18 is £0.4m and it is proposed that up to £3.8m of receipts in 2018/19 be added to fund spend in that year.

2.3 Affordability of funding sources – revenue and reserves

Pressures on the revenue budget mean that there will be very limited availability of revenue resources and reserves to fund capital spend during this Integrated Plan period.

The Council does hold some reserves which are currently set aside to be used to fund capital spend or to provide investment to achieve future benefits, as shown below. The current purpose is as approved in the 2017/18 Integrated Plan. These reserves have been reviewed and it is proposed to keep them earmarked for these purposes at present but to continue to review.

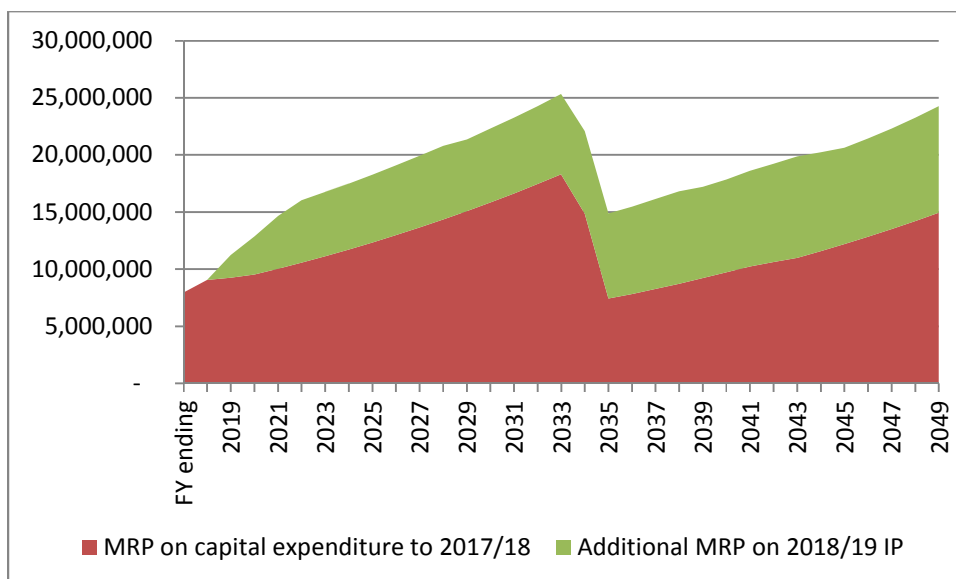
Reserve	Expected 31.3.18 £m	Current Purpose
LAMS advances repayments (Capital)	10.0	To respond to property or other investment opportunities
LAMS reserve (Revenue)	1.5	Designated for property development initiatives. £0.5m of this balance earmarked for the set up and investment in Herts Living / Joint Venture
Investment Reserve (one off MRP savings – Revenue) Plus £6.3m to be added 19/20; £6.3m in 20/21	6.4	To fund capital programme or related investment
Capital Financing Reserve (Revenue)	nil	To fund capital programme – current balance expected to be used in 2017/18

2.4 Capital Programme – Funding Summary

Based on this assessment of resources and affordability, the summary capital programme funding for 2018/19 -2021/22 is shown in the table below.

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Borrowing	101.466	99.276	82.811	52.009	335.562
Capital Receipts	10.000	10.000	10.000	10.000	40.000
Grant	81.649	81.040	56.502	60.595	279.786
Contributions	48.148	72.029	36.132	1.890	158.199
Reserves	2.761	2.075	1.125	0.375	6.336
Total	244.024	264.420	186.570	124.869	819.883

The MRP charge for this programme - the additional cost above capital financing of previous years' spend - is shown in the graph below. The fall in MRP around 2033 and 2034 is a result of the charges for spend to 2011/12 coming to an end; and the Council's policy of using available reserves and revenue underspends instead of borrowing to fund capital spend between 2012 and 2016.



2.5 Self Financing Schemes

In addition to the capital receipts generated to support the overall Capital Programme, schemes may be identified where there is a business case to dispose of one asset in order to fund development of an alternative. These proposals will each be considered and approved by Cabinet subject to service impact, business case, and the following principles:

- the proposed scheme can be demonstrated to be robustly self financing, including reliability of both the value and timing of the receipt;
- the scheme cannot be achieved within the existing Capital Programme;
- the necessary planning requirements for alternative accommodation can be met;
- the cash flow effect can be accommodated within overall resources, and financing costs have been considered in the business case; and
- any balance of disposal receipts, including where additional external funding has been identified, is available to support the overall capital programme.

The timing of new build and disposal may leave a financing gap, which will normally need to be met from short term borrowing, managed within the Council's overall cashflows and within the Authorised Borrowing Limit. Minimum Revenue Provision will be chargeable if the receipt has not been received in the financial year after completion of the asset, and will continue to be charged until the receipt is received. The project business case must take account of these capital costs. Where practicable, contemporaneous contracts for sale of land/ construction of new asset provide a more secure means of funding such schemes.

3 Property Development Company – Herts Living and Joint Venture

Through the Property Development Programme, the Council has been investigating options to develop a number of small and large assets to deliver housing and business / commercial premises, using appropriate delivery vehicles. This approach is facilitated by the Localism Act 2011, which provided wide ranging powers, including the general power of competence, which allows councils to act on a more commercial basis, including through the use of corporate vehicles.

The Programme proposes a new approach to the disposal and development of the council's assets, which would allow the council to benefit from the development proceeds, as opposed to securing upfront land value only. This is likely to provide stronger capital returns and offer the opportunity to retain some of the built assets, which would be transferred into a property investment company, with the objective of generating a new long term revenue stream for the Council.

Potential development sites have been identified, and Herts Living has been set up as a wholly owned subsidiary of the Council, with a managing director appointed to lead on this strategy. A Joint Venture partnership with a major property development company is also being procured, to deliver housing and other assets on the identified sites.

As well as financial returns, the Council will look to see if the property company can support services across the Council to deliver better outcomes. Business cases will need to be developed to support these.

4 Asset Management Strategy

4.1 Property

The Council's Asset Management Strategy helps guide future strategic property decisions, ensuring we optimise our property portfolio in a way that best supports our key organizational goals and objectives. It sets a framework to ensure that current assets are the right fit for current service delivery, and that opportunities are taken to generate reduced costs or create revenue streams.

The County Council owns a substantial estate of land and buildings which is primarily held to support the delivery of services and the council's corporate priorities. The portfolio includes four main office sites, 740 assets delivering services, 440 assets let to third parties to deliver services, 300 rural assets (11,000 acres) and 450 assets that are currently non-operational

The Asset Management Plan is set within the context of financial and demographic pressures; national policies in particular to improve the supply of housing; Local Plans from Hertfordshire's ten district councils; and service priorities such as the integration of health and social care. In addition, the Hertfordshire Property Partnership of the Council and other public sector organisations within the county aims to take a coordinated approach to gain full value from the public sector's estate portfolio, including the opportunities offered by the Government's One Public Estate initiative.

The Asset Management Plan is guided by the following principles:

Enable Service Delivery - enable and support service delivery by providing operational properties that are fit for purpose, in the right location and well maintained

Optimise the Estate - drive effective use of the estate through asset review and management, capitalising on rationalisation and income generation opportunities

Achieve Value for Money - procure services through the most appropriate route and maximise contractor performance

Operate Sustainably - deliver a sustainable estate by making strategic decisions informed by whole life costs, future needs, and environmental impact

Partner to Progress - engage with partners to deliver and support positive outcomes for communities, economic growth and regeneration through property solutions

In managing these properties the Council has set a target 25% reduction in property costs by 2020 (the “25 by 20” project) and work is under way to develop touchdowns, adapt office space and relocate staff, supported by Smartworker technologies and ways of working.

4.2 Highways Infrastructure

The Council is responsible for maintaining **5,112 km** of roads. The underlying strategy for maintaining the network is:

- To discharge HCC’s statutory duty under the Highways Act to maintain the public highway in a safe condition, thus ensuring the safe and efficient movement of people and goods in line with the hierarchy.
- To extend the life of public highway assets and ensure they reach their full service potential as efficiently and effectively as possible by adopting an asset management approach that seeks to minimise whole life costs for a given level of service and maximise the benefits gained from the available investment.

A well-maintained and effective highway network supports economic wellbeing by allowing the fast and efficient movement of people and goods around the County. It also allows vehicles to operate more efficiently and reduces disruption to the network, reducing operating costs and the carbon footprint. A target level of maintenance is set which will provide optimal returns in reduced future maintenance, lower risk of accident and minimised disruption to the roads network.

The County Council seeks to help improve Hertfordshire’s GVA (Gross Value Added) by working in partnership with and, securing funding from third parties to deliver highways and transport improvements that facilitate the proposed housing and economic growth across the county, generating an economic return. Typically, HCC

needs to demonstrate its commitment by part funding projects, in order to secure contributions

The Council has invested in an extensive programme of streetlighting, converting to LEDs which reduce energy consumption and also allow for more efficient maintenance and for lighting levels to be adjusted as appropriate.

4.3 Vehicles

The Council maintains a fleet of 365 vehicles ranging from fire appliances and library vans to cars, minibuses etc. While an indicative useful life is set for each vehicle type, the Council's policy is to assess individual vehicles to determine the optimal economic replacement time. New vehicles are purchased, and selected for suitability, sufficiency (providing capacity but with regard to level of utilisation) and environmental impact.

4.4 Equipment including ICT

The Council's ICT strategy is to support effective service delivery which is truly digital by default through providing efficient, responsive, cost effective, high-quality and secure ICT services, with the flexibility to enable new ways of working for staff and to transform our ability to serve citizens and service users. ICT provides essential tools to support a smarter, more agile and dynamic way of working for staff, and seeks to deliver savings via digital transformation and more effective/efficient modern ways of working. This also supports the delivery of front line services, for example, assistive technology for social care clients and development of the Council's website to promote citizen self-service. All investment is supported by a business case to demonstrate how spending will deliver these outcomes.

5 Borrowing Strategy

- 5.1 Capital Financing operates within the Prudential Framework for Borrowing and is agreed as part of the Treasury Management Strategy (part C of the IP pack). Based on the proposed funding outlined in section 2, the 2018/19 Capital Programme assumes an increased borrowing requirement of £101.5m in 2018/19, and a total £335.6m over the life of the programme to 2021/22.
- 5.2 Officers have been in discussion with Arlingclose, the Council's Treasury Advisors, on the most appropriate method of funding this borrowing requirement, which can be met from external or internal borrowing. As HCC already has relatively high levels of internal borrowing, further internal borrowing would require liquidation of some elements of investment balances held. Officers continue to review the return on these investments against the costs of short term borrowing to cover fluctuations in cashflow.
- 5.3 The remaining borrowing requirement will be met by a prudent balance of the below borrowing types

Short Term Borrowing:

Given the availability of cash in the short term market, and low prevailing interest rates which are forecast to continue given the current economic climate, it will be possible to manage a large element of the borrowing requirement via a rolling portfolio of short-term borrowing (1-2 year loans) from other Local Authorities. Prevailing interest rates for loans of 1 year are c.0.80%, meaning that it will be possible to secure an element of the overall requirement at significantly reduced interest costs compared to longer-term deals – minimising revenue budget pressure of new interest costs.

Long-Term Borrowing:

Long-term borrowing provides more certainty around interest rates, however interest on 25 year loans from the PWLB are currently charged at around 2.95%. The risk of using short-term borrowing is that should rates begin to rise, then the costs of long term borrowing will be more over the life of the overall loan than any short-term savings achieved.

In order to mitigate this risk and maximise the use of low interest rates, HCC will manage much of its need using short-term borrowing described above, and will consider new long-term loans in tranches of £20m-£50m as the borrowing funded capital expenditure crystallises into an ongoing cash requirement. This approach will allow Treasury officers to optimise 'cost of carry' by agreeing borrowing as the need arises, and will support an efficient balance between the need for secure long-term financing cost certainty against short-term cash savings.

Treasury Officers may also consider 'forward dealing' (committing to borrow an agreed sum, at an agreed date in the future, at an agreed and fixed rate) some long term borrowing where it can be demonstrated that this provides value for money. Forward dealing will enable HCC to take advantage of current low rates, whilst protecting against future rate rises which would increase the cost of long term borrowing in subsequent years.

HCC's Treasury Team will work with Arlingclose to deliver the most cost effective balance of these two borrowing types to fund the proposed capital programme.

The Treasury Management Strategy includes indicators of the affordability of capital: the ratio of capital financing costs to net revenue budget, and estimates of the impact of the current capital programme on council tax.

6 Invest to Transform

- 6.1 The Invest to Transform Fund (ITT) was created in 2010, to fund projects that would achieve service transformation and/ or efficiency savings. Bids to this fund are considered by officers and approved by the Director of Resources in consultation with the Executive Member RPE (if under £150k); by Cabinet if over £150k.

Initially projects were required to repay the investment from revenue savings generated, although more recently the fund has been topped up from general revenue underspends and other funds.

6.2 Bids are reviewed by officers before approval either by the Director of Resources or by Cabinet. Bids are invited two or three times a year, to allow better comparison and investment in those areas which generate the best returns in both outcomes and revenue. Progress on live schemes is reported through the quarterly Finance monitor, with larger projects also monitored via the quarterly Performance monitor, to improve visibility and tracking of benefits and outcomes. Replenishment of the fund is reviewed annually as part of the IP process.

6.3 Forecast balances on the fund, based on current approved bids, are as follows:

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Opening balance	17,462	13,958	13,418	14,595
Committed schemes	(4,700)	(1,736)	(19)	-
Repayments	1,196	1,196	1,196	1,196
Closing Balance	13,958	13,418	14,595	15,791

Bids approved in 2017/18 were mostly for smaller projects to help deliver savings proposals including social care and alternative methods of service delivery; to undertake feasibility or initial preparation for major property schemes; to support future funding bids for key infrastructure schemes; and to invest in systems that will improve the customer journey and allow more efficient transaction processing. Funding previously set aside for the Accommodation for Independence programme, to convert residential care accommodation to supported living, has been redirected following changes in central Government policy in this area, that impacted the original the business case. The balance is now providing resource to deliver new efficiencies and approaches for disability services.

A bid of £4.9m for Adult Care Services to support the delivery of their IP proposals has been submitted, for Cabinet to consider alongside the IP. Further bids being developed include £1.3m investment in Hertfordshire Business Services, to improve productivity and the customer experience, and creating a standalone infrastructure that provides wider options for the future development of the business. This will be taken forward for approval early in 2018/19.

6.4 Outcomes of completed projects were reported in Part F of the 2017/18 Integrated Plan. The table below sets out the current position and outcomes for schemes that were in progress or which have come forward since last year's report; or where completed schemes are delivering further benefits in the 2018/19 IP.

Description of Scheme	ITT investment £'000	Project Dates	Actual Outcomes & Savings
Preventative Telecare	2,000	2013/14 - 14/15 and ongoing	This investment has funded the provision of preventative telecare to a cohort of 1,000 people with current low to moderate needs at the time of assessment. While it is difficult to isolate the benefits of this technology from other interventions and the impact of other changes, telecare is supporting the delivery of savings planned to reach to £1.2m by 2018/19. A review of the experience of other local authorities indicates that efficiencies / savings can be realised through the application of assistive technology. There is scope to consider more systematic and targeted investment in 'niche' areas where benefits appear to be significant: for example in relation to high cost packages in Supported Living settings. There is also scope to increase the general numbers of service users assisted by Telecare: other large authorities are operating larger schemes than in Hertfordshire. Also, work to understand the most beneficial package type could be of value to avoid 'over-prescribing'. The council is setting a new strategy on Assistive technology which will bring in all these aspects. A programme manager has been appointed for this work and plans for the service post 2020 are under development.
Day Crewing + – accommodation provided to support conversion to day crewing at Baldock & Letchworth	425	2014/15	Baldock and Letchworth Fire Station – the business case assumed annual savings of £300k, which was taken from the 2015/16 budget (part year in 14/15). However a review undertaken in 2016/17 has identified additional savings such that it is possible to reduce the budget for this station by a further £65k pa in 2017/18. This has been achieved whilst maintaining previous levels of crew availability.
LED Street lighting Phase 1	6,477	2014/15 – 15/16	Phase 1: Annual cost reductions £674k pa. Phase 2: completed in March 2017. The annual estimated savings will be fully realised after a full year after the completion of the works (March 2018). Expected annual cost reductions from budget: Electricity £520k; Carbon reduction £40k; Maintenance £210k = total £770k pa. Actual costs avoided will be higher, as inflation increases the price of electricity that would have been consumed had LED lighting not been installed and budget reductions taken. For example, in the 2017/18 budget, a 28%

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Description of Scheme	ITT investment £'000	Project Dates	Actual Outcomes & Savings
LED Street lighting Phase 2	7,530	2015/16 - 16/17	increase in the cost of electricity has been forecast, based on latest market data. Further savings projected from Phase 3 and Phase 4, met from the Capital Programme: Phase 3 also completed in March 2017, expected annual cost reductions: Electricity £65k; Carbon reduction £5k; Maintenance £110k = total £180k pa. Phase 4 started April 2017, planned completion March 2020. Expected annual cost reductions: Electricity £902k; Carbon reduction £45k; Maintenance £910k = total £1,860k pa.
E Invoicing – suppliers	265	2015/16 to 2016/17	The Supplier Portal is now implemented and all Purchase Order invoices (excluding those processed through departmental feeder systems) are now processed electronically. This is contributing to Shared Managed Service contract extension savings. Supplier discounts have not yet increased as this is subject to separate negotiation within individual contracts.
Inspiring Libraries Strategy	£137k in 2015/16; £568k in 16/17; £923k in 17/18- total approved £3,978k	2015/16 – 19/20	The Inspiring Libraries programme was set up to ensure that Hertfordshire's Library Service remains relevant and sustainable into the future, delivering against the strategy themes of a vibrant community space, digital library and enhanced gateway to reading, information and wellbeing. The investment is supporting the delivery of the £2.5m savings over three years 2015/16 – 2017/18. "Creatorspace" facilities have been provided in Watford and Hemel Hempstead and are planned for St Albans. The project has also provided a pilot of Open + in Croxley Green, that allows swipe card access to the library outside core opening hours; and other technology developments, for example cloud based software that will ensure that the software on public access ICT remains robust and current, achieving savings against current arrangements and delivering 'Library Link' (virtual librarian) at the volunteer libraries. It has supported the development of proposals for co-location of libraries with fire stations in three locations. Public exhibitions have been held, consultants are working on detailed designs and planning applications. Finally, ITT funding is also supporting project management to give capacity to deliver these changes and developments.

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Description of Scheme	ITT investment £'000	Project Dates	Actual Outcomes & Savings
0-25 Integration	100	2015/16	This funded specialist consultancy in setting up the 0-25 service to integrate care for children and young adults between Children's Services and adult Care. The project has improved services delivered to Children with SEND statement and care plans leading to the introduction of Education Health and Care (EHC) Plans. It has also allows us to progress work on further developing and implementing the SEND Pathfinder model to support independence and self-reliance by exploring opportunities to improve efficiencies and removing duplication across services. Specific initiatives include the introduction of the 0-25 Together Service, introduction of the Disabled Children's Charter as well as our Local Offer; and the development and promotion of the Children's Services Outcome Framework. Together these initiatives have contributed to savings of £355k in 2017/18, rising to £500k by 2020; as well as supporting the delivery of savings from the reduction in numbers of CLA.
Stevenage Acquisition (Abel Smith)	1,866	2015/16	The purchase of this office building in Stevenage provides necessary future office accommodation for the County Council in light of leasehold expiry and emerging shared service delivery accommodation pressures. Acquisition and fit out of the premises was met from existing capital budgets, supplemented from ITT. The Council now holds an asset that is well located adjacent to Farnham and Robertson Houses, the value of which is expected to increase as the local market for office space develops. It is currently occupied by the Serco Customer Service Centre and the remaining space is let out to commercial tenants. These arrangements are generating a rental income of £650k pa, although this will be offset in 2018/19 by an estimated shortfall of £130k service charge income against running costs. Improvements are being made to the asset from the service charge and some rental income which will increase future savings by decreasing the need for major works.
LD Accommodation for Independence	1,650	2015/16 – 18/19	A Government consultation in November 2016 proposed changes to the funding framework for supported housing which brought uncertainty to this

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Description of Scheme	ITT investment £'000	Project Dates	Actual Outcomes & Savings
			programme. There was less willingness from residential home providers to convert to supported living. This project was therefore ended and has been replaced with Learning Disabilities Transformation.
Website upgrade	987	2015/16 to 2016/17	Creation of Hertfordshire.gov.uk to replace Herts Direct, providing a next generation website that will enable more self-service by customers, reducing queries to the Customer Service Centre; releasing efficiencies in technology costs; and providing more opportunities to develop new and improved digital services, releasing further efficiency savings across the whole Council. This includes reduced phone calls (£105k pa) and lower technology costs (£125k pa) – savings were taken in the 2016/17 IP; together with an improved the customer experience (94% reduction in pages, so easier to navigate to desired content). The final spend on this project has taken place in 2017/18 and is providing further improvement for users.
Broxbourne Land Acquisition	600	2016/17 – 17/18	This greenbelt land of some 330 acres is jointly owned by the Council and Broxbourne BC and has the potential to be developed as an urban extension of some 1,700 new homes and supporting infrastructure. At present the land is held in the Rural Estate and provides a modest rental income. The land is being promoted in the Broxbourne emerging Local Plan. A planning application is proceeding with all necessary surveys being undertaken. The proposed project also includes development of Greater Brookfield Retail Park, a major new retail centre.
Enabling Posts	503	2014/15 – 16/17	This budget has provided start-up funding for project management for the following: 0-25 Together: post supported delivery of £318k savings in 2017/18; support has now moved to business as usual within existing Performance & Improvement resources. Intranet development: post managed delivery of new intranet that works alongside Hertfordshire.gov.uk: has enabled a range of efficiencies eg use of

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Description of Scheme	ITT investment £'000	Project Dates	Actual Outcomes & Savings
			<p>collaboration areas for document sharing, reducing printing and data storage; easier access to HCC policies to promote compliance and best practice.</p> <p>Legal: to establish the new Commercial Law Group as an effective and efficient source of legal advice on commercial matters for the County Council & generate further income streams. Three posts funded for initial period: Head of Commercial now fully funded by external income and savings from keeping commercial work in house. Other posts now part of funded staffing but overall have contributed to £100k pa Legal Services saving in 17/18 IP.</p> <p>Community Infrastructure Levy: Community Infrastructure Levy Manager and the team is responsible for negotiating planning obligation requirements and submitting CIL bids to ensure that the County Council secures funding for the additional demand for HCC services that arises from new developments. The team deal with over 500 residential applications a year, securing up to £10 million of S106 in any given financial year. New Regulations brought into force from April 2015 have complicated the system for S106 agreements and the team have had to deal with the technical implications of this change through protracted negotiations with developers, and consultation with our services. With 34 new strategic locations for growth across the county (ranging in size from 500 to 10,000 new homes) on top of many smaller sites and infill locations, this post will continue to manage the team to negotiate the requirements on behalf of HCC Property Services. The post was also originally intended to liaise with our CIL charging authorities, of which there are 4. The post continues to develop this relationship although to date, with a slow build-up of CIL receipts at the Hertfordshire districts, the CIL LPAs have yet to coordinate the distribution of CIL funding. This position will likely change over the next 12 months as receipts build and some of our LPAs move to allocate their funding.</p>
	225	2016/17	The new Civica system has gone live and the previous Cloudbuy solution has been switched off. Further income streams are being added and migrated.

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Description of Scheme	ITT investment £'000	Project Dates	Actual Outcomes & Savings
E Commerce (income)			<p>Procurement of new merchant provider is under way – this, along with lower licence costs, is key to delivering savings. Savings of £72k pa have been included in the IP from 2018/19.</p> <p>Work has also started on scoping and agreeing implementation plans for Wave 2 services. This may require a further business case and ITT bid to proceed.</p>
Broadband	1,500	2018/19	<p>This investment will release match funding against grant from Department of Culture, Media & Sport, to provide 97%+ superfast coverage domestic & business properties. British Telecom have not met the milestones required to make certain payment claims, due to unforeseen issues along with extra resources required to be able to deliver the fibre infrastructure. This investment will now be spent in 2018/19.</p>
Families First	700	2016/17 – 18/19	<p>Nine Families First partnership hubs are established (Watford and Three Rivers are one hub), with excellent multi- agency representation from most key stakeholders including the Community and Voluntary Sector. As a result there is consistent partnership attendance at operational partnership meetings, including Triage Panels and Action and Impact meetings, which is benefiting the families, by enabling them to receive integrated services as early as possible: there were 612 families with a Families First Assessment started between April and September 2017, which included 1,373 children. This project is transforming the way that services identify and respond to the early help needs of families, with over 8,000 requests for support (for individual children) received between April and September 2017, via the Families First Triage Process, and during the same period, 895 families were subsequently discussed with agreed forward action plans at the multi-agency Triage Panels. It also enables the Early Help team to encourage and coach partners to apply the Families First principles and practice tools in their own work with families resulting in 1,500 practitioners from a wide range of services now trained on the new case management system to support early help</p>

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Description of Scheme	ITT investment £'000	Project Dates	Actual Outcomes & Savings
			<p>assessment and support plans, and 120 practitioners have attended Effective Assessments training, who report it to be helping them identify and respond to early help needs of families.</p> <p>Plans to implement a new step up/down process on IT systems (EHM/LCS) are almost complete and the investment in a data warehouse (<i>Single View</i>) will begin to reap rewards from early 2018 when data matching exercises will become significantly more automated, supporting the reporting of outcomes. Building on previous alignment of early help services with the Families First approach (Children and Well-being Service and AFDASH, Family Group Conferencing and Better Relationships Better), new progress is underway with both Safer Places and Hertfordshire Constabulary, to manage demand on the police in respect of antisocial behaviour, domestic abuse , CSE and serious, organised and gang related crime.</p>
E Allowances (foster care etc)	102	2016/17	<p>The objectives of this system are to provide an easy to use, centralised system for managing the annual review of allowances and payments processing associated with the payment of allowances for Adoption, Special Guardianship and other care orders; allowing carers to interact electronically; reducing manual processing by HCC and streamlining with Customer Service Centre processes; and improving the reporting and management information provided, to facilitate more effective decision-making and forecasting of expenditure.</p> <p>The project will deliver some small cashable savings for postage and stationery, and there will be time savings in Children's Services and SERCO. Moving from the existing system negates the need for essential upgrade works (£22k) and saves support costs (£3kpa). Other non cashable benefits include an improved customer experience, and efficiencies from data being held in one place. Collaboration with other LA would reduce costs and may make it easier for DWP & DfE to grant approval for use of online benefit eligibility checking.</p>

Description of Scheme	ITT investment £'000	Project Dates	Actual Outcomes & Savings
Schemes commenced 2017/18:			
Local Authority Trading Company for Adult Care Services	144		Funding for 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. There has been good progress over the last three months and a report has been taken to Cabinet in December seeking 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	150		On track to deliver 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. 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	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.

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Description of Scheme	ITT investment £'000	Project Dates	Actual Outcomes & Savings
			Phase 1 Adult Disability Service Finance dashboard and financial forecasting has been completed. ContrOCC care system was upgraded and Provider Portal developments are in testing with providers. This will improve financial management information on the ledger, ability to forecast and accuracy and efficiency of provider payments. Review of ADS business processes is being finalised to determine the approach that will be taken in 2018/19. CPLI workshops have taken place with stakeholders across ACS to improve data integrity to support decision making and recommendations will be reported shortly. Development is starting to improve financial dashboard information to manage budgets better. In the new year, the technological approach to citizen engagement within ACS will be reviewed with suppliers to develop the online offering to service users and families, improve information flow and reduce transaction costs.
Adult Care Services - Mental Health Accommodation- Project Manager	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. 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)	53		Success will be measured by the amount of Continuing Health Care funding achieved, towards the 2017/18 IP budgeted saving of £1m; 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

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Description of Scheme	ITT investment £'000	Project Dates	Actual Outcomes & Savings
Adult Care Services - Transport Co-ordinator (Learning Disabilities)	50		Coordinator appointed 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. Reviews include transport for day services, including route planning and review of taxi and contract services.
Adult Care Services - Occupational Therapists (3 posts)	75		Three additional enablement Occupational Therapists appointed, to provide support in order to reduce level of Home Care support required. The Enablement Occupational Therapist will undertake assessments and goal setting with individuals and design personalised programmes that enable the individual to relearn skills and regain abilities that maximize their independence, health and well-being. Assessments may include reviews of moving and handling and solutions may include the provision of specialist equipment and minor adaptations to support the identified goals. In this way the health and well-being of individuals will improve and the need for commissioned services, in particular home care, will be reduced or avoided. The OTs will also design interventions and routines that will increase the strength and mobility of individuals, thereby reducing the risk of falls, minimising incremental loss of independent function which can lead to further requests for care, and reducing the risk of hospital admission. Working closely with SCAH providers the OTs will increase the skill set of both facilitators and care workers.
Ariston Site, St Albans	125		Ground studies undertaken for sinkholes in St Albans to assess the need for any remedial work before proceeding to planning permission & capital receipt . Site identified as potential Herts Living development.

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Description of Scheme	ITT investment £'000	Project Dates	Actual Outcomes & Savings
Property Company	125		Has been used to fund tax, legal advice & ongoing consultancy to set up a Strategic Property Joint Venture to accelerate the development process and generate better receipts. Final bids have been received for joint venture partner, and, subject to Cabinet approval, a preferred bidder dialogue process will be undertaken to complete the legal documentation. A further cabinet paper will be submitted in March 2018 setting out the detail of the joint venture terms.
Baldock Urban extension master planning	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. The Archaeological survey has been undertaken in part, and Planning application is about to be submitted. Assuming the planning permission is granted, land value will shift from agricultural use to residential, which creates a significant uplift in value subject to infrastructure investment and phasing of development. Depending on how HCC wishes to sell the land, capital receipts will be generated over the short medium and long term.
Promoting HCC land to emerging local plans	150		Consultant commissioned and has completed inspection and review 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.
Hertfordshire Partnership Foundation Trust Saving challenge	75		Locums recruited by HPFT to review - Audit suggests that 60% of existing Personal Budgets with a value of less than £3k do not meet eligibility criteria. Review under way and will be assessed at year end.
Introduction of Job Families	30		Project progressing, with pilot in Resources. Creation of a number of job families with a catalogue of role profiles that sit within each family at different

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Description of Scheme	ITT investment £'000	Project Dates	Actual Outcomes & Savings
			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. and dependencies this will have across the organisation.
Smart Digital - Customer Facing Services	110		Work commenced September 2017, to develop 1 - 2 projects per department. Current projects include booking system for events and appointments; an e-shop system; market research on the use of voice assistants (e.g. Amazon Echo) to provide information to residents; and developing apps for public health, adult social care and waste collection service users
Learning Disability Transformation	724		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, with initial 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: Driving forward the Adult Disability Service Efficiency Programme, putting in place the overall arrangements for efficiency in this area; Comparison with other council approaches; Financial Forecasting and Future Planning; Access to Mainstream Accommodation/ Enablement; Moving home from LD specialist into mainstream residential care; Supported Living transformation

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INTEGRATED PLAN

PART E – INSURANCE & RISK STRATEGY

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1. Introduction

This strategy sets out the Council's overall approach to risk management, financial risk retention and the management of its corporate insurance programme through relevant policies of insurance. It is intended that the strategy will be reviewed and updated on an annual basis.

This strategy supports the combined Risk Management and Insurance team, that is part of Assurance Services, in establishing and delivering a holistic approach to insurance and risk management providing comprehensive risk identification, assessment and mitigation support, working to a jointly developed and shared vision. This strategy enhances the Council's ability to:-

- Manage an optimum balance between the risk insured in-house "self-insurance" and those externally through the procurement of external insurance.
- Protect the Council's assets, reputation, employees and the public. Maintain a sufficient insurance reserve to meet potential and contingent liabilities.
- Manage and investigate all claims made against the authority, using the appropriate legislation for the detection and prevention of fraud and claims settlements.
- Support the identification and the management of risk within the authority.

Not all financial risks can be insured such as increases in inflation and interest rates. The Authority maintains specific reserves for the majority of risks that it self-insures. The level of self-insurance is determined by looking at premium spend over a period against claims incurred and assessing the risk appetite for those areas where the Authority is happy to manage the risk in-house. We also seek professional advice through actuarial reviews on a biennial basis to ensure that we have the right balance of reserves against risk.

2. Background

2.1. Municipal Mutual Insurance (MMI)

Between 1971 and 1992 this Authority like the majority of local authorities were insured with Municipal Mutual Insurance (MMI) for all of its corporate insurance requirements such as employers and public liability. Insurance cover during this period was 'ground up' meaning that there was no (or very minimal) policy excess with all claims incurred being paid by MMI.

In common with other authorities, all liability insurance was met on a self-insured basis prior to 1971.

This scheme of arrangement was established in 1992 when MMI became no longer viable financially and was no longer in a position to provide ongoing insurance cover. This authority along with others took on responsibility for a portion of the outstanding and any future incurred claims. This Authority has set up a specific reserve for MMI claims based on a levy that the scheme administrator imposes on all local authorities following an actuarial review of the total scheme liabilities and assets. A levy of 15% was imposed on scheme creditors in January 2014 and a specific reserve of £2m was set up for MMI.

A further levy of 10% was imposed in April 2016.. The balance of the fund now stands at £952,881. The levy and reserve may change depending on the outcome of future actuarial assessments of scheme assets and liabilities. In addition, the authority now has to meet the first 25% of any claims relating to the MMI policy period.

Claims that are now submitted to MMI are mainly historic abuse claims and mesothelioma claims. As at 30 September 2017, outstanding Hertfordshire claims with MMI are estimated to total £938,865.

The recent Supreme Court ruling in October 2017 which effectively makes authorities strictly liable for the actions of foster carers may have an adverse impact for MMI as this may lead to a number of historic abuse claims being submitted. This could lead to a further increase in the levy.

2.2. The insurance market today

Following the demise of MMI, this Authority was required to make alternative insurance arrangements and did this by approaching the insurance market. Insurers were prepared to quote for local authority business but as this was a new area of business for them they insisted that some of the risk was carried by the Authority and insisted on higher policy excesses. This meant that the Council had to set aside an insurance reserve in order to meet the cost of the then current and future claims falling under the insurance policy excess.

A Government Insurance Framework has been developed for both brokers and underwriters and this has attracted some specialist underwriters to the local authority market and increased the opportunity set from which authorities can arrange cover. In particular in 2016, two new insurers began to underwrite insurance for local authorities.

The insurance market is volatile, and is influenced by global events and pressures and underwriters will react and adjust policies, premiums and levels of excess to mitigate their own risk from local authority claims and around the globe.

In February 2017, there was a proposal to reduce the Discount Rate that is applied to severe personal injury claims settlements to -0.75%. This means that insurers would have to pay substantially more in settlements to those with life changing injuries. This had an immediate impact on the liability insurance market with many insurers increasing their rates. In the autumn a further change to the Discount Rate has been proposed which improves the position for insurers. These changes have still to be agreed and ratified and this means the liability and motor insurance markets remains unsettled.

2.3. The key activities of the insurance service

The key activities of the insurance service are:

- Identifying and protecting the risks and assets owned or associated with HCC.
- Marketing HCC's profile to external underwriters.

- Offering advice on policy cover and levels of insurance to all departments including schools.
- Giving technical advice to all departments, on major procurements, contracts, shared services, and limited companies.
- Monitoring claim costs and commissioning a bi-annual actuarial review to determine the insurance reserve required to meet past, current and future claims.
- Managing all claims received applicable to all HCC liabilities and policies applying legislation to statutorily defend against claims that may impact on the reputation and financial responsibilities of HCC.
- Appointing appropriate external Solicitors/Barristers to represent HCC in the defence of claims.

2.4. Cost of Insurance

Chart 1 below illustrates how much the Council has paid in premiums and management of the service over the last five years. This includes Insurance Premium Tax (IPT) which has increased from 6% in 2011 to 9.5% in November 2015, then 10% in November 2016 and 12% in June 2017. When the insurance policies renewed in 2016 the IPT was 9.5% whereas in 2017 it had increased to 12%. It is predicted that this will eventually equal the same rate as VAT – 20%.

The management of the service cost for 17/18 is the current budget and currently includes a vacant post. The Team is to be restructured to delete the vacant post and redistribute the responsibilities within the Team allowing for career progression.

Chart 1 – Premium and salary costs

Financial Year	Premiums paid £'000	Management of the service £'000	Drawdown from reserves & provisions £'000	Total Cost* £'000
2013/14	2,257	358	459	3,074
2014/15	2,274	366	177	2,817
2015/16	1,929	319	790	3,038
2016/17	2,077	492 ¹	1,230	3,799
2017/18	2,242	432 ²	tba	tba

¹Transfer of Risk Management to Insurance of £100K

²Current forecast

**does not include potential outstanding liabilities*

In 2015/16, the aggregate stop loss deductible for school property claims was increased from £500,000 to £1,500,000 which substantially increased the authority's exposure. Section 2.6 details how the authority is managing this exposure.

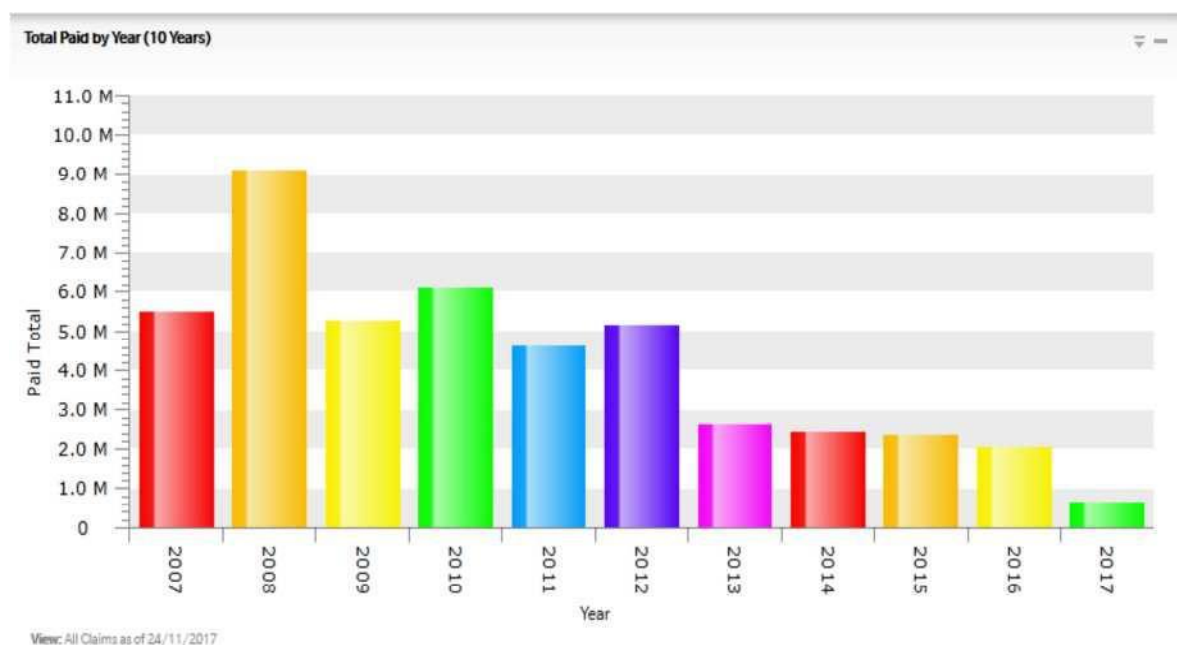
Charts 2 and 3 below illustrate the total number of claims incurred by the Council over the last ten years as well as the total amount paid in settling these claims¹.

It should be noted that claims for personal injury can be made up to three years from the date of any accident and up to six years for property damage claims. In addition, it can take many years to conclude claims for personal injury.

Chart 2 – Total claims made against the Authority



Chart 3 – Total claims paid



Charts 2 and 3 illustrates that the cost of claims and claims incurred have more or less remained stable over the last few years but certain factors such as weather will cause volatility in cost and numbers. This is particularly highlighted in the 2008 and

¹ Claims data for 2017 is up to 24 November 2017.

2010 years when the winter weather led to an increase in payments for liability, motor and property claims. There will also be liability claims incurred but not yet reported which will eventually be reflected in these numbers.

The civil justice reforms that came into effect on 1 April 2013 reduced the legal costs associated with small liability claims. The reforms and rule changes flow from the new emphasis on balancing the needs of justice with proper management of litigations costs.

2.5. The balance between cost and risk

The fundamental role of any insurance strategy is to provide the best balance between risk and cost, to best suit the authority.

In basic terms, each insurer estimates the chances of a range of events happening and determines what they will need to charge to fund these potential risks, based on a fixed level of excess. If the authority wishes to reduce the level of excess, or in other words transfer more of the costs should an event take place, then the insurer will wish to charge more. Conversely, if an authority wishes to increase the level of excess and suffer more potential costs should an event take place, then the insurer would be expected to reduce premiums to take account of the reduced level of risk that they are expecting.

As a general rule, the more an authority decides to self-insure, the lower the costs of insurance should be; however, self-insurance requires the authority to maintain a level of resources sufficient to meet all likely claims against the organisation. This is managed through the insurance reserve.

The levels of self-insurance that the Council has are as follows:

- Property - £100,000 each and every loss (increasing to £500,000 for schools)
- Public liability - £200,000 each and every loss
- Employers liability - £200,000 each and every loss
- Motor (commercial fleet) – self-insure all own losses below £100,000
- Motor (leased cars) – self-insure all own losses

In addition to these excesses or deductibles the authority has a restricted range of insured perils for general properties for damage caused by Fire, Lightning, Explosion, Aircraft and Riot & Civil Commotion only. Cover is much more extensive for education properties providing the schools with a full range of insurance cover and each school is only charged a minimal excess of £500 per claim. This leaves the Council having to fund a significant proportion of property claims in schools.

The Authority has a stop-loss/aggregate on claims below the excess for example the property cover for schools has an aggregate of £1.5m. There is a separate stop loss for combined liability (£4,700,000) and motor (£525,000). The stop-loss limits the liability of the Council; any claims above the stop-loss are then fully funded by the Insurers. Future premiums may be impacted by an Authority reaching its stop loss and it's important that risk is managed by working with the underwriter and broker to review those areas and introduce controls to mitigate future claims.

2.6. The Insurance Reserve

The authority maintains an insurance reserve sufficient to meet both current liabilities (known claims) and potential liabilities (estimated claims) for which it is liable; the self-insured liability. The key reason for maintaining the insurance reserve is so that the council can meet its unpaid retained insurance liabilities, i.e. the settlement costs of known and future (unknown) claims from current and past policy years. The level required to meet those liabilities is set by reference to:

- 1) Current insurers estimates of current claims;
- 2) Past insurers estimates of outstanding claims; and
- 3) Brokers/Actuary estimates of future potential claims

The Council commissions an independent actuary to provide a consolidated view of the Council's current and potential liabilities. This review is undertaken at least biennially and the actuary will also use market knowledge to estimate the level of funds that the Council will require to keep in the insurance reserve. Insurance is inherently uncertain and any model used to estimate the required reserve can only be an approximation to reality. As such, the actual amounts required to meet future claim payments may differ from our estimates. The table below illustrates the movement in the insurance reserve over the last four financial years.

Table 4: Insurance reserve

	Financial years			
	2013/14	2014/15	2015/16	2016/17
	£	£	£	£
Insurance Reserve	6,830,659.35	6,218,315.49	5,489,962.01	1,832,438.77
Provision	11,500,158.15	11,935,023.60	11,872,973.33	14,300,593.60
Total Reserve and Provision	18,330,817.50	18,153,339.09	17,362,935.34	16,133,032.37

The self-insurance reserve is adjusted annually to reflect actual claims incurred but not paid in the year and adjustments are made to the provision to reflect increases and decreases in the claims incurred. The overall reserve, which includes the self-insurance reserve and provision, will reflect overall the insurance actuary's determination of the amount required to meet current and future claims.

An actuarial assessment of scheme assets and liabilities was completed in February 2017. This indicated that the current reserve level (£16.13m plus £0.95m MMI reserve, as below) is on the low side; and identified that a reasonable fund for uncertain liabilities would be £18 million, with consideration being given to increasing this to £24 million (although the actuary's opinion was that no action was needed at that time to increase).

The issues raised are being reviewed, and a further actuarial assessment is taking place in 2018. It is expected that some replenishment will be required in 2018/19, the figure to be determined following the actuarial review.

The total reserves include schools, work has taken place to review the insurance premium levels for schools in order to reflect changes to the policies held by the Council and provide greater transparency of cost. The main change has been the increase on the Locally Managed Schools (LMS) aggregate property excess from £500k to £1.5m exposing the Council to greater risk. This will result in the need to maintain higher levels of reserves in order to fund claims up to £1.5m per year. Work to determine the appropriate costs needed to maintain reserves at the necessary levels has been discussed with the Schools Forum. A rate per pupil is likely to be introduced for 2018/19 and this will factor in the cost of maintaining reserves

As referred to in 2.1 the Council also maintains a separate reserve of £952,881 for its MMI liability. The levy will be subject to change in future years and so the level of reserve / provision will be kept under review.

2.7. Main areas of risk

The Council will either self-insure or arrange insurance cover for a number of different liabilities. The main areas of liability that the Council is exposed to and from which it will receive the majority of claims are as follows:

- **Employers liability** – claims for personal injury/disease to members of HCC staff arising from their employment;
- **Public Liability** – claims for personal injury or damage to private property suffered by members of the public and external organisations. This can vary from vehicle damage arising from potholes in the public highway to abuse claims;
- **Officials Indemnity** – claims for financial loss made by a third party as a result of an error or omission by a Council officer
- **Motor** – claims for the Council's commercial fleet and leased cars; and
- **Property** – claims for damage to HCC premises/property.

The level of self-insurance will be determined by undertaking periodic reviews of self-insurance levels and comparing to current commercial insurance market conditions (hard/soft markets, cost of risk transfer). It will look to review the financial exposure of the Council to the cumulative effects of multiple small losses.

3. Strategic Vision

- 3.1. By adopting an approach to corporate insurance set out in this strategy, the Council will continue to minimise its exposure to catastrophic losses and to those risks that might affect the delivery of its corporate objectives.
- 3.2. The key benefits of our approach to corporate insurance will be:
 - manage the cost of external insurance premium spend
 - enhance the attractiveness of the council's risk profile to underwriters
 - protect the council's assets (people and property)

- work with departments and schools to manage risk
- ensure the insurance fund is maintained at an appropriate level
- robust claims handling and insurance fraud detection
- greater control of costs – demonstrating value for money
- provide transparency in relation to insurance premium recharges
- maintain an appropriate balance between external insurance and internal risk retention
- protect the reputation of the Council

This corporate insurance strategy provides the framework to ensure that the council has in place an optimal balance between external insurance and self- insurance and that appropriate and robust arrangement are in place for the handling of insurance claims and the calculation and maintenance of the insurance reserve.

3.3. The key strategic elements of this strategy are set out in detail below:

Strategic Aim 1: To manage the cost of external insurance premium spend

Long Term Agreements with the Council’s insurers expired on 1 September 2017. A full Open OJEU tender for the Council’s insurance portfolio was undertaken. This tender provided the opportunity to completely review the Council’s current insurance arrangements including policy cover and excess/deductible levels.

Quotations were obtained to increase the Council’s excess/deductibles to £1 million which was recommended in the actuarial review. However, due to the limited premium savings offered to increase the existing excesses it was agreed to maintain the excesses referred to in Section 2.5.

Although premium savings were made for the Council’s property and motor insurance, the cost of liability insurance increased – largely due to the uncertainty around the Discount Rate referred to in section 2.2. The insurers for the motor and property risks changed from 1 September as a result of the tender. The following summarises the cost of these main policies against the premium paid in 2016/17:

Type of insurance	Premium £ (net of IPT) 2016	Premium £ (net of IPT) 2017	Difference £
Property	709,514	458,912	-250,602
Motor	325,514	234,457	- 91,057
Liability	584,460	811,000	+226,540

The following are no longer externally insured:

Class	2016 Premium £	2017* Premium £	Claims paid in past 5 years £	Comment
Goods in Transit	1,129	1,154	Nil	Limit is £100,000, Excess £250
"All Risks"	8,203	8,390	4,421	Considerable resource in maintaining an up to date list of items of very low value. A £250 excess applies to each claim
Money	2,257	2,308	247	Nil excess. Very little cash now held on sites.
Total	11,589	11,852	£4,668	

**2017 premium is the 2016 premium with the increased IPT of 12% that applied from renewal date*

The contract with our insurance brokers is due for review in May 2018 and the authority will be undertaking a review and a competitive process ahead of this.

Strategic aim 2: To maintain an adequate insurance fund to meet potential and contingent liabilities and to support the Council's insurance programme.

The insurance reserve can be used when the council becomes legally liable to settle (compensate) a liability claim that has been made against it or its officers and elected members and for which the council is liable for the costs of settlement under the insurance policy excess.

The insurance reserve was subject to an independent actuarial review in February 2017 which confirmed that there are sufficient reserves to meet all incurred claims for which the Council is liable. It was however recommended that this is increased by £6 million over the course of the next ten years. Reserves are considered when insurance premiums are renewed annually and these may be adjusted to reflect any increase in levels of self-insurance. The separate reserve for historical MMI claims will be reviewed annually following guidance from the actuary and the administrators for MMI, Ernst & Young.

Strategic aim 3: To maintain an insurance programme that provides the optimal balance between insurance and risk retention.

The balance between the levels of risk taken on by the Council through self-insurance and off set through underwriters was reviewed following the actuarial review and results of the insurance tender. A number of options were considered reflecting the Council's appetite for risk (self-insurance), historical claims incurred, future risks identified by the actuary and broker and the overall cost of insurance cover. The ability of this authority to self-insure and maintain a self-insurance reserve were considered against the premium cost of insurance as well set against the context of the overall general balances of the Council.

Strategic aim 4: To maintain appropriate operational policies for the handling of insurance claims, recharging to services and presentation of risks to insurers.

The insurance service continues to work with departments to ensure that the appropriate levels of insurance cover are in place and particularly as new risks are taken on for instance outsourcing or new activity such as Herts Living. Asset and employee data will be reviewed as part of the annual renewal process and presentation of risks to the insurance market. Officers will also work with their insurance broker and underwriters to manage developing risks as a result of changes in the regulatory and legal environment.

The cost of insurance is centrally managed and recharged annually using cost drivers such as salaries for liability and sum insured for property. On an annual basis departments and schools are re-charged for the cost of the insurance cover that they benefit from. Total cost of insurance will be recharged to services to reflect the overall cost in providing the service.

Strategic aim 5: Transparency of insurance/risk costs

The insurance service use management information from its claims handling database Enterprise to target and work with departments such as Highways to assess risks and determine whether to deal with the consequences of an event through either 'self-insurance' or obtaining insurance cover from an insurer. The restructure of the team within the Assurance Services has enabled it to develop stronger links with both the risk management and the health & safety team to improve the management of operational risk. It will also work with external partners such as the insurance broker and external lawyers to identify future risks and work with and raise awareness with departments.

Strategic aim 6: To maintain a robust approach to insurance fraud detection

Incidences of insurance fraud do take place and types of fraud committed vary from exaggerated or totally fabricated property based claims to exaggerated symptoms and falsified injuries or injury claims. The insurance team work with external claims handlers and maintain a claims handling database which enable officers to identify suspicious claims. The Shared Anti-Fraud Service has provided an opportunity to develop a more robust approach to the identification of fraudulent claims supported by work with insurers to identify trends in certain types of claims. Each individual claim is subject to screening through a fraud check list. In September 2017, a successful prosecution was brought against a member of the public for fraudulently amending documents to support an insurance claim against the Council.

4. Risks

4.1. The nature of the insurance service is that risk can never be fully avoided and some level of risk will always have to be tolerated. However, there are a number of specific risks that need to be acknowledged:

- The nature of the Council's activities is that they will change over time – as a result of legislation, and operational changes—and its impact upon the associated risks. Effective decisions on how to manage risk can only be made

through the identification of risk within a service. The insurance function is reliant on accurate and timely updates from services in order to maintain insurance that is fit for purpose. This is being managed through the greater engagement between services and insurance.

- Any decision on risk could potentially have an impact on the Council's reputation as well as financially. As such it is important that the risk appetite of the Council is acknowledged at a high level and strategic decisions are made at the correct level.

4.2. Future Risks:

The risk profile of Local Authorities is such that it is not unusual for there to be exposure to what are titled long tailed claims which may have an impact on Hertfordshire's future insurance funding requirements. Examples of these long tailed claims which may have an impact on Hertfordshire's future insurance funding requirements are as follows:

- **Asbestos related claims** – asbestos related illnesses have extremely long latency periods, in some cases up to 60 years. This means that claims relating to past asbestos exposure may not be reported for many years to come.
- **Abuse** –the Supreme Court in October 2017 ruled that Authorities are vicariously liable for the actions of Foster carers. This could result in the Council facing additional historic abuse claims which would be on a strict liability basis. It is possible that these would be uninsured or insured by MMI so will be subject to the Authority meeting 25% of the claims cost. This decision also puts further pressure on MMI and may result in a further increase to the levy on claims settled since 1992 and any new claims.

Insurance Premium Tax (IPT) has been increasing steadily over recent years. There is no exemption for this for Local Authorities. It has been predicted that this is set to rise from the current level of 12% to eventually reach 20%. No increase was made in the 2017 Budget but we will assume an increase to 15% in the 2018 Budget.

Insurance Fund - the actuarial review in February 2017 identified that a reasonable fund for uncertain liabilities would be £18 million, with consideration being given to increasing this to £24 million (although the actuary's opinion was that no action was needed at that time to increase). The amount in the Provision and Reserve and MMI fund totalled £17.086 million as at 31 March 2017. A further actuarial review will be commissioned during 2018 to review the actuarial assumptions and the medium term health of this reserve.

The strategic aims set out in this strategy will enable us to manage current and future risks through a combination of operational risk management by developing stronger relationships with services and working closely with the risk management, health and safety, and the shared anti-fraud service. It will also assess annually the balance between self-insurance and insurance cover and will work with its broker and underwriters to put in place optimum cover arrangements that look to minimise the total cost of insurance but also provides the correct level of cover to minimise loss to this Authority.

INTEGRATED PLAN
PART F – EQUALITY IMPACT ASSESSMENT

Summary

This report sets out the approach taken to consider the cumulative equality impact of Hertfordshire's transformation programme that forms the 2018-19 to 2021-22 Integrated Planning Proposals.

Many of the proposals are in the early stages and as such may need further equality analysis. The process for Equality Impact Assessments is an evolving one, with assessments updated as projects and proposals develop.

Hertfordshire sets out guidance and support for staff on taking a proportional and meaningful approach to paying due regard to equality duties both in the design and delivery of policies and services and staff restructures.

1. Equality approach

- During formative stages of the budget planning process, and as part of business case development, individual Equality Impact Assessments (EqIAs) are required to be presented with each major policy proposal to help decision makers consider the impact that would be felt by the community if a service change was implemented. Available data from national and local sources is used to inform decision-making - in particular, community profile and staff diversity data.
- The appropriate consultation, monitoring and review process for each project has been planned or carried out with stakeholders, staff, partners and the public where appropriate. This information has been used to feed into the equality analysis.
- An organisational policy and protocols exist for managers carrying out staff restructures. Specific guidance on equality impacts is available as part of this. Diversity Board and departmental Equality Action Groups monitor representation of different groups in HCC and have strategies in place to tackle under-representation.
- The Public Sector Equality Duty also requires the local authority to foster good relations and promote equality of opportunity between those with a protected characteristic and others. This work is implicit in all of our services.

The table below summarises the equality impact analysis of individual projects that collectively deliver the savings outlined in the Integrated Plan. Individual EqIAs for key policy decisions are also available.

2. Potential equality impacts identified by Integrated Planning proposals and the mitigating action either carried out or proposed.

Service area and potential for impact on people from protected groups	How we will mitigate against any possible impacts
CHILDREN'S SERVICES	
<p>Family Centre Recommissioning To procure a Family Centre Service comprising high quality public health nursing services and children's centres services to improve outcomes for children, young people and their families across Hertfordshire and deliver better value for money.</p> <p>There is the potential for a negative impact on children, young people and families from areas of deprivation and from Black and Minority Ethnic (BME) backgrounds (due to the increased likelihood that BME groups live in areas of deprivation in Hertfordshire and have traditionally); pregnant women; teenage parents; males – who tend to be under-represented in the current service; under 5s, as the age range of the service has increased; and young carers who may be particularly vulnerable and hard to reach.</p>	<p>An EqlA already carried out has identified a range of actions that will be taken to mitigate any potential impacts and help to deliver improved outcomes for more children and young people:</p> <ul style="list-style-type: none"> – Developing a greater workforce skill mix and reducing duplication so that available resources are used as effectively as possible – Developing a more integrated approach across Early Years settings to deliver services differently – Robust needs analysis and prioritisation, including ensuring resources are targeted at those most in need; the county council will work with the service provider to: <ul style="list-style-type: none"> o evaluate options to mitigate risks to vulnerable families o awareness training for staff on cultural practices such as Female Genital Mutilation in order to ensure the service can identify and respond appropriately to these issues o develop an enhanced offer for particularly vulnerable groups – including teenage parents o develop a 'lead school nurse' role with subject specialism for vulnerable children, including young carers o develop outreach to BME groups where take up of service has been low traditionally – including signposting to interpreting and translation services where appropriate o Ensure sessions aimed at dads & male carers are maintained – Individual school needs assessments will identify any requirements based on individual school and their catchment area. – Continue to encourage and facilitate peer to peer support among parents and carers – Staff awareness raising and training – Health outcomes tend to be worse in more deprived areas so service provision will take this into consideration; parents in known risk groups

Service area and potential for impact on people from protected groups	How we will mitigate against any possible impacts
	<p>will have additional support offered to them by health visitors</p> <ul style="list-style-type: none"> - Have a six-month mobilisation period for the new service to give time for any new provider to familiarise themselves with the county and to put key operational processes in place. - Monitor and review arrangements to ensure there is sufficient expertise to meet identify and meet the needs of vulnerable children, including young carers
<p>YC Hertfordshire service review To review the services provided/covered by YC Hertfordshire, which include youth work projects and programmes; information, advice and guidance; work-related learning; outdoor education and support for young people aged 13-19 (up to 25 for young people with learning disabilities). For young people leaving care, support is provided to the age of 21.</p> <p>The review will consider how services delivered by YC Hertfordshire operate both in and outside the council and how the county council can work with our partners both in the public and voluntary sectors. There will be change in what and how services are delivered and in some areas a potential reduction. There will therefore be an impact on staff and there is also the potential for a negative impact on young people aged 11-25.</p> <p>The age range in focus for review will be from 11-19 where early support is required and up to 25 years for care leavers and those with Learning Disabilities.</p>	<p>All service review models aim to protect front line face-to-face delivery and the delivery of early intervention and prevention, in order to minimise the need to escalate to specialist services. The following actions are proposed to mitigate any negative impact:</p> <ul style="list-style-type: none"> - Work with partners, including the voluntary and community sector, will be a key part of developing a new and more creative approach to supporting young people. - Continue to have as the primary purpose of our early support and preventative approach “Enabling Young People to Succeed” and the delivery of targeted early intervention to reduce escalation to more expensive and intensive services. - Consider how resource allocation can be targeted at those who need support the most, and to “narrow the gap” for those least likely to progress. It will take into account potential increased demand e.g. the ONS forecasted rising youth population of up to 20% between 2017 and 2026, welfare reforms, care leavers and the needs of young people with learning disabilities. - Phase the review and its implementation over two years to allow for service remodelling processes and workforce development, including consultation and engagement with the workforce, partners and young people. - Robust consultation and engagement with young people – including ‘looked after’ care leavers – and stakeholders - Focus resources on the most disadvantaged young people, those presenting the most challenging behaviour, those at risk and

Service area and potential for impact on people from protected groups	How we will mitigate against any possible impacts
	vulnerable groups. A full equality impact assessment will be undertaken as part of the remodelling of the service, which will include actions to mitigate any potential impacts on staff.
<p>Serco SMS contract savings The Children’s Contact Service, which is run by Serco, will deliver savings as a result or reductions in the number of Children Looked After since the contract was originally agreed. This means that not as many supervised contacts are required. Low impact expected, although there is a small chance of a negative impact if the number of Children Looked After increases significantly and there are issues with agreeing the revised number of hours.</p>	<p>The following mitigating actions were identified in an equalities impact assessment already completed for this proposal:</p> <ul style="list-style-type: none"> – Set out a clear process for agreeing increases in hours required if number of Children Looked After increase significantly – Liaise with social care professionals and other partners to ensure that any alternative family support provided addresses the highest priorities and takes account of the different needs of different groups.
<p>0-25 integration Exploring the opportunities to improve efficiencies and remove duplication across services through the introduction of cross service working and the development and implementation of the SEND Pathfinder model and maximise use of community based services to support independence and self-reliance</p>	<p>Potential impacts on children and their families will be mitigated against by the following:</p> <ul style="list-style-type: none"> – Robust needs analysis informed by data across children’s services teams. – Appropriate consultation and engagement to ensure that the children and families affected are informed and involved in decisions. – Training for staff in ensuring cultural sensitivities and needs of the child / family by virtue of having a protected characteristic are taken into account in the delivery of services. – Individual equality impact assessments will be completed for service and policy proposals where required.
<p>Herts Music Service The service is in the process of reorganisation in order to reduce direct financial support provided by HCC. A range of measures are planned to achieve this, including reducing funding provided to schools for initiatives and innovation, management and staffing reductions, review of the way in which concessions are provided on tuition costs, and review charging policies.</p>	<p>A full EqIA will be carried out once more detailed proposals have been identified. Potentially there will be changes to the way some services are delivered.</p>

Service area and potential for impact on people from protected groups	How we will mitigate against any possible impacts
<p>School Improvement (Herts for Learning) It is proposed to reduce the HCC contribution to the contract with Herts for Learning.</p>	<p>The shortfall in funding will be met by additional money de-delegated by maintained schools to support the continuation of this activity, some reductions in service levels, and some use of DSG where justifiable. Services will not be substantially affected.</p>
<p>Off site visits to schools Expenditure in providing advice to schools in this area will need to be fully funded from trading.</p>	<p>Monitor feedback from schools and review if necessary.</p>
<p>INTERNAL</p> <p>Salary Savings Limited reductions will be made across salary budgets, taking account of vacancies arising.</p> <p>Premature Retirement Compensation (PRC) and redundancy Currently costs of redundancies in maintained schools are met centrally. The provision for this will be reduced and in consequence a greater part of such costs will need to be met from schools' own budgets, increasing their financial deficits in the short term.</p>	<p>HCC has a policy and guidance of principles, values, and expectations relating to Organisational Change, Redundancy and the Priority Application Process. Equality impact assessments are completed where necessary and managers are supported to ensure any negative impacts are mitigated against. This includes:</p> <ul style="list-style-type: none"> – Consideration of flexible working arrangements. – Support from Staff support networks. – Access to Carewell, confidential advisers and a range of resources to help staff. – Robust policies to protect staff and specific policies for pregnant staff and staff on maternity leave. – Continual monitoring of the impact on staff. – Additional leave allowances for disability and pregnancy related illness. – Following our equal opportunities policy for staff: Putting People First. <p>Any potential impact on service users will be subject to an EqIA in relation to that potential impact.</p>
ADULT CARE SERVICES	
<p>Best Value Team target Continue to deliver savings from care contracts and improved value for money for people with learning disabilities.</p>	<p>No direct impact on service users as focus is on achieving better value for money from commissioned providers. Service users' needs will continue to be met. However, all negotiations are informed by a robust risk assessment of providers, which informs the Council's approach.</p>
<p>Mental Health This relates to changes in the way training is delivered and does not have a direct impact on service users.</p>	<p>None required – the way the Council will address Mental Health issues is set out in our new Mental Health Strategy, which aims to improve overall outcomes for people with mental health conditions,</p>

Service area and potential for impact on people from protected groups	How we will mitigate against any possible impacts
	specifically those from a BME background as there is a higher incidence rate. The accompanying action plan will monitor progress against the aims of the strategy to ensure progress is made.
<p>Older People Strategy savings</p> <p>1. Demand Management at Customer Service Centre The Social Care Access Service would be tasked with reducing demand by 1% (after demography factored in), by reducing work that goes through to the Extended Involvement Team for ongoing care. Will impact on older people with care and support needs</p> <p>2. Optimising enabling outcomes for people (less homecare) Increased focus on ensuring people in receipt of care are enabled to reach their optimum level of independence, and therefore reduce and/or delay their ongoing need for care. This will include implementing a new practice model and maximising use of Specialist Care at Home and equipment. This has the potential to reduce the number of older people – particularly those with health conditions that receive long-term homecare.</p> <p>3. Flexible outcome-based care plans with Telecare Use Assistive Technology in a smarter way to reduce the amount of care commissioned. This will impact on older people and disabled people who require some support with daily living activities and/or to maintain health and has the potential to reduce dependence on formal care. It may also have an impact on carers. Potential negative (if awareness / understanding is low or ability to use/engage with technology is limited) and positive (maintain and improve independence and overall</p>	<p>The following mitigating actions taken or planned are aimed at minimising any negative impact of these proposals:</p> <ul style="list-style-type: none"> – Focus on reducing the need for services so resources go towards those people who need it most and for which community alternatives are not available – Preventative, proactive and personalised work with service users – Use of new holistic ‘Connected Lives’ assessment methodology to ensure that all an individual’s needs and the potential impact of decisions is taken into account – Work with NHS to ensure they are providing effective rehabilitative services – More use of flexible care plans so that care managers and care providers can focus on meeting needs in different, more personalised ways – Robust communication between partners and providers – Ongoing monitoring of impact of changes in practice – Robust communication plan will ensure awareness is raised and the reasons for proposals are clear – Appropriate engagement and signposting for service users and carers and the groups that represent them will ensure proposals match their needs – Seek feedback and learn lessons from pilots being commissioned and identify and review any specific equality impacts identified – Coordination with other partners and agencies involved in the delivery of Assistive Technology

Service area and potential for impact on people from protected groups	How we will mitigate against any possible impacts
<p>wellbeing outcomes)</p> <p>4. Fewer residential care placements / more Flexicare Housing Continue downward trend in residential care placements. Potential for positive impact on older people in line with the personalisation and enablement agendas.</p> <p>5. New nursing care commissioning - average fees lower Focus on securing nursing care home placements to levels that reflect population growth and increase in needs and in line with care practice and prescribing changes. Potential for positive impact on older people with significant care (nursing needs) and their carers by increasing number of places available.</p>	<p>and accommodation.</p> <ul style="list-style-type: none"> – Align work on residential and nursing care placements, flexicare and Supported Living through the delivery of the Integrated Accommodation Strategy to ensure that older people are offered the most cost effective and enabling housing options – Robust needs analysis to ensure the service proposals match the needs of the users. – Appropriate engagement and consultation will ensure the views of service users, carers and groups that represent them are taken into account. – Coordination with other partners and agencies to ensure vulnerable people are supported. – Continual monitoring to ensure positive benefits are being realised, including gaining evidence of increased enablement – Developing care fee structures that align with categories of care and are linked to financial incentives based on quality and performance will help ensure they are set appropriately to meet the needs of vulnerable older people.
<p>Herts Equipment Service Commercial Innovation (HES) This relates primarily to successful work already carried out to improve the responsiveness of the HES service, which entailed a short term investment that is now being repaid. There has been good work to rationalise prescribing costs through standardising the HES catalogue.</p>	<p>Ensuring a comprehensive range of equipment available and monitoring the impact where branded or higher cost items have been removed from the catalogue.</p> <p>There is the potential for further innovation in future years but the potential impacts of these will be considered in next year's Integrated Plan EqIA.</p>
<p>Disability Service strategy savings</p> <p>1. Education, work, volunteering and personal budgets - linked to day opportunities Developing education, work and volunteering opportunities allowing people to live healthy and purposeful lives to their full potential and as independently as</p>	<p>There are likely to be additional individual work areas that will need to be developed to support workstreams under this strategy over the four year period of the Integrated Plan – e.g. a new Day Opportunities approach – which may require member engagement in due course. This will include consideration of specific equality impacts identified. The following mitigating actions taken or planned are aimed at minimising any negative impact of the proposals:</p>

Service area and potential for impact on people from protected groups	How we will mitigate against any possible impacts
<p>possible. Potential for impact on people with a disability and their carers.</p> <p>2. Optimal accommodation options for all - housing and Shared Lives</p> <p>Securing the most independent level of accommodation for younger people with disabilities, in line with their care plans. A growth in localised community accommodation that promotes independent living and minimises the requirement for people – including older people with learning disabilities – to live in high cost accommodation.</p> <p>3. Review Out of County (OOC) placements and Transforming Care clients</p> <p>Review every OOC and Transforming Care Placement with a view to where possible commissioning more appropriate provision in Hertfordshire at a more suitable price. Significant potential for a positive impact – provided that local provision is appropriate – for disabled people and their carers.</p> <p>4. Negotiating strategies with key providers / Inflation strategy targeting ‘non Value for Money’ providers</p> <p>Develop and implement negotiating strategies for key areas of provision across residential care (including out of county) and Supported Living. Potential for a negative impact on people with a disability if providers seek to exit the market</p> <p>5. More Continuing Healthcare (CHC) income / other income streams for Transforming Care Placements</p> <p>To increase funding received from</p>	<ul style="list-style-type: none"> – Robust needs analysis to ensure the service proposals and specific accommodation options match the needs of the users, including by age, and use a wide range of data sources, including national data and learning from other areas that have introduced similar changes – Appropriate engagement and consultation will ensure the views of service users, carers and groups that represent them are taken into account and help build a consensus around the case for change – Coordination with other partners and agencies to ensure vulnerable people are supported, including signposting and referral of service users and carers where appropriate. – Robust monitoring of the overall Learning Disability budget to make best use of existing resources to ensure support is targeted at those who need it most. – Continual monitoring to ensure positive benefits are being realised. – Monitoring to ensure culturally appropriate care continues to be provided and that individuals who do not have high levels of proficiency in English will be supported. – Person-centred evaluation on a case by case basis of the potential for a new model of care and support – Service-level reviews as part of implementation plans to ensure that cumulative impacts are identified and addressed. – Integrated approach to developing the market and negotiating with providers; including fully risk assessing each provider and considering quality and safeguarding issues as well as financial; and working with local, regional and national partners around market resilience. <p>No negative impact on service users or carers as the proposal is not to reduce the service but to maximise other income streams so that HCC funding can be used to meet the needs of people for which other</p>

Service area and potential for impact on people from protected groups	How we will mitigate against any possible impacts
Continuing Healthcare and the Transforming Care programme.	funding is not available.
<p>Other Disability Service savings: In-house services – Commercial Innovation</p> <p>Developing a new operating model for in-house day services, supported living and short breaks, to include moving the activity to a HCC-owned trading company(ies). Potential for impact on service users and staff.</p>	<p>The following mitigating actions taken or planned are aimed at minimising any negative impact:</p> <ul style="list-style-type: none"> – Robust business case development that articulates and tests the proposed benefits – Appropriate engagement and consultation will ensure the views of service users, carers and groups that represent them are taken into account. – Coordination with other partners and agencies to ensure vulnerable people are supported. – Continual monitoring to ensure positive benefits are being realised. – Carry out further equalities impacts as part of developing the business case for these proposals
<p>Older People and Disabled People: more CHC income</p> <p>To increase number of service-users who receive funding for their care package from NHS Continuing Health Care (CHC). Potential for positive impact on older and disabled people so overall HCC funding can be spent most effectively.</p>	<p>No negative impact on service users or carers as the proposal is not to reduce the service but to maximise other income streams so that HCC funding can be used to meet the needs of people for which other funding is not available.</p>
<p>Housing Related Support</p> <p>Better value for money from Housing Related Support spend, including identifying duplication and the capacity of existing contracts/services. Potential for negative (if awareness is poor) and positive impact (more efficient use of funding enable service to support more people) on older people and disabled people.</p>	<p>Low impact expected, due to alternative services being available and developing different ways of meeting care and support needs. The following actions will help to mitigate any negative impacts:</p> <ul style="list-style-type: none"> – Appropriate engagement and consultation will ensure the views of service users, carers and groups that represent them are taken into account during any tender/review/re-commissioning exercises – Clear signposting to alternative provision – Using the findings of monitoring of impacts on vulnerable groups to identify how to target capacity of existing contracts/services to address areas of need
<p>Community hubs</p> <p>Develop community hubs to bring together a range of services to reduce</p>	<p>The focus will be on reducing revenue costs to increase efficiency by bringing different services together, not on reducing service provision. This will</p>

Service area and potential for impact on people from protected groups	How we will mitigate against any possible impacts
revenue costs. No impact yet as savings are not due to be delivered until 2019/20.	required detailed modelling and business case development and any impacts and mitigations required will be assessed in next year's Integrated Plan EqlA.
<p>Reduce grants to voluntary organisations Working with both Clinical Commissioning Groups to reduce spend / better use funding in the areas of Mental Health, Advocacy, Crisis Intervention and Carers. Has the potential for both positive and negative impacts on people with disabilities and carers.</p>	<p>Low impact expected, due to alternative services being available and providers not relying fully on grants to deliver services. The following mitigating actions taken or planned are aimed at minimising any negative impact:</p> <ul style="list-style-type: none"> – Appropriate engagement and consultation will ensure the views of service users, carers and groups that represent them are taken into account. – Monitoring of impacts on vulnerable groups – Full EqlAs will be carried out for each budgetary / tender proposal in order to help ensure funding is targeted at where it is most needed
<p>Charging Income for Community Based Adult Social Care Update the Council's charging policy to reflect national changes and address local anomalies. Will impact on older people, disabled people and potentially their carers if service users decline formal care if they are not willing to pay additional charges. May also be an impact on people with communication needs relating to a disability, sensory impairment or as their main language is not English.</p>	<p>Low impact expected. The following mitigating actions taken or planned are aimed at minimising any negative impact:</p> <ul style="list-style-type: none"> – Appropriate engagement and consultation will ensure the views of service users, carers and groups that represent them are taken into account. Full consultation process already planned and Equality Impact Assessment already carried out to inform consultation process, which identified a number of specific actions, including: <ul style="list-style-type: none"> o Writing to all service users as part of the public consultation to explain how changes will affect them o Monitoring impact: including review of the debt position, number of charging appeals, number of people who decline services as they don't want to make a contribution o Send individual communication to all relevant service users once the final changes are agreed to clearly set out how the changes will affect them o Ensure access to interpreting services is available, if required
<p>Transport rationalisation Review of contractual arrangements, stronger enforcement of existing</p>	<p>Low impact expected, given the proposed focus on ensuring the most enabling, preventative service offer. However, the following are proposed to</p>

Service area and potential for impact on people from protected groups	How we will mitigate against any possible impacts
<p>transport policy and active work to promote alternatives, such as travel training. Given the client group, likely to have the most impact on younger disabled people and older disabled people – potential positive (increased independence) and negative (loss of a preventative, enabling service if overall there is less transport available).</p>	<p>mitigate any potential negative impacts:</p> <ul style="list-style-type: none"> – Person-centred evaluation on a case by case basis of the potential for a new model of care and support – Service-level reviews as part of implementation plans to ensure that cumulative impacts are identified and addressed. – Coordination with other partners and agencies to ensure vulnerable people are supported, including signposting and referral of service users and carers where appropriate.
<p>Older people homecare – use of community alternatives Enhanced use of existing Universal services provided by community and voluntary organisations, leading to lower levels of statutory services commissioned and maximising of limited homecare capacity.</p>	<p>The following mitigating actions taken or planned are aimed at minimising any negative impact:</p> <ul style="list-style-type: none"> – Robust needs analysis to ensure the service proposals match the needs of the users. – Appropriate engagement and consultation will ensure the views of service users, carers and groups that represent them are taken into account. – Coordination with other partners and agencies to ensure vulnerable people are supported. – Continual monitoring to ensure positive benefits are being realised, including monitoring to ensure culturally appropriate care continues to be provided and that individuals who do not have high levels of proficiency in English will be supported.
<p>Positive outcomes for people through new specialist care at home schemes Fewer on-going care packages required for people leaving hospital because new specialist intensive care at home schemes rehabilitate and aid independence.</p>	<p>Specialist Care at Home is targeted at vulnerable residents: individual needs will need to be identified and taken into account to reduce the risk of negative impacts. The following mitigating actions taken or planned are aimed at minimising any negative impact:</p> <ul style="list-style-type: none"> – Robust needs analysis to ensure the service proposals match the needs of the users and focus on those most in need of care and support. – Appropriate engagement and consultation will ensure the views of service users, carers and groups that represent them are taken into account. – Coordination with other partners and agencies to ensure vulnerable people are supported. – Continual monitoring to ensure positive benefits are being realised, including monitoring to ensure

Service area and potential for impact on people from protected groups	How we will mitigate against any possible impacts
	culturally appropriate care continues to be provided and that individuals who do not have high levels of proficiency in English will be supported.
<p>Preventative Telecare Savings against the older people's care purchasing budget relating to the implementation of Telecare for 1000 targeted people - to delay their need for adult social care. This project is aimed at providing telephone support to service users and their carers to improve access to support and reduce reliance on home visits. There is the potential for impact on service users with specialist communication needs due to sensory, physical, mental, learning disability or frailty; as well as those who do not speak English as a first language.</p>	<p>The following mitigating actions taken or planned are aimed at minimising any negative impact:</p> <ul style="list-style-type: none"> - Support and access to services will continue to be available through traditional channels for those service users that lack sufficient capacity or are unable to access this service. - All communication equipment will meet accessibility standards. - Users with language requirements will be able to access Language Line and the Hertfordshire Interpreting and Translation Service. - Service users with additional needs will be identified and the appropriate support will be provided to them and their carers to ensure they can benefit from the service. - Continual monitoring and consultation with staff and service users.
<p>Older People and Physical Disability Care Purchasing Review of packages with a view to obtaining price and volume efficiencies.</p>	<p>The following mitigating actions taken or planned are aimed at minimising any negative impact:</p> <ul style="list-style-type: none"> - Robust needs analysis to ensure the service proposals match the needs of the users. - Appropriate engagement and consultation will ensure the views of service users, carers and groups that represent them are taken into account. - Coordination with other partners and agencies to ensure vulnerable people are supported. - Continual monitoring to ensure positive benefits are being realised. - Monitoring to ensure culturally appropriate care continues to be provided and that individuals who do not have high levels of proficiency in English will be supported.
<p>INTERNAL Reduction of central teams and savings related to the 'Enabling the Worker' programme</p>	<p>HCC has a policy and guidance of principles, values, and expectations relating to Organisational Change, Redundancy and the Priority Application Process. Equality impact assessments are completed where necessary and managers are supported to ensure any negative impacts are mitigated against. This includes:</p>

Service area and potential for impact on people from protected groups	How we will mitigate against any possible impacts
<p>Serco SMS Contract savings Savings relating to a range of support services delivered by Serco on behalf of the Council, including the Social Care Access Service and Telecare. Wherever possible, savings are delivered through efficiencies with no adverse impact on service-users. The groups most likely to be affected are older people, disabled people, people who do not have English as a first language and carers, and to a lesser extent people with particular religious beliefs. There is the potential for both positive and negative impacts.</p>	<ul style="list-style-type: none"> – Consideration of flexible working arrangements. – Support from Staff support networks. – Access to Carewell, confidential advisers and a range of resources to help staff. – Robust policies to protect staff and specific policies for pregnant staff and staff on maternity leave. – Continual monitoring of the impact on staff. – Additional leave allowances for disability & pregnancy related illness. – Following our equal opportunities policy for staff: Putting People First. <p>Any potential impact on service users will be subject to an EqIA specific to those potential impacts.</p> <p>The Equality Impact Assessment already completed sets out a number of actions to mitigate against potential negative impacts. Key actions include:</p> <ul style="list-style-type: none"> – All service areas to ensure that the process for making complaints and / or raising concerns is clearly set out to service users and staff – Broad representation on the Innovation Forum linked in with appropriate interdependent work such as the digital inclusion agenda. – Ongoing monitoring of all services, including proactive review of who accesses them, including identifying under- or over-representation – Work in an integrated way to ensure that new service models are in line with a range of strategic objectives – for example, the Integrated Accommodation Strategy, Learning Disability Transformation work and the Assistive Technology Strategy. – Continual user involvement through evaluation and regular service quality checks to ensure effective communication channels. – Communications plan to support service changes – Consider staff training needs and any safeguards needed for service users when implementing any new technologies. Where appropriate, consultation will take place with key groups affected. – Staff training on accessibility, cultural/religious

Service area and potential for impact on people from protected groups	How we will mitigate against any possible impacts
	differences and carer needs
ENVIRONMENT	
<p>Savercard - additional income Increasing the price of Savercards by £5 to generate additional income, and review annually in future in line with changes in the Consumer Price Index. Minimal impact on vulnerable groups on low incomes. The Savercard may also be extended to include other groups, provided it remains within its current budget, subject to a decision by county council Members. This would have potentially positive impacts by enabling additional groups to benefit from discounted travel.</p>	<p>Any price increase may cause some users concerns and lead to people on low incomes feeling less able to access Savercards. However, a drop in applications for Savercards is not anticipated, as even with the price increase, the card represents good value for money for most young bus users.</p> <p>The situation will be monitored and reviewed if necessary.</p>
<p>Household Waste Recycling Centre (HWRC) Re-use targets The wider introduction of re-use ‘shops’ across the HWRC network has proved successful and should result in additional income with the planned expansion in size of some shops.</p>	<p>Positive impact for some service users as increasing the amount of goods available for sale in re-use shops at HWRCs may enable them to buy items that they would otherwise be unable to afford.</p>
<p>LED Street Lighting This is an ‘invest to save’ efficiency project, which will also improve resilience of the street lighting service.</p>	<p>The Equality Impact Assessment previously completed indicated that the proposal is sound and reasonable, and based on the philosophy that the replacement lighting will be ‘no worse’ than the existing installation, this should not impact on the communities who live within the vicinity of the road network, or similarly, road users and pedestrians using the network.</p>
<p>INTERNAL</p> <p>Review & Integrate Countryside Management Service / Rights of Way No impact on service users – internal efficiency focusing on more integrated working.</p>	<p>HCC has a policy and guidance of principles, values, and expectations relating to Organisational Change, Redundancy and the Priority Application Process. Equality impact assessments are completed where necessary and managers are supported to ensure any negative impacts are mitigated against. This includes:</p> <ul style="list-style-type: none"> – Consideration of flexible working arrangements. – Support from Staff support networks. – Access to Carewell, confidential advisers and a range of resources to help staff.

Service area and potential for impact on people from protected groups	How we will mitigate against any possible impacts
	<ul style="list-style-type: none"> – Robust policies to protect staff and specific policies for pregnant staff and staff on maternity leave. – Continual monitoring of the impact on staff. – Additional leave allowances for disability and pregnancy related illness. – Following our equal opportunities policy for staff: Putting People First.
COMMUNITY PROTECTION	
<p>INTERNAL</p> <p>Staffing changes</p> <ul style="list-style-type: none"> – Change in fire prevention personnel and terms and conditions – Shift from ‘grey’ to ‘green’ book terms and conditions – Removal of risk reduction role 	<p>HCC has a policy and guidance of principles, values, and expectations relating to Organisational Change, Redundancy and the Priority Application Process. Equality impact assessments are completed where necessary and managers are supported to ensure any negative impacts are mitigated against. This includes:</p> <ul style="list-style-type: none"> – Consideration of flexible working arrangements. – Support from Staff support networks. – Access to Carewell, confidential advisers and a range of resources to help staff. – Robust policies to protect staff and specific policies for pregnant staff and staff on maternity leave. – Continual monitoring of the impact on staff. – Additional leave allowance for disability & pregnancy related illness. – Following our equal opportunities policy for staff: Putting People First. <p>Any potential impact on service users will be subject to an EqIA in relation to that potential impact. No impact is expected on service users from the removal of the risk reduction role as due to changes in the service model, this activity can now be carried out by other staff members.</p>
RESOURCES	
<p>Corporate Communications - Horizons</p> <p>Reduce the number of Hertfordshire Horizons magazine issues from three to one over a two year period. A number of residents learn about the county council’s work and campaigns by</p>	<p>Although any impact is expected to be minimal, the following actions will be taken to ensure this is minimised:</p> <ul style="list-style-type: none"> – Consultation and engagement to more specifically identify impacts before proposals are finalised – Link up with existing activity and initiatives under

Service area and potential for impact on people from protected groups	How we will mitigate against any possible impacts
reading the Horizons magazine – and are likely to include people who find it more difficult to access digital services, including older people and people who live in areas of higher deprivation.	the county council's 'Smart Digital' programme, including signposting to digital inclusion resources across the county, including libraries' 'digital champion' volunteers
Registration & Citizenship Service Further channel shift to online bookings	Although any impact is expected to be minimal, the following actions will be taken to ensure this is minimised: <ul style="list-style-type: none"> – Work with the corporate digital programme to promote digital inclusion resources, including Hertfordshire libraries' offer – Continue to offer an alternative way to book appointments – e.g. telephone – for people who are unable to access online systems
Herts Fullstop – new service delivery model A new service delivery model to improve the customer experience and lead to a range of positive impacts.	Monitoring progress and ongoing review to ensure proposed positive benefits are delivered.
Libraries – an alternative delivery model for the service The Hertfordshire Library Service is exploring an alternative delivery model (for example, charity or social enterprise) as the best way of delivering the ambitions of the Inspiring Libraries Strategy and achieving the savings required.	The following mitigating measures have already been taken or are planned to take place: <ul style="list-style-type: none"> – An accessible public consultation to highlight specific impacts and feedback on the proposals – Continue to work closely with community partners to provide advice, support and ongoing training for volunteers as required, including training in the additional support that may be needed by people with protected characteristics - for example, older service users or service users with disabilities. – The potential for differential impact on people with protected characteristics will require further analysis in terms of actual impact and potential mitigations as more detailed proposals emerge – Develop a robust equalities impact assessment as part of the development of the business case
Translation & Interpreting Service Reduction in overall spend following agreement of new, improved contractual arrangements. No direct impact on service users.	No mitigating actions required – we will continue to work with providers and internal teams to make best use of these services and ensure that they are available to anyone who needs them.

Service area and potential for impact on people from protected groups	How we will mitigate against any possible impacts
<p>E-commerce (income collection) Changes to the system we use for service users to pay for goods and services from the county council. The aim is to improve our internal processes and reduce transaction costs so there will be no direct impact on service users. As with any new system, there is the potential for a differential impact on people who may find it more difficult to get used to new systems or access and use digital technology (e.g. older people) – particularly if there is a move towards more online payments.</p>	<p>This project will improve and expand upon the Council’s current electronic income collection by offering service users the ability to pay online, by telephone using Automatic Telephone Payments (ATP) or through mobile devices. We will ensure that payments for service provision are accessible to all groups. This will include:</p> <ul style="list-style-type: none"> – Making alternative channels available for accessing and paying for services (e.g. through the Customer Service Centre) – Engaging and consulting with service users where appropriate – e.g. testing the system with service users and following up on feedback – Link up with our libraries to signpost to digital inclusion resources where appropriate.
<p>Engagement and Consultation Reduction in frequency of the residents’ survey.</p>	<p>The residents’ survey will continue to be carried out every other year, ensuring that residents have a voice. Equality considerations will continue to be embedded within the survey.</p>
<p>INTERNAL</p> <p>Serco Shared Managed Services contract savings Savings negotiated with the provider of the following services to HCC: Customer Service Centre, Social Care Access Service, ICT, Finance and Human Resources (HR) Transactions, Payroll, Occupational Health, Children’s Contact Service, Driver Training, Highways Fault Reporting system and Facilities Management (FM). Potential for impact on some protected characteristics groups – including older people, disabled people, people from BME communities and carers. However, low impact expected as proposals include various actions to mitigate against potential impacts.</p> <p>Further back office savings To deliver efficiencies in back office support, including staffing efficiencies in internal departments and in customer service roles due to automating</p>	<p>Key mitigations proposed in the Equality Impact Assessment already completed include:</p> <ul style="list-style-type: none"> – Communications plan to support service changes – The training needs of all staff will be considered when implementing any new technologies. Where appropriate, consultation will take place with key groups affected. – Safeguards in place to take account of different groups if and when implementing Channel Shift – Ongoing monitoring – and review if necessary – of service user and staff needs, service quality and accessibility – Training for staff on accessibility, cultural/religious differences and carer needs. <p>HCC has a policy and guidance of principles, values, and expectations relating to Organisational Change (including Accommodation moves), Redundancy and the Priority Application Process. Equality impact assessments are completed where necessary and managers are supported to ensure any negative</p>

Service area and potential for impact on people from protected groups	How we will mitigate against any possible impacts
<p>processes.</p> <p>Hertfordshire Archives and Local Studies Reduced funding for the service.</p> <p>Office Accommodation – 25 by 20 Reduce the cost of central office accommodation by 25% by the year 2020 and modernising office accommodation to be SMART, flexible, efficient and fit for purpose.</p> <p>Democratic Services Shift from paper copies of documents for senior officers and members to electronic publication.</p>	<p>impacts are mitigated against. This includes:</p> <ul style="list-style-type: none"> – Consideration of flexible working arrangements. – Support from Staff support networks. – Access to Carewell, confidential advisers and a range of resources to help staff. – Robust policies to protect staff & specific policies for pregnant staff and staff on maternity leave. – Continual monitoring of the impact on staff. – Additional leave allowances for disability and pregnancy related illness. – Following our equal opportunities policy for staff: Putting People First. – Work closely with the Asset Management Board on property/accommodation transformation <p>Any potential impact on service users will be subject to an EqlA in relation to that potential impact.</p> <p>This will be included as part of a corporate programme to deliver meeting management systems that ensure the most efficient and effective systems are in place for staff and Members across the organisation.</p>

3. Opportunities to foster good relations and advance equality of opportunity between people who share a protected characteristic and those who don't.

The Public Sector Equality Duty also requires local authorities to foster good relations and promote equality of opportunity between those with a protected characteristic and others. This work is implicit in all of our services. Specific opportunities have been identified within individual EqlAs and are summarised below:

Greater integration of council, health and community services	– Offers new opportunities to service users and carers who will benefit from a holistic and personalised approach to service delivery.
Increased emphasis on client self-service, internet based/digital services and use of IT to help make services more accessible and responsive	– Providing support and training or signposting people to support and training for IT could open new opportunities for individuals – both socially and relating to employment.
Supporting the community and voluntary sector to build capacity to support the delivery of services, including an increased focus on a 'Community First' approach across services	– Opportunities are presented for services to be delivered more locally and encourage organisations and networks to strengthen links with local communities and encourage wider participation by volunteers.
Support to staff	– Staff networks have been refreshed and offer staff support and networking opportunities. Membership of these groups has increased following publicity.
Consultation and focus groups	– Most policy decisions involve public consultations which can include focus groups and public meetings, a chance for members of the community to get together and get involved in civic life.

4. An analysis of any potential cumulative impacts that spans services

The potential for compounded impacts on particular groups are identified in individual equality impact assessments, which generally involve engagement and consultation with a wide range of stakeholders. The process uses available data from national and local sources identified as relevant to the individual equality impact assessment as well as the results from any local consultation. Action planning and monitoring is part of the process, with the impact of any new policy or service only realised following implementation.

The continued pressure on the public sector to make savings, coupled with increasing complexity of need and the changing demographics within the county – e.g. an ageing and increasingly diverse population and increasing complexity of care and support needs, means fundamentally changing how services are delivered. This will have consequences for some equality groups within Hertfordshire as vulnerable groups make up a large proportion of Hertfordshire service users, and a large proportion of the Council's overall budget is also spent on vulnerable groups (for example, a significant proportion of the budget for Adult Care Services is spent on supporting people with a learning disability). Wherever possible, savings are delivered through efficiencies with no adverse impact on service users.

The summary above potentially identifies a compounded impact on children, older people (including older people with age-related health conditions, older people with learning disabilities and older carers) and people with disabilities or long term health conditions (and consequently their carers). However, in all cases the impact at this stage is considered low or medium following a range of mitigating actions put in place or proposed to minimise potential negative impacts and ensure that the most vulnerable people in our communities continue to be supported.

The projects and proposals identified in this plan are subject to ongoing monitoring and development. In many cases services are more targeted and focused on the needs of service users. Online services and efficient assessment processes bring a range of benefits to service users and their carers, with some traditional methods of contact remaining available. Opportunities to promote equality and foster good relations are also considered during equality impact assessments. In particular, service users are consulted and encouraged to become involved in decisions that impact on them and get involved in civic life. Planned integration with health and social care services, together with a commitment to working closer with partners in the public, community and voluntary sector ensure the needs of all communities remain at the forefront of Council decision making.

In response to the Public Sector Specific Equality Duty to publish information a report that gives further examples of how we are complying with the Duty is available at www.hertfordshire.gov.uk/equalities. Also available on that page is our Equality Strategy and our [annual workforce profile](#), which provides breakdowns of the workforce diversity profile. The Diversity Board is responsible for monitoring equality impacts across HCC and to ensure delivery and compliance with legal and policy requirements.

The table below summarises analysis of potential impact on services and service users. It does not cover staff reviews/proposals that have the potential to impact on staff only, which have separate EqlAs.

Project / Review	Age	Race	Gender Reassignment	Disability	Carers	Religion and Belief	Pregnancy and Maternity	Sex	Marriage and Civil Partnership	Sexual Orientation	Impact after mitigation	Mitigation	Rationale
Key: ✓ = Potential impact; x = No impact; NK = Not known – insufficient evidence													
CHILDREN'S SERVICES													
Family Centre Recommissioning	✓	✓	x	✓	✓	x	✓	✓	x	x	Low	<ul style="list-style-type: none"> – Robust needs analysis and prioritisation, including ensuring that resources are targeted at those most in need, including offering additional support to parents in known risk groups – Individual school needs assessments – Encourage and facilitate peer to peer support – Six month mobilisation period for the new service – Monitor and review 	Service Review to develop a more integrated service and greater workforce skill mix to reduce duplication and ensure all available resources are used as effectively as possible in an aligned service.
YC Hertfordshire Service Review	✓	x	x	✓	x	x	x	x	X	x	Low to Medium	<ul style="list-style-type: none"> – Work with partners to develop the approach – Strengthen focus on targeted early intervention, including best use of resources to support those most in need in order to 'narrow the gap' – Phase review over two years – Robust consultation and engagement with service users and families 	Service Review to improve overall efficiency and the way the service works with partners

Project / Review	Age	Race	Gender Reassignment	Disability	Carers	Religion and Belief	Pregnancy and Maternity	Sex	Marriage and Civil Partnership	Sexual Orientation	Impact after mitigation	Mitigation	Rationale
Key: ✓ = Potential impact: x = No impact; NK = Not known – insufficient evidence													
0-25 Integration	✓	✓	x	✓	✓	✓	x	x	x	x	Low	Robust needs analysis informed by data; appropriate consultation and engagement and staff training.	Improve efficiencies and remove duplication across services
Herts Music Service	✓	x	x	✓	✓	x	x	x	x	x	Low	A full EqIA will be carried out once details have been confirmed. Potentially there will be changes to the way some services are delivered.	Central Government policy
School Improvement (Herts for Learning)	✓	✓	x	✓	✓	✓	x	x	X	x	Low	A full EqIA will be carried out once details have been confirmed. Some shortfall in funding will be met by other sources. Services will not be substantially affected.	Central Government policy and re-allocation of funding
Off Site visits to schools	✓	x	x	✓	✓	x	x	x	x	x	Low	Monitor feedback from schools and review if necessary	Service Review
Serco SMS contract savings (Children's Contact Service)	✓	✓	x	x	x	x	x	x	x	x	Low	Set out a clear process for agreeing increases in hours required if number of Children Looked After increase significantly; and liaise with professionals and partners to ensure that alternative family support addresses the highest priorities and takes account of the different needs of different groups.	Contract Review

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Project / Review	Age	Race	Gender Reassignment	Disability	Carers	Religion and Belief	Pregnancy and Maternity	Sex	Marriage and Civil P'ship	Sexual Orientation	Impact after mitigation	Mitigation	Rationale
Key: ✓ = Potential impact: x = No impact; NK = Not known – insufficient evidence													
ADULT CARE SERVICES													
Best Value Team Target	x	x	x	x	x	x	x	x	x	x	No impact	None required	Ongoing review of contracts to ensure best value for money
Mental Health	x	x	x	x	x	x	x	x	x	x	No impact	None required	
Older People Strategy Savings (this includes 5 separate proposals, which are set out in the table in section 2 above. Impacts and mitigation have been summarised in this table)	✓	x	x	✓	✓	x	x	x	x	x	Low	<ul style="list-style-type: none"> – Robust needs analysis to ensure service proposals match the needs of users – Preventative, proactive and personalised work with service users – Focus on reducing need/ demand and enabling community alternatives – Working with partners to ensure best use of resources and integrated ways of working – Robust communication and engagement with service users, carers and providers – Ongoing monitoring of impact of changes 	Service review to respond to demographic changes and resource challenges and to help meet the updated strategic ambitions being developed for Adult Care Services, including maintaining independence and building strong, supportive and resilient communities

Project / Review	Age	Race	Gender Reassignment	Disability	Carers	Religion and Belief	Pregnancy and Maternity	Sex	Marriage and Civil P'ship	Sexual Orientation	Impact after mitigation	Mitigation	Rationale
Key: ✓ = Potential impact: x = No impact; NK = Not known – insufficient evidence													
Herts Equipment Service	✓	x	x	✓	x	x	x	x	x	x	Low	Ensuring a comprehensive range of equipment available and monitoring the impact where branded or higher cost items have been removed from the catalogue.	Service Review to ensure best value for money
Disability Service Strategy Savings (this includes 5 separate proposals, which are set out in the table in section 2 above. Impacts and mitigation have been summarised in this table)	✓	x	x	✓	✓	x	x	x	x	x	Low	<ul style="list-style-type: none"> – Robust needs analysis to ensure the service proposals and specific accommodation options match the needs of the users – Robust engagement and consultation with service users, carers and providers – Coordinate work with other partners and agencies – Robust service and budget monitoring to ensure best use of resources – Person-centred evaluations of the potential to be supported in new ways – Integrated approach to developing the market and improving resilience 	Service review to respond to demographic changes and resource challenges and to help meet the updated strategic ambitions being developed for Adult Care Services, including maintaining independence and building strong, supportive and resilient communities

Project / Review	Age	Race	Gender Reassignment	Disability	Carers	Religion and Belief	Pregnancy and Maternity	Sex	Marriage and Civil P'ship	Sexual Orientation	Impact after mitigation	Mitigation	Rationale
Key: ✓ = Potential impact: x = No impact; NK = Not known – insufficient evidence													
In-house services – commercial innovation	✓	x	x	✓	✓	x	x	✓	x	x	Low	<ul style="list-style-type: none"> – Robust business case development, including detailed analysis of equalities impacts as proposals are developed – Appropriate engagement and consultation – Ongoing monitoring 	Developing a new operating model for the service
More Continuing Healthcare income	x	x	x	x	x	x	x	x	x	x	No impact	None required	Maximise alternative income streams
Housing Related Support	✓	x	x	✓	x	x	x	x	x	x	Low	<ul style="list-style-type: none"> – Appropriate engagement and consultation – Clear signposting to alternative provision – Using monitoring findings to help target existing service capacity to address areas of need 	Contract Review to ensure better value for money on overall spending in this area
Community Hubs	NK	NK	NK	NK	NK	NK	NK	NK	NK	NK	NK	None required at this stage.	Requires detailed modelling and development – however, the focus will be on bringing services together in a more integrated way.

Project / Review	Age	Race	Gender Reassignment	Disability	Carers	Religion and Belief	Pregnancy and Maternity	Sex	Marriage and Civil P'ship	Sexual Orientation	Impact after mitigation	Mitigation	Rationale
Key: ✓ = Potential impact: x = No impact; NK = Not known – insufficient evidence													
Reduce grants to voluntary organisations	x	x	x	✓	✓	x	x	x	x	x	Low	<ul style="list-style-type: none"> – Appropriate engagement and consultation – Monitoring of impacts on vulnerable groups – Complete full EqIA for each budget proposal to help ensure funding is targeted at where it is most needed 	Service review to take account of alternative service available
Client Income	✓	✓	x	✓	✓	x	x	x	x	x	Low to Medium	<ul style="list-style-type: none"> – Appropriate engagement and consultation – Responding to consultation findings and clear communication about what the agreed changes will mean for service users and carers 	Maximising alternative funding
Transport rationalisation	✓	x	x	✓	✓	x	x	x	x	x	Low	<ul style="list-style-type: none"> – Person-centred evaluation on a case-by-case basis – Service-level reviews to ensure cumulative impacts are identified and addressed – Coordination with other partners and agencies 	Service Review to ensure the service is available to those who need it most

Project / Review	Age	Race	Gender Reassignment	Disability	Carers	Religion and Belief	Pregnancy and Maternity	Sex	Marriage and Civil P'ship	Sexual Orientation	Impact after mitigation	Mitigation	Rationale
Key: ✓ = Potential impact: x = No impact; NK = Not known – insufficient evidence													
Older people homecare – use of community alternatives	✓	✓	x	✓	✓	x	x	✓	x	x	Low	<ul style="list-style-type: none"> – Robust needs analysis to ensure the service proposals match the needs of the users. – Appropriate engagement and consultation – Monitor – including of culturally appropriate support – and review if necessary 	Improve choice, quality and flexibility of provision and respond to budget pressures
Specialist Care at Home	✓	x	x	✓	✓	x	x	x	x	x	Low	<ul style="list-style-type: none"> – Robust needs analysis to ensure service proposals match the needs of users. – Appropriate engagement and consultation – Monitor – including of culturally appropriate support – and review if necessary – Coordination with other partners and agencies to ensure vulnerable people are supported and ongoing support needs are met 	Fewer ongoing care packages required

Project / Review	Age	Race	Gender Reassignment	Disability	Carers	Religion and Belief	Pregnancy and Maternity	Sex	Marriage and Civil P'ship	Sexual Orientation	Impact after mitigation	Mitigation	Rationale
Key: ✓ = Potential impact: x = No impact; NK = Not known – insufficient evidence													
Preventative telecare	✓	x	x	✓	✓	x	x	x	x	x	Low	<ul style="list-style-type: none"> – Continue to make access and support available through traditional channels for service users that lack sufficient capacity or are unable to access this service – Ensure compliance with accessibility standards – Provide additional support to service users with additional access needs – Monitoring and engagement with service users and carers 	Improving access and flexibility to clients; responding to developments in technology; and responding to budget pressures by offering alternatives to face to face contact
Care Purchasing	✓	x	x	✓	✓	x	x	x	x	x	Low	<ul style="list-style-type: none"> – Robust needs analysis to ensure the service proposals match the needs of the users. – Appropriate engagement and consultation – Monitor – including of culturally appropriate support – and review if necessary 	Review of care packages with a view to obtaining price and volume efficiencies

Project / Review	Age	Race	Gender Reassignment	Disability	Carers	Religion and Belief	Pregnancy and Maternity	Sex	Marriage and Civil P'ship	Sexual Orientation	Impact after mitigation	Mitigation	Rationale
Key: ✓ = Potential impact: x = No impact; NK = Not known – insufficient evidence													
Serco SMS contract savings – Social Care Access Service and Telecare	x	✓	x	✓	x	x	x	x	✓	x	Low	<ul style="list-style-type: none"> – Clear, well communicated process for raising complaints and concerns – Ongoing monitoring – Work in an integrated way to ensure new service models are in line with strategic objectives – Continual user involvement through evaluation and service quality checks – Communications plan to support service changes – Staff training 	Contract Review to ensure it continues to offer value for money and responds to recent changes
ENVIRONMENT													
Savercard - additional income	✓	✓	x	x	✓	x	x	x	x	x	Low	A drop in applications is not anticipated, as even with the minimal price increase, the card represents good value for money for most young travellers. The situation will be monitored and reviewed if necessary.	Budget pressures

Project / Review	Age	Race	Gender Reassignment	Disability	Carers	Religion and Belief	Pregnancy and Maternity	Sex	Marriage and Civil P'ship	Sexual Orientation	Impact after mitigation	Mitigation	Rationale
Key: ✓ = Potential impact: x = No impact; NK = Not known – insufficient evidence													
Household Waste Recycling Centre (HWRC) Re-use targets	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	No negative impact	Potential positive impact for some service users if increasing the amount of waste that is re-used – and available in re-use shops at HWRCs – enables them to buy items they are otherwise unable to afford.	Commitment to minimising waste going to landfill
LED Street Lighting	x	x	x	x	x	x	x	x	x	x	No impact	Project should not impact on communities, road users or pedestrians.	Improved efficiency and resilience.
RESOURCES													
Corporate Communications – Horizons magazine	✓	x	x	✓	x	x	x	x	x	x	Low	Consultation/engagement to more specifically identify impacts before proposals are finalised; and link up with existing activity under the 'Smart Digital' programme, including signposting to digital inclusion resources across the county.	Improved efficiency.

Project / Review	Age	Race	Gender Reassignment	Disability	Carers	Religion and Belief	Pregnancy and Maternity	Sex	Marriage and Civil P'ship	Sexual Orientation	Impact after mitigation	Mitigation	Rationale
Key: ✓ = Potential impact: x = No impact; NK = Not known – insufficient evidence													
Registration and Citizenship service	✓	x	x	✓	x	x	x	x	x	x	Low impact	Work with 'Smart digital' programme to promote digital inclusion resources, including Hertfordshire libraries' offer; and continue to offer an alternative way to book appointments for people/ groups who are unable to access online systems	Improved efficiency and resilience.
Herts Full Stop – new service model	x	x	x	x	x	x	x	x	x	x	No impact	Monitoring progress.	Service Review.
Libraries – alternative service delivery model	NK	NK	NK	NK	NK	NK	NK	NK	NK	NK	Low to Medium	<ul style="list-style-type: none"> – An accessible public consultation to highlight specific impacts and feedback on the proposals – Continue to work closely with community partners to provide advice, support and ongoing training for volunteers as required – Further analysis of the potential for differential impact on people with protected characteristics as more detailed proposals emerge 	Service Review.
Translation and Interpreting Service	x	x	x	x	x	x	x	x	x	x	No impact	None required.	Contract review

Project / Review	Age	Race	Gender Reassignment	Disability	Carers	Religion and Belief	Pregnancy and Maternity	Sex	Marriage and Civil P'ship	Sexual Orientation	Impact after mitigation	Mitigation	Rationale
Key: ✓ = Potential impact: x = No impact; NK = Not known – insufficient evidence													
Income collection		x	x		x	x	x	x	x	x		<ul style="list-style-type: none"> - Making alternative channels available for accessing and paying for services (e.g. through the Customer Service Centre) and signposting to digital inclusion resources - Engaging and consulting with service users where appropriate – e.g. testing the system and following up on feedback 	Service improvement
Engagement and Consultation	x	x	x	x	x	x	x	x	x	x	No impact	Move to biennial survey. No impact.	Improved efficiency.

INTEGRATED PLAN

PART G – OTHER TECHNICAL INFORMATION (TABLES)

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Table 1: Summary Budget Movement Statement

2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
822.182 Original Budget	816.974	816.974	816.974	816.974
(2.542) Technical Adjustments	(5.506)	(7.646)	(9.161)	(9.161)
4.834 Inflation	8.141	24.809	41.343	58.206
824.474 Base Budget	819.609	834.137	849.156	866.019
Pressures for change:				
(0.250) Previous Policy Decisions	0.050	-	-	-
19.454 Demography	10.642	21.211	31.929	42.737
5.758 Legislative	6.029	10.491	15.834	16.074
3.577 Capital Financing	1.095	2.868	4.708	6.470
4.961 Other	23.980	20.572	21.580	24.332
33.500 Total Pressures for Change	41.796	55.142	74.051	89.613
857.974 Subtotal	861.405	889.279	923.207	955.632
Savings:				
(2.461) Existing efficiencies - ongoing impact	(5.013)	(5.807)	(5.786)	(5.807)
(5.039) Existing Policy Choice - ongoing impact	(0.563)	(1.157)	(1.862)	(1.912)
(22.663) New efficiencies	(21.200)	(31.305)	(42.763)	(54.812)
(10.837) New Policy Choice	(3.306)	(7.237)	(7.728)	(8.953)
- Further savings required	-	(8.087)	(23.966)	(29.747)
(41.000) Total Savings	(30.082)	(53.593)	(82.105)	(101.231)
816.974 REVENUE BUDGET (before funding specific to service area)	831.323	835.686	841.102	854.401

Table 2: Funding Statement

2017/18		2018/19	2019/20	2020/21	2021/22
£m		£m	£m	£m	£m
46.394	Business Rates Income	47.841	50.605	53.530	56.623
69.531	Business Rates Top-Up Grant	71.498	71.380	71.263	71.145
44.535	Revenue Support Grant	22.599	1.890	(5.916)	(13.892)
160.459		141.938	123.876	118.876	113.876
	<u>Non-ringfenced Grants:</u>				
	Compensation for impact of changes to				
3.139	Business Rates (S31 grant)	2.799	4.406	4.406	4.406
3.261	Education Services Grant (ESG)	-	-	-	-
5.648	New Homes Bonus	3.474	3.005	2.535	2.066
0.835	SEN Reform	0.835	-	-	-
2.070	Independent Living Fund	2.005	1.944	1.944	1.944
7.849	Transition Grant	-	-	-	-
4.153	Adult Social Care Support Grant	-	-	-	-
0.842	School Improvement Grant	-	-	-	-
1.085	Other non-ringfenced grants	1.000	1.006	1.006	1.006
28.883		10.114	10.361	9.891	9.422
	<u>Ringfenced Grants:</u>				
33.659	Public Health Grant	32.784	31.932	31.932	31.932
15.154	Public Health - Health visitors	14.760	14.376	14.376	14.376
2.605	Adult Skills and Community Learning	2.744	2.744	2.744	2.744
1.111	Local Authority Bus Subsidy Grant (formally				
	Bus Service Operators Grant)	1.111	1.111	1.111	1.111
1.122	Unaccompanied Asylum Seeking Children				
	Grant (UASC)	1.122	1.122	1.122	1.122
2.467	Troubled Families Grant	1.515	1.515	-	-
1.258	Music Education Grant	1.258	1.258	1.258	1.258
0.815	Youth Justice Good Practice Grant	0.815	0.815	0.815	0.815
58.191		56.109	54.873	53.358	53.358
	<u>Other Income:</u>				
	NHS funding - Better Care Fund including				
18.949	iBCF - old	24.722	32.904	32.904	32.904
13.701	iBCF - new	11.656	5.819	-	-
518.146	Council Tax	534.253	551.182	568.630	586.613
25.493	Council Tax relating to Social Care Precept				
	(3% 18/19; 0%19/20)	42.222	42.644	43.071	43.501
9.077	Collection Fund Balance - Council Tax	6.304	4.000	4.000	4.000
(2.225)	Collection Fund Balance - Business Rates	(1.500)	(1.500)	(1.500)	(1.500)
583.142		617.657	635.049	647.105	665.518
830.675	TOTAL	825.818	824.158	829.230	842.174

TABLE 3: SERVICE REVENUE BUDGET STATEMENT (2018/19 - 2021/22)

2017/18 Net Budget £'000		Children's Services £'000	Community Protection £'000	Environment £'000	Adult Care Services £000	Public Health £000	Resources £'000	Central Items £'000	Net Budget 2018/19 £'000	Forecast Net Budget 2019/20 £'000	Forecast Net Budget 2020/21 £'000	Forecast Net Budget 2021/22 £'000
822,182	Original Budget	171,895	35,195	107,636	344,396	48,867	72,565	36,420	816,974	816,974	816,974	816,974
-	Restructuring / Internal Transfers	1,163	(11)	-	(1,152)	-	(500)	500	-	-	-	-
(2,542)	Technical Adjustments	(388)	-	-	1,120	(1,255)	-	(4,983)	(5,506)	(7,646)	(9,161)	(9,161)
819,640	Adjusted Budget	172,670	35,184	107,636	344,364	47,612	72,065	31,937	811,468	809,328	807,813	807,813
4,834	Inflation	1,523	40	1,417	(1,127)	-	419	5,869	8,141	24,809	41,343	58,206
824,474	Base Budget	174,193	35,224	109,053	343,237	47,612	72,484	37,806	819,609	834,137	849,156	866,019
(250)	Pressures for Change:								50	-	-	-
	<i>Previous Policy Decisions (2016/17 & Prior Years)</i>	-	-	50	-	-	-	-	50	-	-	-
19,454	<i>Demography</i>	1,233	-	64	9,345	-	-	-	10,642	21,211	31,929	42,737
5,758	<i>Legislative Changes</i>	-	-	310	5,730	-	(11)	-	6,029	10,491	15,834	16,074
3,577	<i>Capital Financing</i>							1,095	1,095	1,859	3,563	3,563
4,961	<i>Other Pressures</i>	3,525	-	2,168	13,511	-	1,203	3,573	23,980	21,581	22,725	27,239
33,500	Total Pressures For Change	4,758	-	2,592	28,586	-	1,192	4,668	41,796	55,142	74,051	89,613
857,974	Standstill Budget	178,951	35,224	111,645	371,823	47,612	73,676	42,474	861,405	889,279	923,207	955,632
(41,000)	Savings	(4,027)	(241)	(2,803)	(16,048)	-	(2,734)	(4,229)	(30,082)	(45,506)	(58,139)	(71,484)
	Further savings required								0	(8,087)	(23,966)	(29,747)
816,974	REVENUE BUDGET (before funding specifically allocated to service area)	174,924	34,983	108,842	355,775	47,612	70,942	38,245	831,323	835,686	841,102	854,401
(28,327)	Funding specifically allocated to service area	(4,710)	-	(1,111)	(34,395)	-	-	-	(40,216)	(33,268)	(25,934)	(25,934)
788,647	REVENUE BUDGET	170,214	34,983	107,731	321,380	47,612	70,942	38,245	791,107	802,418	815,168	828,467
-	Use of reserves								-			
788,647	NET REVENUE BUDGET	170,214	34,983	107,731	321,380	47,612	70,942	38,245	791,107			
	Add Income from:											
116,233	Sales, Fees & Charges	14,462	1,842	9,964	53,778	37	37,968	-	118,051			
18,307	Partner Contributions	390	586	2,059	15,185	-	2,925	-	21,145			
20,931	Other Ringfenced Grants	8,502	-	110	2,122	-	1,895	-	12,629			
155,471	TOTAL INCOME (excluding dedicated schools grant)	23,354	2,428	12,133	71,085	37	42,788	-	151,825			
28,327	Specific Grants (ringfenced)								-			
972,445	GROSS BUDGET (excluding schools)	193,568	37,411	119,864	392,465	47,649	113,730	38,245	942,932			
906,041	Dedicated Schools Grant	939,523							939,523			
1,878,486	GROSS BUDGET (including schools)	1,133,091	37,411	119,864	392,465	47,649	113,730	38,245	1,882,455			

TABLE 4: SUMMARY SUBJECTIVE ANALYSIS 2018/19

2017/18 TOTAL £'000	Subjective groups:	Children's Services £'000	Community Protection £'000	Environment £'000	Adult Care Services £000	Public Health £000	Resources £'000	Central Items £'000	2018/19 TOTAL £'000
244,666	Employees	90,566	32,653	13,463	58,182	3,074	45,426	-	243,364
	Running Expenses:								
27,248	Premises related expenditure	1,547	56	413	335	-	22,211	-	24,562
24,361	Transport related expenditure	7,027	1,377	250	1,550	32	930	-	11,166
87,099	Supplies & services	38,437	2,817	(519)	9,650	572	28,251	15,104	94,312
546,442	Third party payments	115,284	505	106,257	282,610	37,124	15,253	2,131	559,164
(14,928)	Transfer payments	(59,350)	-	-	40,132	6,847	-	-	(12,371)
2,233	Support services	57	3	-	-	-	1,529	-	1,589
672,455	Total Running Expenses	103,002	4,758	106,401	334,277	44,575	68,174	17,235	678,422
917,121	TOTAL SERVICE EXPENDITURE	193,568	37,411	119,864	392,459	47,649	113,600	17,235	921,786
25,886	Capital Financing Costs				6		130	21,010	21,146
	- Capital Investment (Revenue Contribution to Capital)							-	-
(154,360)	Income	(23,354)	(2,428)	(12,133)	(71,085)	(37)	(42,788)	-	(151,825)
788,647	REVENUE BUDGET (excluding funding specifically allocated to service area)	170,214	34,983	107,731	321,380	47,612	70,942	38,245	791,107
28,327	Add back funding allocated to service area, but held centrally	4,710	-	1,111	34,395	-	-	-	40,216
816,974	REVENUE BUDGET	174,924	34,983	108,842	355,775	47,612	70,942	38,245	831,323

TABLE 5: BUDGET RESTRUCTURING & TECHNICAL ADJUSTMENTS (2018/19 TO 2021/22)

Ref:	Description	Portfolio	Children's Services £'000	Community Protection £'000	Environment £'000	Adult Care Services £'000	Public Health £'000	Resources £'000	Central Items £'000	2018/19 TOTAL £'000	2019/20 TOTAL £'000	2021/22 TOTAL £'001	2021/22 TOTAL £'000
BUDGET RESTRUCTURING & TECHNICAL ADJUSTMENTS:													
Restructuring / Internal Transfers													
	School Notification System - To CS		11	(11)						-	-	-	-
	CS HRS BUD TO CH SVS 18-19 ROSE CRT		30			(30)				-	-	-	-
	0-25 service restructure		1,122			(1,122)				-	-	-	-
	HCL dividends							(500)	500	-	-	-	-
	Total Restructuring / Internal Transfers		1,163	(11)	-	(1,152)	-	(500)	500	-	-	-	-
Technical Adjustments													
TA1	Troubled Families (TF) Grant	CS	(952)							(952)	(952)	(2,467)	(2,467)
TA2	SEN Reform	EL&L	(271)							(271)	(271)	(271)	(271)
TA3	Independent Living Fund	AC&H				(65)				(65)	(126)	(126)	(126)
TA4	Better Care Fund	AC&H				1,046				1,046	1,046	1,046	1,046
TA5	HAFLS	EL&L				139				139	139	139	139
TA6	Public Health - Savings Requirement	EL&L					(1,255)			(1,255)	(2,499)	(2,499)	(2,499)
TA7	Revenue Contribution to Capital Programme - transferred to reserve	RP&E						(3,577)		(3,577)	(3,577)	(3,577)	(3,577)
TA8	SEN Reform - transferred to reserve	RP&E						(564)		(564)	(564)	(564)	(564)
TA9	School improvement monitoring and brokering grant - transferred to reserve	RP&E						(842)		(842)	(842)	(842)	(842)
TA10	SEND Implementation Grant	EL&L	835							835	-	-	-
	Total Technical Adjustments		(388)	-	-	1,120	(1,255)	-	(4,983)	(5,506)	(7,646)	(9,161)	(9,161)
TOTAL BUDGET RESTRUCTURING & TECHNICAL ADJUSTMENTS			775	(11)	-	(32)	(1,255)	(500)	(4,483)	(5,506)	(7,646)	(9,161)	(9,161)

Portfolio Key:	
Adult Care & Health	AC&H
Children's Services	CS
Community Safety & Waste Management	CS&WM
Environment, Planning & Transport	EP&T
Enterprise, Education & Skills	EL&L
Highways	HWY
Public Health, Libraries & Localism	PHP&P
Resources & Performance	RP&E
Cross cutting	XC

TABLE 6: 2018/19 PAY & PRICE INFLATION

	Children's Services £'000	Community Protection £'000	Environment £'0000	Adult Care Services £'000	Public Health £'000	Resources £'000	Central Items £'000	Total £'000
Pay Inflation:								
2018/19 Pay Inflation	-	-	-	-	-	-	5,869	5,869
Pay Inflation	-	-	-	-	-	-	5,869	5,869
Price Inflation:								
Countywide exceptional:								
<i>Council Tax (4.99%)</i>	-	-	-	-	-	4	-	4
<i>Insurance - Premiums Paid (0.48%)</i>	-	-	-	-	-	7	-	7
<i>Teachers/Fire Pensions (3.0%)</i>	120	21	-	-	-	-	-	141
<i>Repairs & maintenance (2.0%)</i>	4	4	-	1	-	65	-	74
<i>Gas (13.35%)</i>	8	-	-	-	-	126	-	134
<i>Electricity (10.98%)</i>	5	-	-	-	-	300	-	305
<i>Street Lighting Energy (0.12%)</i>	-	-	5	-	-	-	-	5
<i>Rates (3.0%)</i>	4	-	-	-	-	153	-	157
<i>Water (4.14%)</i>	-	-	-	-	-	6	-	6
<i>Wastewater (5.1%)</i>	-	-	-	-	-	5	-	5
<i>Diesel (9.81%)</i>	-	25	-	25	-	3	-	53
<i>PFI Service Element (5.01%)</i>	145	-	-	-	-	64	-	209
<i>SMS contract (1.01%)</i>	-	-	-	-	-	138	-	138
<i>Vensons contract (4.0%)</i>	-	27	-	19	-	1	-	47
<i>subtotal Countywide Exceptional</i>	286	77	5	45	-	872	-	1,285
Service specific exceptional (expenditure):								
Independent Placements (various from -1.33% to +7.48%)	751	-	-	-	-	-	-	751
In-house Fostering, Adoption allowances, Special Guardianship Orders, Child Arrangement Orders and Leaving Care (Various from 1.00% to 1.45%)	238	-	-	-	-	-	-	238
0-25 Together - Direct Payments (1.0%)	25	-	-	-	-	-	-	25
0-25 Together - homecare (3.52%)	48	-	-	-	-	-	-	48
Transport - bus and taxi contracts (1.6%)	276	-	102	-	-	-	-	378
Waste Management (0.86%)	-	-	346	-	-	-	-	346
Highways - Ringway contract (3.6%)	-	-	741	-	-	-	-	741
Highways - Opus contract (4.1%)	-	-	375	-	-	-	-	375
Coroner Service	-	-	-	-	-	4	-	4
<i>subtotal Service Specific exceptional (Expenditure)</i>	1,338	-	1,564	-	-	4	-	2,906

	Children's Services £'000	Community Protection £'000	Environment £'0000	Adult Care Services £'000	Public Health £'000	Resources £'000	Central Items £'000	Total £'000
Income:								
Standard (2.2%)	(101)	(37)	(267)	(1,172)	-	(507)	-	(2,084)
Service Specific exceptional (Income):								
Waste (0.0%)	-	-	57	-	-	-	-	57
Transport Access & Road Safety (0.0%)	-	-	58	-	-	-	-	58
Registration & Citizenship Service: Fees - Citizenship Ceremony (0.0%)	-	-	-	-	-	5	-	5
Registration & Citizenship Service: Fees - General (0.0%)	-	-	-	-	-	14	-	14
Property - Abel Smith (0.0%)	-	-	-	-	-	11	-	11
Libraries	-	-	-	-	-	20	-	20
	-	-	-	-	-	-	-	-
<i>subtotal Service Specific exceptional (Income)</i>	-	-	115	-	-	50	-	165
Total Price Inflation	1,523	40	1,417	(1,127)	-	419	-	2,272
TOTAL PAY & PRICE INFLATION	1,523	40	1,417	(1,127)	-	419	5,869	8,141

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Table 7: Service Specific Exceptional Inflation (Expenditure) 2018/19

	Service Area	Description	Alternative Inflation Increase %	Increase set by other bodies / contract Yes / No ?	Brief explanation for variation	SAP Budget £	Inflation if alternative increase applied £
Adult Care Services							
	Included within NLW pressure					-	-
Children's Services							
1	Independent Placements	Placement costs for CLA placed in Independent Provision	various from - 1.33% to +7.48%	No	Inflation has been calculated based on the change in average cost of each placement type between 16/17 and 17/18 to date. As placements are purchased on an individual basis it is not possible to use an inflationary rate from a contract	22,021,591	750,842
2	In-house Fostering, Adoption allowances, Special Guardianship Orders, Child Arrangement Orders and Leaving Care	Expenditure includes: • Fostering fees (1% - linked to pay inflation) • Carer's allowances and day care. Allowances for Child Arrangement order, Special Guardianship Order and Adoption Order.(1.32% - SSI required) • Section 23 In-house Fostering 18+ (1.45% - SSI required) • Leaving Care (0% - SSI not required)	Various from 1.00% to 1.45%	In part	• Fostering fees – inflation is based HCC pay rate of 1%. • Carer's allowances and day care. Allowances for Child Arrangement order, Special Guardianship Order and Adoption Order – 1.32% inflation is based on the increase to the DfES National Minimum Fostering Allowance (South East) rates • Section 23 In-house Fostering 18+ - 1.45% inflation is based on the in house foster carers allowance increase, as per above, less pocket money and clothing allowance	19,079,167	238,564
3	0-25 Together - Direct Payments	Direct Payments for disabled children	1.00	No	Based on ACS calculation, DP payments allow carer to employ carer, this increase will allow 1% pay increase to carers	2,550,000	25,500
4	0-25 Together - homecare	Homecare for disabled children	3.52	No	Based on ACS calculation, Homecare providers give both personal care and provide enabling services to Disabled Children. The basis of the 3.52% is the increase in providers Spot purchasing costs	1,351,800	47,583
5	Transport	Mainstream Bus contracts, Mainstream Taxi, Special Needs Bus, Special Needs Taxi, CLA Direct Spend, CLA Disability Client Expenditure, DCS Transport, Mainstream Bus Passes,	1.60	Yes	The price increase is a clause within the bus contract on page 22, the increase is set at CPI minus 1. There are individual contracts with each taxi provider. The rate of inflation used in these is set at the same rate as the overall bus contract.	17,229,024	275,663
						62,231,581	1,338,152
Community Protection							
	None					-	-
Environment							
6	Transport Access & Road Safety - Bus Contracts	Bus Contracts	1.60%	Yes	Clause in the bus contract (page 22) that allows for a price increase of CPI minus 1	6,367,299	101,877
7	Waste Management	Various waste disposal categories	0.86%	Yes	indexation in Waste Management Contracts	40,358,840	346,279
8	Highways - Ringway Contract	Ringway - Structural Maintenance	3.60%	Yes	Indexation for 2018/19 under the contract is based on estimated Highways Term Maintenance Association indices	1,039,764	37,432
		Ringway - Routine Maintenance	3.60%			13,720,333	493,932
		Ringway - Lighting	3.60%			2,754,521	99,163
		Ringway - Winter Maintenance	3.60%			3,078,382	110,822
9	Highways - Opus Arup Contract	Opus - Structural Maintenance	4.10%	Yes	Indexation for 2018/19 under the contract is based on RPIX estimated between January 2017 and January 2018.	1,581,000	64,821
		Opus - Routine Maintenance	4.10%			96,000	3,936
		Opus - Transport Planning Policy & Strategy	4.10%			7,074,000	290,034
		Opus - Highway Locality Budget	4.10%			391,000	16,031
						76,461,139	1,564,326
Resources							
10	Coroner Service	Mortuary Services	2.00	Yes	HCC has a contract with 3 NHS Trusts to provide mortuary services for Coroner's Post Mortems (West Herts, East & North Herts and Princess Alexandra). The contract allows for the Trusts annual fee rises in line with NHS inflation. NHS inflation has consistently been higher than general inflation. Economic assumptions 2016/17 to 2020/21 paper on NHS website projects that NHS inflation for 2018/19 will be 2.0%.	207,004	4,140
						207,004	4,140
						138,899,724	2,906,618

Table 7: Service Specific Exceptional Inflation (Income) 2018/19

	Service Area	Description	Alternative Inflation Increase %	Increase set by other bodies / contract Yes / No ?	Brief explanation for variation	SAP Budget £	Inflation @ 2.2% £	Inflation if alternative increase applied £	Impact (above) / below standard inflation £
Adult Care Services									
		Included within NLW pressure					0	0	0
						-	0	0	0
Children's Services									
		None							
						-	0	0	0
Community Protection									
		None					0	0	0
						-	0	0	0
Environment									
1	Waste	DC Clect CInc Wst	0.00	No	expectation for increased income is undeliverable and unrealistic	(33,000)	(730)	0	730
		Priv Sector Waste	0.00	No		(10,000)	(220)	0	220
		DC Collect Waste Inc	0.00	No		(2,036,000)	(44,790)	0	44,790
		Recovery of Dir Cost	0.00	Yes		(26,507)	(580)	(265)	315
		Contract Income	0.00	Yes		(500,000)	(11,000)	0	11,000
2	Transport Access & Road Safety	RSET-TRAINING-CYCLING	0.00	Yes	Fixed amount per course booked.	(111,397)	(2,450)	0	2,450
		SCHOOL CROSSING PATROLS	0.00	Yes	Fixed contributions from Academies towards school crossing patrols	(10,100)	(220)	0	220
		PT-ETS-PTU-BUS SERVICES-HCC BUS CONTRACT	0.00	Yes	S106 - income figures already agreed.	(544,634)	(11,980)	0	11,980
		PT-ETS-PTU-CF-SAVERCARD	0.00	Yes	Fixed amount per card issued.	(148,261)	(3,260)	0	3,260
		Passenger Transport Services Supp Costs	0.00	Yes	Fixed amount per CRB check.	(64,297)	(1,410)	0	1,410
		Rset-Training-Speed Awareness	0.00	Yes	Nationwide fixed amount per course booked (National Driver Training Reoffending Scheme)	(1,731,896)	(38,100)	0	38,100
		Road Safety	0.00	Yes	Fixed contribution already agreed with OPCC.	(43,367)	(950)	0	950
					(5,259,459)	(115,690)	(265)	115,425	
Resources									
3	Registration & Citizenship Service	Fees - Citizenship Ceremony	0.00	Yes	Fees within this GL account are statutory and are set by the Home Office. There is no indication of proposed increase in fees for 2018/19, thus income will not rise.	(210,000)	(4,620)	0	4,620
4	Registration & Citizenship Service	Fees - General	0.00	Yes	Fees within this GL account are statutory and are set by the General Register Office. There is no indication of proposed increase in fees for 2018/19, thus income will not rise.	(650,000)	(14,300)	0	14,300
5	Other Properties	Abel Smith	0.00	Yes	Abel Smith is currently fully let to businesses that have agreed rent payments to HCC at set prices until the rent reviews which will not be happening until 19/20 this also means that adding income inflation would create a pressure to the budget that can not be met.	(508,370)	(11,180)	0	11,180
6	Libraries	Various fees and charges	0.00	No	A review of fees and charges was carried out in 2015/16 and 2017/18. There is no scope to increase charges again in April 2018.	(915,481)	(20,170)	0	20,170
						(2,283,851)	(50,270)	0	50,270
TOTAL						(7,543,310)	(165,960)	(265)	165,695

TABLE 8: PRESSURES FOR CHANGE 2018/19 - 2021/22

	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s
Previous Policy Decision	50	-	-	-
Demography	10,642	21,211	31,929	42,737
Legislative	6,029	10,491	15,834	16,074
Other Pressures	25,075	23,440	26,288	30,802
TOTAL	41,796	55,142	74,051	89,613

Ref	Description	Portfolio	Type of pressure	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
CHILDREN'S SERVICES								
D1	Children Looked After (CLA)	CS	Demography	803	1,746	2,780	3,936	44,100
D2	Unaccompanied Asylum Seeking Children (UASC)	CS	Demography	259	259	259	259	1,926
D8	Adoption & Special Guardianship Orders	CS	Demography	171	171	171	171	7,693
OP1	SN HTS Transport	EL&L	Other Pressures	450	450	450	450	12,456
OP2	Hadham Road Development appeal costs	EL&L	Other Pressures	(200)	(200)	(200)	(200)	200
OP3	SEN Home to School Transport	EL&L	Other Pressures	1,530	1,890	2,250	2,610	12,456
OP4	Nascott Lawn consequential costs	CS	Other Pressures	383	383	383	383	8,085
OP6	Section 17 No Recourse to Public Funds/Intentionally Homeless	CS	Other Pressures	340	340	340	340	874
OP7	SEND reform programme implementation	EL&L	Other Pressures	-	838	1,017	1,017	1,561
OP8	ICT transformation programme	CS	Other Pressures	103	103	103	103	n/a
OP31	Independent Placements	CS	Other Pressures	919	919	919	919	21,498
TOTAL CHILDREN'S SERVICES				4,758	6,899	8,472	9,988	
COMMUNITY PROTECTION								
	None							
TOTAL COMMUNITY PROTECTION				-	-	-	-	
ENVIRONMENT								
PPD1	County Travel Survey	EP&T	Previous Policy Decision	50	-	-	-	
D3	Road length increases - routine maintenance	HWY	Demography	64	94	124	155	16,864
L1	Sustainable drainage systems	EP&T	Legislative	-	-	60	60	180
L2	Impact of Landfill Tax - Waste Management (rate change)	CS&WM	Legislative	160	310	480	560	43,743
L3	Environment Protect Act - Recycling credits	CS&WM	Legislative	150	300	450	610	43,743
OP10	Residual Waste Disposal Contract	CS&WM	Other Pressures	1,650	1,750	2,420	2,900	38,905
OP11	Essential Upgrade of Highways Asset Management System	HWY	Other Pressures	(50)	(50)	(50)	(50)	
OP12	Advice on Tree Health	EP&T	Other Pressures	-	(10)	(10)	(10)	378
OP13	Legal Support for Procurement	HWY	Other Pressures	(100)	(100)	(100)	(50)	2,596
OP14	Revenue impact of the A120 Bypass Capital programme	HWY	Other Pressures	-	-	35	35	
OP15	Driver Training	EP&T	Other Pressures	250	250	250	250	1,000
OP16	Waste - reduction in income	CS&WM	Other Pressures	93	93	93	93	43,743
OP29	Review of Spatial Planning - Responding to Growth	EP&T	Other Pressures	325	650	650	650	1,677
TOTAL ENVIRONMENT				2,592	3,287	4,402	5,203	

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Ref	Description	Portfolio	Type of pressure	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
ADULT CARE SERVICES								
D4	Older People	AC&H	Demography	2,894	6,261	9,539	12,963	78,499
D5	Learning Disability	AC&H	Demography	5,994	11,787	17,754	23,570	144,952
D6	Physical Disability	AC&H	Demography	294	561	824	1,068	25,954
D7	Mental Health	AC&H	Demography	163	332	478	615	16,287
L4	National Living Wage for Commissioned Homecare and Residential	AC&H	Legislative	5,730	9,892	14,855	14,855	126,956
OP17	Loss of CCG contributions	AC&H	Other Pressures	9,505	9,505	9,505	9,505	
OP18	Additional spend from IBCF-New	AC&H	Other Pressures	4,006	2,310	-	-	
TOTAL ADULT CARE SERVICES				28,586	40,648	52,955	62,576	
PUBLIC HEALTH								
	None							
TOTAL PUBLIC HEALTH				-	-	-	-	
RESOURCES								
L5	County Councillors - ending of superannuation scheme	RP&E	Legislative	(11)	(11)	(11)	(11)	
OP19	Robertson & Farnham House - sub-lease expiry	RP&E	Other Pressures	589	1,168	1,168	1,168	15,179
OP20	Customer Engagement & Libraries 2017/18 Vacancy Factor	EL&L	Other Pressures	257	257	257	257	15,728
OP21	Herts Fullstop - Invest to transform and increased revenue	RP&E	Other Pressures	112	-	-	-	(1,611)
OP22	County Council Elections	RP&E	Other Pressures	85	85	85	85	308
OP23	Service Property - Libraries	RP&E	Other Pressures	42	42	42	42	451
OP30	Loss of income from PCC	RP&E	Other Pressures	24	31	31	31	87
OP33	Sessional fees for Assistant Coroners	RP&E	Other Pressures	20	20	20	20	822
OP34	Provision of body removals service	RP&E	Other Pressures	74	74	74	74	822
TOTAL RESOURCES				1,192	1,666	1,666	1,666	
CENTRAL ITEMS								
OP24	Interest cost - HCC borrowing	RP&E	Other Pressures	342	1,993	4,065	5,927	
OP25	Interest on Balances held Internally	RP&E	Other Pressures	(43)	(7)	33	33	
OP26	Capital Financing - Minimum Revenue Provision Policy choice	RP&E	Other Pressures	450	625	625	625	
OP27	Additional Borrowing to fund the Capital Programme	RP&E	Other Pressures	645	2,243	4,083	5,845	
OP28	Review of contingency	RP&E	Other Pressures	(292)	(2,253)	(2,253)	(2,253)	
OP32	Environment Agency Thames/Anglian Region Levy	RP&E	Other Pressures	19	19	19	19	
OP36	Interest on Investment Balances	RP&E	Other Pressures	56	22	(16)	(16)	
OP37	Infrastructure & Investment	RP&E	Other Pressures	3,491	-	-	-	
TOTAL CENTRAL ITEMS				4,668	2,642	6,556	10,180	
TOTAL PRESSURES				41,796	55,142	74,051	89,613	

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TABLE 9: SAVINGS 2018/19 - 2021/22

	2017/18 TOTAL £000s	2018/19 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s
Existing Efficiencies (ongoing impact) - EE	(5,013)	(5,807)	(5,786)	(5,807)
Existing Policy Choice (ongoing impact) - EPC	(563)	(1,157)	(1,862)	(1,912)
New Efficiencies - NE	(21,200)	(31,305)	(42,763)	(54,812)
New Policy Choice - NPC	(3,306)	(7,237)	(7,728)	(8,953)
TOTAL	(30,082)	(45,506)	(58,139)	(71,484)

Ref	Project title	Portfolio	Project Status	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
CHILDREN'S SERVICES								
EE2	Schools PFI contract	EL&L	EE	200	200	200	200	7,736
EE3 (X1)	Printing Contract Savings	XC	EE	(16)	(16)	(16)	(16)	237
EE4	Further ESG related savings	EL&L	EE	(2,043)	(2,043)	(2,043)	(2,043)	2,043
NE1	Families First ITT Bid	CS	NE	(37)	(87)	(236)	(236)	700
NPC1	Family Centre Recommissioning	CS	NPC	(62)	(2,169)	(2,169)	(2,169)	10,844
NE2 (X1)	Serco SMS contract savings	CS	NE	-	(99)	(126)	(126)	1,599
NPC2	Youth Connexions Proposed service restructure - decision deferred to November. 3 different potential scenarios: 10% £829k saving 20% £1.658m saving 30% £2.487m saving	CS	NPC	(829)	(1,658)	(1,658)	(1,658)	8,290
NPC3 (X1)	Efficiencies - savings on salaries	CS & EL&L	NPC	(150)	(150)	(150)	(150)	48,242
NE69	Valuing Care ITT bid	CS	NE	-	-	-	(194)	43,055
NE85	Independent Placements - additional use of DSG	CS	NE	(1,090)	(1,090)	(1,090)	(1,090)	21,498
TOTAL CHILDREN'S SERVICES				(4,027)	(7,112)	(7,288)	(7,482)	171,895
COMMUNITY PROTECTION								
EE5	Officer Response Vehicles - change from Lease to Capital Provision	CS&WM	EE	(40)	(80)	(80)	(80)	200
EE6	Staffing	CS&WM	EE	210	210	210	210	21,659
NE3	Fire Prevention – continue transition of Grey to Green Book roles	CS&WM	NE	(16)	(16)	(16)	(16)	755
NE4	Removal of Risk Reduction role	CS&WM	NE	(30)	(30)	(30)	(30)	755
NE5	Trading Standards	CS&WM	NE	(50)	(50)	(50)	(50)	(189)
NE6	Restructure and gradual shift of some roles from Grey to Green Book using model trialled in JPS	CS&WM	NE	(50)	(50)	(50)	(50)	26,848
NE7	Occupational Health – income from commercial services	CS&WM	NE	(20)	(20)	(20)	(20)	-
NE8	Cease Sophtlogic licencing	CS&WM	NE	(50)	(50)	(50)	(50)	1,110
NE9	Vision licencing	CS&WM	NE	(80)	(80)	-	-	1,110
NE95	Financial Investigating Officer - utilise Proceeds of Crime	CS&WM	NE	(20)	(20)	(20)	(20)	2,047
NE96	Primary Authority - further increase in income from Primary Authority work	CS&WM	NE	(15)	(15)	(15)	(15)	(193)
NE97	Prevention Team - reduction in funding for community safety prevention initiatives	CS&WM	NE	(5)	(5)	(5)	(5)	130
NE98	Property Maintenance Post - review of the long-term requirement	CS&WM	NE	(25)	-	-	-	101
NE99	Property Maintenance Budget review	CS&WM	NE	(30)	-	-	-	156
NE100	Reduction in Response Central Budget	CS&WM	NE	(5)	(5)	(5)	(5)	21,659
NE101	Reduction in Printing Costs	CS&WM	NE	(15)	(15)	(15)	(15)	40
TOTAL COMMUNITY PROTECTION				(241)	(226)	(146)	(146)	35,195

Ref	Project title	Portfolio	Project Status	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
	ENVIRONMENT							
EE3 (X1)	Printing Contract Savings	XC	EE	(7)	(7)	(7)	(7)	n/a
EE7	Review of Discretionary Waste Disposal Payments	CS&WM	EE	(333)	(666)	(666)	(666)	38,905
NE10	Residual Waste Treatment Programme	CS&WM	NE	(250)	(250)	(250)	(250)	530
NE11	Review & Integrate Countryside Management Service / Rights of Way	EP&T	NE	(100)	(150)	(150)	(150)	1,326
EE8	Household Waste Recycling Centre Re-Use Targets	CS&WM	EE	(50)	(100)	(100)	(100)	3,435
EPC1	Revenue impact of the LED Street Lighting – Phase 4 Capital programme	HWY	EPC	(468)	(1,012)	(1,717)	(1,717)	15,656
NE12	Revenue impact of the Street Lighting Refurbishment Programme – 2017/18-2019/20 Capital programme	HWY	NE	(26)	(133)	(161)	(188)	15,656
NE22	Revenue impact of the Replacement of Existing Belisha Beacons with LED Units Capital programme	HWY	NE	(31)	(31)	(31)	(31)	(370)
NE13	Hertfordshire Waste Partnership	CS&WM	NE	(20)	(40)	(40)	(40)	57
NE14	Reduced Street Lighting Scouting frequency	HWY	NE	(18)	(53)	(71)	(71)	6,594
NE70	Revenue savings from the Traffic Signals Replacement 18/19 Capital Bid	HWY	NE	-	(31)	(31)	(31)	6,594
NE23	Planning advisory work - increase charging	EP&T	NE	(30)	(45)	(65)	(65)	278
NPC9	Review of funding to Groundwork Hertfordshire and Herts & Middlesex Wildlife Trust	EP&T	NPC	(15)	(35)	(51)	(51)	(41)
NE15	Hadham Towers Restoration Fund - one off contribution from Reserves	CS&WM	NE	(125)	-	-	-	(125)
NE16	Strategic Planning Authority Inquiries Fund - one-off contribution from Reserves	EP&T	NE	(200)	-	-	-	(387)
NE17	Waste Week 53 Reserve - one off contribution from Reserves	CS&WM	NE	(760)	-	-	-	(1,065)
NE18	National Nature Reserve - one off contribution	EP&T	NE	(20)	-	-	-	(187)
NE19	Environmental Records Centre - one-off contribution	EP&T	NE	(20)	-	-	-	(20)
NE20	Savercard- revised payment system	EP&T	NE	-	(200)	(200)	(200)	1,600
NE21	Concessionary Bus Fares (Elderly & Disabled)	EP&T	NE	(100)	(200)	(200)	(200)	12,500
NE24	Savercard - increase income	EP&T	NE	(30)	(60)	(60)	(60)	
NE81	Waste Collection Authority (WCA) Transport	CS&WM	NE	(150)	(150)	(150)	(150)	43,743
NE82	Composting contract	CS&WM	NE	(50)	(50)	(50)	(50)	43,743
	TOTAL ENVIRONMENT			(2,803)	(3,213)	(4,000)	(4,027)	107,636

Ref	Project title	Portfolio	Project Status	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
ADULT CARE SERVICES								
EE9	Older People Homecare - use of community alternatives	AC&H	EE	(1,275)	(1,325)	(1,325)	(1,325)	28,953
EE10	Positive outcomes for people through new specialist care at home schemes	AC&H	EE	(300)	(600)	(600)	(600)	28,953
EE11	Preventative Telecare	AC&H	EE	(400)	(400)	(400)	(400)	109,278
EE12	Older People and Physical Disability Care Purchasing	AC&H	EE	(100)	(100)	(100)	(100)	1,600
NE25	Best Value Team target	AC&H	NE	(500)	(500)	(500)	(500)	113,713
EPC2	Mental Health	AC&H	EPC	(45)	(45)	(45)	(45)	16,287
EE13 (X2)	Enabling the Worker	XC	EE	(685)	(685)	(685)	(685)	28,718
EE3 (X1)	Printing Contract Savings	XC	EE	(8)	(8)	(8)	(8)	n/a
NE26	OP Strategy 1: Demand management at CSC / deferring need - 1% less?	AC&H	NE	(1,260)	(2,520)	(3,780)	(5,040)	76,084
NE27	OP Strategy 2: Optimising enabling outcomes for people (less homecare)	AC&H	NE	(400)	(800)	(1,200)	(1,600)	34,909
NE28	OP Strategy 3: Flexible outcome-based care plans with Telecare	AC&H	NE	(750)	(1,500)	(2,250)	(3,000)	34,909
NE29	OP Strategy 4: Fewer residential care placements / more Flexicare Housing	AC&H	NE	(1,100)	(2,100)	(3,100)	(4,100)	85,343
NE30	OP Strategy 5: New nursing care commissioning - average fees lower	AC&H	NE	(500)	(1,000)	(1,500)	(2,000)	25,665
NE31	OP Strategy 6: More CHC income	AC&H	NE	(250)	(250)	(250)	(250)	76,084
NE32	OP Other savings: HES Commercial Innovation	AC&H	NE	(250)	(350)	(450)	(450)	2,407
NE33	DS Strategy 1: Education, work, vol and personal budgets - linked to day ops	AC&H	NE	(1,100)	(1,600)	(2,100)	(2,600)	130,000
NE34	DS Strategy 2: Optimal accommodation options for all - housing and Shared Lives	AC&H	NE	(1,100)	(3,600)	(5,100)	(6,600)	16,216
NE35	DS Strategy 3: Review OOC placements and TCP clients	AC&H	NE	(450)	(1,100)	(1,750)	(2,400)	113,713
NE36	DS Strategy 4: Negotiating strategies with key providers / Inflation strategy targetting non VfM providers	AC&H	NE	(1,300)	(2,100)	(2,900)	(3,400)	115,040
NPC18	DS Other savings: In-House Services: Commercial Innovation	AC&H	NPC	-	(250)	(500)	(1,500)	25,400
NE37	Housing related support savings	AC&H	NE	(425)	(425)	(425)	(425)	5,658
NPC19	Community hubs	AC&H	NPC	-	(200)	(400)	(600)	9,541
NE42	Reduce grants to vol orgs	AC&H	NE	(100)	(200)	(300)	(400)	10,786
NPC11	Strategy 6: Charging Income for Community Based Adult Social Care	AC&H	NPC	(2,250)	(2,275)	(2,300)	(2,325)	(19,475)
NE43	Transport rationalisation	AC&H	NE	(500)	(600)	(700)	(800)	4,469
NE44	Reduction of central teams	AC&H	NE	-	(100)	(200)	(300)	3,146
NE2 (X1)	Serco SMS Contract savings	AC&H	NE	-	(124)	(248)	(248)	N/A
NE83	Utilisation of Better Care Fund	AC&H	NE	(1,000)	(1,000)	(1,000)	(1,000)	125,854
TOTAL ADULT CARE SERVICES				(16,048)	(25,757)	(34,116)	(42,701)	357,467
PUBLIC HEALTH								
NE45	Statutory Healthchecks	PHL&L	NE	(150)	(150)	(150)	(150)	1,238
NE46	Corporate PH	PHL&L	NE	(360)	(500)	(500)	(500)	2,624
NE47	Stop Smoking Service	PHL&L	NE	(250)	(250)	(250)	(250)	1,973
NE48	Drugs & Alcohol	PHL&L	NE	(220)	(220)	(220)	(220)	7,477
NE49	Physical Activity	PHL&L	NE	(50)	(50)	(50)	(50)	67
NE50	Healthy Weight	PHL&L	NE	(130)	(280)	(280)	(280)	280
NE51	Healthy Workplace	PHL&L	NE	(25)	(25)	(25)	(25)	25
NE52	District Offer	PHL&L	NE	(33)	(333)	(333)	(333)	333
NE53	Public Health Carry Forward	PHL&L	NE	(1,171)	-	-	-	n/a
NE86	Sexual Health	PHL&L	NE	-	(350)	(500)	(500)	9,295
NE87	Drugs & Alcohol	PHL&L	NE	-	(520)	(520)	(520)	7,477
NE88	Non Statutory Prevention Services	PHL&L	NE	-	(100)	(200)	(200)	312
NE54	School Nurses / Health Visitors	PHL&L	NE	(340)	(1,130)	(1,565)	(1,886)	19,537
NE89	Stop Smoking Service - PC	PHL&L	NE	-	(340)	(340)	(340)	1,973
NE55	Grant Reduction	PHL&L	NE	1,255	2,499	2,499	2,499	n/a
TOTAL PUBLIC HEALTH				(1,474)	(1,749)	(2,434)	(2,755)	48,867
RESOURCES								
EE14	Improvement & Technology - Management Graduate scheme	Agenda Pack 39907408	EE	(31)	(31)	(31)	(31)	11,549
EE15	Finance - Prompt payment discount	RP&E	EE	(80)	(80)	(80)	(80)	12,878
EE16	Engagement and Consultation	RP&E	EE	21	-	21	-	2,782

Ref	Project title	Portfolio	Project Status	2018/19 TOTAL £000s	2019/20 TOTAL £000s	2020/21 TOTAL £000s	2021/22 TOTAL £000s	Approximate current budget £'000
EE17	Hertfordshire Archives & Local Studies	PHL&L	EE	(30)	(30)	(30)	(30)	587
EE18	Corporate Communications	RP&E	EE	(40)	(40)	(40)	(40)	1,034
EE3 (X1)	Printing Contract Savings	XC	EE	(6)	(6)	(6)	(6)	n/a
NE56	Registration & Citizenship Service - Further channel shift to online bookings	RP&E	NE	-	(40)	(40)	(40)	(354)
NE57	Democratic Services	RP&E	NE	-	(20)	(20)	(20)	337
NE58	Property Data collection - Site capacity and Net capacity commissions	RP&E	NE	(100)	(100)	(100)	(100)	259
NE59	25 by 20	RP&E	NE	(487)	(987)	(1,487)	(1,487)	9,701
NE60	Herts Fullstop	RP&E	NE	-	(420)	(657)	(909)	(1,611)
NE62	Legal - increased income	RP&E	NE	(100)	(100)	(100)	(100)	4,414
NE66	Prop Co - Estimated revenue returns from Property JV ph1	RP&E	NE	-	-	(1,000)	(4,500)	-
NPC17	Libraries	RP&E	NPC	-	(500)	(500)	(500)	9,400
EPC3	Museum & Archives	RP&E	EPC	-	-	-	(50)	587
EPC4	Corporate Communications: Horizons	RP&E	EPC	(50)	(100)	(100)	(100)	1,034
NE63	Customer Service – Web Team	RP&E	NE	-	(10)	(30)	(30)	572
NE64	Customer Service - Income and Payments	RP&E	NE	-	(30)	(70)	(70)	572
NE65	Carbon Reduction Credits - Accumulated effect of previous energy saving works	RP&E	NE	(100)	(100)	(100)	(100)	319
NE2 (X1)	Serco SMS contract savings	RP&E	NE	(199)	(310)	(317)	(291)	12,878
NE67	Trading: HCL	RP&E	NE	(500)	(300)	(500)	(700)	(500)
NE72	E-commerce	RP&E	NE	(72)	(72)	(72)	(72)	235
NE73	Property Managed Services (PMA) Contract	RP&E	NE	(100)	(100)	(100)	(100)	1,514
NE74	Property - Elderly Peoples Residential Homes (EPH)	RP&E	NE	(401)	(401)	(401)	(401)	(5,034)
NE75	Reduction in translation services under new contract	RP&E	NE	(25)	(25)	(25)	(25)	199
NE76	Reorganisation within Improvement Team	RP&E	NE	(15)	(15)	(15)	(15)	996
NE77	Technology - contract renewals / software replacement	RP&E	NE	(82)	(82)	(82)	(82)	7,373
NE78	HR stretch target	RP&E	NE	-	-	(73)	(184)	3,665
NE79	Finance stretch target	RP&E	NE	-	-	(73)	(183)	3,520
NE80	Reduction in SIAS days	RP&E	NE	(25)	(25)	(25)	(25)	614
NE90	Property - utilities - non-schools Salix savings	RP&E	NE	(129)	(157)	(221)	(221)	3,878
NE91	Reprocurement of external audit fee via Public Sector Audit Appointments (PSAA)	RP&E	NE	-	(17)	(17)	(17)	235
NE92	Additional Property saving	RP&E	NE	(100)	(100)	(100)	(100)	16,171
NE93	Reserve balance	RP&E	NE	(83)	-	-	-	(988)
	TOTAL RESOURCES			(2,734)	(4,198)	(6,391)	(10,609)	72,565
	CENTRAL ITEMS							
NE61	Better Contract Management	XC	NE	-	(500)	(1,000)	(1,000)	150,000
NE94	Minimum Revenue Provision - Impact of further policy savings	RP&E	NE	(2,755)	(2,751)	(2,764)	(2,764)	
	TOTAL CENTRAL ITEMS			(2,755)	(3,251)	(3,764)	(3,764)	36,420
	SAVINGS IDENTIFIED BY SERVICES			(30,082)	(45,506)	(58,139)	(71,484)	

TABLE 10: STATEMENT OF PROJECTED SPECIFIC RESERVES

Category	Reserve name	Balance at 1 April 2017 £000s	Forecast Balance at 31 March 2018 £000s	Forecast Balance at 31 March 2019 £000s	Revised Description	Service	Lead Director
Schools	Schools Balances	(58,783)	(55,000)	(50,000)	Cash reserves held in schools shown as carry forward balances.	Schools	Jenny Coles
Schools	Strategic Area Partnership	(194)	(195)	(195)	To finance the provision of new learning opportunities to deliver the learner entitlement for 14 to 19 year olds (now included in schools budget shares).	Schools	Jenny Coles
Schools	Community Focused Extended School Activities	(846)	(700)	(600)	Balances carried forward by schools relating to community focused activities.	Schools	Jenny Coles
Schools	Schools Budget Central Expenditure	(21,289)	(21,289)	(21,289)	Previous underspend against the central expenditure budgets within the Schools Budget. This will be used to finance the Council's Schools Budget in future years, in line with the requirements of the Dedicated Schools Grant.	Schools	Jenny Coles
Schools	ESC Balances	(1,731)	(1,700)	(1,700)	Cash reserves held in Education Support Centres shown as carry forward balances.	Schools	Jenny Coles
	Balances held by schools under a scheme of delegation	(82,842)	(78,884)	(73,784)			
Other bodies	Hertfordshire Safeguarding Adults Board	(162)	(140)	(120)	Partner contributions held to fund additional expenditure/meet any future shortfalls.	Adult Care Services	Iain MacBeath
Other bodies	East Coast & Humberside Control Room Consortium	(2,896)	(1,229)	-	Hertfordshire has taken over as the lead authority of the East Coast and Humberside Control Room Consortium from Humberside. The Consortium is comprised of 4 authorities (Hertfordshire, Humberside, Norfolk and Lincolnshire) and was set up to improve the resilience and efficiency of the control rooms of each authority. The consortium is funded by a MHCLG grant and Humberside have transferred the balance of the grant which will be held on a reserve to fund the Consortium going forward.	Community Protection	Darryl Keen
Other bodies	Local Enterprise Partnership (LEP) Capital Reserves - <i>DFT LEP Core Funding</i>	(62)	-	-	This reserve is the balance of a DFT grant awarded in 2013 to support transport schemes.	Local Enterprise Partnership	Owen Mapley
Other bodies	Local Enterprise Partnership (LEP) Revenue Reserves - <i>LEP Growing Places Fund (Revenue)</i>	(6,187)	(6,000)	(5,000)	This reserve is the balance of the Growing Places Fund grant that was received in 2012. It is used as a recycling fund to unlock development in Herts.	Local Enterprise Partnership	Owen Mapley
Other bodies	Local Enterprise Partnership (LEP) Revenue Reserves - <i>LEP Operational Reserve</i>	(609)	(800)	(800)	This reserve is to support the Operational Budget of the LEP.	Local Enterprise Partnership	Owen Mapley
Other bodies	Local Enterprise Partnership (LEP) Revenue Reserves - <i>LEP Growth Hub Reserve</i>	(49)	-	-	This reserve is used to support the Hertfordshire Growth Hub.	Local Enterprise Partnership	Owen Mapley
Other bodies	Local Enterprise Partnership (LEP) Revenue Reserves - <i>LEP Career & Enterprise Company</i>	(80)	(50)	(50)	This reserve is used to support the Hertfordshire Career & Enterprise Company.	Local Enterprise Partnership	Owen Mapley
Other bodies	Economic Growth Fund	(190)	-	-	Hertfordshire County Council has set aside 32% of its share of the Business Rates Pool gain (8% of the total Net Retained Levy) in an Economic Growth Fund, to be allocated to projects and initiatives that support economic development and the growth of the NNDR taxbase in Hertfordshire. This fund will be fully allocated in 17/18.	Resources	Owen Mapley
Other bodies	Shared Anti Fraud Service (SAFS) Surplus	(97)	(55)	(55)	Surplus to be used to fund additional expenditure/meet any shortfall in future years.	Resources	Owen Mapley
Other bodies	Shared Internal Audit Service Surplus	(70)	(22)	(22)	Surplus to be used to fund additional expenditure/meet any shortfall in future years.	Resources	Owen Mapley
	Balances held jointly or on behalf of other organisations	(10,402)	(8,296)	(7,000)	Agenda Pack 401 of 508		

Category	Reserve name	Balance at 1 April 2017 £000s	Forecast Balance at 31 March 2018 £000s	Forecast Balance at 31 March 2019 £000s	Revised Description	Service	Lead Director
Earmarked	Adult Care Services Carryforwards	(472)	(4,374)	-	Carry forward reserve to be used for Local Welfare Provision and Health Funding.	Adult Care Services	Iain MacBeath
Earmarked	Academy Conversion Reserve	(1,000)	(402)	(202)	To finance the planning and legal costs associated with Academy conversions as the number of schools converting escalates.	Children's Services	Jenny Coles
Earmarked	Education Support Reserve	-	(1,290)	(900)	To support improved educational outcomes in schools.	Children's Services	Jenny Coles
Earmarked	Education & Early Intervention Reserve - <i>CSF-E&EI SUBSTANCE MISUSE</i>	(200)	(200)	(200)	To be used for education, support & intervention in Schools, Learning Centres and alternative education settings. Includes Substance Misuse grant funding that supports a multi-year programme.	Children's Services	Jenny Coles
Earmarked	Education & Early Intervention Reserve - <i>CSF-E&EI RESERVES</i>	(90)	(47)	(47)	To be used for education, support & intervention in Schools, Learning Centres and alternative education settings. Includes Substance Misuse grant funding that supports a multi-year programme.	Children's Services	Jenny Coles
Earmarked	Herts Music Service - Music Donations	(264)	(264)	(264)	This fund comprises of legacy donations to the Music Service held in practice on trust for the purposes for which it was donated, namely to support Music Centres across the County.	Children's Services	Jenny Coles
Earmarked	Innovation Fund (Children's Services)	(2,489)	(1,505)	(958)	This reserve will be used to fund both phase 1 and phase 2 of the Family Safeguarding (Innovation Fund) project.	Children's Services	Jenny Coles
Earmarked	Nobel Lifecycle Fund	(358)	(250)	(250)	Reserve set up to be used over the next 10 years to fund future obligations for lifecycle works as they become required.	Children's Services	Jenny Coles
Earmarked	PFI Equalisation Reserve	(1,754)	(1,763)	(1,820)	The reserve represents the excess of PFI credits over current expenditure levels carried forward to fund future obligations in respect of young persons' homes and family centres.	Children's Services	Jenny Coles
Earmarked	Safeguarding & Specialist Services - <i>CSF-HSCB BALANCE</i>	(60)	(60)	(60)	Partner contributions held to fund additional expenditure/meet any future shortfall.	Children's Services	Jenny Coles
Earmarked	Safeguarding & Specialist Services - <i>CS - S&SS PBS Carry Forwards</i>	(10)	-	-	To be used to finance safeguarding vulnerable children.	Children's Services	Jenny Coles
Earmarked	Safeguarding & Specialist Services - <i>CS - S&SS Grant Carry Forward</i>	(272)	(142)	-	This reserve comprises grant received in advance from the Innovation Fund for the family finding project.	Children's Services	Jenny Coles
Earmarked	Thriving Families	(565)	(501)	(501)	Relates to grant monies for Thriving Families, a multi-year programme which has recently been extended by central government.	Children's Services	Jenny Coles
Earmarked	Watford Music Service	(221)	(219)	(219)	This fund - a requirement of the agreement with Watford Grammar School for Boys is held against future liabilities for this Music Centre.	Children's Services	Jenny Coles
Earmarked	POCA Receipts	(329)	(305)	(235)	Proceeds of Crimes Act held by the Council in respect of ongoing trading standards and Serious and Organised Crime Agency (SOCA) court cases, to be spent on Community Protection activities.	Community Protection	Darryl Keen
Earmarked	Commuted Maintenance	(516)	(518)	(518)	Commuted Maintenance represents sums secured in year through the development of legal agreements to fund maintenance of non-standard assets in the future. A withdrawal is made on the basis of a long term plan of maintenance need. Income is added end of each year from negotiated settlements with contractors for new developments.	Environment	John Wood
Earmarked	MHCLG Planning delivery Grant	(109)	(29)	-	Funds to be drawn down for the installation of a new development management IT system, approx 17/18 cost of £80k, remaining funds to support the implementation of the system, eg additional scanning costs.	Environment	John Wood

Category	Reserve name	Balance at 1 April 2017 £000s	Forecast Balance at 31 March 2018 £000s	Forecast Balance at 31 March 2019 £000s	Revised Description	Service	Lead Director
Earmarked	Flood and Water Mgmt	(159)	-	-	Funds set aside to support the new sustainable urban drainage responsibility.	Environment	John Wood
Earmarked	Hadham Towers Restoration	(126)	-	-	To provide for essential restoration work to return the former Hadham Towers Waste Disposal site to its original use as agricultural land.	Environment	John Wood
Earmarked	Members Highway Locality	(50)	-	-	Carry forward of unspent balance of members locality budget.	Environment	John Wood
Earmarked	Spatial Planning Reserve	(111)	(111)	(111)	To fund development of strategic spatial framework for the County and in particular, support the outcomes from the "Devo" discussions which are specifically examining joint working on planning and infrastructure issues. There is also a need to use this reserve to fund transport strategy work to support the next round of transport infrastructure bids to the LEP's Strategic Growth Fund.	Environment	John Wood
Earmarked	Statutory Planning Authority Inquiries	(387)	(187)	(140)	To meet costs associated with attending public inquiries as the Statutory Planning Authority, which vary significantly between years and the public examination of local plans. The next one of these will be the Minerals Local Plan in 2017/18.	Environment	John Wood
Earmarked	Waste PFI reserve	(8,000)	(8,000)	(8,000)	Set up to deal with a range of risks which could result from the project dealing with the long term treatment of residual waste.	Environment	John Wood
Earmarked	Waste Week 53	(1,064)	(163)	(163)	Required to provide payment to contractor as per an agreed schedule. The annual schedule is payment for exactly 52 weeks over any given year. Every six or seventh year the schedule has to increase to 53 weeks, and an annual contribution is made to the reserve to cover this. Currently anticipate drawing down £142k in 17/18 (as at 08/11/17)	Environment	John Wood
Earmarked	Property Development Programme <i>- Former LAMS reserve</i>	(2,234)	(1,691)	(1,225)	Balance of reserve set aside to support the Local Authority Mortgage Scheme, now designated to support the Property Development Programme, including Herts Living. (Cabinet March 2017)	Resources	Owen Mapley
Earmarked	Public Health - <i>Public Health</i>	(3,146)	(2,965)	(1,697)	Carry forward reserve to support Public Health priorities and development.	Public Health	Jim McManus
Earmarked	Public Health - <i>PH NICE Risk Reserve & Health Protection</i>	(800)	(800)	(800)	Carry forward reserve to support Public Health against risks of the cost of new mandated drugs and health epidemics.	Public Health	Jim McManus
Earmarked	BSF PFI Reserve	(4,116)	(4,520)	(4,980)	The excess of PFI credits over current expenditure levels carried forward to fund future obligations in respect of the Building Schools for the Future project.	Resources	Owen Mapley
Earmarked	Capital Receipts Spend to Release Reserve	(823)	(823)	(823)	To be applied as Revenue Contributions to Capital Outlay to support capital spend enabling achievement of capital receipts.	Resources	Owen Mapley
Earmarked	Corporate Carry Forwards	(1,091)	(784)	(125)	High Needs Strategic Planning Fund and Fire Revenue Grant elements will be fully drawn down by 31.03.18. Balances at 31.03.18/19 refer to HBS technology carry forward only.	Resources	Owen Mapley
Earmarked	Corporate Managed Properties	(290)	(290)	(190)	Monies carried forward to be used as an investment fund for major works in future years.	Resources	Owen Mapley
Earmarked	County Council Elections	(1,015)	-	(393)	To meet the cost of the County Council election held every 4 years.	Resources	Owen Mapley
Earmarked	Capital Financing Reserve	-	-	-	To support the Capital Programme, a contribution of £2.287m is expected to be used in year.	Resources	Owen Mapley
Earmarked	MMI Reserve	(953)	(942)	(842)	Specific reserve set up in recognition of the increased risk relating to the Municipal Mutual Insurance contingent liability.	Resources	Owen Mapley

Category	Reserve name	Balance at 1 April 2017 £000s	Forecast Balance at 31 March 2018 £000s	Forecast Balance at 31 March 2019 £000s	Revised Description	Service	Lead Director
Earmarked	Investment Reserve	-	(6,330)	(12,660)	Reserve to be created from one-off savings from Change to Minimum Revenue Provision policy in 2017/18 to be used for Capital Financing, or other investment.	Resources	Owen Mapley
Earmarked	Salix	(77)	(77)	(77)	A recycling reserve for energy efficiency projects, spend in year expected to equal ongoing repayments.	Resources	Owen Mapley
Earmarked	Self Insurance	(1,832)	(1,832)	(1,832)	A reserve to cover for uninsured liabilities in respect of employer's liability, third party insurance and potential costs incurred as a result of storm damage.	Resources	Owen Mapley
Earmarked	SEND Reform grant	(489)	-	-	A reserve created from grant funding received to support the transition from statements of SEN to combined Education, Health & Care (EHC) Plans.	Resources	Owen Mapley
	Balances earmarked for specific purposes	(35,470)	(41,384)	(40,232)			
ITT	Invest to Transform	(21,070)	(17,462)	(13,958)	Reserve set aside to support innovative projects across the Council that will underpin service transformation and deliver future efficiencies.	Resources	Owen Mapley
TOTAL		(149,785)	(146,026)	(134,021)			

Glossary of Terms

Base Budget	The original budget 2017/18 plus technical adjustments and inflation.
Business Rates	These rates are levied on businesses based on the rateable value of the property occupied.
Business Rates Pooling	An arrangement by which local authorities may form groups and retain a higher proportion of business rates growth, whilst also bearing liability for any Safety Net payments due to authorities whose business rates have fallen beyond a specified threshold
Business Rates Retention Scheme	Introduced April 2013 to replace Formula Grant. A start-up assessment of need is funded by the expected level of business rates to be collected, plus any top-up or tariff; with the balance of assessed need met by Revenue Support Grant.
Capital Programme	The Council's four-year plan for capital expenditure on both major capital schemes and minor capital works.
Capital Receipts	Proceeds from the sale of land, buildings or other capital assets. Capital receipts are used to repay the debt outstanding on assets financed from loans, and to finance new capital expenditure. The receipts cannot be used to finance revenue expenditure.
Collection Fund Surplus/Deficit	A surplus/deficit arising from either more or less council tax than expected being collected by the district councils.
Community Infrastructure Levy	A levy that local authorities can choose to charge on new developments in their area, to help fund additional infrastructure requirements
Council Tax	A local tax set by local authorities in order to meet their council tax requirement. The tax is levied on households and the amount payable is based on the value of the domestic property.
Council Tax Requirement	The amount of revenue expenditure to be met from council tax (equivalent to an authority's Band D council tax multiplied by its council tax base).
Dedicated Schools Grant (DSG)	A ring fenced grant introduced in 2006/07 to fund school spending.
Demography	Used in context of pressures for growth on the budget, resulting from changes in the population. For example, where the number of clients increases, but the cost of the care package per person remains the same between years.

Glossary of Terms (cont'd)

Direct Revenue Financing	Resources provided from the revenue budget to finance the cost of capital projects.
Financing Charges	Charges borne by the revenue budget to meet the cost of financing the council's capital expenditure. These charges include the principal and interest elements of loans outstanding, leasing rentals and direct revenue financing.
Growth	Additional expenditure which increases the quality or volume of service.
Inflation	The additions made to the budget each year to take account of pay and price increases.
Local Government Finance Settlement	The annual determination of local authority spending made by the Government and debated by Parliament. It includes details of the amount of central Government support for spending and how it will be distributed amongst local authorities.
Minimum Revenue Provision	Where the Council finances capital expenditure by debt it must set aside resources to repay that debt in later years. The amount charged to revenue for the repayment of this debt is known as the Minimum Revenue Provision (MRP).
Original Budget 2017/18	The original estimated cost of services for the financial year from 1st April 2017 to 31st March 2018.
Pay Inflation	Pay inflation includes the additional cost of the previous year's pay awards and any part year cost of the budget year's awards.
Price Inflation	In any year there may be a year-on-year cost movement equivalent to the forecast change in the published Consumer Price Index (CPI) in the Bank of England August Inflation Report.
Pressures for Change	Those items required to achieve the same level of service as last year, including demography, new legislation and increased employer's pension contributions.
Previous Policy Decisions	The additional costs falling on the new budget that arose from decisions taken in previous years.

Prudential Indicators	Indicators relating to capital expenditure, external debt and treasury management, together with other information, in order to demonstrate that local authority capital spending plans are affordable, prudent and sustainable.
Reserves	Sums set aside to meet specific revenue or capital expenditure needs in the future.
Revenue Budget	An estimate of annual income and expenditure which sets out the financial implications of the Council's policy for the year.
Spending Review	The government's public expenditure planning process, normally covering a period determined by Central Government.
Standstill Budget	The total budget that would be required to maintain services at the previous year's levels. These figures include efficiency savings but are before changes are made as a result of policy decisions.
Tax Base	A measure of the ability to raise council tax in the county. It is the sum of estimates made by district councils of the number of Band D equivalent properties on which council tax is expected to be paid.
Technical Adjustments	These refer to changes relating to transfer of function, change in funding or changes in responsibility between departments.

HERTFORDSHIRE COUNTY COUNCIL

**CABINET
MONDAY 22 JANUARY 2017 AT 2.00PM**

Agenda Item
No.

5

**HARPENDEN SECONDARY SCHOOL – AUTHORITY TO ENTER INTO
THE DEVELOPMENT AGREEMENT AND LEASE**

Report of the Director of Resources

Author: Mike Evans, Head of Estates Management

Executive Member: David Williams, Leader of the Council (as responsible for
the Resources, Property and the Economy portfolio)

Local Members: Annie Brewster, Harpenden Rural
Teresa Heritage, Harpenden South West

1 Purpose

1.1 To seek Cabinet approval to enter into a Development Agreement for the planned secondary school at Harpenden, a plan of the site is attached at Appendix A, and enter into a Lease of the new school once planning permission has been obtained.

2 Summary

2.1 Cabinet previously approved the acquisition of freehold land at Harpenden as a site for a new secondary school in September 2013, with the site being acquired on 25 August 2017.

2.2 The planning applications and the suite of legal documentation required to deliver the development on the County Council's land are in the final stages. Upon review of the previous Cabinet approvals it has been identified that there is no explicit authorisation to enter into the Development Agreement and Lease.

2.3 The Development Agreement will permit the construction of the school, once planning permission is secured. The lease allows the Harpenden Secondary Education Trust ("school trust") to occupy the buildings once the project is complete.

3 Recommendations

3.1 That Cabinet agrees that:

- i. the County Council enters into a Development Agreement of a new Secondary School in Harpenden with the Secretary of State for Education and the Secretary of State for Housing, Communities and Local Government;
- ii. the County Council enters into a lease of the new Secondary School in Harpenden with the Secretary of State for Housing, Communities and Local Government; and
- iii. the Director of Resources, in consultation with the Leader of the Council (as Executive Member for Resources, Property & the Economy portfolio), be authorised to finalise the Development Agreement and Lease and to arrange the appropriate execution of the documents by the Chief Legal Officer.

4 Background

- 4.1 Cabinet previously approved the acquisition of freehold land at Harpenden in September 2013, with the acquisition having been completed on 25 August 2017. An adjusted final land payment falls due when planning permission is secured based on the type of planning approval achieved. Negotiated terms were agreed with the vendor so as to avoid the compulsory purchase route. The consideration is £1.659 million, plus associated costs. In line with the Cabinet decision in September 2013 these terms were signed off by the Director of Resources and the Executive Member for Resources Property & the Economy in March 2017.
- 4.2 The Education, Skills and Funding Agency (ESFA) is providing the construction finance for the project, with some support from the County Council, see below, and Kier Construction have been appointed by the ESFA to deliver the new school, which will be occupied by the school trust.

5 Terms of the Development Agreement and Lease

- 5.1 The ESFA confirmed to the County Council that it would be prepared to fund the delivery of a free school on the basis that the County Council would lead the land acquisition process and purchase the site. This route was approved by Cabinet in September 2013.
- 5.2 The terms for the delivery of the school will be set out in the Development Agreement between the County Council, the Secretary of State for Education and the Secretary of State for Housing, Communities and Local Government.
- 5.3 The ESFA led the negotiation on behalf of the Government departments and the terms of the Agreement are as standard as possible to ensure consistency across the work the ESFA undertakes.

- 5.4 The Development Agreement permits the ESFA to construct a new school, based on a planning approval, to be obtained.
- 5.5 Within the Development Agreement there is an agreed form of Lease, which allows the school trust to take occupation when the development is complete. The lease is to be for a period of 125 years, at a peppercorn rent, and allows the tenant to operate the new secondary school. There are strict controls on the use of the land and assignability of the lease. The tenant has full responsibility for repair and maintenance as well as being responsible for all statutory issues concerning the site.

6 Financial, legal and risk management implications

- 6.1 In line with Cabinet approval in September 2013, the County Council has acquired the land at Harpenden. The County Council's funding is now linked to the adjustment of the acquisition price plus contributions to highway and playing field works. All of these costs are covered within approved budget levels.
- 6.2 The base acquisition price is £1.659 million, but will be adjusted to take account of the scale of development being undertaken. This price adjustment is currently calculated. Funds have been set aside for the acquisition and development contributions.
- 6.3 In addition to the acquisition price, the County Council has agreed to make contributions of £1.5 million towards playing fields and to provide funding for off-site highway works once the ESFA's agreed contribution of £2.0 million has been spent. These will ensure the new school has the facilities that it requires to provide a high standard of education. If such an investment was not made by the County Council the ESFA would not have undertaken these works to the current level.
- 6.4 The land is currently designated as Green Belt and there is some opposition to the new school. Both the District and Parish Councils have recently confirmed their support to the planning application.

7 Equalities

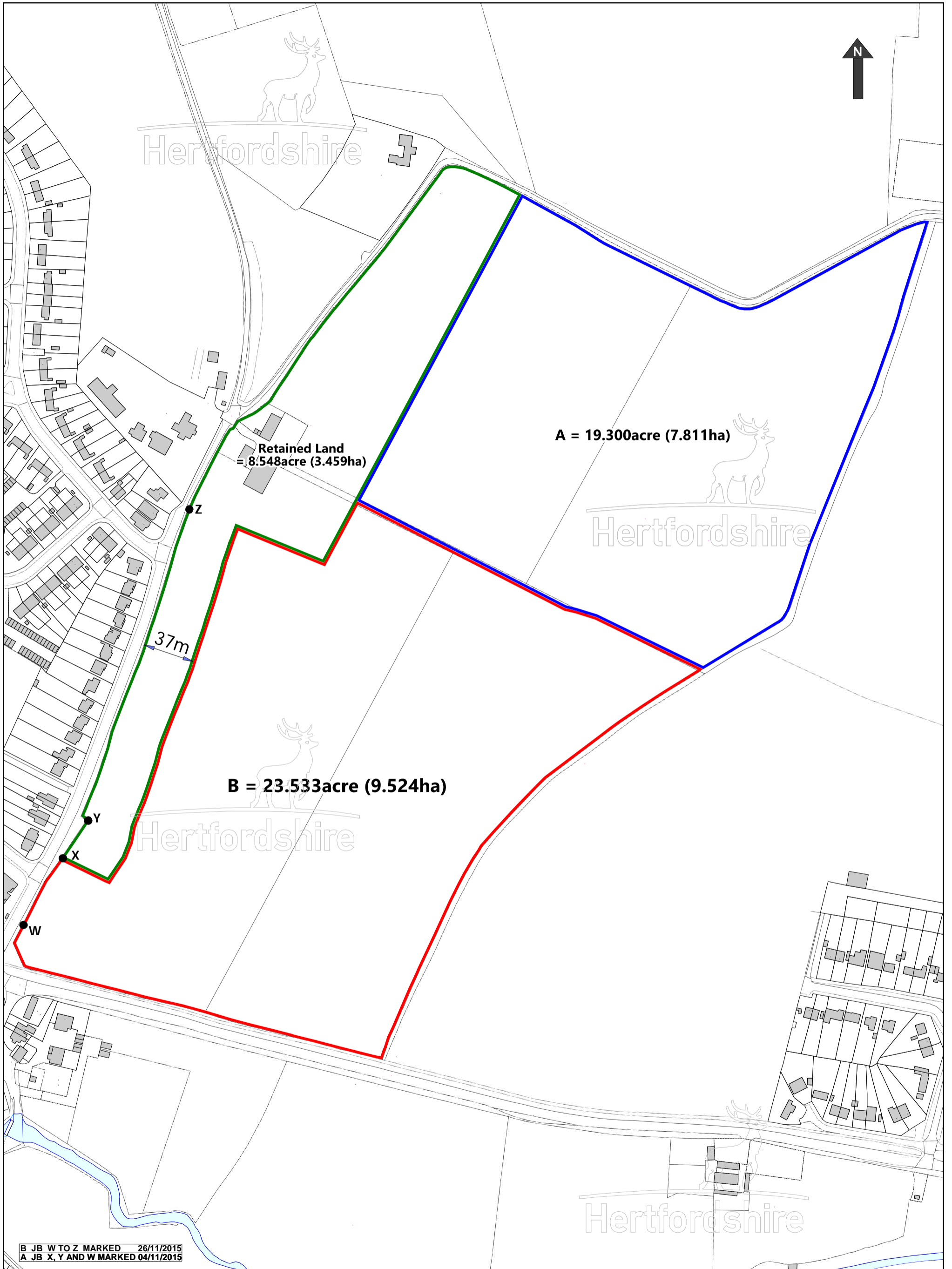
- 7.1 When considering proposals placed before Members it is important that they are fully aware of, and have themselves rigorously considered the equalities implications of the decision that they are taking.
- 7.2 Rigorous consideration will ensure that proper appreciation of any potential impact of 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.

- 7.3 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.
- 7.4 There are no equality issues specific to these proposals.

8 Timeline

- 8.1 The Development Agreement and Lease for school are in their final stages of completion. When planning permission has been secured, and subject to this approval, work on the new secondary school can start on site.



B JB W TO Z MARKED 26/11/2015
 A JB X, Y AND W MARKED 04/11/2015



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Agenda Pack 412 of 508 Agreement Plan

PROJECT	Batford Farm Common Lane Harpenden
DRAWING TITLE	

DRAWN	Jo-Ann Burke
CHECKED	
DATE	20/08/2015
SCALE	1:2500@A3
PLAN NO.	EM 14452
REVISION	B
OS GRID:TL1515	26:11:15

HERTFORDSHIRE COUNTY COUNCIL

CABINET

MONDAY 22 JANUARY 2017 AT 2.00PM

CROXLEY GREEN SECONDARY SCHOOL – AUTHORITY TO ENTER INTO THE DEVELOPMENT AGREEMENT AND OCCUPATION LEASE

Report of the Director of Resources

Author: Mike Evans, Head of Estates Management

Executive Member: David Williams, Leader of the Council (as responsible for the Resources, Property and the Economy portfolio)

Local Members: Sara Bedford, Abbots Langley, Steve Drury, Croxley
Frances Button, Rickmansworth East and Oxhey Park
Ralph Sangster, Rickmansworth West
Joan King, South Oxhey and Eastbury
Chris Hayward, Three Rivers Rural

1 Purpose

1.1 To seek Cabinet approval to authorise the County Council to enter into a Development Agreement for the planned secondary school at Croxley Green, a plan of the site is attached at Appendix A, and enter into a Lease of the new school once planning permission has been obtained.

2. Summary

2.1 Cabinet previously approved the acquisition of leasehold land at Croxley Green in September 2013 and the conditional land purchase contract completed in April 2017.

2.2 The planning applications and the suite of legal documentation required to deliver the development on the County Council's land are in the final stages. Upon review of the previous Cabinet approvals it has been identified that there is no explicit authorisation to enter into the Development Agreement and Lease.

2.3 The Development Agreement will permit the construction of the school, once planning permission is secured. The lease allows the Danes Educational Trust ("school trust") to occupy the buildings once the project is complete.

3. Recommendations

3.1 That Cabinet agrees that:

- i. the County Council enters into a Development Agreement of a new Secondary School in Croxley Green with the Secretary of State for Education and the Secretary of State for Housing, Communities and Local Government;
- ii. the County Council enters into a Lease of the new Secondary School in Croxley Green with the Secretary of State for Housing, Communities and Local Government; and
- iii. the Director of Resources, in consultation with the Leader of the Council (as responsible for the Resources, Property & the Economy portfolio) be authorised to finalise the Development Agreement and Lease and to arrange the appropriate execution of the documents by the Chief Legal Officer.

4. Background

- 4.1 Cabinet previously approved the acquisition of leasehold land at Croxley Green in September 2013 and the conditional land purchase contract completed in April 2017. A final payment is due when planning permission is secured. Negotiated Terms were agreed with Transport for London (TfL) avoiding a Compulsory Purchase. TfL would not sell the freehold but terms were agreed for a lease of 150 years, with the County Council paying £3,930,507 plus associated costs, such as Stamp Duty and VAT. The 150 year lease allows TfL to capture development value once the lease expires. In line with the Cabinet decision these terms were authorised by The Director of Resources and the Executive Member for Resources Property & the Economy in August 2017.
- 4.2 The Development Agreement permits the construction of the school, once planning permission is secured. The lease will allow the school Trust to occupy the buildings once the project is complete.
- 4.3 The Education, Skills and Funding Agency (ESFA) is providing the construction finance for the project, with some support from the County Council, see below, and Kier Construction have been appointed by the ESFA to deliver the new school.

5. Terms of the Development Agreement and Lease

- 5.1 The ESFA confirmed to the County Council that it would be prepared to fund the delivery of a free school on the basis that the County Council would lead the land acquisition process and purchase the site. This route was approved by Cabinet in September 2013.
- 5.2 The terms for the delivery of the school will be set out in the Development Agreement between the County Council, the Secretary of

State for Education and the Secretary of State for Housing, Communities and Local Government.

- 5.3 The ESFA led the negotiation on behalf of the Government departments and the terms of the Development Agreement are standard to ensure consistency across the work the ESFA undertakes.
- 5.4 The Development Agreement permits the ESFA to construct a new school, based on a planning approval, to be obtained.
- 5.5 Within the Development Agreement there is an agreed form of Lease, which allows the school Trust to take occupation when the development is complete. The lease will be for a term of 130 years, at a peppercorn rent. There are strict controls on the use of the land. The tenant has full responsibility for repair and maintenance, as well as being responsible for all statutory issues concerning the site.

6. Financial, legal and risk management implications

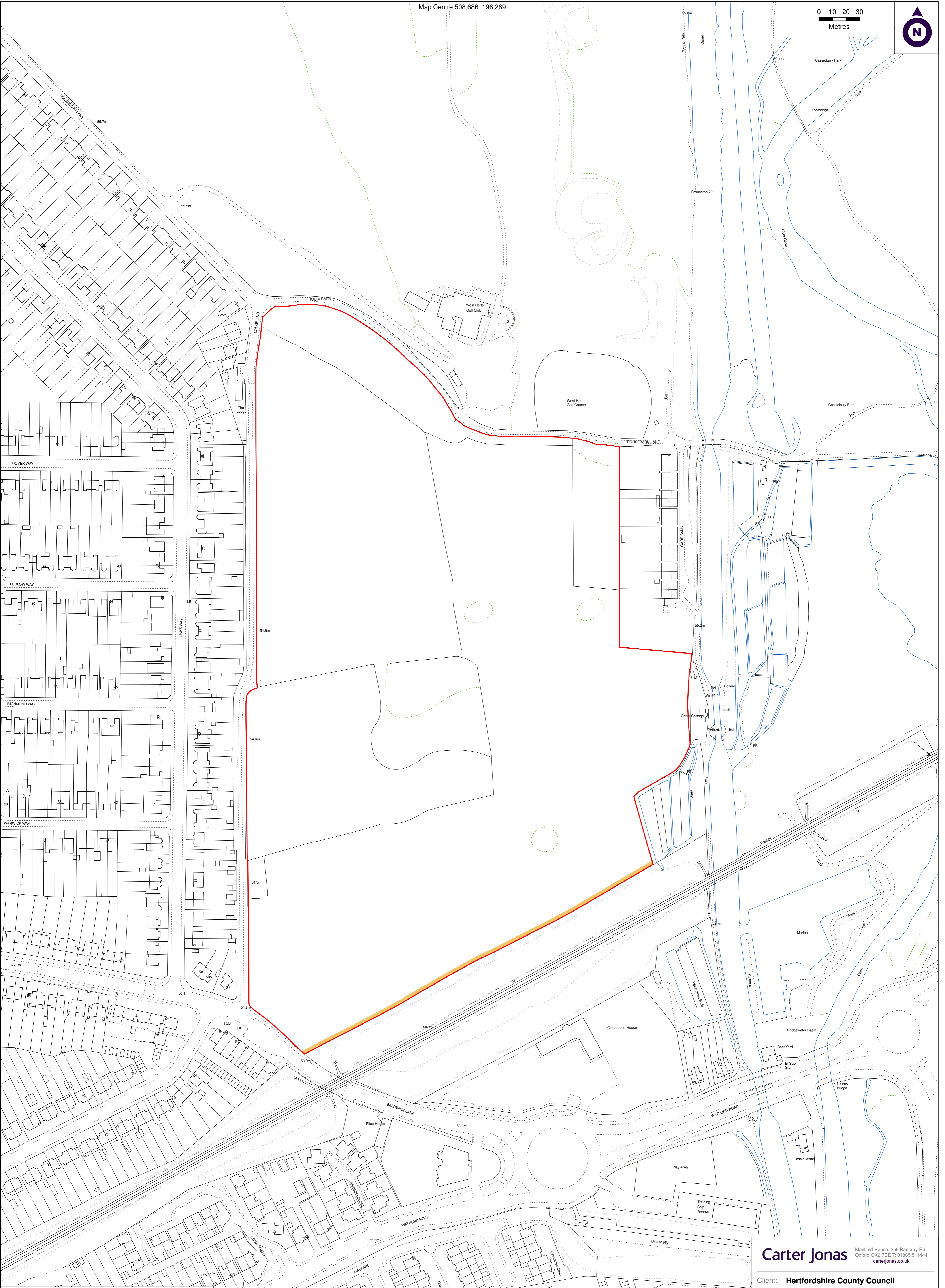
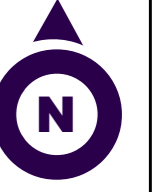
- 6.1 In line with Cabinet approval in September 2013 the County Council has acquired the land at Croxley Green. The County Council's funding is now linked to the land acquisition plus contributions to highway and playing field works. All of these costs are covered within approved budget levels.
- 6.2 The consideration price is £3,930,507, which should be payable to Transport for London within this year's budgeting period. In addition there are associated costs, including Stamp Duty and VAT. Capital funds have been set aside for the acquisition and development contributions.
- 6.3 In addition to the acquisition price, the County Council has agreed to make contributions of £1.5 million to playing fields and highway improvements. Due to the nature of the site work is ongoing to verify the final cost of the works. The County Council's project manager for the project (MACE) will provide a validation report on such costs. These works will ensure that the new school has the facilities to provide a high standard of education. If such an investment was not made by the County Council the ESFA would not have undertaken these works to the current level.

7. Equalities

- 7.1 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.
- 7.2 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.
- 7.3 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.
- 7.4 There are no equality issues specific to these proposals.

8. Timeline

- 8.1 The Development Agreement and Lease for school are in their final stages of completion. When planning permission has been secured, and subject to this approval, work on the new secondary school can start.



Legend

- Land Subject to Agreement for Lease
- 3 metre wide protected strip

Carter Jonas Mayfield House, 256 Banbury Rd
Oxford OX2 7DE T: 01865 511444
carterjonas.co.uk

Client: **Hertfordshire County Council**
 Project: **Land at Croxley Green**

Title: **Lease Plan**

Scale: 1:1250 @A1 Date: 06 March 2017
 Drawn by: GY Dwg no: **1078779-17-01**

HERTFORDSHIRE COUNTY COUNCIL

CABINET

MONDAY 22 JANUARY 2018 AT 2.00PM

HERTFORDSHIRE SKILLS STRATEGY TO 2020

Agenda Item
No.

7

Report of the Director of Resources

Authors:- Kate Brierley, Senior Policy Officer, Corporate Policy team, Hertfordshire County Council, (Tel: 01992 588321)
Andy Manson, Head of Services for Young People, Hertfordshire County Council
Chantal Lommel, Head of Hertfordshire Adult and Family Learning Service, Hertfordshire County Council
Norman Jennings, Hertfordshire Local Enterprise Partnership
Derek Cockerill, Dept. Work and Pensions

Executive Member:- David Williams, Leader of the Council (as responsible for the Resources, Property and the Economy portfolio)

1. Purpose of report

1.1 To seek Cabinet approval of the Hertfordshire Skills Strategy to 2020.

2 Summary

2.1 This is the second Skills Strategy for Hertfordshire, a refreshed version of the first. The aim remains to increase and develop the county's workforce to ensure it can support a strong economy within which businesses can thrive, whilst enabling all residents of Hertfordshire to fulfil their own individual potential and share in Hertfordshire's prosperity.

2.2 Significant progress has been made in implementing the first Skills Strategy and recruitment difficulties have eased in Hertfordshire. While lack of skills remains a key factor in the county, the percentage of hard to fill vacancies that are a result of skills shortages has reduced significantly. However, there is still a need to increase and develop our workforce to ensure a strong economy can be supported.

2.3 Stakeholders were invited to comment on the draft strategy and identify any gaps at the Skills Summit in October 2017 and online survey. Findings from the summit and survey have been analysed, considered and incorporated into this Skills Strategy.

2.4 The revised strategy is attached at Appendix A.

3. Recommendation

3.1 The Resources, Property & the Economy Cabinet Panel considered a report on this item of business at its meeting on 15 December 2017. The Cabinet Panel recommended to Cabinet that Cabinet agrees the Hertfordshire Skills Strategy, attached at Appendix A.

4 Background

4.1 The concept of a Hertfordshire Skills Strategy was first proposed at the Hertfordshire Forward Conference in February 2014. A Skills and Labour Market review in 2014 of Hertfordshire businesses showed that nearly half of employers identified skills gaps in their existing workforce and many considered that skills gaps an important factor affecting their competitiveness and business performance.

4.2 The first Hertfordshire Skills Summit 'Releasing our potential' co-hosted by the Hertfordshire Local Enterprise Partnership (LEP) and Hertfordshire County Council was held in September 2014. Individuals attending the summit were invited to discuss the findings of the Hertfordshire businesses' skills gap survey and pledge an action they could implement.

4.3 The round table discussions from the Skills Summit provided the five themes for the first strategy:

- Developing our future workforce - supporting young people aged 16-24 years in the transition from education to employment
- Towards fuller employment - supporting vulnerable adults into employment, increasing the available workforce and enabling priority groups to fulfil their potential
- Enhancing opportunities through lifelong learning, adopting a culture of lifelong learning to benefit individuals as well as local businesses
- A leading economy – skills to drive growth. Working with businesses and training providers to improve the skills of both the existing workforce and the future labour market in order to sustain economic growth.
- Skills to grow small and medium size businesses (SMEs), providing targeted support to SMEs and their workforce in order to facilitate growth.

4.4 Hertfordshire County Council, Hertfordshire Local Enterprise Partnership and the Department for Work and Pensions have worked together to produce, implement and drive the Hertfordshire Skills Strategy.

5 Progress to date

- 5.1 Significant progress has been made implementing the first Skills Strategy and the Hertfordshire Skills and Labour market update from March 2016 reports favourably on a number of areas that the Skills Strategy has strived to address. While a lack of skills remains a key factor behind recruitment difficulties in the county, the percentage of hard to fill vacancies that are a result of skills shortages has reduced significantly. However, there is still a need to increase and develop our workforce to ensure we can support a strong economy.
- 5.2 A number of actions, dependant on funding available later than first anticipated, were delayed in starting. Hertfordshire County Council has led a partnership, including the voluntary and community sector, in a successful bid for European Social Fund monies with match funding from The Big Lottery of £5.5m to help boost skills for residents. The programme will reach around 2,250 people in Hertfordshire over the next three years and commenced in January 2017, rather than in 2016.
- 5.3 Over the life of the first Skills Strategy we have seen major changes to the skills agenda: apprenticeship reforms including introduction of the Apprenticeship Levy, the government's Industrial Strategy proposals and rapid technological changes. Looking to the future further developments are anticipated: the government's School Careers Strategy and plans for T (Technical) Level courses, possible implications of Brexit, the devolution agenda and the impact on the workforce on an ageing population.
- 5.4 Regular monitoring reports on the progress of the first Skills Strategy have been presented to this Cabinet Panel and the LEP Skills and Employment Board every six months.

6 The second Skills Strategy

- 6.1 Given the need to remain agile, the refreshed strategy deliberately focuses on the short-term up to 2020 to provide room for further future proofing. In particular, the rapidly developing technologies are changing the way we work, the jobs and the skills required to do them. Commentators have identified that we are experiencing the "Fourth Industrial Revolution".
- 6.2 A second draft Skills Strategy was first presented to this Cabinet Panel on 6 April 2017 for comments before a second Skills Summit was organised. Cabinet Panel endorsed the draft strategy and commented on a number of areas: promoting apprenticeships, targeted support for over 50 job seekers and the need for all residents to have digital skills and these issues remain a focus of the strategy.
- 6.3 The five themes of the first Skills Strategy remain for the second strategy and the document as a whole has been refreshed to reflect

the changes in the skills agenda, the progress achieved to date and mindful of the future. The action plan has been updated and reflects the progress made to date and the comments and suggestions gathered at the second Skills Summit.

7 The second Skills Summit

- 7.1 Incorporating the influences, views and needs of employers, training providers, schools, colleges and public sector organisations in the strategy remains vital and the Skills Summit held in October 2017 provided an opportunity for all stakeholders to be involved.
- 7.2 Over 80 people attended the second Skills Summit for the opportunity to hear about the challenges around the skills agenda in the county and the progress made to date implementing the strategy. Delegates were asked to comment on the strategy: to identify any gaps, any barriers to implementation, their organisations role in implementing the strategy and to highlight issues on the horizon the Hertfordshire Skills Strategy should be addressing.
- 7.3 For those who were unable to attend the Summit an online survey was also available to ensure all had the opportunity to be involved.
- 7.4 The findings proved that there was good support for the Hertfordshire Skills Strategy and stakeholders made a number of comments and suggestions that have been analysed, considered and incorporated into the strategy. A stakeholder report containing a summary of the comments received and details of subsequent amendments to the draft strategy is available on the Hertfordshire LEP website; Skills Summit hub <https://www.hertfordshirelep.com/skills-summit-2017/>

8 Monitoring the progress of the second Skills Strategy

- 8.1 Performance measures for the second Skills Strategy have been revised to better reflect the work carried out to address the skills gap in Hertfordshire. The previous set of performance measures used to monitor the first strategy were identified by this Cabinet Panel in April 2017 as not reflecting the efforts and progress made. Previously high level indicators were selected but for much of the work, such as around lifelong learning for example, there will be a delay in someone beginning to access learning in the community before moving on to gaining formal qualifications.
- 8.2 As was requested by the Resources, Property & the Economy Cabinet Panel in September 2017, the performance reports continue to include the overarching ambitions of the strategy e.g. the percentage of 16 – 64 year olds in Hertfordshire with no qualifications but the targets are now more relevant to the actual work to be completed. The list of performance measures can be seen on pages 8 and 9 of the strategy.

8.3 The work to implement the Skills Strategy will continue to be delivered in partnership; all three organisations aspire to support a strong economy within which businesses can thrive, whilst enabling all residents of Hertfordshire to maximise their own individual potential and share in Hertfordshire's prosperity. Partner organisations across Hertfordshire such as the District and Borough Councils and training providers will be encouraged to refer to this strategy and reflect it in their individual planning, knowing that we will be working towards the same strategic outcomes.

9 Equality Implications

9.1 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.

9.2 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.

9.3 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.

9.4 An Equalities Impact Assessment (EqIA) has been carried out and updated where necessary on the proposal contained within this report. The EqIA is attached at Appendix B, to ensure that members are fully aware of any equality issues arising from the proposals. The EqIA will be reviewed and updated as part of any future public consultation. Consideration has been given to the likely impact of the proposal, and current assessments conclude that it is not anticipated that people with protected characteristics will be affected disproportionately.

10 Financial implications

10.1 The strategy includes twenty actions to be progressed over a three-year period, together with details of the funding sources for each action. Implementing the actions should be feasible within our existing budgets,

but is dependent on Government maintaining the current levels of funding for adult education; we continue to source additional funding.

10.2 The delivery of actions supporting young people aged 16 to 24 years is within existing budgets or within externally funded or traded services e.g. the Careers & Enterprise programme.

Background papers

Appendix A Hertfordshire Skills Strategy to 2020

Appendix B Equalities Impact Assessment

Releasing our potential



Hertfordshire Skills Strategy to 2020

Executive Summary

Skills contribute significantly to the economic output of an area and are a dynamic driver of enterprise, investment and new industries. Employers in Hertfordshire view the overall proficiency of their workforce as key to their performance and business competitiveness.

Significant progress has been made implementing the first Skills Strategy; recruitment difficulties have eased in Hertfordshire and the percentage of hard to fill vacancies that are a result of skills shortages has reduced significantly. However, there is still a need to increase and develop our workforce and the aim remains; to increase and develop our workforce to ensure we can support a strong economy within which businesses can thrive, whilst enabling all residents of Hertfordshire to maximise their own individual potential and share in Hertfordshire's prosperity.

The strategy is arranged into five themes:

- Developing our future workforce - supporting young people aged 16-24 years in the transition from education to employment
- Towards fuller employment - supporting vulnerable adults into employment, increasing the available workforce and enabling priority groups to fulfil their potential
- Enhancing opportunities through lifelong learning, adopting a culture of lifelong learning to benefit individuals as well as local businesses
- A leading economy; skills to drive growth. Working with businesses and training providers to improve the skills of both the existing workforce and the future labour market in order to sustain economic growth
- Skills to grow small and medium size businesses (SMEs), providing targeted support to SMEs and their workforce in order to facilitate growth

Hertfordshire Local Enterprise Partnership, Hertfordshire County Council and the Department for Work and Pensions are working together to implement and drive this strategy. The influences, views and needs of employers, training providers, schools, colleges and public sector organisations remains vital and have been incorporated in this strategy. Partner organisations across Hertfordshire are encouraged to refer to this strategy and reflect it in their individual planning, knowing that we will be working towards the same strategic outcomes.

Our shared interest has enabled a collaborative approach which we favour and promote in Hertfordshire, and the graphic below demonstrates how we work together to support the county's workforce:

Supporting Hertfordshire's Workforce



Introduction

Why do we need a Skills Strategy?

Skills contribute significantly to the economic output of an area and are a dynamic driver of enterprise, investment and new industries. Employers in Hertfordshire view the overall proficiency of their workforce as key to their performance and business competitiveness.

The original Skills Strategy published in 2015 was developed to address the growing appetite for a strategy attuned to the county's particular needs and brings together key stakeholders strategic plans into a coherent whole. This second Skills Strategy is a refreshed version of the first and the aim remains; to increase and develop our workforce to ensure we can support a strong economy within which businesses can thrive, whilst enabling all residents of Hertfordshire to maximise their own individual potential and share in Hertfordshire's prosperity.

Significant progress has been made implementing the first Skills Strategy and the Hertfordshire Skills and Labour market update from March 2016 reports favourably on a number of areas that the Skills Strategy has strived to address; recruitment difficulties have eased in Hertfordshire. While lack of skills remains a key factor behind recruitment difficulties in the county, the percentage of hard to fill vacancies that are a result of skills shortages has reduced significantly.

Over the life of the first Skills Strategy we have seen major changes to the skills agenda: apprenticeship reforms including introduction of the Apprenticeship Levy, the government's Industrial Strategy proposals and rapid technological changes. Looking to the future we anticipate further developments: government's School Careers Strategy and plans for T (Technical) Level courses, with a need to be mindful of any implications of Brexit, the devolution agenda and the impact on the workforce from an ageing population.

Since the start of the 21st century with inventions such as artificial intelligence, 3D printing, autonomous vehicles, technology and biotechnology, commentators have identified that we are experiencing the Fourth Industrial Revolution. These rapidly developing technologies are changing the way we work, the jobs and the skills required to do them. It is thought that the useful skills in the workplace of 2020 will be different from those needed today. We are mindful of the need to remain agile and this strategy is deliberately short-term to 2020 to ensure we allow for further future proofing.

Working in partnership

Hertfordshire Local Enterprise Partnership, Hertfordshire County Council and the Department for Work and Pensions are working together to produce, implement and drive this strategy. Incorporating the influences, views and needs of employers, training providers, schools, colleges and public sector organisations remains vital and a second Skills Summit held in October 2017 provided an opportunity for all stakeholders to be involved. Findings from the Summit have been analysed, considered and incorporated into this Skills Strategy.

Ensuring our workforce has the right skills to encourage future economic growth lies at the heart of delivering the Hertfordshire Local Enterprise Partnership (LEP) Strategic Economic Plan (SEP) which has defined the following vision: 'by 2030 Hertfordshire will be among the UK's leading economies, helping to realise the full economic potential of the assets and opportunities within the 'Golden Triangle' of London – Cambridge – Oxford. Developing the STEM (Science, Technology, Engineering and Mathematics) skills of both our future and existing workforce will be key to improving the economic growth of the county. In addition, the provision of both qualification and non-qualification based provision to develop the leadership and management skills of our workforce are an important element in achieving this vision; more and better workforce skills are essential.

Hertfordshire County Council's (HCC) vision of a 'County of Opportunity'; envisages a county where people have the opportunity to live healthy, fulfilling lives in thriving, prosperous communities. It wants Hertfordshire to be recognised as a great place to do business, with a skilled workforce and infrastructure that supports the developing needs of the local economy. At the same time, it seeks to give every Hertfordshire resident the opportunity to maximise their potential and live a full life as a confident and resilient citizen.

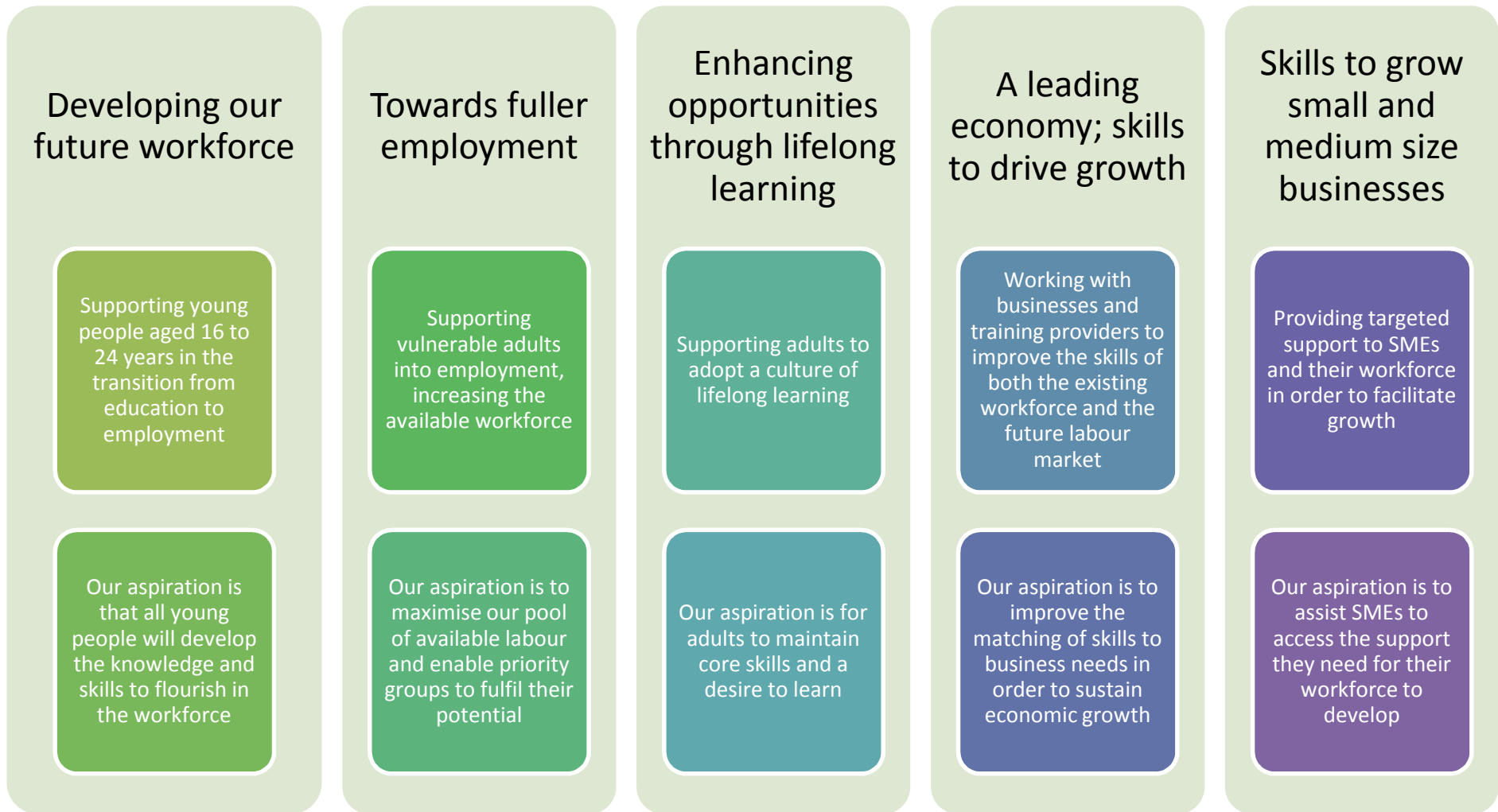
The Department for Work and Pensions (DWP) works to provide security, extend opportunity, and give people the support they need to transform their lives; helping the most vulnerable people in our society by addressing the root causes of disadvantage and supporting them to turn their lives around and ensuring that everyone who is able to work is given all the support they need to do so, while those who cannot are protected.

We work in partnership; all three organisations aspire to support a strong economy within which businesses can thrive, whilst enabling all residents of Hertfordshire to maximise their own individual potential and share in Hertfordshire's prosperity. Partner organisations across Hertfordshire such as the District and Borough councils and training providers are encouraged to refer to this strategy and reflect it in their individual planning, knowing that we will be working towards the same strategic outcomes.

A detailed action plan explaining how this strategy is to be implemented can be seen from page 21.

Key themes

Our key themes and aspirations remain:



Planned actions

This strategy includes a detailed action plan from page 21 identifying the planned work programme for each of the three organisations responsible for implementing this strategy.

Monitoring progress

The progress of the action plans and the performance measures will be monitored by Hertfordshire County Council Resources, Property & the Economy Cabinet Panel and the Skills and Employment Programme Board of the Local Enterprise Partnership, which includes senior representation from Department of Work and Pensions. It is also reported to Hertfordshire Forward, the county Local Strategic Partnership. A review of this strategy is planned for 2020.

Our performance measures are:

- We will increase the percentage of young people (16 and 17 years old) opting to stay in education and training from 97.9% in 2017 to 98.3% in 2020
- We will decrease the lost contact and Not in Education, Employment or Training (NEET) 3 month average for 16 and 17 year olds from 3.39% (December 2016 - February 2017) to 3.0% in 2020
- We will increase the number of young people (16 – 18 years) who start an apprenticeship pathway from 1955 in 2016 to 2255 in 2020.
- We will organise annual 'Voice of the Customer' forums within Hertfordshire Jobcentres to understand the challenges that people with disabilities face in the modern labour market
- We will organise one Jobs Fair per quarter in all Hertfordshire Jobcentres
- We will organise a joint LEP/DWP employer's workshop to explore the needs and attitudes to retaining/retraining and recruiting 50+ workers
- We will increase the number of Sector Based Work Academy placements year on year of which 25% will be for those who are aged 50+
- We will maintain the number of learning opportunities (accredited or non-accredited) funded by the Education and Skills Funding Agency (ESFA) taken up by unemployed or economically inactive adults aged 19-65 at 22,000 per year
- We will maintain the number of residents aged 19-65 passing successfully English, maths and digital skills provision (accredited or non-accredited) each year (9974 in 2015/16)

- We will engage with 7000 19+ residents per year with complex barriers to learning and employment to take part in community engagement activities to improve their aspirations and resilience
- We will increase the number of advanced/higher and degree level apprenticeship starts from 2757 in 2016 to 3697 in 2020
- We will promote the take up of STEM apprenticeships in 2018 to increase starts to 1394 in 2019 and 1492 in 2020
- We will hold 2 sector based skills events per year to encourage greater collaboration between employers and local skills providers to meet business needs
- We will increase the percentage of SME businesses that undertake formal training and development of their workforce from 65% in 2016 to 67% in 2020
- We will increase the number of SMEs supported by the Skills Advisors at the Herts Growth Hubs from 229 in 2017 to 750 in 2018

We will also continue to report the performance of our overarching ambitions including unemployment rate, level of qualifications and skills shortages reported by businesses.

Theme 1: Developing our future workforce

Young people have an essential part to play in the future prosperity of Hertfordshire and our aspiration is that they develop and acquire the knowledge and skills to flourish in the workforce:

Current situation

Research tells us that for young people the transition from education to work can be difficult; *Backing Soft Skills* (McDonalds UK, 2015) stresses that “this is especially challenging for young people who are disadvantaged in some way, such as those with disabilities or behavioural difficulties.” Further we know that employers have concerns about young people’s employability skills; *Results for Life*, (Princes Trust, 2017) highlighted that 72% of employers believe that young people do not have the soft skills to do well when they first start work, lacking most typically: confidence, communication and reliability. The report proposes that on the whole pupils do not leave school with these skills.

Statutory guidance requires governing bodies to ensure all registered pupils are provided with independent careers guidance from years 8 to 13. The guidance states schools should consider the following principles for good practice when developing their strategy:

- High quality work experience that properly reflects an individual’s studies and strengths, and supports the academic curriculum
- Face to face advice and guidance to build confidence and motivation
- Access to a range of activities that inspire young people, including employer talks, careers fairs, motivational speakers, colleges and university visits, coaches and mentors
- Building strong links with employers, who can help to boost young people’s attitudes and employability skills, inform pupils about the range of roles and opportunities available and help them understand how to make this a reality

However the extent of this depends on a school prioritising the delivery of these activities and on the whole having the ability to pay for it. The financial landscape is becoming more challenging.

The delivery of the Careers & Enterprise programme in Hertfordshire is progressing well and aims to support these objectives, 90 schools have received an audit of their careers, enterprise and employer engagement but we need to do more in recruiting Enterprise Advisers from Business and Employers and in engaging with a school's strategic direction. We can also do more to ensure quality opportunities for young people to engage with employers in the priority skills areas as identified by Hertfordshire LEP and improve on imbalances such as of the 485 STEM work experience placements provided by YC Hertfordshire (formerly Hertfordshire Youth Connexions) in 2015/16 only 7.2% were by young women.

The 16-18 year old Not in Education, Employment or Training (NEET) rate reached a record low of 3.2% in January 2017. We also know that 96% of young people receive an offer of a confirmed place in learning following year 11 or 12 and that those without one are targeted to support their progression and prevent them becoming NEET.

This data is encouraging but it does hide a number of underlying issues which need to be addressed as part of this Skills Strategy. There are still over 1000 young people not in any form of learning, this includes jobs without training. Those in this group tend to be young people with additional needs or those from vulnerable groups all of whom are the most likely to be NEET beyond their 18th birthday. There are also significant differences between areas: Broxbourne and Welwyn Hatfield have 16-18 NEET rates over 4%, Stevenage over 5% whilst St Albans is under 2%.

Our goals

- That all young people have access to impartial Careers Education and independent advice and guidance and are made aware of all the learning pathways that exist in Hertfordshire.
- To raise awareness of employers, through the Careers and Enterprise programme and other initiatives, of the potential of young people and forge stronger links between employers and education providers to provide young people with face to face learning opportunities, work experience and employer events.
- For employers to provide and education providers to promote, opportunities for young people to undertake apprenticeships, traineeships and workplace training, particularly at higher skill levels such as advanced apprenticeships and degree apprenticeships.
- To identify those at risk of becoming NEET and those who are NEET and maintain, develop and co-ordinate programmes to move them into education, employment and training. There will be a particular focus on those from vulnerable groups.

- To promote quality learning provision that reflects the needs of both the young people and the economic growth of Hertfordshire building on existing best practice and creating new education and training opportunities.
- To promote opportunities for work related learning and employment within the STEM sectors and an increase in work placements taken by young women.

Theme 2: Towards fuller employment

In Hertfordshire approximately 80% of working age residents are in employment. Maximising our pool of available labour will both support an increasing demand for labour and create a strong economy; our aspiration is to aim for full employment to support a strong economy within which businesses can thrive:

Current situation

Hertfordshire's labour market profile has seen a reduction in the number of unemployed Jobseeker claimants of around 20% between January 2016 and January 2017. This reduction has been most marked in the 18-24 age categories with a drop of 46%. The lowest drop has been in the 50+ age category with a reduction of 3%. The 50+ age category, as a percentage of the total unemployed Jobseekers register, is increasing.

Hertfordshire has a number of people who are out of work for reasons including poor health, disability, ex-offenders, caring responsibilities, families with multiple problems, care leavers and being homeless. Whilst it is difficult to categorise a whole group as being vulnerable, as individual circumstances will vary, it is acknowledged that the barriers to employment for certain groups tend to be more complex. Jobcentre Plus (JCP) will support every vulnerable adult, looking to move nearer the labour market, with a named Work Coach to help the claimant design a package of support to help them overcome any barriers and meet their individual needs to gain full employment.

A significant issue facing vulnerable adults is not only securing employment, but retaining this status, as their personal circumstances or resilience may cause issues that can lead to individuals rotating between employment and unemployment. This can only be overcome by working with employers to identify these triggers and increasing in-work support.

A number of organisations work with adults across priority groups in Hertfordshire including HCC's Hertfordshire Adult Family Learning Service (HAFLS) and Work Solutions, Herts Mind Network, DWP, and other organisations from the Voluntary and Community Sector (VCS). By working in partnership, these organisations look to reduce the barriers that vulnerable adults face in competing in the labour market. Support will include working on improving skills set, confidence building, and access to work experience, sector based work academies, apprenticeships, work trials and volunteering.

It is recognised that volunteering provides valuable real life experience as well as supporting community initiatives. DWP Jobcentre Plus in partnership with local employers also offers initiatives such as Work Experience, Work Trials and Sector Based Work Academies. Jobcentre Plus works with employers to put in place workplace adaptations to help support and retain vulnerable adults, with health conditions, in employment.

Our goals

- We aim to increase the number of economically active individuals in the community by supporting those most vulnerable in work and into work.
- We will encourage continued and greater co-ordination between key agencies i.e. JCP, HAFLS and the VCS in order to promote the positive impact that sustained employment has on many health and social issues.
- We will work to reduce the differential between the numbers of 50+ aged Jobseekers and other age groups.
- We will work with partner organisations to promote volunteering opportunities to enhance the personal skillset, attitudes and knowledge of the hardest to help jobseekers in the labour market.

Theme 3: Enhancing opportunities through lifelong learning

With an ever changing workplace environment, residents are likely to face a number of career changes and therefore having core skills and a desire to learn is a requirement for the management of careers. Adopting a culture of lifelong learning will benefit individuals as well as local businesses. It will provide greater choices and opportunities for both individuals in the workplace and those seeking employment. There is a need for our workforce to aspire to and remain agile, digitally competent and adaptable to changes in the workplace.

Current situation

Lifelong learning is about personal fulfilment and enterprise; employability and adaptability; active citizenship and social inclusion. It encompasses post-compulsory education, learning and covers the whole range of learning: formal, informal, workplace, and the skills, knowledge, attitudes and behaviours that people acquire in day-to-day experiences. It plays an important role supporting a person in changing circumstances to be flexible in their career choices, which means that they are less likely to become unemployed and therefore can contribute positively to Hertfordshire's economy. Government strategy for adult learning now includes digital literacy in addition to English and maths as a free entitlement to education.

In Hertfordshire there is a gap in participation in learning between those in low skilled employment and those in high skilled jobs and between the skills of those in work and those who are not. Evidence shows that a greater percentage of those individuals who struggle to secure sustainable employment have little or low skill levels. Encouraging this group to invest time and effort in learning will increase the number of individuals likely to remain in sustainable employment.

Whilst many Hertfordshire residents have high levels of qualifications, labour market profiles show that there are quite significant variations across the county with the St Albans area having the highest percentage of adults with level 2 qualifications¹ or above (85.9%) whilst other areas such as Broxbourne and Welwyn Hatfield show the lowest with 71.6% and 71.3% respectively.

¹ GCSEs at grade A* - C or 9 - 4

Further Education Colleges, private training providers and Higher Education Institutions are the most common and largest providers of lifelong learning opportunities. However, informal community-based learning plays a crucial role in supporting people to engage in, or return to, learning. Informal learning can often be a first step back into more formal further or higher education for people who have become disengaged from learning. HCC's Adult and Family Learning Service, community centres, local learning providers (e.g. VCS) and local libraries play an important role in supporting learning in less formal settings, through the use of community education approaches, to address people's interests and concerns. Hertfordshire employers report that their skills gaps are having a negative impact on the business and that job applicants are frequently not fully proficient in oral and written communications.

Our goals

- We will work to raise the level of literacy and numeracy of Hertfordshire's adult population, focusing initially on adults with no qualification in English and maths or below level 2 and residents with English as a second language; in addition we will support the delivery of digital literacy skills
- We will support the development of learning programmes with Community Learning providers, including the voluntary and community sector, to design and deliver discreet provision for those residents with complex barriers to learning and employment and who are hard to engage.
- We will deliver more targeted programmes to support those who are unemployed, and more specifically those claiming benefits, to help gain access to and retain employment.
- We will support partnership working between learning providers and employers to promote the benefits of work-based learning and apprenticeships up to level 5 and degree level.
- We will continue to work with the voluntary and community sector to improve the provision of Community Learning, mindful of the Hertfordshire Compact; a written understanding between the voluntary and community sector and statutory sectors about how we will co-operate and continue to develop positive working relationships for the benefit of Hertfordshire's communities.

Theme 4: A leading economy; skills to drive growth

The Hertfordshire economy has been relatively resilient to recession. There are now clear signs that both labour and skills demands in Hertfordshire have and will continue to increase with further demand pressures ahead. Developing skills for growth will be an important element in Hertfordshire becoming a leading economy at the heart of the UK's 'Golden Triangle'.

Therefore our primary focus will be on developing skills within the following priority sectors;

- Science/technology
- Engineering & manufacturing
- Film & media
- Financial & business services
- High end logistics
- Built environment

Current situation

Hertfordshire continues to show signs of labour market pressures. Participation in employment is high and growing, and unemployment is low. Vacancies have increased sharply over recent years and the London economy has created a high number of jobs over the past 10 years. A number of Hertfordshire districts (St Albans, Watford and Welwyn Hatfield) have enjoyed strong employment growth. Hertfordshire's working age residents have higher than national average skills levels, however the skills levels of Hertfordshire's workforce is in line with the national average.

Hertfordshire's population has grown significantly over the past decade, and this is projected to continue. Whilst this goes some way towards meeting future labour market demand in the county, a high proportion of the additional workforce are likely to be attracted to work in London.

Hertfordshire has a growing productivity gap with productivity rates significantly below peer economies in the south of England. It seems unlikely that the supply of qualified workers is behind this trend. However, a contributing factor may be that Hertfordshire's employers are less likely to train their staff than the leading local economies.

It is clear that employers responding to the Hertfordshire Businesses' Skills Gap Survey have accepted a responsibility for upskilling staff, both new and existing. This is particularly true of larger and medium sized businesses with 65% of businesses having a training plan/budget. Of those businesses who offer little or no training, the majority of whom are small or micro businesses; the two main cited reasons are financial costs and lack of knowledge of available training provision.

The introduction of the Apprenticeship Levy in April 2017 is expected to both encourage greater investment in training and development of staff by Levy payers and increase the number of apprenticeships at higher or degree level. Research on the introduction of the apprenticeship levy on behalf of: the Department for Education; CIPD; the IFS; and City & Guilds have found that although knowledge of employers around apprenticeships is low the introduction of the levy is likely to increase the number, range and levels currently available.

Our goals

- We will work with businesses, Higher Education (HE), Further Education (FE) and other training providers to improve the skills of both the existing workforce and the future labour market ensuring a better matching of skills to business needs in order to sustain economic growth with a particular focus on STEM related skills
- We will upskill the workforce to ensure it has the skills required to address technological change and to grow our economy prioritising those in the key growth sectors
- We will strengthen succession planning for our business base ensuring we are developing the leaders and managers of tomorrow
- We will sustain employment opportunities for new entrants to the workforce and support vulnerable individuals who routinely rotate between employment and unemployment
- We will invest in the capacity of local delivery partners to meet the needs of employers and individual alike

Theme 5: Skills to grow small and medium size businesses

The growth of small and medium size businesses (SMEs) is key to the economic prosperity of Hertfordshire. Studies show that 55% of all employment in Hertfordshire is within SMEs and that economic growth as well as employment growth rates within SMEs are greater than within micro or larger businesses. Countywide there are small and medium size businesses that struggle to access the support they need to grow.

Current situation

Hertfordshire has a sound economy with around 50,000 businesses which collectively generate Gross Value Added (GVA)² in the region of £27 billion, with approximately 530,000 employees.

Approximately 99% of all businesses in Hertfordshire are categorised as being small or medium sized enterprises; micro businesses (1-9 employees) account for 90.8% of the total, small businesses (10-49) account for 7.4% of the total and medium size businesses (50-249) account for 1.4% of the total number of businesses in Hertfordshire. Our percentage of small and medium size businesses is lower than our neighbours in the East of England and lower than the rest of the UK and therefore growing this base is a key priority within the Hertfordshire LEP's Strategic Economic Plan.

Nationally 50% of SMEs were predicting a moderate rate of annual growth that is less than 10% whilst a further 20% of SMEs were predicting a significant annual growth of more than 20%. Locally results gathered from the Hertfordshire Businesses' Skills Gap Survey (HBSGS) indicate that 62% of small size businesses and 22% of medium size businesses recorded more than 5% increase in turnover in the past 12 months which is comparable to the increase in turnover achieved by larger businesses.

Equally according to the findings of HBSGS 55% of SMEs reported an increase in the recruitment of new staff over the past 12 months, far greater than micro businesses at 20% and even large businesses at less than 5%.

² Gross value added is a measure in economics of the value of goods and services produced in an area, industry or sector of an economy.

Both the HBSGS and national data indicate that micro size businesses (55%) and small size businesses (12%) are less likely to either have a training plan/budget or offer formal training to their staff, whilst 14% of medium size businesses only produce a training plan/budget every two years. Of those SMEs that provide no formal training to their employees, 27% cited financial costs as a reason whilst a further 20% cited a lack of knowledge of available training provision as the reason for not training employees. SMEs in Hertfordshire are more likely to report that skills gaps in their business had a negative impact on their business than for England as a whole, i.e. 75% of SMEs in Hertfordshire compared to 63% in England.

Recent developments with regards to apprenticeships should provide beneficial opportunities for SMEs to engage, however greater clarity with regards to such benefits is required. Research by City & Guilds identified that SMEs are often confused by apprenticeships, preferring to communicate in person rather than by using IT solutions only.

Our goals

- We will focus support including aligning funds from the European Structural Investment Fund (ESIF) on supporting the development of the skills that SMEs require for both their current and future workforce needs.
- We will introduce independent on-line and face to face advisory support that will assist SMEs to identify training and development needs for their employees, to assist them to prioritise identified needs and to identify appropriate solutions to ensure their skills and development needs are met. Whilst we wish to address the skills needs of all growth potential SMEs we realise that improving the skills of SMEs within our priority sectors will have a greater impact on the GVA of the county and ensure greater business economic growth.
- We will promote increasing training and development spends per employee; the number of SMEs that allocate annual training plan/budgets will be key aspirations as well as increasing the percentage of SME businesses that employ at least one apprentice.
- We will seek to increase the number of SME businesses who employ higher level apprentices. This will support our aspiration to reduce the number of SMEs citing skills gaps as having a negative impact on their ability to grow their business.

Hertfordshire Skills Strategy Action Plan

Developing our future workforce				
Ref no	Action	How	Lead	Source of funding
1	Promote, and where possible, increase the delivery of impartial independent advice and guidance (IAG) and careers education for young people.	Promote statutory duties and responsibilities to all education and training providers.	HCC	HCC/ Schools/ National Lottery / ESIF
		Target young people at risk of not progressing to a suitable and sustained positive outcome e.g. further education or work with training.		
2	Build greater links between employers and education to promote the progression of young people within education and training and their transition to the labour market.	Use the Careers and Enterprise Company programme to provide an analysis of ongoing activity and promote opportunities for employer engagement with schools.	HCC	HCC / Careers & Enterprise Company / Schools
		Define a framework for Hertfordshire responding to the skills employers require for a successful economy and that young people need for successful futures. Promote these to employers, young people and education providers.		
		Evaluate the impact of work experience through the Careers and Enterprise programme.		

Developing our future workforce				
Ref no	Action	How	Lead	Source of funding
3	Increase the number of young people who undertake an apprenticeship pathway	Delivery of the LEP's revised Apprenticeship Strategy with actions.	LEP	ESFA ³ / ESIF / NCS ⁴
		Promote opportunities within STEM sectors and awareness of pathways to these particularly to young women.		
		Work to establish a Hertfordshire Young Apprentice Ambassador Network to be a key element in presenting benefits of apprenticeships to schools and parents.		
4	Increase the % of young people who are in education and training until their 18 th birthday and that those from vulnerable groups make a successful transition into employment.	Delivery of the 16-24 EET Participation Plan, with particular focus on vulnerable groups.	HCC	HCC / Schools / ESIF/ ESFA
		Identify those at risk of not progressing and those that are NEET and provide support to engage them in education, training or employment.		

³ Education and Skills Funding Agency

⁴ National Careers Service

Toward fuller employment, supporting vulnerable adults into sustainable employment				
Ref no	Action	How	Lead	Source of funding
5	Encourage, support and help residents with health conditions remain and compete in the labour market.	Develop with partners a joint offer to support vulnerable adults with health conditions fulfil their potential in the work environment.	DWP	DWP/ESIF
		Develop package of support to include building resilience to life events that may lead to the loss of employment.		
		Support employers in the retention of staff with health conditions.		
6	Support 50+ Jobseekers to remain and compete in the modern labour market	Target JCP resources to deliver 50+ Job fairs. Source and promote vacancies for older workers.	DWP	DWP/LEP/ESIF
		Manage employer's needs and attitudes to retaining/retraining and recruiting 50+ Jobseekers.		
		Promote the benefits of Sector Based Work Academies and Work Experience with employers.		

Toward fuller employment, supporting vulnerable adults into sustainable employment				
Ref no	Action	How	Lead	Source of funding
7	Support key sectors that face recruitment issues in recruiting and retaining sufficient staff to meet business needs. E.g. health & social care, retail, leisure etc.	Build greater links with employers and trade associations to identify barriers to recruitment and retention.	DWP	DWP
		Develop a programme to promote the opportunities that exist, working in key sectors, including career progression.		
8	Determine current and future initiatives that support vulnerable adults into employment to ensure a joined up approach.	Map current initiatives that support vulnerable adults into employment	DWP	DWP

Enhancing opportunities through lifelong learning				
Ref no	Action	How	Lead	Source of funding
9	Improve basic skills within adult population, i.e. in English, ESOL ⁵ , maths and digital literacy	Map the current discreet education provision in Herts in English, maths and ESOL.	HCC	ESFA/DCLG ⁶ ESIF

⁵ English for speakers of other languages

⁶ Department Communities and Local Government

Enhancing opportunities through lifelong learning				
Ref no	Action	How	Lead	Source of funding
		Encourage education providers to deliver digital literacy skills provision.		
10	Help promote the availability of IAG for adult learners through a gateway for information to learners	Liaise with existing IAG services currently funded in Hertfordshire and work in partnership to deliver effective IAG more widely to adults.	HCC	NCS/ HCC
		Continue to promote the use of and maintain the Hertfordshire Directory with up to date signposting for learning and progression routes.		
11	Encourage greater focus on training in both specific geographical areas and specific sectors e.g. health & social care, retail, leisure etc.	Set up a referral system from Jobcentre Plus (JCP) to key learning providers to target specific geographical areas or profiles of adults who would benefit from discreet provision	DWP	DWP / ESIF/ESFA
		Fund discrete provision aimed at up-skilling the unemployed in response to specific labour market gaps		

A leading economy; skills to drive growth				
Ref no	Action	How	Lead	Source of funding
12	Establish the Hertfordshire Apprenticeship Plan as a focus for the growth of Apprenticeships in Hertfordshire.	Review and revise an Apprenticeship action plan for Hertfordshire	LEP	LEP/ ESFA
		Determine annual targets for Hertfordshire in line with local Area Review action plan and the Strategic Economic Plan		
13	Encourage greater investment in higher skills development to meet skills gaps in growth sectors.	Promote greater take up of STEM related higher level (L3-5) apprenticeships amongst business base and in particular SMEs, creating career progression pathways to Degree Apprenticeships/HE	LEP	ESFA/ ESIF
		Work in partnership with UH and other local HE providers to promote and increase the take up of degree apprenticeships		

A leading economy; skills to drive growth				
Ref no	Action	How	Lead	Source of funding
14	<p>Encourage investment in estate and equipment to ensure excellence in the delivery of key growth related higher level skills i.e.</p> <ul style="list-style-type: none"> • Advanced manufacturing • Enviro Tech • Life sciences • Film & media • Advanced IT skills • High-end Logistics • Built Environment 	<p>Establish a joined up approach to providing high quality industry led skills provision working in partnership with key stakeholders i.e. FE, University of Hertfordshire (UH) and private training providers.</p>	LEP	LEP/ESIF
15	<p>Maximise the introduction of the Apprenticeship Levy in Hertfordshire in order to increase the number of businesses that undertake formal training and development of their workforce</p>	<p>Promote to businesses to invest in apprenticeships/work based learning at levels 2, 3 and 4+</p>	LEP	ESFA / ESIF
<p>Introduce an incentive for SMEs to recruit both trainees and apprentices. Allocate ESF funding as an incentive pot for SMEs</p>				
<p>Encourage greater collaboration between Levy paying organisations i.e. public sector, vocational sectors etc.</p>				

Skills to grow small and medium size businesses (SMEs)				
Ref no	Action	How	Lead	Source of funding
16	Continue with employment of Skills Advisors, based within Herts Growth Hub (HGH) to provide generic and sector skills support	Allocate funding via LGF/ESF for recruitment of Advisors	LEP	LEP/ESIF
17	Increase take up of training by SMEs with a particular focus on employment growth sectors (e.g. health & social care, retail, leisure etc.) as well as economic growth sectors (e.g. Science/technology, Engineering & manufacturing, Film & media etc.)	Allocate ESF for up-skilling of existing workforce within SMEs	LEP	ESIF/ ESFA
		Work with local FE Colleges and private training providers to ensure provision meets local needs of SMEs		
18	Address Leadership & Management skills gaps within SMEs	Develop supply side to provide solutions that meet specific needs of SMEs	LEP	ESIF/ ESFA

Skills to grow small and medium size businesses (SMEs)				
Ref no	Action	How	Lead	Source of funding
		Promote availability of both qualification based and non-qualification based provision		
		Allocate ESF funding to support take up of agreed provision		
19	Investigate the establishment of an online Hertfordshire Skills & Apprenticeship Hub i.e. a one stop shop, to provide information to businesses and individuals	Build on the Skillmakers pilot to develop an online information portal	LEP	ESIF/ LEP
		Work in partnership with the Herts Growth Hub to host the portal and provide follow up advisory support		
		Identify potential start up and running budget funds		
20	Promote the need for a regular updated version of the Hertfordshire Skills and Labour Market review.	To seek funding from partners and stakeholders to commission an updated version of the Hertfordshire Skills and Labour Market review.	LEP	LEP and partners



Department for Work & Pensions



Hertfordshire

Local Enterprise Partnership

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www.hertfordshire.gov.uk

Equality Impact Assessment (EqIA)

STEP 1: Responsibility and involvement

Title of proposal/ project/strategy/ procurement/policy	Hertfordshire Skills Strategy to 2020	Head of Service or Business Manager	Alex James
Names of those involved in completing the EqIA:	Katherine Brierley Comnet 28321	Lead officer contact details:	Lindsay Edwards Lindsay.Edwards@ hertfordshire.gov.uk Comnet 25734
Date completed:	November 2017	Review date:	June 2018

STEP 2: Objectives of proposal and scope of assessment – what do you want to achieve?

<p>Proposal objectives: – what you want to achieve – intended outcomes – purpose and need</p>	<p>The aim of the strategy is to increase and develop the Hertfordshire’s workforce to ensure we can support a strong economy within which businesses can thrive, whilst enabling all residents of Hertfordshire to fulfil their own individual potential and share in Hertfordshire’s prosperity.</p> <p>This assessment will ensure the strategy does not discriminate against protected groups.</p>
<p>Stakeholders: Who will be affected: the public, partners, staff, service users, local Member etc</p>	<ul style="list-style-type: none"> • The public • Businesses/employers • Hertfordshire County Council • Hertfordshire Local Enterprise Partnership • Education & Skills Funding Agency (ESFA) • DWP Jobcentre Plus • Voluntary and Community sector • University of Hertfordshire • Further Education • Training Providers • Schools

STEP 3: Available data and monitoring information

<p>Relevant equality information For example: Community profiles / service user demographics, data and monitoring information (local and national), similar or previous EqIAs, complaints, audits or inspections, local knowledge and consultations.</p>	<p>What the data tell us about equalities</p>
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At mid-2016 the Office for National Statistics estimated the working age population (males and females aged 16-64) of Hertfordshire as 740,500, this represented 62.9% of the total population; 366,100 males and 374,400 females, representing 63.5% of males and 62.4% of females.

81.8% of Hertfordshire's working age population is economically active of which 3.8% are unemployed. 18.2% of working age population is economically inactive.

Employment rate gap for some protected characteristics from July 2016 to June 2017

Female	4.8%	Reduction from 6.4%
Disabled People	20.6%	Reduction from 21.7%
Ethnic Minorities	2.8%	Reduction from 7.1%
Young People (16 to 24yrs.)	18.1%	Reduction from 21.8%
Older Workers (50 to 64yrs.)	3.4%	Increase from 2.6%

In 2011, the proportion of the total population that were in a minority ethnic group (i.e. not White-British) was 19.18%.

Hertfordshire is largely affluent; however, the Index of Multiple Deprivation 2015 showed that 169 of 690 (24.5%) of Lower Layer Super Output Areas are more deprived than the England average.

Of the 30 Middle Layer Super Output Areas in Hertfordshire that have a minority ethnic population of 20% or more, 18 are found in or close to Watford. Minority ethnic group in this case refers to those other than White British.

At the end of 2016, 850 16 or 17 year olds were NEET or activity unknown in Hertfordshire, this was 3.3% of those

There are more females than males in the working age population.

Over 80% of the working age population are economically active.

18.2% of working age population is economically inactive, including those with: poor health, a disability, ex-offenders, caring responsibilities, families with multiple problems, care leavers and being homeless. Whilst it is difficult to categorise a whole group as being vulnerable, as individual circumstances will vary, it is acknowledged that the barriers to employment for certain groups tend to be more complex.

Department of Work and Pensions is a key stakeholder in the development and implementation of the Skills Strategy. The organisation is committed to ensuring equality of access to its services for all its customers.

<https://www.gov.uk/government/organisation/s/department-for-work-pensions/about/equality-and-diversity>

Employment rate gap is the difference between the employment rate for the whole population and that for those with protected characteristics. Job seekers in the 50+ age category are continuing to find it more difficult to find employment than those in the younger age groups.

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(25,250) 16 or 17 year olds known to the local authority. Figures are rounded to the nearest 10. (DfE have changed the definition of NEET and therefore this data cannot be compared with previous data.)

The number of carers comes from the 2011 Census. There were 108,615 people providing unpaid care, this was 9.7% of the resident population.

Over 40,000 working age residents have no qualifications. In one of our districts, over 9% of the working age population has no formal qualifications, a figure which is above the average for England.

STEP 4: Impact Assessment – Service Users, communities and partners (where relevant)

Protected characteristic	Potential for differential impact (positive or negative)	What reasonable mitigations can you propose?
Age	Positive for the 50+ age category, as a percentage of the total unemployed Jobseekers register, is increasing.	Implementation of the strategy will support 50+ Jobseekers as a priority to compete in the modern labour market.
Disability Including Learning Disability	Positive as there is a 20.6% employment rate gap those with a disability.	It is acknowledged that the barriers to employment for certain groups tend to be more complex and the implementation of this strategy seeks to address this.
Race	Positive as the strategy aims to support all those seeking to move into the labour market.	DWP Jobcentre plus is a key stakeholder in the implementation of the strategy. The organisation is committed to ensuring equality of access to its services for all its customers.
Gender reassignment	Positive as the strategy aims to support all those seeking to move into the labour market.	DWP Jobcentre plus is a key stakeholder in the implementation of the strategy. The organisation is committed to ensuring equality of access to its services for all its customers.
Pregnancy and maternity	Positive as the strategy aims to support all those seeking to move into the labour market.	DWP Jobcentre plus and HCC are key stakeholders in the implementation of the strategy.

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Protected characteristic	Potential for differential impact (positive or negative)	What reasonable mitigations can you propose?
		DWP is committed to ensuring equality of access to its services for all its customers. The Council is committed to achieving diversity and equality of opportunity both as a large employer of people and as a provider of services. In practice this means both working to ensure that Hertfordshire is free from discrimination, but also doing what we can to positively promote equality and diversity across the delivery of services and within our workforce.
Religion or belief	Positive as the strategy aims to support all those seeking to move into the labour market.	
Sex	Positive there is a 4.8% employment rate gap for females. The strategy aims to support all those seeking to move into the labour market.	The strategy aims to encourage greater participation of economically inactive individuals into the labour market.
Sexual orientation	Neutral. The strategy aims to support all those seeking to move into the labour market.	
Marriage & civil partnership	Neutral. The strategy aims to support all those seeking to move into the labour market.	
Carers (by association with any of the above)	Positive. Carers have been identified as a group that may want to move into the labour market but need support to do so.	The strategy aims to encourage greater participation of economically inactive individuals into the labour market including those with caring responsibilities.
Carers and CARE ACT 2014	From April 2015, carers will be entitled to an assessment of their own needs in the same way as those they care for. If the focus of your EqIA relates to care and support, consider carers' new rights and see the Care Act pages on Compass for more guidance	
Opportunity to advance equality of opportunity and/or foster good relations		
The implementation of this strategy will aid those looking to join the labour market however complex the barriers, both perceived or not, to employment.		

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STEP 4a: Impact Assessment – Staff (where relevant) N/A

Protected characteristic	Potential for differential impact (positive or negative)	What reasonable mitigation can you propose?
Age		
Disability Including Learning Disability		
Race		
Gender reassignment		
Pregnancy and maternity		
Religion or belief		
Sex		
Sexual orientation		
Marriage & civil partnership		
Carers (by association with any of the above)		
Opportunity to advance equality of opportunity and/or foster good relations		

STEP 5: Gaps identified

<p>Gaps identified Do you need to collect more data/information or carry out consultation? (A 'How to engage' consultation guide is on Compass). How will you make sure your consultation is accessible to those affected?</p>	<p>Information for the development of the original (first) strategy came from the Hertfordshire Businesses' Skills Gap Survey (HBSGS) 2014 by the University of Hertfordshire also from the 2014 Skills Summit, an event organised and hosted by the Local Enterprise Partnership and HCC. A second Skills Summit was held in October 2017 attended by over 80 people representing Hertfordshire employers and key stakeholders. Individuals attending the summit were invited to offer their views. Incorporating the influences, views and needs of employers, training providers, schools, colleges and public sector organisations remains vital and this was an opportunity to be involved in the development of the refreshed strategy.</p>
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STEP 6: Other impacts

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STEP 7: Conclusion of your analysis

Select one conclusion of your analysis	Give details
<input type="checkbox"/> No equality impacts identified – No change required to proposal.	
<input checked="" type="checkbox"/> Minimal equality impacts identified – Adverse impacts have been identified, but have been objectively justified (provided you do not unlawfully discriminate). – Ensure decision makers consider the cumulative effect of how a number of decisions impact on equality.	The strategy aims to encourage greater participation of economically inactive individuals into the labour market who feel they need support. This strategy aims to address the inequalities associated with worklessness.
<input type="checkbox"/> Potential equality impacts identified – Take ‘mitigating action’ to remove barriers or better advance equality. – Complete the action plan in the next section.	
<input type="checkbox"/> Major equality impacts identified – Stop and remove the policy – The adverse effects are not justified, cannot be mitigated or show unlawful discrimination. – Ensure decision makers understand the equality impact.	

STEP 8: Action plan

Issue or opportunity identified relating to: – Mitigation measures – Further research – Consultation proposal – Monitor and review	Action proposed	Officer Responsible and target date
Monitor the strategy regularly during its life.	Ensure the strategy does not discriminate against the protected groups.	Katherine Brierley. Every six months.
Review and refresh the strategy.	Ensure the strategy does not discriminate against the protected groups.	Katherine Brierley. 2020

This EqIA has been reviewed and signed off by: Lindsay Edwards

Head of Service or Business Manager:

Date: November 2017

HCC’s Diversity Board has asked the Equality team to compile a central list of EqIAs so a random sample can be quality assured. **Please email a copy of this EqIA to the Equality team at equalities@hertfordshire.gov.uk**

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Please email completed EqIAs to equalities@hertfordshire.gov.uk

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Thank you.

HERTFORDSHIRE COUNTY COUNCIL

CABINET

MONDAY 22 JANUARY 2018 AT 2.00PM

**CHANGES TO CHARGING ARRANGEMENTS FOR COMMUNITY
ADULT SOCIAL CARE**

Agenda Item
No.

8

Report of the Director of Adult Care Services

Author:- Helen Maneuf, Assistant Director Planning &
Resources (Tel:01438 845502)

Executive Member:- Colette Wyatt-Lowe – Adult Care and Health

1. Purpose of report

1.1 To advise Cabinet of the results of the public consultation on proposals to change how the Council charges for non-residential (community based) adult social care services.

2. Summary

2.1 The Council last reviewed its policy for charging for non-residential (community based) adult social care services in 2010.

2.2 Since then the national charging framework has been updated by The Care Act 2014, The Care and Support (Charging and Assessment of Resources) Regulations 2014 and The Care and Support Statutory Guidance. In addition, a number of anomalies have been identified by officers in respect of how charging is applied; it is therefore timely to revisit the Council's arrangements. Further, there is sustained pressure on funding for adult social care.

2.3 The Council wishes to continue to provide a wide range of services to as many people as possible and to collect a fair contribution towards them. A review of the Council's current charging policy was conducted by officers and a number of possible amendments were identified.

2.4 A formal consultation exercise was then carried out over a twelve week period in October to December 2017. Every service user who has had a financial assessment and currently receives a non-residential care service from Adult Social Care was written to, in order to seek their views; a total of 9,632 letters were sent and included a personalised financial statement setting out the potential impact for them based on the information held.

2.5 An online version of the questionnaire and a dedicated consultation phone line were made available. Three public consultation events were

held with a total of 49 people attending, and the Director of Adult Care Services presented to the Carers' Rights Day seminar on 24 November to discuss the proposals.

- 2.6 At the time of writing this report there were 1,908 responses to the questionnaire representing a response rate of 19.4 per cent. The consultation phone line received 606 calls.
- 2.7 Views from the consultation are attached at Appendix A and summarised in the main report. Appendix B contains the new charging policy reflecting the recommendations in section 3 below. A supplementary note is attached at Appendix D on the final responses received during the consultation on proposals to change the charging arrangements for community-based adult social care services.
- 2.8 In addition to the summary of responses provided in the report, the entire set of narrative responses received has been made available to Members in the Members' Reading Room. Any further updates will be reported verbally at the Panel meeting.

3. Recommendations

- 3.1 The Adult Care and Health Cabinet Panel considered a report on this item of business at its meeting on 10 January 2018. The Panel recommended to Cabinet that the following changes to the Council's policy charges for non-residential (community based) adult social care services be made, to take effect from 15 April 2018:
 - i) to include the Higher Rate of Attendance Allowance and Disability Living Allowance ONLY where people receive care to meet night time needs, when determining how much they can afford to pay towards their cost of care;
 - ii) for people receiving 'double-handed care', to charge based on the cost of both care workers providing the service, rather than only one as at present – to their maximum assessed contribution;
 - iii) to change the charging base for people in flexi-care accommodation:
 - For people in the 'low needs' band to three hours per week
 - For people in the 'medium needs' band to 8.5 hours per week
 - For people in the 'high needs' band to fifteen hours per week

- iv) to charge a weekly fee of £3.25 for users of telecare services provided by Serco who do not receive any other social care services;
 - v) To charge £2 per journey or £4 per day for transportation to and from day care;
- 3.2 The revised charging policy (which incorporates the changes referred to in 3.1) annexed as Appendix B to the report be adopted and the Director of Adult Care Services in consultation with the Executive Member for Adult Care and Health being authorised to make any minor amendments necessary to give effect to Cabinet's decisions and to ensure consistency throughout the document.
- 3.3 Having noted the feedback provided within the consultation, to review the arrangements for Disability Related Expenditure (DRE) to ensure that there is clarity and consistency in relation to the allowances made for this expenditure, the Director of Adult Care Services be requested:
- (i) to contact the people who, based on current information held about their financial situation, are estimated to be required to pay significantly more through the changes to the policy, to explain the changes, ensure they understand the personal implications and offer them a financial reassessment;
 - (ii) to undertake on-going monitoring for people cancelling their care services because of increases in the amounts they are asked to contribute, and provide an update to the Adult Care & Health Cabinet Panel in due course.

4. Background

- 4.1 The current charging policy for community based services is available on the internet at the following location:

[Paying for your care costs | Hertfordshire County Council | www.hertfordshire.gov.uk](http://www.hertfordshire.gov.uk)

- 4.2 Since the current policy was set in 2010, the national charging regime for adult social care has been amended by the implementation of The Care Act 2014 and The Care and Support (Charging and Assessment of Resources) Regulations 2014 ("the Regulations") and The Care and Support Statutory Guidance ("the Guidance").

Section 14 of the Care Act 2014 alongside the Regulations and the Guidance provides a single legal framework for charging for care and support where a local authority arranges care and support to meet a person's needs. Section 17 of the Care Act provides for a financial assessment of an individual's resources to determine the level of financial contribution when a local authority charges for the services

that it provides. The overarching principle is that people should only be required to pay what they can afford.

- 4.3 The Guidance and Regulations provide for individuals to have a level of guaranteed minimum income which is set by the Department for Work and Pensions (DWP), and is intended to cover an individual's daily living costs.
- 4.4 Officers reviewed the Council's current charging arrangements and developed proposals in five areas. The Adult Care & Health Cabinet Panel was advised of these and of the plans for consultation on the proposals at their meeting on 8 September 2017, the details can be viewed using the following link:

<http://cmis.hertfordshire.gov.uk/hertfordshire/Calendarofcouncilmeetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/731/Committee/16/Default.aspx>

- 4.5 The next section of the report discusses each proposal and sets out the responses received. The overall response numbers and the breakdown of respondents are set out below:

Who responded?	Postal	Online
The service user	866	47
A representative of the service user or carer	742	113
Someone else (for example, if you work for a voluntary organisation)	30	23
Left blank	73	14
	1711	197

Proposal One: Higher Rate Attendance Allowance and Higher Rate Disability Living Allowance (Care Component)

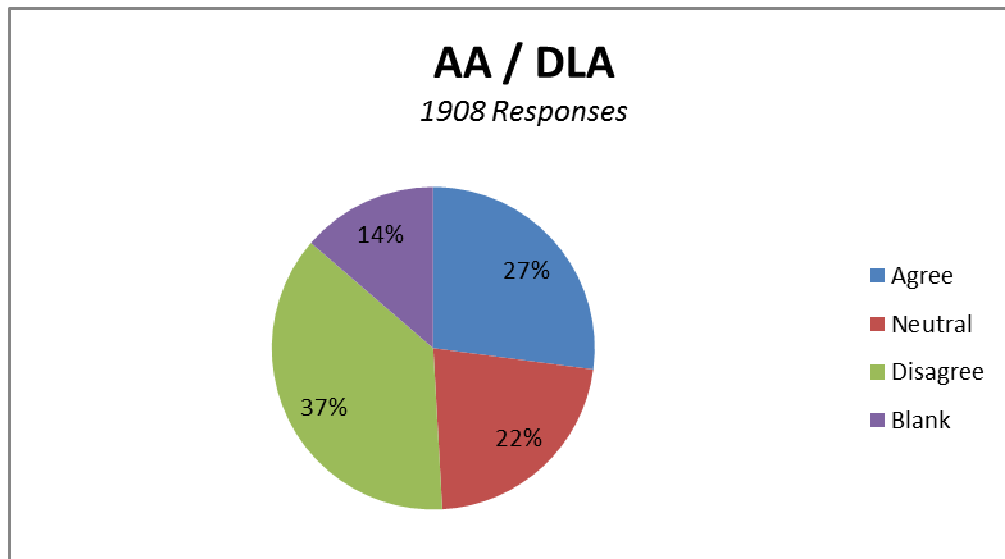
<https://www.gov.uk/attendance-allowance/overview>

<https://www.gov.uk/dla-disability-living-allowance-benefit/overview>

- 4.6 Both Attendance Allowance (AA) and Disability Living Allowance (DLA) are benefits awarded to enable an individual to pay towards the cost of their care. DLA was introduced in 1992 to help with the extra costs associated with disability although not intended to be spent on any specific purpose; and was for people aged under 65. Attendance Allowance (AA) then became the main benefit payable to people who first become disabled on or after the age of 65.
- 4.7 The consultation proposed that when working out how much an individual can afford to pay for social care the council would take into account both the higher rate of AA and DLA (Care Component)

whereas at present these are 'disregarded'. This proposal would bring Hertfordshire into line with other local authorities in the region and nationally.

- 4.8 People were asked their views about each proposal. The responses to the questionnaire for this particular proposal are shown in the pie chart below:



- 4.9 This was the proposal with which there was the most disagreement with 37% or 706 people disagreeing or strongly disagreeing with the proposal. Twenty-seven percent of people agreed or strongly agreed.
- 4.10 Favourable responses generally reflected back views that AA and DLA are awarded for care costs and that it was considered reasonable to ask those that could afford it to pay for care in this way:

"This seems to be a reasonable proposal where, as you say, the attendance allowance and disability living allowance are awarded to enable an individual to contribute towards their care costs."

- 4.11 Where respondents were not in favour, the narrative responses to the questionnaire emphasised the inadequacy of AA and DLA to cover the costs of daily living associated with disability and that people might otherwise need more intensive forms of care. Responses also pointed out the impact on carers:

"Everyone knows that the care component does not just cover personal care costs. It supports the cost of living in general and taking funds away will seriously impact the ability to care for an individual at home. In our case it would mean the cared for would need residential care and that would be a cost to the council."

"The attendance allowance is used for my husband's needs. All the attendance allowance my husband receives is used for him, for his care and comfort, bathing,

washing his clothes, bedding all his personal needs he has dementia, is double incontinence, which all I do for him as his wife. I have enough to worry about without worrying about where the money is coming from.”

“The true cost of caring for a severely disabled person far outweighs the sum received when in receipt of the DLA and Attendance Allowance. In fact all this will do is place more pressure upon the clients family who undertake the care responsibilities and consequently already carry the bulk of the financial burden.”

- 4.12 This area was the key area of discussion at the public consultation meetings. Specific comments on the proposal from the public consultation were:

“My son already pays for 24/7 care; the increase will mean he will only have £40 pm to live on. How will he pay for his activities and how will this impact on his mental well-being?”

“The contribution will go up by 170%, but the DLA won't go up by this much.”

“My son’s contribution is £82.62 per week and will rise to £110.08 which is a significant increase. He likes to go out; if he has no money left how will he be able to do so? He suffers from depressions.”

“My daughter will not be able to stay in her Council flat and will have to go into residential care if charges increase, and she only has the guaranteed minimum to live on.”

- 4.13 There was a level of concern about the impact upon younger adults with disability where families may be continuing to provide care, and about the risks that this change may mean that families and service users would consider residential care as a result. A risk was also communicated that people’s social care needs would increase as a result of having less money to spend on getting out and about.
- 4.14 People also raised concerns that the higher rates of AA and DLA were intended to be provided for night time cover, and that it was therefore unfair to take these into account where the council was not providing support with night time needs:

“Attendance Allowance and Disability Living Allowance care component were not introduced 'to enable an individual to pay towards the cost of their care.' They were introduced, according to Hansard, to help with the additional costs of living if you have a disability. ... In addition, the higher rates of AA and DLA care are only payable to claimants who have night time needs.”

- 4.15 The proposals outlined that the council’s intention was to align the treatment of AA and DLA with how the council already treats Personal Independence Payments (PIP). PIPs were introduced as a new benefit from 8 April 2013. PIP is being implemented on a phased basis, and

will eventually fully replace Disability Living Allowance DLA for people aged 16 to 64; the current government timetable is that this will be completed by the end of 2018. People who were aged 65 or over on the 8 April 2013 remain on DLA if entitled to it on that date.

- 4.16 Feedback was received that PIP did not make a distinction between day and night time needs, and so was different from AA and DLA:

“Personal independence payment does not take into account night time needs. It is therefore untrue to say that the change would align how the council treats AA and DLA (Care Component) with how the Council already treats Personal Independence Payments¹, which are taken into account in full.”

- 4.17 Carers in Herts also make this point in their response to the consultation:

“...in order to be eligible for the higher rate care components of DLA and AA, people have to demonstrate that they need help and supervision throughout both day and night, or that they are terminally ill. In the case of PIP there is no eligibility requirement to demonstrate the need for assistance throughout the night – the Department of Work and Pensions decides whether someone is eligible for standard or enhanced rate PIP on the basis of the level of extra help and support they need with daily living...”

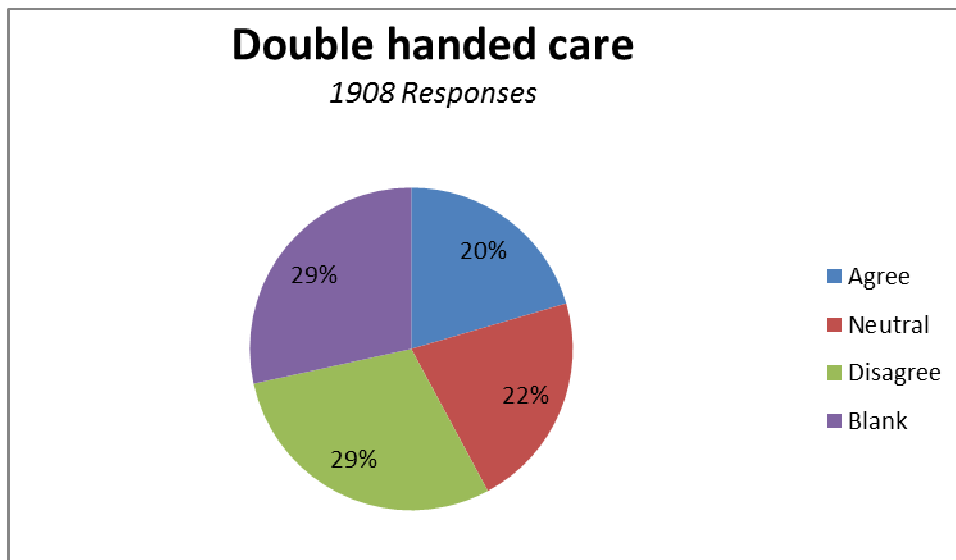
- 4.18 Whilst the Care Act guidance is clear that AA and DLA can be taken into account it does not go into detail about the specific treatment required for the different levels of these benefits.
- 4.19 Carers in Herts also make the following point in their consultation response: “We also consider that it would have been appropriate to align the PIP assessments with the approach to DLA and AA assessments and disregard the difference between the standard and enhanced rates. This is because it is likely that the enhanced rate is being paid to those with more severe disabilities who may well need support with care needs at night. We believe that the failure to acknowledge this simply disregards the support that many family carers are providing, particularly at night.”
- 4.20 Listening to and reflecting on the consultation feedback on the impact on families in caring situations, and the requirement to have night time care needs to qualify for the higher rates of AA and DLA it is now proposed only to take higher rates of AA and DLA into account when people have night time care needs.
- 4.21 The Council intends to continue to look at the impact of the change from DLA to PIP on a case by case basis as and when people transfer onto PIP, as is its current approach.
- 4.22 During the public consultation there was also significant discussion about the Council’s approach to certain allowances or ‘Disability Related Expenses’ which are off-set against the charge paid. There was feedback that the Council’s approach to DRE had changed over

time so that fewer items were now allowed to be claimed under DRE; and that it was not always clear what was allowed to be claimed.

- 4.23 In response officers are proposing to review the arrangements for DRE to ensure clarity and consistency, and to report back to the Adult Care & Health Cabinet Panel on the results of this review.

Proposal Two: ‘Double Handed’ Care (having more than one carer at a time)

- 4.26 In some instances more than one carer is required to assist people at the same time (sometimes known as ‘double handed’ care). Currently, the Council applies a charge as if only one carer is present. In other words, the Council ignores the costs of the second carer when deciding how much should be charged.
- 4.27 The consultation proposal was that charges for double handed care are based on the cost of both carers providing the service, but only up to the maximum amount people are assessed as being able to pay.
- 4.28 The responses to the questionnaire for this proposal are shown in the pie chart below:



- 4.29 There was a reasonably balanced spread of views between agreeing or strongly agreeing (20 per cent), being neutral (22 per cent), and disagreeing or strongly disagreeing (29 per cent).
- 4.30 Where respondents disagreed with the proposals, the general thrust of the narrative comments was around the issue that people should not be penalised financially simply because they had higher needs. This comment sums this up:

“Facing a disability is traumatic enough and the severity of the disability isn't determined by the unfortunate individual. So, the individual should not be penalised for having a condition that requires two carers. The individual is already feeling a loss of independence, dignity and embarrassment. Knowledge of the possibility of withdrawal of support could, potentially, lead to requiring even greater support.”

4.31 Carers in Herts also made this point in their consultation response:

“the service user has no choice but to use this level of service if they are to remain safely in their own homes. The alternatives would be admission to residential care where more staff are on hand as needed or a heavier role for the family carer if available. We therefore object to this proposal – as particularly discriminatory towards the most disabled people and likely to discourage people from remaining in their own homes.”

4.32 The practice of allowing the second carer free of charge is unique to Hertfordshire as far as is known, and the approach is particularly advantageous to full cost charge payers who ask the Council to arrange their care.

4.33 Given the feedback received, the position of other similar local authorities and the opportunity for full cost payers to consider alternative solutions (or to be re-assessed on request) it is recommended that the original proposal to charge for the second carer in double-handed care situations is approved.

Proposal Three: ‘Flexicare’ Accommodation Bandings

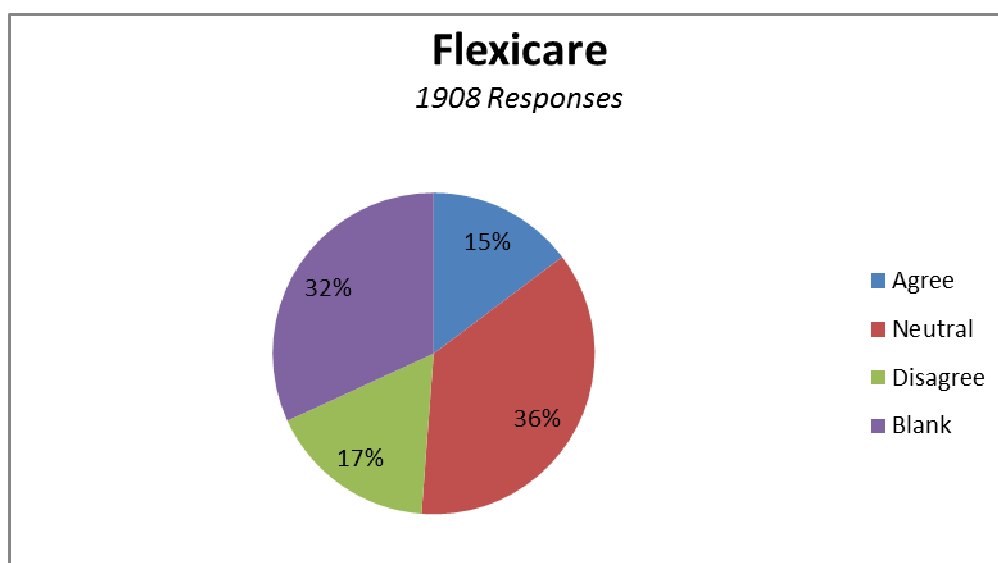
4.34 Some accommodation provision includes care provision, and one of these services is called ‘Flexicare’. Flexicare provision is based on levels (or bands), which reflect the level of care required by an individual. People’s financial contributions are also based on these bands and the contribution is levied at the ‘mid-point’ of the band so a fixed amount is paid regardless of how many hours are provided within the range.

4.35 Feedback from social workers and providers, together with a review of commissioned packages, demonstrates that the overall needs profile of people in Flexicare has increased over recent years and continues to rise. Over time, provision has graduated to the high end of each care band. This means that the current way of setting contributions at the mid-point of the care band no longer appropriately reflects the hours of care typically being delivered to an individual.

4.36 The consultation exercise therefore included a proposal to change the charging base for the Flexicare bandings to set the charges assuming that typically a higher number of hours of care is required:

Current Band	Hours	Current Charging Base (assumed mid-point)	Proposed new Charging Base	Weekly Increase as indicated by financial modelling
Low	0-3	1.5	3	2,781.97
Medium	3-10	7	8.5	2,508.62
High	10+	14	15	421.36
Weekly Increase				5,711.95
Annual Increase				297,821.07

4.37 The responses to the questionnaire for this proposal are shown in the pie chart below:



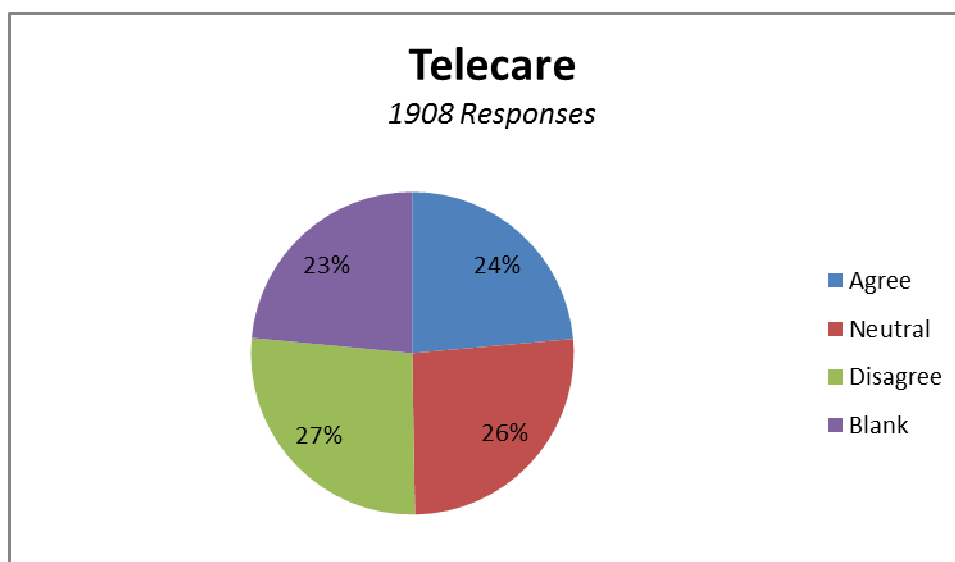
4.38 This proposal generated the highest level of 'neither agree nor disagree' (36 per cent) or blank responses (32 per cent) which is likely to be a result of there being relatively small numbers of people who live in flexicare and therefore potentially affected by the proposal. Fifteen per cent of respondents either 'strongly agreed or agreed' with the proposal, whereas seventeen per cent 'disagreed or strongly disagreed'.

4.39 Whilst recognising the feedback received, it is nonetheless recommended that the original proposal to change the charging base for Flexicare is adopted.

Proposal Four: Telecare

4.40 The consultation exercise included a proposal to levy a charge for those users of telecare services provided by Serco who do not receive any other social care services.

4.41 The responses to the questionnaire for this proposal are shown in the pie chart below:



4.42 The pie chart shows a largely even split of views across respondents, with 24 per cent agreeing or strongly agreeing with the proposal and 26 per cent disagreeing or strongly disagreeing. Half of the respondents had a neutral view or left this question blank.

4.43 Where responses were negative they emphasised the impact on preventative approaches which allow people to retain independence and reduce reliance on more formalised care:

"This is preventative - and saves HCC money. The return on investment justifies the cost."

"Introduction of such a charge could lead to individuals withdrawing from the service leaving them vulnerable."

"This cost of almost £200 a year would put people at risk as they can't afford it. That may well mean they end up in hospital and then need more care on discharge."

4.44 Where responses were neutral or favourable they focussed on the reasonableness of the weekly cost:

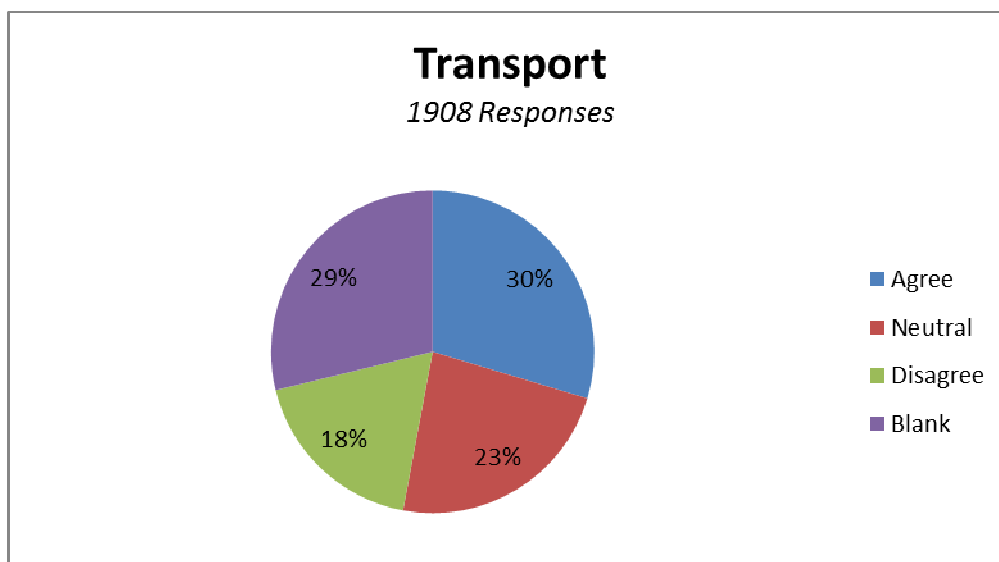
"In comparison of the monthly £17 charge my mother has to pay for her lifeline cover the revised weekly charge of £3.25 for Telecare support seems to be very reasonable."

"There is a need to remove disparity between existing services and create a more equitable charging policy. The removal of free services will ensure that service users take services when they really need them."

- 4.45 Introducing a weekly charge for telecare will bring Serco service users in line with users currently receiving equivalent services from North Herts Careline who already pay a weekly amount of £3.25. As part of this change it will be necessary to ensure equity between the two providers in relation to the cost of phone calls when the alarm service is triggered, so that both are at local rate.
- 4.46 It is therefore recommended that the original proposal to introduce a weekly charge of £3.25 per week for Serco Telecare services is approved.

Proposal Five: Transport

- 4.47 Door to door transportation is available for journeys to and from day centres. The current charge for transportation does not reflect the true cost of providing the service and is subsidised by the Council. The average cost of a journey in one of the Council’s fleet vehicles was £6.89 in 2014/15. The Council currently charges £1 per journey. Day tickets for local buses cost in a range of £4 to 6.30 per day.
- 4.48 The consultation exercise therefore asked for views on proposals to increase charges to £2 per journey / £4 per day, and the pie chart below summarises the responses to the questionnaire:



- 4.49 This was the proposal which had the highest number of people who strongly agreed or agreed with the proposal at 30 per cent. Eighteen per cent of respondents disagreed or strongly disagreed with the proposal with 52 per cent leaving this question blank or giving a neutral response.

- 4.50 Unfavourable responses emphasised the financial impact and risk of isolation from services or from communities and the impact this would have on health and wellbeing:

“This could lead to individuals resisting visiting day centres resulting in isolation from lack of social activities as well as having a departmental effect on only their health but also their well-being. They could also miss out on valuable information on health and self-care.”

“An additional charge could mean that the client would have to find between £10 and £20 per week. Is this a realistic expectation that clients will be able to afford such increases?”

- 4.51 Favourable responses indicated that some respondents found the proposed charge reasonable:

“The revised cost of £2 per journey is still very cheap when compared to the cost of a taxi.”

- 4.52 The proposal will reflect a more realistic contribution towards the cost of providing the service. On balance and acknowledging the views put forward, it is recommended that the charges for transport are increased as set out.

Implementation Arrangements

- 4.53 In addition to the proposed review of Disability Related Expenditure, and subject to the Cabinet’s decisions, it is proposed that as part of the implementation of the new arrangements commitments are made to:

- a) contact the people who are assessed to pay significantly more (more than £20 per week) through these proposals to explain the changes, ensure they understand the personal implications, and offer them a full financial re-assessment;
- b) To undertake on-going monitoring for people cancelling their care services because of increases in the amounts they are asked to contribute.

5 Financial Implications

- 5.1 A summary of the anticipated income from each individual proposal is set out in the table. Please note that it is not accurate to simply total each proposal in order to assess the overall increase in income likely. This is because some individuals will be affected by more than one proposal and will only pay up to their maximum charge.

Proposal	Indicative Annual Increase in Income
	£'000
AA / DLA Night Time needs	310
Double-Handed Care	1,000
Flexi Care Accommodation	297
Telecare	309
Transport	47

5.2 A review of the non-residential (community based) adult social care services has been undertaken to identify opportunities to streamline the financial assessment process and the charging arrangements for adult social services.

5.3 The levels of income will be monitored as the year progresses.

6 Equalities Implications

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

6.2 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 produced by officers.

6.3 The Equality Act 2010 requires the County 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.

6.4 An Equality Impact Assessment has been undertaken and this is attached at Appendix C. Whilst it is felt that the proposed changes will have an individual and cumulative effect on those upon which they impact, it should be noted that the financial assessment process which forms part of the Care Act Guidance ensures that an individual will only be asked to pay a contribution if they can afford to do so. The Policy will continue to allow the guaranteed minimum income as set by the Department for Work and Pensions which provides sufficient funds to cover an individual's daily living costs.

Appendix A

Changes to Charging Policy for Community Based Adult Social Care: Summary of Consultation Responses

Questionnaires

Table 1: Breakdown of respondents to questionnaires

Who responded?	Postal	Online	Total
The service user	866	47	913
A representative of the service user or carer	742	113	855
Someone else (for example, if you work for a voluntary organisation)	30	23	53
Left blank	73	14	87
	1711	197	1908

Table 2: Breakdown of responses to questionnaires

Proposal	Agree	Neutral	Disagree	Blank	Total
AA / DLA	517	420	710	261	1908
Double handed care	390	414	561	543	1908
Flexicare	281	696	323	608	1908
Telecare	450	499	511	448	1908
Transport	566	444	348	550	1908
Total	2204	2473	2453	2410	

Analysis of Narrative Responses

There were 329 narrative responses which were unsure or neutral in nature.

Favourable responses are analysed in this table:

Table 3: Nature of Favourable Responses to questionnaires

Nature of Response	Number of comments
Proposals will lead to improved equity for what is charged	65
It is reasonable that a more realistic price should be paid if it can be afforded	209

Unfavourable responses received at the time of writing are analysed in this table:

Table 4: Nature of Unfavourable Responses to questionnaires

Nature of Response	Number of comments
Level of financial impact will be severe	246
Unfairness / inequity of proposals	163
Penalising those with higher needs	125
Questioning applicability of using of Attendance Allowance and Disability Living Allowance to pay for care & whether this is lawful under the Care Act	119
Risk of people deciding that they can no longer care for someone, with the person then needing residential care at a higher cost/ or that independence will be undermined resulting in higher costs; preventative benefits will be lost	98
Unfairly targeting disabled, poor and vulnerable and people who have worked hard / paid taxes / saved	84
It is more expensive to live with a disability	68
People may decline services based on cost	63
Alternative ways should be found to balance the books	56
The proposed increases are too high	43
The survey is not a fair process / bureaucratic	25
Current charges already unfair	20
Increases will not be matched by quality improvements	18
Impact / distress on people and their carers	10
The council now allows less Disability Related Expenditure; the council should do more to clarify entitlements	5
Should exclude people in 'End of Life' situations	1

Public Consultation Events

Three public consultation events were held with a total of 49 people attending; the Executive Member for Care and Health and Director of Adult Care Services attended.

The Director of Adult Care Services was also invited to attend the Carers' Rights Day seminar on 24 November to discuss the proposals.

Table 5 summarises the discussion themes.

Table 5: Discussion themes from public consultation events and Carers' Rights Day session:

Questions about the charging process itself: how it operates, how the decisions about what to assess for are made, how social care charging relates to the wider benefits and taxation system
Individual queries relating to personal situations; attendees were asked to leave details for follow up conversations
Concern about the impact on disabled people, the fairness of targetting this group; the impact on their opportunity to live independent lives, the risk to their continued well-being. Particularly for people with learning disability cared for by their families. Concerns that families may no longer manage to provide care.
The risks of a false economy should this mean that more people now require residential care
The high costs of living with disability
The lack of clarity about Disability Related Expenditure in terms of what was allowed to be claimed for; inconsistency about what would and wouldn't be allowed, complexity of the form, lack of flexibility, trust and bureaucratic burden of having to provide receipts to support minor items of expenditure, the appeal process.
Whether a set amount per week could be allowed to enable quality of life to be maintained
The nature of the care system and how its costs work; costs that care agencies pay to their workers and how care salaries are low
That people may decide not to have more services
Whether it was appropriate to take AA and DLA into account and whether these benefits were provided for specific purposes which the council might or might offer support with
Concerns about care standards and poorly trained staff – further details were sought for follow up; discussion about the efficiency of care agencies and whether home care should be returned to in house provision. Discussion about how to encourage more people to think about care as a career.
Questions about day services and the future of this provisions
The financial impact on families & risk of future increases
The overall financial pressures on the HCC budget and the opportunities to lobby government and MPs about the financial pressures on adult social care and the general way in which society treats the most vulnerable
Concerns about the lack of transparency in relation to this consultation process; that the website had been difficult to navigate; the lack of day time meetings
How Direct Payments are used and monitored

APPENDIX B
ADULT CARE SERVICES



ACS 736

Charging for community based services policy

Date: April 2018

Issue 7 (DRAFT)

TO BE Authorised by: Iain MacBeath, Director, Adult Care Services

Signature:

Author: Simon Rowley, Income and Payments Team

Review due : April 20XX

Comments and enquiries about this document to acs.documentmanager@hertfordshire.gov.uk

This document is a mock-up version of what HCC's charging policy would look like should all of the five charging consultation proposals be adopted in the same format as consulted on. The formation of this document does not represent the views of the Council, as the final decision on the outcome of the charging consultation has not been made.

Summary

On 1 April 2011, a revised charging policy for community based services was introduced for Adult Care Services (Health and Community Services at the time). Further changes were introduced to bring Hertfordshire County Council policy in line with the Care Act 2014.

Following a charging consultation between October and December 2017, this document was revised, and came into effect on 15 April 2018.

This document sets out the policy, guidance for staff, and procedures for the financial assessment and charging process for service users receiving community based care services in Hertfordshire. This policy and procedure applies to HPFT and ACS and Serco. It replaces any previous revisions.

Introduction

The legal basis for Local Authorities to be able charge for social care is laid out in the Care Act 2015 with further details in Care and Support (Charging and Assessment of Resources) Regulations 2014 and further clarification in the Care and Support Statutory Guidance (October 2014).

This charging policy takes account of corporate guidelines on charging and follows the framework set out in legislation and national guidance. As part of its preparation an Equality Impact Assessment has been undertaken.

The charging arrangements for care home placements are not covered in this policy. For information on these, see ACS 673 Arranging and Reviewing Care Home Provision.

2. Principles of charging

2.1 Chargeable services

This charging policy applies to community based services provided by the Adult Care Services (ACS) department and to those commissioned by ACS but provided or delivered by other organisations. ACS will charge for all community based services, including (but not listed exclusively as):

- Support at Home / Homecare including that provided in supported living settings (but not intermediate care or homecare provided during an enablement period);
- Day opportunities (day centres or day care);
- Transport services;
- Short breaks (also known as respite care);
- Flexicare;

- Supported Living;
- Telecare;
- Direct Payments.

Services that remain excluded from charging are (also see section 2.2 for client groups exempt from charging):

- Intermediate care;
- Enablement home care (for up to 6 weeks);
- Carer's services;
- Provision of equipment;
- Grant aided voluntary sector services;
- Housing related support (formerly known as Supporting People Services).

Information on how rates are applied and on bandings for different levels of care can be found at Section 4.6. Individual fees for each service are revised annually, and published separately in our Charging for Community Services booklet and on the website at:

<https://www.hertfordshire.gov.uk/services/adult-social-services/care-and-carers/arranging-and-paying-for-care/paying-for-your-care-costs.aspx>

There is a presumption that any new services not referred to in the policy currently, or those that may develop in the future will be chargeable unless HCC has chosen to exercise its discretion not to charge or not charge the full amount for that service or where that service is exempt under statute.

2.2 Circumstances where a charge will not be made

2.2.1 Exemption from charges

The charging policy for ACS community based services does not apply to service users aged under 18. Certain other service users are exempt from charges. These are:

- Service users who receive after-care services provided under section 117 of the Mental Health Act 1983 (legal requirement);
- Service users who suffer from Creutzfeldt-Jacob Disease (legal requirement);
- Service users who are in the end stages of terminal illness, defined as being in a progressive state of decline, for example, with a life expectancy of less than three months (local discretion not to charge for care provided - excludes CHC funding which is already exempt from charging).

3. Services provided for by compensation package

Where a service user has received a compensation payment which included a sum to cover care needs, this should be covered in the needs assessment. Where a current unmet need has been identified in an assessment and a compensation payment has been made in respect of that need then the expectation is that those sums should be used to meet that need. In these cases Hertfordshire County Council (HCC) should act as an assisting agency, providing advice and guidance on the availability of services. Payment for the services arranged should be the responsibility of the Trustees of the compensation fund. It is for the Trustees/family to bring to the attention of HCC any reasons why this cannot occur and these will be given due consideration and in appropriate circumstances the County Council will fund those services.

Where these sums can be considered they are assessed in accordance with the Care and Support (Charging and Assessment of Resources) Regulations 2014 and the Care and Support Statutory Guidance (October 2014) as follows:-

- Where capital consists of any payment made as a result of personal injury, and a Court has specifically identified that this payment is to cover the cost of providing care it will be taken into account.
- Where the Court has **NOT** specifically identified that this payment is to cover the cost of providing care, then the value of that capital is disregarded for a period of up to 52 weeks from the date of receipt of the first payment. Subsequent payments after the 52 weeks are taken fully into account unless they themselves cannot be considered.
- Where capital consists of any payment made as a result of personal injury and is placed in the Court of Protection then both the capital value of the payment and the income which arises from it **cannot** be considered in a charging assessment.
- Where capital consists of any payment made as a result of a personal injury and it is placed in a Trust Fund then the capital value of the payment cannot be considered but the income which arises from it is included in the assessment of income.

4. Determination of charge

4.1 Capital limits

Capital is assessed in accordance with the Care and Support (Charging and Assessment of resources) Regulations 2014, Care and Support Statutory Guidance (October 2014).

Capital limits are set in line with the above regulations and published by Department of Health in documents called Local Authority Circulars. Broadly, capital is treated as follows:

- Service users with capital above the *upper* capital limit are expected to pay the standard cost of the service. The standard cost in this instance means the full cost.
- Service users with capital above the *lower* limit, but below the *upper* capital limit will be assumed to have some income from capital - this is called Tariff Income and is calculated according to charging guidance and regulations (see 4.2.3 below).

- Service users with capital *below* the lower capital limit will be assessed based on their income only (the capital will be disregarded).

If the service user owns property that they do not live in, it is usually included as capital. It is not included as capital if the place the service user is currently residing is deemed to be temporary and the service user intends to return to the owned property in the near future.

4.2 Financial assessment calculation and benefit check

4.2.1 Financial assessment calculation

The financial assessment establishes whether the service user must pay a charge, and if so, the amount of the weekly charge. When a financial assessment is calculated, it must be calculated as follows:

1. Available income (income that can be counted in a financial assessment) is added up;
2. Tariff income (see 4.1 above and 4.2.2 below) is added to the available income;
3. The Minimum Income Guarantee (see 4.2.3 below) is deducted;
4. Certain housing expenses, such as Council Tax, are deducted;
5. Disability Related Expenses (see 4.2.4 below) are deducted;
6. Whatever remains is called the Maximum Assessed Contribution. Every charging week (which runs from a Sunday to the following Saturday), HCC will compare the Maximum Assessed Contribution with the actual cost of services (see 4.6) provided in that week, and pass on the lower amount.

If a service user is not exempt from charges, and does not have capital over the upper limit, a financial assessment should be carried out. Information for the assessment is collected by way of a postal financial assessment and input onto ContrOCC. Where an individual is in prison and will be receiving care in prison they will be asked to complete a shortened form. Service Users or their financial agents who are unable to complete the postal financial assessment, and provide evidence, can request a financial assessment visit.

Service users who approach Adult Care Services to inform us that their capital has dropped below, or are about to drop below, the upper capital limit and wish to request Adult Care Services funding will be asked to complete an ACS8sf form (self-funder) by post and provide evidence.

Service users who choose not to provide information for a financial assessment are liable to pay the standard cost (i.e. full cost) of the service.

Service users are notified in writing of the assessed charge, how it has been calculated, and what to do if they disagree with the charge.

4.2.2 Available Income and welfare benefits check

Annex C of the Care and Support Statutory guidance tells local authorities how to treat various types of income and state benefits, which to disregard, and which to partially disregard.

A welfare benefits check is provided by the Community Finance Team (CFT) as part of the financial assessment process. Service users are advised if the financial assessment reveals any unclaimed benefits to which they may be entitled and may be referred to the Money Advice Unit or Department of Work and Pensions for assistance with claiming benefits.

Community Finance will review all referrals for benefit claims on a periodic basis and update financial assessments where applicable.

Disregards on Income and Capital are treated in line with the Care and Support (Charging and Assessment of resources) Regulations 2014, as described in Care and Support Statutory Guidance.

For the purpose of clarity, the high rates of Attendance Allowance and Disability Living Allowance (Care Component) are taken into account as available income in cases where the Council is providing night time care. For the avoidance of doubt, night time care is considered to be care delivered between the hours of 11pm and 7am.

4.2.3 Tariff Income

Tariff Income applies where a service user has capital of more than the lower capital limit but less than the upper capital limit. The amount of tariff income gets added to the service users overall allowable income for financial assessment, having the effect of increasing their charge, or making it more likely that the service user will pay a charge.

It is calculated by taking the actual amount of capital the service user has, then deducting the value of the lower capital limit and dividing the result by 250. The final result is then rounded up to the nearest £1. As an example, assuming the service user has £16,455 and the lower capital limit is £14,250, their tariff income would be £9 as per the working below:

- $£16,455 - £14,250 = £2,205$
- $£2,205 \div 250 = £8.82$
- $£8.82$ rounded up to nearest £1 = **£9**

4.2.4 Minimum Income Guarantee

The Minimum Income Guarantee (MIG) is an amount of money the government says is a safeguard against charging service users too much for care. The MIG levels are reviewed annually by the Department of Health, and published in Local Authority Circulars. The amount of MIG applicable is dependent on a number of factors:

- Whether or not the service user is single or part of a couple;
- Whether or not the service user lives alone;
- The age of the service user;
- The level of the service users' disability benefits;
- Whether or not the service user is in receipt of (or could be in receipt of) Carers Premium;
- Whether or not the service user has responsibility for a dependent child living in the same household.

Practitioners should refer to CFT training guidance on how to determine the applicable level of Minimum Income Guarantee to apply.

4.2.5 Housing expenses

Housing costs are deducted from the service user's available income for charges. Housing costs do not include gas, electric, water charges (unless higher than average due to disability), or buildings and contents insurance. Housing costs include rent (net of Housing Benefit or Universal Credit Housing allowance), council tax (net of council tax reduction), mortgage interest payments (net of any help from state benefits) and leasehold costs such as service charges and ground rent.

4.2.6 Disability Related Expenditure

A disability related expense (DRE) is an expense that the service user incurs as a result of having a disability. Practitioners should refer to CFT training guidance on how to treat claims for DRE.

The County Council allow an individual a deduction in their income that is assessed to take into account disability related expenses (DRE) up to £20 a week, but this must be supported by receipts. If a service user feels that their DRE is higher than £20 a week they will need to appeal by sending in a letter with receipts asking for further expenses to be taken into account. Their appeal will be reviewed by a senior operational manager who will determine whether their additional expenses can be allowed. See section 10 for more information on Appeals.

4.2.7 Deprivation

If a service user has intentionally deprived himself or herself of capital or income in order to reduce or avoid a charge then the service user may be treated as still possessing the asset. The Care and Support (Charging and Assessment of Resources) Regulations 2014 and Annex E of the Care and Support Statutory Guidance is followed when making decisions on whether the person has deprived himself or herself of capital or income and whether or not to pursue the recipient/s of those funds.

4.3 Couples

The definition of a couple for the purposes of this policy is a married couple or two people who live together as married. It includes couples, civil partners and co-habiting couples. It does not include separated or divorced couples unless they live together as if married. Where only one member of a couple receives services, charges are based on the service user's income and capital, not the income or capital of her/his partner or any other members of the household. However, the couple can elect for a joint assessment, (i.e. to be assessed on joint income, capital and expenditure), in which case the charge will be the lower of the single or joint assessment.

If a single financial assessment is carried out, only the capital owned by the service user will be taken into account. Any capital held in joint accounts will be assumed to be held in equal shares, as per Care Act guidance. The capital limits will apply to the service user's share of the capital. It will be assumed that the service user is entitled to a share of any benefits or income paid for the joint benefit of the couple. Half of the total housing expenses will be attributed to the service user. Disability related expenditure directly attributable to the service user will be allowed up to £20 per week (see 4.2). The capital limits applied will be as laid out in guidance (Local Authority Circulars) published by the Department of Health.

If a joint financial assessment is carried out, the couple's joint resources will be taken into account. The capital limit will apply to the total capital held by the couple. The income of both members of the couple will be included, as will any income paid for the joint benefit of the couple. Full housing costs will be deducted from the couple's income. The threshold applied will be as laid out in guidance.

4.4 Minimum / maximum charges and standard costs

There is no maximum weekly charges for Adult Care Services. However, the charge cannot be more than the standard cost of the services received. These standard costs and charges are revised annually in line with inflation.

The minimum weekly charge for Adult Care Services is £2 per week.

Clients pay one charge for services provided by Adult Care Services, even if they receive more than one service.

Charges do not include lunches or drinks served at day opportunities, which must be paid for separately.

4.5 Backdating charges

The County Council aims to notify service users of assessed charges promptly, before the first invoice for charges is issued. Charges will normally apply from the date of commencement of services, but will not be backdated earlier than 4 weeks prior to notification unless the delay is due to the service user not providing information needed to complete the assessment, or delaying a visit to assess charges.

4.6 Determining the Cost of Service

The cost of providing services is calculated as follows:

4.6.1 Support at Home / Homecare

Charges for support at home and for homecare are based on actual service received, charged in 15 minute blocks. The number of minutes' service received at each visit determines which block to charge against. The table below illustrates this:

Each visit (duration)			Charged as
From	To		
0	20	minutes	15 minutes
21	35	minutes	30 minutes
36	50	minutes	45 minutes
51	60	minutes	60 minutes

The hourly rate is published on the HCC website annually, and is included in charging booklets.

4.6.2 Day Opportunities

Charges for day opportunities are based on sessions. Each session is half a day. If a service user has a full day at a day centre or day care setting, then this is counted as two sessions.

Session rates are published on the HCC website annually, and are included in charging booklets.

4.6.3 Transport

Transport is charged on a per trip basis, at the same rate, irrespective of the method of transport. Transport to and from day care is charged as two trips.

The per trip rate is published on the HCC website annually, and is included in charging booklets.

4.6.4 Flexicare

Flexicare is charged based on the banding the service user has been assessed as needing. There are three bands, detailed in the table below:

Band	Hours of care (per week)	Charged as
Low	0 to 3 hours	3 hours
Medium	3.1 to 10 hours	8.5 hours
High	over 10 hours	15 hours

Rates charged for each banding are published on the HCC website annually, and are included in charging booklets.

4.6.5 Supported Living

Supported Living is charged based on the banding the service user has been assessed as needing. There are three bands, detailed in the table below:

Band	Hours of care (per week)	Charged as
Low	0 to 3 hours	1.5 hours
Medium	3.1 to 10 hours	6 hours
High	over 10 hours	14 hours

Rates charged for each banding are published on the HCC website annually, and are included in charging booklets.

4.6.6 Telecare

Telecare is charged at a flat rate per week.

The rates are published on the HCC website annually, and are included in charging booklets.

4.6.7 Two carers

Where two carers are required to attend at any one time then both carers will be charged for.

5. Deferred Payments

The County Council has the discretion to enter into Deferred Payment agreement with people whose care and support is provided in Supported Living Accommodation. The County Council can only do this if the person intends to retain their former home and intends to pay the associated care and rental costs from the deferred payment. Deferred Payment agreements cannot be entered into for the purposes of financing mortgage payments on Supported Living accommodation.

The final decision on eligibility for a Deferred Payment Agreement in the above circumstances is at the discretion of the County Council. This decision will be made by a Senior Finance Manager together with a Senior Operational Manager and the individual will be informed of this decision in writing.

Deferred Payments will not be considered for other forms of non-residential care. For the purposes of clarification Supported Living Accommodation will include Flexicare Housing and Shared Lives. This is defined in The Care and Support and Aftercare (Choice of Accommodation) Regulations 2014.

The Deferred Payment will incur a variable interest rate at the maximum set by the Department of Health. This rate will be revised on the 1st of January and the 1st of July each year. The interest will be calculated on a daily basis and compounded calendar monthly

6. Waivers (reductions or cancellation of charges)

Service users can apply for a waiver (reduction or cancellation) of an assessed charge if they are unable to pay the full charge, which will need to be supported by the social worker. The final decision as to whether to apply the reduction or waiver will be made by the relevant Area Manager or Deputy Area Manager and countersigned by the Income Manager.

There are some scenarios where compulsory waivers apply, and some scenarios where discretion can be applied. These are discussed in 6.1 and 6.2 below.

6.1 Compulsory waivers (based on statute and HCC policy)

Social workers must apply for a waiver or reduction in client charge in the following circumstances:

1. If the service user is subject to Section 117 of the Mental Health Act;
2. If the service user suffers from Creutzfeldt-Jacob Disease;
3. If the service user is terminally ill;
4. If the service user becomes CHC funded.

These waivers are not time-limited, and will therefore have no end date. If the reason for the waiver no longer applies, the social worker must inform the Income Team and request for a new financial assessment by completing a new HCS8b form.

6.2 Discretionary waivers (based on client circumstances)

Social workers can apply for a waiver or reduction in client charge in the following circumstances:

1. If the service user is already suffering financial hardship and to apply the charge would be detrimental to the service user;
2. If there is an ongoing complaint about the service and to apply the charge exacerbates the situation;
3. If the service user currently refuses to pay and there is a risk to the service user if the service is not provided;
4. If there is an unforeseen circumstance where it appears to the social worker that stopping charges for a limited period of time would be beneficial for the service user.

These waivers are time-limited. Waivers for periods of more than 6 months will be rejected unless there is a compelling reason to implement a waiver for a longer period.

7. Invoicing and payments

7.1 Commissioned services (with no Direct Payments)

Invoices are raised four weekly, usually four weeks in arrears. Social Care staff are responsible for entering changes to commissioned services onto ACSIS. Once authorised, ACSIS sends this service information to the Financial Assessment system (Controcc), which determines SAP billing. For example, a bill sent out in May will be for services provided in mid-April.

Payment collection is carried out on the department's behalf by SERCO. Payments can be made by standing order, cheque, online, direct debit or over the telephone.

7.2 Commissioned services (with Direct Payments)

If the service user's maximum assessed contribution is higher than the weekly Direct Payment amount, then the following will happen:

1. The direct payment will not get paid (this is because direct payments are set up to pay out net of the maximum assessed contribution; and
2. The difference between the maximum assessed contribution and the direct payment will be invoiced as per 7.1 above.

7.3 Direct Payments only

Direct payment service users are paid net of their maximum assessed contribution. Direct Payments are paid four-weekly, in advance. The service user is expected to pay their maximum assessed contribution direct into their direct payment bank account, or direct onto their pre-payment card, whichever is applicable.

Where the amount of maximum assessed contribution is higher than the direct payment, HCC will not make direct payment payments and the service user will effectively have to fund the full amount of their direct payments.

8. Non-payment of charges

Local authorities are empowered to recover outstanding charges summarily as a civil debt (Section 69 Care Act 2014).

The County Council will exercise its right to take steps to recover the costs for the services it has provided and for which it can charge. However, the County Council will seek to engage with the person responsible for meeting the charge before taking any enforcement action.

9. Reviews and complaints

Charges are reviewed annually in line with benefits uprating. Service users can request a re-assessment of the charge if their financial circumstances change at any point during the year, if there has been significant change. A new financial assessment may also take place at the point of the care review. A review is separate to an Appeal (see section 10), as a review relates to the correction or update of a financial assessment, whereas an appeal is used where the service user wishes the council to exercise its discretion or where the service user has DRE above £20 per week.

A service user who is dissatisfied with the service they have received from the Income Team or the Community Finance Team, they have the right to make a complaint. Adult Care Services' complaint procedure will apply for all complaints. Details on how to complain can be found at: <https://www.hertfordshire.gov.uk/about-the-council/complain-or-comment/make-a-complaint.aspx>

10. Appeals

If a service user or their representative is unhappy with the maximum assessed charge they have the right of appeal on the grounds of financial hardship and on the grounds that HCC has capped their DRE at £20 per week.

Appeals must usually be made in writing (including by email), and must be supported with evidence. In order for a decision to be made, the decision maker, which will be a Senior Operational Manager, must be able to determine the actual costs incurred, the frequency that those costs are incurred and have access to the service users' care plan.

Following the appeal, we will write and inform service users of our decision on each claim and the reason for each decision.

If the service user remains dissatisfied with the charge, or any other aspect of the service, s/he can make a complaint under the County Councils Complaints Procedure which can be

found at: <https://www.hertfordshire.gov.uk/services/adult-social-services/adult-social-services-factsheets>

11. Information for service users

A public leaflet 'Charging for community based care services', which is the guide to charging for Adult Care Services is available from:

Income Team
Adult Care Services
SFAR 225
Farnham House
Six Hills Way
Stevenage
SG1 2FQ

An electronic version is also available on our website at:

<https://www.hertfordshire.gov.uk/services/adult-social-services/care-and-carers/arranging-and-paying-for-care/paying-for-your-care-costs.aspx>

STEP 1: Responsibility and involvement

Title of proposal/ project/strategy/ procurement/policy	Updating the Council's Adult Social Care Charging Policy	Head of Service or Business Manager	Lynn Quick Deputy Head of Income & Payments
Names of those involved in completing the EqIA:	Lynn Quick – Deputy Head of Income and Payments	Lead officer contact details:	Simon Rowley Income Manager/Lynn Quick Deputy Head of Income and Payments
Date completed:	20/03/17 & updated 13/12/17	Review date:	

STEP 2: Objectives of proposal and scope of assessment – what do you want to achieve?

<p>Proposal objectives: – what you want to achieve – intended outcomes – purpose and need</p>	<p>Hertfordshire County Council provides care support to citizens of Hertfordshire who reside in their own homes. The Council, in line with Statutory Guidance (“the Care Act Guidance”) issued under the Care Act 2014, financially assesses service recipients to assess their eligibility for financial support and charges a contribution towards the services arranged.</p> <p>The Council's Charging Policy sets out how we charge for adult care services. It requires amendments to bring it up to date with the Care Act guidance, so that we can charge for services not currently charged for and apply similar treatments adopted by other local authorities.</p> <p>These amendments will ensure that income from contribution is maximised and assists to reduce the pressure on The Council budgets and enables continuation of care support for the citizens of Hertfordshire. There will be additional income from the changes being proposed.</p> <p>Services: Data available in October 2016 shows that around 15,500 people across all care groups are provided with services which support them to remain living in their own homes.</p> <p>The budget for care services has been and continues to be cut year on year and is subject to additional pressures from an ageing population. Maximising income from client contribution will enable the Council to continue to provide high levels of support to people so they can stay independent for longer and meet the Care Act duties to prevent, reduce and delay the onset of care needs.</p> <p>The changes to the Hertfordshire County Council Charging Policy will result in an increase in costs for some people. Any increases are only applied if an individual's income is above the income buffer allowed by the Council which is the guaranteed income value, as directed by the Department of Works and Pension. The value left is the chargeable income, against which charges can be applied. The charge will be less than or equal to the maximum chargeable income.</p> <p>There are several elements included in the policy changes and all have been examined to see what impact they will have on service users.</p> <p>High Rates of Attendance Allowance and Disability Living Allowance Including both the higher rates of Attendance Allowance and Disability Living Allowance is permissible in the Care Act, it's Guidance and</p>
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Regulations. These benefits are paid specifically to provide funds to enable an individual to pay towards their care. The difference between the higher rate and standard rate is £27.20 per week. There are around 2250 service users who are in receipt of the higher rates and some may be required to use the full amount to pay towards their care when they receive a night service. The benefit received will cover in the additional cost. This will result in the higher rate element of the benefit no longer being available to the service user to spend on other items. The financial assessment process will make sure people are not asked to pay more than they can afford.

Double Handed Care

The policy change to align the client contribution to the actual cost of the service creates more equity to how other services are charged for. 147 service users are in receipt of this type of service, 130 pay the full cost of care and their charges will double. If the 130 independently purchased their care, as most self-funders do, they would be paying the full charge anyway. The policy as it stands allows self-funders to benefit by paying less for their care than it actually costs. This is at odds with the aim of the policy to apply charges fairly and equally to all service users. The remaining 17 will pay additional contribution but it will not be double the amount and only up to the maximum value of their chargeable income. The financial assessment process will make sure people are not asked to pay more than they can afford.

Flexi-Care

630 service users fall into this group. The policy change would see 31 service users paying an increased contribution and this would only be up to the maximum available from their chargeable income. The financial assessment process will make sure people are not asked to pay more than they can afford.

Transport to Day Care Centres

The policy change will enable the transportation service to continue, which is not sustainable with the current funding model. The change would see a reasonable charge levied. Service users who have sufficient excess values in their chargeable income will pay an increased contribution and continue to receive the benefit of a door to door service. In this group there are only 117 people who would be required to pay the full cost of the service, the remaining 406 would pay an additional amount. The charge applied would only be up to the maximum available from the chargeable income. The financial assessment process will make sure people are not asked to pay more than they can afford.

Telecare

4066 people are provided with telecare services. 1451 receive care services and will not be charged an additional amount for the telecare service. It is being proposed that the remaining 2615 will pay a nominal charge. This creates a fair approach to a contribution being paid towards support services. The fee will be set at a level that will not prove to be a burden on individuals. The financial assessment process will make sure people are not asked to pay more than they can afford.

The Policy changes will have a financial impact on service users although in the majority of cases this will be met by benefits being paid to them specifically to pay for care. The guaranteed minimum income as set by the Department for Work and Pensions provides sufficient funds to cover an individual's daily living costs. The financial assessment process looks at the total cost of all services. The contribution is equal to or less than the chargeable income.

	<p>The charge rates for non-residential care are left for individual authorities to decide. We have approached the national organisation NAFAO (National Association of Financial Assessment Officers) in relation to treatment of the higher rate Attendance Allowance and Disability Living Allowance and about telecare charges.</p> <p>Authorities taking the higher rate Attendance Allowance and Disability Living Allowance benefit in full when calculating the financial contribution:</p> <p>70.6% Take the benefit in full. 5.8% Take the benefit in full for some services 11.8% Are planning to take the benefit in full 11.8% Are considering taking the benefit in full</p> <p>Authorities who are charging for telecare services:</p> <p>75% Charge 25% Do not charge</p> <p>Of the 25% who currently do not charge 8% are considering whether to do so</p> <p>Charges range from £1.55 to £5.61 with the most frequently used weekly fees being £3.00 or £4.60.</p> <p>Authorities who treat the cost of telecare as a Disability Related Expense:</p> <p>22.2% Do not treat as a disability related expense. 33.3% Do allow as a disability related expense. 11.1% Do allow if the individual is in receipt of a care service. 11.1% Allow if an external provider is used. 22.2% Did not respond</p>
<p>Stakeholders: Who will be affected: the public, partners, staff, service users, local Member etc</p>	<p>Citizens of Hertfordshire (and their families/carers) who require support with their care needs whilst living in the community and who are assessed to pay a contribution towards that care.</p> <p>Housing Association, Supported Living Units, the Care Home Provider Association and voluntary organisations may experience an increase in enquiries for assistance and advice during the consultation period.</p>

STEP 3: Available data and monitoring information

<p>Relevant equality information: What the data tell us about equalities For example: Community profiles / service user demographics, data and monitoring information (local and national), similar or previous EqIAs, complaints, audits or inspections, local knowledge and consultations.</p>
<p>Age: Data compiled in April 2015 showed that nearly 15% of Hertfordshire residents (168,000) are aged over 65. National predictions are that there will be a 19 million increase in people aged over 65 by 2050. This ageing population will place increasing pressure on care and support services. In 2012/13 it was estimated that around 7% of the over 65 age group were receiving support; applying this percentage to the 2015 population gives a potential figure of 11,760 receiving care support.</p>
<p>Disability: Over 68,000 people in Hertfordshire have a disability and around 23,000 have a severe physical disability with approximately 26,000 having a learning disability.</p>



STEP 4: Impact Assessment – Service Users, communities and partners (where relevant)
 Guidance on groups of service users to consider within each protected group can be found [here](#)

Protected characteristic	Potential for differential impact (positive or negative)	What reasonable mitigations can you propose?
<p>Age</p>	<p>The majority of people who currently require care services are people aged over 65. Some receive help with funding these services from the Council, so any negative changes will have a differential impact on older people. There will be a financial impact on some individuals. Some additional charges will be funded entirely by benefits specifically awarded to pay for care. There will be an impact on some people who have to pay increased contribution but this will not be more than the chargeable income available and will not result in a financial burden or people being asked to pay more than they can afford.</p> <p>During the consultation period concerns were raised in relation to the financial impact directly on individuals and indirectly on the family/carers:</p> <p>Taking the higher rate of Attendance Allowance and Disability Allowance penalising disabled people.</p> <p>Charging for double handed care.</p>	<p>Amending the Charging Policy will bring it in line with the Care Act guidance and will reduce the cost pressure to the Council. In order to support service users and maintain that support the most reasonable mitigation is to levy charges that are fair and proportionate to the cost of the service.</p> <p>Charges have been proposed that we consider meet this criteria and they will be reviewed following the public consultation.</p> <p>Full details of the policy will be communicated to current service users and available to potential service users, along with details of support services available.</p> <p>The Policy will continue to ensure people do not pay more than they can afford. The Policy will continue to allow the guaranteed minimum income as set by the Department for Work and Pensions which provides sufficient funds to cover an individual’s daily living costs. The Policy will continue to take into account disability related expenditure when calculating how much and individual can afford to pay towards their care.</p> <p>These concerns have been noted and the proposal has been amended to only take into account the higher rates of Attendance Allowance and Disability Allowance when an individual is in receipt of a night service. It is still considered that the Policy will continue to ensure people do not pay more than they can afford. The guaranteed income as set by the Department for Works and Pensions seeks to provide sufficient funds to cover an individual’s daily living costs.</p>

	<p>was penalising people.</p> <p>Family may have to contribute towards expenses incurred by an individual.</p>	
<p>Disability Including Physical and Learning Disability</p>	<p>There are also a significant number of people with a physical or learning disability who currently require care services. Some receive help with funding these services from the Council so any negative changes will have a differential impact on people with a disability. There will be a financial impact on some individuals. Some additional charges will be funded entirely by benefits specifically awarded to pay for care. There will be an impact on some people who have to pay increased contribution but this will not be more than the chargeable income available and will not result in a financial burden or people being asked to pay more than they can afford.</p>	<p>Amending the Charging Policy will bring it in line with the Care Act 2014 guidance and will reduce the cost pressure to the Council. In order to support service users and maintain that support the most reasonable mitigation is to levy charges that are fair and proportionate to the cost of the service.</p> <p>Charges have been proposed that we consider meet this criteria and they will be reviewed following the public consultation.</p> <p>Full details of the policy will be communicated to current service users and available to potential service users, along with details of support services available.</p> <p>The Policy will continue to ensure people do not pay more than they can afford. The Policy will continue to allow the guaranteed minimum income as set by the Department for Work and Pensions which provides sufficient funds to cover an individual's daily living costs. The Policy will continue to take into account disability related expenditure when calculating how much and individual can afford to pay towards their care.</p> <p>The Council will take the necessary steps to ensure that information will be available in alternative formats such as Easy Read, Large print and translated where necessary to ensure equality of access. The Council will also work with the Learning Disability Partnership Board and other relevant partners to help communicate and explain the reasons for the proposed changes and what they are likely to mean for service users.</p>

	<p>During the consultation period concerns were raised in relation to the financial impact directly on individuals and indirectly on parents/carers:</p> <p>Taking the higher rate of Attendance Allowance and Disability Allowance penalising disabled people.</p> <p>Charging for double handed care was penalising people.</p> <p>Boarding and lodging, food and clothing expenses were not considered.</p> <p>An individual would have less money for activities, wouldn't be able to go out as much, this would impact on their wellbeing and could suffer mental health issues and isolation.</p> <p>An individual may have to move from current home and move into residential.</p> <p>For an individual living within parents an increase in client contribution would mean that parents would be expected to contribute more towards their son/daughters expenditure.</p> <p>An individual may choose to cease their care rather than pay a higher contribution.</p>	<p>We will also make sure that we communicate in a clear, personalised way what the difference in charges will be if the changes are approved. This will take into account individual needs, including people with learning disabilities who may need additional support to understand the impact.</p> <p>These concerns have been noted and the proposal has been amended to only take into account the higher rates of Attendance Allowance and Disability Allowance when an individual is in receipt of a night service. It is still considered that the Policy will continue to ensure people do not pay more than they can afford. The guaranteed income as set by the Department for Works and Pensions seeks to provide sufficient funds to cover an individual's daily living costs.</p>
<p>Race</p>	<p>We do not have robust local data on the ethnicity of users accessing care services. It is not anticipated that the proposal will affect people disproportionately because of issues of Race. It is however acknowledged that information and</p>	<p>The Council will continue to monitor the position and if any issues in respect of the protected characteristic are identified by the Council then the Action Plan will be amended accordingly.</p>

	guidance will need to be available in different languages.	Access to interpreting services will be made available.
Gender reassignment	It is not anticipated at this stage that the proposal will affect people disproportionately because of the issues of Gender reassignment but the position will be monitored if the proposal proceeds.	The Council will continue to monitor the position and if any issues in respect of this protected characteristic are identified by the Council then the Action Plan will be amended accordingly.
Pregnancy and maternity	It is not anticipated that the proposal will affect people disproportionately because of issues around Pregnancy and Maternity but the position will be monitored if the proposal proceeds.	The Council will continue to monitor the position and if any issues in respect of this protected characteristic are identified by the Council then the Action Plan will be amended accordingly.
Religion or belief	It is not anticipated that the proposal will affect people disproportionately because of their religion/belief. We do not have robust local data on the religion or belief of users accessing care services.	The Council will continue to monitor the position and if any issues in respect of this protected characteristic are identified by the Council then the Action Plan will be amended accordingly.
Sex	The percentage split between females and males currently paying towards their service is 60/40. Any changes will affect more females.	The Council will continue to monitor the position and if any issues in respect of the protected characteristic are identified by the Council then the Action Plan will be amended accordingly.
Sexual orientation	It is not anticipated that the proposal will affect people disproportionately because of issues around Sexual orientation but the position will be monitored if the proposal proceeds. We do not have robust local data on the sexual orientation of users accessing care services.	The Council will continue to monitor the position and if any issues in respect of the protected characteristic are identified by the Council then the Action Plan will be amended accordingly.
Marriage & civil partnership	It is not anticipated that the proposal will affect people disproportionately because of issues around Marriage and Civil Partnership but the position will be monitored if the proposal proceeds. We do not have robust local data on the marital status of users accessing care services.	The Council will continue to monitor the position and if any issues in respect of the protected characteristic are identified by the Council then the Action Plan will be amended accordingly.
Carers (by association with any of the above)	<p>It was not anticipated that the proposal would affect people disproportionately because of caring issues but the position will be monitored if the proposal proceeds. We do not have robust local data on the caring responsibilities of users accessing care services or the number of people who are accessing care services who are also receiving support from informal carers. There may be an impact on carers if service users refuses care and is more reliant on the carer.</p> <p>During the consultation period concerns were raised in relation to the impact on carers.</p>	<p>The Council will continue to monitor the position and if any issues in respect of the protected characteristic are identified by the Council then the Action Plan will be amended accordingly. The Council will engage with Carers in Hertfordshire as part of the consultation process and their feedback will be reviewed and considered before final proposals are made.</p> <p>These concerns have been noted and it is still considered that the Policy will continue to ensure people do not pay more than they can afford. If the</p>

	If an individual is charged more carers felt they may have to provide more care support as the individual will not want to pay the increased contribution.	continued monitoring identifies any changes then the Action Plan will be amended.
Opportunity to advance equality of opportunity and/or foster good relations (Please refer to the guidance for more information on the public sector duties)		
Amending the Charging Policy in line with the guidance provided under the Care Act 2014 will reduce the cost pressure to the Council and will enable the Council to continue to provide high levels of support to a greater number of Hertfordshire Citizens, all of whom will have Protected Characteristics, who most need it. There is also the opportunity to link this work with our Community First approach in order to increase awareness about the costs of care services and the availability of alternatives to support provided by the County Council and the need to work together with others to find the best solutions for caring for adults in Hertfordshire.		

Impact Assessment – Staff

Protected characteristic	Potential for differential impact (positive or negative)	What reasonable mitigations can you propose?
Age	It is not anticipated that there will be a negative impact on staff.	The position will be monitored and any identified action progressed.
Disability Including Learning Disability	It is not anticipated that there will be a negative impact on staff.	The position will be monitored and any identified action progressed.
Race	It is not anticipated that there will be a negative impact on staff.	The position will be monitored and any identified action progressed.
Gender reassignment	It is not anticipated that there will be a negative impact on staff.	The position will be monitored and any identified action progressed.
Pregnancy and maternity	It is not anticipated that there will be a negative impact on staff.	The position will be monitored and any identified action progressed.
Religion or belief	It is not anticipated that there will be a negative impact on staff.	The position will be monitored and any identified action progressed.
Sex	It is not anticipated that there will be a negative impact on staff.	The position will be monitored and any identified action progressed.
Sexual orientation	It is not anticipated that there will be a negative impact on staff.	The position will be monitored and any identified action progressed.
Marriage & civil partnership	It is not anticipated that there will be a negative impact on staff.	The position will be monitored and any identified action progressed.
Carers (by association with any of the above)	It is not anticipated that there will be a negative impact on staff.	The position will be monitored and any identified action progressed.
Opportunity to advance equality of opportunity and/or foster good relations (Please refer to the guidance for more information on the public sector duties)		
The position will continue to be monitored.		

STEP 5: Gaps identified

Gaps identified Do you need to collect more data/information or carry out consultation? (A 'How to engage' consultation guide is on Compass). How will you make sure your	A number of people currently decline services or refuse to pay for them as they do not wish to make a contribution towards them although they are in the minority. We will monitor the number of additional service users who decline or refuse to pay for a service based on an increase in their contribution to see if the additional charges have a negative impact.
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consultation is accessible to those affected?

STEP 6: Other impacts

Consider if your proposal has the potential (positive and negative) to impact on areas such as health and wellbeing, crime and disorder and community relations. There is more information in the guidance.

STEP 7: Conclusion of your analysis

Select one conclusion of your analysis	Give details
<input type="checkbox"/> No equality impacts identified – No change required to proposal.	
<input type="checkbox"/> Minimal equality impacts identified – Adverse impacts have been identified, but have been objectively justified (provided you do not unlawfully discriminate). – Ensure decision makers consider the cumulative effect of how a number of decisions impact on equality.	
<input checked="" type="checkbox"/> Potential equality impacts identified – Take ‘mitigating action’ to remove barriers or better advance equality. – Complete the action plan in the next section.	<p>It is anticipated that the proposed changes in the charging policy will have both an individual (each proposal) and cumulative effect on those with protected characteristics</p> <p>The financial assessment ensures that an individual will only be asked to pay a contribution if they can afford to do so. The Policy will continue to allow the guaranteed minimum income as set by the Department for Work and Pensions which seeks to provide sufficient funds to cover an individual’s daily living costs. We will only ask people to use the excess income to pay a contribution towards their care.</p> <p>The proposals are also subject to Public Consultation, the outcome of which will be considered and used to further inform the proposals.</p>
<input type="checkbox"/> Major equality impacts identified – Stop and remove the policy – The adverse effects are not justified, cannot be mitigated or show unlawful discrimination. – Ensure decision makers understand the equality impact.	

STEP 8: Action plan

Issue or opportunity identified relating to: – Mitigation measures – Further research – Consultation proposal – Monitor and review	Action proposed	Officer Responsible and target date
Consultation	A 12 week consultation will be conducted which will include letters to all service users explaining how the proposed changes will affect them. Information will be available on the Hertfordshire County Council website and contact made with partner and other interest organisations.	Simon Rowley/Lynn Quick date to be confirmed
Monitor and Review	We will continue to monitor: - the debt position - the number of appeals about charging - the number of people who decline services as they do not want to make a contribution We will carry out an evaluation to assess whether there is an increase attributable to the changes in policy.	Simon Rowley/Lynn Quick date to be confirmed
Mitigation Measures	People will continue to pay only what they can afford. Benchmarking with other authorities relating to the higher rate of Attendance Allowance and the higher rate of Disability Living Allowance. Send individual communication direct to everyone who is in receipt of a non-residential service with guidance on how the changes once agreed will impact on them. Send information to stakeholders about when the changes will be introduced and who any queries should be directed to.	Completed

This EqIA has been reviewed and signed off by:

Head of Service or Business Manager: Helen Maneuf Date: December 2017

The Council's Diversity Board requires the Equality team to compile a central list of EqIAs so a random sample can be quality assured. Each Equality Action Group is encouraged to keep a forward plan of key

service decisions that may require an EqIA, but please can you ensure the Equality team is made aware of any EqIAs completed so we can add them to our list. (Email: equalities@hertfordshire.gov.uk).
Thank you.

CHANGES TO CHARGING ARRANGEMENTS FOR COMMUNITY BASED ADULT SOCIAL CARE

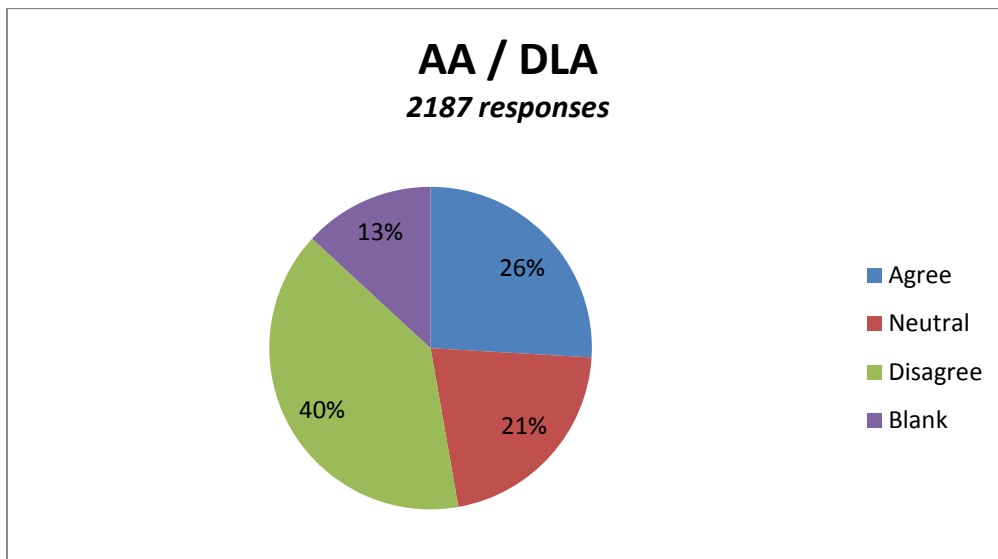
UPDATE ON FINAL RESPONSES

1 This is a supplementary note to update for the final responses received during the consultation on proposals to change the charging arrangements for community-based adult social care services

2 By the end of the consultation period (31 December 2017) there were 2,187 responses to the questionnaire representing a response rate of 22.7 per cent. The consultation phone line received 617 calls as of 14 December. This is an update of paragraph 2.6 of the report.

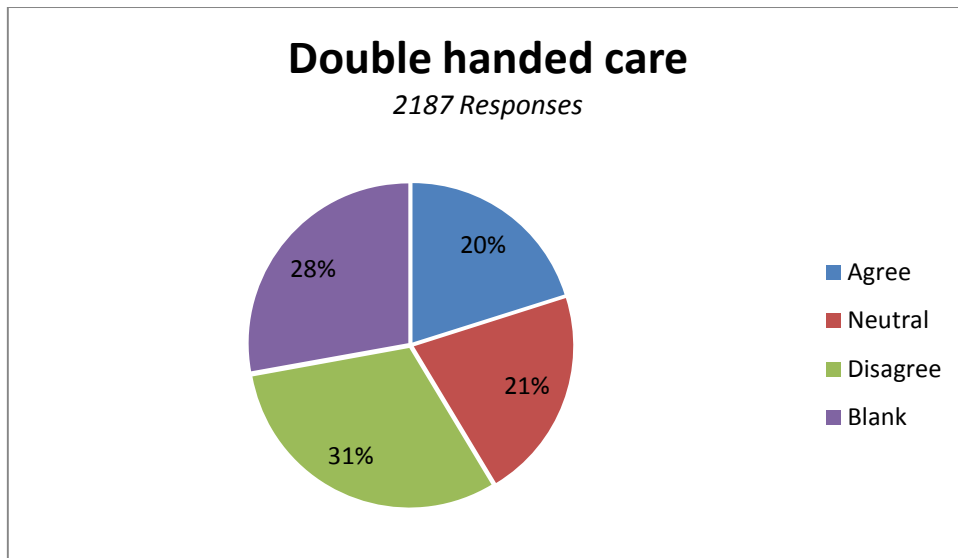
2 The final results for each of the five proposals were:

2.1 Proposal One: to take the higher rate of Attendance Allowance and Disability Allowance into account when calculating contributions - updates for paragraphs 4.8 and 4.9



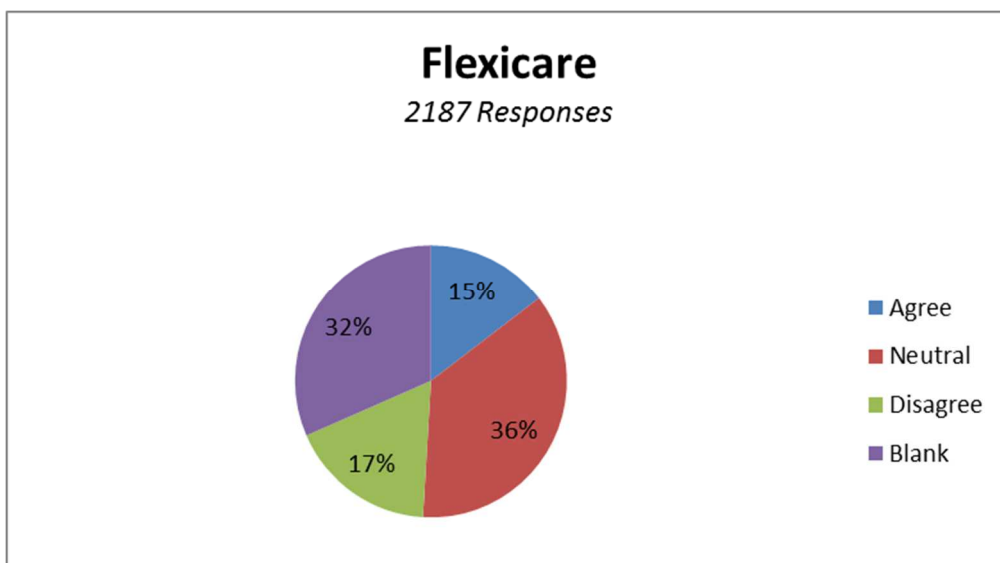
2.2 This was the proposal with which there was the most disagreement with 40% or 867 people disagreeing or strongly disagreeing with the proposal. Twenty-six percent of people agreed or strongly agreed.

2.3 Proposal Two: 'Double Handed' Care (having more than one carer at a time); updates for paragraphs 4.28 and 4.29



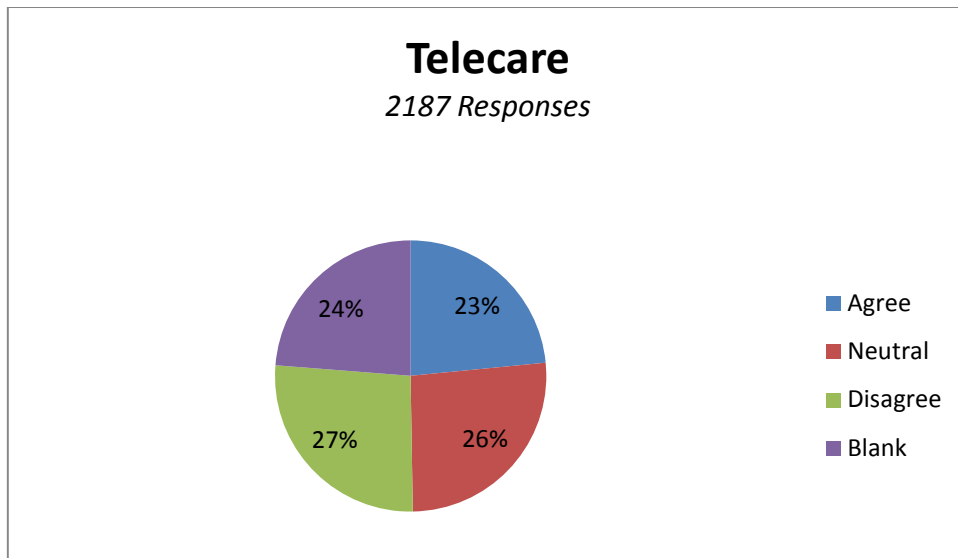
2.4 There was a spread of views between agreeing or strongly agreeing (20 per cent), being neutral (21 per cent), and disagreeing or strongly disagreeing (31 per cent).

2.5 Proposal Three: 'Flexicare' Accommodation Bandings (updates for paragraphs 4.37 and 4.38)



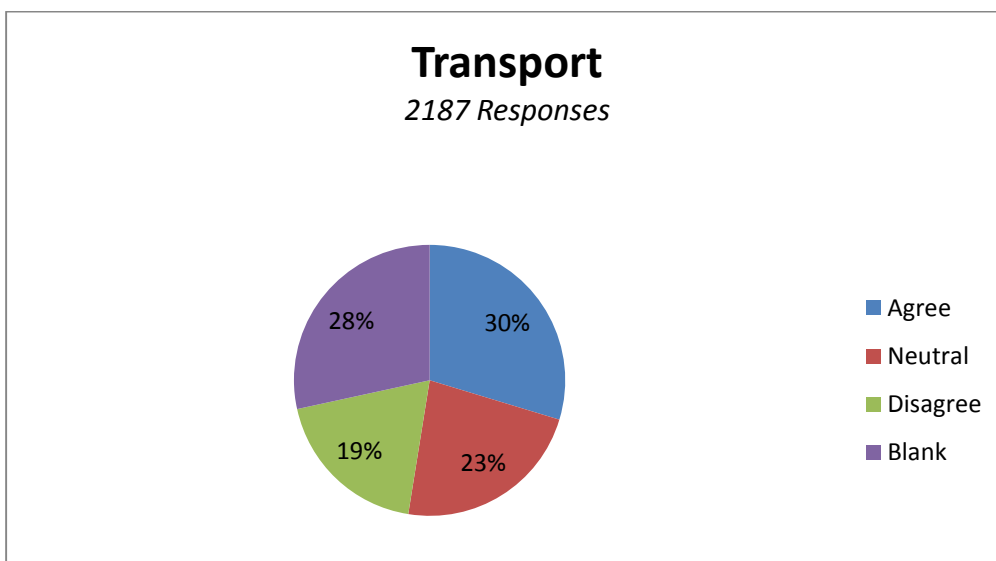
2.6 This proposal generated the highest level of 'neither agree nor disagree' (36 per cent) or blank responses (32 per cent) which is likely to be a result of there being relatively small numbers of people who live in flexi-care and therefore potentially affected by the proposal. Fifteen per cent of respondents either 'strongly agreed or agreed' with the proposal, whereas seventeen per cent 'disagreed or strongly disagreed'.

2.7 Proposal Four: Telecare (updates for paragraphs 4.42 and 4.42)



2.8 The pie chart shows a relatively even split of views across respondents, with 23 per cent agreeing or strongly agreeing with the proposal and 27 per cent disagreeing or strongly disagreeing. Half of the respondents had a neutral view or left this question blank.

2.9 Proposal Five: Transport (updates for paragraphs 4.48 and 4.49)



2.10 This was the proposal which had the highest number of people who strongly agreed or agreed with the proposal at 30 per cent. Nineteen per cent of respondents disagreed or strongly disagreed with the proposal with 51 per cent leaving this question blank or giving a neutral response.

2.11 Updates to Appendix A

Updated Table 1: Breakdown of respondents to questionnaires

Who responded?	Numbers
A service user	1007
A representative of a service user or carer	1020
Someone else (for example, if you work for a voluntary organisation)	62
Left blank	98
	2187

Updated Table 2: Breakdown of responses to questionnaires

Proposal	Agree	Neutral	Disagree	Blank	Total
AA / DLA	567	466	867	287	2187
Double handed care	440	465	673	609	2187
Flexicare	320	794	383	690	2187
Telecare	513	575	580	519	2187
Transport	649	500	417	621	2187

Updated Analysis of Narrative Responses

There were 422 narrative responses which were unsure or neutral in nature.

Favourable responses are analysed in this table:

Table 3: Nature of Favourable Responses to questionnaires

Nature of Response	Number of comments
Proposals will lead to improved equity for what is charged	95
It is reasonable that a more realistic price should be paid if it can be afforded	243

Unfavourable responses are analysed in this table:

Updated Table 4: Nature of Unfavourable Responses to questionnaires

Nature of Response	Number of comments
Level of financial impact will be severe	299
Unfairness / inequity of proposals	205
Penalising those with higher needs	161
Questioning applicability of using of Attendance Allowance and Disability Living Allowance to pay for care & whether this is lawful under the Care Act	147
Risk of people deciding that they can no longer care	138

Nature of Response	Number of comments
for someone, with the person then needing residential care at a higher cost/ or that independence will be undermined resulting in higher costs; preventative benefits will be lost	
Unfairly targeting disabled, poor and vulnerable and people who have worked hard / paid taxes / saved	110
It is more expensive to live with a disability	89
Alternative ways should be found to balance the books	84
People may decline services based on cost	78
The proposed increases are too high	63
The survey is not a fair process / bureaucratic	32
Current charges already unfair	27
Increases will not be matched by quality improvements	24
Impact / distress on people and their carers	22
The council now allows less Disability Related Expenditure; the council should do more to clarify entitlements	8
Should exclude people in 'End of Life' situations	1