

**HERTFORDSHIRE COUNTY COUNCIL**

**RESOURCES AND PERFORMANCE CABINET PANEL  
WEDNESDAY, 6 JUNE 2018 AT 10:00AM**

**HERTFORDSHIRE COUNTY COUNCIL FINANCE REPORT – OUTTURN  
MONITOR, 2017/18**

*Report of the Director of Resources*

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**HERTFORDSHIRE COUNTY COUNCIL  
BUDGET MONITOR REPORT  
31 MARCH 2018**

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## Section 1 – Executive Summary

### 1.1 Revenue Monitor

The revenue outturn as at 31<sup>st</sup> March 2018 is an underspend of (£5,582k) after ringfenced underspends, compared with an underspend of (£3,906k) reported last quarter.

The budgeted spend for the year was £789,853k.

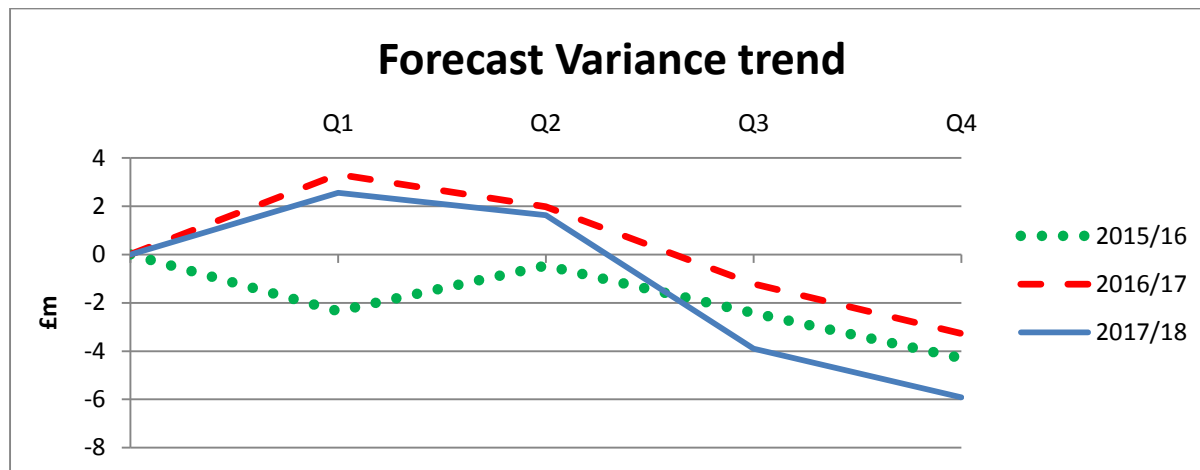
The year-end variance equates to 0.8% of budgeted spend for the year. The year-end position indicates that management action taken to address the risk of overspending at Q1 and Q2 has been effective, this is particularly noted in the health and social care areas. Some increased overspending is evident in environmental services, chiefly as a result of adverse weather conditions and the response to this. Key movements since the last report include grants received in resources and also in highways which will be carried forward to 2018/19. Any increasing pressures are being met by offsetting savings.

**Table 1 - Summary Revenue Budget Monitor at 31 March 2018**

Summary Revenue Budget Monitor as at 31 March 2018					
SERVICE	Ref	Latest Approved Budget £'000	Final Variance after C/F at Year End £'000	Projected Variance after C/F at Q3 £'000	Quarterly Movement £'000
Adult Care Services	2.1	322,860	(524)	(83)	(441)
Public Health	2.2	49,433	(0)	(0)	(0)
Children's Services	2.3	169,391	572	1,984	(1,411)
Environment	2.4	102,411	1,036	140	896
Resources	2.5	69,003	(2,907)	(1,778)	(1,129)
Community Protection	2.6	35,622	166	135	31
Central Capital Financing and Interest on Balances		14,734	(3,940)	(3,962)	22
(Additional) / less Grant Income		0	(370)	(341)	(29)
Contingency/Special Provision	2.7	3,354	0	0	0
Other Central Items		0	381	0	381
Precepts/Levies		2,112	0	0	0
Apprentice Levy		933	4	0	4
				0	
<b>NET REVENUE BUDGET</b>		<b>769,853</b>	<b>(5,582)</b>	<b>(3,906)</b>	<b>(1,676)</b>
Funded from Balances		17,071	0	0	0
Contribution to Capital		2,868	0	0	0
<b>COUNTY FUND TOTAL</b>		<b>789,792</b>	<b>(5,582)</b>	<b>(3,906)</b>	<b>(1,676)</b>
CS Schools funded by direct government grant		620,975	(16,712)	(15,265)	(1,447)
Schools Grant & Other Funding		(620,975)	8,844	9,501	(657)
<b>Schools Overspend/ (Underspend)</b>		<b>0</b>	<b>(7,868)</b>	<b>(5,764)</b>	<b>(2,104)</b>

## Hertfordshire County Council Variance Trend

The graph below show how the variance has moved (post carry forwards) each quarter for the last 2 financial years, in comparison to this year:



## Key Movements

**Table 2 –Key Movements:**

The table below highlights key movements since Q3 before carry forwards:

Area	Movement	Ref
Older People & Adult Disability	(£0.933m)	2.1.2
Winter Maintenance	£1.228m	2.4.2
Property	(£1.360m)	2.5.3
Revenue Financing	£0.998m	2.7.2

## Proposed Carry Forwards

The variances shown above are after the proposed carry forwards, which are set out in table 3 below and in more detail in Appendix A. The proposed carry forwards total £12,424k and include ring-fenced grant amounts (Better Care Fund and Improved Better Care Fund in Adult Social Care, and the Public Health Grant) to which specific conditions apply. Other carry forwards relate to general budget amounts.

Of the £12,424k being requested as Carry Forwards, £6,336k is related to ringfenced grants (BCF, IBCF & PH) and the remaining balance relates to provisions proposed to be set aside for future liabilities relating to the outcome of activity during 2017/18. Further details are included in Appendix A. Treatment of the unspent contingency is set out below.

**Table 3 – Breakdown of proposed Carry Forwards by Service as at 31 March 2018**

SERVICE	Carry Forwards £'000
Adult Care Services	(6,154)
Public Health	(1,312)
Children's Services	(101)
Environment	(321)
Resources	(644)
Community Protection	0
Central Capital Financing and Interest on Balances (Additional) / less Grant Income	(1,103)
Contingency/Special Provision	(2,789)
Other Central Items	0
Precepts/Levies	0
Apprentice Levy	0
<b>TOTAL</b>	<b>(12,424)</b>

In addition to the amounts above, the variances shown in table 1 are net of grants relating to 2018/19 which were received in 2017/18. It is proposed that this be carried forward (£5,425k).

#### **Contingency; amounts committed and proposed to be applied**

The final position of the general contingency budget for the 2017/18 year is shown below. Of the £6,314k budget, £3,525k has been committed. The balance of £2,789k is proposed to be applied as set out in table 4. The proposed application of these funds will address known issues that have arisen during 2017/18 but which could not be immediately resolved within the year. This will help ensure that known liabilities are dealt with in a timely way.

**Table 3 –Summary of committed contingency**

	£'000
Opening Contingency	6,315
Budget transfers	(2,634)
Redundancies/PSC - committed	(0,891)
<b>Balance c/fwd.</b>	<b>2,789</b>

The balance to be carried forward is included within the total proposed carry forwards in Table 2.

**Table 4 – Proposed application of unapplied contingency**

Item	£'000	Narrative
Potential Tax liabilities	430	Coverage for risk of potential liability from prior years.
Kodak site - works	200	Funding arising from site development discussions to enable proposals to progress if necessary.
ASC Charging shortfall	1,600	ASC charging has noted risks around actual versus anticipated income. This amount will provide against a potential shortfall.
Future back office	250	Further to the recent review of SAP/ERP development, provision for the next stage the project to develop options.
Hertfordshire County Council trading arrangements	259	To provide for initial planning and infrastructure to progress creation of trading companies, including for adult social care.
staff survey	50	Provision for staff survey. This is not currently budgeted for.
Total	2,789*	

\*These sums will only be released following approval from the Director of Resources (DoR).

#### **Application of the underspend**

The overall level of spending against the agreed budgets for 2017/18 leaves an uncommitted balance of £5,582k. It is proposed that £3,000k of that amount is transferred to the Transition Reserve. This reserve is to support the management of the identified savings gap between 2019/20 and 2021/22, recognising the risk to the Council of the implementation of a new local government financing model. The balance of £2,582k is to be transferred to the Bad Debt Reserve, recognising that current provision is at the lower end of expectation and that enhanced provision would be prudent.

#### **Approved Virements**

Details of approved virements and technical adjustments, showing all movements from the Original Budget, can be found in Appendix C.

## 1.2 Capital Monitor

Capital spend as at 31 March 2018 is £147.2m, summarised below with commentary on key variances.

Significant areas of spending include support to schools (ongoing repairs and maintenance and the expansion of overall capacity in primary and secondary schools) and in highways (including roads maintenance and street lighting).

The capital programme has been funded through grants and third party contributions (60% of investment) and use of County Council funds (19% of investment). Borrowing was originally estimated to be £39,905k, but as at 31 March is now £31,994k.

Significant variances against the latest approved budget are shown below. Details of variances over £100k are shown in section 4.

- **New School Developments & Site Acquisitions:** £11,882k is requested to be reprogrammed due to anticipated timings of land acquisitions.
- **Secondary Expansions (SEC2):** £5,538k is requested to be reprogrammed across the secondary expansion programme as schools have reached milestones slower than previously forecast.
- **Resources land acquisition:** £5,882k is requested to be reprogrammed as discussions are currently being held with the vendor regarding final terms for the acquisition.

It is proposed that £36,676k of approved capital spending is re-programmed to future years to support delivery of agreed capital programmes. Further information is provided in Appendix B. Capital receipts for 2017/18 are £19,874k, which is £5,248k less than the target for the year.



**Table 6 – Capital Programme Summary Position**

	<b>Latest Approved Budget 2017/18</b>	<b>Underspend</b>	<b>Overspend</b>	<b>Re- programming</b>	<b>Outturn</b>	<b>Total Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Children's Services	74,793	(541)	26	(22,114)	52,164	(22,629)
Environment	73,951	(238)	4	(3,397)	70,320	(3,631)
Fire	3,894	(112)	88	(739)	3,131	(763)
ACS	14,095	(314)	5	(3,310)	10,476	(3,619)
Resources	18,484	(216)		(7,116)	11,152	(7,332)
Public Health	42	(52)	-	-	(10)	(52)
<b>Grand Total</b>	<b>185,259</b>	<b>(1,473)</b>	<b>123</b>	<b>(36,676)</b>	<b>147,233</b>	<b>(38,026)</b>

### 1.3 Schools Monitor

The Schools' budget is funded from the Dedicated Schools Grant (DSG) and sixth form grant which is received separately from the Education Funding Agency (EFA). The total amount for which Hertfordshire County Council is accountable is £621m, summarised below. This is divided into areas where budget responsibility is delegated to schools, and areas for which Hertfordshire County Council retain responsibility.

A net variance of (£7,868k) underspend is projected against areas within the control of Hertfordshire County Council. Additional details regarding this variance can be found in Section 3 and is summarised below.

As these budgets are funded by ringfenced DSG and 6<sup>th</sup> Form Grant, they are required to be carried forward to support the schools budget in future years.

The schools position is as at February 2018.

**Table 7 – Summary Schools Funding, 2017/18**

<b>Schools Funding (£000s)</b>	
DSG Allocation to HCC	909,729
Less: Academies	(311,011)
Add: Carry Forward from previous year	8,560
Less: Reduction in Early Years	(172)
<b>Total DSG</b>	<b>607,106</b>
Sixth Form Funding	13,868
<b>Total Schools Grants &amp; Other Funding</b>	<b>620,975</b>

**Table 8 – Summary HCC controlled education budget variances**

<b>Key Variances</b>		
	<b>Latest Budget</b>	<b>Variance</b>
	<b>£000s</b>	<b>£000s</b>
Nursery Delegated	33,823	(3,462)
Education Support Centres	12,225	(331)
Private And Voluntary Nurseries	24,385	2,490
Other Non-Delegated	7,943	(1,376)
<b>Central Element of Dedicated Schools Grant</b>		
Family Services Commissioning DSG	20,778	(2,815)
Integrated Services for Learning DSG	30,260	(1,998)
	<b>129,414</b>	<b>(7,492)</b>

## 1.4 Recommendations:

That the Resources and Performance Cabinet Panel recommend to Cabinet that it approves:

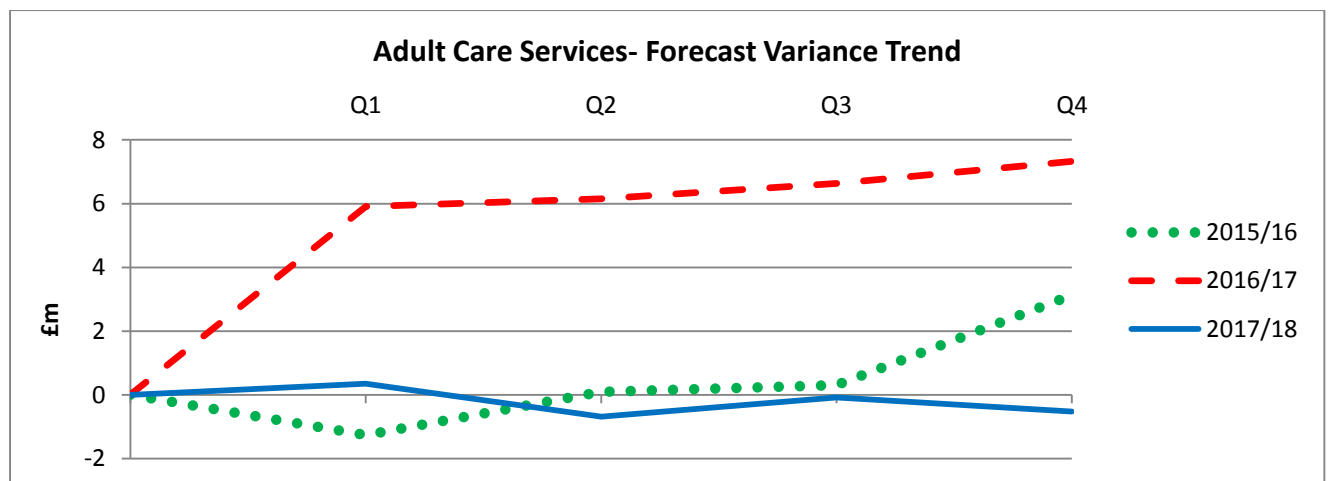
- a) That **£11.031m** of Carry Forwards outlined in Appendix A, be transferred to specific reserves as carry forward of 2017/18 revenue underspends to 2018/19
- b) That **£5.425m** grants relating to 2018/19 which were received in 2017/18 be carried forward to 2018/19.
- c) That new reserves be created from carry forwards of underspends as outlined in appendix A, of **£0.290m** for a Property Revenue Reserve, to fund revenue costs of preparing sites for disposal and of **£1.103m** to be transferred to a new Business Rates equalisation reserve to smooth variation in business rates income in future years.
- d) That £3.000m of the revenue underspend be transferred to the Transition Reserve to support the management of the identified savings gap between 2019/20 and 2021/22, recognising the risk to the Council of the implementation of a new local government financing model.
- e) That the remaining £2.582m of revenue underspend be transferred to the Bad Debt Reserve, recognising that current provision is at the lower end of expectation and that enhanced provision would be prudent.
- f) That **£36.676m** capital budget set out in appendix B is reprogrammed from 2017/18 to future years.

## Section 2 – Service Variance/Movements over £250k

The tables below summarise the monitor position for each department, with the graph beneath showing how the variance has moved each quarter for the previous 2 financial years after carry forwards.

### 2.1 Adult Care Services

ACS	Ref	LAB	Outturn	Variance	Variance Last Quarter	Movement in Quarterly Variance
		£000s	£000s	£000s	£000s	£000s
Better Care Fund & Improved Better Care Fund	2.1.1	40,443	35,389	(5,054)	(5,044)	(10)
Older People & Adult Disability Service	2.1.2	228,270	227,309	(961)	(28)	(933)
Mental Health Services	2.1.3	15,551	15,802	251	251	-
Preventative Services	2.1.4	16,964	16,477	(487)	(445)	(42)
In House Day Care Services & Transport SLA	2.1.5	14,208	13,878	(330)	(93)	(237)
Strategic Centre & Support Services		7,397	7,300	(97)	14	(111)
Grant Funded Projects		27	27	-	-	-
<b>Adult Care Services Total (before c/f)</b>		<b>322,860</b>	<b>316,182</b>	<b>(6,678)</b>	<b>(5,345)</b>	<b>(1,333)</b>
<i>Carry Forward</i>		-	<b>6,154</b>	<b>6,154</b>	<b>5,262</b>	<b>792</b>
<b>Adult Care Services Total (after c/f)</b>		<b>322,860</b>	<b>322,336</b>	<b>(524)</b>	<b>(83)</b>	<b>(441)</b>



### 2.1.1 Better Care Fund & Improved Better Care Fund

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
40,443	35,389	(5,054)	(5,044)	(10)	-	-	-	(5,054)

The main components of the variance are:

- (£1,510k) underspend against budget on the Better Care Fund mainly due to the release of funding which had been earmarked to support winter pressures. The position has been assisted by the favourable position on the older people residential budget. There has also been underspends on various schemes including Rapid Response and Carer Friendly Hospital costs. A request will be made to carry forward the underspend into the next financial year as per the legal agreement.
- (£3,540k) underspend on the Improved Better Care Fund budget. This is attributable to the schemes being funded to part year effect, given the time taken to develop and commission the appropriate services. It was proposed to spread the IBCF across the three financial years, given the significant element of front-loading in the Improved Better Care Fund and to allow schemes to be sustainably funded. The underspend is predicated on planned carry forward of the monies to allow services to be maintained at a similar level in years 2 and 3.

### 2.1.2 Older People & Adult Disability Services

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last Quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
228,270	227,309	(961)	(28)	(933)	-	139	-	(1,100)

The main components of the variance are:

- (£610k) underspend on the Herts Equipment Service budget. A one-off investment was made by the NHS and local authority to provide additional staffing to boost performance of the service and provide robust challenge to prescribers. For 2017/18 this one-off investment was no longer required, therefore Adult Care Services' original share of the investment of (£250k) has been shown as a saving in the 18/19 budget plans along with the in-year underspend on equipment.
- (£430k) underspend in the operational team's budget primarily due to vacancies held within the service as

### 2.1.2 Older People & Adult Disability Services

the new Adult Disability service was embedded. Recruitment plans are now moving forward into 2018/19.

Adult Care Services assess clients for their eligibility to contribute towards the cost of care. There is a risk that not all of the client contributions are fully recoverable and therefore a request will be made to carry forward £1,100k to provide coverage of this risk.

*Main reasons for quarterly movement*

- (£610k) underspend on the Herts Equipment Service budget as highlighted above.
- (£430k) underspend in the operational team's budget as highlighted above.

### 2.1.3 Mental Health Services

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
15,551	15,802	251	251	-	-	251	-	-

The overspend relates to a shortfall in the delivery of the £1,040k IP saving for Mental Health. The project associated with moving clients out of specialist into more mainstream accommodation requires further work between ACS, HPFT and District Councils to identify accommodation and carefully manage the moves.

### 2.1.4 Preventative Services

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
16,964	16,477	(487)	(445)	(42)	(174)	(313)	-	-

The variance for the Preventative Services budget is due to:

- (£270k) underspend on the Housing Related Support budget of which (£170k) is as a result of the full year effect of the £1,000k Housing Related Support saving introduced late into the budget for 2016/17. The balance is due to in year savings from reduced growth in flexicare units and reduced occupancy in a provision for Learning Disabilities.
- (£220k) underspend on the Community Wellbeing budget due to a number of delivery based contracts delivering small levels of savings as a result of a reduced level of need in addition to a vacant post held within the team.

### 2.1.5 In House Day Care Services & Transport SLA

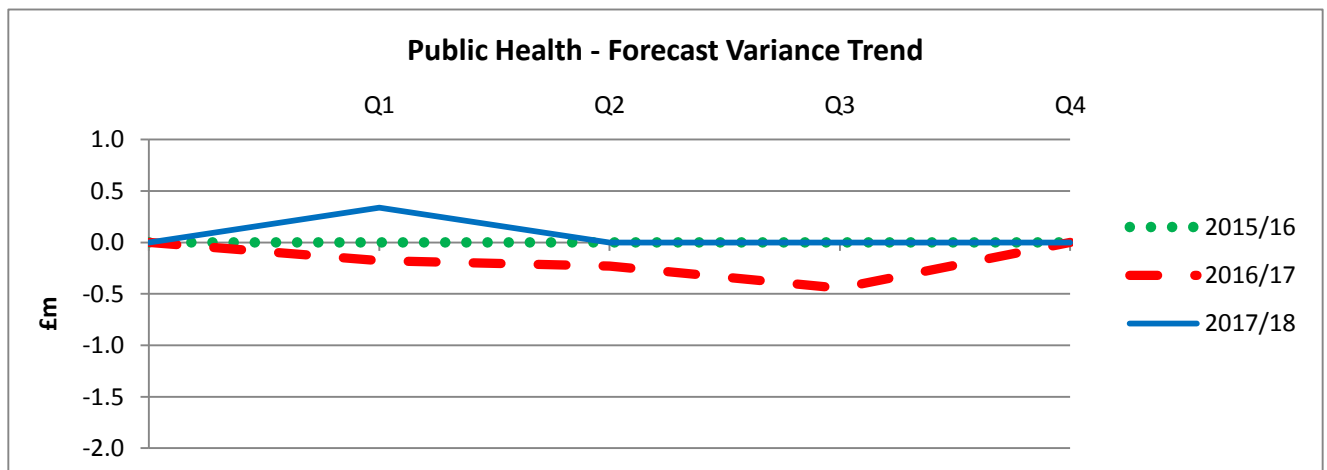
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
14,208	13,878	(330)	(93)	(237)	-	(330)	-	-

The variance for the In House Day Care & Transport SLA budget is due to:

- (£430k) underspend on the In House Day Care budget as a result of vacancy management and less use of agency to fulfil rotas.
- £100k overspend on the Transport SLA budget as a result of additional contracted taxi commitments.

## 2.2 Public Health

PH	Ref	LAB	Outturn	Variance	Variance Last Quarter	Movement in Quarterly Variance
		£000s	£000s	£000s	£000s	£000s
Corporate PH	2.2.1	2,770	2,492	(278)	(222)	(56)
Smoking Cessation Service		1,829	1,623	(206)	(11)	(195)
Sexual Health		9,810	9,798	(12)	118	(130)
Drugs & Alcohol		7,479	7,486	7	7	-
Children		19,980	19,772	(208)	(165)	(43)
Adults		1,382	1,349	(33)	1	(34)
District & Partnership Working		1,912	1,665	(247)	(129)	(118)
PH Initiatives & Commissioning	2.2.2	4,271	3,936	(335)	(315)	(20)
<b>Public Health Total (before c/f)</b>	<b>2.2.3</b>	<b>49,433</b>	<b>48,121</b>	<b>(1,312)</b>	<b>(716)</b>	<b>(596)</b>
<i>Carry Forward</i>		-	<b>1,312</b>	<b>1,312</b>	<b>716</b>	<b>596</b>
<b>Public Health Total (after c/f)</b>		<b>49,433</b>	<b>49,433</b>	<b>-</b>	<b>-</b>	<b>-</b>





### 2.2.1 Corporate PH

LAB £000s	Outturn £000s	Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
2,770	2,492	(278)	(222)	(56)	-	-	-	(278)

In order to achieve the savings to the Public Health budget, the service has reviewed all positions as they have become vacant and challenged other corporate expenditure lines. This has led to in year savings of (£261k).

The Herts Warmer Homes project has an underspend of (£17k).

### 2.2.2 PH Initiatives & Commissioning

LAB £000s	Outturn £000s	Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
4,271	3,936	(335)	(315)	(20)	-	-	-	(335)

The initiatives budget is used for pump priming new schemes within Public Health however given the reduction in Public Health Grant there have been fewer initiatives in 2017/18 than expected leading to an underspend of (£335k).

### 2.2.3 Overall PH Movement in March

LAB £000s	Outturn £000s	Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
49,433	48,121	(1,312)	(716)	(596)	-	-	-	(1,312)

There are two significant movements which have led to the increase in underspend of (£596k) in Q4.

Discussions with districts late in quarter three revealed that they would not spend the total value of their district offer in 2017/18. It was therefore necessary to agree values with them to record in the Hertfordshire County Council accounts as a payment in advance (and they recorded a receipt in advance). This led to a movement of (£118k) on the District & Partnership Working line.

### 2.2.3 Overall PH Movement in March

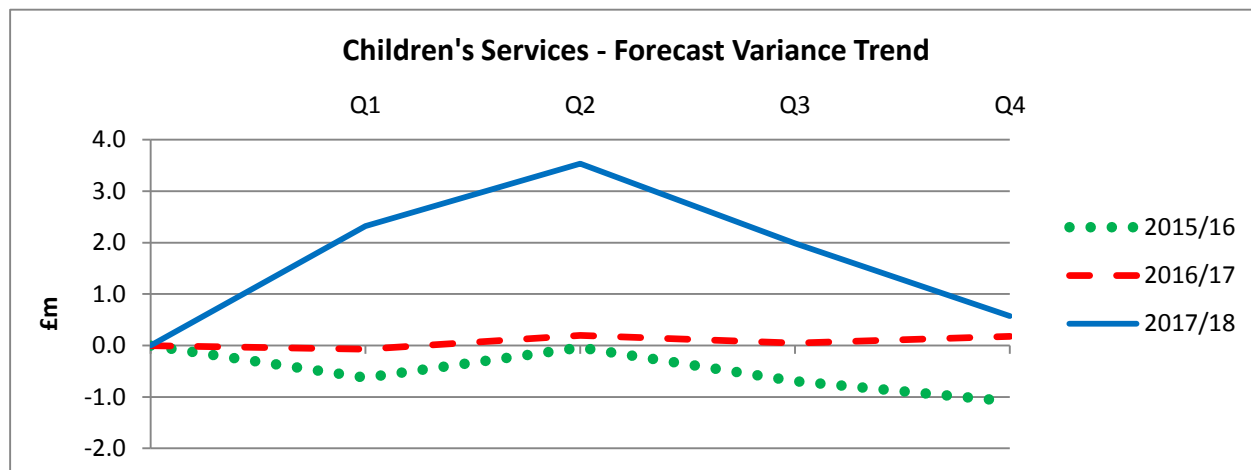
The other significant movement was in the Smoking Cessation Service – a movement of (£195k). The majority of this movement (£167k) was due to a change in Hertfordshire’s guidance for the supply of medicines to stop smoking. From 1 October 2017 Nicotine Replacement Therapy (NRT) on prescription from a GP practice would no longer be funded by Public Health instead GPs would have to use the NRT voucher system which enables the patient to get a supply of NRT from a community pharmacy.

As we had no evidence that this would result in an immediate cost saving only a small adjustment was made to the monitor. However when the invoices were received it was clear that CCGs were not recharging for NRT from Q3 onwards reducing the projection by (£167k). Consequently there is an increase in costs for the supply of NRT by community pharmacies of £54k. The remainder of the movement (£82k) relates to claims from GPs and pharmacies for smoking quits and team underspend. The fourth quarter is normally significantly higher than the previous three and this had been estimated. However from the data we have the Q4 it is lower than previously anticipated.

The third area of significant movement in the final quarter was Sexual Health (£130k). The movement relates to Long Acting Removable Contraception (LARC) which is recharged to Public Health by the CCG. The invoices received for Q3 and Q4 were slightly less than anticipated (£26k). There was a reduction in expenditure for the Integrated Sexual Health contract because of non-achievement of one the KPIs within the contract (£70k). The remainder of the movement was made up of small movements over a number of other sexual health budget lines.

## 2.3 Children's Services

CS	Ref	LAB £000s	Outturn £000s	Variance £000s	Variance Last Quarter £000s	Movement in Quarterly Variance £000s
Education and Early Intervention	2.3.1 2.3.2 2.3.3 2.3.4	50,636	51,142	506	1,147	(641)
CLA	2.3.5 2.3.6 2.3.7	43,372	43,371	(2)	502	(504)
Other Safeguarding and Specialist Services	2.3.8 2.3.9 2.3.10	75,163	75,244	81	385	(305)
<b>Safeguarding and Specialist Services Total</b>		<b>118,535</b>	<b>118,614</b>	<b>79</b>	<b>888</b>	<b>(809)</b>
<b>Children's Services Overheads</b>		<b>220</b>	<b>106</b>	<b>(113)</b>	<b>(51)</b>	<b>(63)</b>
<b>Children's Services Total (before c/f)</b>		<b>169,391</b>	<b>169,863</b>	<b>471</b>	<b>1,984</b>	<b>(1,512)</b>
<i>Carry Forwards</i>		-	101	101	-	101
<b>Children's Services Total (after c/f)</b>		<b>169,391</b>	<b>169,964</b>	<b>572</b>	<b>1,984</b>	<b>(1,411)</b>



### 2.3.1 Services for Young People

LAB £000s	Outturn £000s	Outturn Variance £000s	Variance last quarter £000s	Movement this quarter £000s	Breakdown of Variance			
					Early Achievement of IP Savings £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
15,426	15,045	(381)	(183)	(198)	(116)	(164)	-	(101)

The underspend in SYP is due to a number of staff vacancies. Services have also only been covering vacant posts with agency staff in exceptional circumstances. The underspend is offset by additional costs expected for Youth Support Worker pension arrears and an ICT project that was completed this financial year. In addition, there has been a backdated rates refund of £65k. Part of the underspend is being held as an early achievement of IP savings. The £65k rates refund has been requested as a carry forward to use for one off refurbishment costs of the site. In addition, there is a request for a further £35k of underspend to be carried forward for a revenue contribution to capital in 2018/19 to replace window walling for another property. NCS reported an underspend of £66k; the service were expecting some clawbacks due to lower numbers than originally contracted for so were cautious with forecasting any non-essential expenditure. NCS have confirmed that no penalties will be incurred.

### 2.3.2 Mainstream Transport & SEN Transport

LAB £000s	Outturn £000s	Outturn Variance £000s	Variance last quarter £000s	Movement this quarter £000s	Breakdown of Variance			
					Early Achievement of IP Savings £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
17,600	19,251	1,651	1,470	181	-	1,651	-	-

The overspend reported on transport is due to SEN Home to School Transport. There has been some movement in the number of pupils being transported, from this time last year, 2,416 in Mar 17 and 2,278 in Mar 18, the average cost per pupil has increased by £560 (£5,861 Mar 17 to £6,421 Mar 18).

The reason behind the average cost increase is because the student needs are increasing and therefore more pupils are travelling alone. Students are being transported further afield and in a large number of cases out of county as SN

### 2.3.2 Mainstream Transport & SEN Transport

places within Hertfordshire are filled. As the complexity of students' needs increases we have taken on more medically trained PAs to travel in vehicles with students. This has all contributed to higher average costs, in Mar 17 88 students were travelling with an average cost of £15k+. The financial year ended with 108 students travelling at an average cost of £15k+

### 2.3.3 Premature Retirement

LAB £000s	Outturn £000s	Outturn Variance £000s	Variance last quarter £000s	Movement this quarter £000s	Breakdown of Variance			
					Early Achievement of IP Savings £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
4,455	4,851	396	324	72	-	396	-	-

The budget for premature retirement covers Teachers Added Years (TAY) Pension contributions, settlement and redundancy payments for schools in financial difficulty as well as associated pension strain where appropriate.

In 2017/18 1,199 pensioners and 239 dependents were paid additional contributions, these are equivalent to the additional benefits that they would have received had they continued to make payments into the TPA scheme and remained employed.

This budget has been under pressure for a number of years, whilst those schools with significant financial pressure are restructured to ensure financial viability in the longer term, it is anticipated that this will continue in the next financial year.

Following a review of teachers added years premiums, the Shared Anti-Fraud Services (SAFS) traced 13 deceased claimants which realised £20k of reduced liabilities going forwards.

The outturn represents an underspend in the TAY pension contributions of £509k offset by an overspend on redundancy pressures of £905k, supporting approximately 30 schools. Compared to 2016/17 when the authority supported 71 schools with redundancy costs of £1.4m.

### 2.3.4 E&EI Central Budgets

LAB £000s	Outturn £000s	Outturn Variance £000s	Variance last quarter £000s	Movement this quarter £000s	Breakdown of Variance			
					Early Achievement of IP Savings £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
(782)	(1,349)	(568)	(413)	(155)	(100)	(468)	-	-

### 2.3.4 E&EI Central Budgets

There is a £568k underspend on E&EI Central budgets due to:

- £177k underspend on Customer Service Centre recharge, with less spend on professional fees due to a reduction/prevention of stage 2 complaints; and IT development costs which were not completed within the financial year.
- £100k early achievement of savings
- £42k underspend on printing costs
- £125k Lease car rebate greater than anticipated in the budget
- £153k anticipated spend on iPads for Families First was delayed and will not happen until the new financial year
- £56k has been transferred to the Teachers Pension Arrears provision to provide for future liabilities
- £27k staff vacancies and other minor underspends

### 2.3.5 Safeguarding Operations: Section 17

LAB £000s	Outturn £000s	Outturn Variance £000s	Variance last quarter £000s	Movement this quarter £000s	Breakdown of Variance			
					Early Achievement of IP Savings £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
874	1,258	384	298	86	-	384	-	-

There were payments for 39 No Recourse cases during March, an increase of four families from February, with 37 cases open as at 31st March. There are significant delays by the Home Office to conclude on cases of under appeal by families with No Recourse to Public Funds (NRPF) and we are therefore seeing families remain for significant periods. Added to which there is reluctance from the private rented sector to rent to NRPF families due to their immigration status and the local authority cannot agree to act a rent guarantors. Therefore we are reliant on hotels for accommodating families.

There is a task and finish group looking at accommodation options and a new Accommodation Pathway offer has been developed and is awaiting sign off as part of the development of a Homelessness Accommodation Strategy for long term commissioning of accommodation for NRPF, IH and UASC over 18, due for finalisation by June 2018. A more consistent approach is now taken with recording and monitoring the status of NR families, with one point of contact dealing directly with the Home Office in order to obtain the latest appeals information.

For families with NRPF, we have to supply accommodation, utilities, food, clothing and transport costs. These families are generally in the UK illegally, so they do not have the right to claim benefits, cannot access Council accommodation and are not permitted to work. We have to support them for as long as they have a child under 18 as the Children Act 1989 does not permit destitution for children.

There were payments for 15 Intentionally Homeless (IH) families, stable from February, with 11 cases open as at 31st March. As a result of welfare benefit changes, there has been significant increase in the number of IH families since last year. Children's Services have a duty to support families with finding and providing support to access accommodation in these circumstances. We have also seen the subsistence rates paid legally challenged and therefore these have been adjusted to a higher rate. A Welfare Reform Task Group has been set up to review all current supported cases, with the main focus on IH families. This group is clarifying Hertfordshire County Council's legal response to requests to support IH families and has been tasked with exploring various options of support.

Intentionally homeless families are families with children less than 18 years of age with the right to live in the UK and claim benefits. If they fall behind in their rent or have not maintained their tenancy appropriately, district councils make them 'Intentionally Homeless' and discharge their duty to provide them with accommodation. As children

### 2.3.5 Safeguarding Operations: Section 17

cannot be homeless in the UK, they become children in need and we have to obtain and pay for their accommodation until we can find somewhere for them to live within the benefit rates that they can afford. This is considered cheaper than taking the children into care and also helps keep families together.

The NRPH/IH element of the overall Section 17 budget has overspent by £482k, which is being partly offset by an underspend against preventative spend of £101k.

### 2.3.6 Independent Placements

LAB £000s	Outturn £000s	Outturn Variance £000s	Variance last quarter £000s	Movement this quarter £000s	Breakdown of Variance			
					Early Achievement of IP Savings £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
22,498	23,648	1,149	1,588	(439)	-	1,149	-	-

The forecast overspend of £1,149k is mainly due to an overspend for Independent Residential placements of £1,541k due to both higher than budgeted weekly costs, reflecting an increase in costs in complex placements and support. This is reflected in an average weekly cost at March 2018 of £3,872 against a budgeted cost of £3,271.

Family Assessment placements are forecast to overspend by £515k with 169 placement weeks forecast for the year. These are court ordered assessments and the LA does not have control of the costs or length of placement. The number of secure placements remains at 8 (186 placement weeks forecast during the year) with an overspend of £71k. In addition, there is an overspend of £56k against Independent Fostering budgets, with 7,834 placement weeks forecast for the year.

These overspends are partly off-set by underspends in other areas of the budget, Semi-Independent (£401k) and Disability (£132k). Intensive work is ongoing to redress the balance between in-house and Independent fostering placements and Residential placements are under constant review and the service are actively seeking to increase residential placement capacity and are working with other Local Authorities to seek a regional solution to placement matching, as this is becoming an issue across Authorities.

The total number of independent placements for March 2018 is 309. The year-end target was revised during the year to 284 to reflect pressures in matching placements due to complexities of need.

The movement forecast for Independent Placements has reduced by £439k since Quarter 3. This is largely due to:

- Reduction of £256k in expenditure against independent residential provision, reflecting information received from Partners in relation to the Cross Regional Block Contract, including confirmation of bed sales to other local authorities during the year.
- Reduction of £151k in semi-independent. This reflects the net effect of new, ceased and changes in placement costs and on-going work by the service to reduce additional support costs in Semi-Independent placements.

#### Independent Placements - Movements Quarter 3 to Quarter 4 - 2017/18

Placement	Qtr. 3	Qtr. 4	Movement	Placement Forecast

### 2.3.6 Independent Placements

	(£'000)	(£'000)	(£'000)	
Residential	1,797	1,541	(256)	Residential CH 49, target of 48 (Dec = 47) movement +2 Residential School 4 (Dec 4) movement 0
Family Assessment	452	515	64	4, (Dec = 1) movement +3
Semi-independent	(250)	(401)	(151)	52, target of 57 (Dec = 50) movement +2
Disability	(111)	(132)	(21)	40, target of 33 (Dec = 39)7 movement +1
Secure	105	71	(34)	8, target of 2 (Dec = 6) movement +2
Fostering	96	56	(40)	152, target of 140 (Dec = 148) movement +4
Adjustment	(500)	(500)	0	DSG Additional top-up
	<b>1,588</b>	<b>1,149</b>	<b>(439)</b>	<b>Total placement movement +14</b>

### 2.3.7 Fostering Direct Spend

LAB £000s	Projected Spend £000s	Variance £000s	Variance last quarter £000s	Movement this quarter £000s	Breakdown of Variance			Carry Forward £000s
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	
10,928	10	(536)	(352)	(184)	-	(536)	-	-



### 2.3.7 Fostering Direct Spend

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The in-house fostering budget has underspent by £536k due to there being fewer placement weeks than budgeted, particularly in the families and friends area. This is partly as a result of the increasing numbers of Special Guardianship Orders in place of family and friends placements, as referenced in 2.3.10.

This underspend is partly offset by a £56k overspend against the independent fostering budget reported within the Independent Placements line.

Service	Expenditure (£k)		
	Actual	Budgeted	(surplus)/deficit
Fostering	9,240	9,242	-3
Family and Friends	655	1,144	-489
Section 23	455	493	-38
Other	42	49	-7
<b>Total</b>	<b>10,391</b>	<b>10,928</b>	<b>-537</b>

Service	No. of Weeks			Average Weekly Cost (£PW)			No. of placements
	Forecast	Budgeted	(surplus)/deficit	Actual	Budgeted	(surplus)/deficit	
In-House (Fostering)	23,332	23,206	126	396	398	-2	413
In-House (Family and Friends)	3,267	5,939	-2,672	200	193	7	56
In-House (Section 23)	3,239	3,426	-187	140	144	-4	56
<b>Total</b>	<b>38,165</b>	<b>39,534</b>	<b>-1,369</b>				<b>688</b>

} Not incl. UASC

### 2.3.8 UASC Direct Spend

LAB £000s	Outturn £000s	Outturn Variance £000s	Variance last quarter £000s	Movement this quarter £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
1,926	1,185	(741)	(765)	24	-	(741)	-	-

The UASC budget represents the amount over and above the Home Office grant. This budget has an underspend of £741k representing a lower additional contribution than budgeted. This is due to a combination of lower placement costs than budgeted, including as a result of one new block semi-independent placement put in place in year, along with there being a smaller increase in the number of UASC than budgeted.

There are currently 81 (excluding 7 missing) UASC cases

### 2.3.9 Adoption Direct Spend

LAB £000s	Outturn £000s	Outturn Variance £000s	Variance last quarter £000s	Movement this quarter £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
7,693	7,280	(413)	(161)	(253)	-	(413)	-	-

There is an underspend of £413k against adoption budgets. This is due to:

- an underspend of £166k against the inter-agency adoption budget. This is due to 16 Hertfordshire County Council children being adoption by other agencies at a cost of £233k but income of £346k being received relating to children matched with Hertfordshire County Council adopters.
- an underspend of £114k relating to adoption, special guardianship and child arrangement order allowances paid during the year due to the being net 24 fewer overall allowances paid than budgeted for.
- other underspends totalling £137k relating to pre-allowances and therapeutic expenditure.

Although the total number of allowances has decreased the number of special guardianship orders has increased as a result of the increasing number SGOs, an additional 32 during 2017/18, in place of family and friend placements, as per 2.3.7.

The increased underspend against adoption budgets is due to:

- Reduction in inter agency expenditure of £182k due to changes in plans or adoptions not taking place during 2017/18.
- a delay with funding approval from the Adoption Support fund meaning matched funding from Hertfordshire County Council of £45k was not required in 2017/18
- £26k relating to lower than forecast growth in the number of new Special Guardianship and adoption allowances payable

### 2.3.10 0-25 Together Under 18 Direct Spend

### 2.3.10 0-25 Together Under 18 Direct Spend

LAB £000s	Outturn £000s	Outturn Variance £000s	Variance last quarter £000s	Movement this quarter £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
8,184	8,468	284	219	65	-	284	-	-

0-25 Together Direct spend has overspent by £284k This is largely due to an overspend of £309k against Direct payments where there are currently 506 active clients, the same figure as February.

There is also an overspend of £169k against Homecare with 120 active clients, an increase of 5 on march.

These overspends are in part offset by underspends against short breaks of £112k and central budgets of £59k, along with other smaller over and underspends in the service.

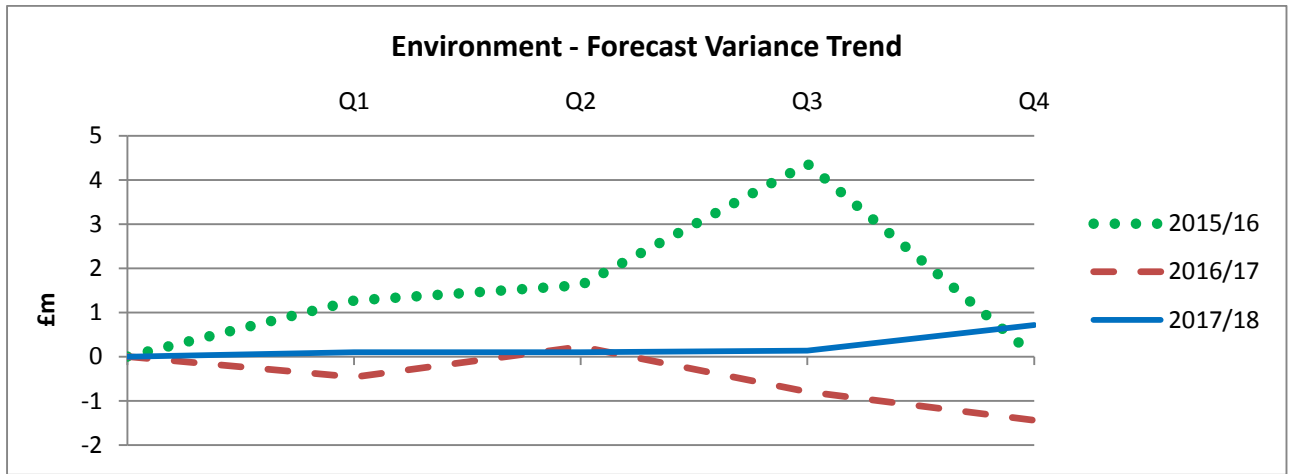
#### Number of active Direct Payments and Homecare Packages since September 2017

	September	October	November	December	January	February	March
Direct Payments	483	498	498	501	515	506	506
Homecare	112	113	114	108	110	115	120

## 2.4 Environment

ENV	Ref	LAB £000s	Outturn £000s	Variance £000s	Variance Last Quarter £000s	Movement in Quarterly Variance £000s
Highways	2.4.1 2.4.2 2.4.3 2.4.4 2.4.5 2.4.6	55,002	55,690	688	40	648
Waste Management		42,888	42,743	(145)	-	(145)
Spatial Land Use and Planning		1,270	1,435	165	100	65
Environmental Management		2,330	2,331	1	-	1
Economic Development		301	300	(1)	-	(1)
Other Environment		620	627	7	-	7
<b>Environment Total (before c/f)</b>		<b>102,411</b>	<b>103,126</b>	<b>715</b>	<b>140</b>	<b>575</b>

<b>Carry Forwards</b>		-	321	321	-	321
<b>Environment Total (after c/f)</b>		102,411	103,447	1,036	140	896



#### 2.4.1 Routine Maintenance

LAB £000s	Out-turn £000s	Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
14,151	14,518	367	-	367	-	367	-	-

The impact of the severe weather in February and March created an increased demand for pothole repairs and storm clearance. This has reduced by £198k from the overspend of on repairs of £565k forecast at the end of February.

#### 2.4.2 Winter Maintenance

LAB £000s	Out-turn £000s	Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
3,215	4,943	1,728	500	1,228	-	1,728	-	-

### 2.4.2 Winter Maintenance

The winter service delivery involved 90 gritting outings, which is the greatest number in recent memory and more than double the outings of 16/17. This included 4 snow events involving the mobilisation of local farmers, filling of grit bins, individual runs requested by the police and the costs of standby.

### 2.4.3 Lighting

LAB £000s	Out-turn £000s	Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
7,029	6,194	(835)	(650)	(185)	-	(835)	-	-

The energy market continues to be extremely volatile providing purchasing opportunities and threats. LASER has secured an energy price better than originally forecast. In addition, further improvements to the street lighting inventory have enabled more refined calculations of the unmetered energy to demonstrate lower usage. The actual costs are coming in lower than that re-forecast, including some unforeseen credits from the power supplier.

### 2.4.4 Traffic Management & Safety - Highways

LAB £000s	Out-turn £000s	Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
1,294	731	(560)	-	(560)	-	(239)	-	(321)

Highways Locality Budget - schemes not fully completed in the current financial year due to on-going design and Permanent Traffic Regulation Orders processes and the impact of weather in March. A carry forward (£321k) of budget has been requested for these schemes. Due to the pre-planning and bulking up of works, Ringway were able to deliver the works more efficiently and well within budget.

### 2.4.5 Transport Planning Policy and Strategy

LAB £000s	Out-turn £000s	Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
1,319	919	(400)	-	(400)	-	(400)	-	-

Underspend associated with contract services were identified early in the year, offset by a corresponding overspend in Highways Management - Contract Services

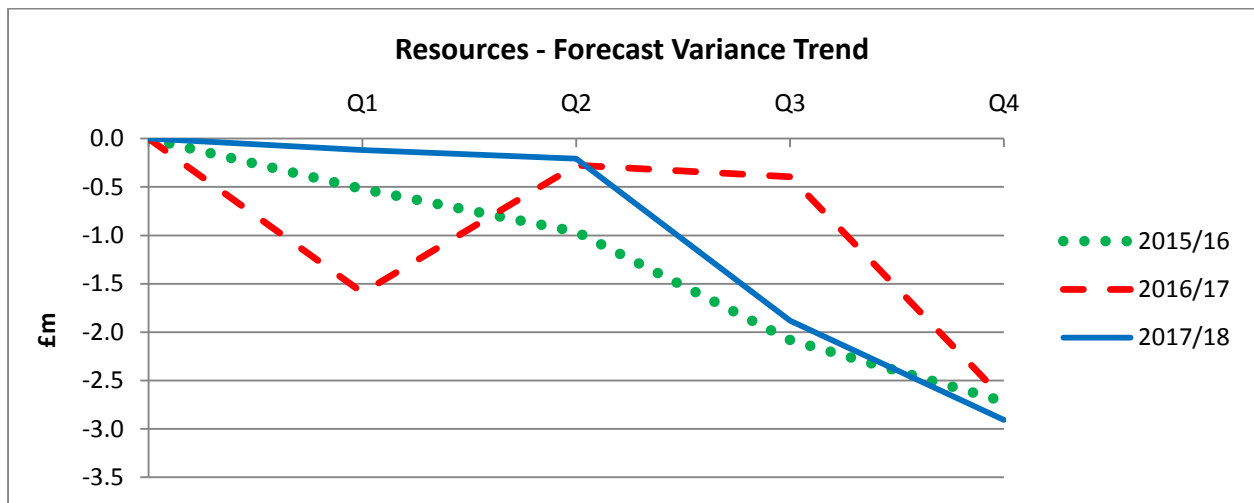
### 2.4.6 Highways / Transport Management

LAB	Out-turn	Variance	Variance	Movement	Breakdown of Variance
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2.4.6 Highways / Transport Management								
£000s	£000s	£000s	last quarter £000s	£000s	Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
6,956	7,333	377	40	337	-	377	-	-
<p>An overspend of £40k due to the need to provide a new temporary storage depot for grass cutting equipment. Also an increase in the contract costs following an annual reconciliation adjustment, which is an annual calculation aimed at ensuring the payments made by the Council reflect actual salary conditions paid by the contractor and protects the Council from inflated charge grades.</p> <p>Overspend associated with contract services were identified early in the year offset by a corresponding underspend in TPPS.</p>								

## 2.5 Resources

RES	Ref	LAB £000s	Outturn £000s	Variance £000s	Variance Last Quarter £000s	Movement in Quarterly Variance £000s
Corporate Services	2.5.1 2.5.2 2.5.3	55,393	51,416	(3,977)	2,367	(1,610)
Traded Services	2.5.4 2.5.5	(2,207)	(1,934)	273	341	(68)
Customer Engagement		5,789	5,592	(197)	(52)	(145)
Libraries & HALS		10,029	10,379	350	300	50
<b>Resources Total (before c/f)</b>		<b>69,003</b>	<b>65,453</b>	<b>(3,551)</b>	<b>(1,778)</b>	<b>(1,773)</b>
Carry Forwards		-	644	644	-	644
<b>Resources Total (after c/f)</b>		<b>69,003</b>	<b>66,097</b>	<b>(2,907)</b>	<b>(1,778)</b>	<b>(1,129)</b>



2.5.1 Legal								
LAB £000s	Projected Spend £000s	Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
4,414	3,814	(601)	(534)	(67)	-	(501)	(100)	-
<p>Legal Services are showing a final outturn position of a £601k underspend. This underspend primarily is due to a combination of increased income and vacancies, although the amount spent on counsel's fees was lower than originally forecast. Legal Services have reviewed the vacancies and are also proposing to refocus some of the work it undertakes in order to better meet the Council's demand for legal advice. As such following recruitment it is anticipated that the underspend (other than the amount of £100k which represents the IP savings) will not recur in 2018/19.</p>								

2.5.2 Shared Managed Services (SMS)								
LAB £000s	Projected Spend £000s	Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s

### 2.5.2 Shared Managed Services (SMS)

					£000s			
12,878	12,524	(354)	(95)	(259)	-	(354)	-	-

There has been a £259k movement from the quarter 3 monitor due to:

- an unexpected business rates rebate
- Lower than expected call charges from Technology and the credit of a duplicate charge.
- £50k Serco KPI penalties Apr-Dec
- lower than originally estimated Occupational Health volumes, resulting in a price reduction.

### 2.5.3 Property

LAB £000s	Projected Spend £000s	Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
16,148	13,032	(3,116)	(1,756)	(1,360)	(1,214)	(1,302)	-	(600)

Property were previously reporting an underspend of £1,756k. The Property underspend has increased by £1,360k this quarter from £1,756k to £3,116k and is largely made up of the following elements:

- £156k Property Data Collection - A saving has been achieved from site and net capacity commissions, and this is a permanent saving (£100k) that forms part of the 2018/19 Resources IP. There has been a slippage of work (£86k) into 2018/19
- £100k Energy Management – The accumulated effect of previous energy saving works have resulted in a reduction of the required Carbon Reduction Credits and this will be an ongoing saving.
- £115k Vacancies across the Property department – Vacancies were being actively recruited to, however there was slippage in the recruitment process and a decision not to backfill a position. Vacancies were held pending a restructure which has now been postponed until next financial year.
- £708k –Corporately Managed Properties – Abel Smith House is made a surplus since all tenants are in place for the full financial year, a backdated rates refund was received for New Barnfield, and there was reimbursement of revenue costs incurred in prior years for feasibility studies and other sale preparations, these underspends are offset by an overspend on Feasibility project work and further maintenance works on the Supported Living properties managed by Aldwyck. A carry forward request has been submitted so the unspent balance (£290k) can be used to fund revenue costs of preparing future sites for disposal which should lead to increased capital receipts
- £112k Corporate Property Fees – Lower asset numbers and more efficient management of work streams have produced reduced contract costs. A permanent saving (£100k) forms part of the 2018/19 Resources IP and there is potential for this to be increased once the outcome of the PMA contract re-tender is known
- £744k – Residential Rent Reviews (Older people) – Rent reviews have now been settled for all care home providers which has resulted in backdated rental income and additional rental income for 2017/18.
- £1,365k Utilities – Reduction in energy consumption (following ongoing work to implement energy saving initiatives as well as energy prices not increasing as anticipated and a milder winter/autumn) which has led to reduced energy costs. A permanent saving (£129k) forms part of the 2018/19 Resources IP
- £48k Central & Shared – Following the rent review for Mundells, an increased rental charge has now been agreed with HBS for the occupancy of their portion of the site
- £60k Staff Housing Pool – Slippage in maintenance works into 2018/19
- These underspends are being offset by a £132k overspend in Service Property which is largely attributable to a revenue contribution to capital for build costs at Hemel PSQ and £204k of tree survey/maintenance works to remove/replace diseased trees



### 2.5.3 Property

Carry forward requests have been submitted in relation to the unspent balance (£290k) of the CMP land sale so it can be used to fund revenue costs of preparing future sites for disposal which should lead to increased capital receipts, and a carry forward request (£310k) has been submitted to fund works to improve resilience and stability at the Stevenage site

There has been a £1,360k movement from Quarter 3 (£1,756k underspend) to the outturn (£3,116k underspend), this is largely due to the following:

- £484k Residential Rent Reviews (Older people) which resulted in backdated rental income, and additional rental income for 2017/18
- £481k Corporately Managed Properties due to a reimbursement of revenue costs attributable to a land sale in 2017/18 & a backdated rent refund for New Barnfield. A carry forward request has been submitted so the unspent balance of the land sale (£290k) can be used to fund revenue costs of preparing future sites for disposal which should lead to increased capital receipts
- £640k Utilities - £340k Utilities - Reduction in energy consumption (following work to implement energy saving initiatives, prices not increasing as anticipated and a milder winter/autumn) which has led to reduced energy costs
- £60k Staff Housing Pool due to a slippage of maintenance works into 2018/19
- These have then been offset by £204k of tree survey/maintenance works to remove/replace diseased trees and £132k in Service Property for a revenue contribution to capital for build costs at Hemel PSQ

### 2.5.4 HBS

LAB £000s	Projected Spend £000s	Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
(1,707)	(1,184)	523	591	(68)	-	523	-	-

HBS's final outturn position in 2017/18 is a surplus of £1.184m. However, this is £0.523m short of the target of £1.707m.

This is primarily due to two main factors:

- The network print function had previously made a surplus of over £0.5m. As the majority of custom is from other Hertfordshire County Council departments, the decision has been made that HBS should no longer over-recover print cost. This reduces a cost pressure in those departments, but creates the pressure in HBS.
- Price increases for 2017/18 did not correctly treat overhead movements, leading to under-recovery.

It was expected that some of these pressures would be offset by expanded trading within HFS – Educational Resources. Product sales are £1.88m (8.7%) higher than 16/17, but margins on new sales are lower than expected, meaning that it has not proved possible to make up the shortfall (actual gross margin = 29.19%, budgeted gross margin 31.59%).

### 2.5.4 HBS

Also within Fleet Services there is a £89k under contribution primarily caused by reduced levels of purchasing and leasing vehicles. This has reduced in the final month of the year due to additional vehicle rebates outperforming forecasts and the releasing of an erroneous balance accrual.

In respect to HFS, the movement in forecast this quarter relates to trading pattern changes and £26k of pension strain.

In support of HBS's transformation programme, three restructures have been completed, however impact in this financial year has been limited. Longer term investment options will be presented to Panel in June for consideration.

### 2.5.5 Libraries & HALS

LAB £000s	Projected Spend £000s	Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
10,029	10,379	350	300	50	-	350	-	-

Libraries are reporting an outturn overspend of £350k. This is due to pressures on the LHS budget during the year as follows:

- The Inspiring Libraries Strategy was designed to save £2.5 million over three years. £2 million of this saving was achieved in 2015/16 and 2016/17. The final £500,000 saving will be achieved when we complete the roll-out of 16 volunteer-partnered Community Libraries, but rolling out the Community Libraries depends on the establishment of a volunteer steering group in each community, and the recruitment and training of volunteers to the point where they have sufficient confidence to take over responsibility. This is a new challenge for each community and can only move at the speed of 'trust', which can take time to achieve (this is a common experience in Herts and in other authorities) As a result, this has been a slower process than originally anticipated.
- There is a continuing shortfall in library income, which was around £130k below target at the end of the year. Income generated from new revenue streams such as room hire, donations and reading group charges is more than offset by the continuing decline in traditional income sources for libraries (overdue charges and DVD loans).
- Additional pressures on the budget this year include a gap between our staffing budget (which assumes staff are on the mid-point of their grade) and actual staffing costs (most staff are on the top of their grade), and the imposition of the Apprenticeship Levy.

These pressures were identified early in the year, and measures were put in place to mitigate the predicted overspend.

- There was progress during the year with public engagement and the recruitment and training of volunteers in the community libraries, which meant that some staff posts could be deleted during the year, realising savings.
- Expenditure in some other budgets was frozen and vacancy management was applied to mitigate the income shortfall and pressure on the staffing budget.

### 2.5.6 Contribution from HCL

LAB	Projected	Variance	Variance	Movement	Breakdown of Variance
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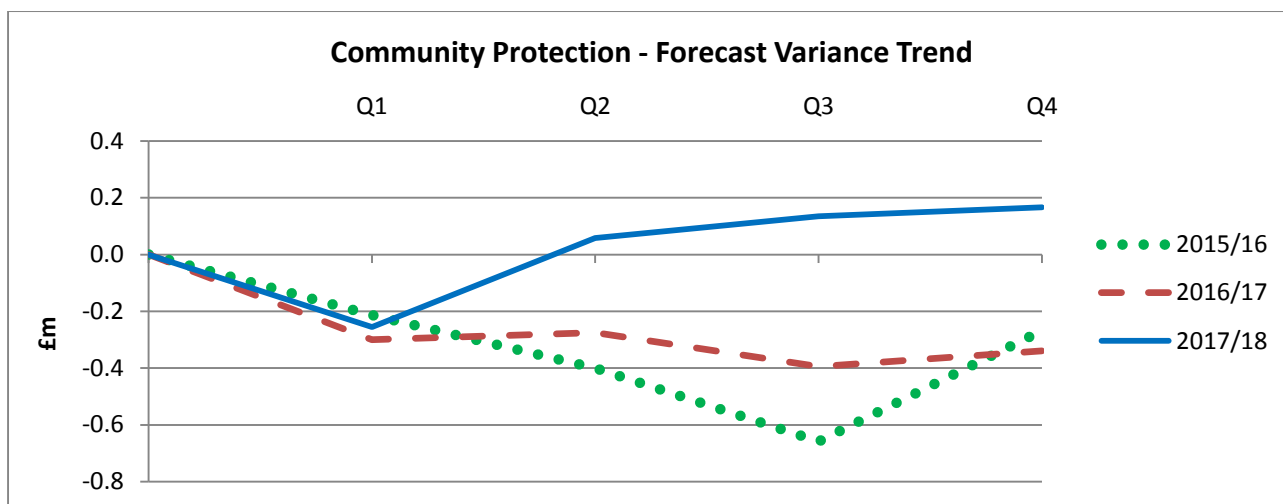
### 2.5.6 Contribution from HCL

£000s	Spend £000s	£000s	last quarter £000s	£000s	Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
(500)	(750)	(250)	(250)	-	-	(250)	-	-

Herts Catering Ltd is reporting a final underspend of £250k. This underspend is due to an increased contribution of £750k based on their successful trading performance.

## 2.6 Community Protection

CP	Ref	LAB £000s	Outturn £000s	Variance £000s	Variance Last Quarter £000s	Movement in Quarterly Variance £000s
Fire & Rescue	2.6.1	30,182	30,569	387	335	32
Joint Protective Services		4,576	4,355	(221)	(220)	(1)
East Coast & Humberside Control Room Consortium		864	864	-	-	-
<b>Community Protection Total</b>		<b>35,622</b>	<b>35,788</b>	<b>166</b>	<b>135</b>	<b>31</b>



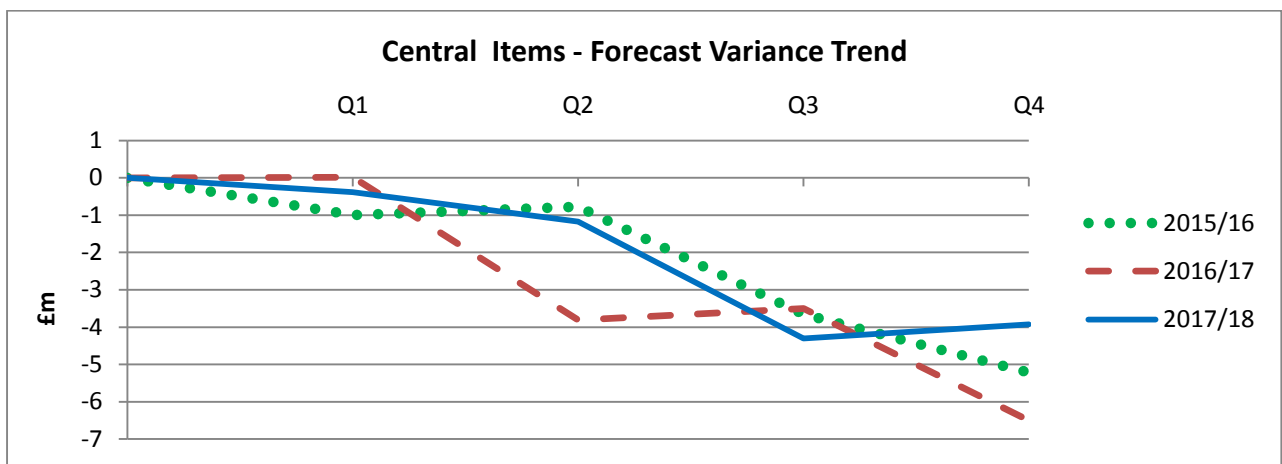
2.6.1 Fire & Rescue - Service Support								
LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
6,727	6,988	261	250	11	-	261	-	-

The overspend is attributable to the Ill Health Pension contributions offset by vacancies within the ICT Team, £105k less income in Commercial training than budgeted for, additional staffing costs in training due to pre-arranged overtime and the new recruits, and additional costs in the provision of IT systems.

## 2.7 Central Items

CEN	Ref	LAB £000s	Outturn £000s	Variance £000s	Variance Last Quarter £000s	Movement in Quarterly Variance £000s
Central Capital Financing and Interest on Balances	2.7.1 2.7.2	14,734	10,794	(3,940)	(4,862)	922
(Additional) / less Grant Income	2.7.3	-	(1,473)	(1,473)	(341)	(1,132)
Contingency - General		2,789	-	(2,789)	-	(2,789)
Contingency - Specific		564	564	-	-	-

Other Central Items		-	381	381	-	381
Precepts/Levies		2,112	2,112	-	-	-
Apprenticeship Levy Recharge		933	937	4	-	4
<b>Central Total (before c/f)</b>		<b>21,131</b>	<b>13,315</b>	<b>(7,817)</b>	<b>(5,203)</b>	<b>(2,614)</b>
Carry Forwards		-	3,892	3,892	900	2,992
<b>Central Total (after c/f)</b>		<b>21,131</b>	<b>17,207</b>	<b>(3,925)</b>	<b>(4,303)</b>	<b>378</b>



### 2.7.1 Capital Financing: MRP

LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
4,420	1,665	(2,755)	(2,680)	(75)	(2,755)	-	-	-

Following changes to the MRP policy introduced in 2017/18, a further £2.75m savings have been achieved within the new policy, as reported at Q3.

These have been included in the 2018/19 IP and can be realised from 2017/18

### 2.7.2 Revenue Financing

2.7.2 Revenue Financing								
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
10,313	9,129	(1,184)	(2,182)	(998)	-	(1,184)	-	-
<p><i>Main reasons for overall variance:</i></p> <p>Cash balances during the year were higher than expected as a result of slippage in the 2017/18 Capital Programme and some additional income streams. As a consequence more cash has been available to invest, and no additional borrowing to fund capital expenditure was required during the year. These factors contribute <b>(£1,067k)</b> of the underspend, which includes interest from Local Authority Mortgage Scheme (LAMS) advances (£178k) and Herts Schools Building Partnership [HSBP] interest and dividend received (£161k). These figures are above levels assumed when setting the budget.</p> <p>The Bank of England increased its base interest rate from 0.25% to 0.50% in November 2017 and this made an additional contribution to improved investment returns.</p> <p>Non-investment interest was <b>(£133k)</b> more than budgeted, due to additional interest of (£96k) in respect of the delayed payment of a capital receipt and (£24k) of accrued interest for late payment of rental invoices.</p> <p><i>Main reasons for movement in quarter:</i></p> <p>Transfers to reserves: <b>£1,001k</b> – including £894k HSBP Loan Note sale to ITT reserve previously reported, along with smaller transfers in respect of interest accrued for LEP loans and premium on LAMS interest.</p> <p>The remainder of £81k includes a number of small movements, including an increase of £57k in internal interest allocation driven by higher than expected LEP balances.</p>								

2.7.3 Additional / less Grant Income								
LAB £000s	Projected Spend £000s	Forecast Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance			
					Early Achievement of IP Savings / Pressures £000s	One-off £000s	Additional Ongoing £000s	Carry Forward £000s
(30,028)	(31,501)	(1,473)	(341)	(1,132)	-	(370)	-	(1,103)
<p>Higher than expected grant amounts received for: Business Rates Retention Tax Loss Reimbursement (£11k); Transparency Code Burdens (£13k) ; Local Reform &amp; Community Voices + Social Care in Prisons (£133k); War Pension Scheme Disregard (£109k); KS2 (£51k), School Improvement (£24k); Commons Pioneer Authorities (£4k) and Fire Revenue (£73k), offset by lower than budgeted grant amounts for: New Homes Bonus (£6k); ESG (£40k) and Extended Rights to Home to School Transport (£2k).</p>								

### 2.7.3 Additional / less Grant Income

Also includes accrual for MHCLG reconciliation adjustment to Business Rates Retention Tax Loss Reimbursement calculated from district NNDR3 returns.

## Section 3 – Capital Monitor

### 3.1 Capital Summary

#### Capital investment programme

The budgeted programme is summarised below.

	£k	£k
Original Budget Per 2017/18 Integrated Plan		222,858

2016/17 Reprogramming	10,148
2017/18 Reprogramming - Month 6	(62,587)
Additional LEP funding	1,567
High Needs Funded Projects - funded from School's DSG	980
Other Budget Adjustments	4,042
Schools Capital Budgets	8,251
<b>Total Budget Adjustments</b>	<b>(37,599)</b>

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**Latest Approved Budget for 2017/18** **185,259**

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The actual spend against this budget is £147,233k, and the overall variance is summarised as follows. Details of significant capital variances are shown in Section 3.4. These variances are calculated on the latest budget of £185.259m. This includes the reprogramming from 2016/17 that was approved by Cabinet in June 2017 plus reprogramming for Quarter 2 that was approved by Cabinet in December 2017.

	£000s
Reprogramming to future years	(36,676)
Underspends	(1,473)
Overspends	123
<b>Total Variance</b>	<b>(38,026)</b>

The detail of spending by service area is shown below. The net variance of £38,026k comprises reprogramming of (£36,676k), underspends of (£1,473k), and overspends of £123k. Details of major variances (over £250k) against the revised budget are shown below. The impact of these variances on total financing including the borrowing requirement is shown in Table 4.

	Latest Approved £'000	Undersp end £'000	Overspend £'000	Reprogram ming £'000	Outturn £'000	Total Variance £'000
<b>Children's Services</b>						
School Expansions	43,958	(200)	26	(20,590)	23,194	(20,764)
Schools R&M	19,343	-	-	(1,258)	18,085	(1,258)
Schools Capital Spend	8,251	-	-	-	8,251	-
High Needs projects	980	-	-	-	980	-
Other - Children's	2,261	(341)	-	(266)	1,654	(607)
<b>Total Children's</b>	<b>74,793</b>	<b>(541)</b>	<b>26</b>	<b>(22,114)</b>	<b>52,164</b>	<b>(22,629)</b>



<b>Environment</b>						
Major Projects	7,798	(32)	4	(1,046)	6,724	(1,074)
Road Maintenance	41,576	-	-	(1,013)	40,563	(1,013)
Street Lighting	9,019	-	-	(250)	8,769	(250)
ITP	6,755	(130)	-	(310)	6,315	(440)
Bridge Maintenance	5,894	-	-	(175)	5,719	(175)
Other - Environment	2,909	(76)	-	(603)	2,230	(679)
<b>Total Environment</b>	<b>73,951</b>	<b>(238)</b>	<b>4</b>	<b>(3,397)</b>	<b>70,320</b>	<b>(3,631)</b>
<b>Fire</b>	<b>3,894</b>	<b>(112)</b>	<b>88</b>	<b>(739)</b>	<b>3,131</b>	<b>(763)</b>
<b>ACS</b>						
Care Homes (Older people)	4,292	-	-	(982)	3,310	(982)
Disabled Facilities	6,200	-	-	(919)	5,281	(919)
HCS Property	2,439	(30)	5	(1,361)	1,053	(1,386)
Other - ACS	1,164	(284)	-	(48)	832	(332)
<b>Total ACS</b>	<b>14,095</b>	<b>(314)</b>	<b>5</b>	<b>(3,310)</b>	<b>10,476</b>	<b>(3,619)</b>
<b>Resources</b>						
Acquisitions	8,036	(14)	-	(5,870)	2,152	(5,884)
Broadband	4,000	-	-	(275)	3,725	(275)
BMT Projects	1,446	-	-	(242)	1,204	(242)
Non-School Cap.	1,560	(1)	-	-	1,559	(1)
Co-location of Libraries	358	-	-	(263)	95	(263)
Technology Purchasing	1,475	-	-	152	1,627	152
Other -Resources	1,609	(201)	-	(618)	790	(819)
<b>Total Resources</b>	<b>18,484</b>	<b>(216)</b>	<b>-</b>	<b>(7,116)</b>	<b>11,152</b>	<b>(7,332)</b>
<b>Public Health</b>	<b>42</b>	<b>(52)</b>	<b>-</b>	<b>-</b>	<b>(10)</b>	<b>(52)</b>
<b>Grand Total</b>	<b>185,259</b>	<b>(1,473)</b>	<b>123</b>	<b>(36,676)</b>	<b>147,233</b>	<b>(38,026)</b>

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

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

#### Capital Budget Financing

Budget Financing Source	Original Budget (2017/18 IP)	Funding Movements Agreed	Outturn Budget 2017/18	Variance (Additional Funding Movements)	Outturn
	£'000	£'000	£'000	£'000	£'000
Capital Receipts	10,000	12,122	22,122	(5,248)	16,874
Capital Grants	98,537	2,600	101,137	(24,369)	76,768
Revenue contributions	-	8,560	8,560	906	9,466
Contributions from Third Parties	36,037	(24,177)	11,860	(867)	10,993
Specific Reserves	2,836	(1,161)	1,675	(537)	1,138
Borrowing	75,448	(35,543)	39,905	(7,911)	31,994
<b>Total</b>	<b>222,858</b>	<b>(37,599)</b>	<b>185,259</b>	<b>(38,026)</b>	<b>147,233</b>

### 3.3 Capital Receipts

Budgeted capital receipts for 2017/18 amounted to £25.1m. £19.874m has been achieved by the end of March 2018, a shortfall against the target of £5.2m. This would usually result in a higher level of borrowing being required, but this has not happened in practice as the overall level of capital programme delivery was lower than expected (see 3.2 above).

#### Capital Receipts for 2017/18, and forecast to 2019/20

	Outturn 2017/18 £'000
<b>Budgeted Receipts:</b>	
Capital receipts funding assumed in IP for Capital Programme	10,000

Re-profiling of receipts financing from 2016/17	12,122
<b>Subtotal</b>	<b>22,122</b>
Capital Receipts – Spend to Achieve	3,000
<b>Total Budgeted Receipts</b>	<b>25,122</b>
<b>Total Actual Receipts</b>	<b>19,874</b>
<b>Surplus/ (shortfall)</b>	<b>(5,248)</b>

### Spend to Achieve

The Spend to Achieve Capital Receipts Reserve is a fund that is used to deliver projects that require investment prior to generating a Capital receipt or a revenue income stream. The fund is reviewed monthly. As at 31<sup>st</sup> March 2018, there was a surplus of £2,578k on this reserve due to expenditure now being forecast to occur in 2018/19.

	<b>£000</b>
<b>Starting Balance 01/04/17</b>	<b>823</b>
<b>Top up from capital receipts 2017/18</b>	<b>3,000</b>
<b>Total Funds available 2017/18</b>	<b>3,823</b>
<b>Schemes</b>	
Replacement Accommodation for Judo Club, Ariston Works	(1,000)
Lands at Beaumont School, St. Albans Forward Funding	(153)
Other Small Schemes	(92)
<b>Total Spend</b>	<b>(1,245)</b>
<b>Balance Outturn to 31/03/18</b>	<b>2,578</b>

## 3.4 Significant Capital Outturn Variances

### Children's Services

School's R&M Budget Holding Code							
LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
19,343	18,085	(1,258)	-	(1,258)	-	-	(1,258)

### School's R&M Budget Holding Code

The main reasons for the variance are:

- The budget for 2017/18 was made up of the grant allocation of £18,172k for 2017/18 plus residual balances from prior years. The final outturn spend is £18,085k. The underspend of the remaining grant balance of (£1,258k) is requested to be reprogrammed for future years schools R&M Spend.

### New School Developments & Site Acquisitions

LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
20,840	8,958	(11,882)	(7,194)	(4,688)	-	-	(11,882)

The main reasons for the variance are:

- (£11,882k) is requested to be reprogrammed due to anticipated timings of land acquisitions.

### Primary Expansions PEP1 – 4 plus Ascot & Jupiter- HSBP Managed

LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
408	57	(351)	13	(364)	-	10	(361)

The main reasons for the variance are:

- (£361k) is requested to be reprogrammed for remaining Furniture & Equipment balances and works that remain outstanding at Schools.
- The overspend of £10k relates to small variations over the schemes that will be funded by basic need grant.

### Primary Expansions PEP6 - HCC Managed

LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
3,690	2,434	(1,256)	(340)	(916)	-	16	(1,272)

The main reasons for the variance are:

- (£304k) is requested to be reprogrammed for a primary expansion. The programme has been reprofiled to accommodate a phased programme with delivery of some external works this financial year.
- (£968k) is requested to be reprogrammed as the remaining budget is not required for the current year temporary expansions and will be requested to be set aside for future temporary expansions.
- £16k overspend relates to additional works required for a pedestrian access, forecast to total £40k. This overspend will be funded by Basic Need.

### Primary Expansions PEP7 & Temporary Expansions Sept 2017 - HCC Managed

LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s

Primary Expansions PEP7 & Temporary Expansions Sept 2017 - HCC Managed							
			£000s				
2,027	1,485	(542)	(85)	(457)	-	-	(542)

The main reasons for the variance are:

- (£942k) is requested to be reprogrammed as the remaining budget is not required for the current year temporary expansions and will be requested to be set aside for future temporary expansions. This is offset by £400k reprogramming from future years which is required for the permanent Pep 7 expansions as the full budget is within the 18/19 Integrated Plan.

Secondary Expansions – SEC1							
LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
850	550	(300)	-	(300)	-	-	(300)

The main reasons for the variance are:

- (£300k) is to be reprogrammed due to reprofiling of when a school managed project is expected to draw down funding.

Secondary Expansions - SEC2							
LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
13,726	8,188	(5,538)	1,090	(6,628)	(200)	-	(5,338)

The main reasons for the variance are:

- (£5,338k) is requested to be reprogrammed across the Secondary expansion programme as schools have reached milestones slower than previously forecast.
- (£200k) underspend relates to a secondary expansion agreement being £200k lower than originally anticipated.

Secondary Expansions - SEC2.5							
LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
1,385	842	(543)	(392)	(151)	-	-	(543)

The main reasons for the variance are:

- Reprogramming of (£543k) is requested across the programme as a result of school projects reaching milestones at times different to that previously anticipated.

## Environment

A602 Improvements							
LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
5,037	4,520	(517)	(387)	(130)	-	-	(517)

### A602 Improvements

The main reasons for the variance are:

- A further (£517k) is requested to be re-profiled into 2018/19 due to the delays to the planning process for Section B and the slightly extended construction programme for Sections A & C (the latest programme indicates these works will complete in late April).

### A120 Bypass (Little Hadham)

LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
2,171	1,642	(529)	-	(529)	-	-	(529)

The main reasons for the variance are:

- 2017/18 expenditure was lower than expected due to land assembly issues being resolved quicker than anticipated. It is proposed that the resulting underspend is carried forward to be allocated against other elements of the scheme where pressures have already been identified.

### Highway Maintenance of Roads

LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
41,576	40,563	(1,013)	-	(1,013)	-	-	(1,013)

The main reasons for the variance are:

- Reprogramming of (£1,013k) is requested as the spells of severe weather in February and March compounded the pressure on the Cat 1 service, but also disrupted the planned recovery programme and Cat 4 service and preparation work for 2018/19. The national disruption caused by this weather also created a lack of contractor availability.

### Integrated Transport Projects

LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
6,635	6,255	(380)	-	(380)	(130)	-	(250)

The main reasons for the variance are:

- As a number of schemes were due to be completed in Quarter 4 the recent severe weather has caused delays and therefore a reprogramming of (£250k) is requested. There is also (£130k) underspend being declared this month, this is due to OPUS fees being lower than anticipated on a number of schemes.

### Ware Household Waste Site

LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
500	0	(500)	(335)	(165)	-	-	(500)

**Ware Household Waste Site**

The main reasons for the variance are:

- Reprogramming of the full budget of (£500k) is requested. This is as a result of the delay in determination of the planning application which, although it has now been approved under officer's delegated authority, has been referred to the Secretary of State as departure from green belt policy.

**Fire**

**F&R ICT Equipment**

LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
504	182	(322)	(114)	(208)	-	-	(322)

The main reasons for the variance are:

- (£322k) reprogramming to 2018/19 is requested for contracts that have been delayed, but are due to be signed off in April. £96k is for an order for single place, £68k for Mobile Data Terminals (MDT) and £57k for Mobile phones and various other IT equipment, ordered but not yet received.

**F&R Vehicle Replacement**

LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
1,735	1,230	(505)	-	(505)	(88)	-	(417)

The main reasons for the variance are:

- (£417k) is requested to be reprogrammed for fire appliance bodywork which remains to go out to tender which is now scheduled for April, plus the refurbishment of the control unit body and technical upgrade, based at Hertford HQ. £88k is declared to be underspend, which offsets the equivalent overspend in Fire and Rescue Officer vehicles.

**Adult Care Services**

**Commissioning for Independence (formerly Supported Living)**

LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
1,417	116	(1,301)	(625)	(676)	-	-	(1,301)

The main reasons for the variance are:

- Reprogramming of (£1,301k) is requested following implementation of a revised Supported Accommodation Strategy and governance process which will allow a longer term strategic view on the use of capital investment rather than the previous more reactive use of capital funds which has delayed spend on this budget. This is in addition to the £700k reprogrammed in Q2.

**ACS Vehicle Replacement**

LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s

ACS Vehicle Replacement							
640	338	(302)	(284)	(18)	(269)	-	(33)
The main reasons for the variance are:							
<ul style="list-style-type: none"> <li>An underspend of (£269k) is as a result of a number of vehicles that were planned to be purchased from the 2017/18 capital programme being no longer required to be replaced due to low mileage and the opportunity of transferring vehicles from closed services.</li> <li>(£33k) is requested to be reprogrammed to 2018/19 for the replacement of two leased vehicles which will cease in 2018/19.</li> </ul>							

Care Reprovision - Older People (Phase 1 - 3)							
LAB £000s	Projected Spend £000s	Outturn £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
4,292	3,310	(982)	-	(982)	-	-	(982)
The main reasons for the variance are:							
<ul style="list-style-type: none"> <li>A review of the existing capital programme has been undertaken. The outcome of which is that consideration is to be given to alternative models of delivery as set out in the Cabinet report of September 2017. Re-programming of capital spend to future years has been made in view of this decision.</li> </ul>							

Disabled Facilities Grant							
LAB £000s	Projected Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
6,200	5,281	(919)	(555)	(364)	-	-	(919)
The main reasons for the variance are:							
<ul style="list-style-type: none"> <li>Reprogramming of (£919k) is requested arising from the phased handover of cases from partner authorities to the shared Home Improvement Agency (HHIA) starting in October, ongoing development of contractor framework and staggered recruitment of the HHIA team. Funding will be carried forward to fund grant allocations made in 2017/18 where works have not yet commenced.</li> </ul>							

## Resources

Land Acquisition – Stevenage							
LAB £000s	Projected Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
5,900	18	(5,882)	-	(5,882)	-	-	(5,882)
The main reasons for the variance are:							
<ul style="list-style-type: none"> <li>(£5,882k) is requested to be reprogrammed as discussions are currently being held with the vendor regarding final terms for the acquisition.</li> </ul>							



Inspiring Libraries							
LAB £000s	Projected Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
906	328	(578)	(555)	(23)	-	-	(578)

The main reasons for the variance are:

- (£578k) of inspiring libraries budget is requested to be reprogrammed to 2018/19. This includes refurbishment projects that are subject to delays and the consequential impact on Creatorspace; plus spend for the Open+ roll-out once the pilot is evaluated.

Co-location of Libraries							
LAB £000s	Projected Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
358	95	(263)	(238)	(25)	-	-	(263)

The main reasons for the variance are:

- Due to delays in public consultations and planning consent there have been delays in the progression of these projects. We are now expecting tenders back in May 18 for Redbourn and Wheathampstead and are anticipating construction to commence late 2018.

Broadband Delivery (Contract 2)							
LAB £000s	Outturn Spend £000s	Outturn Variance £000s	Variance last quarter £000s	Movement £000s	Breakdown of Variance		
					Underspend £000s	Overspend £000s	Reprogramming £000s
4,000	3,725	(275)	(975)	700	-	-	(275)

The main reasons for the variance are:

- £275k is requested to be reprogrammed to 2018/19. This figure has been reduced by £700k since Feb 2017. This is due to BT Openreach reaching milestones earlier than previously anticipated.

### 3.5 Other Matters

#### Metropolitan Line Extension (Croxley Rail Link)

The funding gap on the project was being discussed between the Council, local partners, central government and Transport for London (TFL). Central Government recently confirmed they would be prepared to cover the funding shortfall of £73.4m. However TFL have indicated that they are not prepared to take on the potential cost risk above this level. Further discussion and dialogue is underway to understand the next steps and impact. The scheme had already been reprogrammed to 18/19 and therefore no further adjustment to 17/18 was required.

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

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### **4.1 Summary**

The Schools’ budget is funded from the Dedicated Schools Grant (DSG) and sixth form grant which is separately received from the Education and Skills Funding Agency (ESFA). As reported in section 1, there is a net forecast underspend of **£7,868k** against this budget.

### **4.2 Variances that are not offset by grants (>£250k)**

<b>Independent Schools Placement overspend</b>	<b>Variance</b> <b>£1,329k</b>
<p>Independent Placements overspent by £1.329m. This is due to a higher number of new placement notifications than was budgeted (£829k). The budget was reduced this financial year due to the previous years' underspends, and with the higher number of placements, this has now resulted in a pressure on the budget. There is also £500k of additional expenditure covering the Education of Social Care placements.</p> <p>*This is included within the Integrated Services for Learning DSG line</p>	

<b>Integrated Services for Learning DSG (excluding Independent Schools Placement)</b>	<b>Variance</b> <b>(£3,327k)</b>
<ul style="list-style-type: none"> <li>- Speech and Language Therapy underspent by £87k. Whilst the anticipated contract value was as expected, uncommitted funding was held pending a review of the Speech and Language joint contract (with the CCGs) and delivery model and this was not spent within the financial year.</li> <li>- The SEN Strategy Development Fund underspent by £3.445m. This fund was established to support new initiatives, including key priorities within the SEND strategy. As an uncommitted resource, the fund also provides useful flexibility in managing budget risks.</li> <li>- Due to inability to maintain vacancy management, there is a £50k overspend on Integrated Services for Learning Central pay budgets.</li> <li>- AWT provides funding for training and development of individual children with SEN. The final outturn was £130k higher than budgeted mostly due to additional tuition the teams are having to provide for children excluded or out of school due to pressures on places.</li> <li>- Exceptional Needs Funding budgets have underspent by £446k. Decisions are made by panels of school representatives. As such, the budget holder has no influence over the budgets other than to remind them and assist with monitoring their budgets. Expenditure in March was considerably lower than forecast.</li> <li>- The Recoupment budget overspent by £447k. Due to a number of Hertfordshire special schools being at capacity we have had to place more pupils in special provision outside the county's borders. In May 2016 we had 52 pupils placed in special provision (either LA-maintained, or academies and free, schools) outside of Hertfordshire, by May 2017 this had risen to 76. A variance of £447k on the Recoupment budget is due to a high volume of late invoices from other local authorities that came through in March.</li> <li>- There is an underspend of £87k on Special Educational Needs budgets due to the reduction of the use of consultants in work across the SEND service and in reflection of the ISL review and work streams. The underspend has increased further due to schools not meeting the level of services they agreed to deliver for Outreach; therefore they did not receive the full funding agreed and budgeted for at the start of the year.</li> <li>- There is a £15k overspend on provision of tuition for excluded pupils due to a higher demand than budget.</li> </ul>	

<b>Integrated Services for Learning DSG (excluding Independent Schools Placement)</b>	<b>Variance</b> <b>(£3,327k)</b>
<p>- There is a £277k overspend due to increased demand and cost of education of pupils placed by Health in private or other local authority hospitals.</p> <p>- There is an underspend on ESMA of £112k due to less demand.</p> <p>- The Attendance teams ceased trading at the end of the last academic year. Approximately 56% of academies/free schools purchased a traded service however given the pressures on school's budgets, and changes to academy's funding, the trading environment has become increasingly challenging and at the end of this academic year there will be a shortfall in the trading income giving £58k overspend. The service has restructured and achieved savings giving a net underspend this year of £39k.</p>	

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

<b>Family Services Commissioning</b>	<b>Variance</b> <b>(£2,815k)</b>
<p>- There is an underspend on 2 year old nursery entitlement of £1,144k due to a lower take up than anticipated, potentially caused by 30 hours free childcare. This is partly offset by an overspend of £161k against 2 year old delegated funding.</p> <p>- The early years SEND Development fund was not be spent in 2017/18, causing an underspend of £600k</p> <p>- There was an underspend on 30 hour free childcare for 3 and 4 year olds of £1,065k due to lower take up of the new scheme than anticipated.</p>	

### **Section 5 – Other Financial Information**

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#### 5.1 Treasury Management Report

The Council's Treasury management activities in this period were undertaken in an environment marked by uncertainty over the UK's future relationship with the EU, geopolitical tensions, and the influence of expectations around the potential for fiscal tightening in the US and EU.

During Q3 Consumer Price Index [CPI] inflation peaked at to 3.1% before falling back more rapidly than expected to 2.4% in March 2018 remaining above the 2% Bank of England target. UK wage

growth, which in real terms had been negative for most of the year, returned to positive territory in March 2018.

Much of the inflationary pressure noted above can be attributed to the approximately 20% decline in the value of Sterling during 2016/17, and has constrained consumer spending during the year. Economic data showed resilient but subdued growth in Gross Domestic Product [GDP], at 1.8% for the 2017 calendar year.

Following the Bank of England rate increase to 0.50% during the third quarter interest rates remained stable during the period. Investment yields improved slightly as a consequence of the rate increased but remain low overall. The 7-day LIBID benchmark was 0.36% for the quarter, an improvement of 0.7% on the previous quarter.

During the final quarter of 2017/18 the Council held an average investment portfolio of £164.97m, and achieved an investment return of £0.447m.

The total annual interest earned on treasury investments throughout the year was £1.826m, an underspend of £0.392m on budget. This outcome is due to a combination of the strong performance of pooled funds during the first half of the year, higher than expected cash balances and the increase in interest rates leading to improved short-term returns.

The overall rate of rate of return for the fourth quarter was 1.07%, which represents a reduction of 0.15% on the previous quarter. This reflects the weighting of the investment portfolio towards short-term instruments during the period as the need to ensure liquidity to cover capital outflows was managed.

Underlying this, the pooled fund investments returned 4.07% (a reduction of 0.42%) and the remaining, mainly short-term investments returned 0.40% (0.08% increase).

The reduced overall rate of return is reflective of lower returns across the pooled fund portfolio. Pooled funds overall return 4.67% during the year, but returns for the final quarter were lower due to the changes in market condition which saw a sharp reduction in returns from the bond fund investments within the portfolio. This reduction is anticipated to be a one-off effect.

## Appendices

### Appendix A – Carry Forward Requests

Service	Area	Outturn Underspend £000	Carry Forward Requested £000	Narrative
ACS	BCF	(1,513)	1,513	Better Care Fund carry forward
ACS	IBCF	(3,541)	3,541	Improved Better Care Fund carry forward
Public Health	Public Health	(1,312)	1,312	Ring fenced grant - any underspend to be carried forward in line with Grant terms and conditions
			<b>6,366</b>	<b>Ringfenced Carry Forwards</b>
ACS	Older People Client Income	(3,390)	1,100	£1m carry forward to reflect risk of the client income position with regards Band 20's.
ESCYP (E&EI)	Services for Young People	(480)	66	This underspend is due to a backdated rates rebate that has been received in February 2018. The request is to fund essential refurbishments and improvement to a number of Youth Community centres within the County. This would have been carried out earlier in the financial year if the refund had been received earlier.
ESCYP (E&EI)	Services for Young People	(480)	35	A revenue contribution to capital for essential work on replacing windows in the gym at Bowes Lyon centre. There is a 12 week lead time on the work so it now cannot be carried out in 2017/18. If the Carry forward is not agreed the windows will have to be boarded up.
Environment	Highways Member Locality Budget	(321)	321	155k - schemes not fully completed in the current financial year due to on-going design and Permanent Traffic Regulation Orders processes. proxy £166k of ordered work was not delivered in 2017/18 due to the adverse weather in March
Resources	Members Locality	(44)	44	The final date for applications to be submitted for review and approval was Monday 12th March with all funding where possible provided before the start of PERP. However, some locality budget has been allocated to other HCC departments or schools at a late stage. Due to the timing of the final applications, HCC departments are unable to spend their allocated budget until the next financial year. Likewise, it is not possible to transfer the money allocated to schools to them now until the next financial year. Therefore these allocations require a carry forward.
Resources	Property	(665)	310	The Stevenage site is HCC's main data centre, and a recent power failure at the Stevenage site (caused by the failure of 1 of the 3 transformers) had a significant impact on staff capacity to work. If this failure were to occur again, the loss of working time and the continuity of HCC services are likely to be affected. A carry forward is requested to fund a low power generator for ICT operations to improve the resilience and stability of the Stevenage site.
Central	Contingency	(2,789)	2,789	Un-used contingency from 2017-18 to be carried forward into the new year
			<b>4,665</b>	<b>Non-Ringfenced Carry Forwards</b>
Resources	Property	(1,092)	290	Payment for a land sale during 2017/18 included reimbursement of revenue costs incurred in prior years, for feasibility studies and other preparations. These have been held centrally to fund any similar works in this or future years. It is requested that the expected unspent balance of £290k be carried forward as a Property Revenue Reserve, to fund revenue costs of preparing sites for disposal
Central	Grants	(1,473)	1,103	An accrual for MHCLG reconciliation adjustment to Business Rates Retention Tax Loss Reimbursement calculated from district NNDR3 returns to be transferred to a new Business Rates equalisation reserve to smooth variation in business rates income in future years.
			<b>1,393</b>	<b>New Reserves</b>
			<b>12,424</b>	

## Appendix B – Capital Reprogramming Requests

Directorate and Service Area	Name of Scheme	Total reprogramming	Externally Funded	Commentary	Future Year Budget £'000	18-19 Reprogramming £'000	19-20 Reprogramming £'000
Children's Services	Building Schools for the Future-ICT	20	No	£20k reprogramming is requested as schools have spent at a faster rate than profiled.	318	20	-
Children's Services	School's R&M Budget Holding Code	(1,258)	Yes	The budget for 2017/18 was made up of the grant allocation of £18,172k for 2017/18 plus residual balances from prior years. The final outturn spend is £18,085k. The underspend of the remaining grant balance of (£1,258k) is requested to be reprogrammed for future years schools R&M Spend.	72,688	(1,258)	-
Children's Services	Liquidlogic Troubled Families Phase 2 Solution	(158)	No	The software is largely delivered and tested. The deadline for final elements to be completed is scheduled for May. Therefore reprogramming of (£158k) is requested.	640	(158)	-
Children's Services	Liquidlogic EHM Implementation (Early Help Module)	(128)	No	The budget supports seven separate but closely related technology projects which are in various stages of delivery. The remaining projects (EHCP, Mobile App, Professional Portal, EHM Livelink integration, Groupwork and the Children's Portal) are in progress and expected to complete in 2018/19. (£128k) is requested to be reprogrammed due to further works required on the software system following system testing.	272	(128)	-
Children's Services	New School Developments - Budget Holding & Site Acquisitions	(11,882)	Yes	(£11,882k) is requested to be reprogrammed due to anticipated timings of land acquisitions.	83,785	(11,882)	-
Children's Services	Primary Expansions PEP1-4 - HCC Managed	(140)	Yes	(£140k) is requested to be reprogrammed across the Pep1-4's, this is to cover the remaining works (£42k) plus remaining Furniture & Equipment allocations not yet claimed by the schools.	0	(140)	-
Children's Services	Primary Expansions PEP5 - HCC Managed	(242)	Yes	(£242k) is requested to be reprogrammed for the final external works outstanding at PEP5.	0	(242)	-
Children's Services	Primary Expansions PEP6 & Temporary Expansions Sept 2016 - HCC Managed	(1,272)	Yes	(£304k) is requested to be reprogrammed for an expansion scheme. The programme has been reprofiled to accommodate a phased programme with delivery of some external works this financial year. (£968k) is requested to be reprogrammed as the remaining budget is not required for the current year temporary expansions and will be requested to be set aside for future temporary expansions.	2,378	(1,272)	-
Children's Services	Primary Expansions PEP7 & Temporary Expansions Sept 2017 - HCC Managed	(542)	Yes	(£942k) is requested to be reprogrammed as the remaining budget is not required for the current year temporary expansions and will be requested to be set aside for future temporary expansions. This is offset by £400k reprogramming from future years which is required for the permanent Pep 7 expansions as the full budget is within the 18/19 Integrated Plan.	4,320	(542)	-

Directorate and Service Area	Name of Scheme	Total reprogramming	Externally Funded	Commentary	Future Year Budget £'000	18-19 Reprogramming £'000	19-20 Reprogramming £'000
Children's Services	Primary Expansions PEP8 & Temporary Expansions Sept 2017 - HCC Managed	30	Yes	£30k reprogramming from 2018/19 is requested to cover initial fees relating to the fees relating to the upcoming expansions, budgets to be presented at the April Cabinet.	12,200	30	-
Children's Services	Secondary Expansions - SEC1 (All School managed projects)	(300)	Yes	(£300k) is to be reprogrammed due to reprofiling of when a school managed project is expected to draw down funding.	0	(300)	-
Children's Services	Secondary Expansions - SEC2	(5,338)	Yes	(£5,338k) is requested to be reprogrammed across the Secondary expansion programme as schools have reached milestones slower than previously forecast.	4,712	(5,338)	-
Children's Services	Secondary Expansions - SEC2.5	(543)	Yes	(£543k) is requested to be reprogrammed across the Secondary expansion programme as schools have reached milestones at times different to that previously forecast.	10,206	(543)	-
Children's Services	Primary Expansions PEP1 -4 - HSBP Managed	(361)	Yes	(£361k) is requested to be reprogrammed for our remaining works at these schemes & Furniture & Equipment balances that have not yet been claimed by the schools.	0	(361)	-
Environment	Highways - Bridge Maintenance	(175)	No	Delays in the completion of the Framework Contract has resulted in the need to re-programme (£175k).	20,718	(175)	-
Environment	A602 Improvements	(517)	Yes	Sections A and C are currently in the on-site construction phase. The latest programme indicates these works will complete in late April. The Planning Application process for Section B was extended and thus the overall delivery programme for this section has been delayed. Previously there was in-year reprofiling of (£1.4m) into 2018/19. A further (£517k) will need to be re-profiled into 2018/19 due to the delays to the planning process for Section B and the slightly extended construction programme for Sections A & C	15,445	(517)	-
Environment	A120 Bypass Project	(529)	No	2017/18 expenditure was lower than expected due to land assembly issues being resolved quicker than anticipated. It is proposed that the resulting underspend is carried forward to be allocated against other elements of the scheme where pressures have already been identified.	34,766	(529)	-
Environment	Highways - Road Maintenance	(1,013)	No	Reprogramming of (£1,013k) is requested as the spells of severe weather in February and March compounded the pressure on the Cat 1 service, but also disrupted the planned recovery programme and Cat 4 service and preparation work for 2018/19. The national disruption caused by this weather also created a lack of contractor availability.	143,705	(1,013)	-
Environment	LED & CMS Programme Phase 4	(62)	No	Reprogramming of (£62k) is required due to delays in the delivery of LED units in 2017/18.	12,334	(62)	-
Environment	Lighting Refurb & Emergency Replacement	(188)	No	Reprogramming of (£188k) is required due to delays in the delivery of street lighting columns in 2017/18.	9,621	(188)	-
Environment	Integrated Transport Projects	(250)	Yes	As a number of schemes were due to be completed in Quarter 4 the recent severe weather has caused delays and therefore a carry forward request for (£250k) is requested.	14,595	(250)	-



Directorate and Service Area	Name of Scheme	Total reprogramming	Externally Funded	Commentary	Future Year Budget £'000	18-19 Reprogramming £'000	19-20 Reprogramming £'000
Environment	A5 - M1 Link Road	(60)	No	A carry forward request for (£60k) is requested. This is due to a change in scope of the scheme following consultation and design modifications to reflect changes in standards which requiring special sign mounting equipment with a longer lead time.	0	(60)	-
Environment	Rights of Way - Management/Improvements	(43)	No	This relates to a bridge replacement job which was delayed due to longer than anticipated time take to secure permits and agree final design.	1,600	(43)	-
Environment	Waste Infrastructure Capital Grant	(10)	Yes	The two modular buildings at the Harpenden and Waterdale sites were completed in 2017/18. The Rickmansworth proposals were delayed pending a review of the site layout and budget for implementation. An additional £10k carry forward is requested for 2018/19.	45	(10)	-
Environment	Waste Management System Development	(50)	No	No capital spend was incurred in this financial year and carry forward of the full amount is requested.	200	-	(50)
Environment	Ware Household Waste Site	(500)	No	Reprogramming of the full budget of (£500k) is requested. This is as a result of the delay in determination of the planning application which, although it has now been approved under officers delegated authority, has been referred to the Secretary of State as departure from green belt policy.	5,500	(500)	-
Fire	F&R ICT Equipment	(322)	No	(£322k) reprogramming to 2018/19 is requested for contracts that have been delayed, but are due to be signed off in April. (£96k) is for an order for single place, (£68k) for Mobile Data Terminals and (£57k) for Mobile phones and various other IT equipment, ordered, but not yet received.	1,403	(322)	-
Fire	F&R Vehicle Replacement	(417)	No	(£417k) is requested to be reprogrammed for fire appliance bodywork which remains to go out to tender which is now scheduled for April, plus the refurbishment of the control unit body and technical upgrade, based at Hertford HQ.	5,957	(417)	-
ACS	Dial-a-Ride Replacement Programme	8	No	The vehicles delivered were part of the 2016/17 programme. Once the tenders were sourced, the costs came in £8k more than expected. £8k is requested to be reprogrammed from 2018/19 budget to cover the overspend.	387	8	-
ACS	Day Services Modernisation	(68)	Yes	(£68k) is requested to be reprogrammed into 18/19 to assist with the refurbishment of two day service buildings. Work has commenced to scope and procure the works, with works anticipated to start early 2018/19	290	(68)	-
ACS	Commissioning for Independence (formerly Supported Living)	(1,301)	£521k HCC funding, £780k capital grant	Reprogramming of (£1,301k) is requested following implementation of a revised Supported Accommodation Strategy and governance process which will allow a longer term strategic view on the use of capital investment rather than the previous more reactive use of capital funds which has delayed spend on this budget. This is in addition to the (£700k) reprogrammed in Q2.	5,900	(1,301)	-
ACS	ACS Vehicle Replacement	(33)	No	(£33k) is requested to be reprogrammed to 2018/19 for the replacement of two leased vehicles which will cease in 2018/19.	0	(33)	-

Directorate and Service Area	Name of Scheme	Total reprogramming	Externally Funded	Commentary	Future Year Budget £'000	18-19 Reprogramming £'000	19-20 Reprogramming £'000
ACS	Disabled Facilities Grant	(919)	Yes	Reprogramming of (£919k) is requested arising from the phased handover of cases from partner authorities to the shared Home Improvement Agency (HHIA) starting in October, ongoing development of contractor framework and staggered recruitment of the HHIA team. Funding will be carried forward to fund grant allocations made in 2017/18 where works haven't yet commenced.	24,804	(919)	-
ACS	Care Reprovision – Older People (Phase 1-3)	(982)	No	A review of the existing capital programme has been undertaken. The outcome of which is that consideration is to be given to alternative models of delivery as set out in the Cabinet report of September 2017. Re-programming of capital spend to future years has been made in view of this decision.	18,070	(982)	-
ACS	Herts Equipment Services Vehicle Replacement	(15)	No	(£15k) is requested to be reprogrammed to 2018/19, as the final vehicle will not be delivered until late April.	948	(15)	-
Resources	Inspiring Libraries (Budget Holding)	(577)	No	(£578k) of inspiring libraries budget is forecast to be reprogrammed to 2019/20. This includes refurbishment projects that are subject to delays and the consequential impact on Creatorspace; plus spend for the Open+ roll-out once the pilot is evaluated.	2,150	0	(577)
Resources	Co-location of Libraries	(263)	Yes	Due to delays in public consultations and planning consent there have been delays in the progression of these projects. We are now expecting tenders back in May 18 for Redbourn and Wheathampstead and anticipating construction for these to commence late 2018.	1,562	(263)	-
Resources	Broadband Delivery (Contract 2)	(275)	£52k HCC funding, £223k capital grant	(£275k) is requested to be reprogrammed to 2018-19. This figure has been reduced by £700k since Feb 2017. This is due to BT Openreach reaching milestones earlier than previously anticipated.	10,571	(275)	-
Resources	PC Purchasing	152	No	Reprogramming of £152k from 2018/19 is required due to stock being received earlier than anticipated.	3,978	152	-
Resources	County Hall H&S Car Parks	53	No	Phase 1 of the works are now complete. Reprogramming of £53k from 2018/19 is required to cover an overspend relating to the greater deterioration of the car park. A new capital bid for Phase 2 has been submitted to cover the remaining spend and work is planned for summer 2018/19.	250	53	-
Resources	Access Control/Car Park Improvements	(112)	No	Car park works are now being presented within master planning for County Hall. £112k is requested to be reprogrammed to 2018/19.	390	(112)	-
Resources	Countywide Touchdown	(70)	No	It is requested that (£70k) be reprogrammed for works relating to the Drill Hall, Cheshunt, due to delays in planning permission.	0	(70)	-
Resources	25 by 20	(113)	No	(£113k) is requested to be reprogrammed to 2018/19 due to pending decisions on Resources and Mundells Office relocation.	500	(113)	-
Resources	Acquisition of assets in Stevenage	(5,882)	No	(£5,882k) is requested to be reprogrammed as discussions are currently being held with the vendor regarding final terms for the acquisition.	0	(5,882)	-

<u>Directorate and Service Area</u>	Name of Scheme	Total reprogramming	Externally Funded	Commentary	Future Year Budget £'000	18-19 Reprogramming £'000	19-20 Reprogramming £'000
Resources	Acquisition of assets in Hertford	12	No	£12k reprogramming is required, this mainly relates to the deposit and fees associated with the acquisition of the final property that is expected in 2018/19.	800	12	-
Resources	Rural Estates Annual Programme (Main)	(41)	No	It is requested to reprogramme (£41k) to 2018/19 for roofing works at two farms. This is due to delays in listed building consent and bat surveys.	394	(41)	-
<b>TOTAL</b>		<b>(36,676)</b>			<b>528,402</b>	<b>(36,049)</b>	<b>(627)</b>

## Appendix C – Approved Virements & Technical Adjustment

Summary Revenue Budget Monitor as at 31 March 2018				
SERVICE	Original Budget £'000	Approved Virements & Tech Adj £'000	Latest Approved Budget £'000	Explanation of Approved Virements & Technical Adjustments
Adult Care Services	322,842	18	322,860	<ul style="list-style-type: none"> <li>o Apprentice Levy Charge (-269k) <b>MAY</b></li> <li>o 0-25 Service Realignment (-1,122k) <b>MAY</b></li> <li>o Carry forward from 16/17 (+472k) <b>JUNE</b></li> <li>o Funding from Contingency re Pension Strain Costs (+2k) <b>AUGUST</b></li> <li>o Funding from Contingency re redundancies (+16k) <b>SEPTEMBER</b></li> <li>o Transfer from Invest to Transform Fund (+30k) <b>OCTOBER</b></li> <li>o Funding from Contingency re Pension Strain Costs (+14k) <b>NOVEMBER</b></li> <li>o Funding from Contingency re redundancies (+60k) <b>FEBRUARY</b></li> <li>o Funding from Contingency re redundancies (+74k) <b>MARCH</b></li> <li>o Transfer from Invest to Transform Fund (+591k) <b>MARCH</b></li> <li>o Other small amounts (totalling +114k) <b>MARCH</b></li> </ul>
Public Health	48,867	566	49,433	<ul style="list-style-type: none"> <li>o Apprentice Levy Charge (-12k) <b>MAY</b></li> <li>o Carry forward from 16/17 (+578k) <b>JUNE</b></li> </ul>
Children's Services	166,233	3,158	169,391	<ul style="list-style-type: none"> <li>o Apprentice Levy Charge (-319k) <b>MAY</b></li> <li>o 0-25 Service Realignment (+1,122k) <b>MAY</b></li> <li>o Schools Notification System (+11k) <b>MAY</b></li> <li>o Customer Services Charge (-49k) <b>MAY</b></li> <li>o Transfer from SEND reform (+489k) <b>JUNE</b></li> <li>o Carry forward from 16/17 (+559k) <b>JUNE</b></li> <li>o Carry forward from 16/17 adj (-142k) <b>JULY</b></li> <li>o Funding from Contingency re redundancies (+7k) <b>AUGUST</b></li> <li>o Funding from Contingency re redundancies (+5k) <b>SEPTEMBER</b></li> <li>o Funding from Contingency re redundancies (+20k) <b>OCTOBER</b></li> <li>o Funding from Contingency re redundancies (+2k) <b>FEBRUARY</b></li> <li>o Funding from Contingency re redundancies (+138k) <b>MARCH</b></li> <li>o Transfer from Invest to Transform Fund (+358k) <b>MARCH</b></li> <li>o Transfer from Nobel Lifecycle Fund PFI (+9k) <b>MARCH</b></li> <li>o Transfer from Reserve Fund (+350k) <b>MARCH</b></li> <li>o Transfer from Innovation Fund (+541k) <b>MARCH</b></li> <li>o Other small amounts (totalling +57k) <b>MARCH</b></li> </ul>
Environment	106,525	(4,114)	102,411	<ul style="list-style-type: none"> <li>o Apprentice Levy Charge (-56k) <b>MAY</b></li> <li>o Carry forward from 16/17 (+209k) <b>JUNE</b></li> <li>o Revenue Contribution to Capital re Highways Locality (-605k) <b>OCTOBER</b></li> <li>o Transfer from Planning Delivery Reserve (+19k) <b>JANUARY</b></li> <li>o Transfer to Waste Week 53 Reserve (-192k) <b>MARCH</b></li> <li>o Transfer to RCCO (-1,018k) <b>MARCH</b></li> <li>o Transfer to Reserve for C/F (-1,926k) <b>MARCH</b></li> <li>o Commuted Maintenance transfer to Reserves (-492k) <b>MARCH</b></li> <li>o Other small amounts (totalling -53k) <b>MARCH</b></li> </ul>
Community Protection	35,195	427	35,622	<ul style="list-style-type: none"> <li>o Apprentice Levy Charge (-122k) <b>MAY</b></li> <li>o Schools Notification System (-11k) <b>MAY</b></li> <li>o Carry forward from 16/17 (+20k) <b>JUNE</b></li> <li>o Transfer from Proceeds of Crime Act reserve (+16k) <b>AUGUST</b></li> <li>o Transfer to Proceeds of Crime Act reserve (-3k) <b>NOVEMBER</b></li> <li>o Transfer from Reserve re part funding of Finance Post (+10k) <b>FEBRUARY</b></li> <li>o Transfer to POCA Reserve (-42k) <b>MARCH</b></li> </ul>

Summary Revenue Budget Monitor as at 31 March 2018				
SERVICE	Original Budget £'000	Approved Virements & Tech Adj £'000	Latest Approved Budget £'000	Explanation of Approved Virements & Technical Adjustments
				<ul style="list-style-type: none"> <li>o Drawdown from Reserve (+864k) <b>MARCH</b></li> <li>o Carry Forward re Emergency Services network (-286k) <b>MARCH</b></li> <li>o Other small amounts (totalling -19k) <b>MARCH</b></li> </ul>
Resources	72,565	(3,561)	69,003	<ul style="list-style-type: none"> <li>o Apprentice Levy Charge (-155k) <b>MAY</b></li> <li>o Customer Services Charge (+49k) <b>MAY</b></li> <li>o Contribution from HCL (-500k) <b>MAY</b></li> <li>o Carry forward from 16/17 (+83k) <b>JUNE</b></li> <li>o Funding from Contingency re redundancies (+6k) <b>AUGUST</b></li> <li>o Transfer from Contingency re consultancy costs (+20k) <b>AUGUST</b></li> <li>o Funding from Contingency re redundancies (+16k) <b>SEPTEMBER</b></li> <li>o Transfer to Capital for Planned Maint for Leahoe (-100k) <b>SEPTEMBER</b></li> <li>o Transfer to Resources for Property Consultancy Fees (-108k) <b>SEPTEMBER</b></li> <li>o Revenue Contribution to Capital re Hazard Management (-197k) <b>OCTOBER</b></li> <li>o Funding from Invest to Transform re Arts Collection Bid (+21k) <b>NOVEMBER</b></li> <li>o Funding from Contingency re Pension Strain costs (+86k) <b>NOVEMBER</b></li> <li>o Revenue Contribution to Capital re Hazard Management (-35k) <b>DECEMBER</b></li> <li>o Transfer to Contingency for redundancies and PSC no longer required (-70k) <b>DECEMBER</b></li> <li>o Revenue Contribution to Capital re Hazard Management (-63k) <b>JANUARY</b></li> <li>o Funding from Contingency re redundancies (+69k) <b>FEBRUARY</b></li> <li>o Transfer from Contingency for Pension Strain Costs (+3k) <b>FEBRUARY</b></li> <li>o Transfer to Insurance Reserve (-4,819k) <b>MARCH</b></li> <li>o Transfer from Elections Reserve (+1,016) <b>MARCH</b></li> <li>o Transfer from Invest to Transform Fund (+898k) <b>MARCH</b></li> <li>o Transfer from MMI Reserve (+320k) <b>MARCH</b></li> <li>o Other small amounts (totalling -18k) <b>MARCH</b></li> </ul>
Central Capital Financing and Interest on Balances	25,892	(11,158)	14,734	<ul style="list-style-type: none"> <li>o Transfer to Capital Finance Reserve (-2,287k) <b>JULY</b></li> <li>o Transfer to Education School Reserve (-1,290k) <b>JULY</b></li> <li>o Grant Carryforwards 2017/18 (-5,164k) <b>MARCH</b></li> <li>o Transfer to Insurance Reserve (-4,819k) <b>MARCH</b></li> <li>o Transfers from various Reserves (+2,023k) <b>MARCH</b></li> <li>o Other small amounts (totalling +379k) <b>MARCH</b></li> </ul>
(Additional) / less Grant Income	-	-	-	
Contingency/Special Provision	8,415	(5,062)	3,354	<ul style="list-style-type: none"> <li>o Contribution from HCL (+500k) <b>MAY</b></li> <li>o Transfer to Invest to Transform RE Street Lighting (-1,196k) <b>AUGUST</b></li> <li>o Transfer to ACS re Pension Strain Costs (-2k) <b>AUGUST</b></li> <li>o Transfer to Resources re redundancies (-6k) <b>AUGUST</b></li> <li>o Transfer to Children's Services re redundancies (-7k) <b>AUGUST</b></li> <li>o Transfer to Resources re consultancy costs (-20k) <b>AUGUST</b></li> <li>o Transfer to Children Services re redundancies (-5k) <b>SEPTEMBER</b></li> <li>o Transfer to Resources re redundancies (-16k) <b>SEPTEMBER</b></li> <li>o Transfer to ACS re redundancies (-16k) <b>SEPTEMBER</b></li> <li>o Transfer to Children's Services re redundancies (-20k) <b>OCTOBER</b></li> <li>o RCCO transfer re sinkhole (-100k) <b>OCTOBER</b></li> <li>o Transfer to Resources re Pension Strain Costs (-86k) <b>NOVEMBER</b></li> <li>o Transfer to ACS re Pension Strain Costs (-14k) <b>NOVEMBER</b></li> <li>o Correction journal for previous transfers to Resources for redundancies and PSC (+70k) <b>DECEMBER</b></li> </ul>

Summary Revenue Budget Monitor as at 31 March 2018				
SERVICE	Original Budget £'000	Approved Virements & Tech Adj £'000	Latest Approved Budget £'000	Explanation of Approved Virements & Technical Adjustments
				<ul style="list-style-type: none"> <li>o Transfer to Community Protection re part funding of Finance post <b>(-10k) FEBRUARY</b></li> <li>o Transfer to Resources re redundancies <b>(-69k) FEBRUARY</b></li> <li>o Transfer to Resources for Pension Strain Costs <b>(-3k) FEBRUARY</b></li> <li>o Other PSC costs in February <b>(-58k) FEBRUARY</b></li> <li>o Other redundancy costs in February <b>(-76k) FEBRUARY</b></li> <li>o Transfer to ACS re redundancies <b>(-60k) FEBRUARY</b></li> <li>o Transfer to CS re redundancies <b>(-2k) FEBRUARY</b></li> <li>o Transfer to ACS re redundancies <b>(-74k) MARCH</b></li> <li>o Transfer to ACS re ongoing project <b>(-1,338k) MARCH</b></li> <li>o Transfer to CS re redundancies <b>(-138k) MARCH</b></li> <li>o Other movements from Contingency <b>(-1,666k) MARCH</b></li> <li>o Other redundancy costs in March <b>(-25k) MARCH</b></li> <li>o Redundancy costs 2017/18 Accruals <b>(-345k) MARCH</b></li> <li>o PSC costs 2017/18 Accruals <b>(-210k) FEBRUARY</b></li> </ul>
Precepts/Levies	2,112	-	2,112	
Apprentice Levy	-	933	933	o Apprentice Levy Charge from services <b>(+933k) MAY</b>
<b>NET REVENUE BUDGET</b>	<b>788,647</b>	<b>(18,794)</b>	<b>769,853</b>	
Funded from Balances	-	17,071	17,071	<ul style="list-style-type: none"> <li>o Carry forward from 16/17 <b>(-2,268k) JUNE</b></li> <li>o Transfer from Central Capital Financing &amp; Interest <b>(+2,287k) JULY</b></li> <li>o Transfer from Central Capital Financing &amp; Interest <b>(+1,290k) JULY</b></li> <li>o Transfer from Contingency RE Street Lighting <b>(+1,196k) AUGUST</b></li> <li>o Transfer to Community Protection from POCA reserve <b>(-16k) AUGUST</b></li> <li>o Transfer to ACS from ITT Fund <b>(-30k) OCTOBER</b></li> <li>o Transfer to Resources from ITT Fund <b>(-21k) NOVEMBER</b></li> <li>o Transfer from Community Protection for POCA Reserve <b>(+3k) NOVEMBER</b></li> <li>o Transfer to Environment from Planning Delivery Reserve <b>(-19k) JANUARY</b></li> <li>o Transfer to ACS from ITT Fund <b>(-591k) MARCH</b></li> <li>o Transfer to CS from ITT Fund <b>(-358k) MARCH</b></li> <li>o Transfer to CS from Nobel Lifecycle Fund PFI <b>(-9k) MARCH</b></li> <li>o Transfer to CS from BSF MALS Reserve Fund <b>(-350k) MARCH</b></li> <li>o Transfer to CS from Innovation Fund <b>(+541k) MARCH</b></li> <li>o Transfer to Waste Week 53 Reserve <b>(+192k) MARCH</b></li> <li>o Transfer to POCA Reserve <b>(+42k) MARCH</b></li> <li>o Transfer to CP from reserve <b>(-864k) MARCH</b></li> <li>o Transfer to Resources from MMI reserve <b>(-320k) MARCH</b></li> <li>o Transfer for carry forwards <b>(+12,424k) MARCH</b></li> <li>o Transfer to Resources from ITT Fund <b>(-898k) MARCH</b></li> <li>o Transfer to Insurance reserve <b>(+4,819k) MARCH</b></li> <li>o Other small amounts (totalling <b>+39k) MARCH</b></li> </ul>
Contribution to Capital	-	2,868	2,868	<ul style="list-style-type: none"> <li>o Transfer from Resources for Planned Maint for Leahoe <b>(+100k) SEPTEMBER</b></li> <li>o Transfer from Resources for Property Consultancy Fees <b>(+108k) SEPTEMBER</b></li> <li>o Revenue Contribution to Capital re Highways Locality <b>(+605k) OCTOBER</b></li> <li>o Revenue Contribution to Capital re Hazard Management <b>(+197k) OCTOBER</b></li> <li>o Transfer from Contingency re sinkhole <b>(+100k) OCTOBER</b></li> <li>o Revenue Contribution to Capital re Hazard Management <b>(+35k) DECEMBER</b></li> <li>o Revenue Contribution to Capital re Hazard Management <b>(+63k) JANUARY</b></li> <li>o Other Revenue Contributions to Capital <b>(+1,160k) MARCH</b></li> </ul>

Summary Revenue Budget Monitor as at 31 March 2018				
SERVICE	Original Budget £'000	Approved Virements & Tech Adj £'000	Latest Approved Budget £'000	Explanation of Approved Virements & Technical Adjustments
COUNTY FUND TOTAL	788,647	1,145	789,792	
CS Schools funded by direct government grant	918,729	(297,755)	620,975	
Schools Grant & Other Funding	(918,729)	297,755	(620,975)	



## Appendix D – Invest to Transform

Invest to Transform Fund £000s	Spend to 31/03/17	2017/18	2018/19 onwards
B/F Funding	34,303	17,805	20,882
Underspends transferred to Fund as at 31/03/17		3,265	
Contribution from HSBP Sale		894	
Contribution 2018/19 IP			5,232
Schemes completed by 31/03/17	(706)		
	33,597	21,964	26,114

Live Schemes (approved before 2017/18)	Spend to 31/03/17	2017/18	2018/19 onwards	Month Approved	Expected Outcome (from Business Case) and achievement against these	2017/18 Outturn spend £000s	Project Progress	Savings in IP
Telecare	(1,773)	(69)	(165)	Dec 13	ITT funding is to provide the ongoing support costs for the provision of preventative telecare to a cohort of 1,000 people with current low to moderate needs, to reduce demand for more complex support. In year spend covers the installation, monitoring and responder service costs for the cohort of 1,000 users. Equipment was paid for up front and the service has 1000 sets of kit that they recycle. Current plans are to continue until 2020. The service is now setting a new Assistive Technology strategy to identify and deliver further efficiencies.	69	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 £800k 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.	£400k in 17/18; £800k in 18/19 onwards
Broadband (Funding ring-fenced)			(1,500)	Oct 14	This investment will release match funding against grant from Department of Culture, Media & Sport. 97%+ superfast coverage domestic & business properties.	-	This funding will still be required and is forecast to be spent in 2018/19. British Telecom are still having issues delivering the fibre infrastructure. The original budget forecast for 2017/18 has been reduced by just under £4m. British Telecom have a residual plan to submit to us detailing the project milestones in December.	
Broxbourne Land Acquisition		(211)	(289)	Nov 13	To fund Local Plan Review and planning permission application	211	Planning application proceeding with all necessary due surveys being undertaken. Project also includes development of Greater Brookfield Retail Park.	
Web-site upgrade (including £120k Intranet)	(774)	(9)	- 217	Oct 14	To enhance online transactions & self-service. Savings from reduced calls volume to Customer Services Centre	9	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 (£135k pa) – savings were taken	Savings taken in 16/17 IP 105k and 50k in 17/18 IP



Live Schemes (approved before 2017/18)	Spend to 31/03/17	2017/18	2018/19 onwards	Month Approved	Expected Outcome (from Business Case) and achievement against these	2017/18 Outturn spend £000s	Project Progress	Savings in IP
							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.	
Library Strategy review	(503)	(109)	(5,028)	Jul-14	<p>Bid supports delivery of 'Inspiring Libraries' strategy, through</p> <p>1. Property investment: Eleven library buildings were identified as priorities for reprovion in the 'Delivering Inspiring Libraries' Cabinet Paper due to their configuration, condition or location.</p> <p>This bid seeks to underwrite and support these projects, but acknowledges that wholesale replacement of single properties is most likely to be achieved through a 'sell to release' improvement plan that will be the subject of individual capital bids progressed when opportunities are presented. These should deliver their own individual investment plans as and when they arise, but funding may be required from this fund. Wherever applicable, S106 monies will be used.</p> <p>Other opportunities to improve library buildings in line with the Inspiring Libraries Strategy will be considered as they arise.</p> <p>A project to co-locate libraries with retained fire stations in Redbourn, Sawbridgeworth and Wheathampstead, supported by grant funding from the DCLG, is included. £186k funding is currently allocated from this budget but further support may be required from within this budget.</p> <p>2. Investment in technology that includes:</p> <ul style="list-style-type: none"> <li>• Rolling out a LibraryLink service via a video link to enable customers in self-service or volunteer-supervised libraries to summon assistance from a librarian in another library.</li> <li>• Piloting and rolling out swipe card access to library buildings via a smart library card to extend self-service library access beyond core opening hours.</li> <li>• Extending the use of tablets for both staff and public use, including the Home Library Service, as part of the library IT offer to encourage customers to access information in digital formats.</li> <li>• CreatorSpace, which includes 3D printers.</li> <li>• Exploring cloud-based software access to ensure that the software on public access ICT remains robust and current, potentially replacing the need for a network of desktop PCs.</li> <li>• Interactive touch screens.</li> <li>• Developing Wi-Fi printing to enable customers to print documents from their own devices when using the library Wi-Fi.</li> <li>• Exploring video-chat facility for the public at various libraries.</li> </ul>	109	<p>The Inspiring Libraries programme was established to ensure that Hertfordshire's Library Service remains relevant and sustainable into the future, delivering against the strategy themes - the library as a vibrant community asset, the digital library and the library as an enhanced gateway to reading, information and wellbeing.</p> <p>In November 2017, Cabinet agreed priorities for the next phase of Inspiring Libraries from 2018-2021.</p> <p>The investment has supported the delivery of £2.5m savings in the annual revenue budget since 2015/16.</p> <p>Spend to date has supported new Libraries at Hemel Hempstead and Berkhamsted; refurbishments at Watford Central, Hitchin and St Albans; the planned co-location of libraries with fire stations at Rebourn, Sawbridgeworth and Wheathampstead; new "Creatorspace" facilities in Watford, Hemel Hempstead and St Albans; a pilot of Open + in Croxley Green, that allows swipe card access to the library outside core opening hours; and other technology developments, including LibraryLink - video link between libraries to support volunteer-partnered community libraries, self-service Wi Fi printing and the provision of tablet technology in libraries. ITT funding is also supporting project management to give capacity to deliver these changes and developments.</p> <p>Future planned spending includes the roll-out of Open+ swipe card access to further libraries; the further development and roll-out of LibraryLink; the extension of CreatorSpace; and the reprovion of Libraries at Stevenage, Ware, Potters Bar, Cheshunt and North Watford.</p>	£2.5m of savings already taken in IP
Adult Complex Needs Phase 2	(90)	(30)		Jan 15	Agencies in Hertfordshire pool resources and work more closely together to identify and deliver services to adults with complex needs and chaotic lifestyles, to achieve a more cost effective service, and deliver interventions, solutions or improvements which are more customer focussed and effective.	30	Key achievements include reduced anti-social behaviour; improved housing situation (reduced rent arrears & eviction threat); reduction in drug and alcohol usage and emergency callouts for Health & Police; improved life skills	-

Live Schemes (approved before 2017/18)	Spend to 31/03/17	2017/18	2018/19 onwards	Month Approved	Expected Outcome (from Business Case) and achievement against these	2017/18 Outturn spend £000s	Project Progress	Savings in IP
Accommodation for Independence programme	(513)			Oct 15	Project agreed November 2015 to fund over 4 years a team to facilitate changes and achieve savings through an 'Accommodation for Independence Programme'. The premise of the programme was to facilitate the large scale conversion of residential care homes for people with learning disabilities into supported living accommodation.		Government consultation in November 2016 proposed changes to the funding framework for supported housing as part of its implementation of Universal Credit, and introduced a level of uncertainty for housing providers which meant that there was less willingness from residential home providers to pursue conversion to supported living. The basis therefore of the original proposal was no longer achievable although a number of services (4 ) are de registering over the next year. Nonetheless, accommodation and the associated care / support delivered into specific settings for people with learning disabilities is a major area of council expenditure and a strategic approach is necessary to deliver effective solutions which offer good outcomes for individuals and provide value for the public purse. This project has been ended and a new bid for Learning Disabilities Transformation has been approved (see below).	(£500k) in 17/18, (£1,500k) in 18/19, (£3,000k) in 19/20. Now part of LD Transformation
Families First	(20)	(615)	(65)	Nov 16	Set up 9 local Families First hubs which offer quicker access & co-ordinated approach. Multi agency panels to reduce duplication & fragmentation. Early help to reduce referrals into Children's Services, reduce escalation into Specialist Services. Reduce contacts with Customer Services Centre. Action & Impact meetings to reduce referrals & have alternative solutions	615	<p>The nine Families First implementation hubs have partnership agreements outlining strategic commitment from a growing range of partners and setting out local information sharing arrangements. All have action plans which are making good progress in driving forward the key principles of Families First and 5 districts are planning local launches.</p> <p>The funding is used to fund the central Families First Triage Team , who manage all the referrals for early help and the triage panels include the administration of the panels and action and impact meetings. The demand has been increasing over the last year with upward of a 1,000 referrals per month. We have recently implemented a Consultation Hub with Safeguarding and Specialist services to manage demand and ensure that support to families is timely and proportionate. Step Up/Step down processes are also managed through the Families First Triage Team.</p> <p>Families Triage Panels are very well attended by multi- agency partners and 1,500 families have consented to their information shared at the panel and a keyworker identified to lead the team around the family in the last year. The completed Families First Assessments (FFA's) from the last year have included 3,340 children, which equates to 1.28% of all under-18s in the county. The presenting needs most commonly recorded in FFAs are mental health (69%), school absence (56%), other health issues (51%) and Domestic Abuse (51%). In 46% of cases, all outcomes are achieved when FFAs are closed, 17% result in some outcomes being achieved and 11% are stepped up to Specialist &amp; Safeguarding Services.</p> <p>The funding is still used to support the whole system approach to deliver early help and changes have been made to the training which now includes system based training and how to complete assessments, smart planning and to manage a team around the family approach. Over 2,000 professionals have been trained and we are now able to take the training environment out to train groups of practitioners in their location.</p> <p>The Children's Wellbeing practitioners are fully trained to deliver early</p>	0

<u>Live Schemes (approved before 2017/18)</u>	Spend to 31/03/17	2017/18	2018/19 onwards	Month Approved	Expected Outcome (from Business Case) and achievement against these	2017/18 Outturn spend £000s	Project Progress	Savings in IP
							<p>intervention for emotional and mental health and we have recruited a further 3 who are currently training with UCL and Tavistock. We also have 3 Senior Children and Young People's Wellbeing practitioners who are a trusted referral pathway to CAMH's. They are also piloting a group work programme in a cluster of Schools in St Albans which will build capacity and be able to deliver to a wider group of children and parents. We now have 10 Independent domestic abuse practitioners in partnership with Safer places who are available across Families First to be a point of contact to give advice and consultation for professional across Families First.</p> <p>Finally, we are piloting in Watford, a piece of joint work between YC Hertfordshire and The Children and Young People's Team to ensure that children are diverted from the entering the criminal justice system and from all forms of exploitation including gangs.</p>	
<u>Live Schemes (approved to start 2017/18)</u>								
E- commerce project		(209)	(16)	Apr 16	Replacement of e-income collection & Merchant card provider into one system. Telephone & Web based payments. Savings from reduced reconciliation / payment / refund times; reduced call handling time; reduced processing costs; reduced cheque payments, enhanced reporting functionality.	209	Agreed Phase 1 services all migrated and are now being fully supported. All 3rd party integration completed (Orange Leaf, Nova Croft, Mode Zero and Lagan). Slight issue with Lagan which is being resolved as part of BAU. Cloudbly switched-off. HOTS document being finalised. All agreed Chip & PIN Machines now deployed. Procurement of new Merchant Card provider delayed due to opportunities to get better deal with current provider (Worldpay). Initial discussion around next steps has started including review of phase 1 services and long term plans for e-commerce solution.	£72k in IP
Development of e-allowances		(27)	(74)	2016/17	New package from Oxford Computer Company to automate c 800 payment reviews per year for adoption orders, special guardianship orders and child arrangement orders. Reduce time & manual input, claimant completes form online & automated payment follows. Savings from decommissioning Softbox	28	Provider portal went live 25th April 2018 for a pilot group. Review imminent with wider roll-out to all stakeholders planned for Summer 2018. Scoping for phase 2 to start soon depending on other factors. Provider Portal being tied to secure email to providers. Softbox licence to be discontinued at the end of this year and all data to be extracted by end of November 2018. Softbox not to be used to make allowances payment this year.	
Local Authority Trading Company for Adult Care Services		(51)	(93)	Apr 17	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.	51	A report was approved at Cabinet on 18 December 2017 that gave authority to establish a Local Authority Trading Company for the delivery of adult care services should there be a requirement to intervene in the local care market. Initial feasibility work was completed in 2017 looking at modelled assumptions for a care at home service should there be a need to take on work in two areas of the county to deliver care at home services. The feasibility work for this was completed in the year. Work is now being undertaken to progress further feasibility work around "provider of last resort" options as well as options-appraisals in relation to day and equipment services. Any necessary due diligence and other work associated with the appraisals will be taken forward as part of any outline business cases.	

<u>Live Schemes (approved before 2017/18)</u>	Spend to 31/03/17	2017/18	2018/19 onwards	Month Approved	Expected Outcome (from Business Case) and achievement against these	2017/18 Outturn spend £000s	Project Progress	Savings in IP
A414 Strategy studies			(150)	Feb 17	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 A414 Strategy is well advanced and will be put to Cabinet for adoption in Q4 18/19, following an autumn (Q3) Public Consultation. The Strategy will set out a preferred route corridor for a Hertford Bypass and identify a series of interventions and improvements along the length of the A414 corridor to reduce congestion and support economic growth and development. The Strategy will provide a basis for the develop of a forward works programme, support funding bids and the development of business cases for priority schemes as well as enabling informed discussions with developers.	None Cashable (see ITT bid)
Adult Care Services - Business Process Efficiency		(47)	(9)	Feb-17	To scope a business process efficiency review for ACS that will aim to review and improve business processes and identify efficiency improvements. The appropriate structures for business support will also be considered.	48	Phase 1 Adult Disability Service Finance dashboard and financial forecasting has been completed. ContrOCC was upgraded to v11.1 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)		Feb 17	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	42	Work has been ongoing on the review of MH properties since mid-2016 initially with a dedicated member of staff from the ACS Accommodation Commissioning Team progressing matters. Since that member of staff left in October 2017 the matter has been progressed by other staff in the Accommodation Commissioning Team with support for staff in HCC Property and HPFT. Of the MH properties in the scope of this review progress to date is that: two void properties have been removed from Aldwyck's Mental Health Lease and have been re-used for LD clients. In addition a further five bedroom house managed by Aldwyck and occupied by a single individual is now vacant as the occupier has moved into a smaller house previously allocated for LD clients. The property is being assessed to see if it is suitable for ongoing MH service use. A smaller void property is being assessed to see if it is suitable for conversion into two single flats and a further is being used as temporary accommodation for homeless applicants with an underlying MH diagnosis nominated by the District Council. Discussions are underway to determine next steps in respect of properties where the clients in occupation are not known to HPFT. This involves discussion with District Councils to explore routes for these individuals to access mainstream housing.	
Adult Care Services - Continuing Health Care assessments (Learning Disabilities & Physical Disabilities)		(58)		Feb 17	Amount of Continuing Health Care funding achieved; Number of successful cases; Number of successful challenges to Continuing Healthcare Care reductions proposed by Clinical Commissioning Groups; Benchmarking data showing movement of Herts CCGs towards national average positions	58	A number of successful cases were agreed during 2017/18 with further negotiations expected in 2018/19.	(£1m) in 17/18

<u>Live Schemes (approved before 2017/18)</u>	Spend to 31/03/17	2017/18	2018/19 onwards	Month Approved	Expected Outcome (from Business Case) and achievement against these	2017/18 Outturn spend £000s	Project Progress	Savings in IP
Adult Care Services - Transport Co-ordinator (Learning Disabilities)		(48)	(2)	Feb 17	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.	47	Transport Co-ordinator appointed and work has commenced, initially reviewing transport for day services, including route planning and review of taxi and contract services	
Adult Care Services - Occupational Therapists (3 posts)		(75)	(53)	Feb 17	All 8 community enablement OTs will be in post from the 4th December, although x1 En OT is currently supporting the DTA beds in Watford until the appointed En OT is able to start. Referral criteria and process agreed and circulated. Specialist Care at Home facilitators can directly refer. Referral rates from Specialist Care at Home (SCAH) providers and care managers within ACS have increased. En OTs, in addition to working with those receiving SCAH, are working with individuals receiving mainstream care where it is evident enablement may avoid or reduce the need for home care. Regular meetings (minimum monthly, generally weekly) with SCAH facilitators are in place and relationships with the facilitators are close and productive. Formats to record and share enabling programmes in place – not yet embedded with care workers. Links being made with Health colleagues, particularly Rapid Response, Home First and Intermediate Care Team. Referrals since the 1st September: 178	75	The Enablement Occupational Therapist undertakes assessments and goal setting with individuals and designs personalised programmes that enable the individual to relearn skills and regain abilities that maximise 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 Enablement 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 En OTs will increase the skill set of both facilitators and care workers	
Ariston Site, St Albans		(125)		Feb 17	Ground studies for sinkholes in St Albans to assess the need for any remedial work before proceeding to planning permission & capital receipt (£13m) or more if goes through PropCo	125	Final tender bids received for joint venture partner, added value demonstrated in financial offer by way of land value and a share of developer's profit. This will also create an enhanced capital receipt	
Property Company		(125)		Feb 17	Funding for tax, legal advice & ongoing consultancy. To set up a Joint Venture to accelerate the development process and generate better receipts	125	Preferred bidder dialogue process for Joint Venture was under way during January / February and the preferred bidder is Morgan Sindall Investments.. A further Cabinet paper was submitted setting out the detail of the joint venture terms and was agreed in March allowing Herts Living and Morgan Sindell Investments to create Chalkdene Limited	
Baldock Urban extension master planning.		(150)		May 17	The promotion and development of an urban extension, including an archaeological survey. There are a range of delivery models for the development of this site, but a residual land value of circa £100m over ten years appears to be achievable.	150	Planning application was submitted December and until the local plan review has been agreed the planning application will not be decided upon. 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. 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.		(17)	(133)	May 17	Feasibility work to understand the level of opportunities available. HCC will also be competing with other land owners in the area who are also promoting their land. Given the land values in all of the above locations and the scale of the holdings, there is the potential for significant land value capture.	17	LSH commissioned to assist with Local plans submissions. Subject to land being considered for change of use this could lead to significant land value increase, similar to Baldock urban extension. Note: there are significant sensitivities in HCC promoting land	
Hertfordshire Partnership Foundation Trust Saving challenge		(54)	(21)	May 17	Audit suggests that 60% of existing Personal Budgets with a value of less than £3k do not meet eligibility criteria. Based on 524 such budgets with a current cost of £519,248 savings are estimated at £311,545.	54	Recruitment concluded by HPFT but work continuing into 18/19.	Part of (£1,040k) saving in 17/18



<u>Live Schemes (approved before 2017/18)</u>	Spend to 31/03/17	2017/18	2018/19 onwards	Month Approved	Expected Outcome (from Business Case) and achievement against these	2017/18 Outturn spend £000s	Project Progress	Savings in IP
Introduction of Job Families			(30)	May 17	Pilot in Resources. Creation of a number of job families with a catalogue of role profiles that sit within each family at different levels linked to grade/s; Generic role profiles within each job family, replacing job descriptions & Job Evaluation Questionnaires, creating simpler job design; Common and identified Career Paths across and up the organisational structure; Encourage and allow movement and flexibility within roles and across services / department; Give a common understanding and language to certain role responsibilities i.e. Administrative, Management, Head of Service.	-	HR have utilised these funds to explore options for a Job Family model, having sought consultant advice.	
Smart Digital - Customer Facing Services		(39)	(111)	Jun 17	Develop 1 - 2 projects per department, e.g. whitelist of apps providing info & advice to users & carers to reduce SW contact; roster for part time & shift workers in Supported Living & Day Services; Safe & Well checks - assist decision as to which residents to target; Video conferencing tool.	39	Started Sept 17 - first projects include: <ul style="list-style-type: none"> <li>Implementing a booking system for events and appointments</li> <li>Supporting the implementation of an e-shop system for Hertfordshire Archives and Local Studies</li> <li>Market research on the use of voice assistants (e.g. Amazon Echo) to provide information to residents</li> <li>Collating whitelist of HCC recommended apps for social care and public health service users</li> <li>Supporting research and workshops looking at apps for adult social care and waste collection service users.</li> </ul> Business analyst appointed, and Digital Product Manager started Dec 17. These roles support a range of digital projects, including e-payments and an internal / external event booking system	
Learning Disability Transformation		(147)	(995)	Jun 17	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	147	Work started August 2017 and the key focus over the first quarter was on staff recruitment. Staff are now in post and there has also been the establishment of key project activities, including: <ul style="list-style-type: none"> <li>Driving forward the Adult Disability Service Efficiency Programme, putting in place the overall arrangements for efficiency in this area;</li> <li>Comparison with other council approaches;</li> <li>Financial Forecasting and Future Planning;</li> <li>Access to Mainstream Accommodation/ Enablement;</li> <li>Moving home from LD specialist into mainstream residential care;</li> <li>Supported Living transformation</li> </ul>	
Events Management			(80)		To provide a standard system for booking events, appointments and resources, to streamline current systems into a single HCC solution enabling better use of increasingly limited resources, realise efficiencies & promote future commercial benefits whilst improving the overall customer journey & engagement when booking events, training & appointments or buying products from HCC			
Hertfordshire Art Collection		(21)	(33)	Mar-17	To reduce portfolio to 167 works, Project manager required to manage the collection - by conservation & display of significant works and sales of others.	21	Project Manager appointed in September 2017	
ACS Implementation Capacity			(4,898)	Feb-18	To be reported Q1 2018/19		To be reported Q1 2018/19	
<b>Payback</b>								
LED Street Lighting Phase I & II	(12,119)	1,196	10,923	Oct 14	LED wireless central management system for A,B,C & U roads. Save energy, maintenance & carbon	1,196	Project completed, savings achieved plus ongoing payback to ITT fund	
<b>Cumulative Total</b>	<b>17,805</b>	<b>20,882</b>	<b>23,075</b>					

## Appendix E – Prudential Indicators

### APPENDIX F: PRUDENTIAL INDICATORS 2017/18 – 31<sup>st</sup> March 2018

#### 1. Capital financing Indicators

	Indicator	Description	Integrated Plan Ref.	2017/18 IP	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4
	<p>Indicators 1 to 3 demonstrate the affordability and sustainability of the capital programme. The projections for financial years 2017/18 to 2018/19 are set out in the Integrated Plan at the reference shown in the table below.</p>							
1	<b>Capital Expenditure</b>							
	Monitors capital expenditure for 2017/18 against the projections set out in the Integrated Plan		2.4 Table 1	£219.29m	£192.40m	£174.70m	£164.74m	£147.23m
2	<b>Capital Financing Requirement (CFR)</b>							
	Monitors the Council's underlying need to borrow for capital purposes for 2017/18 against the projections set out in the Integrated Plan		2.10 Table 3	£580.44m	£577.80m	£564.81m	£564.44m	£548.52m

	Indicator	Description	Integrated Plan Ref.	2017/18 IP	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4
3	<b>Ratio of financing costs to net revenue stream</b>							
		Monitors the percentage of revenue budget set aside to service capital financing costs (borrowing costs net of lending income) for 2017/18 against projections set out in the Integrated Plan.	2.11 Table 4	1.47%	1.37%	1.35%	1.32%	1.31%

	<b>Treasury Position:</b>							
	The Treasury Management Prudential Indicators are set to contain lending and borrowing activities within approved limits. The indicators are set at a level that will provide enough flexibility for effective treasury management whilst managing the risk of a negative impact on the Council's overall financial position in the event of adverse movements in interest rates or borrowing decisions. The indicators are also used to demonstrate that Net Borrowing does not exceed the Capital Financing Requirement. The projections for future years are set out in the Integrated Plan.							
4A	<b>Net Borrowing</b>		NA	NA	£151.08m	£137.89m	£126.43m	£117.29m
		Monitors actual borrowing less actual lending						
4B	<b>Net Borrowing Less than CFR</b>		NA	NA	✓	✓	✓	✓
		Comparison of net borrowing to CFR						



	Indicator	Description	Integrated Plan Ref.	2017/18 IP	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4
	<b>Borrowing:</b> Indicators 5 and 6 control the overall level of borrowing. The limits for 2017/18 to 2019/20 are set out in the Integrated Plan. The Authorised Limit is the maximum amount that may be beyond which borrowing is prohibited without Member Approval. The Operational Boundary is an estimate for the external debt for the financing year – this is not a limit but an indicator to ensure the authorised limit is not breached.							
	<b>Total Borrowing in Place at Quarter End</b>		Borrowing in £ at Q End		£288.8m	£258.8m	£258.8m	£258.8m
	<b>Maximum Borrowing Exposure in Quarter</b>		Quarter Maximum in £		£298.8m	£288.8m	£258.8m	£258.8m
5	<b>Authorised Limit</b>	6.5 Table 11	Limit		£495m	£495m	£495m	£495m
	Compliance Indicator		Complied?		✓	✓	✓	✓
6	<b>Operational Boundary</b>		Indicator		£465m	£465m	£465m	£465m
	Compliance indicator		Complied?		✓	✓	✓	✓

## 2. Treasury Management Indicators

	Indicator	Description	Integrated Plan Ref.	2017/18 Budget	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4
	<p><b>Interest Rate Exposure:</b></p> <p>Indicators 7 and 8 limit the Council's exposure to both fixed and variable interest rate movements.</p> <p>The limits for 2017/18 to 2017/18 are set out in the Integrated Plan.</p>							
7	<b>Upper limit on fixed interest rates (<i>against maximum position</i>)</b>	Monitors the limits set for 2017/18 for the volume and value of the (lending) /borrowing portfolios that may be committed for fixed interest rate investments or borrowing	6.7	£325.00m	£258.78m	£258.78m	£258.78m	£258.78m
			Table 12	(LIMIT)				
8	<b>Upper limits on variable interest rates (<i>against maximum position</i>)</b>	Monitors the net limits set for 2017/18 for the volume and value of the (lending) /borrowing portfolios that may be committed for variable interest rate investments or borrowing	6.7	£97.50m	(£107.70m)	(£120.89m)	(£132.34m)	(£141.49m)
			Table 12	(LIMIT)				
	<p><b>Maturity structure of fixed rate borrowing (against maximum position):</b></p> <p>Indicator 9 limits the Council's exposure to large fixed rate sums falling due for refinancing in the same period.</p>							

	Indicator	Description	Integrated Plan Ref.	2017/18 Budget	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4
	The indicators are set relatively high to give the council enough flexibility to respond to opportunities to repay or reschedule debt during the financial year, while remaining within the parameters set by the indicators.							
9A	Under 12 months		6.8 Table 13	50%	0.00%	0.00%	0.00%	0.00%
9B	12 months to 2 years		6.8 Table 13	50%	0.00%	0.10%	0.10%	0.10%
9C	2 years to 5 years		6.8 Table 13	60%	1.22%	2.09%	2.09%	2.09%
9D	5 years to 10 years		6.8 Table 13	80%	3.28%	5.60%	5.60%	5.60%
9E	10 years to 20 years		6.8 Table 13	85%	7.92%	7.10%	7.10%	7.10%
9F	20 years to 30 years		6.8 Table 13	90%	12.34%	9.88%	9.88%	9.88%

	Indicator	Description	Integrated Plan Ref.	2017/18 Budget	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4
9G	30 years and above		6.8 Table 13	100%	75.24%	75.24%	75.24%	75.24%
	<p><b>Investments greater than 364 days (against maximum limit):</b></p> <p><b>Indicator 10 measures the Council's exposure to investing for periods greater than one year.</b></p> <p><b>This indicator is required to ensure that the Council is aware of the cashflow implications for long term investments.</b></p> <p><b>This includes the carrying value of the two impaired Icelandic bank deposits still in administration (£0.63m).</b></p>							
10	Investments greater than 364 days (Maximum Limit)*		6.9 Table 14	£50m	£30.63m	£30.63m	£30.61m	£30.61m

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

### 3. Treasury Management Performance and Activity Measures

Indicator	Description	Integrated Plan Ref.	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4
<p>The CIPFA Treasury Management Code of Practice requires the Council to set performance indicators to assess the treasury function. Group A measures performance for “Security, Liquidity and Yield” and Group B measures the performance of “Operational Activities”</p>						
<p><b>GROUP A: Security, Liquidity and Yield</b></p>						
Average Investment Portfolio		7.3				
Monitors the average amount HCC has had invested in third parties.		Table 16	£133.47m	£129.02m	£152.38m	£164.97m
Average borrowing portfolio		6.3				
Monitors the average amount HCC has as long term borrowing during the quarter		Table 10	£258.78m	£258.78m	£258.78m	£258.78m
Security Indicator: Average Credit Rating of Investments held						
Measured on a 1 to 10 scale, where 1 is a very good Credit Rating, i.e., government guaranteed		Section 6.10	4.46	4.72	4.44	3.96
Liquidity Indicator: Weighted Average Maturity of investments held		Section 6.10	23 days	14 days	9 days	14 days

Indicator	Description	Integrated Plan Ref.	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4
	Measures the liquidity/accessibility of investments in average days					
Yield Indicator: Interest Earned*		7.3	1.35%	1.45%	1.22%	1.07%
	Monitors the interest earned on HCC investments. Shown as the actual amount (in quarter) and equivalent annual percentage of amount invested	Table 16	£0.451m	£0.467m	£0.464m	£0.448m
Yield Indicator: Interest Paid		7.2	4.35%	4.74%	4.79%	4.79%
	Monitors the interest earned on HCC investments. Shown as the actual amount (in quarter) and equivalent annual percentage of amount invested	Table 15	£3.13m	£3.10m	£3.12m	£3.06m

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

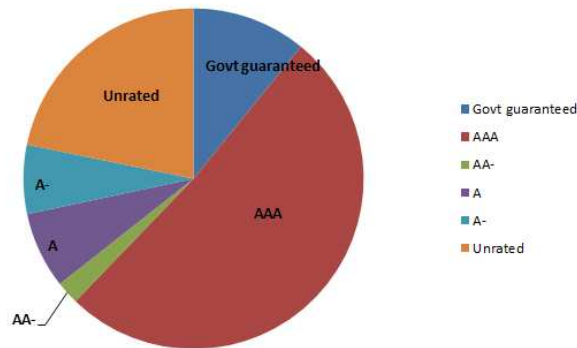
## Security, Liquidity and Yield

### Security - Exposure to Risk

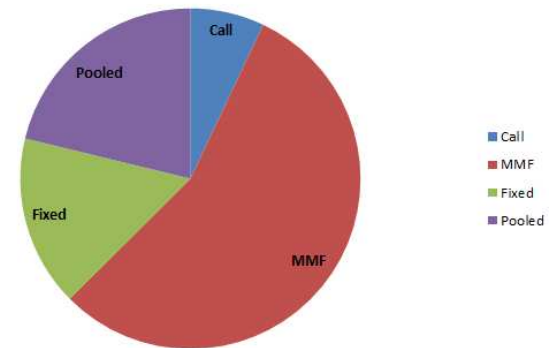
The Treasury Management Strategy was approved on 21<sup>st</sup> February 2017 as Part D of the Integrated Plan. This maintained the range of investment types approved for use in 2016/17. The approved instruments were last changed in 2014/15 to enable greater diversification of the investment portfolio;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

The following diagrams illustrate the credit rating breakdown of all investment instruments by credit rating grade and investment type for the Council's investment portfolio as at 31<sup>st</sup> March

**Diagram 1: Investment Portfolio Credit Risk  
As at 31st March 2018**



**Diagram 2: Investment Portfolio by Type  
As at 31st March 2018**



### Investment Portfolio and Activity

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

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

12 new fixed deposits were made, and 11 matured, during the period. 5 were with the Debt Management Office and the remainder with Local Authorities.

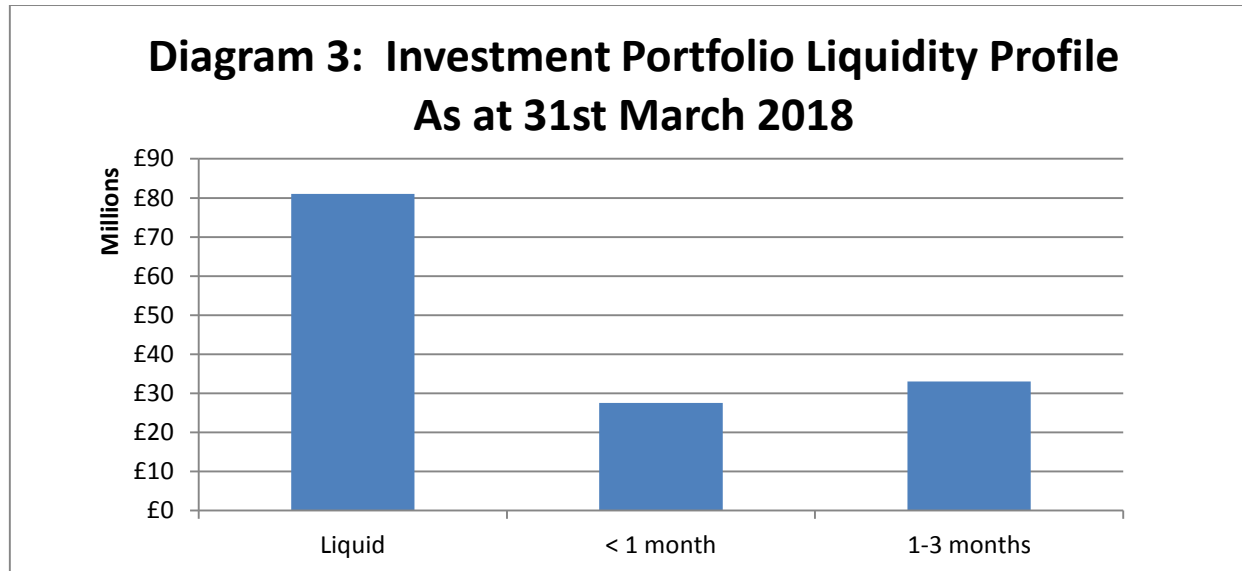
### **Liquidity**

Investment balances forecast to reduce during the second half of 2017/18 in fact increased and as a result of uncertainty about cashflows for capital expenditure a larger proportion of the portfolio was held in short term investments – with the “Debt Management Office – Account Deposit Facility” during periods of high cash balances. As certainty about cash balances improved some new fixed-term loans to other local authorities were made towards the end of the quarter, reducing overall liquidity.

Diagram 3 (overleaf) provides a graph showing the liquidity of the Council’s investments portfolio as at 31<sup>st</sup> December 2017.

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



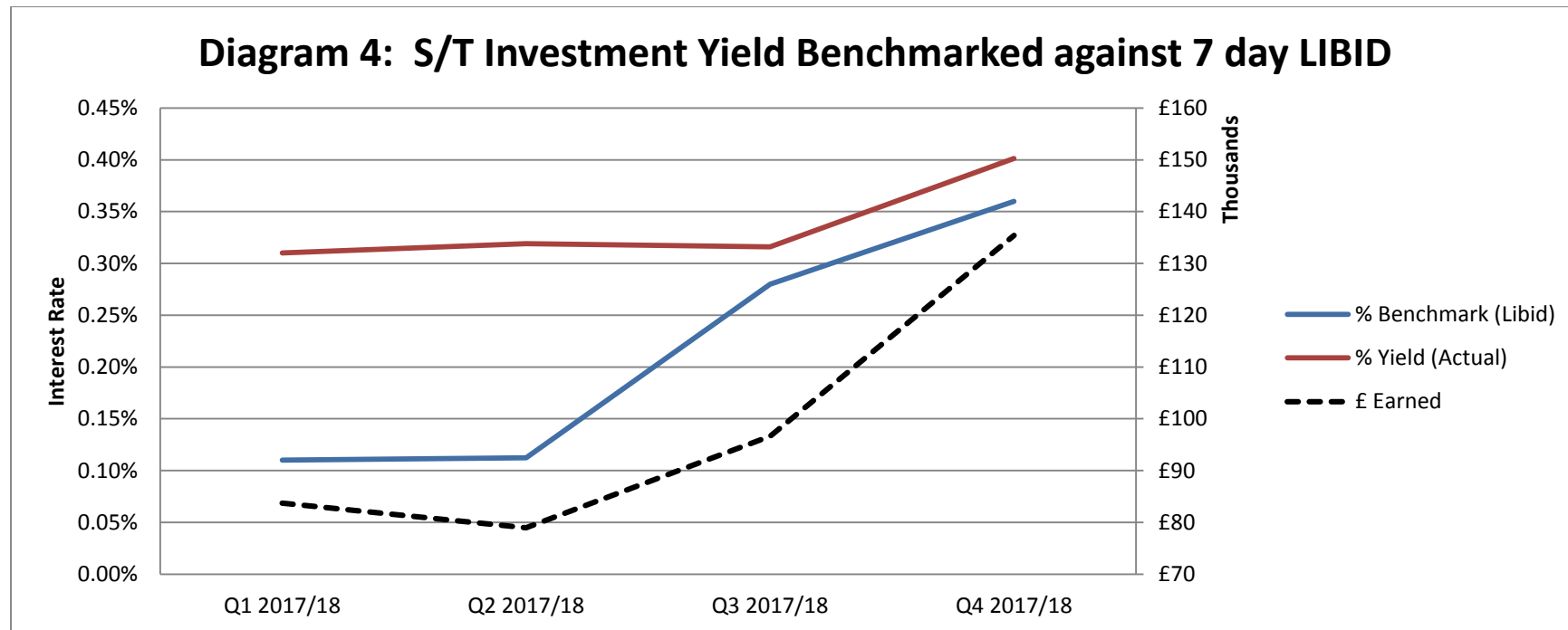


### Yield

#### Yield: Short-Term Investments

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

LIBID remained constant at 0.11% during the first half of the year, remaining stable despite significant uncertainty in financial markets, and increased to 0.28% in the third quarter following the Bank of England Base Rate rise. The return excluding pooled fund interest was stable at 0.36%. Overall rate of return fell during the third quarter due to a combination of higher balances held for shorter durations at low rates.



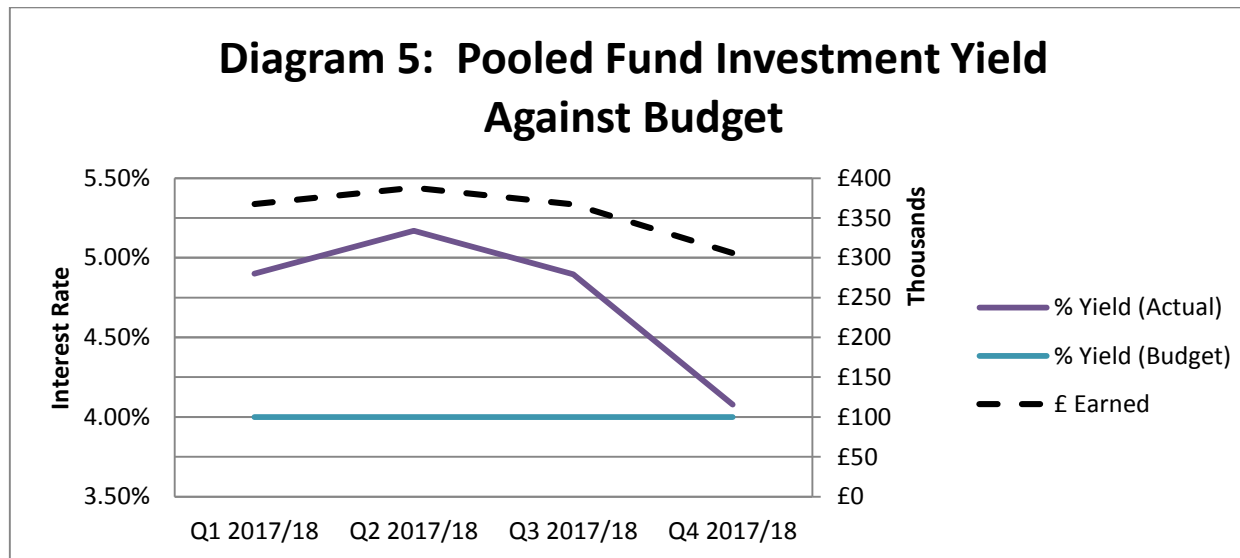
#### Yield: Pooled Funds

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

The Pooled funds have consistently achieved returns exceeding expectations, and the average % yield during 2017/18 is equivalent to 4.67% per annum.

Pooled fund returns have reduced in the final quarter of 2017/18. All funds have suffered some capital losses due to a market correction in the fourth quarter where market expectations about inflation and interest rates increased, prompting a fall in bond and equity prices as investors sought improved returns.

The impact of this is a reduction will have prompted the bond fund managers to reduce the average maturity of the assets in the fund, resulting in reduced coupon income for the fund and may have cause losses on to be realised on bond trading. Both of these factors will reduce the income available for disbursement to investors in the fund. The impact of the market correction is expected to be a one-off effect.



## Appendix F - Debt Management Report

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

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

As at 31/03/2017	As at 31/12/17	As at 31/03/18		Debt Recovery Status	Description	Quarterly Change £ m	Annual Change £m
£ m	£ m	£ m	% of Total				
10.9	28.5	12.4	39.9	Within Payment Terms	Invoices that have not reached the due date for payment	-16.1	1.5
7.4	7.7	4.7	15.1	Reminders issued	Invoices where reminders have been issued	-3	-2.7
3.7	3.2	2.3	7.4	Action Taken	Invoices where active debt recovery is in progress	-0.9	-1.4
4.4	12.4	11.7	37.6	Action Required	Invoices awaiting budget manager/holder decision	-0.7	7.3
<b>26.4</b>	<b>51.8</b>	<b>31.1</b>	<b>100</b>			<b>-20.7</b>	<b>4.7</b>

Total debt at 31 March 2018 was £31.1m – this is a decrease of £20.7m from the previous quarter.

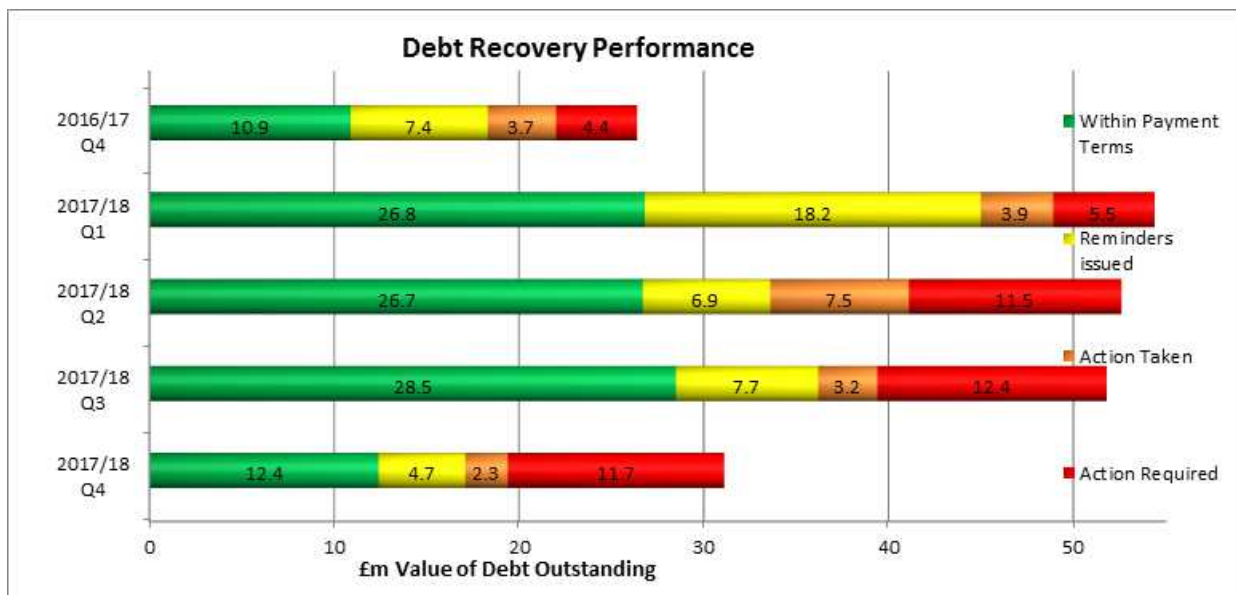
There were decreases in invoices within payment terms (£16.1m) and overdue invoices where reminders have been issued (£3.0m) and decrease in invoices where action was required or underway (£1.6m).

The significant reduction in invoices within payment terms reflects expected seasonal variation, where invoices related to the new financial year are raised in April. This is set out in the chart below (“debt recovery performance”) which shows that the position for the final quarter of 2017/18 is comparable to that for the final quarter of the previous year, showing a marked reduction in overall debt outstanding compared with previous periods. (In some cases ‘debt’ at year end is reflected in accrued charges rather than invoices being raised, due to the pattern of invoicing. Accrued charges properly reflect the financial position, but are not included in an analysis of ‘debt’. As in the previous year, overall fewer invoices were raised in the final quarter than in previous quarters due to the pattern of invoicing, leading to a reduction in the overall value of outstanding debt.)

For the final quarter of 2017/18, of the (£16.1m) overall movement, (£13.9m) can be attributed to regular CCG invoices which are not raised in March. There are also reductions due to timing of charges for Adult Social Care (£1.3m), which are raised over 13 periods and charges were accrued at year-end prior to invoicing.

These timing variations are also reflected in the reduction in the value of invoices where reminders have been issued by comparison with quarter 3 (to £4.7m, down from £7.7m – see chart below), along with a reduction in invoices paid following the reminder stage (to £2.3m, down from £3.2m). This represents an overall reduction in unpaid debt.

The following chart provides a trend analysis of debt recovery performance for the past 5 quarters. This illustrates the amount of debt raised at the end of the past five quarters and reflects the decrease in total debt of outlined above.



This chart also indicates a significant increase - £7.3m - in overall debt requiring action over during the past 12 months.

This overdue balance is made up of the following items:

- ACS Residential Client Contribution  
Requiring action total £4.84m and overdue items increased by £1.1m
- ACS Non-Residential Client Contributions  
Requiring action total £1.65m, overdue items increased £0.45m
- Invoices to Health Bodies  
Requiring action total £1.65m, an increase of £1.05m
- HertsFullstop Invoices  
Requiring action total £3.3m, an increase of £0.82m
- Managed Property Debt  
Requiring action total £1.68m an increase of £1m

The total residential client contribution debt reflects that from 2017/18 all of these contributions are being invoiced by HCC when previously most of these invoices were raised directly by care homes.

The level of non-residential contribution invoices is similar to the level 1 year earlier.

Invoices to health bodies have increased by £1.63m from the previous year.

The increase in Managed Property Debt is attributable to a 1-off invoice for £1.3m in backdated rental charges, which is the subject of ongoing negotiation.